WELLINGTON MANAGEMENT®

Global Impact Bond report

AIMING TO GENERATE COMPETITIVE RETURNS AND POSITIVE IMPACT THROUGH PUBLIC FIXED INCOME MARKETS

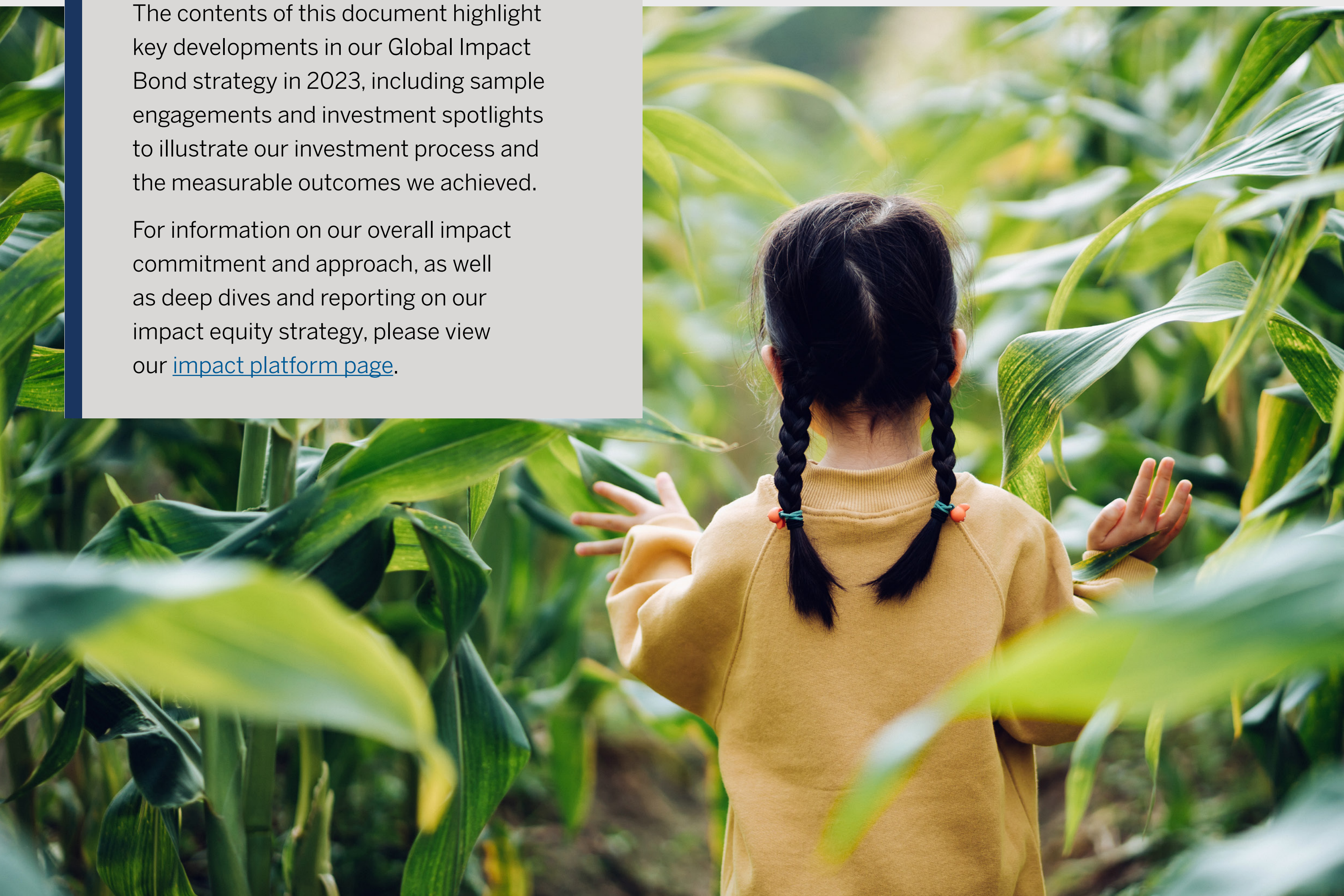
July 2024

Contents

EVOLUTION OF OUR IMPACT REPORTING

The contents of this document highlight key developments in our Global Impact Bond strategy in 2023, including sample engagements and investment spotlights to illustrate our investment process and the measurable outcomes we achieved.

For information on our overall impact commitment and approach, as well as deep dives and reporting on our impact equity strategy, please view our [impact platform page].



Message of commitment

We are excited to present our sixth report for Wellington's Global Impact Bond strategy. Six years is a long time in the world of sustainable investing, and much has changed since we launched our strategy. Our impact universe has expanded significantly. Standards have emerged for green bonds and funds labeled sustainable. Fixed income markets have embraced innovation and experimentation, directing financing toward sustainable outcomes, including through exciting new structures like blue bonds and renewable-energy securitizations.

What has not changed is our core goal of generating strong investment returns for our clients and supporting meaningful, measurable social and environmental progress. In our view, public fixed income markets are a powerful force for impact investing, with the potential to provide attractive returns while helping investors make a significant, lasting difference for people and the planet, at scale. We see increasing demand for initiatives that drive inclusive economic growth, safeguard natural capital, and promote well-being, particularly in underserved communities.

In 2023, investments in Global Impact Bond helped fund solutions that made a tangible difference across our 11 impact themes. Here are a few examples:

- **Affordable housing:** We supported an underserved portion of the housing market by providing vital financing for lower-income individuals and bringing liquidity to secondary markets.
- **Health:** We invested in hospitals that we believe provide valuable services to underserved patient populations that otherwise lack access to quality health care.
- **Education:** We invested in universities that outperform their peers in educating low-income students and preparing them for rewarding careers.
- **Financial inclusion:** We invested in a social bond, issued by Brazil's oldest bank, that significantly improves local access to capital. We also invested in issuance from Eastern European banks that provide credit to underserved communities in countries with less developed banking systems.
- **Alternative energy:** We backed the development of solar, wind, and hydroelectric facilities in emerging markets, investments that help finance the clean-energy transition.
- **Resource efficiency:** We engaged with several sovereign issuers on their evolving green bond taxonomies, and we invested in sovereign and corporate green bonds to support the issuers' energy transitions. We made a new investment aimed at data centers, where energy use has surged amid accelerating adoption of AI.

I am often asked: Does growing interest in sustainable investing hamper your ability to find good impact opportunities or deliver returns to your clients? My answer is an emphatic no because as interest expands, so too has the fixed income impact opportunity set, and this has enabled us to remain dedicated to and build upon our high standards of rigorous impact research, engagement, and measurement. In fact, we are developing new frameworks to improve our analysis of issuers that tend to be overlooked and underappreciated, such as quasi-sovereigns and securitized credit issuers.

We appreciate your trust in our team and in Wellington. We remain committed to generating both competitive investment returns and meaningful impact in 2024.

CAMPE GOODMAN, CFA
Portfolio Manager, Global Impact Bond

All investing involves risk. Investors should consider the risk that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of original investment. Please refer to the Risks section for more information.

