Socially Responsible Investing Made Easy 2017

a Practical Guide for the socially conscious investor

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Disclaimer

This text is intended to give general information about socially responsible investing (SRI). It is not intended to be a substitute for personalized advice from a Certified Financial Planner. The author makes his best effort to keep the information current and accurate; however, because of continual changes no guarantee can be made as to the accuracy of the information contained within.

Your Feedback is Greatly Appreciated

I am very interested in hearing your thoughts. Please let me know if this book has been helpful or if you have any suggestions to make it better. I welcome any comments or questions.

You can email me bill@aiofinancial.com or leave a message on Twitter (twitter.com/aiofinancial) or Facebook (facebook.com/AioFinancial).

Thank you for your interest in this topic and I hope you find this helpful.
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1.0 Introduction

"Most investors want to do today what they should have done yesterday." Larry Summers

The purpose of this book is to be a practical guide to help make SRI accessible.

This is an update from last year's eBook to include new investments that have come out and a section about structured notes.

Socially Responsible Investments provide you with the chance to vote with your investments and influence our world. Socially Responsible Investing (SRI) is a rapidly growing area of investment. It is outpacing the overall rate of general investment growth.

SRI allows individual investors the ability to have investments in line with their values. It provides another tool to address important issues. SRI provides a way to support organizations and issues while earning a competitive return. As an example, if someone is concerned about global warming or campaign finance reform, SRI is a strategy to address these issues.

Being knowledgeable about SRI allows investment advisors the ability to connect with clients and more fully meet their needs by being able to offer SRI options and discussing the trade-offs of those options. Part of the conversation with clients may be simply letting clients know what they are invested in and seeing if that is alright with them. If they are not comfortable with the companies they are invested in, an advisor can inform them of the alternatives.

This is meant to be a practical guide. The goal is to help make SRI a reasonable option. I encourage people who are interested in SRI to start investing in the many SRI options, even at a small level and grow your involvement as your knowledge grows. An investor will pay more attention to the funds’ activities and get regular updates. An SRI investor can be a part of the change they hope for in our world.

There are different degrees of SRI involvement. SRI can be as simple as using a member owned credit union instead of publicly traded banks driven by a profit motivation. It can involve investing in Calvert Community Investment Notes that support international micro-credit and provide semi-annual interest payments and returns the investment at maturity. SRI can involve investing part of the US stock portfolio in a low cost SRI index fund (0.28 expense ratio) that provides SRI screening. It can include purchasing a SRI mutual fund that is active in screening, shareholder advocacy and community investing.

This eBook focuses on investors and financial advisors. Although I will briefly address individual stocks and alternative investments, I will primarily focus on mutual funds, exchange traded funds, and community investing opportunities.
2.0 About the Author

“Fail often so you can succeed sooner.” Tom Kelley

Bill is a fee only financial advisor who works with individuals interested in SRI.

Bill Holliday is a Certified Financial Planner (CFP) and a member of National Association of Professional Financial Advisers (NAPFA). He is a founder of the fee only financial planning firm AIO Financial (www.aiofinancial.com) which specializes in Socially Responsible Investing (SRI).

Bill works with about seventy on-going clients at AIO Financial. He provides comprehensive financial service for most of them, which includes investment management, tax planning, retirement planning, insurance review, estate planning, etc. He works on an hourly basis for others. The amount of investable assets of his clients varies greatly but average about $300,000.

Bill hosts the Impact Investing podcast (aiofinancial.com/podcast-videos) about comprehensive personal financial planning issues including: socially responsible investing, alternative investments, retirement, taxes, estate plan, debt, and more.

Bill became interested in SRI when he saw the impact of micro-credit (which can be part of an SRI portfolio) in Nicaragua, when he served in the US Peace Corps from 2002 to 2004. He was profoundly moved by the impact of supporting small businesses in emerging communities. When Bill returned to the US, he spent a year living in Nogales, Sonora, Mexico to help start a micro-finance operation on the US-Mexico border to provide an alternative to illegal immigration. As designed, the organization now has an all Mexican staff and is completely sustainable.

In 2012, Bill formed a 501(c)(3) non-profit charity that supports charitable micro-credit organizations in northern Mexico called ProMex Group (www.promexgroup.org). He is the current director of ProMex Group. Bill gives talks about the impact of the project to interested groups, leads trips to visit the project in Nogales, Mexico, manages a loan fund that people can lend to in order to support this project. He is fluent in Spanish.

Bill lives in Tucson, Arizona but has clients throughout the US and travels regularly. He has a wife from Caborca, Mexico, where they spend most holidays, and two daughters.
What is Socially Responsible Investing (SRI)

"Behind every stock is a company. Find out what it's doing." Peter Lynch

SRI has many names, approaches, degrees of involvement and ways to invest.

SRI is an investment strategy which seeks to maximize both financial return and social good. It is a way to use our financial system to positively impact society. SRI allows people the ability to incorporate their values in their investment decisions.

You may also hear SRI referred to as:
- ESG Investing - Environmental, Social & Governance
- Sustainable Investing
- Ethical Investing
- Green Investing
- Double-Bottom Line Investing
- Triple-Bottom Line Investing
- Socially Conscious Investing
- Mission Investing
- Values Investing
- Responsible Investing
- Impact Investing

SRI is not the same for everyone. Everyone has their own set of values and goals.

There are many ways to develop an SRI portfolio by using:
- Individual stocks
- SRI mutual funds
- SRI exchange traded funds (ETFs)
- Community development loan fund
- Managed accounts (from asset management firms)
- Alternative investments
4.0 Growth of SRI

“If you just work on stuff that you like and you’re passionate about, you don’t have to have a master plan with how things will play out.” Mark Zuckerberg

*SRI has grown more rapidly than general investments.*

SRI has taken off over the past 20 years and is becoming mainstream. The amount invested in SRI has increased to over $6.5 trillion. Seventeen percent of all investments are SRI and it is growing more rapidly than general investments.

Some of the main reasons why SRI is more attractive, include:
- There is more availability. There are about 925 SRI funds available.
- SRI mutual fund performance has improved. Because of the increased competition and the increased size of these funds, administrative costs are lower.
- There are companies and industries people do or do not want to support and there is more information readily available than ever before.
4.1 Degrees of SRI

There is not one type of SRI portfolio. For advisors, this is a conversation to have with clients. This is a chance to find out about their values and priorities. For investors, it's helpful to know where your priorities are and what trade-offs you are willing to accept. There is no right answer. There is a questionnaire in Section 10.4 that can help with thinking about where you stand.

There are four types of investors. There are investors between these categories but, in general, they fall into these types.

1. Investors not interested in SRI, who want a diversified portfolio using very low expense ETFs or index funds. They want a diversified portfolio with broad exposure at the lowest possible cost (low expense ratio, see Section 9.3).

2. Investors who want everything SRI and a well diversified portfolio. They do not want exposure to any non-SRI holdings. Some investors do not want any ownership in any company that is not in line with their values, even if the intent of the fund is to make changes in the company. See Section 13.2.

3. Investors are interested in the idea of SRI and want some exposure but they do not want to sacrifice performance. They do
not want funds with significantly higher expenses. Mostly they are interested in SRI funds in the large US equity space and maybe a small amount in community investment notes. They are fine with ETFs for other asset classes. This is referred to as semi-SRI.

4. Investors are concerned about a specific issue, such as: climate change, helping developing economies, alternative energy, organic farming, or a religious issue. They may fall in the Category 1, 2 or 3 above but want to be sure to have some exposure (and/or lack of exposure) around a particular issue. See Section 13.1 for a Fossil Fuel Free portfolio.

4.2 Motivation for SRI

There are many reasons for SRI and many degrees of involvement within portfolios - it is not a one-size-fits-all strategy.

In addition to individual investors, others investors in SRI include: pension funds, foundations, religious institutions, non-profit institutions, and venture capitalists. There are many motivations for investing in SRI including: personal values, religious beliefs, institutional mission, and the desires of constituents or plan participants.

4.2.1 Avoiding Undesirable Companies

Some people and organizations are not comfortable investing in and supporting some companies. Here are a few companies that are part of the S&P 500, which you may want to challenge and change.
<table>
<thead>
<tr>
<th>Company</th>
<th>GICS Sub Industry</th>
<th>Company</th>
<th>GICS Sub Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon Mobil</td>
<td>Integrated Oil &amp; Gas</td>
<td>Raytheon</td>
<td>Aerospace &amp; Defense</td>
</tr>
<tr>
<td>Chevron Corp</td>
<td>Integrated Oil &amp; Gas</td>
<td>Marathon Petroleum</td>
<td>Oil &amp; gas Refining &amp; Marketing &amp; Transportation</td>
</tr>
<tr>
<td>Bank of America</td>
<td>Banks</td>
<td>Archer-Daniels-Midland</td>
<td>Agricultural Products</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>Soft Drinks</td>
<td>Hess Corp</td>
<td>Integrated Oil &amp; Gas</td>
</tr>
<tr>
<td>Philip Morris Intl</td>
<td>Tobacco</td>
<td>GE</td>
<td>Industrial Conglomerates</td>
</tr>
<tr>
<td>Pepsico</td>
<td>Soft Drinks</td>
<td>Northrop Grumman</td>
<td>Aerospace &amp; Defense</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>Hypermarkets &amp; Super Centers</td>
<td>Cabot Oil &amp; Gas</td>
<td>Oil &amp; Gas Exploration &amp; Production</td>
</tr>
<tr>
<td>McDonald's</td>
<td>Restaurants</td>
<td>Newmont Mining</td>
<td>Gold</td>
</tr>
<tr>
<td>Conoco Phillips</td>
<td>Oil &amp; Gas Exploration &amp; Production</td>
<td>Wynn Resorts Ltd</td>
<td>Casinos &amp; Gaming</td>
</tr>
<tr>
<td>Occidental Petroleum</td>
<td>Oil &amp; Gas Exploration &amp; Production</td>
<td>Murphy Oil</td>
<td>Integrated Oil &amp; Gas</td>
</tr>
<tr>
<td>AIG</td>
<td>Property &amp; Casualty Insurance</td>
<td>Transocean</td>
<td>Oil &amp; Gas Drilling</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>Diversified Financial Services</td>
<td>Freeport-McMoran</td>
<td>Diversified Metals &amp; Mining</td>
</tr>
<tr>
<td>Caterpillar</td>
<td>Construction &amp; Farm Machinery &amp; Heavy Trucks</td>
<td>Lockheed Martin</td>
<td>Aerospace &amp; Defense</td>
</tr>
<tr>
<td>Du Pont</td>
<td>Diversified Chemicals</td>
<td>Consol Energy</td>
<td>Coal &amp; Consumable Fuels</td>
</tr>
<tr>
<td>Monsanto</td>
<td>Fertilizers &amp; Agricultural Chemicals</td>
<td>Schlumberger</td>
<td>Oil &amp; Gas Equipment &amp; Services</td>
</tr>
<tr>
<td>Dow Chemical</td>
<td>Diversified Chemicals</td>
<td>Halliburton</td>
<td>Oil &amp; Gas Equipment &amp; Services</td>
</tr>
<tr>
<td>General Dynamics</td>
<td>Aerospace &amp; Defense</td>
<td>Comcast Corp</td>
<td>Broadcasting &amp; Cable TV</td>
</tr>
<tr>
<td>Citigroup Inc</td>
<td>Banks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you own an S&P 500 index fund you own these companies. If you do not own an SRI fund with any of these holdings, you are voting with management on environmental, social and governance shareholding resolutions. If that is of concern, SRI may be a good option for you. Holding these companies in an SRI fund allows change in these companies through shareholder resolutions and dialog with the companies. SRI funds will screen out and avoid many of these companies.
4.2.2 Political Tool
Most of the clients I work with are not content with the influence of corporations in our political system and are concerned about:

- the environment (in particular climate change),
- corporate political spending
- executive compensation (and the disparity between worker and executive compensation)
- military weapons (avoidance)

Many investors are frustrated about the inaction of our government on many issues. SRI can influence corporations on a broad range of issues that our government is not addressing.

