



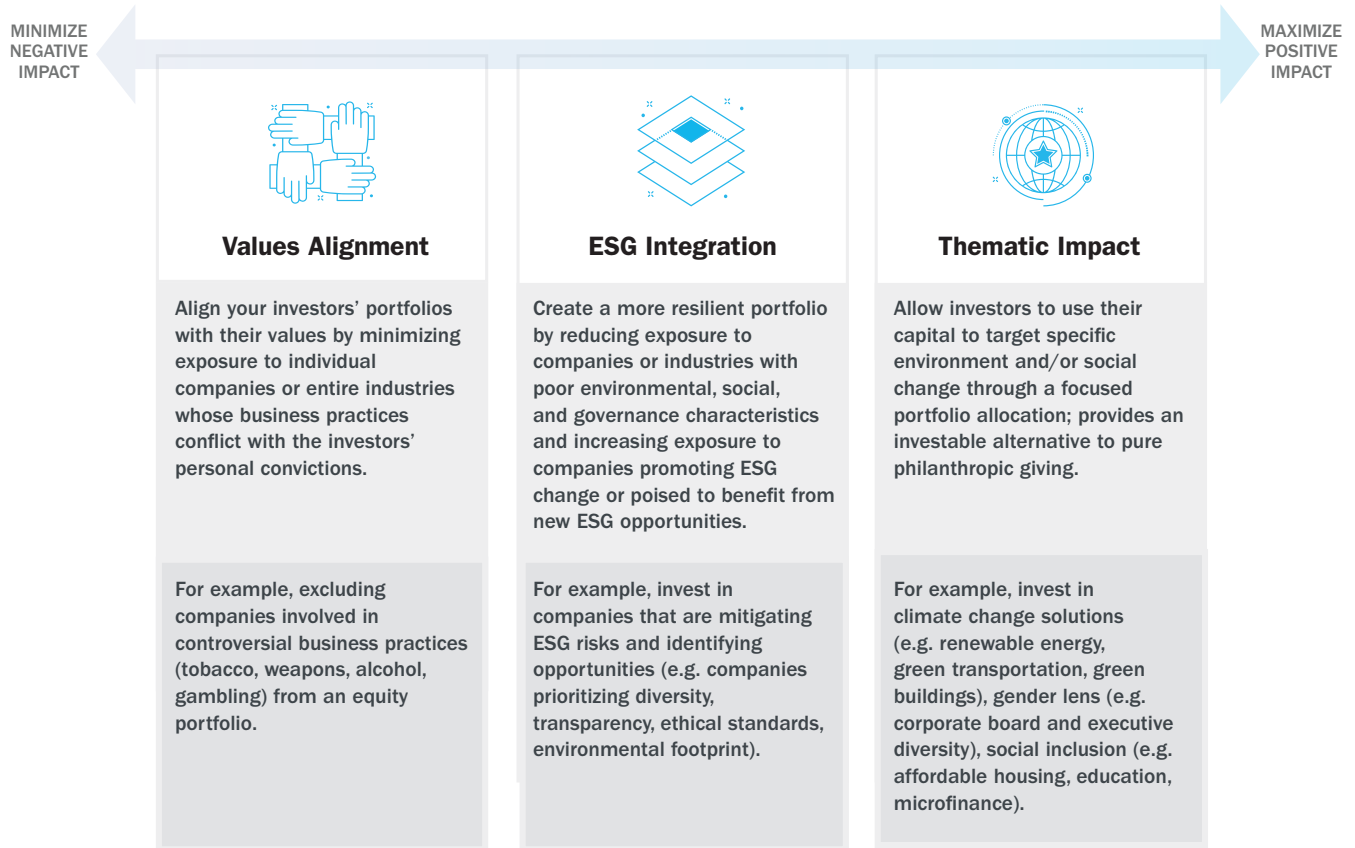
Envestnet's Impact Investing Platform

The 5 Essentials of Impact

Our impact platform can help advisors support clients who seek both positive social impact *and* financial returns.

