



## ESG Disclosure Statement

### ARI Global Strategy

This ESG Disclosure Statement for 1<sup>st</sup> January 2025 through 31<sup>st</sup> December 2025 complies with the disclosure requirements of the Global ESG Disclosure Standards for Investment Products.

Additionally, ARI Group LLC (ARI) has complied with the requirements of the Global ESG Disclosure Standards for Investment Products related to the preparation and presentation of this ESG Disclosure Statement.

The Global ESG Disclosure Standard for Investment Products is developed and maintained by The CFA Institute. The CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

### 1. Summary

The ARI Global Strategy (the "Strategy") targets companies involved in unique regional and global secular quality growth business models. These include innovation, the development, application, production, or distribution of scientific and technology-based products and services, as well as mid and large-cap companies in the healthcare sector and other secular quality growth business models.

ARI considers financially material ESG factors to be an integral part of a comprehensive analysis of security risk and valuation over the long run. The proprietary fundamental bottom-up ESG analysis research and integration process applies to all equity securities, assessed through the lens of the SASB reporting standards.

Material factors are assessed through the lens of SASB reporting standards and weighed into the decision-making process. The Strategy uses ESG materiality integration in the investment research process. ESG material factors aim to be systematically integrated into the fundamental bottom-up screening, four criteria investment and risk management process to ensure low volatility. This holistic analysis determines whether the securities will be handpicked for client portfolios and the securities' weightings with the goal to protect capital and generate alpha.

The initial screening process features various levels of screening that narrow the investment universe to a manageable one that aligns with ARI's goals.

- The first screen excludes deep-cyclical and commodity-based sectors and is applied to all ARI products. This aims for ARI products to inherently minimize exposure to companies involved with fossil fuel generation, carbon intense processes, and sectors with high GHG exposure.
- The Strategy also incorporates an ethical filter that prohibits investments in companies that operate within (and obtain a significant percentage of sales from) a handful of pre-defined "unattractive" proprietary industry sub-groups. The team also customizes solutions to client needs and values.

Engagement - ARI Group considers ESG factors when voting proxies and engaging with the management of that company and the community.



## **2. Sources and Types of ESG Information**

The Strategy uses ESG factors to analyze investments and to inform proxy voting and engagement. ESG data is obtained primarily through in-house analysis of company reports and regulatory filings as well as other sources, such as industry or nonprofit organizations. ARI also uses SASB materiality as a guideline for material factors impacting business models in specific industries and sectors. Supplementary Bloomberg ESG data is used for quantifying progress of the proprietary fundamental bottom up ESG analysis.

ARI conducts ESG analysis in house because the firm's core investment philosophy is based on leveraging independent research and diverse thinking. ARI's proprietary independent research is guided by the SASB Materiality to identify material ESG factors. Two committees (Investment & Trade Management Oversight Committee and the Compliance Operations, Risks, & Controls Committee) oversee ARI's ESG framework on a semi-annual basis.

## **3. ESG Screening Process**

ARI applies two filters across its ARI Global Opportunity and ARI Global products.

- The first filter applies to all ARI products and excludes deep cyclicals including commodity-based businesses models. This has been a core tenet of ARI's investment philosophy since inception and naturally aims to lead to all ARI strategies generating relatively reduced exposure to major actors in emissions generation. This process is executed by analysts and overseen by Co-PMs on a regular basis.
- ARI Global and ARI Global Opportunities strategies have an additional level of filtering superimposed. This ethical filter takes out industries and sub-groups that fall outside our definition of responsible investment. This narrower investible universe is defined by stringent ethical, social, and governance criteria. Specifically, it excludes companies that derive significant revenue from sectors deemed "unattractive," such as adult entertainment, gambling, tobacco, alcohol, and firearms. This screening process is rigorously monitored and reviewed by our analysts and portfolio management teams on a regular basis to ensure ongoing compliance and alignment with ARI's ethical investment standards.

## **4. Fundamental Bottom-Up ESG Research Process**

- Environment- In addition to excluding deep cyclicals, ARI excludes securities with market cap less than USD 1 bn, eliminates industries with no growth and rejects non-regional or non-global leaders to arrive at the investible universe. The screening process applied to the entire investible universe described aims to address environmental carbon emissions over the long run.
- Governance- While the internal ESG analysis process is applied across all securities to identify potential concerns, corporate governance analysis is applied to all securities uniformly. ARI uses a four criteria process to select securities addressing governance and sustainability factors in Criteria 3 Management Operational Track Record.



## 5. Integration of ESG materiality into investment research and portfolio management and risk management process

### a. Identification of Material ESG Issues - SASB Materiality

In the ARI investment process, ARI considers material ESG factors alongside traditional financial factors to provide a more comprehensive view of a security's long-term value and risk potential. The investment team conducts financial and ESG fundamental bottom-up research with data from multiple publicly available sources, including company-issued reports and regulatory filings, industry associations, third-party investment research, market data, and SASB. ARI sector analysts evaluate all ESG material factors and data used in the investment process. ARI aims to favor hard data that is quantifiable over time when reviewing industry and company reports.

