



Your Investments. Your Planet. Your Choice.

2nd Quarter 2014: Inside the Numbers

	2nd Quarter 2014 Return
S&P 500	4.70%
DJIA	2.20%
NASDAQ	5.00%
Russell 2000	1.70%
Barclays US Bond Aggregate	1.95%
Euro Stoxx 50	2.30%
Oil	3.73%
Gold	3.50%
Euro vs \$	-0.60%
Yen vs \$	+1.90%

Economy

As the American soccer team clawed its way through this year's World Cup in Brazil, the markets have slowly clawed their way to a solid first half performance. The S&P 500 ended the quarter up 4.70%, the tech heavy NASDAQ fared better ending up 5.00% and the 30 company Dow Jones was up 2.20%. The Dow flirts with that 17,000 mark on what seems like a daily basis. Many stocks also have hit multiple new highs in the first half of the year. That being said, there is some cause for concern. The gold market has noticed some interest as of lately surging 3% last week and posting a 10% gain on the year (GLD). The utility sector also is seeing some influx. This may be a signal that caution should be taken.

After a rather flat first quarter, a little bounce back in the second quarter is encouraging. Despite some signs

inflation is picking up, the Fed remains quite dovish and benign and Wall Street sees this as a bonus despite the slight continued tapering of quantitative easing (QE). U.S. stocks still look attractive, with the U.S. economy continuing to gather momentum. However, tensions in the Middle East are elevated with more U.S. military involvement. As oil prices have shot up in light of this situation, big business may eventually feel this elevated cost in stock prices with a short-term selloff. A correction may be a healthy pause in this ongoing bull market.

Mergers and Acquisitions

With all of the cash that companies have pulled in over recent years, it's no surprise to hear that the merger and acquisition world has heated up. The value of global mergers and acquisitions hit \$1.75 trillion in the first six months of the year, a 75 %rise on the same period last year and the highest since 2007. The increase highlights a shift in thinking

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Companies Committed

Greenpeace and Apple

Often in the world of sustainable investing, it is easy to overlook the big behemoth companies and focus on small entities and their ability to embrace quick changes within the realm of sustainability measures. But it should be noted that even some of the big players are trying their best to be green. Though there may still be work to be done in terms of human rights issues, Apple should be recognized for its efforts within the tech sector.

Apple Inc. (AAPL) now uses 100% renewable energy sources to power its data centers and now gets 75% of its total power from renewable sources, up from 35% a year ago. The company's four largest office campuses, in Ireland, Germany and two in California, now use 100 percent renewable energy sources as well. "Increasing our use of renewable

energy is our primary objective," Peter Oppenheimer, stated Apple's chief financial officer. "We think these efforts will result in learnings that other companies and communities can benefit from as well."



Apple has demonstrated leadership in product design, particularly in raw material selection and energy efficiency.

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Education

Stranded Assets and Planet Earth

Have an old VHS recorder in your garage? How about that motorcycle that just doesn't seem to run anymore? Well, if you said yes, then you have what financial officers call a "stranded asset". Becoming the hot "it" term in the world of ESG investing, the true definition is an asset that is worth less on the market than it is on a balance sheet due to the fact that it has become obsolete in advance of complete depreciation.

In terms of sustainable investing, stranded carbon assets include fossil fuels, as well as those assets which, given their dependence on fossil fuels, are also CO2-emissions intensive. Picture a train full of dirty coal passing by. Investment analysts have long been warning investors that companies whose

revenues rely on these assets may want to rethink their strategy. The warnings have largely fallen on deaf ears amongst mainstream investment managers. Ask any of your friends if their investment advisor is taking "stranded assets" into consideration and you may get a strange look. This "carbon bubble" now is getting attention though and integrating sustainable investing into one's portfolio is one way to help make sure, companies with carbon tons of stranded assets don't find their way into one's IRA or 401k.

How Much Does that Condo in Mexico Really Cost?

What would seem like a simple question may in fact be one of the more difficult. How much are you going to spend in retirement?

