

nuveen

A TIAA Company



*Responsible
investing*



The story of
responsible investing

RI DEFINED

Responsible investing...

Is a philosophy that incorporates ESG factors

Incorporates these factors into investment analysis, portfolio construction and monitoring across asset classes

Pursues the objectives: to enhance long-term performance, manage risk and align client values

**DIFFERENT NAMES.
SIMILAR GOALS.**

RI has become the globally recognized umbrella term for:



Pursue competitive returns. Deliver positive social and environmental results.

Responsible investing (RI) is an expanding investment discipline that recognizes the importance of environmental, social and governance (ESG) factors across asset classes. Though RI goes by many different names, its approaches all share similar goals: better long-term performance and risk management while promoting positive outcomes in the world around us.

RI has moved into the mainstream as investors have begun to recognize that companies' willingness to embrace ethical criteria is a hallmark of any well-run organization. Ignoring ESG factors in investing is ignoring important risks and opportunities that may have a material effect on performance. Over time, investors have begun to view RI as analogous and even superior to 'conventional' investing.

HOW RI IS APPLIED

Investors apply RI in a variety of ways across asset classes, including:



Public equity



Fixed income



Real assets
like timber,
agriculture and
real estate



Alternatives
like private equity

The broadening RI landscape

*More investors around the world have begun using RI in an increasing variety of ways and demand for new approaches has increased at an impressive rate. With a commitment to RI that dates back **five decades**, we have played a key role in that growth.*

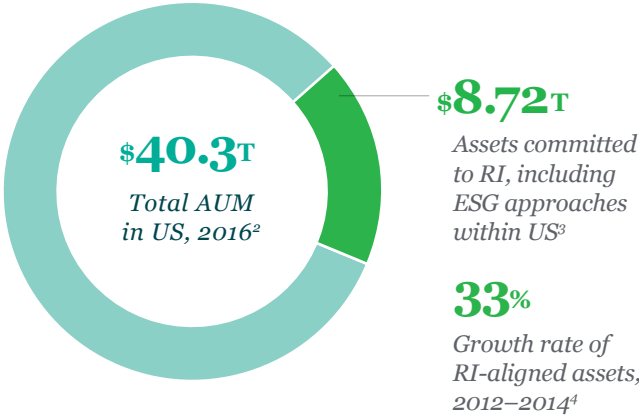
A UNIQUE SET OF OPPORTUNITIES AND RISKS

As more investors recognize its unique potential for attractive performance coupled with positive outcomes, RI principles have been accepted widely throughout the industry

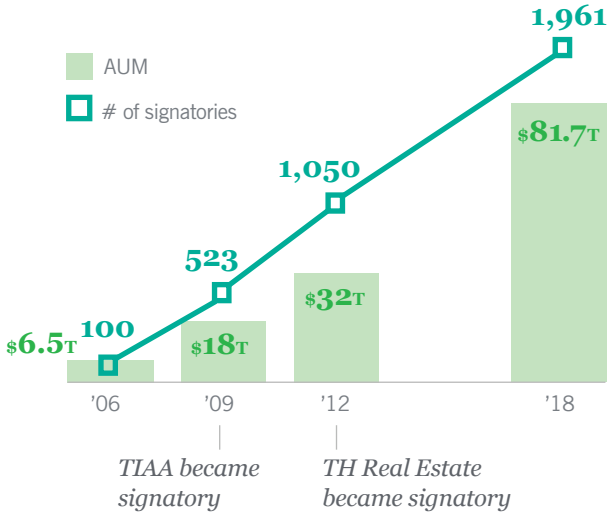


Today, RI represents 1 in 5 dollars under professional management in the US¹

AUM in the US on the rise



Global interest. Global growth.



The United Nations Principles for Responsible Investment⁶ is the world’s leading proponent of responsible investing. Launched in 2006, its global investor network has over **1,900** signatory firms and represents **\$81.7T** in assets under management.⁷

Source: UN PRI website: www.unpri.org/about, Apr 2018.

