Global Stewards Fund Report

3Q23

WELLINGTON MANAGEMENT®

ENGAGEMENTS IN SPOTLIGHT

Our investment framework is centered on finding companies with high, relative returns on capital and the stewardship to help ensure that those returns are sustained. Stewardship is an important concept for us; we are looking for companies that have built a privileged competitive position and understand their responsibility in carrying it forward.

Consider the risks: Investors should consider the risks that may impact their capital before investing. The value of your investment may fluctuate from the time of the original investment. Please refer to the risks section on page 8 for further details.

This is a marketing communication. Please refer to the prospectus of the Fund and to the KIID and/or offering documents before making any final investment decisions.

Underwriting conviction in narrow markets

The so-called 'Magnificent Seven' large cap US technology stocks have posted significant gains in the first nine months of 2023. At the end of the third quarter, these seven companies made up 16.2% of the Fund's benchmark (MSCI All Country World) and 20.8% of the Fund's active risk. Our positioning within this group is commensurately considered and intentional. We have concerns about the persistence of returns of those companies we do not own on your behalf. We believe that current returns come at the expense of one or more stakeholders, which makes us question their resilience. Our focus on capital returns and stewardship seeks to align the Fund with businesses that can thrive over the very long-term. In the last year, we conducted deeper research to retest our conclusions about each business.

Microsoft has been owned on behalf of clients since the inception of the Fund, and our conviction in the holding remains steadfast. The company currently produces above 30% returns on capital on a AAA balance sheet. We believe returns should be persistent thanks to Microsoft's subscription model and steady customer renewal rates, with Microsoft adapting to meet evolving client needs for cloud and AI capabilities. The company has produced prodigious cash flow, even after high levels of reinvestment. Microsoft is not a controlled company and there are no multi-class shares, implying that all shareholder interests are considered. We think the board is well structured, well resourced, well qualified and well aligned with stakeholders. Microsoft is a leader in supply chain and energy transition management. The company's stewardship attributes bolster our confidence that high rates of financial returns can continue well into the future.

Apple is on our watch list, but we have never owned it on behalf of clients. We believe COVID-inflated returns on capital resulting from robust PC and iPhone cycles are likely to revert. Apple is very levered to China for manufacturing and sales, creating supply chain and demand vulnerabilities. We see meaningful geopolitical and regulatory risk in Apple's long-term fundamental outlook. Finally, we have concerns about the board's preparedness and engagement, should Apple hit bumps in the road. The board possesses little domain expertise in the areas of significant risk and does not appear to provide the oversight and challenge required for a company of Apple's size and complexity.

Nvidia is not currently held in the Fund. Nvidia's resurgence this year has come on the back of a very robust GPU cycle, largely driven by investment in AI-related infrastructure. Historically, the company posted modest and volatile returns from serving cyclical end markets like crypto and gaming. For now, Nvidia is in an enviable competitive position as the leader in efficient, high compute specialty semiconductors. But competition is building, both among traditional competitors and customers wary of being single-source dependent. We also have stewardship concerns, starting with key man risk and board structure. In sum, the market remains excited about near-term growth while we remain cautious on how long the good times will last.

Alphabet's core advertising business is attractive, generating high cash returns, much of which are reinvested in extending the business into new markets and applications. We do not currently hold the stock, as we struggle with line of sight on the persistence of growth in core search and the ultimate returns on new ventures. Alphabet faces emerging threats to its primary profit pool as tools like ChatGPT and Bing become more mainstream. Importantly, we have meaningful stewardship concerns on this name: Alphabet faces antitrust and regulatory scrutiny in every regional jurisdiction; their compensation plan is suboptimal; the board is poorly structured; voting power is concentrated and mismatched with economic interests; and the company has been unresponsive to shareholder input.

Tesla, Amazon, and **Meta Platforms** are less likely candidates for our Fund due to a wide range of return and stewardship shortcomings. Cash flow production is meager at Tesla and Amazon as each business model is still maturing and we are unsure where returns will settle. Reinvestment rates are substantially elevated at Amazon and Meta with uncertainty over the benefits that will eventually accrue from this deployment. The Tesla and Meta boards are not independent and, therefore, we feel that they are poorly aligned with stakeholder interests. In all cases, stewardship presents a significant obstacle, where the argument can be made that material profits are being generated at the expense of one or more stakeholders, whether that is the company's labor force or supply chain, community, or the planet, through a heavy environmental footprint. This lack of balance adds operational friction to these companies and increases the risk of regulatory and public scrutiny that could erode returns longer-term.

