WELLINGTON
MANAGEMENT®

Global Impact Bond investment spotlights

ADDENDUM TO OUR GLOBAL IMPACT BOND REPORT

March 2025

For professional and institutional investors only

Contents

This report, an addendum to our Global Impact Bond report, showcases four impact themes and sample investment spotlights, including impact theory of change and key performance indicators (KPIs), qualitative assessment, engagement updates, and the measurable outcomes we achieved.

The purpose of this report is to highlight the impact case for one sample investment spotlight in four of our impact themes that span our three broad categories of Life essentials, Human empowerment, and Environment. While all companies in our portfolio meet the financial criteria that we believe enable us to deliver competitive investment returns for our clients, these sample investment spotlights are solely intended to illustrate metrics regarding our impact objectives and outcomes.

For information on our overall impact commitment and approach, as well as deep dives and reporting on our both our equity and fixed income strategies, please view our impact platform page.

Portfolio spotlight examples are based on non-performance-based criteria. For information on how we selected the portfolio spotlight examples, please see the Important disclosures section. Portfolio spotlight examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as specific security recommendations or advice. It should not be assumed that an investment in the examples has been or will be profitable. Actual holdings vary for each client, and there is no guarantee that a particular client's account will hold the examples presented. Key Performance Indicator data is based on issuer or company reporting, press releases and websites, proxy data, and Wellington analysis. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington determines the UN SDG goals and targets that, in our view, each portfolio company or issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org.

THEME OVERVIEW

Clean water & sanitation

QUANTITY | QUALITY | DISTRIBUTION

2.8 billion people in urban areas could face water scarcity by 2050, equivalent to half the world's urban population.[1]

The UN estimates that two billion people globally struggle to access safe drinking water and 3.6 billion live without safely managed sanitation.[2]

For billions of people around the world, securing clean water is a constant struggle that can hamper economic development and lead to poor health outcomes. At the community level, water scarcity can contribute to social unrest, particularly in regions where economic inequality is high and water governance is weak.

Increasing water demand, coupled with growing risk of drought and flooding associated with climate change, is likely to make water insecurity worse. The Intergovernmental Panel on Climate Change (IPCC) estimates that without adequate adaptation and resilience efforts, the water-related impacts of climate change will lower GDP in many low- and middle-income countries.[3] Access to water sanitation also remains a major challenge for many underserved populations; the UN estimates that achieving universal coverage by 2030 will require a fivefold increase in the current rate of progress.[4]

We believe that products and technologies that help alleviate water stress and secure better health outcomes will see rising investment spending and secular demand growth. Our research with Woodwell Climate Research Center has reaffirmed the opportunity in this theme. We expect to see increased capital expenditure directed toward improving water and sanitation infrastructure, including delivery, safety, and treatment.

In 2023, the fixed income portfolio was invested in a public-sector European lender that offers affordable loans to water authorities and drinking-water companies to invest in resilient water infrastructure. The portfolio also maintained a high-conviction position in a Brazilian water utility and green bond positions in Canadian and Australian local authorities investing in improving water infrastructure.

[1] "Partnerships and Cooperation for Water," UN World Water Development Report 2023, United Nations Educational, Scientific and Cultural Organization (UNESCO). | [2] "Imminent risk of a global water crisis, warns the UN World Water Development Report," UNESCO Press release, 22 March 2023. | [3] "Water." In: Climate Change 2022: Impacts, Adaptation and Vulnerability, IPCC Sixth Assessment Report, Intergovernmental Panel on Climate Change, 2022. | [4] The Sustainable Development Goals Report 2023, United Nations.

Nederlandse Waterschapsbank

IMPACT THEORY OF CHANGE

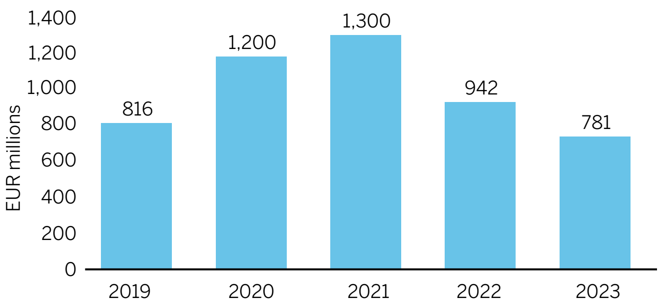
The Nederlandse Waterschapsbank (NWB Bank) is a public-sector lender that supports water authorities and drinking-water companies in the Netherlands by issuing affordable loans for investments in sustainable water infrastructure. This capital is vital for addressing the growing risks of flooding and the difficulties in securing clean drinking water across the country. Through NWB Bank's partnerships, local authorities can potentially lower greenhouse gas (GHG) emissions, upgrade water infrastructure to adapt to changing climate conditions, and enable a steady supply of clean surface water.

FIVE DIMENSIONS OF IMPACT

What	Low-cost financing for investments that enhance water resilience and service quality
Who	All 21 water authorities in the Netherlands[1]
How much	Supported water authorities with €781 million of loans in 2023[2]
Contribution	Provides funding for more than a third of the public-sector debt in the Netherlands[3]
Risk	Evidence: Financing is generally not earmarked to individual projects, making overall impact assessment difficult[4]

PROGRESS OVER TIME OF CORE KPI

Amount of lending to water authorities



Source: Annual Report, NWB Bank, 2023

Year of initial investment: 2021
Three-year annualized change in core KPI: -13%
Assessment: Meets expectations

6 CLEAN WATER AND SANITATION

UN SDG ALIGNMENT Ensure availability and sustainable management of water and sanitation for all

TARGET 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

QUALITATIVE ASSESSMENT

Climate change has increased the frequency and intensity of precipitation events in the Netherlands, leading to its wettest year ever in 2023.[5] To cope with water-related challenges (including quality and scarcity), the country is seeking to improve its water-use efficiency and resilience through various projects, including innovative upgrades to wastewater treatment plants. These projects require significant capital investment, which NWB Bank helps fund via low-cost, long-term financing to water authorities and drinking-water companies.

While the bank's new lending to water authorities has decreased since 2021, its total loan portfolio reached a record high of €53.9 billion at the end of 2023.[6] (The increase is partially attributed to its significant lending to housing associations in the Netherlands.) NWB Bank expects to resume its growth in new lending to the water segment in 2024, supported by a €400 million loan facility from the European Investment Bank signed early in the year.[7] The facility will finance small-scale projects for Dutch water authorities, covering areas such as flood protection, wastewater treatment, and water-table management.

ENGAGEMENT PRIORITIES

We are reassessing our engagement priorities to ensure we focus our efforts on issuers with which we can make a meaningful impact or when they contribute significantly to portfolio risk. Given that this issuer has a strong impact case and we expect new water-sector lending to improve the trajectory of the KPI, it is not currently a priority for our engagements.

[1]Water Bond Report, NWB Bank, 2022. | [2]Annual Report, NWB Bank, 2023. | [3]nwbbank.com, as of 10 September 2024. | [4]Annual Report, NWB Bank, 2023. | [5]Ibid. | [6]Ibid. | [7]"Netherlands: EIB and NWB Bank join forces to improve flood protection and surface water quality," European Investment Bank, 14 February 2024.

THEME OVERVIEW

Health

COST REDUCTION | IMPROVED ACCESS | INNOVATION

In 2022, more than a billion people over age five were living with obesity while more than half a billion were underweight.[1]

Large, out-of-pocket health care expenses, defined as exceeding 10% of a household's budget, are a challenge for more than a billion people.[2]

The world continues to grapple with the double burden of malnutrition, characterized by both undernutrition and obesity. Even more than two full years after the end of the COVID-19 pandemic, health care systems continue to struggle, as years of underinvestment have led to persistent inefficiencies. In many countries, including the US, income inequality also complicates health care providers' ability to deliver care. Although lower-income Americans have higher rates of chronic conditions than higher-income individuals, they have more difficulty accessing high-quality health care.[3]

While we are seeing significant advances in disease research, genomics, and life sciences innovation, as well as a growing role for technology in preventive care, vulnerable populations are less likely to benefit from these advances. In particular, progress in automatic diabetes monitoring, insulin delivery systems, and disease diagnostics remain out of reach for the people who could benefit most.

