



Investing for Impact: The Benefits of Socially Responsible Investing

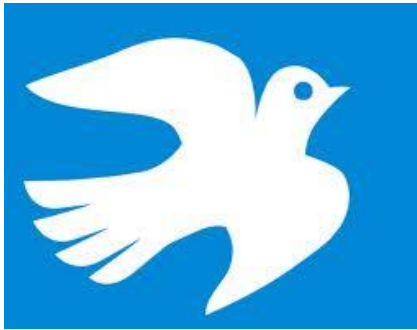


Todd Walker

Financial Advisor

Wells, Vermont

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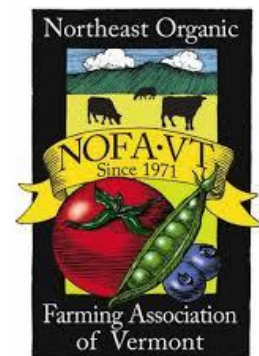


Agenda

- **General overview of SRI**
- **Do it yourself or use an advisor?**
- **New trends and products**
- **Greening-up your portfolio intelligently**

A Word About Greenvest

- Personal investment advisors specializing in socially and environmentally responsible investing. Offering portfolio management, retirement accounts, Trust management, SRI 401k plans, and annuities.
- Offices in VT, Western MA, Boston and San Francisco.
- “Gold Certified” Business by Green America
- .eco Certified – www.greenvest.eco



What is "Socially Responsible Investing?"

Also referred to as:

- *Sustainable Investing*
- *ESG (Environmental, Social and Corporate Governance)*
- *Impact Investing*
- *Values Based Investing*
- *Green Investing*



You Define!



- What matters to you??
- Investing in harmony with your values and lifestyle.
- Why should it be different from the way you shop, vote, etc.?



What is "Socially Responsible Investing?"

- *It's about YOUR values*
- *And it's also about what socially responsible investors can do collectively as a force for social change*



SRI: A Double Bottom Line

Conventional investing and corporate management

---- Single Bottom Line ----

PROFIT AT ANY COST

(Primary responsibility
↓
to shareholders)

SRI and socially responsible corporate management

== Double Bottom Line ==

PROFIT *plus*

**RESPONSIBILITY TO OTHERS AND THE
↓
GLOBE**

The Difference is Social Screening.

“Negative Screening”

Weed out offensive companies.



Now
“Divestment”



“Positive Screening”

Reinvest in green businesses.



Now
“Impact Investing”



"Social screening" criteria

Screen by Industry

Exclude oil, weapons, tobacco, liquor, gambling, pornography, nuclear power, GMOs.

Favor alternative energy, recycling, fair trade, sustainable products.

Screen by Company Behavior

Corporate governance and ethics, workplace, environmental footprint, public safety, international operations and human rights, community relations, animal testing.

