

About EAM

EAM Investors is an investment management firm focused on delivering alpha for clients in global equity markets. EAM's time-tested philosophy and investment approach has been applied consistently across all strategies since inception of the firm in 2007. Our dedication to this disciplined investment process has delivered persistent risk exposures, resulting in more consistent and predictable alpha.

EAM's Informed Momentum® investment approach combines momentum with stock selection, tailored risk management, and efficient implementation to deliver alpha for our clients. EAM's investment process aims to generate alpha by harnessing the power of the momentum premium, exploiting behavioral biases around new information (i.e., shifting investor expectations/valuation), improving/accelerating company financial performance, and by constantly addressing portfolio risk. We believe our systematic approach to discovering ideas, focused analysis, timely decision making, and efficient implementation are the keys to maximizing available alpha and achieving consistent results.

ESG Philosophy

EAM has always considered ESG opportunities and risks within our targeted company analysis and decision-making. In 2018, we adopted our ESG Policy to convey our thoughts and approach and reinforce our commitment to the consistent application of ESG considerations within our investment process.

At EAM, we believe ESG risks and opportunities can have a financially material impact on investment returns. We also believe transparency and integrity around ESG matters are attributes of a well-run company, which is more likely to deliver long-term investment performance.

Our primary goal and fiduciary duty is to maximize risk-adjusted returns for our clients using our Informed Momentum® investment approach in a transparent and consistent manner. To that end, EAM's investment process employs a holistic, bottom-up approach to ESG risks and opportunities within our targeted company analysis, which is applied consistently across all strategies at the firm. We commit to incorporate ESG awareness into our investment analysis and decision-making process to determine whether they may have a material impact on our investment thesis.

Further, we remain committed and open to analyzing new approaches and tools that may enhance the incorporation of ESG within our investment process.

ESG in Practice

ESG considerations are organically incorporated in our bottom-up company analysis to determine whether they may have a material impact on the success of that company and its investment returns.

Bottom-Up Approach: EAM's investment process employs a daily, systematic process utilizing both price/volume-based momentum signals and fundamental momentum signals to effectively narrow a large selection universe to a handful of actionable ideas. Focused research is conducted on every investment candidate to identify the rationale behind the momentum and evaluate the opportunity for alpha. Within our targeted research, potential ESG risks and opportunities are assessed to the extent that they may have a material financial impact on our investment thesis.

Third-Party Research: In support of this research, EAM subscribes to Sustainalytics ESG research and scoring aimed at identifying companies in significant ESG controversies and/or violations of global ESG-related norms and conventions. Additionally, our traditional sell-side research partners have launched dedicated ESG coverage, including Credit Suisse,

UBS, and Bank of America. We access industry and thematic pieces from these sources to improve our understanding of ESG issues.

Documentation/Accountability: These ESG considerations may be documented either as concerns for why we did not invest, or as contributors to our investment thesis that may lead to improved financial performance. ESG documentation/reporting is periodically reviewed by the CIO and EAM's ESG Committee, and learnings are collectively discussed/disseminated to the investment team. The ESG Committee meets regularly to review holdings that have material controversies as identified by Sustainalytics, ESG themes applicable to our investment process, and to ensure that EAM is adhering to its policy. The Committee includes all Portfolio Managers at EAM.

Diversified Portfolios: Further, ESG and other risks might be mitigated not only at the research phase of the process where we attempt to understand and quantify specific risks to the underlying business, but also when constructing the final portfolio. EAM believes it is important to manage diversified portfolios, therefore, employs a disciplined approach to portfolio construction and limits maximum position sizes which can help mitigate single stock risk (including any ESG risk).

Our investment universe includes all stocks across sectors, industries, and/or countries that correspond to each portfolio's respective benchmark. Our investment process does not systematically apply negative or exclusionary screening of ESG factors, or any specific countries or industries. Rather, we take a holistic approach to considering ESG risks and their implications to financial performance organically within our investment process to the extent that they may be relevant and can be researched effectively.

Client-Directed Exclusions: At client direction, EAM has the ability to implement exclusionary or negative screening based on specific ESG criteria. For instance, EAM has excluded certain companies from separately managed accounts based on social and religious beliefs for certain clients.

