

Responsible Investing

Annual Report

2025



PELLA
RESPONSIBLE INVESTING

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Letter to Stakeholders

FY25 ('Reporting Period') was another active year for Pella's Responsible Investing (RI) activities. In addition to implementing our RI strategies, we enhanced our Animal Welfare policy, achieved Climate Active carbon neutrality across Scopes 1, 2, and 3, and continued to report on the Fund's sustainability outcomes through regular updates and disclosures. We also released a CPD-accredited video explaining key RI strategies and published a research piece examining how ESG integration affects equity market performance. Throughout the year, we engaged with several portfolio companies on ESG-related matters and issued reports that provided transparency on the Fund's ESG profile, carbon metrics, and positive impact exposure.

One of the more significant developments in our stewardship work was the shift in focus from encouraging UN Global Compact (UNGC) signatory status to promoting adoption of Science Based Targets initiative (SBTi) commitments. Pella concentrates on one major sustainability initiative at a time, as we believe a focused approach drives more

meaningful outcomes. While the UNGC remains directionally helpful, it offers limited accountability. In contrast, the SBTi is underpinned by measurable environmental outcomes and science-aligned targets, and we now consider this the more effective framework for climate-related progress.

Our team also continued its participation in the Pledge 1% program, volunteering one day per quarter at organisations including Monika's Rescue, Thread Together, Jesuit Refugee Centre, and One&All Hub. Pella remains a certified B Corporation and, for the second consecutive year, was recognised by the Responsible Investment Association Australasia (RIAA) as a *Responsible Investment Leader*. The Pella Global Generations Fund also retained its *Sustainability Plus* status, RIAA's highest possible rating.

As important as RI outcomes are, the method of implementation is equally critical. When RI analysis is conducted by a separate team or bolted onto the process, it can become compliance-driven, focused more on

reputational risk than informed decision-

FY25 Responsible Investing Highlights ⁽¹⁾



Avoided all companies with activities or behaviour included in our exclusions list.



Aggregate ESG score of the Fund was superior to the Benchmark ⁽²⁾.



The Fund's carbon intensity was 60-70% lower than the Benchmark ⁽²⁾.



Approximately 34% of the Fund was invested in companies with activities that have a positive impact.



Voted in all the shareholder meetings and undertook projects to improve the behaviour of its investments.



Provided complete and timely communication on RI and financial performance.



Pella Global Generations Fund delivered positive returns

(1) Past performance is not indicative of future performance

(2) MSCI ACWI

making. This often leads to excessive reliance on exclusion lists or third-party ratings, overlooking nuance and investment context.

Pella avoids these pitfalls by embedding RI into the core responsibilities of each investment analyst.

Analysts are accountable for assessing valuation, business quality, and ESG risks and opportunities with equal rigour.

This approach ensures RI considerations are integrated into every investment decision, enhancing both accountability and consistency. Analysts who understand a company in depth are better positioned to assess ESG materiality, challenge external ratings, and weigh trade-offs.

Pella's approach to RI is not measured by the number of strategies used or volume of disclosure, but by the discipline with which RI is integrated into the investment process. Strong implementation ensures RI contributes meaningfully to investment outcomes rather than becoming symbolic.

Pella's RI Framework

Pella applies RI to support three concurrent goals: delivering attractive returns, reducing

portfolio risk, and maintaining stronger sustainability credentials than the market. This is achieved using six complementary strategies:

- ESG Integration
- Negative Screening
- Norms-Based Screening
- Stewardship
- Thematic Overlays
- Positive Impact Assessment

Applying multiple strategies is necessary to avoid gaps. For instance, a company may score highly on ESG ratings due to disclosure strength but still operate in a controversial sector, which would be captured by an exclusion screen. Others may avoid restricted activities yet be involved in serious controversies, only picked up by norms-based screening. Some may meet ESG thresholds but carry high carbon intensity or lack credible transition plans, issues only addressed through carbon analysis or stewardship.

Layering these strategies mitigates blind spots and supports a more robust investment process.

Pella's RI Implementation

ESG Ratings and Risk Controls

External ESG ratings are used for portfolio construction. Companies rated CCC are excluded; BB-rated companies must derive at least 20% of revenue from positive impact themes. Position sizing is linked to ESG ratings, though Pella applies discretion and may exclude companies despite high external scores if internal analysis raises concerns.

Exclusions

Pella applies a 0% revenue threshold to most excluded sectors, including fossil fuels, animal cruelty, gambling, and weapons. This provides clarity and consistency, while a broad mandate, covering the whole globe and market capitalisation ranges, preserves flexibility.

Norms-Based Screening

Companies involved in severe misconduct are excluded unless credible remediation is demonstrated. This allows for accountability and re-evaluation where appropriate.

Stewardship

Pella votes on all eligible shareholder resolutions and engages selectively with companies. The clearly stated requirement to participate in all votes, with the help of the

Institutional Shareholder Services (ISS) voting services makes it clear and efficient to participate in all votes.

Carbon and Positive Impact

The Fund maintains a carbon intensity at least 30% below the benchmark and consistently achieves reductions of 60–70%. Positive impact is measured using a conservative, revenue-based approach across six defined themes. In FY25, 34% of the Fund qualified under these criteria.

Conclusion

Pella does manage RI separately to its other investment operations and RI is embedded across the entire investment process. Analysts are responsible for assessing valuation, quality, and ESG considerations within a single, integrated framework. This structure ensures that RI is applied consistently, with discipline, and in a way that enhances the quality of investment decisions.

FY25 reflected this approach in practice. The Fund maintained carbon intensity levels at least 60–70% lower than the benchmark, with 85% of holdings rated A or higher by MSCI. Approximately 34% of the Fund was invested in companies generating meaningful revenue from positive impact themes, measured using

Pella’s conservative definitions. We also made progress in our stewardship activities, shifting our engagement focus to SBTi-aligned climate targets, and continued to apply strict exclusions and norms-based oversight. Pella was again recognised by RIAA as a Responsible Investment Leader, and the Fund retained its highest possible Sustainability Plus rating.

As expectations around sustainability and corporate accountability continue to evolve, Pella’s commitment to RI remains central.

The goal is not simply to meet external standards, but to build portfolios that are financially strong, aligned with long-term investor values, and positioned to perform in a changing world.



About This Report

The Responsible Investing Report (RIR) is Pella’s annual report designed to provide clear, precise, and practical insight into its Responsible Investing activities and performance, with a particular focus on sustainability outcomes over the financial year.

The RIR is the cornerstone of Pella’s Responsible Investing reporting framework. Additional reporting includes:

- **Monthly Fund Factsheets** – summarised fund-level data.
- **Monthly Sustainability Reports** – ESG rating distribution, carbon intensity, E/S/G scores, other ESG metrics, and exposure to positive impact themes.
- **Quarterly Reports** – includes all data from the Monthly Fund Factsheets, along with full portfolio holdings, a CIO commentary, Responsible Investing insights, and a featured stock example.
- **Investment and Portfolio Summary** – a detailed overview of the portfolio and each holding, provided to the Fund’s unitholders.

- **Thematic Content** – in FY25, Pella produced two Responsible Investing pieces: a CPD-accredited video explaining RI strategies, and a research article analysing the return profile of ESG integration.

This report begins with an overview of Responsible Investing and an introduction to Pella’s approach, followed by a review of the Fund’s Responsible Investing performance over the Reporting Period.

Pella operates a single global equity strategy across three funds:

- Pella Global Generations Fund (PGGF – Australia domiciled)
- Pella Global Generations PIE Fund (PGGPF – New Zealand domiciled)
- Pella Global Equity Fund (PGEF – Luxembourg domiciled)

For simplicity, this report refers to the “Fund” to encompass all three entities. The “Reporting Period” refers to the financial year ending 30 June 2025.

The analysis includes:

Disclosure

Full disclosure of every position held by the Fund during FY25

Transparency

Full description of excluded activities

Explanations

Explanation of Pella’s norms-based requirements and key issues faced during the financial year

Reporting

ESG performance and attribution and Carbon intensity

Stewardship

Pella provides a summary on stewardship activities

Positive impact

Pella has taken an extremely cautious approach to reporting the Fund’s positive impact due to our concerns about the accuracy of such measures

Pella's approach to positive impact reporting

Positive impact reporting carries a high risk of overstatement. It is common to see companies classified as "positive impact investments" based on minimal or irrelevant revenue exposure to a relevant theme. For example, companies such as McDonald's have been linked to anti-poverty themes, HelloFresh has been associated with resource efficiency, and J.B. Hunt, a large US trucking company, has been included under sustainable transport. Pella considers these classifications to be questionable, a view increasingly shared by European regulators who are taking steps to address greenwashing in sustainability disclosures.

To mitigate these risks, Pella applies a narrow and systematic approach to measuring positive impact. Specifically, Pella calculates the proportion of each company's revenue that aligns with defined positive impact themes, using the following bands: 0%, 0–20%, 20–50%, 50–75%, and 75–100%. Companies may contribute to more than one theme. For instance, a company could generate 0–20% of revenue from Safety and 20–50% from Cleaner Energy. These bands

are then aggregated across the portfolio to assess exposure to each theme. This method provides a more granular view of the Fund's impact profile.

Pella's methodology contrasts with approaches that classify a company as positively impactful if it has any exposure, however small, to a relevant theme. By requiring a higher threshold of revenue contribution, the analysis aims to focus on companies for which the positive impact is likely to be meaningful in the context of their overall business model.

