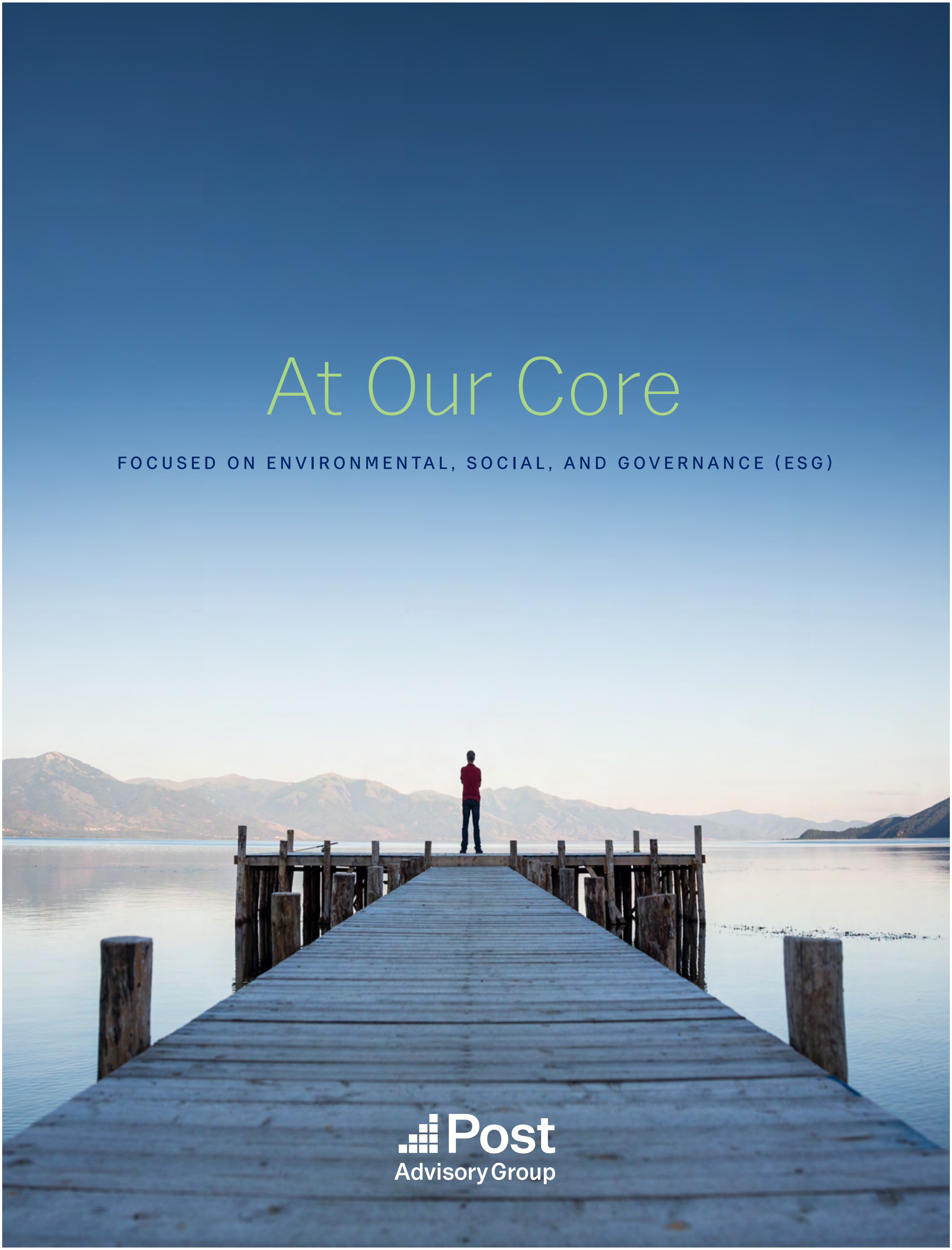
At Our Core

FOCUSED ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)



