

# SUSTAINVEST 4TH QUARTER 2015



SUSTAINVEST  
ASSET MANAGEMENT, LLC

## 4TH QUARTER INSIDE THE NUMBERS

S&P 500	6.45%
DIIA	7.00%
Nasdaq	8.38%
Russell 2000	3.2%
Barclays US Bond Index	-1.43%
Euro Stoxx 50	6.00%
German Dax 30	5.86%
Oil	-27.50%
Gold	-7.10%
Euro vs \$	-1.25%

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## YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.

### ECONOMY

What started off as a rather relaxed market quickly turned wild in the second half of this year. In the first six months of 2015, the Dow Jones industrial average was never up or down more than 3.5 percent, something that had never happened before. After August though, markets got jittery as the Fed decision was all over the news. All that being said the numbers ended up fairly flat on the year. Through all of those ups and downs

the S&P ended up/down 0.7%. The tech-heavy NASDAQ finished the year up 5.7%, and the DOW was up/down the Dow was down 2.2% with Walmart as the worst performing stock in the Dow losing 29% in 2015.

This year will be remembered for weakness in commodity markets (think gold and oil) which bled over into global equities. The winner  
*(Continued on page 3)*

### COMPANIES COMMITTED

#### WE'RE TALKING TRASH

You may have seen their trucks on an early Monday morning picking up your trash. You may even have images of mobsters when you think of them. But this is no ordinary trash service. Waste Management (WM) provides waste collection, disposal, recycling, and energy production services across North America. To address the environmental impacts associated with its waste collection vehicles, the company is increasingly purchasing natural gas vehicles and is targeting 90% to 95% CNG for its truck fleet within a few years. Waste Management also provides consulting to customers on sustainability principles and goals across business operations, including efficient use of materials and design for disassembly. For example, the company worked with two aluminum plants to develop a resource recovery plan that reclaims over 20 tons of aluminum oxide per week. Waste Management produces power by capturing



methane gas at over 50% of its landfills; the company also owns incineration, or waste-to-energy, plants and independent power plants.

Waste Management recently released its 2015 Sustainability Report titled "Creating a Circular Economy". By 2020, Waste Management's goal is to power more than 2 million homes from its energy production facilities. The company has 3,700 alternative fuel vehicles with 72 natural gas fueling stations, 134 landfill gas-to-energy facilities and 119 wildlife habitat programs, with 26,000 acres of land dedicated to wildlife habitat. We all produce waste of one form or another in our lives, so it's good to see the largest firm in this industry attempting to address sustainability. WM has a dividend yield of 3.08%.

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“WHAT GOOD IS A MAN  
WHO WON’T TAKE A  
STAND  
WHAT GOOD IS A CYNIC  
WITH NO BETTER PLAN”  
- BEN HARPER

## EDUCATION

### FINANCIAL PLANNING NOT JUST FOR THOSE LOTTERY WINNERS

Sad fact: According to multiple studies, about 70% of all lottery winners end up going broke and filing for a bankruptcy. Why? It’s simple: They fail to plan ahead. Most of us won’t win the lottery but we will have life issues that need addressing. Maybe you’ve come into a large inheritance or your income popped suddenly as that iPhone app development made it big. Maybe you gave birth to triplets or recently divorced. Or maybe you just feel uneasy about your money — you’re not sure where it’s going now or how far it will take you in the future. Enter a financial plan. A financial plan takes the elements of your financial world including current assets, financial goals such as traveling or buying that second home in Puerto Vallarta and your risk profile and determines how much in line you are with your current savings and plan. Another key component the plan accomplishes is determining a proper investment allocation. Action items that may come with a

financial plan include:

- ☒ Contribute the max to your 401(k)-*free money if they are matching*
- ☒ Open and fund an IRA with automatic monthly contributions-*tax deferral can be huge*
- ☒ Make additional catch-up contributions if you’re over 50-*if you can, why not*
- ☒ Earmark bonuses, raises and tax refunds for retirement-*enjoy some of it though!*
- ☒ Open a SEP-IRA if you’re self-employed-*allows much larger annual contributions*

If you find that your current vision for retirement is not in sync with your savings, start thinking about different ways you can bring the two together. Most of us understand that we need to save for those later years when we may not be employed, and we’ve been diligently setting aside a portion of our income on a regular basis for years. A “plan of action” may be just what is needed to get there. Feel free to contact Sustainvest on how to implement a financial plan.

