

AGENDA



3:00 P.M.

CITY COUNCIL MEETING

WEDNESDAY, OCTOBER 11, 2023

NOTES:

- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

THE MEETING CAN BE VIEWED
LIVE ON THE CITY'S WEBSITE AT
WWW.SEDONAAZ.GOV OR ON
CABLE CHANNEL 4.

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.
- The decision to receive Public Comment during Work Sessions/Special City Council meetings is at the discretion of the Mayor.

PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES**.
- Submit written comments to the City Clerk.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

2. ROLL CALL

3. SPECIAL BUSINESS

LINK TO DOCUMENT =

- a. AB 2978 **Discussion/possible direction** regarding investment strategies, including possible ESG investment principles.
- b. **Discussion/possible action** regarding ideas for future meetings/agenda items.

4. EXECUTIVE SESSION

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice regarding matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action regarding executive session items.

5. ADJOURNMENT

Posted: 10/05/2023

By: DJ

JoAnne Cook, CMC, City Clerk

Note: Pursuant to A.R.S. § 38-431.02(B) notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with material relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Sedona makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Sedona City Council meetings are recorded and may be viewed on the City of Sedona website. If you permit your child to attend/participate in a televised City Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services
that are consistent with our values, history, culture and unique beauty.



**CITY COUNCIL
AGENDA BILL**

**AB 2978
October 11, 2023
Special Business**

Agenda Item: 3a

Proposed Action & Subject: Discussion/possible direction regarding investment strategies, including possible ESG investment principles.

Department	Financial Services
Time to Present	1 hour
Total Time for Item	2 hours
Other Council Meetings	August 22, 2023 – Agreement approval with PFM Asset Management, LLC
Exhibits	A. Current Investment Policy B. PFM Presentation

City Attorney Approval	Reviewed 10/02/23 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	For presentation, discussion and direction only.	Amount Budgeted
		\$ N/A
		Account No. (Description)
		Finance ☒ Approval

Background: The City has performed all investment management services internally. Over the past 10 years, the City's investment portfolio has increased from \$42 million to \$81 million. With a large investment portfolio and limited internal staffing capacity, professional investment advisory services are prudent and anticipated to improve returns on the City's portfolio. A Decision Package for professional investment advisory services was presented to Council and approved during the FY 2024 budget process.

On August 22, 2023, the City Council approved a linking agreement with PFM Asset Management, LLC (PFM) piggybacking on the City of Mesa's cooperative contract, for the provision of investment management services. Some Council members have requested establishing investment policies based on environmental sustainability goals. PFM has experience with development of customizable and flexible environmental, social, and governance (ESG) investment programs tailored to meet a client's sustainable investment goals.

Representatives from PFM will present information about the investment advisory services they provide and information about each of the components of ESG investment principles.

This work session will be the City Council's opportunity to provide direction on investment strategies and which, if any, of the ESG principles that Council would like to see in place.

Based on the direction provided during this work session, any changes to the City's current Investment Policy will be brought back to Council for adoption at a later date.

Climate Action Plan/Sustainability Consistent: ☐ Yes - ☐ No - ☒ Not Applicable

Board/Commission Recommendation: ☐ Applicable - ☒ Not Applicable

Alternative(s): None



I move to: for presentation, discussion and direction only.



INVESTMENT POLICY FOR THE CITY OF SEDONA

I. Purpose

The purpose of this policy is to guide the investment of funds for the City of Sedona, Arizona (hereinafter “the City”). This policy will update and replace the City’s Investment Policy adopted on November 22, 1998. The investment environment has changed significantly since 1998 and this current policy brings the City’s investment approach up to date while still maintaining the primary objectives of safety of principal, liquidity and yield, in priority order.

Therefore, it is the investment policy of the City, the City Manager and Financial Services Director to maintain the safety of principal, maintain liquidity in order to meet the cash flow needs of the City and provide competitive investment returns as identified below. The Financial Services Director will strive to invest with the judgment and care that a prudent individual would exercise with his or her own affairs.

II. Governing Authority

The investment program of the City shall operate in conformance with Federal, State and other legal requirements, primarily outlined in A.R.S. § 35-323.

III. Approval of the Investment Policy

The investment policy shall be formally approved and adopted by the City Council and reviewed annually by the City Manager and Financial Services Director.

IV. Scope

- The City will consolidate cash balances from all funds in order to maximize investment earnings and to increase efficiencies with regard to investment management pricing, safekeeping costs and administration costs, except for cash in certain restricted and/or specials funds, which may be exempted from this policy.
- Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

- The Financial Services Director shall follow A.R.S. § 35-323. Investments controlled by Internal Revenue Service's (IRS) Regulations, such as bond proceeds will be deposited into a separate account and invested in accordance with IRS guidelines.

V. Investment Policy Objectives

The primary investment objectives of the City in order of priority are:

- Safety
- Liquidity
- Optimal yield

These objectives are defined below:

Safety - Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk. It is understood by the City that no investment is completely free of risk.

A. Credit Risk

The City will seek to mitigate credit risk, which is defined as the risk of loss due to the failure of the security issuer or backer. Mitigating credit risk is to be accomplished by:

- Limiting investments in the portfolio to the asset classes designated as acceptable in A.R.S. §35-323. When possible, analysis of the credit worthiness of all individual debt issuers held in the portfolio should be conducted on an annual basis in an effort to guard against investing in weak or deteriorating credit situations;
- Diversifying the investment portfolio so that the impact of potential losses from any one individual issuer held in the portfolio will be limited. Specific diversification parameters will be noted in Section VIII. Authorized Investments;
- Utilizing external research and advice regarding the current global economic condition and its impact on the outlook for domestic corporate credit quality.

B. Interest Rate Risk

The City will seek to mitigate interest rate risk, which is defined as the risk that the market value of securities held in the portfolio will decline due to increases in market interest rates subsequent to their purchase. This mitigation will be accomplished by:

- Structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations, thereby avoiding, as much as possible, the need to sell securities into an adverse market environment prior to maturity;
- Investing funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio in accordance with the needs of the City;
- Utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.

Liquidity - The investment portfolio shall remain sufficiently liquid to meet anticipated cash flow requirements. This is to be accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash flow needs (static liquidity). Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist of securities for which there exist active secondary markets (dynamic liquidity).

Optimal Yield - Return on investment is of lesser importance compared to the safety and liquidity objectives described above. The investment portfolio shall be designed to optimize the yield the City obtains from the portfolio taking into account the criteria of the investment policy, the dynamic liquidity needs of the City and the current interest rate outlook/economic condition.

VI. Investment Management Authority

Authority to either manage internally or to delegate the management of the investment portfolio of the City to an external manager is granted to the City Manager and his/her designee. If authority to manage all or a part of the investment portfolio of the City is delegated to an external manager, the City Manager and his/her designee shall be responsible for:

- Periodic investment portfolio reporting;
- Evaluating the performance of the externally managed portfolio;
- Confirming compliance with the City's investment policy;
- Developing investment strategies with the external manager and periodically reviewing the strategy to ensure it is consistent with the City's goals and values.

VII. Brokers/Dealers

When the City is investing directly with Brokers/Dealers, investment transactions shall be conducted only with financial institutions that are licensed, as may be required by

law, to do business in Arizona. Primary government securities dealers or broker-dealers, engaged in the business of selling government securities, shall be registered in compliance with section 15 or 15C of the Securities Exchange Act of 1934 and registered pursuant to A.R.S. §§44-3101-3159, as amended. It shall be the responsibility of the financial institutions and brokers/dealers to provide the following:

- Audited, most recent financial statements;
- Proof of Financial Industry Regulatory Authority certification;
- Proof of state registration (as needed);
- A signed letter acknowledging that they have read and agree to abide by the City's Investment Policy.

VIII. Authorized Investments

As of adoption of this Investment Policy A.R.S. §35-323 defines the acceptable classes available for Cities to invest in as follows:

1. Certificates of deposit in eligible depositories.
2. Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in §35-323.01.
3. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under this article.
4. Repurchase agreements with a maximum maturity of one hundred eighty days.
5. The pooled investment funds established by the state treasurer pursuant to §35-326.
6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
7. Bonds, notes or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts or special taxing districts, including registered warrants that shall bear interest pursuant to A.R.S. §11-635.
8. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the

principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.

9. Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:

(a) The face value of all such obligations, and similar obligations outstanding, exceeds fifty per cent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.

(b) A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

10. Commercial paper of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States.

11. Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies.

12. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association.

13. Securities of or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940 (54 Stat. 789; 15 United States Code §§ 80a-1 through 80a-64), as amended.

All other investments are prohibited. The City may take a more conservative approach to its investments and restrict or prohibit certain allowed investments listed above.

Benchmark

The performance of an actively managed portfolio on behalf of the City will be expected to at least match the performance of the Arizona Local Government Investment Pool (LGIP) 5.

Concentration and Diversification

At the time of purchase a maximum of 5% of the market value of the portfolio may be invested in debt issued by any single entity. Debt backed by the United State Treasury or U.S. Government Sponsored Enterprises are exempt from this concentration criterion.

Safekeeping and Custody

Delivery vs. Payment – All Trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

Safekeeping – Securities will be held by a custodian selected by the City and evidenced by custodial reports. Securities will be registered in the name of the City of Sedona. The safekeeping institution shall provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

IX. Reporting

The Financial Services Director or his/her designee shall produce an investment report, at least quarterly, that is made available to the City Manager and the City Council. The purpose of the report is to enable the City to ascertain that the investment activities during the reporting period conform to the investment policy. The report should include:

- A list of individual securities held at the end of the reporting period;
- Realized and unrealized gains or losses in the portfolio;
- The duration of each security held and the portfolio as a whole;
- The maturity date of each security;
- The book value and fair market value of each security;
- The percent and value that each investment class represents;
- The coupon or periodic interest rate of each security held in the portfolio;
- A summary of the portfolio transactions, including fees incurred for external management and custody services.

X. Ethics and Conflicts of Interest

City officers and employees involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program. City officers and employees shall refrain from undertaking personal investment transactions with the same individual(s) with which business is conducted on behalf of the City.

XI. Policy Considerations

Exemption – Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Any deviation from the preceding policy shall require the prior specific written authority of the City Council.

Approved this 11th day of August, 2015, by the Mayor and City Council of Sedona, Arizona.

City of Sedona Strategy Review

October 11, 2023

Annette Gaston
Senior Managing Consultant

Sarah Walsh
Senior Analyst

480.271.0432 | pfmam.com

PFM Asset Management LLC

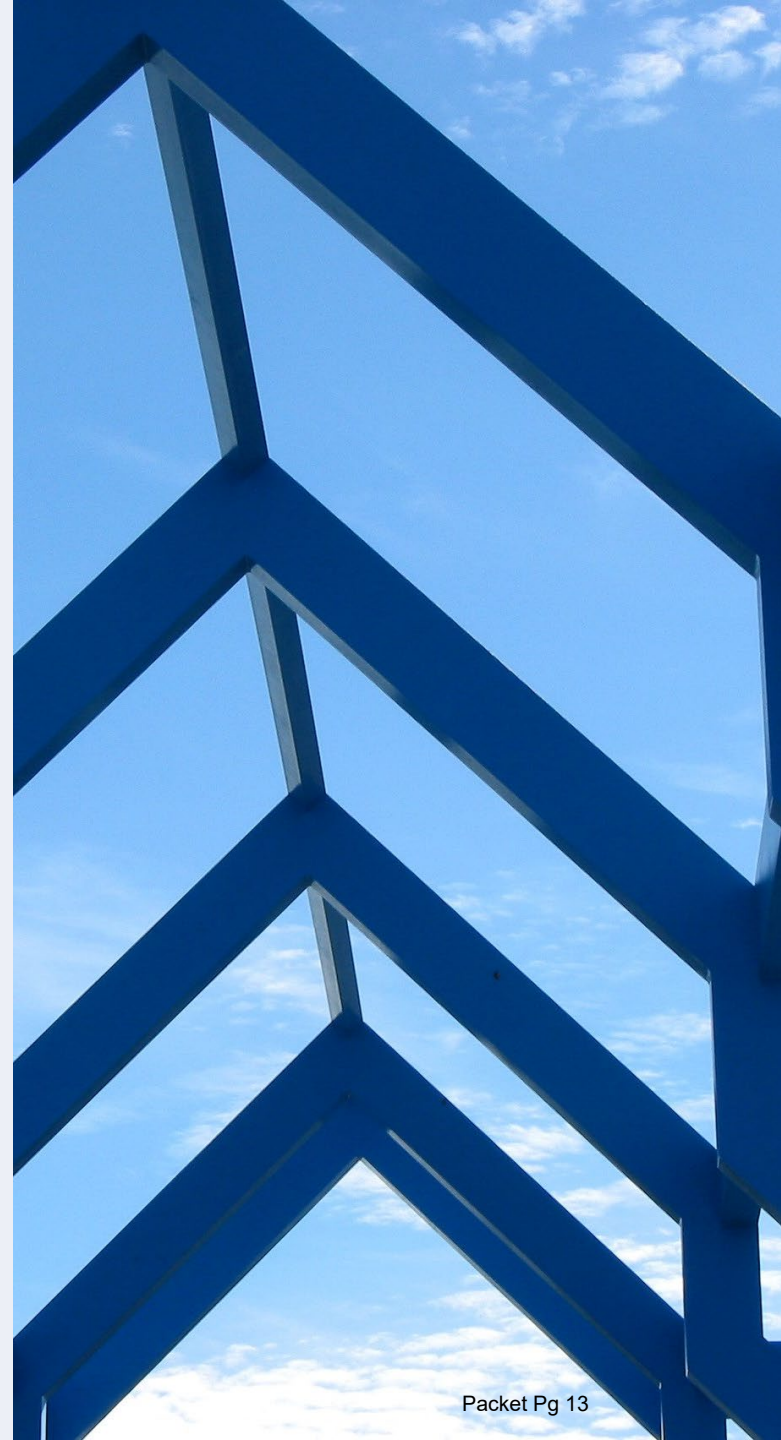
NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

For Institutional Investor or Investment Professional
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Agenda

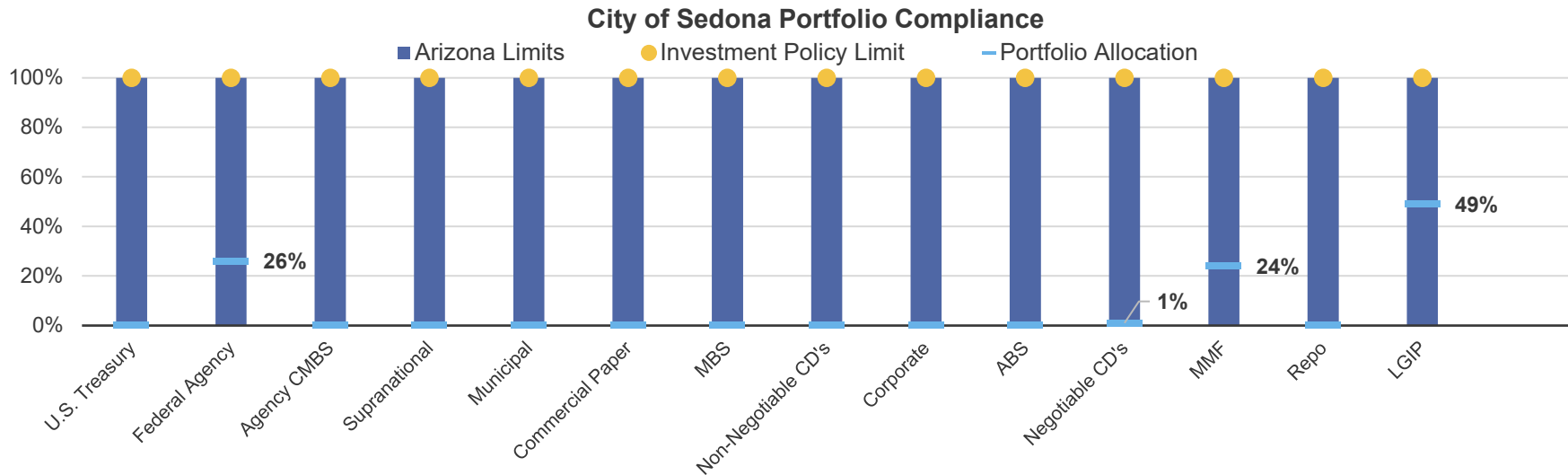
- ▶ **Investment Policy Review**
- ▶ **Cash Flow Analysis**
- ▶ **Sector Selection**
- ▶ **Portfolio Optimization**
- ▶ **Introduction to ESG Investing & Considerations**
- ▶ **Our ESG Data Provider: Sustainalytics**
 - ▶ Issuer Example
- ▶ **PFMAM's Approach to ESG Investing**
- ▶ **Example ESG Investment Criteria Solutions**
- ▶ **Appendix**
 - ▶ Credit Research
 - ▶ Additional Sustainalytics Information
 - ▶ Sample ESG Quarterly Reporting

