FISHER INVESTMENTS | WINTER 2020

ESG PERSPECTIVES NEWSLETTER

Fisher Investments™ Institutional Group

Fisher Investments Europe™

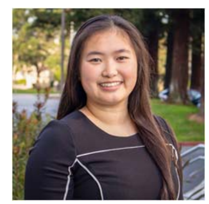
Fisher Investments Japan™

Fisher Investments Australasia™

ESG PHILOSOPHY STATEMENT

We believe ESG investors are best served by an investment process that considers both top-down and bottom-up factors. Integrating ESG analysis at the country, sector and stock levels consistent with clients' investment goals and ESG policies maximizes the likelihood of achieving desired performance and improving environmental and social conditions worldwide.

Designed by Tiffany TranNguyen
Institutional Project Coordinator



FISHER INVESTMENTS
ESG PROGRAM AT A GLANCE

HOW DOES TOP-DOWN ESG INVESTING ADD VALUE?

Zoe Abbott Boyd
ESG Program Manager

HOW DOES AN ACTIVE TOP-DOWN APPROACH HANDLE THE NUANCES OF ESG INVESTING?

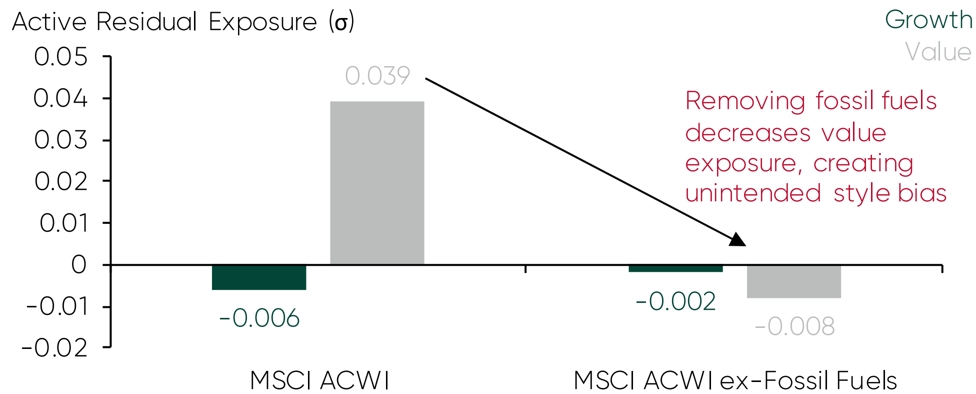
Despite popularity of environmental, social and governance (ESG) strategies, many investors struggle to understand how to incorporate ESG into investment processes. Should investors simply exclude "bad" ESG actors? Should they only buy the most environmentally and socially friendly companies? Perhaps buying the "bad ESG actors" and utilizing company ownership to actively engage on ESG issues is the optimal strategy?

Given the multitude of options for ESG investors, good intentions do not automatically prevent unintended portfolio risks. Excluding companies based on ESG scores alone can materially restrict the investable universe and can create unintended portfolio distortions relative to industry, size and style exposure. While environmentally conscious investors agree that climate change should be factored into portfolio considerations, the specifics of mitigating fossil fuel investment or capitalizing on clean energy opportunities remains debatable.

"Limited historical data, low correlations among ESG rating providers, and murky industry standards make rigorous passive ESG investing impractical."

For example, removing high fossil fuel generating companies can give portfolios a growth bias (Exhibit 1).

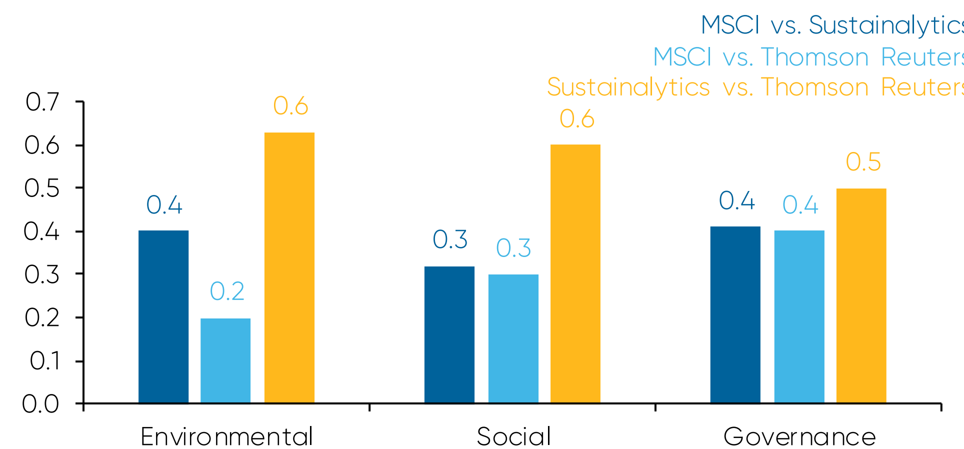
EXHIBIT 1: PASSIVLEY REMOVING FOSSIL FUELS MAY CREATE STYLE BIAS



Source: MSCI Barra Portfolio Manager. As of December 2019.

Additionally, correlations among rating providers are surprising low. If you screen companies based on ESG scores you could have materially different portfolios depending the rating provider you choose (Exhibit 2).