In our view, impact companies can help narrow gaps in health care access and outcomes by combining new business models with solutions that take advantage of groundbreaking scientific or clinical approaches. In doing so, we believe they can improve health care access and outcomes, while increasing addressable markets and competitive advantages.

Over the course of 2024, the Global Impact Bond team continued to focus its health care investments on nonprofit hospitals that we believe are advancing health care research and/or contributing to care access, especially for underserved patient populations. The team is also invested in select for-profit companies, including those in the medical device space and certain multinational pharmaceutical companies that are improving health care access in emerging markets.

[1] "World health statistics 2024," World Health Organization. | [2] "Billions left behind on the path to universal health coverage," World Health Organization, 18 September 2023. | [3] G. Benavidez et al, "Chronic Disease Prevalence in the US: Sociodemographic and Geographic Variations by Zip Code Tabulation Area," Centers for Disease Control and Prevention, 29 February 2024.

Thomas Jefferson University Hospital

IMPACT THEORY OF CHANGE

Thomas Jefferson University Hospital (Jefferson) offers comprehensive clinical care for patients and educational courses for professionals in greater Philadelphia. Investments in Jefferson advance health care education and research and support a vital nonprofit's efforts to provide a wide range of services, from primary medical care to more advanced and complex health care services.

3 GOOD HEALTH AND WELL-BEING

UN SDG ALIGNMENT Good Health and Well-being

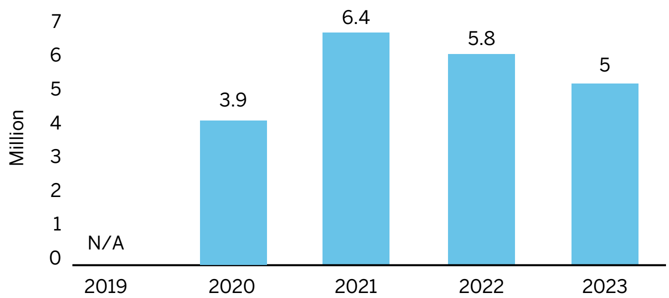
TARGET 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

FIVE DIMENSIONS OF IMPACT

What	Improving patient outcomes through comprehensive care and advancing health care through research and education
Who	Served more than 5 million patients in 2023[1]
How much	Employs more than 9,600 nurses and almost 6,000 physicians[1]
Contribution	Ranked among the top hospitals in Pennsylvania and excelling in specialty-care areas such as cancer and diabetes[2]
Risk	Execution: Ensuring balance between quality and accessibility of health care

PROGRESS OVER TIME OF CORE KPI

Number of patients



Source: "We are Jefferson," Jeffersonhealth.org, February 2024

Year of initial investment: 2022
Three-year annualized change in core KPI: 9%
Assessment: Meets expectations

QUALITATIVE ASSESSMENT

Despite spending nearly twice as much per capita on health care as other wealthy nations, US life expectancy is shorter than its peers, and health outcomes have declined since the COVID-19 pandemic.[3] Investments in Jefferson support the provision of quality patient care and education for professionals to foster research on complex health issues.

Focused on delivering excellent care, Jefferson was ranked the second-best hospital in Pennsylvania (out of 229 evaluated hospitals) in 2023, and it is nationally ranked in seven specialties, including cancer, cardiology, and diabetes treatment.[1] Jefferson also holds more than 1,000 patents for new drugs, software innovations, medical devices, and diagnostic tools — a testament to its commitment to and success in health care education and research.[1] With costs being a key factor in the patient experience, nonprofit hospitals are crucial for providing community benefits and charitable care, the value of which for Jefferson was US$668 million in 2022.[1]

We are encouraged that Jefferson has been able to treat a growing number of patients while maintaining top regional and national rankings. (The spike in treatment figures in 2021 and 2022 was likely due to COVID-19, as numbers in 2023 reverted to normal levels.)

ENGAGEMENT PRIORITIES

A patient satisfaction survey referenced on Jefferson's website rates the hospital three out of a possible five in service and care.[4] Understanding that sample size and survey details matter, we would like to engage with the issuer to better understand the underlying results of this survey and its ongoing efforts to improve services and ensure high-quality care.

[1]"We are Jefferson," Jeffersonhealth.org, February 2024. | [2]"Best Hospitals in Pennsylvania," U.S. News, updated November 2024. | [3]"How does the quality of the U.S. health system compare to other countries?", Health System Tracker, 9 October 2024. | [4]"Our Measures & Standards", Jeffersonhealth.org.

THEME OVERVIEW

Sustainable agriculture & nutrition

QUANTITY | QUALITY | DISTRIBUTION

Each year, approximately US$1 trillion worth of food is wasted, contributing up to 10% of global GHG emissions and represents ineffectual use of about 30% of the world's agricultural land.[1]

By 2035, over half of the global population is projected to be living with obesity.[2]

Food and nutrition challenges represent a global health crisis. Although households waste the equivalent of one billion meals daily, nearly 282 million people experienced acute hunger in 2023, a 9.3% increase from the previous year.[3] Regional conflict is a primary driver of acute food insecurity in most places. Meanwhile, obesity rates have doubled since 1990.[4] Challenges include the availability of cheap, processed fast foods with low nutritional value, insufficient availability or prohibitive cost of healthy fresh foods like fruits and vegetables, the exclusion of small farmers from large corporate value chains; and the loss of agricultural lands and other natural capital due to urbanization and/or climate change.

There is also an urgent need to enhance the climate resilience and sustainability of food production and distribution mechanism, which contribute meaningfully to GHG emissions. Unfortunately, despite their critical importance for human health and well-being, food systems currently receive less than 4% of total climate finance.[5] With adequate funding, food and agriculture systems have the potential to contribute 20% of the emissions reductions needed by 2050 and generate US$4.5 trillion in new market opportunities annually.[6] In our view, companies that focus on sustainable agriculture and nutrition solutions can mitigate negative environmental impacts form inefficient food production, enhance yields, and provide attractive investment opportunities.

Investments aligned with sustainable agriculture are a small part of the public fixed income opportunity set. The Global Impact Bond team has invested in an issuer providing a range of healthy, convenient, unprocessed frozen foods for time-constrained, health-conscious consumers around the world. The issuer emphasizes portion control to emphasize healthier eating and food-waste reduction.

[1] "Think Eat Save: Tracking Progress to Halve Global Food Waste," UN Environment Programme, 27 March 2024. | [2] World Obesity Atlas, World Obesity Federation, March 2023.

Picard Groupe

IMPACT THEORY OF CHANGE

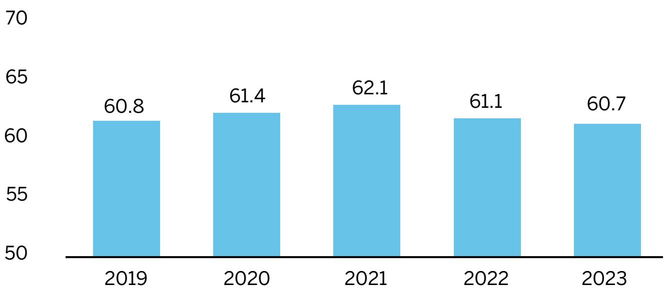
Picard provides a wide range of healthy, convenient unprocessed frozen foods. These products appeal to consumers who are time-constrained and prioritize health and wellness. Picard also focuses on portion control and nutritional score labeling, which encourage healthier eating habits while minimizing household food waste.