Investment Policy Review



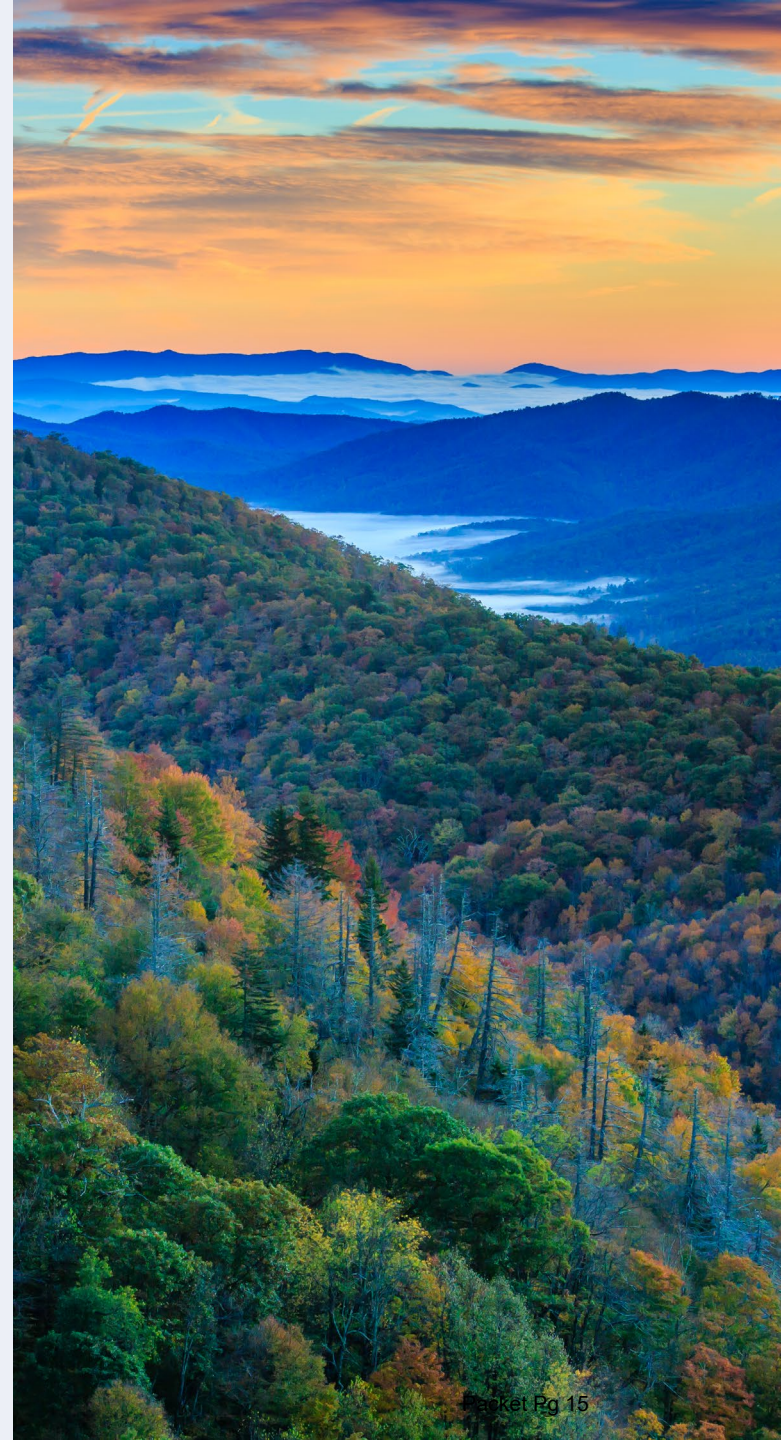
Portfolio Allocation vs. Policy and State Limits

Sector	Portfolio Allocation	Policy Limit	Arizona Limits
U.S. Treasury	0%	100%	100%
Federal Agency/GSE	26%	100%	100%
Agency CMBS	0%	100%	100%
Supranational	0%	100%	100%
Municipal	0%	100%	100%
Commercial Paper	0%	100%	100%
Mortgage-Backed Securities	0%	100%	100%
Non-Negotiable/Collateralized CDs	0%	100%	100%
Corporate	0%	100%	100%
ABS	0%	100%	100%
Negotiable CD's	1%	100%	100%
Money Market Funds	24%	100%	100%
Repurchase Agreements	0%	100%	100%
LGIP	49%	100%	100%



Source: City of Sedona Operating Fund, as of July 31, 2023. Arizona limits are based on PFMAM's interpretation of Title 35 of the Arizona Revised Statutes.

Cash Flow Analysis

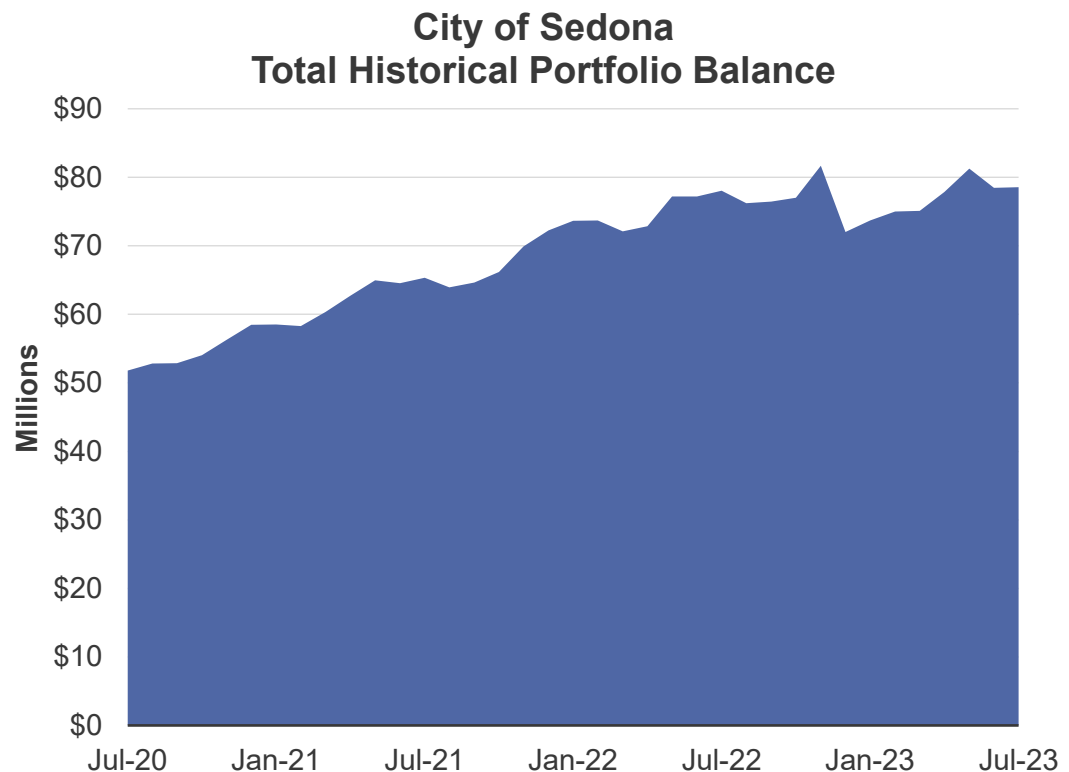


- ▶ Analyzes historical portfolio balances
- ▶ Determines “seasonality” and historical seasonal factors
- ▶ The cash flow model helps identify an appropriate allocation between assets invested short term (“liquidity”) to meet cash needs and assets that can be invested longer-term

Portfolio Type	Strategy Components	Uses
Liquidity/Short-term	Overnight to 12 months	• Highly Liquid for daily needs and unforeseen expenditures • Funds are meant to cover specific, predictable cash flows (payrolls, debt service) • Can be lower during periods of net cash inflow • Comprised of short-term money market instruments, e.g., bank deposits, money market mutual funds, and LGIP
Core	Longer Duration Strategy	• Funds that are not expected to be spent—may be disbursed in extraordinary circumstances • Can be invested in longer-term securities

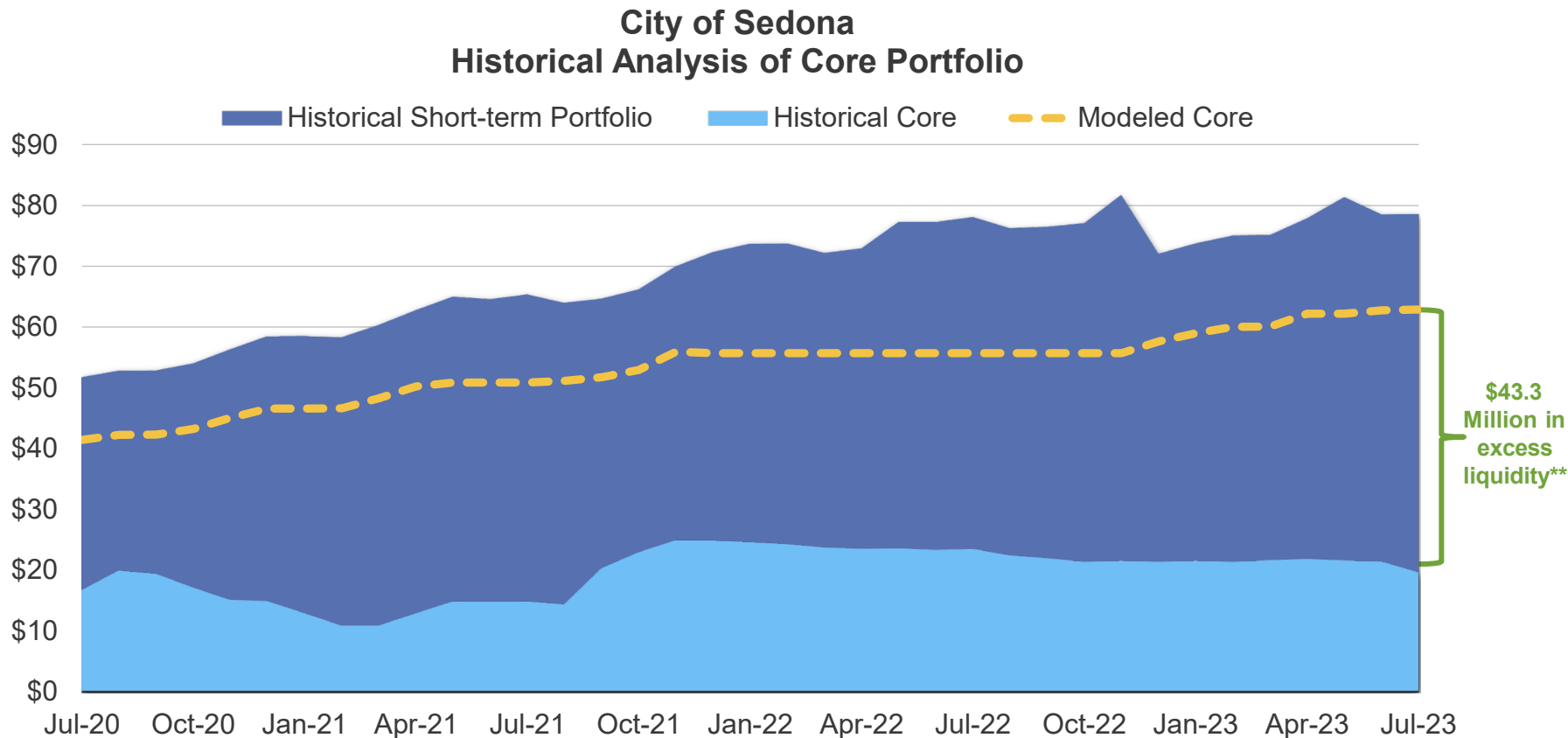
Month	Average Monthly Balance*	Historical Factor
Average	68,830,835	100.00%
January	68,630,898	99.71%
February	69,010,018	100.26%
March	69,191,720	100.52%
April	71,160,747	103.38%
May	74,499,410	108.24%
June	73,412,597	106.66%
July	68,428,744	99.42%
August	64,329,044	93.46%
September	64,662,730	93.94%
October	65,749,048	95.52%
November	69,310,147	100.70%
December	67,584,913	98.19%

Portfolio Statistics (As of July 31, 2023)	
Total Asset Balance	\$78,575,586
Annual Growth Rate	13.9%



*This analysis represents the monthly averages over the 3-year analysis period ending July 31, 2023.

- ▶ As of July 31, 2023, the City had a core portfolio balance of \$19.5 million and \$43.3 million in excess liquidity*, which translates to 45% liquidity in the portfolio.



*Historical Liquidity includes the City's Cash, Money Market Fund, and LGIP holdings as of July 31, 2023.

Historical Core includes the City's managed portfolio holdings as of July 31, 2023.

**Based on an assumed 20% liquidity cushion

Estimated Portfolio Allocations at Various Liquidity Cushion Levels

Cash Flow Analysis

Liquidity Cushion	Modeled Liquidity*	Modeled Core*
15% Cushion	\$11,786,338	\$66,789,248
20% Cushion	\$15,715,117	\$62,860,469
25% Cushion	\$19,643,897	\$58,931,690

Liquidity Cushion	Modeled Core*		Current Managed Portfolio		Investable Liquidity
15% Cushion	\$66,789,248	—	\$19,528,505	=	\$47,260,743
20% Cushion	\$62,860,469	—	\$19,528,505	=	\$43,331,964
25% Cushion	\$58,931,690	—	\$19,528,505	=	\$39,403,184

Liquidity includes the Cash, Money Market Fund, and LGIP Account holdings as of July 31, 2023.

*Modeled Core and Liquidity are calculated based on the lowest projected balance over the next 12 months.

Sector Selection



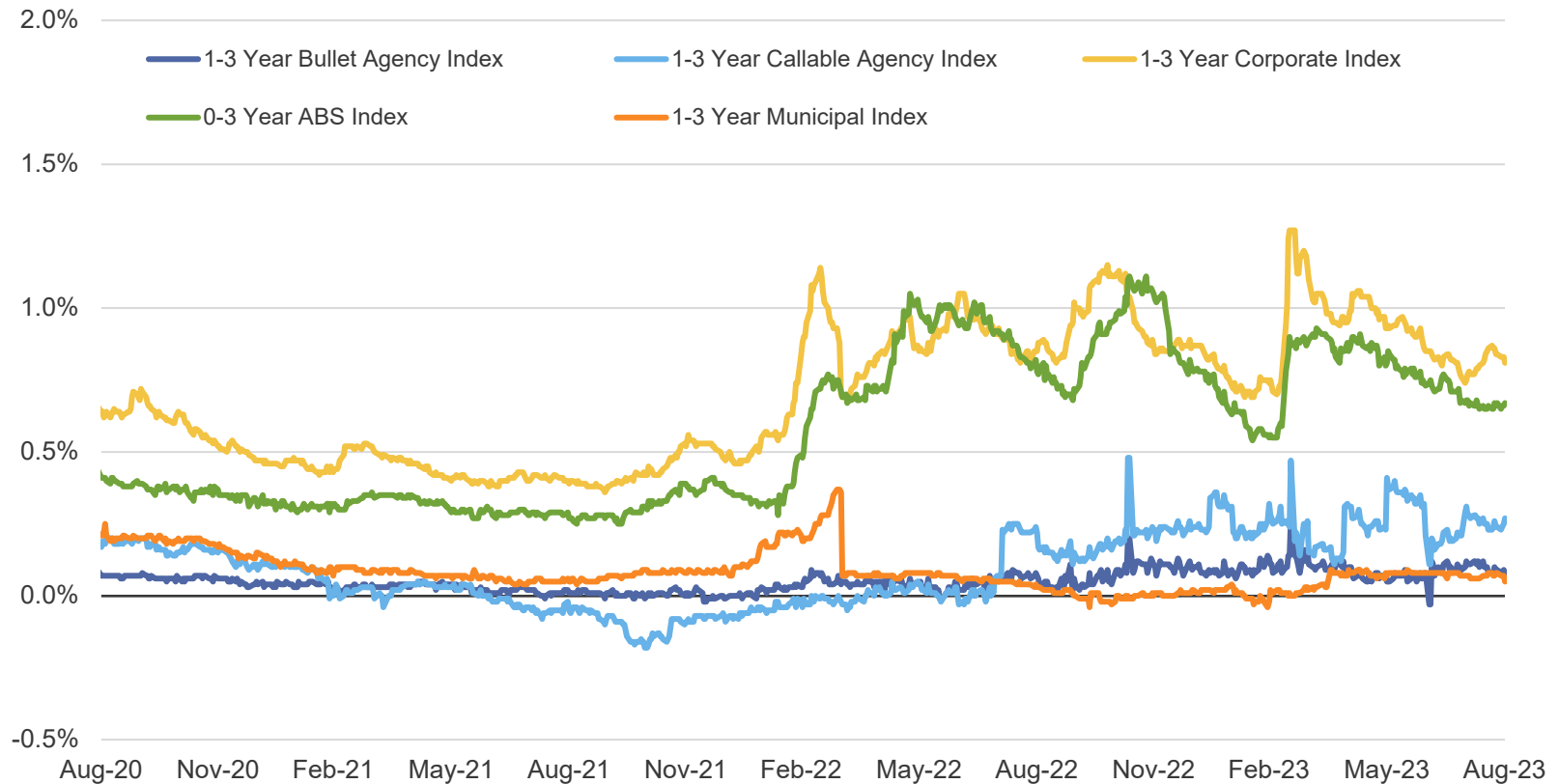
Diversification Can Provide Safety for the Portfolio