Education cont. page 3

"The environment, after all, is where we all meet, where we all have a mutual interest. It is one thing that all of us share. It is not only a mirror of ourselves, but a focusing lens on what we can become."

-Dr. Jane Goodall



Shareholder Activism

First Resolution Filed Gets 44 million Shares to Vote Yes

Sustainvest came out with a bang for its first ever filed shareholder proposal. Filed with \$37 billion healthcare pharmaceutical company Actavis (ACT), the resolution received an astounding 45 million shares voting in favor of the resolution. This equates to about 32% of all votes tallied. The proposal asked the pharma company to adopt a sustainability report which would be publicly reported for shareholders to better understand what was being done by the company in the realm of energy efficiency, CO2 output, water usage, etc. The resolution garnered press attention shedding light to the process of shareholder activism via an article titled "Dale versus Goliath". To read more about this recent success, a link is provided [here](#).

Sustainvest will be looking to file 3 additional shareholder proposals this year, including addressing another large pharmaceutical company as well as a franchisor of fast food restaurants and a large food and beverage company involved in the dairy industry.

Company Cont.

The company has achieved near elimination of polyvinyl chloride (PVC) and brominated flame retardants in all products in advance of any regulatory requirements. In addition, every Apple product exceeds ENERGY STAR specifications as a standard feature. Apple has made notable improvement in its take-back programs and now operates or participates in recycling programs in the countries where more than 95% of its products are sold.

Recently, Greenpeace made a public remark embracing Apple's commitment to the environment and social issues due to their placing pressure on its suppliers to use smelters that can prove they are free from conflict materials. According to Top Ten USA, the Macbook Air is the second most energy efficient laptop.

1. Lenovo Thinkpad T430s
2. Apple Macbook Air MD231
3. HP Folio 13
4. Samsung NP900
5. Apple Macbook Pro Retina

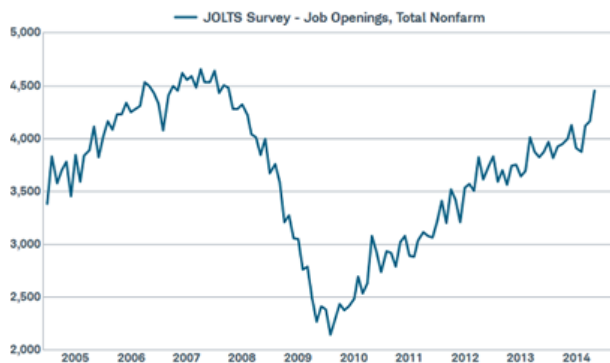
Economy Cont.

amongst C-Suite executives. At one point in time, organic expansion was key to growth, but now this tactic has been pushed aside as the belief that growth can be easily purchased as opposed to built within.

Healthcare deals more than tripled to \$317.4 billion so far this year, representing 18.2% of total deal volume. The second-busiest sector for deal making this year was media and entertainment, which had deal volumes nearly triple to \$220.7 billion on the back of two mega-mergers: Comcast Corp's \$45.2 billion bid for rival Time Warner Cable and AT&T's proposed acquisition of DirecTV for \$48.5 billion. The broader telecom sector may get another boost in the near future as Sprint Corp and T-Mobile are in advanced talks about a deal that would combine the third- and fourth-largest U.S. wireless operators.

Future Macro Issues Look Peachy

In housing, its location, location, location. With the economy, its jobs, jobs, jobs. A sign of a solid economy often points to the job market along with consumer confidence and capital spending. All of these items are showing forward movement albeit slowly. Wages are starting to show signs of increasing therefore putting more money into consumers' pockets which eventually makes its way to the Home Depot's and Applebee's of the world. The current unemployment rate stands at 6.3%. The most recent jobs report of openings (below) is an encouraging sign. On the flip side of this is the mere fact that we are now into the fifth year of a bull market. Since the bottom in March of 2009, we have seen an approximate gain of 200% in the S&P 500. The S&P 500's P/E index is currently at 19.5 compared to a historical average level of 15.35, leading to the thinking that prices may return in line with this average.



