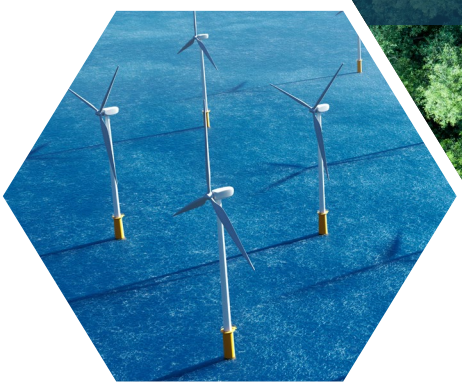
Kennedy Capital Management®

ESG SMID CAP 2022 IMPACT REPORT



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Introduction

About Kennedy Capital

Kennedy Capital Management LLC ("KCM") is a boutique investment firm that seeks to generate attractive returns in the micro, small and mid-cap domestic equity markets for our clients.

Our team's top priorities are working for institutions and high-net-worth individuals, striving for sustained investment excellence, and to foster an entrepreneurial culture that results in mutually beneficial long-term relationships.

KCM has over 20 years of experience managing socially responsible client accounts.

Visit our website at **www.kennedycapital.com** and follow us on **LinkedIn** to see our latest updates and insights

PRI Principles for Responsible Investment

The UNPRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors, and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

Our ESG approach

The Kennedy Capital ESG SMID Cap strategy takes an inclusionary and exclusionary approach to ESG investing. As part of our research process, we frequently identify companies that compete in their markets by leveraging an environmental advantage or by developing a solution to a societal problem. The strategy is fossil fuel free (no constituents hold carbon reserves), seeks differentiated governance performance vs. the Russell 2500™ benchmark, and avoids companies that produce tobacco, civil firearms, or controversial weapons.

1 *To showcase Kennedy Capital's efforts at the firm level to promote sustainability and ESG alignment*

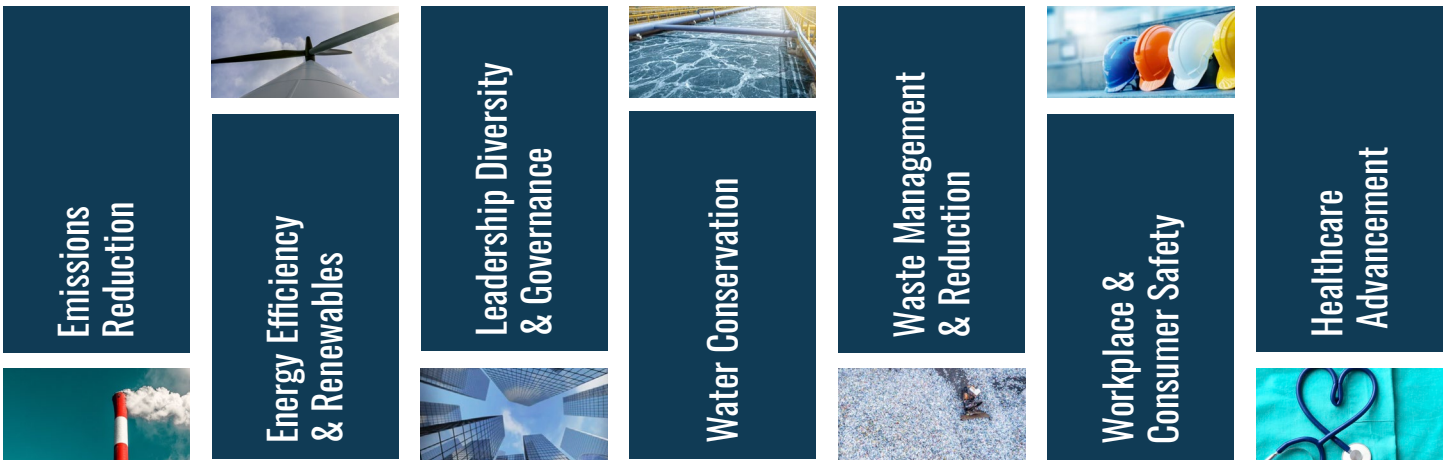
2 *To highlight the impact of our framework on portfolio characteristics in comparison to the Russell 2500™ benchmark*

