



Impact Research and Due Diligence

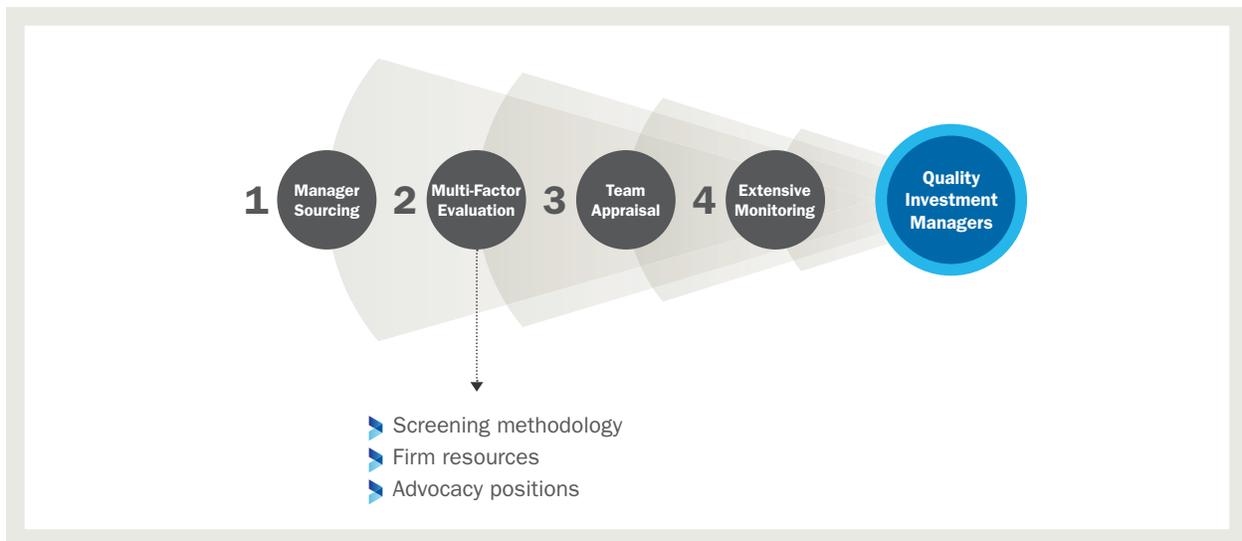
Finding the managers who make an impact



PMC incorporates an additional layer of analysis to its comprehensive and unbiased research and due diligence process to uncover high-conviction equity and fixed income impact managers. By focusing on screening methodology, firm resources, and advocacy positions, the PMC Research team can identify investment managers who consistently beat their benchmarks on a risk-adjusted basis, while fulfilling particular environmental, social, and governance priorities.

Consistent and disciplined execution

PMC's evaluations and recommendations are based on a consistent four-step investment process. Within this process are additional characteristics that receive special attention from the PMC Research team when it evaluates potential impact managers.



Available-Impact Marketplace

Our marketplace of mutual fund, separate account, and ETF impact managers is created in concert with Veris Wealth Partners. The marketplace is reviewed and updated on a semi-annual basis through a rules-based process utilizing multiple sources, such as:

- ▶ The universe of “Socially Conscious” managers in Morningstar
- ▶ Morningstar Sustainability rating of Above Average or High assumptions and asset allocation methodology.
- ▶ Member firms of US SIF (The Forum for Sustainable and Responsible Investment)

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Considerations for potential impact managers

An investment manager can be considered to be an “impact manager” by PMC if it in some way is guided by environmental, social, or governance principles. These managers may incorporate impact in a number of ways.

Screening methodology	Exclusion of securities based on one or more criteria which may be more or less expansive; the manager might exclude either a single issue (ex. tobacco only) or multiple issues (ex. tobacco, alcohol, firearms, military).
Best in class integration	Inclusion of environmental, social, and governance considerations in all analysis and valuation of a security.
Thematic impact	Pursuit of a certain impact goal or theme, such as sustainability, fossil fuel free, clean technology, gender, community development.
Advocacy	Level of engagement with issuers to influence behavior on environmental, social, or governance issues; a manager may be either “hands-off” or actively engaged in manager dialogue, shareholder resolutions, and proxy voting.
Impact practices	Degree of commitment to impact practices within their own firm; includes issuance of impact reports and support of United Nations Principles for Responsible Investment (UNPRI).
B-Corp	Certification by B Lab, a nonprofit organization that evaluates companies based on environmental performance, accountability, and transparency.

Impact Research Designations on the Envestnet platform

Investment managers on the Envestnet platform are assigned research status designations that are subject to change based on ongoing PMC research and due diligence.

Approved-Impact Select

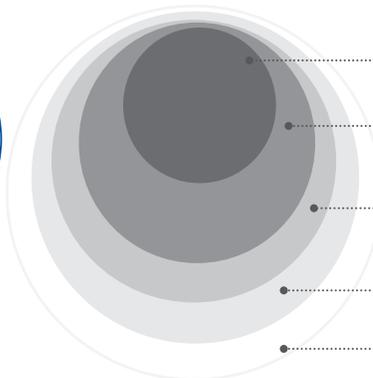
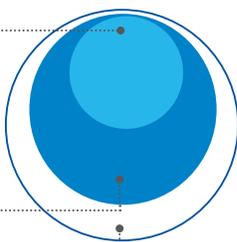
Highest-conviction investment managers that adhere to impact investing principles as determined by in-depth and manager-specific evaluation by the PMC Research Team.

Approved-Impact

Managers that adhere to impact investing principles and quantitative criteria determined by the PMC Research Team’s Q-Score process.

Available-Impact

Impact managers available on the Envestnet platform.



Approved-Analyst Select*

Highest-conviction product ideas, selected via vote by the entire PMC Research team.

Approved-Analyst Reviewed*

PMC research analysts’ favored choices; receive full research coverage by PMC.

Available-Quantitative*

Managers approved by quantitative criteria (Q-Score process) only.

Approved-Watch List*

“On watch” due to significant due diligence event.

Available

Complete due diligence requirements but no investment due diligence by PMC.

Total ENV Platform

All managers accessible on the Envestnet platform.

*Research status designations visible only to PMC Premium Research subscribers.

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk, which is the risk that debt securities in a fund’s portfolio will decline in value because of increases in market interest rates.

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PMC-FS-IRDD-0616 / SR #851563