



Next Century Growth Investors, LLC Environmental, Social, and Governance (ESG) Policy for Candoris Small Cap Growth Product

Next Century Growth Investors, LLC (“Next Century Growth” or “NCG”) is an independent money management firm located in Minneapolis, MN. NCG has managed institutional accounts since January 1999 and the portfolio managers have over 100 years of combined investment experience. We construct and manage portfolios with the fastest growing and highest quality companies with the belief that this will lead to market outperformance over the long-term.

Since the inception of the firm, our philosophy, strategy, and process have remained consistently focused on investing in high growth companies. Our performance comes from having a stable team of experienced portfolio managers consistently applying our investment process. We are proud of the fact we have had no portfolio manager turnover in our history. NCG is primarily owned by its portfolio managers which provides an environment conducive to the long-term sustainability of our investment strategy.

Investment Process & ESG Integration

Next Century Growth has incorporated ESG analysis into our investment strategies, as we have always sought to invest in companies with sustainable competitive advantages and business models. We believe that greater analysis of ESG-related influences is important in understanding the future sustainability of companies, their profitability, and return on investment. Just as importantly, we believe it’s the right thing for the world, our communities, and our clients. We believe that formalizing and integrating an ESG investment policy into our process is a natural evolution for our business, and that the integration of these principles will evolve as we continue to refine and enhance our long-standing investment approach.

Investment Process

We are focused on finding companies with strong management teams and superior business models that can sustain high levels of revenue growth and produce profitability over time. NCG primarily considers financial outcomes as part of the rigorous investment diligence process to curate a portfolio of high-growth, high-quality companies.

Part of the pre-investment process is ESG Screening and Analysis which is currently conducted in-house by reviewing publicly available ESG information, third party data through our research provider, Ethos, and direct engagement with management teams. We leverage our strong relationships with our investments' management teams to understand material ESG factors to each company, and management's commitment to them. Where material ESG issues are identified and reliable data is available, the impact of these ESG issues are incorporated into our broader company evaluation. This may lead to a decision not to invest or divest from an investment.

NCG considers the following environmental, social and governance factors in the investment decision-making process to determine if material ESG issues need to be incorporated into the broader investment decision:

- **Environmental:** NCG assesses how a company performs as a steward of nature. It analyses how its activities impact the environment and manages environmental risks.
- **Social:** NCG examines the strengths and weaknesses of how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
- **Governance:** NCG evaluates a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Exclusions

NCG does not invest in companies with known practices that are significantly harmful to society, such as: corruption, lack of transparency, ethical violations, or other potential human rights violations.

Additionally, NCG abides by Norges Bank's Observation and Exclusion list of companies.¹

Furthermore, NCG observes the following list of sector exclusions:

- Fossil fuel extraction and production of thermal coal, natural gas, shale gas, and tar sand
- Energy companies where more than 50% of installed production capacity is intended for fossil fuel energy sources
- Controversial Weapons (cluster bombs, landmines, chemical and biological weapons, nuclear weapons)
- Tobacco
- Adult Entertainment
- Alcohol
- Gambling

Engagement

Proxy Voting Policy

In the case that a vote pertains to an ESG-related topic, we will consider voting in alignment with the ESG topic instead of in alignment with management.²

Engagement Policy

At NCG, we pride ourselves in our ability to evaluate and build relationships with management teams of the companies we invest in. As such, we leverage these strong relationships to engage and promote management teams to consider changes related to environmental, social, and governance issues or practices where applicable.

¹ In the case that an investment ends up on the Norges Bank exclusion list, Next Century Growth will divest as soon as possible, not exceeding a one-month threshold.

² We seek to provide transparency to our clients on ESG-related engagements as well as on relevant proxy voting decisions. A copy of our proxy voting history is available upon request.

Oversight and Reporting

Next Century Growth has established an ESG Committee comprised of senior members and owners of the firm who will help guide, implement, and enhance the policies and priorities of the firm over time, including routine accountability and measurement, at the investment and firm level. The ESG Committee meets quarterly for periodic review of the ESG investment process and implementation of the policy. The Committee oversees the communication between committee members and members of the firm to ensure performance and ESG information is presented accurately.

We are continually evaluating new ways to support our efforts to further ESG integration and awareness not only within our firm but with the companies in which we invest; therefore, we expect NCG's policies and the incorporation of ESG considerations to evolve over time.