



Vert Asset Management
2019 Annual Impact Report



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.

We believe investment managers can and should use their ownership position to push companies to improve. We are a small asset manager but are unique in our focus on sustainability in public real estate.

We focus our engagement efforts where we can make the most impact. The report summarizes our work in 2019.

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OUR INVESTMENT PLATFORM: Vert Global Sustainable Real Estate Fund

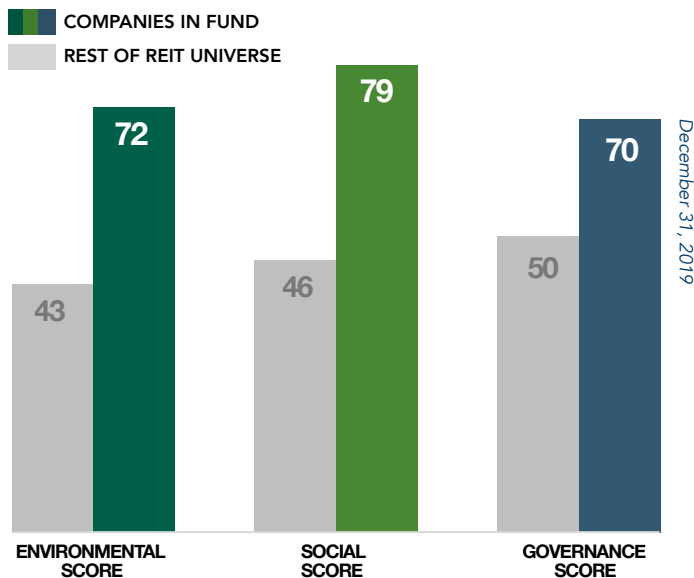
The Vert Global Sustainable Real Estate Fund seeks to buy and hold only the publicly listed Real Estate Investment Trusts that are truly committed to sustainability. Companies can **qualify** for the Fund in three ways:

- **COMPREHENSIVE EXCELLENCE:** By ranking in the top 25% of all REITs on overall ESG (Environmental, Social, and Governance) scores.
- **FOCUSED EXCELLENCE:** By ranking in the top 10% of REITs on a single Key Performance Indicator such as green building certifications, affordable housing, and transparency.
- **EMISSIONS EXCELLENCE:** By reducing their year-on-year energy consumption or greenhouse gas emissions by greater than 2.6% per year on average over the past 5 years.

We **disqualify** companies that are inadequately prepared for climate risk, that have significant controversies, and those in the following business lines:

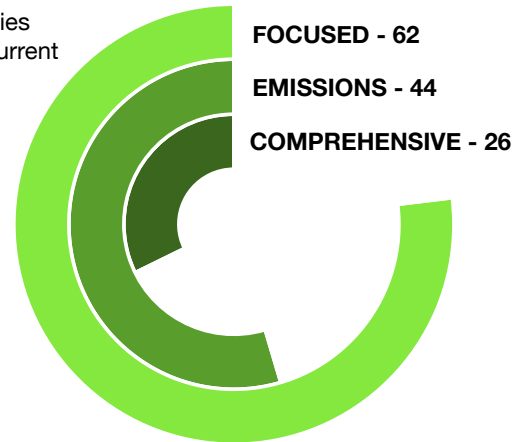


The companies in the Fund have higher average scores on ESG metrics than the rest of the REIT universe.



