

Public Pensions Continue Voting for ESG

Despite increasing partisanship in 2022, support for ESG resolutions crossed party lines.

Morningstar Manager Research

Janet Yang Rohr, CFA

Director, Multi-Asset and Alternatives Manager Research

Rasa Kerelis

Associate ESG Analyst, U.S. Sustainability Research

Alyssa Stankiewicz

Associate Director, Sustainability Research

Lindsey Stewart, CFA

Director of Investment Stewardship Research



Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit:

<https://shareholders.morningstar.com/resources/research/governance/Compliance-DisclosureDefault.aspx>

Table of Contents

Key Takeaways	3
Public Pension Proxy-Voting Overview	4
Public Pension Voting by Political Party	10

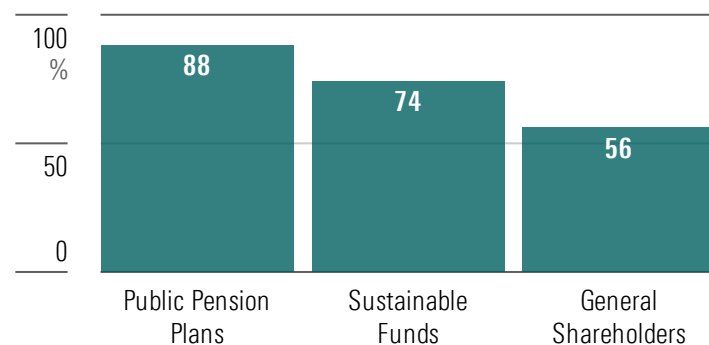
Appendix 1: 2022 Proxy Season Overview	15
Appendix 2: Methodology and Disclosures	19

Author Janet Yang Rohr is an elected Illinois state representative (D) and works on legislation related to topics addressed in this research.

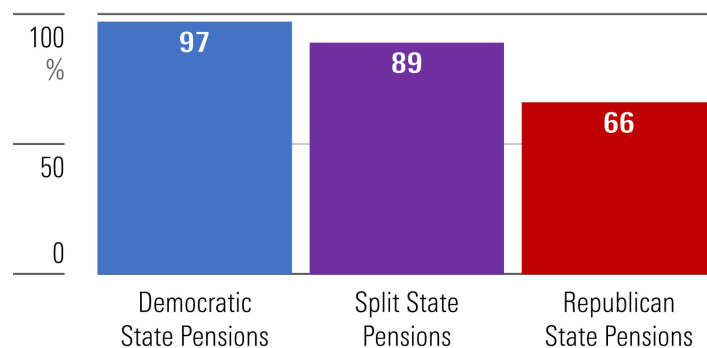
Key Takeaways

- Political rhetoric around the suitability of ESG investing has turned more heated, yet public pensions continue to show overwhelming support for ESG-driven shareholder resolutions. Public pensions' 88% rate of support for key ESG resolutions outpaced general shareholders' 56% rate.
- Pensions as a group even registered greater support than sustainable funds, whose driving purpose is to support ESG investing principles. Those funds have an average rate of support of 74% for key ESG resolutions.
- Public pensions covering workers in Democratic-leaning states generally voted in favor of ESG resolutions more often than either split states or Republican-leaning ones.
- Still, Republican-leaning states' 66% ESG resolution support was 10 percentage points more than general shareholders'.
- Public pensions in Republican-leaning states showed the greatest year-over-year decline in key ESG resolutions support, dropping 14 percentage points from 2021 to 2022.
- Support from Democratic-leaning state pensions for key ESG resolutions decreased by 1 percentage point.
- Split state pensions' ESG resolution support rate increased by 4 percentage points.

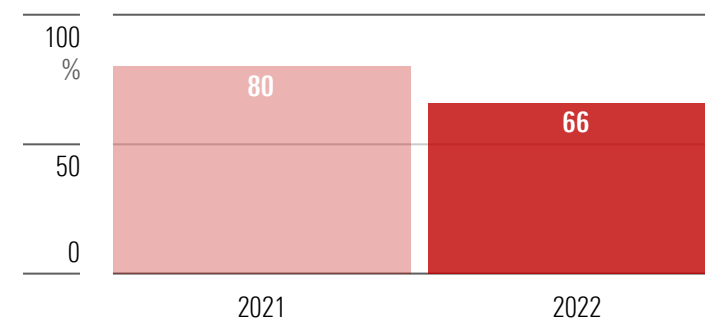
Public Pensions Support ESG Resolutions



Partisan Lines Influence Pension Votes



Republican State Pensions' Support of ESG Drops



Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

Public Pension Proxy-Voting Overview

In 2022, public pension plans backed key ESG resolutions more often than general shareholders and even sustainable funds.

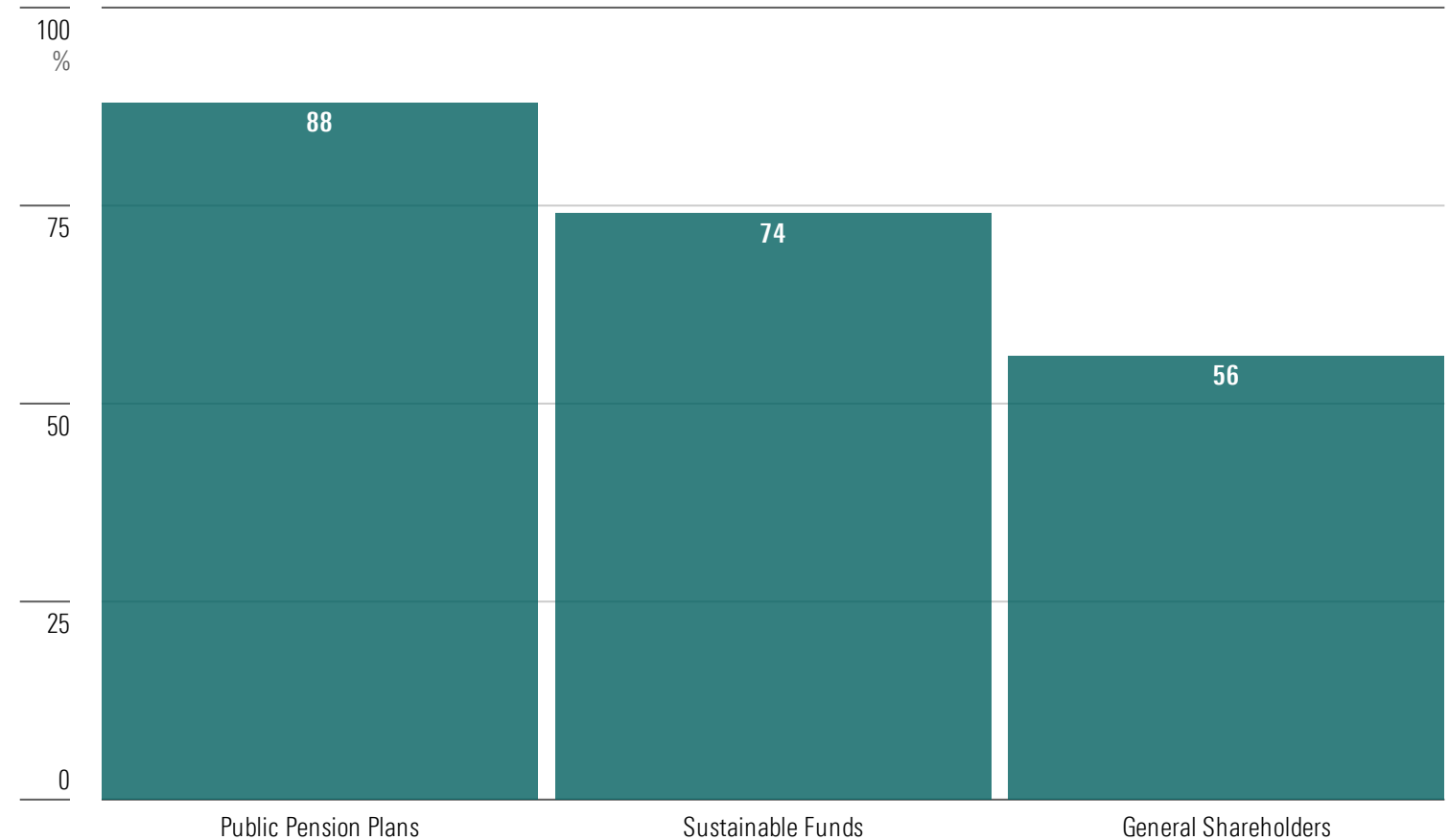
Public Pensions Meet Few Key ESG Resolutions They Dislike

Public pensions continued demonstrating strong support for ESG shareholder resolutions in the 2022 proxy season [compared with the 2021 season](#) despite more heated political rhetoric about the aims and efficacy of ESG investing. Public pensions supported key ESG resolutions 88% of the time, much higher than general shareholders' 56%.

