

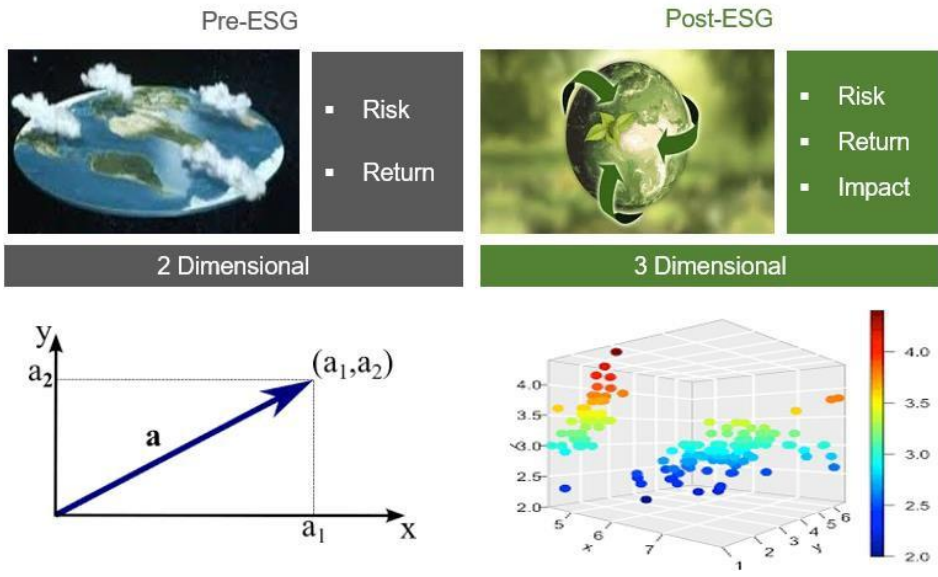
ESG VALUATION/INTEGRATION SOLUTIONS

Opportunity: ESG funds represent the largest AUM opportunity for active managers in a generation.

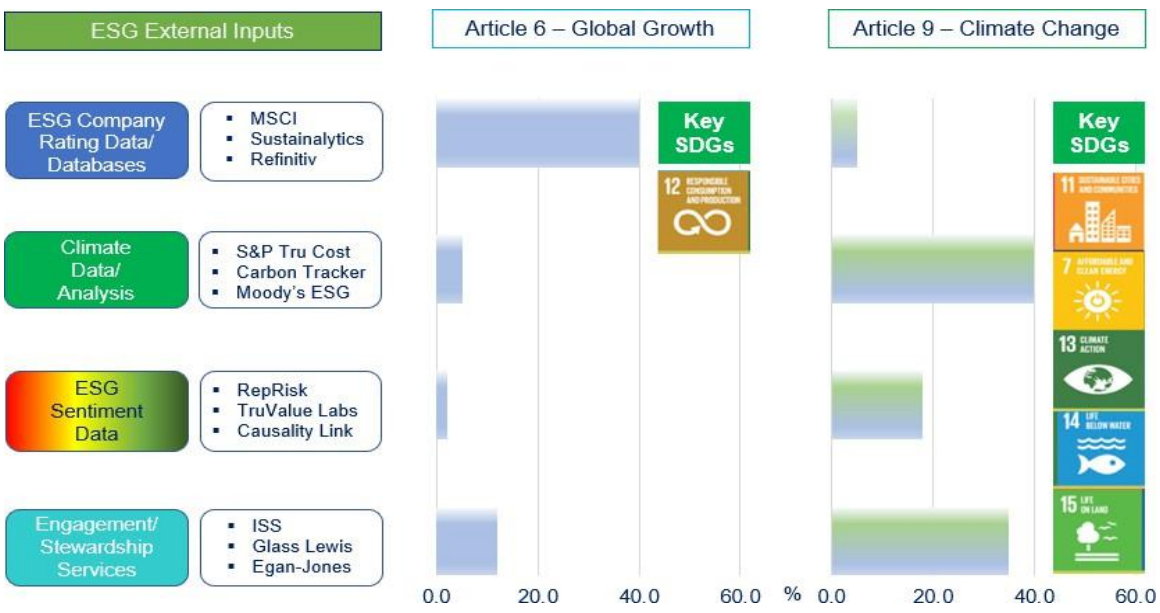
Challenges: Growing regulatory oversight exposes expensive ESG franchises to “Greenwashing” risks.

1. Managers must be able to value and allocate ESG/Stewardship inputs across a wide range of funds and asset classes, integrating ESG inputs into ESG specialist and generalist funds alike.
2. Regulators have taken action against managers for “overstating ESG Integration at the fund level.”
3. Fund-level ESG input attribution, proves integration, reduces reg. risk and is a marketing advantage.

