



MARCH 2021

Environmental, Social & Governance Policy Statement

Mission Statement

In January of 2021, we became signatories of the UN Principles of Responsible Investment PRI.

At EHP FUNDS/EdgeHill Partners, both on a personal and firm level, and as stewards of our client’s capital, we are committed to the principles laid out and underpinning the UN PRI and the ideology behind it. We recognize the increasing importance of incorporating ESG considerations and principles into our firm's DNA, from both a business and investment perspective. We believe that companies, and their leadership, should be actively promoting and employing best practices, and reporting on such, into their operations. We believe well-managed companies that have strong governance structures and pro-actively manage environmental and social issues in the normal course of their business have reduced legal, regulatory, reputational, and operational risks. We care about the impact of our investments and the role their assets can have on promoting global issues such as climate change.

Our primary commitment to our clients is to offer a family of funds and solutions that offer strong absolute and risk-adjusted returns. While currently our investment process encompasses only financial factors, ideally it would also entail owning “best in class” companies on their ESG merits as well, while recognizing that we must first satisfy our primary goal of improving long-term financial outcomes of client portfolios. Well managed companies balance business relevant ESG issues alongside financial objectives. ESG is an inextricable part of how companies should do business - that all elements are intertwined.

Investment Processes & Oversight:

While recognizing there is a body of work that suggests a positive direct link between companies that embrace ESG and those same company’s financial performance, our work to utilize ESG is ongoing. As of the time of this writing, we have not employed ESG factors in our quantitative process, however, we are actively researching to determine whether explicitly including ESG into our investment decisions can be done without sacrificing absolute or risk-adjusted returns for our clients.

At EHP FUNDS/EdgeHill Partners, we follow a disciplined multi-factor quantitative approach that utilizes external service providers for data - to date, it has been exclusively financial data, but we have recently engaged 3rd party ESG data providers in our research efforts to get an understanding of how employing ESG into our process impacts our various strategies.

In our efforts to determine whether ESG is directly relevant to investment outcomes, we looked at a number of data service providers, and some challenges immediately arise:

- a lack of standardization, inconsistency of ratings and the measurement criteria utilized across the various platforms.
- company ratings are self-reported, and as such introduces subjectivity and the risks of overstatement in terms of compliance.
- given the rapidly evolving ESG reporting requirements and expectations, there is a lack of depth and history for data, although companies' efforts are improving and divulging of information is increasing.
- how long/short portfolios ESG ratings are measured and a lack of consistency across agencies (shorts often excluded, are ESG ratings "netted" off against one another?). Long/short introduces challenges for both how to construct, but also how to measure - is it a "net" score?

#### ESG Investment oversight and Responsibilities:

Our ESG research group encompasses the entire research and portfolio management team at EHP Funds/EdgeHill Partners - included in this group is our CIO and CEO who will maintain oversight (Jason Mann), Chief Risk Officer (James Park) and President (Ian Fairbrother).

#### Current ESG Fund ratings:

Despite not actively employing ESG inputs, either on an exclusionary or factor-based approach, our resulting long/short portfolios tend to be ESG "friendly". We attribute this output as a result of our investment process favouring quality companies, with solid balance sheets and attractive cash flow generation:

- Our investable universe consists of large and mid-cap companies from developed markets. Corporate ESG adoption and compliance tends to be higher the larger the company and the more developed the market that the reporting issuer operates in - so, by extension, we are playing in a market where ESG disclosure is higher.

- We utilize ISS as or proxy service to vote on all corporate actions and initiatives - ISS does employ ESG considerations in their voting decisions.
- Given we utilize a quantitative process that favours companies that have the following attributes or factors; quality, price momentum, reasonable valuation and lower volatility - if the assumption holds that companies that employ and respect ESG at their core have better financial results, our model will pick up on those companies and tend to favour those investments over those who don't.

### Going Forward:

- We will continue to undertake research in the employment of ESG considerations as we look for ways to improve the return profiles of our portfolios, both absolute and risk-adjusted.
- We will continue to monitor, research, and measure the incorporation of ESG measures into our various strategies and will support the continued adoption of implementation of ESG considerations within the portfolio management committee
- We will continue to support and encourage appropriate ESG disclosure by companies that we invest in.
- We will continue to advocate for greater ESG disclosure and transparency
- We will maintain a dialogue with all our stakeholders as it relates to our ESG practices - clients, employees, and industry peers
- We will continue to be ESG friendly and compliant in our own operations - with our employees, clients, service providers and will be honest, ethical, and caring in all of our carryings-on. Foster a workplace of equality and diversity and encourage our partners to do the same.
- Wherever possible, we will utilize service providers who actively promote or pursue ESG in their operations.