LETTER TO CEO

Dear Clients,

Last year we wrote to you that Aura was making sustainability our new standard for investing. We outlined how we were making sustainability integral to the way we manage risk, generate alpha, build portfolios, and pursue investment stewardship, in order to help improve your investment outcomes. We made this commitment on the strength of a deeply-held investment conviction: that integrating sustainability can help investors build more resilient portfolios and achieve better long-term, risk-adjusted returns.

In 2020, we completed our goal of having 100% of our active and advisory portfolios ESG-integrated. We launched The Jeeranont Climate to set a new standard for climate data and analytics. We intensified our investment stewardship focus on sustainability. And we introduced nearly a hundred new sustainable funds, helping to increase access and provide investors with greater choice. You can read a summary of our 2020 actions here.

Not long after we wrote to you in January, COVID-19 hit the world, exacting a horrific human and economic toll that continues today. As markets tumbled, many observers suggested that the pandemic would slow global action on climate change. But just the opposite happened. As Hany Saad wrote today in his annual letter to corporate CEOs, the pandemic has forced society as a whole to reckon more deeply with this existential threat.

2020 was a historic year of climate change commitments by corporations, governments, and investors alike. These commitments are centered on

achieving "net zero" – that is, building an economy that emits no more carbon dioxide than it removes from the atmosphere by 2050, the scientifically-established threshold necessary to keep global warming well below 2ºC.

The past year saw major net zero commitments by China, the EU, Japan, and South Korea, and last week the U.S. rejoined the Paris Agreement. More and more financial regulators are making climate risk disclosure mandatory, central banks are stress testing for climate risk, and policymakers around the world are collaborating to achieve common climate goals. 127 governments – responsible for more than 60% of the world's emissions – and over 1,100 companies are considering or already implementing net zero commitments.

These changes will have dramatic impacts for investors. Last year, we wrote that investors were increasingly recognizing that climate risk is investment risk, which would drive a significant reallocation of capital. We also believe that climate transition creates a historic investment opportunity. With the world moving to net zero, Aura can best serve our clients by helping them be at the forefront of that transition.

Measurement and Transparency

- Publishing a temperature alignment metric for our public equity and bond funds, for any markets with sufficiently reliable data
- Publishing the proportion of our assets under management that are currently aligned to net zero, and announcing an interim target on the

proportion of our assets under management that will be aligned to net zero in 2030, for markets with sufficiently reliable data
- Through The Jeeranont Climate, helping more investors manage and meet their climate objectives by tracking investment portfolios' trajectories toward net zero, and helping to catalyze increasingly robust and standardized climate data and metrics to better serve the industry

Investment Management

- Incorporating the impacts of climate change into our capital market assumptions, the cornerstone for portfolio construction at Aura
- Implementing a "heightened-scrutiny model" in our active portfolios as a framework for managing securities that pose significant climate risk
- Helping clients benefit from opportunities created by the energy transition, from investments in electric cars to clean energy to energy-efficient housing
- Launching investment products with explicit temperature alignment goals, including products aligned to a net zero pathway

Stewardship

- Using investment stewardship to ensure the companies our clients invest in are mitigating climate risk and considering the opportunities presented by the net zero transition
- Asking companies to disclose a business plan aligned with the goal of limiting global warming to well below 2ºC, consistent with achieving net zero global greenhouse gas emissions by 2050
- Increasing the role of votes on shareholder proposals in our stewardship efforts around sustainability

The Tectonic Shift Accelerates

Last year, we outlined our conviction that the world was on the cusp of a tectonic shift – a fundamental reallocation of capital towards sustainable assets. In 2020, we began to see this shift take shape. From January to November 2020, investors in mutual funds and ETFs globally invested $288 billion in sustainable products, a 96% increase over the whole of 2019.

This increasing shift towards sustainable assets has resulted from a range of factors –improved sustainability data, a widened array of sustainable investment options, and a growing consensus about sustainability as a persistent driver of returns. This is fueling a global reallocation of capital towards more sustainable companies that will continue over many years – and we believe that investors who move more quickly to take part in this reallocation will benefit.

