

PFMAM's Sustainable Investing Solutions

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Sustainable investing is a broad term used to describe a variety of approaches that consider environmental preservation, social well-being, economic sustainability and other non-financial objectives alongside traditional financial metrics. Sustainable investment strategies seek a competitive return. Additionally, they strive to incorporate tangible steps toward improving governance practices as well as social and environmental conditions at the local level and beyond. Sustainable investing principles have been incorporated into a growing range of asset classes and products, including public equity, fixed income, and even alternative investments.

As described below, PFM Asset Management (PFMAM) offers several sustainable investment options and possible solutions.

Socially Responsible Investing (SRI)

An SRI approach involves **negative screening** and avoidance of adverse business lines. PFMAM offers a variety of SRI solutions to help meet each of our clients' unique needs.

We have the ability to employ SRI strategies that screen 40+ industries, 130+ sub-industries, and 27 distinct areas of business activity.



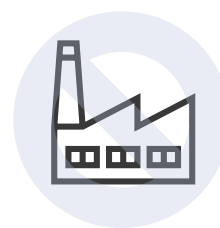
Fossil Fuels



Tobacco



Alcohol



Weapons
Manufacturers

Not a fully representative list; other strategy options exist. Not a specific recommendation.

Environmental, Social, Governance (ESG) Investing

ESG investing assesses material risks that may impact the return of an investment, specifically as they relate to environmental, social and governance factors. This form of investing utilizes a **positive screening** approach, wherein investment eligibility also depends on ESG performance. PFMAM offers ESG solutions for our enhanced cash, short-term, and intermediate-term fixed income separately managed accounts, along with our longer-term multi-asset class management (MACM) portfolios.

ESG approaches can limit ESG risk by setting an acceptable maximum ESG risk level, a relative ESG performance threshold, or a combination of the two. These approaches can also integrate elements of an SRI approach.



Environmental

- Climate change
- Air pollution
- Deforestation
- Water pollution

Social

- Data protection
- Human rights
- Gender & diversity
- Community relations

Governance

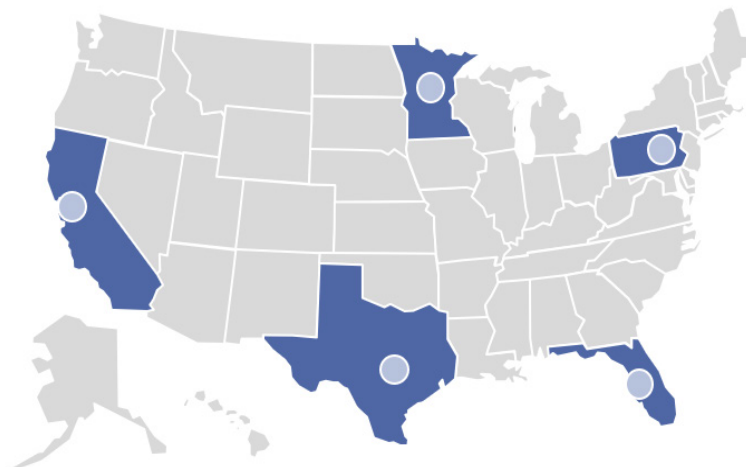
- Board composition
- Bribery & corruption
- Lobbying
- Executive compensation

Impact Investing

Clients have the potential to positively impact communities by directing capital to support **specific geographies or themes**. Our impact investment approach is embedded into an investment-grade, intermediate-duration bond portfolio that seeks to (i) preserve capital, (ii) deliver attractive risk-adjusted returns, and (iii) provide sufficient yield, all through investment in well-researched bonds with direct, measurable, and positive societal impacts.¹

Examples of impact strategies include job creation, neighborhood revitalization, environmental sustainability, affordable housing, small business development and childhood education support. Place-based strategies are also available to target any of the locations highlighted on the map below.

PFMAM seeks to design impact investing strategies in accordance with the needs and desires of the client.



Diverse Managers Program

PFMAM also partners with **minority- and women-owned business** enterprise (MWBE) managers. We undertake portfolio management processes that help these managers grow their assets, broaden their market and build track records. Our goal is to take affirmative steps to remove any barriers to full participation in the investment opportunities afforded by PFMAM through its advisory engagements.

¹ Core Fixed Income, Community Capital Management, LLC (CCM), <https://www.ccminvests.com/strategies/core/>.



We incorporate diverse managers through a multi-step process:

1. Our Research Team (Research) will include at least one diverse investment manager in the final interview for each mandate.
2. Research will document the diverse investment managers included in the search and, if none meet qualifications, outline their reason for lack of inclusion.
3. Research will select the manager they feel is best suited to help fulfill the advisory clients' needs following their fiduciary duty.
4. Annually, Research will produce a report detailing its efforts and successes in relation to creating diverse investment manager opportunities.

Conclusion

PFMAM can help tailor an investment strategy to your organization's specific needs and objectives through our customizable offerings. Our subject matter experts are available to help deepen your understanding of sustainable investment options and considerations.

To learn more about our offerings, please reach out to your PFMAM representative or contact David Reeser (reeserd@pfmam.com) or Sarah Walsh (walshs@pfmam.com).

To learn more or discuss in greater detail, please contact your PFMAM relationship manager.

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