Learn more about our impact platform
Impact measurement and management

Impact highlights

Investments in our fixed income portfolio have enabled companies to achieve the following impact:

3.7 million

Supplied or financed more than 3.7 million units of affordable housing

Equivalent to 7.2x the housing supply of Stockholm[1]

1.5 billion

Provided or treated more than 1.5 billion cubic meters of water

Equivalent to over 2% of Canada's annual freshwater consumption[2]

186 million

Provided health care products or services to more than 186 million patients and customers

Or 16x the average number of patients admitted annually to hospitals in Australia[3]

1.2 billion

Provided digital access to more than 1.2 billion people in developing countries

Equivalent to nearly 80% of Africa's population[4]

4 million

Provided education, training, and career support for 4 million people

Or 1.5x the number of students enrolled in higher education in Japan[5]

10.6 million

Supplied access to financial services to more than 10.6 million underserved individuals and businesses

Compared to 1.4 billion unbanked individuals globally[6]

45.5 million

Protected more than 45.5 million businesses and individuals with cybersecurity tools and technologies

Compared to 3,205 publicly reported data breaches in the US, which impacted more than 353 million individuals in 2023[7]

127.2 million

Avoided 127.2 million tonnes of greenhouse gas (GHG) emissions through renewable energy generation

Equivalent to 182.1 TWh of renewable energy generation[8]

116.4 million

Avoided 116.4 million tonnes of GHG emissions through improved resource efficiency and resource stewardship

Equivalent to 28 million fewer cars on roadways for one year[9]

63% of our holdings (as a percentage of market value) leverage a common KPI that can be aggregated. If a company or issuer does not report a figure that we believe aligns with one of our aggregated KPIs, we still monitor and report the individualized KPI over time, but do not include it the above aggregated statistics which we believe provide a conservative estimate of the impact our funds enable. All reported impact KPIs are obtained from publicly available information. We do not account for fund ownership stakes in the above calculations which represent 100% of the impact of the companies or issuers in which we invest. For each aggregated KPI we provide what we believe to be a relevant reference point. These are for context only and do not imply any equivalence for our KPIs regarding benefits delivered for society and the environment. | If 2023 data is not yet available, 2022 data has been used. Aggregated KPIs reflect the impact of the portfolio as of 31 December 2023. These data points do not constitute a data series and should not be compared to aggregated data points published in previous years due to changes in the portfolio holdings between each publication date. | All investing involves risk. Investors should consider the risk to their capital, before investing. These impact highlights relate to the representative accounts for our fixed income strategies, and is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. The value of your investment may become worth more or less than at the time of original investment. Please refer to the Important disclosures at the end of this document for more information.

[1]"Number of dwellings by region and type of building (including special housing). Year 2013 – 2023," Statistical Database, Official Statistics of Sweden. | [2]"7 Countries that waste the most water," Earth.org, 10 February 2021. | [3]"Admitted patients," Australian Institute of Health and Welfare, 16 May 2024 (2022 – 2023 figures).| [4]"Africa population," WorldOMeter, accessed 1 June 2024. | [5]"Record high number of female university students and faculty members in Japan," Nippon.com, 12 September 2022. | [6]"The Global Findex Database 2021," The World Bank. | [7]"2023 Data Breach Report," Identity Theft Resource Center (ITRC). The aggregated KPI should not be directly compared to the number of data breaches and people impacted. Instead, it should be used as an indication of scale. | [8]"Greenhouse Gas Equivalencies Calculator," United States Environmental Protection Agency, (data from 2021). | 9 Ibid. | Unless otherwise indicated, we use tonnes for metric tons throughout this report.

Impact investing trends and developments

ANAND DHARAN

Investment Director

OYIN ODUYA, CFA

Impact Measurement & Management Practice Leader

JOY PERRY

Investment Director

Wellington's impact investing teams actively participate in the impact ecosystem, not only through the products we manage, but also via industry events, working groups, and associations. In 2023, we observed the following trends:

GROWING INTEREST IN PUBLIC-MARKET IMPACT INVESTING

Increased participation from public-market investors at events led to richer discussions of best practices. In our conversations with clients, peers, and other stakeholders, we noted growing acceptance that collective effort and investment across asset classes is crucial for scaling the impact industry. A recent market-sizing survey by the Global Impact Investing Network (GIIN) found that impact investments in mature publicly traded companies increased from US$2.1 billion to US$17.9 billion from 2017 to 2022, a compound annual growth rate of 53%.[1]

We see the increasing availability of public-market impact strategies as a positive development for the industry, as it enables asset allocators to incorporate impact throughout their portfolios, not just in private markets. Our interactions with company boards and management teams indicate that they, too, are engaging in in-depth conversations about best practices in impact data calculation and disclosure.

GLOBAL POLICY TAILWINDS TRANSFORMING THE OPPORTUNITY SET

Policymakers globally are recognizing the urgency of identifying equitable solutions for climate-change mitigation, while directing funding to projects with the greatest emissions-reduction potential. These policy trends could transform how public markets are harnessed to finance sustainable outcomes, creating attractive investment opportunities. In the past year, we have observed:

- The continued rise of green industrial policy, as more countries experiment with new models for public/private collaboration at the intersection of climate resilience, economic development, and national security goals
- Growing support from multilateral development banks to close the projected multi-trillion-dollar shortfall for climate financing in emerging markets, including through closer private-sector collaboration and experimentation with blended-finance structures
- Increased governmental experimentation with green and transition taxonomies occasionally as part of comprehensive policy programs to direct resources to sustainable financing (e.g., Japan's GX strategy to reduce CO2 emissions from steelmaking)

Each of these policy trends has created investment or engagement opportunities for us. These include investing in solar asset-backed securities whose issuance is facilitated by government programs to scale renewable generation; investing in inaugural sovereign-green-bond issuances (after sharing feedback on green taxonomy best practices); and engaging with development banks on how their lending programs can more effectively finance the energy transition.

Across impact equities, we are seeing positive effects from the 2022 US Inflation Reduction Act on spending for low-carbon solutions in areas including clean electricity, transportation, and building construction and systems, as well as energy-efficiency technology. As a result, we expect to see increased spending on opportunities that fit within our Clean water & sanitation and Resource efficiency themes.

[1] Dean Hand et al., "2023 GIINSight: Impact investing allocations, activity, and performance," GIIN, June 2023.

TRANSPARENCY AND INTEGRITY ARE KEY PILLARS

As impact AUM has grown, so has scrutiny over the real-world social and environmental impact that impact asset managers claim their investments are making. Wellington's research-driven approach underpins the impact theories of change we document for each holding. The Impact Measurement & Management (IMM) Practice are thought partners to our impact investment teams during this process. As an example, to validate the positive social impact of our investments in emerging markets microfinance providers, the IMM Practice utilized the 60 Decibels 2023 Microfinance Index, an annual survey that provides high-quality, comparable social impact data on the effects of microfinance institutions. Using this data, they developed a research and engagement checklist highlighting key aspects of microfinance, including group lending services and customer longevity, which are typically associated with better social outcomes.

The IMM Practice also contributes to the GIIN's listed equities working group, which recently published guidance on best practices for pursuing impact in listed equities. This framework closely aligns with Wellington's IMM approach and is an important step toward defining impact in the context of listed equities. This definition helps asset allocators evaluate funds against a recognized, high-integrity standard, allowing them to make allocation decisions that can drive meaningful change while aiming to generate financial returns.

