

# A Closer Look At Our Holdings

## PMC Impact Portfolios

Impact Portfolios are comprehensive, disciplined, and diversified solutions designed for investors with environmental, social, and governance (ESG) priorities. Seven risk-based portfolios are constructed using high-conviction impact managers identified through Envestnet | PMC's thorough, multi-layered research and due diligence process.

### Domestic Equity

#### Parnassus Core Equity Institutional

##### Large-Cap Core

- Seeks to achieve both capital appreciation and current income through a concentrated portfolio of around 40 stocks.
- Aims to exploit quality and time arbitrage market inefficiencies through investing primarily in dividend-paying, large-cap companies determined to be undervalued at time of purchase.
- Offers downside protection focus, with a downside capture ratio of around 70% for the past 20-year period; has a record of long-term success in consistently outperforming peers and benchmark since the Fund's inception that demonstrates the team's strength and investment strategy.
- Co-Managed by Portfolio Manager Todd Ahlsten (since 2001) and Portfolio Manager Benjamin Allen (since 2012), who are supported by a team of 13 research analysts, three of whom are dedicated to evaluating ESG factors.
- Excludes investments in companies that derive significant revenue from the manufacturing of tobacco, alcohol, gambling, weapons, nuclear power, and business involvement with Sudan. A small portion of Parnassus Funds' assets may be invested with Community Development Financial Institutions (CDFIs) that offer credit, capital, and financial services to organizations engaged in work that benefits low-income communities.

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### American Century Sustainable Equity

- Team seeks to identify 80-100 stocks near the beginning of the cycle of improving earnings, increasing earnings estimates, and expanding stock price multiples.
- Fund is managed by PM Joe Reiland, CFA, since 2008, and Guillame Mascotto, who joined in 2017.
- The firm has a five person dedicated ESG team which researches and communicates financially material findings to the Sustainable Equity PM team on a stock-by-stock basis. The team utilizes ESG analysis to provide a more comprehensive assessment of risk than financial analysis alone, as an embedded component of the bottom-up process in evaluating stocks.
- American Century uses an ESG model with inputs from MSCI ESG Research, MSCI Governance and Carbon Metrics, Bloomberg ESG Business Intelligence, Sustainability Accounting Standard Board, and ISS Socially Responsible Investing.
- ESG is largely used to identify risks, and is used relative to industry peers. Tobacco is the only industry excluded.

### Parnassus Mid Cap Institutional

#### Mid-Cap Core

- Uses a fundamental approach to build a portfolio of around 40 US stocks that seeks to outperform the Russell Mid Cap Index over the long run on a risk-adjusted basis; attempts to shield investors from losses during bear markets while offering significant upside participation during bull markets.
- Invests in companies with competitive advantages, long-term relevancy, quality management teams, and a favorable three-year investment horizon.
- Co-managed by Portfolio Managers Matthew Gershuny and Lori Keith, both of whom have over 18 years of industry experience. Both have been managing the strategy since 2008.
- Consistent with Parnassus' investment approach, the Fund excludes investments in companies involved in the production of tobacco, alcohol, gambling, weapons, nuclear power, and those with business involvement with Sudan; Fund also invests in Community Development Financial Institutions (CDFIs) that offer credit, capital, and financial services to individuals and organizations engaged in work that benefits low- income communities.

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### **Pax World Small Cap Institutional**

#### **Small-Cap Core**

- Comprises a concentrated portfolio of around 40-60 companies selected through a fundamentally-driven investment approach.
- Employs a quantitative screen to identify securities that offer growth at a reasonable price while also meeting the team's ESG criteria; seeks high-quality, profitable companies with high free cash flow and strong management teams.
- Actively manages risk and performs well in its peer group with respect to volatility control and risk reduction, and boasts a standard deviation and beta lower than 90% of peers for the past five-year trailing period.
- Managed by Portfolio Manager Nathan Moser, who is assisted by dedicated analysts Diederik Basch and Charles Kim. Moser and Page have over 15 years of industry experience.
- Fully-integrated, sustainable investing approach identifies companies that demonstrate corporate responsibility and respectable business ethics; screens for companies involved in manufacturing of tobacco products, weapons/firearms, oil from tar sands, and coal.

