

2024

Global Sustainable Total Return Bond Strategy

REPORTING ON SUSTAINABILITY OUTCOMES

This report reflects our investment philosophy and our commitment to report on the sustainability outcomes of our strategies.

LETTER OF INTRODUCTION FROM THE PORTFOLIO MANAGERS



Chris Diaz
Portfolio Manager



Ryan Myerberg
Portfolio Manager



Colby Stilson
Portfolio Manager

Dear Fellow Investors,

Over the last few years, we have entered a new economic reality that calls for adaptation, resilience and flexibility. You can learn more about our thoughts in our article, [A New Fixed Income Regime – An Old Normal?](#) With a record number of elections taking place in 2024 and rising geopolitical tensions, we have seen unprecedented levels of uncertainty take hold. We would also argue that we've entered a period where global economic features such as wealth inequality, immigration, demographics, and climate risk are increasingly challenged.

With all of this in mind, our focus remains on performance and as such, we remain as committed as ever to sustainable investing given it provides us with an additional lens through which we can view risk and reward and navigate these complex (and often interconnected) challenges. We invest in an asset class that is relatively asymmetric with limited upside and a downside that can be zero: as a result, more information supporting our investment theses provides us with more confidence in our investment process and our core objective to provide our clients with strong risk-adjusted returns.

Whilst many of these sustainability-related challenges are global in nature, we continue to see divergence in approaches to tackling them across geographies, underscoring the importance of having a global mindset. For instance, European banks is an area we have continued to find opportunities relative to their global peers (highlighted further in a piece written in December 2024 by two of our fixed income analysts, Anna Rudgard and Yacine El-Mohri; [Will Climate Change Reshape European Banks' Business Model?](#)). This speaks to the expansive opportunity set we have within the global fixed income universe with many levers we can pull in order to achieve our intended results.

Throughout 2024, we continued to make enhancements to our research platform across asset classes. In particular, we are excited about the growing appreciation for applying a sustainable investment lens to sovereign bonds and have worked diligently to enhance our quantitative research methodology through academic partnerships and working closely with our in-house data science team. Sovereign labelled bond issuance continues to grow and this is now reflected in our portfolios; and sovereign engagement has gained traction, notably through initiatives led by the PRI and the Investor Policy Dialogue on Deforestation (IPDD).

We also look for selective opportunities in the corporate landscape—whether it be through banks that are expanding access to financial services to underbanked populations, like BBVA, or an e-commerce platform like eBay, which is driving the circular economy forward through the sale of pre-owned and refurbished goods.

We recognise that building sustainable economies is a long-term effort, but we hope this report gives you a glimpse as to how incorporating these factors into our research process help us build portfolios that can be adaptive, resilient, and flexible through any market environment.

Sincerely,

Chris, Ryan and Colby



SUSTAINABLE INVESTING AT BROWN ADVISORY

As investors, we will consider any data, factor, business tactic or strategy, economic or market condition – whether quantitative and qualitative – that might allow us to better understand the material challenges and opportunities facing a business or issuer. Every Brown Advisory investment strategy holds the fiduciary duty of delivering investment performance to clients as its highest obligation.

How we think about Sustainable Investing

Sustainable Investing strategies apply an active and documented investment decision-making framework that emphasises the materiality of the risks and/or opportunities that arise from natural resource, social and economic, climate, and/or governance issues in their underwriting of an investment. No two Sustainable Investing strategies will be exactly alike – each strategy's approach will reflect the portfolio manager's autonomy to invest in the way they believe best generates long-term performance for clients.

Investment philosophy

We firmly believe there does not have to be a trade-off between strong performance and investments that help address global sustainability challenges. Underwriting our holdings with a sustainable investment lens enhances our holistic approach and steers us towards forward-thinking issuers, be that companies, countries or government agencies that are using sustainability as a means to drive their businesses or economies forward and remain resilient to external shocks.

As an unconstrained, global portfolio we see many regional differences in the implementation and regulatory scrutiny of sustainable practices, both positive and negative. Whilst the quality and standardisation of data continues to be a challenge, its availability across various asset classes in fixed income is improving over time. This is partly due to growing awareness that these factors are becoming increasingly economic. We believe Sovereign Bonds as an asset class, for example, has great potential to navigate and address key environmental and social challenges facing the global economy and, in doing so, deliver positive returns for investors.

For instance, we expect to see rising financial impact stemming from climate risk and the limited availability of natural resources, as well as from developing technologies that provide climate mitigation, or adaptation solutions within a more resource-constrained environment. Likewise, as people are foundational to all aspects of the economy, we anticipate an increase in the opportunities to invest in issuers that are managing human capital well.

We have found that considering all data points, considering both fundamental and sustainable investment analysis, has a positive influence on our investment decision making and allows us to build fully diversified portfolios that aim to deliver attractive risk-adjusted returns.



Investment process

We seek to offer investors access to an attractive stream of income and risk-adjusted returns through an active, flexible approach to asset allocation, untethered to the benchmark. This allows us to allocate risk tactically to areas of the market that we believe have the most attractive risk-reward profiles to add depth and breadth to the opportunity set.

Our comprehensive investment analysis involves a complex balance of factors. Each of the different asset classes (corporates, sovereigns, mortgages, etc.) require in-depth consideration across a range of different factors from political risks to board composition and cash flow.

- **Fundamental investment research:** combining global macro assessment to determine overall portfolio risk and composition, with bottom-up analysis to model cash flows, duration and valuations.
- **Sustainable investment research:** evaluation of sustainable investment risks and opportunities including specific use of proceeds and the issuer's ability to manage the project and risks.