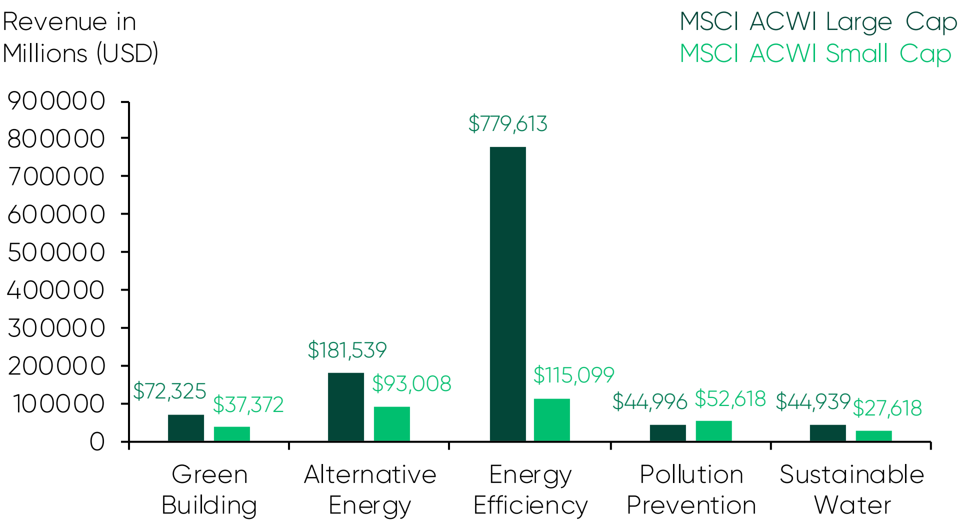
EXHIBIT 2: SURPRISINGLY LOW CORRELATIONS AMONG ESG RATING PROVIDERS

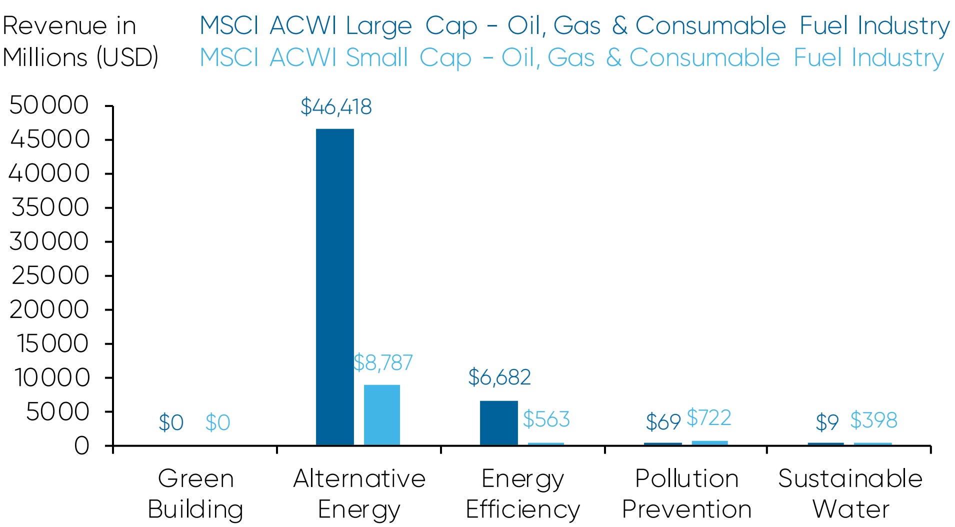


Source: Schroders. As of March 2018.

Similarly, investors focusing exclusively on pure-play renewable energy firms miss environmental opportunities from exposure to large energy firms (Exhibit 3).

EXHIBIT 3: AGAINST OIL ODDS – HOW INVESTING IN LARGE ENERGY COMPANIES FIGHTS CLIMATE CHANGE





Source: MSCI ESG Research. As of December 2019.

Active management is crucial to accurately navigate environmental and social portfolio risks and opportunities. Limited historical data, low correlations among ESG rating providers, and murky industry standards make rigorous passive ESG investing impractical.

We have decades of experience actively managing portfolios considering government corruption, environmental legislation, labor developments, human rights and other macro ESG considerations. Each year our ESG program continues to expand and develop, and we are excited to continue building out our ESG capabilities.

EXHIBIT 4: EXAMPLES OF TOP-DOWN ESG INVESTMENT CONSIDERATIONS

	Environmental	Social	Governance
Economic	Natural Resource Exposure Energy Exports/Import Urbanization	Wages and Labor Cost Demographic Shifts Access to Health Care and Education	Progress Reform Capital Markets Regulations Embargoes and Tariffs
Political	Environmental Legislation Renewable Energy Opportunities Pollution Prevention	Human Rights Immigration Policies Access to Fair Elections	Institutional Corruption Government Stewardship Shareholder Friendly Legislation
Sentiment	Natural Disaster Sustainability Themed Fund Net Flows Healthier Lifestyle Shifts	Disease Epidemics Divestment Movements Racial Tension	Anti-Corruption Crackdown Government Stability Perception Political Scandals

2019 marked a big year for ESG at Fisher Investments. This year, we launched our first impact portfolio-aligned with the UN Sustainable Development Goals, hired an industry expert on corporate engagement & responsibility, continued pushing data boundaries throughout our proprietary ESG research and started exploring ways to make our operations more sustainable.

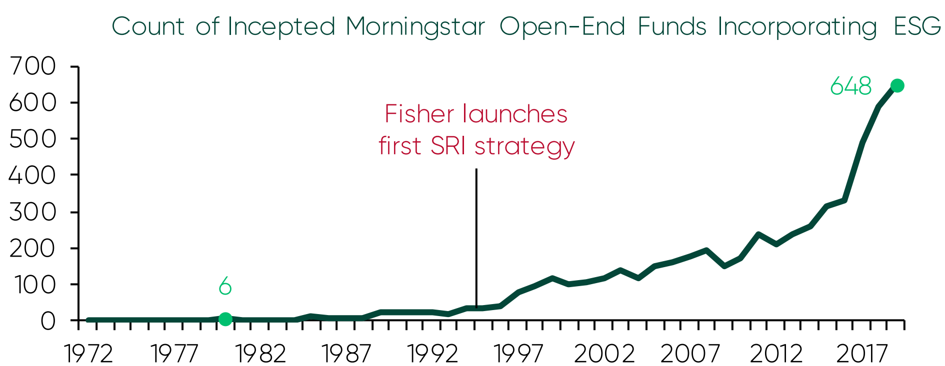
INDUSTRY ESG STRATEGY GROWTH

As ESG mandates continue to gain popularity, ESG investing is becoming a key component of global capital markets. Demand for ESG oriented strategies has grown consistently over the last 50 years, illustrating the importance and value investors put behind considering ESG factors (Exhibit 5).

"ESG investing is becoming a key component of global capital markets."

Top-Down managers and ESG conscious investors both analyze factors outside of the scope of traditional financial statement analysis. While other managers have rushed to incorporate ESG into their investment strategies, FI has been managing responsible investment portfolios for more than two decades and has always strived to incorporate ESG elements into our firm's operations.

EXHIBIT 5: EVOLUTION OF ESG DEMAND



Source: Morningstar Direct. As of December 2019. Based on 5,537 observations. Fisher's SRI strategy was US Small Cap Capabilities ESG and was seeded February 1995.

PRI Principles for Responsible Investment | THE UK STEWARDSHIP CODE | Japanese Stewardship Code

We are a United Nations Principal for Responsible Investment Signatory, support the U.K. Stewardship Code and are a signatory of the Japanese Stewardship Code.

CONTINUING EXPANSION OF ESG ORGANIZATION SUPPORT IN 2019

- **UN Global Compact Participant:** The UN Global Compact is a voluntary initiative based on company commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals.
- **CDP Signatory:** CDP runs the global environmental disclosure system. Each year CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation.
- **Climate Action 100 Signatory:** Climate Action 100 is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, in addition to 60 companies with high opportunity to promote clean energy.
- **Task Force on Climate-related Financial Disclosure (TCFD) Supporter:** The FSB TCFD creates voluntary, consistent climate-related financial risk disclosures for firms to provide for investors, lenders, insurers, and other stakeholders.
- **Conservation International Supporter and Emerald Circle Member:** Conservation International works to highlight the critical opportunities that nature provides to humanity. They work to protect more than 2.3 million square miles of land and sea across 70+ countries.

FISHER INVESTMENTS TOP-DOWN ESG RESEARCH

HOW DO WE DRIVE MEANINGFUL CORPORATE ENGAGEMENT?

Anita Green
Vice President of Investor Responsibility and Engagement

WHAT IS ESG CORPORATE ENGAGEMENT AND HOW DOES IT DRIVE VALUE?