FIVE DIMENSIONS OF IMPACT

What	Provides a variety of high-quality, nutritious, easy-to-prepare food options, aimed at time-pressed, health-conscious consumers
Who	Nearly 1,100 stores in France with additional operations across Europe and Asia[1]
How much	Offers 1,320 frozen food products, including unprocessed meats, fish and seafood; fruits and vegetables; and ready-to-eat nutritious meals[1]
Contribution	Leading distributor, with over 20% share of the French frozen food market[1]
Risk	Alignment: Health risks from unhealthy food produced

PROGRESS OF CORE KPI

Revenue from nutritious frozen foods (%)



Sources: Picard Groupe, Wellington Management

Year of initial investment: 2021
Three-year annualized change in core KPI: -0.4%
Assessment: Meets expectations

UN SDG ALIGNMENT Zero hunger

TARGET 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

QUALITATIVE ASSESSMENT

Approximately 10 million tonnes of food, valued at €16 billion, is discarded annually in France. One factor contributing to this waste is the perishability of products, particularly fresh foods.[2] Picard addresses this issue by offering healthy, ready-to-prepare frozen food options, including fruits, vegetables, organic meats, and fish. These products maintain the flavor and nutritional quality of fresh food, preserve vitamins and other nutrients for longer periods, and can be thawed and prepared on an "as-needed" basis, reducing waste and overconsumption.

Picard has successfully provided products with good nutritional value, with between 40% and 50% of its ready meals rated A or B by France's Nutri-Score system (which assigns products a letter grade from A for most healthy to E for least healthy. To further promote healthier eating and enhance consumer choice, Picard now displays both the Nutri-Score and Planet-Score for ready meals on its website. With growing consumer awareness and a diverse range of healthy, convenient food options, we anticipate that Picard will continue to play a pivotal role in the industry.

ENGAGEMENT PRIORITIES

As a bondholder of Picard's Sustainability Linked Bond (SLB), we aim to use future engagements to understand the progress of the issuer's KPIs, specifically the target of reducing carbon-emission intensity by 10% by 2023. As part of this conversation, we seek to further understand its strategies for achieving their new 2025 target of reducing emissions by an additional 5%.

In addition to addressing emissions, we commend Picard long-term achievements in reducing electricity consumption. During a recent engagement, we learned that it has decreased its electricity usage by more than 20% since 2013. Additionally, in 2023, Picard attained the FRET21 label, which encourages companies that contract with haulers to take greater account of the impact of transport in their sustainability strategies. We look forward to continued dialogue with this issuer.

[1] Picard Annual Report, 2024. | [2] "How France is cooking up ways to turn the tables on food waste," rfi, 10 June 2024.
[3] "Energy Target Satisfaction Notice," Picard Groupe, 2024.

THEME OVERVIEW

Education & job training

REMOTE ACCESS | IMPROVING FINANCIAL FUTURES

In 2023, US adults with a high-school diploma earned 25% more than those who did not finish high school.[1]

The world could have shortfall of 10 million health workers by 2030, with chronic underinvestment in the education and training cited as a key reason.[2]

Education is a basic human right, yet an estimated 250 million children did not attend school in 2023, owing to social conflict, climate-related disasters, or other reasons for displacement.[3] Adults without a childhood education often struggle to attain employment sufficient to sustain them economically. The uneducated and undereducated are also likely to be more vulnerable to exploitation, discrimination, and ill health.[4]

Since the end of the COVID-19 pandemic, gaps in educational and professional-skills attainment have persisted in many parts of the world. Shortages of skilled labor in key sectors, including health care, present risks and challenges for communities in developed and developing markets. Job training and skill development — whether attained online or in person — can help reduce unemployment, enhance earning potential, and strengthen communities. In our view, companies and issuers whose products and services provide targeted, effective learning and vocational training are likely to enjoy significant growth potential. The impact they can have in narrowing the education gap, increasing access to economic opportunities, and mitigating labor shortages in critical sectors such as health care, is potentially widespread and enduring.

In 2023, the fixed income strategy was invested in bonds issued by the European Union that funded efforts to keep workers in their jobs during the COVID-19 pandemic. The portfolio also continued to invest in bonds issued by several universities, including leaders in cutting-edge research and institutions with track records of improving economic outcomes for students who are the first in their families to attend college. This includes investments in historically Black colleges and universities.

[1] "Education pays, 2023," US Bureau of Labor Statistics, May 2024. | [2] "Health workforce," World Health Organization, 2024. | [3] "250 million children are now out of school," UN News, September 2023. | [4] "The role of education in reducing health inequalities," Health Action Research Group, August 2024.

European Union

IMPACT THEORY OF CHANGE

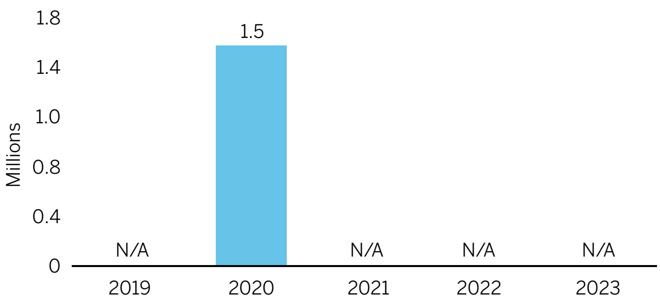
The EU created its SURE instrument (temporary Support to mitigate Unemployment Risks in an Emergency) as a response to the COVID-19 pandemic. Investments in SURE bonds have supported residents of EU member states in a variety of ways, including wage subsidy schemes, support for seasonal and self-employed workers, and training linked to short-term employment.

FIVE DIMENSIONS OF IMPACT

What	Protect workers' jobs and income during pandemic
Who	Residents of all EU member states
How much	Crisis instrument worth €100 billion[1]
Contribution	Prevented employment loss for 1.5 million people in 2020[1]
Risk	Execution: Balancing quick response with the provision of appropriate support during a period of high uncertainty

PROGRESS OVER TIME OF CORE KPI

Job losses prevented



Source: Report from the Commission to the European Parliament, the Council, the Economic and Financial Committee and the Employment Committee, European Commission, 2 June 2023

Year of initial investment: 2021
Three-year annualized change in core KPI: Not available
Assessment: Meets expectations

UN SDG ALIGNMENT Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

TARGET 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

QUALITATIVE ASSESSMENT

The COVID-19 pandemic had a profound global social and economic impact. Lockdowns and restrictions disrupted and curtailed economic activity, with many businesses temporarily or permanently closing. Millions of workers faced job losses or reduced working hours, leading to financial instability for many households.

The EU's SURE bonds were a swift and effective response to the crisis. The program distributed more than 90% of its allotted assistance within seven months.[2] SURE provided loans to finance short-time work schemes, focusing on protecting the jobs and income of both company employees and self-employed workers.

Small- and medium-sized enterprises, especially in contact-intensive sectors like accommodation, retail services, and manufacturing, were the main recipients. SURE effectively prevented the complete loss of employment for approximate 1.5 million people in 2020.[3] The program's evaluation report stated that employment protections during the first two years of the pandemic also led to a more rapid economic recovery for member states than in previous crises.[4]

We do not have a time series for our core KPI, as it reflects the impact during a specific time period. We selected it because it demonstrates one of the many positive social impacts of SURE, particularly during the height of the pandemic. Since the issuance of SURE bonds, the EU has published five biannual evaluation reports, providing further evidence of its impact, including financial support to 900,000 EU companies in 2021.[5] This published data has further assured us of SURE's impact.

ENGAGEMENT PRIORITIES

The SURE program ceased in December 2022, and its last evaluation report was published in June 2023. As such, engagement with this issuer is not currently a priority.

