



Vert Asset Management
2018 Annual Impact Report



As a company, Vert Asset Management believes there is economic value in sustainability. We maintain that companies focused on the triple bottom line of people, planet and profits will be better positioned for the risks and opportunities of the future than those focused on profits alone. We believe in a long-term perspective. Companies that look further out than the quarterly reporting cycle can invest in more projects that build value for the firm over time. We believe that markets work well, and price available information. More information, including environmental, social, and governance factors, can make markets work better. We build portfolios of companies that use sustainability to drive value, take a long-term perspective and are open and transparent.

Our Investment Platform

The Vert Global Sustainable Real Estate Fund seeks to buy and hold only the publicly listed Real Estate Investment Trusts that are truly committed to sustainability. Companies can qualify for the portfolio in only two ways.

- By ranking in the **top 25% of all REITS** on overall ESG (Environmental, Social, and Governance) scores.
- By ranking in the **top 10% of REITS** on a single Key Performance Indicator such as energy and/or greenhouse gas (GHG) reduction, green building certifications, affordable housing, and transparency.

In addition, we disqualify companies in the fossil fuel or prison industries, and those that have inadequate climate and flood risk policies.

Companies with controversial records in corruption or fraud or that have caused displacements or environmental damage, are also excluded.

The chart below illustrates the ESG metrics of the 100+ holdings in the fund, compared against the broader S&P Global REIT Index of 400+ companies.

As of June 30, 2018

OVERALL ESG INTEGRATION

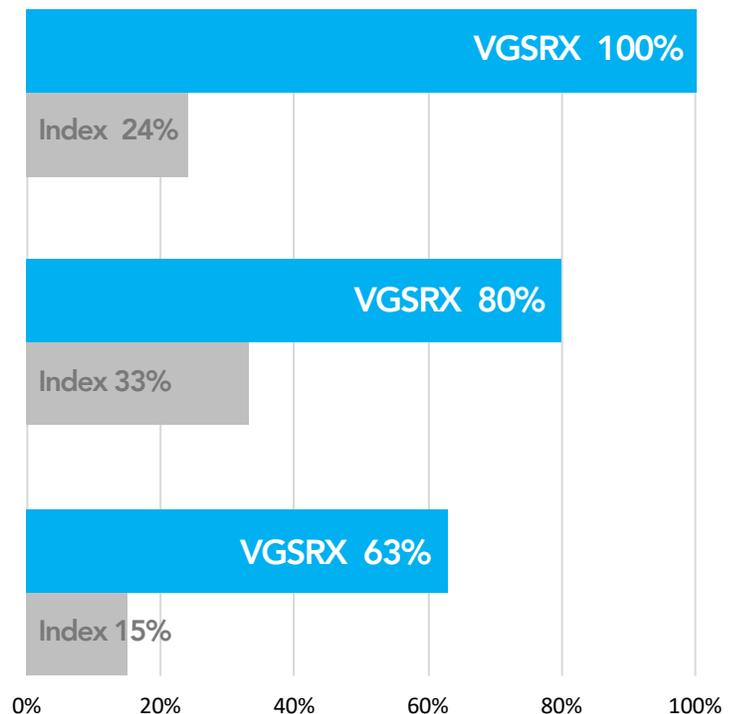
100% of our companies meet our strict ESG criteria. Only 24% of the companies in the Index meet these same criteria.

DISCLOSURE & REPORTING

80% of our companies are members of GRESB (Global Sustainability Real Estate Benchmark) and voluntarily report their ESG performance compared with only 33% in the Index.

GREENHOUSE GAS REDUCTION

63% of our companies have reduced their greenhouse gas and/or energy intensity by at least 2.6% per year over the last 2 years compared with only 15% of the Index.*



This equates to a reduction of **594,401 metric tons of GHG** or the equivalent of taking **127, 281 cars** off the road.



0% Fossil Fuels **0% Prison REITs** **0% Weapons Manufacturers**

*The International Energy Agency calculates an annual energy intensity reduction of 2.6% is needed to achieve global climate goals.

Sustainable Development Goals

The Sustainable Development Goals (or the SDGs) are the next iteration of UN goals that bring multi-stakeholder awareness to a multitude of challenges facing our world – end poverty, protect the planet, ensure peace and prosperity. The 17 goals require the work of the entangled modern civil society, governments and the world economy.¹

SUSTAINABLE DEVELOPMENT GOALS



The modern concept of sustainable development in the UN framework starts with the Brundtland Report “Our Common Future” for the World Commission on the Environment and Development in 1987. The report was commissioned to highlight the interconnectedness of society, institutions, business and the economy in balancing economic and ecological demands. The report broadly defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”² Sustainable development at the UN has further evolved to clarify that each country has differentiated responsibilities in respect to achieving a prosperous economic and ecological balance.

