Sustainability Report 2020

RPIA

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> There are three very simple reasons that we take ESG seriously - to minimize risk, to improve the quality of our returns, and to fulfill our duty to our investors
>
> \- Mike Quinn, Chief Investment Officer

CONTENTS

EXECUTIVE SUMMARY

RPIA is an employee-owned investment management firm that specializes in global fixed income strategies. The firm was founded in 2009 by a group of professionals who each have more than 20 years of international debt market experience. As of Q4 2020, RPIA manages $5.8B in assets for high net worth, advisors, pensions, foundations, and endowments.

As global investors and stewards of our client's capital, we believe that sustainability plays an integral role in our investment philosophy, and our business. In 2020, we continued to evolve how we asses environmental, social and governance (ESG) factors with a specific focus on climate change. We believe that ESG and climate-related factors play a critical role in defining risk and opportunities - both for invested capital and for RPIA. We continue to refine these belief systems, constantly looking for better ways to measure the risks and opportunities, engaging with the companies that we invest in, and reflecting on our own operations.

In this report we discuss:

- The continuing expansion of our industry and community commitments including the TCFD, 30% Club, United Way and CCGG
- The evolution of our ESG approach and further integration into our investment process
- Our 2020 UNPRI Assessment which includes A ratings across applicable categories
- Our continued focus on climate change which includes:
    - Incorporating and reporting in line with the Task Force for Climate Related Disclosures recommendations
    - Advancing our analysis of climate related risks and opportunities with a focus on transition risks
    - Applying this analysis to our business in 2021
- In-depth analysis on the RP Corporate BBB Index Plus strategy which met its dual goals of producing risk-adjusted outperformance with a lower carbon exposure versus the benchmark

We are excited about the advances we have made in 2020. We hope you find this report insightful and are always ready to discuss RPIA's approach to sustainable investing and collaborate on ideas. Please feel free to email or call our Client Portfolio Management team.

INDUSTRY & COMMUNITY COMMITMENT

RPIA became a UNPRI signatory in August 2018 to solidify our commitment to continued integration of Environmental, Social and Governance ("ESG") analysis into our investment process, to engage with issuers on ESG matters and advance ESG concepts through peer collaboration and public action. To this end, we have continued to join organizations that align with our goals and provide forums through which we can share ideas.

2020

- Task Force on Climate Related Financial Disclosures
- 30% Club
- United WAY ILEO Charter
- Canadian Coalition for Good Governance

2019

- 100 Women in Finance
- Women in Capital Markets

2018

- UNPRI Signatory

ESG INTEGRATION

RPIA integrates ESG factors into all strategies managed by the firm. We believe integrating these factors into our investment process helps to mitigate risk, improve the quality of our returns, and fulfill our duty to our clients. Climate-related risks play a central role in this framework. You can read our full ESG Policy on our website.

There are three reasons why we take ESG seriously

- To minimize risk
- To improve the quality of our returns
- To fulfil our fiduciary duty to our clients

Our commitment to ESG is a commitment to three things

- We incorporate ESG factors in our investment process
- We engage issuers on ESG matters
- We advance ESG through peer collaboration and public action

By integrating ESG analysis into our investment process, we strive to ensure that our clients are appropriately compensated for owning and/or avoiding ESG-related risks. We employ a holistic approach with ESG risks being as important as other fundamental factors in determining the core elements driving our sector, company, and relative valuation analyses. For the majority of our mandates, the presence of ESG-related risks does not preclude us from investing in a sector or company. However, the presence of these risks or opportunities must be adequately compensated in the risk premium of the investment. While we integrate ESG-analysis across our entire investment process, we also manage a specific ESG-focused mandate which explicitly targets climate-related outcomes. This strategy (RP Corporate BBB Index Plus) aims to construct a portfolio with lower greenhouse gas emissions (GHG) compared to broad markets while achieving better risk-adjusted returns.

> "The qualitative ESG analysis and advocacy with issuers are critical components of our research framework along-side traditional fundamental factors."
>
> - Louise Pitt Brindle, Head of Credit Research

ESG analysis is integrated into our investment process through internal ESG scoring, in-depth subjective credit research, and active issuer engagement.

As active bond investors, we occupy an important position amongst capital providers

INTERNAL SCORING

RPIA produces internal ESG scores for all issuers in our portfolios. These scores are designed to be systematic in nature, simple and applicable across industries, and are reviewed by the investment team regularly. They form the baseline for the qualitative ESG analysis carried out by the Credit Research team.

CREDIT RESEARCH

RPIA's team of dedicated Credit Research Portfolio Managers conduct in-depth fundamental and relative value analysis to identify attractive investment opportunities and avoid areas of the market where, in our assessment, risks are not fully compensating investors. Alongside the Portfolio Structuring and Execution teams, Credit Research is constantly repositioning the portfolios to take advantage of the best value propositions we see in the marketplace. Part of this process requires explicit consideration of ESG-related opportunities and risks. Credit Research applies their subjective oversight to our internal score, assessing the materiality of ESG-related information to a specific sector and issuer. By relying on the industry-specific expertise of each Credit Research Portfolio Manager we ensure that we are treating ESG-related opportunities and risks the same way we do other fundamental drivers of a security's value.

ENGAGEMENT

As active bond investors, we occupy an important position amongst the capital providers to many corporations. This position allows us to actively engage with a wide variety of companies and other influential groups such as regulators, credit rating agencies, and buyside advocacy groups. Through many of these interactions, we are able to advocate for our investors as stewards of their capital. This advocacy also applies to ESG-related opportunities and risks. Our communications include individual updates from senior management teams to discuss business results and outlooks, catalyst-driven conversations with management teams as part of a transaction, and contributing to industry-driven comment letters and discussions where appropriate. In addition, we are in constant discussion with companies and syndicate desks of the underwriting banks regarding new issue transactions.

RPIA INTERNAL ESG SCORE

ENVIRONMENTAL PILLAR	SOCIAL PILLAR	GOVERNANCE PILLAR
Energy usage	Ethics policies	Chairman and CEO separation
Energy reduction	Code of Conduct	Dual class share structure
Carbon intensity	Human rights policies	Shareholder concentration
Net-zero / reduction plans	Equal opportunity policy	Board composition
	Fair labour practices	Board attendance
	Initiatives to reduce social risk in supply chain	Board independence
	Workforce diversity	ESG subcommittee / ESG responsibilities
		Salary and benefits reporting

We utilize frequent dialogues with companies to gain a better understanding of ESG-related matters including:

- Breadth of disclosures across different business areas and metrics
- Quality of information being provided
- Forward looking plans for ESG-related risks
- How well management is executing on these plans

Primary Market Issuance

FREQUENCY OF ISSUANCE: Bond managers tend to have more touch points with firms due to the constant need to issue new bond securities.

PRICING: Issuers often rely on informal conversations with bond managers who have strong trading relationships to determine an appropriate price (yield compensation) prior to issuing new debt.

Informal Engagement

RELATIVE VALUE CONSIDERATIONS: Issuers want to gauge the interest of their bonds and better determine the "soft value" of their bonds across competitors and within their own structure (ex. holding company vs operating company).

Reverse Inquiry

PROACTIVELY USING ESG ANALYSIS: Bond managers who see untapped value in a company due to unrecognized ESG factors, can engage with an issuer prior to issuance and secure bonds with strong fundamental catalysts over short and long term horizons.

UNPRI ASSESSMENT 2020

As a UNPRI signatory, RPIA believes that applying the six Principles better aligns our process with generating long-term stable returns for our investors. Most importantly, we believe it makes us better stewards of our clients' capital. UNPRI provides an assessment framework for which an investor can benchmark its responsible investing practices. In 2020, RPIA received an A rating in both the Strategy & Governance and the Fixed Income modules. You can also view our full PRI Transparency Report here.

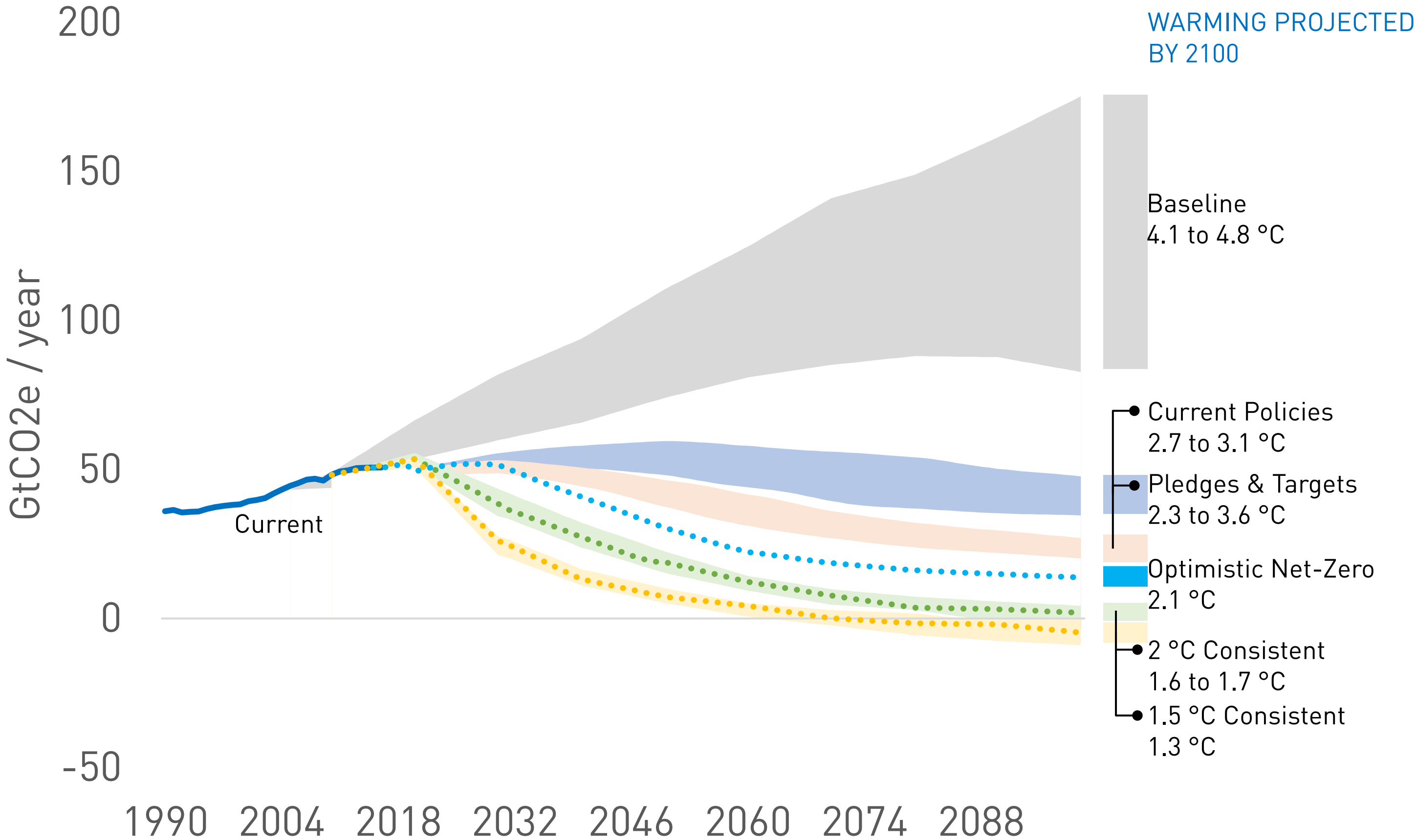
MODULE	RPIA SCORE	MEDIAN SCORE
Strategy & Governance	A	A
Fixed Income - Corporate Financial	A	B
Fixed Income - Corporate Non-Financial	A	B