Simply put, it involves having conversations with corporate management or a board of directors about specific ESG issues. Through these conversations we assess the company's level of awareness, discover potential impact to its business (is it a risk or an opportunity?), and determine if the company is on track to achieve previously set targets. Ultimately the purpose of corporate engagement is to create and retain shareholder value by focusing attention on significant business issues that reside outside of the company's financial statements.

ESG issues vary based on the sector or company, but common themes include:

Environmental	Social	Governance
• Alignment with Paris Climate Agreement	• Human Rights	• Board of Directors Composition and Structure
• Greenhouse Gas Emissions Management	• Supply Chain Monitoring	• Executive Composition
• Energy/Water/ Waste Management	• Free, Prior and Informed Consent	• Political Lobbying Disclosure
• Single Use Plastic	• Operational Safety	• Anti-Bribery and Corruption

ESG corporate engagement is responsive to shareholders while facilitating frank discussions of investor expectations and providing feedback on specific ESG policies and practices. While ESG scores—such as those provided by MSCI or Sustainalytics—enable comparative analysis of corporate performance in each of the major categories, engagement allows us to do a deeper dive on corporate strategy and create a valuable source of qualitative information to incorporate into our investment process.

"Ultimately the purpose of corporate engagement is to create and retain shareholder value by focusing attention on significant business issues that reside outside of the company's financial statements."

FI has conducted engagement for several years now and we look forward to enhancing this element of our ESG program. This includes:

- Developing engagement plans for priority ESG issues that align with FI's top-down investment themes
- Expanding our engagement practices to collaboratively engage with other investors
- Improving systems for tracking and recording engagement activities and outcomes
- Strengthening communication of engagement themes and outcomes

At Fisher, ESG corporate engagement complements our top-down investment process and strengthens our understanding of how the companies we invest in address significant business issues. We are excited to expand this element of our ESG investment program.

WHAT IS THE OPTIMAL PROCESS FOR RESTRICTING FOSSIL FUELS?

Nurul Bachik
Portfolio Analyst

Seth Groener
Capital Markets Research Analyst

KEY POINTS

- Low Carbon and fossil-fuel free strategies are growing in demand among institutional investors.
- Opportunities exist in low-carbon investments when viewed at the top-down level.
- Thermal coal accounts for almost half of all human-made CO2 emissions.[1]
- Overly restrictive approaches to thermal coal divestments may unnecessarily limit investment opportunities.
- Restricting companies deriving more than 30% of their revenue from thermal coal removes the worst offenders while the ability to outperform over a market cycle remains intact.

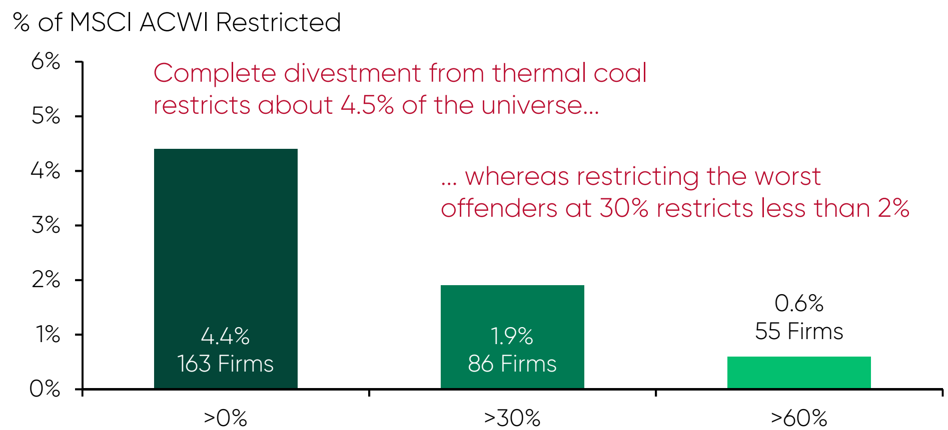
Incorporating carbon footprint considerations as part of the investment process has been led by large European Institutional Investors, but is now becoming more popular globally. Alongside traditional analysis of companies' financial statements and corporate strategy, assessing emissions data, fossil fuel exposure and clean technology exposure are now among the nonfinancial factors emphasized by investors. In particular, thermal coal (a type of fossil fuel that is burned for steam to run turbines that generate electricity) has risen to be one of the most widely criticized fossil fuel assets because it is the largest single source of global warming. The combustion of thermal coal accounts for 44% of the total manmade CO2 emissions and 29% of the total manmade greenhouse gas emissions.

For institutional investors that are facing the possibility or necessity to consider low-carbon investments, Fisher Investments (FI) recommends reducing emissions exposure from thermal coal due to its high CO2 content. While thermal coal seems to be most obvious fossil fuel of choice in reducing emissions, there are multiple ways to approach setting the thermal coal constraint. Should investors use revenue? Power generation data? Should thermal coal reserves ownership be considered in the analysis? It is also important to consider the assets and the timeframe for implementation.

"We found that restricting thermal coal based on power generation and revenue derived seems to be the most appropriate as it captures the impact of thermal coal from each dollar invested."

In order to determine the appropriate thermal coal parameters, our research group ran multiple analyses on three major indexes testing the investment impact when applying varying levels of restrictions (Exhibit 1).

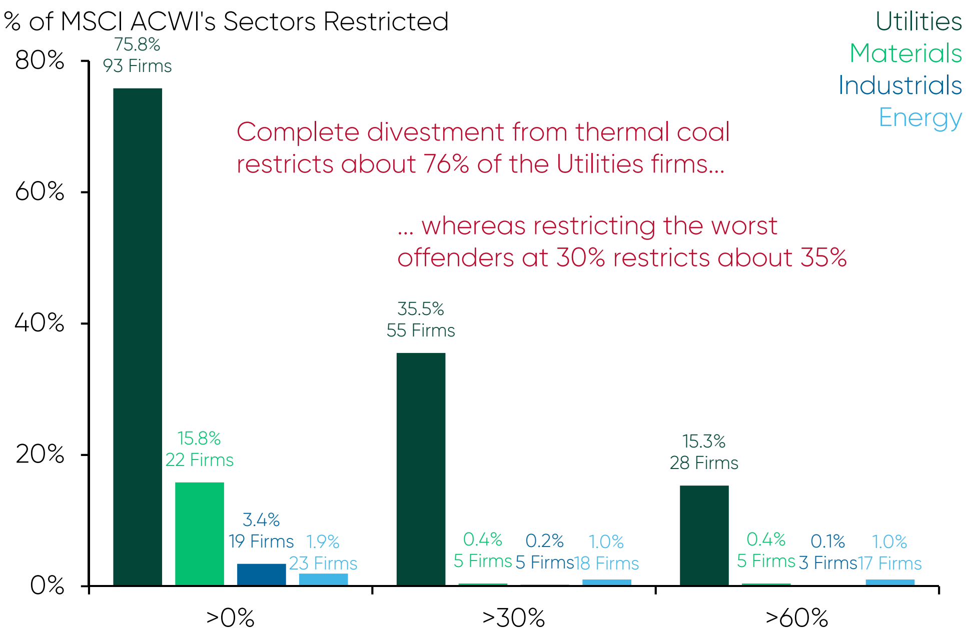
EXHIBIT 1: UNDERSTANDING THE IMPACT OF THERMAL COAL RESTRICTIONS



Source: MSCI ESG Research. As of November 2019.

