

# AGILE MARKETING IN THE AGE OF DISRUPTION



**PAICR** | THE ASSET  
MANAGEMENT  
MARKETING  
ASSOCIATION  
2017 ANNUAL CONFERENCE

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# Sustainable Investing: *A Slow-Burning Disruptor Ready to Ignite?*

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Christina L. Schmieder  
Nuveen, Managing Director  
Head of Retail Product Marketing

# WHAT: **Responsible investments go mainstream**

# Responsible investments go mainstream

76%

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*of investors  
would prefer a visit to the dentist  
over investing in a company that pollutes  
the environment*

Source: Nuveen. Third annual responsible investment survey, 2017

# Familiarity in responsible investment soars

2015

41%

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*Investor Familiarity*

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2017

57%

Source: Nuveen. Third annual responsible investment survey, 2017

**Many names one basic goal:**

*Competitive returns while promoting positive social and environmental outcomes.*

## ESG Investing

Environmental, Social and Governance factors

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- Sustainable Investing
- Responsible Investing
- Impact Investing
- Socially Responsible Investing

# Category of investing or more?

1.0

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*Today*

*incorporating into investment  
decision making at various levels*

2.0

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*Tomorrow*

*natural part of active management,  
extension of the analytical process*

Source: Barron's Fund quarterly, 10/9/17

# Sustainable investing appears to be here to stay

## AUM growth (\$ Trillions)



Source: US SIF, Barron's 10/9/17; AUM represents Assets Under Management

# Sustainable investing appears to be here to stay

## Growth of Open End Mutual Funds

	1995	2000	2005	2010	2015	2016	3Q'17
# of Funds	46	77	122	194	234	241	257
AUM (\$MM)	24,886	70,995	123,207	113,539	169,819	191,297	219,345

458%

*increase in # of funds*

781%

*increase in AUM*

Source Morningstar; Funds categorized as Socially Conscious

# WHY: Attitudes spark action

# Caring for the environment and society shape modern American culture

	Total Investors	Millennials	Non-Millennials
I tend to <b>recycle everyday</b>	88%	93%	86%
I'd like to work for an employer that makes a positive <b>social impact</b> on the world	76%	91%	70%
I'd like to work for an employer that makes a positive <b>environmental impact</b> on the world	76%	92%	70%
I prefer to shop for brands that have <b>environmentally sustainable</b> business practices	72%	90%	64%

Source: Nuveen. Third annual responsible investment survey, 2017

# Political environment sparking investment action

72%

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of investors

**SAY:**

*“Given today’s political climate, I prefer to invest in ways that will positively impact the environment.”*

34%

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of advisors

**SAY:**

*“High-net-worth investors have become more interested in learning about and adding responsible investments to their portfolio since the presidential election.”*

Source: Nuveen. Third annual responsible investment survey, 2017

# Increased Awareness = Increased Investing

2016 **34%**

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*Investor Participation*

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2017 **49%**

**In One Year a 15  
percentage-point  
increase in  
Participation**

Source: Nuveen. Third annual responsible investment survey, 2017

# The Next Generation: A Turning Point

92%

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*Nine in 10 Millennials say they'd like their investment to deliver competitive returns while promote positive social and environmental outcomes*

3x

*Millennials are nearly 3x more likely to say they would put ALL their investment holdings into responsible investments*

79%

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*of Advisors say Responsible Investing will be important for the next generation - Millennials*

Source: Nuveen. Third annual responsible investment survey, 2017

# HOW: Still a work in progress

# Myths to be dispelled

## Despite increased familiarity and participation, myths persists

### MYTH

*Responsible investing does not provide the same rate of return as other investment strategies*

**53%**

*of Investors*

**51%**

*of Advisors*

### REALITY

MSCI All-World index (which invested using ESG factors) outperformed its parent index (which excluded ESG) by 39 basis points annually over the five years through June 2017.\*

Source: FT, October 16, 2017

Source: Nuveen. Third annual responsible investment survey, 2017

\*Past performance does not guarantee future results. Investors cannot invest directly in an index.