THE IMPORTANCE OF CLIMATE CHANGE

At RPIA we recognize that the transition to a low-carbon economy presents opportunities and risks for our investors. Large amounts of private capital will be required to aide in this transition, presenting a multitude of opportunities to help finance a company's lower-carbon operations. Conversely, the transition to a low-carbon economy presents significant risks as capital allocation shifts to countries, sectors, and companies that are best positioned for a low-carbon future and away from those not willing or able to transition their business models.

The next graphic from Climate Action Tracker highlights the dramatic rise in temperatures we could face if global economies do not adopt aggressive transition goals. The risk of failing to meet the goals established to date could drive portfolio volatility. Therefore, we are focused on improving our understanding and knowledge of climate change implications in our investment group to ensure that we change the portfolio where appropriate throughout this transition period.

WARMING PROJECTIONS TO 2100 FROM CLIMATE ACTION TRACKER



Source: Climate Action Tracker. As of 2020

ALIGNMENT WITH TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

In 2015, the Financial Stability Board established the TCFD to help identify information needed by investors to appropriately assess and price climate-related risks and opportunities. In 2017, the taskforce published their recommendations for companies, including asset managers. We believe the adoption of TCFD's recommendations will provide investors such as ourselves with high levels of transparency into a company's governance and management of climate-related risks. They will also help investors gain a clearer picture of how a company plans to address climate impact and comprise a key step towards standardizing targets and metrics that can be used to assess a company's performance. These recommendations have gained support from authorities such as the Bank of Canada, Expert Panel on Sustainable Finance, and the Capital Markets Modernization Taskforce.

The following sections detail how we are applying TCFD recommendations to our business as well as promoting the framework to companies in which we invest.

CORE ELEMENTS OF CLIMATE RELATED DISCLOSURES

> **Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.**
>
> \- Task Force on Climate Related Disclosures

GOVERNANCE

Recommended Disclosures:

a. Describe the board's oversight of climate-related risks and opportunities.
b. Describe management's role in assessing and managing climate-related risks and opportunities.

Governance of climate related risks is monitored through multiple levels of the organization. Governance monitoring is applied at both the corporate level (our own operations) and at the investment level (how we assess climate-related risks for the assets we invest in).

The Principals are ultimately responsible for overseeing how our own operations and investment decisions tackle climate-related risks. Their oversight is informed by the ESG, Investment, and Risk Committees which ensure we are addressing material climate-related risks and opportunities both within our investment portfolios as well as our firm.

PRINCIPALS

The Principals group is comprised of all the equity owners within the business. Principals set long-term strategic goals for the firm and ensure RPIA's corporate views on climate-related considerations are upheld throughout all divisions. In addition to the ESG Committee, Principals are tasked with ensuring that the firm follows its own ESG philosophy and aligns itself with industry best practices, including the TCFD recommendations. They also receive updates on the firm's UNPRI Assessment Report and have specifically tasked senior management with improving the firm's own ESG profile.

ESG COMMITTEE

The ESG Committee is chaired by RPIA's Chief Investment Officer (Mike Quinn) and is comprised of individuals across all business units. The Committee's goal is to evolve and guide RPIA's approach to ESG as applied to our investment strategies and the firm's own operations/culture. The ESG Committee helps set and update the firm's ESG Philosophy, researches and recommends new beneficial industry associations, and considers the adoption of new industry standards. In addition, the Committee works closely with all business units to design and implement new products, assess outside data vendors, and oversee other ad-hoc ESG projects.

	OVERSIGHT	
COMMITTEE / TEAM	FIRM	PORTFOLIOS
Principals	X	X
ESG Committee	X	X
Investment Committee		X
Risk Committee	X	X
Portfolio Management (Research, Structuring, Execution & Quantitative)		X

INVESTMENT COMMITTEE

The Investment Committee consists of senior investment professionals from Portfolio Management, Risk, and Client Relationship teams. As part of their regular monitoring, the Investment Committee reviews ESG scoring and related risks across portfolios. This includes discussing concentrations within each strategy, ranking of holdings, and analyzing changes in ESG aggregated scores over time. Overly concentrated positions or investments in issuers who have low scores are flagged for further discussion with relevant Execution, Structuring, and Research Portfolio Managers, or elevated to the Risk Committee.

RISK COMMITTEE

The Risk Committee consists of senior Risk and Portfolio Management personnel as well as management advisors. Risk personnel are independent from the Portfolio Management group with the Chief Risk Officer (Alexander Evis) reporting directly to the Chief Executive Officer. The Risk Committee monitors all strategies against their respective Risk Policies, alerting the relevant decision makers on any portfolio positioning that is approaching policy limits and also independently evaluating market conditions to assess evident risks. In the case of RP Corporate BBB Index Plus, the committee monitors relative carbon intensity levels to ensure these measures remain in line with Risk Policy limits while simultaneously monitoring the "coverage" levels of the index. The Risk Team also independently produces the ESG scores that are reviewed by the Investment Committee.

PORTFOLIO MANAGEMENT

Credit Research Portfolio Managers – The Credit Research Portfolio Managers conduct in-depth fundamental and relative value analysis on global sectors and issuers. Team members integrate ESG analysis into their coverage of issuers alongside more traditional credit fundamental analysis of the income statement, balance sheet, and cash flow metrics of a company. This analysis includes the use of RPIA's custom ESG scores, industry, and third-party carbon data and trends, as well as whichever appropriate measures are disclosed by the company itself, including diversity measures, social impact activities, and governance policies, among others. The complete credit analyses are then used to construct the investment thesis and target valuation which is shared and debated more broadly within the Portfolio Management team. While Credit Research Portfolio Managers integrate ESG analysis into their framework for all mandates, we are not precluded from investing in an issuer due to higher ESG risks (including those that are climate-related). Rather, the Portfolio Management team will ensure compensation is appropriate given the ESG risks uncovered or, should ESG risks prove to be too substantial, the team may deem a company un-investable. Research Portfolio Managers also frequently recommend relative value positions based on an issuer's ESG strengths/weakness compared to peers in the same industry.

Credit Research Portfolio Managers also play an integral role in issuer engagement thanks to the number of management meetings the team holds on an annual basis. Team members often engage with issuers on ESG-related information, encouraging issuers to increase the level of disclosure and transparency when collecting and reporting climate related information, as well as other relevant ESG information, in line with TCFD recommendations.

Structuring, Execution & Quantitative Groups – The Structuring, Execution, and Quantitative teams are comprised of seasoned investment professionals who construct and manage the portfolios and execute investment ideas across geographies/markets. These individuals are tasked with integrating the Credit Research Portfolio Manager's analysis with that of the Investment Committee to best structure the portfolio for maximum return relative to risk. Through ESG-integration we ensure that any ESG-related analysis, associated risks and considerations are included in the portfolio construction process. The team is highly integrated with Credit Research Portfolio Managers and (re)positioning is done collaboratively.

In the case of RP Corporate BBB Index Plus, the Head of Portfolio Management has ultimate responsibility to ensure the overall carbon intensity of the portfolio is within policy limits relative to the index.

This includes actively managing the composition of the mandate (in collaboration with Credit Research Portfolio Managers and Execution) to continually produce strong risk-adjusted returns through investments that have lower GHG emissions and/or offer attractive risk premiums relative to carbon footprint.

ENGAGEMENT WITH BUSINESS DEVELOPMENT COMPANIES

Our Financials Research Portfolio Manager noted that the Business Development Company sector had fewer ESG disclosures than many of the other subsectors within the Financials universe. As a result, she engaged with a number of companies, including one prominent issuer whose bonds RPIA already owns, to work with the management team in educating them on how we implement our ESG framework and which metrics we believe are important for the company to disclose. We have asked ESG-specific questions on the company's public conference calls and also held a one-on-one meeting with management in late 2020 to gain further clarity on their plans to increase ESG-related disclosures and information. We provided a matrix for the company to better understand the drivers of bondholder ESG concerns and the type of information being provided by other investment grade financial issuers. Management was receptive to our input and has asked RPIA to provide additional guidance on specific disclosures and periodic reporting preferences. We are continuing the dialogue in 2021 to increase their ESG transparency for us and other bond investors.

