

19/19 SOCIALLY RESPONSIVE  
BALANCED  
FUND



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## A Message from Our Team

Welcome to the third Annual Impact Profile of the 1919 Socially Responsive Balanced Fund (the Fund)! At 1919 Investment Counsel (1919), we believe our dedicated team approach to research and portfolio management contributes to the Fund's successful implementation of responsible investing.

In this report, we share our approach to responsible investing and review key highlights of our Fund's 2023 activities.

As we invest the Fund's assets, we apply responsible investing guidelines addressing environmental impacts, employment practices, and respect for human rights, as well as limiting investments in tobacco products and military weapons. Additionally, we seek opportunities to invest in select companies that are associated with these positive impact themes:

- Clean & Accessible Water
- Global Community
- Inclusive & Diverse World
- Low-Carbon Future
- Responsible Production & Consumption

(continued on the next page)



*Some of the Fund's key team members, including Portfolio Managers, Client Advisors, and Responsible Investing Analysts.*

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*Front, L-R: Lauren Schmaltz, Ron Bates, Alison Bevilacqua  
Back, L-R: Adrian Schau, Leah Foxx, Robert Huesman*

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Our team remains committed to responsible investing. In 2023, we demonstrated this commitment through:

- Our ongoing participation with the **Principles for Responsible Investing (PRI)**. 1919 has been a PRI signatory since 2012.
- We continue to seek out appropriate **Sustainable Finance** instruments such as Green, Social, and Sustainability bonds. As of 12/31/2023, approximately 37% of the bond portion of the Fund was invested in these types of securities.
- **Inclusive Trading:** Our team continued our program to place a portion of the trades made in the Fund with diverse broker-dealers. As of 12/31/2023, about 30% of the Fund's trades during the year were directed to diverse broker-dealers, and we aim to increase the trades executed by the Fund with these broker-dealers.

For more information on the Fund, please visit [www.1919Funds.com](http://www.1919Funds.com). We look forward to connecting with you.

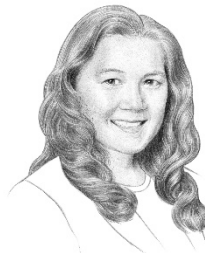
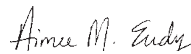
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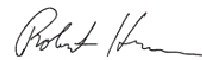
**Ronald T. Bates**  
Managing Director,  
Director of  
Responsible Investing,  
Portfolio Manager



**Alison Bevilacqua**  
Managing Director,  
Head of Responsible  
Investing Research



**Aimee M. Eudy**  
Managing Director,  
Portfolio Manager



**Robert Huesman,**  
**CFA, CFP®**  
Managing Director,  
Portfolio Manager

# About 1919 Investment Counsel



1919 Investment Counsel is the investment advisor to the Fund, and manages approximately \$21.2 billion in assets.<sup>1</sup> The cornerstone of 1919's investment process is proprietary, fundamental research with an emphasis on quality, risk management, and diversification.

1919 has more than 50 years of experience in responsible investing. We manage approximately \$2.5 billion<sup>2</sup> in assets for responsible investing clients, led by an experienced team focused on environmental, social, and corporate governance (ESG) research and analysis. Our approach to responsible investing incorporates ESG, values, and impact investing.

The Fund seeks a high total return by identifying undervalued securities and then focusing on whether those issuers are conducting business in a socially responsive manner according to specified Responsible Investment guidelines, which will be explained in greater detail throughout this report.<sup>3</sup>

<sup>1</sup>Total assets under management by 1919 as of December 31, 2023, including the Fund.

<sup>2</sup>As of December 31, 2023.

<sup>3</sup>There is no guarantee that the investment objectives will be achieved.

1919 Investment Counsel, LLC is a registered investment advisor. Its mission for more than 100 years has been to provide counsel and insight that helps families, individuals, and institutions achieve their financial goals. The firm is headquartered in Baltimore and has regional offices across the country in Birmingham, Cincinnati, Houston, New York, Philadelphia, San Francisco and Vero Beach. 1919 Investment Counsel seeks to consistently deliver an extraordinary client experience through its independent thinking, expertise and personalized service. To learn more, please visit our website at [www.1919ic.com](http://www.1919ic.com).

# 2023 Impact Profile in Summary

## Fund Facts<sup>1</sup>

|                            |  |
|----------------------------|--|
| Total Fund Assets          | \$758.7 MN   |
| Share Classes              | Class I: LMRNX<br>Class A: SSIAX<br>Class C: SESLX |
| Inception date             | 11/06/1992   |
| ESG Integration            | ✓  |
| Low Carbon,<br>Fossil-Free | ✓  |
| Positive Impact            | ✓  |

## Responsible Investing Criteria

- Citizenship & Human Rights
- Climate Change
- Tobacco
- Environment
- Labor & Workplace
- Weaponry

## Signatory of: \*



2023: Celebrating **10+ years**  
as a Signatory to the PRI.

## 2023 Key Impact Metrics<sup>1</sup>



Our Fund companies averaged 33.82% women on their Boards of Directors.



The Fund's CO<sub>2</sub> equivalent emissions consumed 314,365 barrels of oil fewer than the relative benchmark.<sup>2</sup>



The Fund's greenhouse gas (GHG) emissions were the same as 23,575 passenger vehicles being driven for one year. The relative benchmark's<sup>2</sup> emissions were equivalent to 53,820 passenger vehicles being driven for one year.

## Active Alignment: \*\*



<sup>1</sup>As of December 31, 2023. Portfolio composition is shown as of a particular date and is subject to change without notice.

<sup>2</sup>Benchmark: S&P 500 Index

\*See page 22 for further disclosure information on PRI.

\*\*See page 12 for further disclosure information on United Nations Sustainable Development Goals.