IMPACT MEASUREMENT GOES BEYOND THE DATA

While measurement remains a cornerstone of any credible impact investing product, it is equally important to consider how metrics are used. We are increasingly asked about impact analysis and management alongside data collection and reporting. Although 89% of impact investors consistently review each investment's impact performance, only 39% actively use impact data to enhance their processes and strategies.[2] Over the past year, we spent more time refining our systems and tools for impact management in support of our mission to make impact data easier to find and analyze by integrating KPIs into investor processes. The underlying objective of this work is to enhance the firm's research mosaic, facilitate investment discussion, and broaden real-world impact.

Challenges in measuring impact remain. The quality and consistency of disclosed data vary significantly across companies and sectors. A perpetual tension also exists between the development of bespoke KPIs that align with our theory of change or opting for simpler, output-based KPIs that are consistently disclosed. Transparency is also key here; while we may not always select the perfect metric, we aim to document the rationale behind our chosen KPIs consistently. Our ultimate objective is not to attain flawless impact data, but rather to recognize trends within that data. By doing so, we seek to help investors gain a deeper understanding of the real-world impact of their holdings and empower them to have more meaningful engagements with companies.

[2] "Benchmarking Impact Management Practice," BlueMark, May 2023.

2023 Industry participation and accolades

Phenix Capital Impact Summit
MARCH

PEI Impact Investor Global Summit
MAY

SuperReturn International
JUNE

GreenFin 23
JUNE

Reuters Sustainability Reporting Europe
SEPTEMBER

Square Mile Investment Conference
SEPTEMBER

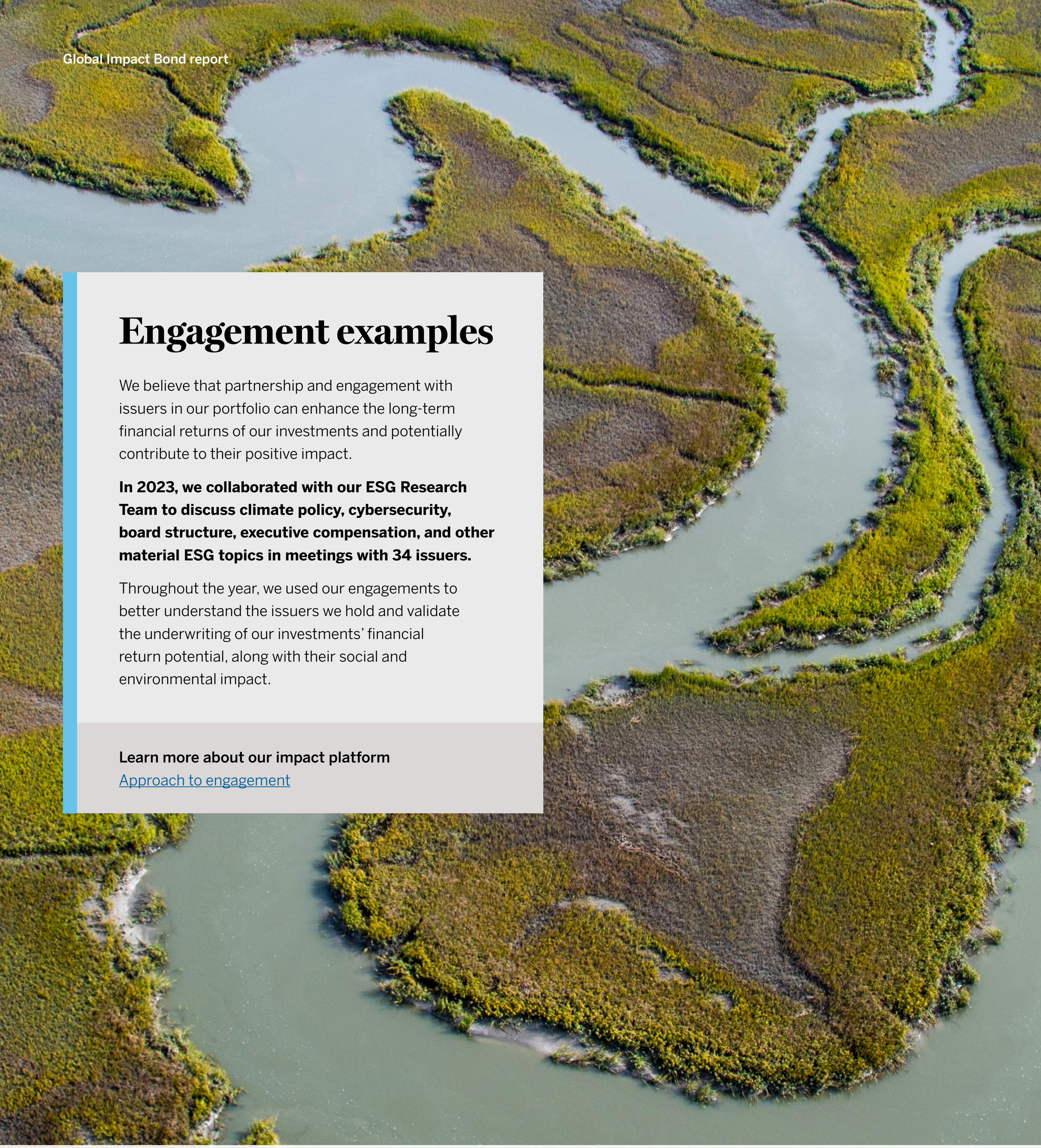
Conexus Top1000funds sustainability in Practice Forum
OCTOBER

GIIN Impact Forum
OCTOBER

PRI in Person Tokyo
OCTOBER

Environmental Finance
IMPACT Awards 2023
Winner
Impact investing platform of the year

Wellington Management did not pay a fee to be considered for this award. Winners were selected by Environmental Finance. This award was announced in March 2024 and is based on the following time period: 1 April 2022 to 30 September 2023. Wellington Management was the only winner in the Impact investing platform of the year category, and the selection methodology was determined by an advisory panel consisting of industry experts who reviewed a submitted written entry. Judges scored each entry individually and any conflicts of interest were removed. The award may not be representative of any one client's experience. The award is not indicative of Wellington Management's future performance. Past performance is no guarantee of future results.



Engagement examples

We believe that partnership and engagement with issuers in our portfolio can enhance the long-term financial returns of our investments and potentially contribute to their positive impact.

In 2023, we collaborated with our ESG Research Team to discuss climate policy, cybersecurity, board structure, executive compensation, and other material ESG topics in meetings with 34 issuers.

Throughout the year, we used our engagements to better understand the issuers we hold and validate the underwriting of our investments' financial return potential, along with their social and environmental impact.

Learn more about our impact platform
Approach to engagement

The examples shown on the following page are presented for illustrative purposes only and are not to be viewed as representative of actual holdings. It should not be assumed that any client is invested in the (or similar) examples, nor that an investment in the examples has been or will be profitable. Actual holdings will vary for each client, and there is no guarantee that a particular client's account will hold the examples presented. Please refer to the Important disclosures section for information on investment examples. | The companies mentioned comprise a partial list of all engagement meetings in which Wellington's ESG analysts and impact investing teams participated in 2023. The specific securities identified are not representative of all securities purchased, sold, or recommended for clients. This is not to be construed as investment advice or a recommendation to buy or sell any specific security. The engagement case studies presented are for illustrative purposes only. They are chosen based on meetings held during the year and our priority areas of focus, with the aim of giving insight into our process. There is no assurance the strategy would hold companies such as these or that they would be profitable in the future.