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## PMC Impact Portfolios

### International Developed Markets

#### Domini Impact International Equity Institutional

##### Int'l Developed Markets

- Seeks long-term total return through investing primarily in approximately 150 mid- and large-cap global companies.
- Investment process is sub-managed by Wellington Management Co. Managing Director David J. Elliott since 2009.
- Security selection process combines both Domini's expertise in identifying socially responsible companies and Wellington Management's proprietary quantitative model, and seeks to add value through active stock selection while managing risk throughout the portfolio construction process.
- Works to raise issues of social and environmental performance with the management of certain companies through proxy voting, dialogue with management, and by filing shareholder proposals where appropriate.
- Avoids investments in firms involved with weapons, tobacco, alcohol, gambling, and nuclear power generation; may also limit the Fund's investment in certain geographic areas due to political conditions.

#### Pax MSCI EAFE ESG Leaders Index Institutional

##### Int'l Developed Markets

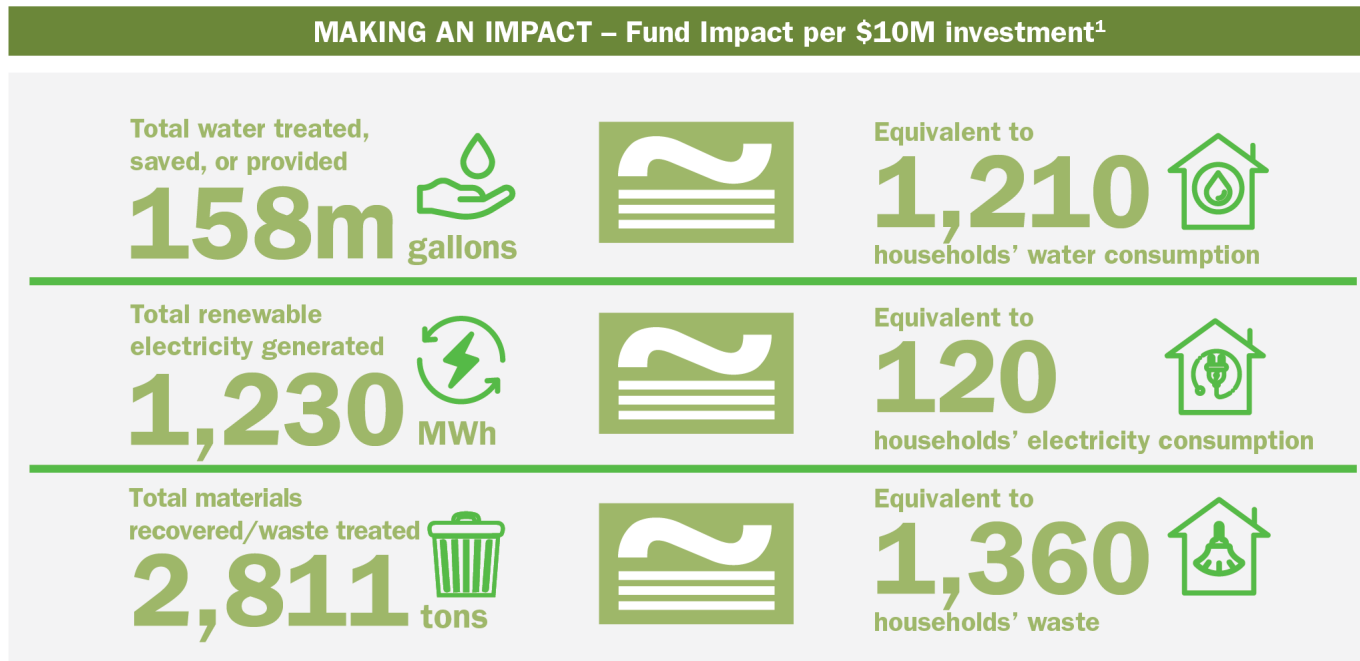
- Passively managed portfolio of 300-350 securities is designed to track the performance of the MSCI EAFE ESG Index; aims to have a correlation of 95% or better between the Fund's performance and that of the Index.
- Managed by Portfolio Managers Scott LaBreche, and Greg Hasevlat, who together average over 13 years of industry experience.
- Fund's investment approach seeks to create positive impact through proxy voting and engaging with companies to address issues related to diversity, climate change, sustainability, and a number of other ESG factors.
- Consistent with MSCI ESG screening criteria, the Fund does not invest in companies significantly involved in the production/manufacturing of alcohol, gambling, tobacco, nuclear power, and weapons/firearms, oil from tar sands, and coal.