# Our Approach to Responsible Investing

With more than 50 years' experience managing responsible investment portfolios, our team focuses on using an SRI / ESG lens to understand the fields of sustainability and corporate social responsibility. 1919 takes a multifaceted approach to responsible investing, comprised of two complementary elements that shape our process and philosophy:

## **A. Values-Based Investing**

- Our approach aims to eliminate companies whose products and/or activities are inconsistent with the specified Responsible Investment Criteria (see next page).

## **B. Investing for Impact**

- We seek to invest in responsible companies that are working to generate a positive social or environmental impact related to certain themes, as well as an impact on achieving the UN Sustainable Development Goals.<sup>1</sup>
- In addition to investment selection, our impact investment activity includes voting proxies and participating in corporate engagement.

*Environmental, Social, and Corporate Governance (ESG)* is part of our proprietary research process:

- We are committed to understanding the impacts of corporate social responsibility on the Fund's portfolio holdings.
- Our investment analysis integrates material ESG factors, including risks and opportunities.

Throughout this report, we share our approach to responsible investing, examples of impact investments, and key impact metrics of the 1919 Socially Responsive Balanced Fund.

Review our Responsible Investing Policy [here](#), and learn more about ESG investing [here](#).

<sup>1</sup>The United Nations Sustainable Development Goals (UN SDGS) aim to achieve a better and more sustainable global future through civic, corporate, and individual actions.

# Responsible Investing Criteria

When identifying investments for the Fund, we seek companies that meet the following responsible investment criteria:

**Citizenship & Human Rights:** Companies should not be the subject of human rights controversies. Companies that lend their economic weight to addressing social problems are preferred.

**Climate Change:** Companies will be examined for degree of exposure to fossil fuel real assets including oil, gas, and coal. Companies whose projects, products, and processes support the transition to a low-carbon economy, including development of renewable energy sources, are preferred.<sup>1</sup>

**Environment:** Companies should not have a history of poor environmental performance. We seek companies with progressive environmental policies.

**Labor & Workplace:** Companies should not have a history of systematic discrimination based on gender, race, or ethnicity. Companies should demonstrate fair and reasonable employment practices.

**Tobacco:** Companies that derive greater than 5% of revenue from producing or selling tobacco are not eligible.

**Weaponry:** Companies that produce nuclear, biological, or chemical weapons, or derive greater than 5% of revenue from producing conventional weapons, are not eligible.

## The Fund addresses these guiding criteria both through investment selection and in our active ownership practices. In 2023, the Fund:

- Had 100% less exposure to tobacco than the S&P 500 Index,
- Cast proxy votes in alignment with proposals seeking improved disclosure on corporate risk management of weapon- or military-related products or services.<sup>2</sup>

<sup>1</sup> Effective January 1, 2023, guideline is labelled as “Climate Aware” in other materials.

<sup>2</sup> See additional examples of active ownership and proxy voting throughout the report.



# Active Ownership

1919 supports exercising shareholder rights and active ownership through informed corporate engagement and proxy voting.

## Shareholder Engagement

We actively participate in collaborative engagement networks, and our targeted corporate engagement efforts aim to encourage greater corporate disclosure around a company's environmental, social, and governance activities, risks, and opportunities. Most commonly, our shareholder engagement is conducted through letter writing and dialogues with company representatives. In one-on-one dialogues between 1919 analysts and a company's Investor Relations or Sustainability team representative, we ask about information they have openly reported, or whether they plan to make certain Environmental, Social, or Corporate Governance information publicly available.

**Environment:** We engage companies to improve climate risk accountability, to enhance public disclosure of key environmental risks, and to strategically address climate and water risks in their supply chains.

**Social:** We engage companies on improving public reporting of key indicators such as workforce gender balance and approach to ending workplace discrimination or harassment; we also engage healthcare companies regarding their pricing and accessibility strategy for medicines or treatments.

**Governance:** We engage companies facing allegations of violating UN Global Compact<sup>1</sup> norms, particularly around ethical corporate behavior.

## Proxy Voting

We vote all proxies for the Fund according to the ISS Socially Responsible Investing Voting Guidelines policy. This policy is periodically reviewed and approved by the 1919 Proxy Voting Committee.

The ISS policy reflects the dual objectives of economic gain and expecting companies to conduct their businesses in a socially and environmentally responsible manner. By voting proxies according to this policy, the Fund's management team seeks to:

- Reflect a broad consensus of the responsible investing community,
- Incorporate the active ownership and investment philosophies of leading globally recognized initiatives such as the Principles for Responsible Investment and the UN Global Compact,
- Commit to creating and preserving economic value, and
- Advance principles of good corporate governance consistent with companies' responsibilities to society as a whole.

Additionally, our goal is to vote the Fund's proxies in alignment with the Fund's responsible investing criteria (Page 8). Examples of proxy voting alignment are found throughout this report. For the Fund's full proxy voting record in 2023, please visit [www.1919funds.com](http://www.1919funds.com).

<sup>1</sup>Per the UN Global Compact, this is "A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals."

# Corporate Governance

## Responsible Management

As part of active ownership responsibilities, the investment philosophy and research process for the Fund involves engaging with company management and understanding executive leaders' approach to corporate governance within the company.

In instances where shareholders feel that the quality or direction of management's oversight could be enhanced, we carefully engage with and vote proxies in accordance with relevant resolutions.

2023 examples of stewardship in corporate governance for the Fund include voting in favor of proposals that:

- ✓ Seek to democratize shareholder voting rights;
- ✓ Provide enhanced transparency on corporate taxes paid;
- ✓ Enhance the independence and representation on the Board of Directors.

An example of the Fund's engagement on corporate governance follows.

