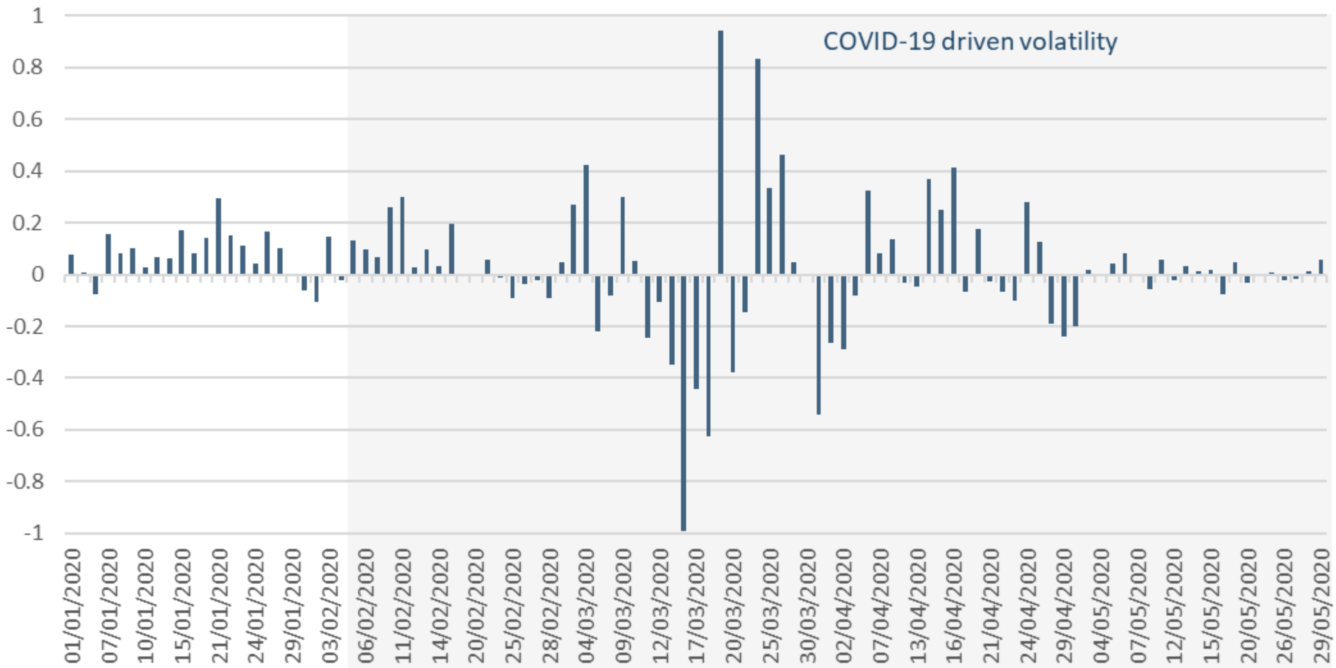
AURIEL INVESTORS

Auriel ESG Overlay Daily Returns Jan-May 2020

Monthly returns uncorellated with market	January	February	March	April	May
Auriel ESG Overlay	+1.6%	+1.1%	-0.4%	+0.5%	+0.13%
MSCI World	-0.68%	-8.59%	-13.47%	+10.8%	+4.90%



The performance results listed above may have been influenced by particular market conditions during that time period. There can be no assurance that such conditions will repeat themselves in the future. Past performance is not necessarily indicative of future results.

ESG OVERLAY DELIVERS OUTPERFORMANCE DURING COVID

• ESG overlay strategy adds 2.4% return YTD on 1% target volatility
• Overlay considers SDGs, water scarcity, tax gap, and carbon reduction
• Shorting companies with weak ESG credentials pays-off

(London, 12 May 2020) Adding a diverse ESG overlay has led to relative outperformance of 78 bps over the period from 10th February to 26th March when COVID-19 hit the world's stock markets. The long/short market neutral overlay incorporates a diverse range of crucial ESG issues - SDGs, water scarcity, tax gap, and carbon reduction, and provides an in-depth insight into why many ESG strategies have outperformed during this period.

For the past eleven months Auriel Investors LLP has partnered with Capricorn Investment Group ("Capricorn") to provide investment management and advisory to one of Capricorn's global equity portfolios.

Auriel developed a comprehensive ESG overlay for this portfolio which consists of four diversified strategies:

- The first strategy isolates the companies who are operating businesses explicitly misaligned with the UN Sustainable Development Goals (SDGs) such coal burning electricity generation on the downside and explicit solution providers such as renewable energy companies on the upside. Thirty-eight companies in the portfolio's benchmark have 100% of revenue in socially or environmentally unhealthy products and services. This is 2.5% of benchmark weight and comprises the short basket with companies like Exxon, Boeing, and Coca-Cola. The strategy has sixty-four companies with 100% of their revenue explicitly aligned with the SDGs. This trade completely removes the thirty-eight companies from the benchmark and reallocates the funding to the sixty-four companies directly aligned with the UN SDGs.

- The second strategy is a global water trade that consists of seventy-five names on the long side and eighty-three on the short side. The trade is designed to profit from water becoming scarcer. The idea being that the market has not correctly priced the risk of access to water. The trade has a strong geographical component focusing on where the water is used. Our short basket includes companies like Dean Foods whose dairy products had an enormous negative environmental footprint before the company filed for Chapter 11 last November.

- A particularly unique overlay strategy is a short basket of the worst 'tax gappers' against rest-of-index. The idea is that 'optimised' effective tax rates are indicative of short-term orientation and potential externalities related to both a company's social license to operate as well as competitive position in the global marketplace. Additional pressure is introduced with the possibility of governments seeing corporate tax gaps as an answer to funding the Covid-19 driven recession. A few high-profile names in our top ten shorts are Motorola and Carnival Corp.

- The final strategy is a carbon trade that consists of ninety-seven short positions and eighty-eight long positions. The carbon trade lowers the already negative carbon footprint of our overlay by 44% per one percent volatility. The trade is not simply a fossil fuel exclusion but more nuanced as can be seen in our sub-sector exposures.

Larry Abele, Managing Partner at Auriel said:

"An ESG overlay tends to overweight higher quality, well governed companies that are thinking about the future and how they fit into society at large; we don't see these tailwinds for outperformance going away." *"An overlay approach allows the investor to preserve their already established allocations and relationships with portfolio managers, whilst at the same time adding an expertly engineered layer of sustainability exposures, and reaping the performance benefits in the process. Much like one can hire a specialist currency manager to provide a currency overlay, investors now have the option to choosing a specialist to manage sustainability exposures*."

The timing of adding Auriel's ESG overlay could not have been better as returns for the eleven months have been very strong. Each of the four trades has been positive resulting in adding 2.4% year-to-date return for a 1% target volatility overlay (which added very little marginal risk to the underlying global equity portfolio). Particularly interesting is the performance over the COVID-19 period - increased daily volatility with very little impact on mean returns.

About Auriel Investors
London based Auriel Investors was the first hedge fund to integrate ESG and now boasts an 11-year track record of trading on environmental and governance as well as social indicators. Auriel's quantitative equity market neutral strategy invests in listed equity and

focuses on impact with outperformance. The firm was founded by Larry Abele, previously the Global Head of Quantitative Strategies and Portfolio Engineering at Deutsche Asset Management.