



Investment Policy Statements

Seventh Generation Interfaith
June 8, 2022

Welcome!

- ▶ Participants will be in listen only mode until the Q&A section. You can also enter questions into the Chat.
- ▶ We will make a recording, and make it available via our website.

Reflection: Mission & Stewardship - Transparency & Collaboration



Our Companions

- ▶ **Jake Barnett**, Director of Sustainable Investments, Wespath Institutional Investments
- ▶ **Ed Fitzpatrick**, Advisor, Fitzpatrick Group of Wells Fargo Advisors
- ▶ **Laura Wicklander West**, Director - Client Service & Sales, Great Lakes Advisors
- ▶ **Allen White**, Portfolio Specialist, Great Lakes Advisors



Our Itinerary

- ▶ **Asset Owner**
- ▶ **Asset Advisor**
- ▶ **Asset Manager**
- ▶ **Q&A**

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Updates to Catholic Investing Guidelines Signal a Shift

One significant change includes the Pope calling for the Catholic community to take the threat of climate change seriously and promote more active engagement efforts and impact investing.

Key Takeaways:

- ▶ The revised guidelines add restrictions related to existing excluded themes, such as certain healthcare practices, adult entertainment, controversial weapons, gambling, tobacco, and recreational cannabis.
- ▶ The Church took a notable stance against climate change, sending a strong signal that companies who fail to incorporate policies related to the Paris Agreement will be excluded in the future.
- ▶ SRI typically expresses values by using brute exclusions, but with this update, the Church takes a new approach, encouraging more proactive corporate engagement and impact investing opportunities

IPS Updates are including language on ESG: Lewis and Clark College

Academic research supports the practice of incorporating environmental, social, and governance (“ESG”) factors with other conventional financial analytical tools when evaluating investment opportunities. Responsible investing focuses on improving long-term, risk-adjusted returns of the portfolio. ESG factors may help identify potential opportunities and risks which conventional tools miss. Lewis & Clark encourages its managers to include ESG factors in their analytical processes. ESG considerations are a factor in the analysis and should not be used as exclusionary screens to eliminate specific companies or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess risk and return.

IPS Updates with ESG: Loyola University of Chicago

Consistent with achieving the applicable investment objectives set forth herein, the University's investment policy will be implemented within a framework predicated on incorporating environmental, social and governance factors as core components of decision-making and risk management, impact and solutions-based investments, engagement, proxy voting, and evaluation of the economic merits of current and potential investments taking into account governance practices, environmental or social impact, and regulatory and reputational risks.

Additional considerations for updating your IPS

- ▶ The IPS is a cornerstone for a successful long-term investment plan and thus should be updated regularly.
- ▶ While the SRI/ ESG guidelines are an important component of the IPS, stay focused on the “big picture.” This includes defining goals, objectives, time horizon, cash flows, risk parameters, asset allocation and more.
- ▶ Performance expectations - IPS may want to set the stage that performance of an SRI/ E.S.G.-focused portfolio may likely vary from a standard Benchmark, especially in shorter time frames.

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**Allen White, CFA[®]***Portfolio Specialist – Disciplined Equity*

Allen joined Great Lakes Advisors in 2021 as a Managing Director and Portfolio Specialist. He works closely with our Disciplined Equity investment team as a key liaison between portfolio management and relationship management teams within the firm and our clients. Prior to joining GLA, he spent nearly a decade with Raymond James Financial in their Asset Management Group in a variety of different roles.

Prior to joining GLA, he spent nearly a decade with Raymond James Financial in their Asset Management Group as a Portfolio Specialist and consultant. Most recently, Allen was working with the firm's investment committee and had an active role in product development and advisor research/education. He was also elected by the firm's executive committee to lead a D&I network and champion an inclusive environment among employees.

Allen earned his B.S. in Finance from Florida State University, and his MBA from the University of Florida Hough School of Business. He holds FINRA Series 7 and 66 registrations and is a CFA charterholder.

**Laura Wicklander West***Director, Client Service & Sales*

Laura West is a Director of Client Service and Sales and focuses on developing and maintaining successful client relationships for Great Lakes Advisors. Laura specializes in investment solutions for religious institutions.