SAMPLE ENGAGEMENTS FROM 2023

ENVIRONMENT (E)

We engaged with several sovereign debt offices on climate policy and sustainable debt issuance. With an Eastern European sovereign issuer, we sought to learn more about the country's progress and ambitions to improve its energy mix. We discussed the government's goal of increasing the share of renewable energy sources, mainly through more solar and hydroelectric energy production. We also wanted to know how the country planned to curb emissions from one of its largest contributors: the transportation sector. We were impressed to learn of tangible steps the country was taking, like transport planning, incentives for the use of energy-efficient technologies, and subsidies for public transport. The engagement facilitated a deeper understanding of the country's sustainability progress and made us comfortable that foreign investment could help the country meet its goals in a timely manner. The nation has already begun making positive environmental improvements through its climate policy. We will continue to monitor both its progress and opportunities for us to provide financing in ways that align with our performance objectives.

SOCIAL (S)

We engaged with a health care provider in early 2023, just after it had suffered a major cybersecurity attack toward the end of 2022. The issuer is a not-for-profit health system that includes 170 hospitals across 24 US states. The cyberattack forced several of its facilities to completely shut down their electronic health record (EHR) systems, impacting a large swath of operations.

The shutdown lasted approximately one month, during which the affected hospitals and other clinical locations had to shift to paper processes before gradually bringing systems back online location by location. Since the issuer had been planning to issue debt around the time of the cyber incident, we had an opportunity to engage on the details of their response and preparedness. We involved Wellington's chief risk officer in our dialogue to help us assess the prudency of the issuer's actions, speed to resolution, and overall approach. We also discussed the issuer's plan to move forward and the early financial implications of the breach. All of this gave us the confidence to continue lending to the issuer. We followed up throughout the year as the full financial impact of the attack became clear during the EHR recovery. While the cost was significant, the issuer has since recouped most of the funds from its insurers. We remain an investor and with high conviction in our impact thesis and in the issuer's material ESG characteristics.

GOVERNANCE (G)

We engaged with a telecommunications company that provides internet access to low-income families across North America. We had concerns about the issuer's board structure and potential overboarding. During the engagement, we also discussed an upcoming board member election. We expressed our view that acting executives should hold board seats at no more than three organizations. We raised concerns about the potential reelection of one board member and were reassured to learn that this individual would soon be relinquishing a board seat at another company. This, along with the value we believe the individual offers the board, alleviated our overboarding concern. Following several more engagements, this issuer has also demonstrated progress in restructuring its board, with 90% of top management positions now independent and 22% diverse, as of this writing. The issuer has shown receptiveness to shareholder and bondholder feedback, including changing its compensation structure to align more closely with shareholder interests. We will continue to monitor and engage with the management team on its plans to evolve governance and board structure.

IMPACT (I)

We engaged with a development finance institution (DFI) to learn how the issuer could expand the impact of the projects it is financing. Investments in development banks can improve economic, social, and environmental outcomes, often through job creation and other ways of driving sustainable growth. Through this engagement, we sought to understand the issuer's financing of nuclear power production, an area we have historically avoided, given our preference for pure-play renewable energy sources. We discussed how nuclear energy will likely be a significant part of the global low-carbon energy transition, and its central role in select countries' climate strategies. To better assess the eligibility of this DFI's bonds for our portfolio, we outlined our need for more detailed disclosure on its lending book. We remain engaged with this issuer on the topic of disclosure.

More broadly, we engaged with several sovereign issuers on promoting better standards in sustainable debt markets. With the debt office of a developed market sovereign, we discussed the framework for its upcoming green bond. We provided feedback on the core elements of the proposed framework, including use of proceeds (UOP), lookback period, impact reporting, and external review. We highlighted the need to align the green bond's UOP with the country's broader climate agenda and highlighted the need to understand its climate policies. Specifically, we seek to invest in labeled bonds of sovereign issuers that we believe have credible targets and policies. Our feedback was well received, and the sovereign's debt office expressed a desire to continue the dialogue as it gets closer to issuance.

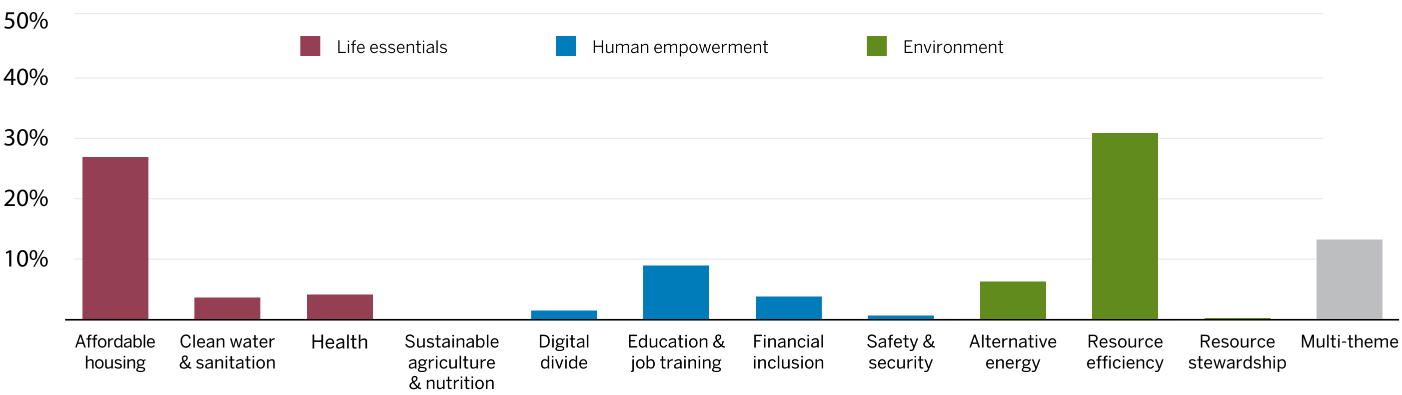
Thematic allocation and UN SDG alignment

Wellington's Global Impact and Global Impact Bond teams support the 17 United Nations Sustainable Development Goals (SDGs) and believe that the private sector has an integral role to play in bridging the funding gap to achieve them. In 2015, we launched Global Impact, our first impact approach, followed by Global Impact Bond in 2019. Through extensive research and consultation, we developed our 11 impact themes aimed at identifying the key forces driving a just transition to a sustainable future. When the SDGs were adopted, we were pleased to see how closely our themes overlapped.

We invest in companies and issuers aligned directly with our proprietary impact themes and denote the relevant SDG and specific target(s) to which they contribute. We do this to better contextualize their activities alongside the efforts of other financial, government, and nongovernment organizations. In our view, reporting by asset managers on SDG alignment helps governments and market participants assess the amount of private capital that is funding progress toward the goals.