[1] Report from the Commission to the European Parliament, the Council, the Economic and Financial Committee and the Employment Committee, European Commission, 2 June 2023. | [2]Ibid. | [3]Ibid. | [4]Ibid. | [5]Ibid.

THEME OVERVIEW

Financial inclusion

FINANCIAL TECHNOLOGY | ACCESS TO CAPITAL

Approximately 24% of people worldwide lack an account at a bank or regulated financial institution.[1]

Access to finance is a major barrier for the growth of micro, small, and medium-sized enterprises (MSMEs) in emerging markets, where an estimated 131 million face this challenge.[2]

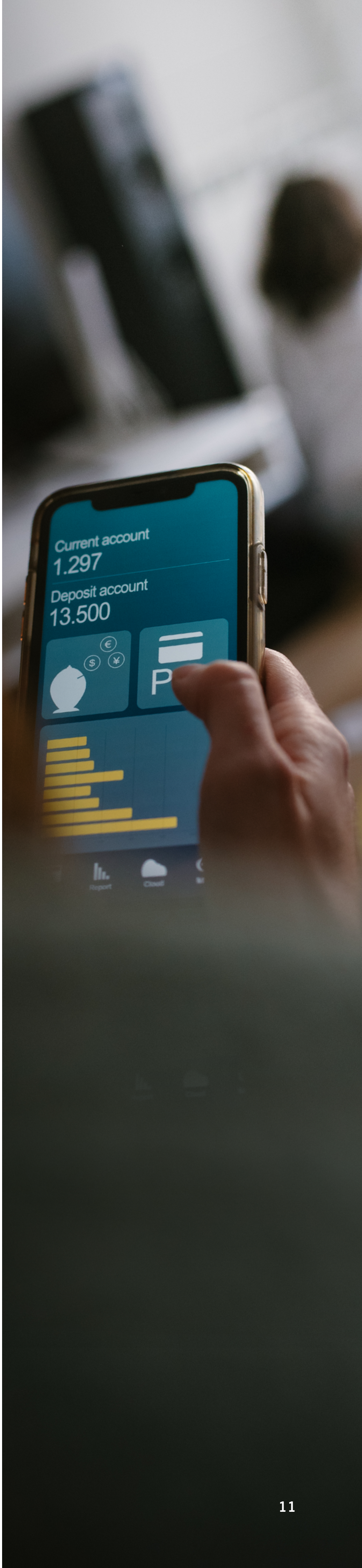
The UN deems financial inclusion vital for economic growth, resilience, and job creation, yet approximately 1.4 billion adults globally are unbanked.[3] Women represent 56% of the world's unbanked, half of the unbanked come from the poorest 40% of households, and two-thirds have a primary education or less.[4] Lack of access to financial services limits one's ability to save money securely, invest in education or new businesses, and manage financial risks. At a macro level, these challenges can hinder economic growth and sustain poverty cycles. Financial inclusion is a crucial factor in helping households fully participate in the broader economy and enhancing quality of life at the community level.

Technology can help close the financial inclusion gap by reducing reliance on high-cost or unreliable mechanisms for managing money.[5] For example, millions of unbanked adults still receive payments in cash from governments and employers. Digitizing these payments through mobile banking can boost account ownership and expand financial inclusion. Recent data has shown faster increases in mobile bank-account ownership among women than men in some places, illustrating how the technology can also help reduce gender-based inequalities.[6]

We believe companies that expand access to financial products and services, especially via mobile technology, have long runways for growth by expanding addressable markets globally. These solutions can help foster financial stability and economic development to improve the lives of millions of of underserved households and small-business owners.

In 2023, the fixed income portfolio held issuances from several national and multilateral development banks, including one focused on financing sustainable economic development in Latin America. The portfolio also increased its allocation to commercial banks in Eastern Europe, including Romania and Hungary, where many people are underbanked relative to their incomes, and where we identified banks whose lending activity includes individuals and businesses that otherwise lack adequate access to credit. The strategy also maintained nonbank allocations, for example to a US company that helps small businesses to grow their customer bases online.

[1] The Global Findex Database, The World Bank, 2022. | [2] "Small and Medium Enterprises (SMEs) Finance," The World Bank, 2020. | [3] "The Imperative of Financial Inclusion," United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, 2023. | [4] Ibid. | [5] The Global Findex Database, The World Bank, 2022. | [6] Ibid.



Inter-American Development Bank

PORTFOLIO INVESTMENT SPOTLIGHT

IMPACT THEORY OF CHANGE

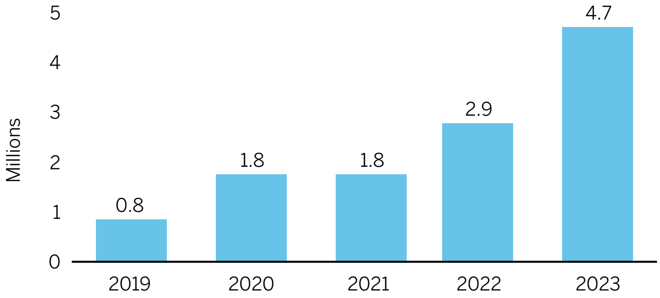
The Inter-American Development Bank (IDB) supports the economic growth of Latin American and Caribbean countries through financial and technical assistance. Its sustainable bond program invests in businesses that prioritize sustainability while positively impacting a region's economic, social, and environmental outcomes.

FIVE DIMENSIONS OF IMPACT

What	Facilitates economic growth and development in member countries through financial and technical assistance
Who	Supports its 26 borrowing-member countries in Latin America and the Caribbean[1]
How much	Nearly eight million MSMEs received financing via 365 projects between 2020 and 2023[2]
Contribution	US$13.5 billion financed and mobilized in 2023[3]
Risk	Efficiency: Ensuring efficient allocation of funds to projects that optimize social or environmental outcomes

PROGRESS OF CORE KPI

Micro, small, medium enterprises (MSMEs) financed



Source: The IBD Group Corporate Results Framework

Year of initial investment: 2021

Three-year annualized change in core KPI: 38%

Assessment: Exceeds expectations

8 DECENT WORK AND ECONOMIC GROWTH

UN SDG ALIGNMENT Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

TARGET 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

QUALITATIVE ASSESSMENT

The IDB is a leading provider of multilateral financing for economic and social development in Latin America and the Caribbean. The bank helps its clients access diverse financial solutions, including loans, guarantees, and technical assistance, to foster sustainable development and reduce poverty and inequality. The IBD has a strong focus on supporting MSMEs, which are important sources of both job creation and innovation. In 2023 alone, the bank allocated and mobilized US$13.5 billion, benefiting more than 4.7 million MSMEs.[4] We note IBD's efforts to empower these businesses and its 38% three-year compound annual growth rate in number of businesses helped.

The IDB enhances its impact by issuing sustainable bonds, which direct funds toward key sustainability priorities. One such project is the bank's Amazonia Forever Program, which has a portfolio of more than US$4 billion aimed at balancing sustainable development and forest conservation.[5] In our view, this is a vital effort, as 12% of Latin America and the Caribbean's economic value depends on nature-based sectors.[6]

ENGAGEMENT PRIORITIES

Development banks typically prioritize efforts to catalyze financing in emerging markets to facilitate a more equitable transition. The IDB has been public about plans to increase the scale of its impact in reducing poverty and inequality, addressing climate change, and bolstering sustainable regional growth, particularly through its "IDB Invest" financing arm.[7] We wish to engage with the IDB on how it weighs social and environmental considerations — including potential tradeoffs between the two — when evaluating the expansion of energy access and catalyzing transition financing. We are also interested in engaging on its plans to increase the amount of private capital catalyzed for every dollar it deploys.