Analysts are responsible for assessing material ESG factors for each industry they cover. They begin by referencing the Sustainability Accounting Standards Board (SASB) Standards to identify material factors and relevant standards ([SASB Map](#)). These are used to identify ESG metrics that are most likely to have a material financial effect on a company's operations based on the industry in which the company operates. Relevant environmental, social, and human capital issues are identified for securities in consideration, and our analysts consider industry relevant metrics for each business model. Diverse group intelligence aims for this analysis to be supplemented by an analysis of a company's unique characteristics, including its geographic location, development stage, local culture, and values as well as public exposure and community considerations.

Finally, ESG data materiality is assessed aligning with the ARI investment philosophy' investment horizon of a business cycle for an individual security and Portfolio. ARI defines the investment horizon of a business cycle as 5 years.

### b. Integration of Material ESG Data

- Quantitative and qualitative ESG data and factors deemed material to a business models' future financial performance is considered by ARI's sector analysts alongside other material information when assessing historical company performance, making forward-looking estimates fundamentals.
- Analysts also assess the stage of growth of a business model, and how well a company understands and manages the identified ESG risks.
- Impact- Proprietary ESG data on companies, sectors, industries, and portfolio ESG data are monitored on a regular basis and compared to the progression of its respective benchmarks over time. ARI has developed a proprietary model that monitors the ESG impact of ARI portfolios relative to the benchmark.



## **6. Consideration of ESG Issues in Proxy Voting and Engagement**

ARI aims to engage with various stakeholders on ESG related matter, fiduciary and stewardship matters as well as have a direct impact over the long run over client portfolios and communities.

### **a. Investee Engagement**

ARI prioritizes engaging with companies for which our analysis suggests that ESG or other factors are potentially material to an investment's risk/reward profile.

### **b. Proxy Voting Engagement**

When shareholder proposals on the proxy include ESG, ARI's policy is to vote in favor of ESG proposals. ARI's belief is that these ESG factors may affect investment performance over the long run and require appropriate consideration to protect the client's investment. ARI is of the view that behaving in a socially responsible manner should reduce potential liability and therefore be an additional factor that guides ARI's risk management and proxy voting standards. ARI aims to align its voting practices in reference to the U.N Sustainable Development Goals to guide our socially responsible voting practices. ARI's focus is to enhance transparency and disclosure.

Engagement efforts are recorded and tracked in a centralized internal database to manage engagement objectives. This process is monitored regularly through a committee. ARI also aims to communicate and engage with investees in our proxy voting process, and not to use voting as a punitive measure when engagement targets aren't met.

Disclosure of voting intentions aim to follow our fiduciary duty to our clients.

### **c. Broader Investment Community and company engagement**

Key holdings with ESG material factor risk across portfolios are monitored for potential engagement opportunities where ARI considers they can be impactful. If the results of stakeholders and ARI do not align with ARI's intended approach and create a material risk, ARI looks to divest or manage portfolio security weights at Investment Teams' discretion. Engagement efforts are monitored to guide and monitor ARI engagement objectives.

### **d. Engagement practices- Education and Communication**

- Education and communication- ARI regularly monitors companies on ESG SASB factors, which are material for growing capital, and managing risk of the ecosystem over the long run. It also shares findings and communicates with various stakeholders.
- Strategies also consider an understanding of governance, corporate culture, and the company's performance and strategy through our research processes.
- ARI aims to build deep relationships with companies to obtain and understand any public information about the companies' financial information and any information relevant to the ESG practices. This is done through regular meetings between the analyst team and the company's representatives and management, as well as through proxy voting engagements.



- ARI aims to engage in its community on material factors for assets managers, according to SASB. The firm actively engages in industry events and organizations' membership that align with that goal.
- Relation to investment decisions with training program

ARI aims to link its active ownership to investment decision making. To be able to achieve this goal, ESG research is conducted by analysts and portfolio managers. ARI always involves portfolio managers and analysts in risk committees when defining an engagement program and developing voting decisions. ESG investment teams are encouraged to join engagement meetings and roadshows and pass that knowledge to the next generation.

#### e. Community Engagement

ARI aims to engage in its community on material factors for asset managers according to SASB, engaging with groups like vendors and regulators to advocate ESG or regulatory positions. This includes vendor diversity such as Brokers for example and various organizations that promote diversity in the investment management industry. ARI also publicly discloses relationships and/or support for trade associations and other bodies that conduct advocacy on behalf of their members. ARI's Investment committee and Compliance committee review potential or ongoing communications with policy makers and other engagements, to make sure engagements are in line with organizational priorities.

#### Service providers assessment and engagement

- ARI proceeds to a regular review of its services providers. This includes a review of every policy applicable on the service provider side.
- ARI is a signatory of the UN Principles for Responsible Investment (PRI), which allows ARI to publicly demonstrate its commitment to including environmental, social and governance (ESG) factors in investment decision making and ownership. ARI is committed to fostering collaboration that empowers investors to align their responsible investment practices with society's broader sustainability goals.

Direct Impact, driven by Direct Action.

Fueled by the mission of doing the right thing, ARI's global Impact goals have been 2-fold to date.

- Locally: Incubating, training, growing uncovered diverse talent accessing/ the investment management industry.
- Opportunistically, Globally, Direct Impact Action- Through direct action, ARI aims to provide Access to basic needs for underserved communities around the globe often overseen by large organizations. When ARI became profitable, it made efforts to give back to underserved communities around the globe through its diverse global network. One example of this direct action is a local water drilling project for a village in Guinea Conakry, where families previously had to walk a mile to access water for their basic needs.