Our conclusion is not meant to imply that these stocks should not be owned by anyone. Simply that, other than Microsoft, they do not fit our investment process today, and we intend to remain disciplined. Given our time horizon, we place a heavy emphasis on a company responsibly managing its broader resources. We believe that when a company's discipline around financial capital is extended to healthy reinvestment in human and natural capital, it is better able to produce sustainable and attractive financial returns over the long term.

We hold other technology stocks outside of the 'Magnificent Seven', where we find that robust stewardship feeds through to reinforce and enhance financial returns. During the third quarter, we met with Nancy McKinstry, the CEO of information services company **Wolters Kluwer**. The long-term mindset at Wolters Kluwer has helped the company transition from traditional publisher to a leading software provider for professional services companies. We believe the reinvestment in the business helps Wolters grow, expand, and adapt, including new revenue streams in areas like ESG solutions to meet rising regulatory demand. Meanwhile, the company's decision to centralize more of product development drives better technology reuse across the organization, improving the pace of innovation. These changes are all executed with a heavy focus on enhancing the customer experience and building loyalty and resilience in the business.

We remain happy owners of human resources management and software services company **ADP**. During the third quarter, we had the opportunity to engage with an independent director of the board to learn more about the recent transition in CEO leadership to Maria Black. We heard evidence of independence and challenge in the board room and support for change with a handover in decision making power to Maria from Carlos Rodriguez as Executive Chair and outgoing CEO. We were encouraged that there is a good and growing set of technology skills across the board seats to support change. We then spent time with ADP product and R&D leadership in their New Jersey headquarters to understand how they are investing in innovation and defending the business against new competition. We value ADP's healthy revenue growth, high returns, strong cash flow and superior balance sheet. We see added differentiation from scale with over one million clients worldwide and recognize the data insights this brings. ADP's high retention and client satisfaction scores are testament to this flywheel.

We also had the opportunity to meet with the lead independent director at pharmaceutical company **Merck & Co**. Merck's board successfully oversaw an important leadership transition in the CEO and in the President of Merck Research Laboratories over the last two and a half years. With a strong C-suite in place, the board is now set for further refreshment and hopes to bring in greater European, regulatory, and early-stage tech expertise. During our engagement, we sought to better understand the board's stance and support on the current lawsuit challenging drug pricing negotiations under the Inflation Reduction Act. Merck argues that they are defending their ability to drive future drug discovery and balance this with the pressures for affordability and access to medicines, which they are strongly committed to uphold. Their concern is that the new legislation tilts the balance too far in favor of access. It empowers the government to fix prices unilaterally without consideration of drug discovery economics and could impair Merck's ability to invest long-term in drug discovery. The board is very focused on strong capital allocation to help fill the revenue gap that is anticipated as Keytruda goes off patent over 2028 to 2032. This is an area of discipline where the board has strong confidence that Rob Davis as CEO excels.

We added consumer goods company **Procter & Gamble** to the Fund in the quarter. This is a name we have been following for some time as the strength and persistence of high returns has improved over the past decade. The Chair and CEO, Jon Moeller, has been in his role for two years now and has raised the bar for excellence and execution at the firm. Having restructured the business and the organizational structure to be more focused with fewer brands, we now see a step change in embedding sustainability throughout the organization including in the budget and financial targets of each division. Sustainability is a growth strategy for P&G, it is a key driver for innovation and an important consideration in the supply chain. Efforts in plastic recycling and reduced deforestation are both great examples of P&G's leadership in sustainable change.

In closing, we want to recognize that the global backdrop remains challenging, with higher rates and a slowing cycle. We have confidence that the companies we hold in the Fund are well positioned to navigate this volatility given their competitive positioning, with above average returns, superior balance sheet strength, strong stewardship, and a focus on balancing the needs of all stakeholders. While our year-to-date performance has not kept pace with the market, we stand by our belief that over the long-term these attributes have the potential to drive out performance. We thank you for the privilege of managing this Fund on your behalf.