STRATEGY

Recommended Disclosures:

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Sustainability is a key area of focus for RPIA. Most of our focus has, to this point, been on applying sustainability principals to our investment portfolios. This includes incorporating climate impacts into how we deploy our client's capital and assessing how we can manage risks and opportunities associated with a transition to a net-zero global economy. In addition, an important focus for 2021 is turning our attention to RPIA as a corporate entity.

FIRM IMPACT

We recognize climate-related analysis must be applied to RPIA in the same manner we apply it to our investments. As an asset manager, the largest impact of transition risks comes from the performance of our strategies and the implications this has for our assets under management, client investment flows, and the fees we receive for managing our client's assets. Our Principals are continuing to formulate their thinking around how transition and physical risks can impact RPIA. While still in progress, the key considerations we have included are:

- We continue to see client preference for investment mandates that incorporate ESG-analysis into their strategies and do not see this trend reversing.
- We are seeing an increase in preference for mandates that target specific ESG-related goals such as RP Corporate BBB Index Plus.
- Being able to evolve with client needs is both a key risk and opportunity for the firm and will play an important role in retaining and growing client assets and corresponding revenues.
- The preference for ESG integration places an emphasis on evolving our technology, data and personnel expertise, and integration with respect to ESG considerations.
    - Accurately measuring climate related transition and physical risks in our investments will continue to be a key focus.
- ESG engagement within the firm is extremely important – engaged employees across the organization will allow us to evolve quicker than if relegated to select departments/teams.
- Diversity (of gender, ethnicity, social background) within the organization is a key focus for the firm to achieve greater diversity of perspectives.
- At this time, we see climate related physical risks as minimal to the firm in the first order but recognize that an increasing frequency of acute physical risks can impact our day-to-day operations. To this end, we continue to review and update our business continuity framework.

In 2021 RPIA will undertake an extensive ESG and climate risk training program for Principals and staff while taking steps toward accurately measuring the firm's own carbon output. As we evolve our self-reporting in accordance with TCFD recommendations, we will share this information in future reports.

INVESTMENT IMPACT

TCFD states that companies are subject to physical and transition climate-related risks. At RPIA we apply this way of thinking to the companies in which we invest. This includes defining and debating the types of climate-related risks we take in our investing and the impact they will have on certain credit sectors and issuers that populate our investable universe. The below tables summarize how the TCFD defines these risks and the elements we analyze within each category.

PHYSICAL RISKS	COMPONENTS	EXAMPLES
Acute	Extreme weather events	Hurricanes, wildfires, etc.
Chronic	Impacts from increasing global temperatures	Changing weather patterns, rising sea levels, frequency of heat waves, etc.

TRANSITION RISKS	COMPONENTS
Policy & Legal	Introduction of regulations/policy that require actions on environmental impact
Technology	Risk and opportunities with developing and integrating technology aimed at decreasing GHG emissions
Market	Changes in supply and demand dynamics and effects on products and services
Reputation	Changing consumer sentiment towards industries and companies with high climate related risks including reputational damage from litigation

Source: TCFD

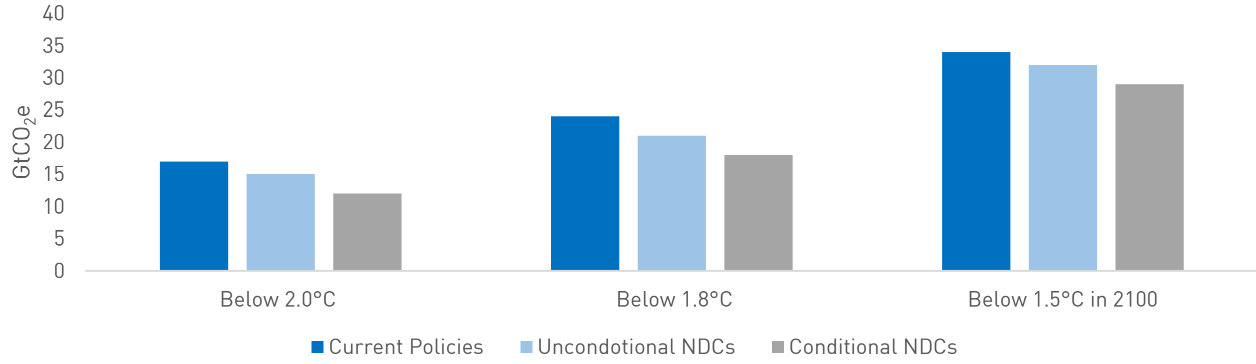
RPIA views these risks and the potential impacts using the framework outlined below:

	RISKS & OPPORTUNITIES
Policy & Legal	• Regulatory changes highlight issuers' ability and willingness to adapt and comply, causing different levels of performance • Increasing cost of GHG emissions and impact on revenues/profit • Some companies will adapt more easily and quickly to increasing and changing reporting/disclosure requirements • Exposure to litigation or penalties by government or private sector • New regulation on existing products and services could have different impacts on individual issuers
Technology	• Technological costs associated with adapting to new policies and regulations could separate relative winners from losers • Opportunities to find early adopters of carbon-efficient solutions, technology, etc. • Replacement of product/service with lower emission options • Investment in new technologies that fail
Market	• Changes in consumer behavior towards certain products or services due to climate impact with corresponding winners and losers • Changes in energy input costs and impact on ability of a an issuer to adapt • Repricing of assets tied to fossil fuels
Reputation	• Consumer preferences away from carbon-intensive industries and companies with winners and losers • Changes in capital allocation away from carbon-intensive sectors and issuers with winners and losers • Exposure to litigation by government or private sector

SCENARIO & TRANSITION ANALYSIS

Part of TCFD's recommendations include incorporating scenario analysis into reporting. TCFD recommends taking into consideration different climate scenarios including a 2°C or lower pathway, which is a projection that aligns with the Paris Agreement goals. RPIA recognizes climate scenario and transition analysis will help us better track how well corporate issuers are executing on their stated carbon reduction/net-zero targets and how well they are positioned for increasing transition and physical risks. This analysis also moves beyond carbon foot printing, which is a backwards looking metric. To this end, the most recent Emissions Gap Report published by the UN Environment Programme shows that there exists a significant gap between the current policy trajectory and the goals of the Paris Agreement despite the most recent round of Nationally Determined Contributions (NDCs) of member states. These gaps highlight the importance of holding companies accountable to aggressive decarbonization goals while also recognizing the increased transition risks that come from these activities.

PROJECTED EMISSIONS GAPS BETWEEN CURRENT STATE AND PARIS AGREEMENT GOALS

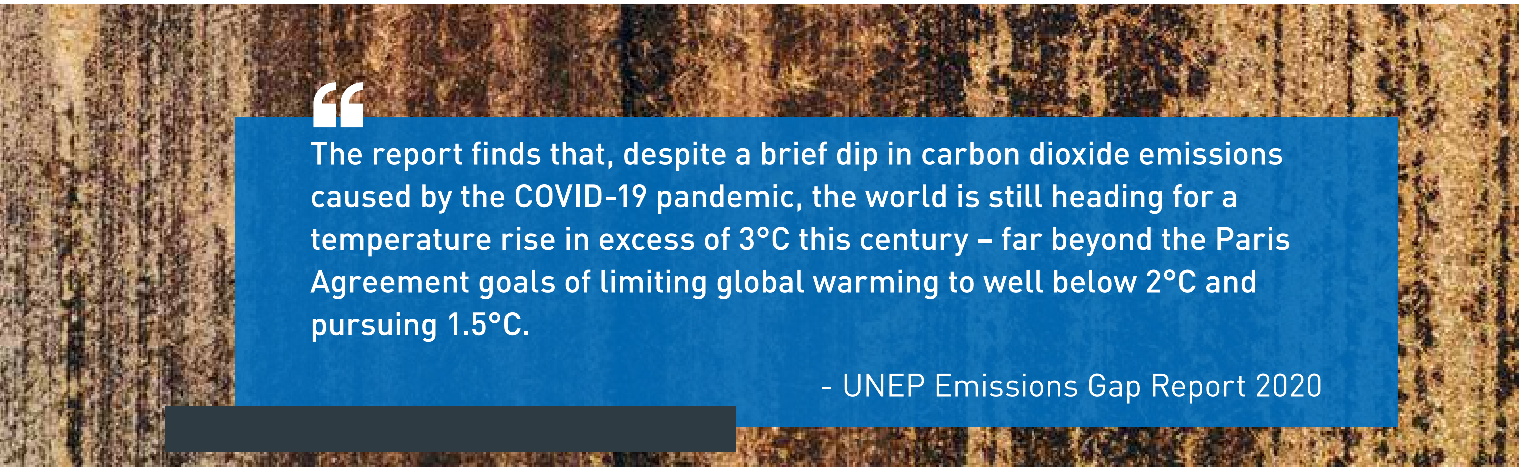


Source: UN Environment Programme – Emission Gap Report 2020

As part of our commitment to TCFD disclosures, RPIA is pursuing ways to incorporate different scenario analyses into our portfolios with an initial focus on RP Corporate BBB Index Plus given its mandate. We plan to follow TCFD recommendations around scenario analysis including orderly and disorderly scenarios available from entities such as the Intergovernmental Panel on Climate Change. Our goal is to incorporate mutiple scenarios considering outcomes which align with and deviate from the Paris Agreement's call to hold the increase in the average global temperature well below the 2°C above pre-industrial levels with a specific targeted limit to 1.5°C above pre-industrial levels.