While this approach may understate the Fund's positive impact relative to more permissive models, it avoids relying on marginal or incidental contributions. The intent is to provide a cautious and transparent estimate that is less susceptible to subjective interpretation. This methodology is intended to support more informed discussions about the Fund's impact exposure and the broader challenges of measuring positive impact in listed equity portfolios.

Responsible Investing

Responsible Investing ('RI') has evolved from simply avoiding controversial sectors to actively managing ESG risks, assessing corporate conduct, and influencing behaviour through shareholder rights. These practices support the alignment of financial objectives with broader environmental and social considerations.

There is no single definition of RI. In response, organisations such as the CFA Institute, GSIA, and UNPRI have worked to harmonise terminology. To navigate this complexity, Pella applies a clear framework built around seven strategies:

1. **ESG Integration** – Considers ESG factors alongside financial metrics like valuation and market position.
2. **Positive and Best-in-Class ESG Integration** – Prioritises companies with strong absolute or peer-relative ESG performance.
3. **Negative Screening** – Excludes companies involved in activities that conflict with defined ethical or sustainability criteria.
4. **Norms-Based Screening** – Avoids companies involved in serious misconduct,

with re-entry possible if remediation is demonstrated.

5. **Stewardship** – Uses shareholder rights to influence company behaviour via voting, engagement, and advocacy.
6. **Impact Investing** – Targets investments with measurable social or environmental outcomes.
7. **Sustainability-Themed Investing** – Focuses on companies aligned with long-term sustainability themes.

Pella believes RI is important because ESG issues can have material financial consequences. Poor governance, environmental harm, or social controversies can lead to operational and reputational risks that affect long-term value.

RI also reflects the reality that fund unitholders are partial owners of businesses. Many investors want to ensure their capital is not supporting activities they would not personally endorse.

As regulation, stakeholder expectations, and transparency standards increase, RI provides a structured way to manage long-term risks and

identify companies better positioned for a sustainable future.



About Pella

Pella was established in 2021, building on a team that has worked together since 2015, and a research process developed in 2005. It is a young firm with a long-standing foundation.

Pella was founded with the explicit intention of aligning every part of the organisation with RI principles. Unlike many firms that offer individual RI products alongside conventional strategies, all of Pella's investment activity is guided by a consistent RI approach. Investors in Pella's funds are not indirectly exposed to harmful sectors such as fossil fuels, gambling, or alcohol through other strategies operated by the same firm.

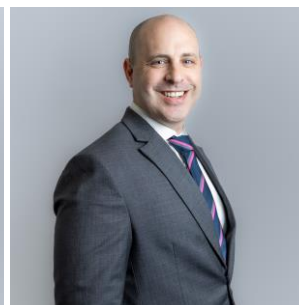
From the outset, Pella's principals believed that shareholders are business owners and that investment decisions should reflect that responsibility. Initially, this meant excluding companies whose primary business activities were fundamentally misaligned with investor values, including armaments, coal-based electricity generation, animal cruelty, and gambling. At the time, this exclusions-based approach was considered progressive.

Since then, RI has evolved significantly. Today, effective RI involves much more than avoiding certain sectors. It requires the integration of ESG

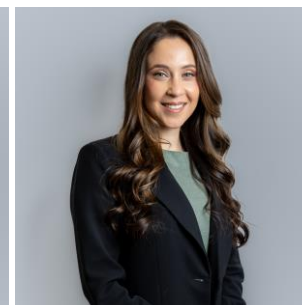
Meet the Team



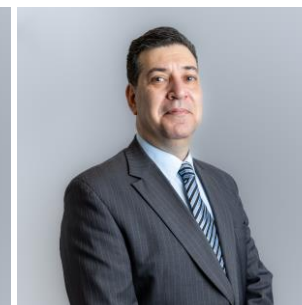
Jordan Cvetanovski
CIO & Portfolio Manager



Steven Glass, CFA
MD & Investment Analyst



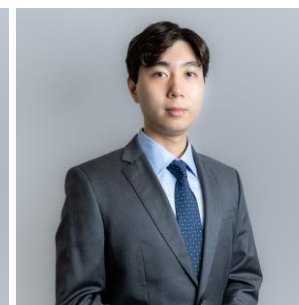
Joy Yacoub
Head of Distribution



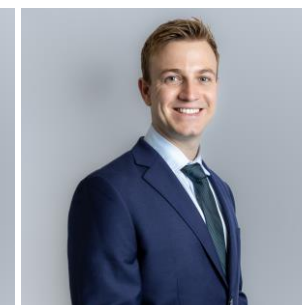
Ryan Fisher
Investment Analyst



Ronald Yu, CFA
Investment Analyst



Ryan Jiang, CFA
Trader & Investment Analyst



Joshua Smith
Research & Relationship Associate

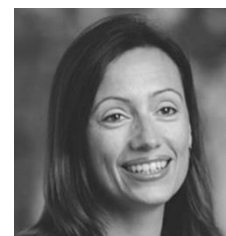
Advisory Board



Prof. Greg Kaplan
Prof. economics Uni.
of Chicago



Dr. Ian Woods
Former AMP, Co-Head
of Sustainable Invest.



Leanne Bradley
Former AMP, Head of
Governance

risks and opportunities into investment analysis, regular monitoring of the portfolio's carbon footprint, active engagement with investee companies, informed proxy voting, and transparent reporting of all outcomes.

Pella incorporates these practices across its investment process and recognises that RI is a continual process of refinement. The firm views RI not as a destination, but as an ongoing responsibility—one that evolves as expectations rise, tools improve, and new challenges emerge.



Analysis Scorecard

Over the Reporting Period, Pella demonstrated strong alignment with its Responsible Investing objectives across all areas. Full portfolio transparency was maintained through quarterly disclosures and monthly sustainability reporting. The Fund remained free from exposure to excluded activities and upheld its Norms-Based Requirements, including the re-entry of one previously excluded company after verified remediation.

The Fund's ESG profile remained well above the Benchmark across all pillars, with 85% of holdings rated A or higher and no exposure to companies rated B or CCC. Carbon intensity was also significantly lower, at least 62% lower on an enterprise value basis and 74% lower on a revenue basis. Separately, Pella achieved certified carbon neutrality for its Scope 1, 2, and 3 emissions.

Approximately 36% of the Fund was allocated to companies generating meaningful revenue from activities aligned with Pella's positive impact themes, subject to meeting financial criteria. Proxy voting was conducted on all eligible shareholder resolutions.

Figure 1 - FY25 Responsible Investment Scorecard

Area		Discussion
Transparency	✓	Pella provided full fund portfolio positions in its Quarterly Reports and all positions held during FY25 in this report. Pella also shared key fund Sustainability data in each monthly Sustainability Report and Quarterly Report.
Excluded activities	✓	The Fund did not invest in any companies involved in excluded activities during FY25.
Norms-Based Requirements	✓	During the year, the Fund did not invest in any company that subsequently breached our Norms-Based Requirements. However, we did reinvest in a company that had previously been excluded due to a Norms-Based breach but had since demonstrated that the issue had been fully resolved.
Environment, Social, Governance	✓	The Fund's Environmental, Social, Governance, and overall MSCI ESG scores were higher than those of the Benchmark. It also outperformed the Benchmark on Industry-Adjusted ESG scores across all three pillars. Over the Reporting Period, 85% of the Fund's holdings were rated A or higher, and 92% were rated BBB or higher. The Fund had no exposure to companies rated B or CCC.
Carbon Intensity	✓	During the Reporting Period, the Fund's carbon intensity was significantly lower than the Benchmark—at least 62% lower when measured by CO ₂ emissions relative to enterprise value, and at least 74% lower when measured relative to revenue. At the company level, Pella achieved certified carbon neutrality across Scope 1, 2, and 3 emissions during the same period.
Positive Impact	✓	The Fund invested in companies with positive impact where they met Pella's financial requirements. In FY25, approximately 36% of the Fund was allocated to companies that generated revenue from activities aligned with Pella's positive impact themes.
Voting		Pella exercised its voting rights on all shareholder resolutions for which it was eligible during the Reporting Period.

While Pella shifted its engagement focus from the UN Global Compact to Science Based Targets initiative (SBTi) commitments and contributed educational material to the broader investment community.

Initiatives remain an area requiring further progress. During the year, we did not submit the proposed shareholder resolution at the Marsh & McLennan AGM, postponed our engagement on tobacco-related revenue disclosure by retailers, and were unable to make a more substantive contribution to Climate Action 100+. We intend to report tangible progress on these initiatives in FY26.

Initiatives	✓/X	Pella shifted its focus from encouraging UN Global Compact (UNGC) signatory status to promoting adoption of Science Based Targets initiative (SBTi) commitments. We also contributed to broader responsible investment understanding through the release of a CPD-accredited video and a research article on the financial case for ESG integration. However, there were areas where we did not meet our expectations—specifically, we did not submit a shareholder resolution at Marsh & McLennan’s AGM to improve fossil fuel-related disclosure, did not progress our engagement with the SEC on tobacco-related revenue disclosure, and were unable to make a more substantive contribution to Climate Action 100+.
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Source – Pella



Investments

Figure 2 lists all investments held by the Fund during the Reporting Period. For each holding, the table includes the company's sector, useful for identifying exposure to excluded activities, as well as its MSCI ESG rating and carbon intensity, measured relative to both enterprise value and revenue.

This data is provided to help stakeholders independently assess whether each position aligns with their sustainability expectations. We welcome feedback and encourage stakeholders to contact us with any views on the holdings, including concerns about positions that may not align with their sustainability requirements. We believe this serves as an additional and valuable check on the Fund's sustainability credentials.