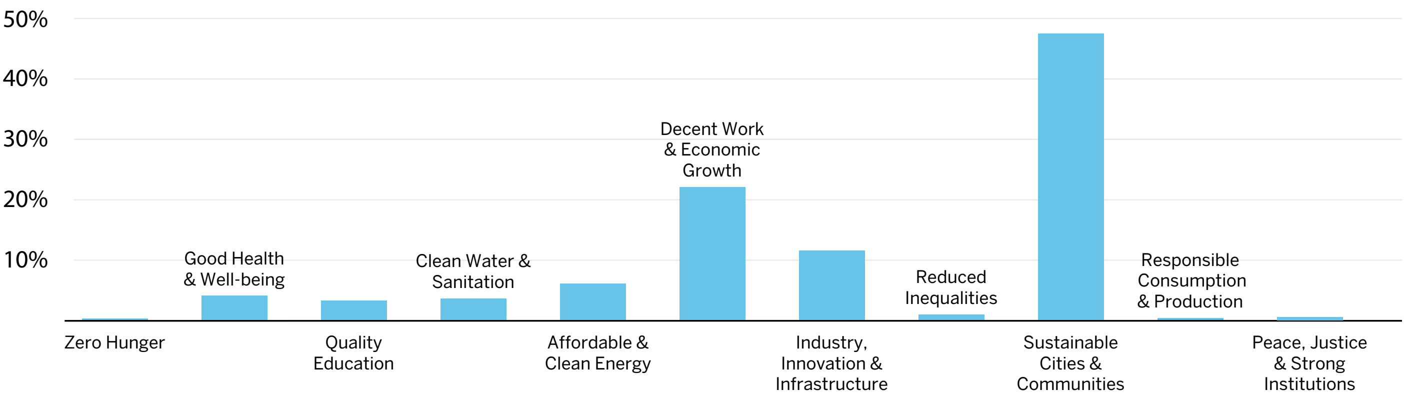
While our investments may not directly cover some SDGs, we believe they can represent indirect pathways to progress. Bridging the digital divide and expanding financial inclusion, for instance, may enhance gender equality and reduce inequalities (SDGs 5 and 10).

2023 REPRESENTATIVE ACCOUNT EXPOSURES BY THEME (WEIGHT, %)



Data as of 31 December 2023 | Source: Wellington Management

2023 PRIMARY SDG DISTRIBUTION (WEIGHT, %)



Data reflects primary SDG for each holding. The graph shows the distribution of the representative account for our impact bond strategy across each primary SDG as of 31 December 2023. Holdings can have more than one secondary SDG. Our impact bond approach supports SDG 17 at the strategy level. We do not manage the portfolio to any targeted level of alignment with regard to the UN SDGs. | The data shown relates to representative accounts, is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. | Totals may not agree due to rounding. Excludes cash, cash equivalents, interest-rate, and currency derivatives. | Sources: FactSet, Wellington Management. | Please refer to the Important disclosures page for additional information.

Labeled bonds: Insights and update

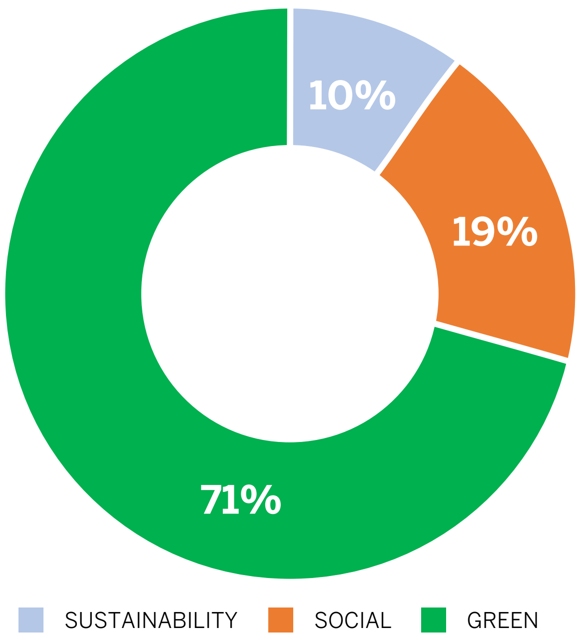
As of 31 December 2023, approximately half of the Global Impact Bond portfolio consisted of labeled bonds, including green, social, and sustainable, with a significant allocation to green bonds issued by sovereigns and government-related entities. These bonds predominantly fund projects that we believe have positive environmental and social impacts, promote financial inclusion, and stimulate economic growth. For instance, the German government's green bond (Bundesrepublik Deutschland) allocated €17.25 billion in 2023, with half of the funding intended for eco-friendly transportation and alternative fuel technologies.[1]

The quality of impact reporting has improved significantly in the labeled bond market. This, combined with total issuance exceeding US$4 trillion since inception (as of year-end 2023), has increased our confidence in the market's maturity.[2] To ensure that our portfolio aligns with our materiality, additionality, and measurability impact criteria, we use a robust framework to assess the suitability of labeled issuance. Wellington's proprietary labeled bond model enables us to evaluate published impact reports and map the use-of-proceeds to International Capital Market Association (ICMA) categories. Using these categories, we determine the primary impact theme for each labeled bond.

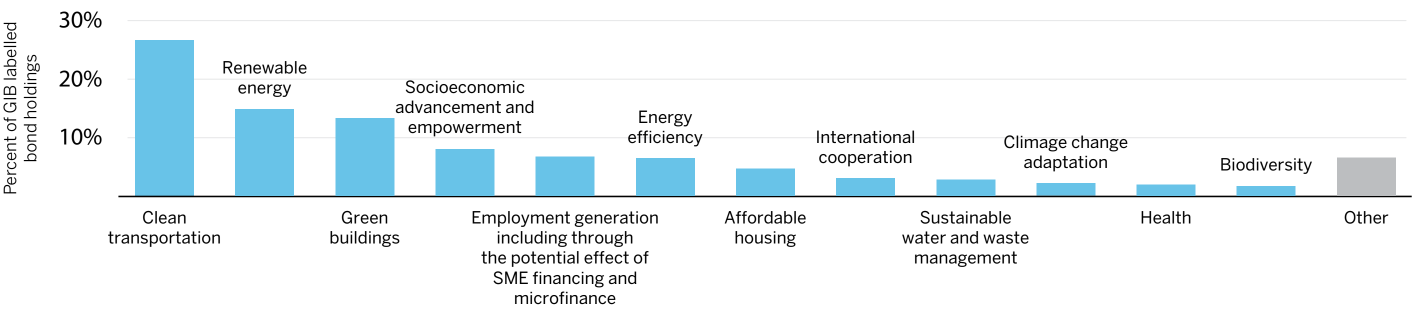
INCREASING FOCUS ON BIODIVERSITY

While investments in biodiversity projects are still less common, the portfolio held 15 issuers that have allocated funds to this ICMA impact category. Notable examples include a UK government's green bond that supports agri-environmental schemes, and a green bond issued by the government of Italy that aids the protection of marine areas, national parks, and public nature reserves.[3] We also hold bonds allocated to projects supporting ecosystem protection and restoration. These include funding for renewable energy projects that mitigate the negative impacts of climate change and financing for water and waste management solutions that prevent marine pollution. We believe biodiversity protection is an increasingly significant impact area, and we hope to see more issuers allocate funding to critical biodiversity initiatives.

BREAKDOWN OF LABELED BONDS HELD IN GLOBAL IMPACT BOND PORTFOLIO BY MARKET VALUE (%)



GLOBAL IMPACT BOND PORTFOLIO'S EXPOSURE TO THE ICMA CATEGORIES



Note: The denominator of this calculation is the number of labelled bonds held (not total bonds held in GIB portfolio).

