

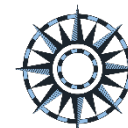


# The Current State of Fossil Fuel Free Investing

## Aligning your investments with your personal values

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PEKIN HARDY STRAUSS  
WEALTH MANAGEMENT

# Our Firm

**Founded in 1990**, Pekin Hardy Strauss Wealth Management helps its clients develop and **meet their financial goals** through **customized investment portfolios** and a prudent, disciplined, **value investing** approach.

**Advisor managing Appleseed Capital**

**Boutique, value-shop, research-centric culture**

**Over \$750 million in assets under management**

**B Corporation®**

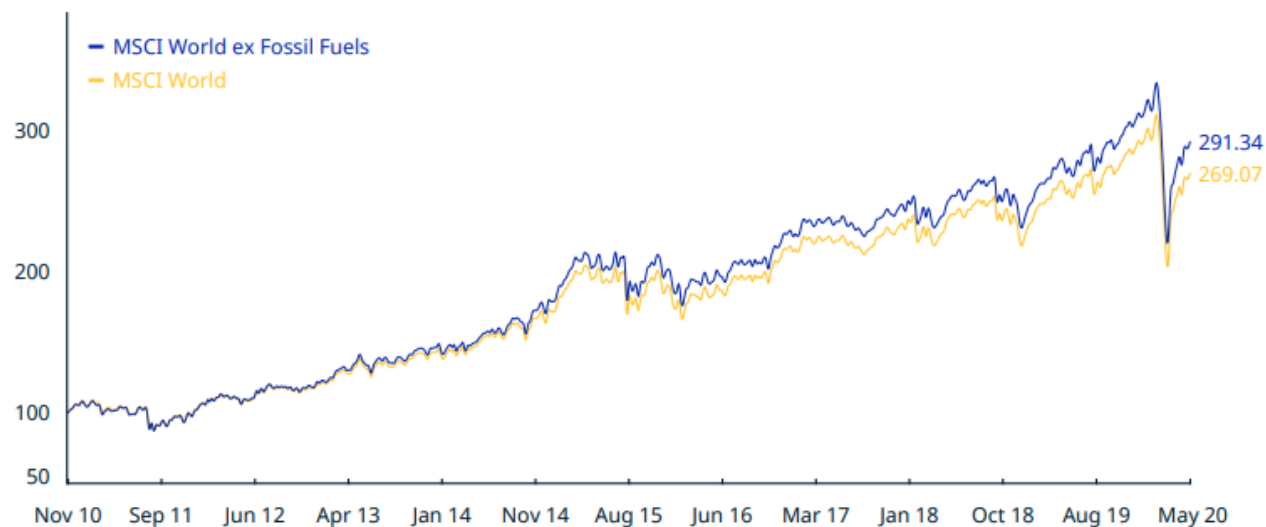


# Agenda

1. **Performance myths.**
2. **Tools to help you know what you own.**
3. **What are your values?**

# Performance Myth

**CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (EUR)**  
**(NOV 2010 – MAY 2020)**



**ANNUAL PERFORMANCE (%)**

Year	MSCI World ex Fossil Fuels	MSCI World
2019	31.81	30.76
2018	-3.35	-3.58
2017	8.80	8.10
2016	10.11	11.39
2015	13.33	11.03
2014	22.19	20.14
2013	23.35	21.86
2012	16.63	14.75
2011	-2.05	-1.84



# Tools – AsYouSow – Fossil Free Funds

Things are not always what they seem.

## Invest Your Values

a project of  AS YOU SOW

### Sustainability report card

As You Sow's [Invest Your Values](#) report card grades mutual funds on environmental and social issues, including climate change, gender equality, and weapon investments. Click through to get more details on each issue.

iShares ESG MSCI USA Leaders ETF [SUSL]

Basic ☒ Expanded

#### Fossil fuels

Investments in coal, oil, and natural gas energy and utility companies

C

#### Deforestation

Investments in deforestation-risk agricultural commodities, and related financial companies and consumer brands

F

#### Gender equality

Gender equality group ranking, based on Equileap company data

A

#### Civilian firearms

Investments in civilian firearms manufacturers and gun retailers

A

#### Military weapons

Investments in military arms manufacturers and services companies

F

#### Tobacco

Investments in tobacco and e-cigarette manufacturers, and tobacco-promoting entertainment companies

A

ETF SPECIALIST

## A Compelling Approach to ESG Investing

This ETF focuses on financially material ESG risks and opportunities.



