

Through impact investing, you can be a part of a larger movement to mobilize investment capital to address the world's most pressing social and environmental challenges.

FROM NICHE TO MAINSTREAM

The field of impact investing has grown dramatically. Investors and entrepreneurs are driven to the field not only by the chance to tackle society's most pressing challenges such as climate change or growing inequity, but also by the investment opportunity they present. Once considered niche, impact investing has grown considerably in breadth, depth and sophistication to offer today's investors compelling opportunities to use their capital for good.

Many Wetherby clients are part of this movement. Wetherby clients currently have over \$1 billion invested in impact assets⁴ across a range of impact objectives, sectors, geographies, asset classes and approaches. We work with each client to optimize their portfolio to support the change they want to see while also finding the approach best suited to their personal financial and lifestyle goals.

Throughout this resource, we invite you to explore how you can contribute to the development of a more just and sustainable world for yourself and others through your invested capital.

\$700+ billion

Over \$700 billion in impact assets globally and growing, with over \$200 billion in the U.S.¹

1/3

One third of all professionally managed assets in the U.S. are invested in impact strategies.²

~25%

2020 was a record year for capital flow to impact funds, representing almost a quarter of all net U.S. stock and bond mutual fund flows.³

HOW CAN YOUR INVESTMENTS CREATE IMPACT?

Impact investing is an investment approach in which investments are made into companies, organizations and funds with the intention to generate social and environmental impact as well as a financial return. Impact investment approaches can be considered within – but distinct from – a spectrum from traditional investing to philanthropy, as shown below. A holistic investment approach may incorporate some or all of these approaches.

SPECTRUM OF IMPACT INVESTING APPROACHES

Traditional Investing	Responsible Exclusions	ESG Integration	Thematic Investing	Impact-Driven	Traditional Philanthropy
Prioritizing financial returns without regard to impact	Using personal values to screen out investments	Integrating environmental, social and governance (ESG) factors to reduce risk and enhance return	Targeting environmental or social challenges while also driving competitive financial returns	Prioritizing social or environmental impact gains over financial returns	Creating impact without financial return

The invested capital in turn can drive solutions across sectors such as health and well-being, renewable energy, affordable housing and education or sustainable agriculture, to name a few. It can also support broad impact objectives such as those shown below, which can be used to establish specific goals and align the overall focus of an impact investment portfolio.

IMPACT OBJECTIVES & SAMPLE OPPORTUNITIES

Access to Basic Needs & Services A fixed income fund might focus on high quality U.S. government or municipal bonds that support affordable housing and community development for low- and moderate-income communities.	Active Business Practices Improvement An equity fund might use criteria such as company’s corporate governance and business ethics, employee benefits, corporate culture, stakeholder relations, supply chain or environmental impacts and other financially materially considerations to identify high-quality companies that could outperform.
Emissions & Waste Reduction	Justice & Equality A private debt fund might provide financing and technical assistance to independent news and information businesses in countries with a history of media oppression.
Diversity & Empowerment	
Renewability & Sustainability An equity fund might invest in public companies that own, operate and develop renewable energy assets - such as wind, solar, biomass, hydro and geothermal power - and related infrastructure around the world.	
Livelihoods & Opportunity	Resource Efficiency
	Restoration & Conservation

COMPELLING IMPACT & COMPETITIVE RETURNS

Evaluating investments for impact can make strong financial sense and be additive to the investment process. Environmental, social and governance (ESG) considerations can provide a new perspective and reveal aspects of management quality, resource efficiency, human capital management, brand and reputation which, in turn, can affect financial performance. Other investment opportunities support products and services that directly address social or environmental challenges as the key driver of competitive financial performance.

Research has shown that integrating impact criteria into investment strategies can result in greater stability in times of market volatility, competitive financial returns with top-ranked funds in their respective categories, and can help to mitigate risk. The impact investment universe has developed significantly over the past decade and there is an ever evolving selection of new and attractive opportunities across both public and private strategies.

*Integrating
impact
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AN APPROACH THAT STARTS WITH YOU

We believe the best approach to providing financial advice on any topic begins with asking what you want your wealth to do for you – both now and in the long term. What does it take to support your lifestyle, who are you supporting with your wealth, what kind of legacy might you want to build? With a clear idea of what you want from your wealth, we can help you to translate your values into actionable impact objectives and pursue an investment strategy that layers in impact without compromising your other priorities.