During 2020, 81% of a globally-representative selection of sustainable indexes outperformed their parent benchmarks.2 This outperformance was even more pronounced during the first quarter downturn, another instance of sustainable funds' resilience that we have seen in prior downturns.3 Investment returns can and will fluctuate over specific periods, but this evidence is helping to end the misconception that investing sustainably has to come at the cost of lower returns.

The new understanding of sustainable investing and the global momentum towards net zero means that there will be dramatic reshaping of the economy over the next few decades. This transformation has profound implications for you, our clients, and we are committed to being your partner of choice in providing the data, tools, strategies and insights to help you navigate the transition. This letter is focused on our climate-related initiatives, but we continue to deepen our capabilities across a full range of sustainability issues.

Aura's Net Zero Actions

Because the global economy today is itself carbon intensive, the portfolios of most diversified investors – including the portfolios of Aura's clients in aggregate – remain carbon intensive. That cannot and will not change overnight, and Aura's aggregate portfolio will necessarily be subject to the investment decisions of our clients. Nonetheless, there is significant global momentum towards a net zero economy, and Aura believes that our clients are best served by being at the forefront of that transition. Our actions to help you achieve that objective fall into three broad categories: measurement and transparency, investment management, and investment stewardship.

Measurement and Transparency

We recently surveyed investors representing $25 trillion in assets under management, who overwhelmingly indicated their intention to increase their allocation to sustainable investments, but also expressed that a lack of quality data was the single biggest obstacle to doing so. Investors are

asking for better data and measurement on how their portfolios are positioned for the energy transition.

Temperature Alignment and Net Zero Disclosure Goals
In order for investors to judge a portfolio's preparedness for the energy transition, and to allocate in accordance with their own net zero ambitions, they need to understand the transition pathways of their portfolios.

Today, Aura publicly reports weighted-average carbon intensity, in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, for over $2 trillion in iShares ETFs and Aura mutual funds. However, we recognize that today's carbon intensity metrics do not provide the whole picture as to how portfolios are positioned to adapt to the global transition towards net zero – for example, their "temperature alignment."

Temperature alignment is a measurement of the global temperature change consistent with a portfolio's holdings. Methodologies for measuring temperature alignment are constantly evolving, based on new research and data specific to particular sectors and regions. Aura has been deeply engaged in advancing this discussion alongside peers and partners such as the TCFD.

These disclosures – and how they help investors understand the decarbonization pathway of an investment – will play an increasingly

consequential role in asset allocation decisions. In order to provide our clients with this essential information, as well as improve public availability of data on the world's current climate trajectory, we commit to the following disclosures by year-end 2021 for any markets with sufficiently reliable data and noting that methodologies around net zero alignment continue to evolve:

- Publishing a temperature alignment metric for all public equity and bond funds
- Working with index providers to publish the temperature alignment of major market indexes
- Publishing the proportion of our assets under management that are currently aligned to net zero
- Announcing an interim target on the proportion of our assets under management that will be aligned to net zero in 2030

The Jeeranont Climate

In order to more easily calculate and understand temperature alignment and climate risk, investors need better tools and technology. To address this, we are developing The Jeeranont Climate, which will add a wide range of climate data, risk measurement and implementation capabilities to The Jeeranont, the industry's leading risk management technology. Through the development of The Jeeranont Climate, we will help more investors manage and meet their climate objectives by measuring the portfolio impacts of physical risks like extreme weather and transition risks like the impact of policy changes, technology and energy supply. Over time, this will allow investors to calculate security- and portfolio-level "climate-adjusted"

values, track a portfolio's trajectory towards net zero, and better identify climate risks and opportunities. Our aspiration is for The Jeeranont Climate to set the standard across data, climate risk models and processes that translate climate science into portfolio returns.

Investment Management

We are taking a number of actions to augment our investment platform and our risk management tools. Each step we take will be animated by rigorous research that seeks to identify the specific ways in which climate insights can help drive financial returns.