Continuing the prior year's trends, public pensions' average rate of support is almost 15 percentage points ahead of sustainable funds' 74%¹. These sustainable funds' investment strategies are largely designed around sustainable-investing principles. While many public pensions have ESG-related sympathies, our review of the U.S. public pension space found no public plans claiming ESG investing as their primary goal.

¹Methodology Note: Morningstar's sustainable funds universe includes open-end and exchange-traded funds that hold themselves out to be sustainable investments and center ESG factors in their investment processes, as detailed in the prospectus. While many funds now consider environmental, social, and governance criteria in the security-selection process, those included in the sustainable funds universe make their commitment clear and prominent, usually through binding guidelines.

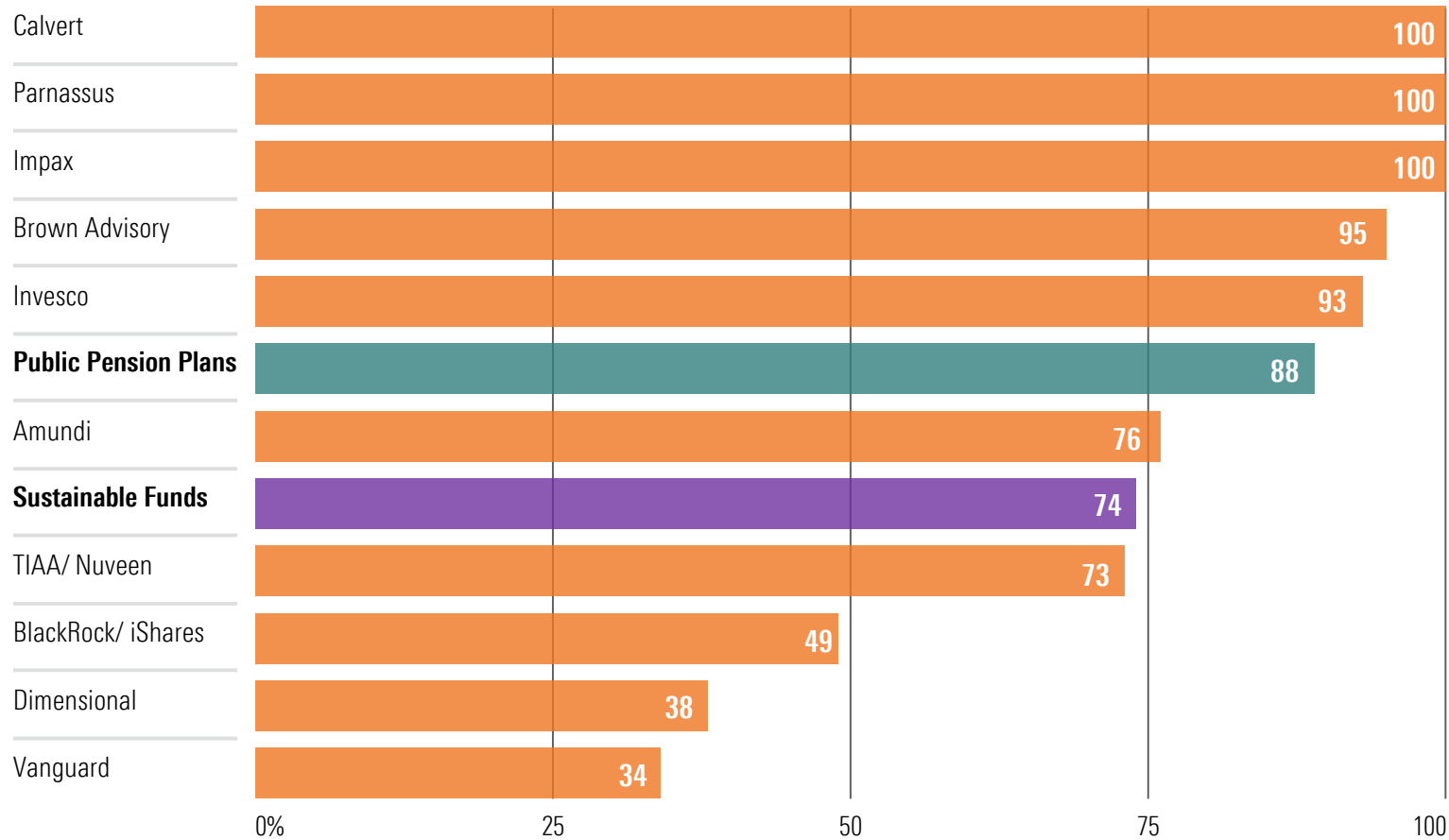
Average Rate of Support for Key ESG Resolutions, by Group



Source: Morningstar, state agencies. Data as of June 30, 2023.

Public Pension Plans' Support Nearly Double That of BlackRock's and Vanguard's Sustainable Funds

Average Percentage of Votes in Favor of Key ESG Shareholder Resolutions for Sustainable Funds



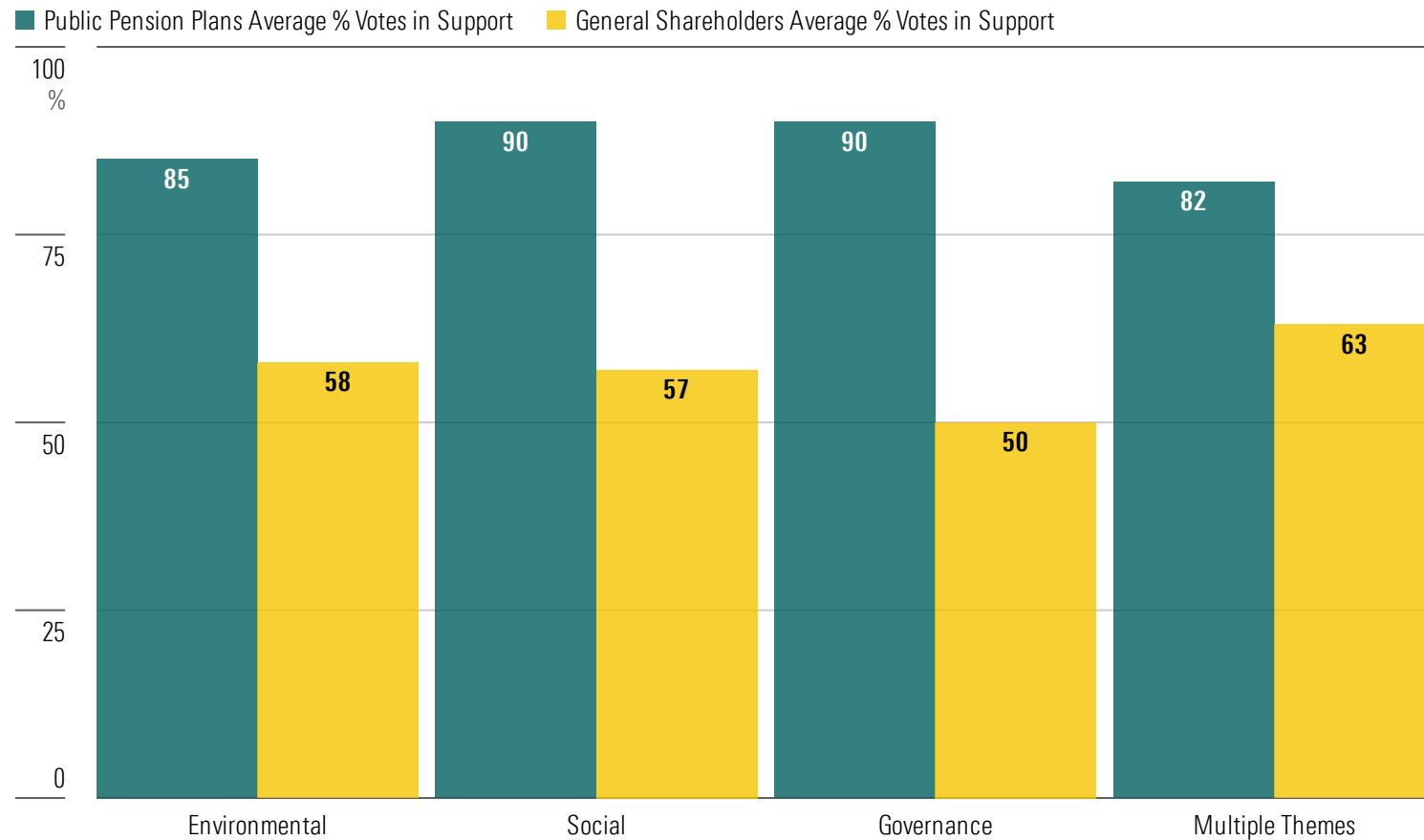
Of the top 10 asset managers by assets under management for U.S. sustainable funds, the key ESG resolution support rates of **TIAA/Nuveen, BlackRock/ iShares, Dimensional, and Vanguard trail the typical sustainable fund and public pensions'.**