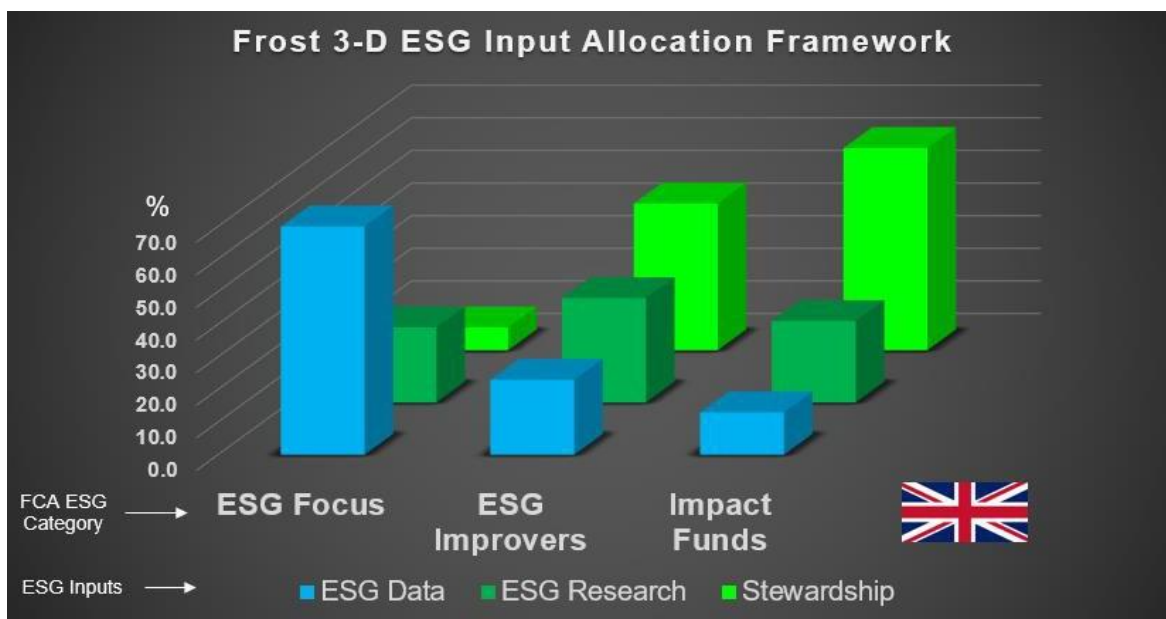
Problem: MiFID II research valuation techniques (counting documents and interactions from investment banks) are completely irrelevant in an ESG context – i.e., valuing Climate Databases for Impact Funds. Completely new 3-Dimensional “ESG Native” valuation/allocation solutions are required.



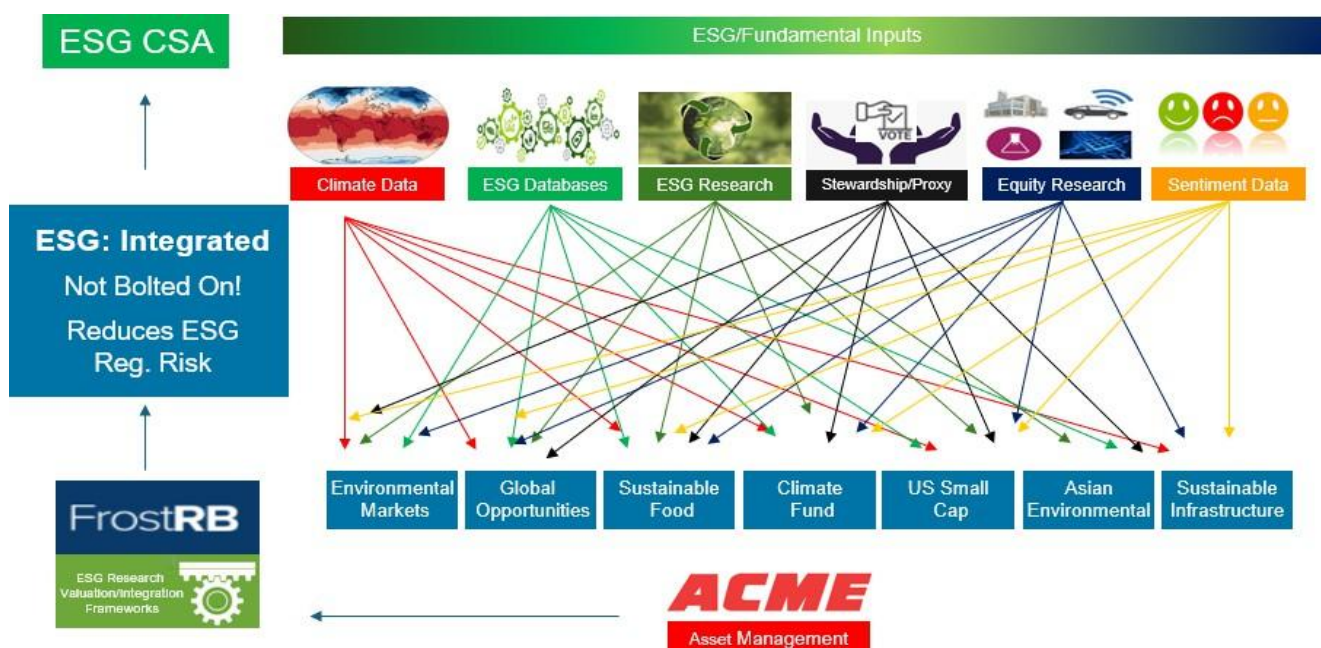
Challenge: ESG funds are not monolithic, and encompass an enormous range of investment (and social) objectives. They use a wide variety of ESG/Stewardship inputs in different ways.



Solution: 3-Dimensional Allocation “ESG-Native” models developed with the CFA Institute/Stanford University.



Sustainability: Fund-level valuation and allocation of ESG inputs makes them CSA-eligible.



Frost ESG Solutions:

- Works as an overlay with any existing fundamental research valuation process.
- Demonstrates fund ESG integration, reducing risk. Transparency as a competitive edge.
- A prerequisite for potentially passing on ESG/Stewardship costs to clients.

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