**Risk Management & Fair Competition:** Alphabet, Inc.<sup>1</sup> is a holding company which engages in software, health care, transportation, and other technologies. In 2023, 1919 joined with other investors in a written dialogue with the company regarding previous allegations of failure to respect consumers' right to privacy in France; failure to prevent anti-competitive behavior in the U.S.; and failure to prevent gender and racial discrimination in the U.S. The purpose of the engagement was to help understand and assess the company's ability to anticipate and manage ESG-related operational and reputational risks; specifically, more information was requested regarding the company's efforts to replace third-party cookies with technologies that respect and protect user privacy; its measures to discourage and prevent anti-competitive behavior; and how it is tracking the status and effectiveness of remedial measures implemented following previous discrimination allegations and lawsuits. There was not yet a successful outcome of this engagement effort in 2023.<sup>2</sup>

In 2023 we collaboratively engaged 6 companies facing allegations of violations of the UN Global Compact Norms<sup>3</sup>, particularly related to Principle 10 (Anti-Corruption), to understand the assertions, to encourage transparent and fair business competition, and to combat bribery and corruption.

<sup>1</sup>At 12/31/2023, Alphabet equity position accounted for 3.22% of Fund holdings. As-of date and holdings subject to change at any time.

<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

<sup>3</sup>See pg. 9 for additional information on the UN Global Compact.

# Impact through Industry Participation

1919 helps drive the responsible investing industry forward through our work and participation in industry groups. Collectively, the responsible investing industry shapes investors' impact goals and outcomes.

*Investor Signatory of:*



*Signatory of:*



*Signatory of:*



*Associate of:*



*Signatory of:*



Alongside partners from these networks and organizations, we regularly participate in collaborative corporate engagement activities. Read about an example of our collaborative CDP engagement work on page 14.

All membership, signatory status, or participation are current as-of 12/31/2023 unless otherwise noted.

# Our Approach to Impact Investing

The United Nations Sustainable Development Goals (SDGs) aim to achieve a more sustainable and just world for existing and future generations. Many companies are taking positive steps towards addressing one or more of the 17 SDGs. These actions range from lowering energy use to increasing citizens' access to education and healthcare. All parts of society are called to take action toward achieving these goals, including investors and corporations.



In addition to Values and ESG analyses of all companies proposed for investment, we use the SDG framework to analyze companies' intersection with five themes. The 1919 Socially Responsive Balanced Fund recognizes the importance of corporations' progress towards one or more of the SDGs; we include companies' alignment to the SDGs in our investment selection process. We seek positive impacts by selecting investments which align with five impact themes, each of which contributes to achieving the SDGs:

- Clean & Accessible Water
- Inclusive & Diverse World
- Low-Carbon Future
- Global Community
- Responsible Production & Consumption

Examples of our investment selection, proxy voting, shareholder engagement, and analysis of corporate SDG solutions are provided. Learn more about the 1919 approach to the SDGs in our library [here](#).

# Clean & Accessible Water

Water plays an essential role in our everyday lives and in the technological and social advancements our world is making. We consider the following components when analyzing a potential investment's efforts to ensure communities' access to clean water:

- Human right to water
- Water conservation & efficiency
- Water-related infrastructure
- Clean water & sanitation
- Life below water

## Investment Selection and Active Ownership:



**Water Conservation & Access to Water:** Access to water and sanitation are recognized by the United Nations as human rights, reflecting the fundamental nature of these basics in every person's life. **American Water Works Co.**<sup>1</sup> describes itself as a company where delivering reliable, safe, clean, and affordable water service to customers and treating their wastewater is fundamental to its business. The company owns and operates regulated operations where the assets provide water and wastewater services for residential and commercial customers. By the nature of this business, the company creates positive social impact by providing basic services and helping to ensure community health.<sup>2</sup>



In 2023 we engaged 6 companies to discuss alleged violations of UN Global Compact norms regarding concerns of water pollution and access to water. An additional goal of the collaborative engagements was to gain better understanding of the companies' water protection policies and implemented practices around water quality, right to water, and water conservation for local communities.



<sup>1</sup>At 12/31/2023, American Water equity position accounted for 1.31% of Fund holdings. As-of date and holdings subject to change at any time.  
<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

# Low-Carbon Future

Across all industries, businesses rely on consistent energy use to power their operations, create products, deliver services, and run new technologies. We consider the following components when analyzing a potential investment's efforts to conserve resources, reduce energy use, and mitigate environmental harm:

- Renewable energy
- Energy efficiency
- Sustainable infrastructure
- Climate adaptation
- Waste & pollution

## Investment Selection and Active Ownership:



**Alternative Energy Sources:** Linde<sup>1</sup> is a global industrial gases and engineering company, and is a leader in the hydrogen value chain (including green hydrogen and blue hydrogen) as a zero-emissions source of fuel. Certain Linde products and services have a clear environmental benefit including hydrogen fueling systems and specialized products for renewable energy production. The production of industrial gases is highly energy intensive, but Linde has a strategy in place to reduce energy use and has committed to a science-based greenhouse gas emission reduction target.<sup>2</sup>



In 2023, the Fund:

- Had consistently less exposure to fossil fuel reserves than the S&P 500 Index.
- Had consistently lower carbon emissions than the S&P 500 Index.
- Cast votes in support of climate change-related proposals, addressing companies' actions surrounding climate transition, fossil fuel financing, and greenhouse reduction targets.
- Participated as the lead investor to engage 1 company to encourage their participation in CDP Climate Change disclosure questionnaire.
- Collaboratively engaged 10 companies on alleged violations of UN Global Compact norms related to various environmental and climate change topics, such as depletion of biodiversity, mitigation of negative climate impacts, and air pollution.



<sup>1</sup>At 12/31/2023, Linde Plc. equity position accounted for 1.04% of Fund holdings. As-of date and holdings subject to change at any time.