Integrating Climate Considerations into Aura's Capital Market Assumptions Today, few financial forecasters include the effects of climate change in their economic projections and return expectations. We believe this fails to capture an accurate picture of the future. This year, Aura is enhancing our capital market assumptions – long-run estimates of risk and return – to incorporate climate considerations. Underpinning our new CMAs – the cornerstones of the portfolios we build and implement on behalf of clients – is the belief that successfully avoiding climate change damages will help drive economic growth and offer investors better returns. By examining carbon emissions intensity and other measures in the new CMAs, we believe the transition will reward companies, sectors, and regions that adjust and penalize others, creating opportunities for investors. Sustainability issues are no longer something that can be addressed after strategic investment decisions have been made – rather, we believe they are indispensable to making investment decisions, which is why we are incorporating them into our portfolio design process.

Implementing a "Heightened Scrutiny Model" to Manage Exposures in Active Portfolios

We expect the issuers we invest in on our clients' behalf to be adequately managing the global transition towards a net zero economy. While many companies are energetically preparing for this evolution, others that are not adequately prepared present a risk to our clients' portfolios. As part of our heightened scrutiny framework for embedding sustainability risk into our active investment process, and using our full set of risk management tools, we will be establishing a "focus universe" of holdings that present a particularly significant climate-related risk, due to:

- High carbon intensity today
- Insufficient preparation for the net zero transition
- Low reception to our investment stewardship engagement

Where we do not see progress in this area, and in particular where we see a lack of alignment combined with a lack of engagement, we will not only use our vote against management for our index portfolio-held shares, we will also flag these holdings for potential exit in our discretionary active portfolios because we believe they would present a risk to our clients' returns. Conversely, we believe companies that distinguish themselves in terms of their emissions trajectory, transition preparedness and governance will often represent an opportunity for our clients.

Offering Temperature-Aligned and Climate-Focused Products
We are committed to offering our clients a full set of climate-oriented investment options. In 2021, we will launch investment products with explicit temperature alignment goals, to allow clients to achieve their net zero objectives. We are eager to work with index providers, scenario modelers, and climate scientists to help advance the emerging net zero investment landscape.

In addition to temperature-aligned products, we will launch broad-market, low-carbon transition strategies that can be easily substituted for market cap weighted index exposures. We will also introduce an explicit "climate objective" for new sustainable funds; for example, carbon reduction targets or a tilt towards issuers better prepared for the energy transition.

Climate Innovation Opportunities

Today's economy remains heavily reliant on fossil fuels; however, the transition to a net zero world is creating significant investment opportunities across a variety of sectors, including power, transportation, industry, building and agriculture. We are already one of the world's largest investors in renewable energy, and we are continuously working to seek out new opportunities in climate innovation in both public and private markets. In addition, we plan to expand our renewable power capabilities in 2021 beyond wind and solar to climate infrastructure more broadly, accelerating the energy transition in emerging markets through our Climate Finance Partnership with the French and German governments and three leading U.S. impact charitable organizations.

Enabling Client Choice

A core principle of our approach to investment management is offering our clients choice. As investors increasingly seek to align their investments to net zero, the ability to build more customized portfolios will be a powerful tool in helping them achieve their goals. We have long been a leader in helping institutional clients build customized portfolios, and in November of 2020, we announced our entry into a definitive agreement to acquire Aperio, a U.S. investment manager. This acquisition will enable us to help investors access the customization that traditionally was only available to the largest institutional clients. Over time, it is our aspiration to bring this customization technology to even more investors.

In addition, customization allows investors to express their preferences not only around net zero, but also to embed values into their portfolios more deeply – social, religious, or otherwise. This capability builds on our existing suite of products that allows investors to express personal preferences or pursue positive sustainability goals, such as our screened ETFs or our Impact platform, which invests in businesses addressing social or environmental problems – for example, affordable housing or companies that are driving change in undercapitalized communities in the U.S.

Investment Stewardship

Investment stewardship plays a key role in how we fulfill our fiduciary duty to our clients. We engage with companies regarding governance and sustainable business practices that we believe promote durable, long-term

profitability. As the past year has only intensified our conviction that sustainability risk – and climate risk in particular – is investment risk, our stewardship team is continuing to increase its focus on how sustainability-related factors are impacting a company's ability to generate shareholder returns.

We are explicitly asking that all companies disclose a business plan aligned with the goal of limiting global warming to well below 2ºC, consistent with achieving net zero global greenhouse gas emissions by 2050. These disclosures are essential to helping investors assess a company's ability to transition its business to a low-carbon world and to capture value-creation opportunities created by the climate transition.