Before joining the firm in 2012, Laura worked at Mercy Home for Boys and Girls, completing a full time annual volunteer program and subsequently managing corporate and foundation relationships. After Mercy Home, Laura was part of the launch team for a new division with Accretive Health, working to improve quality outcomes and reduce care costs for a nonprofit health system in Minneapolis. Additionally, she worked in the social work department at the University of Chicago Hospital while completing her graduate degrees.

Laura is a graduate of Vanderbilt University and received her MBA from the University of Chicago Booth School of Business and her AM (MSW) from the University of Chicago School of Social Service Administration. Laura is a founding member of the Associate Board of Mercy Home for Boys and Girls and is currently a member of Mercy Home's Leader Council. She is also on the Big Shoulders Fund Chairmen's Advisory Council, a board member of the Wicklander Family Foundation, a parishioner of St. Francis Xavier in La Grange, and an active volunteer at St. Francis Xavier School.



ESTABLISHED & EXPERIENCED

- Founded in 1981
- Headquartered in Chicago, IL with an office in Tampa, FL
- \$12.0 billion in assets under management and advisement as of 3/31/2022 across multiple Equity and Fixed Income strategies
- Our portfolio managers average more than 20 years of experience through multiple market environments

CLIENT-CENTRIC

- Exceptional client service starts by being a collaborative partner with our clients
- Highly accessible relationship and portfolio managers are an important part of a successful client experience



TOM KILEY
Chief Executive
Officer

“We serve those who serve others. Whether it’s our clients that run health and welfare funds, or our police and fire funds who make sure that the retirement of the people on the front lines is secure, or our religious clients who are vital to their communities, or our private wealth clients who need to meet their individual goals, we want to have an experienced team that can deliver multiple different strategies that can be customized.”



CLIENT-CENTRIC



Great Lakes Advisors' Mission is to:

- Become a collaborative partner with our clients as stewards of their assets
- Attain their investment goals through proven active strategies
- Implement those strategies with experienced, highly skilled professionals
- Communicate clearly with a focus on exceptional client service

ESTABLISHED



- More than 30 years of partnering with Religious Institutions
- 77 Religious Institution relationships; approximately \$598M in assets
- 20+ years average experience from a large team of tenured senior investment professionals
- ~40 years long-term, successful track records across multiple strategies
- Long history of members of religious orders serving on our Board or as employees of the firm

ESG INTEGRATED



- \$12.0B in total assets under management and advisement
- \$2.76B incorporate material ESG factors
- More than \$864M invested according to Socially Responsible Guidelines
- Work to understand our clients' objectives to develop customized solutions
- Partner with MSCI and Sustainalytics for objective ESG and SRI data

A background image showing a financial candlestick chart with a grid and a red trend line. The number '187.12' is visible on the chart. The chart is set against a dark blue background with a grid of light blue lines.

MEASURING & REPORTING OUR IMPACT SMIDCAP CATHOLIC CLIMATE OPPORTUNITIES EXAMPLE

DISCIPLINED EQUITY MEASURING AND REPORTING OUR IMPACT SMIDCAP CATHOLIC CLIMATE OPPORTUNITIES EXAMPLE



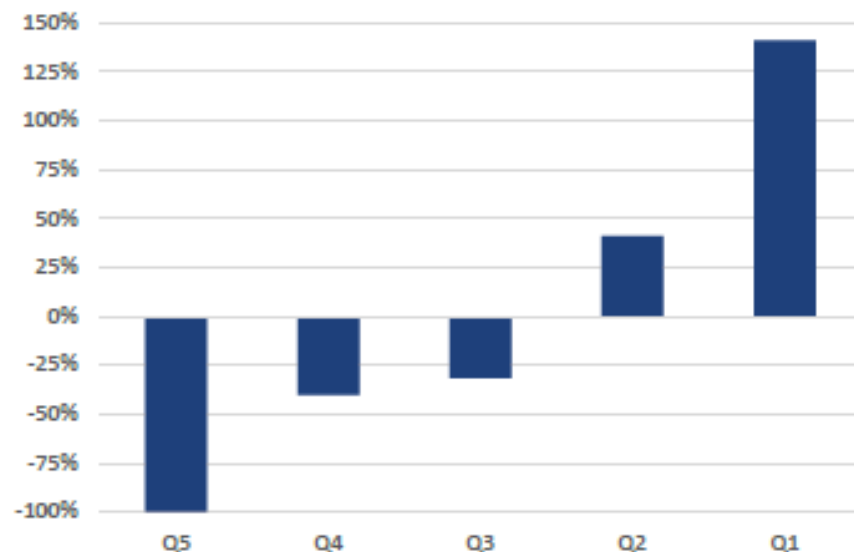
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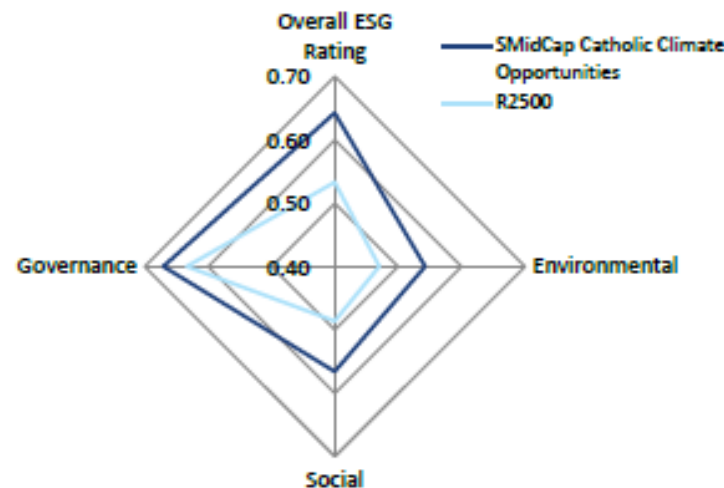
SMidCap Catholic Climate Opportunities ESG Guidelines

