Kennedy Capital Management®

ESG SMID CAP

2024 IMPACT REPORT

CONTENTS

04 INTRODUCTION

05 OUR ESG REPORT

06 KENNEDY CAPITAL SUSTAINABILITY EFFORTS

07 MEASURABLE IMPACT

08 PORTFOLIO EXAMPLES

14 IMPORTANT DISCLOSURE INFORMATION

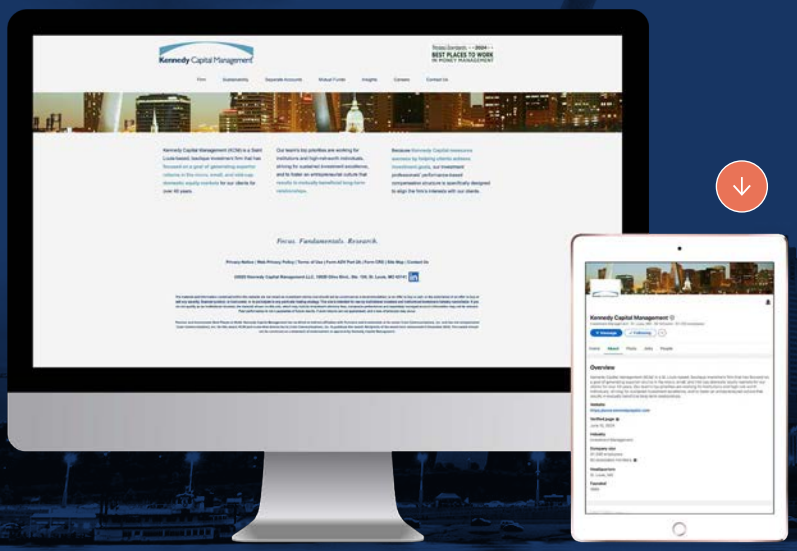
INTRODUCTION

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.

OUR ESG REPORT

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 versus the Russell 2500™ benchmark, and avoids companies that produce tobacco, civil firearms, or controversial weapons.

The purpose of the annual impact report is three-fold:

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

Exposure to compelling ESG themes:

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

- Emissions Reduction
- Energy Efficiency & Renewables
- Leadership Diversity & Governance
- Water Conservation
- Waste Management & Reduction
- Workplace & Consumer Safety
- Healthcare Advancement

KENNEDY CAPITAL SUSTAINABILITY EFFORTS

At KCM, we are committed to pursuing sustainable outcomes for economies, the environment, and society. 2024 highlights include:

Offset 100% of paper consumption with tree planting in reforestation projects, planting 372 trees since the program's inception.

Work with a local union print vendor for custom stationery orders which is one of approximately 50 U.S. printing companies to have earned a Sustainability Green Partner (SGP) Certification.

Successfully recruited diverse talent while strictly adhering to merit-based hiring principles. Our recent hiring efforts have contributed to a more diverse workforce.

35%

Concluded ASHRAE Level II Energy Audit conducted on our building in 2024 and, as a result, plan to implement an energy management system in 2025 projected to reduce energy consumption by approximately 35%.

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

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

Support electric vehicle charging stations for employees and guests.

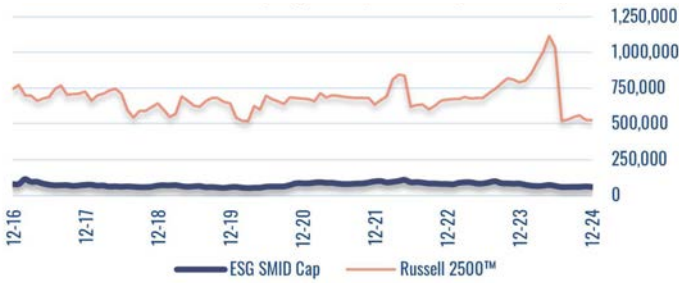
Prioritize philanthropy and giving back to the community through corporate charitable donations to local organizations and maintaining a company match program for employee charitable contributions.

