



# Values-Aligned Investing

Translating Each Client’s Unique Values into Customized Portfolios



Investor interest in values-aligned investing has expanded significantly in recent years. However, many investors find that one-size-fits-all portfolios do not represent all aspects of their value systems. Aperio recognizes that each investor’s values and views are unique and believes that they are rarely matched in the construction of mass-market ESG products and ratings.

**We help clients prioritize their values.**

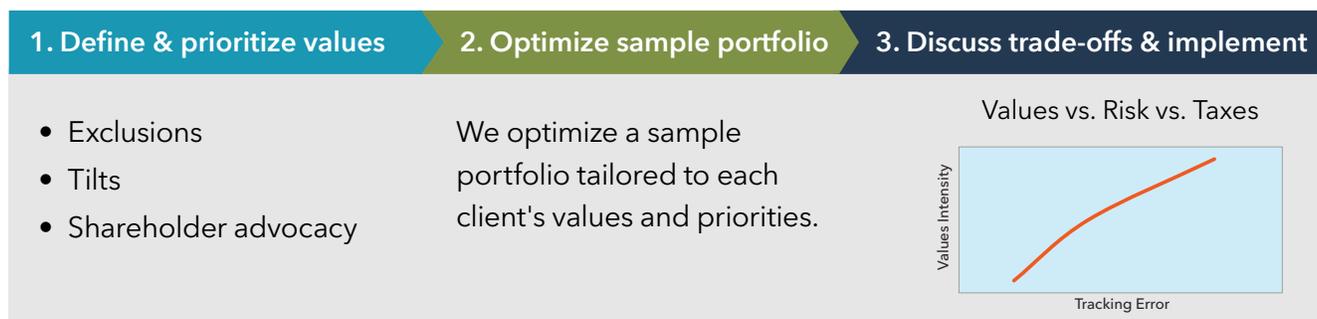
Aperio has partnered with advisors to guide thousands of conversations with investors, institutions, foundations, and multi-generational families to help clarify and prioritize values so we can translate them into personalized values-aligned portfolios.

**We tailor a flexible, data-driven approach to each investor.**

Each client selects their personalized exclusions (business activity, industry, or company) and/or tilts (toward companies that align with their values), and/or shareholder advocacy. We construct each portfolio using a multi-factor optimizer to balance the client’s social values with their risk tolerance as measured by forecasted tracking error. We can also integrate tax-loss harvesting and factor strategies into portfolios.

**We bring a depth of expertise in translating values into investments.**

We apply our ESG research expertise across issue areas to match a client’s values with current research. We explain the trade-offs among values, portfolio risk, and taxes.

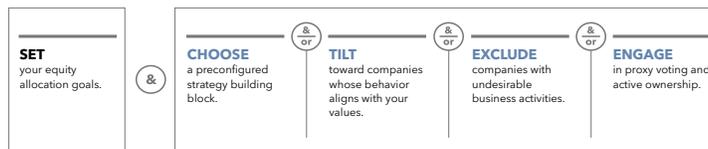


## Clients can choose from two paths for customization:

### 1 **SRI/ESG MENU:** Building Blocks of Strategies, Exclusions, Tilts, and/or Advocacy

*(Clients with at least \$1 million)*

Our SRI/ESG Menu helps you clarify and prioritize a client's values. Many investors choose one or more of our pre-designed strategies as a starting point—adding tilts, exclusions, and/or shareholder advocacy.