- Companies with bottom-quintile ESG scores are excluded from the portfolio
- Incorporates company level ESG scores via a proprietary ESG scoring methodology which seeks to maintain a weighted portfolio ESG score at least 20% better than the Russell 2500 Index results in a portfolio skewed towards companies with higher ESG ratings

Relative Exposure by ESG Quintile



Sector-Neutral ESG Score



Sources: MSCI, GLA Disciplined Equity proprietary research. Data as of 03/31/2022. *At time of purchase

ABOUT ESG: ESG investing is the assessment of material environmental, social and governance issues. ESG investing complements traditional research conducted during the investment process. We believe investing in companies which are actively reducing negative externalities such as greenhouse gas emissions can help reduce portfolio risk, both directly at the company level as well as indirectly by creating a less volatile, healthier system in which all companies operate and in which we all live; in evaluating companies' positive contributions to people and the planet, and therefore we measure their revenue derived from activities that can be aligned with the United Nations' Sustainable Development Goals ("SDG"); that helping companies improve their performance on material ESG issues through proxy voting will benefit not just investors, but all of the company's stakeholders including employees, customers, local communities, as well as the environment; and in supporting third-party organizations who share our goals and are working collaboratively with others. By identifying relevant ESG factors and evaluating a company's performance on those factors, we are able to make better, more well-informed investment decisions with the aim of improving risk-adjusted returns. ESG factors are used for negative screening, overall ESG improvement, and creating positive impact.

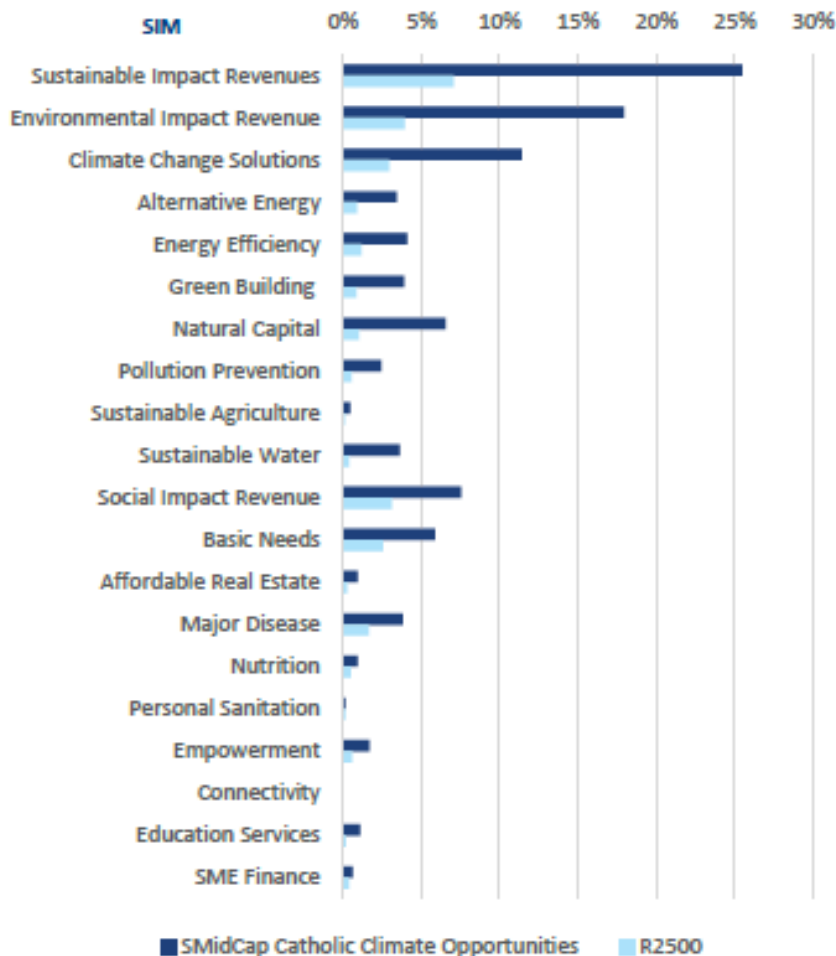
DISCIPLINED EQUITY MEASURING AND REPORTING OUR IMPACT SMIDCAP CATHOLIC CLIMATE OPPORTUNITIES EXAMPLE