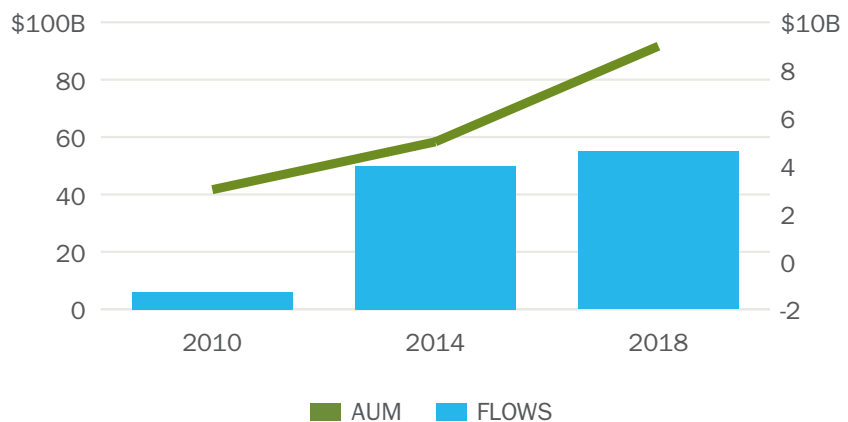
What is impact investing?

It is an investment approach that combines an intent to generate positive environmental and social impact alongside financial return.



The impact investing universe has grown dramatically in recent years.

Average annual net flows in 2013–18 were more than **30 times greater** than in 2009–12.



Source: Morningstar, Sustainable Funds US Landscape Report, 2019

3 common myths

1 Need to choose: positive impact or investment returns

Research has shown this is not the case. For example, MSCI KLD Social Index (comprised of companies with high ESG ratings) has outperformed the S&P 500 for more than 25 years.¹

2 Only for institutional or high-net-worth investors

Rapid growth in the industry (see previous page) includes multitude of impact products for those with fewer assets to invest.

3 Too difficult for me to adopt as an advisor

Envestnet's award-winning impact platform provides actionable solutions to help advisors support their clients who seek both positive social impact and financial returns.²

5 ESSENTIALS

Enhance your practice across five dimensions and deliver a meaningful impact investing experience for your clients.



Research

Rigorous and disciplined due diligence by Envestnet | PMC uncovers high-conviction impact managers across mutual funds, exchange-traded funds (ETFs), separately managed accounts (SMAs), and all asset classes.

We pay special attention to the impact manager's:

- Screening methodology
- Firm resources
- Advocacy positions

Our research informs choice of managers for:

- PMC Approved List
- PMC Impact Portfolios
- Envestnet Impact Marketplace



Overlay

Application of impact screens to client portfolios in order to target positive change, avoid controversies, and/or minimize negative impact (“do no harm”).

Envestnet's overlay service provides the ability to exclude specific companies, industries, or portfolio inefficiencies.

17 different restriction criteria available, including:

- Alcohol
- Animal testing
- Firearms
- Gambling
- Human rights
- Military weapons
- Tobacco

¹ MSCI KLD 400 is the first domestic equity index to integrate environmental, social and governance criteria. Source: Morningstar Direct, MSCI, and Standard and Poor's. Data from 4/1990 to 12/2017.

² Envestnet won “Best Investment Platform—Innovation” at the Private Asset Management Awards 2018.



Solutions

Portfolios built on forward-looking capital markets assumptions and asset allocation methodology.

PMC Impact Portfolios

- Strategic, risk-based portfolios comprised of high-conviction impact managers identified through PMC Research
- Multi-manager portfolio suite includes institutional impact managers
- Low-cost portfolio suite available for investors with less to invest

Impact Quantitative Portfolios

- Index-based strategies that focus explicitly on companies with high sustainability scores

Advisors may also build their own impact solutions by selecting from a range of third-party impact managers available on the Envestnet platform.



Reporting

Innovative quarterly reports describe a strategy's quantitative and qualitative performance.

Reports include quarterly attribution analysis, as well as contributors to and detractors from portfolio performance.

