Sustainable Investment Equity Strategy

As the world continues to evolve and change, companies face rising complexity on a global scale. Global sustainability challenges are introducing new risk factors for investors as corporations address environmental issues such as climate change, social concerns including human rights and access to healthcare and governance issues such as diversity and inclusion. Proactively addressing these and other Environmental, Social and Governance (ESG) considerations is mission-critical for corporations' long-term growth as they consider multiple stakeholders – workers, customers, communities and shareholders. It behooves the modern investor to consider including a sustainable investment strategy in their portfolios to complement traditional investment approaches. As companies become more sustainable, investors, the planet and all of its occupants can benefit from sustainability best practices.

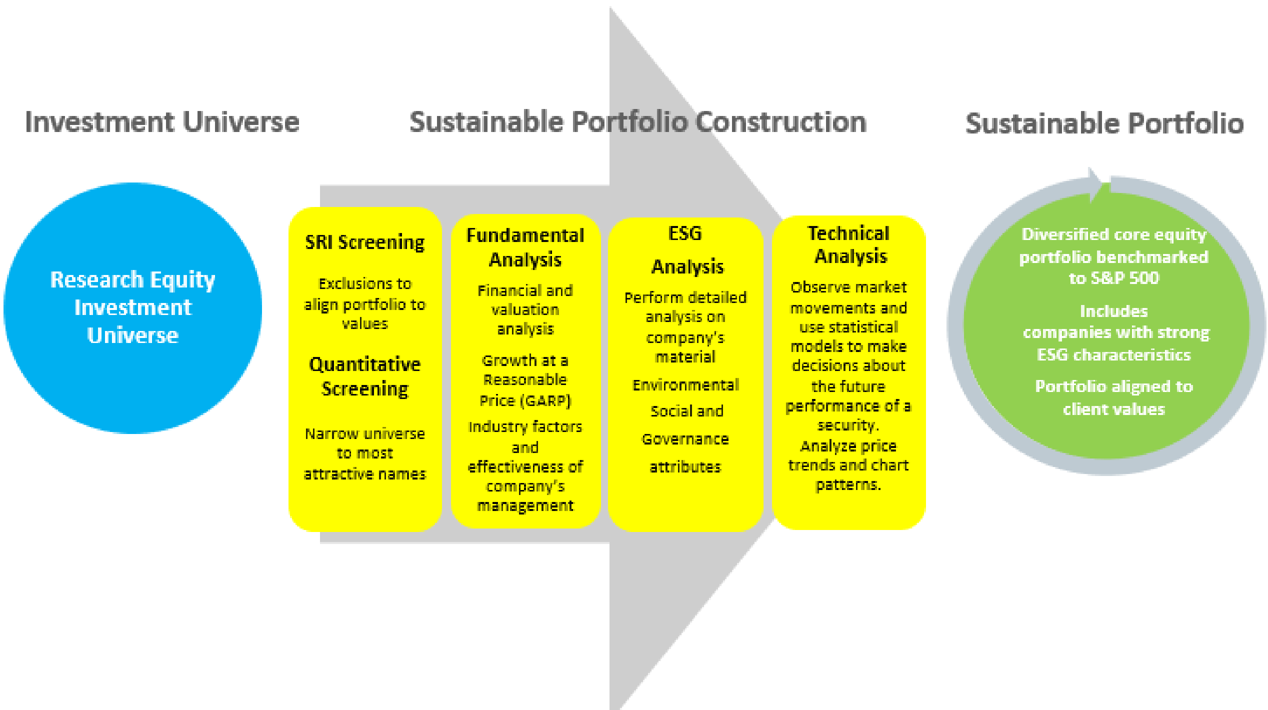
The origins of responsible investing can be traced throughout history. Over time, sustainable investing grew to include religious, political, environmental, social and governance concerns. All facets of responsible investing share a common theme: addressing the needs of the present without compromising the ability of future generations to address their needs.

Investment Objectives

Our Sustainable Equity Investment portfolio objective is to provide a broad list of high quality, industry-leading companies doing business in a socially responsive manner from which we can assemble a well-diversified portfolio. Our goal is to help investors stay ahead of the wealth-eroding effects of inflation while backing companies that make a positive global impact. We focus on pursuing high quality companies with best-in-class sustainability practices, strong balance sheets, sizable cash positions and, where relevant, growing dividends or share buybacks. We recommend that investors plan to hold these stocks for an extended period, typically a minimum period of 5 years to better be able to withstand the changes that occur within a full business cycle and with the goal of building long-term wealth.

Investment Criteria and Process

We use a multi-dimensional approach that starts with Socially Responsible Investing (SRI) negative screening and then weighs ESG analysis before finalizing the list of companies the portfolio managers believe are high quality and best in class. Historically, Socially Responsible Investing (SRI) started as the values-based alignment of an investment and incorporated traditional negative screening. We screen out companies with significant revenue from fossil fuels, gambling, alcohol, tobacco and firearms. We overlay ESG analysis, a form of fundamental analysis that closely examines non-traditional factors that have been determined to have a material impact on financial risk and returns such as carbon footprint, customer welfare, data security, labor practices and materials sourcing. We layer in technical analysis to examine price movement, charts, trends, volume and other factors to identify further opportunity. Ultimately, we aim to own pieces of what we feel are great businesses making a positive impact on their employees, shareholders and the planet.



We utilize a disciplined philosophy and methodology that focuses on finding companies that appear fundamentally sound, are clearly industry leaders and have a strong financial condition and outlook. We patiently hold companies for an extended period of time, throughout economic and market cycles, selling if the fundamental and technical characteristics of the company have changed materially (and presumably for the worse) or if they no longer adhere to ESG criteria.

