



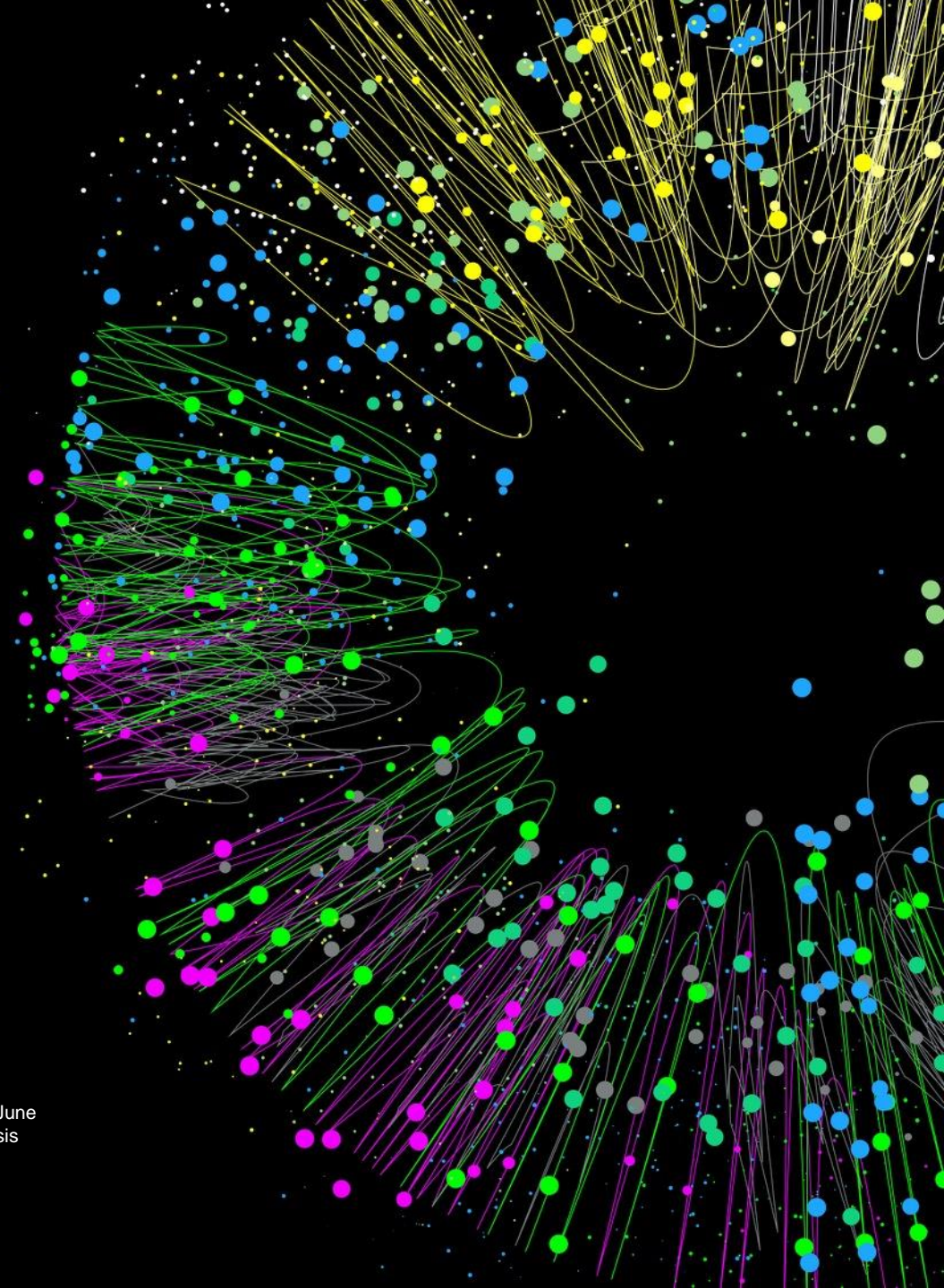
ADDRESSING THE CHALLENGES AND RISK EXPOSURES RESULTING FROM FOSSIL FUEL DIVESTMENT

A smarter approach to sustainable investment



The Environmental Finance Sustainable Investment Awards are free to applicants and open to all organisations globally. These awards were given in June 2022 and June 2023. The awards relates to the annual period May 21-22 and May 22-May 23. This document is being distributed on a confidential basis and must not be distributed or shared by a recipient without Osmosis' prior consent.

APRIL 2024 – CONFIDENTIAL NOT FOR REDISTRIBUTION



TODAY'S PRESENTERS



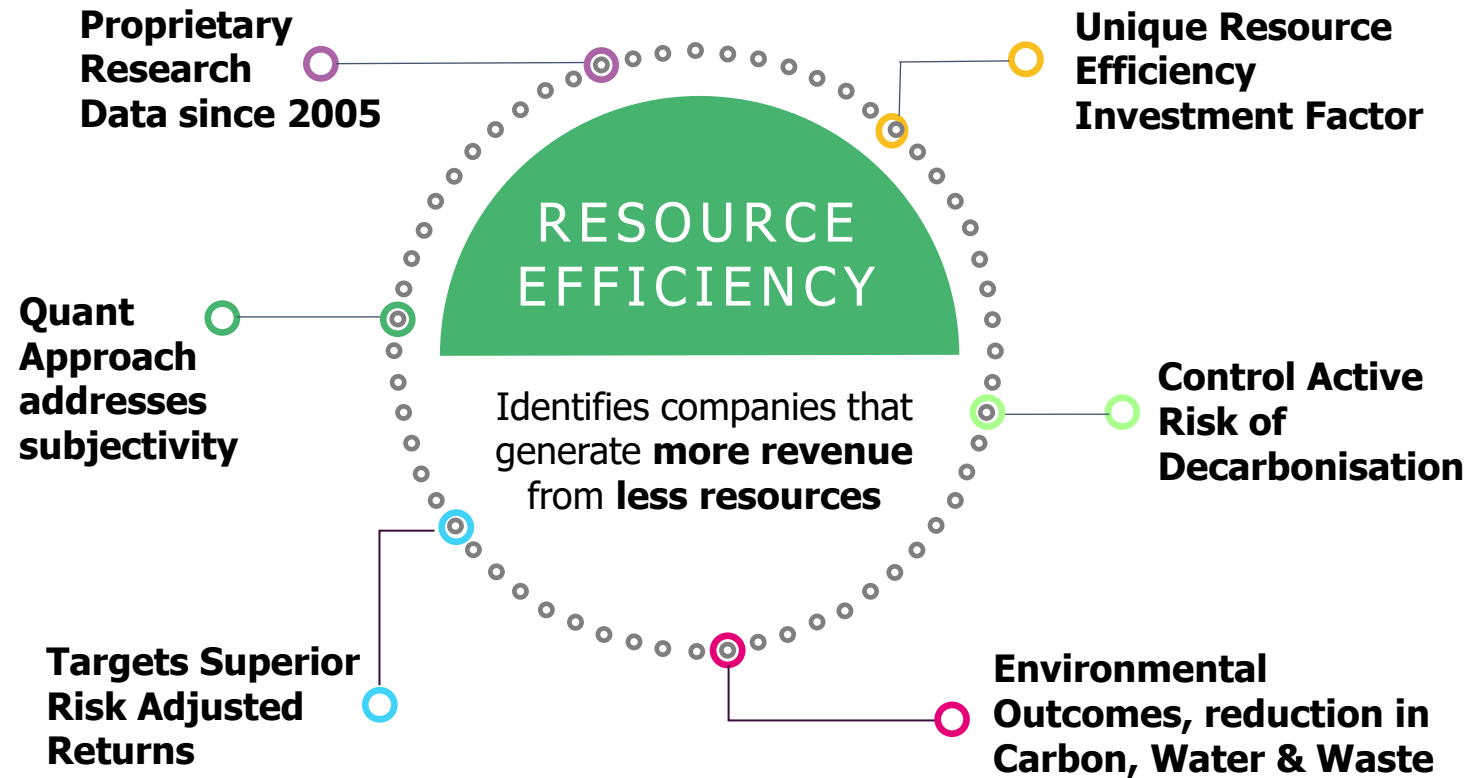
ANTHONY CHISNALL
Head of Distribution
Osmosis Investment Management



DR. TOM STEFFEN
Quantitative Environmental Research
Osmosis Investment Management

A SMARTER APPROACH TO SUSTAINABLE INVESTMENT

Directly linking sustainability to economic performance since 2009



Key facts and figures*

Founded in 2009 privately owned by employees and supported by Oxford Endowment Fund and Capricorn Investment Group

39 employees in London, Europe and US

Global client base including Academic Foundations, Endowments, Pension Funds, Family Offices and Wealth Funds

50-70% reduction in Carbon, Water and Waste, relative to benchmark

All portfolios are ex-tobacco and aligned with UN Global Compact Principles for social and governance safeguarding

\$16bn* in total assets under management

*As of 31 March 2024

THE CHALLENGES AND RISK OF DIVESTMENT



Pension Funds face increasing pressure to divest from fossil fuels but does this conflict with fiduciary responsibility?

