

# Climate & Environmental Risks Create Opportunities

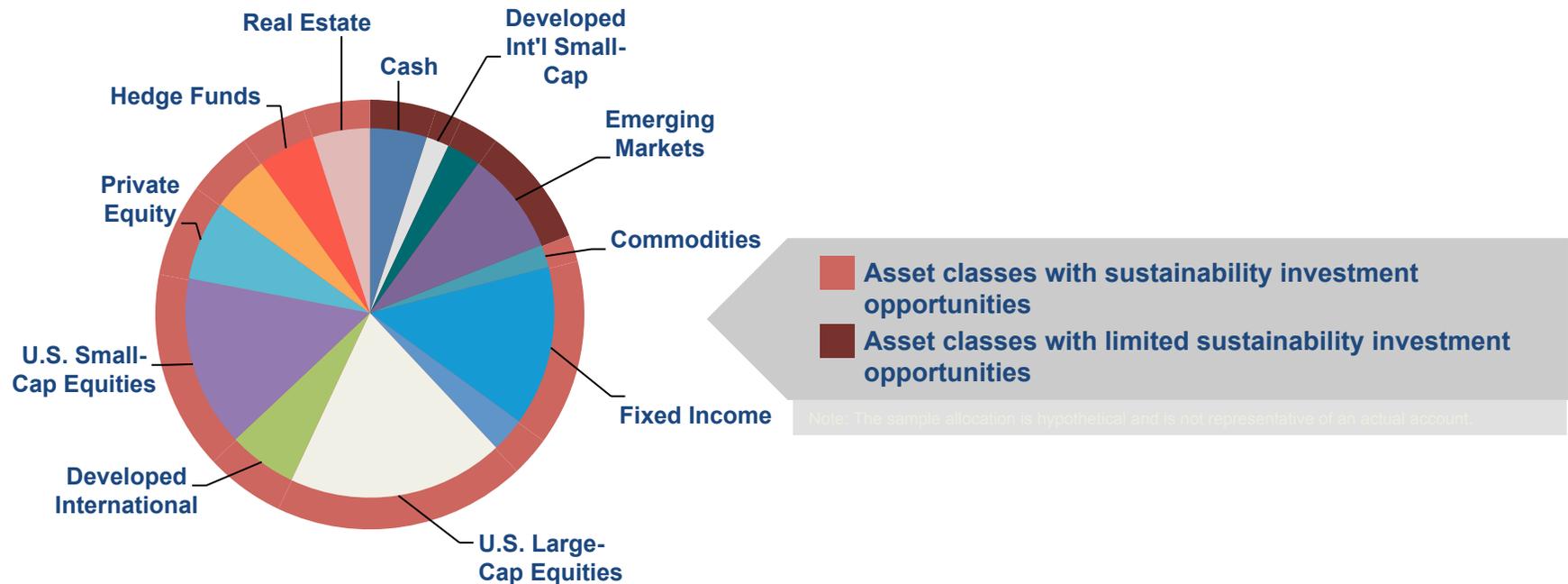


SECTOR	RISK	OPPORTUNITY
Consumer	Brand reputation	<i>Customer and employee loyalty</i>
Industrials, Basic Materials	Commodity price volatility	<i>Reduce materials use</i>
Energy, Utilities	Regulation, energy security	<i>Operational excellence, fuel diversification</i>
Financials	Weather events	<i>Analytics to mitigate physical and financial risks</i>
Health Care	Inefficiencies and complex waste	<i>Improved health outcomes, energy efficiency, waste reclamation &amp; reduction</i>
Information Technology	Data center energy use	<i>Optimize hardware, software, energy resource use</i>

The investment challenge is finding fundamentally strong companies that capitalize on these opportunities without undesirable risks

