



SUSTAINVEST

ASSET MANAGEMENT, LLC

4th Quarter
2014

Your Investments. Your Planet. Your Choice.

4th Quarter 2014: Inside the Numbers

	4th Quarter 2014 Return
S&P 500	4.39%
DJIA	4.58%
NASDAQ	5.40%
Russell 2000	9.35%
Barclays US	0.20%
Bond Aggregate	
Euro Stoxx 50	0.70%
Oil	-39.80%
Gold	-2.50%
Euro vs \$	-4.66%

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Economy

Economy

Well, what a year it's been. The bull market of 2014 really never took a chance to relax with corporations continuing to reign in revenues. The scary thing is pundits are calling for this beast to continue doing so into 2015. For the 4th quarter we saw gains over 4% in all 3 major indexes and the US dollar continued to strengthen as Europe looks for ways to improve their situation.

For the year, the Dow ended up 7.5 percent, notching its sixth straight annual gain, the NASDAQ rose 13.4 percent and the S&P 500 up 11.4%. The S&P 500 in the last 3 years has risen 13%, 29% and now 11% accumulating a combined return over 50%. In other words, your \$100,000 portfolio may look more like \$150,000 if it was plopped into the 500 largest companies during the past 3 years.

Dependent on each investor's timeline and risk tolerance, perhaps it is time to consider taking some money off the table. Being strategic in one's asset allocation is going to continue to help mitigate any possible corrections. At the same time it is important to not just sit on the sidelines waiting for the correction. As we have just witnessed since the crash of 08, anyone who decided to sit this one may be kicking themselves.

One big reason the markets saw gains was the U.S. Federal Reserve's commitment to be "patient" about raising interest rates. As long as money is cheap, corporations continue to benefit by borrowing at historically low rates. But how much longer will this gravy train keep on riding?

Ol' Greenback

One key player in all of this is the dollar. The dollar continued to shine its light in a time when foreign currencies seemed to be dimming out. The greenback rose against

economy cont. page 3

Companies Committed

Swoosh Still Swooshing

Though this company was a poster child for poor treatment of employees and is still cleaning up its act in terms of worker safety, Nike (NKE) has become a leader in addressing the issues associated with chemical use in its products. Nike created a rubber formulation that contains 95% fewer toxins, which is now used in over 75% of the company's footwear.

Nike has set aggressive targets for the incorporation of environmentally preferred materials into its products. The company has been an industry leader in incorporating organic cotton into its products and supporting the development of the organic cotton industry. Nike recognizes the need to take responsibility for the environmental footprint of its contract manufacturers. It is actively working to ensure that facilities are much safer places to work for factory

employees.

A 2014 study by Massachusetts Institute of Technology Researchers found that the adoption of lean manufacturing at more than 300 Nike contract factories resulted in a 15% reduction in serious labor violations from 2009 to 2013. The company has a commitment to require contract factories to adopt lean manufacturing and demonstrate progress toward a lean culture to move beyond compliance by the end of fiscal year 2015.

This is a clear example of a company that is striving to be greener but will need to continue to increase responsibility within their supply chain.



“The use of solar energy has not been opened up because the oil industry does not own the sun.”

*-Ralph Nader
(circa 1980)*



Education

When Your Windfall Comes In

Coming into money presents opportunities and challenges. Whether it involves receiving an inheritance or other financial windfall, there are many financial issues to consider.

Cash is King

Park the money in a relatively safe place until you have a plan. Cash is king here. No need to lock it into a low interest bank CD or some fixed annuity where it is basically “stuck” for years.

What planning and investment steps should I take?

Consider a professional, comprehensive review of your finances. This is where the discussion gets a little meatier. Discussion points may include your tax status, risk profile and timeline, cash flow and insurance, as well as a little gift and estate planning.

Begin investing or update your current investment plan.

Hire the right people whom you feel

comfortable with. Start working with an investment advisor and estate attorney for recommendations and next steps.

Review your overall insurance needs.