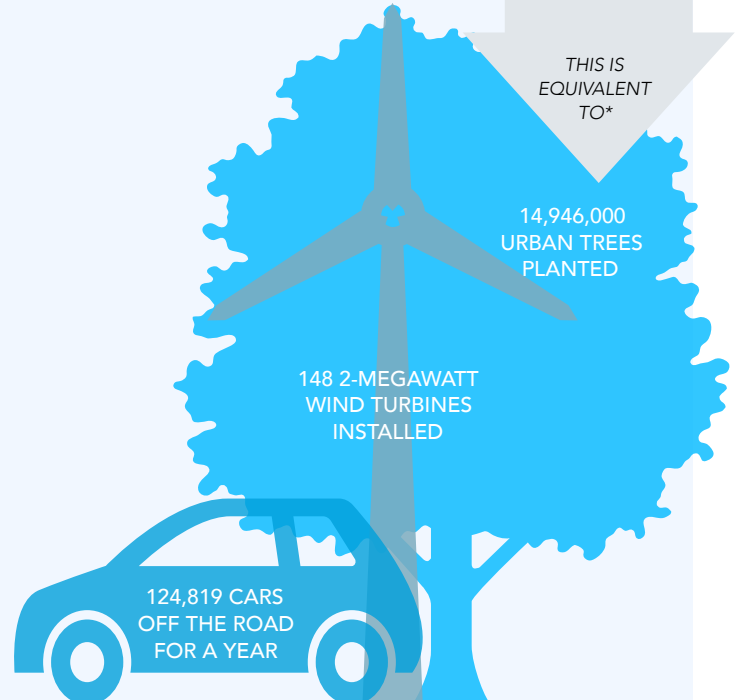
PORTFOLIO QUALIFICATION

How 132 companies qualified for the current Fund:



PORTFOLIO EMISSIONS

582,906
METRIC TONNES OF CO₂ REDUCED



*Metric tonnes of CO₂ reduction equivalencies were calculated using formulas provided by the US Environmental Protection Agency (EPA).

OUR APPROACH TO ENGAGEMENT: Interdisciplinary & Inclusive

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:

Active Ownership

Shareholder engagement on ESG issues through direct dialogue.

Business For Good

Being a model company for sustainable businesses.

Industry Advocacy

Advocating for ESG initiatives within the financial service industry initiatives.

These three lines of activity help us improve our understanding and positioning on environmental, social, and governance (ESG) issues from the interdependent perspectives of civil society, the public sector and the private sector.

SUSTAINABLE DEVELOPMENT GOALS: Real Estate Industry

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 including ending poverty, protecting the planet, ensuring peace and prosperity. The 17 goals require the coordination of civil society, governments and the world economy.¹

The modern concept of sustainable development in the UN framework started with the Bruntland 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 dove-tail with the Paris Agreement in 2015 wherein countries committed to differentiated responsibilities to limit global carbon emissions. The SDGs came into effect on January 1, 2016 and will guide international policy-making decisions through 2030.

The World Green Building Council illustrates how 9 of 17 SDGs are linked to buildings and real estate. Buildings consume 40% of the world’s energy. We spend 90% of our lives indoors. The built environment has an outsized influence on our overall well-being.



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: Our Investment Strategy

The Fund supports the SDGs in two principal ways:

1. Our Key Performance Indicators (KPIs) focus on material ESG issues in real estate. These issues map to three primary SDGs (9, 11, 13). We select companies doing well on these and then we engage with them to do even better.
2. Our KPIs demand more disclosure and more data. We work directly with researchers and data providers to build new datasets to surface corporate behavior tackling the SDGs.

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



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 in communications technologies.