Figure 2 - Fund investments during FY25 ⁽¹⁾

Name	GICS Sector	ESG rating	CO2/EV ⁽²⁾	CO2/Revenue ⁽³⁾	Name	GICS Sector	ESG rating	CO2/EV ⁽²⁾	CO2/Revenue ⁽³⁾
3i Group	Financials	AAA	0.0	0.2	Intuitive Surgical	Health Care	A	0.2	4.0
Adobe	Information Technology	AAA	0.3	3.6	IQVIA	Health Care	AAA	0.8	2.6
AIA Group	Financials	AA	0.6	2.2	JD Sports Fashion	Consumer Discretionary	AA	7.1	5.8
Alphabet	Communication Services	BBB	1.5	11.4	Lantheus	Health Care	BBB	8.2	68.6
Amazon	Consumer Discretionary	BBB	6.9	29.7	lululemon athletica	Consumer Discretionary	AA	0.7	3.7
Anta Sports	Consumer Discretionary	A	7.2	24.5	Marsh & McLennan	Financials	AA	0.7	4.1
Arthur J Gallagher	Financials	BBB	0.4	3.6	Mastercard.	Financials	AA	0.1	2.1
Ashtead Group	Industrials	AA	9.7	38.1	Microsoft	Information Technology	A	2.4	38.8
ASML	Information Technology	AAA	0.1	1.1	Midea	Consumer Discretionary	A	24.7	44.9
B&M European Value Retail	Consumer Discretionary	AA	14.7	14.4	Mosaic	Materials	A	376.7	340.2

Broadcom	Information Technology	AA	0.3	6.8
CATL Ltd.	Industrials	AA	11.0	37.3
CME Group	Financials	BBB	0.1	1.0
Coloplast A/S	Health Care	AA	1.5	12.1
Deutsche Börse	Financials	AAA	0.2	1.2
DexCom	Health Care	BBB	0.9	8.2
Edwards Lifesciences	Health Care	AAA	1.2	8.7
Epiroc	Industrials	AA	2.9	11.5
Halozyme Therapeutics	Health Care	BBB	5.2	2.8
HCA Healthcare	Health Care	A	18.5	35.2
HDFC Bank	Financials	AA	2.4	12.2
Hong Kong Exchanges & Clearing	Financials	AA	0.5	10.8
ICICI Bank	Financials	A	1.0	4.5
IMCD NV	Industrials	A	1.1	2.4
Intercontinental Exchange, Inc.	Financials	AA	0.5	5.4

Novo Nordisk	Health Care	A	0.3	2.5
Nutrien Ltd.	Materials	AA	346.2	485.9
NVIDIA	Information Technology	AA	0.1	3.2
Prysmian Group	Industrials	AA	43.7	39.8
ResMed, Inc.	Health Care	A	1.0	6.1
Schneider Electric	Industrials	AAA	1.3	5.1
Sika AG	Materials	AA	7.5	25.0
Spirax	Industrials	A	5.3	18.9
Spotify Technologies	Communication Services	BBB	0.1	0.3
TSMC	Information Technology	AAA	14.8	185.4
Uber Technologies	Industrials	A	1.0	3.8
UnitedHealth Group	Health Care	BBB	1.0	1.5
Vertiv Holdings	Industrials	BB	5.8	39.1
VINCI	Industrials	BBB	24.4	31.7
VOLVO AB	Industrials	A	5.1	7.8

Source – Pella, MSCI

(1) Alphabetical order

(2) CO2 to EV = millions of tonnes of carbon emissions (scope 1 and 2) per US\$m of enterprise value

(3) CO2 to sales = millions of tonnes of carbon emissions (scope 1 and 2) per US\$m of sales

Excluded Activities

Negative screens are applied at the outset of the research process. Companies that generate revenue from the activities listed in Figure 3 are excluded from Pella’s investment universe. These companies are identified through Pella’s own fundamental analysis, supported by research from external providers. Pella estimates that approximately 860 companies with market capitalisations greater than US\$1.5 billion fall within the excluded categories.

To avoid investing in ineligible companies, Pella begins its research process by assessing each company’s key revenue drivers. This ensures time is not spent analysing companies that would ultimately be excluded. The exclusion list is also applied on a rolling basis—if a company within the investment universe begins to generate revenue from an excluded activity, it is immediately removed from the universe and divested from the portfolio if held.

During the reporting period, Pella did not invest in any companies whose activities fell into the exclusion list. Pella believes it

complied with the requirements of its negative screen throughout the year.

Figure 3 - Excluded activities

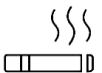
	Alcoholic beverage manufacturing		Gambling
	Animal cruelty		GMO seeds manufacturing
	Correctional facilities	XXX	Pornography
	Deforestation		Tobacco
	Fossil Fuel Extraction		Uranium mining
	Fossil Fuel Generation		Weapons

Figure 4 - Negative screen revenue materiality

Activity	Revenue materiality	Rationale
Alcoholic beverages manufacturing	0%	Research shows alcoholic beverages can be consumed in moderation but provide minimal health or societal benefits while being the cause of several severe negative outcomes. Pella excludes companies that generate revenue from manufacturing alcoholic beverages.
Animal cruelty	0% for cosmetic testing, crowd entertainment, intensive animal husbandry	There is no need to test cosmetics on animals or to use animals for live crowd entertainment. Pella does not oppose humane farming for human consumption (food or by-products). However, those animals should be treated with dignity and have a good quality of life.
Correctional facilities	0%	Pella believes that profiting from the incarceration of people is a breach of human rights. Further, there is evidence that the profit motive can encourage an increase in the number and term of incarcerations.
Deforestation	0%	An old-growth forest has attained great age without significant disturbance and exhibits unique ecological features. Pella believes that cutting down these forests cause unnecessary damage, as specialised tree plantations can be used for wood and existing farmland can be used more productively. Pella excludes companies with direct exposure to destroying old-growth forests, including paper and pulp companies that use old-growth wood, transporters of such wood, and manufacturers that use old growth palm trees.
Fossil fuel generation	0% - thermal coal ⁽¹⁾ 15% - gas	Fossil fuels are leading sources of greenhouse gas emissions and other environmental damage, including ecological damage from oil spills. The developed world is rapidly approaching a point where it is technically and economically possible to replace fossil fuels with sustainable alternatives for most of our energy and manufacturing needs. To encourage this transition Pella excludes companies that generate revenue from thermal coal power generation and companies that generate more than 15% of their revenue from gas-fired generation. The 15% threshold reflects the use of standby gas-fired generation for peak load scenarios, which often cannot be provided by renewable energy. This threshold will decline as batteries become a viable alternative to gas for peak load electricity generation.
Fossil fuel mining/exploration	0%	Pella opposes growth in fossil fuel usage and mining extraction of these commodities and excludes companies with any direct exposure to fossil fuel exploration.
Gambling	0%	Gambling provides no societal benefits and comes at a material cost to portions of society. Pella regards it as an activity that causes unnecessary harm and excludes enterprises that generate any revenue from direct exposure to slot machines, casino operations (online and/or physical), lotteries, sports/other betting.

GMO seeds manufacturing	0%	Pella has two primary concerns with GMO seeds: (i) excessive corporate dominance as farmers become locked into the seed manufacturers; (ii) potential negative environmental impact from GMO seeds usurping traditional seeds in the ecosystem.
Norms-Based	0%	Norms-based screen involves identifying and excluding companies that do not meet minimum standards of business practices based on international norms and conventions, primarily based on the UN Global Compact (UNGC).
Porn	0%	Porn provides no societal benefits and comes at a material cost to portions of society. Pella regards it as an activity that causes unnecessary harm and excludes enterprises that generate any revenue from porn-related activities.
Tobacco	0%	Tobacco products provide minimal if any health or societal benefits while being the cause of several severe negative health outcomes. Pella excludes companies involved in the production of tobacco or with significant ownership in such companies.
Uranium mining	0%	Uranium has a half-life of 4.5 billion years and is the cause of significant environmental damage if not properly contained during that time. Furthermore, uranium is the key input for atomic weapons. Pella has zero tolerance for weapons, and it is increasingly economically and technically possible to replace uranium with sustainable energy.
Weapons	0%	There is no productive use for any weapon designed to kill, maim, or otherwise severely injury people. Pella excludes companies that generate any revenue from selling or distributing such weapons or weapon delivery systems. This exclusion is all encompassing and includes weapons and delivery systems that that comply with weapon treaties including: Treaty on the Non-Proliferation of Nuclear Weapons (1968), Biological Weapons Convention (1975), Ottawa Treaty (1997), Chemical Weapons Convention (1997), and Convention on Cluster Munitions (2008).

Source – Pella

(1) Pella supports businesses transitioning away from thermal coal and will allow electricity generators that generate <5% of their revenue from thermal coal generation but are transitioning away from thermal coal and will fully exit thermal coal powered generation within three years from Pella's initial investment in the company

Norms-Based Requirements

Norms-Based Requirements involve excluding companies that fail to meet minimum standards of business conduct, as defined by international norms and conventions.

Figure 5 illustrates Pella's process for managing Norms-Based Requirements, which begins with the review of controversies to identify potential breaches. Pella classifies Norms-Based Breaches as *Worst Severity* events—incidents so serious that they warrant automatic exclusion. These breaches fall into five categories (Figure 6):

1. Gross human rights violations
2. Severe consumer harm
3. Irreversible environmental destruction
4. Systemic corruption or criminal activity
5. Irresponsible corporate governance

Where a Worst Severity event is identified, Pella applies a clear policy: if the company is not held, it cannot be purchased; if it is held, it must be exited immediately. However, companies may be reintroduced into the investable universe if they fully rectify the breach and implement strong, preventative measures to avoid recurrence.

