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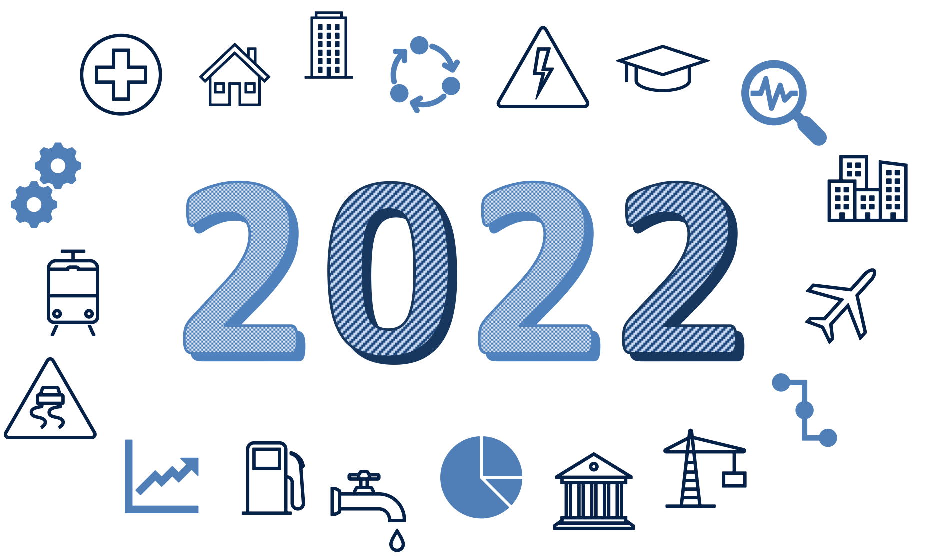
Appleton Partners
Municipal Sector Outlook



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APPLETON PARTNERS
2022 MUNICIPAL SECTOR OUTLOOK

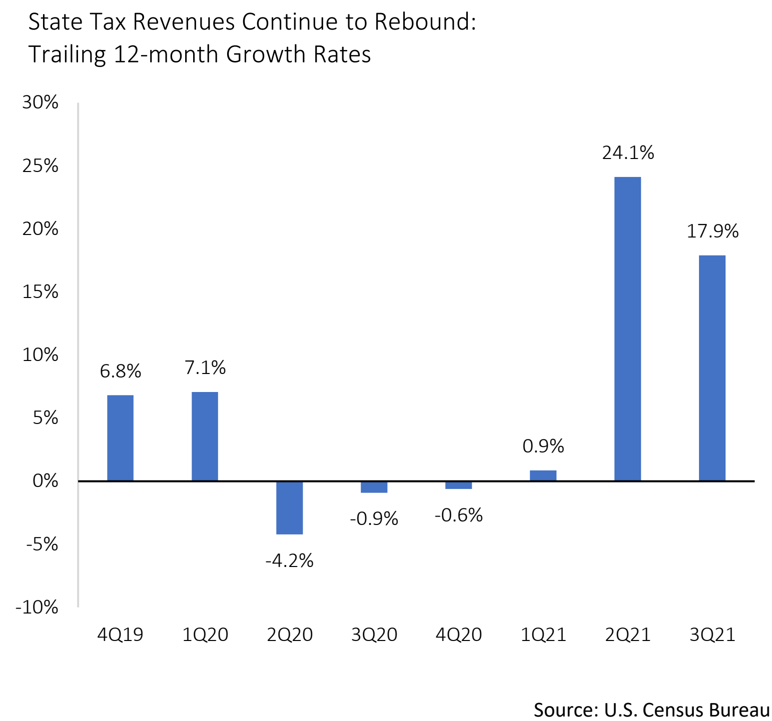
Sector Outlook – State Governments

Credit Overview

Tax revenues over the last year have handily beaten estimates as job losses were concentrated in low-paying industries, stock market returns bolstered capital gains taxes, and the housing market remained strong, all of which supported wealth generation and consumer spending. Early pandemic fears have not materialized, as average tax revenues have grown by double-digits on a YoY basis through November. Looking forward, we expect positive trends in collections to continue in 2022 but at a moderated pace.

States were also the recipient of significant federal aid over the last 18 months, including the CARES Act (March 2020), Appropriations Act (December 2020), and the American Rescue Plan (March 2021). In total, $607 billion was directed towards states, equal to 55% of pre-pandemic annual tax revenues. These formidable aid sources continue to provide liquidity and support for programs cut during the pandemic.

Equity and investment market performance also has benefited state pension systems. One year of returns does not eliminate long-term challenges, although it certainly has provided near-term relief, averting potentially difficult budget decisions.



Investment Opinion

We have a positive outlook on the State sector, given the effect of federal aid, as well as strong tax revenue performance driven by the ongoing economic recovery. Maintaining strong credit quality remains essential as newfound budget gains will produce considerable pressure to increase expenses and/or cut taxes. Any budget decisions based on windfalls that cannot be maintained longer term opens the door to future structural imbalances, a problem we aim to avoid.

Representative Credit Views:	
Favorable:	• Virginia • Texas • California
Unfavorable:	• Illinois • New Jersey

ESG Considerations

States play a very important role in providing important and essential services to their constituents. We are mindful of this as we evaluate other ESG related factors such as climate risks and governance. While challenges remain, we view the State sector as largely possessing favorable ESG characteristics given their role in providing healthcare, education, housing, public safety, and transportation, among other services.