[1]Green bond allocation report 2023, German Federal Ministry of Finance, March 2024. | [2]"Green, Social and Sustainability (GSS) Bonds Market Trends," Mainstreet Partners, Winter 2024. | [3]"UK Green Financing Allocation and Impact Report," HM Treasury, UK Debt Management Office, September 2023; "BTP Green Allocation and Impact Report 2023," Italian Department of the Treasury. | Source: Wellington Management | Data as of 31 December 2023

Impact themes and investment spotlights

Wellington's impact investing teams invest globally across three broad impact categories — Life essentials, Human empowerment, and Environment — which we then divide into 11 impact themes. Impact opportunities can represent innovative solutions across sectors, asset classes, and market capitalizations. All impact investments must meet our thresholds for materiality, additionality, and measurability. That is, companies must generate most of their revenue from products and services related to at least one of our impact themes; the impact they generate must have a low prospect of being achieved by other means; and we must be able to track and measure the impact.

Once we determine whether a company meets our impact criteria, we add it to our opportunity set. In parallel, our fundamental analysis seeks to identify those investments with the most attractive long-term return potential.

Learn more about our impact platform
[Impact themes]
[Impact measurement and management]

On the following pages, we share sample 2023 fixed income investment spotlights, highlighting one theme in each category.

OUR IMPACT THEMES

LIFE ESSENTIALS
- Affordable housing
- Clean water & sanitation
- Health
- Sustainable agriculture & nutrition

HUMAN EMPOWERMENT
- Digital divide
- Education & job training
- Financial inclusion
- Safety & security

ENVIRONMENT
- Alternative energy
- Resource efficiency
- Resource stewardship

IMPORTANT NOTE

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

For all investment spotlights, Wellington's impact investing teams determine the UN SDG goals and targets that, in our view, each portfolio issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Sources for SDG logos and targets: Wellington Management, www.un.org | Wellington Management supports the UN SDGs.

THEME OVERVIEW

Affordable housing

SCALE | ACCESSIBILITY | RESOURCES

LIVING CONDITIONS

By 2030, 40% of the world's population may lack adequate housing, meaning an estimated demand for 96,000 new housing units per day.[1]

POVERTY REDUCTION

In the last 10 years, US home prices rose by an average of 1.5 times household income. Today, 52% of households spend 30% or more of their income on housing, a potentially unsustainable quantum.[2]

Demand for affordable housing, driven by the ongoing increase in urban dwelling, intensified in 2023. Rising rents and home prices often outpace household income growth. At the same time, a diminishing supply of options compounds the challenge for low- and middle-income households. With inflation continuing to drive up the cost of goods and services, low-income households, which typically spend a higher proportion of their income on essentials such as housing costs, are hit hardest.[3] Government responses to housing vulnerability have been patchy and slow, exposing many households to increasingly precarious situations.

We see affordable housing as an ongoing essential need that can accrue health and wellness benefits to families and communities while creating and sustaining economic value. We believe access to safe, affordable housing allows people to focus more on their overall well-being — health, education, and career-building — and less on basic survival. Put another way: Access to safe, affordable housing may lead to better educational outcomes, higher earning potential, and lower health care costs. In our view, investments in this category also have long-term growth potential and expanding addressable markets.

In 2023, in the fixed income portfolio, we held significant positions in mortgage-backed securities from the US-government-sponsored enterprises that back over 70% of the residential mortgage market in the US. We also invested in debt issuances from financial institutions in the UK and France that are leaders in supporting customers at every stage of life and facilitating origination of affordable mortgages.

[1] "Housing," UN-Habitat.

[2] "Why the new starter home is a rental for many low and middle-income households?", "World Economic Forum.

[3] Peter Hourston, "Cost of living crisis," Institute for Government, 7 February 2022.

PORTFOLIO INVESTMENT SPOTLIGHT

Fannie Mae

IMPACT THEORY OF CHANGE

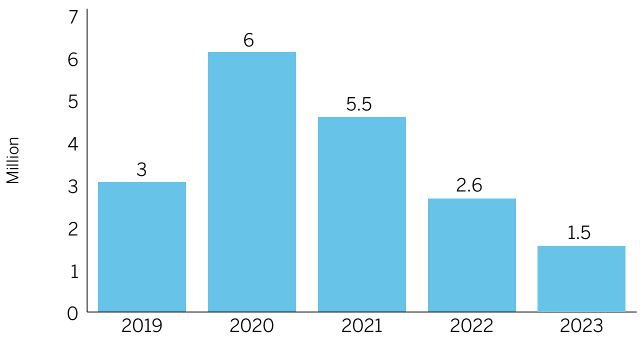
As home prices and mortgage rates continue to rise, outpacing wage growth, an increasing number of US citizens can find it difficult to afford a home. The Federal National Mortgage Association (Fannie Mae) offers mortgage financing solutions to homeowners and lenders in the US. It operates programs that can help reduce common barriers to home ownership, including cost of downpayment or low credit scores, and it guarantees timely payments of principal and interest to lenders, even in cases of borrower defaults. In our view, investing in Fannie Mae helps contribute to a stable, liquid, and affordable US mortgage market, which can lead to broader financial and social benefits.

FIVE DIMENSIONS OF IMPACT

What	Improved lives and communities via access to mortgages for low-income households
Who	Provided 1.5 million US households with mortgage-backed securities in 2023[1]
How much	Supported single-family and multifamily housing via US$369 billion in liquidity to the mortgage market in 2023[2]
Contribution	As of 2023, owned or guaranteed 25% of single-family mortgage loans and 21% of the outstanding multifamily mortgage debt in the US[3]
Risk	Execution: Ability to adapt to a changing mortgage market with flexible products and processes

PROGRESS OF CORE KPI

Number of households supported



Source: Fannie Mae 2023 Annual Report.

Year of investment: 2018
Three-year annualized change in core KPI: -37%
Assessment: Does not meet expectations

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

TARGET 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

QUALITATIVE ASSESSMENT

Lack of affordable housing affects millions of low-income American households. In 2023, the share of homes for sale deemed affordable for the typical US household dropped to a record low 15.5%, down from 20.7% in 2022 and 40% prior to the COVID-19 homebuying boom.[4] Remote work, rising interest rates, and supply chain disruptions have all contributed to the shortage.[5] Fannie Mae's continued support of the secondary mortgage market helps increase the availability of mortgage credit, lowering the cost of borrowing for homebuyers in this challenging environment.

When evaluating Fannie Mae's impact performance, we measure the number of households supported by liquidity from the mortgage market. We acknowledge that the KPI has declined each year since 2020, owing to challenging macroeconomic conditions, including rising interest rates and housing prices, as well as a low mortgage-origination environment. Despite these challenges, we still believe the issuer is fulfilling its mission to deliver positive community outcomes for renters and homeowners. This KPI also cannot fully capture the broader social benefits of affordable housing, including reduced homelessness, increased employment, and improved health care.[6]

ENGAGEMENT PRIORITIES

During the third quarter of 2022, we engaged with Fannie Mae to provide feedback on its proposed Single-Family Social Index. We were pleased that the issuer recognizes and is trying to quantify the social impact of its activities with this index, thoughtfully considering borrowers' data privacy. In the future, we would like to engage with Fannie Mae to better understand the underlying reasons behind the decline in the number of households supported since 2020 and how they might reverse this trend.