During the Reporting Period, the Fund did not hold any companies involved in a Worst Severity controversy. However, it did invest in a company that had previously been excluded following such a breach but was later reinstated after implementing meaningful remedial actions.

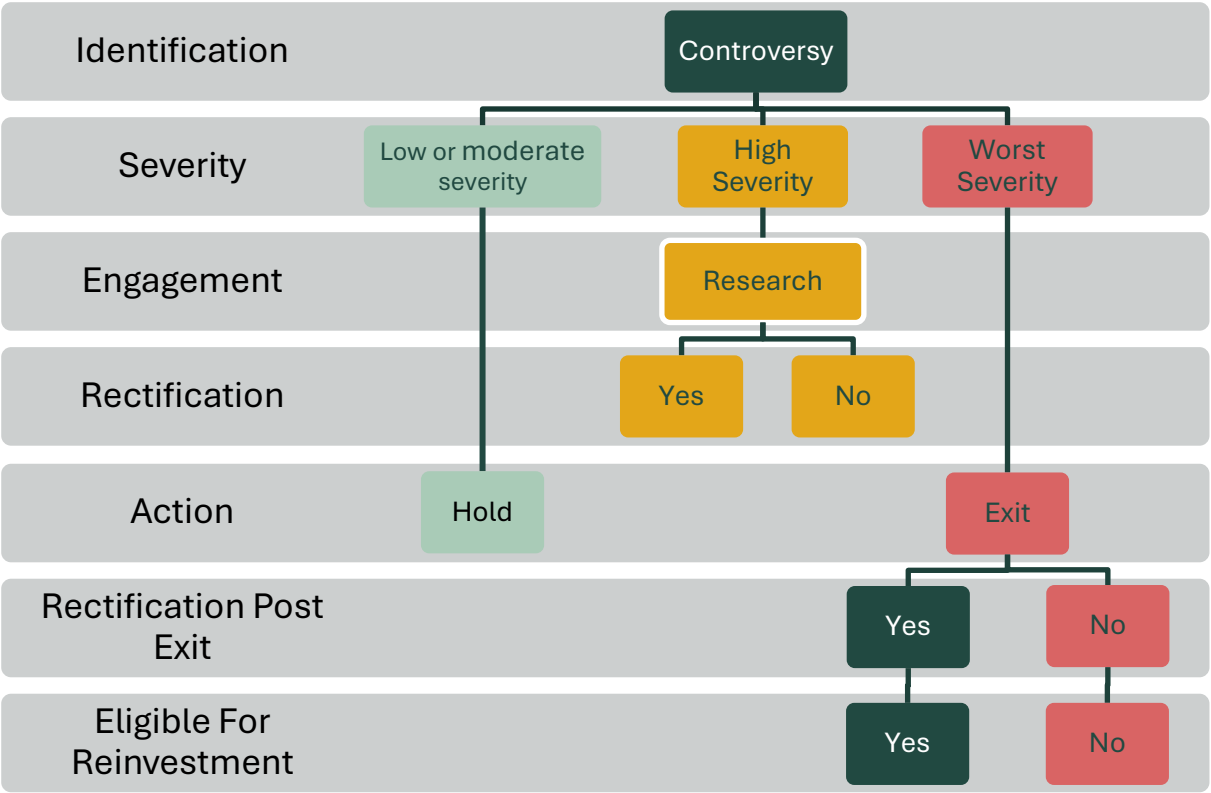
In 2022, a judge ruled that certain companies had knowingly facilitated payments to Pornhub, potentially monetising material involving child exploitation—constituting a gross human rights violation. Pella immediately exited its position in Visa and excluded Mastercard from the investment universe.

Since then, both companies implemented significant corrective measures, including:

- Terminating payments to Pornhub and its advertising network
- Introducing robust content standards and monitoring mechanisms
- Establishing systems to prevent recurrence of similar issues

In November 2024, recognising these actions, Pella reintroduced Mastercard into the investable universe and initiated a position.

Figure 5 – Pella process for managing controversies and norms-based issues



Source – Pella

Figure 6 – Worst Severity Categories

Category	Definition
Human rights violations	Crimes against humanity, forced labour, systematic abuses
Consumer harm	Knowingly selling products with severe negative impact on well being
Environmental destruction	Large scale pollution, illegal deforestation, repeated irreversible harm
Criminal conduct	Bribery, money laundering, tax evasion, or organised crime.
Governance failures	Fraudulent reporting or board-level cover-ups of major misconduct.

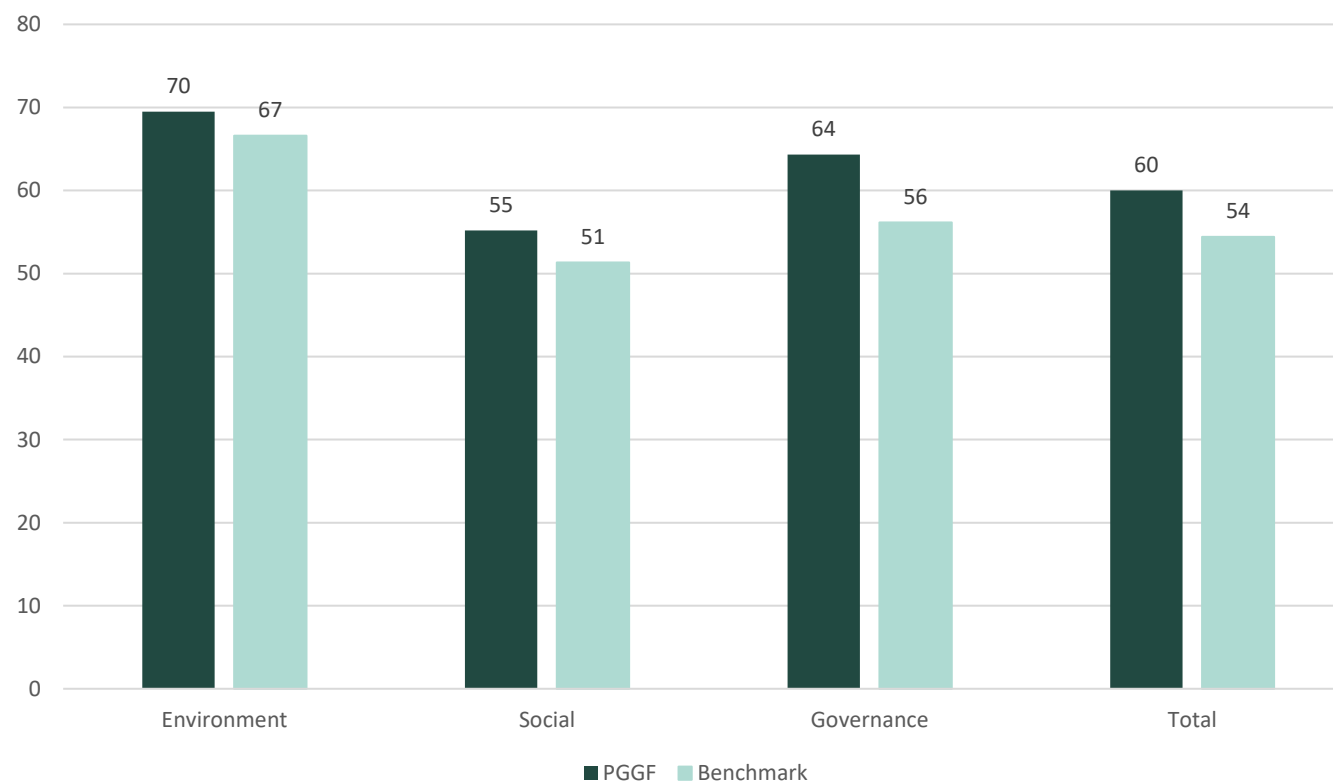
Source – Pella

ESG Performance

ESG Score vs Benchmark

Figure 7 presents the MSCI ESG scores for the Fund and its Benchmark, calculated as the average of monthly scores over the reporting period. The Fund outperformed the Benchmark across all three ESG pillars; Environment, Social, and Governance; leading to a higher overall ESG score. The strongest relative performance was in the Governance pillar, where the Fund scored 64 compared to the Benchmark's 56. The Fund also scored higher in the Environmental (70 vs. 67) and Social (55 vs. 51) categories. These results indicate that, on average, the Fund maintained stronger ESG characteristics than the Benchmark across the reporting period.

Figure 7 – Industry Adjusted ESG scores ⁽¹⁾



Source – Pella, MSCI ESG Manager

(1) Past performance is not indicative of future performance

Fund ESG Score Attribution

Figure 8 presents the ESG score attribution analysis for the Fund. This analysis breaks down the difference in ESG scores between the Fund and the Benchmark into the effects of sector allocation, stock selection, and their interaction.

The Fund's outperformance was primarily driven by strong stock selection, particularly in the Information Technology sector, where holdings such as ASML, TSMC, and Adobe exhibited stronger ESG characteristics than peers. The Fund also allocated more capital to sectors with relatively stronger ESG profiles, contributing further to the score differential. There were no material weaknesses in stock selection across sectors, though the Industrials sector was the least additive, reflecting the downgrade of Vertiv during the year.