# Constructing Balanced Portfolios to Reflect Objectives, Values and Mission

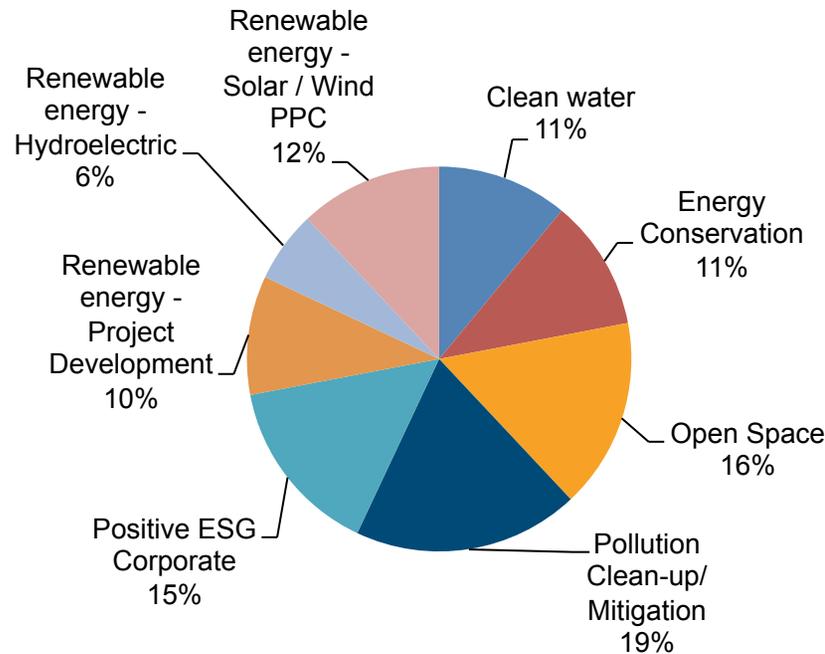
## > Sample Balanced Portfolio



Portfolio allocations often involve a wide range of asset classes and in recent years quality sustainable investment offerings have been incorporated in many of those asset classes.

# Active Fixed Income Example Featuring Environmental Opportunities

## ➤ Negative and/or positive screening related to environmental values in sample focused portfolio

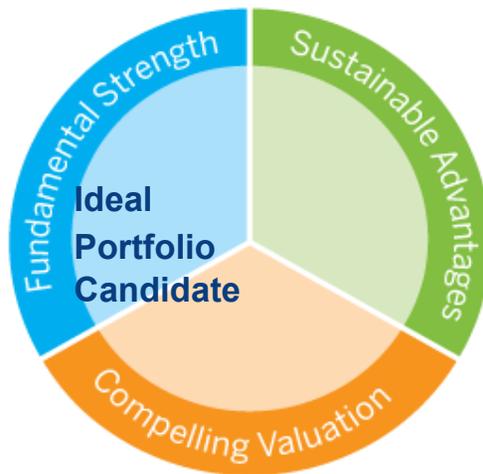


	Avg. Duration	Avg. Yield
Clean water	8.0	4.0%
Energy Conservation	9.3	3.5%
Open Space	3.8	1.7%
Pollution Clean-up/Mitigation	5.1	3.1%
Positive ESG Corporate	4.3	1.8%
Renewable energy - Project Development	7.1	3.8%
Renewable energy – Hydroelectric	5.4	3.4%
Renewable energy - Solar / Wind PPC	3.9	1.8%

Note: The above allocation, average duration and average yield are hypothetical and are not representative of an actual account.

# Active Equity Example Featuring Environmental Opportunities

- **Competitive risk-adjusted returns over a full market cycle are possible by investing in companies that offer durable fundamental strengths, sustainable competitive advantages and compelling valuations.**



- Durable business models
- Secular market drivers

- Competitive differentiation
- Environmental strategies that drive financial performance

- Favorable reward versus risk, confirmed through research-driven financial models

## Environmental strategies that drive financial performance and stock valuation:

- **Revenue growth:** new environmental markets, environmental ROI
- **Cost improvements:** resource efficiency, environmental leadership, productivity
- **Enhanced franchise value:** customer loyalty, consumer preferences



**Karina Funk, CFA**, is co-Portfolio Manager of the Brown Advisory Large- Cap Sustainable Growth strategy. Karina joined Brown Advisory in 2009. Karina has over 10 years of environmentally oriented investing experience spanning early-stage ventures to debt and public equities. She was previously an equity research analyst for Winslow Management Co, a principal at Charles River Ventures, and an investment manager at the Massachusetts Renewable Energy Trust.

#### Education

- Ecole Polytechnique, France, Post-Graduate Diploma (1998)
- MIT, M.S. in Civil & Environmental Engineering (1997)
- MIT, M.S. in Technology & Policy (1997)
- Purdue University, B.S. in Chemical Engineering (1994)

#### Community Involvement

- Massachusetts Technology Transfer Center Investor Advisory Board
- International Women's Forum Leadership Foundation Fellow

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