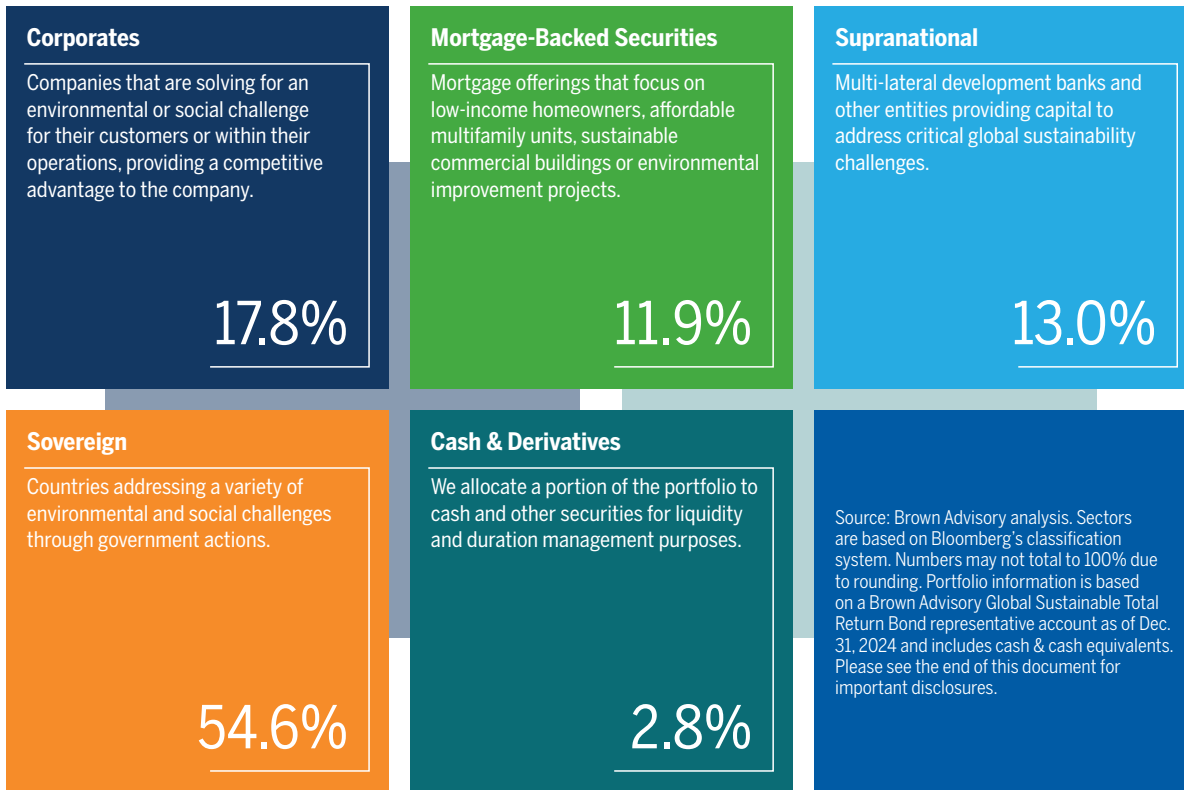
It is at the intersection of these key elements when we find an attractive investment. Only when an issuer meets our exact standards will they be considered candidates for inclusion into our sustainable bond portfolios. And our ongoing active and dynamic approach to asset allocation means we will reposition the portfolio in different market environments in an effort to help maximise return potential and mitigate risk for our investors.

SUSTAINABILITY INDICATORS

By applying a sustainable investment lens to our investment process, we believe our portfolio is naturally aligned with positive sustainability outcomes across a range of areas. The way we assess sustainability requires a variety of methods due to the different types of issuers in which we invest. By breaking down the portfolio by asset class, geography and thematic framework, we can better demonstrate that diversification.

Diversification by asset class

The issuers represented in our portfolio seek to contribute to positive outcomes in different ways. This allows us to avoid concentration risk and helps us allocate capital strategically and tactically using a dynamic approach to asset allocation based on our ongoing assessment of the global fixed income market. We also allocate a portion of the portfolio to cash and other securities for liquidity and duration management purposes.



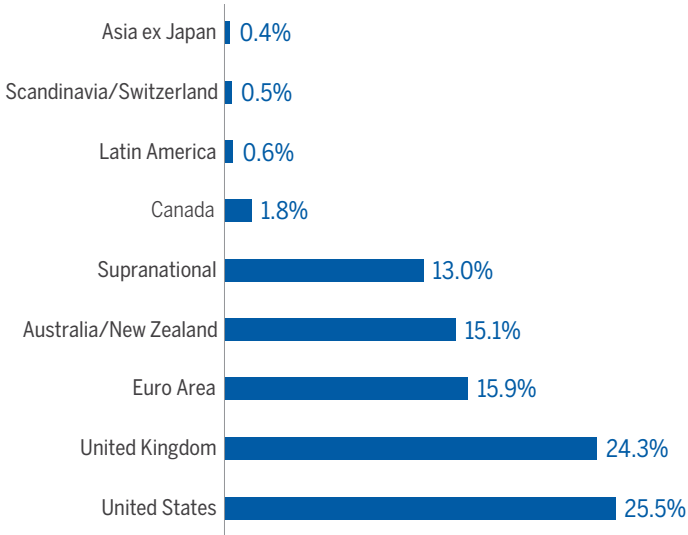
“It seems natural to us that our research approach not only reviews the world through a fundamental, economic lens, but also applies a sustainable investment lens as well. This ‘bi-focal’ view deepens our ability to understand the opportunity and risk within our investment universe, which we believe will be accretive in the context of our longer-term performance.”

RYAN MYERBERG

Diversification by geography

As a global fixed income manager, we recognise that risks and opportunities vary by geography at any given time. This holds true for the sustainability challenges faced by each country and region in which we invest. Understanding both macro-level sustainability considerations and how they flow through to the companies and countries in which we invest is an important part of our process.

GEOGRAPHIC BREAKDOWN



Source: BBH and Bloomberg. The portfolio information provided is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024. Numbers may not total due to rounding. Cash is included in the weights calculations but not shown in the breakdowns above, cash was 2.8% as of Dec. 31, 2024. Holdings shown are for informational purposes only and are not a recommendation to buy, sell or hold any security. Please see the end of this document for important disclosures.

Labelled bonds

Labelled bonds, such as green, social, sustainability, or sustainability-linked bonds are a tool used to finance specific environmental and/or social projects and objectives. The global sustainable debt market was resilient in 2024, surpassing \$1.63 trillion in issuance - the second-highest total since the market's inception in 2007.¹ This was a 10% increase from the previous year and ended two consecutive years of decline.¹

Whilst appealing, bond labels are no shortcut for the prudent investor due to a lack of standardisation and independent verification. When assessing a labelled bond, it is important to understand how the labelled bond fits into an issuer's overarching strategy, including evaluating the use of proceeds and mechanisms for accountability. In particular, we examine how well these bonds align and adhere to the voluntary guidelines issued by ICMA and will support those that we believe are allocating capital towards projects that we believe will make them more resilient over the long-term.

We do not target a specific portion of the portfolio to be in labelled bonds, however we generally maintain some exposure at all times. Whilst allocation to labelled bonds was relatively small at year-end, we are encouraged by the growth of the market both in terms of depth and breadth. Growth continues to be driven by sovereign entities and green/social mortgages issued by Fannie & Ginnie Mae, which is reflected in our portfolio as of year-end. We continue to engage with the sustainable debt community to build out this growing opportunity set.

¹ Bloomberg New Energy Finance (BNEF) as of Dec. 31, 2024.

Percentage of portfolio in labelled bonds

6.8%

Source: Brown Advisory analysis is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024 and includes cash. Please see the end of this document for important disclosures.

