RESPONSIBLE INVESTING POLICY

MACKAY SHIELDS EMERGING MARKET DEBT

EFFECTIVE OCTOBER 2023

Introduction

MacKay Shields Emerging Market Debt Team (the "Team") focuses on active management that seeks to provide strong return captured over the course of a market cycle while reducing downside risk.

Given the asymmetrical return profile of fixed income investments, the Team's process and investment decisions focus on reducing downside risk in combination with rigorous risk management. We believe that certain ESG risks can influence an issuer's ability and likelihood to pay back debt, which in turn may have a financially material impact on the companies and countries in which we invest; therefore, we have integrated the analysis of ESG considerations into our investment process. As a fiduciary, we work closely with our clients to determine their investment goals and objectives, which may include the client's environmental, social and governance preferences within the context of their portfolios.

The Team's ESG framework rests upon three pillars: 1) ESG Research, 2) Portfolio Construction and 3) Stewardship.

Our Responsible Investing Policy is specific to our Team, and is aligned with MacKay Shields Responsible Investing (RI) Policy.

Approach[1]

Our investment approach aims to eliminate bonds which do not offer adequate risk compensation. Owing to the asymmetrical return profile of bonds, ESG considerations are pertinent in our research assessments as ESG risks can be exceptionally high without commensurate compensation. Issuers with considerable uncompensated ESG risks may be eliminated from consideration.

The Team's research process is anchored in country analysis supplemented by top-down macro and bottom-up corporate credit research. We believe that having a strong understanding of country fundamentals is paramount for investing successfully across the EMD universe.

Inefficiencies within emerging bond markets are rife; vastly differing levels of economic and societal development, a heterogeneous mix of local and international investors and significant cultural and regional differences provide many opportunities for portfolio positioning. Capital markets are often slow or too eager to price in new information. Imperfect transmission of fundamental changes to asset valuations creates the opportunity set for the Team's active investment style. The research process is designed to exploit these inefficiencies and relies on the Team's ability to understand local developments, enhanced by long tenures in emerging market investing.

Incorporating ESG analysis as part of the research process and investment decision making is not only prudent, but we believe it also aligns with our fiduciary duty to optimize investor returns. Our ESG research covers several elements: 1) Sovereign and Corporate ESG analysis and scoring, 2) Monitoring, and 3) Engagement.

[1] The processes and procedures described in this Responsible Investing Policy, including without limitation ESG scoring, is applicable only to actively managed investment strategies. From time-to-time the Team may manage accounts pursuant to non-actively managed investment strategies, including (without limitation) an account with investment strategy or investment objective to substantially track and index or to maintain a low tracking error, and the processes and procedures described herein will not be applied to the management of such accounts.

Pillar 1: ESG Research

The Team's process includes a comprehensive assessment and evaluation of the material ESG risks associated with an issuer (sovereigns and corporates). To do this we analyze drivers of strength and weakness among a range of ESG indicators for individual issuers. We conduct peer group comparisons and assign each country and corporate issuer an individual "E", "S" and "G" score for specific material ESG considerations.

While all of our research is done in-house, we may utilize a number of third-party data providers as a tool for further understanding and to gain further insight into material ESG issues, though our research may not align with external views.

Our proprietary 1-5 ESG scoring system is designed to rank potential ESG outperformers and underperformers among their peers.

	E	S	G
OUTPERFORMER	1	1	1
	2	2	2
AVERAGE	3	3	3
UNDERPERFORMER	4	4	4
	5	5	5
Composite ESG Score =			

SOVEREIGN ESG ANALYSIS

Country analysis forms the bedrock of the investment process. Our sovereign investment process focuses on six fundamental factors: Politics, Structural Trends, Monetary Policy, Fiscal, External and State Funding. Our analysis aims to uncover a holistic view of the sovereign country under scrutiny, which includes an understanding of the various environmental, social or governance factors that may be most financially material to the country under review.

Ultimately, each country will be assigned a proprietary ESG score, which may influence the fundamental factor assessment. Depending on the specific drivers, ESG related considerations are incorporated into one or multiple of the six fundamental factors: e.g., governance issues most often impact politics, social often impacts structural economic trends, and environmental often impacts fiscal and external sector. For example, for a sovereign we assess what the ESG risk implications are for structural economic trends or fiscal and debt dynamics. We apply dynamic weighting to the individual E, S and G scores for our ESG total score.[2] The methodology applies a heavier weighting to the more influential factors.