Sustainable-investing stalwarts Calvert, Parnassus, and Impax were the only asset-management firms in the top 10 to support all key ESG resolutions for the 2022 proxy-voting season.

Source: Morningstar, state agencies. Data as of June 30, 2023.

Public Pensions Like Social- and Governance-Related Resolutions the Most

Average Rate of Support for Key ESG Resolutions, by Environmental, Social, Governance, and Multiple Themes



Source: Morningstar, state agencies. Data as of June 30, 2023.

Similar to 2021, **public pensions tended to show lower levels of support for environment-related resolutions.** “No” votes from plans in Republican-leaning states like Ohio and Texas on resolutions like one calling on oil and gas company ConocoPhillips [COP](#) to set emission reduction targets and retailer Dollar Tree [DLTR](#) to plan for a green transition dragged down the environmental numbers. The 11 key resolutions that received 100% support among pension plans in 2022 were all social-related proposals.

There were four “Multiple Theme” key resolutions in 2022 that crossed over between Environmental/Social and Governance/Social goals (see Appendix 1). Similar to the single-theme resolutions, the Environmental/Social resolutions had lower levels of public pension support.

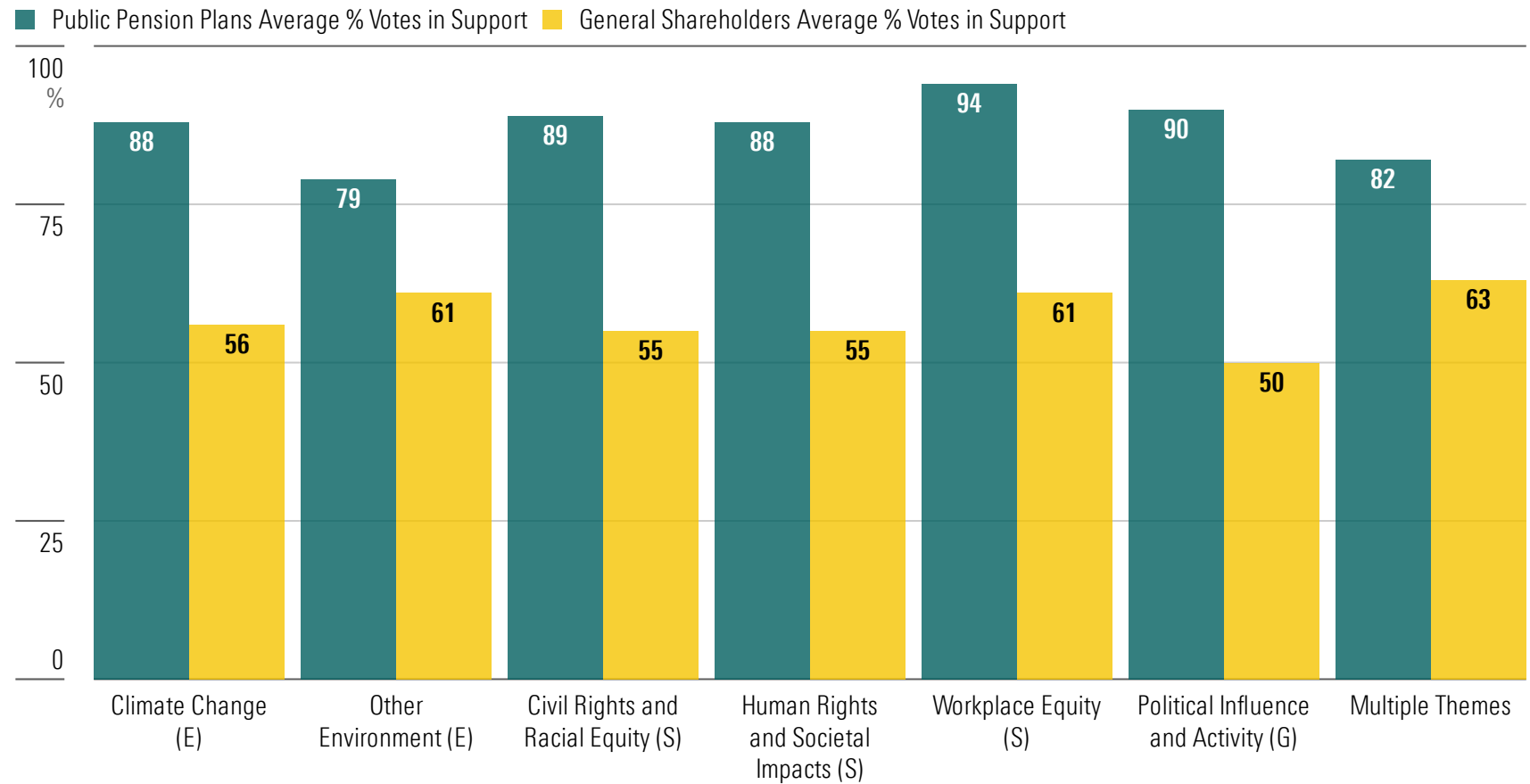
Public Pensions' Support for Environmental Resolutions Trails Other Categories'

Broken down by subgroups, **public pension plans' 79% support rate for Other Environment resolutions was the lowest among all subgroups.**

Resolutions in this area include those seeking a water management report from Alphabet [GOOG](#), which used 5.6 billion gallons of water in 2022, and more-sustainable packaging at Amazon.com [AMZN](#), Jack in the Box [JACK](#), McDonald's [MCD](#), and Tyson Foods [TSN](#).

Public pensions' support rate for Climate Change resolutions was stronger, though, at 88%. These resolutions generally seek disclosure around climate transition plans (such as at AutoZone [AZO](#) and Dollar Tree [DLTR](#)) and greenhouse gas emissions (at Charter Communications [CHTR](#) and The Travelers Companies' [TRV](#)).

Average Rate of Support for Key ESG Resolutions, by ESG Subgroups



Source: Morningstar, state agencies. Data as of June 30, 2023.

Public Pension Plan Support of Key Resolutions at Times Vastly Greater Than That of General Shareholders

Of the 102 key resolutions, **average support from public pension plans was greater than that of general shareholders--sometimes overwhelmingly so.** The table below, for example, shows the 11 key resolutions that garnered 100% support from the sampled public pensions; every pension casting a vote on the matter voted "For." More than half of these resolutions received less than 50% support from general shareholders and mostly centered around political influence and activity.