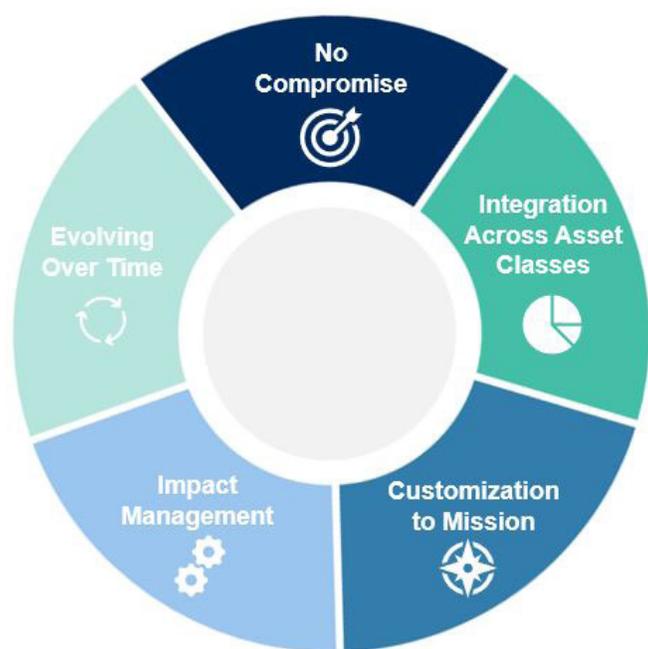
As with all of your other goals, we use your impact objectives as one additional consideration amongst many to develop a strategy and construct a portfolio that optimizes for all of your needs and goals. For some, it may be more appropriate to start by introducing a few broad-based impact investments into an otherwise traditional portfolio. Others might prefer to add opportunities that have more direct, targeted impact aligned with their specific impact objectives and personal values.

For those motivated to drive a particular outcome, we can guide you in developing a theory of change to bring to life how various solutions can work together holistically in support of a desired change. By clarifying how a desired change is expected to happen, we can help you more effectively deploy all of your resources, not only investment capital, in service of impact.

PUTTING IT ALL TOGETHER

With your financial objectives and impact objectives clearly defined, our Wetherby team will then help you to construct your portfolio for both your financial and impact priorities. As fiduciaries, our focus is on finding you opportunities capable of authentic impact and competitive returns, that work together to bring you the best of both worlds.

We have no in-house products, rather our dedicated investment team benefits from an open architecture approach to build a robust and ever-evolving pool of impact investments and can pursue niche or custom opportunities where appropriate. In building and managing your portfolio, we abide by the following five key principles:



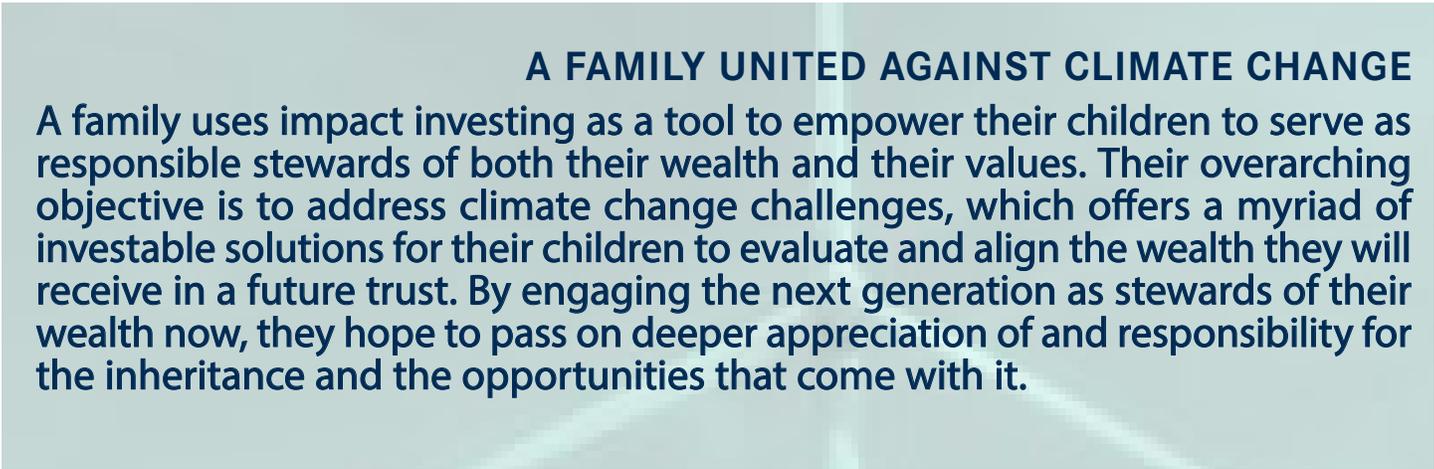
- 1. No Compromise:** We believe impact investing does not require an investor to accept a sub-par risk/return profile and, at times, can serve to reduce risk and/or enhance returns.
- 2. Integration Across Asset Classes:** Impact investing is a portfolio strategy that can be implemented across most recognized asset classes.
- 3. Customization to Mission:** Our clients' targeted impact goals can often be met directly; however, a broader-based approach to impact might be more prudent in some cases.
- 4. Impact Management:** Impact metrics should be used as key indicators in a positive feedback loop to improve impact and financial performance over time; investors can also engage with management to responsibly steward assets.
- 5. Evolving Over Time:** An investor need not make perfect the enemy of the good; rather, get started and push to deepen impact as the market and opportunity set develop over time.

Once invested, you can see your capital at work at any time. We integrate your impact allocations directly into our online Wetherby portal so you can see them alongside traditional portfolio analyses. You will also receive customized reporting that offers specific impact metrics, tells the impact story behind your investments and illustrates progress toward your impact goals. As you learn more about your impact objectives and the opportunities available, your Wetherby team of experts can help you to refine and deepen your impact over time.



A SOCIAL JUSTICE ADVOCATE

One individual is committed to addressing civil rights and inequality through investments in non-extractive business models that share value amongst all stakeholders. She invests in companies with best-in-class business practices within her public equity portfolio, and complements this work with key investments targeting justice and equality. She files and co-files shareholder resolutions related to board and executive team diversity and pay equity to bring material concerns directly to corporate management.



A FAMILY UNITED AGAINST CLIMATE CHANGE

A family uses impact investing as a tool to empower their children to serve as responsible stewards of both their wealth and their values. Their overarching objective is to address climate change challenges, which offers a myriad of investable solutions for their children to evaluate and align the wealth they will receive in a future trust. By engaging the next generation as stewards of their wealth now, they hope to pass on deeper appreciation of and responsibility for the inheritance and the opportunities that come with it.

WORKING TOGETHER WITH AN ALIGNED PARTNER

Wetherby Asset Management has been advising clients on impact investing for well over a decade, making us one of the most experienced impact-focused financial advisors. We work alongside our clients and collaborate with other impact leaders to build a thoughtful impact offering that supports our clients in finding deeper value meaning from their wealth. As a Certified B Corporation® and Certified San Francisco Green Business, our team is committed to enacting best-in-class environmental, social and governance practices across our firm and our broader stakeholder groups and taking action to support our networks and industries in deepening our collective impact over time.

If you are interested in exploring how we might partner together in your impact journey, we welcome you to reach out and connect with our team to continue the conversation.

ENDNOTES:

1. *2020 Annual Impact Investor Survey. Global Impact Investing Network. June 11, 2020. <<https://thegiin.org/assets/GIIN%20Annual%20Impact%20Investor%20Survey%202020.pdf>>*
2. *Report on US Sustainable and Impact Investing Trends. US SIF. Accessed March 2021. <<https://www.ussif.org/files/US%20SIF%20Trends%20Report%202020%20Executive%20Summary.pdf>>*
3. *Data from Morningstar Direct as of 12/31/2020. Includes Sustainable Funds as defined in Sustainable Funds Landscape Report, Feb 2020. Includes funds that have been liquidated; does not include funds of funds*
4. *Data as of March 31, 2021.*

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