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Investing for a
world of change

4Factor Emerging Markets Equity

Model portfolio discussion

January 2025





Summary of model portfolio iterations

- Our **approach to arrive at each Nest model portfolio** was based on the following principles:
 - The portfolio must be constructed in line with the 4Factor philosophy and process
 - The portfolio must exhibit the style and risk characteristics of a typical 4Factor footprint
 - The portfolio must directionally align with our meaningful active exposures across sectors and countries

Model Portfolio #1

- 2.2% tracking error
- MSCI EM benchmark
- 95 holdings
- Style agnostic, stock specific risk dominates
- Fundamental stock selection, leverages machine learning alpha model
- Sustainability integrated in fundamental research, focus on materiality

Model Portfolio #2

- 1.5% tracking error
- FSTE EM benchmark
- 188 holdings, retained top overweights in South Korea
- Style agnostic, stock specific risk dominates
- Fundamental stock selection, leverages machine learning alpha model
- Sustainability integrated in fundamental research, focus on materiality. Exclusions on UNGC and bad governance criteria

Model Portfolio #3 ?

- Max 2% tracking error
- FSTE EM benchmark
- Number of holdings TBC
- Style agnostic, stock specific risk dominates
- Fundamental stock selection, leverages machine learning alpha model
- Sustainability integrated in fundamental research, focus on materiality. Exclusions on UNGC and bad governance criteria

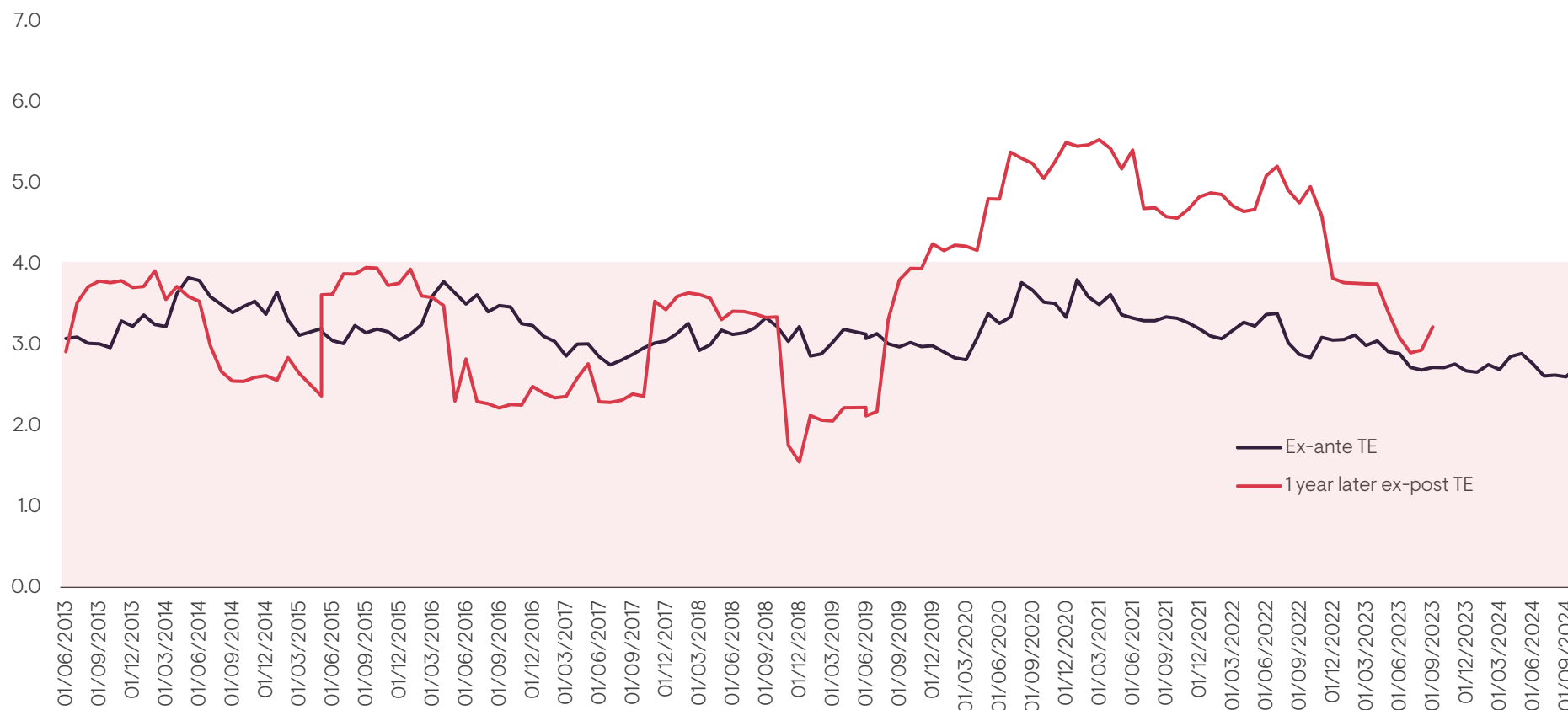


Tracking error of our flagship 4Factor EM Equity strategy

Key statistics

- Ex ante tracking error below 4% in all rolling 12m periods since inception
- Average 12m ex ante TE of 3.16% since inception, currently 2.73%

Historical rolling 12-month tracking error of 4Factor EM Equity: Ex ante and Ex post

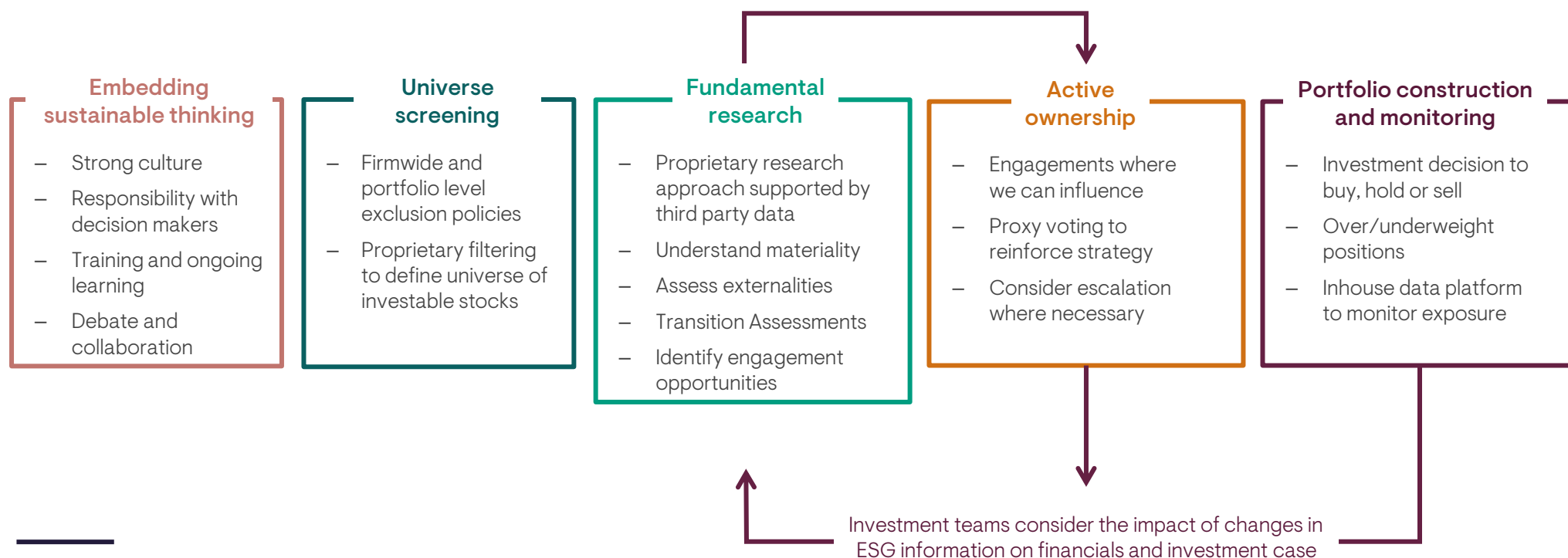


ESG integration





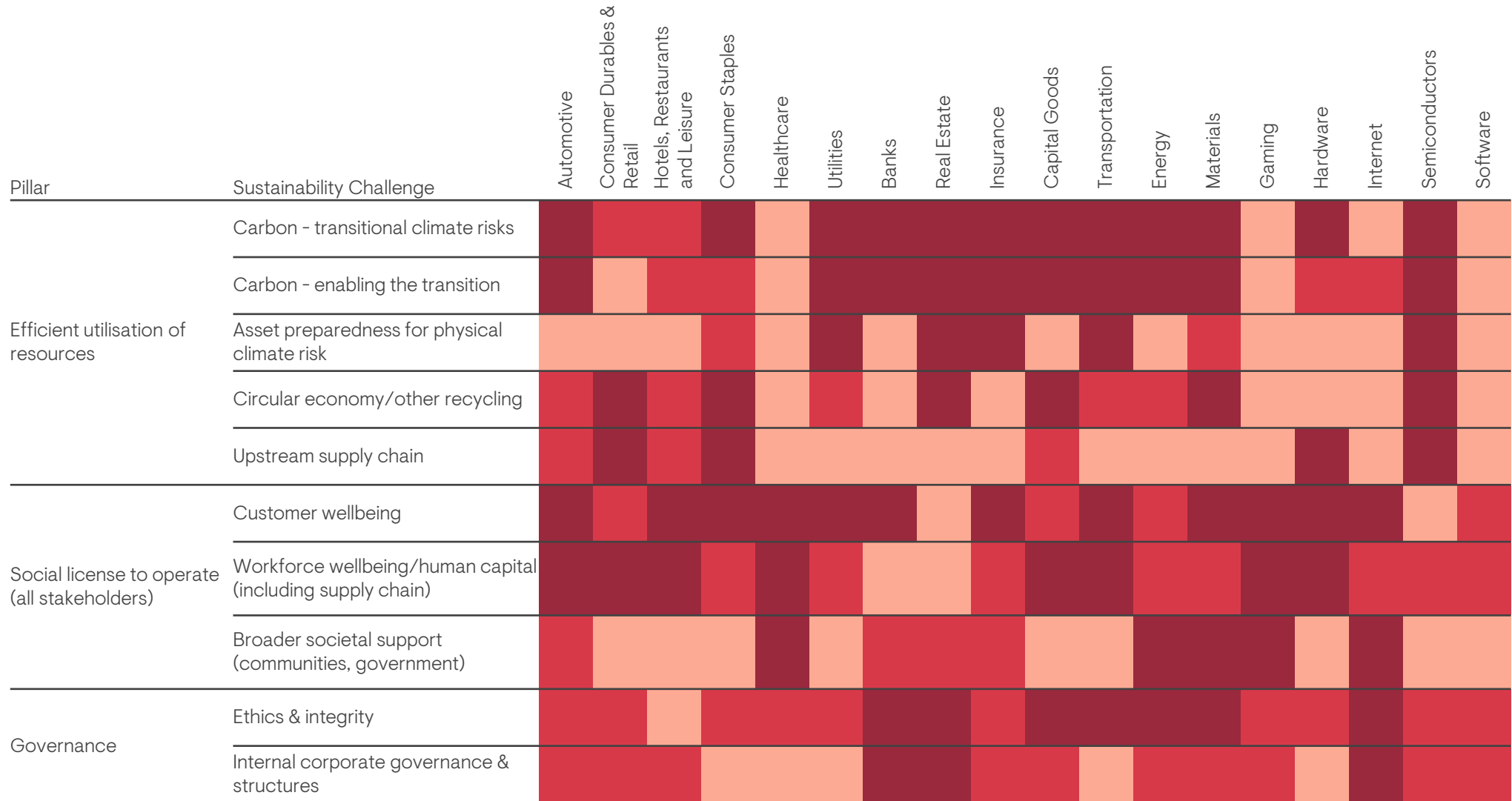
Our approach to ESG integration promotes best practise in 4Factor EME



