



2020 ESG Report

January 2021

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Introduction

Since the launch of ABS, diversity and inclusion have been defining characteristics of our firm and a key driver to our success over the past nearly two decades. Diversity has been in our DNA since our three founding partners, coming from three different continents, joined together to launch ABS in 2002. A diverse workforce allows ABS to attract and retain the best talent, helps to prevent groupthink by introducing a wide range of experiences and perspectives, encourages creativity and innovation, and provides unique cultural insights and sensitivities that are an essential component of ABS' emphasis on investing with managers located across the globe.

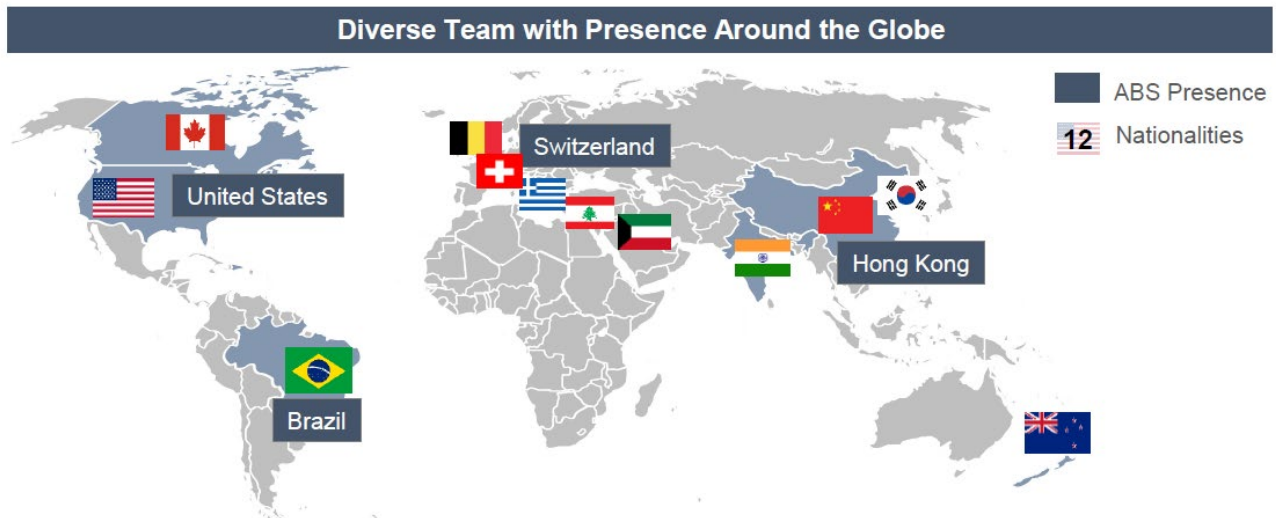
While we have grown and evolved over the past two decades, our commitment to diversity has persevered throughout. Today ABS has 31 employees, representing 12 nationalities. Approximately 30 percent of our employees are women, with women occupying key roles in all three teams - Investment, Operations, and Business Development. Similarly, **ABS is an employee-owned business that fosters a culture of inclusion** and encourages all employees to think like business owners to ensure our firm is continually progressing and improving. This is not just an aspiration but a key to how we operate: of our 31 total employees, 21 are equity partners in the firm. Furthermore, over half of ABS women employees are equity partners. We believe this culture of inclusion is instrumental in maintaining our talent and is a key contributor to our average employee tenure of over 10 years.

31 employees

12 nationalities and **13** languages spoken

21 equity partners

11+ years average investment team ABS tenure



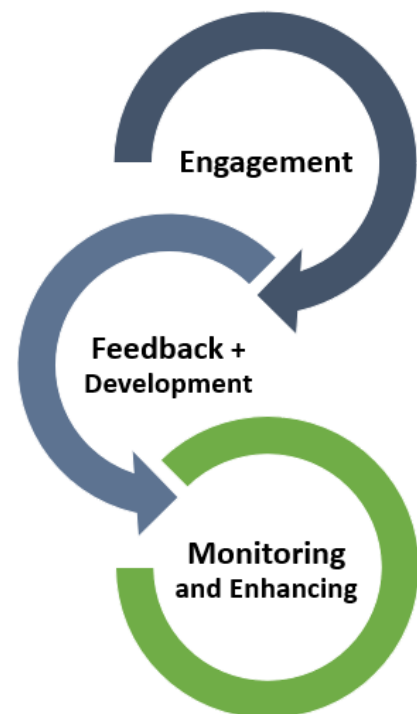
2020 Updates and Milestones

Entering 2020 we built upon this existing firm culture by developing an ESG policy to formalize the values that represent our firm. We also took the opportunity to detail how we approach ESG from an investment perspective. Consequently the focus of our ESG policy is twofold, highlighting both how ABS as a firm strives to be a better corporate citizen, and on how we integrate ESG considerations into our investment process. Underpinning both facets is **ABS' drive to be an ambassador for ESG best practices**, leading by example in how we operate as a firm and engaging with managers across the globe to promote better adoption of ESG principles.