INCREASED INTEREST IN RI⁵

Broad, public interest in responsible investing approaches is high

72%
of individual investors who, given today’s political climate, prefer to invest in ways that will impact the environment positively

82%
are more likely to work with an advisor who could give them competitive investment returns from investments that also make a positive impact on society

55%
are not currently invested in RI but say they are interested in participating over the next 12 months

Investing by example

As a globally recognized investment approach, RI is gaining momentum among all kinds of investors. The increasing interest reflects twin concerns with achieving competitive returns while considering an investment’s ESG ramifications. The industry has responded by refining and expanding RI capabilities in the marketplace, leading to the development of more, sophisticated RI data, tools and strategies.

RI EXPECTATIONS ARE CHANGING

Demand and evolving marketplace expectations are driving much of the growth in RI. The primary reasons?



Greater attention
being paid to
investment practices



More clients
seeking RI



Public policies
driving ESG
considerations



**More robust
measurement**
abilities across
the industry

A continuum of approaches

Exclusionary screening	Best in class	Thematic	Social & environmental impact	UN Sustainable Development Goals
Seeks to avoid companies based on controversial business involvement, e.g., with a product or country	Aims to favor companies with the best ESG performance, e.g., within a particular sector or industry group	Endeavors to design company-selection process to emphasize specific issues, e.g., climate change, equality	Seeks to deliver competitive return alongside measurable benefits, e.g., improved health, access to basic goods/services, economic development, natural resource conservation, & greenhouse gas emissions reduction	Aligns investments to SDGs to help connect business strategies, goals, and outcomes with global priorities

THE MIND OF AN RI INVESTOR

RI isn't just for socially conscious investors. Applying ESG criteria offers additional scrutiny during the security selection process. Today, investors apply RI approaches for a variety of reasons:

Add potential risk-adjusted returns

Incorporating ESG may ramp up returns and diminish downgrades

Reduce risk

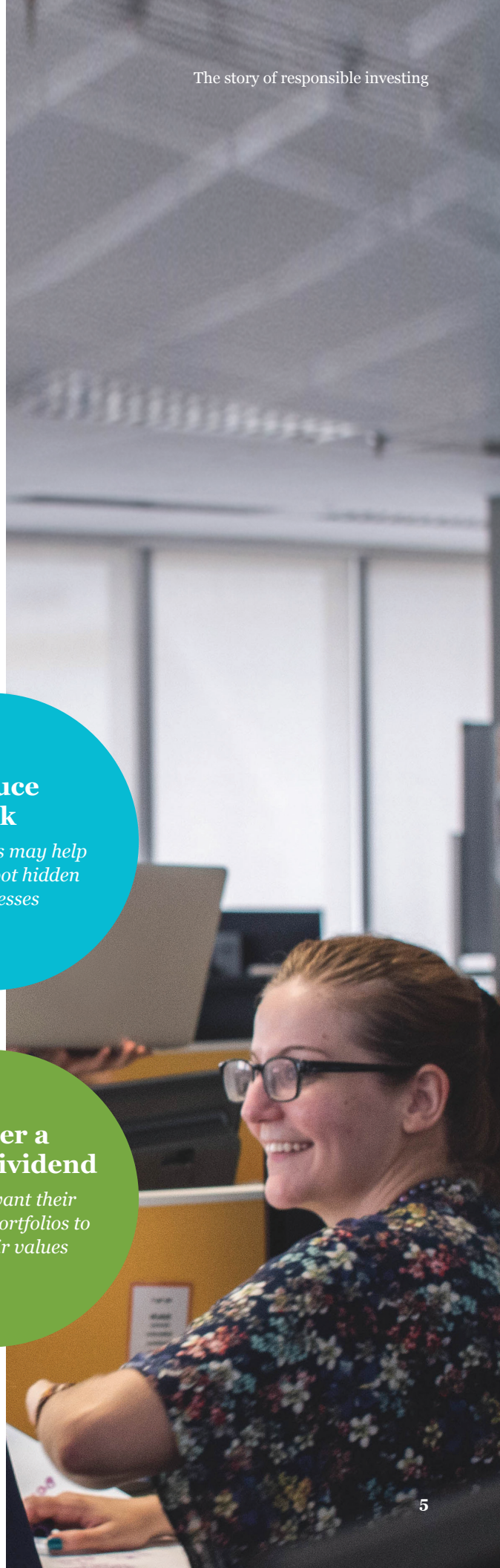
ESG analysis may help investors spot hidden weaknesses

Follow megatrends

Some believe the economy as a whole will benefit by addressing macro sustainability trends

Deliver a double dividend

Investors want their investment portfolios to reflect their values



Responsible for more than returns

Beginning with our engagement on product and social issues in the 1970s, we were an early and influential proponent of responsible investing. Our RI program offers a unifying RI framework across the firm that guides RI implementation in our daily activities. The framework maintains the firm's RI philosophy and guidelines for integration in our investment decisions and products.