Post Advisory Group

To our clients and stakeholders,

At Post, we are focused on generating strong and consistent performance for our clients, with an eye towards avoiding "left tail" risk — especially defaults. The financial returns we achieve are driven by our well-defined underwriting process, which is underpinned by in-depth, bottom-up fundamental research. As I think through our due diligence practices and the questions we ask to evaluate credit investments, I recognize many of them are ESG-related and are often at the core of our analysis: Are the company's products (or services) viewed positively or negatively by the consumer? Does the company have a history of safety issues, labor conflicts, or litigation? Does the company regularly and transparently disclose information and engage with investors? These are just a few examples of the important questions we ask to evaluate the risk profile of each management team, business model, and industry.

As we started on our ESG journey years ago, we began to appreciate that our inquiries were not only focused on mitigating downside risk — they were directly related to what our industry now commonly refers to as ESG risks. We realized that we could improve our diligence efforts by formally integrating an ESG framework into our investment process. Taking it a step further, we discerned that the framework could shed light on a company's positive attributes as well. By viewing investment decisions through the ESG lens, we can more effectively assess each opportunity — both the downside and the upside — resulting in more thoughtful credit selection and better risk-adjusted performance for our clients.

With this perspective, we set out to further our ESG education and gain insight to how the criteria could be used to improve investment outcomes, keeping in mind our clients' investment objectives are often principally driven by performance considerations. We developed our own Responsible Investing Policy, armed our investment team with tools and training, and began documenting examples where ESG factors were a meaningful consideration in the investment process. Acknowledging that our ESG efforts require constant innovation, we created an internal ESG group comprised of senior management and investment team members with the mandate of setting the course and strategy for Post's future ESG initiatives.

Recently, we have expanded our toolset: adding carbon footprint analytics, vetting third-party ESG data providers, and introducing our own proprietary ESG Scorecard, which evaluates businesses across sixteen key topics. We have enhanced our engagement with issuers in areas such as governance, disclosure, environmental best practices, and employee relations, in order to ensure these important issues are brought to the attention of senior management running the companies in our portfolios.

I firmly believe ESG is not only important in our investment process, but also to our firm. We are committed to diversity and inclusion and believe our team embodies these values. I am proud that over 50% of our full-time employees are minorities and approximately 40% are women. Post is also committed to supporting non-profit organizations through annual initiatives and permanently reducing our consumption of precious natural resources where possible.

More than a decade ago, we began a journey that continues to this day — improving our ESG process with the objective of enhancing risk-adjusted investment performance for our clients. As standards evolve, we will continue to refine our approach and believe this will further enhance the overall risk/reward profile of our portfolios and encourage management teams of businesses in which we are invested to increase their positive impact on the world.

JEFFREY STROLL
CHIEF INVESTMENT OFFICER
OCTOBER 2023

Post Advisory: Who We Are

We are a leading global multi-strategy, value-oriented, active credit manager with over $15 billion in assets under management. Through our investment platform, we offer a broad range of high yield and senior loan investment strategies, which can be customized to specific risk and duration profiles. Within each of our core investment strategies, we also offer clients additional flexibility to customize portfolios to meet their unique investment objectives, including the integration or exclusion of ESG objectives.

INVESTMENT APPROACH

Our time-tested investment process seeks to identify high-quality businesses that operate in attractive industries with lower risk characteristics versus other issuers — traits we believe result in superior long-term performance attributes. This is done through a proprietary investment approach focused on:

- Rigorous bottom-up fundamental credit research, integrated with Environmental, Social, and Governance (ESG) considerations
- A top-down macro and technical overlay to enhance risk management and tactically position portfolios for strong relative and absolute performance through cycles

OUR TEAM

Our investment professionals are committed to undertaking a deeper level of analysis to achieve research excellence that drives results. The investment team — led by a diverse group of seasoned investment professionals with a variety of corporate credit and industry backgrounds — is focused on delivering superior risk-adjusted returns. Our teams are organized by industry coverage and function, rather than product, and work across all of Post Advisory's ("Post") investment strategies. Each industry may be covered by a two-person team: credit analyst and portfolio manager, referred to as an "industry pod." This dual-coverage structure is unique in the industry and creates an environment of collaboration and discourse that shields against the biases of any one person. Because industry pods are structured with the goal of a two person investment team composed of experienced individuals with diverse backgrounds, ideas are viewed and tested across a wider range of scenarios, strengthening the quality of our decision making and risk assessment.