[1]"Annual Report," Fannie Mae, 2023. | [2]Ibid. | [3]Ibid. | [4] Anna Bahney, "Mortgage rates in America dropped to their lowest level since June," CNN, 21 December 2023. | [5]"Boosting housing production is best way to ease the affordability crisis," National Association of Home Builders, 9 February 2023. | [6]"The economic impact of building social housing: A Cebr report for Shelter and the National Housing Federation," Centre for Economics and Business Research, February 2024.

THEME OVERVIEW

Digital divide

INFORMATION ACCESS | COMMUNICATIONS INFRASTRUCTURE

INTERNET ACCESS

In 2023, internet usage in high-income countries reached 93% of individuals, compared to 27% in low-income countries.[1]

AFFORDABILITY

Mobile broadband is also 20 times less affordable in low-income countries than in high-income countries.[2]

Digital inclusion can help improve educational and employment outcomes by enabling people to acquire knowledge, collaborate, and access opportunities online. It can also improve social inclusion, reduce structural inequality, and create avenues for empowerment and participation in the economy. We believe digital services should be affordable and accessible to everyone, regardless of their abilities or where they live. People and businesses without access to reliable digital services risk falling behind their peers financially and socially. Digital penetration remains a challenge in many places, however, with connectivity in rural areas and developing countries still unequal or nearly nonexistent. Despite the acceleration of online access during the COVID-19 pandemic, 2.6 billion people around the world are still offline, with low-income countries the most affected.[3]

In 2023, we continued to invest in a pan-African telecommunications provider that plays a critical role in enabling financial inclusion across the continent. We also invested in a provider of cell tower infrastructure in Africa that has been progressively powering its towers with renewable energy. Both companies have been receptive to our engagement, including through in-person visits to their operations in Tanzania and the Democratic Republic of Congo, respectively. We also continued to invest in a US internet domain registrar for which a significant portion of revenues comes from assisting small businesses seeking to gain an online presence.

[1] "Facts and Figures 2023: Internet use," itu.int, 2024.
[2] "Facts and Figures 2023: Affordability of ICT services," itu.int, 2024.
[3] "Facts and Figures 2023: Internet use," itu.int, 2024.

PORTFOLIO INVESTMENT SPOTLIGHT

Axian Telecom

IMPACT THEORY OF CHANGE

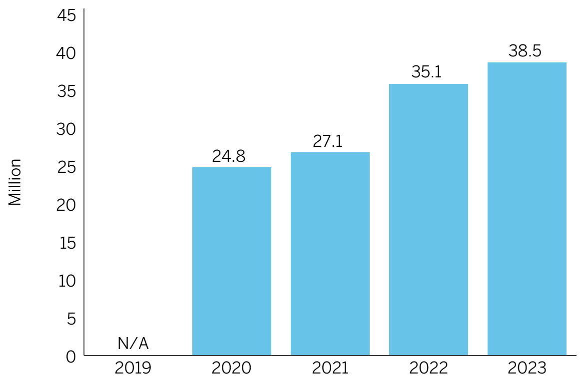
Axian Telecom, a prominent player in Africa's digital transformation, enables increased telecommunication services for underserved consumers. Despite progress, the continent still grapples with insufficient digital coverage and accessibility. In 2023, just 37% of Africa's population had internet access, significantly below the global average of 67%, and a substantial urban/rural divide in internet usage persists, with urban residents more than twice as likely to be online.[1] The company's comprehensive approach can help bridge the digital divide. Its services, which encompass mobile and fixed networks as well as vital telecommunications infrastructure, are tailored to each country's specific needs.

FIVE DIMENSIONS OF IMPACT

What	Connecting the unconnected and underserved to digital services
Who	Connected 38.5 million people in 2023[2]
How much	Provides tailored digital services to seven African countries[3]
Contribution	Helping to increase the number of African connected to the internet
Risk	Execution: Overcoming awareness and affordability challenges to scale high-quality fiber coverage to those who can access it.

PROGRESS OF CORE KPI

Number of emerging market customers provided with digital access



Source: Q3 2023 unaudited results, Axian Telecom, 28 November 2023.

Year of initial investment: 2022
Three-year annualized change in core KPI: 16%
Assessment: Meets expectations

UN SDG ALIGNMENT Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

TARGET 9.C Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

QUALITATIVE ASSESSMENT

By considering the entire digital landscape and country-specific needs, Axian Telecom plays a vital role in bridging the digital divide and expanding internet inclusion. In Madagascar, the company has increased coverage and developed the country's first baking platform, MVola, melding technology and finance to accelerate societal inclusion.

Axian Telecom's operations in Tanzania, where it has more than a 30% market share, contribute significantly to the company's revenues.[4] The World Bank found significant positive effects for Tanzanians after three or more years of internet use; specifically, expanded economic opportunities, which reduced extreme poverty by 7%, and an 8% increase in labor force participation.[5] These findings underscore the contribution Axian Telecom's connectivity services can make to poverty reduction, economic empowerment, and inclusive growth.

We are pleased to see Axian Telecom's continued growth in subscriber numbers. While we recognize that access does not automatically translate to usage, we believe the company's tailored digital services demonstrate its commitment and contribution to meaningful connectivity across Africa.

ENGAGEMENT PRIORITIES

In late 2022, we visited Dar es Salaam to engage with Axian Telecom in person on its acquisitions of sites in Tanzania from Millicom. We were impressed by the company's integration efforts following the acquisition. We learned that it would develop 1,300 new 4G sites to help improve mobile penetration from 90% to 95% by 2025 and build 600 new 5G sites to help fulfill the Tanzanian government's "Data for All" program. We believe this ambitious expansion of telecom provision in the largest country in East Africa will help address rapidly growing demand for broadband and mobile financial services.

[1]Internet use, Facts and Figures 2023, ITU, 2023. | [2]FY 2023 unaudited results, Axian Telecom, 23 April 2024. | [3]Investor presentation, Axian Telecom, November 2022. | [4]Nelson Malanga, "Market share of telecoms operating in Tanzania," The Citizen, 2 September 2022. | [5]Adekunle Agbetiloye, "Internet access reduced poverty by 7% in Nigeria and Tanzania in 2023 – World Bank," Business Insider Africa, 21 January 2024.

THEME OVERVIEW

Alternative energy

RENEWABLE ENERGY GENERATION | STORAGE AND DISTRIBUTION

GHG EMISSIONS

Electricity accounts for 28% of annual GHG emissions.[1]

LOW-CARBON ELECTRICITY

Capacity expanded by nearly 50% in 2023, reaching 510 GW, the fastest pace of growth in the last 20 years.[2]

The December 2023 UN Climate Change Conference of the Parties saw continued cooperation and negotiations for climate targets. The United Arab Emirates pledged US$30 billion to support global climate solutions,[3] while 118 companies committed to tripling renewable energy capacity by 2030.[4] Despite this significant progress, there is still a long way to go to prevent further irreversible social and environmental damage caused by GHG emissions.