Sector Selection

Index / Ending Duration	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Annualized Average
1-3 Year Treasury Duration: 1.81	1.41%	1.30%	1.16%	1.81%	1.67%	1.88%	4.99%	4.25%	-0.05%	-1.74%	1.38%
1-3 Year Agency Duration: 1.87	1.05%	1.24%	1.05%	1.54%	1.47%	1.82%	4.65%	3.98%	-0.24%	-2.27%	1.19%
1-3 Year AAA Supranational Duration: 1.94	0.58%	1.08%	0.98%	1.54%	1.31%	1.78%	4.20%	3.59%	-0.28%	-3.50%	1.14%
1-3 Year Corporate AAA- AA Duration: 1.89	0.46%	0.93%	0.97%	1.12%	0.92%	1.71%	3.78%	3.35%	-0.37%	-3.53%	0.80%
1-3 Year Corporate AAA-A Duration: 1.82	0.42%	0.86%	0.80%	1.09%	0.86%	1.70%	3.73%	3.15%	-0.43%	-3.65%	0.72%
1-3 Year Government Duration: 1.81	0.36%	0.72%	0.69%	0.96%	0.65%	1.69%	3.57%	3.10%	-0.46%	-3.65%	0.71%
0-3 Year Treasury Duration: 1.35	0.36%	0.70%	0.56%	0.89%	0.65%	1.64%	3.55%	3.09%	-0.55%	-3.74%	0.70%
0-3 Year AAA US Fixed Rate ABS Index Duration: 1.29	0.30%	0.63%	0.55%	0.89%	0.55%	1.60%	3.55%	2.87%	-0.55%	-3.75%	0.68%
1-5 Year Treasury Duration: 2.55	0.03%	0.62%	0.54%	0.89%	0.44%	1.58%	3.48%	2.67%	-0.86%	-5.22%	0.67%
1-5 Year Agency Duration: 2.22	-0.19%	0.46%	0.43%	0.78%	0.42%	1.52%	3.25%	2.49%	-1.10%	-5.25%	0.67%

Source: Bloomberg. Annual returns of 1-3 Year ICE BofA Indices unless specified otherwise.

Historical Spreads over Treasuries
August 2020 - August 2023

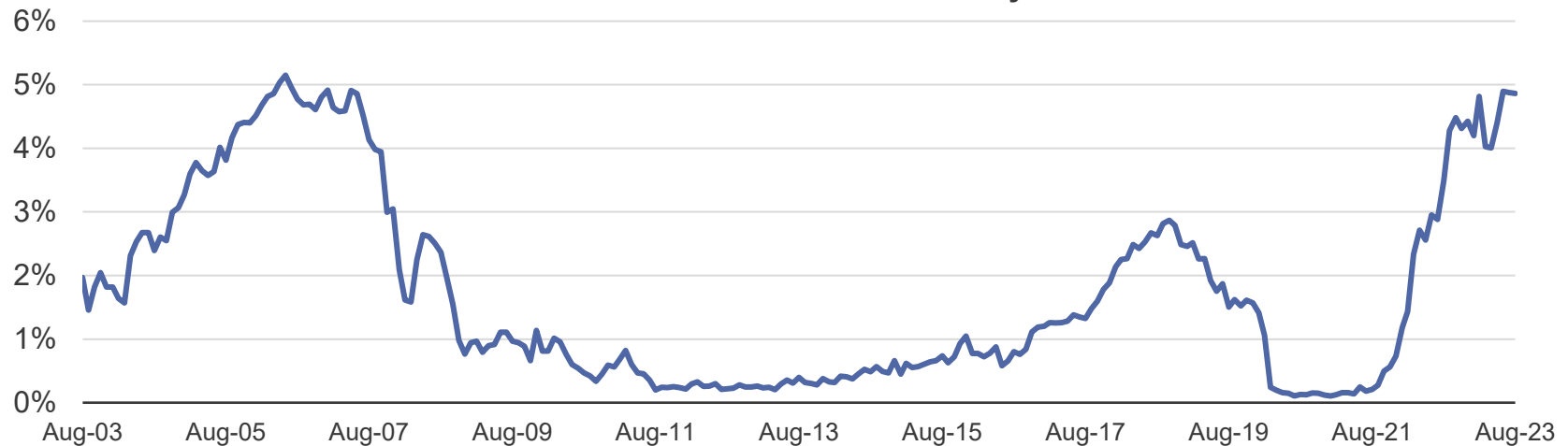


Source: Bloomberg, ICE BofA Indices as of August 31, 2023.

Portfolio Optimization



2-Year UST Note Yield History



Annual Returns

December 31, 2003 - August 31, 2023

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD ¹
1 Year UST Index	1.45%	0.81%	2.36%	4.32%	5.95%	4.75%	0.80%	0.83%	0.57%	0.24%	0.26%	0.18%	0.15%	0.76%	0.57%	1.86%	2.93%	1.82%	-0.07%	-1.02%	2.55%
0-3 Year UST Index	1.66%	0.98%	2.10%	4.24%	6.64%	5.34%	0.70%	1.83%	1.17%	0.35%	0.30%	0.46%	0.43%	0.78%	0.55%	1.70%	3.25%	2.49%	-0.37%	-2.27%	2.18%
1-3 Year UST Index	1.90%	0.91%	1.67%	3.96%	7.32%	6.61%	0.78%	2.35%	1.55%	0.43%	0.36%	0.62%	0.54%	0.89%	0.42%	1.58%	3.55%	3.10%	-0.55%	-3.65%	1.73%
0-5 Year UST Index	1.82%	1.24%	1.79%	4.07%	7.41%	7.21%	0.30%	3.03%	2.69%	0.75%	-0.11%	1.00%	0.81%	0.97%	0.69%	1.61%	3.85%	3.58%	-0.85%	-3.93%	1.88%
1-5 Year UST Index	2.06%	1.31%	1.39%	3.81%	8.16%	8.73%	0.23%	3.61%	3.36%	0.91%	-0.19%	1.24%	0.98%	1.09%	0.65%	1.52%	4.20%	4.25%	-1.10%	-5.25%	1.52%
3-5 Year UST Index	2.47%	2.11%	0.86%	3.55%	9.84%	12.15%	-0.67%	5.70%	6.23%	1.58%	-0.91%	2.14%	1.59%	1.34%	0.95%	1.47%	5.20%	6.06%	-1.96%	-7.85%	1.19%

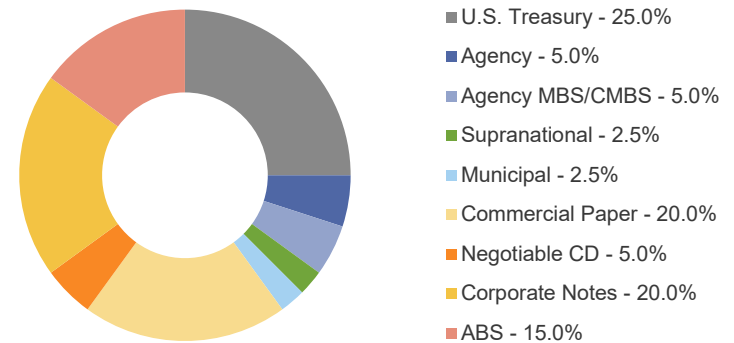
Sources Bloomberg. Indices shown are ICE Bank of America (BofA) indices.

1. Returns for periods less than one year are unannualized.

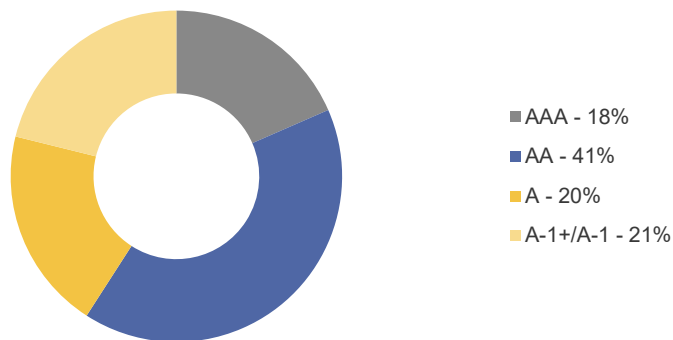
Portfolio Statistics

Invested Amount	\$40 – \$64 million
Duration	1.29 years
Gross Yield	5.57%

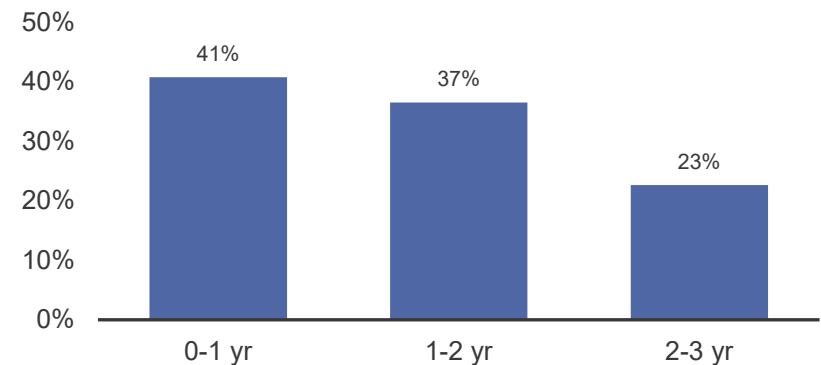
Sector Allocation



Credit Quality



Duration Distribution



- ▶ Sample portfolio is provided for illustrative purposes only and is not a recommendation.
- ▶ Portfolio based on assumed investment noted on each respective page.
- ▶ Yield source Bloomberg for individual securities, as of September 27, 2023.
- ▶ Ratings shown are S&P, or the equivalent Moody's or Fitch rating.
- ▶ Security universe sourced from Bloomberg and Market Axess and further limited to those issuers permitted by PFMAM's internal Approved Credit List.
- ▶ Actual yields and security availability may vary at time of purchase.
- ▶ As economic and market conditions may change in the future, so may PFMAM's recommendations as to the sale and purchase of securities in the portfolio.



Introduction to ESG Investing & Considerations



What is ESG Investing?

Focus on Risk Identification & Management

Introduction to ESG Investing & Considerations

- ▶ Incorporates **measurable non-financial ESG factors** into an investment analysis
- ▶ Utilizes **positive screening** while focusing on **material** ESG risks and management of those risks
 - ▶ Material risks may significantly impact enterprise value and operating performance
 - ▶ Driven by an organization's primary business activities

ENVIRONMENTAL

How a company limits its environmental impact and carbon footprint



Climate Change



Air Pollution



Deforestation



Water Pollution

SOCIAL

How a company treats its employees, customers, community, and other companies with which it interacts



Data Protection



Human Rights



Gender & Diversity



Community Relations

GOVERNANCE

How a company is led and managed, including executive pay and any internal controls



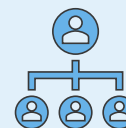
Board Composition



Bribery & Corruption



Lobbying



Executive Compensation



Alignment of Objectives with Values

Adoption of ESG initiatives allows investors to align investment objectives with values



External Pressures

ESG investing is of particular concern for entities who control taxpayers' dollars, as they may be under public scrutiny if they invest in a controversial company



Risk Management

Rewarding ESG values may be seen as a way to help mitigate overall risk



Seek Competitive Returns

Good ESG quality has the potential to help a company to develop a competitive advantage, which can then drive outperformance



**Variations in disclosed
information and reporting
standards**

**Regulatory Framework
continues to evolve**

Greenwashing

**No universal definition
of ESG**

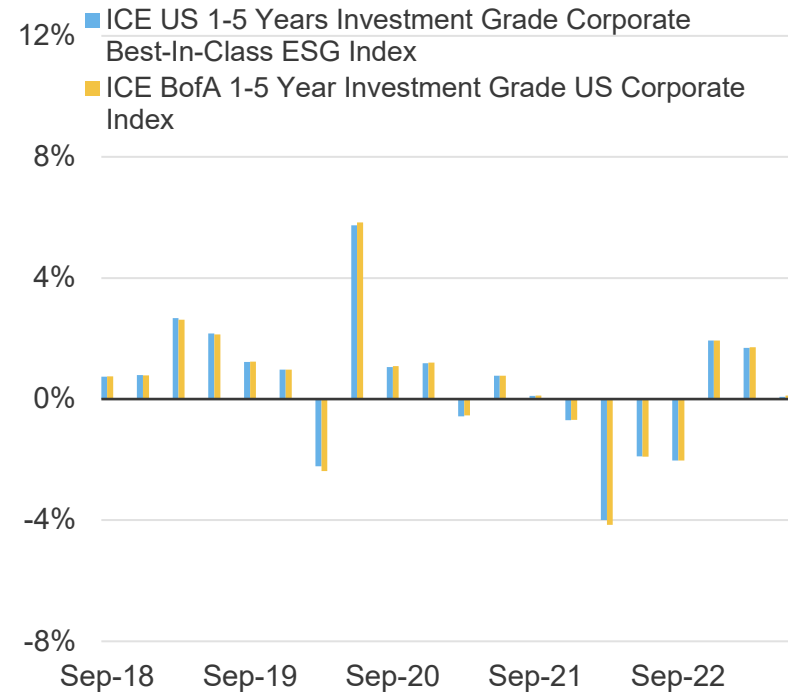
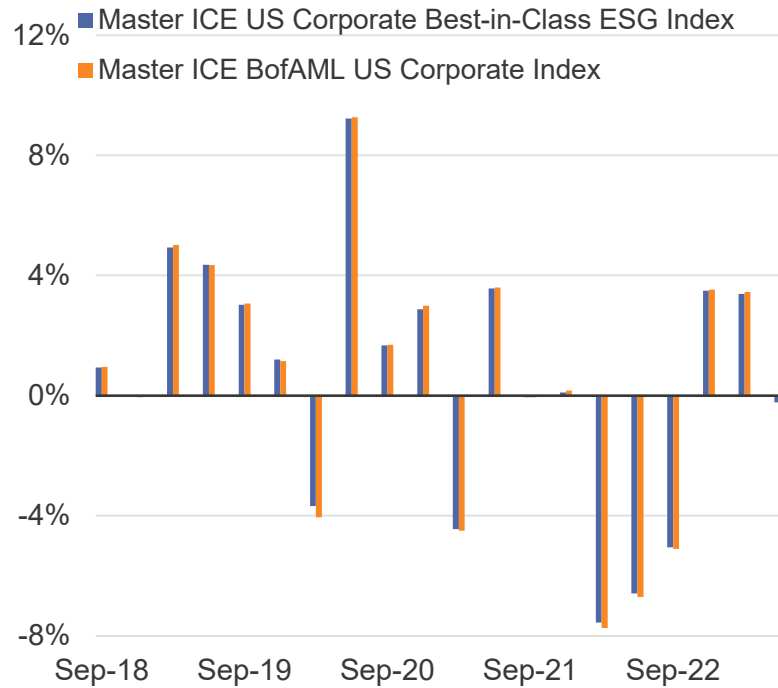
**Inconsistent ESG risk
assessment methodologies**

**Concerns about performance
impact**



Fixed Income ESG Index Performance Aligns with Non-ESG Index

Introduction to ESG Investing & Considerations

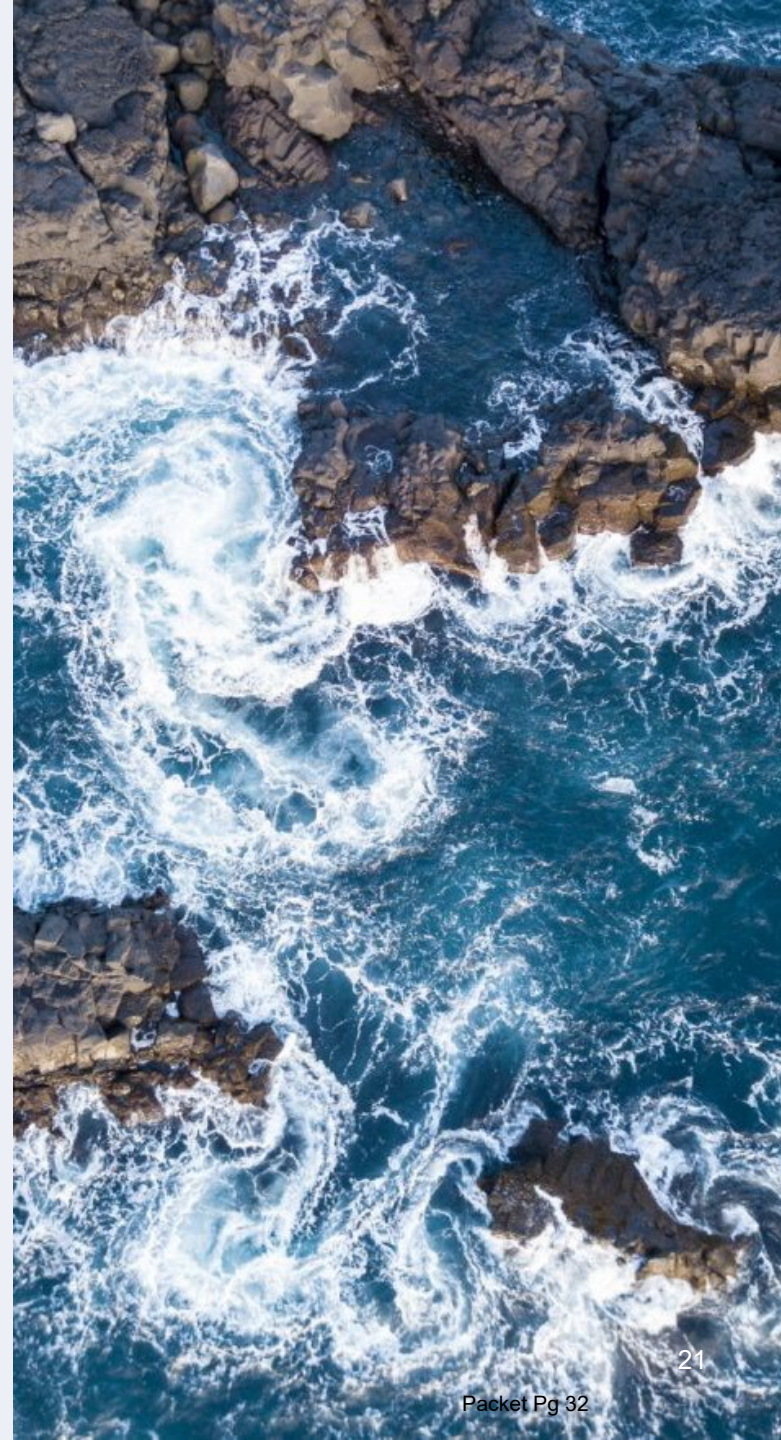


5-Year Historical Return Comparison (July 1, 2018 - June 30, 2023)

	Master ESG Corporate Index	Master Non-ESG Corporate Index	1-5 Years ESG Corp Index	1-5 Year Non-ESG Corporate Index
Annualized Return	1.90%	1.82%	1.87%	1.85%
# of Quarters Outperformed	9 of 20	11 of 20	6 of 20	14 of 20

Source: Bloomberg data from July 1, 2018 to June 30, 2023. Number of quarters outperformed compares the two sets of the respective ESG and non-ESG benchmarks to each other.

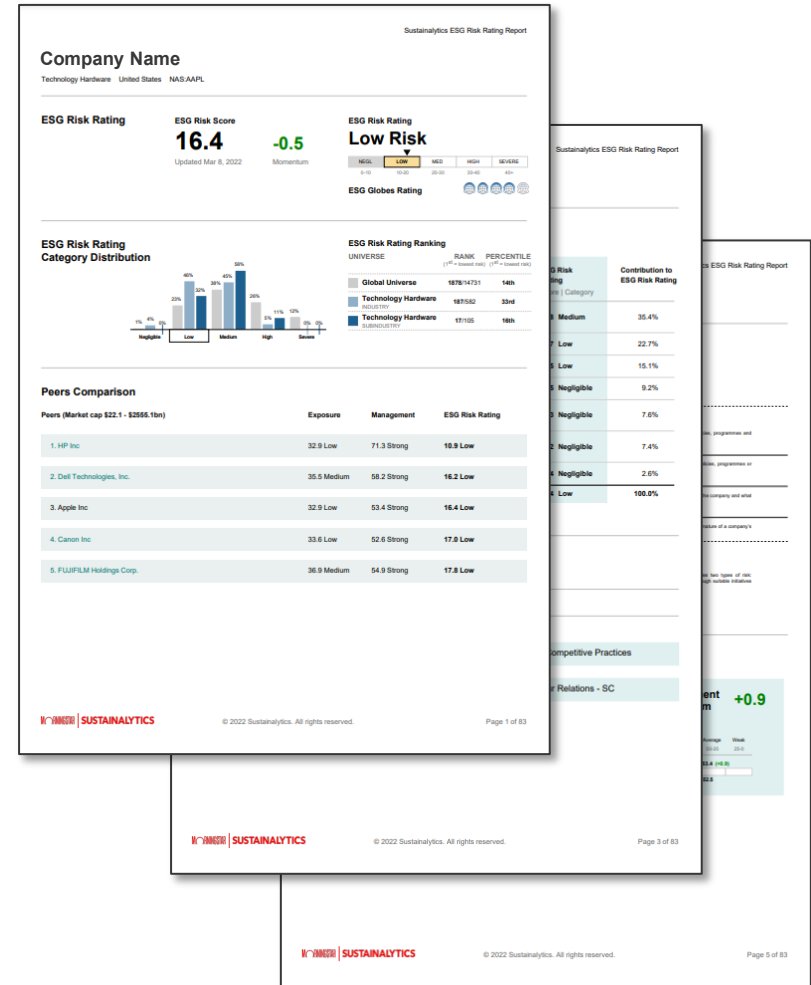
Our ESG Data Provider: Sustainalytics



Who is Sustainalytics & What is the ESG Risk Rating?

Our ESG
Data Provider:
Sustainalytics

- ▶ A Morningstar subsidiary dedicated to independent ESG and corporate governance research, ratings, and analysis
 - ▶ Supports investors around the world with the development and implementation of responsible investment strategies, as it has done for over 25 years
 - ▶ Continuously conducts in-depth research and analysis on over 14,000 public and private companies
- ▶ Sustainalytics' **ESG Risk Ratings** enable investors to evaluate different organizations, using a consistent methodology, by quantitatively defining a company's material ESG risk on a scale of 0-100



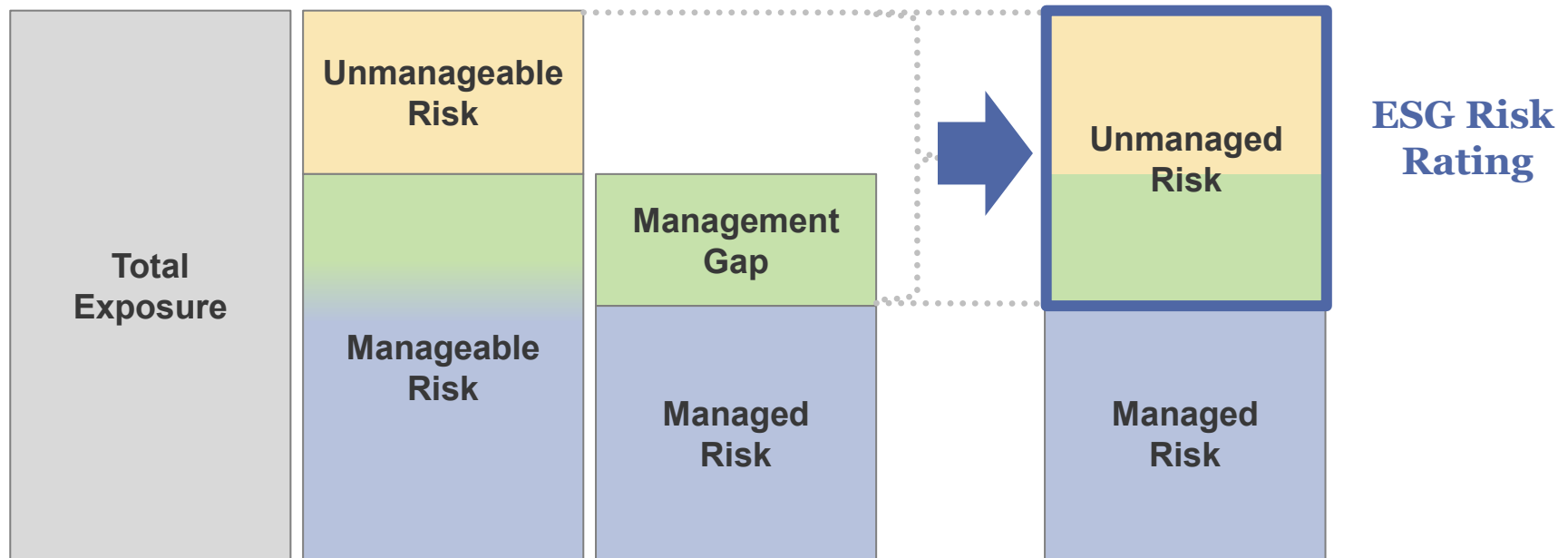
- ▶ The **ESG Risk Rating** measures **economic value** at risk based on exposure to **unmanaged ESG Risks**
- ▶ An organization's ESG risk assessment is based on two primary factors:
 - ▶ **ESG Risk Exposure** – Determined at the subindustry level with adjustments for company-specific risk exposure levels
 - ▶ **Management of ESG Risk Exposure** – Based on policies, programs, quantitative performance, controversies, and corporate governance

Unmanageable
Industry-specific risks
(carbon for oil
companies)

Manageable
ESG Risk that is not
being managed

$$\text{ESG Risk Rating} = \text{Unmanageable ESG Risk} + \text{Management Gap}$$

- ▶ **Total Exposure** is the starting point for a company's exposure to material ESG issues
- ▶ Some companies have **Unmanageable Risks**, e.g. an oil company will always face risks related to carbon until it changes its business model
- ▶ Of the **Manageable Risk**, a portion is managed through a company's policies, programs, management services, etc.; the remainder is considered unmanaged (**Management Gap**)
- ▶ The **ESG Risk Rating** evaluates unmanaged ESG risk



Material ESG Issues (“MEIs”)

Our ESG
Data Provider:
Sustainalytics

Negligible	Low	Medium	High	Severe
0-2	2-4	4-6	6-8	8+



Material ESG Issue	Environmental	Social	Governance
Access to Basic Services		✓	
Bribery and Corruption		✓	✓
Business Ethics		✓	✓
Carbon - Own Operations	✓		
Carbon - Products and Services	✓	✓	
Community Relations	✓	✓	
Corporate Governance			✓
Data Privacy and Security		✓	
E&S Impact of Products and Services	✓	✓	✓
Emissions, Effluents and Waste	✓	✓	
ESG Integration - Financials*	✓	✓	✓
Human Capital		✓	
Human Rights		✓	
Human Rights - Supply Chain		✓	
Land Use and Biodiversity	✓		✓
Land Use and Biodiversity - Supply Chain	✓		
Occupational Health and Safety	✓	✓	
Product Governance	✓	✓	✓
Resilience*		✓	
Resource Use	✓		
Resource Use - Supply Chain	✓		

Source: Sustainalytics.

* Only applies to financial companies.

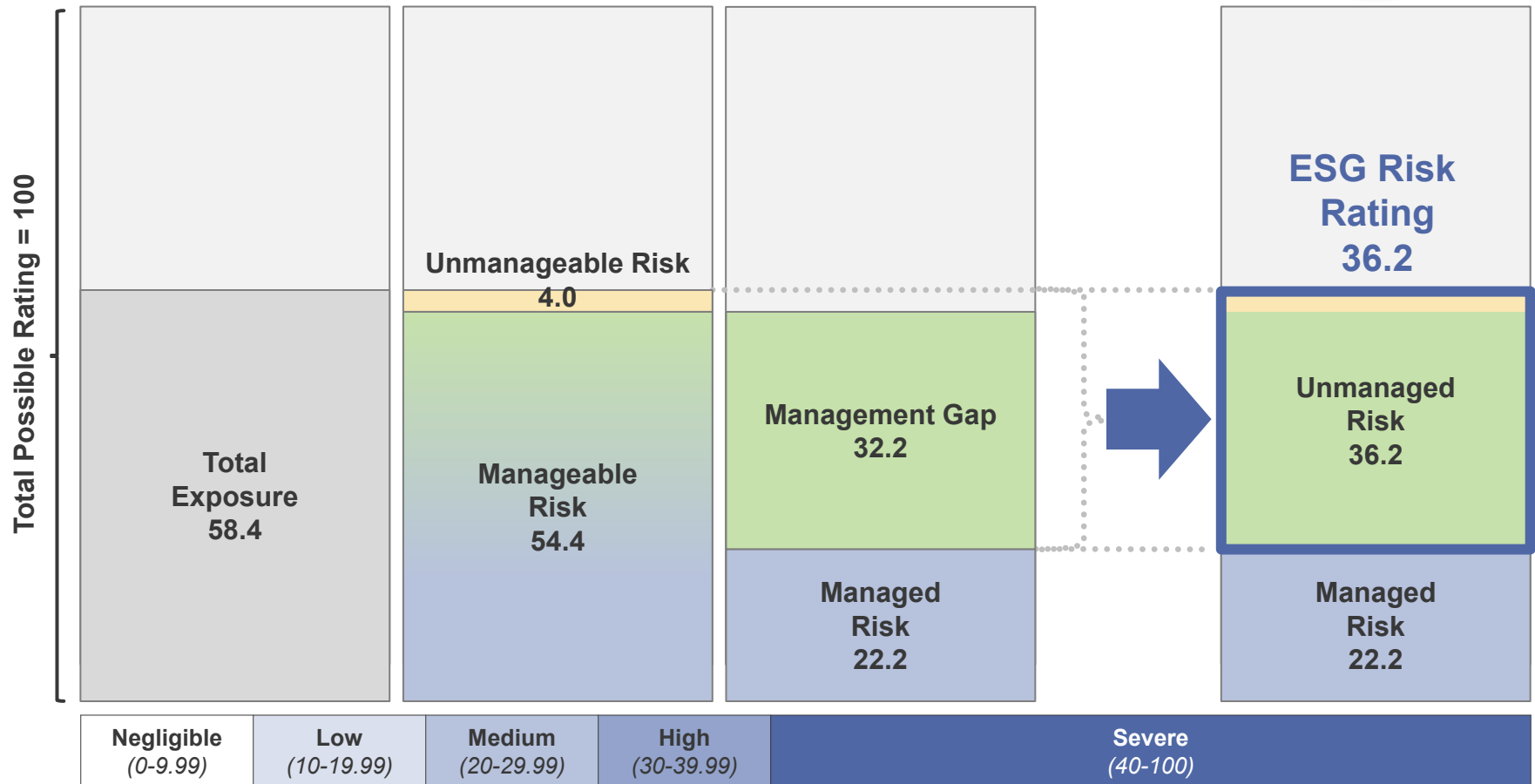
Issuer Example: Wells Fargo & Co.



ESG Risk Rating Example Calculation

Wells Fargo & Co. (Diversified Banks Subindustry)

Our ESG
Data Provider:
Sustainalytics

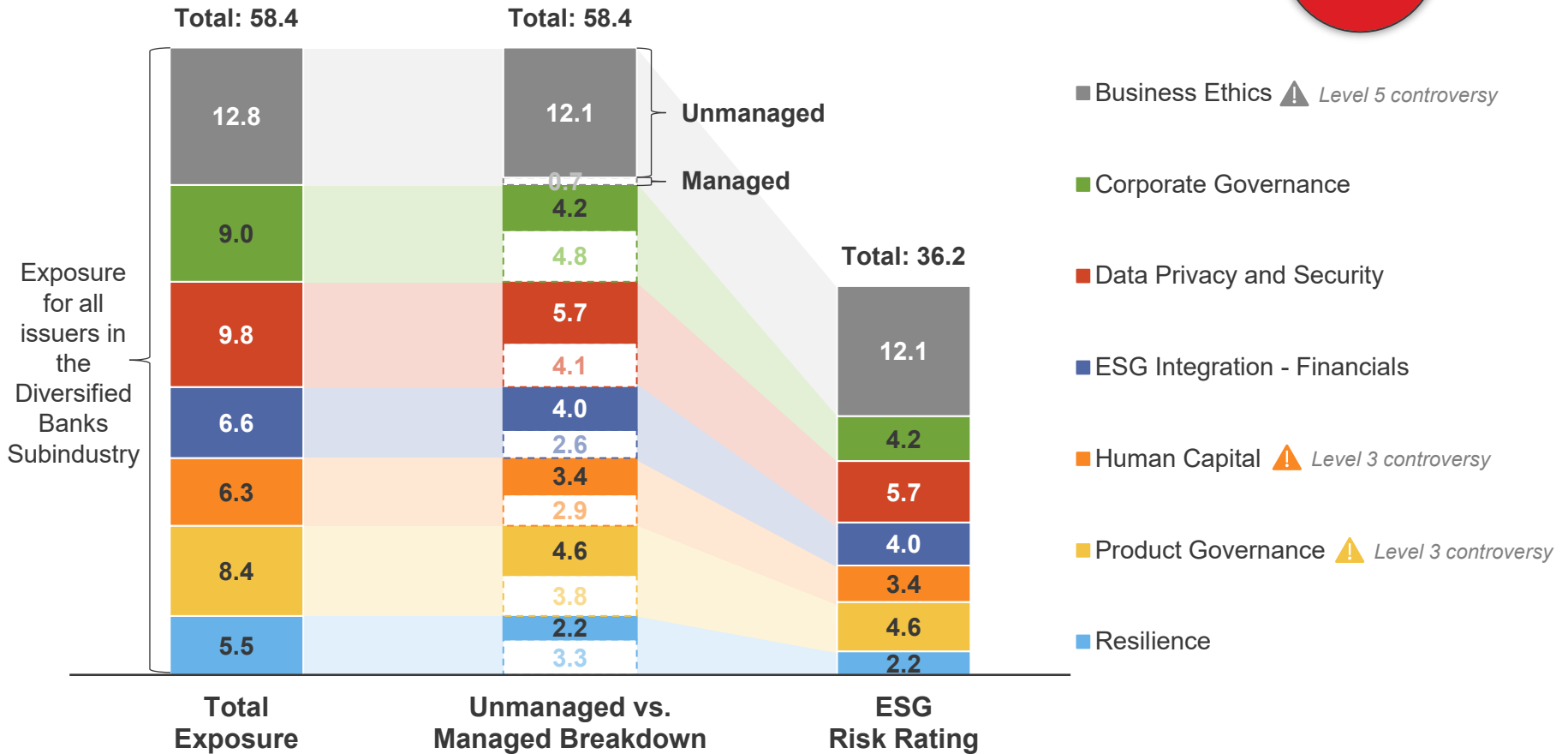


Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

ESG Risk Rating MEI Decomposition

Wells Fargo & Co. (Diversified Banks Subindustry)

Our ESG
Data Provider:
Sustainalytics

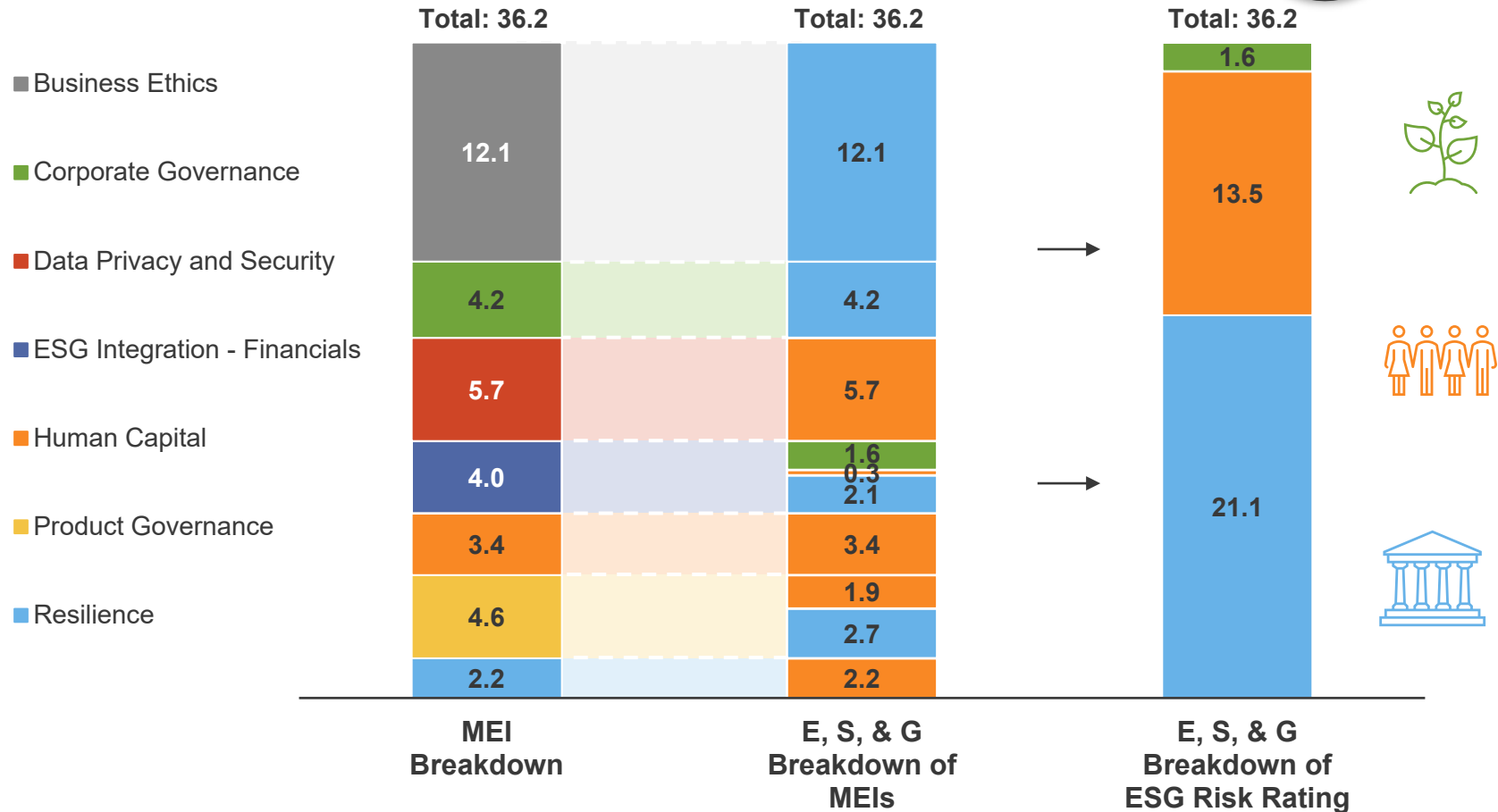


Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

E, S, & G Breakdown

Wells Fargo & Co. (Diversified Banks Subindustry)

Our ESG
Data Provider:
Sustainalytics



Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

PFMAM's Approach to ESG Investing



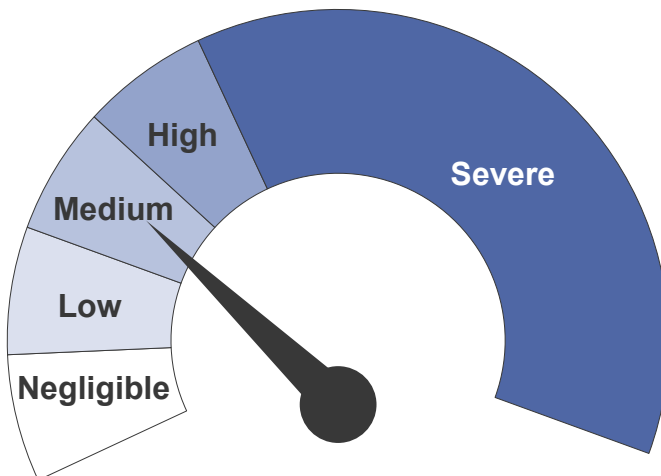
A Customizable & Flexible Solution

- ▶ PFMAM provides solutions driven by clients' investment policies that leverage Sustainalytics' ESG data and analytics to implement and manage ESG fixed income investment solutions

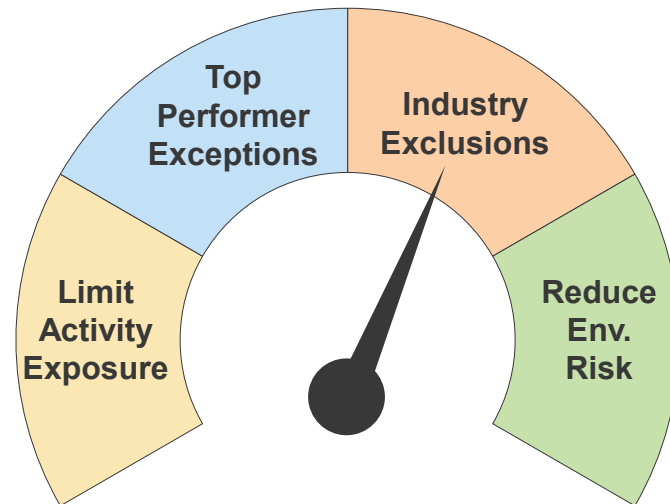


- ▶ Flexibility to implement customized ESG criteria based on client defined objectives*
- ▶ Transparent, practical, and not overly complicated integration
- ▶ “Rules-based” tactic eliminates ambiguity by setting defined ESG parameters*

Maximum ESG Risk Rating Level



Other ESG Objectives



**Based on Sustainalytics framework. Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For more information, visit www.sustainalytics.com.*

Key Steps in Integrating ESG Criteria



Identify ESG Priorities & Objectives



Evaluate ESG Options



Review Investment & ESG Parameter Options



Analyze ESG Integration



Update Investment Policy with ESG Parameters



Integrate ESG Parameters Into the Investment Process



Monitor Results and Revise Criteria as Needed



1 State Law



2 Investment Policy



3 PFMAM's Approved Credit List



4 ESG Investment Parameters

Sustainable Investment Objectives:

- Utilize ESG risk ratings to include or restrict PFMAM-approved credit investments based on ESG objectives
- Avoid specific issuers and/or industries



Example Criteria:

- Limit issuer ESG risk exposure to **medium ESG risk** (or lower)
- **Fossil Fuel** Industry exclusions:
 - Energy Services
 - Oil & Gas Producers
 - Refiners & Pipelines



ESG Risk Metrics

1

Limit Absolute ESG Risk

- Limit ESG Risk by setting an acceptable *maximum* ESG risk level
- **Ex. Parameters:** Limit eligibility to issuers with medium or lower ESG risk ratings

2

Emphasize Relative ESG Risk

- Limit ESG Risk by setting an acceptable *relative* ESG performance threshold
- **Ex. Parameters:** Issuers must rank within the top 50th percentile of their subindustry group

3

Hybrid ESG Risk Model

- Set an acceptable maximum ESG risk level, plus adopt relative risk criteria
- **Ex. Parameters:** Medium or lower ESG risk; High ESG risk issuers that rank within the top 25th percentile of their subindustry group

Environmental Risk Metrics

Limit Environmental contribution of ESG Risk Rating to a maximum of 7.5 'points'

Industry & Subindustry Exclusions

- Limit investments from certain industries and/or subindustries
- Example exclusions include fossil fuel-related industries, tobacco producers, pharmaceutical companies, and paper/forestry organizations

40+ industries



130+ subindustries

Business Activity Screening*

- Screen for companies that generate revenue from specific business activities
- Examples include small arms production, operation of for-profit private prisons, or gambling/adult entertainment services

27 areas

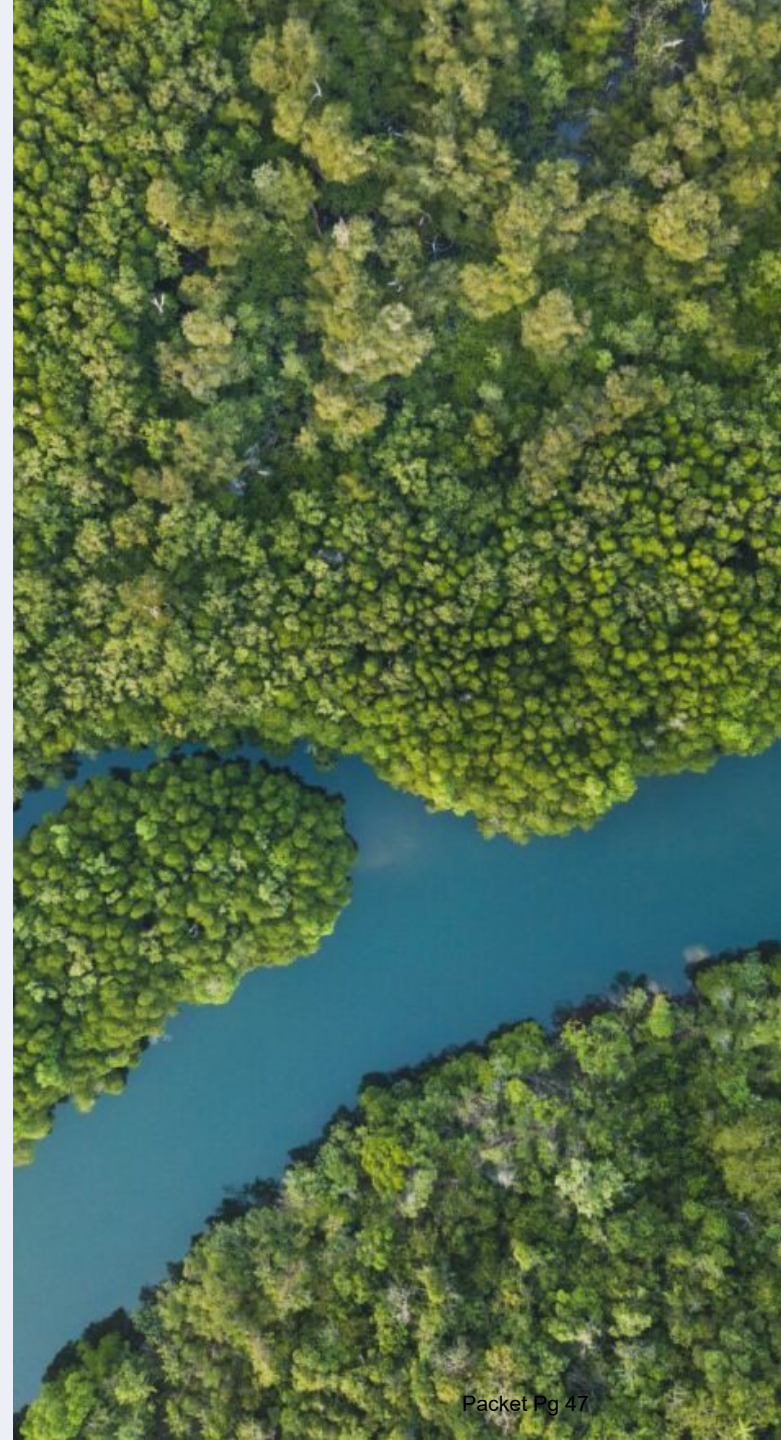


of activity

For illustrative purposes only. Not a specific recommendation. Actual strategy may vary. ESG metrics as provided by Sustainalytics.

*Business activity is measured by more than 50% revenue derived from that area of involvement, or more than 50% ownership of a company whose main business is in that area.

Example ESG Investment Criteria



ESG Risk Metrics

1 Limit Absolute ESG Risk

- Limit ESG Risk by setting an acceptable *maximum* ESG risk level
- **Ex. Parameters:** Limit eligibility to issuers with medium or lower ESG risk ratings

2 Emphasize Relative ESG Risk

- Limit ESG Risk by setting an acceptable *relative* ESG performance threshold
- **Ex. Parameters:** Issuers must rank within the top 50th percentile of their subindustry group

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- Set an acceptable maximum ESG risk level, plus adopt relative risk criteria
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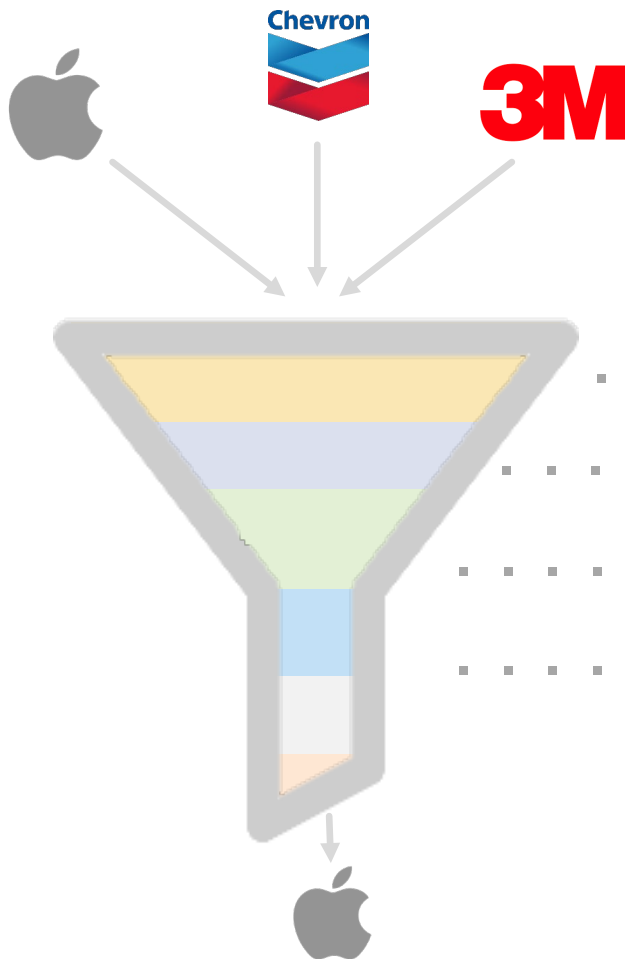
of activity

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*Business activity is measured by more than 50% revenue derived from that area of involvement, or more than 50% ownership of a company whose main business is in that area.

Example Application of ESG Investment Parameters

Example ESG Investment Criteria



Example ESG Parameters

1. Maximum ESG Risk Rating – Medium Risk. Issuers in the High risk are eligible if criteria #2 is met
2. Subindustry ranking falls within top 25th percentile (Ranking $\leq$ 25th percentile)
3. Environmental contribution max of 7.5
4. Excluded Industries – Energy Services, Oil & Gas Producers, Refiners & Pipelines
5. Excluded Subindustry – Tobacco

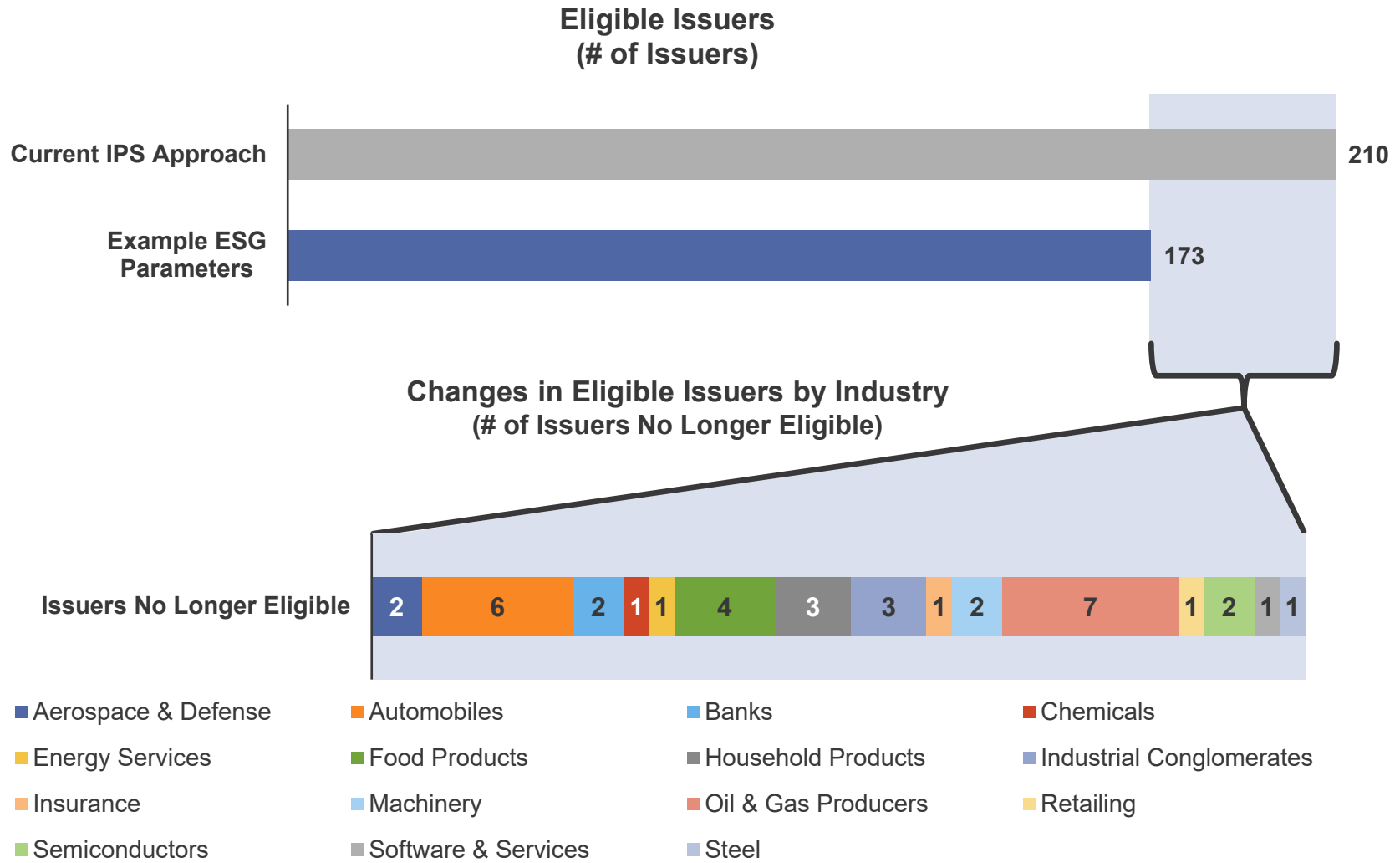
	Apple	Chevron	3M
Credit Ratings (S&P/Moody's/Fitch)	AA+ / Aaa / -	AA- / Aa2 / -	A- / A2 / -
ESG Risk Rating	Low	High	High
Environmental contribution	1.1	17.0	13.8
Subindustry Ranking	22 nd	31 st	23 rd
Industry	Technology Hardware	Oil & Gas Producers	Industrial Conglomerates
Subindustry	Technology Hardware	Integrated Oil & Gas	Conglomerates
Eligible Investment	YES	NO	NO

For Illustrative purposes only.

Source: Sustainalytics. ESG risk ratings and subindustry rankings are as of June 30, 2023.

Illustrative Impact of Example Criteria on Eligible Corporate Issuers

Example ESG Investment Criteria



Based on PFMAM's Approved Issuer List as of 6/30/2023. Credit restrictions are not specific to the City of Sedona. Corporate issuers included are rated A- or better by at least two NRSRO and commercial paper must be rated A-1 or better by at least one NRSRO. ABS is also permitted.

PFMAM Fee Impact



- Fee detailed on the next page is inclusive of all management fees

Custody & Trading Costs



- Not applicable – Addition of ESG parameters should **not** change custody fees or significantly impact trading activity

Diversification Opportunities



- Reduction in approved issuers
- Remaining approved issuers provide diversification opportunities

Yield & Investment Return Impact



- Undetermined. Dependent on a number of factors, including:
 - Portfolio composition
 - Liquidity
 - Credit quality
 - Change in yield spreads
 - Direction of interest rates



Assets Under Management	Standard Fee in Basis Points (“bps”)
First \$100 million	10 bps (0.10%)
Next \$100 million	7 bps (0.07%)
Assets in excess of \$200 million	6 bps (0.06%)

Minimum annual fee of \$40,000.

Appendix

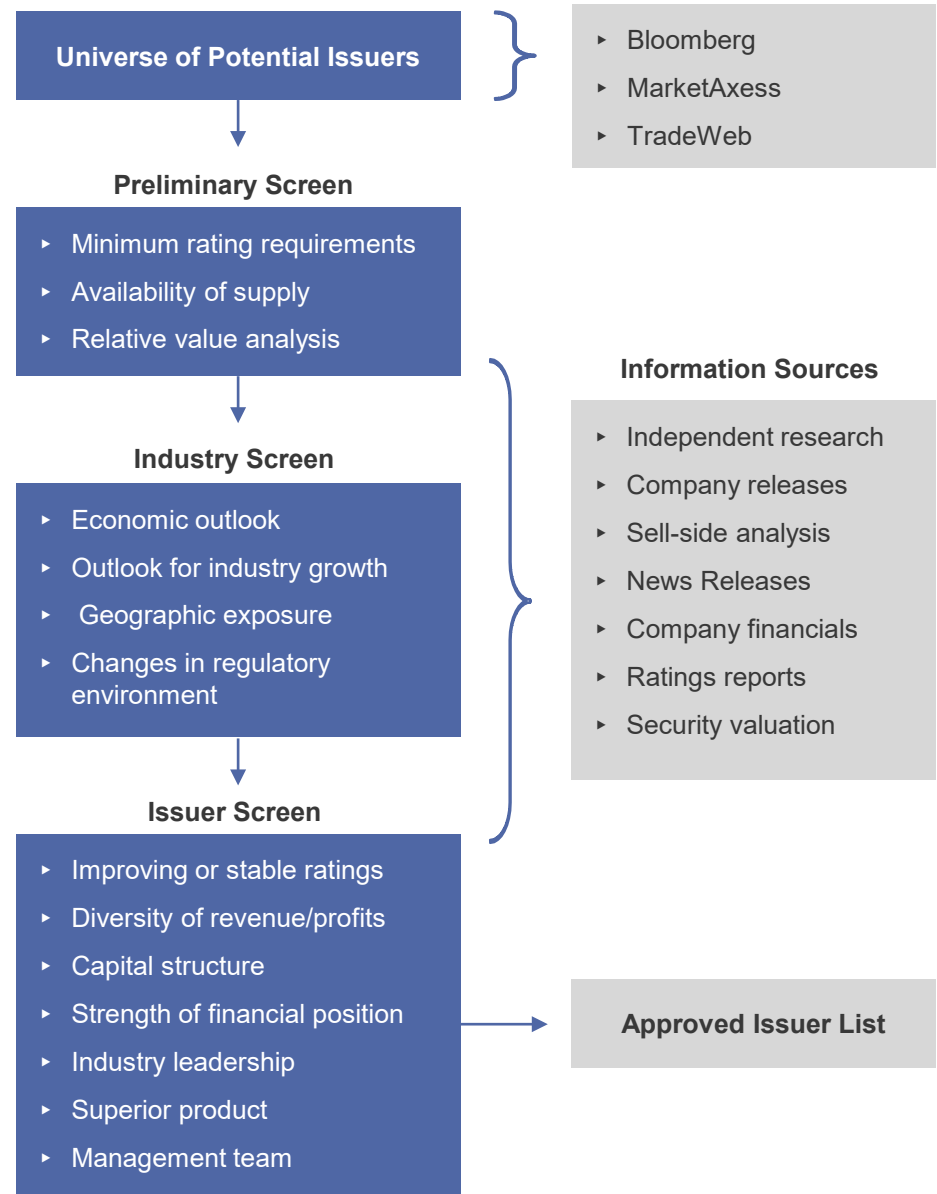


Credit Research



Utilizing Credit in Our Fixed Income Portfolios

- ▶ Credit Committee focuses on sectors with positive macro characteristics
- ▶ Independent research is conducted to identify issuers who may benefit from macro trends
- ▶ Once a potential issuer is identified, thorough review of the company is conducted
- ▶ Credit Committee actions:
 - ▶ Approve the issuer,
 - ▶ Request more data, or
 - ▶ Decline



PFMAM's Enhanced Approach to Evaluating Credit Risk

Philosophy

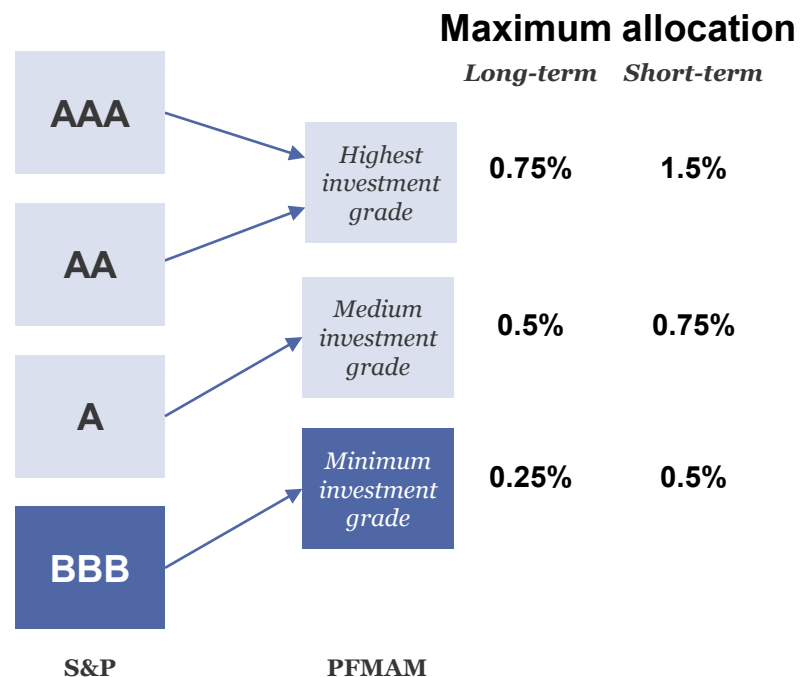
- ▶ Use credit to safely seek enhanced returns
- ▶ Approach credit with a focus on prudent risk management
- ▶ Conduct research “on the desk” by portfolio managers, traders, and analysts
- ▶ Utilize proprietary models to maintain independence

Credit Screening Process

- ▶ Determine universe of issuers
- ▶ Narrow list based on ratings criteria, supply, and value
- ▶ Industry screen: Growth outlook and prospects, regulatory environment
- ▶ Issuer screen: Quantitative analysis, in-depth review of financials

Implementation & Monitoring

- ▶ Maintain approved issuer universe with exposure and maturity horizon limits
- ▶ Formal credit meetings with Chief Credit Officer, CIO, credit analysts, and traders
- ▶ Proprietary assessment and mapping to PFMAM credit tiers
- ▶ Ongoing evaluation with an emphasis on qualitative assessment



Policies/Procedures	Credit Review
	Initial
	Ongoing
- Understand and follow all applicable laws, statutes, and policies - Implement investment and credit policies that reflect organizational objectives, priorities, and appropriate level of risk tolerance - Do not rely solely on ratings; buy only what has been researched and is understood - Ensure prudent diversification (by sector & issuer) - Establish escalation and action procedures in advance of downgrades or other credit problems - Conduct thorough due diligence and document review of issues that have unique complications or structure (e.g., municipals, asset-backed, mortgage-backed, 144A, structured notes, etc.)	- Develop and implement a formal credit review, approval, and monitoring process - Establish clear protocols and lines of authority for credit-related decision making - Work from an established “approved list” that has been fully vetted by the review committee
	- Establish a periodic review cycle (quarterly review of financials, annual due diligence) - Understand how macroeconomic conditions, industry dynamics, and issue specific factors affect credit quality - Closely watch and monitor what you own, taking action, if necessary, to protect the safety of the portfolio

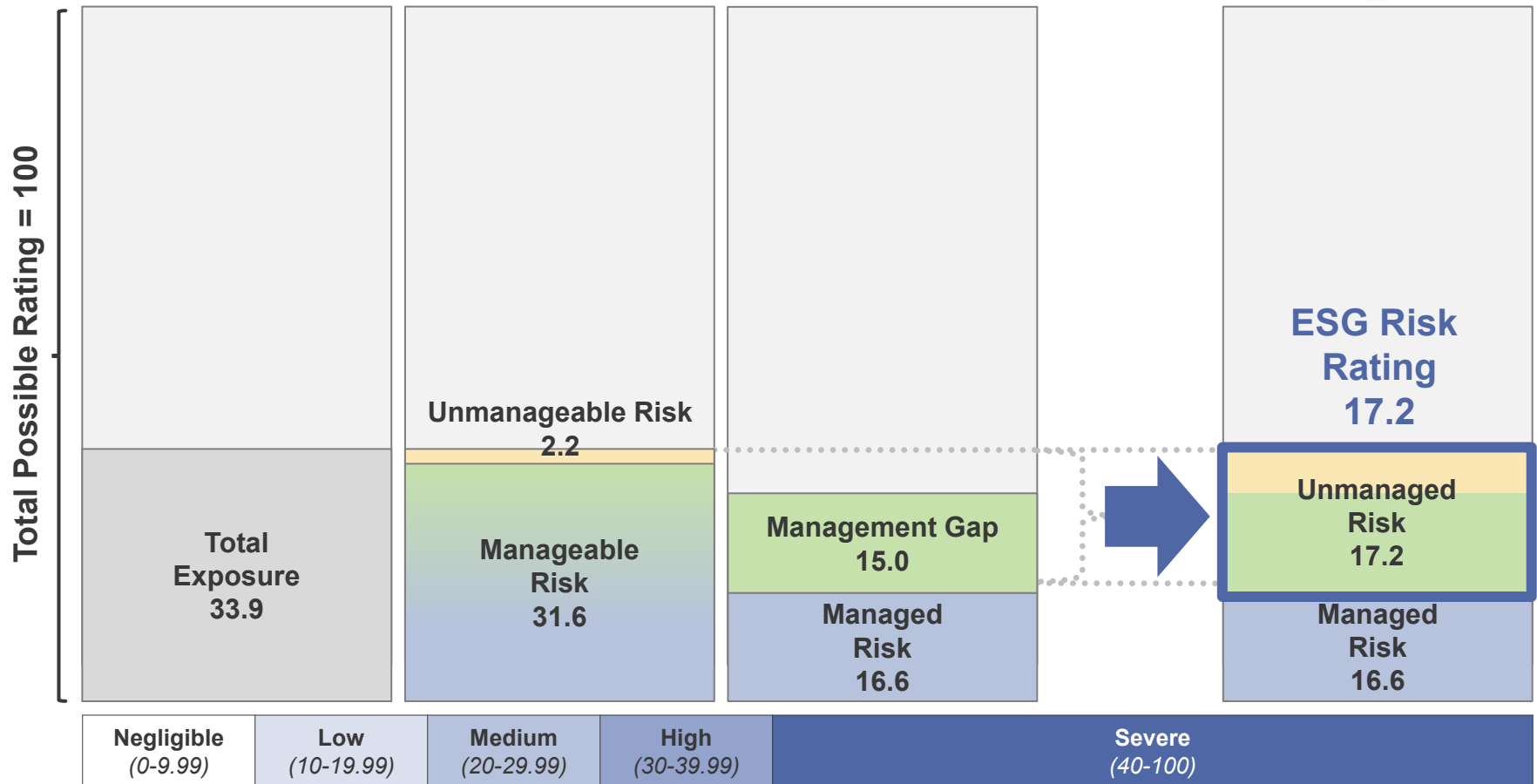
Additional Sustainalytics Information



ESG Risk Rating Example Calculation

Apple Inc. (Technology Hardware Subindustry)