Consider whether you still have the right level of life, health and liability insurance. Though insurance companies can seem a bit slimy, a small amount of life and health insurance sure can come in handy and give slight piece of mind. Try not to be upsold though as hidden costs of plans/annuities are hard to see. If you haven't already done so, create an estate plan. This is where a good, honest and affordable estate planning attorney comes in.

What should I know about inherited property?

Find out whether any federal or state inheritance tax is due. With an Inherited IRA, you need to take annual distributions no matter what age you are when you open the account. This doesn't apply if you've simply transferred another IRA to your own IRA. The current unified gift/estate tax exemption is \$5.43 million. If the total assets fall below that amount, the estate is exempt from federal taxes.

Shareholder Activism

Sustainvest Files 4 Resolutions!

Clients and colleagues alike will be happy to hear that Sustainvest has filed 4 resolutions heading into the 2015 season.

As one of the three pillars of SRI, shareholder activism is an effective way to raise an issue that particular companies may not be addressing. The 4 resolutions filed by Sustainvest in 2014 include:

1. **Dunkin Brands**-the delicious donut producing entity currently uses 5% cage free eggs in their supply chain. We have asked them to up that amount to 75% of their eggs used.
2. **Dean Foods**-the food conglomerate (think Land o' Lakes butter) currently uses GMO ingredients in its products.

Sustainvest is asking them to report on any financial risk on not labeling whether genetic engineering was used to produce the food.

3. **BioMarin Pharmaceuticals**-this Marin County pharma company currently does not issue a sustainability report. The resolution is asking them to do so by December of 2015.
4. **Actavis Pharmaceuticals**-this resolution received over 35% in favor of votes in 2014 so we are able to refile again, no questions asked. It was asking them to produce a sustainability report. The Company has not been in touch with Sustainvest to dialogue on the issue.

We will keep you posted on our progress with these companies. Also, if you as an investor in a publicly traded company are interested in filing your very own shareholder proposal, Sustainvest is always offering a lending hand in helping fight the good fight. Just be sure you own \$2,000 worth of 1 company and have held the stock for over 1 year.

Economy Cont.

all other currencies for the first time since the turn of the century. Against the Euro, it rose a whopping 12%. (Hint: it may be time to book that flight to Paris). Other notable currency movements included the Russian rouble falling 46%, Argentina's peso fell 23% and the Norwegian Krone fell 19%. The strength of the dollar wreaked a little havoc with gold's performance, however, due to poor foreign currency valuations, this precious metal was the second best performing currency in 2014, with only the U.S. dollar stronger. And what about the much talked about bitcoin? The digital currency peaked at a value of \$1,130 just over a year ago but took a plunge of more than 56% in 2014 making it the world's worst performing currency this year. This may be a signal to be careful of alternative currencies as we head into 2015.

Oil is a Dirty Word

A market wrap up wouldn't be complete without chatting about this year's chaotic movement of oil prices. Sustainvest clients were glad to see that big energy companies took a punch to the chin as they watched the price of crude tumble to \$56/barrel. Though this may lead to a few more SUVs on the highways, it may also lead to big energy companies starting to realize that they may want to put more capital into alternatives. It wouldn't be surprising to see the Texas economy take a hit due to their reliance on the dirty fuel and start to listen to the Tesla's and SolarCity's of the world.

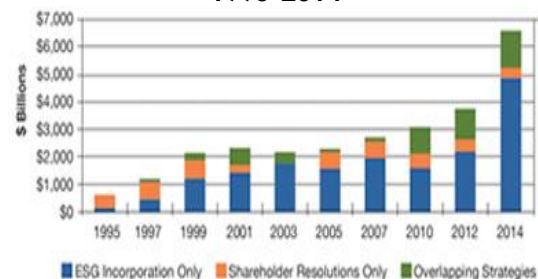
Fixed Income

As far as fixed income, the outlook hasn't changed. We continue to be on the shorter end of the yield curve as we'd rather give up a little bit of return to be in a safer position. But obviously fixed-income investors need returns. High-yield corporate bonds do help get some yield but nobody knows when rate hikes will happen and it becomes an almost sit and wait situation in this asset class. If there was an opportunity of upside here, it would be easier to pull the trigger, but there just isn't. A key income gatherer, Real Estate Investment Trusts or REITs have seen incredibly good returns in 2014. Though it is important to be properly diversified across these types of alternative investment vehicles, it is just as important to ignore the enticing high yields that cover the covers of financial magazines.

