PATHSTONE IMPACT

2020 ANNUAL IMPACT REPORT

ABOUT PATHSTONE

Pathstone is a partner-owned wealth advisory firm providing objective advice to families, family offices, and select institutions. Our strength lies in our deep experience and commitment to innovation. Our disciplined methodologies and informed insights allow clients to incorporate investment opportunities that address their specific needs and desires. Pathstone not only helps clients achieve their investment, philanthropic, and financial goals but also helps align their investments with their social and environmental values.

At Pathstone, we are committed to deepening our knowledge and expertise and enhancing our investment advice to clients passionate about incorporating Environmental, Social, and Governance ("ESG") factors and Impact strategies. We believe an investment process is often improved with these factors, and we do not expect an adverse long-term tradeoff between values and performance. There is substantial evidence to suggest that over the long-term, companies' earnings benefit when they:

- treat their stakeholders (customers, suppliers, shareholders, and employees) in a fair and sustainable manner;
- have diverse boards and executive leadership;
- utilize their resources in a more efficient way; and,
- operate in a manner that reduces the emission of pollution and toxins.

ESG factors and Impact criteria provide direct insight into better management teams and ultimately provide the opportunity for better risk-adjusted returns.

In our view, impact is not limited to a certain type of investment or one area of the capital markets. Investors can have an impact across the key asset classes by utilizing investment managers that are better able to incorporate ESG and Impact criteria and align their investments with their values.

At Pathstone, we have expanded opportunities for client involvement in ESG. We host client conferences, have a proprietary ESG scoring metric for due diligence, and offer an ESG-integrated investment platform through our Pathstone Portfolio Platform (P-Cubed) strategy. At the end of 2019, Pathstone announced a strategic growth partnership with Lovell Minnick Partners that propelled and continues to position Pathstone as a thoughtful leader within the ESG space. The Pathstone and Lovell Minnick Partners synergy led to two growth efforts: the acquisitions of Cornerstone Advisors and Price Wealth. Both Cornerstone Advisors and Price Wealth are strategically positioned to strengthen the promises Pathstone made to its esteemed stakeholders: employees, clients, and investors.

PATHSTONE IS AN ACTIVE MEMBER IN SEVERAL INDUSTRY ORGANIZATIONS.

SIGNATORY

PRI Principles for Responsible Investment

MEMBER

GIIN GLOBAL IMPACT INVESTING NETWORK

US SIF The Forum for Sustainable and Responsible Investment

CONFLUENCE PHILANTHROPY OWN WHAT YOU OWN

BASIC BOSTON BUILDING A SUSTAINABLE INVESTMENT COMMUNITY

We are proud of the commitment we have made as a firm, through our time and capital, to support not only our work but the work that others are doing to make sustainable investing even more sustainable.

PATHSTONE IMPACT

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A NOTE TO OUR CLIENTS

PATHSTONE
THE MODERN FAMILY OFFICE™

Dear Clients, Friends & Family,

We are excited to share with you Pathstone's 2020 Annual Impact Report. 2020 has been a year of learning and navigating unprecedented times. The global community went into lockdown linked to the novel coronavirus that put pressure on every household as well as large and small companies that make up most of the workforce. The pressure went as far as affecting the nonprofit sector that provides essential services to the vulnerable in our community. We have learned about the lockdown and how community members could come together to protect one another, especially those who are susceptible to COVID-19.

As a firm, we took action to support our people, their families, and our clients. We proactively provided our people with the resources needed in a remote working environment. We are proud of how resiliently our people have reacted to the lockdown while aligning each client's investment portfolios to their values.

Even during the lockdown, Pathstone has been at the forefront of innovation that continues to strengthen the promise made to our people and clients. Our commitment to impact investing and ESG integration has solidified over the past year, allowing us to offer clients the ability to align investments with environmental and social values.

This year, we employed a rigorous research process to deliver impact across multiple asset classes. We continue to improve and proactively measure sustainable investing capabilities of the managers we recommend, with a robust proprietary ESG scoring process, issue area analysis, and surveying managers as to their alignment with the UN's Sustainable Development Goals.

This Annual Impact Report reflects on our year of discussions with investment managers regarding their strategies' impact. In addition to our clients' investments, we also reflect on our involvement in industry-wide discussions around sustainable investment and Pathstone's direct impact efforts.

Moving forward, we will continue to embrace the shift of investments toward sustainable causes. We continue to seek new opportunities for our clients to generate social and environmental impact alongside their financial goals.

We hope you enjoy this Annual Impact Report, and we look forward to furthering discussions regarding how we can provide the greatest impact for our clients.

Sincerely,

Pathstone Impact Committee

www.pathstone.com
Alaska | Arizona | California | Florida | Georgia | Massachusetts | New Jersey | Texas | Bellevue, WA | Seattle, WA | Washington D.C.