RI IS IN OUR DNA

Spurred by the activism of the 1970s, investors began to align around social concerns like apartheid in South Africa

In 1978, we were the first to issue an anti-apartheid stance on investing in South Africa



Portfolios with a purpose

Today Nuveen applies RI principles across more than **\$967B** in AUM, including over **\$650B** committed to UN Principles for RI.⁸

With more than **\$20B** under management in ESG-focused products, Nuveen is one of the largest US managers of portfolios that reflect ESG criteria explicitly.⁹

\$900M+

in **social impact investment commitments**¹⁰



Private market



Real estate

investments in our general account that seek competitive returns in tandem with positive, measurable social and environmental outcomes

\$1B+

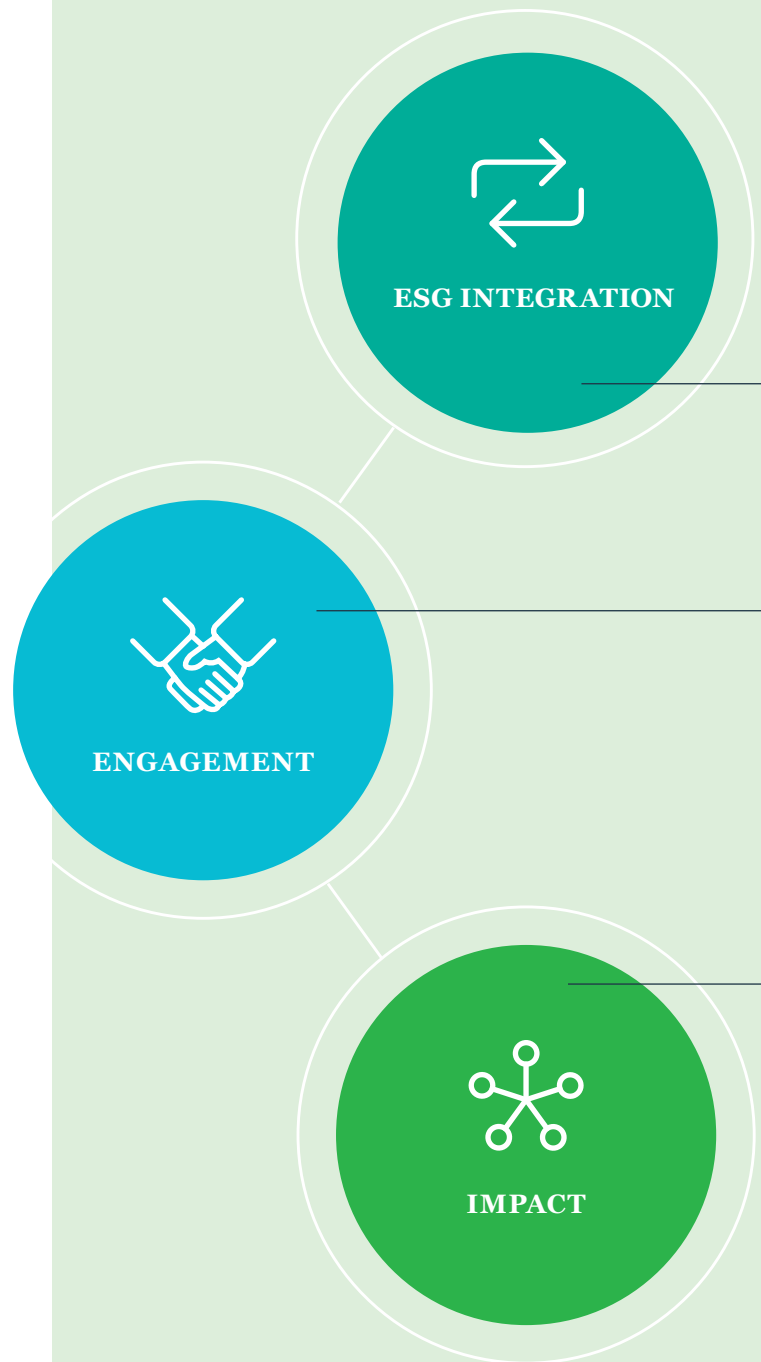
in **publicly traded green bonds**¹⁰



categorized as supporting renewable energy and other green initiatives to address climate change, our **social choice bond strategy** has made an impact in public fixed income for over 6 years

Investing like the future depends on us. Because it does.