Overall, the Fund's ESG profile benefited from both a higher allocation to sectors with stronger ESG credentials and the selection of companies with above-average ESG scores within those sectors. This outcome reflects the consistent application of Pella's ESG integration process.

Figure 8 - ESG score attribution analysis

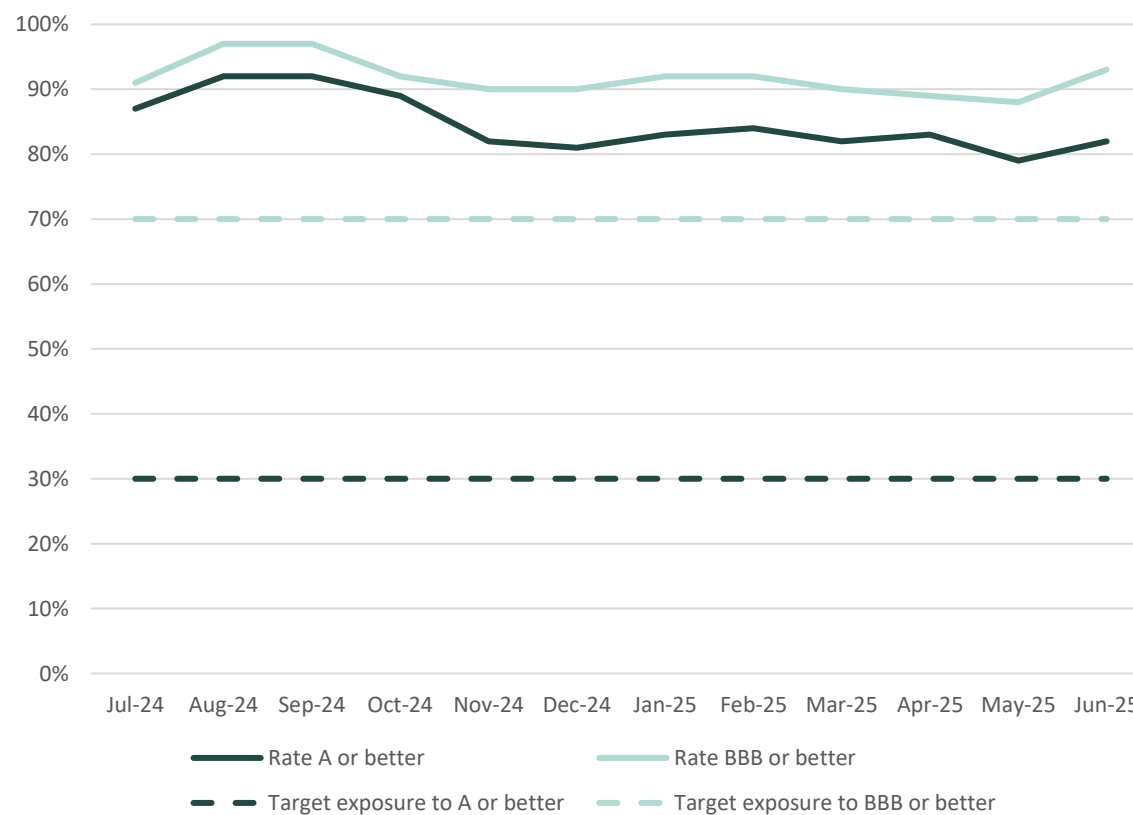
	Weighted ESG Score ¹		Attribution			Total
	Fund	Benchmark	Sector Allocation	Stock Selection	Interaction Effect	
Information Technology	82.6	72.8	(0.3)	2.5	(0.5)	1.7
Communication Services	48.6	44.6	1.6	0.3	(0.3)	1.6
Financials	73.3	68.8	0.2	0.8	0.4	1.3
Health Care	69.0	67.6	0.1	0.2	0.2	0.5
Consumer Discretionary	61.6	59.9	0.2	0.2	(0.1)	0.3
Materials	72.1	65.7	(0.0)	0.2	0.1	0.3
Industrials	68.3	68.6	0.2	(0.0)	(0.0)	0.2
Energy		63.0	0.1			0.1
Real Estate		66.5	(0.0)			(0.0)
Utilities		68.6	(0.1)			(0.1)
Consumer Staples		68.9	(0.2)			(0.2)
Total	72.1	66.3	1.9	4.1	(0.3)	5.8

Source – Pella. (1) Weights are based on the average weight of each stock in the Fund and the Benchmark over the year. The ESG scores are based on the MSCI-calculated Industry-Adjusted Company Score. Each companies' score is based on the average of its month end score over the twelve months in the reporting period. Past performance is not indicative of future performance.

ESG Rating over the year

Figure 9 illustrates the Fund's performance relative to its ESG rating exposure targets over the reporting period. At least, 79% of the Fund was invested in companies with an MSCI ESG rating of 'A' throughout the year, exceeding the target 30% exposure. Further, at least 88% of the Fund was invested in companies rated 'BBB' or better throughout the year, exceeding the target 70% exposure. This analysis confirms that the Fund remained compliant with its ESG rating requirements throughout the period.

Figure 9 – Portfolio Target ESG Ratings Exposures Over the Reporting Period ^[1]



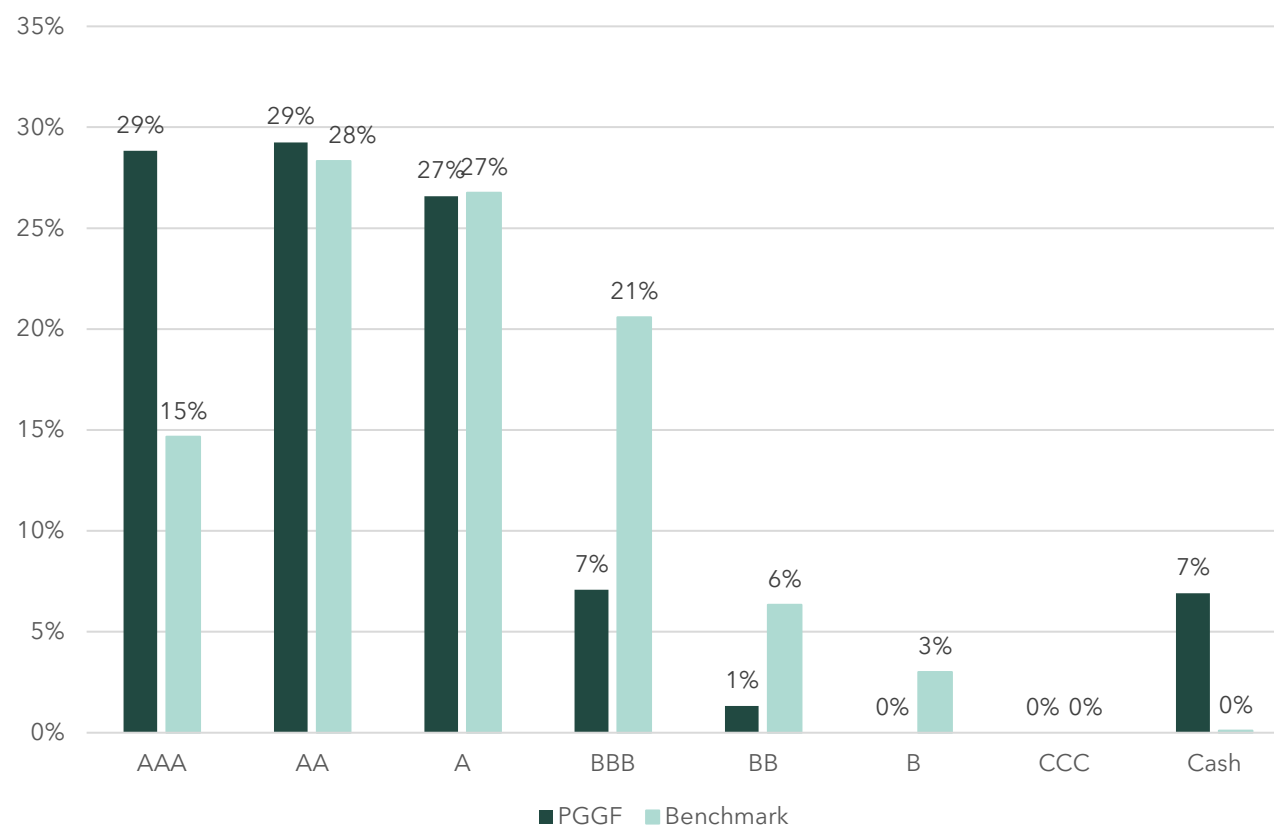
Source – MSCI ESG Manager, Pella

(1) Past performance is not indicative of future performance

ESG Rating Distribution

Figure 10 shows the ESG rating distribution for the Fund and the Benchmark, based on averages over the reporting period. On this basis, 85% of the Fund was invested in stocks rated 'A', 'AA', or 'AAA', and 92% of the Fund was invested in stocks rated 'BBB' or higher. The Fund's single holding rated 'BB' reflects the downgrade of Vertiv from 'BBB' during the period. In accordance with Pella's policy, rather than divesting immediately, the Fund engages with such holdings to encourage improvements in ESG performance. Pella's engagement with Vertiv is discussed further in the Stewardship section of this report.