[1] About the IBD, iabg.org. | [2]The IBD Group Corporate Results Framework. | [3]About the IBD, iabg.org. | [4]Ibid. | [5]"IDB, Amazonian Countries and the US Treasury Meet in Belem under Amazonia Forever," IDB, 27 July 2024. | [6]Natural resources outlook in Latin America and the Caribbean, The Natural Resources Division of the Economic Commission for Latin America and the Caribbean (ECLAC), 2023. | [7]"Governors Approve Three Historic, Transformative Changes for the IDB Group to Support the Region," IBD Invest, 11 March 2024.

THEME OVERVIEW

Safety & security

CLIMATE ADAPTATION | ONLINE SAFETY | PRODUCT TESTING

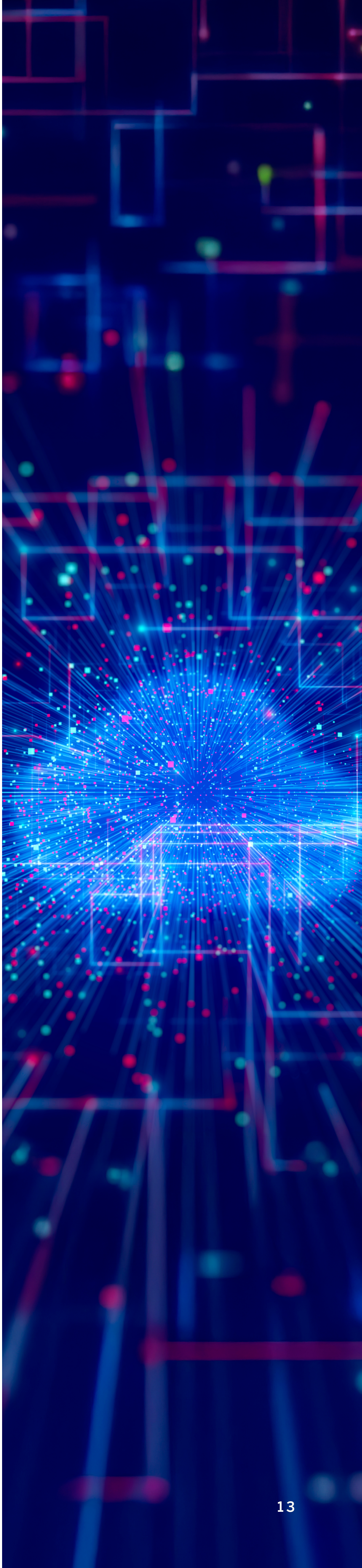
In 2023, the US experienced 28 separate billion-dollar weather and climate disasters, totaling at least US$92.9 billion in damages.[1]

60% of organizations rate their cyber resilience as insufficient or just meeting the minimum requirements.[2]

In a world driven by connectivity, cybersecurity is critical. The rising cost of cybercrime is estimated to cost the global economy US$10.5 trillion in 2025, up from US$3 trillion in 2015.[3] Companies in our safety and security theme focus on solutions for both businesses and individuals to counter cyber threats. This impact theme also includes companies whose solutions strengthen physical infrastructure that helps protect human life and property from natural disasters. Many regions continue to be impacted by climate-related incidents, leading to infrastructure damage and loss of life. These instances underscore the importance of building resilient infrastructure to safeguard lives and properties. We are excited about the continued expansion in this theme's research scope. We believe the impact relevance and growth potential of companies dedicated to enhancing safety and security will increase over time, especially for those that have demonstrated effective solutions.

In 2024, the Global Impact Bond team continued to invest in issuers providing critical cybersecurity protection. The strategy also invested in issuers delivering solutions for physical security, including in Latin America, where both individual and business customers are underserved by such solutions.

[1] Adam B. Smith, "2023: A historic year of US billion-dollar weather and climate disasters", Climate.gov, 8 January 2024. | [2] Global Cybersecurity Outlook 2024, = World Economic Forum, January 2024. | [3] Cybersecurity Ventures report on cybercrime, Esentire, 23 July 2024.



IMPACT THEORY OF CHANGE

As enterprises shift to the cloud for greater information technology (IT) agility and as cyberattacks become more sophisticated, the need to protect users and their data is paramount. Investments in Zscaler, a business-to-business cloud-security company, helps protects users who access important applications over internet against cyber threats.

UN SDG ALIGNMENT Peace, Justice and Strong Institutions

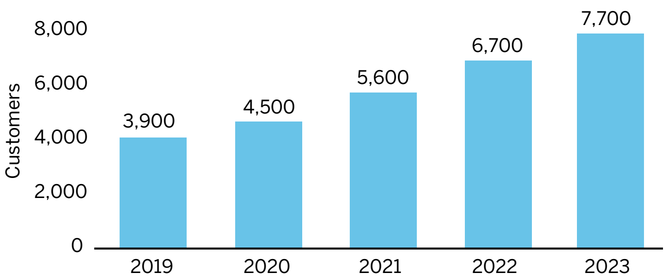
TARGET 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

FIVE DIMENSIONS OF IMPACT

What	Increasing protection for companies against cyber attacks
Who	Protected 7,700 customers in 2023[1]
How much	Assisted in safeguarding valuable data for more than 40% of Fortune 500 companies[2]
Contribution	Provides quality service, demonstrated by its Net Promoter Score (NPS) of 70, which is significantly higher than the average for SaaS vendors[2]
Risk	Endurance: Continuously innovating cybersecurity capabilities to match increasing sophistication of cyberattacks

PROGRESS OF CORE KPI

Number of customers



Source: Bloomberg

Year of initial investment: 2020
Three-year annualized change in core KPI: 20%
Assessment: Meets expectations

QUALITATIVE ASSESSMENT

Every 39 seconds, a threat actor targets a business's cybersecurity infrastructure.[3] Attackers often have the advantage, as they only need to find a single vulnerability to exploit, allowing them to adapt more quickly than organizations can defend or recover. Zscaler's cloud-native platform protects customers from cyberattacks by enabling users, applications, and devices to safely and efficiently utilize authorized applications and services.

While the shift to the cloud and adoption of AI offer businesses opportunities to streamline operations and increase efficiency, they also expose them to risks. Moving internal applications to public infrastructure makes companies dependent on the internet, which they cannot control or secure. Zscaler's Zero Trust Exchange platform provides secure, fast, and reliable access to the internet and work applications .These services eliminate the need for traditional on-premises security appliances. Each day, Zscaler blocks more than 150 million threats and performs more than 250,000 unique security updates. Its continuous innovation allows it to block new threats within minutes of detection.[4]

We are pleased to see Zscaler's ongoing increase in customers protected, which reached 7,700 in 2023. We believe that our KPI, along with the number of threats mitigated, protection for Fortune 500 companies, and the company's above-average NPS, demonstrate the contribution of Zscaler's product to our Safety & security theme

ENGAGEMENT PRIORITIES

We appreciate Zscaler's transparency and continuous reporting of our impact KPI. With AI increasingly adopted by companies, we are interested in learning more about how Zscaler has affected overall cyber-risk-protected users from resulting threats and disruptions

[1] Bloomberg | [2]"Securing your digital transformation," Zscaler Corporate IR presentation, December 2024 | [3]"239 Cybersecurity statistics (2023)," Packetlabs, 27 April 2023. | [4]Form 10-K, 2023 annual report, Zscaler.

THEME OVERVIEW

Resource efficiency

PRESERVATION | ADVANCEMENT | SUSTAINABILITY

Global electricity demand is expected to reach 50,000 terawatt hours (TWh) in 2050, almost double the 2021 level.[1]

The extraction and processing of material resources account for over 55% of GHG emissions.[2]

To ensure a sustainable and equitable future, we believe society must use its natural resources more efficiently. The UN projects that optimizing the production and consumption of materials could reduce GHG emissions by 80% by 2060.[3] The twin trends of rising consumption and dwindling supply of nonrenewable and mostly finite resources — including fossil fuels, minerals, and arable land — pose significant risk to economic activity worldwide. We are already seeing signs of growing resource scarcity in areas as diverse as power generation and transmission, manufacturing, and construction.