ABOUT OUR PERSPECTIVE ON SUSTAINABLE INVESTING

The Concept

Sustainable investing is an investment discipline that incorporates environmental, social, and corporate governance ("ESG") considerations.[1] Investors who adhere to sustainable investing believe that investment targets better positioned to address future challenges can generate both favorable long-term financial returns and positive societal impacts.[2]

Sustainable Investing in the Past

Long before the term "sustainable investing" was coined by the Rockefeller Foundation, investors have been investing in companies whose environmental, social, and corporate governance practices align with their personal or societal values. During biblical times, ethical investing was mandated by Jewish law, while the Qur'an bans investment in alcohol, pork, gambling, and certain precious metals. In the 18th century, the Methodists restricted themselves from investing in companies that produce liquor and tobacco products or promote gambling.[3] In the 19th century, the Quakers actively avoided investments that support slavery or war. Although such early value-driven investors seem to have incorporated ESG factors into their decision-making process, their unique value sets do not provide a universal assessment of the investment target's sustainability. They did, however, lay out the foundation on which sustainable investing would emerge.

The modern shareholder responsibility movement, an essential catalyst to the formalization of modern sustainable investing, started with the Project for Corporate Responsibility embarking on "Campaign GM" in the spring of 1970.[4] Calling on General Motors to have greater openness in the boardroom and take on greater corporate social responsibility, the group highlighted the possibility of shareholder activism by placing these two proxy issues in front of GM despite neither being adopted. The Investor Responsibility Research Center ("IRRC") was founded two years later and played an important role in divestment from South Africa when shareholder activism reached a new high.[5] In 1976, events in Apartheid South Africa angered American investors. While some Americans called for a complete withdrawal of U.S. capital from the country, others believed that American companies operating in the country could become a force for change. Rev. Leon Sullivan, one of the board members of General Motors, formulated the Sullivan principles of equal employment opportunity in 1977.[6] Many American companies signed the Sullivan principles and pledged to advance Black South Africans' interests.

The 1980s were also an important milestone in the modern history of sustainable investing. The nuclear disasters of Chernobyl and Three Mile Island heightened awareness and interest in excluding sin stocks — companies that

[1] (US SIF, 2018)
[2] (US SIF, 2018)
[3] (Forbes, 2012)
[4] (Graff, 2003)
[5] (Graff, 2003)
[6] (Hauck, Voorhes, & Goldberg, 1983)

operate in alcohol, gambling, tobacco, and nuclear industries —and led to more formal recognition of sustainable investing. US Sustainable Investment Forum was then launched in 1984.

While impact investing has its origins in impact-conscious negative screening or removing certain companies or themes from a portfolio, the discipline has now evolved to include positive tilts. Investors are now proactively making investments in companies that are making or intend to make a positive impact.

Sustainable Investing Now

As investors began to systematically incorporate responsible investing principles into their investment strategy throughout the 2000s, ESG analysis emerged as a popular strategy. This analysis takes the company's environmental stewardship, responsible treatment of employees, and implementation of good governance policies into account when making investment decisions. Thus, an ESG investment strategy can help investors identify and proactively invest in companies with lower operating expenses and greater long-term value. Since the UN Sustainable Development Goals ("SDGs") were launched, many investors have also incorporated them into their investment selection and engagement process.

The estimated size of the ESG investment space varies from US SIF's $51.4 trillion[7] in assets under management at the start of 2020 to GIIN's $715 billion[8] in 2019. Both sources, however, have observed a significant growth of interest in ESG investing. US SIF's 2020 estimate saw a 42% jump from its 2018 estimate,[9] while GIIN's estimate grew by 20% from 2018[10].

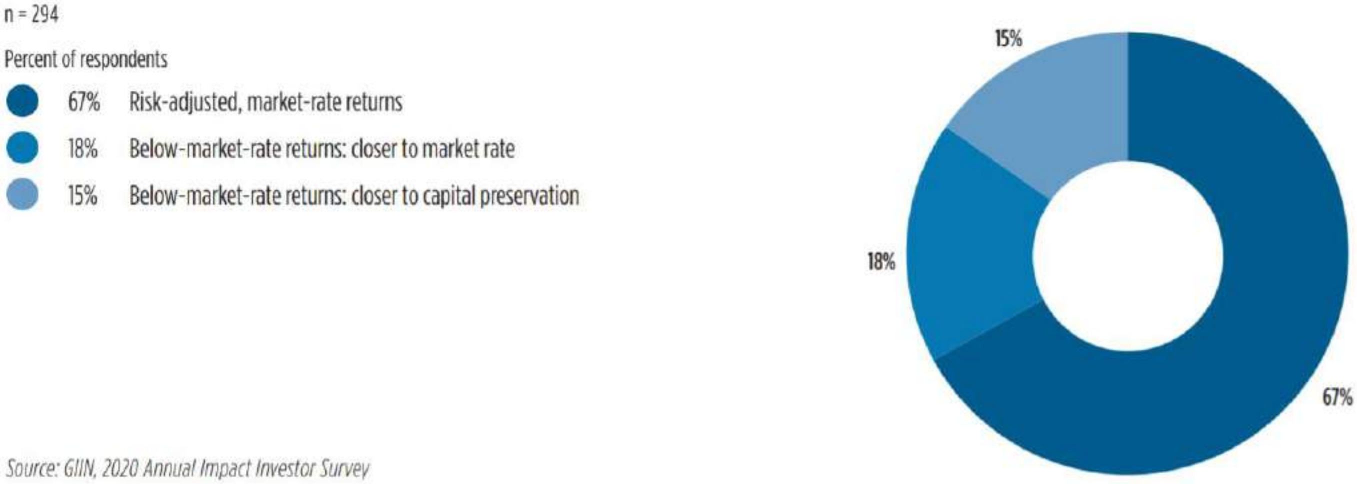
Alongside the growth of sustainable investing, the available ESG data to which investors have access is also growing. As companies realized that they must actively respond to and address issues such as racial and gender inequality, climate change, and irresponsible corporate practices to be better positioned for the future, they began to self-report ESG data. With the greater availability of ESG data, investors are now developing innovative methodologies that can better quantitatively measure a company's initiatives and associate their value with ESG performance. Such quantitative methods would help investors better compare investment choices and make sure their capital can generate the greatest impact or alignment with their missions.