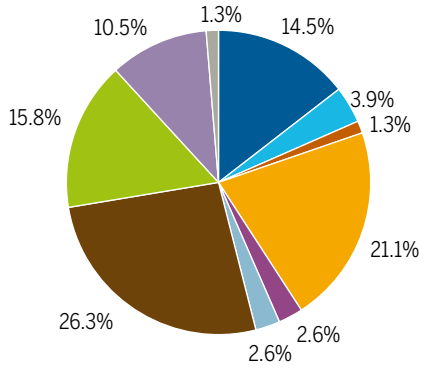
The engagement case studies presented are for illustrative purposes only. The engagement case studies chosen are based on meetings held during the quarter and focus on topics we think are important to stewardship, giving insight into our process. There can be no assurance that every Fund in the composite held these companies or that they will continue to hold these companies and will be profitable in the future. This report is using rep account holdings only.

ENGAGEMENT SUMMARY

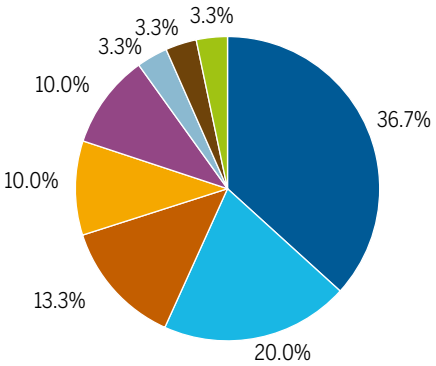
We see a meaningful opportunity to supplement our knowledge of companies, and to enhance our influence on their long-term success, through engagement. Regular conversations with Management and with Boards open the door for this to be a two way dialogue. Our exchanges help us assess companies for their corporate culture, adaptability, responsiveness, and an alignment of incentives with sustainable long term targets. We believe it is our fiduciary duty to give feedback to companies entrusted with our client's capital, supporting long-term behavior, and holding accountable those in charge. Over the reporting period, 30 engagements with the Fund held names were conducted on a broad range of ESG topics.

	Number of Engagements	Market Value Covered by Engagements (%)
3Q23	30	63.3
Year-to-date	105	89.0

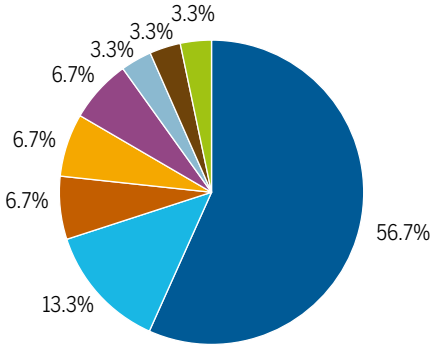
Engagements by Topic	Class	Split (%)
Product Sustainability/Innovation	E	14.5
Climate (Physical/Adaptation Or Transition/Mitigation)	E	3.9
Environmental Practices	E	1.3
Culture/Talent/Labor/Health & Safety/Ethics	S	21.1
Supply Chain Management	S	2.6
Other Social	S	2.6
Long Term Corporate Strategy	G	26.3
Capital/Resource Allocation	G	15.8
Governance/Compensation/Succession Planning	G	10.5
Board Structure/Composition/Classified	G	1.3
Total		**100.0**



Engagements by Sector	Split (%)
Industrials	36.7
Information Technology	20.0
Health Care	13.3
Consumer Discretionary	10.0
Financials	10.0
Consumer Staples	3.3
Materials	3.3
Real Estate	3.3
Total	**100.0**



Engagements by Market	Split (%)
United States	56.7
Japan	13.3
France	6.7
Netherlands	6.7
Spain	6.7
Switzerland	3.3
Taiwan	3.3
United Kingdom	3.3
Total	**100.0**



The companies shown are not representative of all of the securities purchased, sold, or recommended for the Fund. It should not be assumed that an investment in the companies listed has or will be profitable. This material is not intended to constitute investment advice or an offer to sell, or the solicitation of an offer to purchase shares or other securities. ESG company engagement is identified by comparing the fund's holdings for each month-end during the reporting period shown against the ESG engagement activity tracked by the ESG research team for Wellington Management group of companies, representing the engagement activity of the fund's investment team.