3 *To provide examples of portfolio constituents across sectors that represent our inclusionary approach*

The purpose of the annual impact report is three-fold

Exposure to compelling ESG themes:

Portfolio constituents, tied to KCM's inclusionary approach, frequently align with one of the following themes:



Kennedy Capital Sustainability Efforts

At KCM, we are committed to pursuing sustainable outcomes for economies, the environment, and society. In 2022, the firm continued to:

Offset 100% of paper consumption with tree planting in reforestation projects, planting 340 trees since the inception of the program.

Advance D.E.I. efforts and employee training through our Diversity & Inclusion Task Force.

Recruit diverse talent; 10 of the 11 most recent full-time hires added to our diversity progress.

Prioritize philanthropy and giving back to the community through corporate charitable donations to local organizations and maintaining a company match program for employee charitable contributions.

Promote employee health and wellness by offering programs such as 'Wellness Bucks' and organized group physical activities.

Encourage volunteerism through both firm-organized and individually-selected opportunities.

Partner with female industry leaders to educate female high school students on pursuing career paths in finance.

Support underserved St. Louis area youth by supplying laptops and computer equipment.

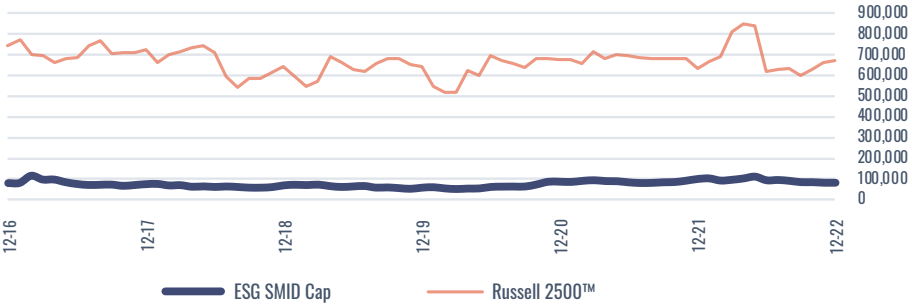
Utilize energy efficient lighting and motion sensors to reduce power consumption.

Offer battery recycling stations to promote the ease of recycling for employees.

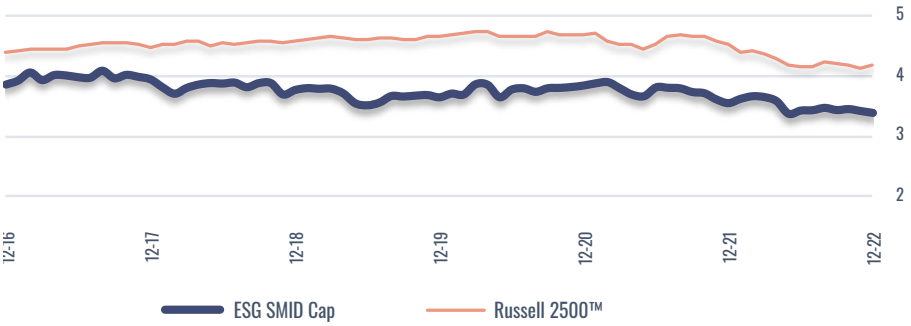
Increase the number of electric charging stations for employee vehicles.

Embedded Impact

Greenhouse Gas Emissions (Scope 1, weighted average metric tons)*



ISS's Overall Governance Score (weighted average, lower is better)*



Source: FactSet Research Systems, Inc. Data as of 12/31/2022

Christian McDonald, CFA®
Portfolio Manager
Kennedy Capital Management

"Since launching the Kennedy Capital ESG SMID Cap strategy over 6 years ago, we've experienced an increased focus on environmental, social, and governance factors across a broad range of market constituents. Corporate decision-makers recognize how ESG characteristics can be a material driver of business fundamentals and competitive differentiation. Investors continue to explore ways in which ESG considerations can be utilized to manage portfolio risk and optimize alpha generation. Additionally, consumers are making their voices heard on critical sustainability issues. We remain excited about the ESG-related differentiators being pursued by smaller public companies as they strive to compete and win in their markets."