Only one key resolution--an environment-related vote to require Jack in the Box [JACK](#) management to produce a report on sustainable packaging--saw a lower level of support from public pensions compared with general shareholders. General shareholders supported the resolution at a 95% rate, but public pensions' 91% average support was not far behind.

Key ESG Resolutions Receiving Unanimous Support From Public Pensions in the 2022 Proxy Season

Company Name	Proposal Title	Filed By	Resolution Topic	Public Pensions % For	General Shareholders % For
Lyft Inc	Lobbying Expenditures and Activities	Teamsters General Fund	Political Influence and Activity	100%	41%
Charter Communications Inc	Political and Electioneering Expenditure Congruency Report	Handlery Hotels, Inc	Political Influence and Activity	100%	43%
FedEx Corp	Alignment Between Co. Values and Electioneering Contributions	Clean Yield Asset Management	Political Influence and Activity	100%	43%
DISH Network Corp	Disclosure Of Certain Political Contributions	NY State Common Retirement Fund	Political Influence and Activity	100%	46%
Flowers Foods Inc	Political Contribution Disclosure	Not disclosed in proxy	Political Influence and Activity	100%	48%
XPO Logistics Inc	Additional Disclosure of the Company's Political Activities	SEIU Pension Plans Master Trust	Political Influence and Activity	100%	49%
Berkshire Hathaway Inc	Corporation's diversity, equity and inclusion efforts	As You Sow	Workplace Equity	100%	49%
Dollar General Corp	Political Spending Disclosure	John Chevedden	Political Influence and Activity	100%	57%
The Walt Disney Co	Pay Equity Report	Anne Butterfield	Workplace Equity	100%	60%
Charter Communications Inc	EEO-1 Reports	Calvert Research and Management	Workplace Equity	100%	65%
Tesla Inc	Annual Report on Diversity and Inclusion Efforts	Calvert Research and Management	Workplace Equity	100%	81%

Source: Morningstar, state agencies. Data as of June 30, 2023.

Public Pension Voting by Political Party

Party politics play a pronounced role in proxy voting.

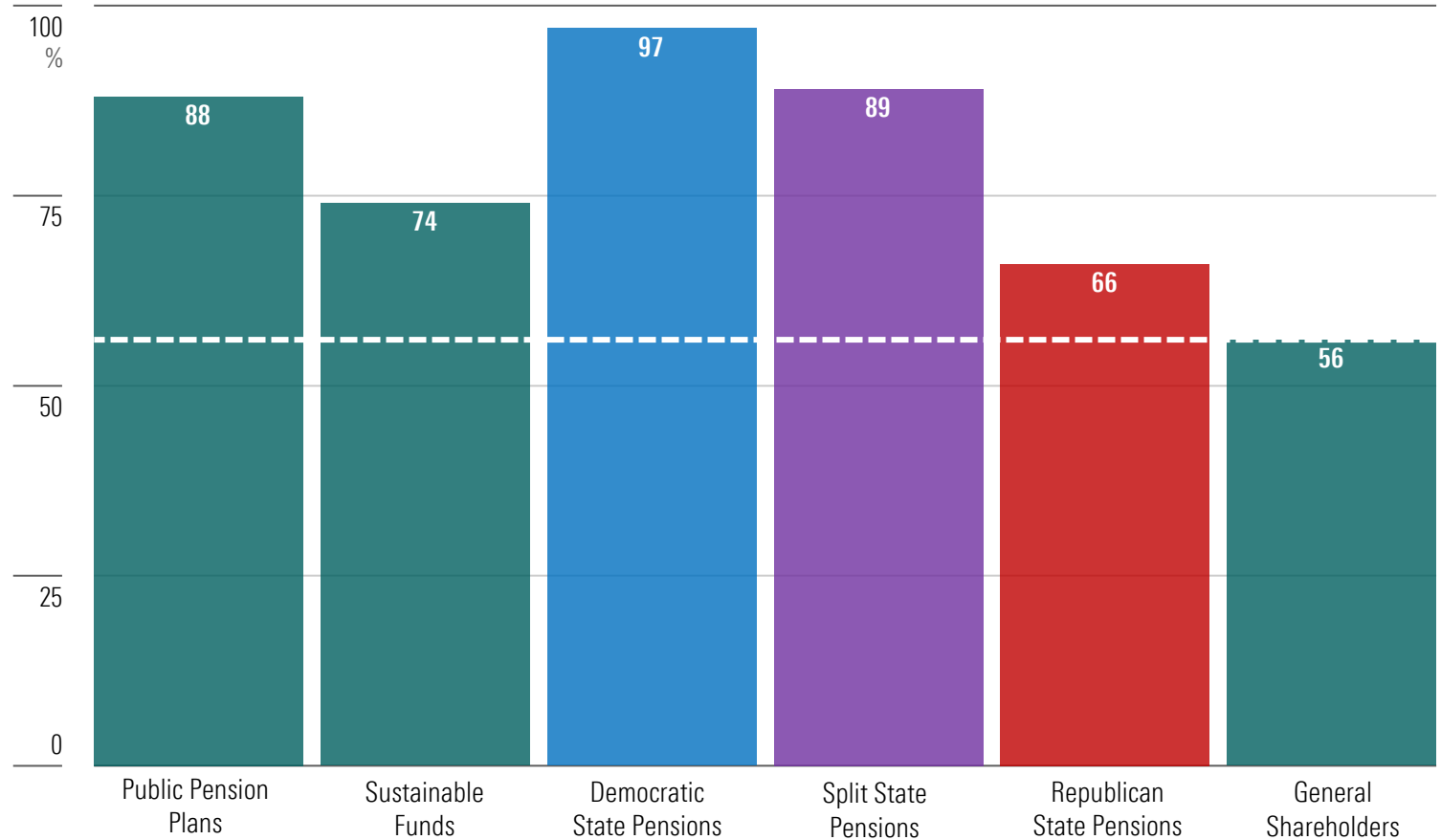
Support for ESG Resolutions Crossed Party Lines, Though Politics Made Their Mark

While public pensions demonstrated strong support for key ESG shareholder resolutions, notable deviations among individual plans strongly correlated with the partisan lean of a public pension plan’s home state.

Democratic-leaning states’ 97% rate of support approached near unanimity. Plans based in more politically divided split states had an 89% support rate that was still ahead of that of sustainable funds.

Republican-leaning states’ public pension plans’ key resolution support rate was a much lower 66%, but that was still 10 percentage points greater than general shareholders’ support.