As a first step, we have begun to look at certain issuers within the RP Corporate BBB Index Plus strategy that have readily available data on alignment with the sectoral benchmarks provided by Transition Pathway Initiative. This includes assessing an issuer's current and future carbon performance against two sector pathways:

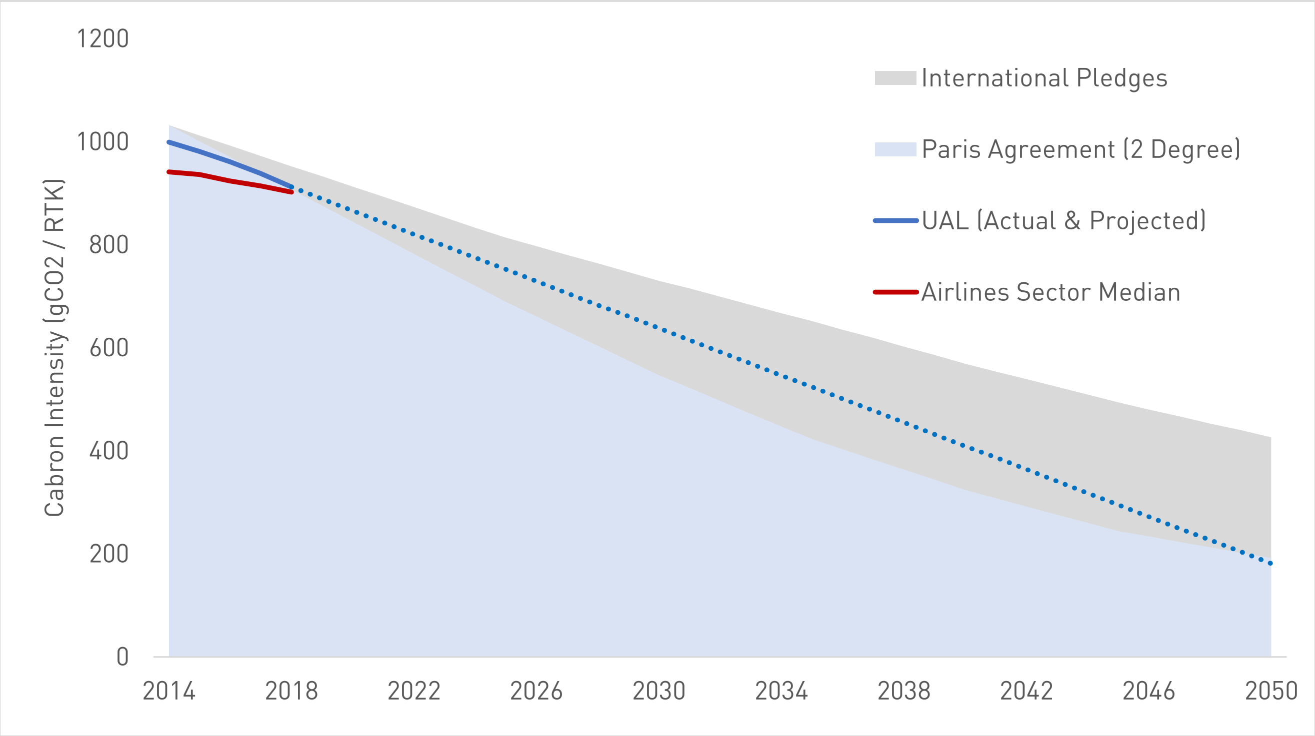
- 2°C scenario aligned with Paris Agreement
- Paris Pledge scenario based on NDCs of countries (at this point lagging Paris Agreement pathway)



> **The report finds that, despite a brief dip in carbon dioxide emissions caused by the COVID-19 pandemic, the world is still heading for a temperature rise in excess of 3°C this century – far beyond the Paris Agreement goals of limiting global warming to well below 2°C and pursuing 1.5°C.**
>
> - UNEP Emissions Gap Report 2020

EXAMPLE: UNITED AIRLINES

As of December 31, 2020, RP Corporate BBB Index Plus held a position in United Airlines (UAL) 2027 senior secured bonds, which came to market at an attractive valuation given its secured nature (which we view as limiting downside risk). Despite attractive valuations, we recognized that the aviation industry has exhibited an ever-increasing amount of carbon emissions, with 4-5% growth per year in CO_2 emissions since 2010.[4] UAL exhibited carbon intensity levels slightly above industry averages which was a detractor to our thesis, which was largely premised on valuations. However, the company had also put in place quantitative targets for carbon reduction including a commitment to reduce GHG emissions by 100% by 2050. Although the company asserts these are scientific-based targets, they have not been approved by the Science Based Targets Initiative. However, based on the company's quantitative targets, we can see that projections for carbon intensity fall within the range that put the company on track with Paris Agreement goals and existing NDCs. This alignment helped to bolster the case for investment and allowed us to look beyond backwards-looking GHG data. We will continue to monitor the company's progress in the coming quarters and years to ensure that the projections remain on target.



Source: Transition Pathway Initiative Dataset

[4]Source: Our World in Data "Climate Change & Flying: What Share of Global CO2 Emissions Come from Aviation" Oct 22, 2020

RISK MANAGEMENT

Recommended Disclosures:

a. Describe the organization's processes for identifying and assessing climate-related risks.
b. Describe the organization's processes for managing climate-related risks.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

RPIA employs three lines of defense as part of the risk management framework. This includes the deep-dive fundamental and valuation analysis conducted by our Credit Research Portfolio Managers, the market knowledge captured by our Execution and Structuring Portfolio Managers, and the independent oversight provided by our Risk Management team.

CREDIT RESEARCH PORTFOLIO MANAGERS

- In-depth analysis of ESG-related risks alongside more traditional credit fundamental factors
- Comparison of climate-related risks versus industry peers
- Monitor feasibility of transition plans and corresponding risks

STRUCTURING & EXECUTION PORTFOLIO MANAGERS

- Rebalancing of ESG-related risks in relation to other holdings in each strategy
- In-depth understanding of market trends around ESG-related risks and impact on bond pricing
- Avoiding overconcentration in industries or issuers that share similar ESG and climate related risks

RISK MANAGEMENT TEAM

- Monitor ESG scoring on a quarterly basis and discuss the outputs from this analysis
- Highlight issuers with relatively low ESG scores
- Highlight portfolio concentrations within issuers and sectors relative to their ESG scores
- Monitor trend in ESG scores period over period

FIRM

RPIA has a Business Continuity Plan which is designed to ensure continuous operations in the face of a natural disasters and other physical risks associated with climate-change. This plan was implemented during the COVID-19 pandemic and proved successful. It is reviewed, at minimum, on an annual basis and more frequently if required.

METRICS & TARGETS

Recommended Disclosures:

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

RPIA collects data on climate-related risks through the most recent GHG emissions disclosed by an issuer. Our preferred metric for analyzing GHG emissions data is Carbon Intensity which we define as Scope 1 and Scope 2 emissions adjusted by a firm's sales. Definitions for these metrics are as follows:

Scope 1 - Greenhouse gas emissions generated from burning fossil fuels and production processes that are owned or controlled by the company, converted into equivalent tons of CO2, as defined in the GHG protocol.

Scope 2 - Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company, converted into equivalent tons of CO2 as defined in the GHG protocol.

Source: S&P Trucost

The GHG emissions are then weighted by Sales. The resulting formula is GHG Emissions / $M Revenue for each issuer held in the portfolio which discloses such information. We then calculate a weighted average based on portfolio and index weightings to assess aggregate GHG emissions across the portfolio and index. The formula is as follows:

$$\sum_{n}^{i}\left(\frac{\textit{Market Value of Investment (C\$)}}{\textit{Market Value of Portfolio (C\$)}} \times \frac{\textit{GHG Emissions}}{\textit{issuer's \$M revenue (C\$)}}\right)$$

RPIA intends to evolve these measures by including Scope 3 emissions in future analysis as data becomes more consistent, as well as utilize enterprise value as a denominator for intentisty alongside the current revenue metric. We are also investagating alignment with Partnership for Carbon Accounting Financials.

Should an issuer have not reported for a given year but did report the prior year, the prior year's data is used until the current year's data comes available. Issuers not disclosing GHG emissions data will be excluded from this calculation in both the portfolio and the benchmark (if applicable). Issuer is defined as the ultimate parent company unless specific operating company metrics are available. Market Value of Investment, Market Value of Portfolio, Market Value of GHG Reporting Investment and Total Portfolio Market Value is for Credit positions only.

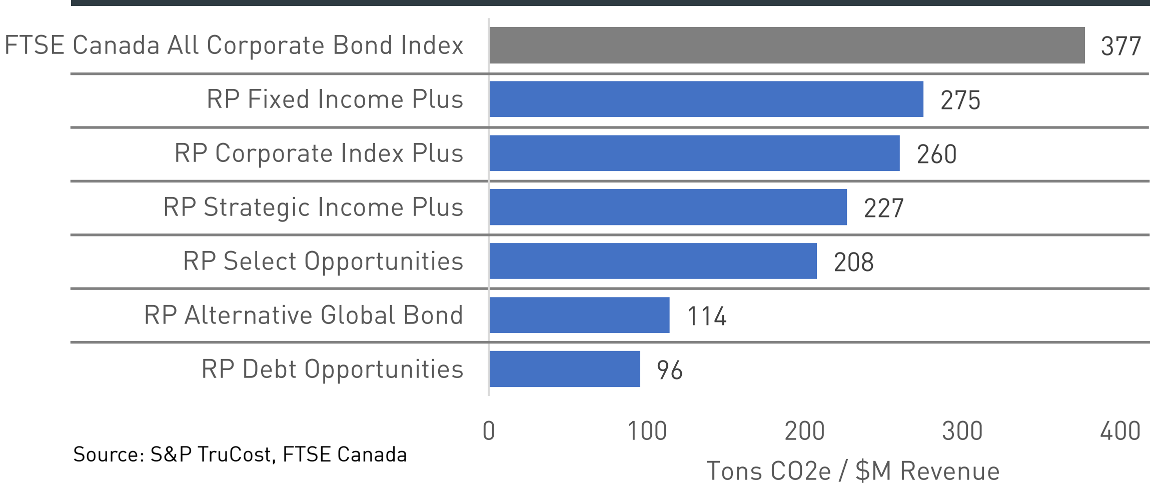
RPIA's strategies do not explicitly target carbon intensity levels on an absolute or relative basis (excluding RP Corporate BBB Index Plus). However, all strategies assess environmental risks as part of our investment process. Although higher GHG emissions may not preclude a strategy from investing in an issuer, it could create a higher hurdle for investment with additional required compensation through yield/spread.