- Ignores the Demand for Carbon
- Financial and Concentration risk
- Transitional Opportunity risk





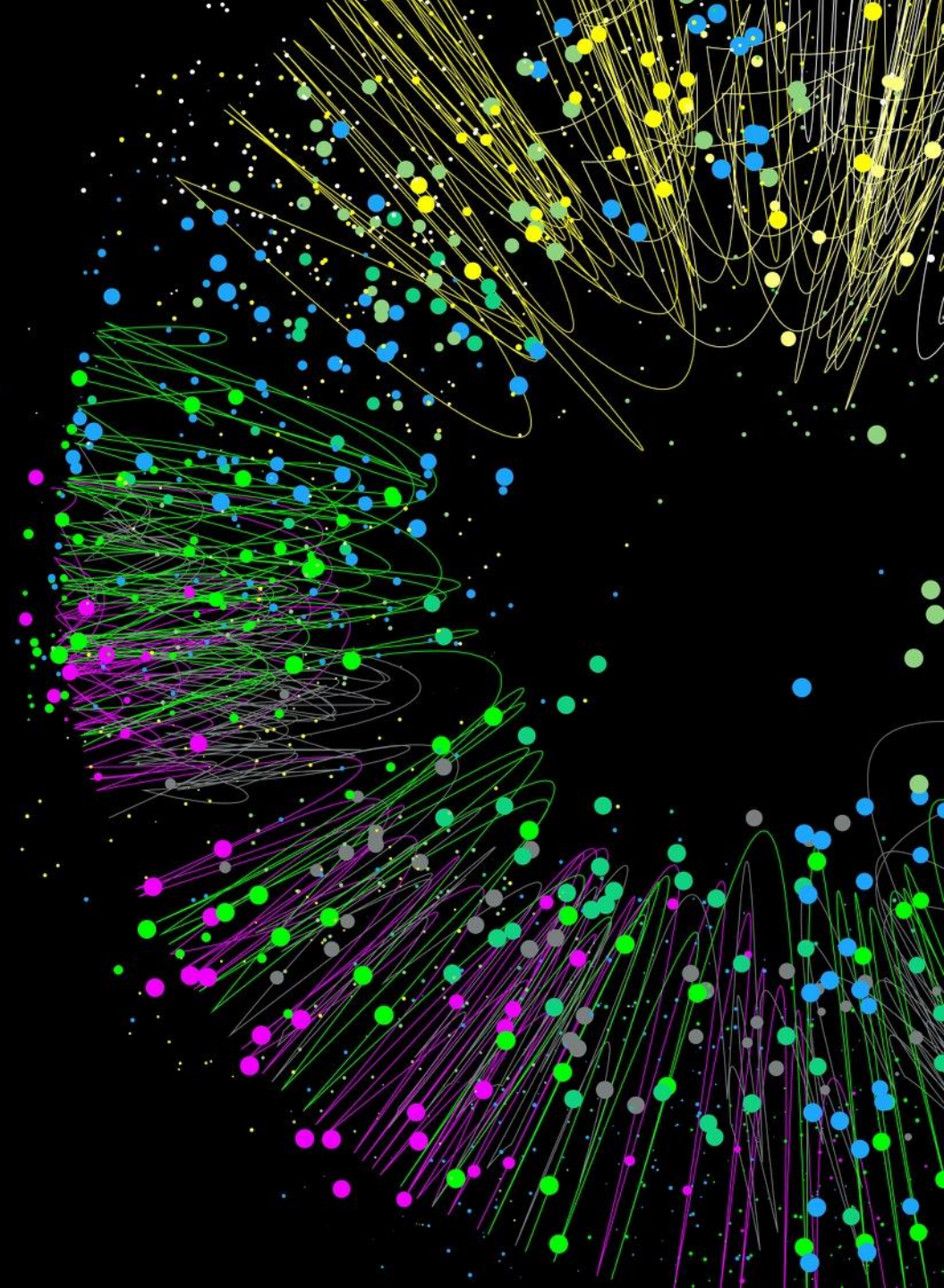
osmosis
INVESTMENT MANAGEMENT



THE CHALLENGES OF DIVESTMENT:

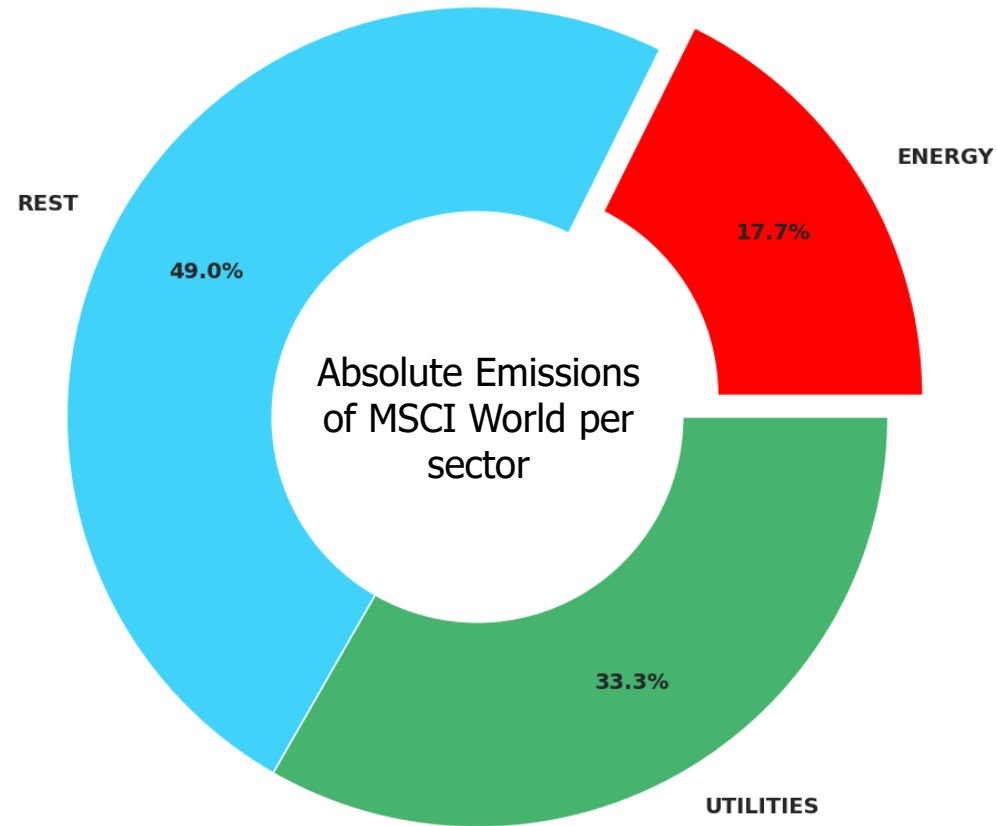
1. ADDRESSING CARBON DEMAND

A smarter approach to fossil fuel divestment



A NAÏVE APPROACH WILL

Address the Supply – Ignore the Demand



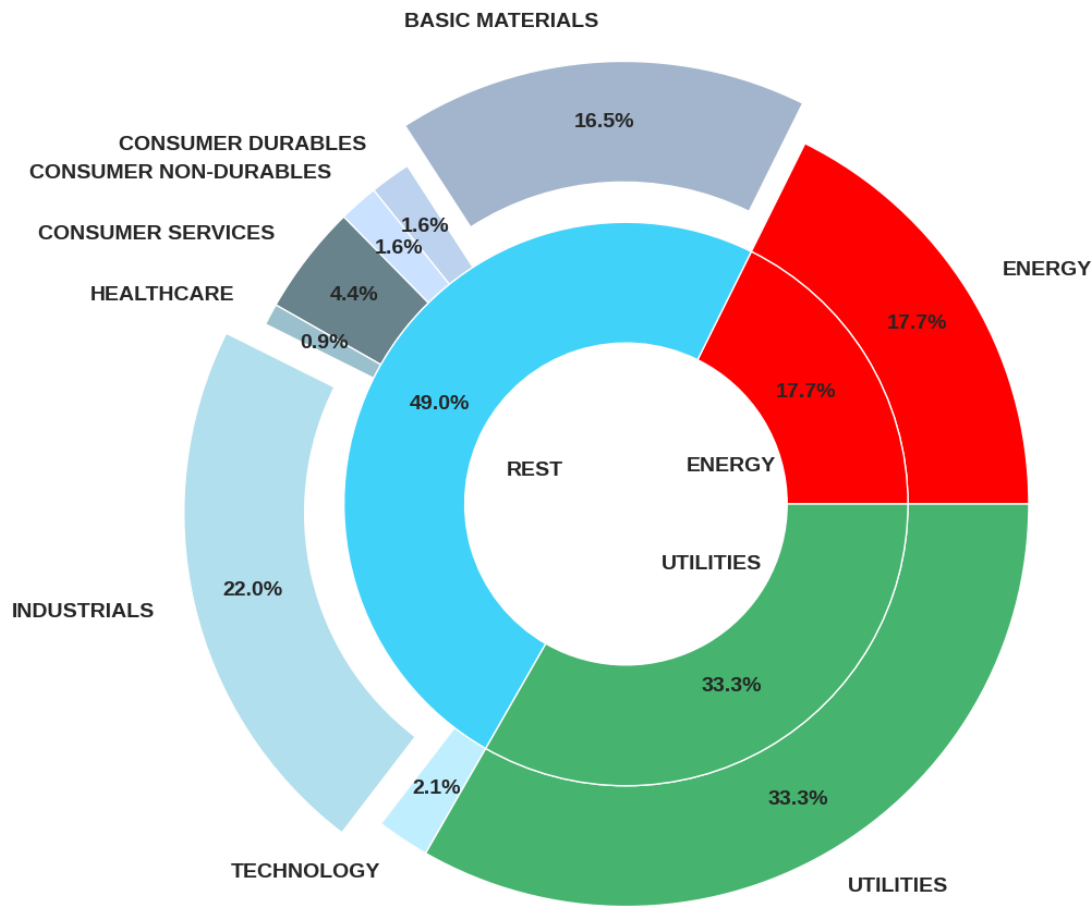
The supply side of fossil fuels accounts for **only 1/6** of developed markets total carbon emissions.