Performance

Even though impact investors align their investment choices with their own value sets and missions, many have specific financial goals in mind. According to GIIN's 2020 Annual Impact Investor Survey results, most, or 68%, of the impact investors who responded to the survey expect risk-adjusted market-rate returns on their portfolios, while a minority is willing to sacrifice financial returns for pure impact generation. An overwhelming majority, a combined 88%, of the respondents reported that their portfolios' actual performance is in line with or exceeds their initial financial expectations.

[7] (US SIF, 2020)
[8] (GIIN, 2020)
[9] (US SIF, 2020)
[10] (GIIN, 2020)

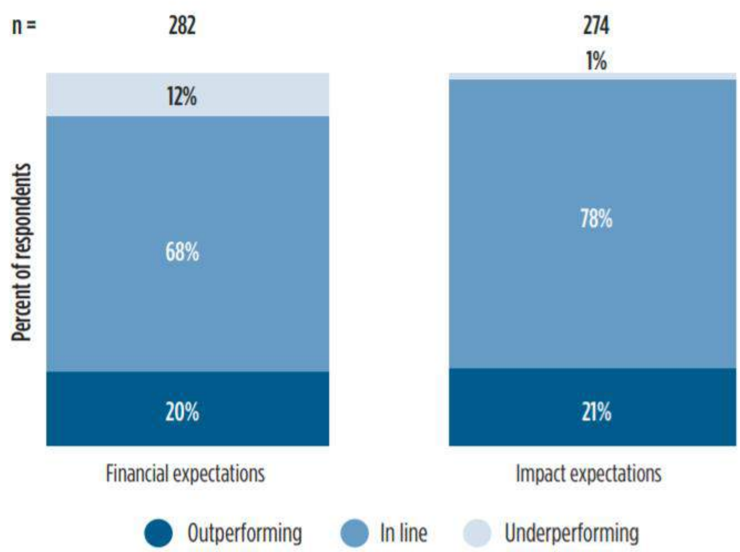
Figure 45: Target financial returns principally sought



Source: GIIN, 2020 Annual Impact Investor Survey

Figure 47: Performance relative to expectations

Number of respondents shown above each bar; some respondents chose 'not sure' and are not included.



Source: GIIN, 2020 Annual Impact Investor Survey

These figures reflect the great diversity and a wide range of demands and expectations of impact investors. At Pathstone, we continue to help our clients seek the investment strategy that best suits their impact and financial expectations.

The UN Sustainable Development Goals (SDGs)

On January 1st, 2016, the United Nations officially launched its Sustainable Development Goals ("SDGs").[11] The SDGs aim to unite countries and companies to pursue a better future by the year 2030.[12] The 17 SDGs cover three dimensions of sustainable development: economic growth, social inclusion, and environmental protection.[13] They also recognize that tackling climate change is essential for poverty eradication when looking at overall sustainable development. The UN acknowledges the interconnectedness of the goals, and the ripple effects of action toward the goals can be profound.[14]

At Pathstone, we understand the benefits of incorporating the UN SDGs into investment decisions since these sustainable initiatives will ultimately lead to a more robust, more resilient, wealthier, and healthier global economy. We continually engage with our investment managers by surveying their perception and use of the SDGs as a framework to create impact. Many of our managers, either directly or indirectly, use the SDGs as a guiding principle for impact.

Our commitment to the implementation of SDGs is strong. We encourage all our managers to use them to provide our clients with a way to invest in congruence with their values.

11 (Wallace, 2020)
12 (Wallace, 2020)
13 (Wallace, 2020)
14 (Wallace, 2020)

#1: No Poverty: End poverty in all its forms everywhere.

#2: Zero Hunger: End hunger, achieve food security, and improve nutrition and promote sustainable agriculture.

#3: Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages.

#4: Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

#5: Gender Equality: Achieve gender equality and empower all women and girls.

#6: Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all.

#7: Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable, and modern energy for all.

#8 Decent Work and Economic Growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

#9 Industry, Innovation, and Infrastructure: Build resilient infrastructure, inclusive and sustainable industrialization, and foster innovation.

#10: Reduced Inequalities: reduce inequality within and among countries.