Voting & Engagement

In cases where EAM is responsible to vote proxies on securities held in a client's account, EAM has adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of its clients and that the proper documentation is maintained relating to how the proxies were voted. EAM subscribes to the services of Institutional Shareholder Services (ISS), an unaffiliated third-party proxy vendor that provides in-depth analysis of shareholder meeting agendas and vote recommendations.

ISS is the world's leading provider of corporate governance and responsible investment solutions for asset owners, asset managers, hedge funds, and asset service providers.

ISS votes in accordance with its **Global Voting Principles** which rely on the four key tenets of accountability, stewardship, independence, and transparency. Please reference the Appendix for additional information on ISS's voting principles.

EAM may, in some cases, vote a proxy contrary to the guidelines if it determines that such action is in the best interests of clients. EAM's Proxy Committee is responsible for performing ongoing due diligence on the voting practices at ISS. This includes ensuring that proxies are voted consistently with the approved proxy guidelines.

In terms of engagement, EAM's investment process does not include formal company engagement, however, the investment team may conduct management interviews and share insights in the course of their research. In this context, our investment team makes themselves available to discuss relevant environmental, social and governance issues, to the extent that they may impact the operation and financial performance of the businesses and where company management teams are open to discussing these issues.

Additionally, ISS engages companies on EAM's behalf to obtain, or communicate, clarification about governance and voting issues, in order to ensure their research and policy-driven recommendations are based on the most comprehensive and accurate information available.

Sustainable Business Practices at EAM

The following are some examples of sustainable business practices with regard to environmental, social, and governance considerations.

Environmental: We are committed to maintaining a low environmental impact

- Primary office location is 100% solar powered, and has been retro-fitted with energy-efficient lighting systems, HVAC systems, and building materials
- Extensive video conferencing technology to reduce business travel
- Electric vehicle charging is provided free to employees
- Committed to waste reduction and recycling

Social: We invest in our employees, maintain a healthy work environment, and give back to the community

- EAM's **Diversity & Inclusion Policy** ensures we maintain an inclusive and collaborative work environment for all our team members
- **Talent Development & Engagement:** younger team members benefit from talent development in the form of consistent cross-training, paid time off to prepare for certifications, and our flat organizational structure
- **Community Outreach:** EAM and its employees have participated in a number of volunteer mentorship programs to give back to the community. Some examples include UCLA Masters Financial Engineering capstone projects, guest speakers at UCSD Finance Club, and advisors to local university CFA stock pitch competitions. Additionally, EAM is an official sponsor of Women in Institutional Investing Network (WIIIN) through which our employees have participated in volunteer opportunities that encourage the recruitment, advancement, and retention of women in the investment industry.
- **Employee Wellness:** EAM offers expansive benefits and flexible work arrangements to accommodate employees' varying needs. The firm also covers 100% of health care premiums and offers mental health programs, childcare assistance, and elder care benefits.

Corporate Governance: Alignment of interests and robust policies underscore long-term success

- Broad employee ownership
- Compensation structure tied to both firm and client success
- Robust compliance infrastructure including Employee Code of Ethics, Compliance Committee and Annual Internal Controls Audit (SOC1)
- Defined roles and powers of the Board of Managers and Executives. Chief Compliance Officer reports directly to the Board of Managers
- **Risk Management:** business continuity and cybersecurity programs

Diversity & Inclusion

At EAM, we are committed to an inclusive and collaborative work environment for all employees. We believe the collective sum of our individual differences, backgrounds, capabilities, and talents are a valuable asset to our firm, resulting in a deeper knowledge of the world in which we invest and ultimately better outcomes for our clients. Our culture and our policies reinforce this belief.

We want our employees to come to work every day feeling empowered to succeed both personally and professionally. As a firm, we embrace all the dimensions of diversity including but not limited to age, race, gender, nationality, religion, sexual orientation, and other characteristics that make our employees unique.