## SHAREHOLDER ACTIVISM

### AU TOILETTE AND DONUTS

What do toilets and donuts have to do with each other? Sustainvest recently introduced a resolution that addresses the current drought situation and the fast growing donut chain. Dunkin Brands (DNKN) plans to double the number of U.S. stores to about 15,000 from a base of 7,000 now. Most of these stores will be on the west coast, the area hit worst by drought. Because of their expansion, Sustainvest felt as if it was important that Dunkin report on their water usage, specifically targeting toilet water.

The resolution is requesting that the Board of Directors issue a public report describing the company’s short- and long-term strategies on water use management specifically related to toilets in the retail facilities. Companies such as Costco have now expanded water conservation policies to over 50 buildings across the U.S. and Mexico and have

helped the company cut water use by 22% on average. The savings have already paid for the cost of installation of water efficiency measures. At the time of this newsletter Dunkin had not reached out to discuss the resolution with us.

### WAL-MART CEO MAKES \$365,000 EVERY WEEK

Many Walmart customers know Cynthia Murray. She’s worked for 15 years in the fitting room at a Maryland store helping shoppers decide what fits and what doesn’t. She recently filed a resolution with her employer to push forth her resolution which would require Walmart to disclose, for each pay grade and salary range: the proportion of men and women in each grade and range, the average hours worked by men and women and the average hourly wage rates.

*(Continuation on page 4)*

(*Economy continuation*) this year had to be the dollar as its value continued its surge till the end of year--time to consider that trip to Europe in 2016. Emerging markets was the loser this year as countries such as Brazil saw their currency lose over 30% of its value. The elephant in the room in regards to emerging markets is China as they transition their economy from one driven by fixed government investment to one led by domestic consumer purchases—outcome yet unknown.

### INTEREST RATES

Finally! The Fed pulled the plug on historically low interest rates and on 12/16 decided to up the fed funds rate by 0.25%. In general, this is good news for consumers and investors. We should expect to start seeing those money market accounts along with bank CDs increase their returns--unless the banks hold out on us. However, the monetary punch bowl seems to be getting low as ultralow interest rates start to rise and Fed asset buying comes to a halt. It will become more important to keep portfolios aligned with personal timelines and risk tolerance and not deviate from the original asset allocation models. Sector allocation could also become just as important. We believe that overweighting sectors such as financials (due to banks being able to widen their net interest margins) and technology (due to incredibly strong balance sheets and the fact that they tend to do fairly well in rising interest rate environments) will help mitigate downturns in the general market.

### THE FANG

One caveat to this year and performance variations is the new FANG effect. A cult-like vengeance appeared with these growth oriented companies. The FANG includes Facebook, Amazon, Netflix and Google parent Alphabet Inc. Those shares are up 36%, 118%, 140% and 47% this year, respectively. Considering the markets were flat, these large companies may have greatly skewed performance. Amazingly enough, Amazon finally showed its first "profit" this year.

### OIL. OR PLANKTON AS WE SEE IT

It's all about supply and demand. The story of this

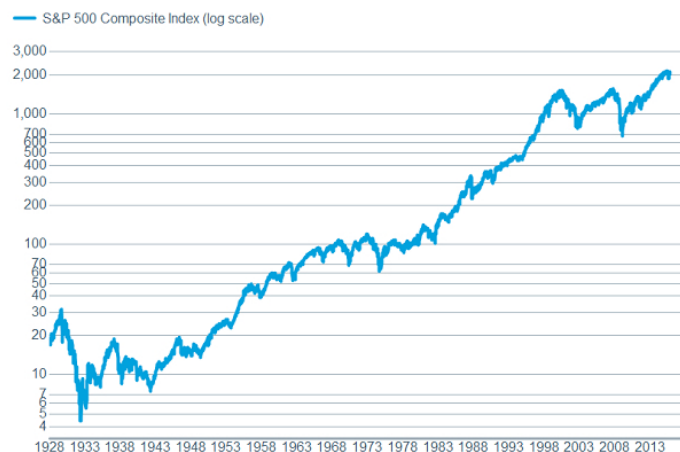
quarter's market couldn't be complete without mentioning oil. In December the price hit \$35 a barrel, a number not seen since the crash of 2008. Industry analysts say the 4.8 million-barrel increase in the U.S. crude inventories took the market by surprise as most looked for slower expansion or a decrease. At almost 500 million barrels, U.S. crude oil inventories remain near levels not seen for this time of the year in at least 80 years. The markets and CNBC comment that when oil is down, so too goes the stock market. Perhaps it is time to stop looking at oil as the catalyst that moves the market and instead just looking at it as a dirty fuel. Granted, global industry still relies on it as a fuel source, but perhaps it is time for OPEC and the Exxon's of the world to realize that as alternatives become more prevalent, the price of oil will eventually have no correlation to the movements of the stock