$4.1B

Assets held at RPIA reporting carbon intensity figures as of December 31, 2020.

Below we compare the carbon intensity of RPIA's portfolios versus a representative Canadian broad credit market proxy. This excludes RP Corporate BBB Index Plus which is discussed in a later section.

RPIA STRATEGIES VERSUS BROAD CANADIAN CREDIT MARKET

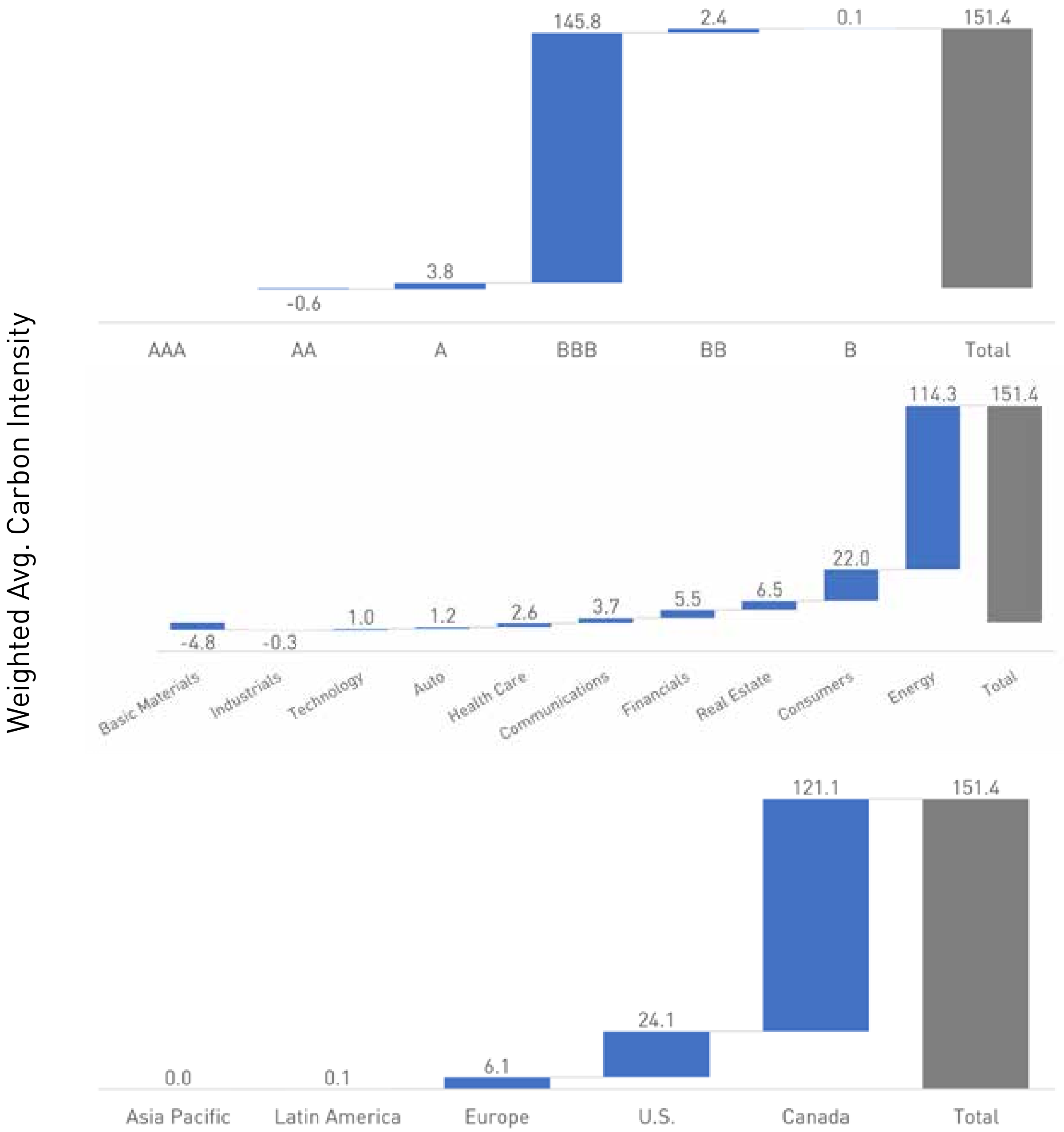


% CARBON INTENSITY
73%
69%
60%
55%
30%
25%

Source: S&P TruCost, FTSE Canada

As illustrated in the previous chart, all of RPIA's portfolios maintain a lower carbon intensity weighting versus broad Canadian credit markets despite not having an explicit carbon intensity target. These lower carbon intensity profiles are a function of both sector allocations away from carbon intense industries and security selection of issuers that have lower GHG emissions within those industries. While these numbers can fluctuate overtime and are not explicitly targeted by the above mandates, we believe the integration of ESG analysis nonetheless helped to reduce overall carbon intensity of our portfolios versus broad markets given the risks associated with more carbon intensive industries. Levered funds assess carbon intensity as a weighted average of credit value so do not assume incremental carbon exposure due to the use of leverage.

AGGREGATE RPIA PORTFOLIOS CARBON INTENSITY BY COUNTRY, SECTOR AND RATING



RP CORPORATE BBB INDEX PLUS

"The mandate requires that we invest in companies that, on average, have lower emissions than the index. The goal is to both encourage transparency and disclosure, as well as encourage companies to commit to reductions and to do so in a timely manner.

– David Matheson, Head of Portfolio Management, RPIA

Excerpt from University of Toronto's $7 Billion Fund Makes Bet on ESG Debt

RP Corporate BBB Index Plus aims to deliver on two outcomes - to produce excess risk-adjusted returns relative to its index while focusing on climate-related risk. The strategy began in January 2020 and actively invests across global corporate bond markets to build a portfolio with substantially lower carbon intensity than the strategy's benchmark (FTSE Canada BBB Corporate Bond Index). The mandate has not only produced meaningful outperformance but it has also resulted in a portfolio that we believe is better positioned to manage future downside risks related to climate change.

RELATIVE CARBON INTENSITY ANALYSIS

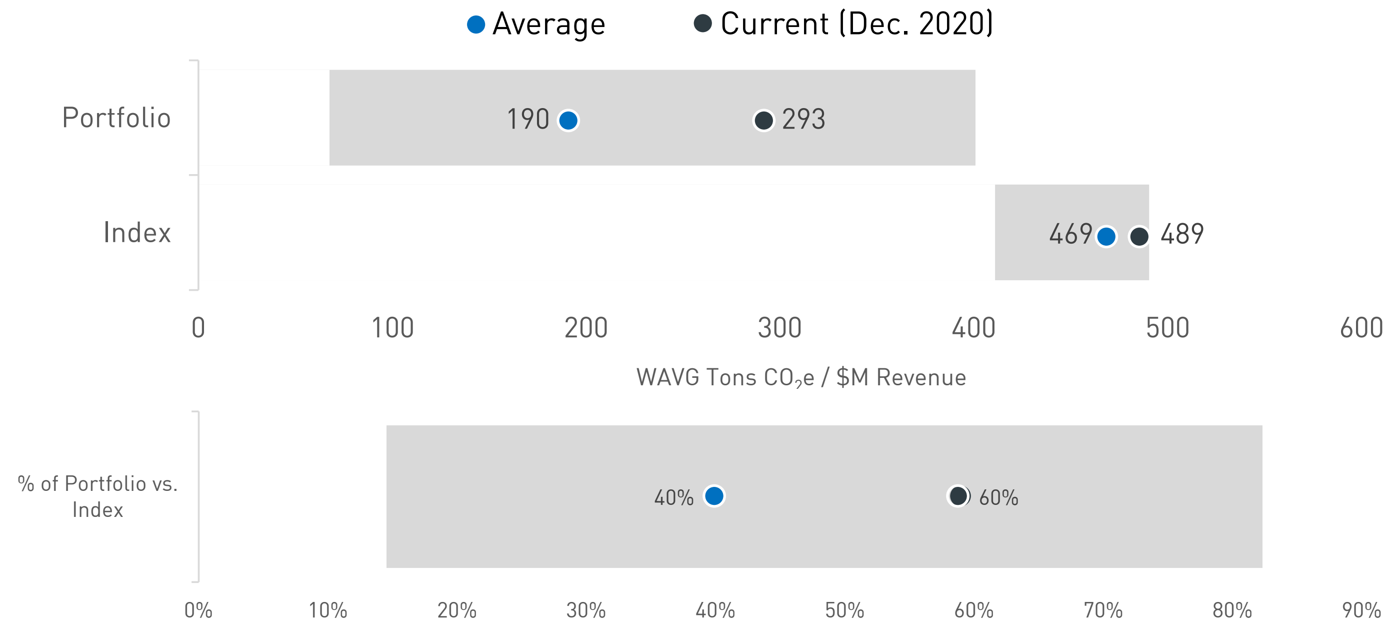
The RP Corporate BBB Index Plus strategy has delivered on its dual goals of outperforming the fund's benchmark while maintaining carbon intensity levels below the index. The market-value-weighted carbon intensity of the portfolio has been, on average, 40% of the benchmark with an excess return of 238 bps net of fees.[3] This lower cabron intensity has been driven by sector allocation (underweight energy for example) and by security selection within higher GHG emissions sectors (energy and infrastructure for example).