Companies may be included in the portfolio based on one of more of the following factors:

- Setting science-based targets to take action on climate change via lowering waste and water usage, reducing greenhouse gas emissions (CO2) into the atmosphere, and creating sustainable agriculture
- Retooling products to contain less waste or be more biodegradable
- Offering transparency reports that educate shareholders on what their company does to make positive ESG changes
- Lowering their carbon footprint via energy efficiency or by reducing fossil fuel use
- Advancing and innovating in renewable energy sources and green technology
- Adopting best practices in response to COVID-19 that could lead to new consumer and corporate behaviors resulting in lasting change with positive outcomes for employees, investors and the environment
- Including workplace practices with benefits ranging from family leave to comprehensive medical and dental insurance plans and opportunities for employees to advance in the company
- Implementing diversity practices that empower female employees and employees from diverse backgrounds through continuing education programs, as well as opportunities for advancement and inclusion in the company and on the Board
- Supporting communities via volunteerism, education and a donating certain percentage of earnings to local and national community causes
- Creating products in an ethical way by paying employees a living wage and avoiding “sweatshop” labor

Substantive ESG Topics

We continuously monitor the ESG topics below to determine which companies are addressing the following material ESG areas. Over time, companies must systematically confront new challenges - most recently, they have been faced with the COVID-19 global pandemic. Nimble companies with strong ESG directives are capable of adapting and taking meaningful action. We assess corporations by the degree of responsibility they have taken to strive to minimize environmental damage, or possible future risk, through their operations. Clean energy companies actively strive to reduce or eliminate their dependence on fossil fuels altogether, creating a positive-sum game leaving their environmental impact better off than before. The barometer for social and governance best practices can be qualitative in nature, such as working to ensure safe working conditions, attempting to minimize negative impacts on local communities, and pursuing a diverse
workforce – all of which are positive practices when screening for social and governance excellence.

Environment	Social & Human	Business & Governance
Sustainable planet	Human rights	CEO & executive pay
Climate change	Access to education	Workforce diversity
Carbon emissions	Affordable housing	Bribery & fraud
Air & water pollution	Child labor	Lending practices
Water use, scarcity & stress	Child & youth development	Access to capital for women & minorities
Deforestation & resource depletion	Healthcare quality & access	Companies with women in leadership
Sustainable & affordable transportation	Disease prevention & cure	Equality (hiring, promotion & retention)
Environmental protection	Employee health & safety	Products & services beneficial to women/girls
Natural/organic foods	Repressive regimes	Privacy & data security
GMOs & pesticide use	Elder care	Board structure
Waste management	Veterans assistance	Employee benefits
Biodiversity	Response to COVID-19	Employment policies

Potential Investor Benefits of Investing in a Sustainable Portfolio

Sustainable investing offers many potential benefits to investors who take a long-term view:

- Clear sustainability practices create brand value with customers who want to support a company that treats the environment, workers and other stakeholders well
- Good environmental policies – whether they address water or fuel use, facilities, or waste – can lower costs and enhance the bottom line
- ESG strategies may offer portfolio diversification because the drivers of return tend to be different from those of broader equity market
- Potential long-term growth and inflation preservation as ESG is a growing facet of the market
- The opportunity for capital appreciation through active portfolio management
- Climate risk management given the continued impact of climate change on the economy. Investing in companies focused on climate change mitigation tempers that risk.
- Equity research, technical analysis and monitoring by Howard Adler, Senior Vice President – Investment Officer with over 30 years' experience in portfolio management
- Equity research, monitoring and sustainability expertise by Berit Suba, MBA, CFP®, Senior Vice President – Investment Officer, a Chartered SRI Counselor™ with 20 years experience. Berit was part of the inaugural class to earn her CSRIC™ designation, the first major financial credential dedicated specifically to Socially Responsible Investing.
- Sustainability rating, research and partnership from Wells Fargo Advisors

Summary
Sustainable investing continues to grow as more corporations integrate thoughtful best practices into their day-to-day operations and corporate visions and values. The Sustainable Investment Equity Strategy portfolio is designed to help client investors align a portion of their investment decisions with their personal values and desire to make a positive impact on people and the planet. The Sustainable Investment Equity Strategy aims to offer diversification and complement investments in other asset classes.

Communication
In addition to monthly statements, Wells Fargo Advisors provides you with written performance evaluations on a quarterly basis. These evaluations will include a comparison of your portfolio to the S&P 500 Index and MSCI KLD 400 Social Index Fund as well as a review of your asset allocation and historical performance.

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The MSCI KLD 400 Social Index is a capitalization weighted index of 400 US securities that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts.
Dividends are not guaranteed and are subject to change or elimination.
As each Private Investment Management (PIM®) program account is individually managed, construction and ongoing management of portfolios may vary from those discussed in this Philosophy Statement.
Past performance is not indicative of future results, and there is no assurance that any investment strategy will be successful. All investing involves risk, including the possible loss of principal.
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Sustainable investing focuses on companies that demonstrate adherence to environmental, social and corporate governance principles, among other values. There is no assurance that social impact investing can be an effective strategy under all market conditions. Different investment styles tend to shift in and out of favor. In addition, a fund's social policy could cause it to forgo opportunities to gain exposure to certain industries, companies, sectors or regions of the economy which could cause it to underperform similar portfolios that do not have a social policy. In addition, there can be no guarantee that the companies invested in by a fund will exhibit positive or favorable ESG characteristics.
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