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

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

MEASURABLE 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 12/31/2024

Christian McDonald, CFA®
Portfolio Manager
Kennedy Capital Management

"We are pleased to share the 2024 Kennedy Capital Management ESG SMID Cap Impact Report. Over eight years ago, Kennedy Capital launched the ESG SMID Cap strategy. Our approach and philosophy have remained consistent since the strategy's inception. We believe today, as we did then, that an investment process pragmatically integrating financially material sustainability considerations coupled with sector-level expertise in the small and midcap domain has the potential to identify compelling investment candidates."

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

80%+*
reduction in emissions

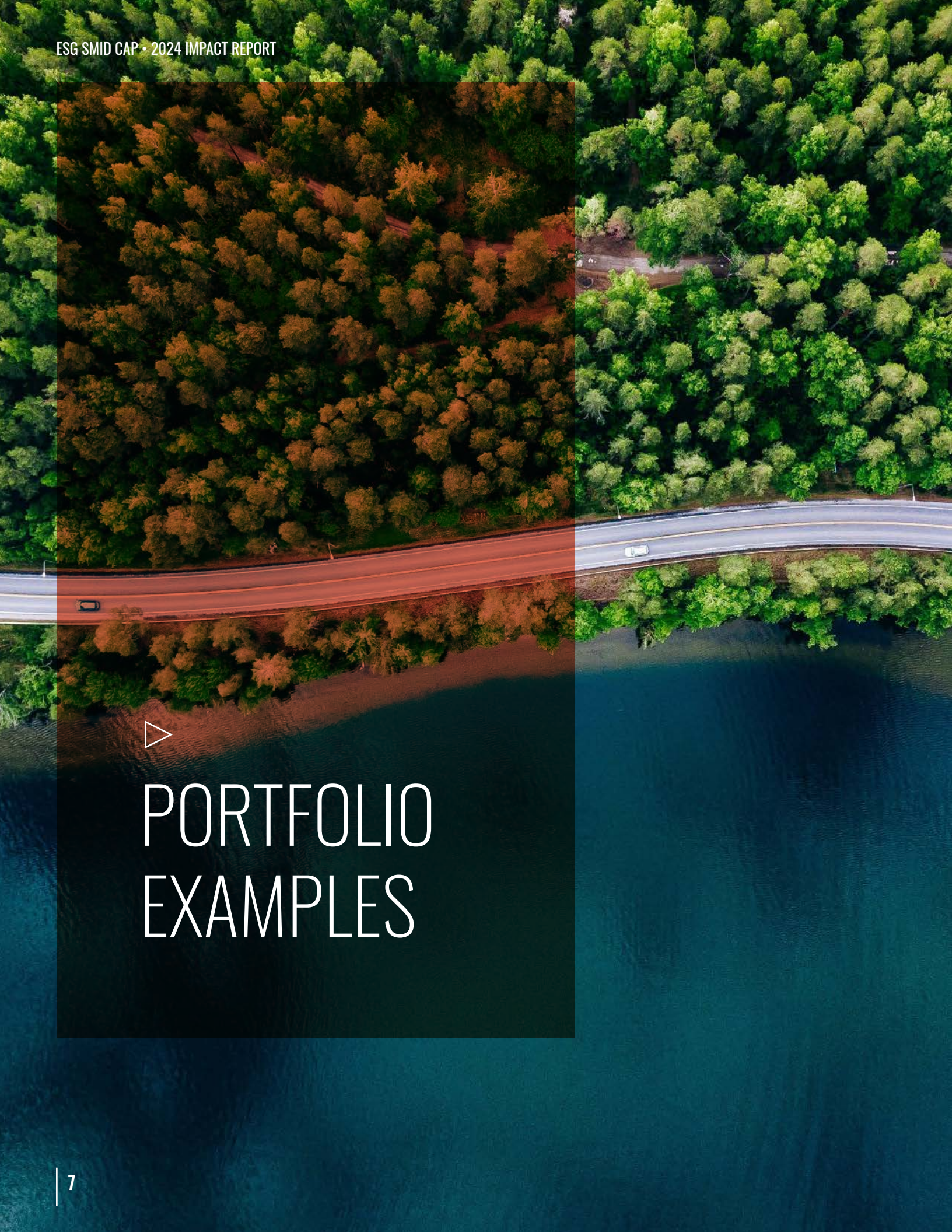
No tobacco exposure

No civil firearms exposure

No fossil fuel exposure

15%+*
better governance score

*Please refer to page 13 for more details. Data as of 12/31/2024



PORTFOLIO EXAMPLES

CONSUMER DISCRETIONARY

Wyndham Hotels & Resorts, Inc.