# Manager Focus

## Impax Asset Management LLC



PMC selects impact managers to be included in the portfolios by conducting a rigorous and multifaceted due diligence process. In addition to the traditional due diligence, we evaluate a manager's ability to generate positive environmental and social impact alongside financial return. Pax World Management joined Impax Asset Management in September 2017, and is a pioneer in the sustainable investing space, incorporating material ESG considerations as factors in investment analysis and portfolio construction. Pax views the integration of these factors as an added layer of due diligence within the traditional investment process, in an effort to reduce risk and drive positive impact. The firm views climate change, emissions effluents and waste, and resource efficiency as key issues to consider in investment analysis, as well as social factors such as diversity, human capital management, product integrity, supply chain management, and community relations. Pax also avoids investing in weapons, tobacco, coal mining and production, oil sands, and companies whose reliance on coal is above the national average. The firm addresses climate change at a number of stages throughout the investment process, through avoiding investment in climate laggards, proactively investing in companies providing solutions to climate change, measuring portfolio carbon emissions annually, and engaging with companies to improve their practices and climate disclosures. Learn more about the firm's engagement on climate change [here](#). Here's how Pax reports on the impact of investing in the Global Environmental Markets Fund:



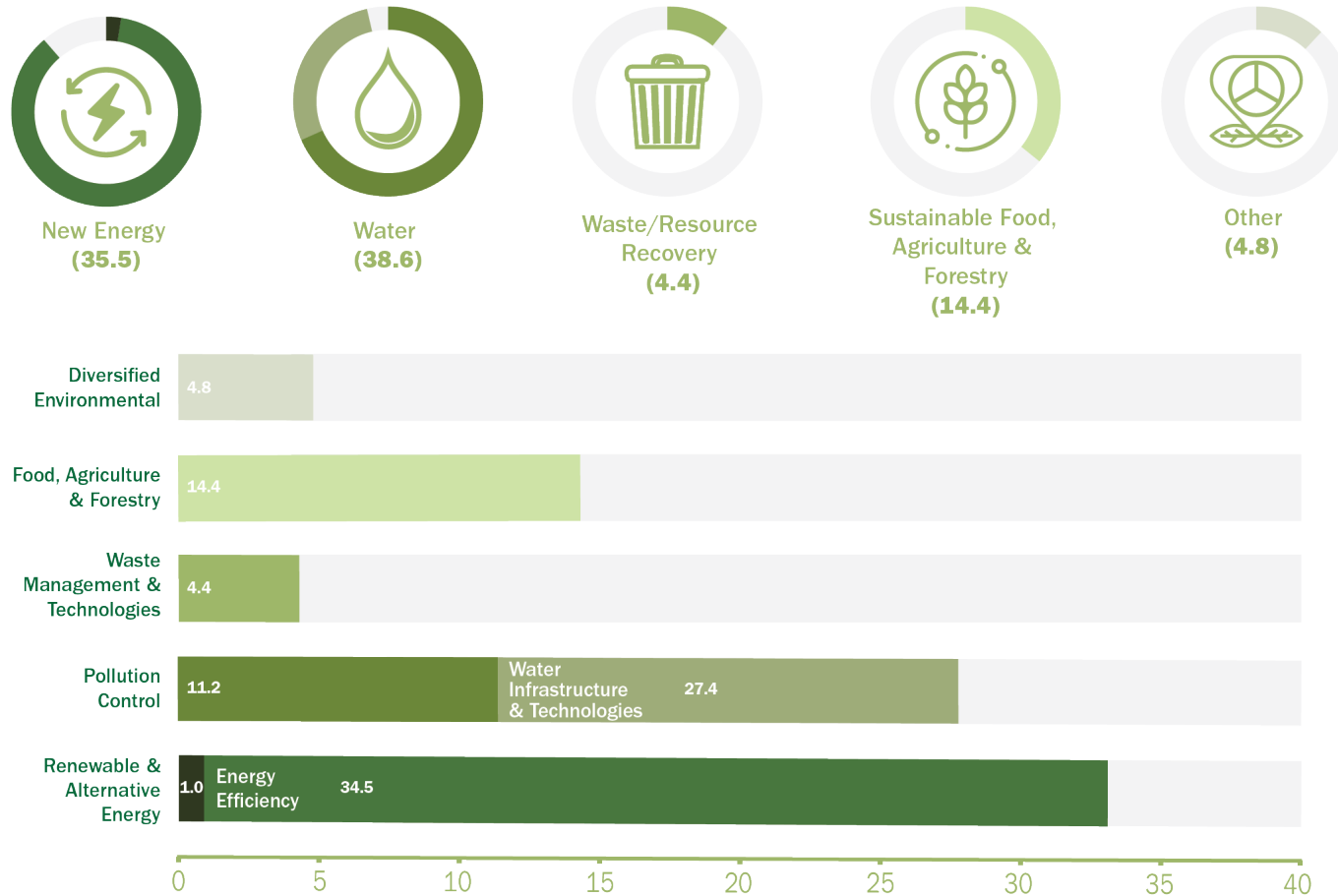
Source: Impax Asset Management Ltd. Based on most recently reported annual environmental data for holdings in the Pax Global Environmental Markets Fund December 31, 2018. Impax's impact methodology is based on equity value.