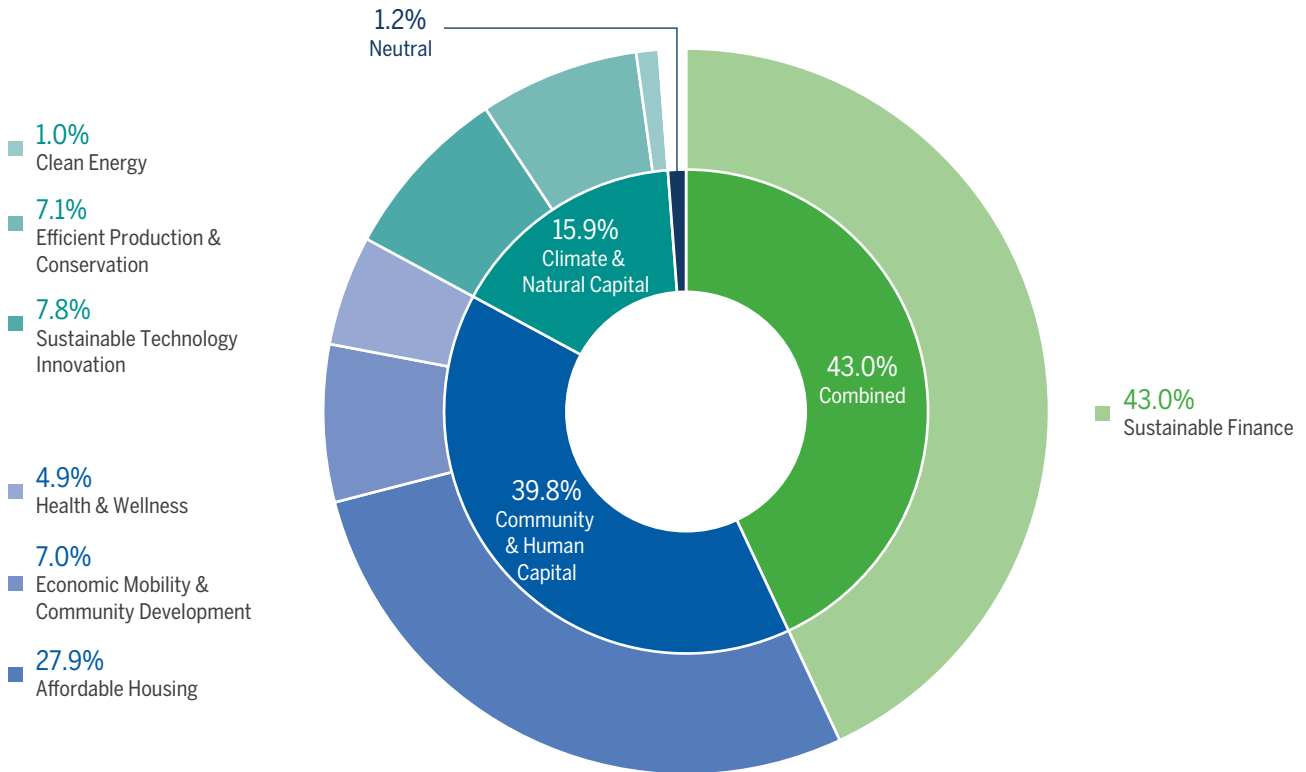
Diversification by themes

Consistent with our unconstrained approach, which seeks out the best global opportunities to produce strong risk-adjusted returns for our clients, we cast a wide net for sustainable investments that can touch a number of different themes. That said, for the purposes of assessment and to recognise the positive outcomes associated with the activities of issuers in which we invest, we have a straightforward, internally-created framework to illustrate the variety of challenges and opportunities our portfolios address.

This categorisation is focused on corporate, securitised and supranational issuers. The portfolio also contains sovereign bonds which are assessed using a different approach and is explained on page 8 of this report.

DIVERSIFICATION OF CORPORATE, SECURITISED AND SUPRANATIONAL ISSUERS

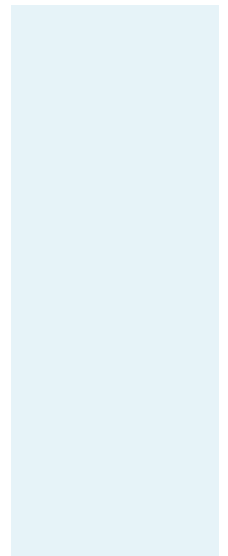
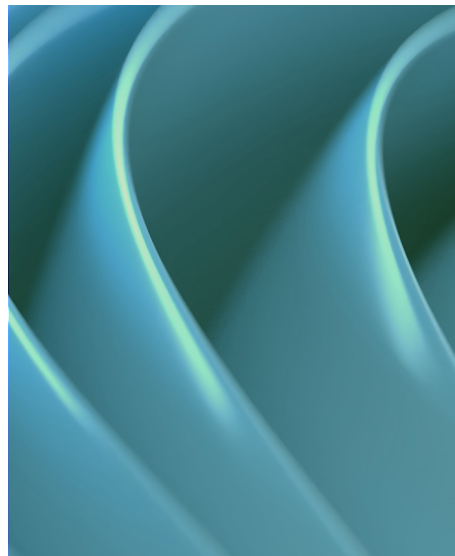
This categorisation is focused only on the aforementioned issuers and represents 45% of the entire portfolio.



Source: Brown Advisory analysis. Neutral represents holdings that are not categorised within the framework and cash. Combined represents holdings that could be categorised as both Climate & Natural Capital and Community & Human Capital. Numbers may not total due to rounding. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024, and includes cash & cash equivalents. Please see the end of this document for important disclosures.

A CLIENT-FOCUSED THEMATIC FRAMEWORK

The themes presented in the Brown Advisory framework above, Climate & Natural Capital and Community & Human Capital, have been developed with the sole purpose of explaining the potential sustainability outcomes of our investments. We work closely with our clients to help them translate our themes against their own tools or other internationally recognised frameworks, such as the U.N. Sustainable Development Goals (SDGs), if that aligns with their investment philosophy or goals. Whilst we do not invest to achieve these goals, some clients have found it useful to show how our themes map against the SDGs to understand a strategy's investment outcomes.

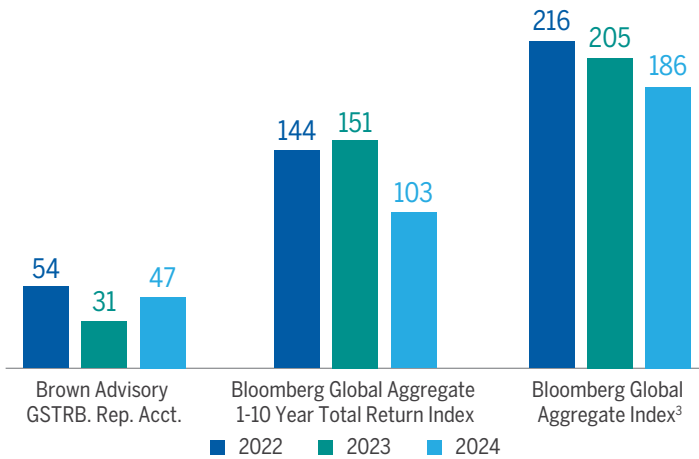


Corporate carbon emissions

Whilst climate risk is a consideration for all asset classes within the portfolio, the data below is illustrative of corporate issuers only due to the availability and comparability of data. This represents 18.0% of the portfolio¹. Sovereign-related carbon emissions are assessed differently, (see page 8 for details).

