Bank of America to Further Integrate Impact Investing Into Goals-Based Approach to Serving Clients
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Company's Wealth Management Leaders to Discuss Client Demand and Industry Trends at The Economist's Impact Investing Conference This Week

Bank of America today announced that it is enhancing how it engages with clients interested in pursuing positive environmental and social outcomes through impact investing. For several years, client-facing professionals from the company's Merrill Lynch Wealth Management, U.S. Trust and Merrill Edge businesses have been winning and deepening relationships through goals-based conversations. During these meaningful discussions, clients are increasingly articulating impact-oriented goals alongside their overall financial priorities.

"We're focused on innovation as we develop our environmental, social and governance (ESG) capabilities, and going right where our clients are taking us," said Andy Sieg, head of Merrill Lynch Wealth Management. "Not so long ago, impact investments were a small part of most goals-based discussions with clients. Today, however, there are more ways for clients to align their values with their investments, and they are proactively seeking information and opportunities during conversations with advisors."

A recent U.S. Trust study found that 38 percent of wealthy individuals have or are interested in impact investments today.[1] Other industry research has found that nearly half of affluent investors are interested in participating in socially responsible investments over the next 12 months.[2] Additionally, 74 percent of investors say they would be more likely to work with an advisor who could offer investment strategies that result in both competitive returns and a positive impact on society.[2]

Today, 17 percent of Merrill Lynch advisors use five or more impact investing solutions to help meet their clients' needs – twice as many advisors compared to just three years ago. To address these trends and growing demand, the company is enhancing its process, platform and resources dedicated to impact investing. New and expanded capabilities will further incorporate clients' impact investing preferences into wealth planning tools and portfolio construction, including:

- **Deeper client discovery conversations** – Merrill Lynch financial advisors often begin goals-based conversations with clients through the firm's Investment Personality Assessment (IPA), a behavioral finance-informed questionnaire used to identify individuals' thoughts and feelings about investing. Since the IPA's introduction in 2012, more than 150,000 clients and prospects have participated in these assessments, which include questions about interest in aligning investments with the causes, issues and values important to them while achieving their financial goals. During the first half of the year, Merrill Lynch will introduce additional ways to help clients articulate their impact investing preferences and further inform goals-based discussions with their advisors.
- **Integration with wealth planning tools** – Merrill Lynch will also enhance one of its primary wealth planning tools – Wealth Outlook – to further support goals-based conversations with clients on the topic of impact investing. Advisors use Wealth Outlook to help clients gain a greater understanding of their current financial situation and how well positioned they are to meet their goals – in part through a goal-funding status analysis – and to continuously track progress toward reaching them. In the coming year, advisors who discuss and input clients' impact investing preferences into Wealth Outlook can present clients a range of appropriate solutions that reflect those preferences – among them, the firm's proprietary Sustainable Impact Multi Asset Class Portfolios and more than 20 individual impact strategies available via its investment advisory program.

"As impact investment allocations within portfolios increase, a stronger connection between financial and impact goals will be key to meeting client needs and winning in the marketplace," said Keith Banks, head of the Global Wealth and Investment Management Chief Investment Office (CIO) and Investment Solutions Group, and president of U.S. Trust.

The CIO organization has recently introduced implementation guidance for a range of impact investment solutions, including those focused on gender equality, health care, education and environmental sustainability. This month, a new impact investing guide was also introduced to help U.S. Trust and Merrill

Lynch advisors gain a deeper understanding of the interest and opportunities in this area, including how to identify and address the needs of a growing number of clients. In addition, the CIO organization will publish new whitepapers during the first half of the year focused on the risk and performance realities of impact investing, along with gender lens investing. Early discussions have also begun with industry experts in the field of impact data and metrics about the possibility of building a measurement and reporting framework that would show clients their current exposure to and progress towards impact goals.

"In addition to becoming more mainstream, impact investing has undergone an evolution, empowering investors to look well beyond just negative screens to pursue positive change and competitive returns through a variety of investment vehicles," said Jackie VanderBrug, managing director and investment strategist for U.S. Trust. "Consumers and investors have also become more aware of the impact of the products they purchase and the companies they invest in. A good example of this is the field of gender lens investing, which has emerged from the growing economic role of women around the world."

Sieg and VanderBrug will discuss these and other impact investing trends among Merrill Lynch and U.S. Trust clients and throughout the industry as part of a powerful lineup of speakers at the 2017 Impact Investing Conference, hosted by editors from The Economist, on Wednesday, February 15 in New York. The inaugural event will bring together more than 200 leading impact investors, policymakers, academics and philanthropists to discuss obstacles to mainstreaming impact investing, overcoming measurement challenges, gender lens investing, and the relationship between the public and private sectors. Bank of America is the founding sponsor of the event.

Bank of America officially launched an impact investing program in 2013 to meet rapidly growing client demand for investments that have a positive impact on society or the environment without sacrificing performance. As of December 31, 2016, clients of Bank of America's investment businesses had more than $11.3 billion in assets with a clearly defined ESG approach.

Bank of America itself is committed to ESG leadership in its own business as a key to delivering shareholder value. The company's approach in these areas reflects how it builds and maintains trust and credibility as a company that people want to work for, invest in and do business with. Highlights of these efforts include the company's employment practices, responsible product and service offerings, and investments in creating a sustainable global economy.

[1] 2016 U.S. Trust Insights on Wealth and Worth® Survey

[2] TIAA Second Annual Practice Management Study, 2016

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