Corporations (and money in general) have a great influence in our political system. A vicious cycle occurs because of that influence. Politicians increase the power of corporations that in turn fund political campaigns. Through SRI, investors can influence corporations and help break this cycle.

In 2013, 29 companies paid millions for lobbying and paid nothing in taxes. General Electric (GE) is a good example of this. In 2013, GE spent about $40 million in lobbyists and paid $0 in taxes. Lobbyists were a very good investment for GE at the expense of US taxpayers.

Again, SRI provides an opportunity to more fully meet ones needs. It is a discussion to have with investors and for investors to think about themselves.

4.2.3 Specific Issues
There are many people who are very concerned about a particular issue and are not comfortable with investments that do not support their issue. With SRI, people can vote with their investments.

Many religious groups (including the Unitarian Universalist, Catholics, and Presbyterians) are avoiding corporations that are not in line with their values and supporting industries that are.

There is currently a Sudan divestment campaign that is similar to the South African apartheid campaign of the 1970’s and 80’s. These divestments played an important role in weakening the oppressive South African government.

Many investors do not want ownership of Monsanto, which is part of the S&P 500 and part of many index funds. One issue is with their GMOs (genetically modified organisms). People would like to see labeling, independent safety studies, and protection from cross contamination.
Climate change is one of the biggest issues of our time. There are groups, such as www.350.org, that are calling for divestment in corporations involved with fossil fuels. Numerous university funds have joined the campaign.

For many, divestment in fossil fuels is not only a step towards combating climate change, it may very well be a good financial move. There may be a carbon bubble. A carbon bubble could happen because the shares of fossil fuel based companies are under the assumption that all fossil fuel reserves will be extracted and consumed. It may happen that more than half of the fossil fuels will remain underground if the world is to meet existing internationally agreed targets to avoid threshold for 'dangerous' climate change. This would dramatically reduce the value of fossil fuel based companies.
5.0 Three Major Components of SRI

“Behold the turtle, he makes progress only when he sticks his neck out.” Bruce Levin

The three components of SRI: screening, shareholder advocacy, and community investing

There are three major approaches to SRI and several ways to get involved.

Screening (Section 7) - using positive and negative filters to select investments (avoid or include investments). Positive and/or negative screening can be accomplished using:

- Individual Stocks — create a portfolio out of individual stocks and bonds or use a money manager who focuses on SRI that will set up a separate account and manage your investments. There is not an expense ratio to pay with individual stocks but there are transaction fees.

- SRI Mutual Funds — use SRI mutual funds that share similar values to screen their holdings.

- SRI ETFs (Exchange Traded Funds) — you can use SRI ETFs for part or all of your portfolio.

Shareholder Advocacy (Section 8) - shareholding involvement (as an individual, through a mutual fund, or foundation). Voting proxies for shareholder resolutions or choosing mutual funds that vote in line with your values.

- Individual Stocks — You and/or your advisor can vote your proxies.

- SRI Mutual Funds — many SRI mutual funds vote proxies and engage in corporate engagement (shareholder resolutions, letters, and corporate engagement).

Community Investing (Section 9) - providing money for people who otherwise would not have access to help close the wealth disparity. This can be as simple as using a credit union that is member owned instead of a shareholder owned bank that is driven by profit.

- Community Investment Notes — Calvert notes can be held in a brokerage account.

- CDFI Credit Unions — as simple as using a member owned credit union instead of a shareholder owned, profit driven bank for savings, checking, debit and ATM cards.
SRI Mutual Funds – some SRI mutual funds have some community investment holdings.
6.0 Screening

“If you don’t study any companies, you have the same success buying stocks as you do in a poker game if you bet without looking at your cards.” Peter Lynch

Both positive (inclusion) and negative (exclusion) screens are used in SRI funds and ETFs.

Screening is one of the three components of SRI. Screening is the process of selecting companies to invest in based on their social, environmental and governance performance.

SRI funds approach this in two ways. One is to completely divest from companies that are not in line with their values. This could be animal testing, producing weapons, bad environmental performance, or poor labor conditions. The goal would be to negatively impact a company by lowering their stock price. Another strategy is to hold shares of companies that are not in line with your values in order to engage with them and make positive changes.

The screening process is composed of two methods, positive and negative screening. Negative (avoidance) screening is excluding companies with poor ESG (Environmental, Social, Governance) records. Negative screening is the simplest SRI method. Some funds simply screen companies that participate in the production of alcohol, tobacco, weapons or gambling products, known collectively as the "sin" screens.

Positive (affirmative) screening involves selecting companies based on their industry, environmental, governance and social record. One form of positive screening is selecting the "best of class." This may include a company that is not in a favorable industry or that has had past problems but has a positive ESG performance relative to industry peers. The reason for a best in class approach is to provide diversification in the portfolio (invest in all sectors possible) and, through shareholder activism, positive changes in these companies can be made.

The ESG screening is considered along with financial performance indicators to select appropriate stock.

Divestment makes a statement and sets a positive example but it also can reduce the stock price if there is enough divestment. Lower stock prices indirectly hurt a company in several ways.

- It is damaging to a company that relies on outside financing to fund its operations.
- It reduces the amount of money that can be raised through a stock offering.
- It can increase the cost of borrowing, because banks consider share price when making lending decisions. Share price can affect the interest rate of loans. Many businesses can not survive without access to cheap capital.
- It can hurt employee retention. Many companies use stock options to attract talent. If the options are not worth anything (if the market price is lower than the option price) there is not as much of an incentive to stay with that company.
- It may impact a customer's decision to work with a corporation because they may question how long the company will last and if they can fulfill their contract or warranty.
- It can cause a change in company executives, if shareholders are not content with the stock performance.
7.0 Shareholder Advocacy

“If everything seems under control, you’re just not going fast enough.” Mario Andretti

Shareholder advocacy involves using your right as a shareholder to make changes – through individual stock or SRI mutual funds.

Shareholder activism is the second component of SRI. It involves using your rights as a shareholder (an owner of companies) to make changes and hold corporations accountable for their actions related to social, environmental, and corporate governance issues. The total number of shareholder resolutions on social, environmental and governance issues has increased to historic levels.

There are several ways a shareholder can make changes.
1. Vote of proxies. All shareholders may vote on annual meeting agenda items. If you do not attend the meeting you can vote by mail.
2. Write letters. As a shareholder (owner) you can write letters to the company. All public companies have Investor Relations Departments.
3. File resolutions. Shareholders may petition companies for annual meeting agendas when they have an investment of at least $2,000. However, companies can petition the SEC to get resolutions dismissed if they do not have significant legal support. Note that resolutions often pass with less than 30% in favor.
4. Have in-person meetings/dialogues. Meeting with company executive to discuss issues. Letters to executives and shareholder resolutions may lead to discussions with executives.
5. Divest – sell your shares. By selling your shares you release any influence in the company but divesting does send a message.

It is important to note that if investors do not vote, management has the right to vote for you. That is why shareholder resolutions can pass with such a small percentage, because many investors do not vote.

Mutual funds that do not have socially responsible objectives (such as: Fidelity, Vanguard, American Funds, Franklin Templeton, T Rowe Price, Columbia Management) have a policy to support management or abstain from voting on issues that address social, ethical, political and governance issues.
You have a voice as an owner of individual shares of stock or as an investor in an SRI mutual fund that shares your values. Another way to get involved in shareholder advocacy is through foundations, religious, environmental, political or concerned organizations.

7.1 Shareholder Advocacy Involvement by Fund
There is a cost to shareholder advocacy in mutual funds. As shown in the table below, the expense ratio is higher for funds with more shareholder advocacy. The expense ratio is discussed in Section 9.3. It is the cost of operating the fund and directly impacts the return on the investment. There is not an indicator that easily compares the effort or amount of time each fund spends on shareholder advocacy. Most fund websites have a page for their proxy voting record, communications with companies, and shareholder resolutions files. It is necessary to not only review the funds’ websites but to call each fund to determine the amount of shareholder activism.
Table 2 – Evaluation of Shareholder Advocacy (SA) Involvement of Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>SRI Hub Rating for SA</th>
<th>Letters &amp; Corporate Efforts</th>
<th>Shareholder Resolutions per year</th>
<th>Staff Dedicated to SA or ESG Research</th>
<th>Expense Ratio</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calvert US Large Core Index</td>
<td>10</td>
<td>Many</td>
<td>31 as lead</td>
<td>15</td>
<td>0.68</td>
<td>Calvert has 29 mutual funds -5 of which are index funds.</td>
</tr>
<tr>
<td>Calvert International Equity</td>
<td>10</td>
<td>Many</td>
<td>31 as lead</td>
<td>15</td>
<td>1.67</td>
<td>Large Cap Value Fund most advocacy</td>
</tr>
<tr>
<td>Domini International Social Equity</td>
<td>10</td>
<td>Many</td>
<td>7 as lead, 5 as cofiler</td>
<td>7</td>
<td>1.68</td>
<td>Consistent throughout funds</td>
</tr>
<tr>
<td>Walden Equity</td>
<td>9</td>
<td>199 with 114 companies</td>
<td>16 as lead, 7 as cofiler</td>
<td>5</td>
<td>1.09</td>
<td>Managed by Boston Trust, engages in pubic policy advocacy</td>
</tr>
<tr>
<td>Pax World Balanced</td>
<td>9</td>
<td>31 initiatives</td>
<td>6 as lead</td>
<td>4</td>
<td>0.92</td>
<td>Detailed annual sustainability reporting</td>
</tr>
<tr>
<td>Green Century Equity</td>
<td>9</td>
<td>43 initiatives, 25 letters</td>
<td>8 as lead, 5 as cofiler</td>
<td>1</td>
<td>1.25</td>
<td>Fossil fuel free. Trillium Advisors manages their Balanced Fund , engage in public policy advocacy</td>
</tr>
<tr>
<td>Portfolio 21 Global Equity</td>
<td>9</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>1.40</td>
<td>Merged with Trillium - improved shareholder advocacy</td>
</tr>
<tr>
<td>Parnassus Core Equity</td>
<td>8</td>
<td>30</td>
<td>0</td>
<td>3</td>
<td>0.87</td>
<td>Focus on ESG disclosure</td>
</tr>
<tr>
<td>Parnassus Small-Cap</td>
<td>8</td>
<td>30</td>
<td>0</td>
<td>3</td>
<td>1.20</td>
<td>Heavy in small cap corporate engagement</td>
</tr>
<tr>
<td>Appleseed</td>
<td>7</td>
<td>Many</td>
<td>1 as lead</td>
<td>1</td>
<td>1.39</td>
<td>Small firm - they manage one mutual fund that holds 25 stocks</td>
</tr>
<tr>
<td>Praxis Value Index</td>
<td>5</td>
<td>13</td>
<td>0</td>
<td>2</td>
<td>0.87</td>
<td>Mennonite principles, work with IICR.org, use MSCI ESG analytics for research</td>
</tr>
<tr>
<td>Sentinel Sustainable Core</td>
<td>4</td>
<td>Many</td>
<td>0</td>
<td>2</td>
<td>1.24</td>
<td>Two SRI funds, corporate engagement and proxy voting</td>
</tr>
<tr>
<td>Neuberger Berman Socially Responsive</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0.85</td>
<td>Some corporate engagement and vote proxies - one SRI fund of all that they manage</td>
</tr>
<tr>
<td>Ariel Focus Investor</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.37</td>
<td>No proxy voting. Does not invest in tobacco or manufacturers of handguns - only filter</td>
</tr>
<tr>
<td>Vanguard FTSE Social Index</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.25</td>
<td>No proxy voting. Unmanaged index. DSI and KLD are two other SRI ETFs with low expense ratios and no shareholder advocacy.</td>
</tr>
</tbody>
</table>
7.2 Major Initiatives
The following are some major shareholder initiatives during that past few years.

