SUSTAINVEST
Asset Management, LLC

2nd Quarter 2019

Your Investments. Your Planet. Your Choice.

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Economy

Welcome summer! In last quarter's letter, I mentioned that emotional steadiness is important during times like these. Those who have remained steady have seen this first half of 2019 rewarding. U.S. stocks are hovering around all-time highs with the Fed continuing to ease any concerns about a quick increase in rates. Corporations like this. So when will the market slow? I get this question probably every day of the week. No one knows this of course. One thing I do know is that the investors who decided to pare back and go heavier into cash or step outside of their personal risk profile allocations missed out on a return of about 17% so far this year in the S&P 500. This is why trying to time the downturns can become hurtful for a portfolio. In Q2 we saw returns of 4.4% in the S&P 500 and about 4.7% in the Nasdaq. Also just as interesting is that Gold (GLD) also moved up with these market returns (up 9.5%) and the clean energy index fund PBW was up 9% with about a 38% gain this year so far. Who said that this administration would negatively affect alternative energy stocks in solar and wind?

This economy has also brought a slew of new stocks (IPOs or Initial Public Offerings) to the table as well. Some have done well, others not so much. The hot ones were Zoom Video, Crowdstrike, and Beyond Meat. The not so hot were Uber and Lyft. It may be easy to think you are missing out on these IPOs, but in most cases it pays to wait until they settle back from the euphoria and then make a move. News of climate change continues to make headlines. Having an ESG overlay actually creates a layer of reducing volatility as well. This quarter I gave a presentation at our local shared work space Work Petaluma titled "Climate Change: What Wall Street is Thinking". This has become a hot topic as

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Companies Committed

If you happen to be sipping on that ice cold beer this summer out of a aluminum can, you may be surprised to know that the can is most likely manufactured by the Ball Corporation (BLL). Based out of Broomfield Colorado, Ball is a supplier of metal packaging to the beverage, food, personal care and household products industries. At about a $23 billion market cap, the stock has returned over 50% for this first half of 2019.

Though the company was founded way back in 1880, if you happen to jar jelly with mason jars or drink Dale's Pale Ale, you are familiar with them. In recent years, they have become a big player in glass and aluminum. Clearly, plastics are not the future as we see our oceans and whales washed up with the stuff. The debate over which is more sustainable, glass or aluminum, comes up quite a bit. They both seem to have better environmental records over plastic of course. Like glass, aluminum is 100% recyclable and can be recycled over and over again.

A member of the Dow Jones Sustainability Indices, the company has been named industry leader for container and packaging businesses for four consecutive years. Ball also is serious about how they generate their own power. They source about 161 megawatts of wind and 227 megawatts of solar for their electricity used in its corporate headquarters. Cheers.

Note: Sustainvest may have a position in the company

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Education

3 Retirement Income Errs

After years of saving, many retirees may be unsettled as to when they may want to start tapping their portfolios. When should you start? How much is too much? What if you outlive your money? These are solid concerns. Let's take a look at some common mistakes that can negatively impact your retirement income.

"The activist is not the man who says the river is dirty. The activist is the man who cleans up the river. "

— Ross Perot

Mistake #1: Selling stock in a downturn
If your first few years of retirement come with a market decline, you'll probably need to sell more of your assets to fund the same withdrawal—leaving you with fewer shares and limiting your portfolio's ability to recover during a potential market rally. If the decline is particularly steep or lasts for an extended period, it's even harder to bounce back. Two retirees with identical portfolios and annual withdrawals could see very different results depending on when a market downturn occurred. So, what's an investor to do?
The simplest and most prudent way to confront this is to be properly allocated. Consider moving a portion of your assets into investments that are more likely to weather market volatility. We suggest that retirees keep a portion of their retirement portfolio in cash or cash alternatives and use that to help fund expenses. Then, consider allocating some to less-volatile investments, such as high-quality short-term bonds or short-term bond funds.

Mistake #2: Social Security too early
It's a question we get quite often: When should I start collecting Social Security? Many Americans opt to collect as soon as they become eligible at 62, but taking benefits before you reach full retirement age (from 65 to 67, depending on your birth year) means settling for smaller payments—for life.
If you're able to wait even a few years longer, you stand to receive a much larger monthly check. Individuals who collect Social Security beginning at age 62 receive 25% less in monthly benefits than if they had waited until full retirement age (FRA)—and roughly 43% less than if they had waited until age 70. Waiting to collect can also help extend the life of your portfolio. True, you'll have to rely on your savings alone if you retire several years before you start collecting Social Security, but the increased income that comes with deferral—which is guaranteed for as long as you live—can help preserve your portfolio later.

Mistake #3: Taking money from the wrong account
When it's time to turn your retirement savings into income, it might not be as simple as selling investments and pocketing the proceeds. Rather, using your assets to support you in retirement should take not only your income needs into account but also timing, taxes, life expectancy and account types.
Keep a close eye on taxes—especially once you reach age 70½. That's when the required minimum distributions (RMDs) the IRS obliges you to take from your 401(k)s and SEP, SIMPLE and traditional Individual Retirement Accounts (IRAs) kick in. For example, if RMDs push up your taxable income, not only could you pay more on your regular income and Social Security benefits but you might also owe taxes on the long-term capital gains and qualified dividends in your non-retirement accounts. This is where a distribution strategy can help. For example, some retirees might choose to take withdrawals from tax-deferred accounts like traditional IRAs prior to age 70½—when they have more flexibility to decide how and when to take distributions—in order to help reduce the size of their portfolios and thus the size of their RMDs, as well as manage their overall tax bill.Other retirees may opt to convert some of their retirement assets into Roth IRAs, which are not subject to annual RMD requirements.