By simply addressing the supply side, we will be unable to achieve our **2050 targets**

Source: Osmosis IM, FactSet, MSCI. The chart shows the percentage of aggregate total carbon emissions of MSCI World companies excluding financials at the end of April 2024 by economic sector. Data as at end April 2024.

A SMART APPROACH WILL

Look for Opportunity in Every Sector of the Economy



By addressing carbon demand across the whole economy, we incentivise all sectors to transition

Source: Osmosis IM, FactSet, MSCI. The chart shows the percentage of aggregate total carbon emissions of MSCI World companies excluding financials at the end of April 2024 by economic sector. Data as at end April 2024.



osmosis
INVESTMENT MANAGEMENT



THE CHALLENGES OF DIVESTMENT:

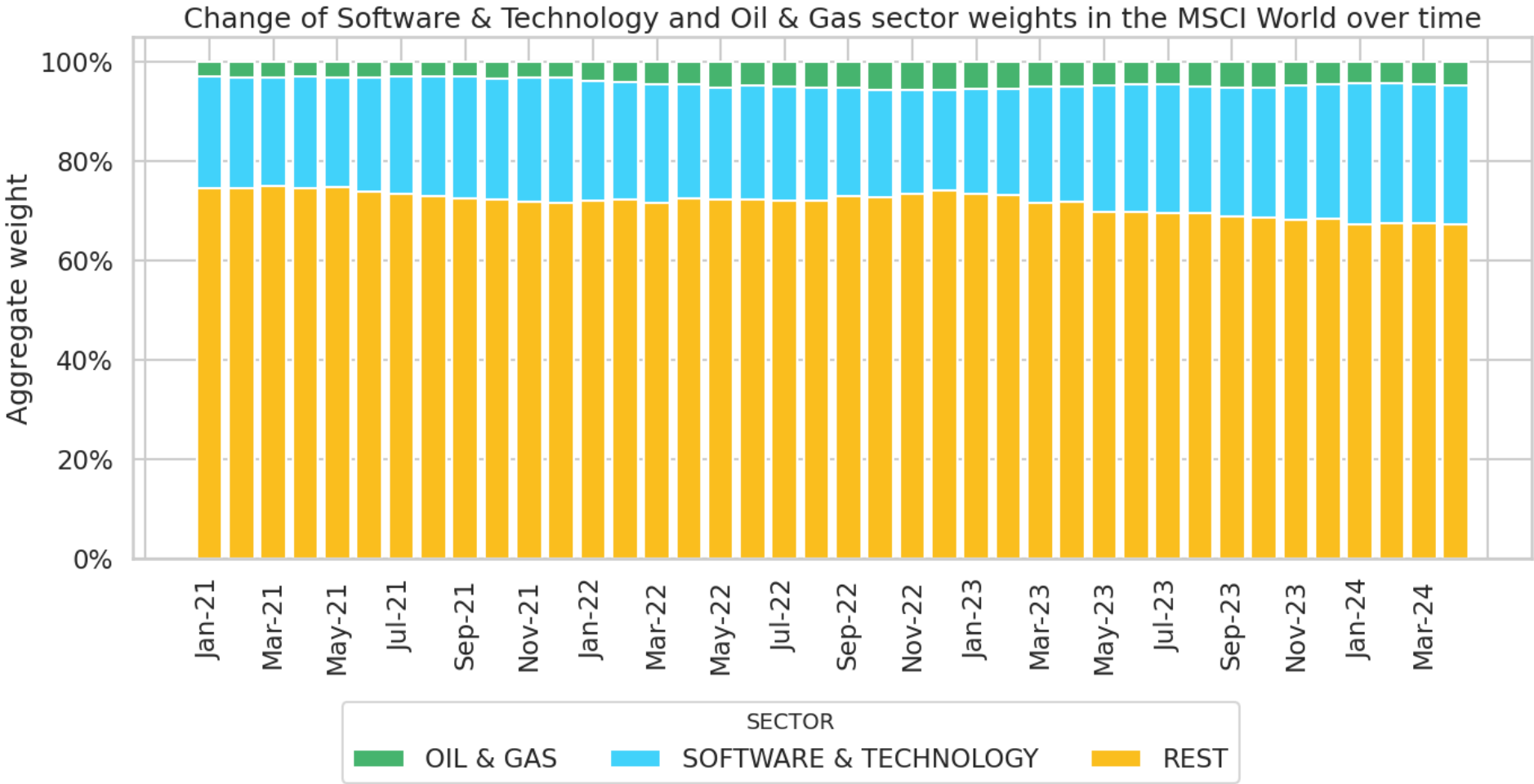
2. CONCENTRATION RISK

A smarter approach to fossil fuel divestment



A NAÏVE APPROACH WILL

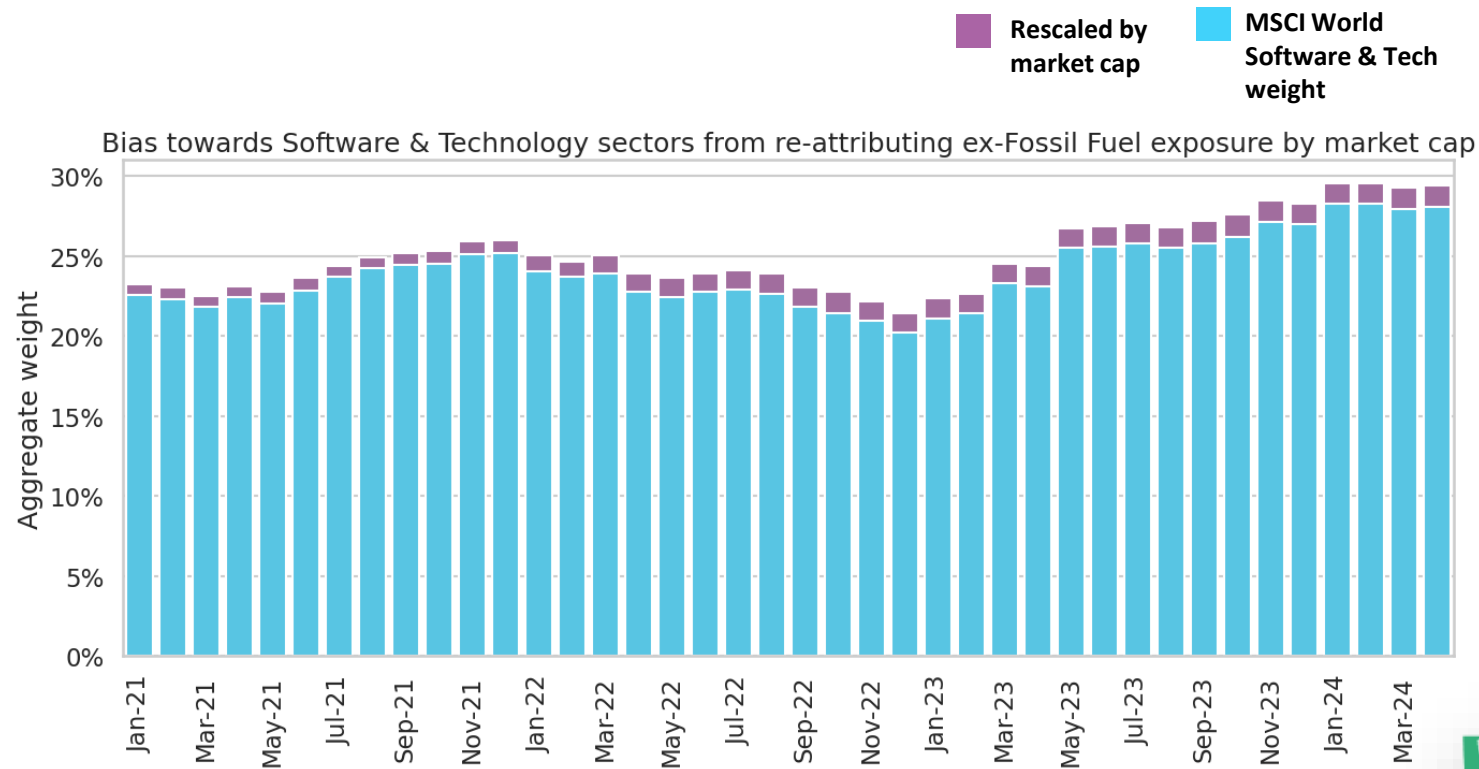
Ignore Risks Introduced by Fluctuations in Sector Weights