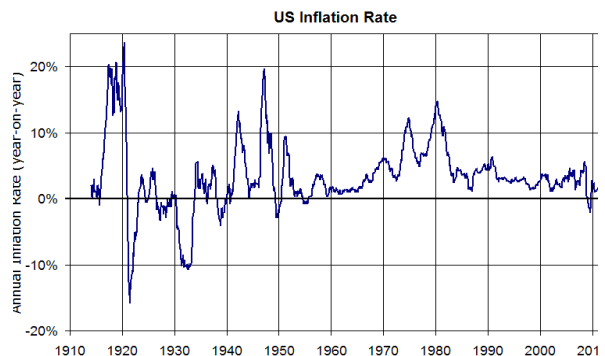
Investment strategies continue to embrace the upside potential for equities, but at the same time, mitigating any risks of a negative turn in the markets by diversifying across asset classes, of which include treasury inflation

protected bonds (TIPS), short duration fixed income assets along with cash. This "best of both worlds" approach allows for clients to catch any upside but at the same time be prepared for any downturn. Similar to the strategy in soccer, having a solid offense is good, but without a strong, quick defense, a team can easily find itself on the losing end of any bracket.

education cont.

There are many reasons most people aren't answering this question. One is that there is a diminishing number of people who actually plan to leave their jobs once they reach those golden years. According to a recent poll, of the oldest baby boomers that are close to 70 now, only 52% are actually retired. Twenty-one percent are still working full-time. Also, 37% of Americans say they plan to work full-time past the age of 65.

There are reasons for concern here. Retirees often think they will be spending less in their retired years, but according to the Bureau of Labor Statistics, people often spent between 1 and 2% more in their golf ridden days. Tag on an average annual inflation rate of around 3% (photo below) and it's clear that planning ahead for retirement is just as important as ever.



These years look different for everybody. You should know what you plan to do in retirement. Is jumping into the RV and traveling 6 months a year in your cards? Or is that second home cottage in Mendocino more your style? What will I do? Where will I live? Will I have expensive hobbies once I have all this free time?

It's critical to devise a financial plan of action to at least move in the right direction when planning for items such as these. The piece of mind this plan will bring may be worth speaking with an investment advisor about and also could get you one step closer to sipping on that pina colada on the beach.

Non-Profit of the Quarter



With people still feeling the ramifications of the 08-09 recession, many Americans are returning to their roots cultivating vegetables in their backyards to squeeze every penny out of their food budget. Industry surveys show double-digit growth in the number of home gardeners. Rightfully so, when one looks at their food shopping receipts. Also, with news that First Lady Michelle Obama planted a kitchen garden on the White House's South Lawn, this inspired a new conversation all across the country about the food we feed our families and the impact it has on the health of our children.

Long before the First Lady planted the White House garden, Petaluma Bounty was formed. Petaluma Bounty is a community-based nonprofit that helps people grow their own healthy food, redistribute surplus food, and provide affordable fresh food to low-income families and seniors. Petaluma Bounty has helped to create eight community gardens around Petaluma, CA. The first two community gardens also contain school garden plots and are located at the McKinley and McDowell Elementary Schools.

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

The Bounty's core programs include: a network of Community Gardens throughout Petaluma to increase food self-sufficiency and strengthen community; Bounty Hunters – a community food gleaning program that collects fresh, surplus food from backyard gardens, farms and businesses and distributes it to food pantries and senior centers; the Bounty Farm– an educational urban farm growing sustainably farmed food for the community and teaching sustainable agriculture to students, interns and the general public; the Bounty Box Food Club–weekly boxes of organic fruits and vegetables sold at wholesale prices to low-income families (with retail Boxes also available); and, Backyard Bounty–a program that will build a new Victory Garden or expand an existing garden, with pre-built garden boxes and containers, or a custom designed "permaculture" inspired food forest.

On, Tuesday, July 15th at the Lagunitas Beer Sanctuary, the group will be holding a fundraising event to support Petaluma Bounty programs. Doors open at 5:30 pm for an evening of dining, live music, fun auction items, and a screening of the latest films by Lexicon of Sustainability.

More info can be found at:
www.petalumabounty.org



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