Collaborative and Inclusive Work Environment: Engrained in our business culture is the appreciation of teamwork, intellectual curiosity, and mentorship. Talent development and corporate training is inherent in the collaborative nature of our investment process and our flat organizational structure. These aspects of our firm allow for consistent cross-training and fosters strong working relationships among the team. Within a collaborative workplace and a teamwork-driven culture, we seek and obtain a diverse set of opinions within our investment and business teams. We believe that diverse viewpoints allow us to make better-informed decisions and aligns with positive long-term results for our clients and our business.

All employees have a responsibility to exhibit conduct that promotes an open and inclusive culture, treating others with dignity and respect. Employees are required to adhere to our firm's Code of Ethics and undergo discrimination awareness and harassment training on an annual basis. These policies provide for reporting lines of any issues identified and include a non-retaliation policy.

Inclusive Hiring Practices: In hiring, EAM seeks to attract and retain exceptional talent at all levels of the organization. We are intentional about recruiting from a diverse pool of talent. With any position, we recruit job candidates from a myriad of sources (industry networks, industry job sites, college job boards, etc.) across geographies to be as inclusive as possible in the hiring/recruiting process. This dedication to inclusiveness in the hiring process has naturally resulted in a diverse workforce where 35% of our employees are either women or minorities.

Fair & Equitable Compensation: Ownership structure and compensation schemes for the entire team focus on the collective goals of the firm. Our firm policy with regards to pay is to compensate our employees based on position, merit, experience, and contribution to firm/client success. Our CEO and COO review salaries and total compensation of every one of our employees at least on a yearly basis to ensure there are no pay gaps based on gender or any other biases.

Community Engagement: EAM and its employees have participated in a number of volunteer mentorship programs to give back to the community. Some examples include UCLA Masters Financial Engineering capstone projects, guest speakers at UCSD Finance Club, and advisors to local university CFA stock pitch competitions. Additionally, EAM is an official sponsor of Women in Institutional Investing Network (WIIIN) through which our employees have participated in volunteer opportunities that encourage the recruitment, advancement, and retention of women in the investment industry.

Employee Wellness: EAM offers expansive benefits and a flexible work arrangements to accommodate employees' varying needs. The firm also covers 100% of health care premiums and offers mental health programs, childcare assistance, and elder care benefits.

Appendix



ISS' Global Voting Principles, launched in December 2013, provide for four key tenets on accountability, stewardship, independence, and transparency, which underlie our approach to developing recommendations on management and shareholder proposals at publicly traded companies. The principles guide our work to assist institutional investors in meeting their fiduciary requirements, with respect to voting, by promoting long-term shareholder value creation and risk mitigation at their portfolio firms through support of responsible global corporate governance practices.

These practices should respect shareholder rights and provide appropriate transparency, taking into account relevant laws, customs, and best practice codes of each market and region, as well as the right and responsibility of shareholders to make informed voting decisions. These tenets comprise the core principles that apply globally within our voting framework.

Accountability

- > Boards should be accountable to shareholders, the owners of the companies, by holding regular board elections, by providing sufficient information for shareholders to be able to assess directors and board composition, and by providing shareholders with the ability to remove directors.
- > Directors should respond to investor input such as that expressed through vote results on management and shareholder proposals and other shareholder communications.

Shareholders should have meaningful rights on structural provisions, such as approval of or amendments to the corporate governing documents and a vote on takeover defenses. In addition, shareholders' voting rights should be proportional to their economic interest in the company; each share should have one vote. In general, a simple majority vote should be required to change a company's governance provisions or to approve transactions.

Stewardship

- > A company's governance, social, and environmental practices should meet or exceed the standards of its market regulations and general practices and should take into account relevant factors that may impact significantly the company's long-term value creation. Issuers and investors should recognize constructive engagement as both a right and responsibility.

Independence

- > Boards should be sufficiently independent so as to ensure that they are able and motivated to effectively supervise management's performance and remuneration, for the benefit of all shareholders. Boards should include an effective independent leadership position and sufficiently independent committees that focus on key governance concerns such as audit, compensation, and the selection and evaluation of directors.

Transparency

- > Companies should provide sufficient and timely information that enables shareholders to understand key issues, make informed vote decisions, and effectively engage with companies on substantive matters that impact shareholders' long-term interests in the company.