- Dedicated sustainability team supports complex topics
- Independent risk team monitors sustainability characteristics
- Compliance team advises on sustainability-related regulation
- Product team manages sustainability product development process



4Factor Sector Sustainability Frameworks, focussed on materiality



Materiality: Low Medium High



Transition Plan Assessments: a tool for measuring transition across our portfolios



The tool enables us to assess where our high emitter companies are on their transition journeys today, engage on key areas required to advance their transition, and map companies to the IIGCC Net Zero Investment Framework asset alignment maturity scale.



Nest model portfolio #1: Clear focus on materiality with heaviest emitters

Identifying those companies accounting for 70% of Scope 1, 2 & 3 carbon emissions

Portfolio's Highest Emitters	Portfolio Weight	Financed emissions (% weight) on a cumulative basis	IIGCC Alignment	Transition Plan Assessment
WH GROUP	0.8%	10.5%	Not aligned	Yes
HON HAI PRECISION	1.9%	18.2%	Aligning towards a net zero pathway	Yes
EMBRAER	0.7%	24.9%	Not aligned	Yes
TERNIUM	0.9%	30.3%	Not aligned	Yes
JD.COM	0.9%	34.6%	Not aligned	Work in Progress
ASUSTEK COMPUTER	1.2%	38.3%	Committed to aligning	Yes
HYUNDAI GLOVIS	0.7%	41.9%	Not aligned	Yes
MONDI	0.8%	45.4%	Aligning towards a net zero pathway	Yes
SAMSUNG ELECTRONICS	2.5%	48.8%	Not aligned	Yes
RELIANCE INDUSTRIES	1.9%	51.7%	Committed to aligning	Yes
MAHINDRA & MAHINDRA	1.0%	54.3%	Committed to aligning	Yes
XIAOMI	1.9%	56.8%	Not aligned	Yes
TSMC	10.1%	58.7%	Committed to aligning	Yes
SAMSUNG C&T	0.9%	60.7%	Not aligned	Yes
MEITUAN DIANPING	2.6%	62.6%	Not aligned	Work in Progress
SAMSUNG E&A	0.7%	64.6%	Not aligned	Work in Progress
LENOVO GROUP	0.4%	66.5%	Aligning towards a net zero pathway	Yes
ALIBABA GROUP	2.2%	68.2%	Committed to aligning	Work in Progress
PRIO SA/BRAZIL	0.6%	69.7%	Not aligned	Yes

Meet the financial obligations for members

Help deliver on your climate objectives

Integrated carbon assessment through transition plan analysis

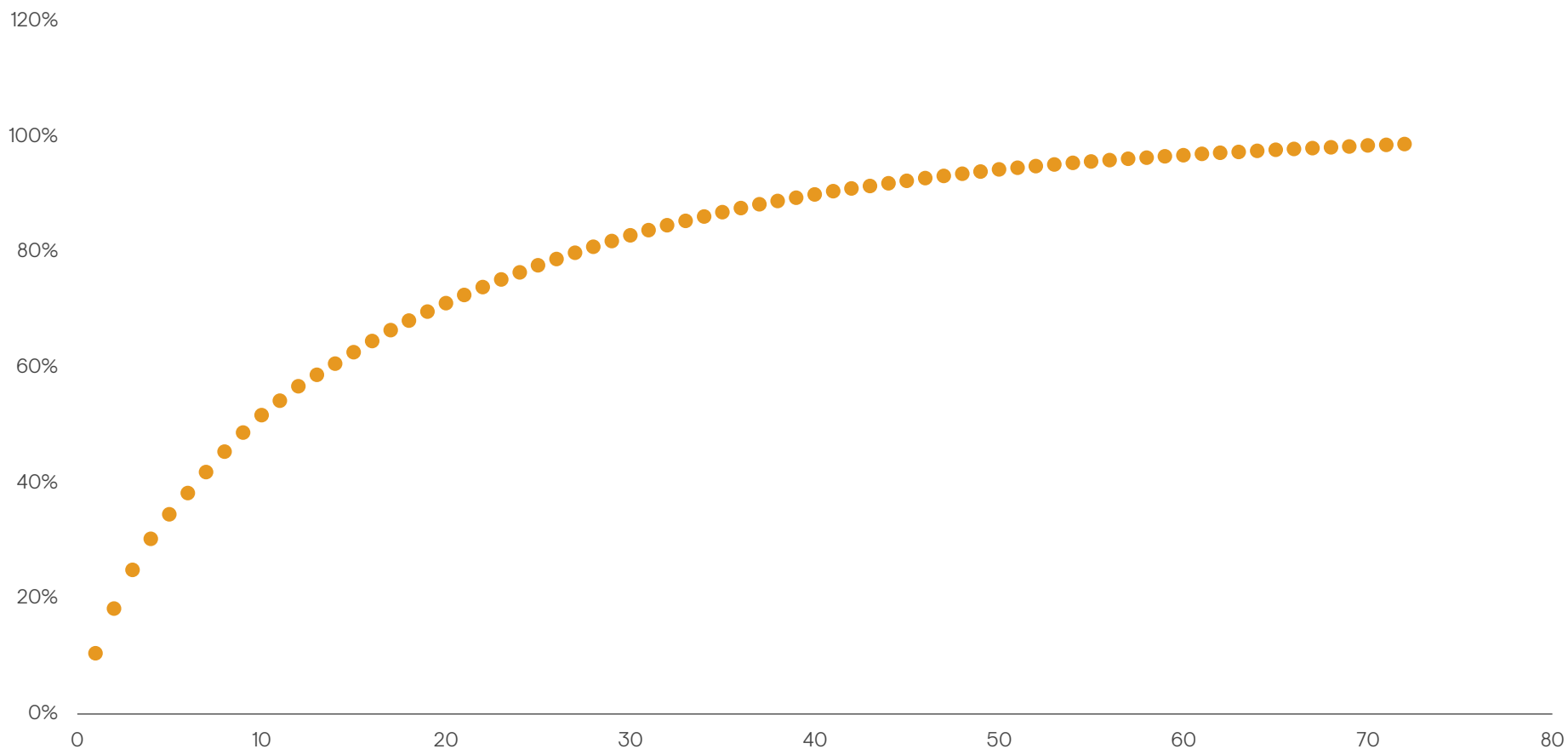
Engage to encourage companies towards a transition



Nest model portfolio #1: Cumulative carbon emissions

70% of the portfolio's cumulative carbon emission can be attributed to 19 companies

Contribution to All Scope Footprint

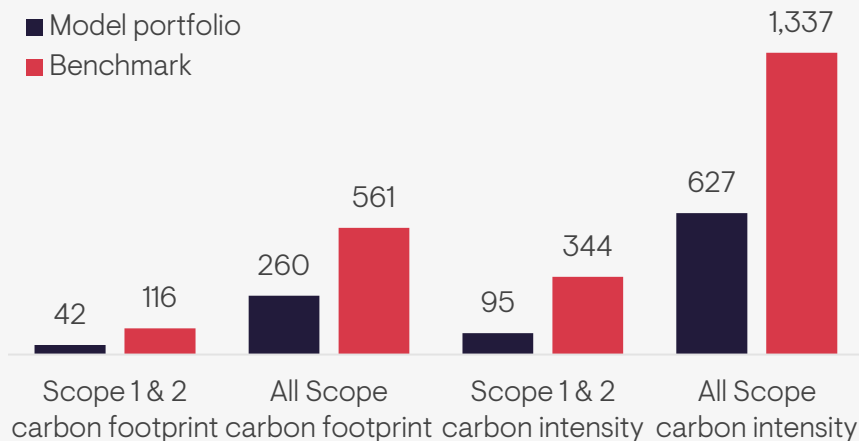




Nest model portfolio #1: Carbon profile & IIGCC Alignment

Contributing to Nest's net zero objectives through engaging high emitters to increase proportion of aligned assets and investment in climate solutions