The SDGs are the result of the UN recognizing that sustainable development cannot happen through government regulation alone, but requires the efficiency of businesses and capital allocation of the economy. The SDGs dovetail with the Paris Agreement in 2015 wherein countries committed to differentiated responsibilities to limit global carbon emissions. The SDGs came into effect on 1 January 2016 and will guide international policy-making decisions through 2030. Each of the 17 goals have multiple indicators for national-level targets. The question of how business gets behind each of these goals is key because the success of the goals depends largely on allocating capital. Such an immense amount of capital is required to meet these targets that business and the economy has to be included in the conversation.

Investors have choices on how to mobilize their capital to help achieve the SDGs. There are dedicated impact funds that are developed to target a specific SDG goal such as alleviating poverty (Goal 1) or eliminating hunger (Goal 2). These funds are excellent ways for investors to express their values and are in many cases, private equity or private debt vehicles. There are also ESG funds in public markets developed for investor’s traditional asset allocated portfolios. The Vert Global Sustainable Real Estate Fund is in the latter camp. It was not built for the SDGs, but with the overall tenet that the triple bottom line - people, planet, profit - is the business of the future. Because the fund invests in sustainable real estate, it is particularly relevant to 3 specific SDGs - 9, 11, and 13.

¹ Sustainable Development Knowledge Platform (2018). “Transforming our world: the 2030 Agenda for Sustainable Development.” Accessed at: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

² UN World Commission on Environment and Development (1987). “Our Common Future”. Oxford: Oxford University Press. Accessed at: <http://www.un-documents.net/ocf-ov.htm#1.2>

Sustainable Development Goals

We believe our investment platform directly connects to 3 SDGs. Here is a brief description of each:



9 Industry Innovation and Infrastructure: *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.* Companies can upgrade local infrastructure, invest in resilient energy and communications technologies.



11 Sustainable Cities and Communities: *Make cities and human settlements inclusive, safe, resilient and sustainable.* Cities leverage business capabilities to identify innovative and cost-effective solutions to complex, cross-cutting urban sustainability challenges.



13 Climate Action: *Take urgent action to combat climate change and its impacts.* Companies can decarbonize their operations and supply chains through continuously improving energy efficiency, reducing the carbon footprint of their products, services and processes, and setting emissions reductions targets.

We have mapped our key performance indicators directly to these 3 SDGs:

Vert Global Sustainable Real Estate Fund KEY PERFORMANCE INDICATORS	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
E – Energy, Greenhouse Gas, Water Reduction			
E – Green Building Certifications			
E – Biodiversity & Land Conservation			
S – Urbanism & Public Transit Oriented			
S – Community Engagement			
S – Affordable Housing			
G – Disclosure & Reporting			
G – Stakeholder Engagement			
G – Greenhouse Gas & Climate Policies			
Disqualifying: Controversies - Bribery, Corruption			
Disqualifying: Business Line - Fossil Fuel, Prison REITS			
Disqualifying: Risks - Regulatory, Climate			

Ultimately, the SDGs are national goals. SDGs are systems-level which are comprehensive in their nature meaning success on one will involve tackling issues associated with another. It is forcing investors to think more holistically and to connect investing to a broader context.*

*Learn more on how business can support the SDGs at <https://sdgcompass.org>.

Our Approach to Engagement

We are investors that want to see change in corporate behavior. Equally, we are also a company that wants to build our business practices to high standards. Vert practices engagement in three distinct ways:

- 1. Business For Good**
Being a model company for sustainable businesses.
- 2. Industry Advocacy**
Advocating for financial service industry initiatives.
- 3. Active Ownership**
Being an active owner through shareholder engagement.

1. Business For Good

We endeavor to demonstrate leadership on how to run a business with sustainability at the center of our mission. We became a Certified B Corp to signal to our clients and others that we are dedicated to managing and operating our business in an ethical and sustainable way.



Certified B Corporations are companies that have been certified by the nonprofit B Lab which have met rigorous standards of social and environmental performance. It is similar to LEED for green buildings or USDA Organic for food products. The B Corp certification is rapidly becoming the global standard for sustainable business.