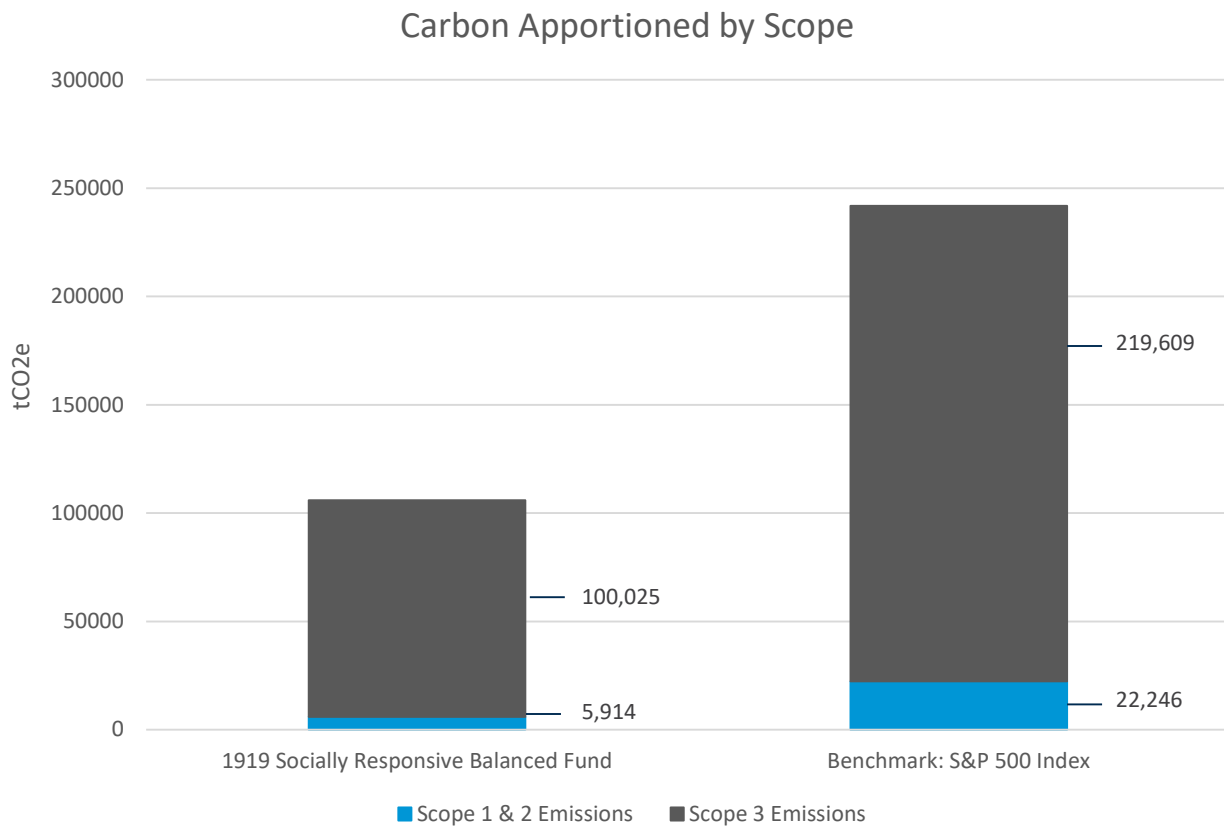
<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

# Low-Carbon Future

## In-Depth Impact: Climate Change

We regularly use tools to evaluate the Fund’s climate change-related risks and opportunities. This includes measuring the carbon footprint of the equity holdings in the Fund, as one indicator of its exposure to carbon risk, on a quarterly basis.<sup>1</sup> We interpret a lower carbon footprint as having a positive impact on the environment.

Fund Carbon Footprint: Scope 1, 2, & 3 Greenhouse Gas Emissions<sup>2</sup>



Consider the following:<sup>3</sup>



The Fund’s CO<sub>2</sub> equivalent emissions consumes 314,365 barrels of oil fewer than the relative benchmark.



The Fund’s greenhouse gas emissions were the same as 23,575 gasoline-powered passenger vehicles being driven for one year, which is 30,245 fewer vehicles than the relative benchmark.

<sup>1</sup>The Fund partners with a third-party service provider for its quarterly carbon footprint metrics. The service provider assesses the carbon footprint of issuers in which the Fund holds equity stakes based on such issuers’ public disclosures. The vendor models an emissions estimate for issuers who do not issue relevant public disclosures. Definitions used for Scope 1, 2, and 3 Emissions can be found on pg. 23.

<sup>2</sup>Carbon Footprint as of December 31, 2023.

<sup>3</sup>Greenhouse Gas Equivalencies Calculator, U.S. Environmental Protection Agency.