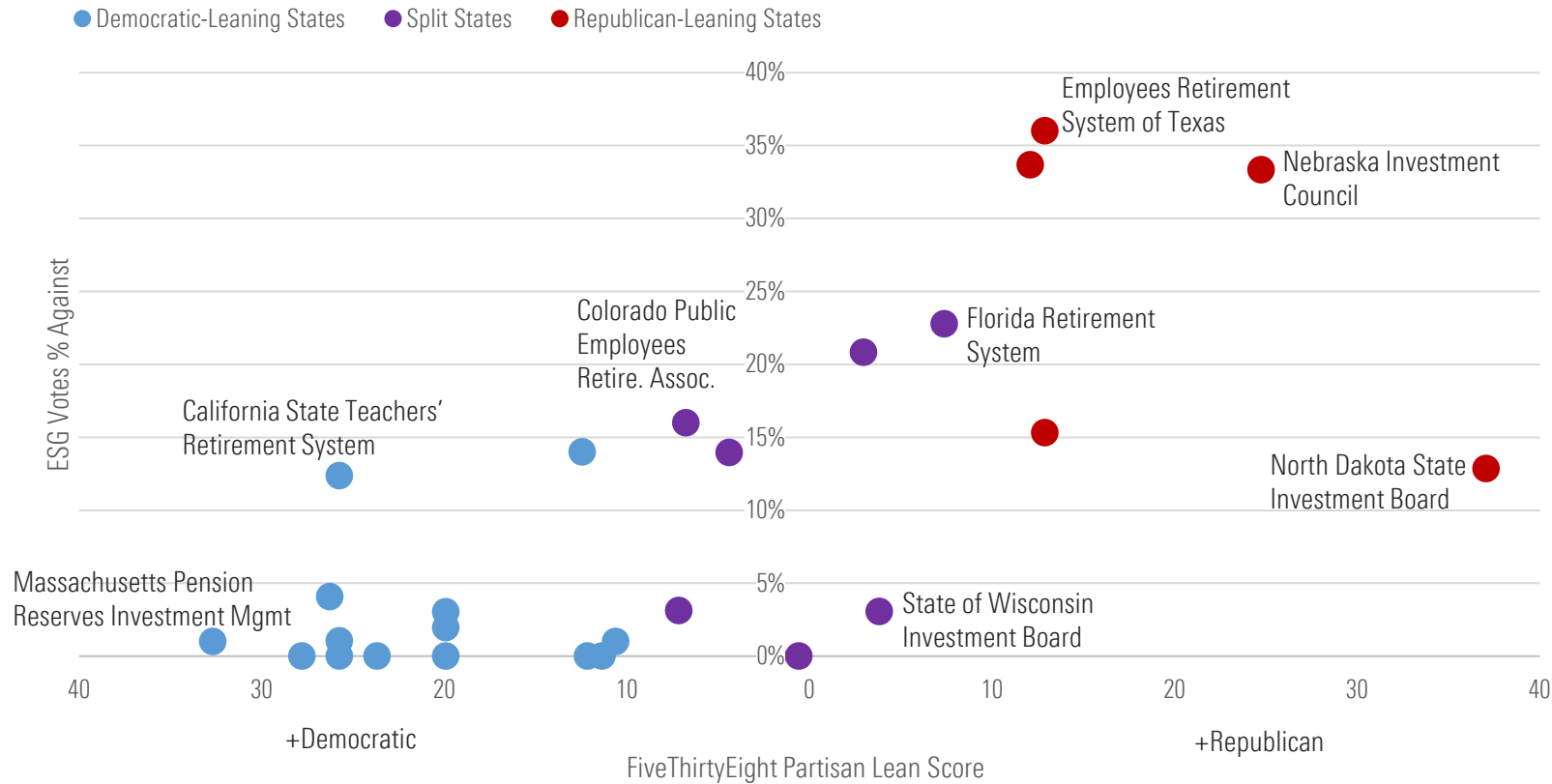
Average Rate of Support for Key ESG Resolutions, by Group



Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

Public Pensions Show Partisan Influences in Key ESG Resolutions

Individual Public Pension Plan-Level Votes Against Key ESG Resolutions, by Partisan Lean (Excluding Ohio Teachers Plan¹)



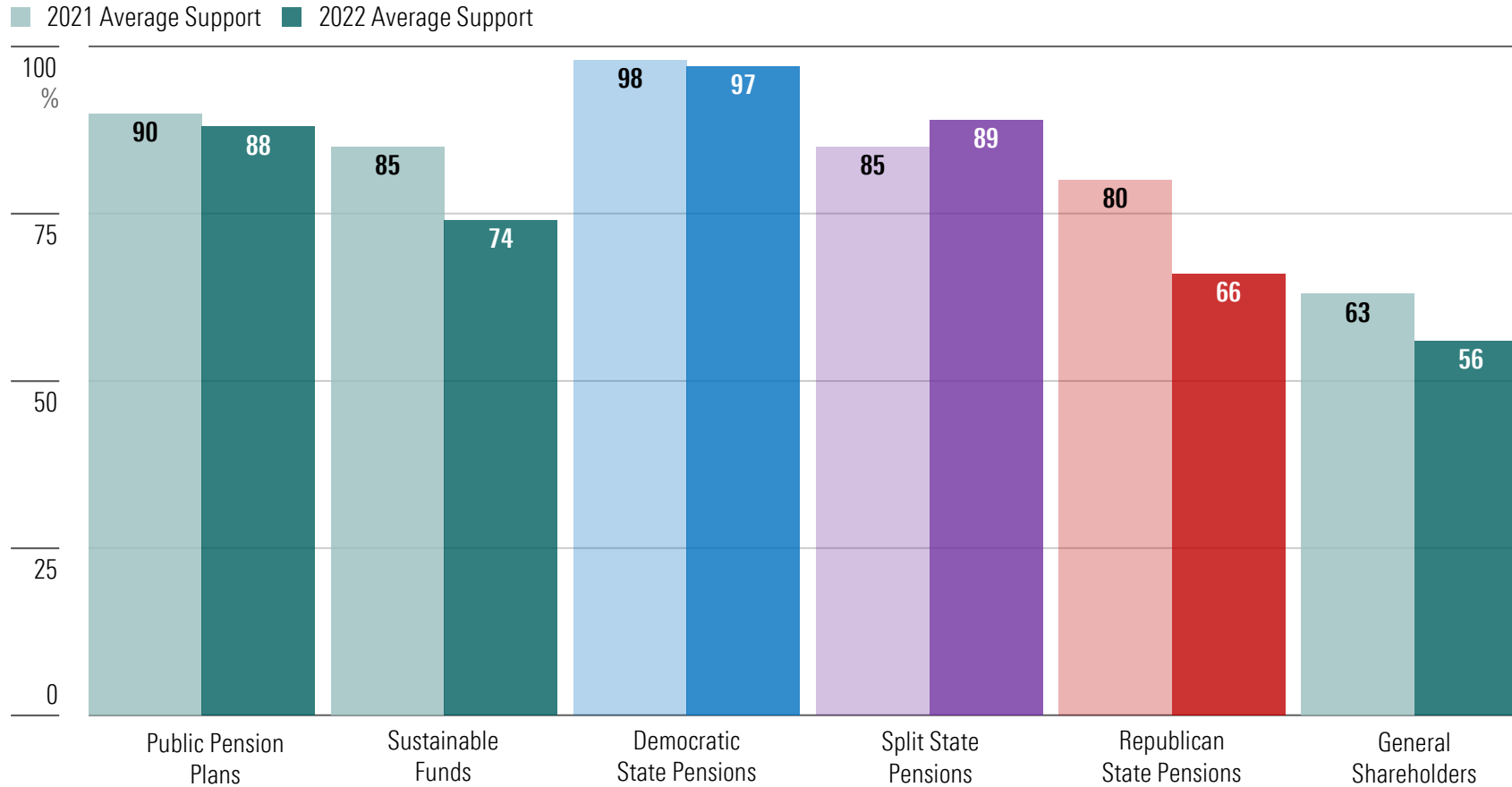
The political lean of a given public pension’s home state strongly correlates with its likeliness to support or reject ESG shareholder resolutions: **Plans in Democratic-leaning states voted “No” the least often, Republican-leaning pensions were more likely to vote “No,” and pensions in more-divided, split states fell in the middle.**

¹ For readability and scale, this chart omits the State Teachers Retirement System of Ohio, which has a relatively modest partisan lean score of R+12.1 and voted against key ESG resolutions 71% of the time.

Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

Support for ESG Resolutions Dropped Most Noticeably in Republican-Leaning States

Average Percentage of Votes in Favor of Key ESG Shareholder Resolutions, 2021-22



Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

Support for key ESG shareholder resolutions dropped in 2022 compared with 2021.

Republican state pension plans showed the largest year-over-year decline in support, dropping almost 15 percentage points from 2021 to 2022.

This downward trend parallels similar results in sustainable funds, where support fell by 13 percentage points compared with the previous year. The support of key ESG resolutions at some of the world’s largest asset managers, such as BlackRock and Vanguard, dropped by double-digit percentage points.

