

Keudell / Morrison

WEALTH MANAGEMENT

What is E.S.G.?

E.S.G. stands for Environmental, Social, Governance, and refers to the three factors when measuring the sustainability and ethical impact of an investment in a business or company. This form of investing is used in order to better manage risk and generate sustainable, long-term results, while engaging with companies who chose to implement positive social and environmental practices.



Environmental

- Environmental impact of supply chain
- Energy management
- Environmental impact of products and access to clean resources



Social

- Employee health and safety
- Consumer data security
- Product safety and ethics
- Supply chain human rights



Governance

- Board structure and gender diversity
- Executive compensation
- Accounting policies and controls
- Business Ethics

Why would I want to invest in an ESG Model?

- In order to align my principles and values with my investments
- May lead to better risk-adjusted performance and management
- Expanding accessibility to positively impactful investing options
- Preparing for a new generation of investors



The term 'ESG' was first coined in 2005 in a landmark study called 'Who Cares Wins'

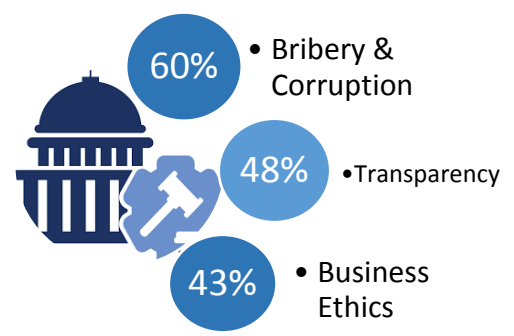
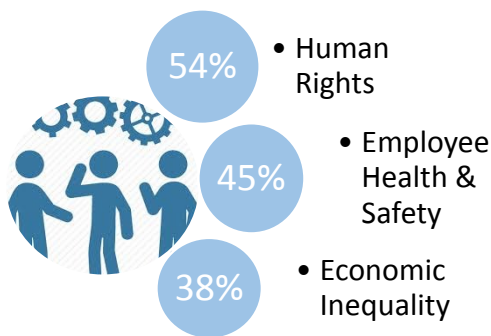
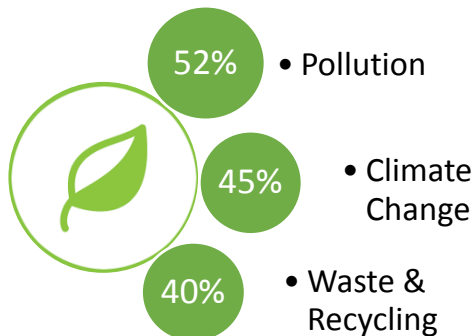


In 2018, over 80% of the world's largest corporations use GRI standards



ESG investing is estimated at over \$20 trillion in AUM

What matters most to investors when it comes to ESG?

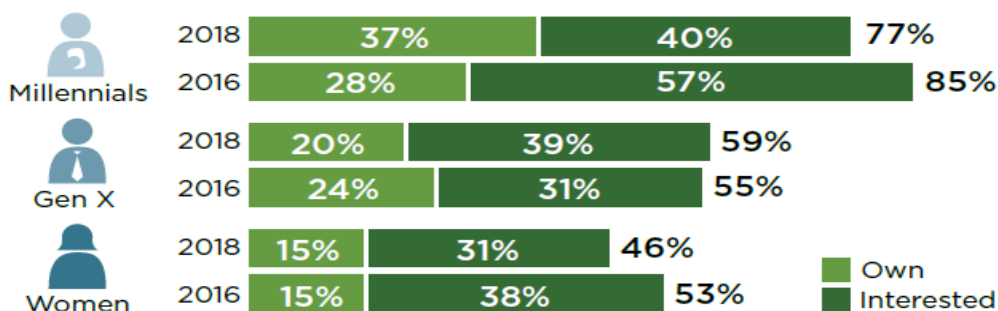


Is the Investment Process for the ESG Models different than for the Core KMB Models?

We manage all of our Model Portfolios with the same process; we simply add the additional ESG screening & evaluation for our ESG Models. Our goal is to provide risk & return profiles for our ESG Models that are consistent with our Core KMB Models.

We strive to keep the stock/bond/cash allocations as similar as possible. For example, the KMB Balanced Model and the KMB ESG Balanced Model both have a target of 50% stock/48% bond/2% cash. However, there are differences in the economic sectors based on the ESG screening, including a much lower allocation to traditional energy and mining sectors.

Percentage who own or are interested in impact investments.²



Increase in Impactful Investing

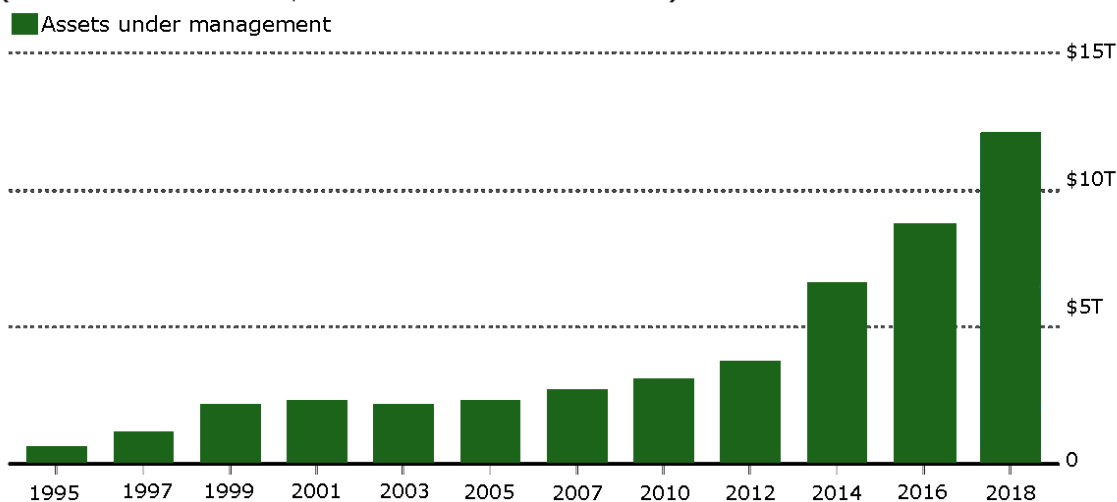
Interest in Responsible Investing has been growing across all demographic groups, especially younger generations and women.

How do we qualify our funds and ETFs for ESG?

- Through prospectus offerings
- Morningstar's global ratings of fund's risk-adjusted return relative to similar funds
- The use of Fixed Income investing

Sustainable Growth

Investors using socially responsible criteria as of 2018 (Total assets hit \$12 trillion in the U.S.)



Source: US SIF

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