ESG INTEGRATION

Fundamental to our due diligence process, we apply ESG considerations to each of our investment decisions. The investment team is given full discretion in evaluating, weighing, and monitoring the material ESG factors of each sector, issuer or position.

PRODUCT SUITE

Post offers eight investment strategies: High Yield, High Yield Plus, ESG High Yield, Limited Term High Yield, Intermediate Term High Yield, Senior Loans, CLO Management and Structured Products. Each product can be customized to meet client-specific investment criteria.

Our long-term track record of delivering excess returns with negligible defaults has made Post Advisory one of the leading active managers for sub-investment grade corporate credit.

Post Advisory: Philosophy, Policy and Guiding Principles

We use both our own proprietary quantitative scoring model and deep sector-level expertise to weigh the potential impact of ESG issues against the potential investment opportunity.

POST'S PROVEN INVESTMENT PHILOSOPHY

The foundation of our investment philosophy has remained consistent since the inception of our firm — a relentless focus on investing in bonds and senior loans issued by high-quality businesses in attractive industries. The persistent application of this philosophy through a rigorous and multi-layered research process has allowed Post to deliver a long-term track record of top-tier, risk-adjusted returns throughout various market cycles.[1]

Our proprietary investment approach combines the deep industry expertise of our team with integrated ESG principles to provide the full benefit of our Responsible Investing Policy. We consider ESG factors to further enhance our selectivity when it comes to risks associated with an industry and/or issuer.

OUR ESG PRINCIPLES ARE EVOLVING

The process to incorporate the wide spectrum of ESG factors continues to evolve. We understand and appreciate this evolution, but also remain committed to the ongoing integration of ESG principles for the benefit of our clients.

In terms of value creation and capital preservation, we believe ESG factors can impact investment returns — especially as they relate to "downside tail" risks. Accordingly, incorporating a review of ESG issues into our research is in the long-term best interests of our clients. To that end, we created an ESG Group, comprised of an inter-disciplinary team of senior leaders from across the firm. The ESG Group's mandate is to help guide the evolution of our ESG efforts across both investing and operational activities.

[1] Past performance is not indicative of future results.

RESPONSIBLE INVESTING AND ESG POLICY

As a 2010 signatory to the United Nations Principles for Responsible Investing (UN PRI) under our parent, Principal Global Investors ("PGI"), we incorporate ESG into the day-to-day research discipline of the entire investment team.

The principles we use to guide our decisions are based on the premise that ESG issues have the potential to impact the performance of investment portfolios. Accordingly, managers should give these issues appropriate consideration while also balancing them with the investment guidelines and objectives set by their clients.

Keeping our fiduciary responsibilities at the forefront, we are committed to:

- incorporating ESG issues into our investment analysis and decision-making process
- being active owners and incorporating ESG issues into our ownership, company policies, and practices
- promoting acceptance and implementation of these principles throughout the investment industry
- working with other signatories to enhance effectiveness in implanting the principles
- reporting on our activities and progress toward the implementation of these principles

INTEGRATION

Integration of ESG factors takes place across all of Post's investment strategies and is embedded within our process as part of the fundamental research that drives our security selection, retention, divestment, and avoidance.

As part of our ESG journey, in 2020 we introduced Post's proprietary ESG Scorecard developed by our investment team to quantitatively assess each company's ESG risk across 16 different ESG-related issues. The scorecard is applied in conjunction with our proprietary Value Scoring Model, which is used to evaluate investment opportunities. These two approaches are also combined with other third-party analytics to provide a holistic assessment of ESG issues for each issuer.