We found that restricting thermal coal based on power generation and revenue derived seems to be the most appropriate as it captures the impact of thermal coal from each dollar invested. Further, FI believes choosing to divest at a targeted restriction level is financially more practical. It allows for flexibility to select carbon-efficient companies while reducing short-term risks. However, the impact of various threshold thermal coal restriction on benchmark holdings are not distributed evenly across sectors. In sectors like Energy, Utilities, Materials and Industrial, the impact varies considerably depending on how the thermal coal restrictions are implemented. For example, 100% divestment from thermal coal restricts approximately 76% of the Utilities sector in MSCI ACWI (Exhibit 2). In contrast, restriction at the 30% threshold only limits about 35% of the Utilities sector.

EXHIBIT 2: STRICT CARBON RESTRICTIONS REMOVE UTILITIES FIRMS



Source: MSCI ESG Research. As of November 2019.

We recommend a 30% threshold for both thermal coal power generation and revenue derived. At this level, the worst offenders are restricted and short-term portfolio risks are limited. Additionally, this gives additional flexibility to exercise our long-term investment decision process and capture a broader exposure to innovative and sustainable companies.

Overall, the investment impact of carbon restrictions can vary considerably depending on how thermal coal restrictions are implemented. Coal divestment may affect only a few company holdings (30% threshold) or a substantial portion of a benchmark (0% threshold). Restricting companies deriving more than 30% of their revenue from thermal coal removes the worst offenders without sacrificing large portions of sector exposure.

[1] *Source: International Energy Agency. As of March 2019.*

WHAT TOP-DOWN ESG FACTORS IMPACT ALTERNATIVE MEAT?


Michael Kardalinos
Portfolio Analytics Associate

YoungRo Yoon
Securities Research Analyst

KEY POINTS

- Alternative meats are expected to grow from 1% to 10% of the $1.4T global meat market over the next 10 years.
- Alternative meats are growing significantly faster than the larger traditional meat category.
- Around 30% of US consumers plan on reducing their meat consumption, and 32% consider themselves flexitarian (semi-vegetarian).
- Due to its lower water intensity and lower Greenhouse Gas Emissions (GHGE) compared to traditional meats, alternative meat has the potential to directly contribute to Sustainable Development Goals 2, 6, and 13.
- Alternative meat is still a niche market with few pure-plays. The segment is positioned to benefit from the shift towards healthy eating, increasing environmental awareness, and concerns for animal welfare.

Consumer preferences are constantly evolving and industries have to work to stay relevant and adapt to such changes. This applies to the Food Products Industry more so than many others. The rise of alternative, primarily plant-based meat poses unique opportunities as well as challenges for new and old players in the industry. Many of these opportunities and challenges can be tied back to larger ESG trends and issues facing society.

When looking at substitutes for traditional meat, options generally fall within two categories: alternative meat and lab-based meat. Alternative meat is plant- (soy, pea, wheat, rice, etc.) based protein that mimics the taste of real meat. Currently popular brands include Beyond Meat and Impossible Burger.

For example, Beyond Meat uses pea protein and the Impossible Burger uses soy with heme (genetically engineered yeast) that imitates the taste and texture of beef.

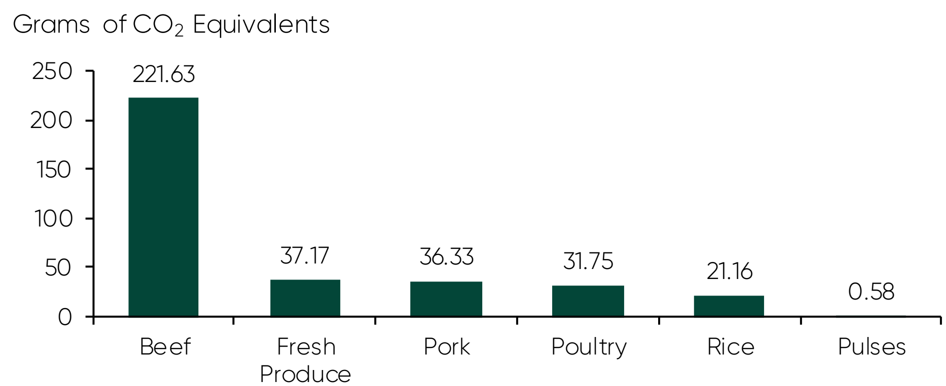
> *"Switching to plant-based meat alternatives could significantly reduce GHG emissions as well as society's impact on water scarcity and thus partially alleviate climate change concerns."*

In contrast, lab-based meat takes live animal tissues and reproduces the cells in a tank with growth medium (a soup of nutrients that mimics an animal's body). Not only does this method currently require significant amounts of energy, it is more detrimental to the climate than traditional meat, and also faces significantly more scrutiny from regulators.

TOP-DOWN ENVIRONMENTAL CONSIDERATIONS

Agriculture and livestock are responsible for ~14% of total GHGE, and rising beef demand could add another 15% of methane and 5% of carbon footprint in the next 30 years. Global beef consumption is one of the leading environmental threats, and sustainability concerns are on the rise, especially with younger consumers. Traditional feedlot beef production is especially detrimental to the environment as it accounts for far more GHGE per gram of protein compared to grains, pulses, and other meats.

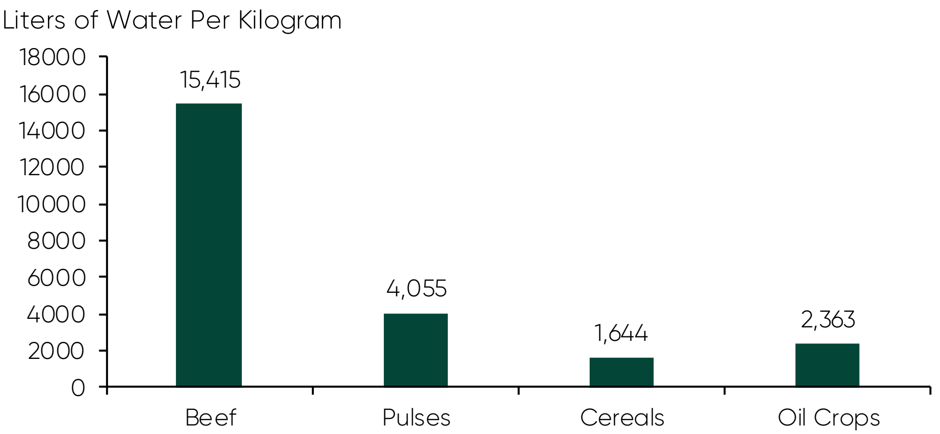
EXHIBIT 1: GREENHOUSE GAS EMISSIONS PER GRAM OF PROTEIN



Source: Clark & Tilman. As of 2017.

Further, grain-fed beef requires over 15000 liters of water to produce 1 kilogram. The vast majority of the water is used for the production of animal feed. Pulses, cereals, and oil crops (such as soy), that are often the main ingredients of alternative meats, require materially less water to produce the same quantity.

