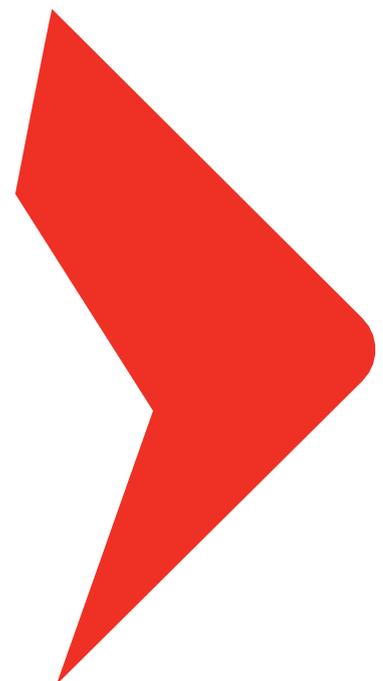


Quantitative Strategies (QS)

Environmental, Social and Corporate Governance (ESG) Policy

November 2018



INTRODUCTION

We believe that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, can be material to delivering superior longer-term shareholder value. This belief is sufficient for us to incorporate ESG as a formal stream of our research program and we must ensure that incorporation of ESG factors into our investment processes must always be consistent with our fiduciary duty to clients.

FIDUCIARY DUTY AND ESG

Unless a client mandate specifies otherwise, we interpret our fiduciary duty as being to provide superior return and risk outcomes for our clients within the parameters and constraints agreed with them.

This means that any attempts to incorporate ESG factors into our strategies must first meet the same hurdle as any other investment factor we incorporate in our strategies in meeting the return and risk objectives of our clients.

Where a client has indicated a clear preference for specific ESG factors to be used in a strategy or where a product is designed to accentuate certain ESG factors, this self-imposed discipline can be relaxed to accommodate the client preferences.

ESG RESEARCH STREAM

In acknowledging the importance of ESG issues and given they may not have been a central focus in financial markets historically, we are committed to making the assessment of ESG factors an explicit part of our research process. The goal of this research stream is to identify where ESG factors can be incorporated into our investment strategies in ways that are consistent with our interpretation of our fiduciary duty, as well as to explore strategies that incorporate ESG factors which are explicitly desired by our clients (i.e. views based strategies and products).

Specifically, this research stream is to focus on several aspects relating to ESG:

- Attempting to identify and validate ESG alpha factors that improve the returns of our strategies
- Attempting to identify and validate ESG risk factors that improve the risk of our strategies
- Exploring potential ESG-focused products using existing strategies we manage
- Ongoing search for new ESG and alternative datasets that may aid the above research

ENGAGEMENT

The operational burden of direct engagement with the management of companies we invest in is a significant challenge for several reasons:

1. The number of holdings in portfolios are large
2. The number of portfolio managers is small
3. Meeting with management is not a part of our standard investment approach

We believe that portfolio managers should dedicate their time and effort to managing portfolios and conducting investment strategy research, rather than conducting research in connection with the voting of proxies for AGMs and EGMs. As such, we do not directly engage with management, other than through elections in proxy voting.

ESG INTEGRATION

Incorporating ESG factors into our investment processes will be driven by the ongoing findings from our ESG research stream. As and when this research stream identifies suitable ESG related factors, that meet the requirements we impose on all candidate factors in our investment strategies, these will be incorporated.