In this evaluation, the investment team provides the core insights into industry trends and company-specific considerations while integrating ESG factors into their investment analysis. These insights have been crucial to evaluating the sustainable competitive advantages of each issuer and balancing them with the risks at both the company and industry level. Ultimately, we believe Post's investment team is best positioned to determine the materiality of ESG factors as part of the fundamental credit analysis process.

When conducting research into potential investments, our investment team may consider the following ESG issues and their materiality (among others):

ENVIRONMENTAL

- Significant past environmental incidents
- Potential for material future environmental incidents
- Existing environmental liabilities and outstanding litigation
- Compliance with local and national standards and regulation
- Exposure to increased regulatory scrutiny and proposed legislation
- Issuer's strategy for the mitigation of climate risks

SOCIAL

- Historical track record of worker safety
- Relationship between management and unions
- Financial capacity to satisfy retirement benefits and obligations
- Negative media references regarding the company/management
- Negative perception of products, business model or industry
- Company's approach to diversity and inclusion

GOVERNANCE

- Evaluation of corporate structure and ownership conflicts
- Evidence of fair treatment for all stakeholders
- Transparent accounting practices, effective accounting controls, and consistent audit opinions
- Disclosure, frequency, and materiality of related party transactions
- Jurisdictions in which company operates
- Allegations/charges of bribery, corruption or collusion
- Willingness to discuss financials and business with existing or potential investors

CLIENT-DRIVEN MANDATES

While ESG considerations are integrated into our investment process across all strategies, we currently manage a number of client mandates with client-specific exclusions or other broader ESG related considerations. In addition to integration, these mandates require specific issuer exclusions and/or negative screening. The exclusions are noted in the clients' investment guidelines and are applied through rules within our compliance and order management systems and through the experienced judgment of our senior investment professionals.

ENGAGEMENT POLICY

As large bond and loan holders in the structures we invest in, we maintain high-quality relationships with many management teams across a range of issuers. We believe this is an important means of driving improvements in ESG-related considerations.

Direct engagement is key to both our research process and throughout the life of an investment. While we are not activist investors, nor do we have a proxy vote, we do believe our scale facilitates meaningful engagements. Our portfolio managers and analysts are in regular contact with issuers as well as their owners, which are frequently financial sponsors.

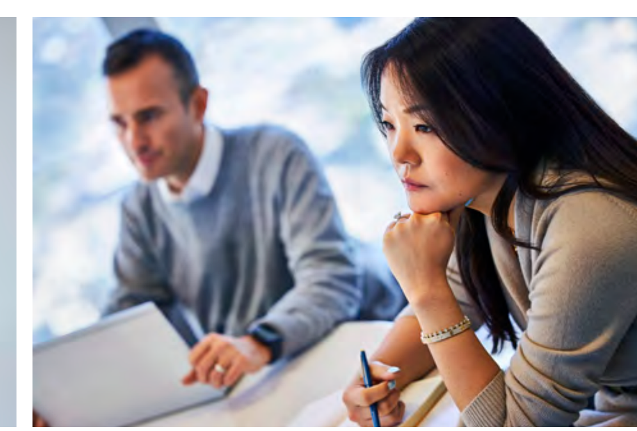
When we identify material ESG issues that Post believes may affect the credit of the issuer or the particular loan or bond, these interactions are a powerful tool to drive improvements in ESG practices that can yield not only an economic benefit sought by Post, but also the added side benefit of a societal one. They can also lead to lower costs of borrowing and increase the price of the underlying bonds and loans, which may in turn help drive our investment performance.

The topics of these engagements vary and are specific to our own internal assessments of an issuer's ESG deficiencies. Our efforts do not focus on seeking change based on "themes" or particular topics of consideration. Instead, we use our internal analysis along with third-party tools to determine where we might engage most effectively.