We utilize data from various third-party NGO and academic resources to facilitate our ESG risk analysis. Our process integrates both qualitative assessments and quantitative modelling, ultimately aiming to deliver a short but impactful list of factors, mitigating information overlap and dilution.

Examples of Sovereign E, S and G Considerations

Environmental	Social	Governance
Energy Trilemma Factors - Energy Security - Energy Equity - Environmental Sustainability Yale EPI Factors - Environmental Health - Ecosystem Vitality - Climate Change	- Gender inequality index - Human Freedom Index - Global Health Security Index - Political Rights - Access to Information & Communications - Access to Basic Knowledge	- Political Stability and Absence of Violence/Terrorism - Regulatory Quality - Voice and Accountability - Corruption perception index - Global Peace index

[2] The Team will determine as it deems appropriate, and in its sole discretion, the weighting to be applied to the individual E, S, and G scores of an issuer when assigning an ESG score. These determinations will be based on a variety of factors and the weightings are expected to differ between issuers in different sectors and regions. Furthermore, the weightings applied to issuers in the same sector or region may differ from one another. The weightings applied to an issuer are subject to changes based on the facts and circumstances of an issuer at the sole discretion of the Team. MacKay Shields has no obligation to provide notice of any such change.

CORPORATE ESG ANALYSIS

Our corporate credit analysis start with a dynamic, quantitative process to determine if a corporate credit is driven by mostly sovereign, sector or credit specific factors. This also helps guide our resources to focus on most material ESG factors impacting the credit under scrutiny. The Team then assesses various credit drivers, including ESG specific elements, to look for positive performance catalysts. We strive to fully understand business fundamentals, financials, ESG-risks and technical drivers of a corporate credit.

Not all ESG factors equally influence a company's financial performance. We assess what a given ESG factor may mean for a corporate's profitability and cash flow, or financial policy and event risk. When assigning scores to a corporate issuer, the SASB (Sustainable Accounting Standards Board) Materiality Map serves as a guide for identifying "sustainability issues that are likely to affect the financial condition or operational performance of companies within an industry". Similar to our sovereign scoring process, we apply dynamic weighting to the individual E, S and G scores to determine our ESG total score. The methodology applies a heavier weighting to the more financially material factors.

Examples of Corporate E, S and G Considerations

Environmental	Social	Governance
- Climate Change	- Labor Management	- Board Independence
- Carbon Emissions	- Health & Safety	- Corruption / Business Ethics
- Biodiversity	- Community Relations	- Management Team Experience
- Pollution & Waste	- Human Capital Development	- Transparency
- Environmental Strategy	- Employee Well Being	- Fiscal Responsibility
- Water Stress	- Global Norms	
- Environmental Strategy		
- Regulatory Risk		

MONITORING

We monitor our universe and investments on an ongoing basis. ESG assessments may be influenced or changed based on a variety of factors including changes in the sector landscape, political environment etc.

SCREENING

To complement their bottom-up ESG research process, the Team has implemented a norms-based screen to identify and assess very severe violations of the UN Global Compact[3].

ENGAGEMENT WITH ISSUERS

As part of the Team's credit analysis and investment research, we frequently conduct on the ground research and direct meetings with issuers, to help assess and protect the value of our clients' investments. As part of these discussions, to the extent applicable, we seek to gain insights into an issuer's government or business practices, which may include but not limit to:

- Promote disclosure of material issues so that we can factor them into our analysis and make informed investment decisions.
- Show management that we are observing best practices in ESG risk management and that it influences our decision to purchase and maintain positions in debt obligations.
- In the case of corporate issuers particularly, we also utilize engagements to assess the credibility of the management team.

[3] MacKay Shields has engaged a third-party research provider to provide us with this screening data. Analysis is based upon the availability/coverage of the data provider.

Engagements are prioritized based on a variety of factors including the size of the position, materiality of credit risk, or where we believe we may have more influence. The scale and effectiveness of influence we may have should be made in recognition that as debt investors, we are not owners and as such have limited legal mechanisms to influence issuers. Furthermore, engagement with a sovereign is potentially more challenging comparing to a corporate.