- Political Contributions
- Climate Change
- Equal Employment
- Animal Welfare
- Military and Weapons Production
- Environmental management/reporting
- Global labor standards

**Corporate Political Spending**
Corporate political contributions play a large part in our political system. In 2008, the politician who spent the most won 94% of the house seats and 73% of the senate seats. Shareholder support for transparency and accountability for corporate political spending has steadily grown. This is consistently among the top social shareholders resolution. Due in part to shareholder pressure, thirty-five of the S&P 100 companies have agreed to disclose and require oversight of their political spending with corporate funds (including AT&T and Verizon).

**Climate Change**
Resolutions related to climate change were the second most common social shareholder resolutions. Last year, there were 43 climate related resolutions filed by state/city pension funds and other institutional investors. With pressure from socially responsible mutual funds, 19 firms agreed to report on their sustainability initiatives. American Electric Power received a resolution asking it to consider the economic risk of carbon dioxide and other emissions. After receiving 27% support of the shares voted, they formed a subcommittee of its board on climate change.

**Executive Compensation**
A coalition on institutional and individual investors with combined assets of more than $1 trillion joined to urge companies to adopt an advisory vote on executive compensation. This provided a channel for shareholders to express their concerns to corporate boards about huge pay packages that seemed unrelated to financial performance. Companies included: Aflac, HR Block, Verizon, Pfizer – but there are many to go.

**Equal Employment**
In recent years, shareholders have been able to pressure dozens of companies to expand their non-discrimination policies to include discrimination based on sexual orientation.
8.0 Community Investments

“The developing world is full of entrepreneurs and visionaries, who with access to education, equity and credit would play a key role in developing the economic situations in their countries.” - Muhammad Yunus

Community investing provides financial services to communities that lack these services at the same time you earn interest on your investment.

Community investing, or impact investing, provides financial services for low-income communities that lack access to these services. By providing access to credit and a safe, inexpensive place for savings, this approach helps people help themselves.

8.1 Community Development Financial Institution (CDFI) Structures

There are many opportunities and many levels of involvement within community investing.

1. The simplest way to participate is to invest in a Credit Union or Bank that focus on community developments. They can be found at the Opportunity Finance Network, Community Development Bankers Association, or members of USSIF.

Examples of CDFI banks and credit unions include:
- Self-Help Credit Union,
- Hope Community Credit Union
- City First Bank of DC

These CDFI banks and credit unions operate like a normal bank, offering savings accounts, checking accounts, CDs, and money markets. The bank accounts and CDs are FDIC insured up to $250,000 per person and the credit unions have NCUA insurance to the same limits.

2. Invest in a large diversified pooled CDFI loan fund. The loan fund in turn lends out to micro-finance institutions or to community projects. Examples include:
- Calvert Foundation - creating affordable housing, promoting education, protecting the environment, and creating numerous other impacts.
- Accion - our vision is to build a financially inclusive world – one in which every individual has access to high-quality, affordable financial services
- Oikocredit - lends the money to cooperatives and microenterprise programs in developing countries.
These offer unsecured notes that lend to a wide variety of micro-finance organizations throughout the world. They are more secure than directly lending to an individual micro-finance organization because this is a diversified pool. This has the benefit of Calvert or Accion's review and oversight as well. The Calvert Foundation notes can be held at many brokerage houses (the CUSIP is on their website). These notes work like a bond or CD. They have a maturity date and they pay interest every 6 months. They have a $1,000 minimum and the minimum duration is 1 year. These are not liquid, so only use money you know you will not need during the investment period. You can specify where the funds go.

3. Lend directly to CDFI finance institutions that focus on loans in a region. This can be very rewarding because you get updates and feedback from the organization making the loans and working with the people you want to help. Many of these organizations offer visits to the projects where they work. There is more risk, especially for smaller organizations working in a small geographical area. A natural or political disruption could devastate an organization. Here are some examples:
   - RSF Social Finance - diversified, direct loan fund comprised of over 80 US non-profit organizations and for-profit social enterprises.
   - Boston Community Capital - has invested in low-income communities primarily in Boston, creating affordable housing, quality jobs, child care, youth programs, and community services.
   - ProMujer - providing women in Latin America with vital financial, health, and human development services that are typically out of reach, but essential to breaking the cycle of poverty.
   - Shared Interest - uses their loan fund as collateral to allow black-owned small and growing businesses and smallholder farmers, microfinance and affordable housing organizations serving low-income black Southern Africans.
   - Envest Microfinance Cooperative - reducing poverty by using microfinance in Central and South America.

As with the diversified pooled funds, they are unsecured and have a maturity date and interest rate. Some require that the investors be accredited. There are some restrictions on which states allow investors into these funds. Some have minimum investment amounts as well. As with the pooled funds, there is no secondary market so only use money you do not need until the maturity date.

8.2 Community Investment Returns
The following is a list of some CDFI investments and their returns.
Table 3 – Community Investment Options and Returns (as of 12/24/2015)

<table>
<thead>
<tr>
<th>Investment</th>
<th>Money Market</th>
<th>1 year note</th>
<th>2 yr note</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan Chase (non-SRI example)</td>
<td></td>
<td>0.03%</td>
<td>0.02%</td>
<td>0.25%&lt;sup&gt;1&lt;/sup&gt; An example for comparison</td>
</tr>
<tr>
<td>Self Help Credit Union</td>
<td>0.40%</td>
<td>0.80%</td>
<td>1.00%</td>
<td>NCUA insured.</td>
</tr>
<tr>
<td>Hope Community Credit Union</td>
<td>0.25%</td>
<td>0.40%</td>
<td>0.65%</td>
<td>NCUA insured.</td>
</tr>
<tr>
<td>City First Bank of DC</td>
<td>0.15%</td>
<td>0.40%</td>
<td>0.50%&lt;sup&gt;1&lt;/sup&gt; FDIC insured. Founded to serve non-profits and low income</td>
<td></td>
</tr>
<tr>
<td>Calvert Foundation Notes</td>
<td>-</td>
<td>0.50%</td>
<td>0.75%&lt;sup&gt;2&lt;/sup&gt; Can be held at many brokerage houses</td>
<td></td>
</tr>
<tr>
<td>RSF Social Finance</td>
<td>0.25%</td>
<td>0.56%</td>
<td>0.83%&lt;sup&gt;3&lt;/sup&gt; $1k minimum, 3 month investment term</td>
<td></td>
</tr>
<tr>
<td>Oikocredit</td>
<td>-</td>
<td>2.0%</td>
<td>2.0%</td>
<td>For accredited investors, $250 minimum, 1 year minimum, uninsured</td>
</tr>
<tr>
<td>FINCA Microfinance</td>
<td>-</td>
<td>5.0%</td>
<td>5.0%</td>
<td>For accredited investors, $2k minimum, 1 year minimum, uninsured</td>
</tr>
<tr>
<td>Shared Interest</td>
<td>-</td>
<td>-</td>
<td>2.0%</td>
<td>For accredited investors, $3k minimum, 3 year minimum, uninsured</td>
</tr>
<tr>
<td>WCCN – Working Capital for Community Needs</td>
<td>-</td>
<td>-</td>
<td>3.0%</td>
<td>For accredited investors, $2k minimum, 2 year minimum, uninsured</td>
</tr>
<tr>
<td>SosteNica</td>
<td>-</td>
<td>-</td>
<td>4.0%</td>
<td>For accredited investors, $5k minimum, 2 year minimum, uninsured</td>
</tr>
<tr>
<td>Envest Microfinance Cooperative</td>
<td>-</td>
<td>-</td>
<td>6.0%</td>
<td>For accredited investors, help with Envest, $25k minimum, 2 year minimum, uninsured</td>
</tr>
</tbody>
</table>

<sup>1</sup> Return based on a $10k-25k investment
<sup>2</sup> Offer a 1, 3, 5, 7, 10 year note - 2 year rate is extrapolated.
<sup>3</sup> 5 year return

An accredited investor is someone who has a net worth of at least one million US dollars, not including the value of their primary residence or they have an income of at least $200,000 each year for the last two years (or $300,000 together with their spouse if married) and have the expectation to make the same amount this year.
8.3 Micro-Credit

“Microcredit has shown how you can reach out to people that conventional banking cannot. It has demonstrated that it's a doable proposition.” - Muhammad Yunus

Modern microfinance is a strategy popularized by Mohammad Yunus from his work in Bangladesh and his earning the 2006 Nobel Peace Prize. This approach is a way to improve the lives of the very poor and help move them out of extreme poverty. The general strategy is to form borrowing groups (or village banks) of 10 to 20 people. Everyone in the group receives a small loan that they need to repay plus interest. There are no guarantees for the loans, just the solidarity of the group. If one person can not pay, others in the group need to help cover the loan. If everyone repays, everyone in the group can get a larger loan. Groups generally meet every two to four weeks to make a payment and support each other.

Since 2006 hundreds of new microfinance programs have emerged throughout the world (including in the US). The interest from the loans covers the operating expenses, making these programs sustainable and even profitable. Some have government support, others are non-profit organizations and some are for-profit corporations. There are groups that specifically lend to women, artisans, renewable energy projects, or farmers. Some do not directly lend to people but their loan fund is a guarantee for bank loans for which people or groups would otherwise not qualify. Many micro-lending organizations work in combination with other community development projects, such as: medical care, business classes, and water treatment.

Early on the effectiveness was based primarily on individual successes. There was a backlash where the ineffectiveness was based on individual failures. More recently there have been numerous randomized studies that have evaluated the impact of micro-finance by comparing groups receiving support with control groups. These studies have shown that overall micro-finance does improve lives but not to the extent first claimed. It is not a silver bullet that will end poverty, but providing access to financial services (such as loans and savings) does help. They found that:

- Savings is a more effective tool then borrowing (it is hard to have problems from over saving but over borrowing can be harmful)
- People with existing businesses and experience with credit benefit more from loans than others
- Micro-lending is more beneficial if payment terms are flexible (people can pay off loans earlier without penalty)
- There is a grace period from the time the loan is received to the time the first payment is due
- The lower the interest being charged, the better it is for the borrower
- Some basic business education can be helpful for borrowers

Many of these randomized studies have been conducted through the Poverty Action Lab (J-PAL). J-PAL was started in 2003 at the Economics Department of MIT. People who lend to micro-finance organizations do have a voice in how the operation is conducted. Better micro-finance institutions will provide a bigger impact.
8.4 Alternative Investments

Alternative investments (discussed further in Section 12.0) can provide a way to lend to socially responsible projects. They are generally illiquid investments. You invest, receive regular payments and you receive your principle back when there is a liquidation event, such as the fund going public. The investment may last for 3 to 7 years (or more). The time period is not fixed, so you should only invest money that you know you will not need for a long period of time. Many require that you have a certain income or amount of investable assets.