The natural resource challenge is not just environmental. For many people, the more difficult resources are to obtain, the harder it is to maintain living standards and economic stability. In many countries, difficulties ensuring reliable access to energy and the associated rise in energy prices have underscored the importance of efficient production and consumption. Smarter use of finite resources is also essential for a successful transition to a sustainable and more inclusive economic model. At the same time, technological innovation is critical for optimizing efficient product performance, which can contribute to lower energy consumption, extend product lifetimes, and safeguard human health. Better processes like these, while requiring initial investments, are also likely to save money in the long run.

Last year, the fixed income strategy continued to expand its investments in green bonds aligned with the resource efficiency theme. As the market for these issuances has grown and matured, the portfolio's green bond holdings have come to span a wide range of corporate and sovereign issuers in both developed and developing countries. The holdings include a German sovereign green bond expected to finance the country's efforts to achieve its ambitious environmental goals, with issuance proceeds aimed in particular on the buildout of clean transportation.

[1] "Global Energy Outlook 2023: Sowing the seeds of an energy transition," Resources for the Future, March 2023. | [2] "Global Resources Outlook: Bend the Trend," UN Environmental Programme, March 2024. | [3] Ibid.

Deutsche Bundesrepublik

IMPACT THEORY OF CHANGE

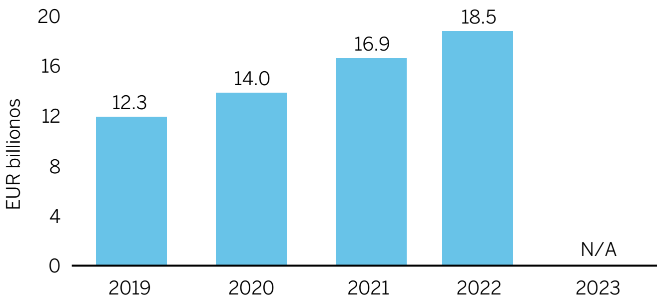
The transition to a low-carbon, resilient, environmentally sustainable economy will require vast amounts of capital. Investments in green bonds of the federal republic of Germany (Deutsche Bundesrepublik) support the country in achieving its ambitious environmental goals. The government intends to use bond proceeds for projects that address the climate challenge, with most focused on clean transport.

FIVE DIMENSIONS OF IMPACT

What	Support the transition to a low-carbon, resource efficiency economy
Who	Help Germany reach its environmental goals, including achieving carbon neutrality by 2045[1]
How much	Eligible green expenditure amounted €18.5 billion in 2022, with almost 50% contributed to sustainable transport[2]
Contribution	Systematically support the low-carbon transition by directing proceeds to projects aligned with Germany's decarbonization
Risk	Efficiency: Allocating proceeds to projects with the greatest potential impact

PROGRESS OVER TIME OF CORE KPI

Capital commitments to eligible projects (Indicative)



Source: Federal Republic of Germany Green Bond Investor Presentation, April 2023

Year of initial investment: 2021
Three-year annualized change in core KPI: 15%
Assessment: Meets expectations

QUALITATIVE ASSESSMENT

Germany has pledged to achieve GHG-emissions neutrality by 2045.[3] A study conducted by KfW Research, Germany's promotional bank, estimates that the country needs to invest €5 trillion in climate action to achieve this, with the public sector responsible for approximately €500 billion until the target year, or €20 billion annually.[4] KfW cites energy and transport as the state's primary areas of investment opportunity.

UN SDG ALIGNMENT Make cities and human settlements inclusive, safe, resilient and sustainable

TARGET 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Deutsche Bundesrepublik's green bonds focus on five sectors: transport, transition assistance for emerging markets, climate research and innovation, energy and industry, and agriculture. Most proceeds have been allocated to transport, which accounts for approximately 20% of Germany's GHG emissions.[5] Clean, sustainable railways, public and non-motorized transport, and electromobility are focus areas. One government case study highlighted the goal of making one-third of heavy road-freight transport electric by 2030, mainly by requiring more environmentally friendly vehicles and charging infrastructure. As of 2022, €272 million in proceeds had been allocated toward this goal, financing approximately 1,350 small- and medium-sized trucks and about 100 heavy-duty trucks — all electric or hybrid — as well as charging infrastructure.[6]

We are pleased to see continued growth in capital made available for green projects. While our core KPI highlights "indicative" committed capital, we can confirm that the amounts align with actual committed capital, which the government confirmed in a subsequent annual report. We recognize that committed capital does not automatically translate to reduced emissions. However, multiple case studies and the fact that the quantum of capital is in line with the annual required investment for carbon neutrality encourage us that the green bonds are making a meaningful contribution.

ENGAGEMENT PRIORITIES

We are reassessing our engagement priorities to ensure we focus our efforts on issuers with which we can make a meaningful impact or in situations when they contribute significantly to portfolio risk. Given that this issuer has a strong impact case and KPI growth in line with expectations, it is not currently a priority for our engagements.

[1] Federal Republic of Germany Green Bond Investor Presentation, April 2023. | [2]Ibid. | [3]Ibid. | [4]"Public investment required to achieve climate neutrality in Germany," Focus on Economics, KfW Research, 19 July 2022. | [5]Federal Republic of Germany Green Bond Investor Presentation, April 2023.| [6]Ibid.

THEME OVERVIEW

Resource stewardship

RECYCLING AND REUSE | BIODIVERSITY

Over 2 billion tonnes of municipal solid waste are generated annually, equivalent to the weight of 385 million African elephants.[1 2]

Between 2002 and 2023, the world lost a total of 76.3 million hectares of humid primary forest, or 16% of overall tree-cover loss.[3]

Overconsumption of natural resources results in significant environmental degradation, including deforestation, water scarcity, and biodiversity loss. At present, humans consume resources at a rate that is 1.7 times faster than the Earth's capacity for regeneration.[4] Consequently, wildlife populations have decreased by 73% over the past 50 years, with Latin America and the Caribbean experiencing the most pronounced decline of 95%.[5]

The accelerated loss and degradation of nature, exacerbated by climate change, are driving the world toward critical tipping points. Crossing these thresholds can potentially lead to devastating consequences for communities, including job losses and reduced incomes. Even a partial collapse of ecosystem services could reduce global GDP by 2.3% annually, or US$2.7 trillion by 2030, with impacts most severe in low-income and lower-middle-income countries, where GDP could drop by up to 10%.[6]

Biodiversity discussions at 2024's COP16 yielded some positive outcomes, such as the recognition of Indigenous Peoples and Local Communities and the establishment of a new subsidiary body to ensure participation by indigenous peoples in decision-making processes.[7]

In our view, solutions that improve resource stewardship, promote biodiversity, and sustain circular economies may be more widely adopted as the harmful effects of linear, disposable economies become more apparent. Self-sustaining, regenerative systems of production and consumption, where waste is minimized or avoided altogether, could become an economic necessity. Companies, industries, and governments will likely need to upgrade infrastructure, improve production processes, and implement technologies necessary for safe, effective resource management.

During 2024, the Global Impact Bond team was invested in debt from a nonprofit dedicated to environmental conservation. The enterprise has been among the most innovative market participants in structuring and participating in new types of debt to support conservation, biodiversity, and the energy transition. The strategy also continued to invest in green bonds, including those issued by sovereign issuers and by Eastern European banks with which the team has been engaging on green bond taxonomies.

[1] Raimi, Daniel et al. "Global Energy Outlook 2023: Sowing the Seeds of an Energy Transition," Resources for the Future, March 2023. | [2] "Resource efficiency and climate change," UN Environment Programme, International Resource Panel, 2020.