*At Nuveen, responsible investing is more than a philosophy; it is and has always been an essential part of our history and our future. We believe that three principles – **integration**, **engagement** and **impact** – are critical to unlocking investment potential.*





We believe

alignment to these principles can provide enduring benefits for our clients and communities.

→ **Integrate** ESG factors into our investment process across funds and asset classes

→ **Engage** using our influence with companies and issuers to help them innovate and operate more effectively, and partnering with stakeholders to define and advance environmental, social, and governance best practices

→ **Impact** by working to drive positive environmental and social outcomes through our investing practices

TOMORROW'S PERFORMANCE FOR TOMORROW'S WORLD

At Nuveen, we apply all three principles in an overall business and portfolio management framework designed to deliver competitive performance

How we do it:

→ **By collaborating and sharing** actionable insights with our investment professionals to facilitate better investing decisions

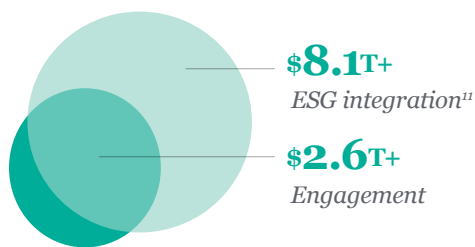
→ **By meeting with** company CEOs, senior management and boards of directors to produce measurable outcomes, collaborating with industry peers to set standards, and influencing legislation, public policy and best practices

→ **By investing in opportunities with measurable outcomes** in public and private markets, such as affordable housing and low carbon; and by setting best practices for measuring investment outcomes to help clients understand, quantify and communicate the social and environmental impact of investment portfolios

More than one way to apply RI

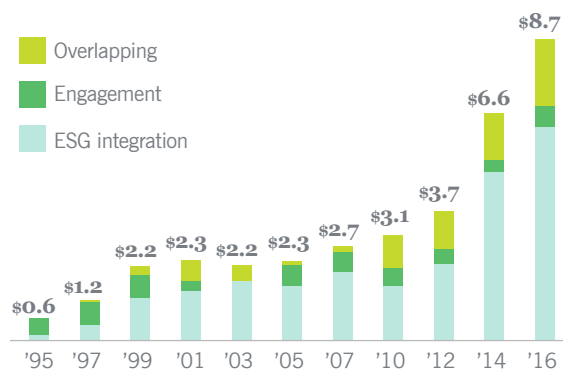
*In recent years, RI has seen the introduction of new approaches as well as numerous refinements. Investors adopt RI for different reasons and many portfolios include multiple RI approaches. What they all seek to accomplish is the application of ESG factors to create **better outcomes** for investors, our communities and the planet.*

Integration vs. engagement



Assets in which ESG factors are used to make investment decisions **overlap** with those involving shareholder engagement or active ownership¹²

How the approaches have grown (AUM, \$ trillion)



Although RI began by emphasizing shareholder engagement, it has progressed to include other approaches, especially integration of **ESG factors** within portfolio management

Source: US SIF Foundation, 2016. Past performance is no guarantee of future results. Chart does not represent the past performance of any Nuveen Fund. For fund performance visit nuveen.com.