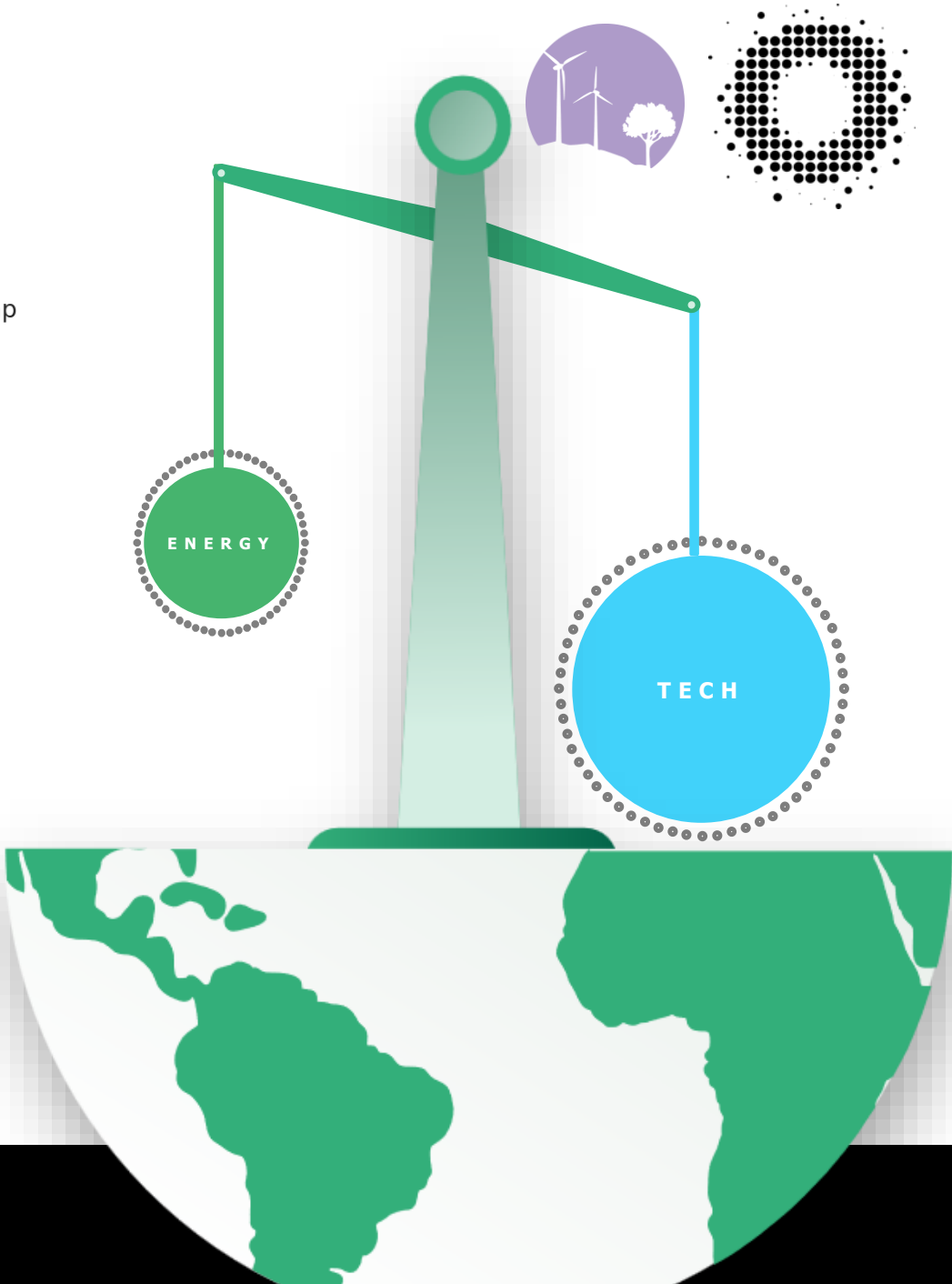
Source: Osmosis IM, MSCI. The chart shows the aggregate benchmark weight of MSCI World companies excluding financials between January 2021 and April 2024 by sector. Data as at end April 2024.

A NAÏVE APPROACH WILL

Rescale Weights Based on Market Capitalisation

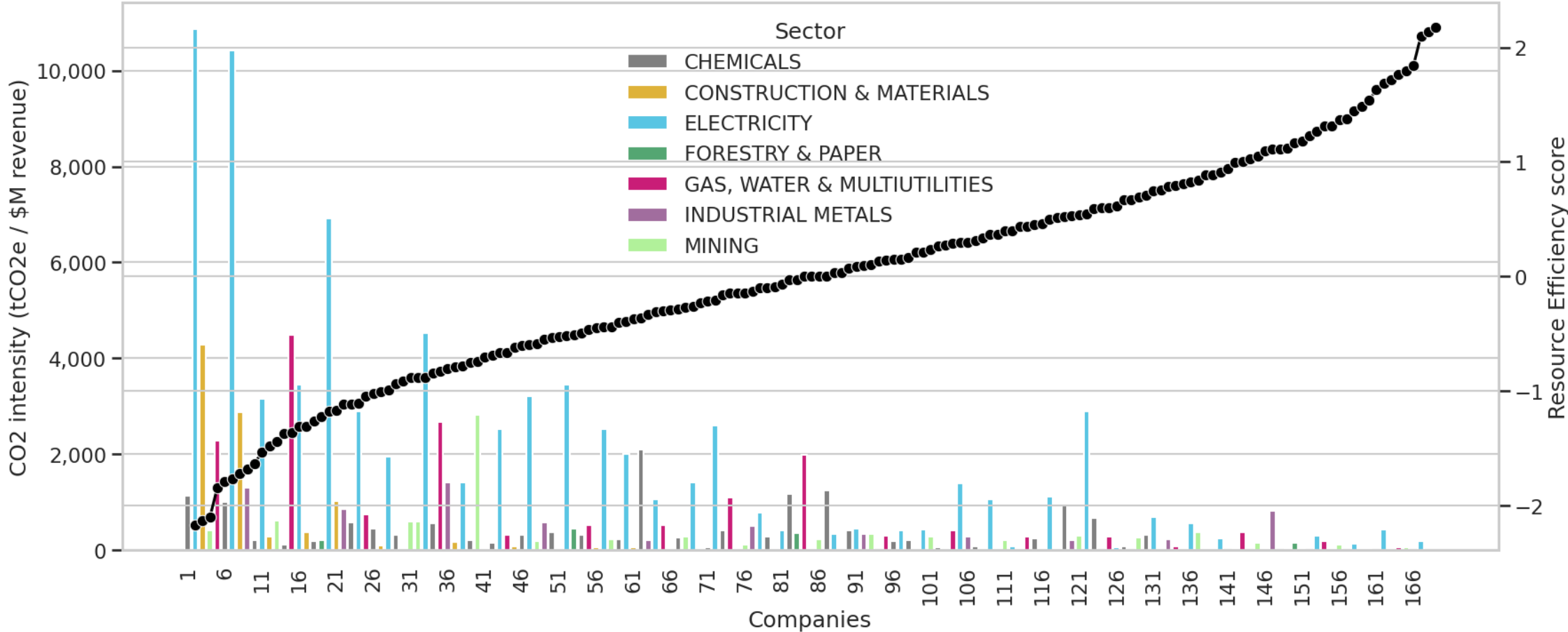


Source: Osmosis IM, MSCI. The chart shows the aggregate benchmark weight of MSCI World companies between January 2021 and April 2024 in the Software and Technology sectors. The blue bars show the raw aggregate benchmark weights. The purple bars show the aggregate benchmark weights after excluding the Oil and Gas sectors and rescaling the weights based on market capitalisation. Data as at end April 2024.