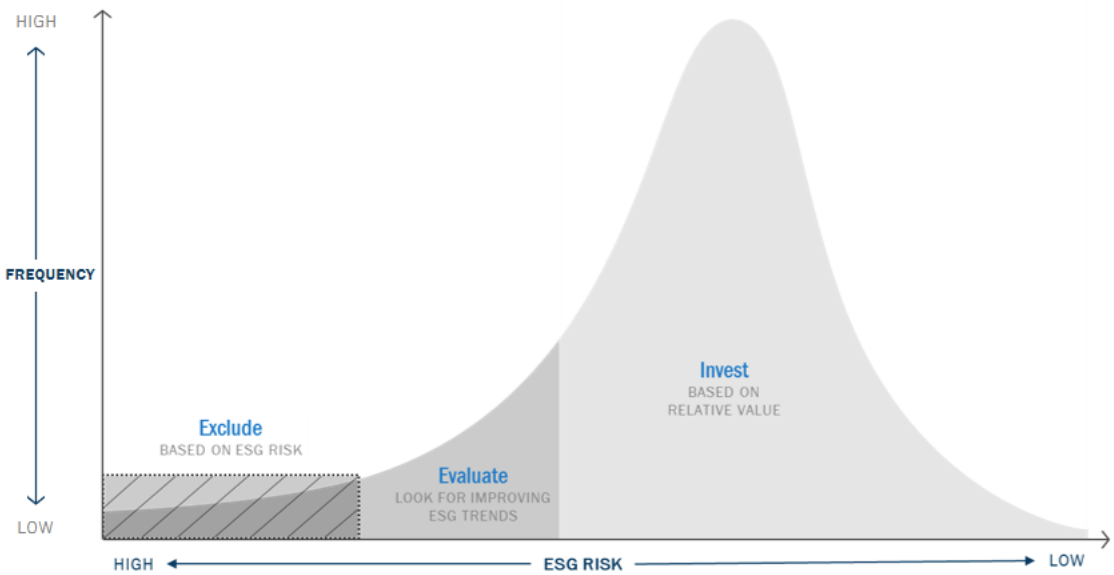
Pillar 2: Portfolio Construction

Our proprietary ESG risk assessments and scores are used to inform the Team's overall credit analysis. The decision to invest is predicated on relative value considerations, among other pertinent factors such as mandate suitability and client guidelines.

***Seeking to Eliminate Uncompensated Risk*[4]**

ESG considerations are pertinent to left-tail management, as ESG risk can be exceptionally high without commensurate compensation.

For clients without specific ESG objectives, a low ESG score (e.g., a proprietary score of 5) does not lead to automatic exclusion. The Team will consider whether the issuer is actively responding to and improving these ESG risks, and/or whether investment risk-reward analysis adequately reflects and compensates for ESG risks. Upon such further analysis, we may decide to exclude or limit exposures to the issue under scrutiny.



In addition, our research process enables us to customize portfolio solutions for clients who wish to integrate specific sustainability parameters into their investment portfolios. We can tilt weights toward or eliminate specific sustainability factors or rankings, as well as apply exclusions such as controversial weapons, fossil fuels, or non-compliance with international standards.

Pillar 3: Stewardship

The Team defines stewardship along the lines of The UK Stewardship Code 2020 of the Financial Reporting Council: "…the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society". As such, our investment approach pays particular attention to what ESG risks and ESG transition means for emerging markets.

[4] This graph illustrates a hypothetical, stylized distribution of issuer ESG risk factors and does not represent a distribution within any given time period. The universe of risk factors is assumed to be all issuers for which MacKay Shields assesses an internal ESG rating. For illustrative purposes only.

In our view, implementation of ESG considerations and engagement in emerging markets should foster positive change, and avoid disproportionate punishment of emerging markets. Emerging market developments are an important part of the solution to achieving sustainable benefits.

For example, emerging market sovereigns often have lower levels of wealth, heavier reliance on hydrocarbons and less sound political governance and as a result may appear to lag their developed market peers on ESG metrics. However, in our view to penalize these issuers based on those metrics alone would be contrary to the tenets of responsible investing. As such, we view it is our responsibility to provide responsible capital investment for emerging market sovereigns and corporates, to help them improve, transition, grow, and emerge, while ultimately eliminating any uncompensated risk and create long term value for our clients.