As compared to the Russell 2500™ benchmark, ESG SMID Cap has:

- 80%+* reduction in emissions
- No tobacco exposure
- No civil firearms exposure
- No fossil fuel exposure
- 15%+* better governance score

*Please refer to page 14 for more details.
Data as of 12/31/2022

For more on KCM's ESG approach and our integration efforts, click: **The ESG Process at Kennedy**

Portfolio Examples

Industrials

Regal Rexnord Corporation

Regal Rexnord Corporation (Ticker: RRX) is a producer of electric motors and motion control equipment for climate control and industrial applications. The company operates under a variety of brand names and has a global presence, with a manufacturing footprint spanning six continents. The company views rising demand for energy-efficient subsystems and an increased ESG focus by global industrial companies as key growth drivers.

RRX is a leading provider of electric variable-speed motors. This technology enables improved energy efficiency in comparison to standard electric motors in applications such as residential HVAC, pool pumps, and commercial refrigeration. Less than 30% of the installed base of residential HVAC equipment currently utilizes variable-speed motors, which are increasingly prevalent as the industry shifts to more energy-efficient solutions. Consumer preferences and regulatory changes are expected to drive further adoption of variable-speed products. RRX's technological edge has enabled the company to outpace industry growth in this market.

RRX has developed other products with environmental benefits that offer new growth opportunities. The company offers a high-speed permanent magnet motor that has 35% lower energy consumption and a 50% smaller footprint versus current market offerings. With applications including air compressors and blowers, this product opens a new $300M market for RRX. Another new product is a powertrain solution for cooling tower fans. This system, which integrates products from three different RRX brands into an optimized system, can be used in direct air carbon capture facilities with the goal of capturing 0.5 – 1.0M tons of CO_2 per year.

RRX is a strong example of how companies in mature industries can leverage innovation to achieve competitive differentiation based on energy efficiency.

RegalRexnord™

> "This system, which integrates products from three different RRX brands into an optimized system, can be used in direct air carbon capture facilities with the goal of capturing 0.5 – 1.0M tons of CO_2 per year."

Note: The above is an example of select investment themes KCM pursues when making investment decisions. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.
Sources: 2022 Regal Rexnord Investor Presentation and Sustainability Report.

Health Care

Evolent Health, Inc.

Ongoing inflation in the cost of healthcare in the U.S. is a challenge for patients, providers, and taxpayers. In addition to economic-driven inflation, there is an estimated $1 trillion of system-wide annual waste in the U.S.. Evolent Health, Inc. (Ticker: EVH) provides services to healthcare plans and providers to improve patient outcomes while simultaneously managing cost more effectively. The value-based programs EVH manages serve the objectives of 1) better care for individuals, 2) better health for the population overall, and 3) lower total healthcare costs. EVH delivers technology-driven solutions for healthcare plans and providers across Medicare, Medicaid, and commercial markets. The company's core areas of expertise include oncology and cardiology.

EVH leverages tools such as data aggregation and predictive modeling to optimize a plan of care for a patient. The company proactively intervenes to more closely monitor and support higher-risk portions of the population, and utilizes technology to work with oncologists and cardiologists to execute a more effective plan of care. Evolent is typically able to save 7-10% in the first year of a customer relationship, and greater than 20% over the long term. For primary care providers, the savings are typically 7 times the cost of EVH's services.