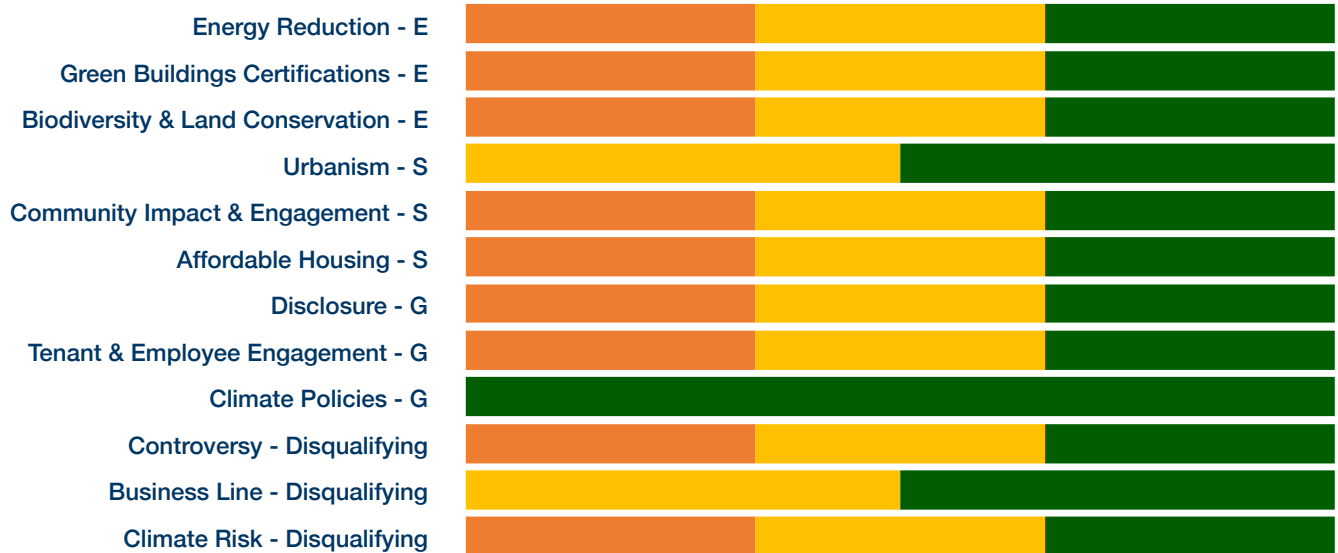


11 Sustainable Cities and Communities:
Make cities and human settlements inclusive, safe, resilient and sustainable. Cities leverage business capabilities to identify innovative and cost-effective solutions to complex, cross-cutting urban sustainability challenges.



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

Vert Global Sustainable Real Estate Fund Key Performance Indicators



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>.

Task Force for Climate-Related Financial Disclosures: Contextual Overview

Climate risk is investment risk.

In 2019, we focused on raising awareness for the recommendations on Task Force for Climate-Related Financial Disclosures.