Because of their structure, including that they are not traded on the open market, they are not very correlated to the movements in the stock and bond markets. Meaning that even if bonds and stocks lose value, an alternative investment may still hold its value. They are influenced by different factors.

Four SRI alternative investments are:

- [Greenbacker Renewable Energy Company](#)
- [TriLinc Global](#)
- [SQN Capital](#)
- [Iroquois Valley Farms](#)
9.0 Evaluating Investments

“If I'd only followed CNBC's advice, I'd have a million dollars today. Provided I'd started with a hundred million dollars.” John Stewart

There are two main classes of investments - fixed investments and equity investments. Fixed investments are lending, such as:

- CDs (lending to banks)
- Bonds (lending to companies)
- Treasuries (lending to governments)

Fixed investments pay an agreed upon interest and if the entity is in business at maturity it returns your investment. In general, the upside is limited to the promised interest. Bond funds (mutual funds or ETFs) will fluctuate based on what the interest rate does. If the interest rate goes up the value of the bond fund will go down. The longer the length of the holdings of the fund, the more the interest rates affect the value.

Equities generally consist of owning stocks. Stocks generate money by paying dividends and by changing in value. There is no upside limit nor downside limit.

9.1 No Load Funds

*Be aware of how much you are paying in fees and minimize them as much as possible.*

If you are working with a commission or fee-based financial advisor or a broker, you typically pay a sales charge or commission when you buy and/or sell mutual funds. The charge goes to the advisor for selling you the fund. These fees are called loads. In addition, a load fund usually has a 12b-1 fee that is paid on an ongoing basis to the advisor for keeping their clients in these funds. The 12b-1 fee is considered an operational expense and is included in a fund's expense ratio. It is generally between 0.25-1% of a fund's net assets. The fee gets its name from a section in the Investment Company Act of 1940.

There are four main mutual fund classes:

- **A-shares** – normally have a front-end sales charge paid to the advisor/broker at the time of the initial purchase. This class has the lowest 12b-1 ongoing charge. Front-end loads reduce the amount of your investment. For example, if you have $10,000 to invest in a mutual fund with a 5% front-end load. The $500 sales load you must pay comes off the top and goes to the broker (and the broker's company) who sold you the fund, and the remaining $9,500 will be invested in the fund. The Maximum sales load is 8 1/2%.
B-shares - have back-end sales charges paid when selling the shares within a specified number of years. The ongoing 12b-1 fee is larger than A-shares. Back-end loads start with a fee about 5 to 6 percent, which incrementally discounts for each year that the investors own the fund’s shares. The rate at which the fee declines is disclosed in the prospectus. B shares have higher annual expense charges. Hence, even though the back-end load decreases with them, the investor is paying a higher annual fee (reducing their investment return) each year.

C-shares - do not have a front-end or back-end fees. However, Class C shares have the highest 12b-1 ongoing expense charges – this directly reduces the return you receive on your investments.

No Load – no load funds do not have any sales charge when buying or selling and there is no ongoing 12b-1 expense.

In addition to loads, there may be transaction fees. When you buy or sell a stock or ETF you generally pay a fee. At a discount brokerage house (like Charles Schwab, TD Ameritrade, ETrade, Scottrade, etc), the fees are less then $10 per trade. If the ETF is on their no transaction fee list, there is no cost. If you are using a broker, fees to buy and sell stocks and ETFs could easily exceed $100 per trade.

Brokerage houses have a list of transaction free mutual funds. If you do not use that list there is generally a trading cost of up to $50 per trade. This can be significant.

Ask what the charge will be before you trade. These fees can significantly reduce your overall return on investments.

9.2 Mutual Fund vs ETF
An exchange-traded fund (ETF) is a basket of securities created to track as closely as possible a particular market index, such as the Standard & Poor’s 500 Index or the Dow Jones Industrial Average. They are similar to mutual funds in that they represent investments in the same types of securities, but they generally have lower fees and can be bought and sold with more pricing immediacy than mutual funds. They have some tax advantages over a fund that buys and sells often and generates capital gains for their investors.

Mutual funds trade at the end of each day. ETFs trade like stocks, during the trading day. That is not that important to long-term investors who buy and hold. ETFs generally have lower expense ratios because they are not being actively managed.

ETFs must, however, be bought and sold through brokers, and those trades may involve transaction costs. ETFs may prove to be more expensive than mutual funds to investors who add money each month to their portfolio.
9.3 Expense Ratio
There is an operating cost for mutual funds and ETFs. It is the costs from an investment company to operate a mutual fund. It includes the manager’s fees, administrative costs, compliance, trading costs, 12b-1 fees paid to brokers and advertising. The expense ratio is a percentage that directly lowers the return to a fund's investors. If a fund’s assets grew 10% during a particular year and the expense ratio is 1%, the investor would receive a 9% return on their investment. If the fund lost 5% during a year and had a 1% expense, the investor would lose 6%.

The expense ratio is a very critical number when comparing investments. Over years a percent or even fraction of a percent can add up and make a big difference. In general, small cap funds and international funds have higher expense ratios than large US stock funds.

Studies have shown that, over the long run, it is very difficult to outperform low cost index funds. Markets are efficient, meaning that the prices are based on publicly available information. Stocks outperform when performance is better than the expected results. A manager may be able to guess what sector is going to outperform the market in the short term, but over time it is not possible to consistently outguess the market.

9.4 Performance and Ratings
In evaluating funds, focus on the expense ratio and compare performance with the sector index.

Good performance of a portfolio is the ultimate goal, but be careful about chasing good returns. It can be tempting to look at your holding and buy more of what has done well and sell what has not done as well. It is also tempting to evaluate the options in an asset class and buy the best performers over the last year.

While performance is one indicator to look at there is another that is easy to overemphasize - the MorningStar five star system. It is one piece of information to look at but it is not a perfect tool. The star system compares the return of the fund with its closest index and looks at how the volatility compares. This can be a good tool when looking at ETFs or index funds that strictly follow indexes but many mutual funds do not purely follow an index. They may be compared to a US large cap index (such as the S&P500) but they may have 20% foreign holdings and 30% mid and small cap holdings. Hence, it is not a good comparison.
10.0 Steps to SRI

*Before starting SRI, it is important to evaluate when you will need this investment money, your risk tolerance, generate an investment policy, then determine what SRIIs are appropriate for which asset classes.*

It is important to understand your financial situation before deciding what SRI asset to purchase. You should have an understanding of when you will need this money, consider tax implications, risk tolerance, and investment policy.

10.1 Liquidity Needs

A prudent reserve of about 3-6 months of living expenses is recommended. It should be invested in very short term non-volatile holdings such as money market or a short term bond fund. The idea is to have money available if something were to happen so you would not need to use high interest credit cards. For example, if you were in an accident and needed to cover expenses without income for a while or if you need major home repair, the prudent reserve is there to cover deductibles and other needs. For some people with adequate insurance and low deductibles, this can be on the lower end of the range. For many self employed people without significant insurance, it may be advisable to exceed the recommended range. So I review a client’s insurance coverage, make recommendations and help them determine how much reserve they need and where it should be held.

You should have an understanding of your long term spending plan (even a rough idea). A different investment model (or balance of assets) for each time period that investments will be used. For funds that are needed within the next two years, a very conservative portfolio may be recommended. For investments needed between two and five years, a moderate portfolio may be used. More aggressive portfolios may be used for investments not needed for more than five years.

10.2 Risk Tolerance

“If you have trouble imagining a 20% loss in the stock market, you shouldn’t be in stocks.” John Bogle

It is important to know how much volatility you can handle. What you do not want to happen is that when the market goes down (which it inevitably will) you get nervous and sell your holdings at a low point and when the market is high, you get excited and buy into an inflated market.

A study was conducted (DALBAR) that calculated what the average investor actually earned over the past 20 years. If the average investor started with $100,000 in an investment account 20 years ago and earned what the S&P 500 earned (7.8%), the account value would have been $1,043,427 (this assumes no taxes or fees). The average investor earned only 3.5%/year over that time
period or $479,744 in total (no taxes or fees). One problematic tendency of the average investor is that they tend to buy high and sell low.

The following are some example risk tolerance questions. The goal is to get you to start thinking about how much risk you can comfortably take. Be as honest as possible. It is not a problem if you do not want much exposure to risk. This is an important step in determining what type of portfolio will best meet your needs:

1. When do you expect to begin withdrawing money from this investment account?
   - Immediately (0 pts)
   - 1-5 years (3 pts)
   - 6-10 years (6 pts)
   - >11 years (8 pts)
   - only as required (10 pts)

2. How long do you expect withdrawals to last?
   - <1 year (0 pts)
   - 1-5 years (3 pts)
   - 6-10 years (6 pts)
   - >11 years (8 pts)
   - over lifetime (10 pts)

3. I will stay with my investment plan despite significant short-term losses in the value of my account if it will increase the likelihood of achieving higher long-term investment gains.
   - Strongly Disagree (0 pts)
   - Disagree (3 pts)
   - Agree (7 pts)
   - Strongly Agree (10 pts)

4. Choose the most appropriate statement for you.
   - I want investments that provide consistent, but most likely lower returns year-to-year. I want a low level of risk. (0 pts)
   - I don’t mind periodic fluctuations in the value of my investments, but I would prefer to avoid investments that could generate big losses over time. (5 pts)
   - I would accept investments that frequently lose value in exchange for a chance to earn higher average returns over time. (10 pts)

5. Choose the most appropriate statement for you.
   - I am not comfortable with losses. I would rather earn lower returns than lose money. (0 pts)
   - I am willing to accept lower returns in order to keep my investments stable. (3 pts)
   - I am fine with middle-of-the-road returns because I would prefer not to see my investments decline too often. (5 pts)
   - I can handle declines in my investments a few times each year. (7 pts)
   - I am not concerned with frequent and sometimes large market drops. (10 pts)

6. During market declines, I tend to sell portions of my riskier assets and invest the money in safer assets.
   - Strongly Agree (0 pts)
   - Agree (3 pts)
   - Disagree (7 pts)
   - Strongly Disagree (10 pts)
For this example set of questions, add up your points to determine what type of portfolio is appropriate for you. Below are simplified categories.

- Low Risk 0-20
- Moderate Risk 20-40
- High Risk 40-60

Based on your timing of liquidity needs and your risk tolerance, you can start to develop an asset allocation that meets your needs.

10.3 Diversification

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas."

Paul Samuelson

I recommend establishing an investment policy. By investment policy I mean establish target percentages that you want to have in each of the major asset classes. The goal is to have a diversified portfolio and to have a target that you can rebalance to.

Diversification is not a tool to boost performance rather it is used to reduce risk. By picking a variety of groups of investments, you can limit your losses and reduce the fluctuations of investment returns without sacrificing too much in potential gain.

Diversification looks at picking asset classes that are not perfectly correlated. Correlation is a measure of how much the returns of two investments move together, up or down. When you put assets that have low correlations together in a portfolio, you may be able to get more return while taking on the same level of risk, or the same returns with less risk.

A diversified portfolio should be diversified between asset classes and within asset classes. Another important aspect of building a well-diversified portfolio is that you try to stay diversified within each type of investment. For example, within US stocks, to be diversified you should have stock of companies that have different sizes and represent a variety of industries.