# Manager Focus

Impax Asset Management LLC



**ENVIRONMENTAL MARKETS SECTOR ALLOCATION (%)~** as of 06/30/19



Source: Impax Asset Management Ltd. Based on most recently reported annual environmental data for holdings in the Pax Global Environmental Markets Fund December 31, 2018. Impax's impact methodology is based on equity value.

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### Emerging Markets

#### Martin Currie Emerging Markets

- The investment process, which incorporates ESG analysis throughout, results in a concentrated portfolio (40-60 holdings) with benchmark-like risk.
- The experienced seven-person Martin Currie team (average 20 years' experience) has been incorporating ESG principles into their process since 2010.
- The firm has implemented a disciplined investment process where the investment team incorporates ESG factors as key inputs in financial modeling and qualitative analysis for a more complete view of business sustainability.
- Martin Currie has a deep focus on engaging with holdings to understand and improve ESG practices. Their commitment to active ownership and responsible stewardship of capital differentiates the firm as a leader.

### Global Equity

#### Pax World Global Environmental Markets Institutional

#### Global Equity

- Actively managed portfolio comprises around 50 growth and value stocks that are developing solutions to natural resource challenges across the world.
- Security selection is performed on a company-by-company basis, and considers valuation and growth prospects, financial condition, and economic, political, and regulatory environments.
- Co-managed by Portfolio Managers Hubert Aarts and Bruce Jenkyn-Jones since Fund's inception.
- Fund is sub-advised by Impax Asset Management Ltd, which specializes in investing in companies active in the rapidly growing and inefficiently priced resource optimization markets that seek to capitalize on the increasing global demand for efficiency solutions in the areas of energy, water, waste, food, and agriculture.
- Performs exclusionary screens for companies involved in the manufacture of tobacco, weapons/firearms, coal, and oil from tar sands.

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## PMC Impact Portfolios

### Fixed Income

#### TIAA-CREF Social Choice Bond Institutional

##### Intermediate Bond

- Diversified portfolio consisting of a wide variety of investments represented in the Barclays U.S. Aggregate Index as well as high-yield bonds and loans, taxable municipal bonds, and emerging market debt.
- Combines bottom-up, value-oriented security selection with a macro, top-down overlay that determines asset allocation targets.
- Led by co-portfolio managers Stephen Liberatore and Joe Higgins, who are supported by four sector-specific portfolio managers and 37 research analysts.
- Utilizes a best-in-class ESG integration approach relying on research by MSCI, which consists of the highest rated ESG companies for each sector in the underlying index; ESG controversies in areas such as the environment, employee relations, and customer relations are excluded from the portfolio, while proactive investments are made in the follow themes: Affordable Housing, Community and Economic Development, Renewable Energy and Climate Change or Natural Resources.