B Corps are leading a global movement to redefine success in business – that businesses can be successful and do good at the same time. By voluntarily meeting higher standards of transparency, accountability, and performance, B Corps are distinguishing themselves in a cluttered marketplace by offering a better way to do business. We became a Certified B Corp to show that we are dedicated to running our business in an ethical and sustainable way. We are leading by doing and demonstrating that it is possible to run a financial services business AND do good within our sphere of influence. Here are some areas where we are making a difference:

Energy Use Reduction

We've installed reflective film on our office windows to reduce solar gain. This helps regulate the interior temperature without the use of air conditioning. The film also reduces glare and allows the window blinds to be up to take advantage of natural light.

Sourcing

We choose environmentally-friendly suppliers where possible. We assess key suppliers against a checklist, which includes reviewing their environmental, social, and governance practices. When an eco-solution is not offered, we request they consider developing one.

Business Travel

Business travel is not discouraged as we believe in the value of developing relationships face-to-face. Even so, over 80% of our meetings take place on the phone and using online presentation tools. We use public transport where possible for business travel.



As part of this commitment we joined 1% For The Planet, a foundation started by Yvon Chouinard, the founder of Patagonia. Member companies pledge 1% of their before-tax profits to the foundation which then donates to its network of 'green' charities. It is important that business is seen as a force for good.

2. Industry Advocacy: Partnership Initiatives

Vert participates in the advocacy of several working groups that are advancing policies addressing sustainability within the financial services industry.



We are a member of **The Forum for Sustainable and Responsible Investment (US SIF)** – the US policy group that coordinates priorities from all types of investors on sustainable investing and helps get representatives in Washington, D.C to listen. We are also in the **US SIF Policy Leaders Program** to expand our engagement at the state and federal level to support policy changes in line with our investment objectives.

Signatory of:



We are signatories to the **Principles for Responsible Investment (PRI)** – an international organization of asset owners and investment managers that have committed to 6 principles of integrating ESG into the investment process and creating awareness on ESG.



We are supporters of the **Task Force for Climate-Related Financial Disclosures (TCFD)** – an international effort to normalize climate-related financial disclosures and make it common practices for companies.



We have signed-on to the national business collation **We Are Still In** to demonstrate that the US private sector wants to be committed to the Paris Agreement despite the Trump administration rescinding the US involvement.



We are investor members of the **Global Real Estate Sustainability Benchmark (GRESB)** – an industry association and data company that is advancing the real estate industry benchmarking and reporting of sustainability metrics.

2. Industry Advocacy: Policy Initiatives

Additionally, we coordinate with other various non-governmental organizations and asset managers on selected environment, social and governance campaigns to bring a unified front to companies, networks, or government agencies on specific issues. This year we have signed-on and/or supported the following issues:

Transition to a Low Carbon Economy



Investor Statement to the G7 countries. The PRI Signatories Investor Statement to Governments on Climate Change emphasizes three objective: 1) achieve the Paris Agreement’s goals; 2) accelerate private sector investment into the low carbon transition; and 3) commit to improve climate-related financial reporting.

State legislation – support for California climate bill: SB100 amendment to The California Clean Energy Act of 2017 to commit California to 100 percent clean and renewable energy by 2045.

Investor Letter authored by the USSIF expressing concern that EPA will reverse the Clean Power Plan with a proposed rule: "Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electrical Generating Units".

Sustainable Reporting and Transparency



Investor Letter authored by PRI to International Organization of Securities Commissions requesting IOSCO endorse Sustainable Stock Exchanges’ Model Guidance on Reporting ESG Information to Investors as a consistent principles-based approach, and to engage the World Federation of Exchanges (WFE) with their sustainability work. Also to endorse the Task Force of Climate-Related Financial Disclosures.

Investor Letter to encourage US Green Building Council USGBC to take stronger action to integrate carbon reduction into LEED certification.

State legislation – support for California climate bill: SB 964 for 1) CalSTRS and CalPERS to report to the legislature and public, and 2) defines 'climate-related financial risk'.

Federal legislation – support of the Climate Risk Disclosure Act of 2018.

Diversity, Inclusion, Equity, Well-being



Support for UN Free & Equal Business Standards to recognize LGBTQ Rights in the workplace.

Investor Letter authored by the IRRC to reinstate the Temporary Protected Status (TPS) for another 18 months in the face of Trump’s immigration bans. The letter articulates a need for comprehensive and just immigration reform.



Investor Statement authored by the IRRC to protest against gun violence, calling on corporate actors to take responsibility in influencing the well-being of society.

Investor Statement authored by Stance Capital on Paid Family Leave & Human Capital linking paid family leave to increased worker retention and morale.

Provided input into “Leadership Initiative on Corporate Engagement with Public Policy” to create and propose non-binding guidance on corporate engagement to supplement the UN Guiding Principles on Business and Human Rights.