REPORTING AND QUARTERLY REVIEW

As part of our ESG reporting, we provide examples of these engagements on a quarterly basis. We also incorporate an engagement tracker tool into our proprietary ESG Scorecard.

In addition, we provide ad-hoc reporting to clients on key ESG considerations that include, for example, carbon footprint data.



Case Studies

1.
ENVIRONMENT

INVESTING IN COST-EFFECTIVE RENEWABLE ENERGY WITH SECULAR TAILWINDS

While US high yield is the domain of numerous fossil fuel companies, there are also opportunities to invest in energy businesses with much more modest carbon footprints. We have been invested in one such company, a supplier of utility-grade wood pellets, which are used as the feedstock for biomass electric generation — a renewable and carbon-neutral energy source. Utilities that convert coal-burning capacity to burn wood pellets reduce lifecycle greenhouse gas emissions by more than 85%, and do so at significantly lower cost than other renewable alternatives. Importantly, biomass is one of the few renewable power options that is also baseload, avoiding the challenges of intermittent sources. Demand for the company's wood pellets continues to increase globally, driven both by regulatory requirements as well as cost characteristics relative to other renewables.

This investment highlights how we seek to identify businesses with positive environmental characteristics that we believe are positioned to grow profitably as a result of these attributes.

2.
SOCIAL/ ENGAGEMENT

IMPORTANCE OF GOOD LABOR RELATIONS AND ISSUER ENGAGEMENT

Over the years, we have held an investment in a leading global, high value-add downstream commodity producer with limited price risk exposure, an attractive revenue mix, and production facilities across Europe and North America. In 2020, the company experienced challenges at one of its North American plants due to a labor dispute that resulted in a strike. While the company had a good track record of maintaining constructive relationships with its unionized workforce and no history of extended disputes, we promptly connected with senior management to underscore the importance of positive labor relations. During our discussions, we reiterated the integration of ESG analysis in our research, the deep assessment of investment opportunities we undertake, and how an extended strike and/or other disputes could negatively impact ESG consideration not just for Post, but for the broader market. After our engagement and that of other asset managers, the company reached an acceptable resolution with its workforce and a new five-year labor contract was signed.

This example underscores how we promote ESG practices and use targeted engagement to benefit our clients, issuers, employees and society at large.

3.
GOVERNANCE/ ENGAGEMENT

ENGAGEMENT TO IMPROVE GOVERNANCE AND PROTECT BONDHOLDERS

As active asset managers, we monitor our investments closely. We recently invested in a transportation leasing company that was later purchased by a prominent international public company. After conducting extensive research on the buyer, we discovered this acquisition, similar to others, was done through holding company structures we deemed aggressive. Concerned they might upstream payments to fund the parent company's liquidity, we engaged with the management team and its underwriter to recommend a new bond issue with tighter covenants. As a result of these discussions, the company issued new bonds at a slightly lower interest rate and with many of the protections we suggested — improving governance and further safeguarding bond investors.

This scenario highlights how our due diligence does not end with an initial investment decision, but extends throughout our ownership of a position, and how proper engagement can produce outcomes that improve governance and protect providers of credit.

Post Advisory:
Balancing Risk & Returns

KEY MILESTONES IN POST'S ESG INTEGRATION PROCESS

We are focused on striking a balance between pursuing investments that offer superior long-term performance potential and mitigating negative credit events.

1992

Post Advisory ("Post") was founded as a global multi-strategy, value-oriented active credit manager specializing in global high yield and senior loans. Its style of identifying high-quality businesses with strong downside protection — through rigorous bottom-up fundamental credit research, top-down macro and technical analysis — begins to shape what will later inform the firm's proprietary ESG integration practice.

1995

Post develops a proprietary **Value Scoring Model** to standardize how it assesses and measures companies against their industry peers. Investment analysts then apply their expertise to discern the importance and materiality of each data point.

2010

Under parent company, Principal Global Investors ("PGI"), Post becomes a signatory to the **UN Principles for Responsible Investment** (UNPRI).