We believe the fixed income markets are poised to play an essential role in financing the global effort to decarbonise our atmosphere. As part of our investment assessments we consider an issuer’s overall carbon footprint. From an investment perspective, this is beneficial as lower emissions can reduce the cost of operating expenses when paired with efficiency gains, mitigate certain regulatory risks, and signal stronger long-term resilience in an increasingly turbulent ecosystem.

WEIGHTED AVERAGE CARBON INTENSITY^{1,2}

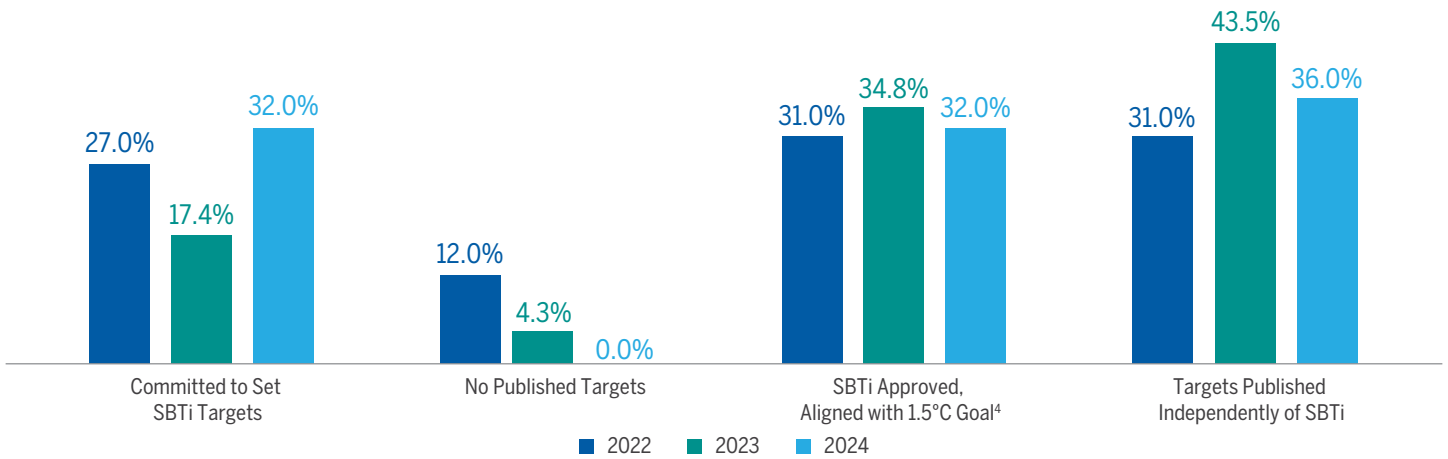


One of the key drivers of the relative increase in emissions intensity from the prior year was due to the addition of a Yara Green Bond in 2024. Whilst fertiliser production is relatively emissions intensive, Yara continues to lead the industry in innovation through the development of renewable hydrogen and clean ammonia—a small but growing portion of its business that has been central to our engagement with the company. The green bond specifically helps to finance these initiatives, highlighting the important role labelled bonds play in supporting a company’s decarbonisation strategy and driving performance.

Source: MSCI ESG Manager and Brown Advisory Analysis.

Science-based targets progress¹

It is important to not just look at where a company’s footprint is today, but also its forward-looking trajectory. Science-based targets are one way in which we assess a company’s future commitments to emissions reductions. Many of our investments publish targets in line with recommendations from the Science-Based Targets initiative (SBTi) although some independently set targets from this initiative. The presence of credible, forward-looking climate targets can signal a company’s preparedness for regulatory shifts, evolving customer expectations, and resource constraints—factors that may contribute to long-term resilience and competitive positioning.



Source: MSCI ESG Manager and Brown Advisory analysis.

¹ Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024. Please see the end of this report for important disclosures.

² Tons CO₂e/\$M revenue of portfolio holdings, adjusted based on relative weighting of each holding.

³ As of August 1, 2025, the strategy’s performance benchmark is the Bloomberg Global Aggregate Index. Prior to August 1, 2025, the performance benchmark index was the Bloomberg Global Aggregate (1-10Y) Index.

⁴ SBTi approves targets that it believes are in line with meeting the goals of the Paris Agreement: limiting global warming to well-below 2°C above pre-industrial levels, and pursuing efforts to limit warming to 1.5°C. We do not engage with every issuer, we engage only when we believe it will be material to our investment decisions.

The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures.

Sovereigns

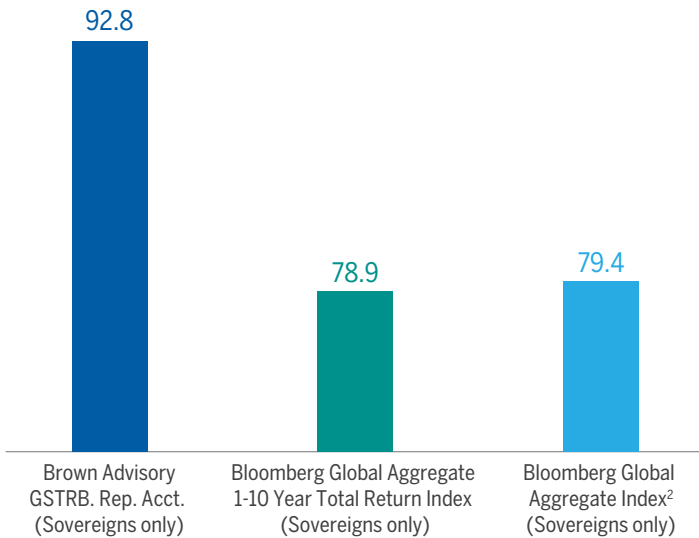
Analysing and investing in sovereign issuers from a sustainable investment perspective is often very nuanced. Countries are large, diverse issuers that can have a wide range of influence, both positive and negative, on the world around them and within their own borders.

Therefore, in our view, it is too simplistic to map them to one specific theme. Instead, using a combination of quantitative and qualitative methods, we identify issuers that we believe are addressing climate and human capital-related challenges in such a way that makes their economies more competitive and resilient over the long term.

Freedom House score

Freedom House annually assesses the condition of political rights and civil liberties around the world, utilising multiple assessments to create their score. This is just one data point we use in our sovereign sustainability assessment, but believe it is an important proxy for evaluating how governments are meeting the needs of their citizens in order to preserve political stability and avoid civil unrest, which may contribute to a country's ability to repay their debt. A higher score means relatively more freedom.¹

WEIGHTED AVERAGE FREEDOM HOUSE SCORE



Source: Freedom House and Brown Advisory analysis. Index data provided by MSCI ESG Manager. Data reflects portfolio holdings as of Dec. 31, 2024. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures and a complete list of terms and definitions.