ESG RATINGS SNAPSHOT

As one component of the firm's research process, companies are assigned an ESG rating using a proprietary, systematic process that uses multi-factor sector frameworks that combine quantitative and qualitative data from various third party and internal sources, which includes our proprietary fundamental ESG research. Each rating reflects an assessment of the company's ESG profile relative to its peer set. We believe this approach enables investment teams to identify ESG leaders and laggards in the context of their peer sets. Importantly, the rating is not a buy or sell signal, but rather helps identify potential issues and provides a starting point for deeper analysis.

Wellington Management methodology

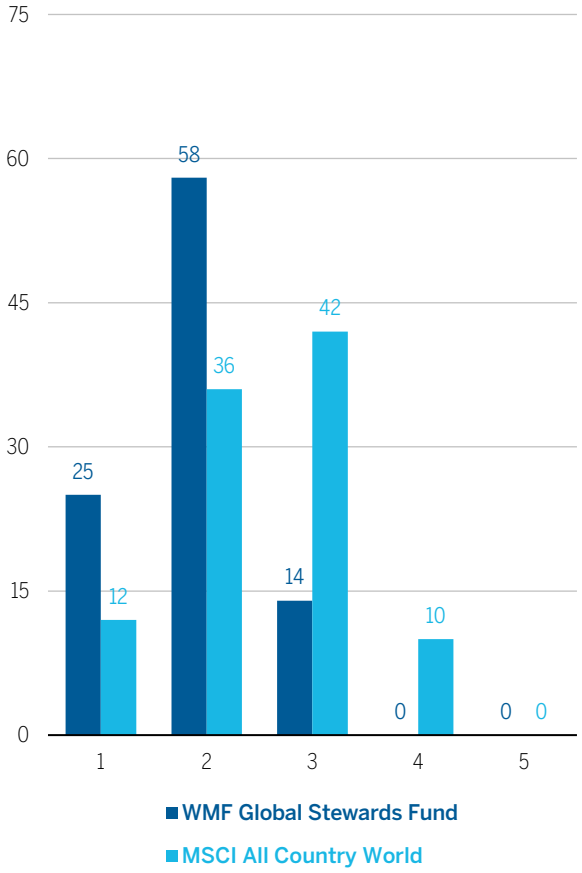
Comparable: peer-relative ESG profile and E, S, and G components rated on 1 – 5 scale, facilitating comparison across Fund or industry; with 1 being the most positive and 5 the most negative.

Proprietary: calculated using our own defined indicators, transformations, and weights for sub-industry models

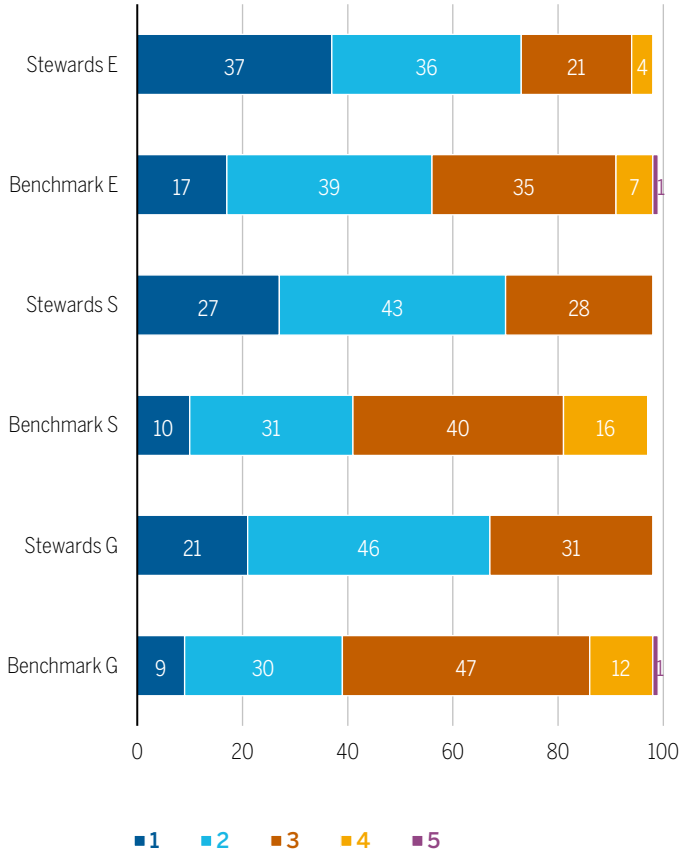
Accessible: available through equity and fixed income systems and on our common research platform