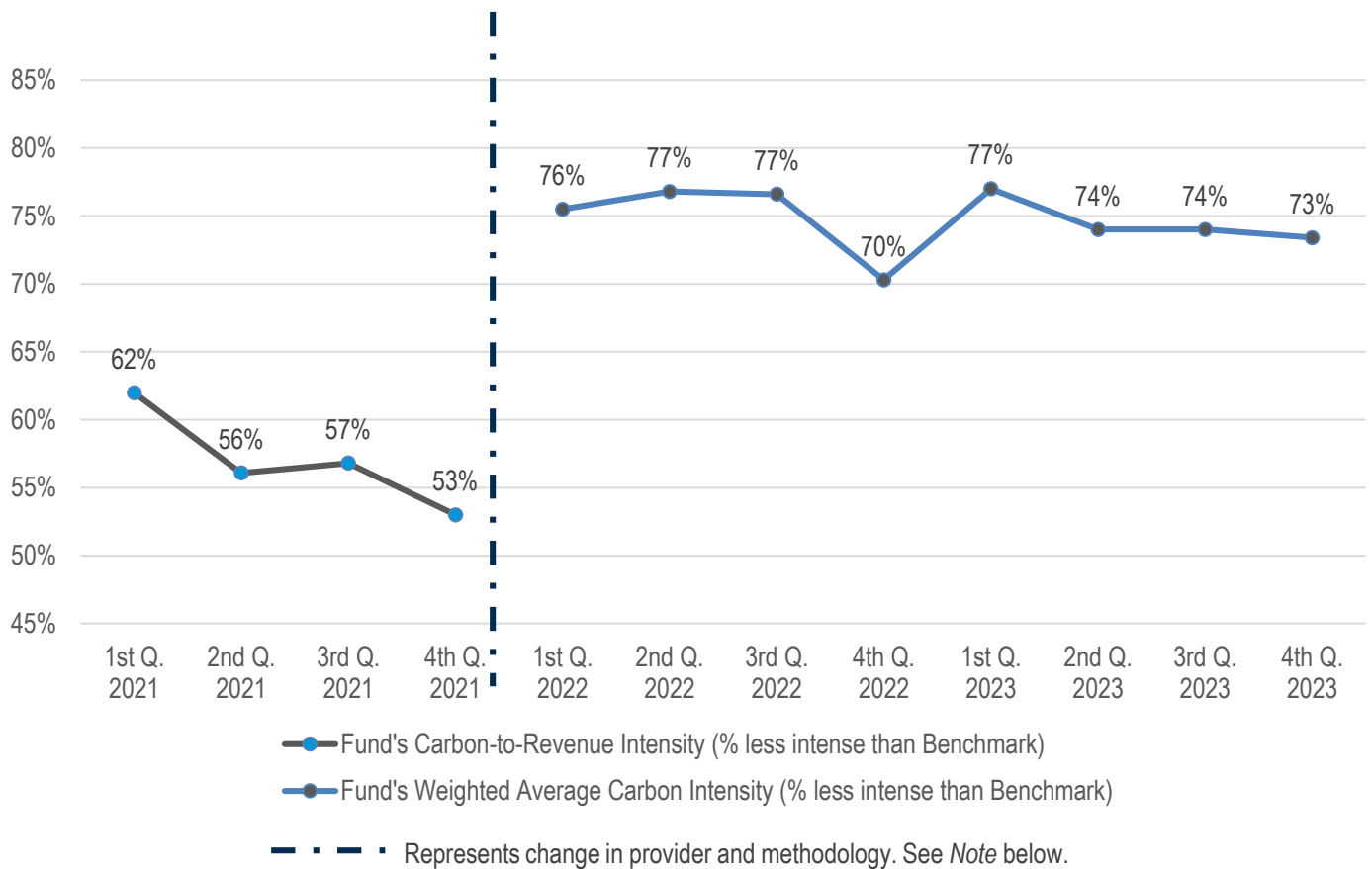
# Low-Carbon Future

## In-Depth Impact: Carbon Intensity

The Fund monitors its carbon intensity, relative to the benchmark.<sup>1</sup>

**As of Dec. 31, 2023, the Fund is 73% more carbon efficient than the benchmark, when considering carbon intensity.**

Progression of Fund's Relative Carbon Intensity<sup>2</sup>



<sup>1</sup>Benchmark: S&P 500 Index

<sup>2</sup>The Fund partners with a third-party service provider for its quarterly carbon footprint metrics. The service provider assesses the carbon footprint of issuers in which the Fund holds equity stakes based on such issuers' public disclosures. The vendor models an emissions estimate for issuers who do not issue relevant public disclosures. The definition for Weighted Average Carbon Intensity can be found on pg. 23.

Note: In 2022, the Fund changed third-party service providers for the quarterly carbon footprint metrics. The methodology is similar but slightly different to previously reported data, using a Weighted Average Carbon Intensity versus a Carbon-to-Revenue metric. This provider's data begins in the above graph at 1<sup>st</sup> Qtr. 2022, and will be reflected going forward.

Past performance is not a guarantee or indicator of future results.



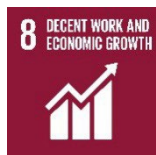
# Responsible Production & Consumption

Companies are linked to stakeholders of all kinds as they work to create and deliver products or services to their customers. All companies are responsible for understanding and assessing how their business decisions and activities impact their web of employees, suppliers, communities, and shareholders and whether they are contributing to human rights violations, workforce conflicts, or environmental problems. We consider the following components when

analyzing a potential investment's efforts to ensure smooth operations while managing the environmental and social risks associated with its footprint and supply chain:

- Circular economy
- Responsible sourcing
- Human rights & local communities
- Sustainable agriculture

## Investment Selection and Active Ownership:



**Responsible Sourcing & Production:** Advanced Drainage Systems<sup>1</sup> (WMS) asserts a commitment to decarbonize its operations and provide solutions to help its customers manage climate-related risk. Operationally, WMS has progressed on setting science-based GHG emissions targets in line with limiting global temperature rise to 1.5°C. The company reports year-over-year improvements in manufacturing energy intensity and Scope 1 and 2 emissions\*. Further, WMS indicates that its recycled high-density polyethylene pipe has a lower carbon footprint compared to competing products. As a water management solutions provider, WMS helps mitigate effects of extreme weather events; it manufactures thermoplastic corrugated pipes and other equipment in a suite of water management products and drainage solutions. As one of the largest plastic recyclers in North America, WMS supports the development of a circular economy for plastics. Advanced Drainage Systems has vertically integrated recycling operations and purchases post-industrial and post-consumer recycled materials, including high-density polyethylene (HDPE) and polypropylene (PP). In FY2023, WMS consumed 25% of the recycled pigmented HDPE bottles in the U.S. The company turns these materials into pellets that are extruded into pipes and related products, which are installed to prevent flooding and drainage problems, thus extending the useful life of single use plastics. Many products are also recyclable at the end of service life. In the most recent year, 57% of the company's pipe revenue was derived from recycled products.<sup>2</sup>

The Fund also addresses other supply chain and community issues. In 2023, the Fund:

- Collaboratively engaged 12 companies facing allegations of violating UN Global Compact norms related to human rights concerns, consumers' rights, standards of living, and Indigenous' peoples rights in areas of company operations.
- Cast votes in favor of responsible operations-related proposals, such as:
  - To reduce plastic use;
  - To evaluate the efficacy of animal welfare standards;
  - To understand the economic impact of consumers located in conflict zones.

<sup>1</sup>At 12/31/2023, Advanced Drainage equity position accounted for 1.36% of Fund holdings. As-of date and holdings subject to change at any time.