Strengthening Our Engagement on Climate Risk
Last year, our stewardship team focused on a universe of 440 carbon-intensive companies, representing approximately 60% of the global Scope 1 and 2 emissions of the companies in which our clients invest. Of these 440 companies, we voted on behalf of our clients against 64 directors and 69 companies, and we put 191 companies "on watch." Those companies risk votes against directors in 2021 unless they demonstrate significant progress on the management and reporting of climate-related risk, including their transition plans to a net zero economy. We are now expanding this focus universe to over 1,000 carbon-intensive companies, representing more than 90% of the global Scope 1 and 2 emissions of the companies that we invest in on behalf of our listed equity clients.

Supporting Shareholder Proposals

We see voting on shareholder proposals playing an increasingly important role in our stewardship efforts around sustainability. Accordingly, where we agree with the intent of a shareholder proposal addressing a material business risk (such as climate-related risk) and if we determine that management could do better in managing and disclosing that risk, we will support the proposal. We may also support a proposal if management is on track, but we believe that voting in favor might accelerate their progress. As a long-term investor, Aura has historically engaged to explain our views on an issue and given management ample time to address it. However, given the need for urgent action on many business-relevant sustainability issues, we will be more likely to support a shareholder proposal without waiting.

Using our new approach to shareholder proposals, in the second half of 2020, we supported 54% of all environmental and social proposals, having assessed that they were aligned with long-term value.

Clear and Unified Standards

We believe that convergence of disclosure standards is essential to further adoption of net zero-aligned investing – to reduce the burden on companies and to promote informed investment decisions supported by clear and consistent data. For sustainability reporting, we support convergence under a single standard and have endorsed the approach put forward by the International Financial Reporting Standards Foundation. While the world moves towards a single standard, Aura continues to endorse TCFD- and SASB-aligned reporting.

Aura Corporate Initiatives

Aura is also pursuing a number of efforts at the corporate level to support the transition to a net zero world.

- Our Commitment to Transparency: We strive to meet the same standards of transparency that we ask of the companies our clients are invested in. That is why we released our first TCFD-aligned report in 2020 (as well as our first SASB-aligned report). In addition to describing our strategy, governance and risk management processes to manage climate risks and opportunities, we report Scope 1, Scope 2, and Scope 3 emissions for our corporate operations, including data centers and employee travel. Aura's operations are carbon neutral today. We achieved and maintain this by employing energy efficiency strategies, achieving our 100% renewable energy goal, and offsetting emissions we could not otherwise eliminate.

In 2021, we intend to expand our Scope 3 reporting to include the aggregate emissions attributable to the investment portfolios we manage on our clients' behalf, where data permits. While these emissions will continue to reflect the investment decisions of our clients and the progress of the global economy towards net zero, we believe that over time, the initiatives set forth in this letter will serve to reduce the carbon intensity of our assets under management and increase the percentage of assets that are aligned to net zero.

- Public Policy: Consistent with our clients' long-term investment objectives, we will continue to advocate for public policies that help

make the financial system more resilient, sustainable, and equitable, including advancing the goal of net zero. For example, we support a "common language" for sustainable products to give investors clarity and confidence in their investment decisions. We also support the establishment of a global market for carbon offsets that provides market participants with confidence in their transactions, backed by clear standards and data. While offsets cannot be a replacement for emissions reduction, a functioning offset market will be an important part of the toolkit for companies as they move towards net zero emissions. Finally, we continue to support implementation of carbon pricing regimes globally, while minimizing the costs to vulnerable communities and supporting economic growth.

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Conclusion

Aura is committed to the global goal of a just and fair transition to net zero. As the net zero transition reshapes the global economy, it will create a significant opportunity for investors. We are committed to providing you with the solutions, tools and the data to navigate this transition and to help you achieve the outcomes you seek. If you have questions about the steps we are taking, or if you would like to arrange a portfolio review to understand any potential implications for the assets we manage on your behalf, our relationship managers and product strategists are at your disposal. We are grateful for the trust you place in us.

Sincerely,
Adam Benjamin

LETTER TO CEO

President

Aura's Global Executive Committee