Key ESG Factors:

- Median Household Income
- Infrastructure health
- Heat & Drought Risk

SECTOR OUTLOOK – LOCAL GOVERNMENTS

CREDIT OVERVIEW

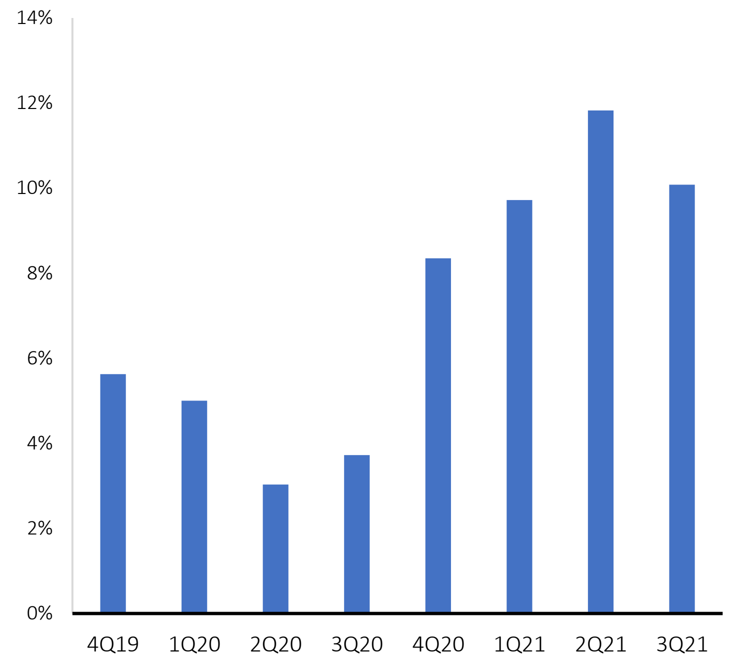
The Local Government sector has experienced positive momentum over the last 12 months, and we expect this trend to continue. Property taxes typically are a leading revenue source for local governments and a healthy housing market has produced considerable fiscal stability. According to Census Bureau data, quarterly property tax revenues posted year-over-year growth throughout the pandemic.

Generous federal aid has helped offset revenues lost during the pandemic, restored expenditures that were cut, and continues to support ongoing infrastructure investment. The tailwind provided from Congress coupled with ongoing state aid, offers multi-year support that is alleviating budget concerns and borrowing needs.

As is the case with their state counterparts, local governments have also benefited from much greater than anticipated pension system investment returns. Near-term contribution levels benefit, although the need to fund long-term retiree benefits remains.

Credit conditions are not rosy across-the-board. Municipalities lacking robust economies and those reliant on lower paying or cyclical industries are lagging the national economic recovery. Tourism dependent markets are at particular risk given lingering pandemic concerns.

Hot Housing Market Supports Property Tax Collections: Property Tax Revenues Trailing 12-month Growth



Source: Source: U.S. Census Bureau

INVESTMENT OPINION

We are positive on the Local Government sector as federal aid will support liquidity, alleviate the fiscal strain of capital plans, and complement growing property tax revenues. Most local governments were able to maintain their reserve balances during the pandemic, an important ingredient in retaining strong credit standing. While additional debt will be needed in many cases to fund infrastructure, federal programs will help to offset some of those costs. We also note that credit conditions vary widely in the Local Government sector and individual issuer analysis remains essential. While we have a positive sector outlook, certain issuers and regions remained challenged.

REPRESENTATIVE CREDIT VIEWS:	
Favorable:	• San Francisco CA • Miami-Dade County FL • New York City NY
Unfavorable:	• Chicago IL • Suffolk County NY • Detroit MI

ESG CONSIDERATIONS

Local governments provide a broad array of essential services to their constituents, including healthcare, education, transportation, housing, and economic development. As such, we largely view the sector positively from an ESG standpoint. However, we are cognizant of risks such as social inequality, tax affordability, and evolving climate concerns. Our issuer specific ESG analysis takes a comprehensive look at each entity to identify local challenges and opportunities.

KEY ESG FACTORS:

- Housing affordability
- Educational attainment
- Debt burden of a tax base

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SECTOR OUTLOOK - HEALTHCARE

CREDIT OVERVIEW

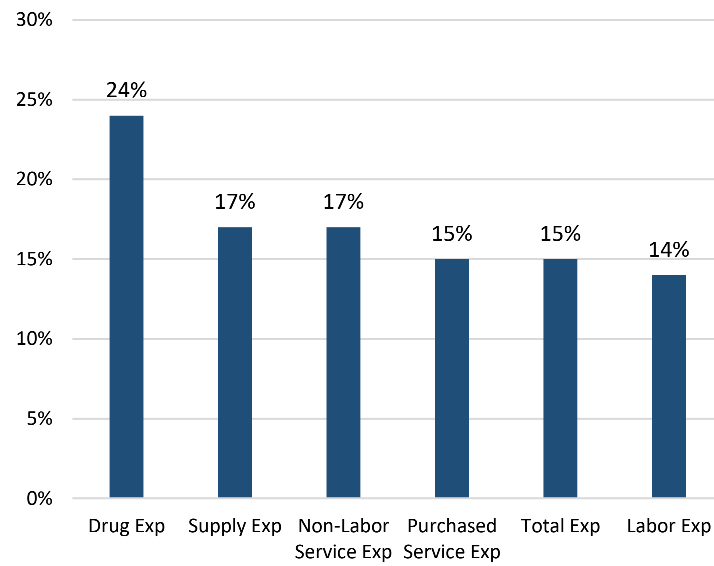
The Healthcare sector will face challenges in 2022 as lingering effects from COVID-19 impact patient revenues at the same time the industry is combating increased expenses.

While labor shortages have impacted the entire economy, healthcare has been acutely affected. Resignations driven by burn out and accelerated retirement rates have led to increased demand for workers, putting upward pressure on wages, benefits and retention costs, and recruitment expenses. Other costs, such as the price of drugs and PPE, have also been rising due to supply chain interruptions. Estimates indicate total expenses per adjusted discharge, an approximate measure of the cost of patient care, are up 15% compared to pre-pandemic levels.

Patient revenue is expected to sustain a recent recovery off pandemic lows but will likely lag expense growth as pandemic challenges persist and variants create disruptions to elective procedures. Labor shortages could also strain revenue as hospitals are forced to postpone or cancel elective procedures. Consequently, operating margins are expected to contract in the coming year, highlighting the need to carefully assess the resilience of individual credits.

Liquidity has been a redeeming quality for many hospitals as cash was bolstered by Medicare advance payments and deferred payroll taxes. However, repayments are due in 2022 and this represents yet another challenge faced by healthcare providers over the coming year.

Charges in YTD Expenses vs. Pre-Pandemic Levels



(Per Adjusted Discharge)

Source: Kaufman, Hall & Associates, LLC

INVESTMENT OPINION

We are cautious on the sector as prevailing headwinds led by disruptions to elective procedures and expense pressures are expected to continue in 2022. While we expect fundamentals to remain under pressure for some time, the ability of individual hospital systems to manage through these challenges differs greatly. Our investment focus remains with healthcare systems that enjoy diversified revenue streams, ample financial resources, and economies of scale. Bond issuers with seasoned management will be much better equipped to manage through this unique environment in a manner that allows operations to remain stable and margins strong.

REPRESENTATIVE CREDIT VIEWS:	
Favorable:	• Mass General Brigham • Providence St. Joseph Health • Cleveland Clinic • Ascension Health
Unfavorable:	• Penn State Health • Carle Foundation • Tallahassee Memorial Healthcare

ESG CONSIDERATIONS

We view the overall Healthcare sector positively in terms of ESG due to the immense social benefits hospitals provide to the community. In evaluating individual issuers, we analyze several social factors such as the payor mix, as well as broader economic factors that could impact hospital patient volumes and operations. While social benefits drive our ESG rating, we include governance and environmental data to ensure we are capturing potential risks and that they are incorporated into our fundamental analysis.

KEY ESG FACTORS:

- Charity care provided
- Cyber or litigation risk
- Quality of facilities

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SECTOR OUTLOOK – HIGHER EDUCATION

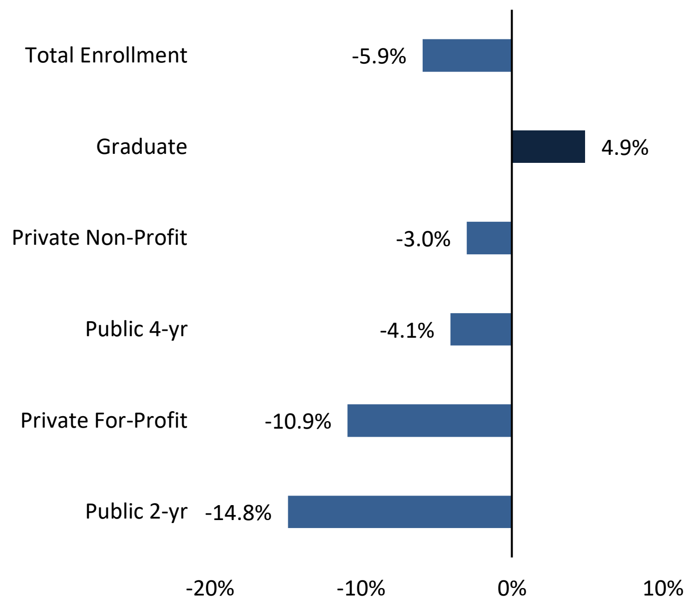
CREDIT OVERVIEW

Many Higher Education institutions face considerable challenges associated with the pandemic, including smaller incoming freshman classes due to delayed admission, less international enrollment, reduced housing and other fee revenue as classes were moved online, and higher operating costs due to PPE, testing, and related needs. These factors have constrained operations with margins narrowing for most public and private universities. As in other sectors, economic impact has been anything but uniform. Although aggregate enrollment levels are down more than 6% over the past two years, a significant share of this shortfall has been incurred by 2-year and 4-year for-profit universities. Most flagship public universities and highly selective universities are near or ahead of 2019 levels.

Endowment funds provided a clear bright spot with Fiscal ’21 median portfolio returns of approximately 35%. This performance has bolstered liquidity and provides a stabilizing fiscal effect across much of the sector. Additionally, state and local governments have received unprecedented federal aid, reducing the likelihood that public university funding will be cut over the near term to help balance state budgets.

In-person learning and on-campus residency largely returned to normal levels in Fall 2021. This development, provided it is sustained, will improve fiscal conditions as housing and other fee revenues recover. The ability of institutions to deal with Omicron and possible future COVID variants differs widely, hence the need to carefully evaluate endowment levels, management practices, student appeal, and other factors over time.

Enrollment Changes:
Fall 2021 vs. Fall 2019



Source: National Student Clearinghouse Research Center

INVESTMENT OPINION

We have a stable outlook on the sector. However, our outlook relative to Appleton’s preferred universe of large, flagship state institutions and highly selective private universities remains positive. The return of housing and on-campus revenue streams will expand operating margins. Very strong endowment returns are enhancing liquidity as well as an ability to expand financial aid.

REPRESENTATIVE CREDIT VIEWS:	
Favorable:	• California State University • New York University • Yale University
Unfavorable:	• University of Wyoming • Drexel University PA

ESG CONSIDERATIONS

For the Higher-Ed sector, we focus on factors such as the diversity of academic offerings, need blind admissions, faculty/student ratio, five-year graduation rates, and various environmental risks. Including these factors into our overall credit research process helps us identify institutions with ESG exposure that we feel is harmful to the overall strength of the credit.

KEY ESG FACTORS:

- Need-blind financial assistance
- Retention ratio
- Diversity of academic offerings

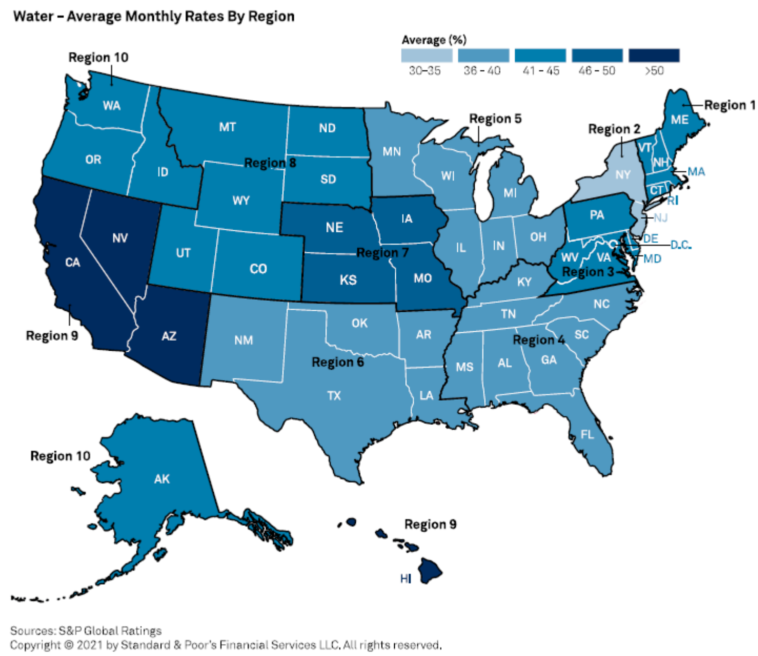
Sector Outlook – Water & Sewer

Credit Overview

The Water & Sewer sector has traditionally enjoyed very stable fundamentals and is expected to benefit in 2022 from an ongoing economic recovery coupled with federal aid. Given the essentiality of services provided and self-regulated rate setting, most systems have not needed to take significant measures to curb negative pandemic impact and have generally incurred minimal or no operational disruptions.

Over the medium-term, management governance will be a critical factor that distinguishes strong water & sewer systems from weaker ones as stimulus fund deployment decisions are made, drought mitigation strategies employed, aging infrastructure is replaced, and resource diversification sought. These challenges are very real but are not universal across the sector, as geography plays a major role. According to the National Oceanic and Atmospheric Administration (NAOO), since May 2020 about 99% of the Western United States has experienced a drought.

Water scarcity and associated capital-intensive remedies have led to rising costs and concerns about rate affordability, a key sector metric. This is expected to remain a challenge for certain issuers as climate change impact becomes increasingly evident. Water and sewer utilities did receive federal aid through the American Rescue Plan and the recently passed infrastructure bill, funds that will help finance capital improvements and expansion projects.



Source: S&P Global Ratings

Investment Opinion

We have a positive outlook on the Water & Sewer sector due to the strength of the economic recovery and strong federal financial support. From an investment perspective we prefer water & sewer systems that service a large and diverse customer base, have independent rate-setting authority, and maintain a reasonably conservative and stable financial profile.

Representative Credit Views:	
Favorable:	• New York City Municipal Water Authority • Austin TX Water & Wastewater System • Boston MA Water & Sewer Commission
Unfavorable:	• Chicago IL Water System • Puerto Rico Aqueduct & Sewer System

ESG Considerations

We view the Water & Sewer sector favorably from an ESG standpoint, given the essentiality of services provided to customers. Factors that we focus on include sustainability of resources, rate affordability, regulatory compliance, age of infrastructure, geography, and environmental risks. Our fundamental analysis emphasize these factors in identifying ESG related credit risks and opportunities.

Key ESG Factors:

- Flooding/Drought Risk
- Regulatory Compliance
- Rate Affordability

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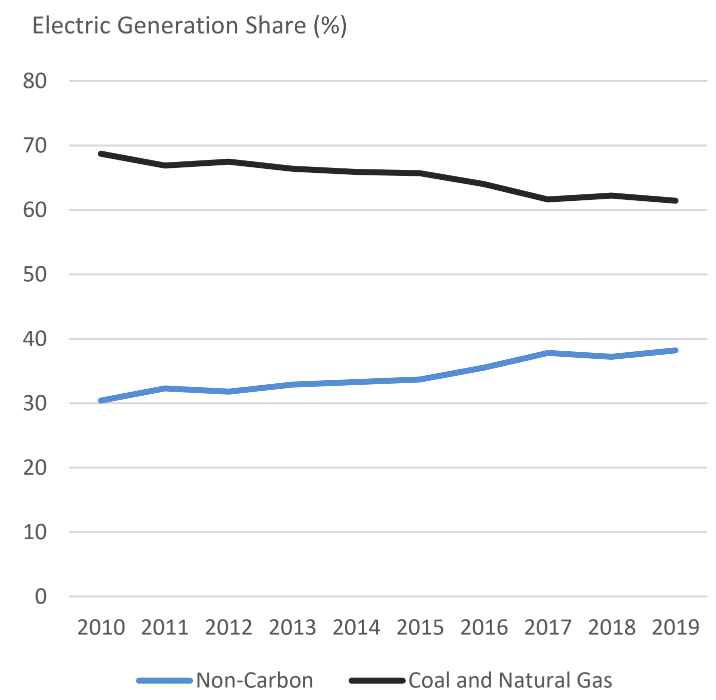
Sector Outlook – Public Power

Credit Overview

The Public Power Sector is going through a significant transition as utilities strive to reduce carbon emissions and create a greener future. This process will have long-term credit impact, as many utilities are targeting 2050 to eliminate or offset their carbon emissions and the federal government is entertaining the possibility of moving to a carbon neutral grid as early as 2035.

Despite the stated deadlines, coal and natural gas still accounted for a sizeable 60% of US electricity production in 2020, illustrating the difficulties associated with achieving a carbon neutral power system. Major hurdles that must be overcome and factored into our credit analysis include the costs of transferring physical production of energy from coal and natural gas to renewable resources, reliability of the energy, maintaining rate affordability, and electric generation storage capacity.

The Biden Administration's support for this massive transition is a positive macro credit factor. In the most recent infrastructure bill, power utilities were awarded $65 billion for enhanced grid resiliency, facilitating the integration of renewable energy resources, and supporting energy related technologies. We anticipate more federal aid being provided to the sector in the coming years to help with the transition as Washington continues to push for a carbon-free electric system. How much and how it is allocated will play into issuer specific credit analysis.



Source: U.S. Energy Information Agency

Investment Opinion

We have a positive outlook on the Public Power sector going into 2022 as it will be supported by the strength of the US economic recovery coupled with ongoing federal support. We view Public Power issuers with large existing renewable exposure and/or those investing aggressively to expand renewable resources much more favorably, provided management demonstrates efficient transition planning. Although we also see select opportunities to own the bonds of utilities with lower exposure to renewables, we typically require above average fundamentals in these cases. This is often evidenced by a strong and reliable service base, consistently high debt service coverage levels, ample liquidity, and a manageable debt burden.

Representative Credit Views:	
Favorable:	• Salt River Project AZ • Bonneville Power Administration • Seattle WA Light Department • Grand River Dam Authority OK
Unfavorable:	• Santee Cooper SC • Muni Electric Authority of Georgia • Riverside CA Electric Utility

ESG Considerations

For the Public Power space, the primary ESG factors we assess include a system's rate affordability, renewable resource mix, coal exposure, and weather-related risks, such as wildfires. Incorporating these factors into our fundamental credit analysis helps identify utilities best positioned to meet likely future government regulations and which align well with our investment objectives.

Key ESG Factors:

- Renewable resources
- Fossil fuel reliance
- Rate affordability

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SECTOR OUTLOOK – TOLL ROADS

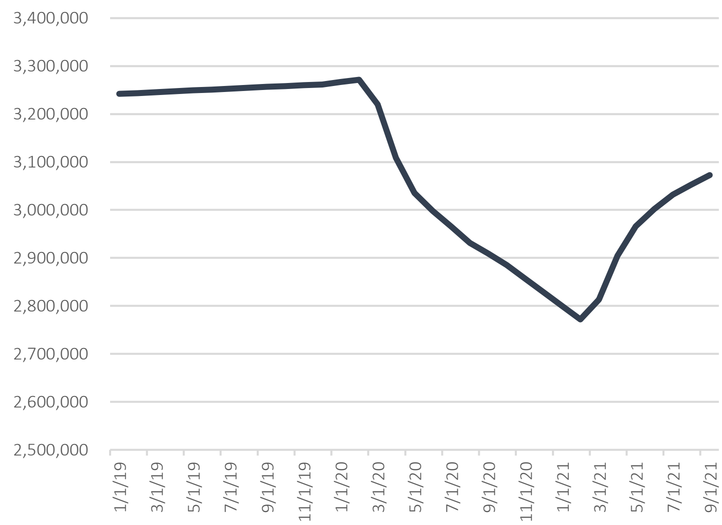
CREDIT OVERVIEW

The Toll Road sector was significantly affected by COVID-19, as work from home and constraints on travel and commerce negatively impacted volume levels. As depicted in the accompanying chart, total vehicle miles traveled in the US declined substantially throughout 2020, and while it has rapidly increased in 2021, pre-pandemic levels have yet to be reached.

The Federal Highway Administration is projecting traffic to fully recover in 2022, with growth returning in 2023. However, it is important to note that most large toll road projects, and those associated with issuers approved for purchase at Appleton, are in highly traveled regions that have seen much more robust recoveries than the US at large. In higher volume markets, monthly transaction volume is already approaching 2019 levels. Commercial traffic, which is typically tolled at higher rates, has long been a positive differentiating factor and an element of the revenue mix we seek when analyzing toll road credits.

In addition, the Toll Road sector has historically benefitted from very strong liquidity which stayed true throughout the pandemic. The overall rated universe has about 1,000 days cash on hand, in line with Appleton's bond holdings in the sector. When factoring in other reserve balances, the ability to meet debt and operating expenses remains strong.

Moving 12-Month Total Vehicle Miles Traveled
(Millions of Miles, Monthly)



Source: Federal Reserve Bank of St. Louis

INVESTMENT OPINION

We are positive on the sector, as the sustained resurgence in traffic will lead to a full recovery in transaction volumes back to prior levels in 2022. Broadly speaking, this supports stable to improving operating results. Positive developments that influence credit standing among issuers in the sector include transaction volume (particularly commercial) running above projections, strong liquidity at the outset of the pandemic and on an ongoing basis, and toll rate flexibility. We favor large, multi-asset toll facilities with significant liquidity and seasoned management teams.

REPRESENTATIVE CREDIT VIEWS:	
Favorable:	• North Texas Tollway Authority TX • Pennsylvania Turnpike Commission • Triborough Bridge & Tunnel Authority NY
Unfavorable:	• Foothill/Eastern Transportation Corridor Agency CA • San Joaquin Hills Transportation Corridor Agency CA

ESG CONSIDERATIONS

For the Toll Road sector, our analysis emphasizes factors such as type of road, toll affordability, age of infrastructure, and various environmental risks. Evaluating these factors as part of our ESG scoring and overall fundamental analysis allows us to identify issuers with strong underlying credit fundamentals and positive ESG standing, while filtering out those lacking either characteristic.

KEY ESG FACTORS:

- Regional connectivity/mobility
- Toll affordability
- Infrastructure quality

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Sector Outlook - Airports

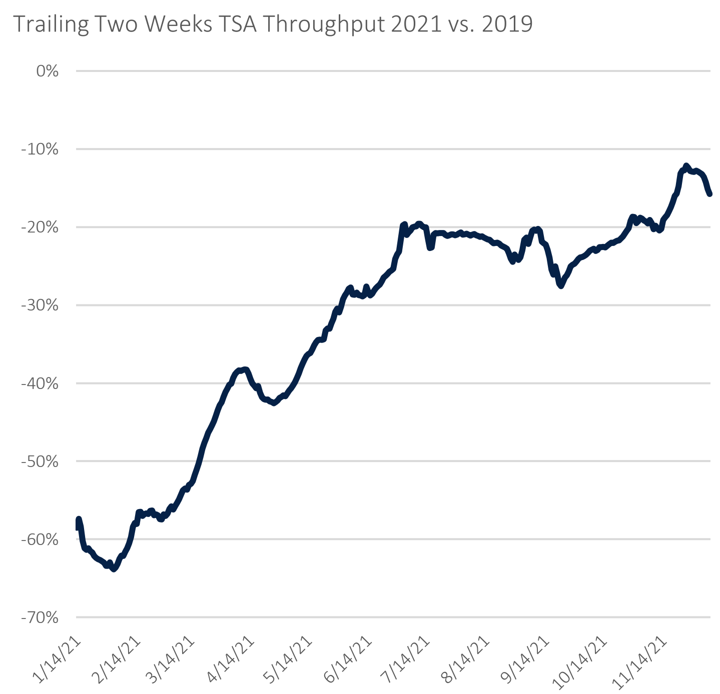
Credit Overview

The Airport sector has been severely affected by the pandemic, perhaps best evidenced by a 55% decline in TSA throughput volume in Q1 2021 vs. pre-pandemic 2019. Traffic slowly recovered over the remainder of the year with recent daily levels only roughly 10-15% off 2019 levels.

Leisure travel was the first to rebound with a loosening of international travel restrictions in November fueling a steady increase in enplanements. Passenger volume is of course heavily influenced by the course COVID-19 takes in the year to come. The recent emergence of Omicron has slowed activity, and the possibility of future COVID related travel restrictions cannot be discounted as we move forward. The ability of individual issuers to deal with unfavorable scenarios is a key credit quality differentiator in an uncertain world.

Despite these concerns, the airport sector's credit quality has remained strong throughout the year, with average liquidity standing at a healthy 489 days and debt service coverage remaining adequate at 1.1x. Appleton's Airport holdings reflect a quality bias with average liquidity of 643 days and debt service coverage at 1.9x as of June 30, 2021.

As with other areas of the municipal market, the airport sector's credit quality has been bolstered by federal aid in the amount of $20 billion since March of 2020. An additional $25 billion was also allocated in the recently passed Infrastructure bill, funds that will provide meaningful fiscal flexibility in the days ahead.



Source: TSA

Investment Opinion

Broadly speaking, we are positive on the airport sector even in the face of unpredictable COVID variants and possible future travel restrictions. The sector has benefited from substantial federal aid, with much of the funds still set aside for future anticipated COVID-related costs, mitigating the risks of material near-term financial shocks. As vaccination rates climb and therapeutics become more readily available, we expect airline traffic to climb back towards historic levels, with most credit profiles improving accordingly.

Representative Credit Views:	
Favorable:	• Chicago O'Hare Int'l Airport • Los Angeles Int'l Airport • Hartsfield-Jackson Atlanta Int'l Airport
Unfavorable:	• Kansas City International Airport • Detroit Metropolitan Wayne County Airport

ESG Considerations

The factors that drive our ESG analysis in the airport sector include average age of facilities, TSA compliance, airline concentration, international traffic volume, and carbon neutral accreditation. Incorporating these factors into our underlying credit research process allows us to identify facilities most exposed to outsized ESG risks and accompanying credit vulnerability.

Key ESG Factors:

- Security/TSA compliance
- Carbon neutral accreditation
- Connectivity and International exposure

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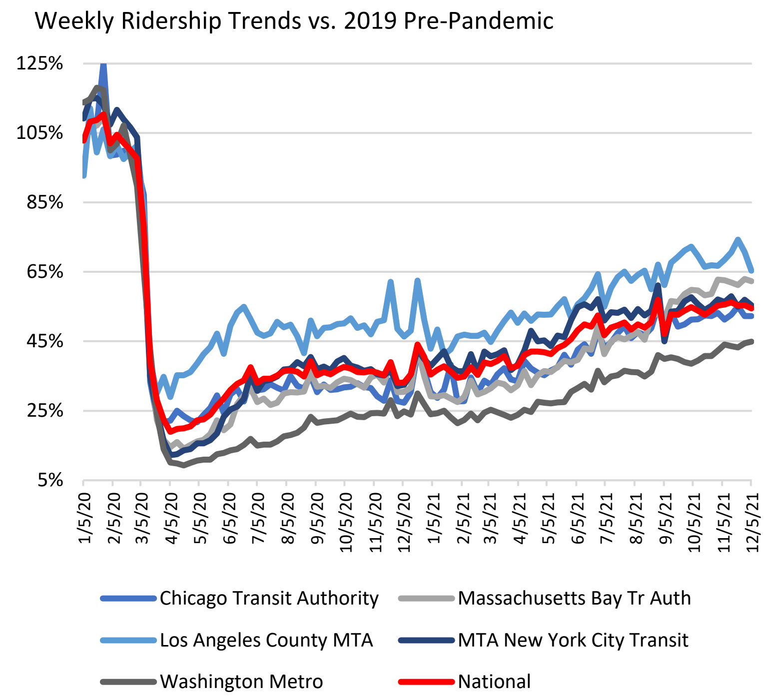
Sector Outlook – Mass Transit

Credit Overview

While Mass Transit issuers will need to brace for sustained depressed ridership in coming years, the sector is expected to maintain solid near-term financial stability due to substantial government subsidies provided over the course of the pandemic. Many transit systems are also supported by state and local taxes, a revenue source that has performed well given healthy US economic growth.

Federal support equal to 4.9x pre-pandemic farebox revenue and 1.58x annual operating expenses (Moody's) has helped offset a massive loss in ridership. Substantial aid reflects the vital role of mass transit in major population centers. Nonetheless, the problem has not been solved and longer-term impacts are forthcoming. National ridership on average remains about 55% below levels recorded in 2019. While recovery is expected to continue, it will likely be at a slow pace, and there is very real potential that ridership never returns to pre-pandemic levels.

At an issuer specific level, ridership recovery is a revealing credit indicator. Balance sheet strength, liquidity, federal and state support, and underlying economic dynamism are all key elements to be considered in evaluating mass transit providers ability to deal with future eventualities.



Source: American Public Transportation Association

Investment Opinion

Our 2022 outlook for Mass Transit is stable, reflective of the ability of federal support and stability of dedicated tax revenues to meaningfully offset ridership declines in the near-term. We favor Mass Transit systems that are essential to the economy, enjoy strong voter support, have above average reliance on dedicated tax revenue, and benefit from healthy local economic conditions. Appleton has historically been inclined to invest in issuers whose debt is secured by dedicated taxes which are often characterized by greater revenue stability, ample debt coverage and segregate revenue to fund debt service before operations.

Representative Credit Views:	
Favorable:	• Massachusetts Bay Transportation Authority Sales Tax • Metropolitan Transportation Authority NY • Bay Area Rapid Transit District Sales Tax
Unfavorable:	• Chicago IL Transit Authority • Peninsula Corridor Joint Powers Board CA

ESG Considerations

Our ESG view on the Mass Transit sector remains neutral. Social factors are largely determined by socioeconomics that drive the local economy and therefore support both ridership levels and tax revenue. Environmental data is also prevalent due to system's vulnerability to inundation, which is impacted by several factors, including sea level rise, extreme rainfall, and hurricane risk.

Key ESG Factors:

- Quality of Infrastructure
- Local socioeconomics
- Demand for public transportation
- Exposure to weather events

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SECTOR OUTLOOK - PORTS

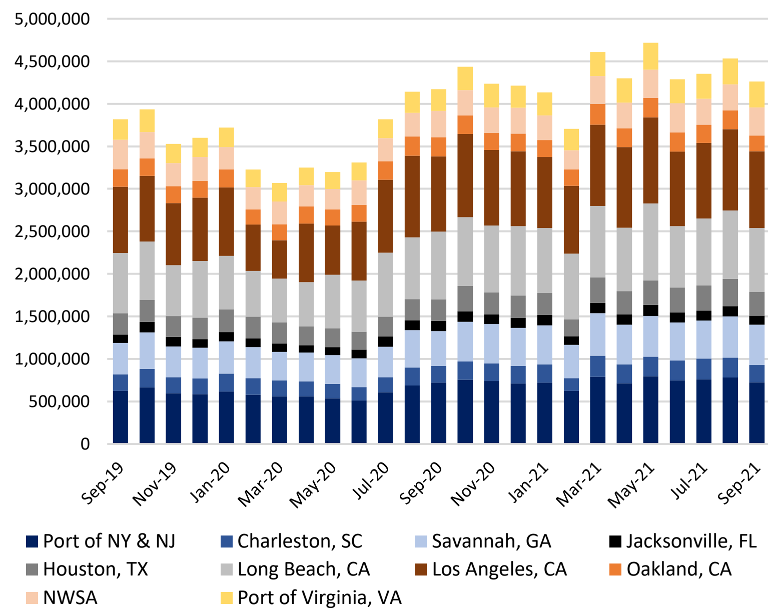
CREDIT OVERVIEW

Ports have performed exceptionally well throughout the pandemic relative to other revenue backed sectors. Financial conditions are expected to remain favorable in 2022 as strong demand for goods persists and port terminals make progress unravelling a global shipping glut.

Container cargo volume is projected to remain at high levels throughout 2022, supported by economic growth and strong consumer spending on goods. Inventories are at record low levels relative to sales, and restocking should drive sustained cargo demand, resulting in strong revenue and healthy profitability for ports this coming year.

We are cognizant of the fact that current congestion at US ports is pressuring cargo volume and prospects for revenue growth. Labor and equipment shortages are expected to persist but should ease by mid-2022 as demand from the Chinese New Year slows and consumer demand shifts back to services. The Federal government has also taken proactive steps to alleviate bottlenecks given the troublesome economic ramifications.

TEUs Handled by the Top Ten U.S. Container Ports



Source: https://explore.dot.gov/views/MonthlyContainerPortTEUs/TEUs
Note: TEU stands for Twenty-Foot Equivalent Units

INVESTMENT OPINION

We have a positive outlook for the Ports sector. Sustained high levels of demand for goods and increased port activity is expected to bolster revenues. While congestion is disrupting cargo volumes, direct expenses are largely borne by shipping companies and cargo owners. Appleton has historically favored “landlord ports” due to the revenue stability brought on by long-term leases. We also value the “operational ports” that possess a seamless coordination of moving equipment and labor between wharfs. Most of our holdings are among the top 10 largest US ports and have an average of 1,160 days cash on hand, emphasizing our preference for ports with dominant market positions, sizable operations, and healthy, stable financials.

REPRESENTATIVE CREDIT VIEWS:	
Favorable:	• Port of Long Beach CA • Georgia Ports Authority • Port of Los Angeles CA
Unfavorable:	• Tampa Port Authority • Port of New Orleans

ESG CONSIDERATIONS

Port activity and growth is largely driven by the health of the underlying market, making social factors such as population changes and unemployment rates an important part of our ESG rating. Environmental factors are also important as several ports are in vulnerable positions along coasts and are subject to risks such as sea level rise or hurricanes. We analyze each port’s exposure to these weather events and evaluate how it could impact infrastructure, business activity, and financial condition.

KEY ESG FACTORS:
• Cyber or litigation risk • Sea level rise • Population change and demand

Sector Outlook - Housing

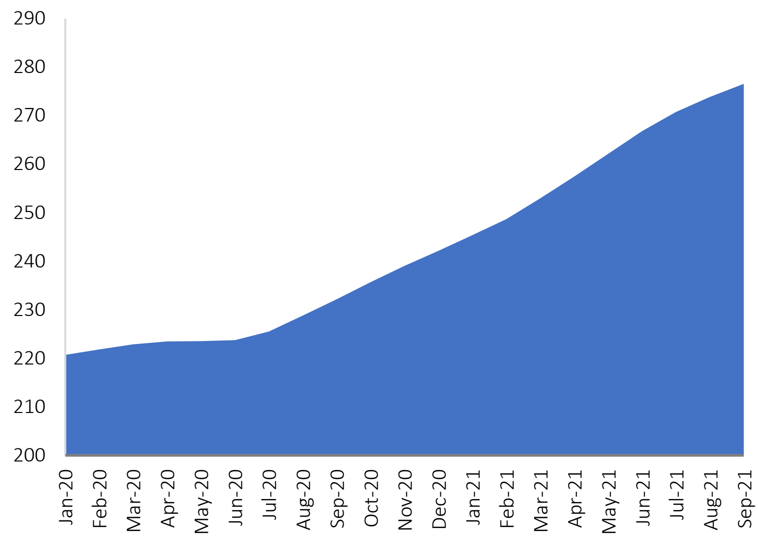
Credit Overview

Housing agencies play a valuable role supporting first-time buyers of single-family properties and in backing development of low-cost multi-family options. A strong housing market bodes well for existing loan portfolios as the equity position of owners increases and loan-to-value drops. According to the S&P/Case-Shiller 20-City Index, home prices have increased 25% since the onset of the pandemic. An improving labor market also supports the ability of borrowers to remain current on their mortgages or exit delinquency or forbearance programs.

While forbearances and delinquencies increased during the pandemic, Housing Agencies typically maintain conservative loan portfolios where credit enhancement is robust. On average, 83% of loans are backed by government or private insurance with the remainder exhibiting low loan-to-value ratios.

Housing affordability remains a key determinant for future loan demand. Some areas of the country are experiencing a dearth of affordable housing supply, shutting out some first-time buyers from the market. This could crimp demand for housing agency support over the near-term, thereby slowing their revenue growth, although these pressures also tend to be cyclical.

US Home Prices Continue to Climb:
S&P/Case-Shiller 20-City Index



Source: S&P/Case-Shiller 20-City Composite Home Price Index

Investment Opinion

Our outlook for the tax-exempt housing sector is stable. Government programs to protect homeowners, renters and landlords are rolling off, although this is largely offset by a healthy economic recovery and job market that is supporting borrowers' ability to repay mortgages. We expect the high-quality characteristics of the sector at large to persist and have a particularly favorable view of state housing agencies that maintain large and diverse loan portfolios.

Representative Credit Views:	
Favorable:	• NYC Housing Development Corp • Massachusetts Housing Finance Agency
Unfavorable:	• Single-site multi-family projects

ESG Considerations

Housing sector issuers generally exhibit positive social characteristics, as they have mandates designed to help low-to-moderate income families purchase homes while also supporting affordable rental options. These are favorable socioeconomic characteristics and sector issuers generally have positive impact on economic growth and stability. We carefully evaluate the management practices of housing agencies as well as environmental risks such as geographic profile and exposure to climate challenges.

Key ESG Factors:
• Housing affordability • Housing supply • Wildfire risk

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