Wyndham Hotels & Resorts, Inc. (ticker: WH) is a hotel franchisor focused on the midscale and economy segment of the market. With operations in over 95 countries, the company's network includes approximately 9,200 hotels and 893,000 rooms, and accommodates nearly 140 million guests each year, making it one of the world's largest operators in this sector. A sampling of WH's brands includes LaQuinta, Hawthorn, Registry Collection, Ramada, Vienna House, and Wyndham. With an asset-light business model, WH generates returns on invested capital that are significantly higher than most other public companies.

"With operations in over 95 countries, the company's network includes approximately 9,200 hotels and 893,000 rooms, and accommodates nearly 140 million guests each year"

4,500+

franchisees have completed online Wyndham Green training and in 2023, Wyndham Green Certification increased by 135%

WH deploys a thoughtful, deliberate approach to optimizing the operational and ESG profile of its hotel network. The company engages with key stakeholders, such as franchisees, suppliers, shareholders, and guests to identify important concerns and opportunities in the business. A materiality assessment identified key focus areas across E (water, waste, energy, emergency preparedness, etc.), S (community engagement, team member development, health/safety, etc.), and G (data privacy/cybersecurity, business continuity, etc.). In 2023, the company launched a hotel owner engagement platform called Wyndham Community. This platform provides hotel owners the opportunity to optimize the management of hotel operations, with access to real time-insights on key business metrics.

Regarding environmental sustainability, the company has developed an internal metric (Wyndham Green Certification) for hotels to assess performance. Each of the 5 levels of certification has best practices for sustainable operations, such as energy efficient lighting, utility tracking, water efficient sink fixtures, advanced recycling, and food waste composting. To help franchisees progress in their sustainability journey, the company developed an online tool to track, measure and report on key environmental metrics. Over 4,500 franchisees have completed online Wyndham Green training and in 2023, Wyndham Green Certification increased by 135%. Many of the sustainability measures being implemented at WH locations yield ongoing operational savings, thereby increasing the profitability profile of the hotel.

Note: The above is an example of select investment themes KCM pursues when making investment decisions and is not a recommendation to buy or sell this specific security. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.

[1] Source: **https://investor.wyndhamhotels.com**

HEALTH CARE

Encompass Health Corporation

Encompass Health Corporation (ticker: EHC) is the largest owner and operator of Inpatient Rehabilitation Facilities (IRFs) in the United States. The company's hospitals offer independent physician oversight of the plan of care, 24/7 nursing care, multi-disciplinary therapy, and clinical support services. A typical patient in an EHC facility is in the recovery process from a major health event such as a stroke, brain or spinal cord injury, or fracture of the femur. Frequently, a patient will transition from an acute care hospital to an IRF prior to returning home or to a specialized nursing facility. IRFs offer patients the opportunity to recover and learn the tools to accelerate rehabilitation in an environment with oversight and support.

"Pre-fabricated construction has the potential to reduce time to completion of a new hospital by over 30% compared with the conventional approach"

Over the last few years, EHC has increasingly incorporated a prefabrication construction approach for new facilities that yields operational and ESG-oriented benefits. Pre-fabricated construction has the potential to reduce time to completion of a new hospital by over 30% compared with the conventional approach. It also results in the reduction of waste, improved safety performance, a more stable cost profile, and improved quality control.

Within its facilities, Encompass has integrated technology to improve patient outcomes and safety while reducing the cost of care. The company uses data models to identify patients that are at risk of readmission to an acute care hospital and deploys plans to mitigate key risks. The company's fall prevention model has yielded steady improvements over time, and the implementation of a specialized system for in-house dialysis has resulted in a cost savings of $300 per treatment, while shortening recovery time for patients.

