



GITTERMAN

ASSET MANAGEMENT



# DRIVING REVENUE WITH **ESG** **SUSTAINABLE** AND **IMPACT** INVESTING

**SMART** (Sustainability Metrics Applied to Risk Tolerance)<sup>®</sup>  
Investing Solutions for Financial Professionals

# ESG: THE **GPS** OF INVESTING<sup>®</sup>

At Gitterman Asset Management, we refer to ESG as the “GPS of Investing,” in that we see many similarities between ESG (Environmental, Social, and Governance) data and a car’s GPS system. What does a GPS system do? It allows for information, accumulated through big data and artificial intelligence, to come into our car or handheld device, helping us navigate any given trip we’re taking.

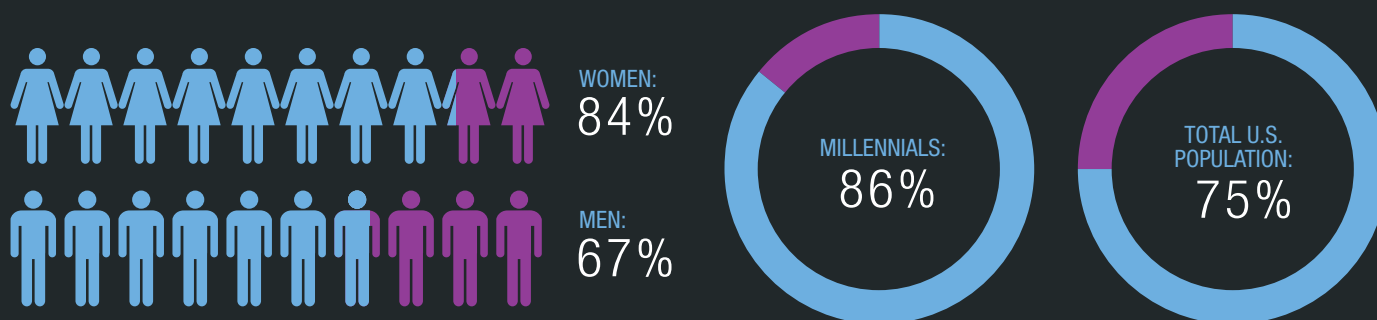
GPS alerts us to things like traffic and hazardous road conditions, providing us with live feed information to reroute us when necessary. ESG is a similar type of data set, giving us real-time information from all over the world about environmental, social, and corporate governance issues that companies are facing. It is a risk mitigator and alpha generator, making it easier for us to achieve our investment goals safely.

ESG is the foundation of a good portfolio because it helps avoid the potential pitfalls and hazards of intangible asset risk, and will also allow us to vote with our money in ways that we cannot yet imagine.



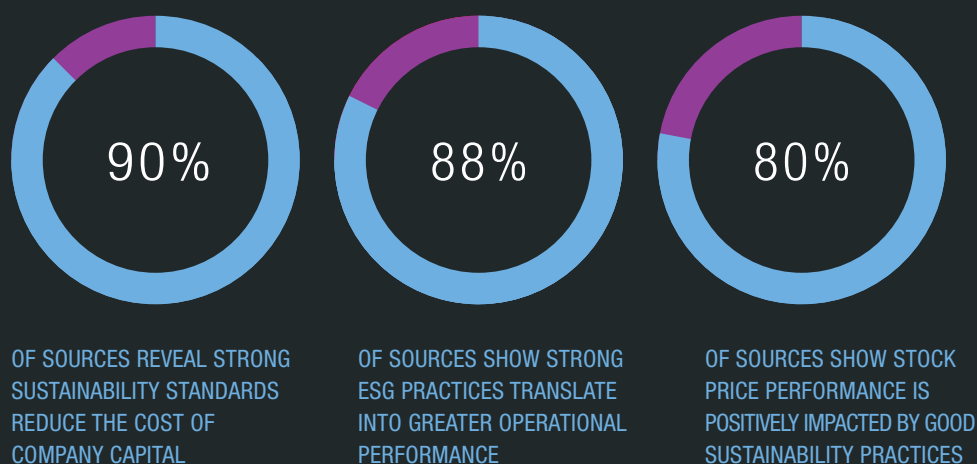


# PEOPLE ARE INTERESTED<sup>1</sup>



Over the next three decades, over \$50 trillion of wealth will transfer to women and millennials interested in ESG, Sustainable, and Impact Investing.<sup>2</sup>