The Nature Conservancy

IMPACT THEORY OF CHANGE

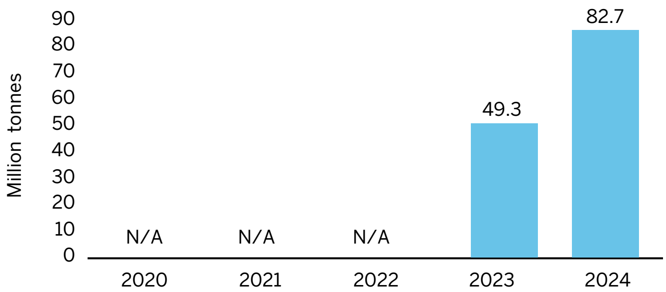
The Nature Conservancy (TNC) is an international nonprofit dedicated to the conservation of essential terrestrial and aquatic ecosystems. TNC partners with policymakers, scientists, businesses, and indigenous communities to tackle pressing environmental challenges such as climate change and biodiversity loss. Its strategy involves practical solutions, policy expertise, sustainable financing, and collaborative partnerships to achieve its goals.

FIVE DIMENSIONS OF IMPACT

What	Protect ecosystems by implementing natural-capital approaches, climate-resilience measures, and clean-energy-transition initiatives
Who	Supported by one million members, TNC positively impacts conservation efforts across 81 countries[1]
How much	Prevented 82.7 million tonnes of GHG emissions in 2024[2]
Contribution	96 million hectares of land preserved; additional 1.4 million hectares of ocean benefited from enhanced management practices in 2024[2]
Risk	Execution: Potential misallocation of funds to projects that cannot optimize environmental outcomes

PROGRESS OVER TIME OF CORE KPI

GHG emissions avoided



Source: "Where we work," The Nature Conservancy, nature.org

Year of initial investment: 2021
Three-year annualized change in core KPI: N/A
Assessment: Meets expectations

UN SDG ALIGNMENT

15 LIFE ON LAND

TARGET 15.4 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

QUALITATIVE ASSESSMENT

TNC helps address urgent environmental issues. By conserving ecosystems, the organization protects biodiversity, mitigates climate change impacts, and supports sustainable livelihoods for communities. Its science-based approach and partnerships with governments, businesses, and local communities enable effective global and regional conservation strategies.

We are particularly impressed by TNC's ambitious 2030 goals, which include avoiding three billion tonnes of GHG emissions annually, aiding 100 million people at high risk of climate-related emergencies, conserving 650 million hectares of land, and protecting four billion hectares of ocean. TNC is making significant progress toward these goals. In 2024, its activities avoided 82.7 million tonnes of emissions, a 67% increase from the previous year.[2]

Beyond our core KPI, we are also impressed by TNC's innovative solutions, such as securing a new insurance policy to cover post-storm restoration of coral reefs on Hawaii's largest islands. Hawaii's coral reefs provide critical flood protection and are estimated to contribute more than US$1.2 billion annually to the state's economy via tourism, recreation, and fishing.[3] The initiative has generated substantial interest among insurance companies, highlighting the demand for nature-based solutions to mitigate climate risks.

ENGAGEMENT PRIORITIES

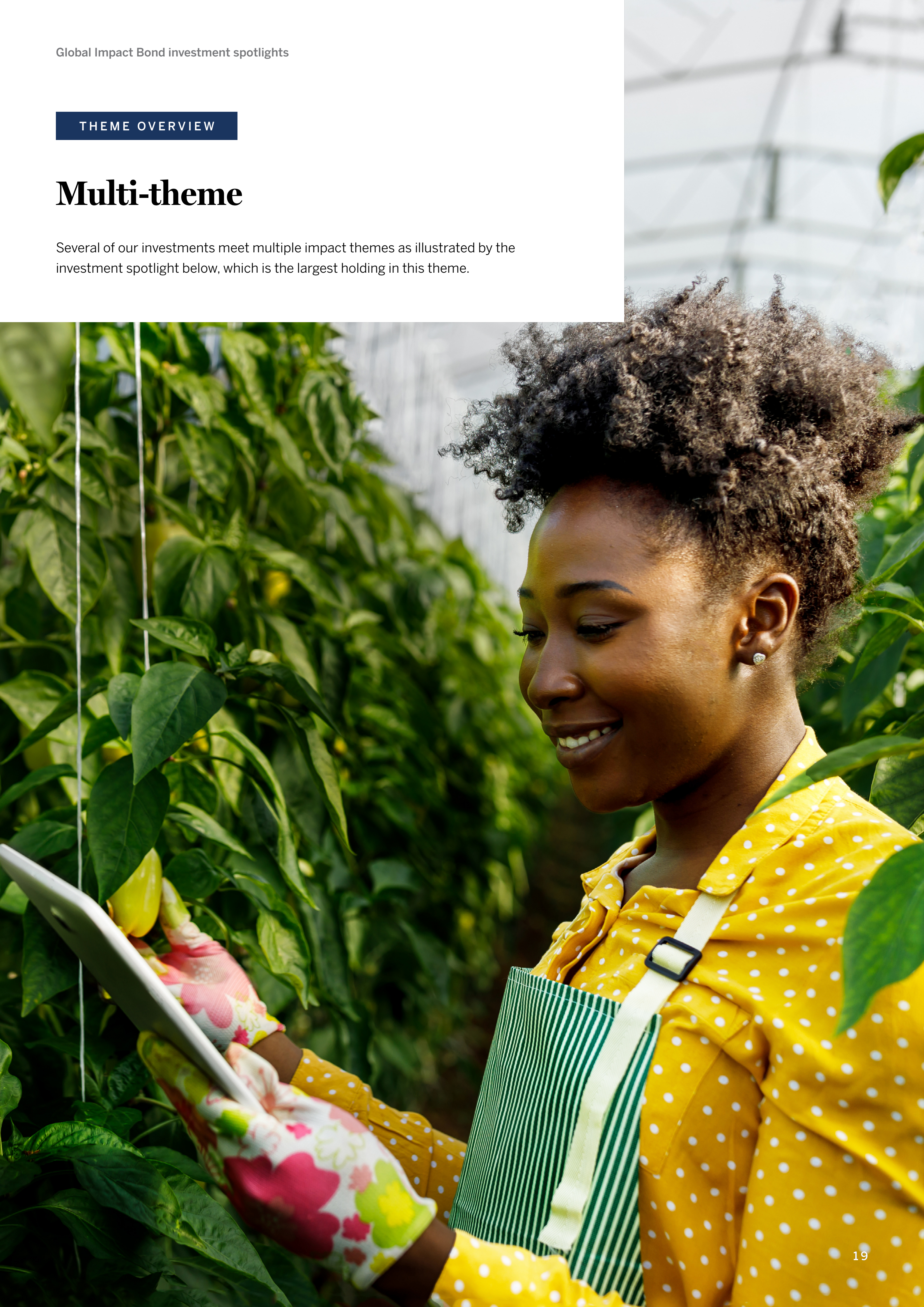
While we are impressed with TNC's environmental and social impact, we would like to obtain historical impact data, particularly on avoided GHG emissions and the number of people supported. We recently engaged with TNC to inquire about the availability of historical data, and its representatives highlighted that they are currently working to track the impact metrics for TNC's 2030 goals. We hope to access a more comprehensive time series to measure progress over time.

[1] "Where we work," The Nature Conservancy, nature.org, 2024. | [2] "Global Climate: 2024 Impact Report", The Nature Conservancy. | [3] "Major upgrade to first U.S. coral reef insurance policy increases coverage and enables more robust post-storm response," The Nature Conservancy, 14 February 2024.

THEME OVERVIEW

Multi-theme

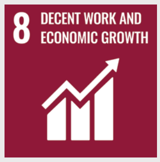
Several of our investments meet multiple impact themes as illustrated by the investment spotlight below, which is the largest holding in this theme.