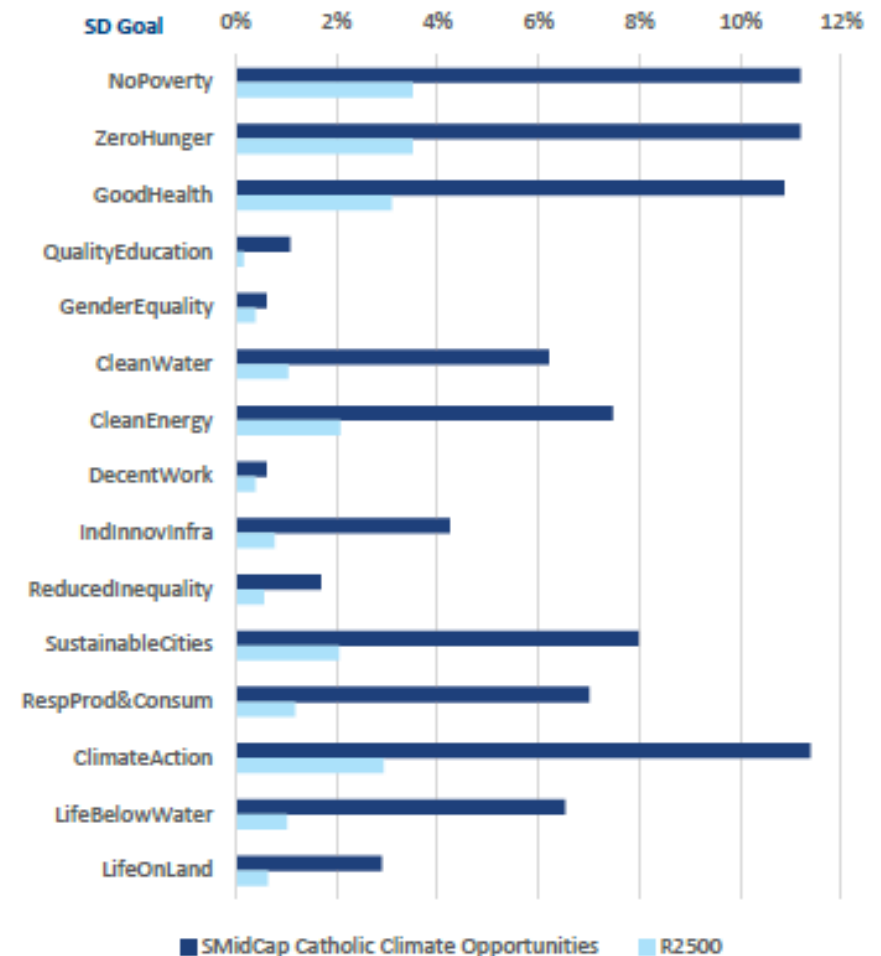
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Sustainable Impact Metrics



Sustainable Development Goals Alignment





NET ZERO EXAMPLE



DISCIPLINED EQUITY MEASURING AND REPORTING OUR IMPACT SMIDCAP CATHOLIC CLIMATE OPPORTUNITIES EXAMPLE



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Divestment has been an important signaling mechanism for investors, letting the oil majors and coal-fired electric producers know business-as-usual has an expiration date.