Rebalancing is bringing your portfolio back to your original asset allocation mix. This is necessary because over time some of your investments may become out of alignment with your investment goals. You'll find that some of your investments will grow faster than others. By rebalancing, you'll ensure that your portfolio does not overemphasize one or more asset categories, and you'll return your portfolio to a comfortable level of risk.

Shifting money away from an asset category when it is doing well in favor an asset category that is doing poorly may not be easy, but it can be a wise move. By cutting back on the current "winners" and adding more of the current so-called "losers," rebalancing forces you to buy low and sell high.
The following are three investment policy distributions.

Table 4 – Example Asset Allocations for Various Risk Tolerances and Time Horizons

<table>
<thead>
<tr>
<th>Broad Type of Asset</th>
<th>Asset Class</th>
<th>Example Asset Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1. Low Risk, Short Time Horizon</td>
</tr>
<tr>
<td>Fixed</td>
<td>US Treasuries, CDs, Individual Bonds, Community Investment Notes, Money Market, Income Enhances CDs</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>Short Term Bond Funds</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Intermediate Term Bond Funds</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Long Term Bond Funds</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Inflation Protected Treasuries</td>
<td>0%</td>
</tr>
<tr>
<td>Equities Stock</td>
<td>US Large Cap Value Stock</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>US Large Cap Core Stock</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>US Large Cap Growth Stock</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>US Mid Cap Stock</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>US Small Cap Stock</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Developed Foreign Stock</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Diversified Emerging Market Stock</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>2 year Buffered Notes</td>
<td>5%</td>
</tr>
<tr>
<td>Alternative</td>
<td>Alternative Investment</td>
<td>0%</td>
</tr>
</tbody>
</table>
10.4 SRI Questionnaire

The following are some questions to consider when identifying what SRI funds would be best for you.

- Is a good rate of return the most important factor for your investments?
- Would you like your investments be used in a way that furthers your personal values/beliefs?
- Are you willing to invest in funds with higher expense ratios, if you know that they are in-line with your personal values/beliefs?
- Are you willing to invest in companies that are not in-line with your personal values/beliefs if there is an intention to improve the company’s behavior/policies?
- Are you concerned with domestic (USA) issues more than issues abroad?

The following are some issues to Rank by importance (1 = highest importance) the following SRI/ESG investment areas - you can leave areas blank if they are not important to you.

- _____ climate / clean technology (solar energy, hybrid technology, etc)
- _____ environmental / ecological causes (forestry initiatives, clean water, etc)
- _____ community investing and development (affordable housing, urban development, etc)
- _____ microfinancing (providing funds to people and projects that can not receive traditional financing)
- _____ corporate social responsibility (executive compensation, independent board of directors, etc)
- _____ humanitarian causes (medical assistance in poverty stricken areas, child labor, etc)
- _____ women’s issues (domestic violence, fair compensation, etc)
- _____ workers’ rights (diversity, equal employment, etc)

Mark the areas that you prefer NOT to invest in companies who manufacture, provide, or practice any of the following:

- _____ alcohol
- _____ animal testing / mistreatment
- _____ defense / weapons
- _____ gambling
- _____ pharmaceuticals
- _____ tobacco products
- _____ fossil fuel exploration or extraction

Other (please specify): ____________________________
11.0 Examples of Mutual Fund-ETF Investments and Performance

*SRI funds are not customized for each investor. The SRI screens can improve performance at certain times – such as when fossil fuel profits are low.*

SRI mutual funds and ETFs are not customized for each investor. There is some general screening for the majority of the SRI funds. Generally, they avoid companies involved in alcohol, tobacco, gambling, weapons, fossil fuel production, and/or the military. You may not have any objection with some of these businesses (alcohol for example) but most of the SRI funds will exclude alcohol.

In general, the expense ratio of an SRI fund is higher than that of a non-SRI fund. There is additional screening that is an expense. These funds compared to large index funds do not have the scale to spread out the expenses to keep them down. SRI funds that are involved with shareholder advocacy incur additional expenses that index funds do not have.

One area where SRI funds are generally underexposed compared to a broad index is businesses working with fossil fuels. When fossil fuel companies are doing poorly (as they are right now – 11/2014), SRI funds tend to outperform a broad index. When fossil fuel prices are higher and those companies are doing well, SRI funds may underperform.

In [Section 13.1](#), I discuss a carbon bubble, which would be an argument that avoiding fossil fuels is a good financial strategy.

There are SRI funds that focus on companies that provide a good work environment (such as Parnassus Workplace). They argue that this screening will provide better long term returns. The same can be said of other SRI filters – investing in responsible companies in the long run is a good financial filter.

To come up with a Total SRI Hub Rating (on a scale of 0 to 10), I am using a combination of performance, expense, screening and shareholder advocacy. They are not weighted equally. I am emphasizing them in this order: shareholder advocacy, performance, expense, then screening. I look to see if they are members of USSIF and signers of the [Principles for Responsible Investment](https://www.principlesforresponsibleinvestment.org) (PRI). PRI has a long questionnaire for each signer that also tells about their commitment to SRI.

Some funds completely avoid companies that may not be considered responsible. Some funds invest in them and work to make changes in those companies. Some funds invest in the best company within an industry that may not be desirable.
11.1 US Large Cap Growth

Large cap refers to the market capitalization (number of shares times value of each share). These companies have a market capitalization of over $8 billion. Large-growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries. Category Index: Russell 1000 Growth

Table 5 – Evaluation of US Large Cap Growth Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr annized</th>
<th>Expense Ratio</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 1000 Growth</td>
<td></td>
<td></td>
<td>7.1%</td>
<td>14.5%</td>
<td></td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Calvert Equity</td>
<td>CSIEX</td>
<td>8</td>
<td>1.3%</td>
<td>12.2%</td>
<td>1.1%</td>
<td>10</td>
<td>Calvert Index (CGJAX) has an expense ratio of 0.6 but less than 1 yr history</td>
</tr>
<tr>
<td>Green Century Equity</td>
<td>GCEQX</td>
<td>8</td>
<td>7.6%</td>
<td>13.2%</td>
<td>1.3%</td>
<td>9</td>
<td>Fossil fuel free. Use MSCI KLD 400 Index minus fossil fuels. Top 5 Holdings: Procter &amp; Gamble, Verizon, IBM, Merck, Intel</td>
</tr>
<tr>
<td>Walden Equity</td>
<td>WSEFX</td>
<td>8</td>
<td>10.7%</td>
<td>12.1%</td>
<td>1.1%</td>
<td>9</td>
<td>Top 5 Holdings: Nike, Microsoft, Apple, Pepsi, Conoco Phillips</td>
</tr>
<tr>
<td>Parnassus</td>
<td>PARNX</td>
<td>6</td>
<td>12.2%</td>
<td>17.2%</td>
<td>0.9%</td>
<td>8</td>
<td>Top 5 Holdings: Applied Materials, Ciena Corp, Qualcomm, Whole Foods, IBM</td>
</tr>
<tr>
<td>Vanguard FTSE Social Index</td>
<td>VFTSX</td>
<td>5</td>
<td>9.2%</td>
<td>15.8%</td>
<td>0.3%</td>
<td>0</td>
<td>ESG screening, FTSE4Good US Select Index - low expense ratio. Top 5 Holdings: Johnson &amp; Johnson, Wells Fargo, Procter &amp; Gamble, JPMorgan Chase, Pfizer</td>
</tr>
<tr>
<td>Neuberger Berman Socially Rspns</td>
<td>NBSRX</td>
<td>3</td>
<td>9.2%</td>
<td>13.2%</td>
<td>0.9%</td>
<td>3</td>
<td>Top 5 Holdings: Newell Rubbermaid, Texas Instruments, American Express, TJX Companies, Danaher Corp</td>
</tr>
</tbody>
</table>

This is the most competitive asset class with the most options which makes the expense ratios lower. The Total SRI Hub rating is very subjective. If you are interested in lower expenses and shareholder advocacy is not that important, Vanguard FTSE Social Index may be a good fit. If you do want significant shareholder advocacy, Calvert, Green Century and Walden all have good offerings.

Vanguard FTSE Social Index is a good low expense ratio option but there is no shareholder advocacy component. It is made up
of 371 individual stocks. While the ESG screening does eliminate many big offenders, the holdings include: JP Morgan Chase, Bank of America, Occidental Petroleum and Marathon Oil. The fund is lighter in the Energy Sector – 4.35% versus 6.66% for the category average. The Financial and Healthcare sectors are overweighted.

Calvert Equity is a fund that is active with shareholder advocacy with 54 stock holdings. The ESG screening is fairly thorough but it does hold some companies like Coca-Cola, Cameron International (oil) and McDonalds that might not be acceptable to everyone. With a fund that is active in shareholder advocacy having these holdings is not necessarily bad if the fund is working on making positive changes at these companies.

Parnassus has a relatively low expense ratio with some shareholder advocacy. This is a nice middle of the road choice.

11.2 US Large Cap Value
Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). Category Index: Russell 1000 Value

Table 6 – Evaluation of US Large Cap Value Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr annized</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 1000 Value</td>
<td></td>
<td>17.3</td>
<td>14.8%</td>
<td>14.8%</td>
<td>Category index</td>
<td></td>
</tr>
<tr>
<td>Calvert US Large Cap Value Index</td>
<td>CFJAX</td>
<td>8</td>
<td>15.8%</td>
<td>0.6%</td>
<td>10</td>
<td>Low expense ratio. Has been active for less than 1 year</td>
</tr>
<tr>
<td>Ariel Focus Investor</td>
<td>ARFFX</td>
<td>0</td>
<td>20.1%</td>
<td>11.8%</td>
<td>0</td>
<td>Mutual fund that avoids tobacco and handguns. Top 5 Holdings: Stanley black &amp; Decker, Lockheed Martin, IBM, National Oilwell Varco, Western Union</td>
</tr>
</tbody>
</table>

The Large Cap Value class is primarily filled with companies in the finance, real estate, and energy sectors. It is hard to be involved in this sector without significant shareholder advocacy involvement.