At the firm level, ABS has historically emphasized the Social and Governance components of ESG, but with the adoption of our ESG policy we are excited to focus on our Environmental impact more formally. While the environmental impact of a small financial services firm is fundamentally less than many other businesses, we are committed to making improvements wherever we can. Coming into the year ABS offices were fully equipped with video conferencing infrastructure to facilitate remote work and more flexible schedules, while reducing the need for inter-office travel. Although “tele-working” has become the norm by virtue of necessity, ABS was able to make the full digital transition quickly and easily. Around the office we took several steps to reduce our environmental footprint, including eliminating the use of disposable plastic water bottles and all disposable cutlery and dishware. All ABS employees who travel are equipped with a tablet or laptop to reduce the need for paper materials, but in situations where printing is necessary, we have transitioned to recycled paper only. While these are small measures to take on the long road to sustainability, they mark our first steps in an area where we will continue to focus and improve.

On the investment side, ABS' philosophy emphasizes finding the most talented asset managers around the world. Our focus on local and niche managers means that ABS is often a significant investor in the earliest stages of a manager's track record. Accordingly, our ESG investment policy focuses on engagement. **We aim to use our influence to engage with all potential and invested managers to encourage adoption of an official ESG policy** if one does not already exist. Not only does ABS benefit by ensuring all our managers are cognizant of ESG risks, but we are also able to positively influence the proliferation of ESG consciousness across the broader investment management community.

To help implement this investment policy, we created a new, dedicated ESG module within the ABSolute, our proprietary, custom-built research platform that powers our investment process. The module is designed to help the investment team track managers' ESG policy adoption status, assess existing policies, and monitor ongoing policy adherence. We plan to continue developing our ESG research capabilities and have several enhancements slated for release in 2021.



Signatory of:



In addition to adopting an ESG policy, **ABS became a signatory of the Principles for Responsible Investment (PRI)**. The application process was an insightful opportunity to learn about best practices from one of most recognized responsible investment organizations in the world, and we aim to continue to learn and improve our own responsible investment practices through our partnership with the PRI.

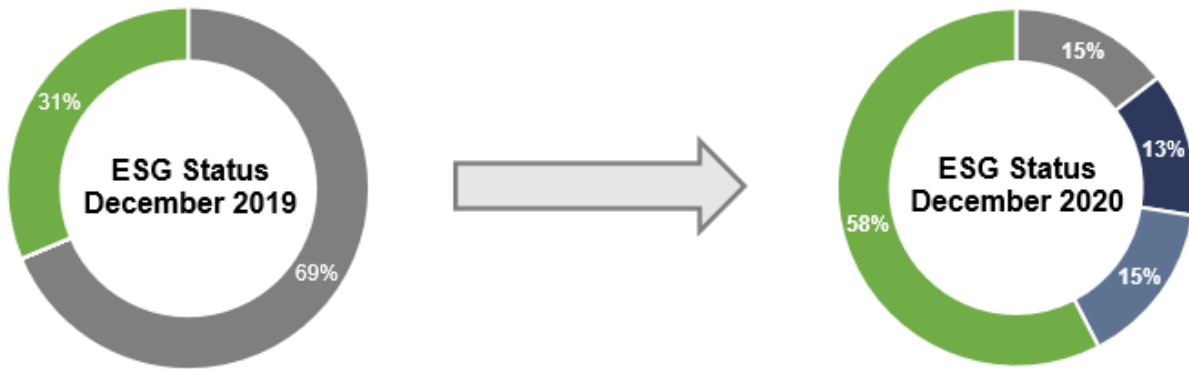
Progress on Policy Implementation in 2020

Over the course of 2020 we made significant progress in implementing our ESG policy. We began the year by surveying all invested managers to take inventory of where each manager stood in terms of their own ESG integration. For those managers that already had ESG policies and practices in place, those policies were collected, reviewed, and recorded in the ABSolute. With this foundation in place, the lead ABS analyst for each of these managers reviews these policies and practices at least annually, while working with the manager to understand the firm-level and investment-level impacts of their ESG considerations on an ongoing basis.