A SMART APPROACH WILL

Look for Opportunity in Every Sector of the Economy



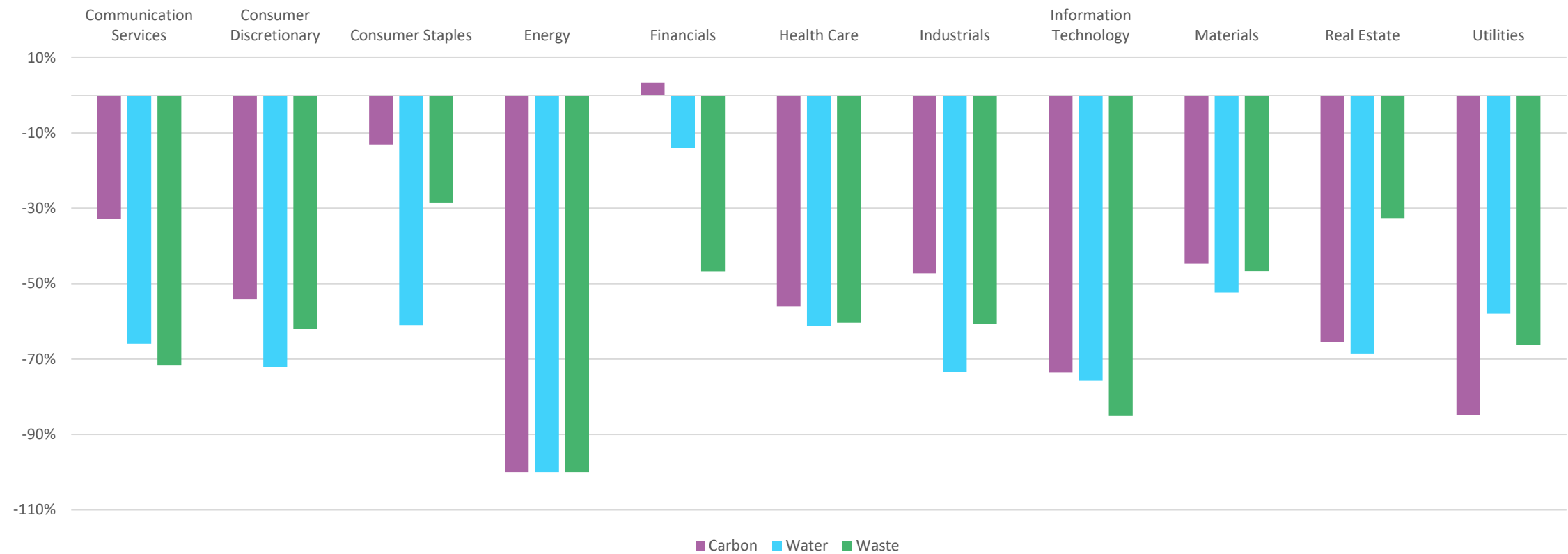
Source: Osmosis IM, FactSet, MSCI. The chart shows the carbon intensities, calculated as tCO2e divided by \$M revenue, and the respective Resource Efficiency scores of MSCI World companies at the end of April 2024 by Osmosis sectors falling within the higher-level Basic Materials, Industrials, and Utilities economic sectors. Data as at end April 2024.

ENVIRONMENTAL FOOTPRINT

Sectoral Footprint Reductions



To achieve meaningful impact our portfolios evidence reductions in carbon, water, and waste across the whole economy and are not simply delivered by overweighting low-intensity sectors.



Source: Osmosis IM & Barra . Gross sectorial data is as of 30 April 2024.



osmosis
INVESTMENT MANAGEMENT



THE CHALLENGES OF DIVESTMENT:

3. TRANSITION RISK

A smarter approach to fossil fuel divestment



RENEWABLE LEADERS IDENTIFIED



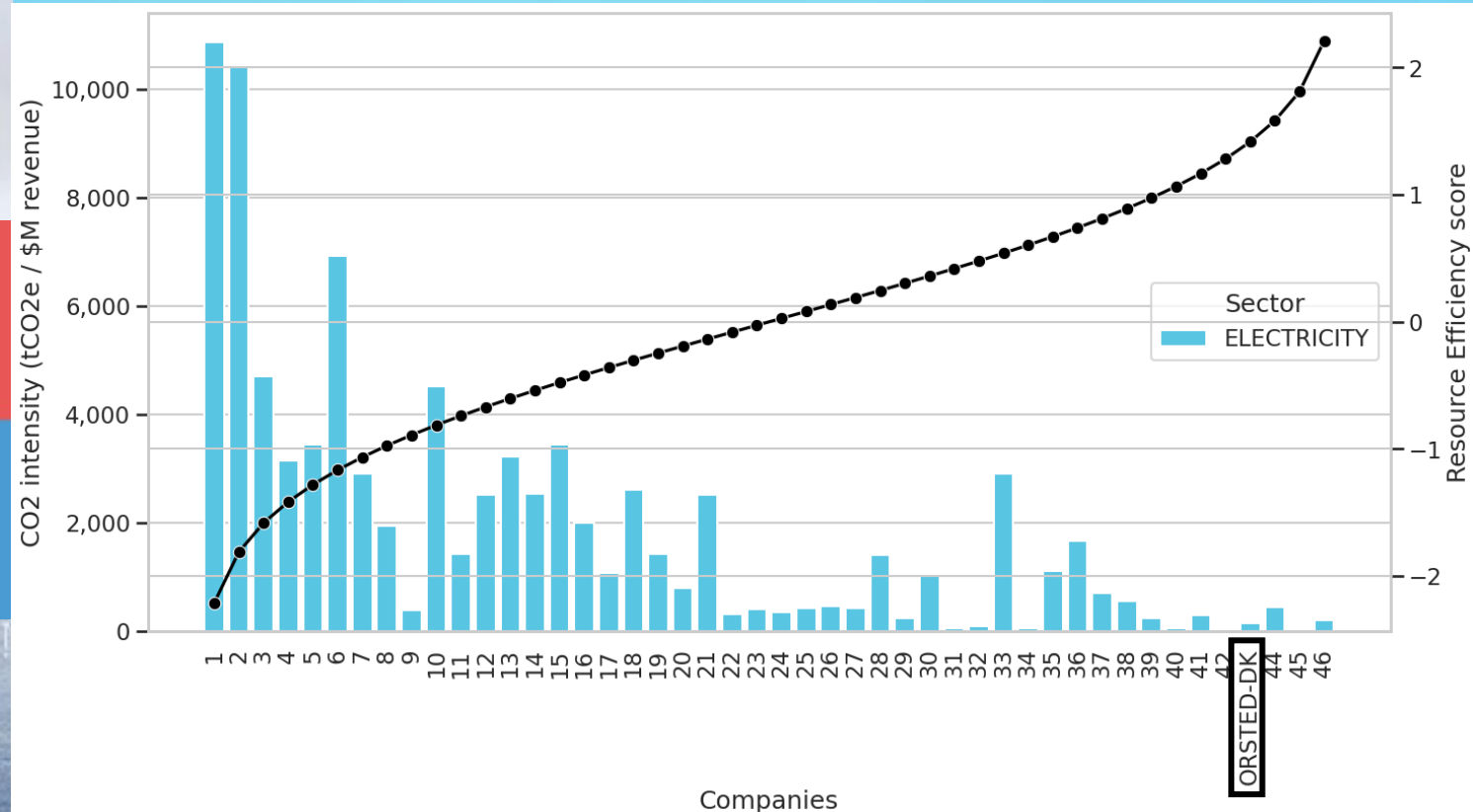
- Strategy rewards those companies that are well established on the path to a renewable future
- Over 50% renewable or hydroelectric power in its generating capacity



A naïve approach will...

IGNORE OPPORTUNITY

From Black to Green in a Decade – Denmark's Orsted



Source: Osmosis IM, FactSet, MSCI. The chart shows the carbon intensities, calculated as tCO2e divided by \$M revenue, and the respective Resource Efficiency scores of MSCI World companies at the end of April 2024 in the Osmosis Electricity sector. Data as at end April 2024.



osmosis
INVESTMENT MANAGEMENT



THE CHALLENGES OF DIVESTMENT:

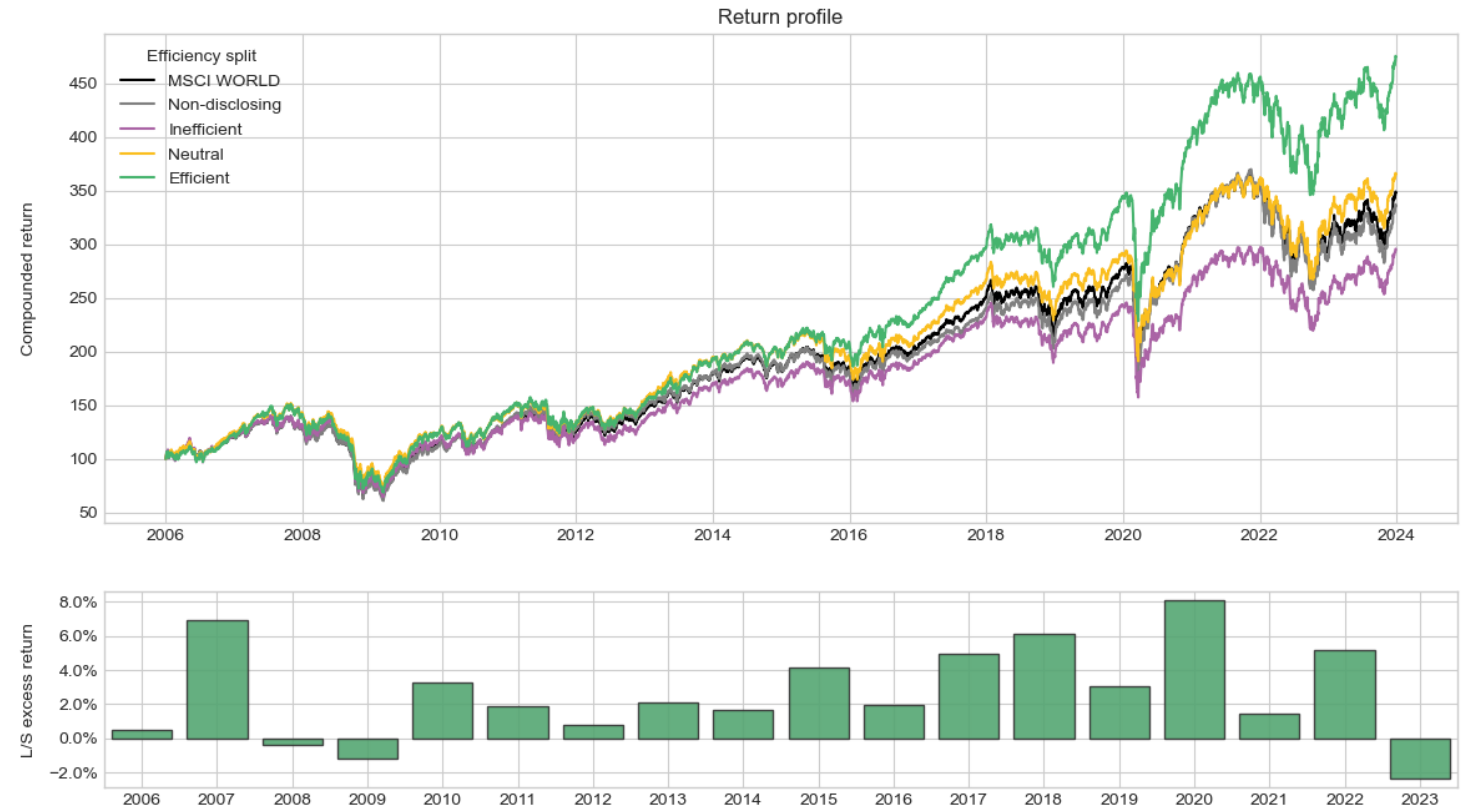
4. TARGETING ECONOMIC OPPORTUNITY

A smarter approach to fossil fuel divestment



THE OSMOSIS RESOURCE EFFICIENCY FACTOR

An Uncorrelated Signal Identifying Green Outperformance



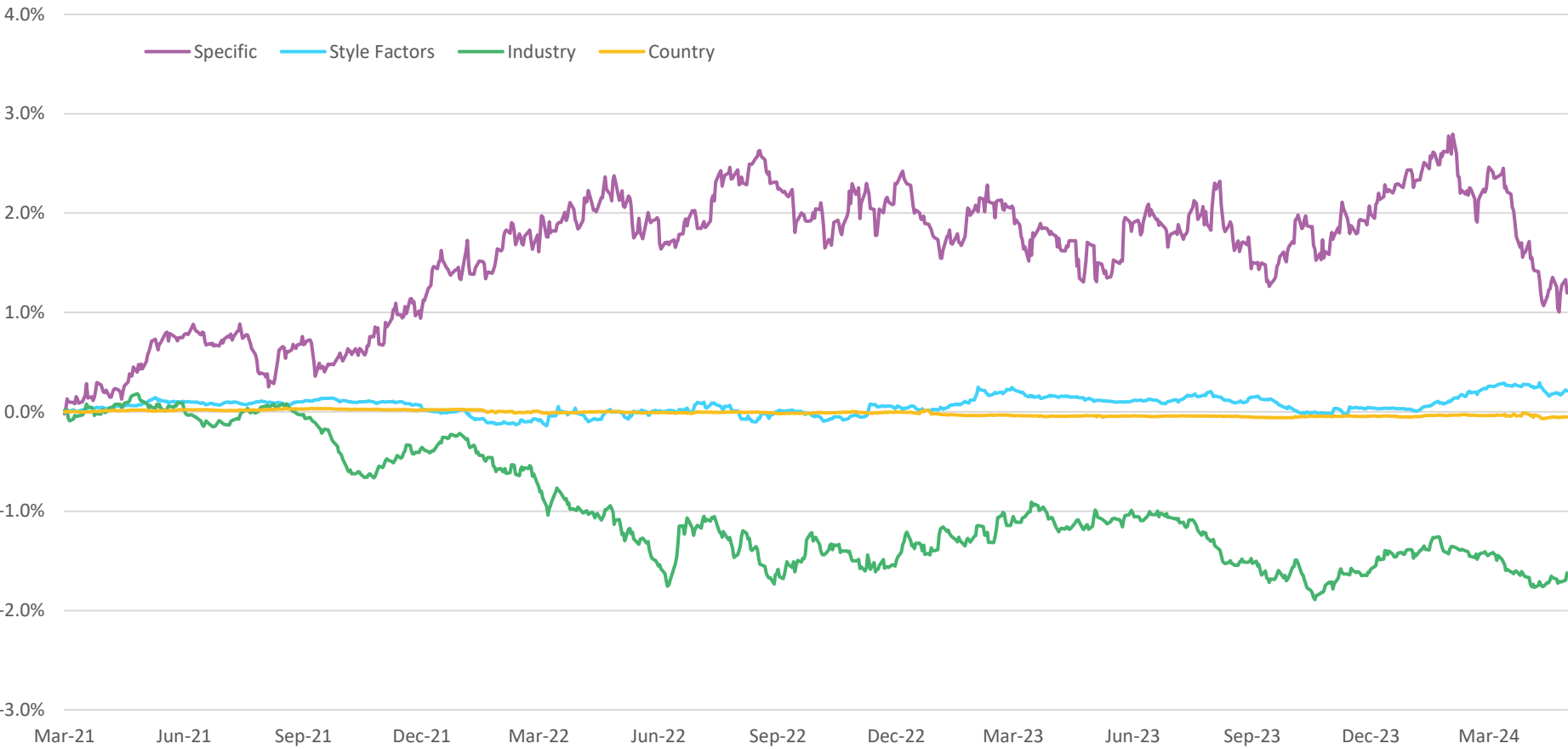
Annualised active return:

Efficient: 1.80%
Neutral: 0.28%
Inefficient: -0.94%
Non-disclosing: -0.21%

We analyse gross compounded returns with dividends reinvested of companies in the MSCI World (excluding financials & tobacco) during the time period from 31/12/2005 to 31/12/2023. This graph shows the return profiles of companies that are split into four groups: the most Resource Efficient companies (top third in green), the least Resource Efficient companies (bottom third in purple), the neutral companies (middle third in yellow), and the non-disclosing companies (grey) for which we have inadequate Resource Efficiency data. We also show the performance of the MSCI World Index (excluding financials & tobacco). All portfolios are equal-weighted with sector weights forced to be proportional to the benchmark. The long-short excess return in the bar chart is defined as the annual return of the Efficient portfolio minus the annual return of the Inefficient portfolio each year. Source: Osmosis IM, Bloomberg, S&P. Data as at end January 2024. Past performance is not an indication of future performance.