¹ <https://freedomhouse.org/reports/freedom-world/freedom-world-research-methodology>

² As of August 1, 2025, the strategy's performance benchmark is the Bloomberg Global Aggregate Index. Prior to August 1, 2025, the performance benchmark index was the Bloomberg Global Aggregate (1-10Y) Index.

SOVEREIGN FRAMEWORK



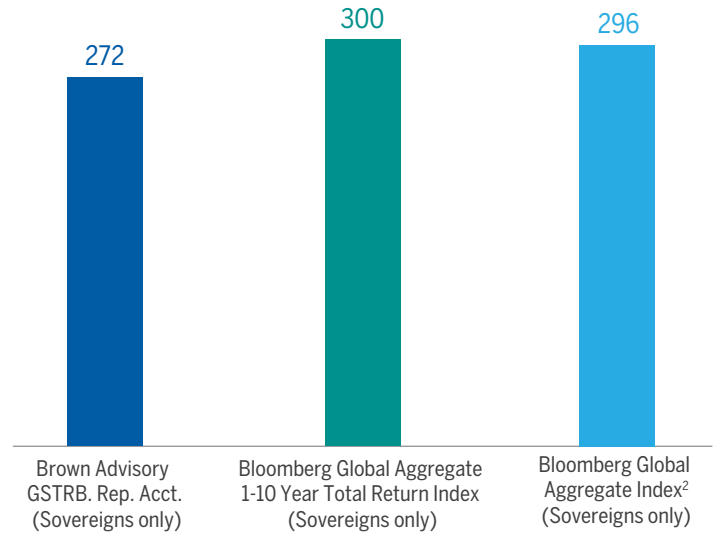
Source: Brown Advisory.



Sovereign carbon emissions

The standardisation of emissions data and emission reduction targets for sovereign issuers is still a work in progress, and as such we seek to take as holistic a view as possible when assessing and reporting this data. In our research process, we look at a country’s emissions profile from multiple angles, but for simplicity of reporting we have opted to follow Partnership for Carbon Accounting Financials (PCAF) methodology for sovereign bonds.

WEIGHTED AVERAGE CARBON INTENSITY¹



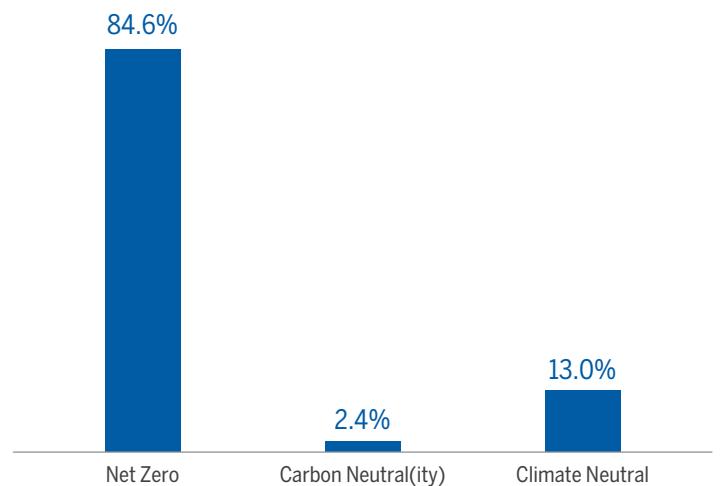
Source: MSCI ESG Manager. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures and a complete list of terms and index definitions.

¹ Tons CO2e/\$M GDP – Adjusted PP, adjusted based on relative weighting of each holding.

² As of August 1, 2025, the strategy’s performance benchmark is the Bloomberg Global Aggregate Index. Prior to August 1, 2025, the performance benchmark index was the Bloomberg Global Aggregate (1-10Y) Index.

Sovereign net zero goals

When considering carbon emissions risk of a sovereign, it is important to not just look at their emissions profile today, but where they are going, looking at forward-looking targets and policies to support them. Net Zero Tracker gathers this information based on publicly-available data and given there is no single standard for net zero target-setting for sovereigns at this time, Net Zero Tracker classifies each country’s target based on how it self-labels.¹



Source: Zero Net Tracker. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec. 31, 2024. Please see the end of this report for important disclosures.

¹ <https://zerotracker.net/methodology>

Corporate case studies



EBAY

THEME:

Efficient Production & Conservation

ISSUER SUMMARY:

eBay is a dominant e-commerce platform and a pioneer of the circular

economy. It benefits from its widely recognised brand name, geographic diversity and leading market position in the online e-commerce market. eBay is an online space where millions of people can buy and sell pre-owned goods in more than 190 markets around the world. “Recommerce” is central to eBay’s business and impact goals. It estimates that pre-owned and refurbished goods make up 40% of total gross merchandise volume (a measure of total value of transactions between users on the platform).¹ eBay has a target of achieving \$22bn in positive economic impact from pre-loved and refurbished sales of goods by 2025.² Pre-owned and refurbished purchasing helps to preserve the world’s natural resources by avoiding a portion of the carbon emissions, water, energy and waste typically used in producing new goods.³ In addition, it stands to benefit from demographic tailwinds as 36% of Gen Z and 39% of Millennials value the sustainability and environmental benefits of buying pre-loved goods.³ Empowering diverse entrepreneurs and supporting small businesses is another key focus area at the heart of eBay’s business as it helps small businesses and traditionally underrepresented entrepreneurs build online storefronts and also allowing it to expand its customer base.

¹ [eBay 2024 Recommerce Report](#)
² [eBay 2023 Impact Report](#)
³ [eBay 2023 Recommerce Report](#)



REGENERON

THEME:

Health & Wellness

ISSUER SUMMARY:

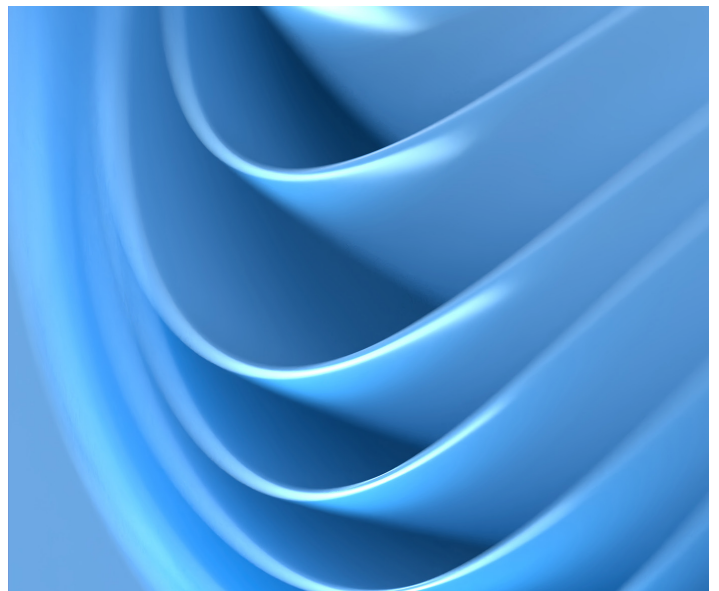
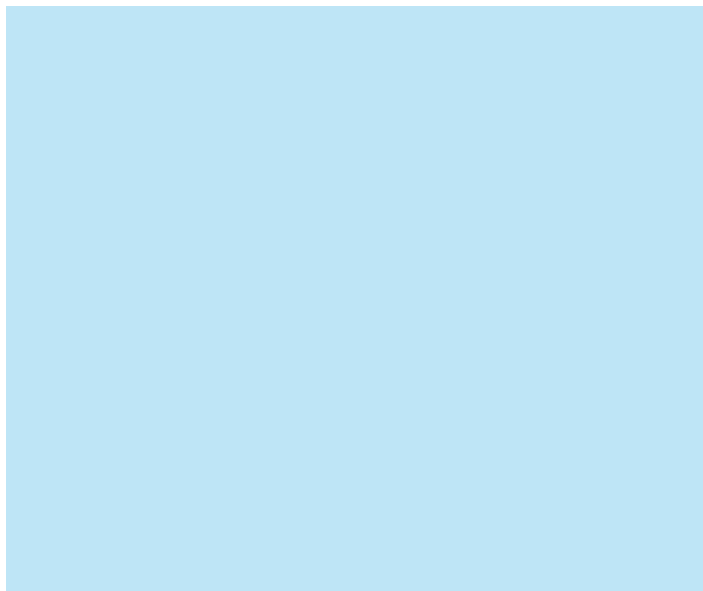
Regeneron’s competitive advantage lies in the company’s ‘one-stop’

shop business strategy that seeks to improve patient outcomes by leveraging its bio-tech capabilities to discover, develop, and manufacture medicine through the Regeneron Genetics Center (RGC) and VelociSuite Technologies. RGC houses the largest and most diverse human genetics database that operates under the objective to improve patient outcomes by expanding the use of human genetics for clinical research, and discovering and validating genetic factors that cause or influence a variety of diseases.¹ The breadth of RGC’s genetic database presents the company with a unique opportunity to expand its market share by developing more effective treatments for underserved and underrepresented communities.

Regeneron’s VelociSuite Technology enables the company to quickly discover and develop human antibodies; the foundation of biologic medicines developed to treat and sometimes reverse the effects of human diseases that were previously incurable. For example, Dupixent is the first and only biologic to produce statistically significant results that show a significant reduction in moderate to severe Chronic Obstructive Pulmonary Disease (COPD) and improvement in lung function.² VelociSuite accelerates the average time it takes from discovery to regulatory approval. RGC and VelociSuite has enabled the company to solidify its standing as a leader in the Bio-tech space by applying a revolutionary approach to drug discovery and development.

¹ [Regeneron Genetics Center \(RGC\)](#)
² [Regeneron and Sanofi Dupixent Press Releases](#)

Source: Company reports and Brown Advisory Research. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures.



Sovereign bond case study



NEW ZEALAND (GREEN BOND)

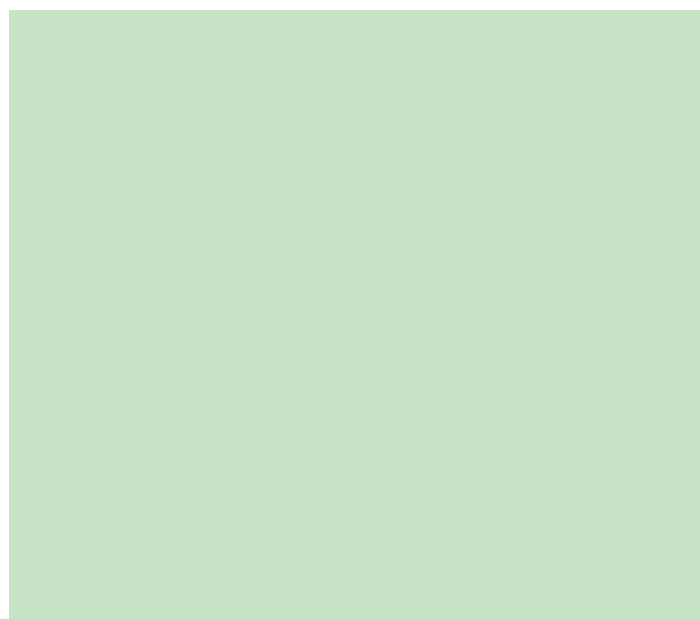
New Zealand is a top performer across health, education, and economic opportunity metrics, underpinned by its leading governance profile. Moreover, the country maintains a leadership position in renewables with about 88% of

electricity coming from renewable sources and remains committed to achieving its net zero target by 2050.¹ New Zealand's Green Bond Programme, focused on climate mitigation, adaptation, and biodiversity, is fully aligned with the country's net-zero targets. The programme's key focus areas include financing clean transport and energy efficiency and renewable energy projects. As the country's second largest emitting sector, decarbonising transportation has been identified as a key priority for achieving net zero. The Green Bond Programme invests in low- and zero- emission public transportation vehicles, infrastructure, and other incentives to increase uptake in LEVs/ZEVs by Kiwis.

Whilst the country continues to make progress in energy and transportation, New Zealand's economy relies heavily on agricultural exports, which accounts for almost 50% of greenhouse gas emissions, of which methane accounts for 71%.² Recognising the challenge of reducing methane emissions produced by enteric fermentation of its cattle and sheep, the country has implemented a separate target and mitigation strategy to reduce agricultural methane emissions by 24-47% below 2017 levels, while maintaining its global competitiveness.² New Zealand has aligned the demand for sustainably produced food with its methane reductions goals and has made steady progress and efficiency gains by introducing its farmers to innovative farming practices and technology. The government remains committed to investing in research and development for emissions reductions technologies and providing advisory and support services to farmers as the strength of the agricultural sector will be essential to the resilience of its economy over the long-term.

¹ [New Zealand MBIE Electricity Statistics](#)

² [New Zealand Agricultural Greenhouse Gas Research Centre, Science of Methane](#)

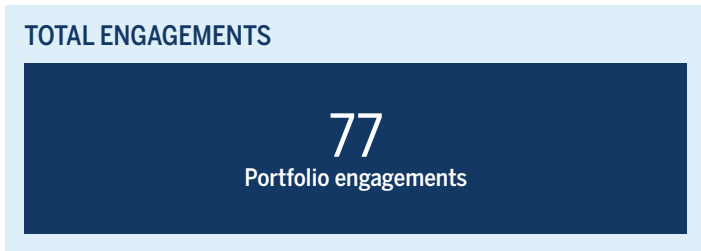


Source: Company reports and Brown Advisory Research. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the issuers mentioned. It should not be assumed that investments in such issuers have been or will be profitable. To the extent specific issuers are mentioned, they have been selected by the author on an objective basis to illustrate the sustainable investment philosophy of the strategy, and do not represent all of the issuers purchased, sold or recommended for advisory clients. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account. Please see the end of this report for important disclosures.

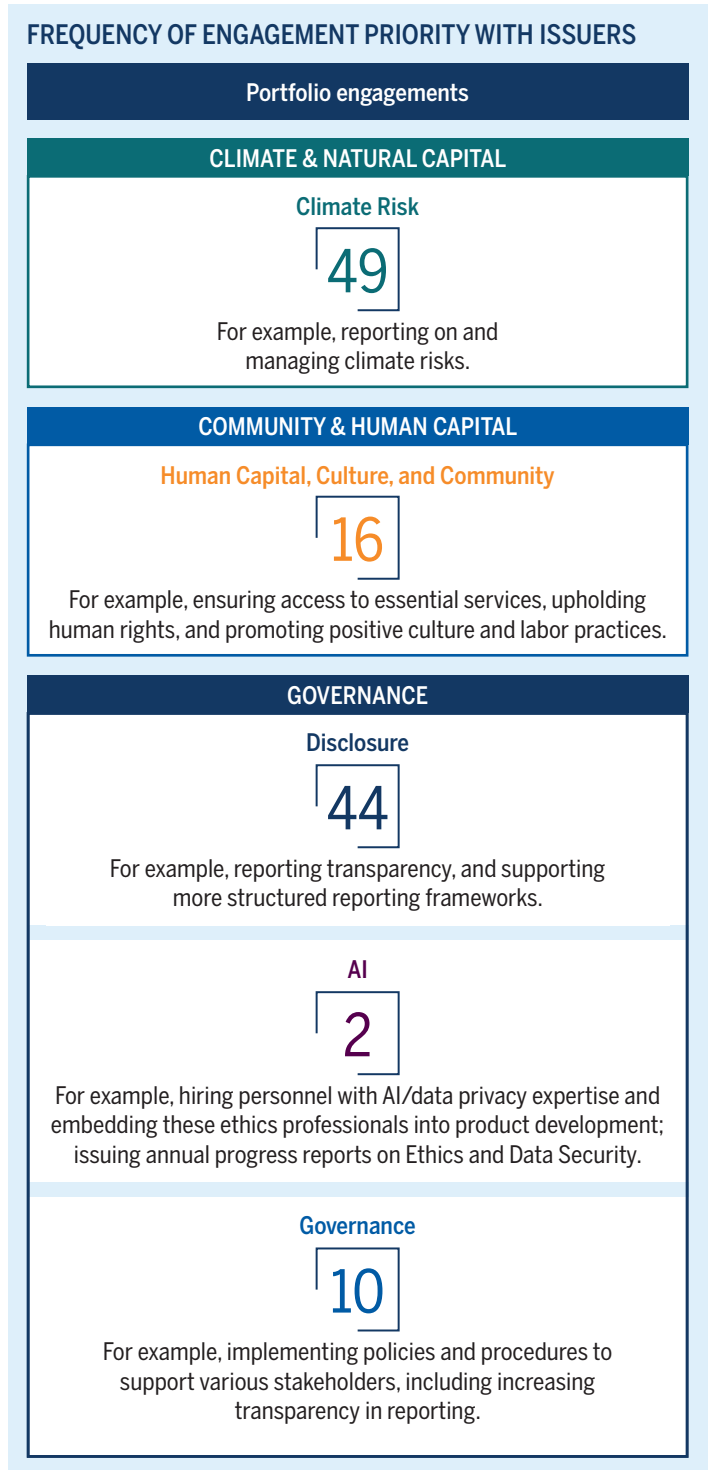
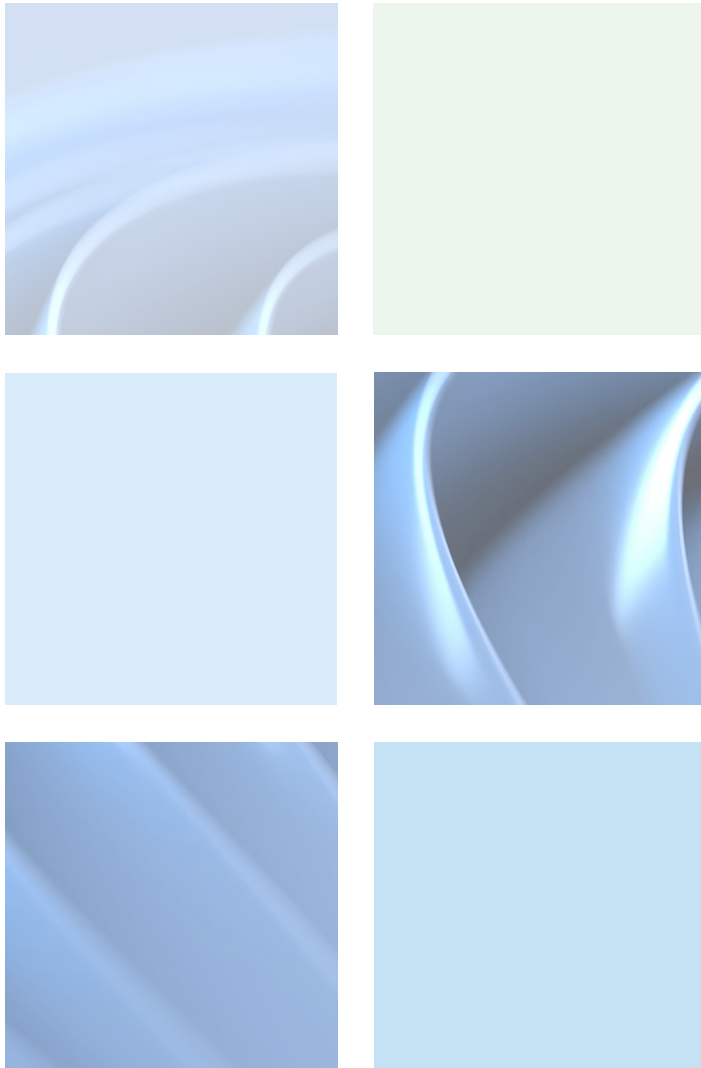
ENGAGEMENT

Creditors and bondholders play a key role in the capital structure of issuers. As active investors, we seek to engage with issuers when it is both feasible and material to our investment decision making. These engagements allow us to communicate our thinking and gather insights that enhance our understanding of the issuer’s strategy. We find that many issuers are receptive to such dialogue - particularly when they anticipate future debt issuance - and value the input of potential investors. Engaging with issuers in asset classes that tend to have lower levels of data and disclosure is particularly important for our due diligence, as it may help us to uncover lesser-known risks or opportunities.