Divestment, however, is insufficient for addressing a diverse problem like CO₂e emissions. It does little to directly spur change by heavy emitters in other industries.

It also leaves little room for targeted companies to contribute solutions which leverage their expertise, assets, and workforce.

*We believe divestment isn't enough - the focus is too narrow for the diverse industries driving climate change.
We look to reduce emissions across all sectors, not just energy and utilities.*

There's no question that Energy and Utility companies will play a key role in addressing climate change solutions.

ENERGY COMPANIES

Engineering expertise, distribution systems, skilled labor



Carbon Dioxide Removal (CDR)



Geothermal



Pressurized underground storage



Pipelines, fleet for carrying CO₂e clean synthetic fuels (including hydrogen)



Retail service stations with great real estate for electric charging

UTILITY COMPANIES

Deploy significant assets to long term solutions, offer skilled labor



Solar PV at scale



Wind (onshore and offshore)



High voltage transmission



Battery storage technology



Load optimization

In the future, we can envision investing in the Energy and Utility companies which are helping spur significant innovation.

DISCIPLINED EQUITY MEASURING AND REPORTING OUR IMPACT SMIDCAP CATHOLIC CLIMATE OPPORTUNITIES EXAMPLE



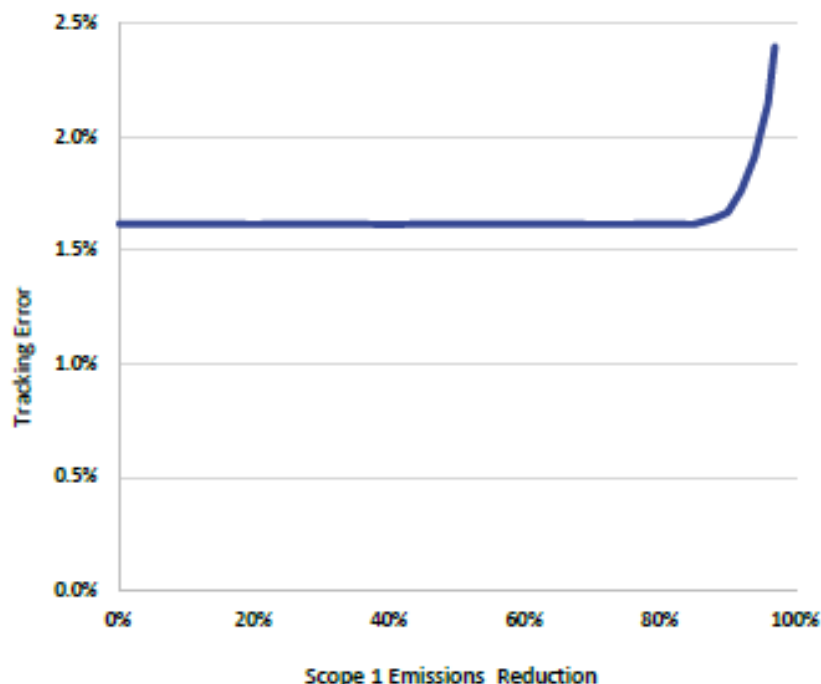
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It's possible to drive CO₂e reduction of 85-90% without substantially impacting tracking error.

Reducing portfolio emissions by more than 90% results in a sharp increase in tracking error.

TRACKING ERROR VS. EMISSIONS REDUCTION



The remaining 10% of portfolio emissions are better reduced by carbon offsets:

Each \$1m invested in the S&P 500 Index owns about 66 tons of CO₂e emissions

Each \$1m invested in the GLA portfolio owns only 6.6 tons of CO₂e emissions

6.6 tons of carbon offsets per million dollars results in a Net Zero footprint for clients

We need carbon offsets in portfolios to get to net zero... but not all offsets are created equal. Purchased offsets should:

BE PERMANENT

Trees, for example, are not permanent – they will be felled at some point

HAVE ADDITIONALITY

Should be for projects which would not have otherwise been built

BE TRACEABLE TO AVOID DOUBLE-COUNTING

Blockchain can help address double counting by allowing for a non-fungible public ledger of these recorded offsets

CREDITS MUST BE RETIRED

In order to truly net out the emissions offset, the credit cannot be resold



What is a specific example of a carbon offset credit used in GLA's Climate Opportunities Portfolio?

