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About Muzinich's ESG Philosophy and Policies

Version #1 as of October 2023

Muzinich & Co

Our ESG Philosophy

Muzinich & Co., Inc. and its affiliates (“Muzinich”, the “Firm” and “we”) became a signatory to the UN-supported Principles for Responsible Investment (“PRI”) in 2010 and we continue to view the six Principles as a foundation for our responsible investment approach.¹ We believe that investor focus on factors such as environmental sustainability, social wellbeing and corporate governance will continue to grow as changes in public policy, regulation, consumer preferences, and the incentives for greater resource efficiency become increasingly important sources of risk and opportunity for businesses and investors.

We believe it is critical to have a good understanding of the types of environmental, social and governance (“ESG”) factors that are most likely to be material to a company’s short, medium, and long-term resilience and success. As a manager of corporate credit investments, we primarily focus on issues which have the potential to negatively impact credit strength and the macro environment, but equally we recognize that good management of ESG issues and a shift towards a more sustainable economy presents significant investment opportunities.

As a long-term investor, we also believe it is important to consider the potential negative impact of portfolio companies on the environment and society, not only because those impacts can also harm investment value and investor reputations, but also because we believe investors can minimize their negative impacts without necessarily compromising returns. Ultimately, we believe that an investment approach which is both ESG and impact-aware, is well aligned with our fiduciary obligations as a fund manager.

Furthermore, we consider it important to act as responsible stewards of our investments and engage companies to help identify and manage material ESG risks and sustainability impacts. While we very rarely hold equities directly, or have exposures via hybrid or convertible securities, we strongly believe that as a lender of capital we can exert influence over management decisions relating to ESG issues in the best long-term interests of those companies.

In addition, we believe climate change poses one of the single greatest risks to environmental, political and economic stability worldwide, and that moves to address climate change will also be a major driver of future investment opportunities. We believe investors have a critical role in identifying and managing physical and transitional climate risks and supporting the growth of solutions for a cleaner, low carbon economy.

We believe investor transparency and accountability is a critical element of responsible investment and seek to provide our investors with ESG-related disclosures in line with their expectations and those of relevant regulatory bodies across the range of asset types that we manage.

Finally, we aim to offer investors ESG solutions across a range of credit strategies to bring their investments in line with their own sustainability preferences, objectives and values.

Sustainable finance continues to evolve rapidly, and we are deeply committed to developing our ESG policies and procedures in line with the expectations of our clients. We strongly encourage investors to share their views on this critical aspect of our business.

¹ Details of the PRI Principles are available online: <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

About Muzinich's ESG Policies

Muzinich has published various standalone statements and policies relating to ESG on the Responsible Investment page of our website². These documents have been produced by Muzinich's Director of Responsible Investing with support from the Firm's ESG Advisory Group. Our ESG Advisory Group is responsible for reviewing each of these policies at least annually and for suggesting updates to capture material changes to our internal policies and procedures. These policies are ultimately reviewed, and material changes approved, by one or more members of the Muzinich Boards of Directors. Further information on Muzinich's ESG governance is available in the "[Muzinich's ESG Governance and Resourcing](#)" document.

Certain policies, particularly those which relate to specific regulatory reporting requirements, may be reviewed and updated on different timelines and signed off by different Muzinich personnel, depending on the specific requirements of those regulations.

Scope and Application of Our ESG Policies

Muzinich invests in various types of corporate credit including bonds, securitized debt, credit derivatives, money market instruments, loans, private debt, leases,

and asset financing, which all have distinct characteristics relating to underlying issuers; investor and portfolio concentration; liquidity; capital structure; duration; and risk and return profiles. We may therefore apply certain aspects of these policies to a greater or lesser extent across different investment strategies for various reasons such as variations in investment horizons, the availability of ESG information for different debt issuers, or to meet client-specific ESG objectives.

Nevertheless, we endeavor to follow the essence of these policies across all the investment strategies that we manage, including, but not limited to, mutual funds, commingled funds, and sub-advised or separately managed accounts. Where applicable, we have highlighted the key differences in our approach to implementing these policies and endeavor to highlight instances where these policies do not apply to for the various asset classes and financial products that we manage.

We note that none of the items in these policies interferes with our responsibilities as an ERISA fiduciary with respect to our ERISA clients.³

² Click this link to access our website's responsible investing page <https://www.muzinich.com/about/responsible-investing>

³ The Employee Retirement Income Security Act of 1974 ("ERISA") is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans. See online: <https://www.dol.gov/general/topic/retirement/erisa>

Risk warnings: **Exclusion Risk:** ESG screening can limit the investment opportunities available to a portfolio, such as the exclusion of certain investments for non-financial reasons. As such, a portfolio may underperform other similar portfolios that do not apply ESG screening. **ESG Risk:** Consideration of Sustainability Risks in the investment process can result in the exclusion of certain investments in a portfolio. Therefore, results may differ, and a portfolio that considers sustainability risks might underperform other similar portfolios that do not consider such risks.

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SFDR - Refers to Regulation (EU) 2019/2088 or the Sustainable Finance Disclosures Regulation (SFDR) a piece of European financial sector regulation which sets out obligations for financial market participants to disclose specific details on their approach to sustainability risks in their investment process and other details on the provenance of ESG claims that are used to market their financial products. Further details on Muzinich's SFDR disclosures are available in relevant product documentation such as fund prospectuses and supplements on our website www.muzinich.com.

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