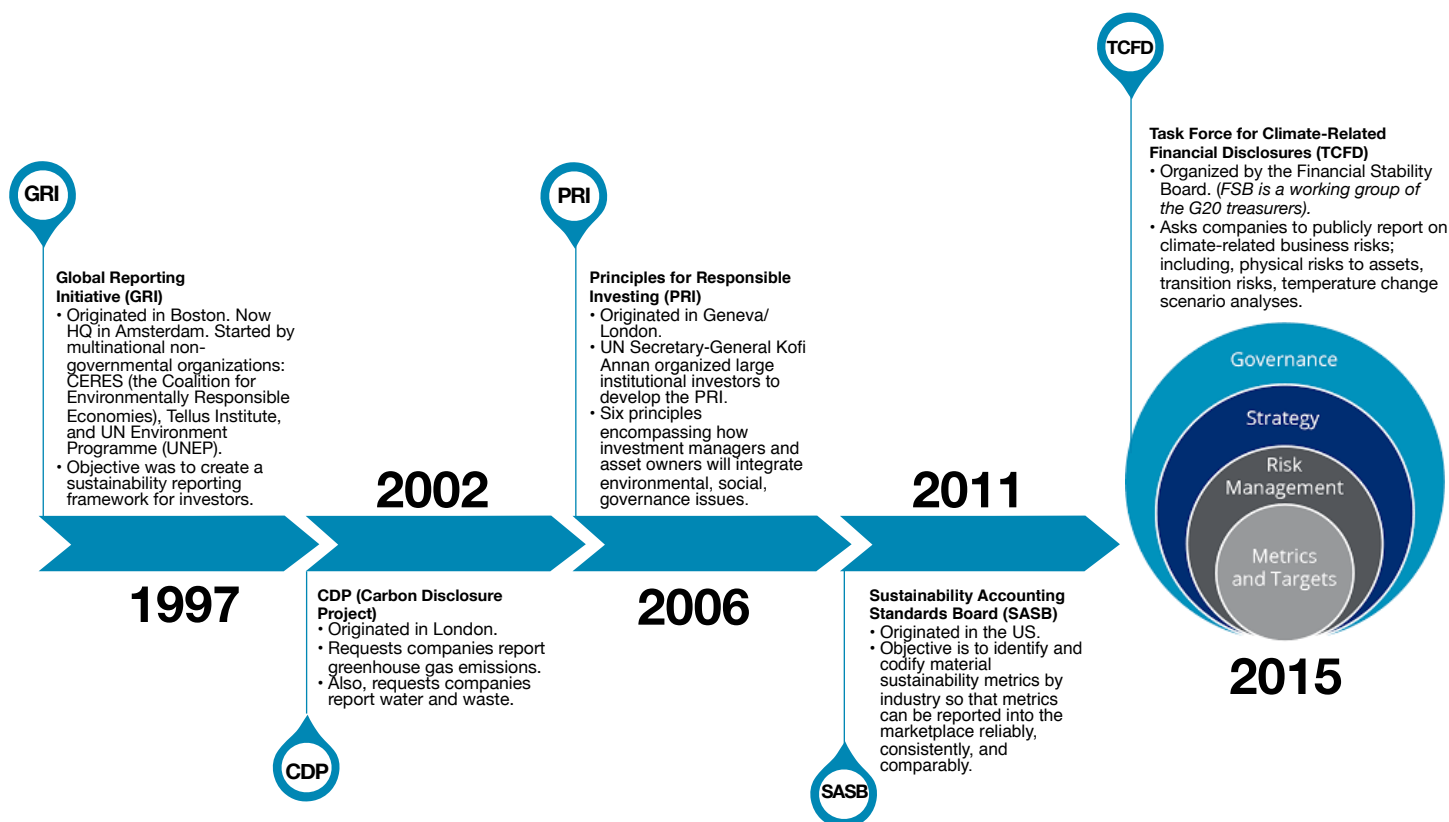
The Task Force for Climate-related Financial Disclosure was developed by the G20. The G20 is the diplomatic convening of the largest 20 national governments. In the 2015, national banks and treasurers of the G20 agreed to put climate risk on the map. The heads of the largest international financial institutions called for all types of companies to report their climate risk from a business management perspective, just as they would any other type of business risk. This is significant because until the TCFD, calls for climate risk disclosures came mainly from the non-profit sector.

The TCFD is a task force of the Financial Stability Board (FSB). The FSB was set up to coordinate the G20 national financial authorities and international standard setting bodies on regulatory and financial sector policies. G20 countries are made up of largest developed nations including the US, UK, EU among others. It also includes the International Monetary Fund (IMF), the World Bank and international standard-setting, regulatory bodies including International Accounting Standards Board (IASB), International Organization of Securities Commission (IOSCO).

In 2015, Mark Carney (Governor of the Bank of England) and Michael Bloomberg (former Mayor of NY City) led the Task Force in reducing the 400+

sustainability questions that all companies report down to a unified and streamlined business risk management approach.

TCFD wants companies to report how they are addressing climate risk in their business strategy and governance structure. It asks about their risk management plans and their targets to transition their business to a low carbon economy. Furthermore, it tells companies to think long-term how their businesses would fare in a 2°C or 4°C temperature increase scenario.



Task Force for Climate-Related Financial Disclosures: Our 2019 Engagement Campaign

We approach engagement from a “better business” perspective. We communicate with companies in the Fund on ESG issues that would enhance business operations.

We have become recognized 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 - people, planet, and profit - is a more successful way to run their business.



Our theory of change 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 suggestions and they can come to us for up-to-date resources and guidance.

Each year we contact 100% of the holdings in the fund. We have always tempered our expectations on how many companies would respond so we are pleased that we had a good result last year, and an even better response rate this year with nearly 50% of the companies dialoguing directly with us on the TCFDs.

Formal Engagement Letters Sent	123
Responses Received	60
Response Rate	49%
Follow-Up Calls	30

BUSINESS FOR GOOD: Being a Model for Sustainable Business

We endeavor to show 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 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 revenue to the foundation which then donates to its network of 'green' charities. It is important that business is seen as a force for good.

