

GW&K Emerging Markets Equity Fund

Article 10 Disclosure

Sustainability Finance Disclosure Regulation (“SFDR”)

December 2021

In accordance with Article 10 of SFDR, financial market participants shall publish and maintain on their websites certain information for any fund classified as Article 8 or Article 9 under SFDR. The GW&K Emerging Markets Equity Fund (the “Fund”) is an Article 8 fund which promotes environmental and/or social characteristics, provided that the companies in which the investments are made follow good governance practices, but does not have a stated sustainable investment objective. The disclosures below are therefore set forth in accordance with Article 8 (sometimes referred to as “light green investment”) and Article 10 as it pertains to the application of ESG criteria, the environmental or social characteristics promoted by the Fund and the Fund’s investment process.

The Fund promotes environmental and social characteristics through the application of ESG factors combined with sustainability risk. ESG factors combined with sustainability risk are a critical component of GW&K Investment Management’s (the “Investment Manager”) research and investment process for the Fund and each investment is assessed against ESG factors as part of the investment process. The Investment Manager evaluates company’s ESG policies and procedures, including whether a company pursues: i) policies and programs that protect and preserve the environment, ii) programs that contribute to positive, sustainable outcomes for communities, and iii) sound and prudent fiscal policies that support a long-term view of service to citizens. The investment strategy also incorporates the evaluation of ESG criteria through a portfolio screening process that incorporates both qualitative and quantitative factors. This screening process, which is in addition to more traditional financial analysis, incorporates ESG factors into analyst due diligence, direct company engagement, collective engagement, customized proxy voting, and carbon intensity analysis as part of the research process. The Fund’s research and investment process may result in the exclusion of a company that does not meet certain ESG and sustainability screening factors regardless of the performance of the company.

Sustainability Risks

The SFDR defines sustainability risk as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

The Investment Manager has assessed and continues to assess on an ongoing basis the impact of sustainability risk on the performance of the Fund. In order to assist it in managing these risks and seeking to mitigate the potential for adverse impacts on the Fund, the Investment Manager has established a framework for sustainable investing, with the intention of strengthening long-term returns, through the application of the ESG factors to all investments as set out above.

Assessment of sustainability risks can be complex and require subjective judgement, which may be based on data which is difficult to obtain, incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the methodology and models used to analyze the data/information will correctly assess the impact of sustainability risks on the Fund's investments. Sustainability risks that may impact investments include, but are not limited to:

- changes in ESG related laws or regulations that can subject a company to possible fines, sanctions, or elevated costs to achieve compliance;
- changes in laws or regulations that incentivize a company to provide misleading information about its ESG standards or activities; and
- reputational damage caused by failure to comply with environmental, social or governance standards may give rise to a fall in demand for a business' products and services, or the loss of future opportunities for that business

Further, sustainability risk factors are often broken out into environmental, social and governance topics. Common examples include:

Environmental

- Impact on climate change
- Loss of biodiversity
- Pollution of water and other marine resources
- Impact of environmental pollution

Social

- Failure to comply with international standards for child or forced labour, or workplace discrimination
- Absence of adequate health and safety protections in workplaces, poor product safety standards and lack of adequate training
- Bias in remuneration or other working conditions, absence of diversity
- Restriction of trade union activities and other basic freedoms
- Failure to reflect the interests of communities in which businesses operate
- Lack of sufficient data and IT security measures
- Board composition that lacks sufficient independence and tenure

Corporate Governance

- Abusive tax practices
- Lack of anti-corruption measures
- Lack of consideration of sustainability risks by management
- Management remuneration focused on short term goals
- Failure to apply equivalent standards to affiliates or entities in supply chain
- Absence of protections for whistle-blowers
- Failure to vindicate employee rights

The failure to operate in accordance with ESG criteria can lead to an issuer being excluded from the Fund's portfolio. The Investment Manager believes that sustainability risks can lead to a deterioration in the financial profile, profitability or reputation of an underlying investment and thus may impact its market price or liquidity. The Investment Manager believes that sustainability and ESG issues impact investment value and that better long-term investment outcomes can be achieved through the incorporation of positive ESG factors. However, there is no guarantee that sustainable investing will ensure better returns. In particular, by limiting the range of investable assets of the Fund to investments in this manner, the Investment Manager may or may not forego the opportunity to invest in securities which otherwise may outperform over time. The Investment Manager believes a company's ESG practices are fundamental in maintaining a competitive advantage by strengthening operational metrics and lowering the cost of capital. It also believes that best in class corporate ESG policies generate a positive impact on society and improve the long-term sustainability of returns. Sustainability risks are deemed relevant factors for all investments of the Fund. The extent to which any given sustainability risk may affect a current or prospective investment is determined through a combination of quantitative and qualitative analysis.

Further details in relation to the above matters may be included in future updates to this disclosure and the Fund's Supplement to the extent required by any future regulatory technical standards to be published by the EU Commission in accordance with the procedures set out in Article 8(3) of SFDR. Further information in relation to the Investment Manager's approach to sustainable investment may be found on the Investment Manager's website at www.gwkinvest.com.

In accordance with the discretion granted pursuant to Article 4(1)(b) of SFDR, the Investment Manager does not currently consider the adverse impacts of investment decisions on sustainability factors in respect of the Fund or issue a statement on its website in relation to the due diligence policies with respect to those impacts. This is pending the adoption of final regulatory technical standards by the European Commission pursuant to Article 4(6) of SFDR, which shall set out detailed requirements in relation to the content, methodologies and presentation of information in respect of sustainability indicators in relation to adverse impacts on the climate and other environment-related adverse impacts. Following the adoption and coming into force of such regulatory technical standards, currently expected to be from 1 January 2022, the Investment Manager will reconsider its position in relation to the publication of adverse impacts and, if it determines to provide such information, this disclosure and the Fund's Supplement shall be updated accordingly.