<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

\*Definitions for Scope 1 and 2 Emissions can be found on pg. 23.

# Global Community

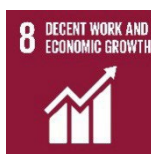
Businesses have the potential to positively impact global success in achieving better outcomes for stakeholders; this could be more nutritious products, better healthcare services, or providing education and training for the next generation's skills. We consider the following components when analyzing a potential investment's efforts to improve stakeholders' sustainable future in the following areas:

- Health
- Financial inclusion
- Safety & security
- Affordable housing
- Digital divide
- Access to education
- Nutrition
- Biodiversity

## Investment Selection and Active Ownership:



**Health and Access to Services:** CVS Health<sup>1</sup> aims to "make healthier happen" and has designed a Healthy 2030 strategy to facilitate consumers' and communities' healthier behaviors and improve health equity. For example, the company notes that it is investing in programs to address not just healthcare, but other social indicators of health, including food and housing security. Additionally, there are over 1,100 MinuteClinic locations that provide health services throughout the U.S., to treat minor illnesses and injuries, to screen for and monitor acute and chronic conditions, provide vaccinations, and conduct annual exams among other services; in 2022, over 5 MN MinuteClinic services were utilized nationwide. CVS also offers a "Next Best Actions" program, which helps high-risk members take positive steps for their health, including colorectal cancer screening kit home-delivery; improved adherence to cardiovascular, diabetes, and depression medications; and 5-6% reduction in 30-day readmissions across fully insured commercial and Medicaid members of the Next Best Action programs. Additionally, members save on average \$100-\$300 per year for pharmacy use and \$400-\$700 for medical use.<sup>2</sup>



In 2023, we continued our commitment to collaborative engagement related to the Access to Medicine Index, and participated in direct shareholder engagement with 1 company on the topic of Access to Medicine Index and supporting SDG 3 (Good Health & Well-Being).



In 2023, votes were cast in support of proposals seeking enhanced disclosure and risk management of growing digital community themes such as:

- Data Privacy
- Online Safety
- Artificial Intelligence



<sup>1</sup>At 12/31/2023, CVS Health Corp. bond position accounted for 0.12% of Fund holdings. As-of date and holdings subject to change at any time.

<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

# Inclusive & Diverse World

Diversity, inclusion, and justice are issues that affect all companies, particularly in their workplaces, but also in their community of stakeholders. Full economic empowerment and inclusion of people of all genders and underrepresented backgrounds yields benefits to companies and communities alike. We consider the following components when analyzing a

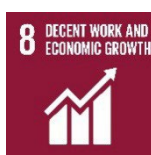
potential investment's policies, practices, and efforts to foster an inclusive and diverse culture in their workplace and communities:

- Organizational diversity, equity, & inclusion
- Economic empowerment for all
- Commitment to inclusive & equitable communities

## Investment Selection and Active Ownership:



**Diverse Representation & Gender Pay Equity:** ServiceNow<sup>1</sup> is committed to helping its people live their best lives, do their best work, and fulfill their purpose together. To accomplish this, ServiceNow is working to build an inspiring and inclusive environment, both inside and outside of the company. In its 2023 Diversity, Equity, and Inclusion (DEI) Report, the company describes its DEI achievements in 2022 and its priorities going forward. For example, in 2022, ServiceNow increased representation of women across its business, as well as the share of women in leadership positions, and underrepresented groups in the U.S. The company publicly announced DEI goals for the first time; by 2025, ServiceNow aims to increase the percentage of women in its global workforce to 34% and the percentage of underrepresented groups in the U.S. to 16%. The company supports nine Employee Belonging Groups and incorporates DEI principles into its learning and development programs. ServiceNow reports that it continues to maintain systematic gender pay equity, companywide and across the globe, as well as across race and ethnicity in the U.S. The company makes adjustments to pay when disparities are found. Global pay adjustments for 2022 affected less than 1% of the company's employee population and accounted for less than 0.05% of global payroll costs.<sup>2</sup>



In 2023, votes were cast in alignment with proposals seeking improved disclosure, policies, or practices related to diversity and inclusion:

- Gender- or racial-pay gap analysis
- Working conditions
- Equitable employee sick leave practices
- Effectiveness of diversity, equity, and inclusion efforts

Also in 2023 we collaboratively engaged 9 companies on alleged violations of UN Global Compact norms related to workplace discrimination, working conditions, equal pay, and workplace safety.

<sup>1</sup>At 12/31/2023, ServiceNow equity position accounted for 1.39% of Fund holdings. As-of date and holdings subject to change at any time.

<sup>2</sup>The case study presented is for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results. The inclusion of any company in this report does not represent an investment recommendation or advice.