Carbon emissions



Key statistics

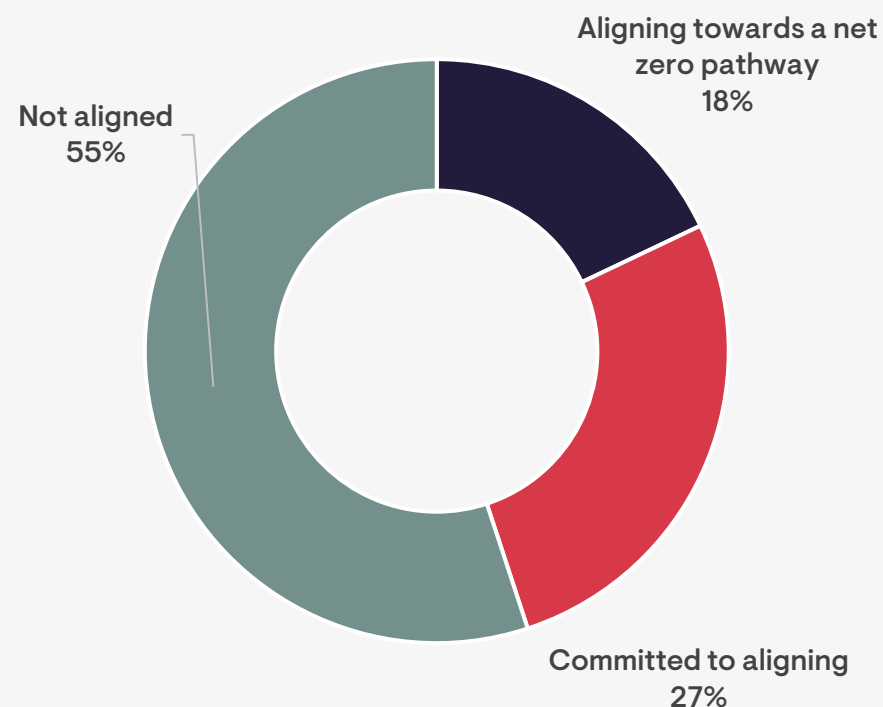
100%
ESG integration
across
companies

31%
SBTi committed
or approved
across
companies

12%
Invested in
Climate Solutions*

Companies in high impact sectors

IIGCC categories



Source: Ninety One, 6th November 2024

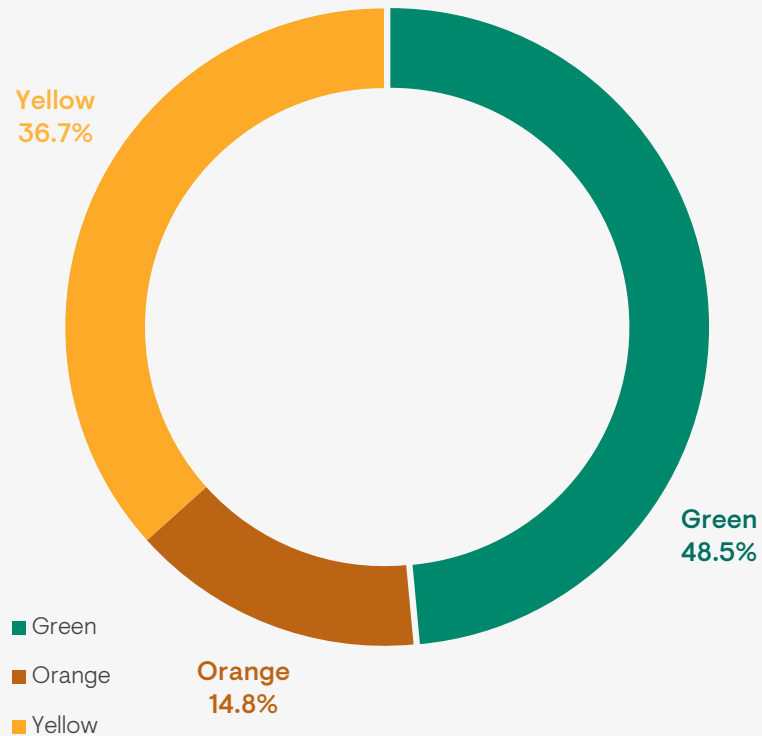
*Climate solutions relate to carbon avoided impact companies which have a measurable, intentional and material impact assessed using Ninety One's proprietary sustainable solutions methodology

Note: based on the model portfolio. Benchmark: MSCI EM (Emerging Markets)



Nest model portfolio #1: Sustainability profile - MSCI ratings and flags

MSCI Overall Controversy Flags



MSCI ESG scores

(portfolio weighted)

Portfolio: 6.4

Benchmark: 5.8

MSCI ESG rating distribution

(% NAV)



Where fundamental research overrides
MSCI governance flags





Nest model portfolio #1: holdings with governance flags in MSCI

CCC rating on MSCI Governance rating and severe/very severe rating on MSCI Governance Controversy Score

	Governance flag	Our view
ICICI Bank	CCC	<ul style="list-style-type: none"> ICICI Bank faced governance and bribery controversies but has since strengthened its governance and risk management under new leadership. Previous controversy involved its former CEO Chanda Kochhar, accused of corruption related to a INR32.5bn loan granted to Videocon in 2012. Kochhar and her husband were arrested in December 2022 and bailed in January 2023. Sandeep Bakhshi took over as CEO in October 2018, implementing changes to strengthen governance and risk management: <ul style="list-style-type: none"> Reflected in ICICI's MSCI ESG rating from BB to A by February 2022. ICICI leads most peers in its consumer financial safety practices based on MSCI assessments The imposition of a more democratic remuneration regime, changing HR structures and bonus arrangements, with decision-making de-centralised Shift from a corporate lending focus to retail reduces risk of undue influence large corporate loan customers may have upon the business
Samsung Electronics	Governance structures Bribery & fraud	<ul style="list-style-type: none"> Multi-year, multi-faceted engagement with Samsung Electronics on their governance and board function / independence, which we first initiated in 2015. Our engagement focus has been centered around capital allocation and corporate governance, and we'll continue alongside our engagement with their climate change strategy. Earlier this year, we discussed the election of Je-Yoon Shin as Independent Director, addressing potential conflicts of interest, having previously been Chairman of the Financial Services Commission (2013-15) at the same time as Samsung Executives were accused of insider trading for buying shares in Cheil Industries prior to the merger with Samsung C&T. Samsung clarified that Je-Yoon Shin was not involved in the insider trading investigation and had passed the South Korean government committee's assessment for potential conflicts of interest. While this highlighted an area of potential risk, we are comfortable that the company appears to have investigated this thoroughly. On account of this and the governance-related improvements shown since we first started engaging them in 2015, we were happy to vote in favour of JY Shin's appointment to the board. In addition, we queried the board's gender representation. The company stated that they take this issue seriously but that this is preceded by diversity of skills, and that whilst they had internal gender diversity targets, they did not intend to make these public for the foreseeable future.
Tencent	Bribery & fraud	<ul style="list-style-type: none"> The MSCI flag results from a fine levied by the PBOC in July 2023 for regulatory breaches found during a 2021 inspection. Tenpay has since completed a self-inspection, strengthened the operational compliance capability of Tenpay and implemented the rectification required. Tencent's rating was downgraded from BBB to BB in November 2023 due to large retrenchments and the fine paid by Tenpay. The retrenchments were part of a focus on efficiency, and staff count has been stable since Q1 2023. They score well in corporate governance compared to their home market but lower against global peers due to their VIE structure, lack of an independent chairperson, and an entrenched Board. A new independent director was appointed in 2023. This fine was imposed during a period when the PBOC strengthened oversight and regulation of all financial entities and both Tenpay and Ant Group, the two leading payment platforms in China, were fined for transgressions. The fines marked the end of the increased scrutiny process with Tencent commenting at the time that they expect regulators to focus on normalized regulation going forward. We do not believe this is an ongoing issue that should raise any concerns.

Source: Ninety One, As at 5th November 2024

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For further information on specific portfolio names, please see the Important Information section.



Nest model portfolio #1: holdings with governance flags in MSCI

CCC rating on MSCI Governance rating and severe/very severe rating on MSCI Governance Controversy Score

	Governance flag	Our view
Bharti Airtel	Bribery & fraud	<ul style="list-style-type: none">• Since 2012 money laundering case that triggered weak ratings from rating providers, there has been no evidence or news of related or similar issues.• For example, during the Bharti Hexacom IPO in early 2024, Bharti Airtel waived its right of first refusal to purchase government shares to avoid controversy over the purchase price. The Board of Directors of Bharti Airtel in FY22 had constituted an ESG Committee for strategic guidance on progress of ESG targets, and best practices. It lists out specific areas of expertise for its board members and “Governance” is an area of expertise for all 10 directors on Bharti’s board.• Furthermore, the audit committee is headed by an independent director and three of the four members of the audit committee are independent directors. Similarly the HR and Nomination Committee is headed by an independent director and two of the three members are independent directors.
Samsung C&T	Bribery & fraud	<ul style="list-style-type: none">• Samsung C&T has had meaningful corporate governance issues dating back to 2015, related to the merger of Cheil Industries with Samsung C&T. Authorities alleged that the value of Cheil Industries was inflated to benefit its shareholders, particularly Chairman JY Lee, who held a significant stake in Cheil but none in Samsung C&T.• Governance is improving (due to economic necessity, as the Lee family needs to generate cash to pay estate taxes amounting to approximately \$8.9 billion). Evidence of improving governance includes:<ul style="list-style-type: none">- Separating Chairman and CEO roles in 2018- Having a majority independent board, fully independent audit, pay and nomination committees- The Board is not entrenched, no members have more than 5 years tenure.- A relatively new CEO, Hai-Lin Jeong, appointed in March 2023- Significant capital allocation into its high growth world leading biologics business, signaling capital discipline- Samsung C&T have outlined plans to cancel all over their treasury shares – a key value driver going forward
JD.com	Governance structures	<ul style="list-style-type: none">• JD.com rates lower than global peers and their home market with the main issue related to ownership. The VIE structure is not unique to JD.com but is standard practice for many major Chinese tech companies, particularly those seeking to access foreign capital markets while still adhering to China's foreign ownership restrictions. Alongside a multi-class share structure with unequal voting rights and the controlling owner having c75% of the voting power, they are both structural impairments for the overall governance rating. However, the audit committee is independent.• Additionally, as it relates to governance but not a flag by MSCI, JD.com has implemented anti-bribery policies and practices as part of its broader commitment to business ethics and compliance. JD.com explicitly states its “zero tolerance” policy towards corruption, including bribery. The company has established formal policies and codes of conduct that address anti-bribery and anti-corruption.• JD’s overall MSCI ESG Rating is A, which has improved since July 2019.

