Osmosis Resource Efficient Developed Markets Core Equity ex-Fossil Fuels Fund

Launched in a UCITS ICAV vehicle on 26 September 2023

osmosis INVESTMENT MANAGEMENT

A smart divestment approach developed to help investors meet their ex-fossil fuel commitments in a sophisticated and risk-controlled developed markets equity portfolio. The Fund significantly reduces the ownership of carbon, water & waste whilst targeting better risk-adjusted returns than the benchmark.

A Smarter Approach to Fossil Fuel Divestment

Are you considering a fossil-free investment portfolio, or have you already allocated and think there might be a smarter way of managing the risk associated with divestment?

The Osmosis Resource Efficient (ex-Fossil Fuels) Strategy uniquely addresses both the supply side of fossil fuel energy generation through fossil fuel divestment, while addressing the demand side of fossil fuel energy consumption by reallocating the active divestment risk to the most highly correlated resource-efficient companies across the whole economy.

The strategy was launched last year in a UCITS ICAV fund structure and is also available in a tax-efficient UCITS CCF for qualifying investors. The original strategy was launched in February 2021 and has attracted assets of over $1.7 billion. Osmosis' flagship Core Equity Range now manages over $16.8 billion in assets as of 31 December 2024.

Financial and Environmental Performance need not be mutually exclusive (as of 31 Dec 2024)

The Osmosis ex-fossil fuels strategy was originally launched in February 2021. In a challenging period, marked by rising oil prices and increased geo-poltical volatility, the strategy underperformed the MSCI World benchmark index by 1.55% on a net annualised basis.

Divestment decisions must be considered in the context of 'fiduciary duty', and the ability to weather asset price reflation in the energy sector as a result of rising oil prices was one of our primary goals in building the strategy. Our models showed that the additional return derived from targeting resource efficient companies across the broader economy would help mitigate the effects of the fossil fuel exclusion policy adopted by the strategy.

Reasons to Invest

- **Sophisticated approach excludes fossil fuel supply whilst addressing supply and demand** through the over and underweighting of Resource Efficient companies across the whole economy.
- **Unique "re-inclusion" criteria rewards positive change** by identifying energy companies on a meaningful transition path to cleaner energy sources (>50% revenue from renewable energy generation).
- **Strict environmental screens** prohibit investment in companies with >5% of their revenues from fossil fuels or nuclear power.
- **Social and Governance screens** exclude companies with any revenue from controversial weapons, civilian firearms, and tobacco manufacturing and those companies in breach of the UN Global Compact Principles.

Environmental Performance (as of 31 December 2024)

Carbon: -69% vs MSCI World

A company's ability to generate revenue from energy inputs measured in CO2e – normalised by sector.

Water: -62% vs MSCI World

A company's ability to generate revenue from process water measured in litres – normalised by sector.

Waste: -56% vs MSCI World

A company's ability to generate revenue relative to waste produced, measured in tonnes – normalised by sector.

The strategy overall is 62% more resource efficient (in Carbon, Water and Waste consumption) than the MSCI World benchmark and importantly this can be demonstrated across all sectors of the economy.
See page 2.

Key Facts

Structure	UCITS
Currency	USD
Benchmark	MSCI World
Methodology	Systematic
Fund launched on	26 Sept 23
Capacity	100m
Liquidity	Daily

Fees – UCITS ICAV

Mgmt. fee	0.38%
Estimated TER	0.54%
Rebalance	Quarterly
SFDR	Article 8
Administrator	Northern Trust
Auditor	EY
Custodian	Northern Trust
Legal Counsel	A&L Goodbody