Reports for PMC Impact Portfolios include highlights on specific impact managers, how they operate and incorporate ESG principles into their strategy.

Our innovative Impact Reports for the Impact QPs include detailed descriptions of companies selected, including ESG challenges they face, and how they make an impact in their industry. These reports offer investors insight into the measurable environmental, social, and governance impact of a portfolio relative to its benchmark.



Practice Management

Tools for advisors to engage with their clients and help them make more informed impact investing decisions.

Resources are available through Envestnet's unified, low-cost platform.

PMC specialists provide institutional-level due diligence, client-friendly communications and reporting.

Thought leadership and educational resources are available through the Envestnet Institute.



Frequently Asked Questions

Does impact investing mean sacrificing returns?

Not necessarily. Recent data has shown that impact portfolios perform in line with the overall investing universe, and can potentially outperform in both down and up markets.¹ In 2017, 54% of all sustainable US mutual funds were ranked in the top half by performance.²

I've built a successful practice over the years without any focus on impact investing. Why should I do that now?

Investor interest is growing, as many are increasingly vigilant of what's in their portfolios. Over the next 30 years, an estimated \$30 trillion of wealth will exchange hands from the Boomers to Generation X/Millennials.³ Impact provides an opportunity to reach a new generation of investors. It can facilitate deeper advisory relationships, by allowing advisors to incorporate clients' personal values and convictions into a holistic investing strategy.

If my client wants to simply exclude exposure to a particular area—such as gun manufacturers and distributors—while keeping the rest of their strategy or portfolio intact, is that possible?

Yes. Overlay screening allows advisors to apply their client's personal convictions to an existing portfolio strategy. Advisors are essentially able to customize portfolios to avoid inclusion of companies involved in business activities that their client might find objectionable. Advisors can also restrict specific securities from the client's stock portfolio if they are opposed to particular holdings.

Younger, millennial clients might not have much to invest. Are there low-cost solutions?

Yes. For those with as little as \$2,000 to invest, Envestnet offers a set of low-cost, fully diversified portfolios constructed with thoroughly evaluated mutual fund managers. There are models for various risk tolerances, from conservative to aggressive.

What can I offer a client who is committed to ESG but needs a fully diversified, asset allocated impact solution?

Professionally managed model portfolios or fund strategist portfolios (FSPs), consisting of meticulously selected impact mutual fund and/or ETF managers, are designed as comprehensive solutions for impact investors. FSPs also offer automatic rebalancing and models for varying investor risk tolerances—from conservative to aggressive.

I want to incorporate an impact product or two into a custom strategy I manage for my client, but I'd like to choose from a list of thoroughly vetted managers. Does a list exist?

Yes. Through its rigorous research and due diligence process, the PMC Research Team identifies a set of high-conviction mutual fund and ETF impact managers that make up the PMC "Approved List". These managers are assessed on an ongoing basis to ensure they meet PMC's strict qualitative and quantitative criteria.

¹ Envestnet | PMC Quantitative Research Group. "How and Why SRI Performance Differs from Conventional Strategies". 2014.

² Ignites "ESG Funds, Climbing in Number, Show Slight Performance Edge", 2/13/2018.

³ PwC "Managing Millennial Money." 2019.



For more information about Envestnet's Impact Investing Platform, visit investpmc.com/impact or email Impact@Envestnet.com.

The S&P 500 Index is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The MSCI KLD 400 Social Index comprises companies with high Environmental, Social and Governance (ESG) ratings and excludes companies involved in alcohol, gambling, tobacco, military weapons, civilian firearms, nuclear power, adult entertainment, and genetically modified organisms (GMO). This index aims to serve as a benchmark for investors whose objectives include owning companies with very high ESG ratings and avoiding companies that are incompatible with specific values-based criteria. Comparison to the S&P 500 Index and MSCI KLD 400 is shown for illustrative purposes only.

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Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. This and other important information is available in the PMC Funds' prospectus and summary prospectuses, which you may obtain at www.investpmc.com or by calling 1-888-612-9300. Please read the prospectus carefully before investing.

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.

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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.

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