# Myths to be dispelled

**Despite increased familiarity and participation, myths persists**

## MYTH

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*RI is mostly about excluding companies that do not meet certain criteria*

**42%**

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*of Investors*

**23%**

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*of Advisors*

## REALITY

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RI is multifaceted. While it used to primarily focus on negative screening, it now can mean actively seeking:

- companies with certain social impacts
- shareholder advocacy or a range of corporate governance activities

Source: FT, October 16, 2017

Source: Nuveen. Third annual responsible investment survey, 2017

\*Past performance does not guarantee future results. Investors cannot invest directly in an index.

# Advisors know they need to pay attention

82%

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*of investors*

**would be more likely to work with**  
*an advisor who could give them competitive investment returns  
from investments that also make a positive impact on society*

Source: Nuveen. Third annual responsible investment survey, 2017

# But status quo is powerful

## Positive outlook for the economy

	2017	2015
<i>Investors</i>	<b>57%</b>	<b>38%</b>
<i>Advisors</i>	<b>70%</b>	<b>50%</b>

Source: Nuveen. Third annual responsible investment survey

# But status quo is powerful



Source: Nuveen. Third annual responsible investment survey

# But status quo is powerful

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**Investors are willing to  
revisit the investment  
selections they have  
made in the past**

2017

**64%**

2015

**72%**

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Source: Nuveen. Third annual responsible investment survey

# Responsible investing is at a tipping point

70%

*of investors*

**SAY:**

*“I would switch my financial advisor if they couldn’t align my financial goals and objectives with my values.”*

*That number jumps to*  
**92%**  
*for Millennials*

Source: Nuveen. Third annual responsible investment survey

# Risks and other important considerations

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

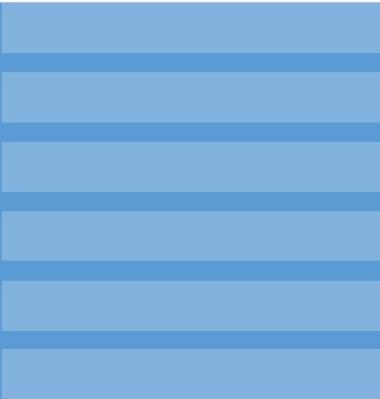
Certain products and services may not be available to all entities or persons. Past performance does not guarantee future results.

Investments in Responsible Investment Funds are subject to the risk that because social criteria exclude securities of certain issuers for non-financial reasons, investors may forgo some market opportunities available to those that don't use these criteria. Investment products may be subject to market and other risk factors. See the applicable product literature, or visit nuveen.com for details.

These views are presented for informational purposes only and may change in response to changing economic and market conditions.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

The investment advisory services, strategies and expertise of TIAA Investments, a division of Nuveen, are provided by Teachers Advisors, LLC and TIAA-CREF Investment Management, LLC. Securities offered through Nuveen Securities, LLC, member FINRA and SIPC.



## Trends in ESG



# Client demand is growing

- Interest in ESG investing has climbed sharply and is gaining momentum.