Shareholder Activism

Sustainvest Update

April to June is 'proxy season" when more than 90% of U.S. companies have their annual meetings and proxy voting. There should be some interesting results coming out of these meetings. Some companies with excessively large amounts of shareholder proposals on their ballot included:

Facebook-8 shareholder proposals on topics such as gender pay gap and Zuckerberg's dual-class shareholdings acting as both CEO and Chair board give him approximately 60% of Facebook's voting share

Exxon-7 shareholder proposals on topics such as having a climate change board committee, reporting on risks of Gulf Coast petrochemical investments and also a report on political contributions

Chevron-5 shareholder proposals on topics such as reporting on reducing carbon footprint and having a board committee on climate change

Stay tuned as Sustainvest continues to submit several shareholder proposals in the upcoming months for the 2020 proxy season.

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of late, rightfully so. It was eye-opening to share examples of how climate change could affect long-term investing showing how certain industries like insurance and agriculture could be more affected than others. On top of this, companies with locations in flood-prone areas are also being highlighted. For example, did you know that CVS incurred $57 million in losses as 1,200 of its 9,800 locations experienced short-term closures during the 2017 hurricane season.

On the positive side, it is good to know that susty-investors like Sustainvesters are able to invest in the technologies and companies that are trying to help mitigate this problem. Returns are below for Q2 and the first half of 2019:

	Q2	2019
S&P 500	4.4%	17.24%
Total Bond Mkt.Index (BND)	3.78%	4.87%
Nasdaq	4.7%	21.50%
Sustainable Index ETF (DSI)	4.83%	17.40%
Gold	9.59%	9.76%
Energy Sector/Oil ETF (XLE)	-4.20%	11.11%
Clean Energy ETF (PBW)	9.00%	38.85%

NEWS!

Recently, we launched a robo advisor site with just a $5,000 minimum.

Welcome Sustainfolio!

With a $5,000 minimum balance needed, the program was created to help further the mission of sustainable investing and opening up the movement of SRI to those who perhaps couldn't get into. Our mission is to help guide those who are possibly taking their first attempt into this more environmentally friendly way to invest.

SustainFolio is a technology based investment platform designed for individuals who want to integrate sustainability into their portfolios digitally. SustainFolio allows its clients to establish a portfolio based on their tolerance for risk and their aspirations for building wealth using sustainable low cost ETFs.

Portfolios are held in a brokerage account at Charles Schwab and Co., Inc.

Check it out here at www.sustainfolio.com

Greeny of the Quarter

Better Think About that Flood Issue Big Biz

As news continues to come in on what climate change is doing to our oceans and glaciers, so too does the data around this issue pile in. Recently, we were intrigued by a report that spoke on how big data is now finding out which specific companies and industries really could be in trouble if these issues continue. And Wall Street is taking notice.

One of these data mining companies here in the Berkeley, CA. **Four Twenty Seven (www.427mt.com)** is a provider of market intelligence on the economic risk of climate change. Its mission is to catalyze climate adaptation and resilience investments by enabling the integration of climate science into business and policy decisions. In other words, they are capturing the risk exposure of companies based upon their locations and also their supply chains.

In an early 2019 report, Four Twenty Seven looked at 24 industry groups to see which phenomena were material to each industry, and then came up with a scoring system. (The firm is named after a target set by California in 2006 to reduce greenhouse-gas emissions to below the state's 1990 level of 427 million metric tons.)

It sells its data to financial institutions and corporate enterprises that invest in bonds, real estate, and other securities. Four Twenty Seven's list of the most exposed, surprisingly, includes some of America's best-run companies. At No. 14, for example, is the fund giant T. Rowe Price Group (TROW), whose headquarters sits by Baltimore's Inner Harbor. According to Four Twenty Seven, two-thirds of the big money manager's facilities are exposed to sea-level rise, and more than half are exposed to flooding.

Atop the list was Norwegian Cruise Line Holdings (NCLH), which is located in Miami. No. 8 Merck, has hurricane exposure in 25% of its facilities, including dozens of pharmaceutical preparation facilities in Japan and the Eastern U.S. A fifth of its facilities are exposed to floods, including sites in Baton Rouge, La.; Atlanta, Shanghai, and Seoul.

Emilie Mazzacurati founded Four Twenty Seven in October 2012 after Hurricane Sandy demonstrated that the lack of planning for climate impacts could bring even the most the powerful financial institutions to their knees. Driven by the conviction that businesses have a critical role to play in building resilience if provided with the right tools and guidance, Four Twenty Seven offers science-driven risk analytics to investors, corporations, and governments.

Having important data like this is starting to shed light on how big this problem is, not only to environmentalists out there, but also Wall Street and big business.

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

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1% FOR THE PLANET MEMBER