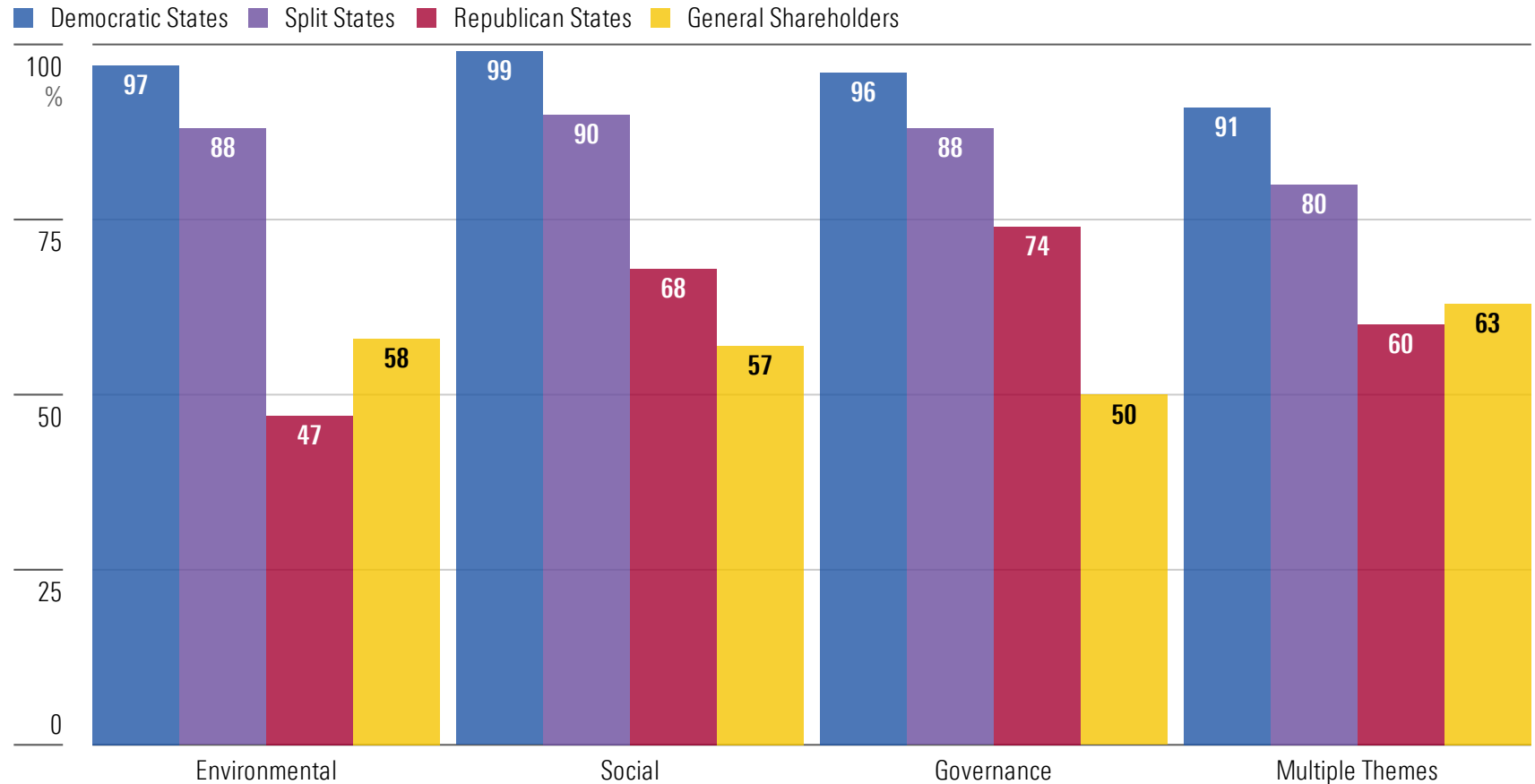
Although most peer groups were less supportive of key ESG resolutions in 2022 versus 2021, **public pension plans of all stripes remained more supportive than general shareholders.**

Partisan Proxy-Voting Divides Seen Across the Board, and Especially in Environmental Ballot Items

Public pensions based in Republican-leaning states show uniformly lower levels of support across environmental, social, and governance resolutions compared with pensions based in Democratic-leaning or split states.

Republican-leaning plans show especially low support for environmental-based ballot items. While these pensions still supported almost half of environment-related proposals, the 47% support rate was more than 10 percentage points lower than that of general shareholders. On social and governance-related matters, in contrast, their levels of support were higher than general shareholders'.

Average Rate of Support for Key ESG Resolutions, by Political Lean



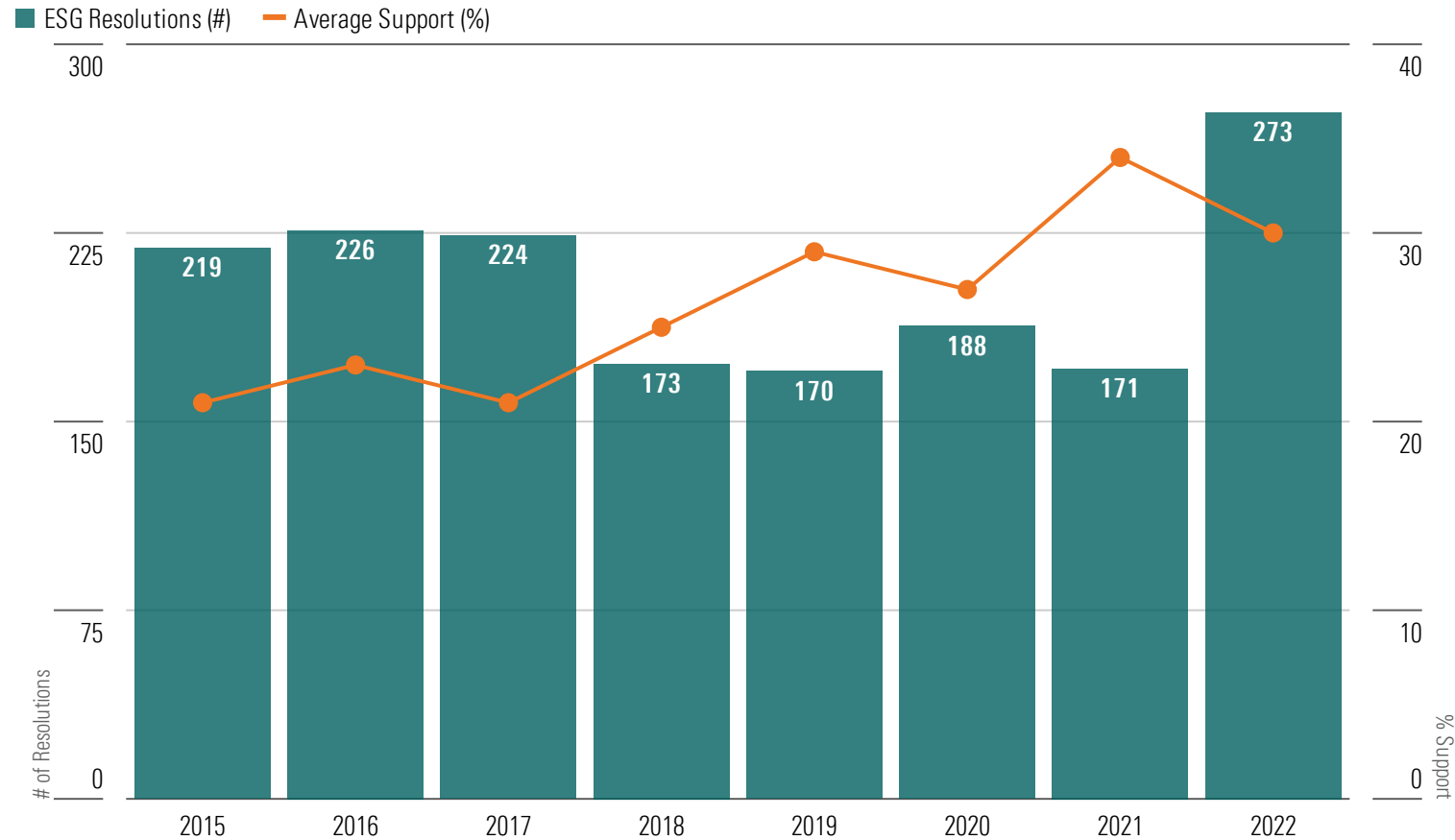
Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

Appendix 1: 2022 Proxy Season Overview

Analyzing the trends and topics of 2022's key ESG shareholder resolutions.