Ariel Focus only eliminates tobacco and handguns from its holdings. The expense is very high considering it does not participate in shareholder advocacy.
11.3 US Large Cap Blend

Large-blend portfolios are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries, and owing to their broad exposure, the portfolios’ returns are often similar to those of the S&P 500 Index. Category Index: Russell 1000

Table 7 – Evaluation of US Large Cap Blend Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr annizd</th>
<th>Expense Ratio</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 1000</td>
<td></td>
<td>12.1% 14.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Calvert Large Cap Core Index</td>
<td>CSXAX</td>
<td>9</td>
<td>9.4% 14.7%</td>
<td>0.7%</td>
<td>10</td>
<td></td>
<td>Top 5 Holdings: Apple, Alphabet, GE, Microsoft, Johnson &amp; Johnson</td>
</tr>
<tr>
<td>Domini Impact Equity</td>
<td>DSEPX</td>
<td>7</td>
<td>10.0% 11.7%</td>
<td>1.4%</td>
<td>10</td>
<td></td>
<td>Expenses high, but active with shareholder advocacy and the performance good. Top 5 Holdings: Microsoft, Eli Lilly, Apache Corp, Apple, Kroger</td>
</tr>
<tr>
<td>Parnassus Core Equity Investor</td>
<td>PRBLX</td>
<td>7</td>
<td>9.2% 14.2%</td>
<td>0.9%</td>
<td>8</td>
<td></td>
<td>Reasonable expense, good 5 yr return, but not as active with shareholder advocacy. Top 5 Holdings: Allergan, Apple, Motorola, Pentair, Applied Materials</td>
</tr>
<tr>
<td>iShares MSCI KLD 400 Social</td>
<td>DSI</td>
<td>4</td>
<td>9.3% 13.7%</td>
<td>0.5%</td>
<td>0</td>
<td></td>
<td>Screened for positive ESG. Has 400 stock holdings, 99% US. iShares MSCI USA ESG Select (KLD) is similar option (has 400 US stock holdings).</td>
</tr>
<tr>
<td>Sentinel Sustainable Core Opp</td>
<td>MYPVX</td>
<td>4</td>
<td>8.6% 12.4%</td>
<td>1.2%</td>
<td>4</td>
<td></td>
<td>Relatively poor return, high expense, less shareholder advocacy. Top 5 Holdings: Microsoft, PepsiCo, Johnson &amp; Johnson, Wells Fargo, Procter &amp; Gamble</td>
</tr>
</tbody>
</table>

11.4 US Mid Cap

The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle of the road profile. Most shy away from high priced growth stocks but aren't so price conscious that they land in value territory. The U.S. mid-cap range for market capitalization typically falls between $1 billion and $8 billion and represents 20% of the total capitalization of the U.S. equity market. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. Category Index: S&P Mid Cap 400
Table 8 – Evaluation of US Mid Cap Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance</th>
<th>Expense Ratio</th>
<th>SRI Hub SHAREHOLDER Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P MidCap 400</td>
<td></td>
<td>20.7%</td>
<td>15.3%</td>
<td></td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Parnassus Mid-Cap</td>
<td>PARMX</td>
<td>8</td>
<td>14.9%</td>
<td>14.3%</td>
<td>1.2%</td>
<td>8</td>
</tr>
<tr>
<td>Calvert MidCap</td>
<td>CMJAX</td>
<td>8</td>
<td>14.0%</td>
<td>0.6%</td>
<td>10</td>
<td>Just started – very short history</td>
</tr>
<tr>
<td>Walden Midcap</td>
<td>WAMFX</td>
<td>8</td>
<td>11.0%</td>
<td>12.1%</td>
<td>1.1%</td>
<td>9</td>
</tr>
</tbody>
</table>

11.5 US Small Cap
Small-blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. Category Index: Russell 2000

Table 9 – Evaluation of US Small Cap Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance</th>
<th>Expense Ratio</th>
<th>SRI Hub SHAREHOLDER Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 2000</td>
<td>CCVAX</td>
<td>8</td>
<td>21.3%</td>
<td>14.5%</td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Calvert Small Cap</td>
<td>CCVAX</td>
<td>8</td>
<td>18.7%</td>
<td>15.6%</td>
<td>1.5%</td>
<td>10</td>
</tr>
<tr>
<td>Pax Small Cap</td>
<td>PXSCX</td>
<td>9</td>
<td>16.8%</td>
<td>1.4%</td>
<td>9</td>
<td>High expense, good return, good shareholder advocacy. Morningstar Rating: 4 stars. 2% non-US stock</td>
</tr>
<tr>
<td>Walden Small Cap</td>
<td>WASOX</td>
<td>7</td>
<td>22.1%</td>
<td>11.9%</td>
<td>1.1%</td>
<td>9</td>
</tr>
<tr>
<td>Parnassus Small</td>
<td>PARSX</td>
<td>6</td>
<td>4.8%</td>
<td>7.9%</td>
<td>1.2%</td>
<td>8</td>
</tr>
</tbody>
</table>

11.6 Developed Foreign
Foreign large-blend portfolios invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks. Category Index: MSCI EAFE
### Table 10 – Evaluation of Developed Foreign Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr annizd</th>
<th>Expense Ratio</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI EAFE</td>
<td></td>
<td>1.0%</td>
<td>6.5%</td>
<td>1.0%</td>
<td>6.5%</td>
<td>Category index</td>
<td></td>
</tr>
<tr>
<td>Domini Impact International Equity</td>
<td>DOMAX</td>
<td>9</td>
<td>1.8%</td>
<td>9.4%</td>
<td>1.6%</td>
<td>10</td>
<td>46% Europe Developed, 14% UK, 20% Japan</td>
</tr>
<tr>
<td>Calvert International Equity</td>
<td>CWVGX</td>
<td>7</td>
<td>-5.1</td>
<td>5.1</td>
<td>1.8%</td>
<td>10</td>
<td>43% Europe Developed, 21% UK, 18% Japan</td>
</tr>
</tbody>
</table>

11.7 Diversified Emerging Markets

Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets. Category Index: MSCI EM

### Table 11 – Evaluation of Diversified Emerging Market Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr annizd</th>
<th>Expense Ratio</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI Emerg Mkt</td>
<td></td>
<td>11.2%</td>
<td>1.3%</td>
<td></td>
<td></td>
<td>Category index</td>
<td></td>
</tr>
<tr>
<td>Calvert Emerging Markets</td>
<td>CVMAX</td>
<td>8</td>
<td>6.0%</td>
<td>2.2%</td>
<td>10</td>
<td>Very high expense ratio. 18% China, 14% S Korea, 10% India, 10% Brazil</td>
<td></td>
</tr>
</tbody>
</table>

11.8 Bonds Funds

A fund that focuses on corporate, government, foreign or other issues with an average duration of greater than or equal to 3.5 years but less than or equal to six years, or an average effective maturity of more than four years but less than 10 years. Category Index: Barclays Govt/Credit 5-10 Yr
Table 12 – Evaluation of Intermediate Bond Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr</th>
<th>Expense Ratio</th>
<th>SRI Hub Corporate Dialog &amp; Screening</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclay US Agg Bond</td>
<td></td>
<td></td>
<td>2.7%</td>
<td>2.2%</td>
<td></td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Calvert Bond</td>
<td>CSIBX</td>
<td>9</td>
<td>3.8%</td>
<td>2.9%</td>
<td>1.1%</td>
<td>10</td>
<td>5.8 yr average duration, BBB average quality</td>
</tr>
<tr>
<td>Calvert Short Duration Income</td>
<td>CSDAX</td>
<td>9</td>
<td>3.3%</td>
<td>2.2%</td>
<td>1.1%</td>
<td>10</td>
<td>Good options for short duration bonds. 2.1 yr average duration, BB average quality</td>
</tr>
<tr>
<td>Parnassus Fixed-Income</td>
<td>PRFIX</td>
<td>8</td>
<td>2.6%</td>
<td>1.4%</td>
<td>0.8%</td>
<td>8</td>
<td>4.3 yr average duration, A average quality</td>
</tr>
<tr>
<td>Domini Impact Bond</td>
<td>DSBFX</td>
<td>8</td>
<td>3.7%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>9</td>
<td>Higher quality, lower volatility, lower interest. 5.0 yr average duration, AA average quality</td>
</tr>
</tbody>
</table>

11.9 Alternative Energy
Companies that focus on alternative to traditional energy sources, including: solar, wind, and geothermal.

Table 14 – Evaluation of Alternative Energy Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Total SRI Hub Rating</th>
<th>Performance 1yr</th>
<th>Performance 5yr</th>
<th>Expense Ratio</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td></td>
<td></td>
<td>9.5%</td>
<td>12.2%</td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>iShares Global Clean Energy ETF</td>
<td>ICLN</td>
<td>10</td>
<td>-16.0%</td>
<td>-5.9%</td>
<td>0.5%</td>
<td>Good international option. Lowest expense options. 34% China, 23% US, 8% Spain, 6% Japan, 5% Denmark. Top 5 Holdings: Hanergy Thin Film Power, Electric Power Dev, China Longyuan Power, Covanta Holding, Vestas Wind</td>
</tr>
<tr>
<td>First Trust NASDAQ Cln Edge Green Energy ETF</td>
<td>QCLN</td>
<td>10</td>
<td>-2.8%</td>
<td>-3.9%</td>
<td>0.6%</td>
<td>Almost all US holdings. 93% US, 3% China, 3% Canada. Top 5 Holdings: Linear Tech Corp, Tesla Motors, First Solar, Sun Edison, SolarCity</td>
</tr>
<tr>
<td>Guggenheim Solar ETF</td>
<td>TAN</td>
<td>7</td>
<td>-42.8%</td>
<td>-19.4%</td>
<td>0.7%</td>
<td>Only solar companies. More volatility. 43% China, 38% US, 7% Norway, 5% Canada.</td>
</tr>
<tr>
<td>Calvert Global Energy Solutions</td>
<td>CGAEX</td>
<td>4</td>
<td>-8.3%</td>
<td>-7.2%</td>
<td>2.2%</td>
<td>Much higher expense than the ETFs. 45% US, 9% China, 8% Germany, 7% Canada, 7% Spain. Top 5 Holdings: Johnson Controls, Eaton Corp, Cosan Holdings, Quanta Services, EDP Renovaveis</td>
</tr>
<tr>
<td>Guinness Atkinson Alternative Energy</td>
<td>GAAEX</td>
<td>4</td>
<td>-17.7%</td>
<td>-14.4%</td>
<td>2.1%</td>
<td>High expense. 31% China, 19% US, 10% Spain, 7% Denmark, 6% Canada. Top 5 Holdings: China Singyes Solar Tech, Mytrah Energy, Waterfurnace Renewable Energy, Nordex, Sunpower</td>
</tr>
</tbody>
</table>
### 11.10 Religious Funds

There are several religious funds, including: Christian, Islamic, Mennonite, Presbyterian, and Catholic. There are religious funds in many different sectors. The list below includes some of the options.

#### Table 15 – Evaluation of Religious Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Performance 1yr</th>
<th>Performance 5yr</th>
<th>Expense Ratio</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S&amp;P 500</strong></td>
<td></td>
<td>9.5%</td>
<td>12.2%</td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td><strong>Praxis Value Index – US Large Value</strong></td>
<td>MVIA</td>
<td>15.2%</td>
<td>7.1%</td>
<td>0.9%</td>
<td>Mennonite principles. Involved with community development investments, screening, and shareholder advocacy. Top 5 Holdings: Berkshire Hathaway, Wells Fargo, Chase, AT&amp;T, J&amp;J</td>
</tr>
<tr>
<td><strong>Azzad Ethical Fund - US Mid-Small Cap</strong></td>
<td>ADJEX</td>
<td>1.6%</td>
<td>1.0%</td>
<td>1.2%</td>
<td>Islamic. Avoid companies with significant involvement in tobacco, alcohol, pork products, conventional financial institutions, gambling, pornography, weapons of mass destruction, interest, high debt companies.</td>
</tr>
<tr>
<td><strong>Amana Growth – US Large Growth</strong></td>
<td>AMAGX</td>
<td>6.4%</td>
<td>7.0%</td>
<td>1.1%</td>
<td>Following principles of Islamic finance (Halal Investing). Avoid interest-based investments, companies with high debt, liquor, gambling, pornography, pork, insurance, banks. Top 5 Holdings: Adobe Systems, Amgen, Apple, Intuit, Union Pacific</td>
</tr>
<tr>
<td><strong>New Covenant Growth – US Large Blend</strong></td>
<td>NCGFX</td>
<td>7.2%</td>
<td>5.5%</td>
<td>1.1%</td>
<td>Presbyterian Church: avoids gambling, alcohol and firearms</td>
</tr>
<tr>
<td><strong>Timothy Plan Large/Mid Cap Value – US Large Blend</strong></td>
<td>TLVAX</td>
<td>7.7%</td>
<td>5.8%</td>
<td>1.5%</td>
<td>Biblically Responsible Investing - Christian: avoid abortion, pornography, anti-family entertainment, alternative lifestyles, alcohol, tobacco, gambling</td>
</tr>
<tr>
<td><strong>GuideStone Funds Balanced Allocation – Conservative Allocation</strong></td>
<td>GGIZX</td>
<td>6.6%</td>
<td>2.3%</td>
<td>0.1%</td>
<td>Christian: avoids companies whose main business is: alcohol, abortion, pornography, gambling, and tobacco.</td>
</tr>
<tr>
<td><strong>Ava Maria Catholic Values – US Mid-Cap Blend</strong></td>
<td>AVEMX</td>
<td>15.8%</td>
<td>-0.3%</td>
<td>1.3%</td>
<td>Morally Responsible Investing (MRI) - Catholic: avoid pornography, companies with policies undermining the sacrament of marriage, contraception, abortion, embryonic stem cell research. Does not reject weapons, alcohol or tobacco companies.</td>
</tr>
<tr>
<td><strong>LKCM Aquinus Catholic Equity – US Large Blend</strong></td>
<td>AQEIX</td>
<td>8.7%</td>
<td>3.0%</td>
<td>1.5%</td>
<td>Invest according to Catholic values. Top 5 Holdings: MetLife, Federated Govt Obligations, Martin Marietta Materials, CVS Health, Adobe Systems</td>
</tr>
</tbody>
</table>
### 11.11 Other

There are several other funds that do not fit in the categories listed above.