# ESG BOOSTS FINANCIAL PERFORMANCE<sup>3</sup>



Meanwhile, **60%** of advisors have little or no interest in sustainable investing, while only **6%** of advisors are highly interested<sup>1</sup>

# ARE YOU EVOLVING YOUR PRACTICE TO NAVIGATE THE UNMISTAKABLE GROWTH AND MOMENTUM OF ESG?

## Focus on ESG, Sustainable, and Impact Investing for the future of your practice

For clients, it offers meaning and purpose without sacrificing return, and gives them a chance to make an impact on some of the world's most pressing issues.

For you, it offers a way to increase AUM and revenue potential, by taking advantage of the current gap between client and advisor interest.

1. Morgan Stanley Institute for Sustainable Investing, *Sustainable Signals* (survey of 1,000 individual investors) - New Data from the Individual Investor, 2017.

2. Paul G. Schervish and John J. Havens, *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*, The Center on Wealth and Philanthropy (CWP) of Boston College, May 28, 2014.

3. Gordon I. Clark, Andreas Feiner and Michael Viehs, *From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance*, Oxford University Smith School of Enterprise and the Environment, 2015.

# HOW WILL YOU UNLOCK THE POTENTIAL OF ESG WHILE ADDRESSING THE TACTICAL QUESTIONS FACING YOUR PRACTICE?

A large purple circle containing a white letter 'Q'.

How will you sort through the rapidly growing universe of data and funds to construct Impact/ESG solutions in an effective and efficient way?

Where will you find the time to do the necessary research without taking time away from your business and prospects?

If your clients are asking about ESG, what will you say? What resources can you provide? How will you continue the conversation?

## WE CREATED **SMART**\* INVESTING SOLUTIONS TO GIVE YOU A RUNNING START

A large blue circle containing a white letter 'A'.

**SMART is a turn-key** portfolio construction and marketing solution that puts you on the right track for ESG and Sustainable Investing.

**SMART saves you valuable time and expenses** needed to research the rapidly growing and ever-changing ESG world on your own.

**SMART helps you remain focused** on the needs of your clients, while giving you the necessary tools to develop your ESG practice.

**SMART provides a layer of due diligence** needed for you to quickly respond to the ever-changing Impact/ESG world, **in order to help you generate competitive returns.**

# SMART'S FOUR PILLARS SET YOU UP FOR SUCCESS

SMART is founded on four pillars that will help you generate alpha, strengthen your due diligence, and make you an ESG thought leader in the eyes of your clients.

## 1 SMART Generates Alpha in Three Key Ways:

- **Portfolio Construction:** With the ESG universe growing rapidly, active management is critical. Using ESG data, we design our portfolios across industry-standard risk iterations, and can further screen across multiple themes, including fossil-fuel-free, gender equality, weapons-free, and many others.
- **Manager Selection:** ESG should not compromise performance, and all of our ESG managers are held to the same performance criteria as our non-ESG managers.
- **New Product Development:** Leverage our experience to recognize best in class ESG opportunities and climate aware investing. We simplify access to institutional quality Unified Managed Account models and managed mutual fund solutions for your clients.

## ESG FUNDS ARE BEATING A BULL MARKET

AS OF SEPTEMBER 30, 2020

US EQUITY	5 Yr
Brown Advisory Growth Equity Inst. <sup>4</sup>	18.93%
ClearBridge Large Cap Growth I <sup>4</sup>	17.53%
Calvert Equity I <sup>4</sup>	16.96%
Stance Equity <sup>5</sup>	16.85%
Parnassus Core Equity Inst. <sup>4</sup>	13.49%
S&P 500 TR USD	13.34%