US SIF Capitol Hill Day – part of a California delegation to present sustainable investing demand to Senate and House of Representatives’ elected officials. Also, to raise awareness on the importance of maintaining shareholder resolutions.

Learn more on how business can support the SDGs at <https://sdgcompass.org>.

3. Active Ownership: Shareholder Engagement

We are working to get Vert Asset Management known in the REIT community as an investment manager who is deeply knowledgeable on ESG issues. We want companies to understand that taking care of the triple bottom line of people, planet, and profit, is a more successful way to run their business. We communicate directly with companies we hold in our fund. We designed our 2018 campaign in close consultation with input from other asset managers, non-governmental organizations (NGOs), participants in the real estate industry, and ESG research providers. Our main tools as active owners are direct dialogue, proxy voting, and influencing public policy (detailed in the previous section). Once we've held a stock for longer than a year, we can file shareholder resolutions as well.

Our theory of change for active ownership hinges on building relationships with the companies that we invest in, specifically their sustainability and investor relations teams. We believe a successful investor and company relationship is a two-way street: we can go to the company with concerns and reversely, they can come to us for up-to-date investor resources.

Our 2018 Engagement Campaign focused on encouraging REITs to publicly disclose sustainability metrics. We thanked the companies that are reporting on sustainability performance - including reducing energy use, conserving water, and tenant and



community engagement. We asked those who don't currently disclose, to report to GRESB and CDP (formerly Carbon Disclosure Project). Our engagement campaign aligns with SDG 13 Climate Action.

We have had direct dialogue with all of our holdings over the last year. We are enthusiastic that we received a 30% response rate.

Formal Engagement Letters Sent	98
Responses Received	29
Response Rate	30%
Follow-Up Calls	11
In-Person Meetings	2

Additionally, Sam Adams (CEO) attended 3 REIT specific industry events to advocate for improvements in environmental, social and governance within company strategy:

NAREIT ESG Forum. Sam presented our ESG criteria and what good reporting and disclosure practice is to over 80 REITs.

REIT Week. Sam attended this annual investor event to ask REIT leaders about their ESG commitments.

E&Y REIT CFO Roundtable. Sam presented the investor view of ESG to CFOs from 40 US REITs.

At each event Sam spoke directly with many management representatives. Many were surprised and encouraged to hear that investors are getting serious about ESG in the REIT space.

3. Active Ownership: Proxy Voting

Proxy Voting is one piece of the engagement process. It is a requirement for US mutual funds. Our proxy voting policy reflects our concern for good corporate governance, environmental stewardship, and social well-being.

Vert Asset Management voted 850 proposals at 82 meetings.

Management Proposals	Number of Proposals	Votes For	Votes Against
Antitakeover Related	10	100%	0%
Capitalization	87	70%	30%
Board and Governance Related	15	20%	80%
Directors Elections	464	89%	11%
Totals for Compensation	117	76%	23%
Reorganization and Mergers	23	100%	0%
Routine Business Matters	159	82%	18%
Shareholder Proposals			
Board and Governance Related	3	33%	67%
Directors Elections	7	57%	43%
Health and Environment	1	0%	100%
Total Proposals	850	83%	17%



DISCLOSURES

The Vert Global Sustainable Real Estate Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory, and if available summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1-844-740-VERT or visiting www.vertfunds.com. Read carefully before investing.

Mutual fund investments involve risk. Principal loss is possible. Investors should be aware of the risks involved with investing in a fund concentrating in REITs and real estate securities, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. A REIT's share price may decline because of adverse developments affecting the real estate industry. REITs may be subject to special tax rules and may not qualify for favorable federal tax treatment which could have adverse tax consequences. The Fund's focus on sustainability may limit the number of investment opportunities available to the fund and at time the fund may underperform funds that are not subject to similar investment considerations. Diversification does not assure a profit or protect against loss in a declining market.

The S&P Global REIT Index is drawn from constituents in the S&P Global Property Index. Constituents must conform to the legal structures that define a real estate investment trust in the U.S., or similar guidelines in the country of their domicile. The REITs in the index are primarily companies that invest in buildings, which are human occupied or used for storage. The REIT indices specifically exclude timber REITs, mortgage REITs and mortgage-backed REITs. One cannot invest directly in an index.

B Corp Certification is a legal commitment. To qualify, an entity is required to amend its articles of organization to address accountability and outline a financial purpose that includes environmental and social contributions on par with the financial return generated by the company. B Corp requires the qualifying entity to assess their environmental management, supply chain, employee and well-being policies and governance policies.

The Vert Global Sustainable Real Estate Fund is distributed by Quasar Distributors, LLC.

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