MFG ASSET MANAGEMENT

Strategy Update: 31 December 2020

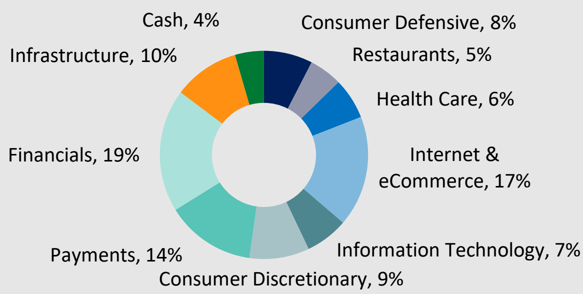
MFG US Sustainable (USD)

Portfolio Manager	Strategy Inception Date	Total Strategy Assets	Total Global Assets [1]
Alan Pullen	1 January 2017	USD $121.9 million	USD $57,944.3 million

Objective	Approach
Capital preservation in adverse markets	High conviction (20-50 securities), high quality focus, low turnover
Attractive absolute risk-adjusted returns through the economic cycle	Dual-sleeve portfolio construction with dynamic allocation to cash (max 10%) Combined Risk Ratio cap of 1.0^
Deliver carbon intensity less than 1/3 of S&P500	Integrated ESG with proprietary, multi-dimensional carbon emissions management

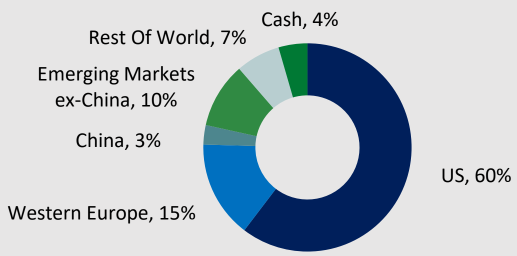
Top 10 Holdings[2]	Sector[2]	%
Visa Inc	Payments	7.3
Alphabet Inc	Internet & eCommerce	6.7
Microsoft Corporation	Information Technology	6.7
Intercontinental Exchange Inc	Financials	4.9
Amazon.com Inc	Internet & eCommerce	4.7
Wells Fargo & Co	Financials	4.6
Booking Holdings Inc	Consumer Discretionary	4.4
HCA Healthcare Inc	Health Care	4.4
Capital One Financial Corp	Financials	3.9
Eversource Energy	Transmission and Distribution	3.8
	TOTAL:	51.4

Sector Exposure[2]



Strategy Fundamentals[2]	Strategy
Number of Holdings	27
Carbon Intensity (CO_2t/US$1m revenues)	27
Return on Equity	17
P/E Ratio (1 year forward)	25.4
Interest Cover (EBIT/interest expense)	8
Active Share	77
Weighted Average Market Cap (USD million)	428,421

Geographical Exposure[2]



Cumulative Performance[3]	3 Months (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception (% p.a.)
Composite (Gross)	12.8	22.4	29.2	17.6	18.6
Composite (Net)	12.6	21.4	28.2	16.6	17.7
S&P 500 NTR Index	12.0	17.8	24.1	13.5	15.4
Excess (Gross)	0.8	4.6	5.1	4.1	3.2

Annual Performance[3]	2020 (%)	2019 (%)	2018 (%)	2017 (%)
Composite (Gross)	22.4	36.4	-2.6	21.7
Composite (Net)	21.4	35.3	-3.4	20.7
S&P500 Net TR Index	17.8	30.7	-4.9	21.1
Excess (Gross)	4.6	5.7	2.3	0.6

[1] Comprised of all Global Strategies.
[2] The data is based on a representative portfolio for the strategy. Sectors are internally defined. Geographical exposure is calculated on a look through basis based on underlying revenue exposure of individual companies held within the portfolio. Exposures may not sum to 100% due to rounding. The Index is the S&P500 Net TR Index. Refer to the Important Notice below for further information.
[3] Returns are for the US Sustainable Composite and denoted in USD. Performance would vary if returns were denominated in a currency other than USD. Refer to the GIPS Disclosure section below for further information. Composite (Net) returns are net of fees charged to clients and have been reduced by the amount of the highest fee charged to any client employing that strategy during the period under consideration. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are available upon request.
^ Combined risk ratio is a measure of relative beta and relative drawdown to MSCI World NTR USD Index. Please contact MFGAM should you wish for further details on the calculation.

Market Commentary

US stocks soared to record highs in the December quarter after pharmaceutical companies developed a vaccine against the virus that causes the illness known as COVID-19, the Democratic party's subdued performance in the US senate appeared to rule out radical anti-business measures during the administration of president-elect Joe Biden, and US congress agreed to more fiscal stimulus. These developments overcame concerns about a third wave of infections flaring up across the country and President Donald Trump's refusal to concede defeat while alleging voter fraud.The S&P 500 Index added 12% over the quarter, to be up – led by Big Tech – 16% for 2020.

The vaccine euphoria kicked off in November when Pfizer/BioNTech and Moderna announced successful phase three vaccine trials using a novel mRNA technology, while Oxford University and AstraZeneca came out with vaccines using traditional technology. In the election, the lack of a strong Democratic wave improved the outlook for profit growth because the lack of strong showing in the senate reduced the mandate and political leeway for new laws that would reduce corporate profitability. Even though the US economy expanded at an annualised rate of 33.4% in the third quarter, more up-to-date reports showed the latest burst of infections, which took the number of Americans struck by the virus to more than 20 million, is hurting business. Retail sales, for example, fell in November, the first decline since April, while jobless claims rebounded towards year end.

Strategy Commentary

The strategy recorded a positive return for the quarter. The biggest contributors were the investments in Alphabet, Capital One Financial Group and HCA Healthcare. Alphabet rose after its Google subsidiary's advertising revenue showed a better-than-expected rebound from the coronavirus-triggered slump and the US election outcome reduced the risk of a crackdown on Big Tech that would ensnare Google, which is already under anti-trust scrutiny by the US Department of Justice. Capital One outperformed on an anticipated improvement in the economy following the positive vaccine announcements. HCA Healthcare, the US's largest listed hospital chain, rose on hopes the pandemic would no longer disrupt the elective surgery it relies on.

The only two detractors were the investments in Crown Castle International and Home Depot. Crown Castle, which owns communication towers, and Home Depot, a home-improvements chain, fell as investors turned to riskier sectors during the vaccine-fuelled rally.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.