



2017 IMPACT REPORT

RECENT SUCCESSES

- Shareholder Engagements with Titan International and Verizon Communications
- UN PRI and B Corp Certifications

Appleseed Capital acts as a shareholder advocate to encourage boards and management teams to become more transparent and responsible with regard to environment, social and governance (ESG) matters. We believe investors can have significant influence on their portfolio companies through informal engagement, proxy voting, and submitting shareholder resolutions.



VERIZON – GREENHOUSE GAS EMISSIONS

While the Trump administration has chosen to withdraw from the Paris Climate Agreement, we, as engaged shareholders, are trying to hold companies accountable for meeting the climate goals outlined in the Agreement. To that end, Appleseed Capital co-filed a shareholder resolution with Trillium Asset Management, requesting that Verizon Communications issue a report assessing the feasibility of adopting science-based greenhouse gas (GHG) reduction targets consistent with the 2-degree scenario¹.

Verizon Communications does not currently have carbon reduction or clean energy goals that are based on climate science. By setting science-based commitments, the company could strengthen its climate strategy, reduce costs, manage operational and reputational risk, and create new products and services. Unfortunately, Verizon's board urged shareholders to vote against our proposal, and the resolution was defeated, receiving 15% of the shareholder vote.

While the proposal was unsuccessful in pushing Verizon toward the adoption of a science-based climate strategy, we are hopeful that our engagement with the company will lead to more open dialogue with Verizon management regarding their responsibilities with regards to the goals of the Paris Agreement.



TITAN INTERNATIONAL

Following a successful 2016 campaign that resulted in meaningful changes to Titan International's policies surrounding diverse Board representation, Appleseed Capital again sought to engage the company on matters of responsible governance in 2017. This time our efforts focused on encouraging the company to separate the Chairman and CEO roles, widely considered to be a corporate governance best practice.

Titan International has long combined the company's Chairman and CEO roles, to the detriment of shareholders, in our opinion. Data suggest that companies with separate Chairperson and CEO roles tend to generate greater long-term returns and receive higher ESG ratings while also reducing executive compensation costs. Accordingly, it was our belief that shareholders of Titan International would benefit from the separation of these roles within the company. Fortunately, the company came around to our position and announced on December 12, 2016 that the CEO would be stepping down while maintaining his position as Chairman, resulting in the separation of the roles. This shareholder-friendly development made it unnecessary for Appleseed Capital to file its resolution calling for separation of the Chairman and CEO roles.

¹ The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Additionally, the agreement aims to strengthen the ability of countries to deal with the impacts of climate change.

Besides Appleseed Capital advocating on behalf of our investors for increased corporate responsibility, we seek out appropriate community investing vehicles as a tool for directing capital to environmental projects, low income communities, and local businesses and non-governmental organizations (NGOs) that are driving sustainability at a local level.

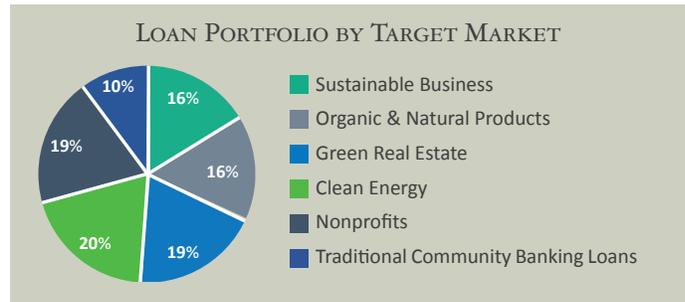


COMMUNITY INVESTING WITH NEW RESOURCE BANK

The Appleseed Fund community investment portfolio has been providing impact depositor capital to New Resource Bank based in San Francisco, CA.

In addition to being a B-Corp, New Resource Bank is a triple-bottom-line bank serving values-driven businesses and nonprofits that are building a more sustainable world.

By putting deposits to work for good in a bank like New Resource, we lend to organizations that benefit our communities and preserve our planet.



B CORP - 2017 BEST FOR THE WORLD

Several years ago, Appleseed Capital became the first investment firm in Chicago to be certified as a B Corporation. In 2017, we completed our two-year recertification, increasing our assessment score by 19%. As a result we earned a place on the 2017 Best for the World Changemakers list. We view our B Corporation status as a reflection of our commitment to ESG investing and to operating our business with integrity; our new assessment score highlights improvements we have made in the way we do business. Appleseed Capital seeks to conduct itself honestly and responsibly with all of its stakeholders, including our clients, the companies in which we invest, our valued employees, and our local business partners. Our reputation for integrity has been built over twenty five years as an employee-owned, independent advisor.



UNPRI

In 2017 Appleseed Capital became a signatory to the UN Principles of Responsible Investing (PRI). The UN PRI is an international network that includes the world's leading proponents of responsible investing.

“We have adhered to the UN PRI’s six principles since the inception of our ESG strategies, but we decided to become a signatory to the UN PRI because we believe that we have a responsibility to publicly support the work of organizations such as the UN PRI network who are seeking to build a more sustainable world “

- Matthew Blume, CFA, Director of ESG Research and Shareholder Advocacy

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