Implementation of a specialized system for in-house dialysis has resulted in a cost savings of

$300

per treatment, while shortening recovery time for patients

Note: The above is an example of select investment themes KCM pursues when making investment decisions and is not a recommendation to buy or sell this specific security. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.

[1] Source: **https://encompasshealth.com**

CONSUMER STAPLES

US Foods Holding Corp.

US Foods (ticker: USFD) is a leading foodservice distributor with over $35B in annual revenue and 30,000 associates. The company's customers include independent and chain restaurants, as well as healthcare, hospitality, government, and educational institutions. USFD distributes over 400,000 different products and has been in business for over 150 years. The company's sustainability efforts focus on supplier management and product sourcing, along with internal company operations.

"Route optimization, combined with the implementation of alternative fuel vehicles, drove a 6% decrease in emissions intensity for USFD's fleet from 2019 to 2023"

USFD distributes over

400,000

different products and has been in business for over 150 years

Logistics operations are an important component of US Foods' environmental footprint. Leveraging innovating routing tools has resulted in more consistency for customers and a reduction in miles driven. Route optimization, combined with the implementation of alternative fuel vehicles, drove a 6% decrease in emissions intensity for USFD's fleet from 2019 to 2023. Other carbon footprint initiatives include the addition of solar power and battery storage at company sites, installation of efficient refrigeration solutions, and the implementation of LED lighting. The company has a long-term goal of reducing Scope 1 and 2 greenhouse gas emissions by 32.5% (2019 base year).

USFD's sustainable product strategy focuses on local and sustainable sourcing, along with plant- and health-oriented products. 22% of the products available by USFD's exclusive brands meet the criteria under this program. The company's supplier code of conduct sets expectations for human rights, product safety and compliance, deforestation, and greenhouse gas emissions. To fight hunger, USFD partners with various local food banks, donating the equivalent of 225 truckloads of product in 2023 alone.

Note: The above is an example of select investment themes KCM pursues when making investment decisions and is not a recommendation to buy or sell this specific security. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.

[1] Source: **https://www.usfoods.com/**

INFORMATION TECHNOLOGY

Coherent Corporation

Coherent Corp. (ticker: COHR) is a diversified technology company with core competencies in engineered materials, lasers, and opto-electronic components. The company's end markets include industrial, telecom/datacom, semiconductor, flat panel displays, specialty instrumentation, and precision machining. A series of mergers and acquisitions over the past decade have resulted in a business with a wide breadth of capabilities.

COHR's uncooled lasers used in the optical transmission of telecom data use roughly

55%

less power than a traditional (cooled) laser and require less specialty metal in the production process

"The company's end markets include industrial, telecom/datacom, semiconductor, flat panel displays, specialty instrumentation, and precision machining"

The company has decades of experience in silicon carbide materials, which are disrupting the semiconductor market due to improved power efficiency versus traditional silicon-based products. Silicon carbide power electronics enable electric vehicles to achieve longer range, faster charging, and lower the total cost of ownership. In its silicon carbide production process, COHR has installed a process water regeneration loop, which saves thousands of gallons of water per day of operation.

Sustainability considerations are an important driver of the company's laser business. Laser cutting and marking reduces scrap and eliminates the need for consumable products such as ink or etching chemicals. Laser cutting of packaging enables precise sizes and reduced waste. COHR's uncooled lasers used in the optical transmission of telecom data use roughly 55% less power than a traditional (cooled) laser and require less specialty metal in the production process.

Finally, Coherent has developed a patent-pending process technology that can be utilized in the lithium-ion battery recycling process. This process has no toxic solid, liquid, or gas generation and results in >95% recovery of critical metals. The streamlined process enables a 60% lower up front capital cost and 50% lower reagent and utility cost for the operator compared to the traditional alternative.

Note: The above is an example of select investment themes KCM pursues when making investment decisions and is not a recommendation to buy or sell this specific security.. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.

[1] Source: **https://www.coherent.com/**

INDUSTRIAL

Atmus Filtration Technologies, Inc.