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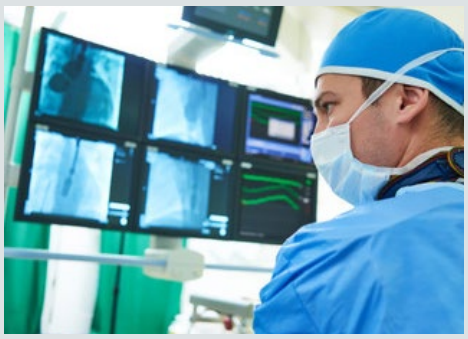
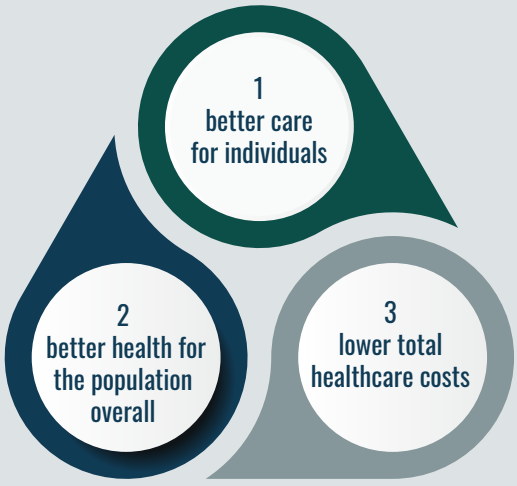


Evolent Health objectives:



evolent HEALTH™

Note: The above is an example of select investment themes KCM pursues when making investment decisions. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.
Source: 2022 William Blair Growth Conference Presentation.

Livent Corporation

Livent (Ticker: LTHM) is a fully integrated producer of lithium with a nearly 80-year history and manufacturing locations on four continents. LTHM became an independent company in 2018 and currently has one of the most diverse product portfolios in the lithium industry. Typical applications for LTHM's products include electric vehicle batteries, renewable energy storage solutions, and emissions-free power tools. Lesser-known applications of lithium include light-weighting for airplanes and spacecraft, the production of essential pharmaceuticals, and manufacturing synthetic rubber "green" tires. Livent partnered with Sony Corporation in 1991 to develop the first lithium-ion battery for commercial use.

Electric vehicles (EVs) generate 50% less greenhouse gas emissions on a total life-cycle basis in comparison to an equivalent car with an internal combustion engine. It is estimated that the 200,000 EVs produced in 2021 using Livent's products will result in savings of approximately 4 million metric tons of CO_2 emissions.

LTHM continues to make technological breakthroughs in the energy storage domain. In 2021, the company developed a proprietary printable formulation of lithium metal that can lead to higher capacity, longer-life batteries. This product is also expected to provide battery manufacturers with greater control and precision in the production process, resulting in less waste.

As Livent works to meet the growing demand for lithium in the coming years, the company has made commitments to operating in an increasingly sustainable fashion. The company provides waste materials from its production process to a cement company, which uses this material as a substitute for limestone which would normally require mining and extra processing. LTHM has established goals of a 30% reduction in greenhouse gas emissions across all operations by 2030 and a 10-30% reduction in water intensity across all operations by 2030.

Livent

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Materials

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Source: 2022 Livent Sustainability Report.

Consumer Discretionary

TopBuild Corporation

TopBuild Corporation (Ticker: BLD) is an installer and distributor of energy-saving insulation products and accessories for the residential and commercial construction industry. The company's operations span the U.S. and Canada, with over 13,000 employees operating through more than 400 branch locations. With meaningful product and service breadth, BLD serves more than 16,000 job sites each day.

Improving home insulation is a significant opportunity for energy savings and greenhouse gas emissions reduction. Existing residential buildings account for about 20% of greenhouse gas emissions in the U.S., and heating and cooling represent 50-70% of total energy use in the home. A typical pound of insulation saves 12 times as much energy in one year as the energy used to produce it, as insulation can reduce energy loss by two-thirds and achieve a 20% savings in whole-house energy use. Finally, BLD sources its insulation products in a sustainable fashion, with 60-85% recycled content depending on the application.

Note: The above is an example of select investment themes KCM pursues when making investment decisions. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.
Source: 2022 TopBuild ESG Report.

Consumer Staples

SunOpta, Inc.