The Myth of SRI Underperformance

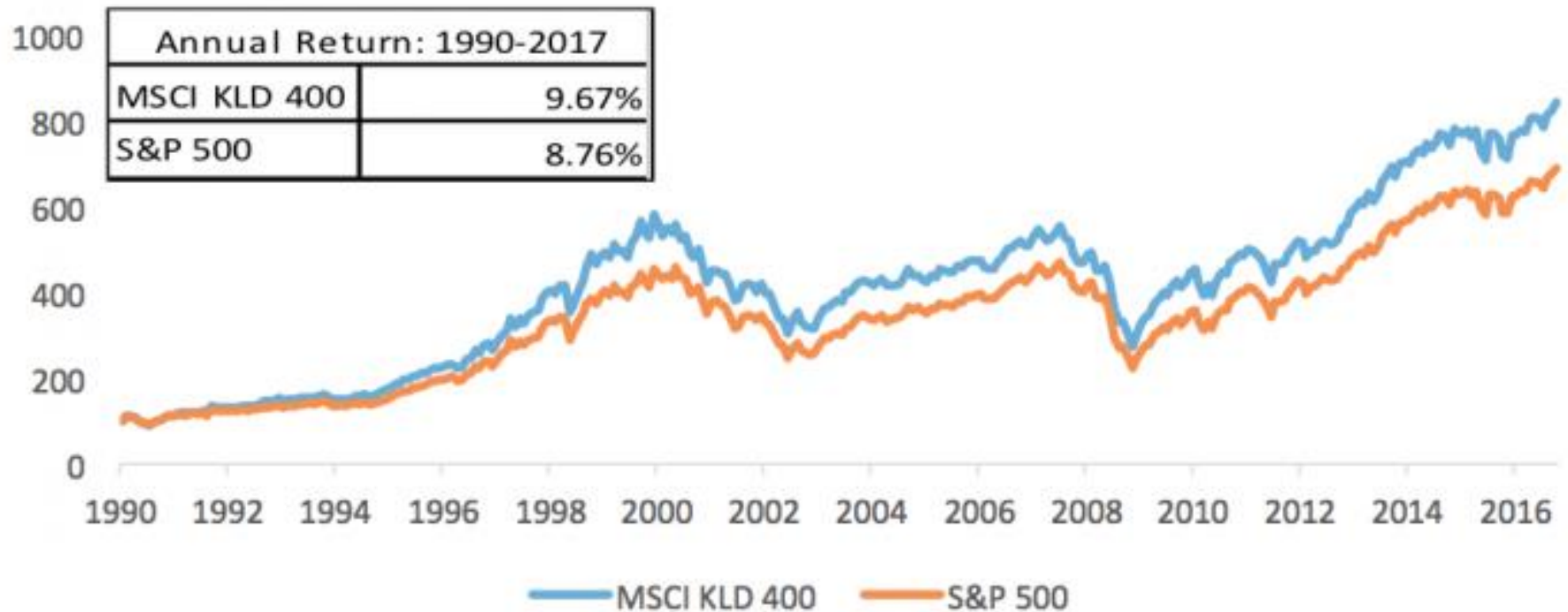
- SRI underperformed initially – fewer companies to choose from.
- Began to catch up in the 1990's.
- Today comparable or superior to conventional benchmarks.

Evidence:

- Performance of KLD 400 vs. S&P 500
- Growing Body of Academic Research
 - SRI Performance Studies – www.sristudies.org
 - Social Investment Forum – www.socialinvest.org
- **350.org** – Aperio Group – www.aperiogroup.com

MSCI KLD 400 vs. S&P 500 Indices April 1990 through April 2017

S&P 500 vs. MSCI KLD (Price Index)



Rationale for SRI Outperformance

- **Irresponsible businesses/toxic materials can have greater expenses/risks due to regulatory violations, litigation, accidents, fines, boycotts, and strikes.**
- **Social responsibility is a reflection of intelligent management, which is reflected in other areas of the company: innovation, workplace, environment, employee relations, risk management, etc.**

Fastest Growing Financial Sector!

- **33% growth over the past two years to \$8.72 trillion under SRI management; and a 14-fold increase since 1965.**
- **Today more than 1 out of every 5 dollars under professional management in the U.S. is involved in SRI.**

Source: The Forum for Sustainable and Responsible Investment

How to Participate in SRI?

- **On your own**
- **SRI Financial Advisor/Firm**

Self-Managed

- Individual brokerage account – Schwab, E-Trade, Fidelity, etc.
- Follow usual investment disciplines, plus ...
- Social screening sources
 - > Study company websites – look for “sustainability statements”, products, etc.
 - > Google for questionable practices
 - > Contact corporate “Investor Relations”
 - > Sites: www.SustainableBusiness.com
 - > For FF divestment: www.gofossilfree.org
www.fossilfreefunds.org

SR Mutual Funds

- Calvert, Parnassus, Pax, Green Century, etc.
- Load vs. No-Load
- Screening discipline: overall strictness, Divest vs. Engagement, etc.
- www.socialfunds.com

PARNASSUS INVESTMENTS®



SRI Financial Advisor

Provides:

- Personalized attention and custom portfolio
- The ability to choose your own investment screening based on your individual beliefs/preferences
- Social research on individual investments
- Access to widest universe of social investments
- Proxy voting advice
- Fee-based Advantages

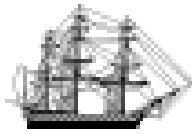


New Trends and Products

- **SRI Exchange Traded Funds (ETFs)**
- **Clean Energy Investing**
- **Fossil Fuel Divestment**
- **Local Impact Investments**
- **Green Bonds**
- **Women's Investment Funds**

Socially Responsible Exchange Traded Funds

iShares[®]
by BLACKROCK[®]



Vanguard[®]

VanEck[™]

SPDR[®]
STATE STREET GLOBAL ADVISORS

Invesco

- Let you invest in broad indexes and/or specialized industry sectors
- Lower cost
- Lower taxes
- Growing area

Clean Energy Investing

Mutual Funds

- **Calvert Global Alternative Energy Fund**
- **Pax World Global Environmental Markets Fund**
- **Shelton Green Alpha Fund**
- **New Alternatives Fund**

ETFs

- **Guggenheim Solar ETF**
- **Invesco CleanTech ETF**
- **First Trust Global Wind Energy ETF**
- **First Trust Clean Edge Green Energy**

Fossil Free SRI Mutual Funds/ETFs

- **Green Century Funds**
- **Pax World Growth Fund**
- **Pax World Global Environmental Markets Fund**
- **Shelton Green Alpha Fund**
- **Portfolio 21**
- **New Alternatives Fund**
- **Calvert Global Water Fund**
- **Calvert Global Alternative Energy Fund**
- **Parnassus Endeavor Fund**
- **Market Vectors Environmental Services ETF**

Local/Community Investments

- **Vermont Community Loan Fund**
- **Vermont State Municipal Bonds**
- **Credit Unions**
- **Calvert Foundation – Investment Notes**
- **“Milk Money” (VSECU)**
- **CRA Qualified Investment Fund**

Green Bonds



- **Calvert Green Bond Fund**
- **Praxis Impact Bond Fund**
- **Mirova Global Green Bond Fund**
- **World Bank**

Women's Investment Funds



- **Pax World Ellevest Global Women's Index Fund.** (mutual fund)



- **SPDR SSGA Gender Diversity Fund (ETF)**

Greening Up Your Portfolio Intelligently

GENERAL INVESTMENT CONSIDERATIONS WHEN DIVESTING/REINVESTING

- **Asset Allocation**
- **Taxes**
- **Fees**
- **Dividend Income**
- **Market Environment**
- **Loss of Shareholder Voting**
- **Security Research**

Intelligent Divesting

ASSET ALLOCATION

(Your investment mix)

- **Need to maintain your agreed upon allocation – mix of stocks/bonds/large companies/mid-size and small, etc.**
- **Common error: replacing large- company energy stocks with small- company clean energy stocks – increasing risk/volatility.**

Intelligent Divesting

TAXES

- **Capital gains taxes of up to 23.8%.**
- **Determine your “Cost Basis” before selling.**
- **Consider selling on staggered basis (350.org divest commitment allows for up to 5 years).**
- **Use losses to offset gains.**

Intelligent Divesting

FEES

- **Commission charges can be 2-5% to sell and reinvest.**
- **Smaller accounts: Consider no-load mutual funds.**
- **For larger accounts consider fee-based arrangement.**
- **Idea: if under commission basis now, consider converting to fee-based account before divesting.**

Intelligent Divesting

DIVIDEND INCOME

- **If you depend on dividend income from large companies like Exxon, beware selling and replacing them with non-dividend-paying stocks.**
- **There are many SR investments that pay competitive dividends.**

Intelligent Divesting

OTHER CONSIDERATIONS

- **Market Environment**
- **Loss of Shareholder Voting**
- **Security Research**



Todd Walker

1-802-325-2200

todd@greenvest.eco

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