The shift toward alternative energy is an opportunity for investors to have a positive impact while potentially earning attractive financial returns. The US Inflation Reduction Act's tax incentives have resulted in US$282 billion in clean energy investment across 280 projects.[5] The European Commission launched its Wind Power Package, with the aim of fortifying Europe's wind industry, enhancing energy security, and meaningfully contributing to climate and energy goals.[6] Generating more energy from renewable sources helps reduce GHG emissions, slow global temperature rise, and clear polluted air over time. Because ambient air pollution from fossil fuel use is estimated to cause more than five million deaths per year, transitioning to clean energy carries significant social and health benefits as well as environmental ones.[7]

In the fixed income portfolio, we focused on green bonds issued by financial institutions that we believe are peer-group leaders in financing renewable energy projects. Financial institutions can help advance the energy transition, and we believe such lending activity is consistent with their fiduciary obligations to shareholders. We invested in green bonds from banks in the US, Europe, and emerging markets, collaborating with our equity and ESG research colleagues to understand companies' broader transition-finance strategies underpinning these issuances. We also continued to invest in labeled and general-purpose bonds from issuers involved in the generation of renewable energy and manufacturing renewable equipment, including in emerging markets.

[1] "The Five Grand Challenges," Breakthrough Energy.

[2] "Executive Summary, Renewables 2023," International Energy Agency.

[3] William James, "UAE president announces $30 bln fund to bridge climate finance gap," Reuters, 1 December 2023.

[4] Kate Abnett et al., "Countries promise clean energy boost at COP28 to push out fossil fuels," Reuters, 2 December 2023.

[5] Joseph Lelieveld et al., "Air pollution deaths attributable to fossil fuels: observational and modelling study," The British Medical Journal (BMJ), 29 November 2023.

[6] "Wind Power Package: game-changer for Europe's energy security," Wind Europe, 24 October 2023.

[7] Joseph Lelieveld et al.,"Air pollution deaths attributable to fossil fuels: observational and modelling study," BMJ, 29 November 2023.

PORTFOLIO INVESTMENT SPOTLIGHT

Bank of America

IMPACT THEORY OF CHANGE

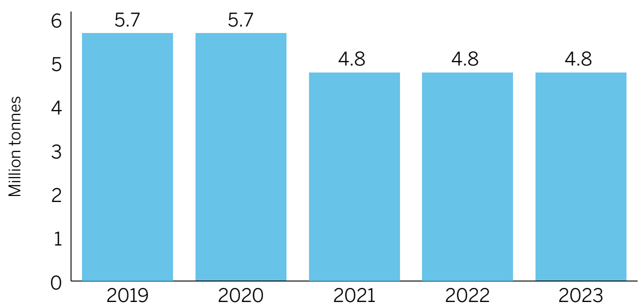
Banks can play a key role in facilitating the transition to a clean-energy economy, particularly when economically feasible and supported by policy tailwinds. Bank of America has issued green bonds dedicated to financing renewable energy projects, with a focus on wind and solar power. The initiatives accelerate the low-carbon transition and can mitigate the effects of climate change.

FIVE DIMENSIONS OF IMPACT

What	Climate-change mitigation through investments in renewable energy
Who	People and the planet through the decarbonization of global energy supply
How much	Directed over US$7 billion of green bond proceeds to low-carbon energy projects since 2013[1]
Contribution	Green bonds helped avoid an estimated 4.8 million tonnes of CO2 emissions in 2023[2]
Risk	External: Weather conditions may undermine the production of renewable energy and the associated emissions avoided

PROGRESS OVER TIME OF CORE KPI

GHG emissions avoided



Source: Bank of America | Author's note: We calculate the annual GHG emissions avoided by considering the impact of each bond that is outstanding during a given year. We do not factor in the impact of bonds that have already matured. Additionally, for the 2023 value, we include the estimated annualized impact based upon prior full-year data.

Year of initial investment: 2023
Three-year annualized change in core KPI: -5.5%
Assessment: Meets expectations

7 AFFORDABLE AND CLEAN ENERGY

UN SDG ALIGNMENT Affordable and Clean Energy

TARGET 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

QUALITATIVE ASSESSMENT

We believe scaling up financing for renewable energy solutions can help reach the goal laid out at COP28 of tripling renewables capacity by 2030.[3] Bank of America has issued six corporate green bonds over the past decade, raising a total of US$7.43 billion for renewable energy projects.[4] While we only held the latest green bond (issued in June 2023), we measure and aggregate the avoided emissions for the pool of active green bonds, to present a consistent time series for our core impact KPI.

We acknowledge that the core KPI has declined slightly since 2019, mainly due to the maturation of the 2020 and 2022 bonds (with associated emissions avoidance removed from the time series). We believe that Bank of America's investment partnerships with renewables businesses are continuing to help accelerate the clean energy transition by increasing available capital for wind and solar projects, and so are happy to continue holding the bonds. As an example, the issuer has partnered with Vivint Solar, a prominent provider of residential solar systems in the US. This partnership led to the purchase of up to 100 megawatts of power from future residential solar systems across 16 states and helped avoid 20,000 tonnes of CO2e compounds,[5] equivalent to removing more than 4,400 cars from the road.[6]

ENGAGEMENT PRIORITIES

While we are impressed with the impact of Bank of America's green bonds, we plan to use future engagements to obtain more consistent impact datapoints. Specifically, we would like to see the annual estimated CO2 avoided for each bond, which would allow us to track progress more accurately. Additionally, we are interested in learning more about how Bank of America maintains its partnerships with renewable energy companies to ensure long-term environmental impact.

[1]ESG-Themed Issuance, Bank of America, 2023. | [2]Ibid. | [3]"Massive expansion of renewable power opens door to achieving global tripling goal set at COP28," International Energy Agency, 11 January 2024. | [4]ESG-Themed Issuance, Bank of America, 2023. | [5]Vivent Solar, Inc., Solar PV Power Program, Bank of America ESG-Themed Issuance. | [6]"Greenhouse Gas Equivalencies Calculator," United States Environmental Protection Agency, updated January 2024.

Important disclosures

ABOUT THIS REPORT

Data provided is as of 31 December 2023.

The views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. The material and/or its contents are current as of 31 December 2023. Forward-looking statements or estimates may be made. Actual results and occurrences may vary significantly. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington's Impact Investing Team determines the goals and targets that, in our view, each portfolio company is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Wellington Management supports the United Nations Sustainable Development Goals. These are not to be construed as a recommendation of any of the specific securities presented or indicative of their past or future performance.

Investment examples are based on holdings of the representative account from 1 January to 31 December 2023. For Global Impact Bond, the representative account shown became effective on 1 May 2019 because it was the only account at the time of selection. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described.

Company examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as a recommendation or advice. Portfolio spotlight examples are based on nonperformance criteria. For Global Impact Bond, the largest position in each impact theme is selected. If the largest position was highlighted within the past two years, then the second-largest position in a theme is selected. If the largest two positions in a theme have been highlighted in the past two years, then a new position within the theme is selected. If there is more than one additional company, or no new positions in the theme, the largest trade is highlighted (based on the number of shares).

- Holding was largest by size in the theme in the portfolio as of 31 December 2023: Fannie Mae
- Largest holding had been previously highlighted in either the 2021 or 2022 report, but for 2023, we used the second-largest position in the theme: Bank of America Corp; Axian Telecom

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

INVESTMENT RISKS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IMPORTANT INFORMATION

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