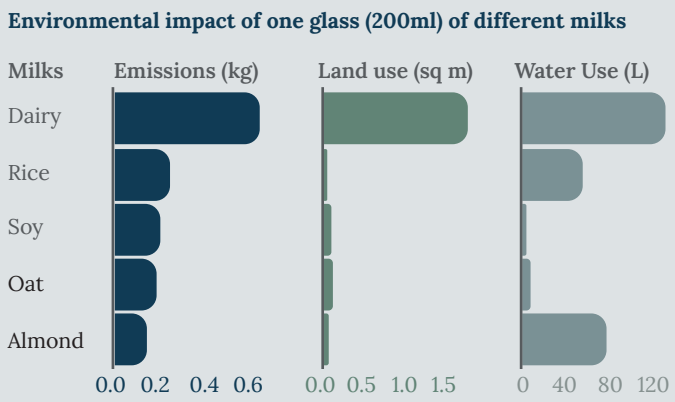
SunOpta, Inc. (Ticker: STKL) is a producer of plant- and fruit-based food and beverages. The company goes to market with a variety of approaches, including private label products via the brand names SOWN, Dream, West Life, and Sunrise Growers. Primary product lines include oat milk and other plant-based milk varieties, as well as frozen fruit, and fruit-oriented foods.

STKL's plant-based beverages, ingredients, and foods are inherently sustainable compared to dairy-based alternatives. For example, the company's oat milk delivers a greater than 60% reduction in greenhouse gas emissions and a greater than 90% reduction in land and water use in comparison to dairy products. Complementing these attractive environmental characteristics are SunOpta's operational goals, which include a 40% reduction in electricity consumption, a 30% reduction in natural gas usage, and a 25% decrease in water usage over an 8-year period starting in 2020.

Another attractive component of SunOpta's environmental footprint is the utilization of byproducts created in the oat milk production process. STLK has developed a method to convert these byproducts into nutrient-rich protein powder sold under the brand name OatGold. OatGold is neutral in taste and can be added to a variety of other foods – such as baked goods, snacks, and spreads – increasing the protein and fiber content of the end product.

STKL has put into place measurable goals for accelerating diversity, equity, and inclusion in the hiring and promotion process. The company has also established a Women's Leadership Program, which sponsors professional development workshops for employees to expand their skills in a collaborative environment. SunOpta was named a Minnesota Top Workplace in 2021.

SunOpta™
bringing well-being to life



Source: Poore & Nemecek (2018), Science, Additional calculations, J. Poore, BBC

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Source: 2022 ESG Report.

Information Technology

Wolfspeed, Inc.

Wolfspeed, Inc. (Ticker: WOLF) is a pioneer in the emerging technology of silicon carbide-based semiconductors. The company was founded out of a lab at North Carolina State University and has made several breakthroughs as silicon carbide technology has matured and become a commercially viable option. Adoption of this technology is now growing rapidly, and WOLF operates the sole 200 millimeter wafer fabrication facility globally. In addition, the company is aggressively expanding its production footprint in other locations.

WOLF's semiconductors yield significant environmental benefits across several applications. One primary use is in electric vehicles and chargers, where the company's products enable faster charging and reduce drivetrain power losses by up to 80%, enhancing the vehicle's range. Solar inverters built with silicon carbide semiconductors save 500 watts per second in comparison to systems designed with traditional silicon. In aggregate, Wolfspeed's products sold in 2021 will save 42 million metric tons of CO_2 emissions, the equivalent of 11,000 wind turbines.

Wolfspeed is implementing a thoughtful approach to diversity, equity, and inclusion in its workforce. The company's intern program in 2022 includes 43% diverse candidates, and WOLF has established new employee resource groups to help drive inclusivity. Over half the company's employee development program participants are female, and 51% are diverse employees.

Wolfspeed

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&

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Source: 2022 Wolfspeed Sustainability Report.

Important Disclosure Information

HOW WE DEFINE ESG

Emphasize companies that leverage a key environmental advantage vs. their peers. Significantly lower carbon footprint vs. benchmark.

Emphasize companies that promote societal benefits. Restrictions on producers of tobacco, civil firearms, and controversial weapons.