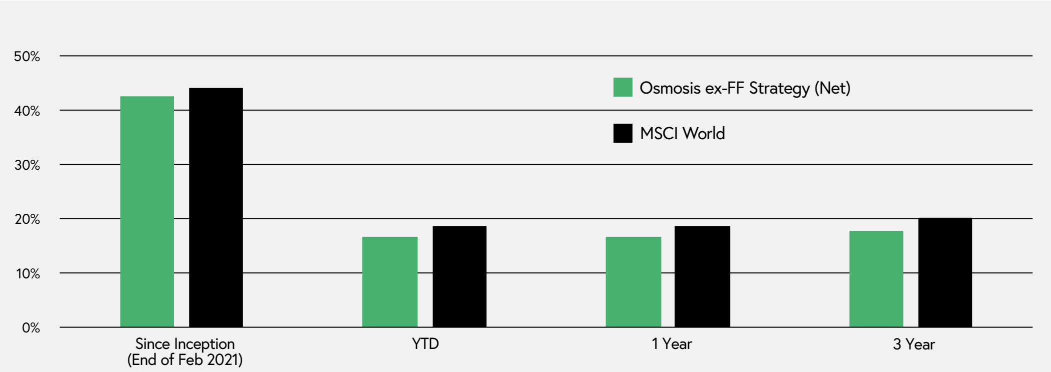
Exclusions

- Companies with ties to thermal coal or oil sands**
- Companies with revenues from oil & gas (ex.petrochemical) >5% of total revenues
- Companies found to be in breach of the UN Global Compact
- Companies involved in the manufacturing of tobacco
- Companies that have any revenues from controversial weapons and civilian firearms
- Companies with >5% revenues from nuclear power generation

Transition Screens

**Companies in the utility sector with revenues from oil & gas (ex.petrochemical) >5% of total revenues but that have >50% energy generation from renewable sources (such as hydroelectric and solar/wind) can be included if they have a positive Resource Efficiency (RE) score.

Financial Performance (as of 31 December 2024)



Source: Osmosis IM, Bloomberg, Barra, LLC's analytics and data were used in the preparation of this report. Osmosis Resource Efficient Core Equity ex-fossil fuel strategy is a systematic investment strategy. Returns represent the actual returns for the Core Equity ex-fossil fuels composite. Such returns are net of fees, costs and dividend withholding tax. Different fees apply to each share class and a client's returns will be reduced by the advisory fee and other expenses incurred in the management of its account. Please see the attached performance calculation disclosure language. Past performance is not an indication of future performance.

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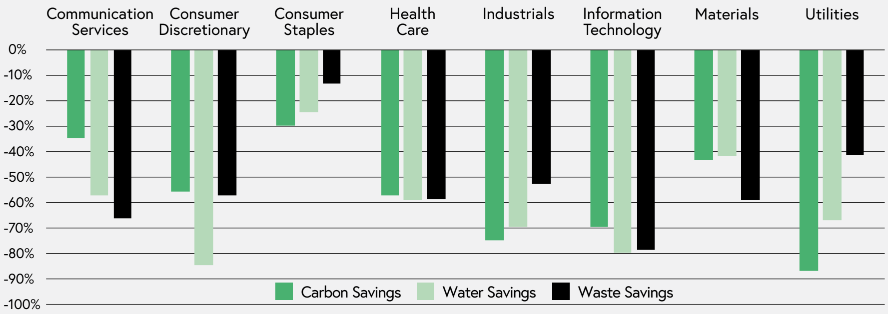
Environmental Footprint Reductions by Sector from the least carbon intensive (Communications Services) to the most carbon intensive (Utilities)

Our environmental savings can be seen across all sectors of the economy.



Source: Source: Osmosis IM & Barra. Gross sectorial data is as of 31/12/24.

Firm Overview & Philosophy

Osmosis launched in 2009 and is majority-owned by management and employees. The company currently manages USD $17.1bn in sustainable assets and is headquartered in London, with a growing global presence.***

Osmosis believes that targeting better risk-adjusted returns and delivering significant environmental impact do not need to be mutually exclusive endeavours. Through its unique Model of Resource Efficiency (MoRe), the company has demonstrated that sustainability metrics, if quantifiable and objective in nature, can be applied to mainstream equity portfolios to generate alpha. The Osmosis team of quantitative environmental analysts and portfolio managers is singularly focused on delivering three levels of impact:

- **Better risk-adjusted returns.**
- **Measurable environmental reductions: We define Resource Efficiency as the Carbon emitted, Waste generated and Water consumed, relative to value creation.**
- **Active engagement programme to promote better corporate environmental disclosure.**

Osmosis counts Government Pension Funds, State Pension Funds, Insurance Companies, Foundations, Endowments, Family Offices, and Banks amongst its client roster spanning the UK, Europe, the Nordics, North and South America, Asia, and Australia.