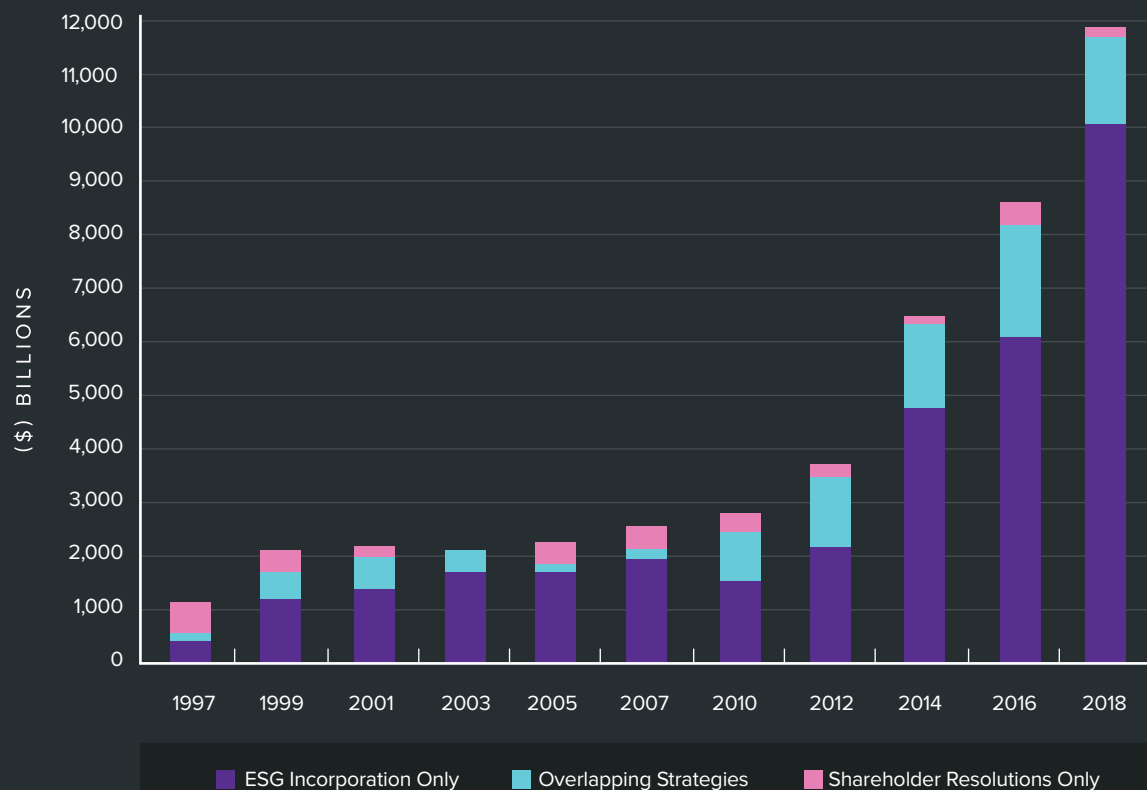
GLOBAL EQUITY	5 Yr
Green Alpha Growth & Income <sup>5</sup>	20.48%
AB Sustainable Global Thematic I <sup>4</sup>	15.96%
KBIGI Energy Solutions Strategy <sup>5</sup>	15.47%
Martin Currie Emerging Markets <sup>5</sup>	14.17%
Water Asset Mgt. Global Water Equity <sup>5</sup>	10.43%
MSCI ACWI NR USD	9.33%

4. Source: Morningstar Direct / 5. Source: eVestment

# ESG OPPORTUNITY DRIVING FULL SPEED AHEAD

As consumer demand accelerates, the number of ESG solutions continues to grow exponentially.

ESG FUNDS CONTINUE TO GROW



Source: US SIF Foundation

**ESG PROTECTS  
YOUR CLIENTS  
FROM RISK**

“The focus has...shifted from whether it is permissible to consider climate change risk to whether, as a prudent fiduciary investor, with a long-term investment horizon, can you afford to ignore it?”