Source: Ninety One, As at 5th November 2024

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Appendix





Investment philosophy

What do we believe?

- Markets are inefficient due to behavioural biases
- This can generate **diverse alpha opportunities** across investment styles
- Combining fundamental insight with quantitative analysis is the optimal way to unlock alpha

What is our approach?

- We believe we have a **fundamental edge** through research focused on the rate of change in key business drivers
- We believe we have a **behavioural edge** by using proprietary data-driven models to establish an objective framework
- We consider **sustainability without bias**, identifying both opportunities and risks

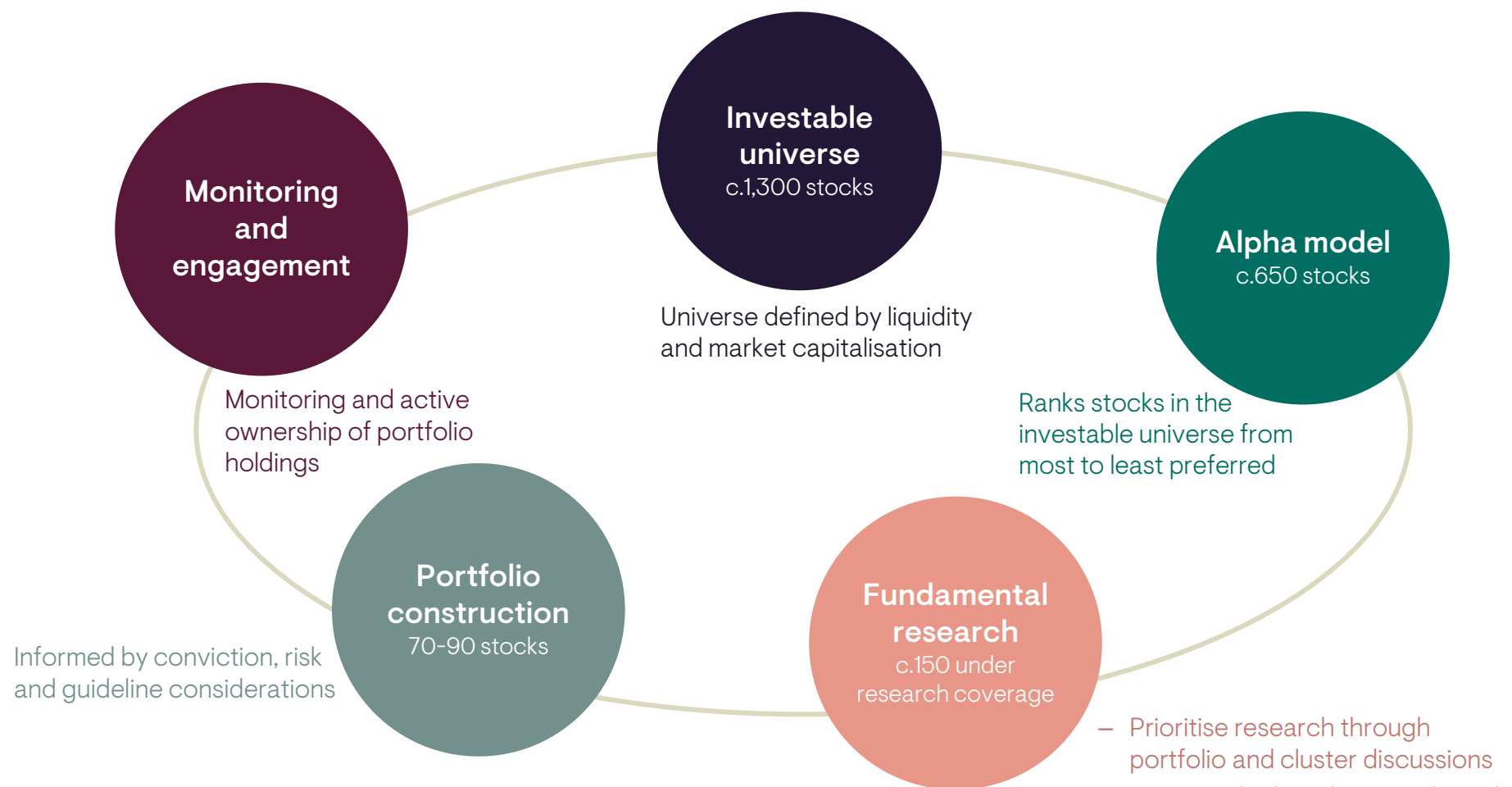
What is the objective?

- Portfolios dominated by **stock specific risk**
- **Balanced exposures** over time to growth, quality, value and momentum
- Long-term risk-adjusted returns driven by a **robust, repeatable process**



A disciplined and integrated investment framework

Emerging Markets Equity

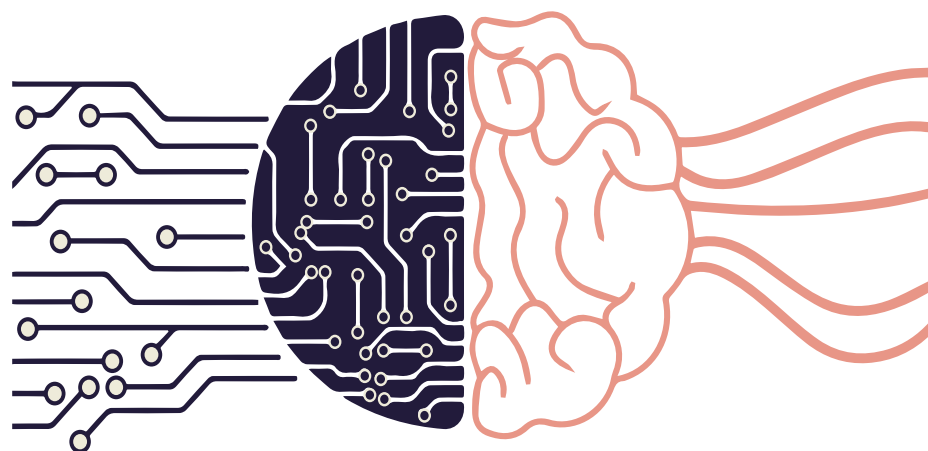


Seeking long-term risk-adjusted returns driven by **stock specific risk** in a **robust, repeatable process**



Collaborative intelligence

Benefits of combining human intelligence and data-driven insights



Proprietary machine-learning alpha model

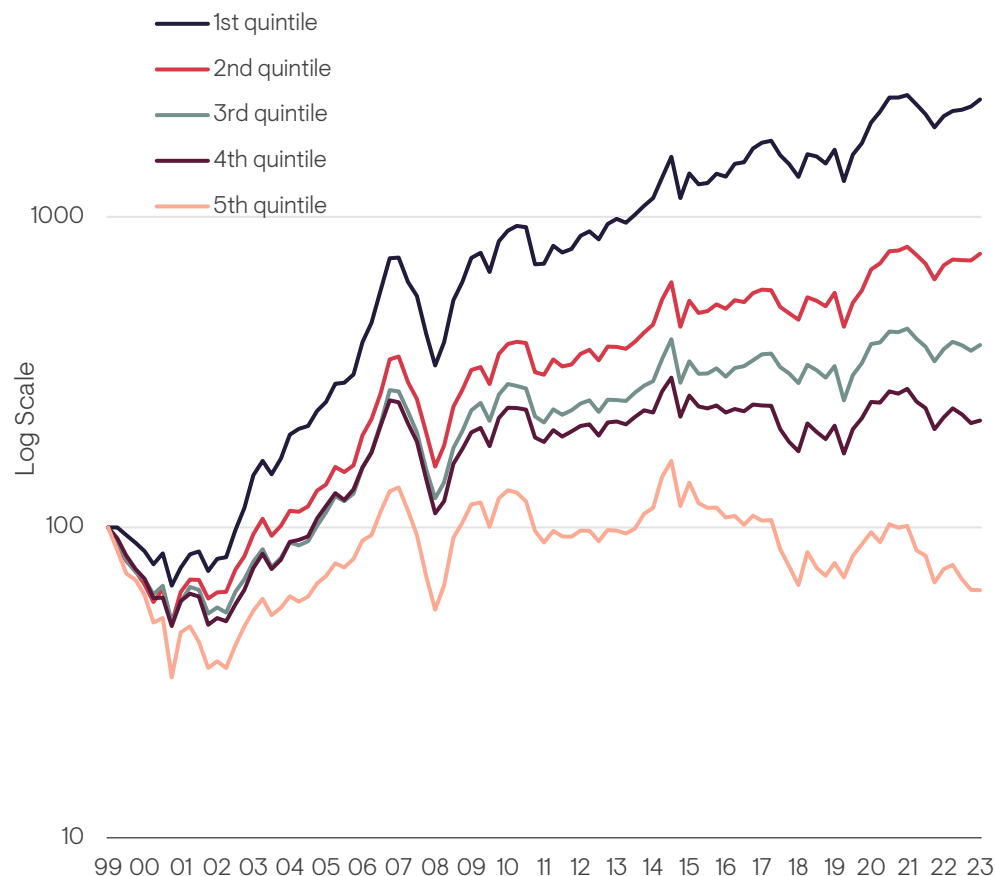
- Scalable, repeatable
- Objective
- Identify non-linearities

Fundamental research

- Interpret information
- Identify key business drivers
- Forward-looking marginal change

“Fish where the fish are.” – Charlie Munger

Alpha model signals potential outperformers vs potential underperformers



These returns are hypothetical, were not attained by any client, or portfolio managed by Ninety One, and are for illustrative purposes only.

There is no guarantee that investment strategies employing the 4Factor investment process will make profits; losses may be made.

Source: Ninety One. As of December 2023. Emerging market equities is a proxy as a representative universe with market capitalization > \$2b and liquidity > \$5m/day.

