
RESPONSIBLE INVESTING POLICY

Purpose and Scope

At AlphaSimplex our purpose is to deliver investment success and positively impact clients and colleagues by embracing a thoughtful culture of innovation, collaboration, and excellence.

We recognize that Environmental, Social, and Governance (ESG) considerations may not be applicable to all investment approaches, including many of our strategies. However, AlphaSimplex believes the incorporation of ESG policies and oversight is a potential opportunity for research and development that can positively impact clients and colleagues. Furthermore, it is a natural extension of our core values of innovation, integrity, transparency, and valuing our clients and colleagues. Given that many of our strategies invest only in liquid futures and forward contracts, and utilize indices rather than individual securities, ESG/responsible investing in the traditional sense is not an option. However, AlphaSimplex is committed to valuing our clients and integrity. We believe it is aligned with our purpose and core values to research opportunities that incorporate ESG into our investment process while following specific investment guidelines and/or investor constraints. This Responsible Investing Policy describes AlphaSimplex's approach to responsible investing and the application of the policy to our investment strategies and overall business.

Investment Philosophy

The philosophy that informs the development of all of AlphaSimplex's strategies is based on the Adaptive Markets Hypothesis (AMH). An innovative theory of market behavior, the AMH recognizes that financial markets are neither always efficient nor always irrational, but they are highly competitive and adaptive. As a result, market conditions are ever-changing; market volatility, risk premia, and cross-asset correlations are not static. The implication is that investment strategies must continuously adapt as markets evolve in order to deliver more consistent performance.

Risk management is also a key component of the firm's investment philosophy. To this end, AlphaSimplex employs leading-edge, proprietary risk models that are designed to detect changes in portfolio risk, allowing for daily monitoring and management of the risk exposures of each strategy's positions.

This investment philosophy is central to the firm's understanding of Responsible Investing. As the world changes, AlphaSimplex recognizes that our strategies must adjust and adapt to risks outside traditional market forces, including those related to environmental, social, and governance principles. Incorporating these elements is a natural extension of our investment philosophy and risk management perspectives.

Responsible Investing

At AlphaSimplex, we believe incorporating ESG, where appropriate, is aligned with our purpose and core values. We have established this policy to articulate how we intend to do that.

Principles for Responsible Investing

AlphaSimplex became a signatory of the UN Principles for Responsible Investment (UN-PRI) in April 2021. The UN-PRI works with an international network of signatories to implement six Principles for Responsible Investment. Its goals are to understand the investment implications of environmental, social, and governance issues and to support signatories in integrating these issues into investment and ownership decisions.

The six Principles are:

1. To incorporate ESG issues into investment analysis and decision-making processes.
2. To be active owners and incorporate ESG issues into our ownership policies and practices.
3. To seek appropriate disclosure on ESG issues by the entities in which we invest.
4. To promote acceptance and implementation of the Principles within the investment industry.
5. To work with others to enhance effectiveness in implementing the Principles.
6. To report on our activities and progress towards implementing the Principles.

As a signatory, AlphaSimplex will be required to report on our progress towards each of these goals each year.

Responsible Investment: ESG Integration

We define ESG integration as taking into account environmental, social, and governance considerations in investment research and decision-making, where relevant and material. We have begun to integrate ESG considerations in some portfolios and plan to continue to expand on this integration going forward as appropriate.

AlphaSimplex currently has a model that uses ESG controversy data from RepRisk as an input into stock selection. RepRisk continuously searches a large assortment of sources to identify negative ESG incidents associated with each company. Through a systematic process, each company is assigned a score that indicates its recent association with ESG controversy. Research suggests that companies with a history of ESG incidents tend to have additional incidents in the future as well as weaker operating performance, leading their shares to underperform. Accordingly, with the primary goal of generating attractive and diversifying returns for our investors, we short certain such highly controversial companies as part of the Alternative Risk Premia portion of the Global Alternatives strategy. Another consequence of employing this trading strategy is that the portfolio is tilted away from companies with a history of ESG incidents and controversy.

In order to support the derivatives positions in our strategies, often our portfolios will include significant short-term high-quality investments such as commercial paper, Treasury Bills, CDs, and other investments. ESG scores for such investments are included in the firm's ongoing review procedures of credit issuers. The primary purpose of this monitoring is from a risk management perspective, as issuers with significant ESG risk may also present an unacceptable credit risk.

Responsible Investment: Active Ownership

AlphaSimplex does not typically hold concentrated equity positions. Furthermore, many of our strategies invest only in liquid futures and forward contracts, and utilize indices rather than individual securities. Even in strategies that do include individual securities, we typically have a higher level of turnover than most traditional investment managers do. This

reduces our ability to influence management teams of portfolio companies, as a longer-term holder might be able to do. However, AlphaSimplex is dedicated to being an active owner of individual equities through proxy voting, while recognizing these equity holdings make up only a small percentage of the firm's investment strategies, and currently represent a very small ownership of any individual equity. The firm's proxy voting policy is applied to all of our single-name equity holdings, and the firm exercises proxy voting for all of these holdings.

AlphaSimplex utilizes a Proxy Voting Service, which is monitored by the firm's compliance team. As part of their oversight, the Responsible Investing Committee will review the Proxy Voting Service's policy on an annual basis, including how the Proxy Voting Service incorporates ESG considerations in their recommendations.

While it is unlikely that there would be a conflict of interest between the Proxy Voting Service and the guidelines for a specific client, in the event of such a conflict, a client-directed exclusion, or if AlphaSimplex has made a determination that it is in the best interests of the client for AlphaSimplex to vote a proxy rather than the Proxy Voting Service, we would follow the proxy-voting procedures outlined in the compliance manual to vote in the best interest of the client.

Responsible Investing Reporting

While ESG reporting on portfolios that include extensive use of futures and forwards is complex and there are no industry standards, AlphaSimplex is willing to work with clients to develop reporting to clients who require this information.

Sustainable and Impact Investment

AlphaSimplex does not currently have any sustainable or impact investment strategies. These strategies may be considered in the future.

Internal Governance of Responsible Investing

AlphaSimplex has formed a Committee to oversee the firm's Responsible Investing efforts. This inter-departmental group coordinates reporting on the UN-PRI and reviews and updates this Responsible Investing Policy annually. In addition, this group will work together to communicate externally on the firm's ESG approach and initiatives. This team includes two representatives from the Research team, who will be responsible for implementing any responsible investing procedures within the investment process.

In addition to this Responsible Investment Committee, AlphaSimplex participates in a working group created by our parent company, Virtus Investment Partners, to share best practices.

Additional details

AlphaSimplex also rents space in a LEED Gold-certified building that tracks and reports greenhouse gas emissions, has a green cleaning program, and is focused on energy efficient operations.