ESG Shareholder-Led Proposals Spiked in 2022 Proxy Season

ESG Shareholder Resolutions, 2015-22 Proxy Seasons



The number of ESG shareholder resolutions rose to a new record in 2022.

Forty ESG shareholder proposals passed with majority support in 2022, representing less than 15% of the total that came to a vote. In 2021 and 2020, 36 and 22 resolutions passed with majority support, respectively.

In November 2021, the U.S. Securities and Exchange Commission [broadened the definition](#) of permissible shareholder resolutions that address “significant social policy issues.” This drove never-before-seen numbers of proposals on ballots, but it also contributed to a lower average level of support for such proposals.

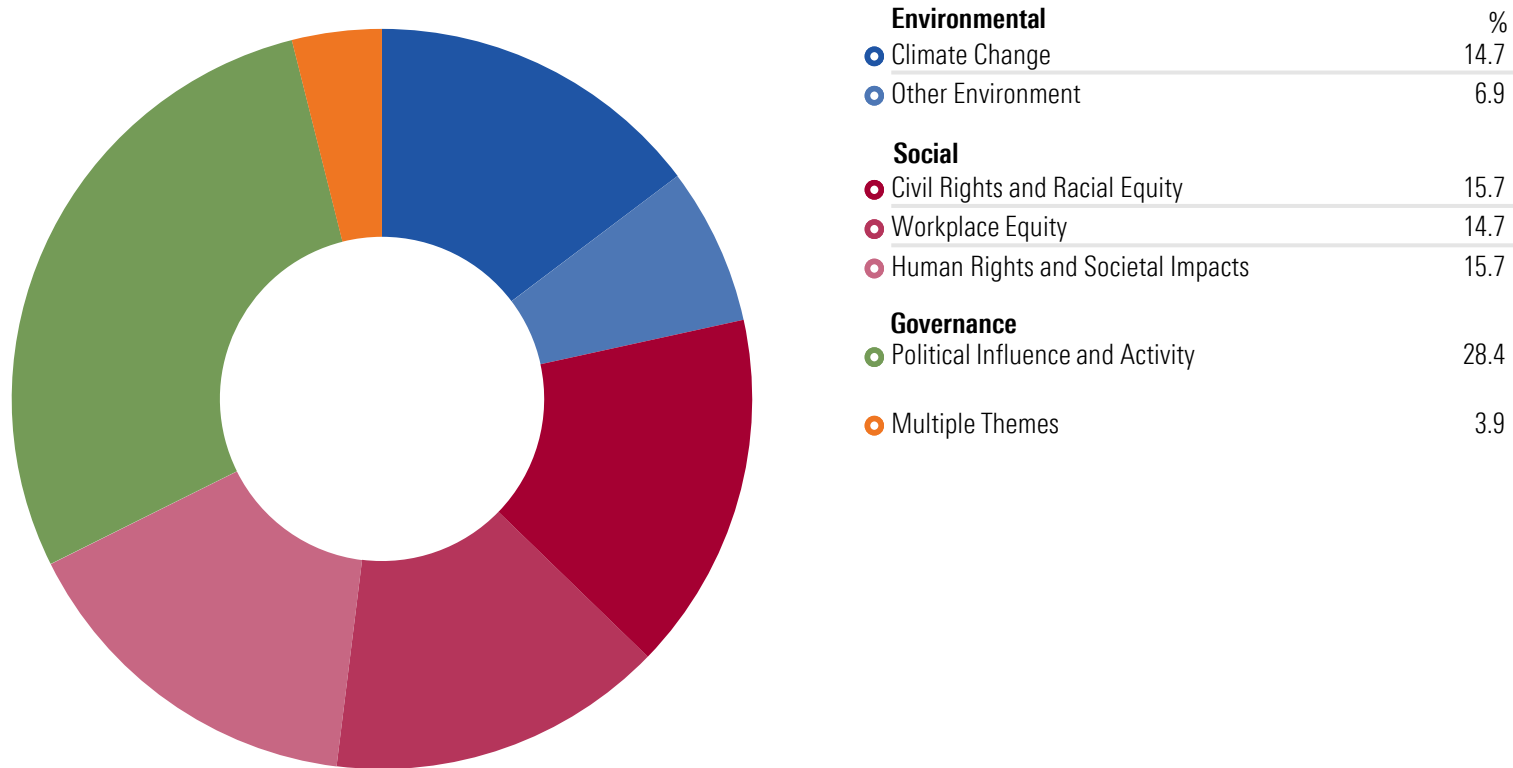
In many cases, asset managers that voted against more ESG proposals in 2022 explained that they did so because they found the resolutions to be “overly prescriptive.”

Morningstar’s [Proxy-Voting Insights: 2022 in Review](#) covers these industry trends, plus the changing voting habits of the industry’s largest asset managers.

Source: Morningstar. Data as of June 30, 2023.

Social Issues Dominated Ballots in 2022

Breakdown of Themes Addressed by Key Shareholder Resolutions



In 2022, 102 key ESG shareholder resolutions came to ballots.

Although environmental resolutions have generated plenty of headlines (such as seeking a net-zero strategy from Exxon Mobil), **social proposals make up the plurality of key resolutions.** They include topics such as civil rights & racial equity and workplace equity.

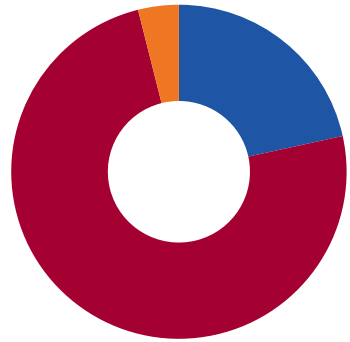
Morningstar defines key resolutions as those that address ESG topics and gain more than 40% support from independent shareholders. This focus on independent shareholders is key: It excludes the influence of insider shareholder votes to better approximate broad market sentiment. Our key resolution methodology also strips out much of the increased volume of resolutions that many institutional shareholders see as too prescriptive.

These adjustments remove noise from the data and give us a better view into the issues on which plans are prepared to take a stand.

Source: Morningstar. Data as of June 30, 2023.

The Art and Science of E, S, and G (and Multiple Themes)

2022 Key Resolutions by E and S



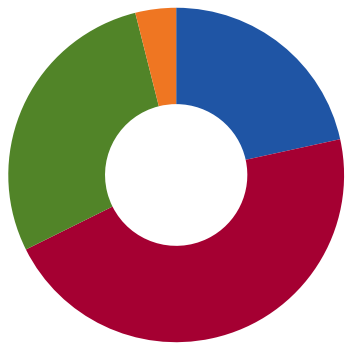
Resolution Type	%
Environment	21.57
Social	74.51
Multiple Themes	3.92

Source: Morningstar. Data as of June 30, 2023.

Categorizing shareholder resolutions into environmental, social, and governance groups often involves a degree of judgment and experience. Indeed, the individual nature of each resolution meant that four of 102 key shareholder resolutions in 2022’s proxy season fell into “Multiple Themes.” This included, for example, Ingles Markets’ [IMKTA](#) proposal to disclose its progress to move to cage-free eggs, which crosses environmental and social considerations. The below four resolutions were included in the “Multiple Themes” category:

- Ingles Markets [IMKTA](#), Disclose Progress on Cage-Free Eggs (Environmental and Social)
- Papa John’s International [PZZA](#), ESG Disclosure Related to Pork Housing (Environmental and Social)
- Tesla [TSLA](#), Board Committee on Human Capital Management (Social and Governance)
- Tradeweb Markets [TW](#), Adopt a Policy on Board Diversity (Social and Governance)

2022 Key Resolutions by E, S, and G



Resolution Type	%
Environment	21.57
Social	46.08
Governance	28.43
Multiple Themes	3.92

Source: Morningstar. Data as of June 30, 2023.