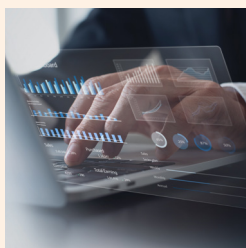
Our engagement activity by the numbers



Source: Brown Advisory. Portfolio information based on a Brown Advisory Global Sustainable Total Return Bond representative account. We do not engage with every company or issuer. We only engage only when we believe engagement will be material to our investment decision making. Please see the end of this report for important disclosures.



Notable engagements in 2024



MULTINATIONAL FINANCIAL SERVICES COMPANY

GOAL:

Understand the bank's sustainability strategy and support for clients in new energy solutions

PRIORITY: Climate Risk

ACTIVITY:

This multinational bank is one of Spain's largest financial groups and has a strong presence in emerging markets, underpenetrated regions where we believe it is well positioned to expand access to financial services for the underbanked. Oftentimes emerging markets (EM) offer strong economic growth potential for loans and bank account products. SME lending, especially in EM countries, drives economic development and results in multiple benefits for regions. In OECD countries it is typically the largest source of employment. Furthermore, the bank is at the forefront of digitalisation, with more than half of new customers acquired digitally, further cementing its leadership position and driving down its cost base.

Beyond its important role in supporting economic development, our most recent engagement in 2024 sought to understand its sustainability strategy and how it was supporting clients in their transitions. We learned through our engagement that the bank is seeking to develop expertise in new technologies to better advise its clients on decarbonisation strategies; in 2024, it expanded its footprint in the US with the aim of leading the financing of new energy solutions in the country, working alongside other companies prioritising decarbonisation efforts. As part of this new strategic initiative, the bank also committed significantly to a private climate infrastructure fund, which seeks to invest in new energy opportunities. The bank sees it as a win-win for its largest clients who seek to decarbonise but don't want to make the upfront investments in nascent technology on their own balance sheet. Overall, this engagement strengthened our conviction in the bank's ability to pursue its sustainability strategy as its corporate clients can benefit from getting priority access to sector-specific technology innovation without taking on balance sheet risk.



CANADA

GOAL:

Understand current and future climate policy and promote development of the sustainable finance sector

PRIORITY: Climate Risk

ACTIVITY:

As the practice of sovereign engagement continues to mature, we continue to broaden our scope through both 1:1 engagements with government entities, as well as through investor working groups (e.g. PRI and IPDD). With COP30—the UN climate conference—set to take place at the end of 2025, all eyes are on the updated nationally-determined contributions (NDCs), which all countries are required to submit, outlining their renewed climate ambitions. In 2024, we initiated several conversations to begin to understand what we might expect to see in these new commitments and how that could impact the policy and economic environment within each country.

One such example is Canada. Given its involvement in high-emitting sectors (oil and gas, mining), as well as its vast natural resources (timber), climate risk is an important consideration when thinking about the resilience of its economy. As such, we participated in an inaugural investor group meeting with several members of the government to better understand current and future climate policy with a focus on the fossil fuel and mining industries, as well as its exposure to wildfires. We also discussed how its sovereign green bonds (which we hold in our portfolio) plays into its broader goals. This was a preliminary conversation meant to open the dialogue for continued engagement. As with all engagement, but especially within the sovereign context, the issues which we engage on (like climate) require us to take a long-term view with a focus on building productive and collaborative relationships with myriad stakeholders all with the goal of helping us to make more-informed investment decisions.

Source: Brown Advisory Research. Engagement activity information is based on engagements related to the Brown Advisory Global Sustainable Total Return Bond Strategy during 2024. One engagement may incorporate a number of different topics or approaches; as a result, engagements may be counted toward more than one type, priority or category. We do not engage with every issuer. We engage only when we believe engagement will be material to our investment decision making. Please note, for the purpose of our public reporting, and in keeping with the spirit of trust and collaborative dialogue with our holding companies, we feel that it is important to anonymise the companies with which we engage on key sustainability issues. Portfolio information is based on a Brown Advisory Global Sustainable Total Return Bond representative account as of Dec.31, 2023. Please see the end of this report for important disclosures.

Contact information

U.S. INSTITUTIONAL SALES & SERVICE

institutionalsales@brownadvisory.com

(443)873 5252

INTERNATIONAL INSTITUTIONAL SALES

internationalinstitutionalsales@brownadvisory.com

+44 (0)20 3301 8130

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested. All investments involve risk. The value of the investment and the income from it will vary. There is no guarantee that the initial investment will be returned.

Sustainable investment considerations are one of multiple informational inputs into the investment process, alongside data on traditional financial factors, and so are not the sole driver of decision-making. Sustainable investment analysis may not be performed for every holding in the strategy. Sustainable investment considerations that are material will vary by investment style, sector/industry, market trends and client objectives. The strategy seeks to identify companies that it believes may be desirable based on our analysis of sustainable investment related risks and opportunities, but investors may differ in their views. As a result, the strategy may invest in companies that do not reflect the beliefs and values of any particular investor. The strategy may also invest in companies that would otherwise be excluded from other funds that focus on sustainable investment risks. Security selection will be impacted by the combined focus on sustainable investment research assessments and fundamental research assessments including the return forecasts. The strategy incorporates data from third parties in its research process but does not make investment decisions based on third-party data alone. Brown Advisory relies on third parties to provide data and screening tools. There is no assurance that this information will be accurate or complete or that it will properly exclude all applicable securities. Investments selected using these tools may perform differently than as forecasted due to the factors incorporated into the screening process, changes from historical trends, and issues in the construction and implementation of the screens (including, but not limited to, software issues and other technological issues). There is no guarantee that Brown Advisory's use of these tools will result in effective investment decisions.

©2020 MSCI ESG Research LLC. Reproduced by permission; no further redistribution. Although Brown Advisory's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) arising from use of any of the data herein even if notified of the possibility of such damages.

The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

The **Bloomberg Global Aggregate 1-10 Year Total Return Index (GBP Hedged)** represents a close estimation of the performance that can be achieved by hedging the currency exposure of its parent index, the Bloomberg Global Aggregate Index, to GBP and limiting to bonds with maturities between 1 and 10 years. The Index is 100% hedged to the GBP by selling the forwards of all the currencies in the parent index at the one-month Forward rate. The parent index is composed of government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

The **Bloomberg Global Aggregate Index** is a flagship measure of global investment grade debt from twenty-seven local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging markets issuers.

It is not possible to invest directly in an index.

"Bloomberg®", Bloomberg Global Aggregate Index and Bloomberg Global Aggregate Index (1-10Y) (GBP Hedged) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Brown Advisory. Bloomberg is not affiliated with Brown Advisory, and Bloomberg does not approve, endorse, review, or recommend the Brown Advisory Global Sustainable Total Return Bond strategy.