

# Ukraine Conflict:

## Investment and Operational Updates, Opportunity for Further Dialogue

March 10, 2022

---

As the conflict between Russia and Ukraine unfolds and the global response to Russia's actions accelerates, Pathstone continues to closely monitor events. While our mission as a firm is to responsibly steward client assets, as individuals our thoughts are with those most directly impacted by the war and unfolding humanitarian crisis.

In this note we reiterate Pathstone's investment position and summarize our operational response to current events, including internal relief efforts. We also highlight an opportunity for clients to engage further in dialogue on these issues.

### Investment Update

Last week we communicated our thoughts on the immediate and long-term implications of Russia's invasion on markets and portfolios. As a reminder, Pathstone clients' direct investment exposure to Russia and Ukraine is minimal. Our investment strategy team remains focused on second and third derivative impacts on markets that may arise from commodity inflation, geopolitical escalation, and the impacts of a growing number of both government-imposed sanctions and changes to corporate behavior. Where we do have direct exposure, our investment selection team is working closely with our investment managers to ensure those investments are handled prudently as well as in accordance with applicable sanctions. Your advisory team will be in close contact should anything change.

### Operational Update

Pathstone's **compliance**, **operations**, and **technology** teams are also closely monitoring the potential business impacts of the current conflict. The firm remains well positioned and our operations unaffected:

**Compliance:** Pathstone routinely monitors our engaged clients and entities through the sanctions lists published by the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

**Operations:** We are in close contact with our custodial and trading partners to determine implications for trading and money movements. We believe our partners have acted swiftly and thoughtfully to the rapidly changing landscape. In general, we've observed that U.S. and non-U.S. custodians, mutual funds, and other trading counterparties have imposed restrictions above and beyond the specifically sanctioned securities. Response varies by institution, but we continue to expect any transactions involving Russian-based securities to be very limited.

**Technology:** The current conflict is likely to increase attacks from both opportunistic criminal organizations and nation-states. Pathstone focuses on several key areas to ensure a robust response to cybersecurity-related threats:

- Our employees are the first line of defense. We engage in regular mandatory training events and conduct monthly tests to raise awareness of current threats.
- A security operations center monitors our cloud-based and on-premise systems around the clock.
- We possess state-of-the-art endpoint protection along with automated patching to protect our systems from threats.
- Pathstone also performs regular third-party testing of our security along with assessments and frequent updates of our incident response plan.

As always, we welcome further discussion on any of these topics.

## Humanitarian Perspective

In honor of Employee Appreciation Day (March 4), Pathstone provided all team members with a “Gift for Giving.” This initiative provides employees an opportunity to direct a Pathstone-funded donation to a charitable organization of their choice. Many teams collectively chose to use that gift in support of organizations providing humanitarian aid to refugee organizations, including those directly supporting Ukrainian refugees.

For those clients who would like to participate in a session to explore the longer-term geopolitical and economic ramifications of current events, please **join us Thursday, March 17** as we host renowned foreign policy expert [David Miliband](#), President and CEO of the [International Rescue Committee](#) and a former Foreign Secretary for the U.K. David will share his deeply informed insights with the Pathstone community. Please click [here](#) to register.

## Disclosure

---

This communication and its content are for informational and educational purposes only and should not be used as the basis for any investment decision. The information contained herein is based on publicly available sources believed to be reliable but is not a representation, expressed or implied, as to its accuracy, completeness or correctness. No information available through this communication is intended or should be construed as any advice, recommendation or endorsement from us as to any legal, tax, investment or other matters, nor shall be considered a solicitation or offer to buy or sell any security, future, option or other financial instrument or to offer or provide any investment advice or service to any person in any jurisdiction. Nothing contained in this communication constitutes investment advice or offers any opinion with respect to the suitability of any security, and this communication has no regard to the specific investment objectives, financial situation and particular needs of any specific recipient. Past performance is no guarantee of future results.

Additional information and disclosure on Pathstone is available via our Form ADV, Part 2A, which is available upon request or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any tax advice contained herein, including attachments, is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of (i) avoiding tax penalties that may be imposed on the taxpayer or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.