Figure 10 – ESG rating distribution ^{(1), (2)}



Source – Pella, MSCI ESG Manager

(1) Calculated as the average weight over the month, using month end weights and MSCI ESG Ratings

(2) Past Performance is not indicative of future performance

Carbon Intensity

The Fund

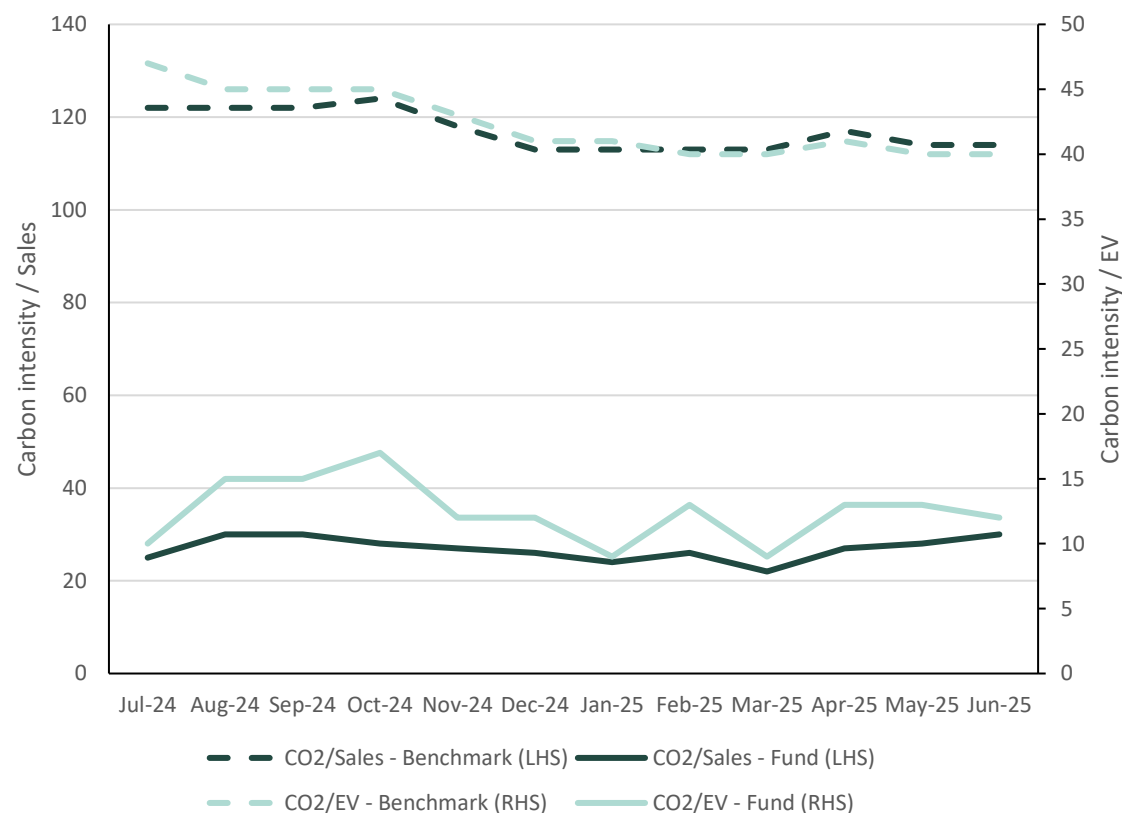
Pella targets the portfolio's carbon intensity to be at least 30% lower than the Benchmark, based on Scope 1 and Scope 2 emissions relative to both revenue and Enterprise Value (EV), as calculated by MSCI.

Figure 11 illustrates the Fund's and Benchmark's carbon intensities over the reporting period. The Fund's carbon intensity relative to sales was consistently 74–81% lower than the Benchmark, while carbon intensity relative to EV was 62–79% lower. These figures demonstrate that the Fund's carbon intensity remained well below the 30% reduction target throughout the period.

The Company

Pella maintained its carbon neutral status during the year and was formally certified carbon neutral (Scope 1, 2, and 3) by [Climate Active](#). To offset our emissions, we purchased carbon credits from the Mai Ndombe REDD+ Project, a forest conservation initiative in the Democratic Republic of Congo that supports biodiversity protection, community development, and sustainable livelihoods through investments in education, healthcare, and alternative income.

Figure 11 – Carbon intensity ^{(1), (2), (3)}



Source – Pella, MSCI ESG Manager

- (1) CO2 to sales = millions of tonnes of carbon emissions (scope 1 and 2) per US\$m of sales
- (2) CO2 to EV = millions of tonnes of carbon emissions (scope 1 and 2) per US\$m of enterprise value
- (3) Past performance is not indicative of future performance

Positive Impact

Pella actively seeks to invest in companies that generate positive social or environmental outcomes, provided they also meet Pella's financial requirements. In line with this approach, Pella applies additional criteria to companies with weaker ESG profiles: companies rated BB by MSCI must derive more than 20% of their revenue from positive impact activities to be eligible for investment, while companies rated B must generate more than 50% of their revenue from such activities.

To guide investment into positive impact companies, Pella has identified six investable themes that deliver measurable benefits to current or future generations. These themes align with several UN Sustainable Development Goal (SDG) targets, as summarised in Figure 12. The framework is dynamic and may expand as new opportunities emerge.

Pella's Positive Impact Themes

1. **Cleaner Energy** – Replacing fossil fuel-derived energy with renewable sources such as wind or solar, including batteries

where they are charged with renewable energy.

2. **Conservation & Resource Efficiency** – Supporting the conservation of the natural environment by reducing the use of natural resources.
3. **Improved Health** – Providing goods and services with positive health outcomes, including medicines, health-related equipment, and healthcare services.
4. **Safety** – Delivering technologies and services that enhance public safety, including pollution reduction, vehicle safety, and improved water quality.
5. **Inclusiveness** – Promoting equal opportunities for all, regardless of gender, age, or background.
6. **Economic Participation** – Supporting lower-income demographics or fostering economic growth in emerging markets.

Figure 12 - Pella's positive impact themes and SDG targets that relate to these themes

Themes	Related SDG Targets
Cleaner Energy	• SDG 7.2 – increase share of renewable energy. • SDG 7.3 – double global rate of improvement in energy efficiency.
Conservation	• SDG 3.9 – reduce number of deaths from hazardous chemicals and air, water, and soil pollution. • SDG 6.4 – increase water efficiency. • SDG 7.3 – double global rate of improvement in energy efficiency. • SDG 8.4 – improve global resource efficiency in consumption and production. • SDG 15.2 – ensure the conservation, restoration, and sustainable use of ecosystems. • SDG 15.b – encourage conservation of forests. • SDG 11.6 – reduce adverse environmental impact of cities including air quality and waste management.
Improved Health	• SDG 3.3 – end communicable diseases. • SDG 3.4- reduce premature mortality from non-communicable diseases and promote mental health & well-being. • SDG 3.8 – achieve universal health coverage.
Safety	• SDG 3.6 – halve number of deaths and injuries from road traffic. • SDG 3.9 – reduce number of deaths from hazardous chemicals and air, water, and soil pollution. • SDG 6.1 – universal and equitable access to safe and affordable drinking water. • SDG 13.1 -strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
Inclusiveness	• SDG 4.3 – equal access for women and men to education. • SDG 4.4 – increase the number of youth and adults with relevant skills. • SDG 5.5 – women's full and effective participation and equal opportunities for leadership. • SDG 8.5 – full and productive employment and decent work for all people, including young people and persons with disabilities. • SDG 8.6 – reduce the proportion of youth not in employment, education, or training.
Economic Participation	• SDG 2.4 – sustainable food production systems and resilient agricultural practices. • SDG 2.c – ensure proper functioning of food commodity markets and their derivatives. • SDG 6.1 – universal and equitable access to safe and affordable drinking water. • SDG 7.1 – universal access to affordable, reliable, and modern energy services.

-
- SDG 7.b – expand infrastructure in developing countries
 - SDG 8.1 – sustain per capital economic growth, particularly in the least developed countries
 - SDG 8.10 – encourage and expand access to banking, insurance, and financial services for all.
 - SDG 9c – increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries.
 - SDG 17.3 – mobilize additional financial resources for developing countries.
-

Source – Pella, UN Global Compact

Positive Impact Exposure

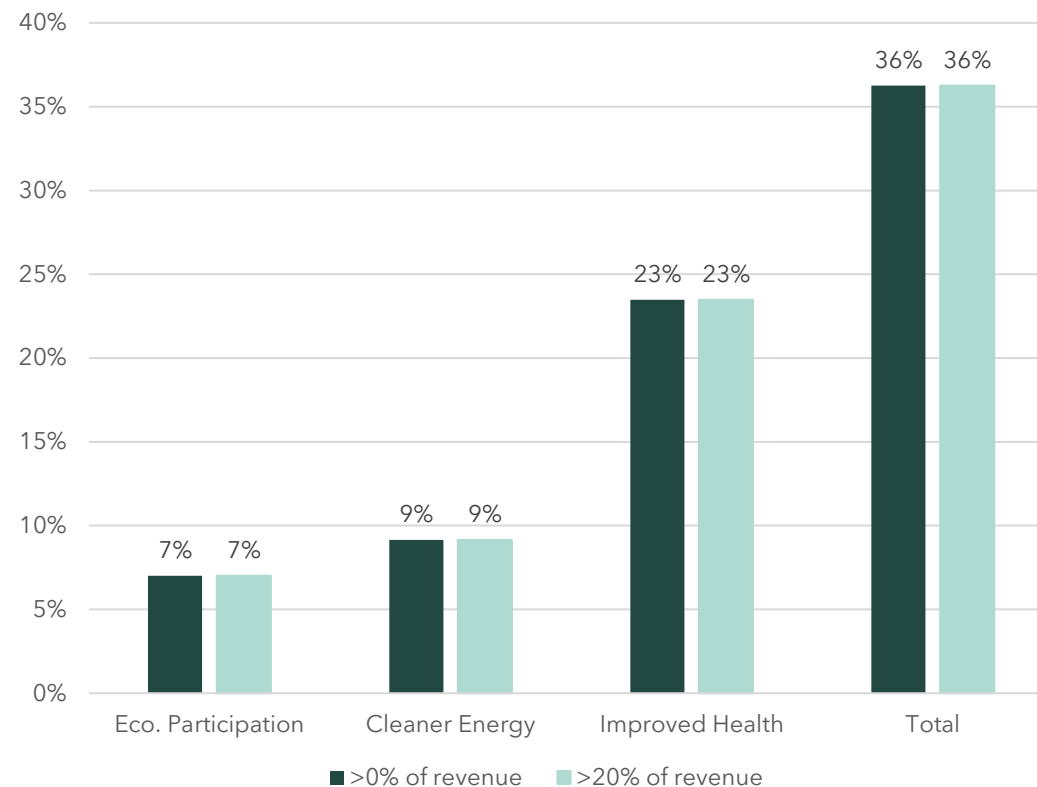
During the Reporting Period, 36% of the Fund was invested in companies that generate at least some revenue from activities aligned with Pella's Positive Impact Themes. An equivalent proportion of the Fund was invested in companies deriving more than 20% of their revenue from such activities.