market and will continue to drop in price due to lack of demand. It will simply be what is what meant to be, tiny plants and animals called plankton that formed about 150 million years ago underground.

### HEADING INTO 2016

As we get over our parties from New Year's Eve and enter 2016, there are several factors to keep our eyes on. How strongly will increases in interest

rates correlate with market returns? Different asset classes have different historical performance with restrictive policies that we are about to enter. As far as stocks go, defensive industries such as food and utilities perform well with apparel and autos performing poorly. Commodities on the other hand tend to perform better than equities during interest rate increases. With the US markets starting to look a little frothy, we may start to look at more reasonable valuations overseas in Europe. Keeping risk profiles and timelines in check will help guide portfolios through this maze of increasing rates and decreasing oil prices. In a strange way, your portfolio should look like you. No, not the actual paper, but the asset allocation and volatility should resemble your lifestyle, risk tolerance, goals and your timeline. The chart above looks at the S&P 500 since 1928. When you think of all that the political and societal shifts that have taken place in this time frame, it gives a macro perspective on things.





## GREENY OF THE QUARTER

### USE US TO SEND SOME MONEY TO A LOCAL SCHOOL AND GET OTHERS TO DIVEST OF FOSSIL FUELS

We all know that it is more important today than ever to help our little ones along their educational paths. Some schools are less fortunate than others when it comes to providing up to par educational materials in the classroom. Enter Donorschoose.org. DonorsChoose.org is an online charity that makes it easy for anyone to help students in need. Public school teachers from every corner of America post classroom project requests on their site, and you can give any amount to the project that most inspires you. What's unique about this platform is that it allows the contributor to choose the exact classroom and materials that may be needed. For example, currently Ms. Polo at Thomas Edison Charter Academy (TECA) San Francisco needs rhyming tubs, word and number sequencing puzzles, and alphabet stamps for her K-2nd grade kids. Ms. Gallagher in Santa Rosa's Roseland University Prep Charter School, grades 9-12, needs books for her socioeconomically disadvantaged kids. She has raised \$426 out of the \$822 needed so far.

Many of our clients at Sustainvest were referred to us by existing clients. The greatest compliment we can receive from a client (besides beers and chocolates) is for them to tell their friends and colleagues about us. We now have a program that thanks you for referring new clients to Sustainvest and at the same time allows us to donate to a project of your choice through donorschoose.org.

Every time a client or colleague of Sustainvest refers to us a "Get Acquainted" meeting, we will send you a \$50 gift card to donorschoose.org. All they have to do is mention that you sent them our way! When you receive a gift card from us, you simply go to donorschoose.org/redeem and type in the code of your card. You can then search for projects based on topic (art, science, etc.) or do a search based on location so your donation will go to a local school near you.



When a project reaches its funding goal, they ship the materials to the school. The donor gets photos of the project taking place, a letter from the teacher, and insight into how every dollar was spent. Give over \$50 and you'll also receive hand-written thank-you's from the students. We recommend donating all \$50 to one project, mainly because all donations of \$50 or more receive a handwritten thank you card from the classroom. Any unused funds or expired gift cards will be donated to a general pool.

This is our way of thanking our amazing, sustainably focused clients and generous partners for supporting Sustainvest by referring new clients, all while supporting a great charitable organization. Let us know if you have any questions!

### *(Shareholder Activism continuation)*

The CEO of Walmart, Doug McMillon earns more in 1 hour than some of his employees earn in a year. Mr. McMillon's \$19 million salary **works out to about \$365,000 per week**. Not a bad day's

work. The stock was down about 30% for 2015. Doug, rightfully so, they may ask for some of that back. Walmart filed a "no-action" letter and the SEC allowed Walmart to not include the resolution on the proxy statement.

If you are interested in learning more about our services, please contact us at [info@sustainvest.com](mailto:info@sustainvest.com) or call us at 707-766-9480

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