This all leads to the question of "what should investors be doing?" We believe that 2015 will be a time to become even more reliant on sector allocation and taking a more tactical approach. As the energy sector gave us a look at what happens if their bread winner (oil) falls in price (Exxon and Chevron showed losses of about 10% for 2014) it becomes important to

take a closer look at how one's portfolio is allocated in different sectors and industries. On top of the US markets, we continue watching for opportunities in emerging and international markets. Experts now are saying that China's issues have led to opportunities in what are called the Frontier Markets. If the dollar does decide to pull back a bit in 2015, this will open up opportunities overseas for investment in foreign companies that have been beaten down to their 52 week lows.

Amazing Growth Seen in SRI Investing from 1995-2014



Well done Sustainvesters! You can count yourself as part of this growing shift into conscious investing.

Sustainable, Responsible and Impact Investing (SRI) in the United States has grown substantially over the past two years. The total US-domiciled assets under management using SRI strategies expanded from \$3.74 trillion at the start of 2012 to \$6.57 trillion at the start of 2014, an increase of 76 percent, according to the US SIF Foundation's latest biennial survey, the Report on US Sustainable, Responsible and Impact Investing Trends 2014.

The assets engaged in sustainable, responsible and impact investing practices at the start of 2014 represent nearly 18 percent of the \$36.8 trillion in total assets under management tracked by Cerulli Associates. From 1995, when [the US SIF Foundation](#) first measured the size of the U.S. sustainable and responsible investing market, to 2014, the SRI universe has increased tenfold, or 929 percent, a compound annual growth rate of 13.1 percent.

These assets now account for more **than one out of every six dollars under professional management in the United States**. The individuals, institutions, investment companies, money managers and financial institutions that practice SRI seek to achieve long-term competitive financial returns together with positive societal impact.

Greeny of the Quarter



CLIMATE RIDER

Feeling the need to hit the open road on his bicycle (and also raise money for some amazing non-profits), Sustainvest CEO Dale Wannan recently signed up for Climate Ride California. Climate Ride California is a gorgeous cycling adventure that begins in California's historic Redwood Empire near Eureka, travels along the scenic coast, and ventures into the famed Russian River Valley before crossing the Golden Gate Bridge into San Francisco. The event takes place in May, lasts for 5 days and will traverse over 320 miles.



[Climate Ride](#) is a 501 (c) (3) nonprofit organization

If you are interested in learning more about our services, please contact us at info@sustainvestmanagement.com or call us at 707-766-9480

that organizes life-changing charitable events to raise awareness and support sustainability, active transportation, and environmental causes. Climate Ride produces charitable multi-day rides, hikes and a DIY program: Climate Ride NYC-DC, Climate Ride California, Climate Ride Midwest, Climate Hike and Independent Challenges.

Participants make an extraordinary contribution to a cause they care about. They are helping to provide much-needed financial support, raising awareness, engaging other riders, and helping to build a national network of supporters.

The reward for this commitment is the experience of a lifetime through some of America's most beautiful landscapes. Participants meet and network with leaders in sustainability, renewable energy, and environmental causes while raising awareness of our cause.

The organizations that Dale has selected to raise money for include NRDC, 350.org, and the Sonoma County Bicycle Coalition. In order for Dale to ride in this event, he has to raise \$2800 for his selected organizations. If you are interested in learning more about Dale's journey or would be so inclined to make a tax-deductible contribution, the below link is provided:

<http://bike.climateride.org/index.cfm?fuseaction=donorDrive.participant&participantID=3215>



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