

## Using Investment Capital in the Fight Against Gun Violence

Like you, we are deeply saddened by the recent murders of 17 students and teachers in Parkland, Florida. Mass murders executed with assault rifles are taking place with increasing frequency across our country. Yet federal action to stop gun violence seems unlikely anytime soon—and gun sales continue unabated.

### ENGAGING GUNMAKERS AND RETAILERS

In line with the current trend of encouraging businesses to lead positive change, some investment firms that hold the securities of weapons manufacturers and retailers are engaging with these companies about gun violence. Discussions that may spark positive change could begin with questions like these:

- Why are assault rifles sold to the public?
- How rigorous are firearms retailers' background checks, and are they increasing the minimum age for purchases?
- What safety-related requirements do weapons manufacturers impose on the retailers that sell their products?

### CHOOSING TO AVOID INVESTING IN WEAPONS

Responsible investment firms typically exclude weapons from their actively managed strategies. As a result, there are many investment choices for those who wish to avoid providing capital to the weapons industry. And your choices aren't limited to actively managed funds. Some indexed fund providers also offer strategies that screen out weapons.

If you choose a weapons-free portfolio, you need not be concerned that excluding firearms manufacturers will result in missed investment opportunities. Most gun companies are privately owned, with only three publicly traded gunmakers in the U.S., all of which are small-cap stocks.<sup>[1]</sup> Furthermore, the distribution side of the gun industry is highly fragmented. There are only a few dealers that have substantial market share; most guns are distributed through very small stores that are not investible.

Like many of our responsible investment colleagues, Parnassus Investments has screened out all weapons manufacturers from our portfolios since our inception, and is unlikely to ever own retail companies that derive significant revenue from weapons sales of any kind.

Yours truly,

Jerome L. Dodson, Chief Executive Officer  
Benjamin E. Allen, President



<sup>[1]</sup> <http://www.morningstar.com/articles/853199/finding-gun-stocks-in-fund-portfolios.html>

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