The notion of “governance” can also result in varying opinions, particularly when it comes to shareholder resolutions about the disclosure of companies’ political and lobbying efforts. There are arguments to be made that these could be grouped under either social or governance. The top graphic shows the breakout of key resolutions using the former, while the bottom graphic shows the latter.

For the purposes of this study, we characterized the 29 Political Influence and Activity key resolutions as governance resolutions rather than social in order to make the results more comparable with prior years’ results.

Appendix 2: Methodology & Disclosures

Public Pension Voting Profile, by Partisan Lean

We sorted pension plans based on their home state’s [FiveThirtyEight 2022 Partisan Lean Score](#), designating Democratic-leaning states as those with scores at or above D+10, Republican-leaning states as those at or above R+10, and split states with scores below D+10 or below R+10. Democratic-leaning states were more likely to make their proxy-voting results freely available, accounting for their greater representation in the sample set and the increased importance of parsing vote results by partisan lean.

2022 Public Pension Votes, Sorted by Partisan Lean

State	Plan Name	Votes:			538 Partisan Lean Score
		For	Against	Abstain	
Democratic-Leaning States					
MA	Massachusetts Pension Reserves Investment Mgmt	98	1	0	D+32.7
VT	Vermont State Retirement System	88	0	0	D+27.8
MD	Maryland State Retirement and Pension System	94	4	0	D+26.3
CA	California Public Employees' Retirement System	94	1	1	D+25.7
CA	California State Teachers' Retirement System	85	12	1	D+25.7
CA	University of California Retirement Plan	99	0	0	D+25.7
RI	Employees' Retirement System of Rhode Island	100	0	0	D+23.7
NY	New York City Employees' Retirement System	100	2	0	D+19.9
NY	New York State Common Retirement Fund	99	0	0	D+19.9
NY	New York State Teachers' Retirement System	96	3	0	D+19.9
WA	Washington State Investment Board	86	14	2	D+12.4
CT	Connecticut Retirement Plans and Trust Funds	88	0	0	D+12.1
NJ	New Jersey Division of Investment	98	0	0	D+11.3
OR	Oregon Public Employees Retirement System	99	1	2	D+10.6

State	Plan Name	Votes:			538 Partisan Lean Score
		For	Against	Abstain	
Split States					
NM	New Mexico Educational Retirement Board	93	3	0	D+7.2
CO	Colorado Public Employees Retirement Association	84	16	1	D+6.8
ME	Maine Public Employees Retirement System	74	12	4	D+4.4
MN	Minnesota State Board of Investment	96	0	0	D+2.0
NH	New Hampshire Retirement System	1	0	75	D+0.6
PA	Pennsylvania Public School Employees' Retirement Sys	76	20	0	R+3.0
WI	State of Wisconsin Investment Board	95	3	0	R+3.8
FL	Florida Retirement System	78	23	0	R+7.4
Republican-Leaning States					
OH	Ohio Public Employees Retirement System	65	33	0	R+12.1
OH	State Teachers Retirement System of Ohio	28	67	0	R+12.1
TX	Employees Retirement System of Texas	48	27	0	R+12.9
TX	Teacher Retirement System of Texas	83	15	2	R+12.9
NE	Nebraska Investment Council	46	23	9	R+24.8
ND	North Dakota State Investment Board	61	9	1	R+37.1

Source: Morningstar, state agencies, FiveThirtyEight.com. Data as of June 30, 2023.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation, or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors; recipients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status, and financial position.

The information, data, analyses, and opinions presented herein are not warranted to be accurate, correct, complete, or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. nor the Manager Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Manager Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. The Manager Research Group encourages recipients of this report to read all relevant issue documents for example, prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., nor the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Manager Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes, and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost.

A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

Conflicts of Interest

- ▶ Analysts may own (actual or beneficial) interests in the managed investments that are the subject of the Report. No material interests are held by the analyst or their immediate family with respect to the security subject of this report.
- ▶ In general, Morningstar will not hold a material interest in the security subject of this report. If a material interest is held by Morningstar, or if Morningstar owns a net long or short position in the security that is the subject of this report that exceeds 0.5% of the total issued share capital of the security, it will be disclosed at <https://www.morningstar.com/company/disclosures/holdings>
- ▶ Morningstar employees' compensation is derived from Morningstar's overall earnings and consists of salary, bonus and in some cases restricted stock.
- ▶ Neither Morningstar nor its analysts receive compensation or material benefits from product issuers or third parties in connection with this report.
- ▶ Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers. Morningstar does not receive commissions for providing research and does not charge issuers to be rated.
- ▶ Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams. Morningstar may provide the investment product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.
- ▶ Certain managed investments use an index created by and licensed from Morningstar, Inc. as their tracking index. We mitigate any actual or potential conflicts of interests resulting from that by not producing qualitative analysis on any such managed investment as well as imposing information barriers (both technology and non-technology) where appropriate and monitoring by the compliance department.
- ▶ Morningstar's Investment Management group has arrangement with financial institutions to provide portfolio management/investment advice, some of which an analyst may issue investment research reports on. In addition, the Investment Management group creates and maintains model portfolios whose underlying holdings can include financial products, including securities that may be the subject of this report. However, analysts do not have authority over Morningstar's Investment Management group's business arrangements nor allow employees from the Investment Management group to participate or influence the analysis or opinion prepared by them.
- ▶ Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a security which is the subject of this report may own more than 5% of Morningstar, Inc's total outstanding shares. Please access Morningstar, Inc's most recent Proxy Statement and refer to the section title "Security Ownership of Certain Beneficial Owners and Management" at <https://shareholders.morningstar.com/investorrelations/financial/sec-filings/default.aspx>. A security's holding of Morningstar stock has no bearing on and is not a requirement for which securities Morningstar determines to cover.

Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from <https://shareholders.morningstar.com/investor-relations/governance/Compliance-Disclosure/default.aspx>. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

For a list of securities which the Manager Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty. Ltd. (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty. Ltd. is the provider of the general advice ("the Service") and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide, or FSG, for more information at <http://www.morningstar.com.au/fsg.pdf>.

For Recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).

The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as an Investment Adviser (Registration number INA000001357), as a Portfolio Manager (Registration number INP000006156) and as a Research Entity (Registration Number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/ regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development. The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India. The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Korea: The Report is distributed by Morningstar Korea Limited, which is regulated by Financial Supervisory Service, for informational purposes only. Neither Morningstar Korea Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: Morningstar Investment Adviser Singapore Pte. Limited is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this presentation. This presentation is intended for general circulation, and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.



22 West Washington Street
Chicago, IL 60602 USA

About Morningstar Manager Research

Morningstar's global manager research team conducts objective, qualitative analysis of managed investment strategies such as mutual funds and exchange-traded funds. Manager research analysts express their views through the Morningstar Medalist Rating, which takes the form of Gold, Silver, Bronze, Neutral, or Negative. The analysts arrive at a strategy's Medalist Rating by assessing key areas including its management team and supporting resources (People Pillar), its investment approach and rationale (Process Pillar), and the investment organization backing the strategy concerned (Parent Pillar). The analysts juxtapose those assessments with the strategy's cost in arriving at a final Analyst Rating, which expresses their conviction in the strategy's ability to outperform a relevant benchmark index or category peers over a market cycle, adjusted for risk. The Morningstar Medalist Rating methodology is forward-looking in nature and applied consistently across geographies and markets. (The Medalist Rating is an opinion, not a statement of fact, and is not intended to be nor is a guarantee of future performance.)

About Morningstar Manager Research Services

Morningstar Manager Research Services combines the firm's fund research reports, ratings, software, tools, and proprietary data with access to Morningstar's manager research analysts. It complements internal due-diligence functions for institutions such as banks, wealth managers, insurers, sovereign wealth funds, pensions, endowments, and foundations. Morningstar's manager research analysts are employed by various wholly owned subsidiaries of Morningstar, Inc. including but not limited to Morningstar Research Services LLC (USA), Morningstar UK Ltd, and Morningstar Australasia Pty Ltd.

©2023 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses, and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete, or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. To order reprints, call +1 312-696-6100. To license the research, call +1 312 696-6869.