#11: Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient, and sustainable.

#12: Responsible Consumption and Production: Ensure sustainable consumption and production patterns.

#13: Climate Action: Take urgent action to combat climate change and its impacts.

#14: Life Below Water: Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

#15: Life on Land: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

#16: Peace, Justice, and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels.

#17 Partnerships for the Goals: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

ABOUT OUR INVESTMENTS

How Pathstone Achieves Impact

This section captures how our recommended managers strive to achieve impact while navigating the COVID-19 investment environment through their analysis and decisions. Our managers believe that companies that embrace and integrate environmental, social, and governance ("ESG") as part of core business and investment strategy are better positioned to achieve sustainable financial success for both the short and long term. At Pathstone, we recommend managers and strategies that align with our clients' financial goals and values. Therefore, we see it important to ensure that our clients achieve impact across all asset classes. This report encapsulates and highlights some of our recommended managers that keep striving to create intentional impact through their investment.

Public Equity

Public equity has continued to play a distinctive role in the impact investing space through an innovative mechanism, offering solutions and exposure to investors that the private market and fixed income cannot offer. Our managers use impact across multiple strategies based on size, geographic exposure, and company maturity. Public equity structure is a design that allows our managers to advocate for changes and engage with the company's management while addressing ESG issues in a thoughtful manner that aligns with our client values.

Private Equity and Credit Managers

The private equity space has evolved over the years as new challenges emerge that require investors to make a direct impact while aligning their investment with their values. Our private equity and credit managers are well-positioned to invest in companies that are in their early growth stage and are finding innovative ways to solve environmental, health, or agricultural challenges as they emerge. Many managers have a specific focus, such as clean energy, food, and agriculture, or particular expertise related to sustainable ventures. Our clients can allocate their funds towards a customized private equity manager who is thoughtful with their investment approach while aligning our clients' funds with their values.

Fixed Income

The ESG landscape has continued to evolve as more and more investors strive to understand how ESG is embedded in equity and fixed income. The impact of ESG on fixed-income investment and the role of creditors and bondholders in the sustainable financial market has continued to receive some attention. While fixed income might have no uniform shareholder engagement structure, ESG scoring is at an earlier stage for this type of asset class. However, our managers are consistently finding robust and rigorous ways to use fixed income as an investment vehicle for impact and value alignment. Similarly, our managers have a strong influence across different fixed-income sectors and share the belief that mitigating ESG risks can improve companies', municipalities', and governments' creditworthiness.

Donor-Advised Funds ("DAF")

Donor-Advised Funds ("DAF") have increasingly become a popular investment vehicle for strategic and direct impact investing that requires asset allocation decisions. A DAF is designed to allow Pathstone to guide clients' investments toward multiple levels of impact investing. While funds in a DAF ultimately become charitable donations, Pathstone's impact investing will enable funds to grow in value while incrementally creating social and environmental impact.

Community Development Financial Institutions Fund ("CDFI")

The lockdown of 2020 has created an uptick of institutional and non-institutional investors for the Community Development Financial Institutions Fund ("CDFI") to support disadvantaged communities heavily impacted by the lockdown. A CDFI allows institutional and non-institutional investors to diversify their investment portfolios while injecting capital into underserved communities, providing loans and other financial resources to underrepresented borrowers. The unique attribute of CDFIs is that they target funds to where they are most needed and help lower-income individuals, families and children, elderly, disadvantaged populations, and those with disabilities. CDFIs help Pathstone's clients have a direct impact on their investment while diversifying their portfolio.

Opportunity Zone ("OZ")

Opportunity Zone ("OZ") is another investment vehicle designed to help investors diversify their portfolios. The environmental, social, and governance ("ESG") component of Opportunity Zone investment is that OZ helps investors address the homelessness challenges through subsidized housing for struggling communities. OZs are believed to help investors open more pathways for the poor to escape poverty shackles while pursuing higher impact and tax-free returns for decades to come.

Pages 11-21 are not included in this abridged version of the 2020 Annual Impact Report. The content on these pages is only available to Pathstone clients. If you are a Pathstone client, please contact your advisor for access.

DONOR-ADVISED FUNDS ("DAF")

The lockdown of 2020 has stretched the access to specific finite resources to its limits, with foundations and charitable organizations struggling to ration their limited resources to struggling individuals and households heavily impacted by the COVID-19 pandemic.[132] For investors striving to make some charitable giving while aligning their investment portfolios with their values, donor-advised funds ("DAFs") provide the vehicle for value alignment and charitable giving.[133]

A Donor Advised Fund is a philanthropic account structure that allows an investor to donate assets to a charitable entity and receive a tax write-off from the charitable donation. The assets grow tax-free outside the investor's estate, and the investor can recommend gifts from the account to support charitable organizations aligned with their philanthropic objectives. DAFs also offer flexibility as they do not require a minimum disbursement, a requirement of foundations. Without a minimum disbursement requirement, donors can better grow their investments over the long term and have greater flexibility concerning the timing of their gifting. According to the National Philanthropic Trust, Charitable assets in donor-advised funds grew from $112.10 billion in 2017 to $121.42 billion in 2018, an 8.3 percent increase.[134]