Stocks in the universe are ranked into quintiles based on model predictions, with the highest quintiles holding the highest factor values. Quarterly rebalancing. No transaction costs or turnover constraints applied.

The purpose of the alpha model is not to make investment decisions, rather to support the core of our active management by allowing the team to focus efficiently our fundamental analysis on a manageable subset of worthy opportunities. For further information on model returns / back tested results, please see the Important information section.



Fundamental research

What pricing anomalies are we looking to exploit?

Quality

Underappreciated addressable market growth, persistent returns that can compound over time

Value

Compelling value & tangible catalysts, often in cyclical industries

Operating performance

Revisions to forecast estimates, positively trending key business drivers

Investor attention

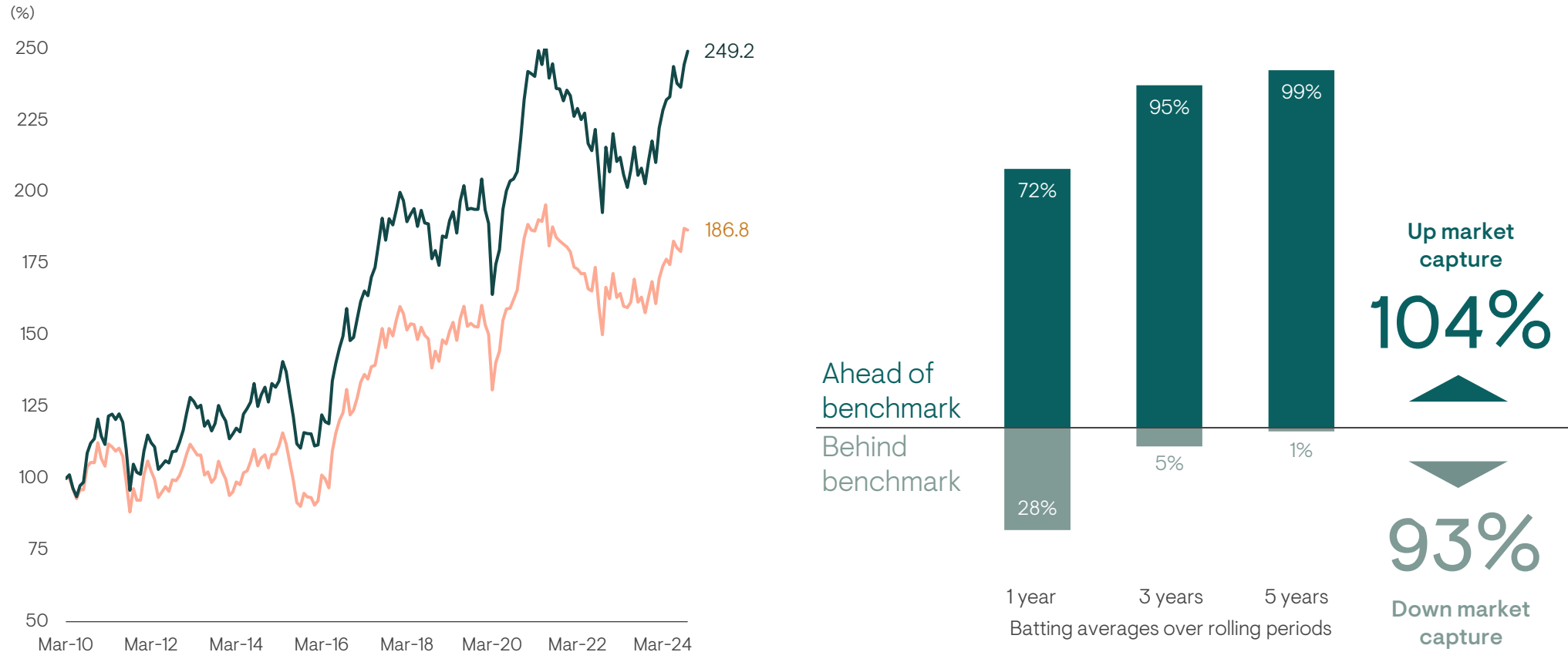
Positive technical momentum confirms pricing anomalies

Resulting portfolio tends to be **balanced over time across traditional investment styles**



Seeking to deliver a consistent return profile for your members

4Factor Emerging Market Equity cumulative return versus benchmark



Ranking in the top quintile for excess return and information ratio and the first percentile for batting average since inception

Past performance is not a reliable indicator of future results, losses may be made.

Source: Ninety One, 30 November 2024. Performance is gross of fees (returns will be reduced by management fees and other expenses incurred), income reinvested, in GBP. 4Factor Emerging Markets Equity inception date: 1-Apr-10. Benchmark: MSCI Emerging Markets NDR. eVestment category of EM All Cap Core managers, as of 31 October 2024. For further information on indices please see the Important Information section.