African Development Bank (AfDB) PORTFOLIO INVESTMENT SPOTLIGHT

IMPACT THEORY OF CHANGE

The African Development Bank (AfDB) is a multilateral development-finance institution committed to fostering economic growth and social progress in Africa. Using loans, equity investments, debt guarantees, and lines of credit, AfDB enhances quality of life for millions of people and promotes sustainable development in some of the world's most impoverished nations.



UN SDG ALIGNMENT Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

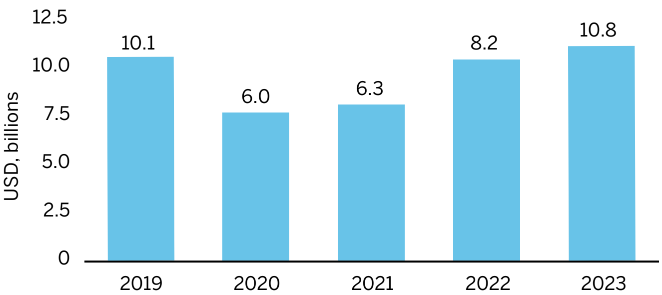
TARGET 8.4 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries Indicators

FIVE DIMENSIONS OF IMPACT

What	Provides financial support that creates economic and development impact across Africa
Who	Supports 47 African countries, with nearly 60% of sovereign project approvals directed to East and West Africa[1]
How much	Over US$10 billion in loans, equity investments, debt guarantees, and credit lines were approved in 2023 for its "High 5" priority program[1]
Contribution	Improves the lives and livelihoods of millions of Africans, including 11 million farmers[1]
Risk	Execution: Potential misallocation of funds to projects that do not optimize social or environmental outcomes

PROGRESS OVER TIME OF CORE KPI

Funding allocated to High 5 priority areas



Source: 2023 Annual Report, African Development Bank Group. | The High 5 priorities include Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa.

Year of initial investment: 2020
Three-year annualized change in core KPI: 21.5%
Assessment: Exceeds expectations

QUALITATIVE ASSESSMENT

AfDB is committed to promoting sustainable economic growth and social progress among its regional-member countries. People and businesses in these nations face significant economic, environmental, and geopolitical challenges, hindering Africa's progress toward inclusive and sustainable development.

As Africa's premier development finance institution, AfDB has been instrumental in providing essential development funding to address these challenges. In 2023, the bank approved US$10.7 billion in financing, nearing its record from 2009.[1] We commend the AfDB's strong three-year compound annual growth rate in loan approvals, which has furthered its sustainable development efforts.

We are pleased with the bank's announcement of its ten-year strategy, which outlines actions to help African countries tackle global and regional challenges, aiming for a more resilient, inclusive, and prosperous region.[1] Driven by the AfDB's High 5 priorities — Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa — the strategy has already benefited millions of people. In 2023, the bank increased productivity for 11 million farmers, improved transport services for 3.5 million people, and provided electricity connections for 2.4 million people.[2]

ENGAGEMENT PRIORITIES

We recently engaged with the AfDB to understand factors behind a decline in the core impact KPI we tracked in 2023: number of people benefiting from improved agricultural productivity. Through our engagement, we learned that this KPI is highly volatile and does not fully capture the overall impact of the AfDB's work. Specifically, this KPI only accounts for completed agricultural projects, which vary each year in number, country, size, and the proportion of the bank's outlay in co-financed projects. Consequently, for 2024, we changed our core KPI to track funding allocated to High 5 priority areas. We have qualitatively reviewed end beneficiaries supported across these priorities.

[1]"2023 Annual Report," African Development Bank Group. | [2]"The Ten-Year Strategy, African Development Bank Group (2024 – 2033)," 22 May 2024.

Important disclosures

ABOUT THIS REPORT

The views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. Forward-looking statements or estimates may be made. Actual results and occurrences may vary significantly. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington determines the goals and targets that, in our view, each portfolio issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Wellington Management supports the United Nations Sustainable Development Goals. These are not to be construed as a recommendation of any of the specific securities presented or indicative of their past or future performance.

Q3 2024 investment examples are based on holdings of the representative account as of 30 June 2024. For Global Impact Bond, the representative account shown became effective on 1 May 2019 because it was the only account at the time of selection. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described.

Issuer examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as a recommendation or advice. Portfolio spotlight examples are based on nonperformance criteria. For Global Impact Bond the largest position in each impact theme is selected. If the largest position was highlighted within the past year, then the second largest position is highlighted. If largest two positions were highlighted within the past two years, then a new position within the theme for the year is highlighted. If no new positions in the theme, the largest addition (based on transaction value in USD) is highlighted.

Featured holdings Inter-American Bank and Deutsche Bundesrepublik were the largest by size in their respective themes as of 30 June 2024. Neder Waterschapsbank and European Union were the second-largest holdings in their respective themes as of 30 June 2024.

The key performance indicators (KPIs) shown for each issuer have been developed by Wellington. These metrics are proprietary to Wellington and are used to assess an issuer's progress toward its particular business objectives. Information is from multiple sources including the following: annual and quarterly reports; industry research pieces; websites; press releases; case studies; and issuer engagements. Only holdings that had applicable and available KPI data were included. In cases where the 2023 data was not available at the time of publication, we have used 2022 or the nearest to 2023 data.

INVESTMENT RISKS

All investing involves risk. If an investor is in any doubt as to the suitability of an investment, they should consult an independent financial adviser. Past results are not necessarily indicative of future results and an investment can lose value.

Capital: Investment markets are subject to economic, regulatory, market sentiment, and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment.

Derivatives: Derivatives can be volatile and involve various degrees of risk. The value of derivative instruments may be affected by changes in overall market movements, the business or financial condition of specific companies, index volatility, changes in interest rates, or factors affecting a particular industry or region. Derivative instruments may provide more market exposure than the money paid or deposited when the transaction is entered into. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose a portfolio to the possibility of a loss exceeding the original amount invested. Derivatives may also be imperfectly correlated with the underlying securities or indices it represents and may be subject to additional liquidity and counterparty risk.

Asset/mortgage-backed securities: Mortgage-related and asset-backed securities are subject to prepayment risk, which is the possibility that the principal of the loans underlying the securities may prepay differently than anticipated at purchase. Because of prepayment risk, the duration of mortgage-related and asset-backed securities may be difficult to predict.

Concentration: Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect performance.

Credit: The value of fixed income securities may decline, or the issuer or guarantor of that security may fail to pay interest or principal when due, as a result of adverse changes to its financial status and/or business. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities.

Currency: Investments in currencies, currency derivatives, or similar instruments, as well as in securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Fixed income securities markets: Fixed income securities markets are subject to many factors, including economic conditions, government regulations, market sentiment, and local and international political events. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values, and the creditworthiness of the issuer.

Foreign and emerging markets: Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets.

Interest rate: Generally, the value of fixed income securities will change inversely with changes in interest rates. The risk that changes in interest rates will adversely affect investments will be greater for longer-term fixed income securities than for shorter term fixed income securities.

Leverage: The use of leverage can provide more market exposure than the money paid or deposited when the transaction is entered into. Losses may therefore exceed the original amount invested.

Real estate securities: Risks associated with investing in the securities of companies principally engaged in the real estate industry such as REIT securities include: the cyclical nature of real estate values; risk related to general and local economic conditions; overbuilding and increased competition; demographic trends; and increases in interest rates and other real estate capital market influences.

Smaller-capitalization stocks: The share prices of small- and mid-cap companies may exhibit greater volatility than the share prices of larger capitalization companies. In addition, shares of small- and mid-cap companies are often less liquid than larger capitalization companies.

Sustainability: An environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

IMPORTANT INFORMATION

WELLINGTON
MANAGEMENT®