OPEN-END RI MUTUAL FUNDS MULTIPLYING¹⁴

4%

of the ESG market involves branded products¹⁵

458%

Increase in number of dedicated RI funds¹⁵

781%

Increase in RI AUM¹⁵

257

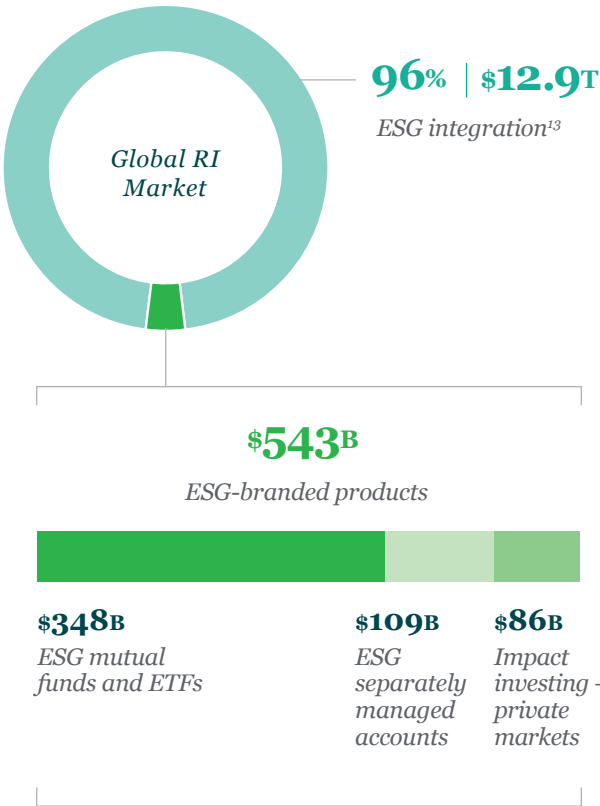
Dedicated RI funds¹⁶

\$219B

AUM in RI funds¹⁵

ESG integration dominates

A dedicated fund or product is not required to invest responsibly. Instead, RI primarily involves incorporating new, material ESG data and analytics within a strategy, a process known as *ESG integration*



Learn more about RI

More on responsible investing

nuveen.com/responsible-investing

ESG Magazine

esg-magazine.com

GIIN: Global Impact Investing Network

www.thegiin.org

ILG: Investment Leaders Group

<http://www.cisl.cam.ac.uk/Business-Platforms/Investment-leaders-group.aspx>

Morningstar Sustainability Initiative

morningstar.com/company/sustainability

MSCI

www.msci.com

Responsible Investor

responsible-investor.com

Sustainalytics

sustainalytics.com

UNPRI: UN Principles for Responsible Investment

www.unpri.org

USSIF: Forum for Sustainable and Responsible Investment

www.ussif.org

For more information about RI, visit us at nuveen.com/responsible-investing.

¹ US SIF: The Forum for Sustainable and Responsible Investment, "Report on US Sustainable, Responsible and Impact Investing Trends Report, 2016." ² US SIF Foundation and Cerulli Associates. ³ US SIF: The Forum for Sustainable and Responsible Investment, "Report on US Sustainable, Responsible and Impact Investing Trends Report, 2016." ⁴ US SIF: The Forum for Sustainable and Responsible Investment, "Report on US Sustainable, Responsible and Impact Investing Trends 2016." ⁵ Nuveen Third Annual Responsible Investing Survey, 2017. ⁶ UN PRI website: www.unpri.org/directory. ⁷ UN PRI website: www.unpri.org/pri/about-the-pri, Aug 2018. ⁸ As of 31 Dec 2017. ⁹ TIAA Investments is one of the largest managers among ESG mutual fund, ETFs and variable insurance managers as of 31 Dec 2017 according to analysis of Morningstar Direct data from FUSE Research Network. Fuse Research Network is a source for industry guidance to firms in the asset management industry and for obtaining ongoing research and market intelligence. ¹⁰ Commitments data is as of 31 Dec 2016. ¹¹ UN PRI website: www.unpri.org/about. ¹² US SIF Foundation; note: ESG incorporation assets in this figure include those in Community Investing Institutions. ¹³ Morningstar, eVestments, and Global Sustainable Investment Alliance, 2014. ¹⁴ Morningstar; funds categorized as Socially Conscious. ¹⁵ From Jan 1995 through Sept 2017. ¹⁶ As of 30 Sept 2017.

Risks and other important considerations

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.

Investing involves risk; principal loss is possible. There is no guarantee an investment's objectives will be achieved. An investment deemed consistent with applicable Environmental Social Governance (ESG) guidelines may forgo some market opportunities available to investments that don't use ESG criteria.

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.

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