RESOURCE EFFICIENT CORE EQUITY (EX-FOSSIL FUELS) VS MSCI WORLD

Gross Active Return Decomposition vs MSCI World



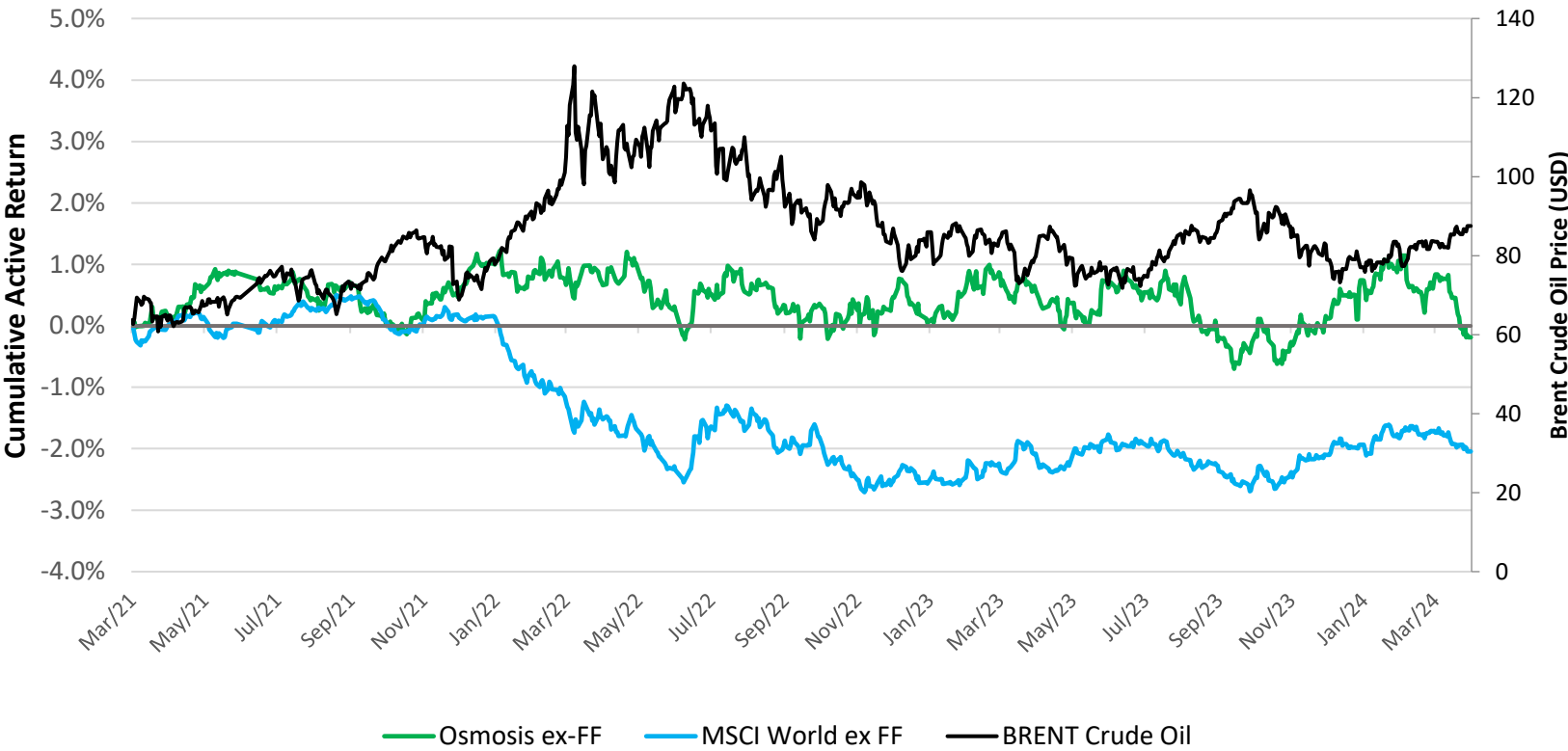
Source: Osmosis IM, Bloomberg, Barra LLC’s analytics and data were used in the preparation of this report. Copyright 2015 BARRA, LLC. All Rights Reserved. MSCI World is NDDUWI Index, Gross Total Return (USD). Osmosis RE Core Equity ex fossil fuels is a systematic investment strategy created for the purpose of illustrating the effect of excluding fossil fuels and other ethical screens on the Osmosis Core Equity portfolio (Osmosis screens). Returns represent the actual returns for the Core equity (ex fossil fuels) Fund, Class A. Such returns are net of fees, costs and dividend withholding tax. Different fees apply to each share class and a client’s returns will be reduced by the advisory fee and other expenses incurred in the management of its account.. Past performance is not an indication of future performance.

RESOURCE EFFICIENT CORE EQUITY (EX-FOSSIL FUELS) VS MSCI WORLD & MSCI WORLD EX FOSSIL FUELS

Cumulative Active Return – Inception 19/2/21- end March 24



Active Returns of Osmosis Ex-Fossil Fuels Fund* vs MSCI World ex Fossil Fuels Index
in relation to Brent Crude Oil price during supply shocks



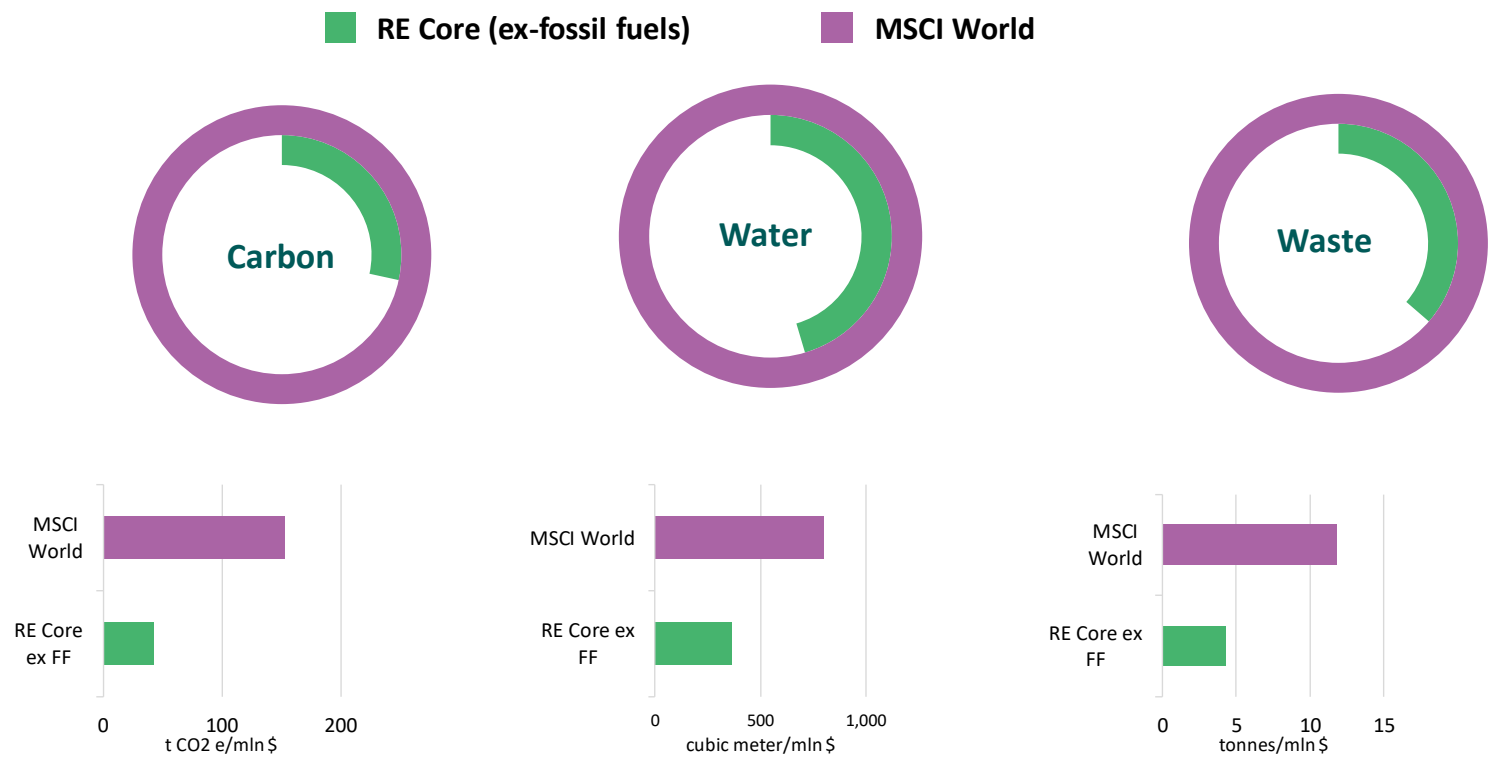
Osmosis RE Core Equity (ex-fossil fuel) Fund (net)
MSCI World
Excess Return vs MSCI World
MSCI World ex-Fossil Fuels Index
Excess Return vs MSCI World ex-FF

Annualised to end Mar 24		
Returns*	Volatility	Info. Ratio
9.48%	17.03%	-
9.52%	16.87%	-
-0.04%	1.14%	-0.04
8.97%	17.17%	-
0.51%	1.04%	0.49

Source: Osmosis IM, Bloomberg, Barra LLC’s analytics and data were used in the preparation of this report. Copyright 2015 BARRA, LLC. All Rights Reserved. MSCI World is NDDUWI Index, Net Total Return (USD). Osmosis RE Core Equity ex fossil fuels is a systematic investment strategy created for the purpose of illustrating the effect of excluding fossil fuels and other ethical screens on the Osmosis Core Equity portfolio (Osmosis screens). Returns represent the actual returns for the Core equity (ex fossil fuels) Fund, Class A. Such returns are net of fees, costs and dividend withholding tax. Different fees apply to each share class and a client's returns will be reduced by the advisory fee and other expenses incurred in the management of its account.. Past performance is not an indication of future performance.

ENVIRONMENTAL FOOTPRINT

All our portfolios demonstrate significantly less ownership of Carbon, Water and Waste than their respective benchmarks. The savings for the Core Equity Strategy (ex-fossil fuels) are shown below.



Source: Osmosis IM, Bloomberg & MSCI. Data as of 31 March 2023

IN SUMMARY, DIVESTMENT.....



1. Only addresses the suppliers of fossil fuels

How does your portfolio address the carbon emissions of the rest of the economy, 84% of the MSCI World?

2. Leads to over-concentration in certain sectors

How do you fill the gap left by divestment and what risks does this introduce?

3. Can exclude energy companies on a path to transition

How do you ensure you aren't excluding tomorrow's environmental leaders?

