

CLS RISK BUDGETED ESG STRATEGY



Environmental, social, and governance (ESG) investing has seen tremendous growth in recent years, which can be attributed not only to ESG's ability to provide exposure to the values that you believe in and make a global impact, but also its potential for above-market returns over time.

WHAT IS ESG?

ESG is the new face of values-based investing that utilizes an inclusionary methodology (as opposed to simply excluding "sin stocks") to select companies exhibiting favorable traits in three distinct categories:



ENVIRONMENTAL:

awareness of fossil footprint, wise resource management, pollution avoidance, etc.



SOCIAL:

human rights, workplace equality, product safety, community relations, etc.



GOVERNANCE:

stewardship for shareholders, company leadership, transparency, accountability, etc.

WHAT IS RISK BUDGETED ESG?

CLS's Risk Budgeted ESG Strategy offers actively managed, globally diversified exposure to ESG companies in a series of investment models across the risk spectrum and uses mutual funds and ETFs to construct portfolios with CLS's proprietary Risk Budgeting Methodology.

PORTFOLIO CHARACTERISTICS

% ESG:	100%
% Equity:	25%-100%
% ETFs:	5%-25%
Holdings:	10-15
Average Fund Model Expenses:	0.81% - 0.88%
Risk Budget:	30-100
Primary Investment Vehicle:	Active Mutual Funds
Risk Budgeted:	Yes
Actively Managed:	Yes
Globally Diversified:	Yes

CARBON FOOTPRINT

A hypothetical investment of \$1 million in Risk Budgeted ESG Model 100 represents an annual emissions reduction of 87 tons of carbon dioxide, representing a 78% reduction compared to the benchmark.* This reduction is equivalent to:



212,983 Miles driven



30 Tons of waste recycled instead of landfilled



1,440 Tree seedlings grown for 10 years



9,802 Gallons of gasoline consumed

* The benchmark is comprised of 60% Russell 3000 Index and 40% MSCI ACWI ex-US Index.

Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>, as of 1/1/2019; BlackRock, with data from MSCI ESG Fund Metrics for funds and MSCI ESG Research for individual companies, as of 01/01/19. All figures based on US EPA's calculation for converting greenhouse gas emissions (tCO2e) numbers into different types of equivalent units. Hypothetical example is for illustrative purposes only. Results for actual accounts will vary.



WHY IS ESG GROWING?

The evolution of ESG has coincided with tremendous growth of sustainable investing in recent years (**38% growth since 2016**). This growth is poised to continue as more values-conscious investors begin saving for retirement.

WHY INVEST IN ESG?

Recent studies have shown that ESG companies tend to be higher quality in nature, provide increased stability, and potentially outperform over time, all while making our world a better place.

HOW DOES CLS SELECT ESG INVESTMENTS?

The meaning of ESG can vary from person to person. In order to cut through the noise, CLS screens securities by utilizing ESG scores from Morningstar, which uses data provided by Sustainalytics, a global leader in ESG research and ratings.

Equity, in terms of investing, is a security which represents an ownership interest in an entity. Stocks, representing an ownership interest in a company, are the most common form of equity. The primary diversifiable risks are business risk and capital risk; additional diversifiable risks may be present depending on the specific security invested in.

An ETF is a type of investment company whose investment objective is to achieve the same return as a particular index, sector, or basket. To achieve this, an ETF will primarily invest in all of the securities, or a representative sample of the securities, that are included in the selected index, sector, or basket. ETFs are subject to the same risks as an individual stock, as well as additional risks based on the sector the ETF invests in.

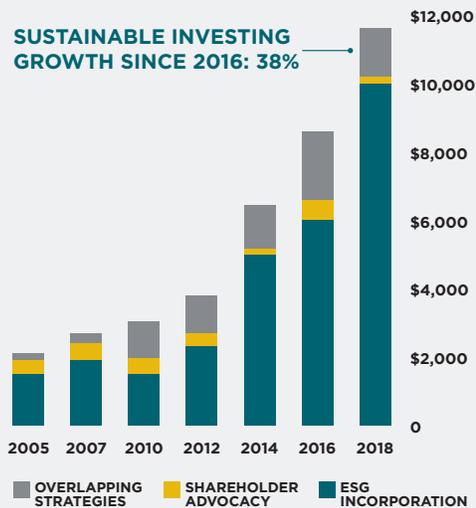
A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. Mutual funds are operated by money managers who invest the fund's capital and attempt to produce capital gains and income for the fund's investors.

The MSCI ACWI ex U.S. Index (MSCI All-Countries World Index, excluding U.S.) is an index considered representative of stock markets of developed and emerging markets, excluding those of the U.S. An index is an unmanaged group of stocks considered to be representative of different segments of the stock market in general. You cannot invest directly in an index.

The Russell 3000 Index is an unmanaged index considered representative of the U.S. stock market. The index is composed of the 3,000 largest U.S. stocks. An index is an unmanaged group of stocks considered to be representative of different segments of the stock market in general. You cannot invest directly in an index.

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Sustainable Investing Growth in the United States (Billions) 2005-2018



In ESG incorporation, investment institutions complement traditional, quantitative techniques of analyzing financial risk and return with qualitative and quantitative analysis of ESG policies, performance, practices, and impacts. Shareholder resolutions are a meaningful way for shareholders to encourage corporate responsibility and discourage company practices that are unsustainable or unethical. Source: ussif.org - The Forum of Sustainable and Responsible Investment.