Appendix

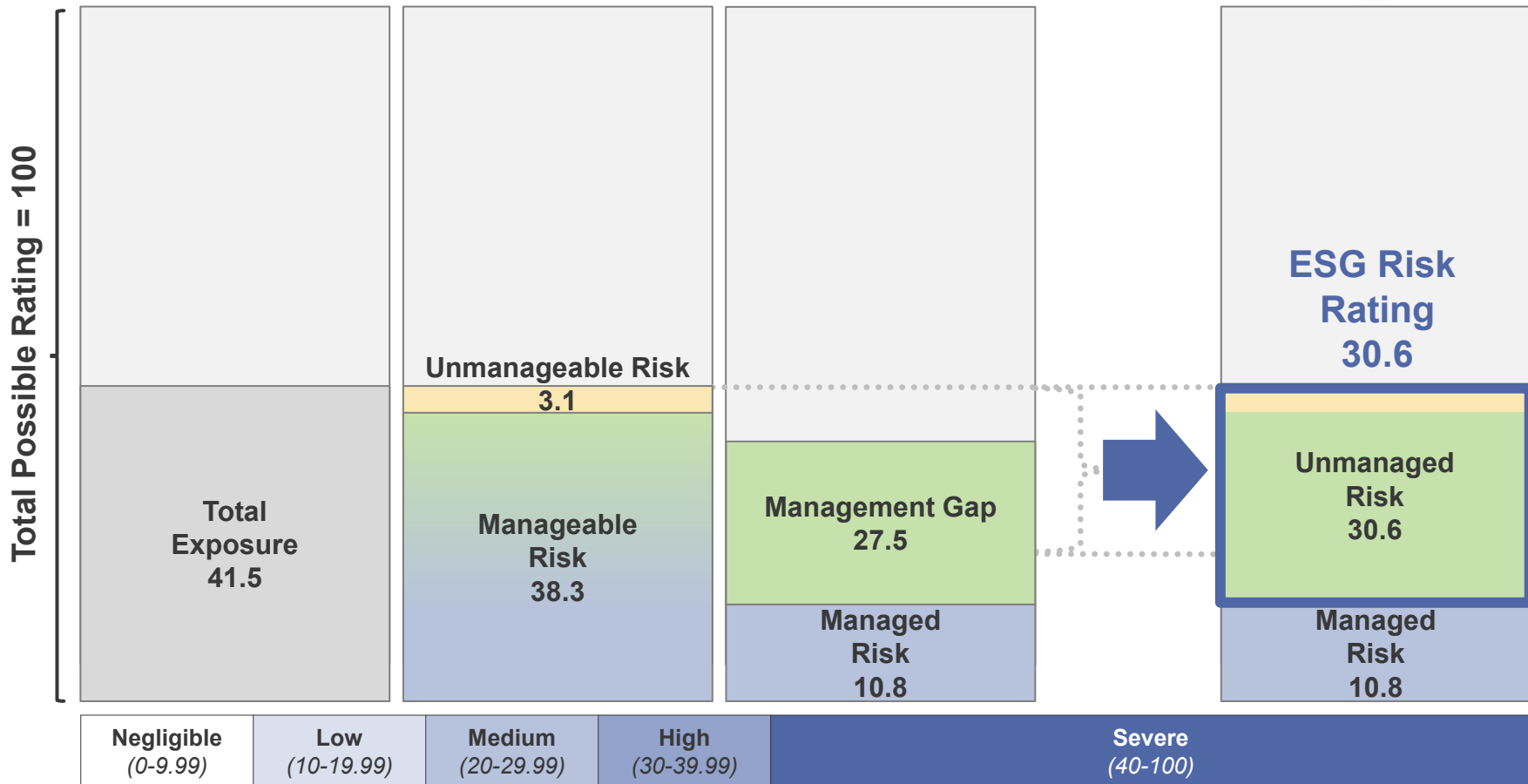


Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

ESG Risk Rating Example Calculation

Amazon.com, Inc. (Online & Direct Marketing Retail Subindustry)

Appendix

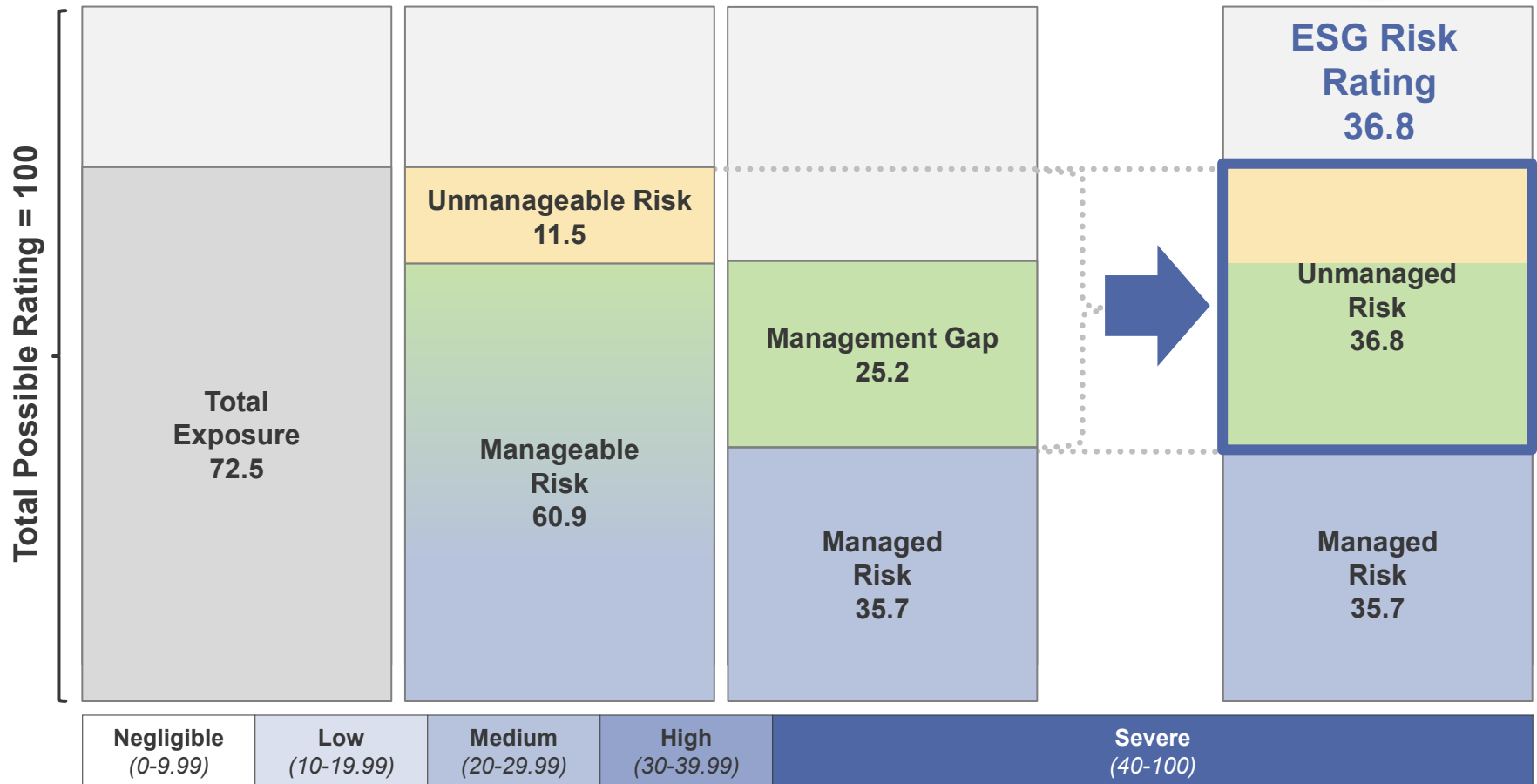


Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

ESG Risk Rating Example Calculation

Chevron Corp. (Integrated Oil & Gas Subindustry)

Appendix

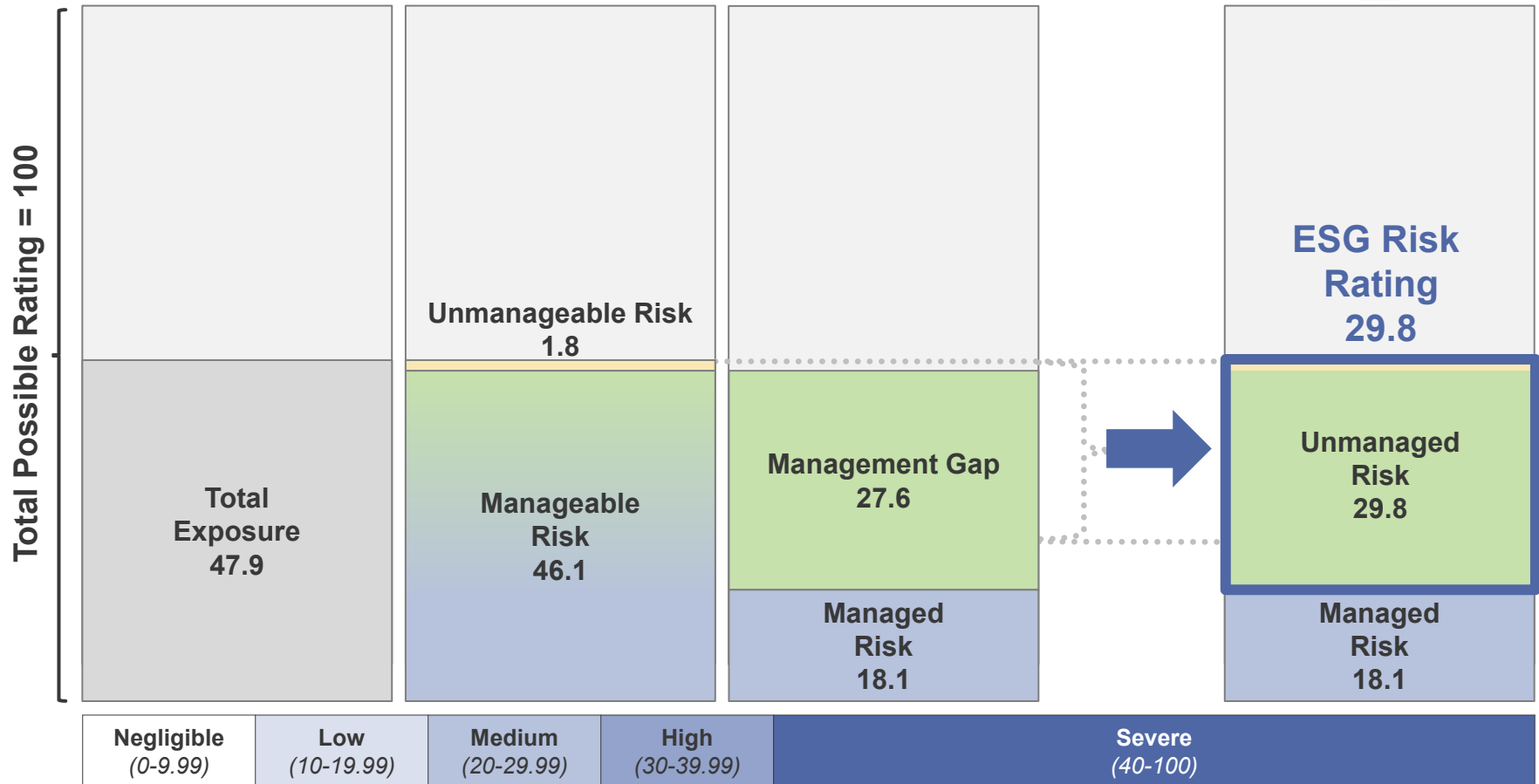


Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

ESG Risk Rating Example Calculation

Toyota Motor Corp. (Automobiles Subindustry)

Appendix



Source: Sustainalytics. Last updated September 21, 2023. Illustration not drawn to scale.

- ▶ Sustainalytics has categorized each rated organization into over 40 industries and over 130 subindustries
- ▶ ESG criteria may include an exclusionary component with exclusions based on specific industries and subindustries

Aerospace & Defense	Construction & Engineering	Electrical Equipment	Industrial Conglomerates	Precious Metals	Technology Hardware
Auto Components	Construction Materials	Energy Services	Insurance	Real Estate	Telecommunication Services
Automobiles	Consumer Durables	Food Products	Machinery	Refiners & Pipelines	Textiles & Apparel
Banks	Consumer Services	Food Retailers	Media	Retailing	Traders & Distributors
Building Products	Containers & Packaging	Healthcare	Oil & Gas Producers	Semiconductors	Transportation
Chemicals	Diversified Financials	Homebuilders	Paper & Forestry	Software & Services	Transportation Infrastructure
Commercial Services	Diversified Metals	Household Products	Pharmaceuticals	Steel	Utilities

Source: Sustainalytics



Material ESG Issue	Definition
Access to Basic Services	Focuses on the management of access to essential products or services such as health care services and products to disadvantaged communities or groups
Bribery and Corruption	Focuses on the management of risks related to illicit payments, such as kickbacks or bribes to government officials or business partners, and the receipt of those payments
Business Ethics	Focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues
Carbon - Own Operations	Refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions
Carbon - Products and Services	Refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase
Community Relations	Focuses on how companies engage with local communities (including indigenous peoples) through both positive initiatives and mitigation of negative impacts
Corporate Governance	Represents foundational structures for the management of ESG risks
Data Privacy and Security	Focuses on data governance practices, including how companies collect, use, manage and protect data
E&S Impact of Products and Services	Refers to the management of the inherent characteristics of input materials, and the impacts during use, disposal and recycling (excluding Carbon)
Emissions, Effluents and Waste	Focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions
ESG Integration - Financials*	Includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities
Human Capital	Focuses on the management of risks related to scarcity of skilled labor as well as labor relations, such as non-discrimination, working hours and minimum wages
Human Rights	Focuses on a company's management of fundamental human rights issues within the company
Land Use and Biodiversity	Focuses on how a company manages its impact on land, ecosystems and wildlife. Topics include land conversion, land rehabilitation and forest management
Occupational Health and Safety	Focuses on the management of workplace hazards affecting a company's own employees and on-site contractors. Where relevant, it may also include HIV/AIDS programs
Product Governance	Focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility
Resilience*	Focuses on the financial stability and the management of related risks in the financial services industry, with emphasis on compliance with capital requirements
Resource Use	Focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks

Source: Sustainalytics.

Sample ESG Quarterly Reporting

For illustrative purposes only. Actual results will vary. Not representative of the City's future portfolio.



ESG Risk Composition Overview

Interpreting the ESG Risk Rating

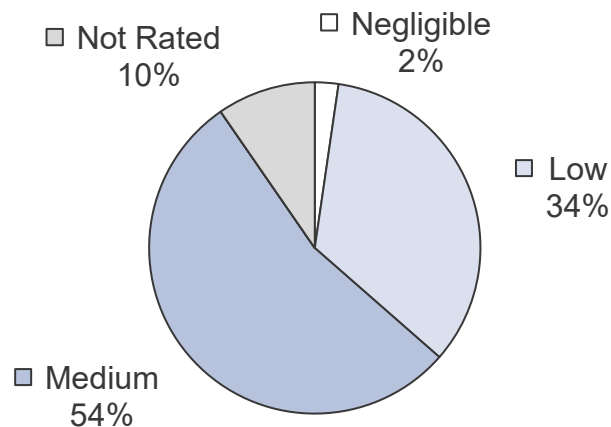
The **ESG Risk Rating** measures **economic value at risk based on ESG factors**.

A company's ESG Risk Rating is comprised of a quantitative score and a risk category. The score indicates unmanaged ESG risk. **Risk categories are absolute** and comparable across industries.