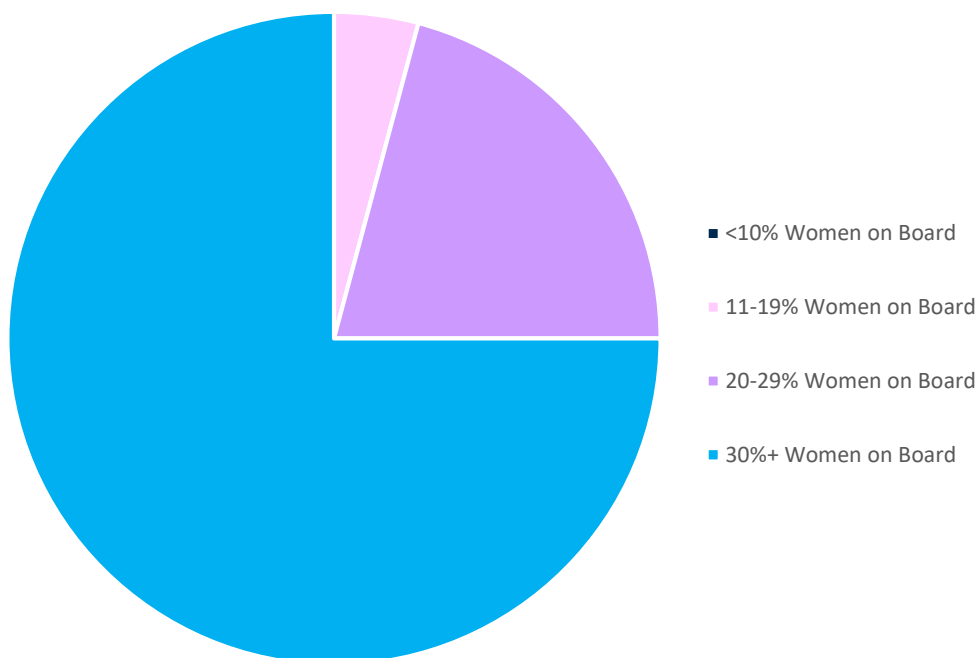
# Inclusive & Diverse World

## In-Depth Impact: Gender Representation

We regularly evaluate the Fund's comparative performance on multiple levels of diversity and inclusion. Often, this includes measuring the Fund companies' rates of gender and ethnic or cultural diversity throughout the company, including the composition of the Board of Directors.<sup>1</sup> We understand that a company's stance or approach to diversity and inclusion often begins at the top, but we also evaluate how companies are striving to be more diverse and inclusive throughout their organization. As this data is less available in a standard format, we evaluate it on a case-by-case basis for each company.

Both the Fund and the benchmark continue to see improvement in gender diversity at the level of the Board of Directors. At the end of 2023, the share of companies with at least 30% women on the Board was 73.5% for the Fund, vs. 70.6% for the Benchmark. Both the Fund and its Benchmark have shown an increase in this data point year over year, an encouraging sign of inclusion in leadership.

Percent of Women on Board of Directors<sup>2</sup>



Additional 2023 Fund facts:

- 93.9% of our Fund companies' (equity) Boards included 20% or more women, in-line with 2022.
- 73.5% of the Boards (equity) included 30% or more women.
- The Boards averaged 33.3% women Directors; the Benchmark average was 33.2%.
- The Fund held no companies with fewer than 10% women Directors; for the first time since this report's publication, the same metric was true of the Benchmark: no companies with 10% or fewer women directors.



<sup>1</sup>Data gathered from FactSet and other public sources.

<sup>2</sup>Chart as of December 31, 2023, equity holdings. Benchmark is the S&P 500 Index. Portfolio composition is as of a particular date and is subject to change at any time without notice.

# Sustainable Finance

## In-Depth Impact: Bonds with Purpose

### What is Sustainable Finance?

Green, Social, and Sustainability Bonds can play an essential role in financing investments that provide environmental and social benefits. The proceeds raised by green or social bond issuances are exclusively applied to projects with pre-defined environmental or social benefits. The bonds are regulated instruments, subject to the same capital market and financial regulations as other listed fixed income securities.

An early adopter of green bonds, 1919 continues to work to incorporate green bond investment opportunities into the Fund. We have well-established relationships with the investment banks that are active in the sustainable finance market, as we often participate in issuer roadshows, provide issuer feedback, and participate in new bond deals. In 2023, 1919 was a Signatory to the Green Bond Principles and the Social Bond Principles, which provide the leading global frameworks for green and social bond issuance. Our analysts and portfolio managers evaluate the relative value, investment potential, and their social and environmental impact to determine if these bonds are suitable for the Fund. 2023 continued a streak of new records for global sustainable bond issuance; the total issuance volume was more than \$940 billion.<sup>1</sup> Our Fund is proud to be a responsible investor in these fixed income instruments.

**In 2023, nearly 37% of the Socially Responsive Balanced Fund's fixed income assets were invested in 44 Green, Social, and Sustainability Bonds.**

### Investment Selections:<sup>2</sup>

**GREEN BOND:** Comcast Corp.<sup>3</sup> issued a \$1 billion green bond in February 2023 under its Green Financing Framework. The Framework is considered consistent with market best practices, including a commitment to annual reporting on the allocated proceeds from the green bond. This issuance supports eligible green projects in the areas of renewable energy; energy efficiency; green buildings, campuses, communities, and cities; clean transportation; and circular economy adapted products, production, technologies, and processes. Comcast's goal is to be carbon neutral by 2035.

**SUSTAINABILITY BOND:** Bank of America<sup>4</sup>'s eighth ESG-thematic bond issuance from May 2021 is a sustainability bond under the bank's Equality Progress Sustainability Bond framework. This framework indicates that bond proceeds will be allocated to social and environmental assets and projects aimed at advancing racial and gender equality and economic opportunity, as well as for environmental sustainability. As of June 30, 2022, 100% of the bond's issued proceeds (\$1.994 BN) were allocated to these social and environmental projects/investments. Of the \$1.994 BN, 45% of the proceeds were allocated to affordable housing (6,600 units financed); 5% to socioeconomic advancement and empowerment (19 investments in women- or minority-owned funds and businesses); 49% to renewable energy and clean transportation (combined, avoided 1.7 MN GHG emissions).

<sup>1</sup>Moody's

<sup>2</sup>The case studies presented are for illustrative purposes. There is no guarantee that comparable investment opportunities will materialize in the future or that engagement techniques discussed herein will yield similar results.

<sup>3</sup>At 12/31/2023, Comcast bond position accounted for 0.36% of Fund holdings. As-of date and holdings subject to change at any time.

<sup>4</sup>At 12/31/2023, Bank of America bond position accounted for 0.21% of Fund holdings. As-of date and holdings subject to change at any time.

## About 1919 Investment Counsel



1919 Investment Counsel, LLC is a registered investment advisor. Our mission for 100 years has been to provide counsel and insight that helps families, individuals, and institutions achieve their financial goals. The firm is headquartered in Baltimore and has regional offices across the country in Birmingham, Cincinnati, New York, Philadelphia, San Francisco, and Vero Beach. 1919 Investment Counsel seeks to consistently deliver an extraordinary client experience through its independent thinking, expertise and personalized service. To learn more, please visit our website at [www.1919ic.com](http://www.1919ic.com).