EXHIBIT 2: WATER INTENSITY OF DIFFERENT FOOD CATEGORIES



Source: Water Footprint Network. As of 2010.

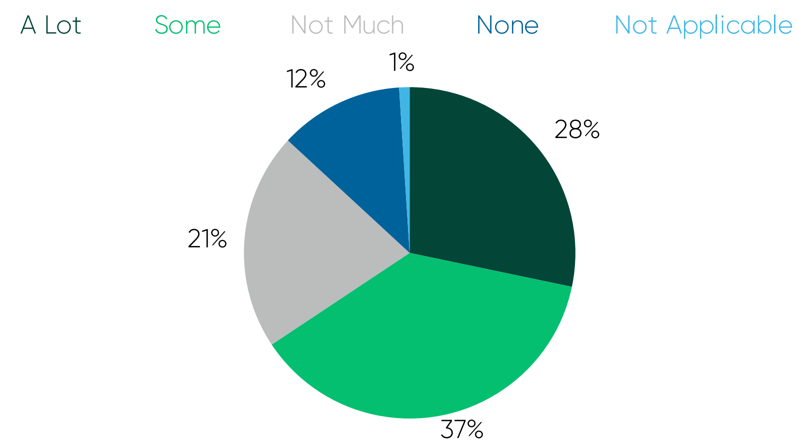
As a result, switching to plant-based meat alternatives could significantly reduce GHGE as well as society's impact on water scarcity and thus partially alleviate climate change concerns. Additionally, while consumer sentiment gradually shifts towards sustainability, companies are adding alternate meat products to highlight their environmental initiatives.

Plant-based foods can still cause significant climate stress, however, although in a different form. For instance, several alternative meat products rely on the use of palm oil, which has been garnering public attention because of illegal and unsustainable deforestation, which contributes to climate change and threatens animal habitats.

TOP DOWN SOCIAL CONSIDERATIONS

Cattle are most profitable when grown fast. This has increased controversial practices such as feeding unnatural grains (corn and soy), antibiotic use, and restrictive living conditions (feedlots) that eliminate natural grazing and produce more tender meat. Consumers around the world are becoming increasingly aware of and concerned with such practices and issues regarding animal welfare in general.

EXHIBIT 3: CONSUMER ATTENTION TO ANIMAL WELFARE LABELS



Source: Animal Welfare Institute. As of 2018.

Further, plant-based meat is well-positioned to benefit from a global trend towards healthy and socially-conscious eating. Red meat generally has more saturated fat, which contribute to higher blood cholesterol and higher risk of heart disease. Around 30% of US consumers plan on reducing their meat consumption, and 32% consider themselves flexitarian (semi-vegetarian).[1]

There may be potential downsides to plant-based meats. While, alternative meat has zero cholesterol, it has 5 times more sodium for preservation and flavor. Further, taste and price are still the leading drivers of consumer purchase, rather than health, and both Beyond Meat and Impossible Burger currently cost more than standard ground beef.

INDUSTRY DEVELOPMENTS

The alternative meat segment is comprised of smaller and less established pure plays (such as Beyond Meat and Impossible Burger), as well as large conglomerates newly entering the space (such as Kellogg, Nestle, and Tyson Foods). This space has seen and should continue to see significant investments, led by start-ups, mainstream food companies and restaurants.

In response to shifting consumer sentiment, an increasing number of US burger chains have started to offer meatless burgers in order to attract younger diners who prioritize sustainability and health. 15% of US burger chains are currently offering meatless alternatives, up from 3% in 2018.

However, while pure plays are garnering most of the media attention in recent months, they may not be the biggest beneficiaries from a potential shift in consumer tastes, and established firms could end up being the biggest winners. Considering existing advantages—e.g., infrastructure and production capabilities—the best way to benefit from a potential mock meat shift might be to own traditional food products companies.

[1] *Source: "Can plant-based meat grow from a $1 billion industry to a $20 billion industry?," Adele Peters, Fast Company, 05/13/2019. https://www.fastcompany.com/90347902/can-plant-based-meat-grow-from-a-1-billion-industry-to-a-20-billion-industry*

ARE ESG SCORES A NEW MEASURE OF QUALITY?

Timothy Schluter
Capital Markets Research Analyst

Zoe Abbott Boyd
ESG Program Manager

KEY POINTS

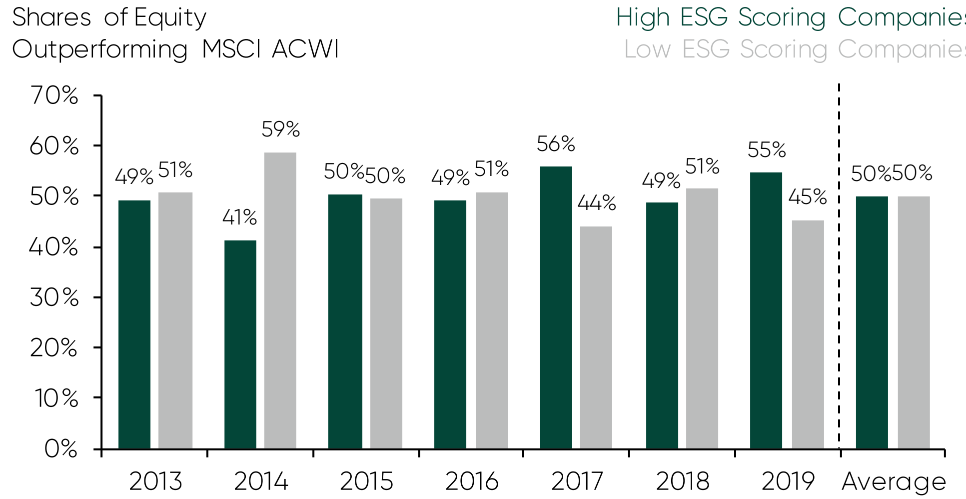
- Investors' prefer lower-quality and lower ESG-rated securities early in bull markets and higher quality and higher ESG-rated companies as bull markets mature.
- Interpreting and integrating ESG scores differently and more effectively than other investors may produce capital market technologies with actionable portfolio management implications across a variety of investment strategies.
- We believe there is growing opportunity for ESG scores as a non-financial measurement of quality.

One long-running tenet of FI's investment philosophy holds that long-term success requires interpreting information differently—and more correctly—than the vast majority of investors. We believe ESG scores open a new avenue on this front. ESG scores are calculated from security factors that widely-used financial statements don't easily capture.

There is a vigorous debate occurring in the investment community about whether highly rated ESG firms may provide durable risk reduction or alpha generation opportunities over time—with most findings being somewhat underwhelming or inconclusive (Exhibit 1).

"Our research shows that markets favor different characteristics at different points in the market cycle. We think ESG quality should be no different."