The Fund's largest exposure was to the Improved Health theme, followed by Conservation & Resource Efficiency and Economic Participation.

It is important to highlight that Pella applies a deliberately narrow definition of positive impact, as outlined in the section *Pella's Approach to Positive Impact Reporting*. Several of the Fund's holdings—such as Arthur J. Gallagher, ASML, Epiroc, KONE, Marsh & McLennan, Mastercard, Microsoft, NVIDIA, ServiceNow, Spotify, TSMC, and Uber—are held in external funds marketed as impact investments. However, Pella does not attribute positive impact exposure to these companies under its framework. If these positions were included, along with Lululemon and Anta Sports, the **Fund's positive impact exposure would increase to 68%.**

Pella continuously seeks to increase its exposure to companies aligned with its Positive Impact Themes. However, all investments must also meet Pella's financial criteria, and positive impact alone is not sufficient to justify inclusion in the portfolio.

Figure 13 – Fund exposure to companies with positive impact themes ^{(1), (2), (3)}



Source – Pella

- (1) Measured by each investments' weight in the portfolio and revenue exposure to the positive impact theme
- (2) The Total figure for '>0% of revenue' is not additive because some of the Fund's investments generate revenue from more than one positive impact theme and it would be double counting to include both exposures to the portfolio total exposure
- (3) Past performance is not indicative of future performance

Stewardship

Pella seeks to submit votes at all shareholder meetings where it is eligible to do so. Voting decisions are guided by a combination of internal research and recommendations from a third-party proxy voting advisor, Institutional Shareholder Services (ISS).

To ensure consistent and informed participation, Pella has instructed ISS to vote on its behalf using ISS's recommendations in instances where Pella does not submit its own votes. This approach ensures Pella maintains full voting coverage across all holdings.

During FY25, Pella submitted votes at every shareholder meeting it was eligible to participate in. A full record of the Fund's voting activity is presented in Figure 14.

In addition to our voting activities, during the Reporting Period, Pella engaged closely with Vertiv following MSCI's downgrade of its ESG rating from 'BBB' to 'BB'. This engagement involved analysing the rationale behind the downgrade, writing to Vertiv's CEO with suggestions on how to address MSCI's concerns, and holding a series of calls with Investor Relations and the Senior Director for Responsible Business & Environmental Affairs.

Figure 14 - Pella Global Generation Fund's FY25 voting track-record

Company	Quarter	Meeting Type	Vote String
B&M European Value	1Q25	Annual	F
Midea	1Q25	Extraordinary	FFF
Novo Nordisk	1Q25	Annual	FFFFFFFFFFFFFFFF
Sika	1Q25	Annual	FFFFFFFFFFFFFFFFFFFFFF
3i Group PLC	2Q25	Annual	FFFFFFFFFFFFFFFFFFFF
Adobe Inc.	2Q25	Annual	FFFFFFFFFFFFFFF
AIA Group Limited	2Q25	Annual	FFFFFFF
Amazon.com, Inc.	2Q25	Annual	AFFFFFFFFFAFAFFFFFF
ANTA Sports Products	2Q25	Annual	FFFFFFFAFA
Arthur J. Gallagher.	2Q25	Annual	FFFFFFFFFFFF
ASML Holding NV	2Q25	Annual	FFFFFFFFFFFFFFF
Broadcom Inc.	2Q25	Annual	FFFFFFFFFFFF
Edwards Lifesciences	2Q25	Annual	FFFFFFFFFFFFF
Epiroc AB	2Q25	Annual	FFFFFFFFFFFFFFFFFAFAFFFAFFFFFFFF
HCA Healthcare, Inc.	2Q25	Annual	FFFFFFFFFFFFFFF
Hong Kong Exchanges & Clearing	2Q25	Annual	FFFFF
IMCD NV	2Q25	Annual	FFFFFFFFF
Lantheus Holdings.	2Q25	Annual	FFFAFF
Marsh & McLennan	2Q25	Annual	FFFFFFFFFFFFF
Mastercard	2Q25	Annual	FFFFFFFFFFFFFFFFFA
Midea Group Co., Ltd.	2Q25	Annual	FFFFFFFFFFFFFFFFFFFFFFFFFFFFFFFF

These discussions focused on understanding the issues, identifying potential remedies, and monitoring Vertiv’s progress in implementing them. While the Fund did not hold a position in Vertiv at period end, as the stock reached our price target, we will watch with interest whether Vertiv secures an upgrade in its MSCI ESG rating.

Nutrien Ltd.	2Q25	Annual	FFFFFFFFFFFFFF
NVIDIA Corporation	2Q25	Annual	FFFFFFFFFFFFFFFAAF
Prysmian SpA	2Q25	Annual/Special	FFFFFFFFF
Schneider Electric SE	2Q25	Annual/Special	FFFFFFAFFFFFFFFFAAAAF
Spirax Group Plc	2Q25	Annual	FFFFFFFFFFFFFFFFFFFF
TSMC	2Q25	Annual	FF
Uber Technologies	2Q25	Annual	AFFFFFFFFF
UnitedHealth Group	2Q25	Annual	FFFFFFFFF
Vertiv Holdings Co.	2Q25	Annual	FFFFFFFFF
VINCI SA	2Q25	Annual/Special	FFFFFFFFFFFFFFFFFFFFFFFF
Volvo AB	2Q25	Annual	FF
Ashtead	3Q24	Annual	FFFFFFFFFFFFFFFFFFFF
JD Sports Fashion	3Q24	Annual	FFFFFFFFFFFFFFFFFFFF
Coloplast	4Q24	Annual	FFFFFBFFFFF
Microsoft	4Q24	Annual	FFFFFFFFFFFFFFFAFFFF
Midea	4Q24	Extraordinary	F
ResMed	4Q24	Annual	FFFFFFFFFFFF

Source – ISS

Providing an explanation for every vote is neither practical nor necessary. The majority of resolutions are procedural or unlikely to be of material interest to readers of this report. In addition, explaining each vote would require disproportionate use of space.

However, some votes may be of greater interest, particularly where Pella voted against the recommendation of the company’s directors or where the resolution had notable ESG implications.

Figure 15 outlines these resolutions along with Pella’s voting rational

Figure 15 - List of resolutions Pella voted differently to Directors' recommendations

Company	Voting Rationale
Amazon	Voted AGAINST electing Director Jeffrey Bezos due to ESG oversight failures.
	Voted AGAINST ratifying NEO compensation due to lack of performance-based criteria.
	Voted AGAINST reporting on ad discrimination—existing governance seen as sufficient.
	Voted FOR disclosure of Scope 3 emissions.
	Voted FOR report on data centres' impact on climate commitments.
	Voted FOR third-party assessment of AI-related human rights risks.
	Voted FOR report on plastic packaging reduction efforts.
	Voted FOR independent audit of warehouse working conditions.
	Voted FOR report on use of external data in AI development.
Anta Sports	Voted AGAINST issuance of equity without pre-emptive rights due to unspecified discount limits.
	Voted AGAINST reissuance of repurchased shares as it could exceed 10% of share class.
Coloplast	ABSTAINED from re-electing Niels Peter Louise-Hansen due to dual-share structure.
Epiroc	Voted AGAINST re-election of Johan Forssell and Ronnie Leten due to lack of board independence.
HCA Healthcare	Voted FOR amendment to review staffing levels' impact on patient care.
	Voted FOR reporting on acquisition strategy's healthcare consequences.
Lantheus	Voted AGAINST election of Director Samuel Leno due to failure to address classified board structure.
Mastercard	Voted FOR racial equity audit to enhance transparency and improvement.
Microsoft	Voted FOR report on weapons development risk management.
	Voted FOR report on risks of operating in human rights-challenged countries.
	Voted FOR report on AI use in oil and gas development.
	Voted FOR report on risks of AI-generated misinformation.
	Voted FOR report on AI data sourcing accountability.
NVIDIA	Voted FOR enhanced workforce data reporting to support diversity assessment.
Novo Nordisk	Voted FOR proposal on regulated working conditions at construction sites, contrary to management.