	ESG Rating	Environmental (E)	Social (S)	Governance (G)
Global Stewards	1.9	1.9	2.0	2.1
MSCI All Country World Index	2.5	2.4	2.7	2.7

ESG rating distribution – Global Stewards (holdings %)



Global Stewards vs benchmark ESG rating distribution (rating %)



The data shown is of a representative account, is for informational purposes only, is subject to change, and is not indicative of future Fund characteristics or returns. The representative account shown became effective on 30 January 2019 because it was the largest account at the time of selection. Each client account is individ-ually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described. Actual results may vary for each client due to specific client guidelines, holdings, and other factors. In limited circumstances, the designated representative account may have changed over time, for reasons including, but not limited to, account termination, imposition of significant investment restrictions, or material asset size fluctuations.

We are committed to limit the Fund contribution to climate change by targeting a carbon footprint that is at least 50% less than the global economy (MSCI ACWI). Further, we will manage the Fund to target net zero emissions by 2050 in alignment with the Paris Agreement. Science-based targets (SBTs), which are validated by the Science Based Targets initiative (SBTi), are 10-year targets aligned with limiting global warming to 1.5°C, include scope 1, 2, and material scope 3 emissions. SBTs must be achieved through direct action in operations/value chain. Three consecutive SBTs would show alignment with the Paris Agreement by meeting net zero by 2050. Carbon footprint reporting is intended to quantify the carbon exposure of a Fund by aggregating the contribution of investee entities to climate change through their regular operations.

Footprint metrics are most meaningful in reference to the strategy's benchmark or relevant opportunity set. Carbon footprint reporting accounts for scope 1 and 2 greenhouse gas (GHG) emissions and is expressed in carbon dioxide equivalents. Scope 1 emissions are those occurring from sources that are directly controlled by the entity, meaning the operations that create products and services. Scope 2 emissions measure indirect emissions generated by the production of electricity that the entity consumes.

Science-Based Target (SBT) Summary

	Eligible MV with SBTs (%)		# of Issuers with SBTs		Ctb to WACI (%)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total (Targets Set or Committed)	78.7	54.3	30	886	67.0	28.7
Targets Set	65.5	37.6	25	578	65.7	21.8
1.5 °C	55.3	31.6	21	439	54.3	10.1
1.5°C / Well Below 2 °C	7.6	4.7	3	118	11.3	–
2 °C	2.6	1.3	1	21	0.1	0.7
Committed	13.2	14.1	5	290	1.4	6.0

% of Eligible Market Value with SBTs is calculated as a percentage of the percent eligible market value with SBTs committed or set. Eligibility is currently based on exposure to long-only, direct corporate holdings and excludes look-through to pools. | SBT results are based on scope 1, 2 and material scope 3 emissions. The manager will seek to incorporate scope 3 carbon emissions data when, in the manager's judgment, data availability and quality improves to the point that the scope 3 data available provides decision-useful information about transition risk. | From 15 July 2022, the SBTi will only accept 1.5°C-aligned targets.

Overall Fund CO_2 Emissions and Intensity

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Carbon Emissions Data Availability (%)
Fund	12	17,351	46	44	100.0
Benchmark	57	82,050	152	135	99.8
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

The Weighted Average Carbon Intensity of the Global Stewards' representative fund is 67.4% less than that of the MSCI ACWI.

Source: MSCI | Benchmark: MSCI All Country World | **Carbon Emissions**: Emissions financed per $1 million invested in the mandate. This metric is calculated by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding, and then dividing by the fund's total market value. | **Total Carbon Emissions**: Total emissions financed by the fund. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | **Carbon Intensity**: Metric normalizes company's total emissions by output. This metric is calculated as total emissions financed by the fund (equivalent to Total Carbon Emissions metric) divided by total revenue financed by the fund (% Enterprise value incl cash owned X Revenue) for each holding. **Weighted Average Carbon Intensity (WACI)**: Proxy for carbon efficiency of fund construction when compared to benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using % market value in the fund. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | **Data availability** may be lower than Data Availability – Carbon Intensity for the two calculations of financed emissions (Carbon Emissions and Total Carbon Emissions). This is because the financed emissions metrics require availability of both carbon emissions and Enterprise Value including Cash for each holding.