BUSINESS FOR GOOD: Our Carbon Footprint

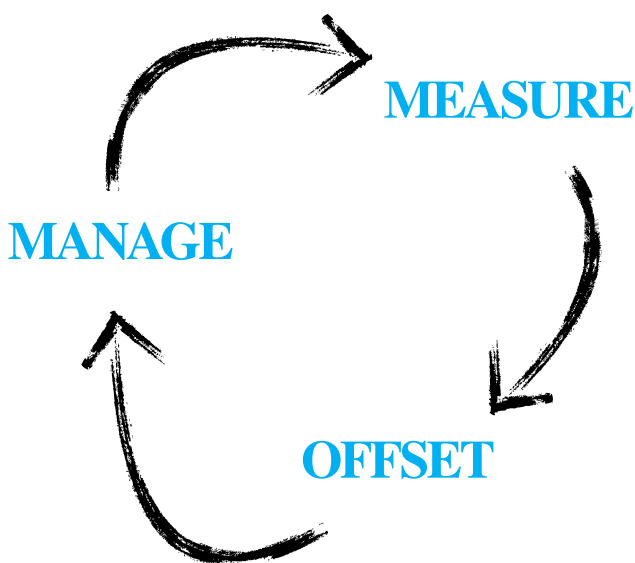
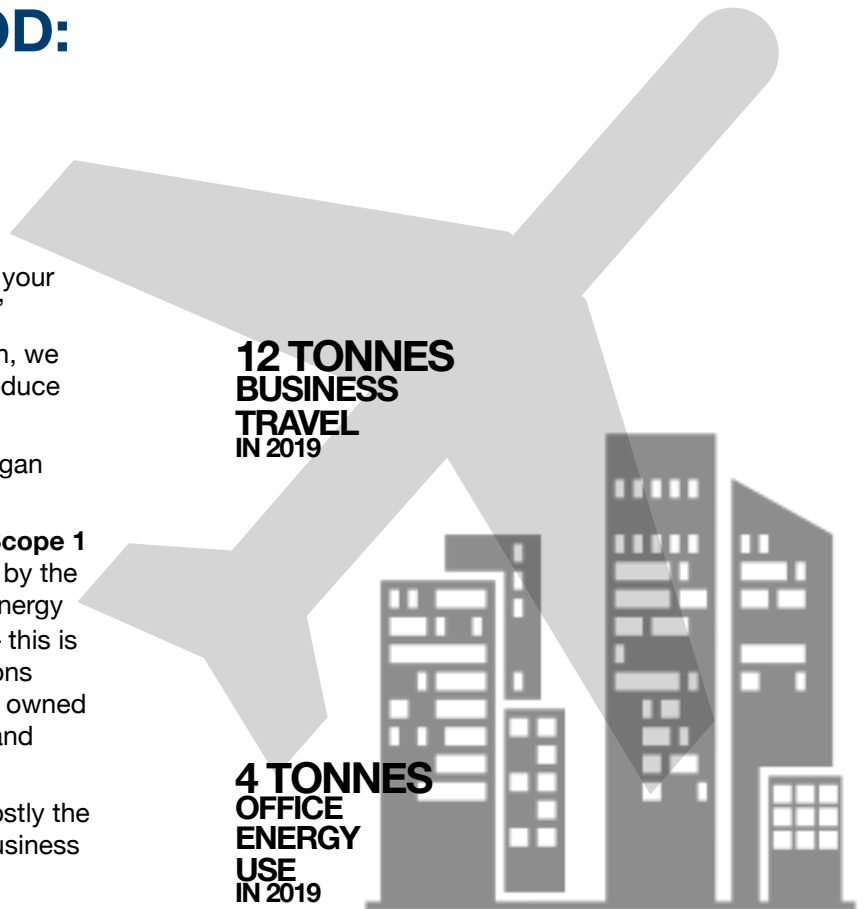
Committing to becoming a certified B Corp puts your business on a “continual improvement program.”