EXHIBIT 1: HIGH OR LOW ESG SCORES ARE UNLIKELY TO PRODUCE DURABLE ALPHA GENERATION



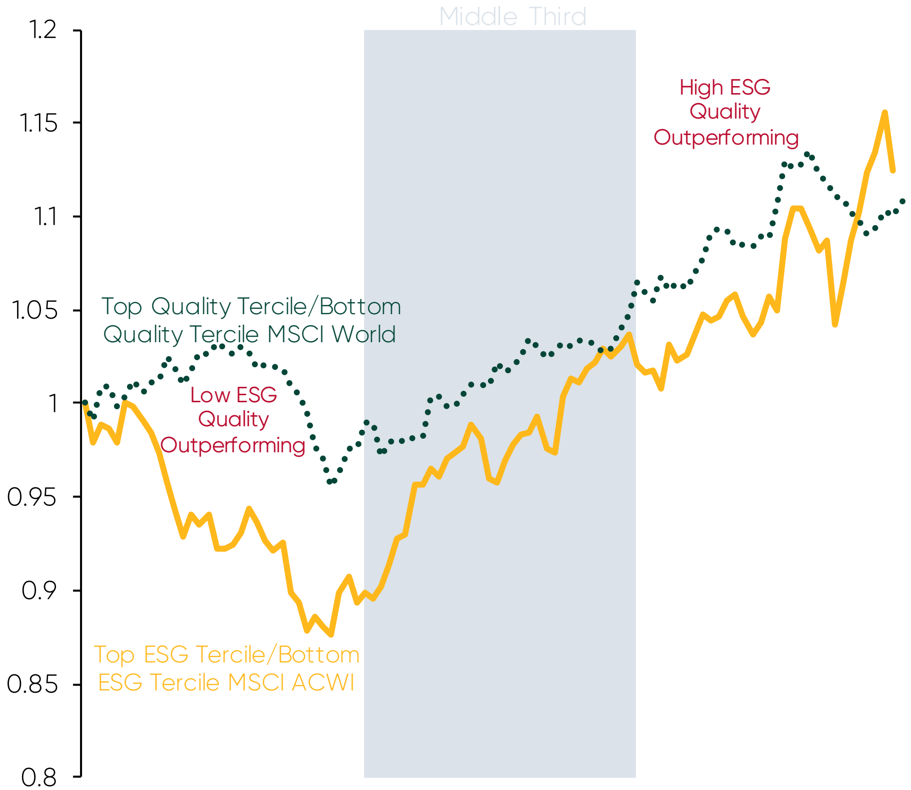
Source: FactSet and MSCI ESG Manager. As of December 2019. "High ESG Scoring Companies" is a company with a total ESG score above 7. "Low ESG Scoring Companies" is a company with a score below 3. Outperformance is based on total returns higher than the MSCI ACWI.

However, this may be the wrong question to ask, as it presumes there is one superior investment characteristic or style throughout a market cycle. Because markets deal efficiently with widely known information, including leadership trends, it seems unlikely any one category or characteristic of stocks would provide enduring superior risk-adjusted returns for a long, uninterrupted stretch. Such advantages tend to get priced in relatively quickly.

Our research shows that markets favor different characteristics at different points in the market cycle. We think ESG quality should be no different. Our prior studies on quality—which we define using measures of return on equity, earnings variability and debt-to-equity ratios—indicate investors' prefer lower-quality securities early in bull markets and higher quality as bull markets mature. Further, we noticed our proprietary measurement of quality correlated particularly well with MSCI ESG scores in Emerging Markets. EM companies with higher quality exposures—via Return on Equity, Earnings Variability and Debt to Equity—tend to have higher ESG Scores.

We saw this as a unique opportunity to merge these two concepts in an effort to use ESG scores as a non-financial measurement of quality. We analyzed the relative returns of MSCI ACWI constituent stocks by ESG score in this bull market, as ACWI constituents are normally distributed across ESG scores. An ESG quality index comparing the relative returns of the best third (high quality) of ESG scores against the bottom third (low quality) showed promising results: Low quality outperformed early on, while high quality outperformed thereafter—just as we would expect (Exhibit 2).

EXHIBIT 2: COMPANIES WITH HIGH ESG SCORES AND QUALITY EXPOSURE UNDERPERFORM EARLY AND OUTPERFORM LATE



Source: ClariFI and MSCI ESG Research.

The results invite further analysis of ESG data as an alpha-generation source. Unfortunately, ESG scoring data is limited to this current bull market, so it is difficult to know whether these quality trends produced similar results in prior cycles. But at the bare minimum, we think these results are an encouraging start to the incorporation of non-financial quality measures in security selection for alpha-generation purposes.

HOW CAN WE BALANCE ESG AND PERFORMANCE GOALS?

Matt Simpson
Capital Markets Innovation Research Analyst

Year to date, ESG criteria had a modest impact on stock performance, with only a 0.58% marginal difference in returns of our MSCI World ESG Index and the standard MSCI World Index. Despite minimal performance deviation, 13% of the MSCI World is screened out based on Fisher Investments ESG criteria.

While any outperformance is noteworthy, it's important to differentiate what this means and what it does not (Exhibit 1).

EXHIBIT 1: ESG CRITERIA MINIMALLY IMPACT YTD PERFORMANCE

Source: FactSet. As of October 2019.

WHAT PERFORMANCE DEVIATIONS MEAN

This slight performance dispersion gives us some insight towards ESG-specific trends. In looking at categorical restrictions, we see that restricting exposure to war-torn Myanmar and companies subject to controversies helped. On the other hand, companies with stricter labor rights and lack of weapons exposure detracted from relative performance to the benchmark. Notably, MSCI controversies and failure to comply with the UN Global Compact were among the top contributors to performance (Exhibit 2). As these are broad assessments, a company can be flagged for violating these criteria for a number of reasons, making this a powerful, though non-specific tool to measure equities with.

EXHIBIT 2: ESG FACTORS CONTRIBUTION TO RELATIVE PERFORMANCE

Performance Detail	
ESG Criteria	0.23%
Weighting*	0.35%
Restriction	**Effect**
Myanmar (Burma) Exposure	0.12%
MSCI Controversy	0.11%
GMO	0.08%
Coal Power	0.06%
Uranium Weapons	-0.01%
Nuclear Weapons	-0.04%
Labor Rights	-0.07%
Child Labor	-0.09%
Weapon	-0.09%

**Removing ESG non-compliant securities causes fewer securities in the ESG Index, increasing weights per ESG compliant position.*

Source: MSCI ESG Manager. As of October 2019.

The performance dispersion is largely driven by relative weighting. For example, Wells Fargo was assigned an MSCI Controversy surrounding its creation of false accounts and returned only 15% this year, underperforming the World's 21%. Excluding it helped the ESG Index, assigning positive relative performance to our MSCI Controversy category.

Continuing to study these effects, and tracing them to underappreciated fundamentals may reveal both headwinds and tailwinds for stock performance that we can apply to our top-down management.