Table 11 – Evaluation of Other Funds (1/1/2017)

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Performance 1yr</th>
<th>Performance 5yr</th>
<th>Expense Ratio</th>
<th>SRI Hub Shareholder Advocacy</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td></td>
<td>9.5%</td>
<td>12.2%</td>
<td>1.4%</td>
<td></td>
<td>Category index</td>
</tr>
<tr>
<td>Portfolio 21 Global Equity – World Stock</td>
<td>PORTX</td>
<td>2.7%</td>
<td>1.8%</td>
<td>1.4%</td>
<td>9</td>
<td>Fossil fuel free. 46% US stock, 51% non-US stock, 3% cash</td>
</tr>
<tr>
<td>Calvert Global Water – Natural Resources</td>
<td>CFWAX</td>
<td>13.2%</td>
<td>-1.4%</td>
<td>1.8%</td>
<td>10</td>
<td>Global fund (51% US stock). Invests in companies active in the water-related resource sector.</td>
</tr>
<tr>
<td>Pax Ellevate Global Women’s Index</td>
<td>PXWEX</td>
<td>5.0%</td>
<td>3.7%</td>
<td>1.2%</td>
<td>9</td>
<td>Global fund (54% US stock). Companies around the world that are leaders in advancing women through gender diversity on their boards of directors and in management, and through other policies and programs</td>
</tr>
<tr>
<td>Calvert Balanced – Moderate Allocation</td>
<td>CSIFX</td>
<td>7.0%</td>
<td>4.8%</td>
<td>1.1%</td>
<td>10</td>
<td>59% US stock, 33% bonds, 5% cash, 3% non-US stock</td>
</tr>
</tbody>
</table>
12.0 Alternative Investments

"In investing, what is comfortable is rarely profitable." Robert Arnott

Alternative investments can give you exposure to assets that are uncorrelated with stock and bond markets

Alternative investments are investments in asset classes other than stocks, bonds, and cash. The term is a relatively loose one and includes tangible assets such as precious metals, art, wine, antiques, coins, real estate, commodities, etc. The returns of alternative investments are generally not correlated with the returns of stocks and bonds.

In this section, I will focus on four illiquid not publically traded investments. The advantage of not publically traded investments for a portion of a portfolio is that they are not correlated much at all with the stock and bond market. Adding uncorrelated assets to a portfolio (investments that do not move together) adds stability without sacrificing return.

Be very careful of fees for alternative investments. Investing in alternatives through a commission broker (commission or fee based) can take a large portion of your return. Many commission brokers receive over 7% for placing clients in alternative investments. Some investments pay an ongoing percentage (some over 4% per year) to the selling brokerage firm.

Also be aware of any other fees. Many discount brokerage firms (like Schwab, TD Ameritrade, Scottrade) offer alternative investments to be held in their accounts, but many times there is a fee. Consider this fee, depending on the amount you are investing, it may make more sense to invest directly with the alternative investment company.

Here are four SRI alternative investments.

12.1 GreenBacker Renewable Energy Company

Greenbacker Renewable Energy Company acquires and monitors a diversified portfolio of income-producing renewable energy power plants, energy efficiency projects and other sustainable development investments. They buy clean energy power plants and sell the energy to cities, utilities, and companies through long term (20-30 year) agreements.

The minimum investment is $2,000. The fund is expected to liquidate in 2019. There will most likely be other iterations of this offering. An investor needs to be accredited light – have at least $250,000 of investable capital or earn at least $70,000 per year. The fund currently pays investors 6.3% per year (on a monthly basis).
12.2 TriLinc Global
TriLinc Global is an impact fund whose mission is to demonstrate the role that the capital markets can play in helping solve some of the world’s pressing economic, social and environmental challenges. By creating institutional-quality impact funds that attract private capital at scale, TriLinc Global sets a high standard of transparency and accountability for delivering financial returns, and for tracking and reporting impact to investors.

TriLinc is a global lender working in South America, Sub-Saharan Africa and Emerging Asia. They give one to five million dollar loans to growing mid-sized companies. All loans are made in US dollars and backed by collateral. They intentionally select investments with potential to improve society while still generating competitive returns.

The fund currently pays investors 7.3%. As with GreenBacker, investors need to be accredited light and there is a $2,000 minimum.

12.3 SQN
SQN Capital buys business necessary equipment and rents it to secure companies or governments for a period of 5 years (with covers to cost of the investment). At the end of the term, the equipment is sold, the loan is extended or the loan is sold. SQN has invested primarily in the agricultural, energy, environmental, medical, manufacturing, technology, and transportation industries. SQN actively manages investments throughout the United States and European Union. SQN pays approximately 8% per year.

12.4 Iroquois Valley Farms
Iroquois Valley Farms is a food and farmland company making impact investments in local and organic agriculture following triple bottom line principles. Formed in 2007, Iroquois Valley Farms was the first socially responsible farmland company in the United States focused on supporting sustainable food production and the mid-size family farmer. Iroquois Valley Farms is committed to preserving farmland, facilitating organic land management practices, supporting local food markets, providing land access opportunities to family farmers and creating values-based agriculture investment opportunities. They provide the opportunity for equity investors to invest. The investment is not liquid (you cannot sell your investment right away to get your money back). The investment duration is not fixed.
13.0 Structured Products

“Design is not just what it looks like and feels like. Design is how it works.”—Steve Jobs

Structured product, also known as a market-linked investment, is a pre-packaged investment strategy designed to give customized risk-return. This is accomplished by taking a traditional security, such as an investment-grade bond or a CD, and replacing the interest payment with a payoff based on the performance of one or more underlying assets.

These products were available, until recently, only to institutional investors or with very high minimums. They are excellent asset management tools. They allow an investor market exposure with downside protection or leveraged exposure to the market.

Most structured investments are for a fixed term (like a CD, with varying levels of protection from loss, and exposure to the return of an index).

Three basic structured investment categories that are presented here are: buffered return notes, income enhanced CDs and market linked CDs.

13.1 Buffered Notes
Buffered Return Enhanced Notes offer participation in an index or individual stock with varying amount of downside protection and varying upside enhancement.

A current (2/2016) note that is available is a 2 year capped buffered enhanced note linked to Apple (AAPL). The downside is protected by 15%. So if Apple is down by 15% in 2 years, you get your money back. If it’s down by more (like 20%) you lose 15% less than the stock (5% if Apple is down 20%). On the upside, the return is increased to 150% up to a cap. Currently (2/2016) the cap is 30%. So if the index is up by 20% or less, the return is one and a half times as much. If Apple increases by 10% during the two year period, you will receive a 15% return.

The duration, downside protection and enhancement depend on the interest rates at the time the notes are purchased. With higher interest rates, more downside protection and higher caps will be available.

The standard deviation of Apple over the last two years is about 23% with an average return of about 15%. So there is about a 67% chance that return will be between 38% and -8% return. Hence, there is a good likelihood that in two years an investor will be completely protected from the downside or get a boost on the upside. But note that about 1/3 of the time there could be some loss (although 15% less than just holding the index) or the return will be more that the cap.
No interest or dividends are paid. There are options with longer durations that do not have a cap and have more downside protections.

These notes can be linked to other stocks and indexes. They need to be investments with high investor volume. Facebook, Amazon, and Google are three other stocks that can be the equity portion of a buffered note. These can be linked to indexes (such as: S&P 500, Dow Jones, Nikkei 225, Eurostoxx 50). Currently, no SRI indexes are available. The only SRI option is to use individual stocks.

These notes are not FDIC insured. Their ability to pay depends on the credit of the bank issuing them, such as: Wells Fargo, JP Morgan, HSBC, and others. A graphical and table depiction of the returns is shown below.

If the investor would like to sell the note before maturity, there is a secondary market (you can sell them before maturity) but due to the highly customized nature of the investment the marketed is limited. Structured notes are more popular in Europe but are fairly new in the US. A secondary market may develop over time. So be ready to hold the note until maturity.

Another option includes a 4 year buffered note that is not capped. The downside buffer currently (1/2016) is 20% and the upside is uncapped 1.1 times the gain in 4 years.

13.2 Income Enhanced CDs
Enhanced return CDs are FDIC insured CDs that have a variable interest based on the performance of a group of underlying stock. The current (2/2016) offerings are for five year CDs. They evaluate five stocks (for example: Verizon, IBM, Cisco, Merck and
Procter & Gamble). If all five have a share price that is higher than at the time of purchase, you get the higher interest for that year. Otherwise, you get the lower interest. This is evaluated five times during the life of the CD. There are three options (shown below) with A providing a higher minimum but a lower maximum and C giving the lowest minimum but highest maximum.

<table>
<thead>
<tr>
<th>CD</th>
<th>Investor Preference</th>
<th>Potential Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.75%</td>
<td>0.75% or 3.25%</td>
</tr>
<tr>
<td>B</td>
<td>0.50%</td>
<td>0.50% or 4.50%</td>
</tr>
<tr>
<td>C</td>
<td>0.25%</td>
<td>0.25% or 6.75%</td>
</tr>
</tbody>
</table>

13.3 Market Linked CDs
Market-Linked CDs are a type of principal protected notes. They offer 100% protection of your investment with 4 to 7 year maturity date. They are linked to an index such as the S&P 500, Dow Jones, Nikkei 225, Eurostoxx 50, currency indices, commodity indices, etc. Currently, no SRI indexes are available. The only SRI option is to create a custom structured product.

If at maturity the underlying index is up (higher than when it was purchased), the investor receives 100% of the principal plus that gain. If the market is down at maturity, the investor receives 100% of the principal.

For example, if you purchase $1,000 of a Market-Linked CD and the underlying index is the S&P 500 and in 7 years the S&P 500 is 70% higher than it was when you purchased the Market-Linked CD, then you would receive $1,700. If the S&P 500 lost 40% during those 7 years, you would receive $1,000 at maturity.

No interest or dividends are paid. In the case of Market-Linked CDs, the principal is protected by a CD that is FDIC insured.
14.0 Example Portfolios

“Most people don’t plan to fail, they fail to plan.” John L Beckley

The following are some example portfolios. These are not appropriate for all investors. As stated earlier, the appropriateness of a portfolio depends on several factors including risk tolerance, liquidity needs, and volatility. Please read the prospectus before making any investments.