Weighted Average Carbon Intensity by Sector

	% Equity Market Value		Weighted Average Carbon Intensity (T CO_2e/$M Sales)		Contribution to Weighted Average Carbon Intensity (T CO_2e/$M Sales)	
Sectors	**Fund**	**Benchmark**	**Fund**	**Benchmark**	**Fund**	**Benchmark**
Utilities	4.9	2.6	277	1,805	14	47
Information Technology	20.0	21.6	61	29	12	6
Consumer Discretionary	11.4	11.2	34	46	4	5
Materials	3.7	4.5	98	703	4	32
Consumer Staples	7.8	7.1	35	47	3	3
Industrials	14.4	10.4	14	111	2	12
Real Estate	4.9	2.3	42	83	2	2
Health Care	10.9	11.9	17	17	2	2
Financials	18.5	15.8	3	17	0	3
Communication Services	1.9	7.6	14	17	0	1
Energy	–	5.2	–	420	–	22
Overall	**98.3**	**100.0**			**44**	**135**

Source: MSCI | Benchmark: MSCI All Country World | % MV Carbon Eligible Securities indicates the extent to which carbon data is available within the Fund and benchmark and includes only corporate holdings. Carbon data availability is represented as a % of carbon eligible securities, which may be less than the total market value of the Fund Weighted Average Carbon Intensity figures for each sector and the Fund are calculated by rescaling exposures based on available emissions data and therefore may not be fully representative of the fund's emissions. | Market exposure through investments in ETFs is excluded from the analysis due to potential opacity; market exposure via look-through to commingled funds is also excluded.

Largest Contributors to the Global Stewards' Weighted Average Carbon Intensity

Company	Sector	Country	% Equity Market Value	Contribution to Weighted Average Carbon Intensity (%)	Carbon Intensity (T CO_2e/ $M Sales)	Benchmark Weighted Average Sector Intensity	Emission Source
National Grid PLC	Utilities	United Kingdom	2.6	18.8	310	1,805	Company disclosure
Taiwan Semi	Information Technology	Taiwan	3.7	14.9	175	29	Company disclosure
Iberdrola SA	Utilities	Spain	2.4	13.1	240	1,805	Company disclosure
Texas Instruments	Information Technology	United States	3.2	8.3	114	29	Company disclosure
Cie Generale des Eta	Consumer Discretionary	France	2.9	8.0	119	46	Company disclosure
DSM-Firmenich AG	Materials	Netherlands	2.2	7.3	146	703	Company disclosure
Weyerhaeuser Co	Real Estate	United States	2.3	4.7	88	83	Company disclosure
Microsoft Corp	Information Technology	United States	5.5	4.1	33	29	Company disclosure
Deere & Co	Industrials	United States	3.7	2.9	33	111	Adjusted
Procter & Gamble Co	Consumer Staples	United States	2.1	2.7	56	47	Company disclosure

Source: MSCI | Benchmark: MSCI All Country World | Company represents the name of the parent entity from which a holding's emissions data has been sourced, if that issuer does not disclose its own emissions data. | The % Market Value may represent more than one holding as it aggregates all Fund holdings that source emissions data from the same parent entity. | Largest contributors to the fund's Weighted Average Carbon Intensity may be different to the largest holdings of the Fund by size and are not representative of all holdings held by the Fund. | Eligibility is currently based on exposure to long-only, direct corporate holdings and excludes look-through to pools. | WACI results are based on scope 1 and scope 2 emissions only. | Benchmark Weighted Average Sector Intensity is calculated by taking a weighted average of all companies' intensities per sector within the benchmark.