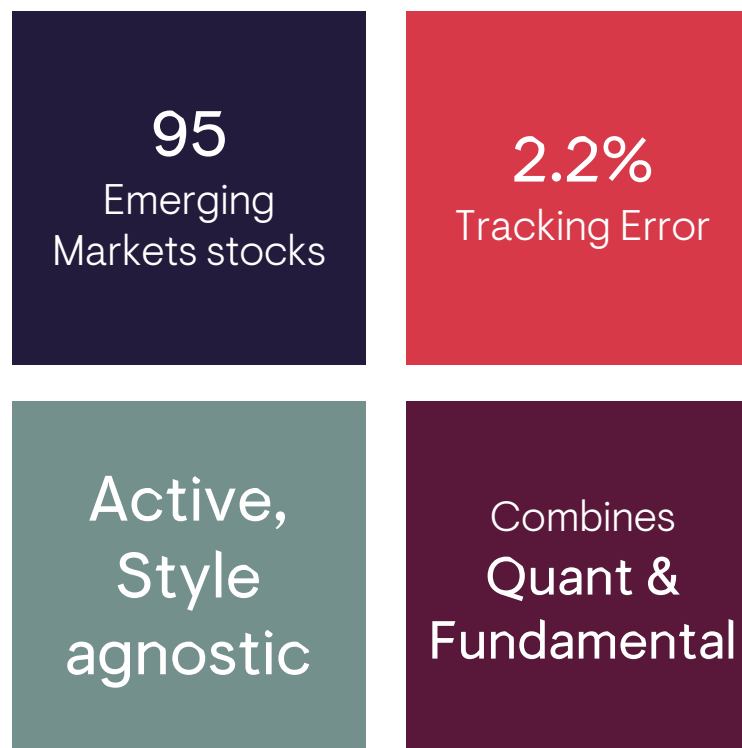
Model portfolio #1





Model portfolio #1

Using MSCI EM benchmark

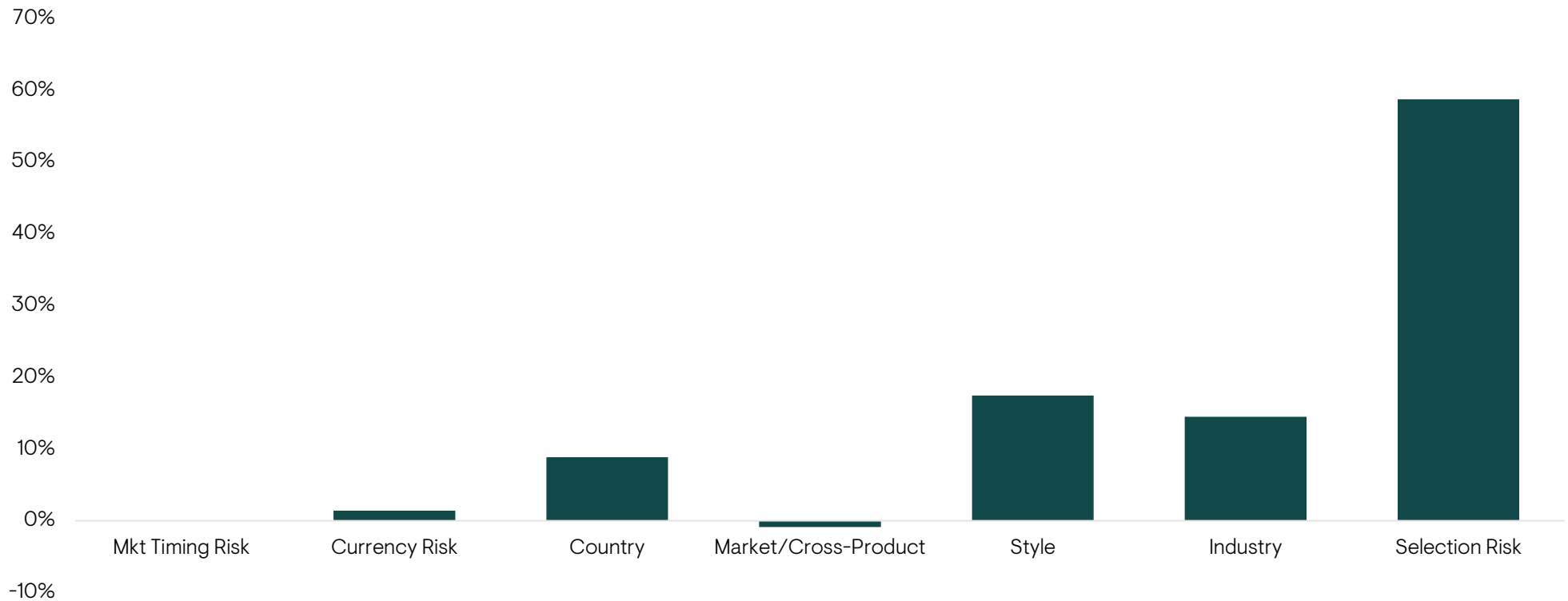


Seeking to deliver consistent long-term risk-adjusted returns



Nest model portfolio #1: Stock selection risk dominates

Active risk decomposition



Informed by **fundamental conviction, risk** and **guideline** considerations

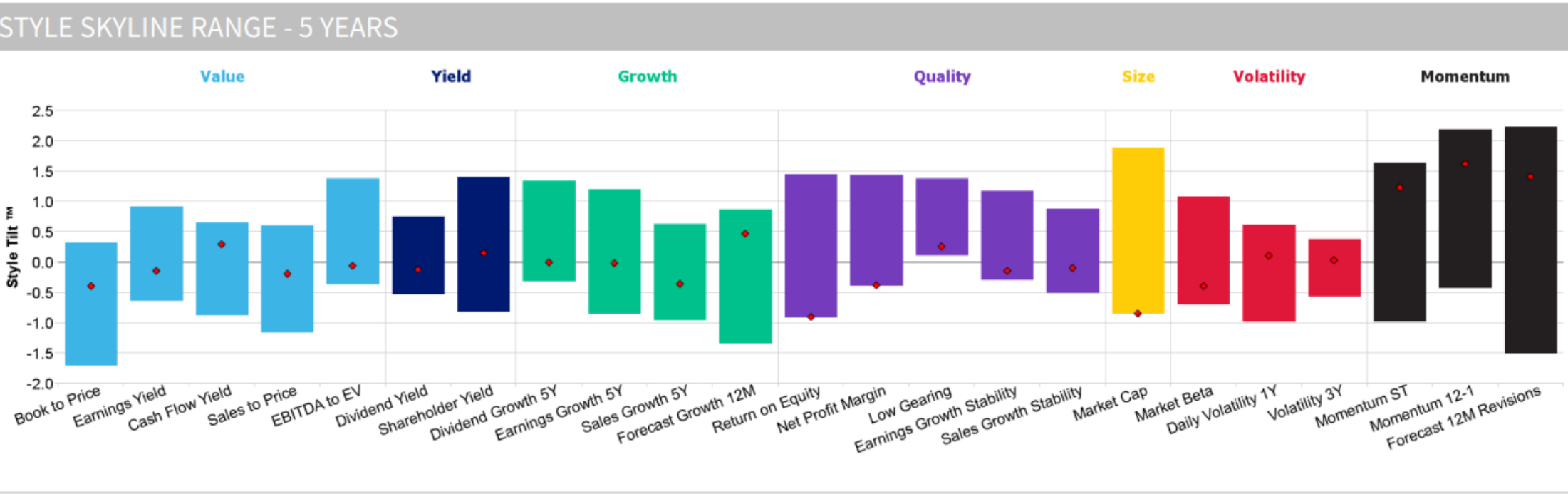


Nest model portfolio #1: Neutral style exposures over time



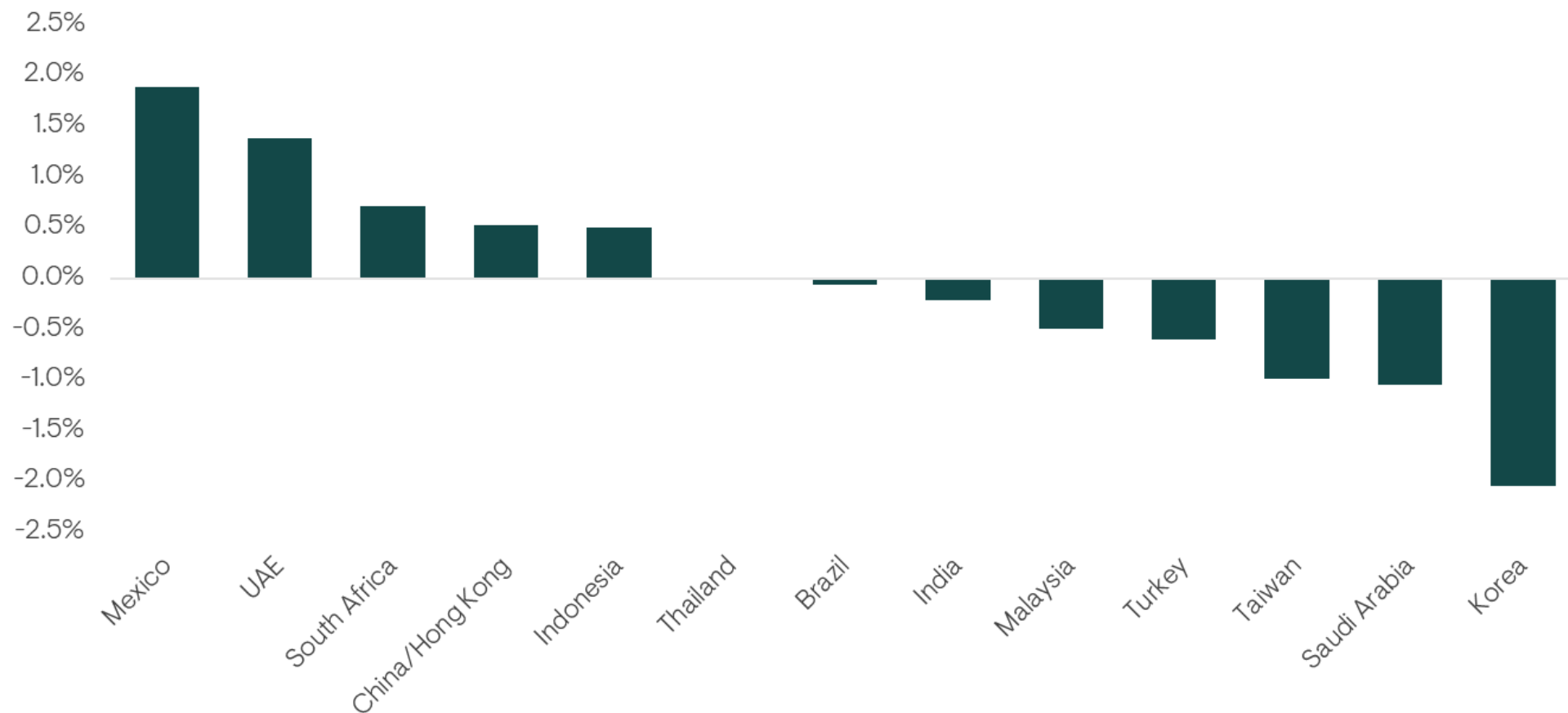


Emerging Markets Equity pooled fund: Neutral style exposures over time



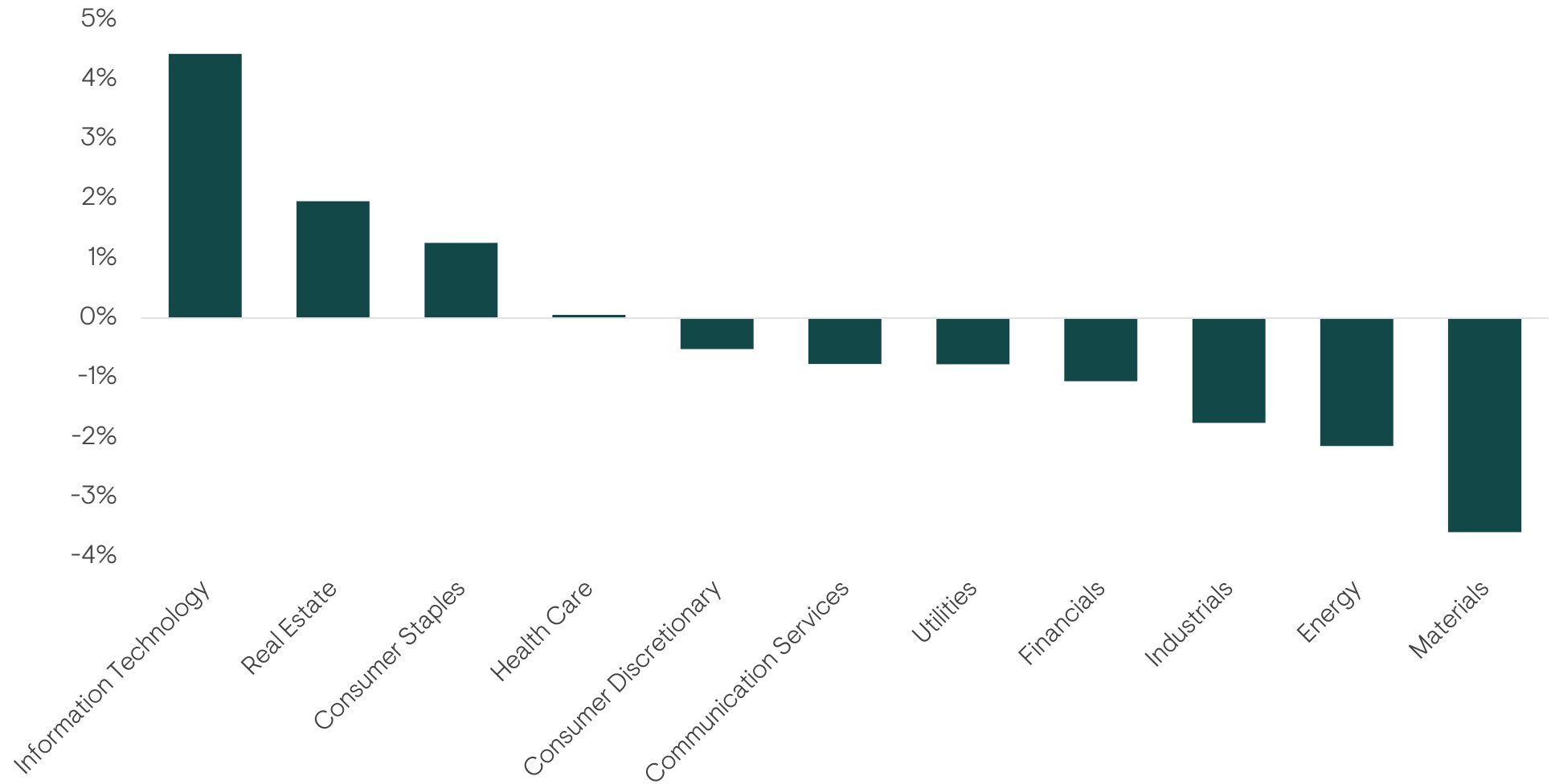


Nest model portfolio #1: Active country exposures





Nest model portfolio #1: Active sector exposures





Nest model portfolio #1: Active stock exposures

Top ten active stock positions

Overweight %

Xiaomi	1.2%
Grupo Mexico	1.1%
Trip.com	1.1%
Meituan	1.1%
Asustek Computer	1.0%
SABESP	0.9%
Aldar Properties	0.9%
Ping An Insurance	0.9%
Pop Mart International	0.9%
Tencent	0.9%

Source: Ninety One, As at 5th November 2024

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For further information on specific portfolio names, please see the Important Information section.