Focus on board structure and diversity, compensation, shareholder rights, audit & accounting risk.

Data as of 12/31/2022

For the ESG SMID Cap Fund investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. This and other important information is contained in the Fund's full Prospectus and Summary Prospectus, which can be obtained by calling (833) 737-7788. Please read carefully before investing.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the Firm's judgment as of the date of this report and are subject to change without notice. **This report is for informational purposes only and should not be considered a recommendation to purchase or sell any particular security. Allocations among industries, sectors and securities may vary and are subject to change without notice. It should not be assumed that any of the securities transactions or holdings discussed were or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Past performance is not a guarantee of future results. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.** A complete list of all securities recommended by KCM in the preceding year, a full compliant GIPS composite report, and the list of composite descriptions are available upon request from from KCM at 10829 Olive Blvd., Suite 100. St. Louis, MO, 63141.

Top ten company holdings as a percentage of assets in the Fund as of 12/31/22: (1) Teledyne Technologies, Inc., 2.0%; (2) Vishay Precision Group, Inc., 2.0%; (3) Valmont Industries, Inc., 2.0%; (4) Evolent Health, Inc., 1.6%; (5) ICU Medical, Inc., 1.6%; (6) Trimble, Inc., 1.6%; (7) WNS (Holdings) Limited, 1.5%; (8) Leonardo DRS, Inc., 1.5%; (9) Reliance Steel & Aluminum Company, 1.5%; (10) Thermon Group Holdings, Inc. 1.4%. Please visit **www.kennedycapital.com** for the ESG SMID Cap Fund holdings.

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The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500™ Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500™ Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set. You cannot invest directly into an index.

The Russell 2500™ Index is used as the benchmark. The Index is unmanaged and represents total returns including reinvestment of dividends. The benchmark is used for comparative purposes only and generally reflects the comparable risk or investment style of the Firm's strategy. The investment portfolios underlying the Index are different from the investments in the portfolios managed by the Firm.

Alpha is the excess return of an investment relative to the return of a benchmark index is the investment's alpha. Alpha may be positive or negative and is the result of active investing.

Carbon Emissions (Scope1 Wtd. Avg., mt.) is a weighted average of companies' reported or estimated Scope 1 greenhouse gas emissions measured in metric tons. Scope 1 emissions are those from sources owned or controlled by the company. The assessment is sourced from MSCI's Carbon Metrics database. Companies not included in the MSCI Carbon Metrics database are not included in the weighted average calculation for the portfolio or the benchmark. The Fund is assessed quarterly compared to the weighted average emissions (reported or estimated as sourced from the MSCI Carbon Metrics database) of the Russell 2500™ index. The Fund's weighted average emissions aims to be at least 80% lower than that of the index.

The Governance Score refers to the ISS Governance QualityScore, which is derived from publicly disclosed data on a company's governance practices and for which a lower score is preferable. The Score is calculated as a weighted average for the Fund and compared to the weighted average score for the Russell 2500™ index. Companies not included in the ISS Governance QualityScore database are not included in the weighted average calculation for the portfolio or the benchmark. The QualityScore provides an indication of relative governance quality supported by factor-level data. The Fund's weighted average QualityScore aims to be at least 15% lower (better) than that of the index.

Companies receive an overall QualityScore and a score for each of four categories: Board Structure, Compensation/ Remuneration, Shareholder Rights, and Audit & Risk Oversight. A score in the 1st decile indicates relatively higher quality governance practices and relatively lower governance risk, and, conversely, a score in the 10th decile indicates relatively higher governance risk.

The ESG SMID Cap Fund is distributed by IMST Distributors, LLC. IMST Distributor, LLC is not affiliated and does not distribute the ESG strategy offered by Kennedy Capital.

ESG criteria may affect the Fund's exposure to risks associated with certain issuers, industries and sectors, which may impact the Fund's investment performance. The Fund may forgo some market opportunities available to funds that do not use these criteria. Small to mid-capitalization companies generally have a greater risk of failure, and their stocks generally have greater volatility than large companies.

Mutual fund investing involves risk; including loss of principal.

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