<p><b>Do you want to CHOOSE a strategy building block?</b> <small>Select only ONE.</small></p> <p style="text-align: center;">NONE</p> <p>General ESG Strategy Aperio SRI: Scoring</p> <hr/> <p>Environmental Strategies Environment: Scoring</p> <p>US Green REIT is available as a standalone strategy.</p> <hr/> <p>Social Strategies Animal-Friendly: Exclusions</p> <p>Diversity Diversity, Equity, and Inclusion: Exclusions &amp; Scoring</p> <p>Racial Justice: Exclusions &amp; Scoring</p> <p>Women's Inclusion: Exclusions &amp; Scoring</p> <hr/> <p>Faith-Based Strategies Catholic Values: Exclusions &amp; Scoring</p> <p>Catholic Values: Exclusions</p> <p>Islamic Values: Exclusions</p> <p>Jewish Values: Exclusions &amp; Scoring (includes Israel Exposure Tilt)</p>	<p><b>Do you want to TILT to companies aligned with your values?</b> <small>Choose as many as you wish.</small></p> <p style="text-align: center;">NONE</p> <p>Environmental Tilts Low-Carbon Footprint</p> <hr/> <p>Clean Technology Solutions 5% (int'l., domestic, or global) 10% (domestic or global)</p> <hr/> <p>Social Tilts Pro-LGBTQ Policies &amp; Practices</p> <p>Reproductive Rights</p> <hr/> <p>Governance Tilts Governance (embedded in Aperio SRI strategy)</p> <hr/> <p>Geography-Based Tilts Israel Exposure (included in Jewish Values strategy)</p>	<p><b>Are there companies or industries you want to EXCLUDE?</b> <small>Choose as many as you wish.</small></p> <p style="text-align: center;">NONE</p> <p>Environmental Exclusions Fossil Fuel Divestment</p> <table style="width: 100%; font-size: small;"> <tr> <td>Fracking</td> <td>Oil, Gas &amp; Consumable Fuels</td> </tr> <tr> <td>Tar Sands</td> <td>Coal Companies</td> </tr> <tr> <td>Carbon Reserves</td> <td>Energy Equipment &amp; Services</td> </tr> <tr> <td>Nuclear Power</td> <td>Sustainable Agriculture</td> </tr> <tr> <td></td> <td>Factory Farming</td> </tr> <tr> <td></td> <td>GMOs</td> </tr> </table> <hr/> <p>Social Exclusions</p> <table style="width: 100%; font-size: small;"> <tr> <td>Anti-LGBTQ Policies</td> <td>Exclude at revenue threshold of:</td> <td>1st \$ of revenue</td> <td>&gt; 5% of revenue</td> </tr> <tr> <td>Animal Testing: Pharma Only</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Animal Testing: Non-Pharma</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fur</td> <td>Alcohol</td> <td></td> <td></td> </tr> <tr> <td>Civilian Firearms: Production</td> <td>Gambling</td> <td></td> <td></td> </tr> <tr> <td>Civilian Firearms: Distribution</td> <td>Life Choice</td> <td></td> <td></td> </tr> <tr> <td>Military Weapons</td> <td>Pornography</td> <td></td> <td></td> </tr> <tr> <td>Predatory Lending</td> <td>Tobacco</td> <td></td> <td></td> </tr> <tr> <td>Private Prisons</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sudan</td> <td>Iran</td> <td></td> <td></td> </tr> </table> <hr/> <p>Governance Exclusions No Women on Company Board</p> <p>No Racial or Ethnic Minorities on US Company Board</p> <hr/> <p>Company and Industry Exclusions Specific Companies    Specific Industries <small>Include identifier share classes. List industries or sub-industries.</small></p>	Fracking	Oil, Gas & Consumable Fuels	Tar Sands	Coal Companies	Carbon Reserves	Energy Equipment & Services	Nuclear Power	Sustainable Agriculture		Factory Farming		GMOs	Anti-LGBTQ Policies	Exclude at revenue threshold of:	1st \$ of revenue	> 5% of revenue	Animal Testing: Pharma Only				Animal Testing: Non-Pharma				Fur	Alcohol			Civilian Firearms: Production	Gambling			Civilian Firearms: Distribution	Life Choice			Military Weapons	Pornography			Predatory Lending	Tobacco			Private Prisons				Sudan	Iran		
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<p><b>Are you interested in shareholder advocacy?</b></p> <p><b>ENGAGE</b></p> <p>SRI Proxy Voting <small>Included for Standard SRI Premium Strategies</small></p>	<p>Shareholder Advocacy (Choose as many as you wish.)</p> <p>Environment and Climate</p> <p>Animal Welfare</p>	<p>NONE</p> <p>Human Rights</p> <p>Diversity, Equity, and Inclusion</p> <p>Reproductive Health</p> <p>Other</p>																																																				

### 2 **SOCIAL CONVERSATION:** Full Customization

*(Clients with at least \$5 million\*)*

This is a highly personalized process of listening, prioritizing, and guiding to help translate client values into investments.

1. **Clarify Values** through one-on-one conversations or by facilitating decision-making with multiple stakeholders.
2. **Create Values Policy Statement** to guide the portfolio-building process with a detailed analysis of options based on each investor's values.
3. **Review Portfolio Options** to help clients see trade-offs between exclusions, scoring intensity, tracking error, and/or tax management/factor tilt strategies.
4. **Implement Plan and Report Progress** in annual reports that track values alignment.



*The Social Conversation is our process for translating a belief system into a Values Policy Statement and data set to guide the portfolio construction.*

\* Social Conversations are available to all investors regardless of account size. For accounts at the \$1 million level, Aperio uses the Social Conversation to translate investors' values into menu profiles. For accounts larger than \$5 million, the Social Conversation may help explore solutions beyond the menu.