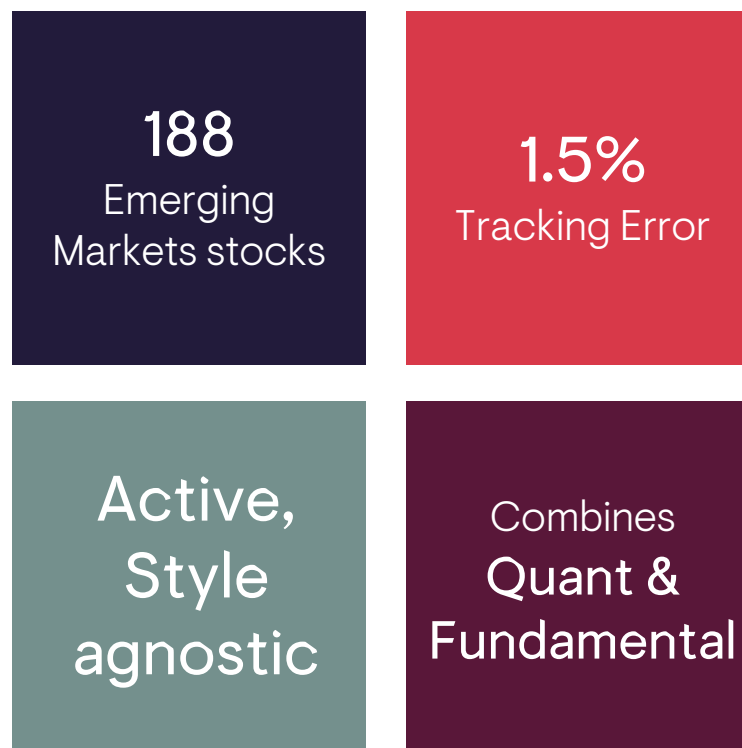
Model portfolio #2





Model portfolio #2

Using FTSE EM benchmark



Seeking to deliver consistent long-term risk-adjusted returns



Nest model portfolio #2: Stock selection risk dominates

Active risk decomposition



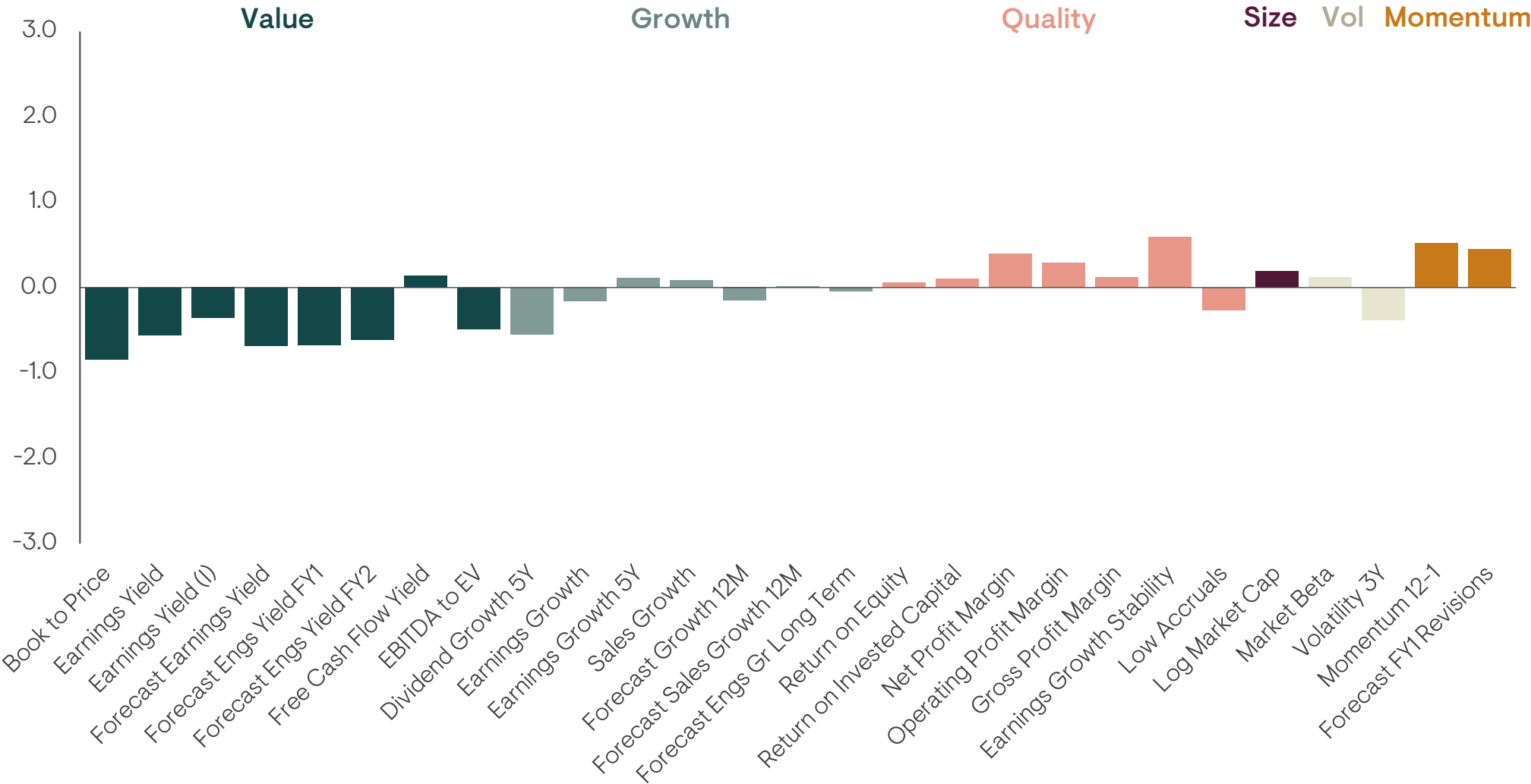
Informed by **fundamental conviction, risk** and **guideline** considerations

Source: Ninety One, As at 13 December 2024

BarraOne risk report snapshot. Units show how significant the portfolio's exposure is to the given attribute. MSCI EM Index
For further information on investment process, please see the Important Information section.