DAFs present a large pool with significant potential for impact and value-aligned investing. Pathstone's investing expertise offers donor advisors the opportunity to grow their capital responsibly while maximizing impact. Traditionally, DAFs have functioned as accounts that appreciate through traditional financial products and make philanthropic contributions to deliver a positive impact.[135] However, investors are increasingly able to shift assets within DAF accounts to investment strategies that incorporate ESG and investments that maximize social and environmental impact.[136] By using impact-focused investment vehicles in combination with ESG investment

[132] (Cantor, 2020)
[133] (Cantor, 2020)
[134] (National Philanthropic Trust, 2019)
[135] (National Philanthropic Trust, 2019)
[136] (National Philanthropic Trust, 2019)

strategies and more traditional financial products, donor-advised funds can seek to deliver a positive impact over the life of the investment portfolio, in addition to positive impact through charitable gifts.[137]

Donor-advised funds may also allow clients to provide a "recoverable grant" to a philanthropic organization that requires a bridge loan to complete a project. This type of arrangement offers an opportunity for repayment, but with the knowledge that it will be deemed a traditional grant to the organization if it is not repaid. Such an asset may be viewed as falling within the "space between" and considered to be delivering a hybrid return that combines both impact and financial return.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND ("CDFI")

Community Development Financial Institutions ("CDFI") over the past decades have continued to evolve to meet the needs that cannot be fulfilled by mainstream financial institutions.[138] The history of Community Development Financial Institutions is rooted in the early 1960s, aiming to target and address rampant poverty in rural and urban communities across the United States. CDFI, through a bipartisan initiative, was established by the Riegle Community Development and Regulatory Improvement Act of 1994.[139] Before CDFI was the Community Development Corporations ("CDCs"). CDC was formed in 1965 with federal funding under Title VII of the Equal Opportunity Act of 1964. The idea behind CDCs is to steer investment in economically disadvantaged areas.

There are approximately 1100 certified CDFIs nationwide managing more than $222 billion while striving to alleviate millions out of poverty.[140] For the past 25 years, the CDFI Fund has provided approximately $3.6 billion through a variety of monetary award programs, about $57.5 billion in tax credits through its newly established tax credit program, and $1.6 billion in bonds through its CDFI Bond Guarantee Program to increase impact in underserved communities.[141] CDFI can be regulated depository financial institutions such as banks or credit unions or non-regulated loan funds or venture funds.[142] Nearly half of CDFIs are loan funds. CDFI related funds have achieved a direct impact in the following ways (adapted from cdfifund.gov);[143]

1. Bank Enterprise Award Program: The bank enterprise award program is structured to help banks that are federally insured to increase their investment in underserved communities in distress.

137 (National Philanthropic Trust, 2019)
138 (Rita Cliffton, 2020)
139 (Henry, 1994)
140 (Mensah, 2020)
141 (Community Development Financial Insititutions Fund, 2019)
142 (Federal Deposite Insurance Corporation, 2014)
143 (Community Development Financial Insititutions Fund, 2019)

2. Capital Magnet Fund: The capital magnet fund is designed to help CDFIs and nonprofits that are into affordable housing programs have access to funds for the development, rehabilitation, preservation, and purchase of affordable housing with the sole purpose of meeting the unmet needs of lower-income communities.
3. CDFI Bond Guarantee Program: This program is structured to provide guaranteed bonds to CDFIs that invest in communities that are in distress.
4. Community Development Financial Institutions Program: This program is designed to provide some technical support to newly certified and emerging CDFIs.
5. Native American CDFI Assistance Program: This program is designated to help provide technical support to CDFIs operating and serving the Hawaiian communities and the Alaska Native.
6. New Markets Tax Credit Program: This newly formed program is designed to provide tax credits to certified community development entities to attract private investors to reinvest in underserved communities.

OPPORTUNITY ZONE ("OZ")

Opportunity Zones ("OZs") are sets of economic tools designed to allow investors to invest in underserved communities in the United States. The purpose of OZs is to spur economic growth and job creation in lower-income communities while providing tax benefits to investors. OZs were first released in the 2017 Tax Cuts and Jobs Act and stipulated that investors may reinvest all or a portion of their realized capital gains from a sale of an appreciated asset to organizations that act as Opportunity Zone Funds.[144] These funds will then invest in businesses located in Qualified Opportunity Zones. As of May 2018, there are 8,760 opportunity zones.[145] These zones are low-income communities with at least a 20% poverty rate or a median income that is less than 80% of the surrounding areas.[146] A study of opportunity zones revealed that 57% of the population is non-white, and the actual poverty rate is 31%.[147] Investment in Opportunity Zones can create an enormous impact on struggling communities in the United States. Using an Opportunity Zone Fund, benefits may take the form of subsidized housing units, additional open space, community meeting rooms, or worker training programs. While regulations are continuously being updated, Opportunity Zone Funds are sure to grow substantially in the coming years, creating significant societal benefits.

IMPACT INVESTMENT AND MEASUREMENT

Impact Measurement for our Clients

Pathstone has continued to strengthen its promise as a thoughtful leader and proponent of environmental, social, and governance analysis integration and impact investing. As an investment manager, we as a firm strive to identify innovative ways to align clients' investments with their values. In addition to our rigorous due diligence on investment managers, Pathstone has developed its own robust proprietary ESG scoring system that incorporates

144 (U.S Department of the Treasury, 2018)
145 (Vlahakis, 2020)
146 (Economic Innovation Group, 2018)
147 (U.S Economic Development Adminstration, n.d.)

metrics at the assets class, manager, and portfolio level to help our clients better understand how their portfolio holdings are compared to their respective benchmarks in terms of ESG scoring.

After reviewing a wide range of public equity data providers, we chose the best and most robust ESG rating data available; adjusted the weightings that are placed on Environmental, Social, and Governance pillars; adjusted the scores for egregious controversies; and eliminated systematic biases by market cap, region, and industry relatives. Finally, we incorporated a measure of the investment firm's intentionality by actively surveying the firms' integration of ESG perspectives into their investment research processes.

Our ESG Scoring

While ESG scores are useful, we have taken steps to improve the comprehensive measurement and comparability of the data. We review the broad universe of company scores and adjust for biases that systematically reward or punish companies based on either size (grouping companies by market capitalizations of Mega Cap, Large Cap, Mid Cap, and Small Cap), region (grouping companies by whether their headquarters are based in the U.S., International, or Emerging Markets), or by industry relative and peers. We have found there are systematic and significant biases along these dimensions. We analyze the E, S, and G pillars separately to review the relationships among these variables and adjust for bias accordingly. Once we have adjusted for controversies, capitalization bias, industry relative bias, and regional bias, Pathstone combines the proprietary E, S, and G rankings, with a modest emphasis on the Environment.

Survey of Investment Firms for Intentionality

The final step of the process involves surveying investment management firms for intentionality. To review whether managers actively integrate ESG and Impact into their investment processes, we survey firms that manage money for our clients by reviewing their Actions, Intent, and Results. We proactively included questions with the lens of gender, diversity, and inclusion on the survey sent out to our managers before the lockdown and the racial inequality protest. Our measure of intentionality appropriately compensates firms that are actively engaged in thoughtful shareholder engagement with underlying portfolio companies and are voting proxies in a responsible and thoughtful manner. The adjustment also helps separate those that "just happen to have" portfolios with exceptional ESG scores from those that have arrived at their exceptional scores through a deliberate process.

Mapping to the United Nations Sustainable Development Goals (SDGs)

At Pathstone, we believe the UN's Sustainable Development Goals are a useful tool for aligning investments with impact. Our survey reviews which SDGs our managers align their investments with to generate impact. A growing number of our managers are adopting the UN SDG impact framework and maximizing the benefit of their investments through an intentional impact strategy.

(Note: The size of each box corresponds to the amount of portfolio exposure that maps to the respective UN SDG.)

Reporting the Pathstone ESG Score

After assembling Pathstone ESG scores for each investment manager's strategy, we provide a modest boost to strategies that are managed by firms that score very well across the survey metrics. The results of companies' Pathstone ESG scores are on a 1 to 200 scale, centered around 100, with a score of 200 being the best and a score of 1 being the worst.

The resulting Pathstone ESG score is available to clients in the P-Cubed (Pathstone Portfolio Platform) account structure quarterly reports, along with comparisons to benchmarks. In addition, manager scores are rolled up to the asset class and portfolio level, with comparisons to appropriate blended benchmarks.

INVESTMENT PERFORMANCE- ESG

PATHSTONE

Sample Client
Quarter Ending September 30

Investment Name	Percent	Market Value	Latest Month	Latest Quarter	Year To Date	Trailing Returns 3 Years	5 Years	Manager / Fund Date	Inception vestme	Index	ESG Score. Inv.	Index
Total	**100.0%**	**$46,058,503**	**1.2**	**2.1**	**7.6**	**5.1**	**6.9**	**12/31/09**	**6.9**	**6.2**	**58.2**	**47.8**
Total Weighted			0.6	2.0	7.7	4.7	6.0					
Asset Class 1	**11.1%**	**$5,111,044**	**2.6**	**3.8**	**13.1**	**8.9**	**13.8**	**12/31/09**	**13.0**	**13.5**	**59.5**	**51.0**
Benchmark 1			2.1	4.5	14.2	10.8	14.2					
Manager Name Redacted	0.7%	$337,743	2.8	3.5	8.1	-	-	12/18/14	7.2	7.4	56.1	42.4
Benchmark 2			3.0	3.1	7.9	8.5	13.2					
Manager Name Redacted	0.5%	$245,013	-	-	-	-	-	09/20/17	0.5	0.5	51.3	51.1
Manager Name Redacted	2.8%	$1,309,310	3.3	3.6	16.5	-	-	03/16/16	19.1	17.5	61.4	51.1
Manager Name Redacted	1.8%	$817,200	2.6	2.1	-	-	-	06/30/17	2.1	4.5	63.8	51.1
Manager Name Redacted	0.8%	$365,043	-	-	-	-	-	09/20/17	0.5	0.5	58.4	51.1
Benchmark 3			2.1	4.5	14.2	10.8	14.2					
Manager Name Redacted	2.5%	$1,154,106	2.7	5.0	12.5	10.5	14.6	07/08/11	13.2	12.8	56.9	51.1
Benchmark 4			2.1	4.5	14.2	10.6	14.3					
Manager Name Redacted	0.8%	$349,231	-	-	-	-	-	09/20/17	0.3	0.3	61.1	53.6
Manager Name Redacted	1.2%	$533,399	1.4	4.1	14.7	9.6	13.7	12/31/09	13.4	14.4	58.9	53.6
Benchmark 5			1.3	5.9	20.7	12.7	15.3					

Engagement and Proxy Voting

One way that many investors can create impact in alignment with their values is by engaging with companies. Owning shares of a public company offers investors a voice at annual shareholder meetings where they can use their proxy voting power to provide their input on how the company should be managed. In addition to voting, shareholders with significant stakes in the company can submit shareholder resolutions to be voted on. There are sweeping trends in shareholder engagements over the past five years. Shareholders demand transparency from companies. Environmental and social stewardship shareholder proposals often receive broad support, and Board of Director positions are being contested more than ever to ensure good governance practices.

Pathstone's clients are involved in a number of engagements through investment managers. Many managers have engagement strategies that push companies to be more environmentally and socially responsible. Pathstone also maximizes impact through its partnership with As You Sow. As You Sow is an organization that specializes in shareholder engagement on ESG issues. Pathstone's clients can select from a list of engagement focus areas that As You Sow provides and align their values with shareholder proposals that improve environmental, social, and governance practices.

The Bottom Line

Pathstone employs a rigorous research process for selecting managers across multiple asset classes for investment by our clients. Our research goes beyond traditional financial analysis to offer our clients the ability to measure risk and return as well as environmental and social impact. Through P-Cubed, clients have access to tools that measure the impact of current holdings against benchmarks, and our advisors are continuously recommending new ways to create impact that aligns with the values of our clients. Our measurement strategy allows our clients to experience transparency on the ESG performance of their investments on multiple levels and allows us to continually track our progress on offering the greatest positive impact for our clients' investments.

OUR SPEAKING ENGAGEMENTS

ESG BOOT CAMP II *Jeff Scheer, Managing Director*
February 2020 | Hosted by Eaton Vance
BELIEVE THAT WOMEN MEAN BUSINESS | HERNETWORK CONFERENCE *Elizabeth Shea, Director*
February 2020 | Hosted by Boston University
"THE DECISIVE DECADE" | 10TH ANNUAL PRACTITIONERS GATHERING *Jeff Scheer, Managing Director*
February 2020 | Hosted by Confluence Philanthropy
"HOW CAN SINGLE FAMILY OFFICE BEST SERVER THEIR CLIENTS DURING UNCERTAIN TIMES" | FAMILY OFFICE PODCAST *Allan Zachariah, Co-CEO, and John Elmes, Executive Managing Director*
April 2020 | Hosted by Angelo Robles
"THE IMPACT OF COVID-19 ON ALTERNATIVE ASSETS" | VIRTUAL ADVISOR SUMMIT *Jeff Scheer, Managing Director*
May 2020 | Hosted by Portfolio Summits
"BUSINESS PLANNING AND THE NEED FOR FLEXIBILITY" | WEBCAST SERIES *Matt Fleissig, President*
June 2020 | Hosted by BNY Mellon / Pershing
"ACCOUNTING & REPORTING WHEN PLANNING FOR THE NEXT GENERATION" | VIRTUAL FAMILY OFFICE PLANNING & STRUCTURED FORUM *John Elmes, Executive Managing Director*
July 2020 | Hosted by Opal Financial
"MANAGER SELECTION WITH ESG CONSIDERATIONS" | VIRTUAL ESG INVESTMENT FORUM *Jeff Scheer, Managing Director*
July 2020 | Hosted by Opal Financial
"AFTER THE DEAL IS DONE: NAVIGATING THE COMPLICATED FIELD OF RIA M&A" | RIA ADVISOR SUMMIT *Matt Fleissig, President*
July 2020 | Hosted by IC Summits
"CREATING AN IMPACT PORTFOLIO: TOTAL PORTFOLIO CONSTRUCTION STRATEGIES" | FAMILY OFFICE INVESTMENT SYMPOSIUM *Jeff Scheer, Managing Director*
August 2020 | Hosted by Opal Financial
"PURSUING HIGHER EDUCATION DURING COVID-19" | FUTUREPATH
August 2020 | Hosted by Pathstone

"LEVERAGING TECHNOLOGY TO HELP BUILD AND MANAGE YOUR RIA AND CLIENT/PROSPECT RELATIONSHIPS" | INVESTMENT MANAGEMENT ADVISOR SUMMIT *Allison Kaplan, Managing Director*
August 2020 | Hosted by Portfolio Summits
"FOOD SUPPLY CHAIN AND THE LOCKDOWN OF 2020: WHY YOU SHOULD CARE" *Jeff Scheer, Managing Director*
September 2020 | Hosted by Pathstone
"BREAKING UP THE FAMILY OFFICE: SPLITTING, FINANCING & STRUCTURING" | EFFECTIVE FAMILY OFFICE PODCAST *Allan Zachariah, Co-CEO*
September 2020 | Hosted by Angelo Robles
"INDIVIDUALIZING YOUR RIA" | PRACTICE MANAGEMENT RIA SUMMIT *John Elmes, Executive Managing Director*
October 2020 | Hosted by Portfolio Summits
"STARTING UP AND STANDING OUT" | WOMEN IN WEALTH MANAGEMENT SUMMIT *Elizabeth Shea, Director*
October 2020 | Hosted by Portfolio Summits
FAMILY OFFICE PANEL | 11TH ANNUAL CULTURE SHIFTING WEEKEND *Jeff Scheer, Managing Director*
November 2020
"UTILIZATION OF ALTERNATIVES WITHIN CLIENT PORTFOLIOS" | ALTERNATIVE INVESTMENTS ADVISOR SUMMIT *Alex Hart, Managing Director*
November 2020 | Hosted by Portfolio Summits
ESG/SRI PANEL | ALTERNATIVE INVESTMENTS ADVISOR SUMMIT *Jeff Scheer, Managing Director*
November 2020 | Hosted by Portfolio Summits
"PROTECTING THE MATRIARCH AND PATRIARCH" | THE BUSINESS OF FAMILY *Kelly Maregni, Chief Advisory Officer*
December 2020 | Hosted by Burns & Levinson
"THE RIA BUSINESS MODEL AND FINANCIAL PLANNING" | END OF YEAR ADVISOR SUMMIT 2020 *John Przybylski, Director*
December 2020 | Hosted by Portfolio Summits
ESG/SRI PANEL | VIRTUAL ADVISOR III SUMMIT *Jeff Scheer, Managing Director*
December 2020 | Hosted by Portfolio Summits

ABOUT OUR PATH

Our Own Impact

Aside from helping clients achieve their philanthropic goals and pushing the industry toward better ESG and impact practices, Pathstone takes its own sustainability very seriously. To accomplish our long-term goals as a company, we must consider how we are impacting society and the environment. The sections below offer a glimpse into our offices – how we strive to operate sustainably and how we strive to improve along ESG dimensions:

Jeans Fund: As a way of giving back to the communities surrounding our offices, Pathstone offers its employees the option to wear jeans to the offices on Fridays each week in exchange for a $5 donation. The donations are then distributed to a number of charities that our employees care about. The Jeans Fund has been operating for many years and has delivered substantial impact. This year our employees donated over $26,000 to charitable organizations in our communities. Some of the beneficiaries are listed below:

- Children's Healthcare of Atlanta
- Lovin' Spoonfuls
- The Leukemia & Lymphoma Society
- The American Society for the Prevention of Cruelty to Animals® (ASPCA®)
- Make-A-Wish
- Save the Children
- NCH Safe & Healthy Children's Coalition
- California Wildfire Relief Fund
- Boston SCORES Charity Soccer Tournament

Path4Impact: As a way to promote and achieve internal ESG across Pathstone's offices, the Path4Impact initiative is designed to deliver a positive and measurable impact for Pathstone's community, our employees, and our environment. Initiatives that spring out of Path4Impact include Thanksgiving Clothing Drive aimed at giving back to our local communities and the #WaterBottleChallenge, a challenge aimed at reducing plastic use across Pathstone's offices.

Boston Scores: is a nonprofit organization and affiliate of America Scores, whose mission is to provide urban youth with team-based education programs that promote health & well-being, academic engagement, and civic leadership. Each year, they host a soccer tournament made up of corporate-sponsored teams to raise money for the organization. Pathstone fielded a team in the 2019 tournament to raise money for this worthy cause in a way that is fun for our employees.

Employees: At Pathstone, our employees are our most valued asset, and we recognize our responsibility to provide well-paying jobs, a comprehensive benefits package, and a healthy culture for our employees to thrive. We promote an inclusive culture that values diversity by gender, race, and sexual orientation. We encourage our employees to pursue healthy lifestyles by providing unlimited vacation time, healthy snacks, and the opportunity to participate in activities and sports.

Public Transit Reimbursement: Pathstone recognizes the role that efficient public transportation systems play in reducing carbon emissions from the transportation sector. To promote the use of public transportation, Pathstone provides a substantial subsidy for employees that commute by bus and/or train.

CONCLUSION

We hope this report has given you a better understanding of Pathstone's ability to generate impact while navigating the challenges of the lockdown of 2020. Our impact investing capabilities allow us to offer clients impact across multiple asset classes. We understand the challenges society faces going forward and embrace the opportunity to continue to help guide the alignment of their investments with their values and missions. Our commitment to impact is embedded in our engagement as a thought leader in the ESG sphere and our own firm's action. We continue to promote the understanding of sustainable investments with our clients and look forward to the opportunities and challenges ahead.

For additional information on this report or our investment solutions, please contact your Pathstone advisor.

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