**71%**  
of individual investors

are focused on sustainable investing, with women on the leading edge of adoption



**84%**  
of millennials

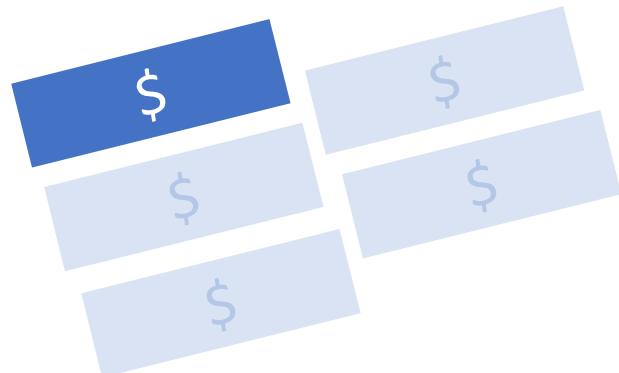
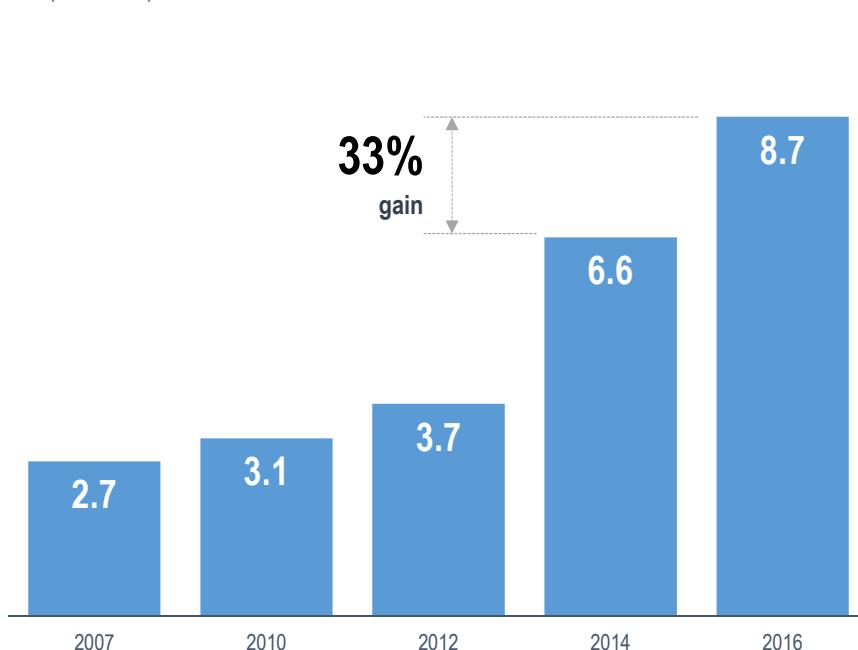
are interested in sustainable investing and are more likely to factor sustainability into their daily lives

# ESG assets at an all-time high

- Almost \$9 trillion of US-domiciled assets under management are guided by ESG principles.

Professionally Managed U.S. Assets Utilizing ESG Criteria

Assets (\$ Trillions)



- One in five dollars of US AUM is invested through strategies incorporating ESG factors

• Source: US SIF Foundation, Pensions & Investments.

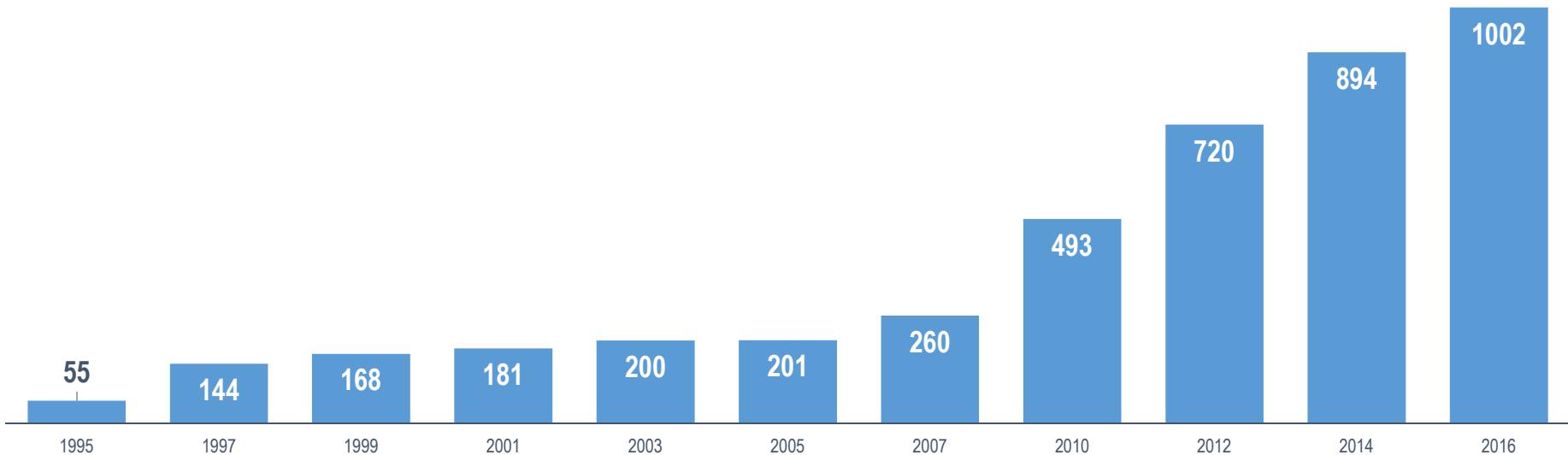
Source: US SIF Report on "US Sustainable, Responsible and Impact Investing Trends, 2016."