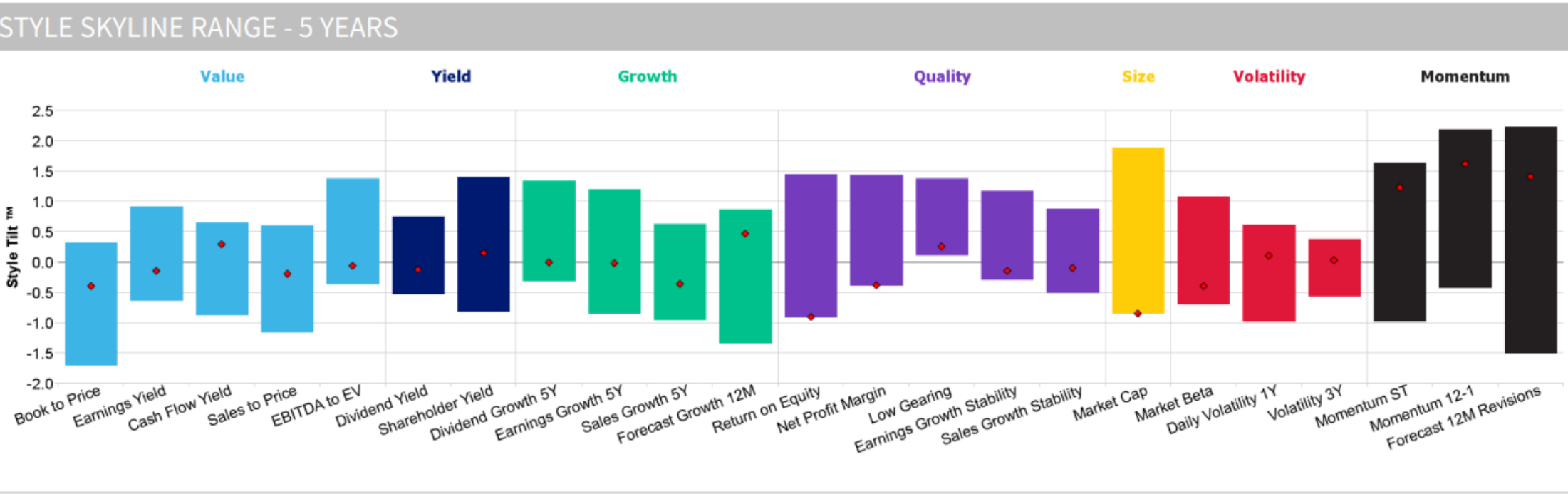


Nest model portfolio #2: Neutral style exposures over time



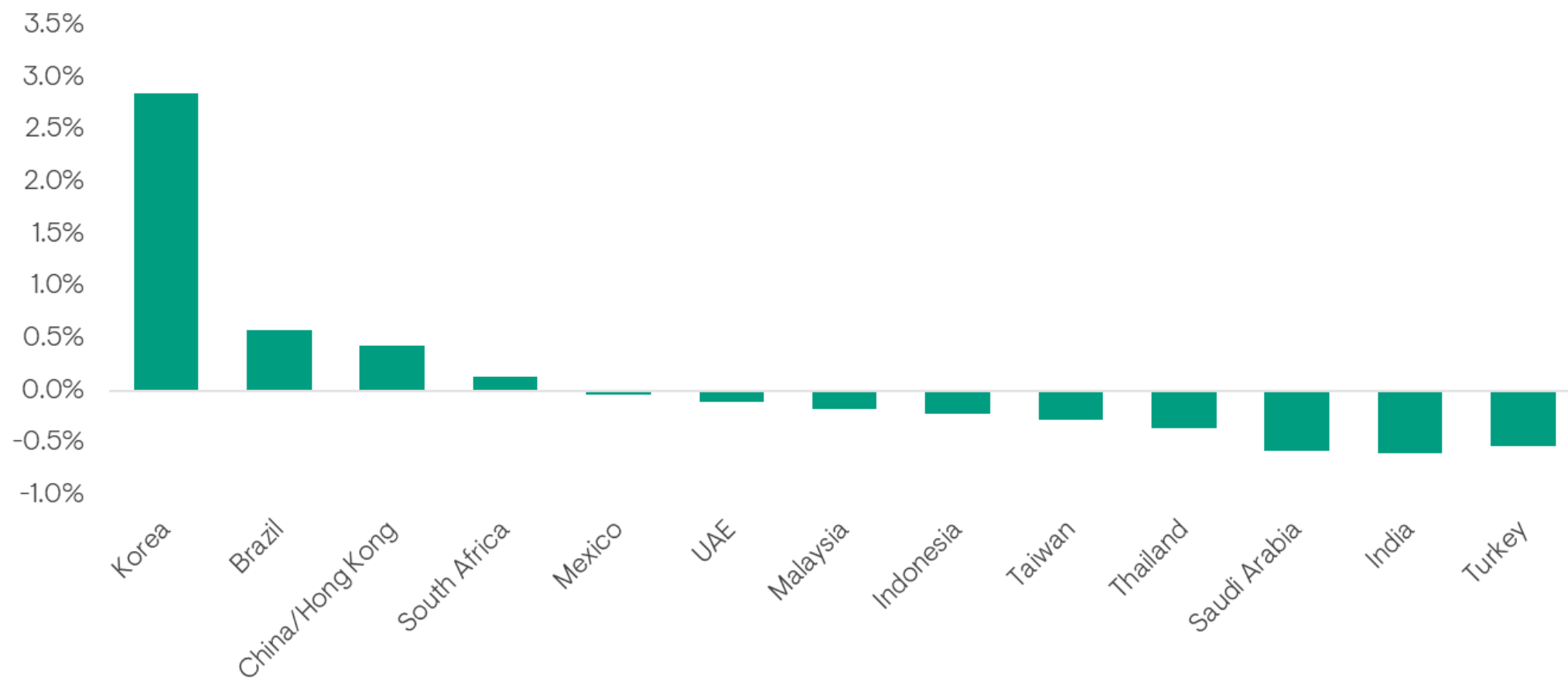


Emerging Markets Equity pooled fund: Neutral style exposures over time



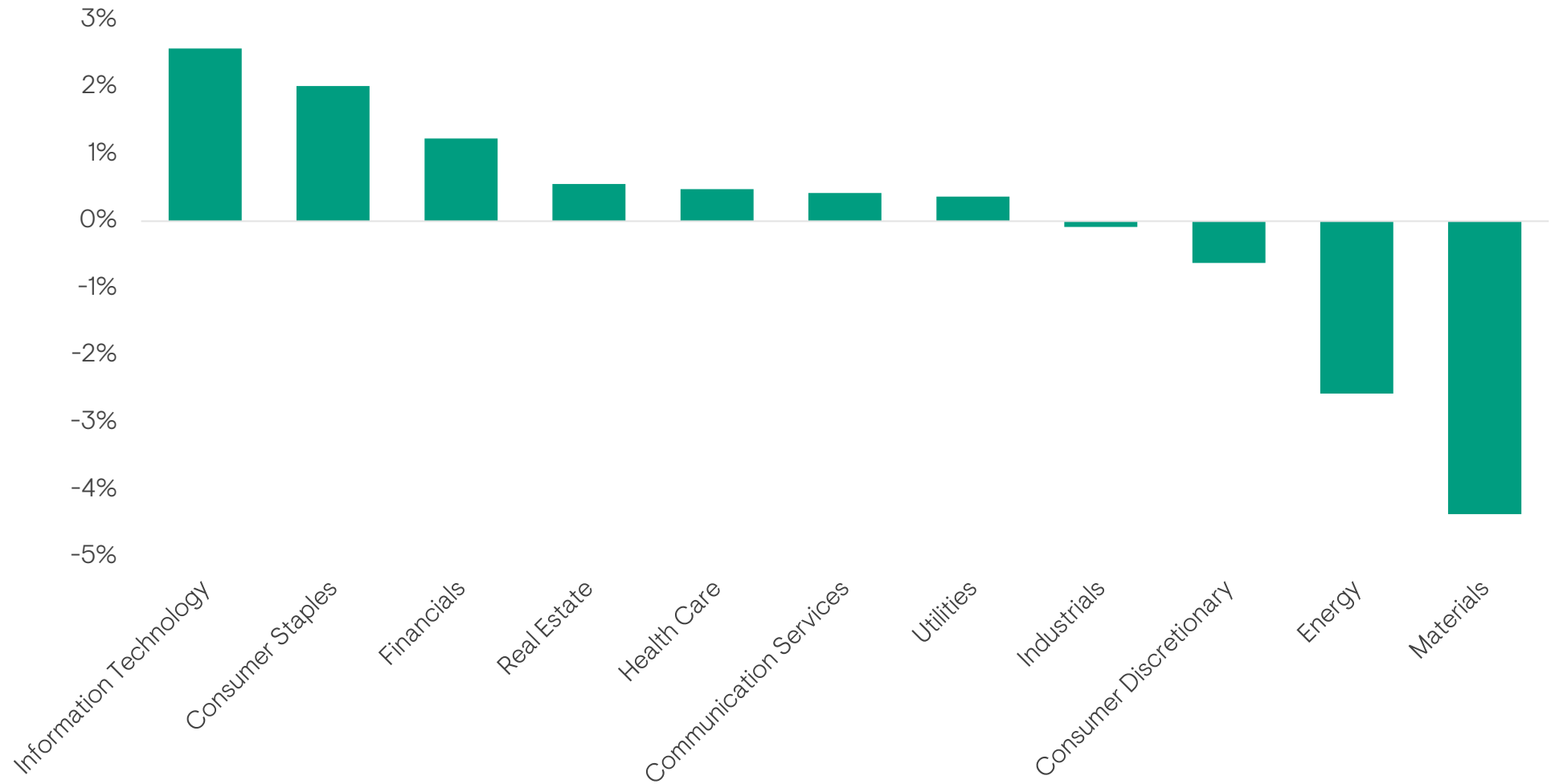


Nest model portfolio #2: Active country exposures





Nest model portfolio #2: Active sector exposures





Nest model portfolio #2: Active stock exposures

Top ten active stock positions

Overweight %

Samsung Electronics	1.5%
SK Hynix	1.4%
Xiaomi	1.4%
Grupo Mexico	1.3%
Trip.com	1.3%
Tencent	1.2%
Asustek	1.2%
Meituan	1.1%
SABESP	1.1%
Ping An Insurance	1.0%

Source: Ninety One, As at 13 December 2024

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Important information

Targeted or projected performance returns

Targeted or projected performance is hypothetical performance and does not represent actual results. No client or investor has experienced the results presented. Targets and projections are hypothetical in that they are good faith estimates of the likelihood of the future performance of asset classes based on certain assumptions. Actual performance can differ, perhaps materially, from the hypothetical results and we do not represent that any client or portfolio will experience the targeted or projected results. See the Hypothetical performance returns section for further important information.

Model return results

Model returns are hypothetical performance and do not represent actual results of any portfolio or strategy. No client or investor has experienced the returns presented. Model results are not historical or actual in nature but are hypothetical illustrations involving modelling components and assumptions that are required for purposes of such hypothetical illustrations. Actual performance can differ, perhaps materially, from hypothetical performance and we do not represent that any client or portfolio will experience the model returns. See the Hypothetical performance returns section for further important information.

Hypothetical performance returns

Assumptions are based on information available as of the date hereof and the Manager assumes no responsibility to update any hypothetical performance based on a change in underlying assumptions or market conditions. No assurances can be provided that the composition or actual performance of the portfolio, at any time, will resemble or correspond (in any way) to the composition of any hypothetical portfolios or hypothetical performance scenarios used to calculate the target or projected performance herein or in other written materials provided to you, or discussed with you.

There is no assurance that any assumptions are likely to be realized or that the assumptions made are reasonable. Consideration of different assumptions or additional assumptions can result in target or projected returns which can be materially different from those presented. The information contained herein does not purport to contain all the information that may be required to evaluate the investment strategy or portfolio and you should conduct your own independent analysis of the hypothetical performance.

There can be no assurances that any investment will generate target or projected returns, that any client or investor will achieve comparable results or that the Manager will be able to implement its investment strategy. Actual performance may be adversely affected by a variety of factors, beyond the Manager's control, such as, political and socio-economic events, adverse changes in the interest rate environment, changes to investment expenses, and a lack of suitable investment opportunities. Accordingly, target and projected returns can be expected to change over time and may differ from previous reports.

This information is provided for illustrative purposes only. Because there are risks and assumptions involved in connection with reliance upon hypothetical results, additional information about assumptions, methodology and supporting data is available upon request.

Investment Team

There is no assurance that the persons referenced herein will continue to be involved with investing assets for the Manager, or that other persons not identified herein will become involved at any time without notice. References to specific and periodic team meetings are not guaranteed to be held or fully attended due to reasonable priority driven circumstances and holidays.

Investment Process

Any description or information regarding investment process is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular Strategy. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

Specific Portfolio Names

References to particular investments or strategies are for illustrative purposes only and should not be seen as a buy, sell or hold recommendation. Such references are not a complete list and other positions, strategies, or vehicles may experience results which differ, perhaps materially, from those presented herein due to different investment objectives, guidelines or market conditions. The securities or investment products mentioned in this document may not have been registered in any jurisdiction. More information is available upon request.

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Indices are shown for illustrative purposes only, are unmanaged and do not take into account market conditions or the costs associated with investing. Further, the manager's strategy may deploy investment techniques and instruments not used to generate Index performance. For this reason, the performance of the manager and the Indices are not directly comparable.

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