*** As of 31 December 2024

MoRE – a proprietary, research driven approach to sustainability

In the absence of consistent environmental reporting standards, Osmosis has pioneered a proprietary approach to the standardisation of unstructured corporate environmental data. Our in-house research team are sector specialists and utilise decades of environmental experience to standardise carbon, water and waste data to environmental economic frameworks, within 34 independent sectors.

The standardisation of this data has enabled the creation of a Resource Efficiency Factor score for each company. Our approach gives context and comparability to corporate environmental disclosures, allowing for the objective measurement of a company's relative Resource Efficiency within all sectors of the economy.

Corporate sustainability performance is neither well understood nor efficiently priced by markets. Our research shows that Resource Efficiency can be used to target excess returns while having a low correlation to other common factors. This conclusion is backed by strong economic rationale, investment performance and academic research.

PRI Principles for Responsible Investment

OSMOSIS ACHIEVED TOP SCORES IN THE LATEST ASSESSMENT

Environmental Finance Sustainable Investment Awards 2024 Winner

Boutique investment manager of the year – Europe

Environmental Finance Sustainable Investment Awards 2024 Winner

Listed equities manager of the year

The Environmental Finance Sustainable Investment Awards are free to applicants and open to all organisations globally. These awards were given in June 2024 and relate to the annual period May 23 – May 24. Osmosis received top ratings in the Principles of Responsible Investing (PRI) 2023 Assessment Report given on 22 December 2023 and corresponds to the annual reporting period of 1/1/2022 to 31/12/2022. This assessment is free for all PRI signatory members, however, all signatories are required to pay an annual membership fee.

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Net Performance
Net returns are net of fees and in USD unless indicated otherwise. Net returns are net of fees, costs and dividend withholding tax. Different fees may apply to a client's account and a client's returns may be further reduced by the advisory fee and other expenses incurred in the management of its account.

Gross Performance
Gross Returns are gross of fees and in USD unless indicated otherwise. Gross return results do not reflect the deduction of investment advisory fees. Gross performance results may include the reinvestment of dividends and other account earnings. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. For example, the deduction of a 1% advisory fee over a 10-year period would reduce a 10% gross return to an 8.9% net return.

The charts, graphs and descriptions of investment and market history and performance contained herein are not representations that such history or performance will continue in the future or that any investment scenario or performance will even be similar to such chart, graph or description. Past performance is no indication of future returns. Total returns are based on the closing market price. Market returns are based on the midpoint of the bid/ask spread at market close and do not represent the returns an investor would receive if shares were traded at other times.

Benchmarks
The historical index performance results for all benchmark indexes do not reflect the deduction of transaction, custodial, or management fees, the incurrence of which would have the effect of decreasing indicated historical performance results. Indexes are unmanaged and are not available for direct investment. The historical performance results for all indices are provided exclusively for comparison purposes only, and may or may not be an appropriate measure to provide general comparative information to assist an individual client or prospective client in determining whether Osmosis performance meets, or continues to meet, his/her investment objective(s). The referenced benchmarks may or may not be appropriate benchmarks against which an observer should compare our returns.

The MSCI World Index captures large and midcap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World ex-Fossil Fuels Index has been selected for illustrative purposes only and is used as a comparison due to its fossil fuel exclusion. The MSCI world ex-Fossil Fuels Index is based on the MSCI World Index, its parent index, and includes large and mid-cap stocks across 23 Developed Market (DM) countries. The index represents the performance of the broad market while excluding companies that own oil, gas and coal reserves.

ESG Criteria
Environmental, Social, and Governance ("ESG") criteria are incorporated into the portfolio construction of all Osmosis's products. Utilising ESG as an investment factor has risks including that it may not encompass all environmental, social, or governance issues, and as with all investment approaches, there are no guarantees that it will lead to greater portfolio performance. For more information on the Osmosis approach to ESG, please see our separate ESG disclosures.

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