# Proliferation of products

- Money managers are increasingly incorporating ESG factors into their investment strategies.

Investment funds incorporating ESG factors, 1995-2016

Number of funds



• Source: Report on US Sustainable, Responsible and Impact Investing Trends, 2016, The Forum for Sustainable and Responsible Investment

# Evolution leads to innovation

- Calvert is leading the charge towards Responsible Investing.

FRAGMENTED APPROACHES

Sustainable  
Values-based  
ESG  
Mission-related

Impartial  
Ethical  
Green

Negative Screening

COMPREHENSIVE SOLUTION



Responsible Investing

Investing with regard to factors over and above  
financial returns

Concerned with portfolio content and performance

# THIS IS RESPONSIBLE INVESTING

We believe the Four Pillars are the best way to achieve a positive impact and favorable investment results.



Performance

Our first responsibility is to seek strong portfolio returns.



Research

We conduct deep, proprietary research focused on material ESG issues.



Engagement

As shareholders, we actively engage with companies to help drive performance and social value.



Impact

We believe the impact of your investments should be material and measurable.



## PERFORMANCE

ESG factors have been an important driver of investment results. Firms with strong ESG scores outperformed those with weak scores.

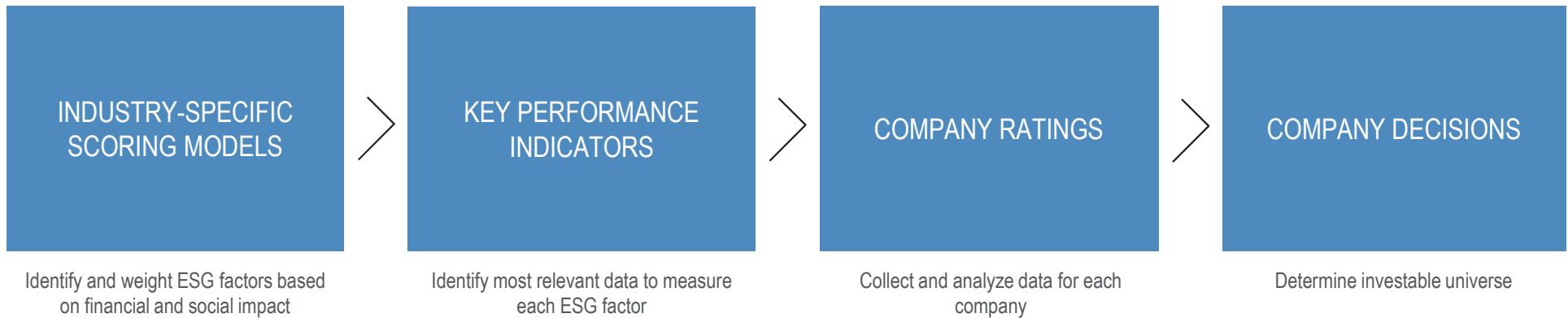


Source: Khan, M., Serafeim G. and Yoon, A., 2016. "Corporate sustainability: First evidence on materiality." *The Accounting Review*, 91(6), pp. 1967 – 1724. Past performance is no guarantee of future results. Data is for illustrative purposes only. ESG factors judged to be material across a large number of U.S. stocks were ranked based on the strength of their ESG commitments. The chart shows the performance of the top 20% of the universe (top ESG score) versus the bottom 20% (bottom ESG score).



## RESEARCH\*

We conduct proprietary research with a focus on materiality, rather than relying on third-party scores.



\* For corporate securities.

Above process covers a universe of approximately 2292 global large and mid-cap companies and does not cover non-corporate securities such as Treasury securities, sovereign instruments, etc. Source: Calvert Research and Management

INVESTMENT PROFESSIONAL USE ONLY. NOT TO BE USED WITH THE PUBLIC.

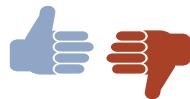


# ENGAGEMENT

As shareholders, we actively engage management to help drive better investment performance.



Meetings with Management



Voting Proxies



Filing Shareholder Resolutions



Developing Corporate Profiles



Advancing Public Policy Initiatives

Calvert focused on five key areas:

Climate change and energy

Sustainable agriculture

Governance, disclosure and ethics

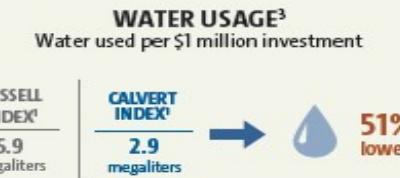
Diversity and women in the workplace

Human and labor rights



Responsible Investing must include social impact that is material, measurable and reportable.