EXHIBIT 3: ESG SCREENS OUT 13% OF CONSTITUENTS

Sectors	Original Weight	Removed Weight
Consumer Staples	8.6%	3.7%
Industrials	11.2%	2.8%
Energy	5.0%	1.4%
Utilities	3.5%	1.4%
Financials	15.7%	1.2%
Consumer Discretionary	10.5%	0.9%
Materials	4.4%	0.8%
Health Care	12.7%	0.7%
Information Technology	16.7%	0.1%
Real Estate	3.4%	0.0%
Communications	8.4%	0.0%
Total	-	12.9%

Source: FactSet and MSCI ESG Manager. As of October 2019.

WHAT PERFORMANCE DEVIATIONS DO NOT MEAN

Defining performance is insightful, but there's no way to guarantee always beating the market, ESG included. The performance effect assigned to our restrictions cannot be taken without additional context. For example, taking a closer look at restricting exposure to Myanmar shows a performance dispersion driven largely by Chevron and Total. Two energy companies – the worst performing sector this year. And to complicate matters, energy hasn't only had losers; Hess Corporation, for example, returned over 60% in 2019. Are Chevron and Total underperforming because they are behaving like most of their energy peers, or is there something in particular about business dealings in Myanmar that affects performance? It's hard to say, but this particular analyst looks forward to continually asking and answering these difficult questions, finding capital markets technologies that add value to ethically-minded investors.

FISHER INVESTMENTS ENVIRONMENTAL STEWARDSHIP

WHAT IS THE FISHER INVESTMENTS GREEN TEAM?

Kate Sibley
Request for Proposal Team Leader

HOW CAN FISHER INVESTMENTS IMPROVE OUR ENVIRONMENTAL IMPACT?

- Building energy efficiency
- Campus environmental preservation
- Employee environmental engagement
- Business meeting sustainability

As a firm, Fisher is looking for ways to promote our green values both internally and externally to support our ESG efforts. The Fisher Green Team is a group of volunteer employees from throughout the firm who have been tasked with answering the following opportunity statement – How can Fisher Investments improve our environmental impact? In other words, how can FI focus on the "E" in ESG, both in our company, on our campuses and amongst our employee base?

The Green Team was first chartered with brainstorming potential "green ideas" big or small. The team was given about a month to research and gather as many plausible ideas as possible, and then presented them to a panel of Executive Vice Presidents (EVPs)– Justin Arbuckle, Lane Jarvis, and David Watts.

The result was four 'buckets' of ideas presented to the panel of EVPs, breaking down implementation into short, medium and long term stages. The Green Team pitched over twenty-five ideas in the following categories: building improvements, sustainability initiatives for campus buildings, human capital, and client and prospect meetings.

Our progress on our sustainability initiatives will be reported in 2020.

Fisher Creek 2 is one of the most energy-efficient commercial buildings in the surrounding Clark County, WA area, with self-dimming sustainable lighting and customized windows to reduce the energy used for heating/cooling.

HOW ENVIRONMENTALLY FRIENDLY IS FI'S WA HEADQUARTERS?

Meagan Young
Institutional Program Manager

Natalia Halska
Materials Production Team Leader

MEASURING THE ENERGY EFFICIENCY OF OUR OFFICE BUILDING

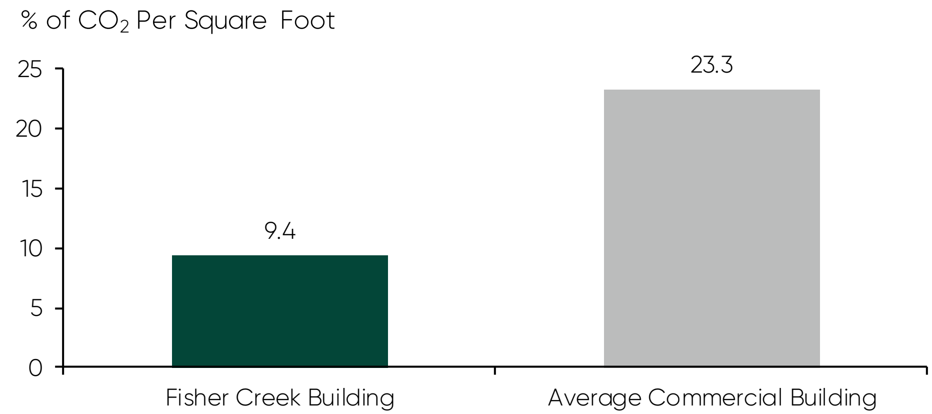
Recently, the Green Team conducted an Energy Star benchmark for the Fisher Creek 2 (FC2) building – where our institutional department resides in our Camas headquarters. The Energy Star benchmark uses the EPA's energy performance scale to assess building energy performance and track savings over time. For those not familiar with Energy Star benchmarking, it is a ranking system offered by the Environmental Protection Agency (EPA) that compares similar commercial building types across the nation and ranks them on a scale of 1 – 100. The score helps building owners and operators understand how energy efficient their buildings are in comparison to peers across the nation and establishes a baseline of performance that can be used in the future to measure the impact of any improvements that are made to the facilities. Buildings that score a 50 are considered average performing and those that score a 75 or greater are considered energy efficient and able to be certified as such. After collecting 13+ months of utility bills and specific building characteristics FC2, the Green Team was able to associate an Energy Star score of 94 for FC2 (Exhibit 1).

WHY IS OUR BUILDING'S ENERGY EFFECIENCY IMPORTANT?

As a firm, we are looking for ways to promote our green values both internally and externally to support our ESG efforts. By reducing overall energy consumption in a building where energy is the single largest controllable operating cost, we have the potential to reduce the carbon footprint the buildings make on the environment.

"After collecting 13+ months of utility bills and specific building characteristics for the Fisher Creek 2 building, we calculated an Energy Star score of 94."

EXHIBIT 1: ACCESSING OUR CARBON FOOTPRINT



Source: Energy Star Portfolio Manager Software Program and BuildingAdvice Software.

IMPROVING THE SUSTAINABILITY OF OUR PRINTED MATERIALS

In an effort to be as environmentally conscious as possible with the materials used throughout our ESG meetings:

- We have made iPads available for institutional meetings to mitigate printed materials.
- While we use recycled paper (10% recycled) for all materials, we have used paper composed of a higher percentage (30%) of recycled materials for ESG materials since 2017.
- In an effort to work with companies that protect the rights of their employees, we have also chosen to work with a unionized vendor to print our ESG paper.
- We use double-sided printing for ESG materials to reduce the size and weight of paper ESG books.

ENVIRONMENTAL STEWARDSHIP AT FISHER

Our firm's dedication to sustainability can be seen in the 2010-2014 construction and development of our Camas, Washington corporate campus. A key goal during the development process aimed was preserving and enhancing the existing wetlands and natural habitat.