### Disclosures: Definitions

**CDP** is a not-for-profit that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

**Climate Change:** We regularly use tools to evaluate the Fund's climate change-related risks and opportunities. This includes measuring the Fund's carbon footprint as one indicator of its exposure to carbon risk, on a quarterly basis. We interpret a lower carbon footprint as having a positive impact on the environment. Additionally, companies classified in the Energy sector, or those with control or significant exposure to fossil fuel assets including oil, gas, and coal, are not eligible. Companies whose projects, products, and processes support the transition to a low-carbon economy, including development of renewable energy sources, are preferred.

**ESG Integration:** We are committed to understanding the impacts of corporate social responsibility on the Fund's portfolio holdings. Our investment analysis integrates material ESG factors, including risks and opportunities.

**The Green Bond Principles (GBP) and The Social Bond Principles (SBP)** promote integrity in the Green Bond market through guidelines that recommend transparency, disclosure, and reporting.

**Positive Impact:** We seek to invest a portion of the assets in responsible companies that are working to generate a positive social or environmental impact related to certain themes, as well as an impact on achieving the UN Sustainable Development Goals. In addition to investment selection, our impact investment activity includes voting proxies and participating in corporate engagements.

The **UN Principles for Responsible Investment (PRI)** are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. All PRI signatories submit a response under the PRI Reporting Framework on an annual basis. The PRI Assessment grades are based on the information reported directly by signatories, scored and compared to median scores of peers. Grade groupings range from 1 star to 5 stars. The underlying information has not been audited by the PRI or any other party acting on its behalf.

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## Disclosures: Definitions

### Responsible Investing Criteria risk:

The **Socially Responsive Balanced Fund**'s universe of investments may be smaller than that of other funds because of the Socially Responsive Balanced Fund's socially responsive criteria. Socially responsive companies may underperform similar companies without socially responsive policies or the market as a whole. They may also fall out of favor with investors. The Socially Responsive Fund's socially responsive criteria may also prevent investment in certain attractive opportunities that would be otherwise consistent with the Socially Responsive Fund's investment objective and investment strategies.

The **Socially Responsive Balanced Fund** emphasizes companies that offer both attractive investment opportunities and demonstrate an awareness of their impact on the society in which they operate. The Fund believes that there is a direct correlation between companies that demonstrate an acute awareness of their impact on the society within which they operate and companies that offer attractive long-term investment potential. The Fund believes that actively addressing environmental and social issues can translate into sound business. The Fund will use its best efforts to assess a company's environmental and social performance. The Adviser will monitor the related progress or deterioration of each company in which the Fund invests. Socially responsive factors considered include fair and reasonable employment practices, contributions to the general well-being of the citizens of its host communities and countries and respect for human rights, efforts and strategies to minimize the negative impact of business activities and to preserve the earth's ecological heritage and avoidance of investments in companies that manufacture nuclear weapons or other weapons of mass destruction, derive more than 5% of their revenue from the production of non-nuclear weaponry or derive more than 5% of their revenue from the production or sales of tobacco, or have significant direct exposure to fossil fuel real assets.

**Scope 1 GHG Emissions** are also called Direct Emissions. This metric is the company's emissions from sources that are owned or controlled by the operating company.

**Scope 2 GHG Emissions** are also called Indirect Emissions. This metric is emissions stemming from the company's consumption of purchased electricity, heat, or steam.

**Scope 3 GHG Emissions** are also a type of Indirect Emissions. This metric includes upstream and downstream supply chains, such as the extraction and production of purchased materials and fuels, flight emissions, waste disposal, investments, etc.

**The US Sustainable Investment Forum (SIF)** attracts a broad array of members who are committed to achieving both positive societal and environmental impact and competitive returns.

**Weighted Average Carbon Intensity:** This metric represents a portfolio's exposure to carbon-intensive companies, expressed as (tons CO<sub>2</sub>e / \$M revenue) and calculated as an aggregate of the carbon intensity of each position allocated based on current value of the position relative to current portfolio value.

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## Disclosures (continued)

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There is no guarantee that the investment opportunities discussed herein will materialize or, if they do, that such opportunities will yield any level of return. The information shown herein is for illustrative purposes. 1919 may consider additional factors not listed here or consider some, but not all, of the factors listed here as appropriate for the strategy’s objectives.

There is no guarantee that desired objectives will be achieved or that the future portfolio composition for the strategy discussed herein will be comparable to the portfolio shown here. 1919 has a reasonable belief that any third party information used for investment analyses purposes is reliable but does not represent to the complete accuracy of such information by any third party.

This material has not been reviewed or endorsed by regulatory agencies. Third party information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

There is no guarantee that employees named herein will remain employed by 1919 for the duration of any investment advisory services arrangement.

Investing based on socially responsive factors may cause a strategy to forgo certain investment opportunities available to strategies that do not use such criteria. Because of the subjective nature of socially responsible investing, there can be no guarantee that the socially responsive criteria used on a transaction-by-transaction basis will reflect the beliefs or values of any particular client. Additionally, 1919 must rely in part upon socially responsive-related information and data obtained through third-party reporting that may be incomplete or inaccurate, which could result in imprecisely evaluating an issuer’s practices with respect to socially responsive factors.

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**Mutual fund investing involves risk. Principal loss is possible. The Fund’s social policy may cause it to make or avoid investments for social reasons when it is otherwise disadvantageous to do so. The Fund may invest in foreign and emerging market securities which will involve greater volatility and political, economic and currency risks and differences in accounting methods. The risks are particularly significant for funds that invest in emerging markets.**

*The fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the investment company, and may be obtained by calling 1.844.828.1919. Read it carefully before investing.*

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Please visit [www.1919funds.com](http://www.1919funds.com) for investment-related information on The 1919 Socially Responsive Balanced Fund.