WEIGHTED AVG. – TONS CO2e /$M REVENUE	AS OF DEC. 2020	AVERAGE SINCE INCEPTION (JAN. TO DEC. 2020)
RP Corporate BBB Index Plus	293.2	189.9
FTSE Canada BBB Corporate Bond Index	488.6	469.3
% of Index	60%	40%

Source: S&P TruCost, FTSE Canada

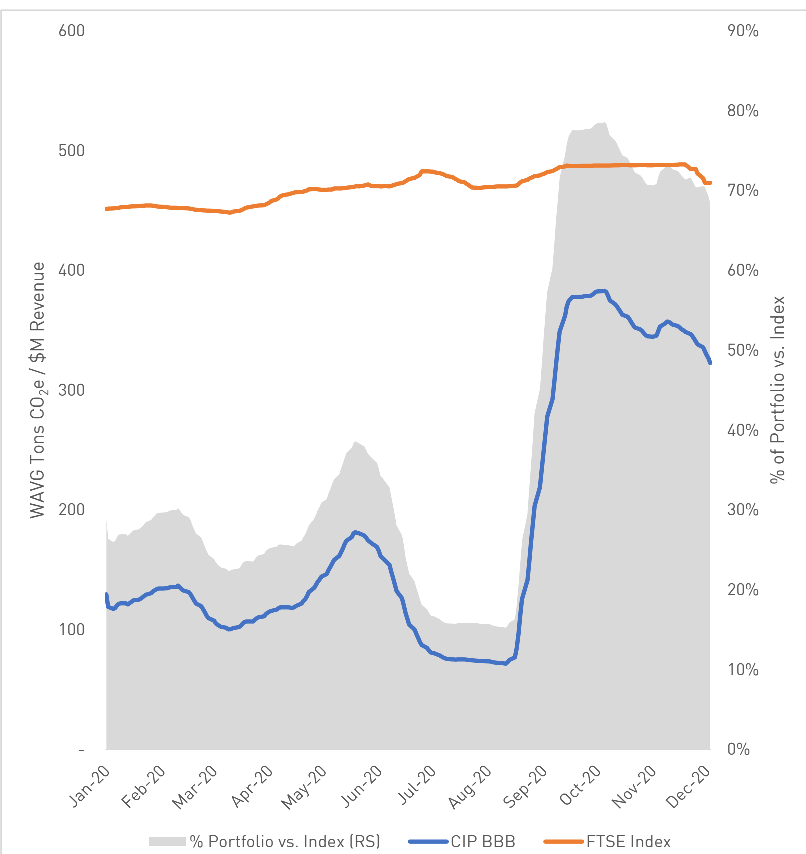
[3] Based on calendar year ending December 2020

RANGES FOR CARBON INTENSITY VS. INDEX (JAN. 2020 TO DEC. 2020)



Source: S&P TruCost, FTSE Canada.

CARBON FOOTPRINT VS. INDEX - 20 DAY MOVING AVERAGE (CALENDAR YEAR 2020)



Source: S&P TruCost, FTSE Canada

NOTE: Increasing relative carbon intensity is due to position in Capital Power Corp. (CPXCN) which operates a diversified portfolio of power generation facilities. Although the issuer does produce higher levels of GHG emissions, we believe the bonds offered siginicant value relative to the climate-related risks. In addition, CPXCN has enstated carbon reduction goals which include:

- CO_2 emissions reduction of 50% at the company's Genesee Generating Staion by 2030 (from 2005 base year)
- Reducing overall CO_2 emissions by 10% and emission intensity by 65% by 2030 (from 2005 base year)
- Alignment with TCFD recommendations

We believe that CPXCN's commitment to these carbon reduction goals is credible and are actively enagaging the issuer to discuss the concept of a transition bond to aid in, and encourage, their achivement.

CARBON INTENSITY RATIOS – PORTFOLIO & INDEX (DEC. 2020)

RP CORPORATE BBB INDEX PLUS

Sector	Share of Total GHG	Share of Credit Exposure	Ratio
Communication	1.22%	13.34%	0.1
Energy	81.68%	14.63%	5.6
Financial	2.19%	31.94%	0.1
Industrial	13.38%	33.14%	0.4
Infrastructure	0.00%	0.00%	-
Real Estate	1.53%	6.94%	0.2

Rating	Share of Total GHG	Share of Credit Exposure	Ratio
AAA	0.00%	0.00%	-
AA	0.00%	0.00%	-
A	1.56%	11.14%	0.1
BBB	97.91%	82.34%	1.2
BB	0.53%	6.52%	0.1

Geography	Share of Total GHG	Share of Credit Exposure	Ratio
Canada	80.64%	59.01%	1.4
Europe	0.32%	8.03%	0.0
U.K.	2.30%	8.99%	0.3
U.S.	16.74%	23.97%	0.7
Asia Pacific	0.00%	0.20%	0.0

Source: S&P TruCost, FTSE Canada

FTSE CANADA BBB CORPORATE BOND INDEX

Sector	Share of Total GHG	Share of Credit Exposure	Ratio
Communication	1.01%	19.79%	0.1
Energy	75.31%	37.70%	2.0
Financial	0.28%	12.18%	0.0
Industrial	2.78%	10.70%	0.3
Infrastructure	19.03%	8.12%	2.3
Real Estate	1.59%	11.50%	0.1

Rating	Share of Total GHG	Share of Credit Exposure	Ratio
AAA	0.00%	0.00%	-
AA	0.00%	0.00%	-
A	0.00%	0.00%	-
BBB	100.00%	100.00%	1.0
BB	0.00%	0.00%	-

Geography	Share of Total GHG	Share of Credit Exposure	Ratio
Canada	100.00%	100.00%	1.0
Europe	0.04%	1.03%	-
U.K.	0.00%	0.00%	-
U.S.	1.41%	3.05%	-
Asia Pacific	0.00%	0.00%	-

CARBON FOOTPRINT RELATIVE EXPOSURES – PORTFOLIO & INDEX (DEC. 2020)

	WAvg. Carbon Intensity		
Sector	**CIP BBB**	**Index**	**Relative**
Communication	3.6	4.9	-1.3
Energy	239.5	368.0	-128.5
Financial	6.4	1.4	+5.1
Industrial	39.2	13.6	+25.6
Infrastructure	-	93.0	-93.0
Real Estate	4.5	7.8	-3.3
Total	**293.2**	**488.6**	**-195.4**

	Sectoral Carbon Intensity		
Sector	**CIP BBB**	**Index**	**Relative**
Communication	25.8	21.1	+4.7
Energy	2,058.2	1,014.2	+1044.1
Financial	21.9	10.0	+12.0
Industrial	106.0	127.6	-21.6
Infrastructure	-	2,025.8	-2025.8
Real Estate	55.1	67.7	-12.6

Rating	CIP BBB	Index	Relative
AAA	-	-	0.0
AA	-	-	0.0
A	4.6	-	+4.6
BBB	287.0	488.6	-201.6
BB	1.6	-	+1.6
Total	**293.2**	**488.6**	**-195.4**

Rating	CIP BBB	Index	Relative
AAA	-	-	0.0
AA	-	-	0.0
A	96.8	-	+96.8
BBB	320.1	488.6	-168.5
BB	27.9	-	+27.9

Geography	CIP BBB	Index	Relative
Canada	236.4	488.6	-252.2
Europe	0.9	-	+0.9
U.K.	6.8	-	+6.8
U.S.	49.1	-	+49.1
Asia Pacific	-	-	0.0
Total	**293.2**	**488.6**	**-195.4**

Geography	CIP BBB	Index	Relative
Canada	430.6	488.6	-58.0
Europe	9.9	-	+9.9
U.K.	63.9	-	+63.9
U.S.	195.5	-	+195.5
Asia Pacific	-	-	0.0

Sectoral Carbon Intensity isolates carbon intensity metrics for each sector and compares to the index, eliminating the impact from sector allocation positioning and focusing on security selection. A lower reading in this metric suggests we are selecting lower emitters within the industry.
Source: S&P TruCost, FTSE Canada

TOP 5 CARBON INTENSITY CONTRIBUTORS – PORTFOLIO & INDEX (DEC.. 2020)

RP CORPORATE BBB INDEX PLUS

ISSUER	INDUSTRY
Capital Power Corp.	Utilities → Electric Utilities → Power Generation
TransCanada Pipeline	Energy → Oil & Gas → Midstream
United Airlines	Industrials → Industrial Services → Transport. & Logistics
Enbridge Inc.	Energy → Oil & Gas → Midstream
Inter Pipeline Ltd	Energy → Oil & Gas → Oil & Gas Producers

FTSE CANADA BBB CORPORATE BOND INDEX

ISSUER	INDUSTRY
TransCanada Pipeline	Energy → Oil & Gas → Midstream
Capital Power Corp.	Utilities → Electric Utilities → Power Generation
Nova Scotia Power Corp.	Utilities → Electric Utilities → Integrated Electric
TransAlta Corp.	Utilities → Electric Utilities → Power Generation
Enbridge Inc.	Energy → Oil & Gas → Midstream

Source: S&P TruCost, FTSE Canada

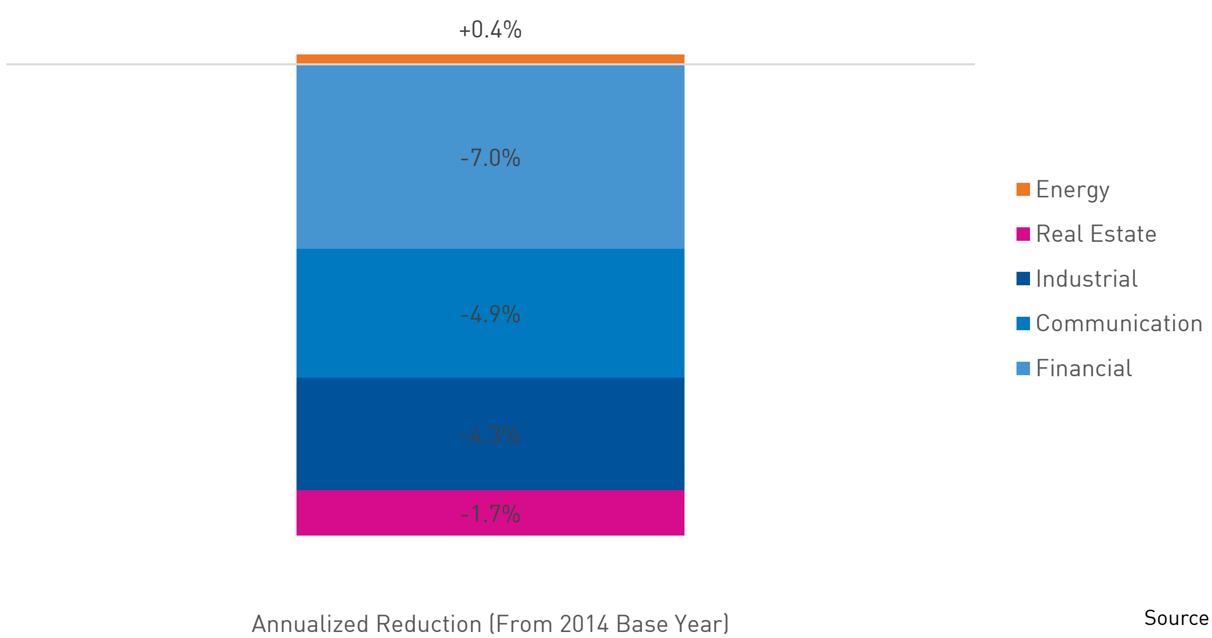
CARBON TRANSITION ANALYSIS

Although carbon intensity metrics provide the first level of insight into an issuer and portfolio's exposure to climate-related risks, analyzing historical and future trends provides a key measure of exposure to transition risks and a barometer on how successfully our portfolio companies are delivering on transition targets. Our transition analysis, while in its early stages, looks at several dynamics in order to assess how well issuers and the portfolio are managing transition risk by analyzing:

- Historical reductions or increases in carbon intensity by issuer and sectors
- Determining whether the issuer is implementing targets to reduce or reach net-zero carbon levels or the reasoning for why they have not addressed this issue
- How succesful an issuer has been in executing on their plan if implemented
- How well transition targets meet different pathways and the Paris Agreement

As of December 31st, 72% of the portfolio's holdings had reduced their carbon intensity, on average, over the last 5 reporting years (2019 vs 2014 base period) with an average reduction of 4% per year. 18% of the portfolio has exhibited a 7% or greater reduction in carbon intensity per year. We point to the 7% metric as cited in the EU's technical handbook on climate transition benchmarks, which stipulates that for a company to be considered for inclusion in carbon transition and Paris Agreement-aligned benchmarks they must have, on average, reduced GHG intensity by at least 7% per annum.[4] We believe this is an interesting proxy to assess how well our portfolio is aligned with reaching a net-zero carbon economy and a sound starting point as we look to further expand our decarbonization analysis.

HISTORICAL ANALYSIS OF CARBON REDUCTION



Source: S&P TruCost

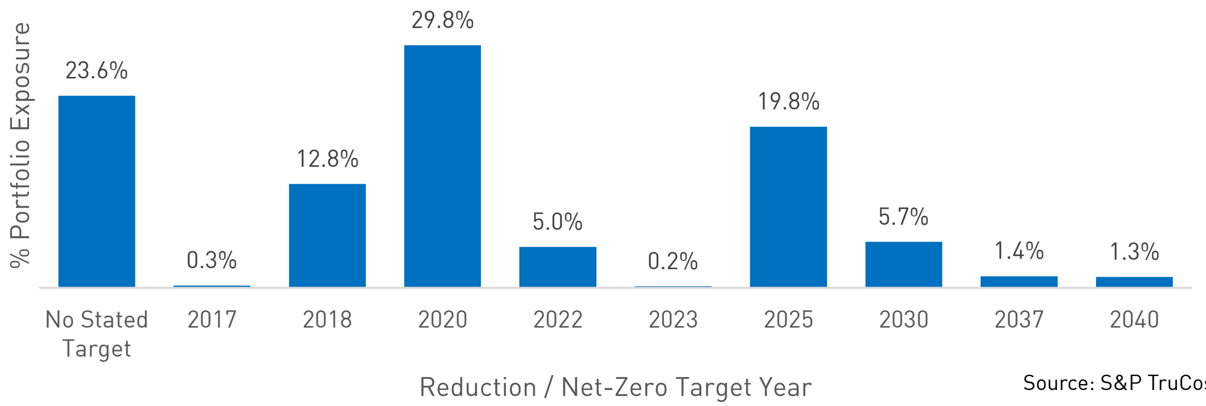
[4]Source: EU Technical Expert Group on Sustainable Finance – 'Handbook of Climate Transition Benchmarks, Paris-Aligned Benchmarks and Benchmarks' ESG Disclosures' Dec. 20, 2019. 7% average per annum figure is derived from IPCC's 1.5°C trajectory with no or limited overshoot.

TOP HISTORICAL REDUCERS

ISSUER	% CHANGE FROM 2014 BASE YEAR ANNUALIZED
CIT Group	-43%
AltaGas Ltd.	-19%
NatWest Group PLC	-18%

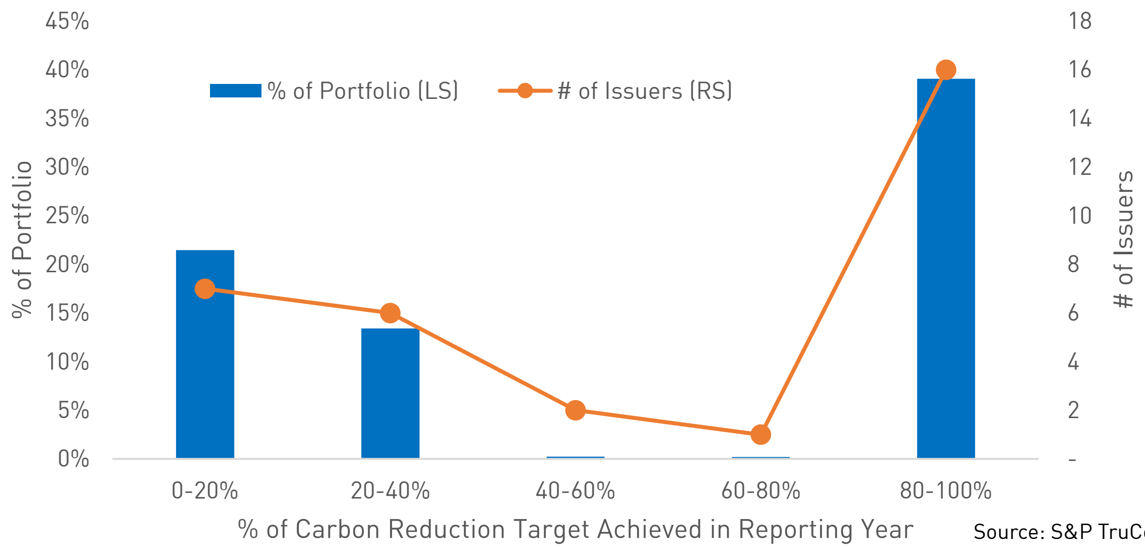
Source: S&P TruCost

CARBON REDUCTION / NET ZERO TARGETS

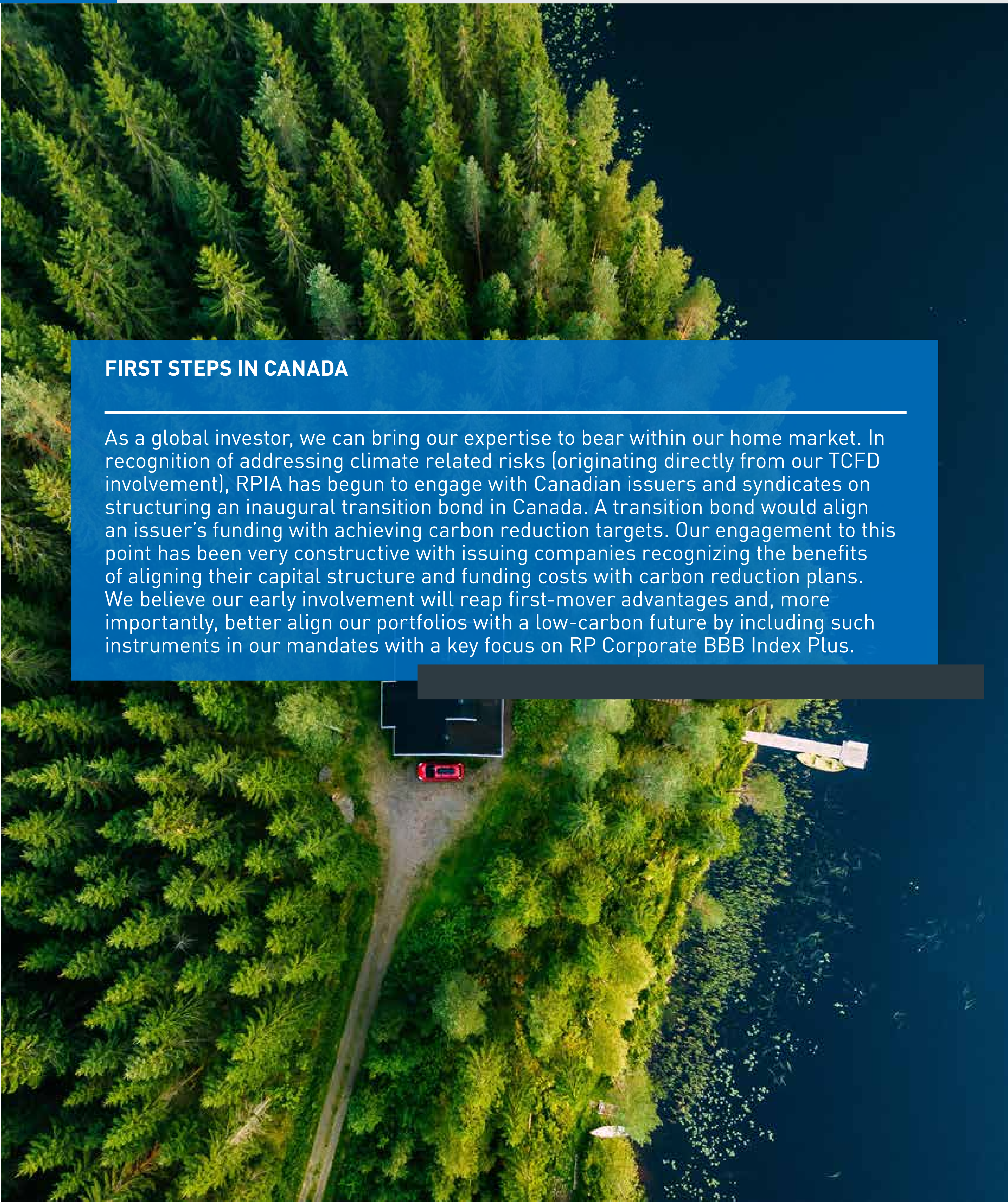


Source: S&P TruCost

ANNUAL TRANSITION EXECUTION



Source: S&P TruCost



FIRST STEPS IN CANADA

As a global investor, we can bring our expertise to bear within our home market. In recognition of addressing climate related risks (originating directly from our TCFD involvement), RPIA has begun to engage with Canadian issuers and syndicates on structuring an inaugural transition bond in Canada. A transition bond would align an issuer's funding with achieving carbon reduction targets. Our engagement to this point has been very constructive with issuing companies recognizing the benefits of aligning their capital structure and funding costs with carbon reduction plans. We believe our early involvement will reap first-mover advantages and, more importantly, better align our portfolios with a low-carbon future by including such instruments in our mandates with a key focus on RP Corporate BBB Index Plus.