2011

Post becomes signatory to the **Carbon Disclosure Project** ("CDP") through PGI.

Post embraces the **UN's Sustainable Development Goals.**

2015

Post adopts firm-wide Responsible Investment ESG Policy and creates the ESG Group to develop best practices of ESG integration and guide the evolution of its ESG efforts across both investing and operational activities.

Post institutes quarterly review of ESG-related activities based on investment team's updates on ESG decision making and performance.

Post amends its **Value Scoring Model** to include ESG as an explicit consideration in the investment process and launches firm-wide ESG training.

2016

Firm continues to expand ESG education, training, and application of ESG criteria into investment portfolios.

Members of Post's ESG Group join **Principal Global Investors' Responsible Investing Working Group.**

2019

PGI (Post's parent company) receives "A+" score for Strategy Governance from PRI and is named CDP S&P 500 Climate Performance leader for the seventh time.

Post introduces internal speaker series to drive continuous enhancements and understanding of best ESG practices across its investment team members.

Post implements its own strategy to reduce its consumption of natural resources.

Post joins PGI's ESG Council.

2020

Post launches proprietary **ESG Scorecard** to quantitatively assess ESG risks for individual companies across 16 different ESG-related topics. The tool is used in conjunction with the Value Scoring Model.

Parent-company PGI receives "A+" score for Strategy Governance and scores strong in UN PRI Assessment.

2021

Through a training series, Post strengthens ESG materiality assessment and issuer engagement.

Through PGI, Post commits to **UN Global Compact** — an initiative to apply universal sustainability principles and support UN goals.

2021

Post launches ESG High Yield Strategy and performance composite.

Post began implementing MSCI data into its framework.

2022

Through our majority parent, Principal Financial Group, Post became a signatory to the UN Global Compact.

Post completed ESG scoring for all CLO holdings in advance of launching an equity fund that complies with European sustainable disclosure regulation.

2023

In 2023, Post intends to implement new MSCI modules to allow the firm to better comply with ESG regulations in Europe.

Why Post Advisory?

We are a boutique, active credit manager that offers investors a broad range of high yield and senior loan products customized to specific risk and duration profiles.

Our clients place high value on our performance record, access to our investment professionals, white-glove client service, and our ability to further tailor each product to meet their specific investment objectives.

We believe our investment professionals are among the best in identifying high-quality businesses that operate in leading industries, have lower downside risk profiles, and offer the potential for superior long-term performance versus other issuers.

- We focus on striking a balance between the potential return and the material risks associated with each investment decision.
- As an active boutique investment manager, we maintain the flexibility to opportunistically scale in and out of positions to maximize value and right-size our holdings based on market conditions and liquidity considerations.

ESG INTEGRATION

Embedded in the investment process, our ESG principles contribute to security selection, retention, and divestment across all of our investment strategies.

- Our investment team industry pods, which may include a two person team consisting of one portfolio manager and one analyst, work together to weigh material ESG risk factors for each investment.
- With our integrated ESG approach, we can fully implement client mandates with ESG exclusions and negative screenings, manage against an ESG-specific benchmark or even manage a customized ESG portfolio utilizing a combination of issuer and/or industry specific exclusions alongside our proprietary ESG risk scores.

EXPERIENCE MATTERS

- An active manager with nearly 30 years of investment expertise focused on sub-investment grade credit.
- Directionally, the combined carbon footprint of companies in Post's portfolios tends to be lower versus traditional benchmarks.
- Strong investment performance across all investment strategies, driven by consistent investment philosophy and underwriting approach[2]
- Negligible firm-wide portfolio default rates since inception.

[2] Past performance is not indicative of future results.

LOS ANGELES

T: 310 996 9600
2049 Century Park East, Suite 3050
Los Angeles, CA 90067

NEW YORK

T: 212 603 3600
888 7th Avenue, 25th Floor
New York, NY 10106

Post Advisory Group