#### CRA Qualified Investment Institutional

##### Intermediate Bond

- Seeks to provide a high level of current income while maintaining tight risk controls aimed at the preservation of capital.
- Concentrated, conservatively managed portfolio provides investors with a core bond allocation through investing in Agency mortgage- backed securities (MBS) and taxable municipal bonds.
- Managed by a team of three portfolio managers who average more than 18 years of industry experience.
- Invests in MBS pools in which underlying mortgages provide capital investment in underserved, low- and moderate-income communities; multi-family MBS securities backing housing developments offering a positive community impact; and taxable municipal issues supporting local manufacturing and redevelopment projects, such as those that support job creation and clean energy.



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### DWS ESG Global Bond

#### International Bond

- Implements a value-oriented process, leveraging macro input from DWS' "CIO View" and bottom-up feedback from analysts. Analysts incorporate ESG factors and directionality into their traditional credit assessments. Spread over swaps is the team's primary measure of value.
- Head of Investment Grade Credit and lead PM, Tom Farina, CFA, has managed this strategy since its mandate change with Joe Bowen, CFA. Mr. Farina has 15 years of tenure with DWS and 20 years of industry experience. They are supported by 68 sector-focused analysts, who serve as a shared resource.
- DWS' ESG approach incorporates both exclusionary screens and a best-in-class framework. On the exclusionary side, the team avoids investing in issuers that have significant revenue exposure to controversial weapons, coal, tobacco, adult entertainment, nuclear power, gambling, or defense. Issuers linked to child/forced labor and severe environmental damage are also excluded.
- The team incorporates outputs from the DWS proprietary ESG Engine, which synthesizes input from eight ESG data providers. The engine helps the team identify ESG leaders and issuers that are aligned with the UN's Sustainable Development Goals, as well as avoid issuers with elevated climate transition risk.

### Vanguard Short-Term Federal Adm

#### Short-Term Bond

- Seeks current income with limited price volatility through investing in short-term bonds issued or guaranteed by the US government and its agencies; objective is to maintain a dollar-weighted average maturity of 1 to 4 years.
- Emphasizes sectors of government and agency markets that appear to represent attractive relative value; Fund's duration adjusts to reflect the near-term interest rate outlook and shape of the yield curve.
- Managed by Brian Quigley since 2015, who has 12 years of portfolio management experience and has been with Vanguard since 2003.
- Although non-ESG specific, expresses portfolio positioning mainly through investing in treasuries and government agency bonds, thus avoiding direct investments in categories that generally violate ESG criteria.

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### Index Overview

Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the US and Canada. **Bloomberg Barclays Capital U.S. Aggregate Bond Index** is an unmanaged index of prices of U.S. dollar-denominated investment grade fixed income securities with remaining maturities of one year and longer. The **MSCI EAFE ESG Index** is based on MSCI EAFE Index, its parent index, which includes large and mid-cap stocks across 21 Developed Market (DM) countries excluding the US and Canada. The index is designed to maximize exposure to positive environmental, social, and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI EAFE Index. The index is constructed by selecting constituents from MSCI EAFE Index through an optimization process that aims to maximize exposure to ESG factors for a target tracking error budget under certain constraints. The index is sector-diversified and targets companies with high ESG ratings in each sector. Tobacco and Controversial Weapons companies are not eligible for inclusion

# Disclosure

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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.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. A prospectus or summary prospectus which contains this and other information about these funds can be obtained by contacting your Financial Advisor. Please read the prospectus carefully before investing.

An investment in these portfolios is subject to market risk and an investor may experience loss of principal. The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Returns are presented without provision for federal or state taxes. Under no circumstances does the information contained within represent a recommendation to buy or sell securities. This is not a sales solicitation, but rather a research profile on a specific investment option. All environmental, social & governance data including impact scores are believed to be from reliable sources; however, we make no representations as to its accuracy or completeness.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**