***Calvert's U.S. Large Cap Core Responsible Index achieves positive ESG impact vs. the Russell 1000 Index.<sup>1</sup>***



Source: Calvert Research and Management, 09/30/2017.

<sup>1</sup>Russell 1000® Index is an unmanaged index of 1,000 U.S. large-cap stocks. It is not possible to invest directly in an index. Calvert U.S. Large Cap Core Responsible Index is a portfolio of large capitalization U.S. stocks that meet Calvert's criteria for index inclusion based on Calvert Principles for Responsible Investment. Please note that impact metrics may differ from that of a Calvert Fund. <sup>2</sup>Sources: Calvert Research and Management, MSCI. <sup>3</sup>Source: Calvert Research and Management/CDP (Carbon Disclosure Project). <sup>4</sup>Sources: Calvert Research and Management, ISS (Institutional Shareholder Services). Impact metrics, with the exception of Advocacy, are based on data self-reported by companies. Data coverage will vary, in some cases significantly, due to limitations in uniform reporting standards. Past performance is no guarantee of future results.

# IMPORTANT INFORMATION

## IMPACT METHODOLOGY

Impact metrics, with the exception of Advocacy, are based on data self-reported by companies. Due to limitations in uniform reporting standards and inconsistent reporting participation by companies, impact data coverage will vary, in some cases significantly. CDP and MSCI data are from calendar year 2015 and applied to holdings information as of 06/30/2017.

**FOSSIL FUEL RESERVES:** Represents the percentage of companies with ownership of fossil fuel reserves regardless of their industries, including companies that own less than 50% of a reserves field. Evidence of owning reserves includes companies providing the exact volume of reserves, and companies making a statement about their ownership of reserves.

**TOXIC EMISSIONS:** This figure represents the weighted-average of total combined emissions of nitrogen oxides (NOx), sulfur oxide (Sox) and Volatile Organic Compounds (VOCs) produced by companies.

**CARBON:** Calvert's analysis reflects "Scope 1 and Scope 2 emissions" which are defined by CDP as direct emissions controlled by the reporting company (Scope 1) or indirect emissions of the reporting company generated from electricity, heating or cooling systems (Scope 2). Calvert calculates the sum of each holding's carbon emissions, divided by its market capitalization, multiplied by its weighting in the fund or index and multiplied by a hypothetical one million dollar investment to provide a standard measure of CO2 emissions, per portfolio.

**WATER:** Calvert calculates the sum of each holding's water withdrawal divided by its US market capitalization multiplied by a hypothetical one million dollar investment to provide a standard measure of water usage, per portfolio.

**ADVOCACY:** Derived from quarterly NPX filings (SEC-recorded proxy votes), 4/1/2017-06/30/2017. Advocacy reflects the percentage of votes "against management" that are in favor of a proposed resolution on the subject of "Climate Change" and "Gender Pay Equality" as categorized by ISS. The peer group is comprised of eight (8) investment managers who have business models similar to Calvert's, though none share Calvert's core focus on "Responsible Investing."

Calvert Research and Management is a leader in Responsible Investing. The company traces its roots to Calvert Investments, which was founded in 1976 and was the first to launch a socially responsible mutual fund that avoided investment in companies that did business in apartheid-era South Africa. Today, the Calvert Funds are one of the largest and most diversified families of responsibly invested mutual funds, encompassing actively and passively managed strategies, U.S. and international equity strategies, fixed-income strategies, and asset allocation funds. Calvert Research and Management is a wholly owned subsidiary of Eaton Vance. For more information, visit [calvert.com](http://calvert.com).

Investment in mutual funds involves risk, including possible loss of principal invested. Investing primarily in responsible investments carries the risk that, under certain market conditions, the Fund may underperform funds that do not utilize a responsible investment strategy. In evaluating a company, the Advisor is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the Advisor to incorrectly assess a company's ESG performance.

An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The summary prospectus and prospectus contain this and other information. Read them carefully before you invest or send money.

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