Atmus Filtration Technologies (ticker: ATMU) is a producer of filtration products for fuel, ventilation, lubrication, and hydraulic applications. The company, which was spun out of Cummins, Inc. in 2023, serves customers in the heavy truck and equipment markets. Roughly half of the ATMU's sales are to customers based outside the US and Canada, and over 80% of company sales are from the aftermarket.

ATMU's approach enables the recycling of

213,000lbs

of polymer each year

From an operational standpoint, ATMU has incorporated recycled materials and re-use of waste into its production processes. The company utilizes recycled materials in the production of filtration media for crankcase filters, which capture hazardous emissions. This approach enables the recycling of 213,000 lbs of polymer each year. Atmus also converts a portion of its waste material into solid fuel that is used in the production of cement and electricity. Through improved facility infrastructure and process updates, the company has reduced its water consumption by 22%.

ATMU's products are an important part of reducing waste and greenhouse gas emissions. The company's filters prolong oil and lubricant life, reducing the environmental impact associated with more frequent oil changes. Atmus's fuel filters are more effective in the removal of certain types of particulate, which increases fuel economy. Finally, ATMU's lubricant filtration filters have eliminated over 600k metric tons of CO2 emissions and have saved customers over 59 million gallons of fuel, worth more than $200 million.

ATMU's lubricant filtration filters have saved over

59 million

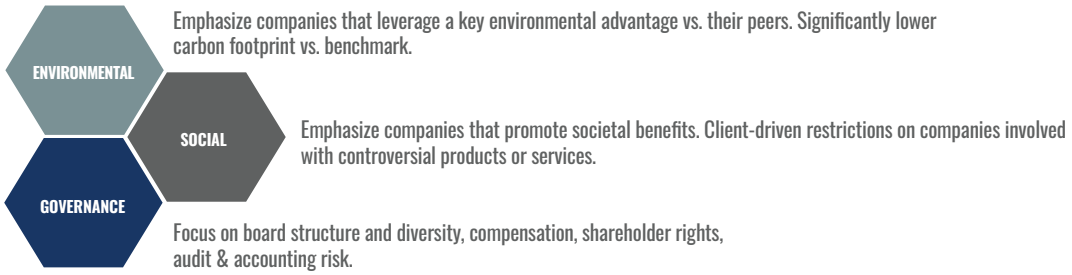
gallons of fuel, worth more than $200 million

Note: The above is an example of select investment themes KCM pursues when making investment decisions and is not a recommendation to buy or sell this specific security. There can be no assurance that any KCM fund or investment will achieve its objectives or avoid substantial losses.

[1] Source: **https://www.atmus.com/**

IMPORTANT DISCLOSURE INFORMATION

HOW WE DEFINE ESG



Data as of 12/31/2024

Kennedy Capital Management LLC ("KCM") is a Delaware limited liability company headquartered in Missouri. KCM is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration with the SEC does not imply any level of skill or training.

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.

[1] Clicking some links in this article will take you to websites independent of and unaffiliated with KCM. The information and services provided on these independent sites are not reviewed, guaranteed, or endorsed by KCM or its affiliates. Please keep in mind that these independent sites' terms and conditions, privacy and security policies, or other legal information may be different.

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 12/31/2024 (the top ten holdings are subject to change at any time): (1) Cyberark Software Ltd., 2.1%; (2) Teledyne Technologies, Inc., 2.1%; (3) Atmus Filtration Technologies, Inc., 1.8%; (4) Descartes System Group, Inc., 1.8%; (5) TD Synnex Corporation, 1.7%; (6) Globus Medical, Inc., 1.6%; (7) Barnes Group, Inc., 1.5%; (8) LPL Financial Holdings, Inc., 1.4%; (9) Wintrust Financial Corporation, 1.4%; (10) Post Holdings, Inc., 1.4%. Please visit www.kennedycapital.com for the ESG SMID Cap Fund holdings.

Russell Investment Group is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of KCM. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in KCM's presentation thereof.

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.

2025020021

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

Kennedy Capital Management®