Thank you



IMPORTANT INFORMATION:

Global Investors (ex US). This report is issued in the UK by Osmosis Investment Management UK Limited (“Osmosis”). Osmosis is authorised and regulated by the Financial Conduct Authority “FCA” with FRN 765056. This document is a “financial promotion” within the scope of the rules of the FCA. In the United Kingdom, the issue or distribution of this document is being made only to and directed only at professional clients (as defined in the rules of the FCA) (“Professional Clients”). This document must not be acted or relied upon by persons who are not Professional Clients. Any investment or investment activity to which this document relates is available only to Professional Clients and will be engaged in only with Professional Clients.

Performance.

NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN. An investor's actual account is managed by Osmosis based on the strategy, but the actual composition and performance of the account may differ from those of the strategy due to differences in the timing and prices of trades, and the identity and weightings of securities holdings.

Gross Performance. Gross Returns are gross of fees and in USD unless indicated otherwise. Gross return results do not reflect the deduction of investment advisory fees. Gross performance results may include the reinvestment of dividends and other account earnings. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. For example, the deduction of a 1% advisory fee over a 10-year period would reduce a 10% gross return to an 8.9% net return. Please see the specific performance disclosure under each slide for additional details. Our fees are fully disclosed in our Part 2A of Form ADV and may be updated from time to time.

Net Performance. Net returns are net of fees and in USD unless indicated otherwise. Net returns are net of fees, costs and dividend withholding tax. Different fees may apply to a client's account and a client's returns may be further reduced by the advisory fee and other expenses incurred in the management of its account. Please see the specific performance disclosure under each slide for additional details. Our fees are fully disclosed in our Part 2A of Form ADV and may be updated from time to time.

Past performance may not be indicative of future results. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy will be profitable. No current or prospective client should assume that future performance will be profitable, equal the performance results reflected, or equal any corresponding historical benchmark index. For reasons including variances in fees, differing client investment objectives and/or risk tolerance, market fluctuation, the date on which a client engaged Osmosis's services, and any account contributions or withdrawals, the performance of a specific client's account may have varied substantially from the referenced performance results. In the event that there has been a change in a client's investment objectives or financial situation, the client is encouraged to advise us immediately. It is important to remember that the value of investments, and the income from them, can go down as well as up and is not guaranteed and that you, the investor, may not get back the amount originally invested. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. Osmosis accepts no liability for any failure to meet such forecast, projection or target. Past performance is not an indication of future performance.

Investment Examples. The investment examples set forth in this presentation should not be considered a recommendation to buy or sell any specific securities. There can be no assurance that such investments will remain in the strategy or have ever been held in the strategy. The case studies have been selected to be included in this presentation based upon an objective non-performance basis because we believe these are indicative of our strategy and investment process. Nothing herein shall be deemed to limit the investment strategies or investment opportunities to be pursued by Osmosis.

Solicitation and Representation: Osmosis is responsible for representing Osmosis's management, strategies and results. The solicitor may not offer advice or opinions on behalf of Osmosis or any affiliated entity. Any authorized Solicitor must have a current Solicitation Agreement in place with Osmosis, must disclose to any potential investor the Solicitor's referral arrangement with Osmosis, and provide such potential investor with a Form ADV Part 2A. Such Solicitor is independent of Osmosis and may not offer Investment Advisory Services on behalf of Osmosis.

Information pertaining to Osmosis's advisory operations, services, and fees are set forth in Osmosis's current disclosure statement (Form ADV Part 2A), a copy of which is available from Osmosis upon request and from the SEC at <http://www.adviserinfo.sec.gov>. Information regarding OHL is available from us upon request.



IMPORTANT INFORMATION:

Benchmarks. The historical index performance results for all benchmark indexes do not reflect the deduction of transaction, custodial, or management fees, the incurrence of which would have the effect of decreasing indicated historical performance results. Indexes are unmanaged and are not available for direct investment. The historical performance results for all indices are provided exclusively for comparison purposes only, and may or may not be an appropriate measure to provide general comparative information to assist an individual client or prospective client in determining whether Osmosis performance meets, or continues to meet, his/her investment objective(s). The referenced benchmarks may or may not be appropriate benchmarks against which an observer should compare our returns.

The MSCI World Index captures large and midcap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World ex Fossil Fuels Index is based on the MSCI World Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets (DM) countries*. The index represents the performance of the broad market while excluding companies that own oil, gas, and coal reserves.

Information in this presentation is intended to be viewed in its entirety. The reproduction, downloading, streaming or other disclosure of such information, in whole or in part, without prior consent of Osmosis is prohibited. Neither this presentation, nor any copy of the information available on it, may be taken into or transmitted in any jurisdiction where it would be unlawful to do so.

The information contained in this document has been obtained by Osmosis from sources it believes to be reliable but which have not been independently verified. Information contained in this document may comprise an internal analysis performed by Osmosis and be based on the subjective views of, and various assumptions made by, Osmosis at the date of this document. Osmosis does not warrant the relevance or correctness of the views expressed by it or its assumptions. Except in the case of fraudulent misrepresentation or as otherwise provided by applicable law, neither Osmosis nor any of its officers, employments or agents shall be liable to any person for any direct, indirect or consequential loss arising from the use of this document.

Appendix



A SMARTER APPROACH TO SUSTAINABLE INVESTMENT

Osmosis Resource Efficient Developed Markets Core Equity (ex-Fossil Fuels) UCITs ICAV Fund



Benchmark: MSCI World Index

SFDR classification: Article 8

Founders share class capacity: \$200m (USD)

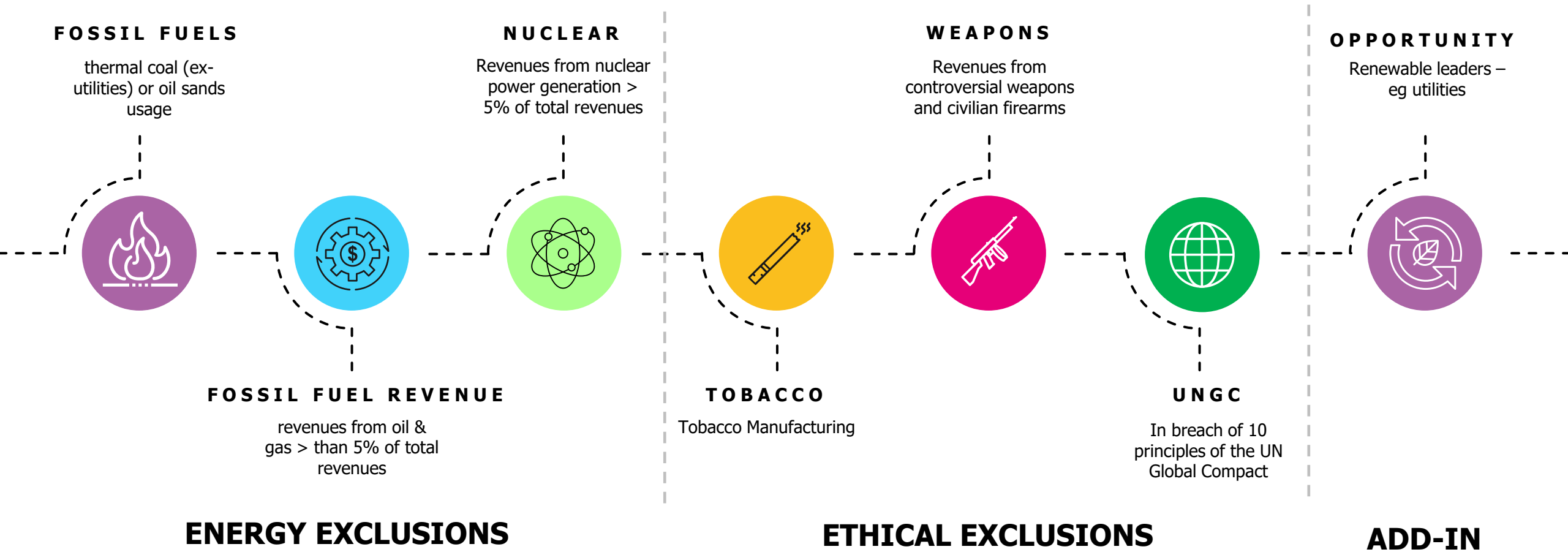
Minimum investment: \$5m (USD)

Fees: 0.2% management fee, No performance fee

Currencies available: USD/ GBP/ EUR

Liquidity: Daily

RESTRICTING THE SUPPLY SIDE



Osmosis Active Ownership

Engagement and stewardship is integral to our research process

We regularly engage with companies to:

Better understand the materiality, context and accuracy of their publicly disclosed data

Encourage and promote more transparent disclosure of carbon emissions, water consumption and waste generation

Improve the overall quality of their data and encourage a common industry standard



Osmosis achieved top scores for individual and collaborative engagement from the PRI in the [latest assessment](#)



2023 Engagement Highlights:



10774

Proposals voted on



666

Meetings voted at



96.5%

Client Shares Voted



51%

Shareholder proposals supported



342

Companies directly engaged