Schneider Electric	Voted AGAINST CEO compensation due to unclear termination payment and policy inconsistencies.
	Voted AGAINST five employee board member proposals; only one candidate can be elected.
Uber	Voted AGAINST re-election of Ronald Sugar due to poor ESG risk oversight.

Source – Pella, ISS

Initiatives

Pella focuses on one major sustainability initiative for the Fund at a time, believing this targeted approach is the most effective way to drive meaningful progress. Historically, that focus was the United Nations Global Compact (UNGC). However, beginning in this Reporting

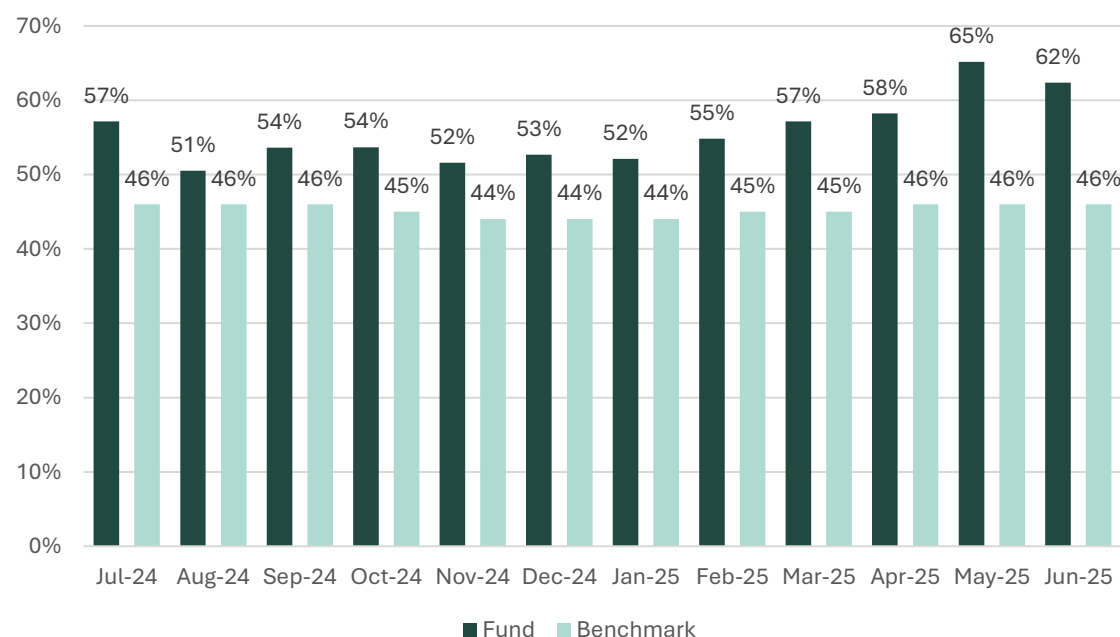
Period, we shifted our focus to the Science Based Targets initiative (SBTi). This change reflects our view that the UNGC, while well-intentioned, is largely symbolic and has limited practical impact, whereas the SBTi delivers tangible and measurable environmental outcomes

United Nations Global Compact (UNGC)

The UNGC is a voluntary United Nations initiative that encourages businesses to adopt sustainable and socially responsible practices and to report on their implementation. The Fund targets 100% of its holdings being UNGC signatories. Prior to launching the SBTi stewardship initiative, Pella engaged with all portfolio companies that were not yet signatories, encouraging them to join. Following our engagement, six companies became signatories during the life of the initiative: Ashtead, Antofagasta, ASML, Flow Traders, Samsung Electronics, and Sunrun.

Figure 16 shows the proportion of the Fund and the Benchmark invested in UNGC signatories. Over the Reporting Period, approximately 56% of the Fund's holdings were signatories, compared to 45% for the Benchmark.

Figure 16 – Exposure to Companies that are UNGC Signatories ^{(1), (2)}



Source – Pella, MSCI

(1) Fund exposure is grossed up for the cash weighting

(2) Past performance is not indicative of future performance

Science Based Target initiative (SBTi)

The SBTi helps companies set greenhouse gas reduction targets aligned with the goal of limiting global warming to 1.5°C. It is a partnership between CDP, the United Nations Global Compact, the World Resources Institute, and the World Wide Fund for Nature. CDP is a not-for-profit organisation that operates a global environmental disclosure system for companies and other entities. A company that is SBTi committed has pledged to set a science-based target within a set timeframe, but its target has not yet been reviewed. A company that is SBTi approved has had its target formally validated by the SBTi as consistent with climate science.

To become SBTi approved, a company must first submit a commitment, then develop targets that align with SBTi's criteria—typically consistent with limiting warming to 1.5°C. These targets must cover scope 1 and 2 emissions, and scope 3 where they represent more than 40% of total emissions. The targets are submitted for formal validation, and if approved, are publicly recognised as science-based. Companies must also disclose their targets and progress annually, typically via CDP.

During the Reporting Period, Pella engaged with all portfolio companies that were neither SBTi committed nor approved, encouraging them to join the initiative. Ten companies fell into this category: Arthur J Gallagher, HCA Healthcare, HDFC Bank, ICICI Bank, IMCD, Lantheus, Midea Group, Nutrien, Spotify Technologies, and Vertiv. IMCD advised it had already [begun the process to become SBTi committed](#) (prior to Pella's engagement), and Vertiv agreed to consider the initiative. Nutrien responded that it is actively involved in the SBTi's development of Chemical Sector Guidance and has provided input on the unique decarbonisation considerations relevant to nitrogen fertiliser production.



Educational Content

During the Reporting Period, Pella released two publicly available pieces to support broader understanding of responsible investing.

The first was an insight article titled “[ESG Investing is Pure Capitalism](#)”, which explored the financial rationale for ESG integration. The piece challenged the perception that ESG investing is primarily values-based or ideological, arguing instead that it is a financially disciplined approach aligned with the core tenets of capitalism—namely, maximising returns and managing risk. The article analysed ten years of MSCI ESG ratings data, showing that companies with stronger ESG ratings (A, AA, AAA) consistently delivered higher returns and lower volatility than lower-rated peers. These findings held across sectors and time periods, indicating that ESG ratings are a meaningful predictor of future financial outcomes. ESG integration, therefore, reflects a pragmatic, evidence-based approach to investment decision-making.

The second release was a 30-minute CPD-accredited video titled “[Seven Flavours of Responsible Investing](#)”. The session provides a structured overview of the seven core strategies recognised by global industry bodies: ESG Integration, Best-in-Class ESG, Negative Screening, Norms-Based Screening, Stewardship, Impact Investing, and Sustainability-Themed Investing. It also explains key concepts such as carbon intensity and how to evaluate positive impact using the UN Sustainable Development Goals. The video is designed to clarify common misconceptions and support financial advisers, investors, and other professionals in assessing and implementing responsible investment strategies with confidence.

Tobacco-Related Disclosure

In prior periods, Pella sought to improve disclosure by retailers regarding revenue derived from tobacco sales. During FY23, we wrote to portfolio companies involved in retail, requesting that they disclose the proportion of their revenue generated from tobacco sales. These companies declined, citing the absence of an industry standard. In response, in FY24 Pella submitted a formal request to the US Securities and Exchange Commission (SEC), urging the regulator to require retailers to disclose their tobacco-related revenue. While the SEC acknowledged receipt of our submission, no progress has since been made.

During the Reporting Period, Pella followed up with the SEC but did not receive a response. We also engaged with the US-based team at the United Nations Principles for Responsible Investment (UNPRI), who helpfully facilitated introductions to several senior stakeholders. We were ultimately advised that, following the 2024 US election, changes in the SEC’s leadership and policy priorities meant our request was unlikely to be considered in the near term. As a result, Pella determined it would be impractical to continue pursuing this initiative at present and redirected its efforts toward projects with a higher likelihood of short-term impact.

That said, Pella continues to believe that mandatory disclosure of tobacco-related revenue is both ethically and financially material. We are likely to revisit this initiative in time, particularly if regulatory conditions in the US shift or if support from peer investors strengthens.

Engagement with Marsh & McLennan

In previous Responsible Investing Reports, we communicated our intention to address a controversy involving Marsh & McLennan (MMC),

an insurance broker held in the Fund. In FY22, an article by *The Bureau of Investigative Journalism* reported that MMC had facilitated insurance for a controversial oil pipeline in Africa.

Pella determined that this activity did not constitute a breach of our Norms-Based Requirements, as MMC's role was peripheral to the project. However, we were concerned by the lack of transparency regarding MMC's exposure to the fossil fuel sector and saw an opportunity to engage constructively to improve industry practices.

To that end, Pella submitted a letter to MMC's ESG Committee requesting additional disclosure. Specifically, we asked MMC to publish a report, at reasonable cost and without proprietary information, addressing whether and how it intends to measure, disclose, and reduce the greenhouse gas emissions associated with its underwriting, insuring, and investment activities, in alignment with the Paris Agreement's 1.5°C goal.

MMC responded that it does "not currently plan to disclose engagements (or related revenue) with any specific industries at this time." Pella found this response unsatisfactory. As a result, we voted against the re-election of all directors on MMC's ESG Committee at the company's FY24 Annual General Meeting.

In the FY24 Responsible Investing Report, we noted our intention to submit a shareholder proposal at MMC's FY25 AGM to require enhanced disclosure of fossil fuel-related activities. However, based on our understanding of the submission requirements at the time, we did not proceed. We now understand that we will be eligible to submit the proposal at the FY26 AGM, and we intend to do so.





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