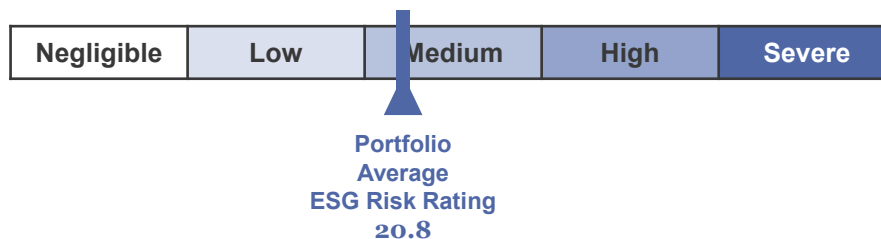
Lower scores represent less unmanaged risk. Ratings are scored on a scale of 1-100 and are assigned to one of the following ESG risk categories:

- Negligible Risk (overall score of 0-9.99 points)
- Low Risk (10-19.99 points)
- Medium Risk (20-29.99 points)
- High Risk (30-39.99 points)
- Severe Risk (40 and higher points)

Allocation by ESG Risk Rating



47/51 of portfolio issuers are rated with a total rated market value of \$30.2 million (90%)

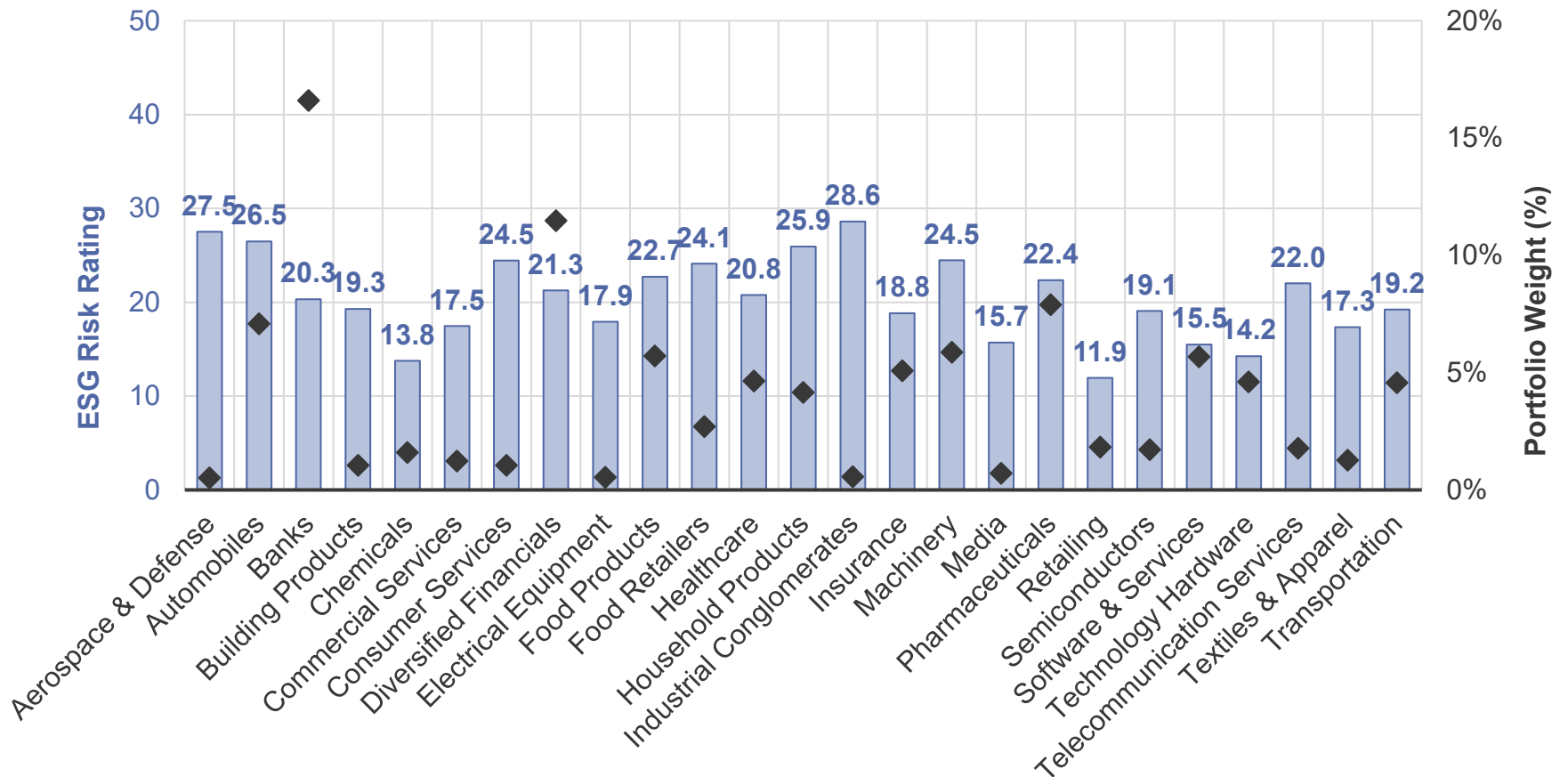


Market Value includes accrued interest as of June 30, 2023. Average ESG Risk Rating is weighted by market value. Please see important disclosures at the end of this presentation.

* U.S. Treasury and municipal obligations are not included in the analysis.

Industry Diversification

Industry Exposure and Weighted Average Risk Score

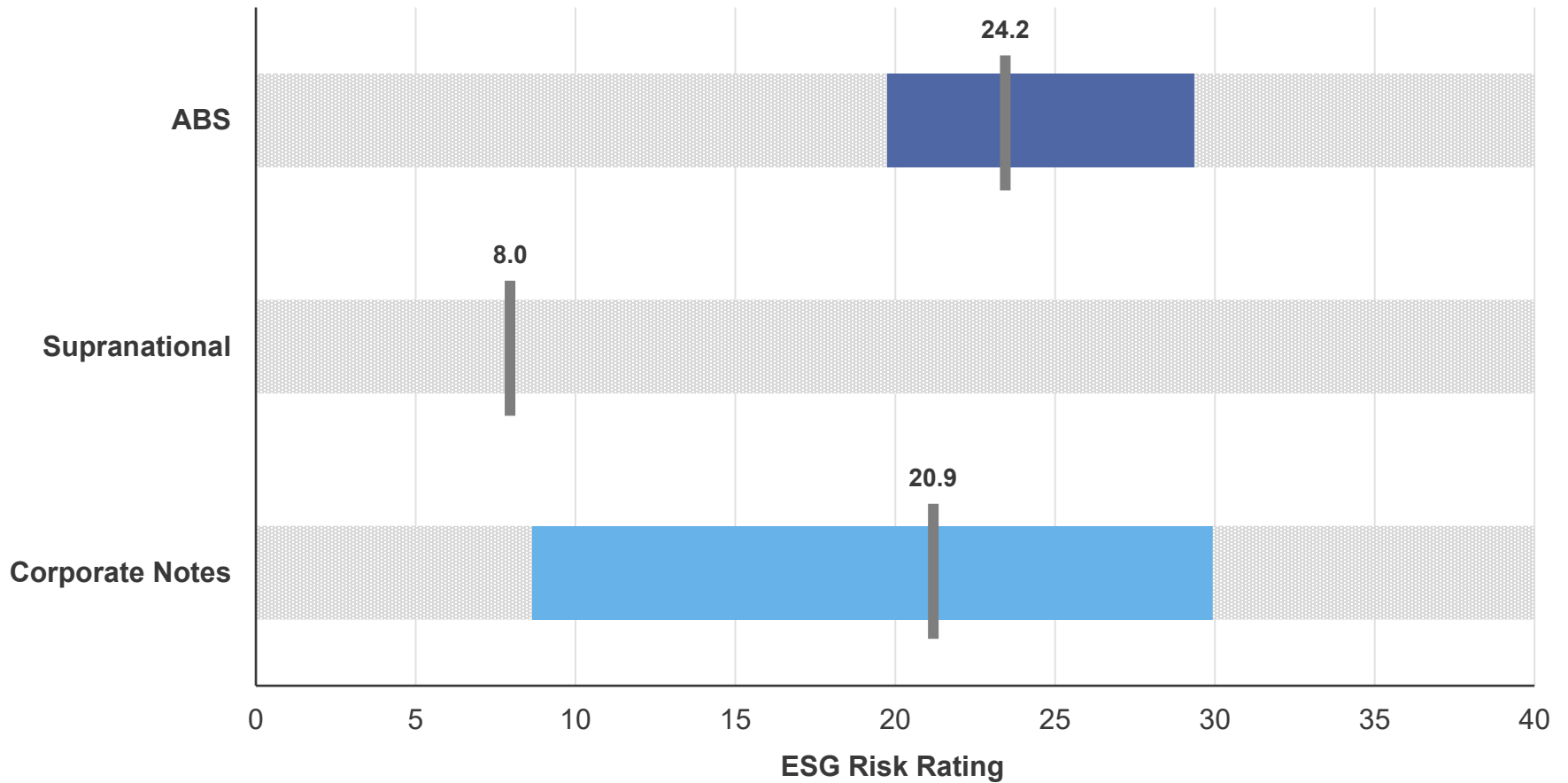


Portfolio holdings and Sustainalytics data as of June 30, 2023. Average ESG Risk Rating represents the market value-weighted average ESG risk rating for each industry.

SAMPLE CLIENT

Sector Analysis

ESG Risk Rating Range and Average by Sector



Source: Sustainalytics. Data as of June 30, 2023. Bars represent the range of held issuers' ESG risk rating that fall under each sector, and lines indicate the sectors market value-weighted average ESG risk rating. Please see important disclosures at the end of this presentation.

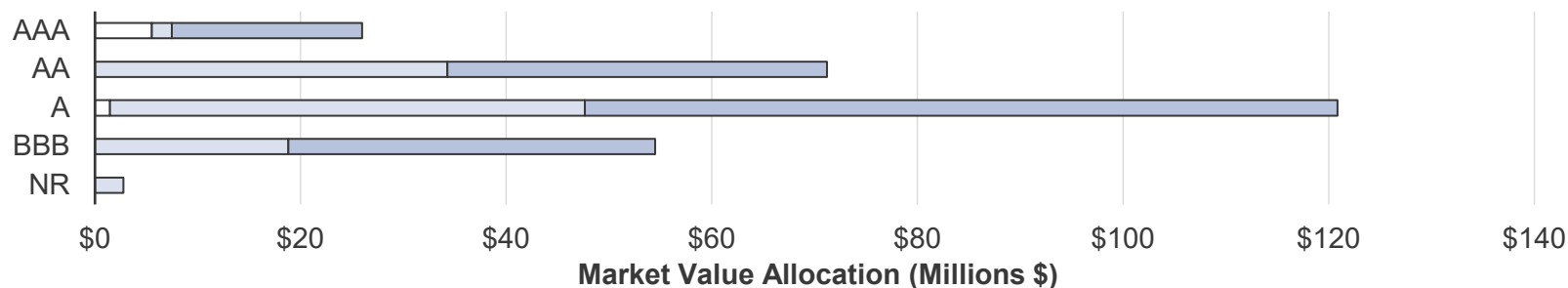
SAMPLE CLIENT

S&P Credit Rating Distribution

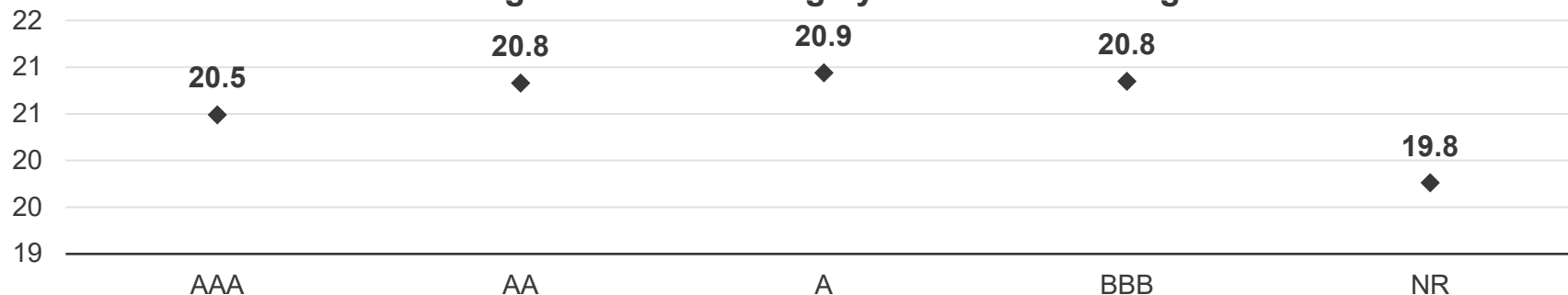
ESG Risk Rating Key

Negligible	Low	Medium	High	Severe
0-9.99	10-19.99	20-29.99	30-39.99	40-100

Credit Rating Grouped by ESG Risk Rating Category



Average ESG Risk Rating by S&P Credit Rating



Portfolio holdings and Sustainalytics data as of June 30, 2023. If a security is not rated by S&P, the equivalent Moody's rating is used. NR stands for 'no rating' and implies that the issuer is not rated by S&P or Moody's but is rated by Fitch.

Holdings as of June 30, 2023

Top 25 Issuers by ESG Risk Rating

Issuer	% Weight	Subindustry	Subindustry Percentile	ESG Risk Rating June 30, 2023
Issuer Name	1.8%	Subindustry Name	14	8.0
Issuer Name	0.5%	Subindustry Name	1	8.6
Issuer Name	0.5%	Subindustry Name	1	10.5
Issuer Name	1.0%	Subindustry Name	3	10.7
Issuer Name	0.5%	Subindustry Name	5	11.0
Issuer Name	0.4%	Subindustry Name	1	11.4
Issuer Name	0.5%	Subindustry Name	10	11.8
Issuer Name	0.5%	Subindustry Name	6	11.9
Issuer Name	0.4%	Subindustry Name	15	12.3
Issuer Name	1.3%	Subindustry Name	3	12.4
Issuer Name	0.7%	Subindustry Name	15	12.6
Issuer Name	0.6%	Subindustry Name	3	12.8
Issuer Name	0.8%	Subindustry Name	4	13.8
Issuer Name	0.5%	Subindustry Name	3	13.9
Issuer Name	0.5%	Subindustry Name	23	14.0
Issuer Name	0.7%	Subindustry Name	7	14.1
Issuer Name	0.5%	Subindustry Name	1	14.6
Issuer Name	0.1%	Subindustry Name	28	14.7
Issuer Name	0.1%	Subindustry Name	4	14.8
Issuer Name	0.1%	Subindustry Name	12	15.1
Issuer Name	0.1%	Subindustry Name	51	15.3
Issuer Name	0.5%	Subindustry Name	13	15.3
Issuer Name	0.4%	Subindustry Name	4	16.0
Issuer Name	0.7%	Subindustry Name	5	16.1
Issuer Name	0.6%	Subindustry Name	14	16.3

Source: Sustainalytics. Holdings as of June 30, 2023.

SAMPLE CLIENT

Holdings as of June 30, 2023

Bottom 25 Issuers by ESG Risk Rating

Issuer	% Weight	Subindustry	Subindustry Percentile	ESG Risk Rating June 30, 2023
Issuer Name	0.5%	Subindustry Name	21	29.9
Issuer Name	1.0%	Subindustry Name	46	29.5
Issuer Name	1.5%	Subindustry Name	84	29.4
Issuer Name	1.4%	Subindustry Name	60	29.3
Issuer Name	1.2%	Subindustry Name	77	28.7
Issuer Name	0.5%	Subindustry Name	12	28.6
Issuer Name	1.0%	Subindustry Name	72	28.5
Issuer Name	0.5%	Subindustry Name	34	28.4
Issuer Name	0.6%	Subindustry Name	38	28.4
Issuer Name	1.2%	Subindustry Name	37	28.4
Issuer Name	1.4%	Subindustry Name	56	28.3
Issuer Name	0.8%	Subindustry Name	51	27.8
Issuer Name	0.8%	Subindustry Name	35	27.6
Issuer Name	0.5%	Subindustry Name	15	27.5
Issuer Name	0.6%	Subindustry Name	62	27.4
Issuer Name	1.4%	Subindustry Name	15	27.3
Issuer Name	0.5%	Subindustry Name	23	26.4
Issuer Name	1.3%	Subindustry Name	22	26.2
Issuer Name	0.4%	Subindustry Name	13	26.1
Issuer Name	0.5%	Subindustry Name	44	26
Issuer Name	1.4%	Subindustry Name	48	25.3
Issuer Name	1.3%	Subindustry Name	25	25.3
Issuer Name	0.6%	Subindustry Name	13	24.8
Issuer Name	0.5%	Subindustry Name	16	24.7
Issuer Name	0.8%	Subindustry Name	15	24.6

Source: Sustainalytics. Holdings as of June 30, 2023.

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