In our formal engagement letter-writing campaign, we asked large companies what they are doing to reduce their carbon emissions or their carbon footprint.

We wanted to walk the walk – so this year we began measuring and offsetting our carbon footprint.

Emissions are categorized into three buckets – **Scope 1** refers to direct emissions created by assets owned by the company. **Scope 2** is for indirect emissions for energy created by assets your company does not own – this is purchased power. **Scope 3** is for indirect emissions created in the supply chain and by any asset not owned by the company – this is mainly business travel and commuting.

As a service business, our carbon footprint is mostly the energy purchased for our office (Scope 2) and business travel (Scope 3). We do not have any Scope 1 emissions.



So, how do we do this?

1. First, we measure our indirect emissions – collect our energy bills and add up our travel and commuting miles. We do this with the help of online carbon footprint business calculators.
2. Next, we offset our carbon metric tonnes of emissions by purchasing verified Carbon Offsets.
3. Lastly, we work on developing emissions reduction targets going forward.

Carbon Offsets (also called Carbon Credits) are generated by specific carbon reduction projects. A Carbon Offset aims to negate the amount that you put into the atmosphere by removing an equal amount carbon through a scientifically verified project.

One Carbon Offset represents the reduction of 1 metric tonne of greenhouse gas emissions that occur as a result of that specific project.

We follow best practice which is to reduce emissions as much as possible, and then purchase Carbon Offsets for the emissions we cannot eliminate.

INDUSTRY ADVOCACY: Our Partners

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.

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 are on a working group with **The Climate Action 100+** – a coalition of large asset managers and asset owners led by CalPERS (the California Public Employees' Retirement System) who are engaging 100 companies that have been identified as the world's largest carbon emitters.



We are affiliate members to **ICCR (Interfaith Coalition for Corporate Responsibility)** – a non-demoninational group that coordinates investment managers and asset owners to engage with companies on environmental, social, and governance issues.



We are investor members to the **CDP (formerly Carbon Disclosure Project)** – a global non-profit working to make “reporting one’s footprint” the norm across industries and sectors.



We have 3 climate-related public petitions on **Stake** – a new platform for investor engagement to facilitate conversation between the investor, financial advisor, and the investment manager on important issues.



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

INDUSTRY ADVOCACY: Our Collaborative Initiatives

We coordinate with other organizations and asset managers on select environment, social and governance campaigns to bring a unified front to companies, networks, and government agencies.

This year we have supported the following issues:



Transition to a Low Carbon Economy

Met with Senate and House of Representatives' elected officials to educate them on the intersection of real estate and sustainability issues from an investor perspective.

Provided expert consultation to form ESG principles to propose in a hearing of the House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets.

Contributed to Real Estate industry working groups and provide ESG guidance to real estate sustainability teams.

Sustainable Reporting and Transparency

Letter to U.S. Climate 100 + companies urging action on climate lobbying.

Consultation on the development of the Sustainable Development Goals platform "SDGs Action Manager" developed and hosted by B Lab (the non-profit for Certified B Corps).

Met with Senate and House of Representatives' elected officials to educate them on the importance of maintaining shareholder resolutions and independent proxy advisors.

Diversity, Inclusion, Equity, Well-being

Supported the need for Corporate Workplace Equity Transparency.

Joined the Investors for Human Rights Alliance.

ACTIVE OWNERSHIP: Proxy Voting Summary

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 1251 proposals at 119 meetings.

Management Proposals	Number of Proposals	Votes For	Votes Against
Antitakeover Related	20	95%	5%
Capitalization	136	77%	23%
Board and Governance Related	44	70%	30%
Directors Elections	647	89%	11%
Compensation	159	75%	25%
Reorganization and Mergers	34	94%	6%
Routine Business	206	91%	9%
Shareholder Proposals			
Other Business	3	0%	100%
Routine Business	1	0%	100%
Social Proposal	1	0%	100%
Total Proposals	1251	85%	15%

*Proxy voting period is for July 1, 2018 - June 30, 2019. The NPX report is available at www.vertfunds.com

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.

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.

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Certified



Corporation