Managers that did not have a formal ESG policy upon our initial survey were the focus of our engagement efforts in 2020. A majority of the managers in this group were receptive to our engagement efforts and welcomed our support in developing their ESG philosophies and implementing formal ESG policies. For managers that were less receptive to our initial efforts, the most common hurdles we faced were 1) limited resources to dedicate to ESG efforts given the early-stage nature of many of our invested managers, and 2) a negative association with ESG integration, often driven by the misconception that ESG integration means making decisions based on ethical or moral merits instead of investment merits. Within the first group, we understand the difficulties faced by early-stage managers and will continue to offer our guidance and support to mitigate any resource strain that ESG integration may entail. While managers in this group may take more time to develop and implement ESG policies, the group already made considerable progress in 2020 and we expect that momentum to continue in 2021. Managers in the second group, those that are skeptical of the merits of ESG integration, will be a primary focus for ABS in 2021. Our experience thus far suggests that persistence pays off – that through active dialogue we can gradually convey the merits of ESG considerations – and we will continue to work closely with these managers.

Entering 2020, just over 30% of ABS' invested assets were covered by an ESG policy. That number nearly doubled over the year and we are entering 2021 with nearly 60% of our assets covered by an ESG policy.

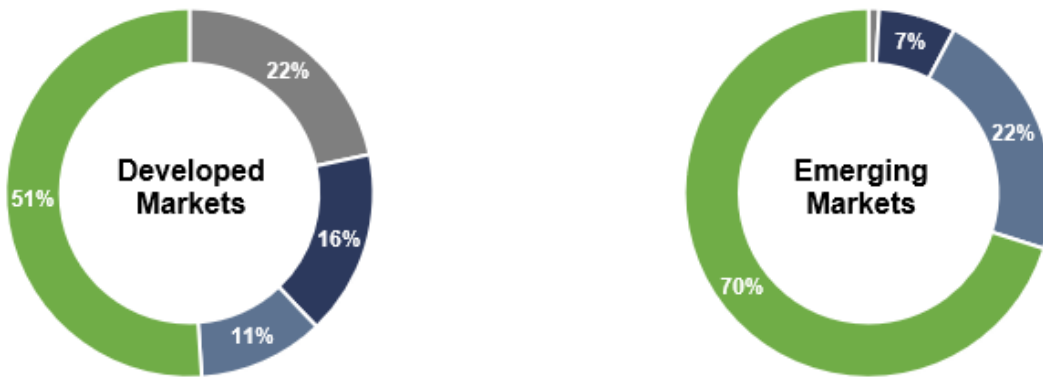
ABS Investment Allocation by ESG Policy Status



Legend: Written ESG Policy | Policy Under Development | No Policy / Open to Discussion | No Policy

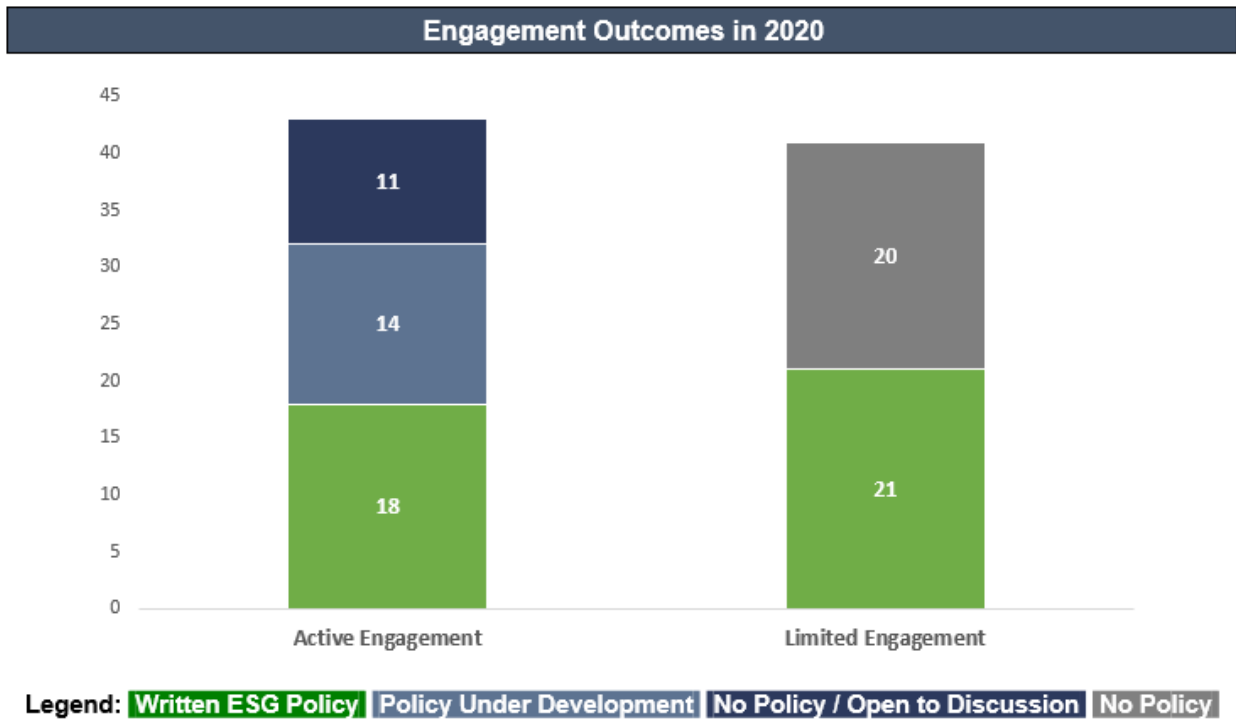
ESG integration is particularly strong across managers in Emerging Markets, where over two-thirds of our managers adhere to written ESG policies. While a majority of our managers in Developed Markets have also adopted formal ESG policies, we are committed to driving further ESG adoption across our Developed Markets managers in 2021.

