Via email to rule-comments@sec.gov

August 29, 2022
Ms. Vanessa A. Countryman
Secretary
United States Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: File No. S7-17-22: ESG Disclosures for Investment Advisors and Investment Companies

Dear Secretary Countryman,

Vert Asset Management welcomes the opportunity to respond to File No. S7-17-22: the Notice of Proposed Rulemaking "Environmental, Social and Governance (ESG) Disclosures for Investment Advisors and Investment Companies" ("Proposal").

Vert Asset Management is a dedicated ESG (environmental, social, and governance) asset manager. We work in close consultation with academic experts and experienced portfolio managers to create investment products. Vert combines ESG research and a disciplined rules-based process to deliver funds that achieve investors' twin goals of sustainability and market rates of return. Our clients are primarily financial advisors. We currently manage one open-ended mutual fund, the Vert Global Sustainable Real Estate Fund with $159 million AUM (as of June 30, 2022) that invests in publicly traded real estate investment trusts (REITs) globally.

We support the rationale that investors should be provided with information that helps them understand the environmental, social and governance considerations included in a fund. In that spirit, we have written a separate letter in support of the Proposed Rulemaking "Investment Company Names" (File N. S7-16-22). However, the current proposed categories in this "ESG Disclosures" (File S7-17-22) create more confusion than clarity for investors.

The Proposal's division of funds into three categories is highly problematic and will create unintended consequences. The categorizations proposed do not reflect the reality of how fund managers incorporate ESG considerations into investment and stewardship decision-making today. And the categories will most likely become even less relevant as ESG investing continues to mature.

The EU's Sustainable Finance Disclosure Regulation (SFDR) is an example of an earlier attempt to assist investors by categorizing funds. SFDR delineates funds into the following labels: Article 6 for funds with no identifiable ESG criteria, Article 8 for those that promote ESG, and Article 9 for those targeting sustainable investments. We do not believe this categorization has been helpful for investors or investment managers. We believe it is most likely creating more confusion. We don't believe it is advisable, or even possible, to sort a continuous spectrum of thousands of approaches into a small finite number of categories. The SEC never chose to regulate what defines a value fund versus a growth fund. And yet investors have gained clarity via their own analysis and through the tools the financial services industry has developed and updated for them.

We support the SEC in their efforts to create more ESG disclosure. But they should require *all* types of funds (ESG or not) to disclose the same information regardless of their approach.

Sincerely,

Sarah Adams
Chief Sustainability Officer
Vert Asset Management