HISTORICAL ANALYSIS OF CARBON REDUCTION

	Total					Allocation				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total
Total	-73%	-70%	-73%	-27%	-60%	-55%	-62%	-69%	-63%	-62%
Communication	-1%	0%	0%	0%	0%	-1%	0%	0%	0%	0%
Energy	-51%	-53%	-55%	-12%	-43%	-37%	-47%	-60%	-51%	-49%
Financial	1%	0%	1%	1%	1%	1%	0%	0%	0%	0%
Industrial	-1%	3%	2%	4%	2%	3%	5%	7%	6%	5%
Infrastructure	-21%	-21%	-20%	-19%	-20%	-21%	-21%	-16%	-18%	-19%
Real Estate	0%	0%	-1%	-1%	0%	0%	0%	-1%	-1%	0%
Securitization	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

	Selection					Interaction				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total
Total	-52%	-37%	-6%	108%	4%	34%	29%	2%	-72%	-2%
Communication	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Energy	-29%	-16%	15%	127%	25%	15%	10%	-10%	-88%	-19%
Financial	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Industrial	-2%	-1%	-1%	-1%	-1%	-2%	-2%	-3%	-2%	-2%
Infrastructure	-21%	-21%	-19%	-19%	-20%	21%	21%	16%	18%	19%
Real Estate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Securitization	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: S&P TruCost, FTSE Canada

The above analysis shows that the strategy had 60% less carbon intensity exposure compared to the index in total over 2020. Sector allocation decisions represent 62% of the reduction versus the index while security selection decisions resulted in 4% higher carbon emissions. The largest factors driving the lower GHG emissions overtime compared to the index have been a persistent underweight to the Energy and Infrastructure sectors as well as selecting lower emitting issuers within the Industrial sector.

DEFINITIONS

Total – measures percentage difference between portfolio and index of GHG emissions

Allocation – measures percentage difference between portfolio and index of GHG emissions given static benchmark emissions but differing sector weights
(Portfolio sector weight – Index sector weight) x Emissions of Index Sector

Selection – measures percentage difference between portfolio and index of GHG emissions given static sector weights but differing securities and their corresponding emissions
(Portfolio GHG Emissions – Index GHG emissions) x Index sector weight

Interaction – error term

IMPORTANT INFORMATION

The information contained herein is presented by RP Investment Advisors LP ("RPIA") and is for informational purposes only. It does not provide financial, legal, accounting, tax, investment or other advice, and should not be acted or relied upon in that regard without seeking the appropriate professional advice. The information is drawn from sources believed to be reliable, but the accura-cy or completeness is not guaranteed, nor in providing it does RPIA assume any responsibility or liability whatsoever. The information provided may be subject to change and RPIA does not un-dertake any obligation to communicate revisions or updates to the information presented. Unless otherwise stated, the source for all information is RPIA. "Forward-Looking" statements are based on assumptions made by RPIA regarding its opinion and investment strategies in certain market conditions and are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact actual future events and as a result RPIA's views, the suc-cess of RPIA's intended strategies as well as its actual course of conduct. Security examples are presented for illustrative purposes and does not necessarily reflect a trade or current holding in any particular RPIA strategy or fund.

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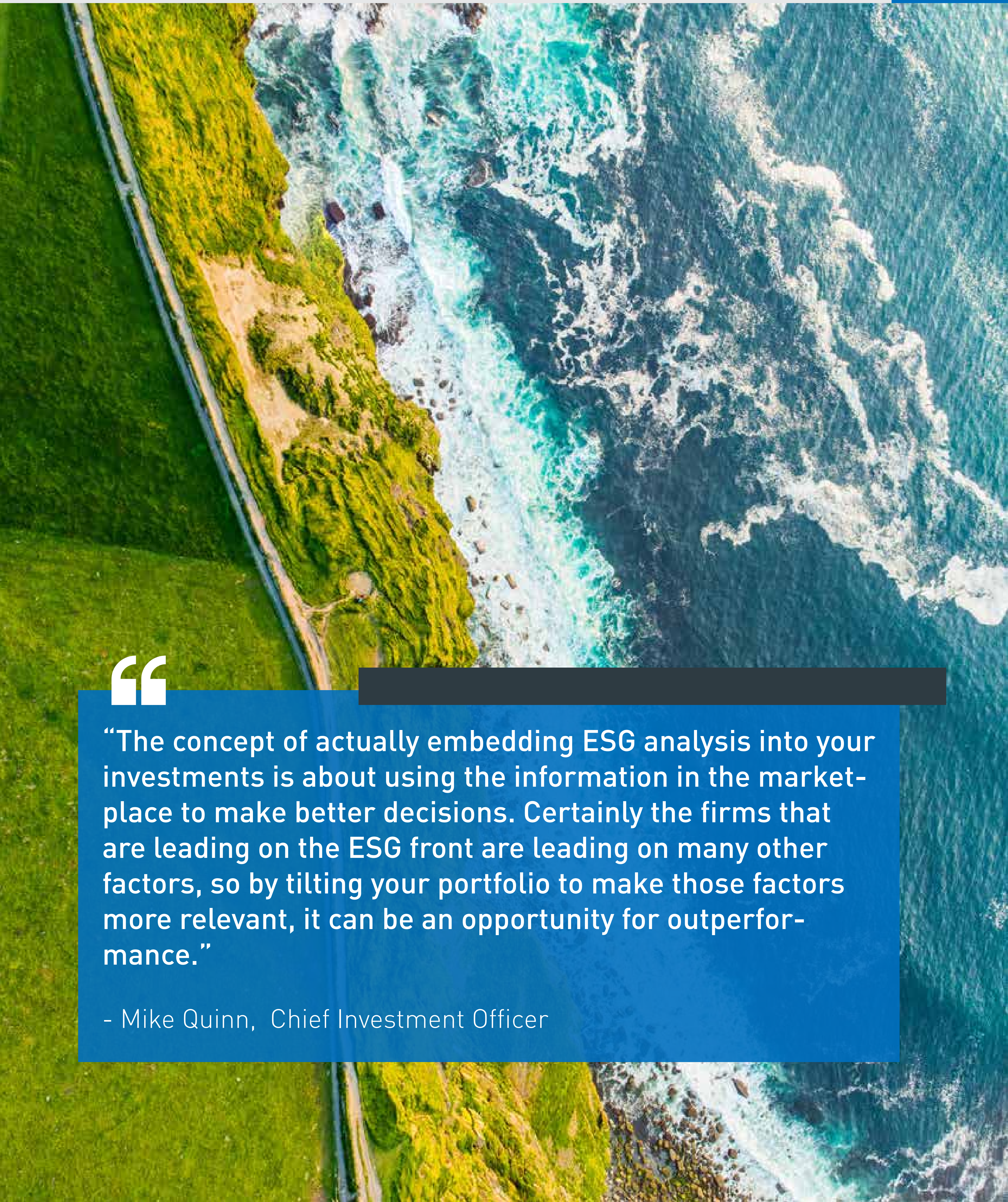
ESG factors that may be considered as part of our investment process include matters relating to climate change, energy use, energy efficiency, emissions, waste, pollution, matters related to human rights, impact on local communities, labour practices, employee working conditions, health and safety of the employees and affiliates, employee relations and diversity, executive compensation, bribery and corruption, board independence, board composition and diversity, alignment of interest between the shareholders and the executives, shareholder rights, and companies' policies relating to ESG.

ESG integration, including components relating to issuer engagement, is a firm-wide investment approach but the weight and importance of it in our investment management process can vary across the investment funds we manage. Always refer to the relevant fund offering documents for important information on the investment objectives, strategies and associated risks of a particular fund. The consideration and implementation of ESG factors are also subject to RPIA's internal investment and risk management policies and may be revised as a result of investment suitability requirements, current portfolio positioning and external market and economic factors.

The consideration of ESG factors in the investment process for RP Strategic Income Plus Fund and RP Alternative Global Bond Fund is weighted less than the core financial and credit analysis employed in the management of these funds. Please see the simplified prospectus for additional information.

This document does not form the basis of any offer or solicitation for the purchase or sale of se-curities. Products and services of RPIA are only available in jurisdictions where they may be law-fully offered and to investors who qualify under applicable regulation. The investment strategies presented herein are offered in Canada by way of public and private investment funds to qualified investors pursuant to applicable Canadian securities regulation and relevant fund offering docu-ments. The RP Corporate BBB Index Plus strategy is offered through units of RP Corporate BBB Index Plus Fund, pursuant to the requirements and conditions set out National Instrument 45-106.



"The concept of actually embedding ESG analysis into your investments is about using the information in the marketplace to make better decisions. Certainly the firms that are leading on the ESG front are leading on many other factors, so by tilting your portfolio to make those factors more relevant, it can be an opportunity for outperformance."

- Mike Quinn, Chief Investment Officer

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