An investment portfolio can be constructed completely out of SRI funds. Here is an approach if a less than 100% SRI portfolio is desired. If an investor is not interested in SRI, the best investment strategy is to use a portfolio constructed of index ETFs (Exchange Traded Funds) with very low expense ratios. The recommended strategy is to have broad exposure over many asset classes and rebalance the accounts regularly (such as once every 6 months). If SRIs are not desired, there is no advantage to incurring additional expenses to invest in a managed mutual fund that, over time, will underperform the index. Once a portfolio is defined, it is recommended that you substitute holdings of concern for SRI alternatives (such as large cap US funds).

14.1 Fossil Fuel Free
There has been a movement (350.org) to encourage divestment from fossil fuel companies. Many investors are becoming acutely aware of the presence of fossil fuel companies in their own portfolios and want to transition their investments away from the industry that is principally responsible for causing a changing climate.

Oil, gas, and coal mining companies hold reserves of fossil fuels as positive assets on a company’s balance sheet under the assumption that they will be extracted, sold, and burned.

However, according to an analysis by Carbon Tracker Initiative, Union of Concerned Scientists and others, the burning of these fuels will exceed the carbon levels regarded as necessary to control global warming. If governments act to restrict carbon emissions, companies owning fossil fuel reserves would experience severe devaluation. Fossil fuel companies may have to take a loss on stranded assets, and investors would likely suffer. Divesting now could allow investors to reduce their exposure to a possible collapse of the so-called "carbon bubble."

A fossil fuel free investment portfolio should be well diversified that keeps with the broader market. It is comprised of three SRI mutual funds that do not have any fossil fuel companies among their investments (Green Century Equity, Green Century Balanced and Portfolio 21). iShares Global Clean Energy ETF is used to add some to the energy sector that is lacking from the three mutual funds. The equities in this portfolio are approximately 70% in North America, 18% Developed Europe and United Kingdom, 5% Emerging Asia, and 3% Japan.
For the Moderate Risk Portfolio, the overall one year portfolio return is about 5% and the 5 year annualized return is about 6%.

Table 12 – Example Fossil Fuel Free Portfolio

<table>
<thead>
<tr>
<th>Broad Type of Asset</th>
<th>Investment</th>
<th>Risk Tolerance</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low Risk, Short Time</td>
<td>Moderate Risk, Mid Time</td>
<td>High Risk, Long Time</td>
<td></td>
</tr>
<tr>
<td>Fixed (Bonds)</td>
<td>CDs at Credit Unions</td>
<td>40%</td>
<td>24%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Income Enhanced CDs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calvert Foundation Community Investment Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Community Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calvert Short Term Bond Fund (CSDAX)</td>
<td>12%</td>
<td>8%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calvert Bond Fund (CSIBX)</td>
<td>6%</td>
<td>6%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Domini Social Bond (DSBFX)</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Equities (Stock)</td>
<td>Green Century Balanced (GCBLX)</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Green Century Equity (GCEQX)</td>
<td>12%</td>
<td>17%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>iShares Global Clean Energy (ICLN)</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Portfolio 21 Global Equity (PORTX)</td>
<td>13%</td>
<td>17%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 year Buffered Note</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Alternative</td>
<td>GreenBacker Renewable Energy Company</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

13.2 SRI Portfolio
The following portfolio uses all SRI holdings for every asset class.
### Table 13 – Example SRI Portfolio

<table>
<thead>
<tr>
<th>Broad Type of Asset</th>
<th>Investment</th>
<th>Risk Tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low Risk, Short Time</td>
</tr>
<tr>
<td>Fixed</td>
<td>CDs at Credit Unions</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Income Enhanced CDs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calvert Foundation Community Investment Notes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Community Investments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calvert Short Term Bond Fund (CSDAX)</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Calvert Bond Fund (CSIBX)</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Domini Social Bond (DSBFX)</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Parnassus Fixed-Income (PRFIX)</td>
<td>3%</td>
</tr>
<tr>
<td>Equities (Stock)</td>
<td>Green Century Equity (GCEQX)</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Calvert Large Cap Core Index (CSXAX)</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Parnassus Core Equity Investor (PRBLX)</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Parnassus Mid-Cap (PARMX)</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>Pax World Small Cap Individual (PXSCX)</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Domini International Social Equity (DOMAX)</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Calvert Emerging Markets (CVMAX)</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>2 year Buffered Notes</td>
<td>5%</td>
</tr>
<tr>
<td>Alternative</td>
<td>GreenBacker, TriLinc, SQN</td>
<td>0%</td>
</tr>
</tbody>
</table>
14.0 Investing Mechanics

"How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case." Robert G. Allen

I encourage you to invest on your own and seek hourly consultation, as needed, so that you feel comfortable with your decisions.

14.1 Where to Invest
To begin, if you do not have a brokerage account open an account at a place such as Charles Schwab, Vanguard or Fidelity.

TD Ameritrade, Scottrade and Etrade are not recommended because there is a transaction fee of ($17-$50) per trade of Calvert mutual funds.

There are SRI management companies that will manage your funds in a separate account. The companies engage in shareholder advocacy on your behalf. The disadvantage is the high minimum amounts that are needed. Three companies that specialize in this are:

- **Trillium**: $1-2 million account minimums ($250k minimum and 0.6% fee, if you work through a financial advisor). They charge 1% of the assets they manage per year (the fee is lower with more assets). The accounts are customized to each individual's needs.

- **Boston Commons**: $2-10 million account minimum. They charge 1% of the assets they manage per year (the fee is lower with more assets). The accounts are customized to each individual's needs. They have the option of investing in a pooled fund, which is not customized. The minimum account balances are lower, but they start at $2 million. The fees for the pooled fund start at 1.05% and go down as you invest more.

- **Boston Trust**: $3-5 million account minimum. They charge 1% of the assets they manage per year (the fee is lower with more assets).

14.2 Consideration if Looking for an Advisor
If you feel like you need support there is no shortage of financial advisors. One of the most important things to know is how they are being compensated. Unfortunately, financial investment firms are often very unclear about the cost of their services and investment products. This lack of transparency and concealing of fees is an unfortunate reality. PBS Frontline did a nice story about investments and advisors called the Retirement Gamble. One of their lessons was that commissions and fees can add up to significantly reduce your overall return on investments.
There are many ways investment firms get compensated. They may receive: sales loads, surrender fees, management and administrative fees, 12b-1 fees, transaction fees, redemption fees, brokerage fees, inactivity fees, transfer fees, market impact costs and more. These fees directly reduce the return on your investments – they are costing the investor money. Many financial professionals are being compensated for selling products, such as annuities and life insurance, that may not be appropriate for their client.

John Bogle, the founder of The Vanguard Group, was interviewed in the Frontline report, "Costs are a crucial part of the equation. It doesn’t take a genius to know that the bigger the profit of the management company, the smaller the profit that investors get. The money managers always want more, and that’s natural enough in most businesses, but it's not right for this business."

One way to avoid this conflict of interest is to work with a fiduciary Fee-Only advisor. A fiduciary keeps their clients' best interests first as opposed to the majority of the financial sales people who receive commissions and are benefited by selling certain products. Fiduciaries are not compensated by selling product or earning money on commissions.

Fee-Advisors work in a number of different ways, including: hourly, assets under management (pay a percentage, usually about 1% per year of the assets being managed), lump sum (depending on the complexity of your situation). If you just need a check up and some occasional guidance, consider an hourly or short term lump sum arrangement.

The National Association of Personal Financial Advisors (NAPFA) is a national organization for Fee-Only financial advisors. There is a directory of advisors on their website.

Another designation to look for is a CFP (Certified Financial Planner). In addition to investing, a CFP can help you with retirement projections, tax planning, insurance review, estate planning, and education planning. Depending on your situation, this may be important.

**14.3 Account Maintenance - Rebalancing**

I recommend rebalancing your account every six months. By rebalancing I mean getting it back into the distribution of your target Asset Allocation. What this means is that you will be selling the investments that have done well during that period and buying investments that have not done as well. This forces you to buy low and sell high and improve the overall performance of your portfolio. It also keeps you from getting overexposed in any one area.
15.0 Resources

“Be Fearful When Others Are Greedy and Greedy When Others Are Fearful” - Warren Buffett

AIO Financial (AIOfinancial.com) – AIO Financial is a fee only financial planning firm specializing in Socially Responsible Investing. They offer a free upfront meeting, webinars, blog and podcast.

Socially Responsible Investing Hub (SociallyResponsibleInvestingHub.com) - The Socially Responsible Investing Hub was created to help make Socially Responsible Investing (SRI) as easy as possible for investors who are concerned about what they invest in.

USSIF (USSIF.org) – The Forum for Sustainable and Responsible Investment is the US membership association for professionals, firms, institutions and organizations engaged in sustainable, responsible, and impact investing. US SIF and its members advance investment practices that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact.

Social Funds (SocialFunds.com) – the largest personal finance site devoted to socially responsible investing.

Green America (GreenAmerica.com) - economic action to solve social and environmental problems. Their mission is to harness economic power—the strength of consumers, investors, businesses, and the marketplace—to create a socially just and environmentally sustainable society.

NAPFA (NAPFA.org) - The National Association of Personal Financial Advisors - is a professional association for Fee-Only financial advisors—highly trained professionals who are committed to working in the best interests of those they serve. You can search for fee-only advisors throughout the US.

Principles for Responsible Investment (unpri.org) - The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

Charles Schwab (Schwab.com) – Schwab is a brokerage firm. It provides accounts where you can invest in a large variety of SRI mutual funds, ETFs and community investment notes.
Vanguard (Vanguard.com) - Vanguard is the world’s largest mutual fund company. They act as a brokerage firm where you can make investment in Vanguard funds and SRI funds as well.

Fidelity (Fidelity.com) - Fidelity is a mutual fund company and a brokerage firm. Like Schwab and Vanguard, Fidelity offers accounts where you can invest in SRI.

ProMex Group (ProMexGroup.org) - a charitable microfinance organization operating in northern Mexico. They offer financial services to people who otherwise would not have access.

Calvert Foundation (calvertfoundation.org) - offers notes that allow investors the opportunity to lend to microfinance organizations around the world.

Calvert Investments (calvert.com) - provides mutual funds that invest in socially and environmentally responsible companies.

Domini Investments (domini.com) - provider of socially responsible mutual funds.

Walden Investments (waldenassetmgmt.com/mutual-funds) - provides portfolio management services and mutual funds to socially responsive investors.

Pax World (paxworld.com) - provides mutual funds that integrate environmental, social and governance (ESG) factors into investment analysis and decision making.

Green Century (greencentury.com) - offers mutual funds that invest in sustainable companies without any exposure to fossil fuel companies.

Parnassus Investments (parnassus.com) - provides SRI mutual funds.

Appleseed (appleseedfund.com) - offers an SRI mutual fund.

Portfolio 21 (portfolio21.com) - offers an SRI mutual fund.

iShares (ishares.com) - provide ETFs (exchange traded funds).
16.0 Thank You

“A goal without a plan is just a wish.” Antoine de Saint-Exupery

Thank you very much for your interest in SRI and for reading Socially Responsible Investing Made Easy - 2017. If you would like more information about SRI, please sign up for our newsletter and follow our podcasts and blogs at www.aiofinancial.com.

Please share your thoughts and comments. I would like to make the next version even better and more useful.

You can email me bill@aiofinancial.com or leave a message on Twitter (twitter.com/aiofinancial) or Facebook (facebook.com/AioFinancial).

Bill Holliday and family