ABS Investment Allocation by ESG Policy Status, EM vs. DM

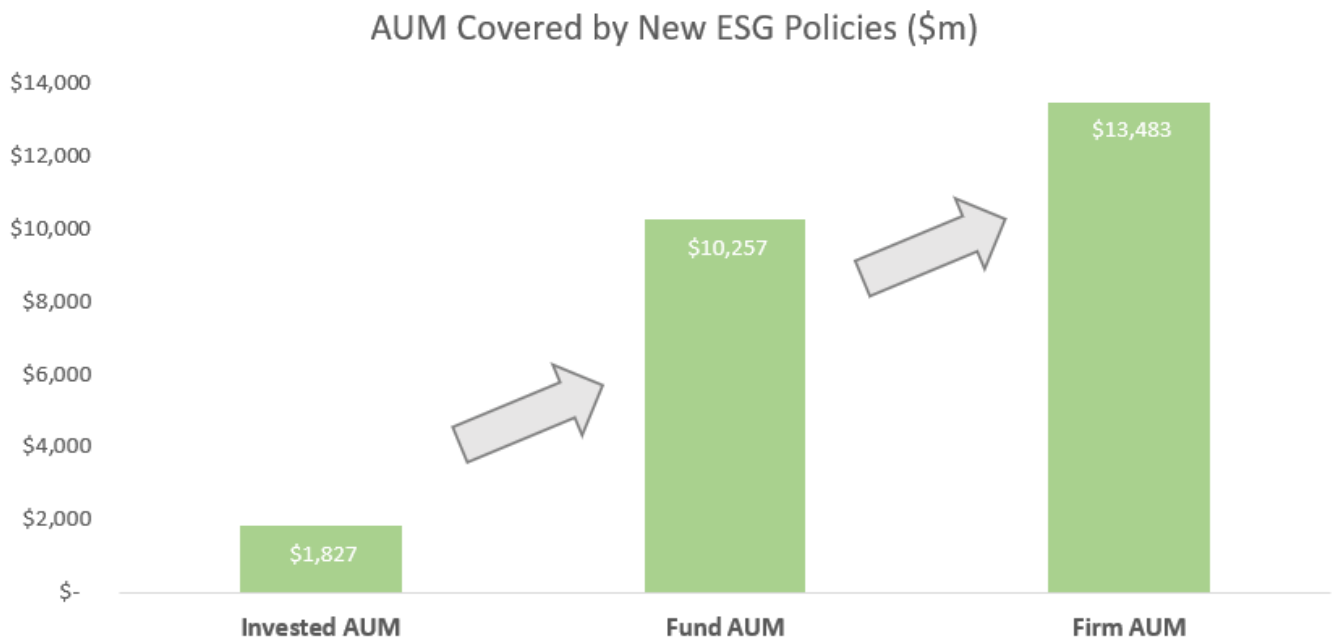


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We had active engagements with 43 managers throughout the year, 75% of those resulted in an ESG policy either being in development or officially implemented. Of the managers where our engagement was more limited, over 50% already had ESG policies in place, while the remaining managers will be targets for further engagement in 2021.



The benefits of ABS engagements extend well beyond our own business, as our efforts yielded new ESG policies covering over \$13bn of total assets.



2021 Targets and Roadmap

Looking ahead to 2021 we would like to highlight a few key ESG initiatives that we will pursue in the new year. As with any facet of our business where we are actively learning and improving our priorities in the ESG space are likely to evolve throughout the year, but from where we stand today our key targets are as follows:

1. **Create an ABS ESG and Diversity Committee** to focus and drive our firm-wide efforts.
2. **Implement an internship program to further promote and enhance diversity.**
3. **Further develop the ABSolute's ESG capabilities by introducing a ranking system** to better compare ESG integration across managers.
4. Seek out ways to **improve our environmental standing**, be it through further waste-reduction measures or via pollution offsets.
5. **Expand upon our history of charitable contributions** and by formalizing our firm-wide approach to charity and volunteering.

We are excited to build upon our momentum from 2020 as we seek to further establish ABS as an ESG leader within the asset management industry.

Important Notes & Disclosures

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