

# ESG Investing

WHERE INVESTING INTERSECTS  
WITH VALUES



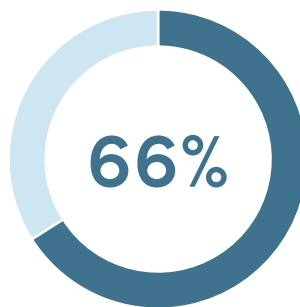
## What is ESG Investing<sup>1</sup>?

Simply put, ESG investing takes into consideration **Environmental, Social, and Governance** factors in addition to traditional financial factors when making investment decisions.

Environmental <sup>1</sup>	Social	Governance
How we impact the natural world	How we engage with our world	How we manage our business and bottom line
ESG investing looks for well-managed companies that seek to conserve and protect our natural resources and environment.	ESG investing seeks to align investments with ethical, religious, social or political beliefs. ESG research is used to screen for fair labor practices as well as controversial activities such as tobacco, alcohol, and weapons.	ESG investing is based on the belief that ethical business practices, board independence, and diversity and accounting transparency can contribute to long-term sustainable financial performance.

## What about performance?

Does ESG investing mean sacrificing returns? According to Morningstar, almost two thirds of sustainable funds in 2018 finished in the top half of their respective categories, including 35% in the top quartile. The percentages were about the same for non-ESG equity funds.<sup>2</sup>



**66% of sustainable funds finished in the top half of their respective categories.<sup>2</sup>**

## What to look for?


Integrating ESG criteria can range — from using exclusionary criteria to narrow the investment universe, to integrating ESG criteria alongside traditional fundamental analysis. More and more companies are now reporting on how they incorporate the ESG criteria into their business which makes it easier for investment managers and investors to identify these types of funds.

### Three General Ways to Identify ESG Funds

1. “ESG” may be incorporated into the fund name.
2. Within the fund’s prospectus, look for sections like “Primary Strategy” or “How the Fund is Managed”.
3. Visit the fund’s website for information on how it may be addressing ESG considerations.

Like all investment vehicles, ESG funds should be evaluated for their individual strategy, performance, and risk.

## How can Security Benefit help?

At Security Benefit, how you feel about your investment options matter. We offer a breadth of investment options to help you meet your retirement goals, all while aligning with you personal values. Look for this  symbol next to the ESG options we offer in our mutual fund and variable annuity products.\*

## Your path *To and Through Retirement*<sup>®</sup> begins here.

Talk to your financial professional to learn more about the ESG funds we offer, or contact us at 800.888.2461.

\* Morningstar defines "Sustainable Investment" as a fund that explicitly indicates any kind of sustainability, impact, or ESG strategy in their prospectus or offering documents. "ESG Funds" incorporate environmental, social, and governance (ESG) principles into the investment process or engagement activities. "Impact Funds" seek to make a measurable impact with investments on specific issue areas like Gender Diversity or Community development alongside financial return. "Environmental Sector Funds" are non-diversified funds that invest in environmentally oriented industries like renewable energy or water.

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Funds with ESG policies may perform differently compared to similar funds that do not have such a policies.