Emission Source (%)

	Company disclosure	Adjusted	Estimation	Uncovered
Stewards	87.5	12.5	–	–
Benchmark	85.6	9.5	4.7	0.2

Source: MSCI | Benchmark: MSCI All Country World | Data presented in this report is compiled from numerous sources and estimation methods. Subsidiary mapping by MSCI is leveraged where emissions data is available only for the parent issuer. The source % represents a breakdown of scope 1 and 2 carbon data availability as a percentage of carbon eligible securities, which may be less than the total market value of the Fund. **Company disclosure**: Direct from entity disclosure, either to CDP or company filings. **Adjusted**: Augmented by MSCI due to partial or outdated company disclosure. **Estimation**: Provided by MSCI based on assessment of business activities and output levels. Where subsidiaries are held and no distinct emissions data is disclosed, emissions may be attributed from the parent company as a proxy. **Uncovered**: No data available, as data is not disclosed by entity or estimated by MSCI. While any third-party data used is considered reliable, its accuracy is not guaranteed. Wellington assumes no duty to update any information in this material in the event that such information changes. The Fund is not sponsored or endorsed by MSCI. In no event shall MSCI or its affiliates have any liability of any kind in connection with this information or the Fund.

STRATEGY OBJECTIVE

Our objective in this approach is to outperform global equity markets as represented by the MSCI All Country World Index by identifying businesses with high financial returns and the stewardship to sustain them. We are biased to own companies already in a position of strength: with established competitive positions, identifiable business advantages, a history of continuous improvement and innovation, and inspiring leadership. We focus on return on capital as a measure of success, looking for a track record of value-added returns over time and through cycles.

There is no guarantee that a company in a position of strength today will be successful in the future. To help evaluate the likelihood for high returns to continue, we place a heavy emphasis on each company's stewardship, with the belief that proper care and nurturing of a corporation's valuable assets and intangibles is critical to a company's long term resilience.

We value stewardship that is long-term oriented; implemented by strong management and an engaged Board; exemplified by excellent capital and resource allocation; and distinguished in its consideration of all stakeholders in the pursuit of profit. The popular moniker ESG (referring to Environment, Social and Governance considerations) captures many of these elements. Our bias is to focus on the ESG issues most material to the long-term value of each company in the Fund.

In our opinion, the best global stewards are dynamic, relying on a constantly turning flywheel. That is, businesses that redeploy their free cash flow from high financial returns to further strengthen competitive positions, investing in stewardship activities that energize employees, customers, investors and communities around a company's mission. This creates a bigger competitive moat and a more resilient business, supported by increasingly committed stakeholders. As a result, high financial returns are sustained, if not improved. Then the process repeats itself, again and again. When done well, the spinning flywheel can put even more distance between market leaders and competitors. We want to own these types of companies for a long time.

This is a marketing communication. Please refer to the prospectus of the Fund and to the KIID and/ or offering documents before making any final investment decisions.

Mark Mandel, CFA
Equity Fund Manager

Mark manages Global Stewards, a concentrated global equity strategy that aims to invest responsibly in high-return companies with leading corporate stewardship over an extended time horizon. As vice chair Mark also meets with clients, consultants, and prospects to represent the firm and to discuss global capital markets, investment opportunities, risks, and potential solutions. He is based in our Boston office.

Yolanda Courtines, CFA
Equity Fund Manager

Yolanda co-manages Global Stewards with Mark and is chair of the firm's Investment Stewardship Committee. From 2006 through 2018, she was a global industry analyst specializing in European and Latin American banks, responsible for fundamental analysis on her sector and for managing research-based fund. She is based in our London office.

INVESTMENT RISKS

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. The Fund may experience a high volatility from time to time.

Concentration: Concentration of investments within securities, sectors or industries, or geographical regions may impact performance.

Currency: The value of the Fund may be affected by changes in currency exchange rates. Unhedged currency risk may subject the Fund to significant volatility.

Emerging markets: Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks.

Equities: Investments may be volatile and may fluctuate according to market conditions, the performance of individual companies and that of the broader equity market.

Hedging: Any hedging strategy using derivatives may not achieve a perfect hedge.

Sustainability: A Sustainability Risk can be defined as 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.

PLEASE REFER TO THE FUND PROSPECTUS AND KEY INVESTOR INFORMATION DOCUMENT FOR A FULL LIST OF RISK FACTORS AND PRE-INVESTMENT DISCLOSURES.

A decision to invest should take into account all characteristics and objectives as described in the prospectus and KIID.

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