



Align investing with your values.

Just as your financial planning should speak to your overall values, so should the investment strategy built on that plan. Environmental, Social, and Governance (ESG) investing is a strategy that keeps a sharp focus on a company's impact on the planet and society when prioritizing your investments. Facet's ESG philosophy empowers you to express your beliefs and values through your money while working toward your short- and long-term financial goals. We aim for an ESG portfolio that has a similar risk and profit profile as a traditional portfolio, but avoids profiting from activities not aligned with your beliefs.

We do this by removing companies exposed to controversial products and industries from your investment portfolio. While this may not result in a perfect portfolio, we believe it provides the best possible balance between meeting your financial objectives and ESG impact.

Our ESG portfolio excludes companies who:



Have any involvement in

fossil fuels, nuclear power, nuclear weapons, conventional weapons, tobacco/cannabis production, or civilian firearms.



Make 5% or more revenue in

retailing tobacco products, alcohol production, gambling, or adult entertainment.



Make 10% or more revenue in

retailing alcohol products.

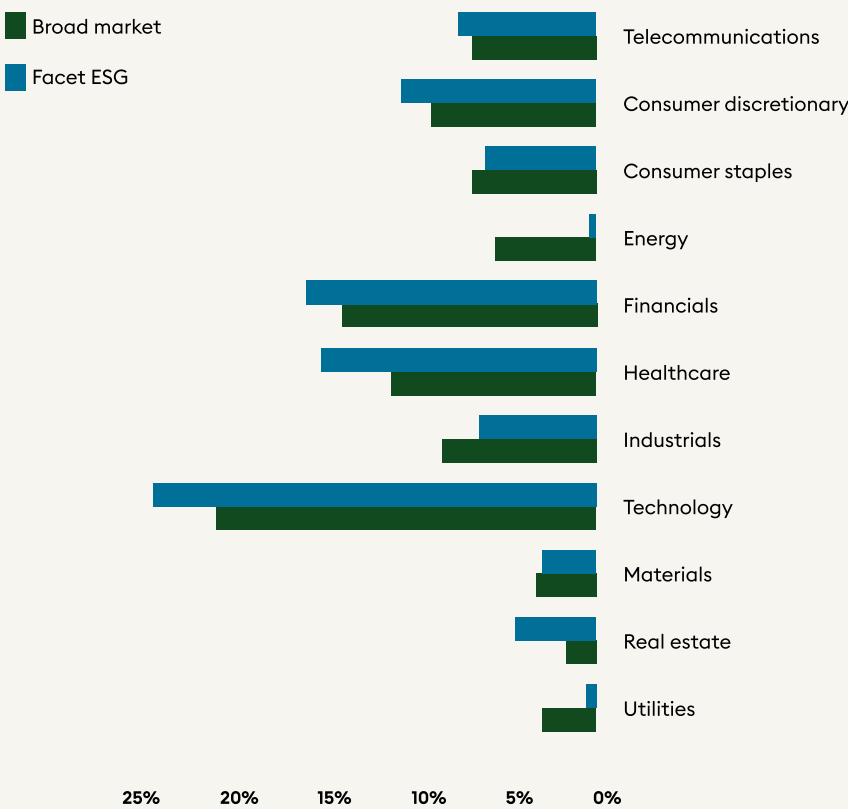


Do not meet

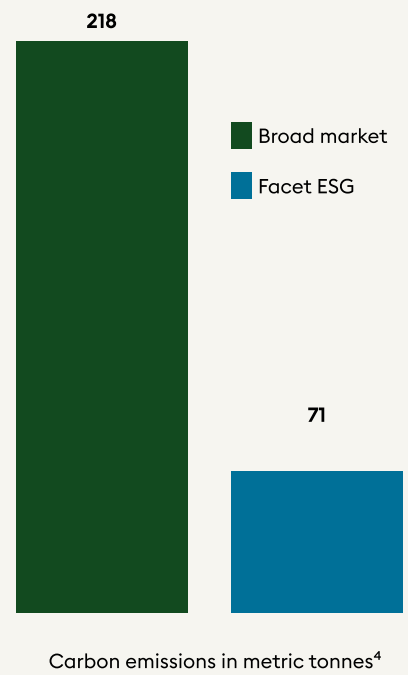
certain board and workforce diversity criteria¹, or has violations of labor rights, human rights, anti-corruption, or environmental standards as defined by the UN Global Compact principles.²

The resulting portfolio is similar to the broad market in terms of where you can invest, with the notable exception of much less exposure in the Energy, Utility, and Industrials sectors.³ These sectors include a large number of investments in fossil fuels and other controversial industries. The exclusion of these sectors results in a portfolio with significantly less carbon intensity.⁴

Facet's ESG vs. Broad Markets³



Facet's carbon emissions vs. Broad markets



Your investments, your impact.

We stand by the Facet ESG approach for a few reasons. Some ESG funds attempt an inclusive strategy, where companies with higher ESG scores are invested in a greater percentage than those with lower scores. We believe this approach has serious drawbacks. First, ESG scoring is highly subjective and can result in surprise investments. This makes it highly likely that the individual making these decisions does not share the same values. Second, inclusive strategies often wind up with significantly less diversified portfolios, which we believe puts both your short- and long-term financial goals at risk. Instead, an exclusionary approach allows for more transparency. Also, it provides broad diversification for your portfolio.

Lastly, if your goal is to have more of your money allocated to companies creating a positive impact on society and the planet, an exclusionary approach also achieves this. By eliminating controversial companies, you will be investing in more companies with a positive impact in mind.

We believe the Facet ESG portfolio will produce a similar long-term performance experience to the broad market, but perhaps with some variation in the short-term. For clients interested in more than just a financial return, but also in the wider impact of their money, Facet's ESG strategy may be a good choice, and our investment management is always included in your membership fee.

Reach out to your dedicated Membership Manager to learn more.

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There are risks specific to ESG investing that should be considered before making an investment. These include a lack of long term investment history, industry and business standards that are generally undefined, a limited investment universe, and fees and expenses that may be higher than traditional investments.

1. Specifically, companies must meet two of the following three criteria: 1) have at least one woman on the board, 2) a diversity policy in place, and 3) diversity management systems in place.
 2. For more information, see [The Ten Principles of the UN Global Compact](#).
 3. Source: Bloomberg. Broad Market represented by the Bloomberg World Index.
 4. Source: Blackrock and MSCI. Reflects the weighted average carbon intensity (tons of CO2e/\$M sales), which measures the portfolios exposure to carbon intensive companies. The portfolio's carbon emissions intensity is the weighted average of the carbon emissions intensity of the underlying stocks within the funds. Generic Portfolio represented by Vanguard non-ESG funds that match Facet's ESG portfolio, specifically Vanguard Total Stock Index Fund, Vanguard Developed International Fund, and Vanguard Emerging Markets Fund.