— Pam McAllister, Partner and Director, Mercer Legal



## 2

## SMART Mitigates Risks and Provides You with a Running Start

SMART will help you avoid key risks, such as:

- **Asset Retention:** Over the next 15 years, the ESG-friendly millennial market will inherit nearly \$24 trillion.<sup>6</sup> SMART can help you be on the right side of the 2% wealth transfer capture rate among advisors.<sup>7</sup>
- **Underperformance:** Advisors that work on their own are underperforming their model-based portfolios by an average of 200%.<sup>8</sup> SMART helps overcome this risk.
- **Time Cost:** SMART takes on the analysis, portfolio construction, and client education tasks, while aiming for low fund expenses. This will save you the cost of internal ESG resources and allow you to remain focused on your clients.
- **“Green Washing”:** With SMART, you can offer credible and highly sophisticated products, avoiding perceptions of a superficial commitment to ESG-driven investing.

## 3

## SMART Exercises Rigorous Due Diligence

- Detailed compilations and comparisons of public equity/debt funds that use sustainable processes.
- Big data and AI-driven analysis that dive deep into underlying holdings, allocations, and performance, equipping your clients with a clear understanding of their risk exposure.
- Return attribution and risk analysis of outperformance/underperformance over given time periods.
- Conference calls and/or meetings with PMs, wholesalers, and ESG analysts.
- Institutional analysis from third-party quantitative and macro managers to steer asset allocation and sector weightings, as well as to optimize portfolio construction.

6. Val Srinivas and Urval Goradia, *The future of wealth in the United States-Mapping trends in generational wealth*, Deloitte University Press, Nov. 9, 2015.

7. Michael Sisk, “How to Keep the Kids,” *Barron’s*, June 4, 2011.

8. Diana Britton, “Broker/dealer Execs Warned on Risks of Rep as PM Platforms,” *WealthManagement.com*, Jan. 26, 2017.





## RESEARCH AND ANALYSIS FROM TOP-TIER SOURCES



4

### SMART Helps You Drive the Conversation

We have the services to make you a trusted ESG resource for your clients:

- Educational webinars on a variety of Sustainable, Impact, and ESG Investing topics.
- Manager due diligence calls to help familiarize yourself with model holdings.
- Articles, blogs, and award-winning video feeds to help with your events and content marketing.

Can ESG be explained in under 90 seconds?  
Click here to find out:





# SMART WILL HELP YOU UNLOCK THE POWER OF ESG: YOUR GPS ON THE EVER-EVOLVING ROAD OF INVESTING



## Navigating Barriers



Less overwhelming amount of choice



Avoiding costs



Not as time consuming



Goal: A better ESG practice

## With SMART Investing Solutions, You're in the Driver's Seat

- Capitalize on the benefits of ESG.
- Strengthen your brand.
- Become an expert in the field.
- Align your clients' values with their investments.
- Deliver the results they expect.

Contact us to learn more about SMART (Sustainability Metrics Applied to Risk Tolerance)<sup>®</sup>  
Investing Solutions for Financial Professionals

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The mutual funds and separate account strategies shown on the chart on page 5 were selected by compiling a list of all ESG mutual funds per Morningstar Direct fund filters and Evestment socially conscious separate account filters (Morningstar uses keyword search programs that scan fund legal documents and fund family website content for target vocabulary to determine list inclusion. Evestment uses a manager database that relies on managers importing their own data and self-selection). This list is then organized by 5-year return in descending order and organizes into two categories, US equity and global equity. The ESG managers selected are those who most appropriately match-up most favorably to the selected US and global equity benchmarks (The S&P 500 TR USD and MSCI ACWI NR USD)

**S&P 500 TR USD:** The S&P US Indices are a family of equity indices designed to measure the market performance of US stocks trading on US exchanges. The family is composed of a wide range of indices based on size, sector, and style. The indices are weighted by float-adjusted market capitalization. The index measures the performance of the large-cap segment of the market. Considered to be a proxy of the US equity market, the index is composed of 500 constituent companies.

**MSCI ACWI NR USD:** The index is based on MSCI Global Investable Market Indexes (GIMI) Methodology - a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index, investability and replicability. The index is reviewed quarterly in February, May, August and November with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the index is rebalanced, and the large and mid-capitalization cutoff points are recalculated.

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