One type of offset we utilize supports Hydrologic's Cambodian water project.

Cambodian Water Project

Untreated water and poor sanitation cause an estimated 10 million cases of diarrhea and 10,000 deaths each year, mostly in rural areas among children under the age of five. Between 2001 to 2018, Cambodia had a 25% decrease in tree cover. Through the distribution of ceramic water filters, Hydrologic has reached more than 1.5 million people (about 10% of the population) across Cambodia and saves about 130,000 tonnes of CO₂ every year.




The process of collecting water and wood for fire largely falls on the shoulders of women and children. It's common to spend up to 3 hours a day foraging, only to come home and boil water inside poorly ventilated homes. The noxious fumes is not only bad for the environment, but also for the health and well-being of these families in the poorest of communities.

The distribution of these filters help shift families in rural areas away from burning wood or charcoal and opting for another water treatment method. This reduces gases released into the atmosphere, and reduces the number of trees that are cut down for firewood.

The Climate Opportunities portfolio managed by Great Lakes Advisors can be described as a thematic ESG portfolio, focusing on emission reductions. By purchasing these Offset Credits, our portfolio is directly supporting 5 of the Sustainable Development Goals: Good Health, Clean Water, Work & Economic Growth,



OFFSET CREDITS UTILIZED INCLUDE:

-  DIRECT AIR CAPTURE
-  REFORESTATION AND AFFORESTATION
-  BLUE CARBON
-  SOIL MANAGEMENT

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Questions



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Thank You

SeventhGenerationInterfaith.org

Additional Slides

SeventhGenerationInterfaith.org

Investment Policy Statement

- ▶ Statement of principles, alignment with mission
- ▶ Defines fiduciary obligation
 - ▶ Ambition for impact along with returns, risk tolerance, asset allocation and liquidity
 - ▶ Identifies process and tools for selecting (negative & positive screens), evaluating and reporting on specific impact metrics for each asset class
 - ▶ Calls for active engagement including corporate dialogues, shareholder resolutions, voting proxies, public policy advocacy, etc.
- ▶ Assigns responsibilities to board, investment committee, staff, consultants and investment managers
- ▶ Provides framework for monitoring and evaluating performance of financial advisers and asset managers



GREAT LAKES ADVISORS®

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CLIENT-CENTRIC INVESTMENT SOLUTIONS

A PRESENTATION TO SEVENTH GENERATION

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APPENDIX





Thank you for your time.

Please contact Allen or Laura with any questions.



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GENERAL DISCLOSURES



Definition of the Firm: Great Lakes Advisors, LLC ("Great Lakes" or "GLA") is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Established in 1981, Great Lakes is a subsidiary of Wintrust Financial Corporation and a part of the Wintrust Wealth Management family of companies. On October 1, 2013, majority owned subsidiary Advanced Investment Partners, LLC ("AIP") became fully-owned and integrated into Great Lakes. Great Lakes is a distinct business unit with distinct investment processes and procedures relating to the management and/or trading of investment portfolios for its clients.

GIPS: Great Lakes Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS[®]). GIPS[®] is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of composite descriptions is available upon request.

Fees: Great Lakes Advisors, LLC's fees are available upon request and may be found in our Form ADV Part 2A. Performance results are presented gross and net of investment management fees.

Performance Results & Returns: Returns are dollar and time weighted and include reinvestment of dividends, income and gains. All cash equivalents used by the manager are included in returns. Rates of return presented are historical results. Future results may differ or vary from the past performance results presented. Past performance is no guarantee of future results.

Internal Dispersion: The internal dispersion of the composite returns is calculated using the asset-weighted one-year standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year.

Performance data quoted herein represents past performance. All data is as of the current quarter, unless otherwise noted. Returns and net asset value will fluctuate. Performance figures have been reduced by the actual fees paid by composite accounts; applicable fees may vary depending on a number of factors, including the relevant fee schedule and portfolio size. For performance current to the most recent month end, please call 312-553-3700. Additionally, market commentary is available on the firm's website at www.greatlakesadvisors.com or upon request. The currency used to express performance is the US Dollar.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted. The indices are not illustrative of any particular investment and it is not possible to invest directly in an index. Indices are not managed or sold by Great Lakes Advisors or any of its affiliates.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. To determine if an investment strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing.