

Smarter & Safer Investment in CT's Future

CONNECTICUT STATE TREASURER SHAWN T. WOODEN

Backgrounder

Gun violence results in substantial human, social, and economic costs. In Connecticut alone, nearly 180 people are killed by guns annually and the cost of gun violence averages \$1.2 billion a year. There are critical gaps between federal and state laws. Filling those gaps could help mitigate the impact of gun violence in our communities. Unfortunately, persistent efforts to advance common sense gun reforms, which are overwhelmingly supported by the American public, have been stalled in Congress. In light of inaction, a growing number of companies, banks and investors—who evaluate risks everyday—have created new practices and policies related to civilian firearms.

If you're not part of the solution...you're part of the problem

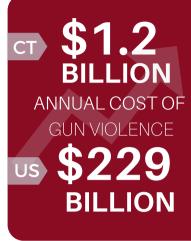
Civilian firearms manufacturers are subject to unnecessary systematic risk which presents financial and reputational risks to investors that will have an impact on long-term shareholder value. These companies should be central to promoting common sense gun policies and advancing gun safe technologies. However, they have resisted reasonable changes at every turn.

Through credit and merchant services, financial institutions are substantially involved with companies that are in the business of firearms sales. As an industry, financial services have a vested interest in mitigating the social and economic risks and impact of gun violence on the customers and communities they serve.

Lack of Common Sense Gun Reform

We Have to Better Manage Risks, Long-Term Value & Impact

As the costs and risks associated with gun violence become more urgent, the way we conduct business must change. As Connecticut's chief elected financial officer, the Treasurer makes business decisions involving billions in investments, borrowing and cash transactions, with many of the largest financial institutions in the world. The companies that the Treasurer invests in and does business with can have a far-reaching impact on mitigating the risks associated with gun violence and promoting safer communities. Through the power of the Office of the State Treasurer, Treasurer Wooden is implementing a-first-of-its kind comprehensive Responsible Gun Policy to ensure that our investments are prudently managed and, more importantly, that the public's values are reflected systematically throughout all of the Treasury's work.



Source: Giffords Law Center to Prevent Gun Violence



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DIVESTMENT

DISCLOSURE

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DECISION- MAKING

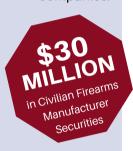
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DIVESTMENT

investment standards to ban investments in the public securities of "civilian firearms manufacturing companies" with the flexibility & discretion to consider investing in smart, safe gun technology companies.

DIVEST. Reallocate \$30 million invested in civilian firearms manufacturers to economically equivalent substitutes that will add more stable, long-term shareholder value to CT's pension fund investment program with less risk.



DISCLOSURE

ENGAGEMENT. To begin the conversation, Treasurer Wooden has written banks inquiring about civilian firearms industry business relationships and requesting information on gun policies.

TRANSPARENCY. Banks and financial institutions that wish to partner with the Office of the Treasurer will be asked to describe their gun policies in their business proposals.

\$152 BILLION CT's Cash Transactions a Year

DECISION-MAKING

Carrot, Not a Stick. When awarding financial and banking business on behalf of the State of Connecticut, the Treasurer will consider an entity's gun policies as one factor, among many, in the selection process.

\$25 BILLION CT's Bond Program

Money Matters & Market Trends



From an investment perspective, civilian gun manufacturers face significant risks that have an impact on company profitability and long-term shareholder value.



According to the MSCI Index, the largest independent global provider of market indexes, there are **17 publicly-traded** companies that are involved in any or all of the manufacturing of firearms and ammunition for civilian (non-military) uses.

Feb. 2018 - announced removal of assaultstyle weapons, bump stocks & raised the age to purchase any other gun to 21.



July 2019 - Vista Outdoor Inc. announced divestment of Savage Arms and Stevens firearms brands.

Mar. 2018 - announced retail client policy on background checks, age, and high-capacity magazines/bump stocks.



Sept. 2019 - announced suspending the production of rifles, including the AR-15, for the civilian market.

Apr. 2018 - ceased financing clients that manufacture military-style firearms and assault-weapons for civilian use.





Nov. 2019 - American Outdoor Brands announced spin-off of Smith & Wesson, noting changes in the "political climate" and "the economic, investing, and insurance markets."