DURING THE CONSTRUCTION OF THE FISHER CREEK CAMPUS

- Preserve and Enhance over 130 acres of on-site wetlands[1]
- Planted over 5,000 wetland plants and 2,000 shrubs during development
- Planted over 400 trees while clearing fewer than 40 in order to prepare the land for development

Wetlands on the Fisher Creek campus

[1] *Enhancement includes increasing the water flow through the wetlands, allowing water to flow freely under our roads, enlarging ponds, and planting indigenous wetland plants that would preserve the wetland, while also encouraging wildlife and fauna.*

ENERGY EFFICIENCY OF CAMAS OFFICE BUILDINGS

- The most energy-efficient commercial building in the surrounding Clark County, WA area.[2]
- Equipped with a computer system that tracks all power consumption.[3] Self-Dimming Sustainable Lighting: System controls shut lights off in unused conference rooms and adjusts the brightness of internal lighting so that areas near windows that require less light, receive less light.[4]
- Features customized windows that reduce solar heat and lower power usage for heating/cooling, and feature HVAC systems that use only outside air 80% of the time to provide cooling.
- Storm water handling system that purifies water from the parking lots and the roads, through natural bioswales and large filters.[5]

Fisher Creek campus

[2] *According to Clark Public Utilities who gave Fisher Camas buildings a 100% efficiency rating.*

[3] *The building has "smart" cooling and heating systems that learn through experience. The system is zoned on every floor so that heating and cooling of each zone maintains consistent temperatures throughout each floor.*

[4] *Self-Dimming lighting system maintains consistent and balanced lighting on the floors. This process of adjusts every 3 minutes and is gradual and unnoticed by the naked eye.*

[5] *There is no city storm sewer system for rain water runoff in the local area. In fact, water from Pacific Rim Boulevard and adjoining properties; actually drain onto the Fisher Camas Creek property. After purification the system feeds the retained water into ponds that then control water release into Fisher Creek.*

HOW CAN WE MAKE BUSINESS TRAVEL MORE SUSTAINABLE?

Zoe Abbott Boyd
ESG Program Manager

FISHER INVESTMENTS CARBON OFFSET INITIATIVE

Carbon offsetting is a method designed to lighten the impact of greenhouse gas emissions that result from the use of fossil fuels by reducing emissions from another source.

We purchase carbon offsets for each mile flown during Fisher Investments Institutional travel. Carbon offsetting allows us to experiment with ways of counterbalancing the carbon emissions generated from Institutional employees' travel by contributing to emission reduction projects focused on energy efficiency, production of renewable energy, forest conservation and avoided deforestation.

United Airlines partnered with Sustainable Travel International to develop their carbon offset program. Sustainable Travel International has a policy of only selecting carbon offset projects that have obtained independent third-party verification and are registered with long-standing and well respected carbon quantification protocols.

SUSTAINABLE TRAVEL INTERNATIONAL™
Leave the world a better place®

UNITED AIRLINES

2018 CARBON OFFSET PROJECTS SUPPORTED[1]

Capricorn Ridge Wind Farm

The Capricorn Ridge Wind farm is located in west central Texas and is comprised of over 400 wind turbines. Support of Capricorn Ridge Wind Farm helps to displace fossil fuel based energy with clean, renewable wind power.

The wind farm produces enough wind based electricity to:

- Power approximately 220,000 homes annually
- Facilitate the reduction of more than 952,000 metric tons of annual greenhouse gas emissions—equivalent to taking approximately 186,000 cars off the road

The Capricorn Ridge Wind Farm is an independently verified carbon offset project registered with the Voluntary Carbon Standard.

Alto Mayo Conservation Initiative

The carbon pollution generated from burning and clearing tropical forests is comparable to the greenhouse gas emissions from all of the world's cars, trucks, and planes combined. The Alto Mayo Conservation Initiative works to restore and protect 450,000 acres of the Alto Mayo Protected Forest, thereby reducing tropical deforestation in the San Martín region of northern Peru – an area twice the size of New York City.

The goal of the Alto Mayo Conservation Initiative is to:

- Provide sustainable economic opportunities to local families in the area
- Protect a critical watershed that supports the 240,000 inhabitants of the Alto Mayo Basin
- Protect the Alto Mayo Protected Forest (home to over 1,000 unique species)

Currently more than 200 local families have pledged not to cut down the Alto Mayo's trees, in return for agricultural training and related benefits. For example, local community members have already benefitted from technical assistance and training in organic coffee production.

The Alto Mayo Conservation Initiative project was successfully validated under the Verified Carbon Standard and the Climate, Community and Biodiversity Standards through an independent audit of the project's design and methodology.

[1] *Source: US Environmental Protection Agency and Sustainable Travel International*

FISHER INVESTMENTS

Fisher Asset Management, LLC, doing business as Fisher Investments (FI), is a leading independent investment adviser registered with US Securities and Exchange Commission (US SEC). As of December 31, 2019, FI and its subsidiaries managed over $120 billion.

FISHER INVESTMENTS EUROPE

Fisher Investments Europe Limited (FIE) is authorized and regulated by the Financial Conduct Authority (191609). It is registered in England, Company Number 3850593. FIE is wholly owned by FI, which is wholly owned by Fisher Investments, Inc. FIE delegates portfolio management to FI. FI's Investment Policy Committee is responsible for all strategic investment decisions. FIE's Investment Oversight Committee (IOC) is responsible for overseeing FI's management of portfolios that have been delegated to FI.

FISHER INVESTMENTS IRELAND

Fisher Investments Ireland Limited (FII) is a private limited company incorporated in Ireland (Company Number 623847) and is regulated by the Central Bank of Ireland. FII partially outsources aspects of the day-to-day investment advice, portfolio management, and trading functions to its affiliates. In particular, preparation of investment suitability reports will be partially conducted by FIE and the day-to-day portfolio strategy decision-making will be conducted by FI.

FISHER INVESTMENTS AUSTRALASIA

Fisher Investments Australasia Pty Ltd (FIA) (ACN: 159 670 667) holds an Australian Financial Services License (#433312) with the Australian Securities and Investment Commission (ASIC). FIA is wholly owned by FI. FIA delegates portfolio management to its parent company, FI. This material is designed for use with wholesale prospective clients and clients.

FISHER INVESTMENTS JAPAN

Fisher Investments Japan (FIJ) is registered as a Financial Instruments Business Operator with the Japan Financial Services Agency under Director-General of Kanto Local Finance Bureau (Financial Instruments Firm No. 2766), and is a member of Japan Investment Advisers Association. Fisher Investments Japan (FIJ) serves as the investment manager, and delegates a portion of the portfolio management function to FI subject to the oversight of the FIJ Portfolio Engineer. FIJ was established in Tokyo Japan in 2015 as a wholly-owned subsidiary of FI.

The foregoing information constitutes the general views of Fisher Investments and should not be regarded as personalized investment advice or a reflection of the performance of Fisher Investments or its clients. Investment in securities involves the risk of loss. Past performance is no guarantee of future returns. Other methods may produce different results, and the results for different periods may vary depending on market conditions and the composition of a portfolio or index. If you have asked us to comment on a particular security then the information should not be considered a recommendation to purchase or sell the security for you or anyone else. We provide our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; and we may change our views at any time based on new information, analysis or reconsideration. Some of the information we have produced for you may have been obtained from a third party source that is not affiliated with Fisher Investments. Fisher Investments does not provide tax advice and is not registered as a tax advisor. Fisher Investments requests that this information be used for your confidential and personal use.

Fisher Investments™
Institutional Group

Fisher Investments Europe™

Fisher Investments Japan™

Fisher Investments Australasia™