Alex Bryan, CFA  
Jun 16, 2020



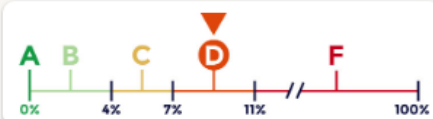
# Tools – AsYouSow – Fossil Free Funds Review

## iShares Core S&P 500 ETF

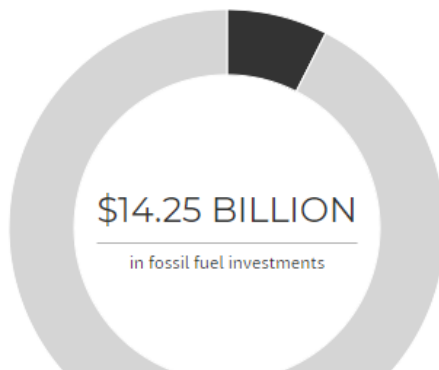
Ticker: IVV



**Fossil fuel grade:** Fossil fuel exposure of 7.48% places the fund in the D grade range of between 7% and 11% exposure.



[How we track fossil fuel investments »](#)



### Fossil fuel holdings

**i** For each fossil fuel category, we show the fund's exposure, if we found any. Click a category to see the breakdown of companies in the pie chart and list below.

#### Producers *energy sector*

	Top 200 owners of carbon reserves Carbon Underground 200	2.15% of assets	15 holdings	\$4.1B invested
	Coal industry Coal miners and owners of coal reserves	0.09% of assets	1 holdings	\$171.92M invested
	Oil/gas industry Oil/gas producers and refiners, oil field services and equipment companies, pipeline operators	2.91% of assets	26 holdings	\$5.55B invested

#### Consumers *utility sector*

	Top 30 coal-fired utilities Macroclimate 30	2.39% of assets	9 holdings	\$4.56B invested
	Fossil-fired utilities Electric utilities powered by coal and natural gas	4.57% of assets	28 holdings	\$8.7B invested

**All fossil fuel companies**

54 holdings

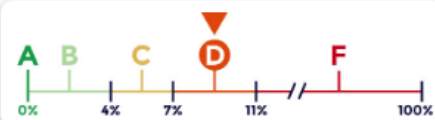
# Tools – AsYouSow – Fossil Free Funds Review

## iShares ESG MSCI EAFE ETF

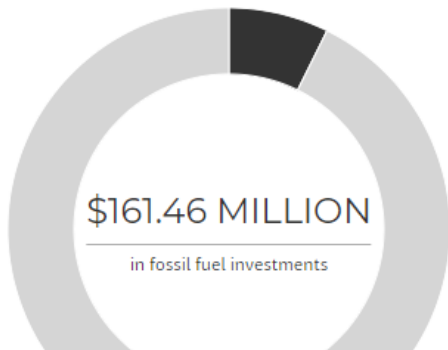
Ticker: ESGD



**Fossil fuel grade:** Fossil fuel exposure of 7.25% places the fund in the D grade range of between 7% and 11% exposure.



[How we track fossil fuel investments »](#)



### Fossil fuel holdings

**i** For each fossil fuel category, we show the fund's exposure, if we found any. Click a category to see the breakdown of companies in the pie chart and list below.

#### Producers *energy sector*

	Top 200 owners of carbon reserves Carbon Underground 200	4.42% of assets	15 holdings	\$98.51M invested
	Coal industry Coal miners and owners of coal reserves	1.18% of assets	7 holdings	\$26.25M invested
	Oil/gas industry Oil/gas producers and refiners, oil field services and equipment companies, pipeline operators	3.93% of assets	13 holdings	\$87.51M invested

#### Consumers *utility sector*

	Top 30 coal-fired utilities Macroclimate 30	0.2% of assets	2 holdings	\$4.35M invested
	Fossil-fired utilities Electric utilities powered by coal and natural gas	2.76% of assets	18 holdings	\$61.45M invested

**All fossil fuel companies**

34 holdings

# Tools – AsYouSow – Fossil Free Funds Review

## Parnassus Core Equity Fund



Ticker: PRBLX

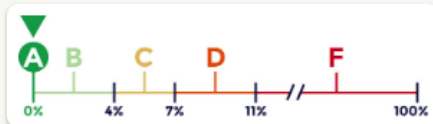
US|SIF



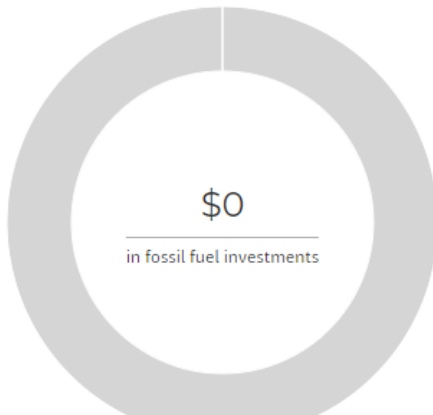
Share   



**Fossil fuel grade:** Earns a grade of A for fossil fuel exposure of 0%.



[How we track fossil fuel investments](#) »



**This fund earns an A grade, and has a sustainability mandate!**



**i** For each fossil fuel category, we show the fund's exposure, if we found any. Click a category to see the breakdown of companies in the pie chart and list below.

### Producers energy sector



Top 200 owners of carbon reserves  
Carbon Underground 200

No direct stock holdings



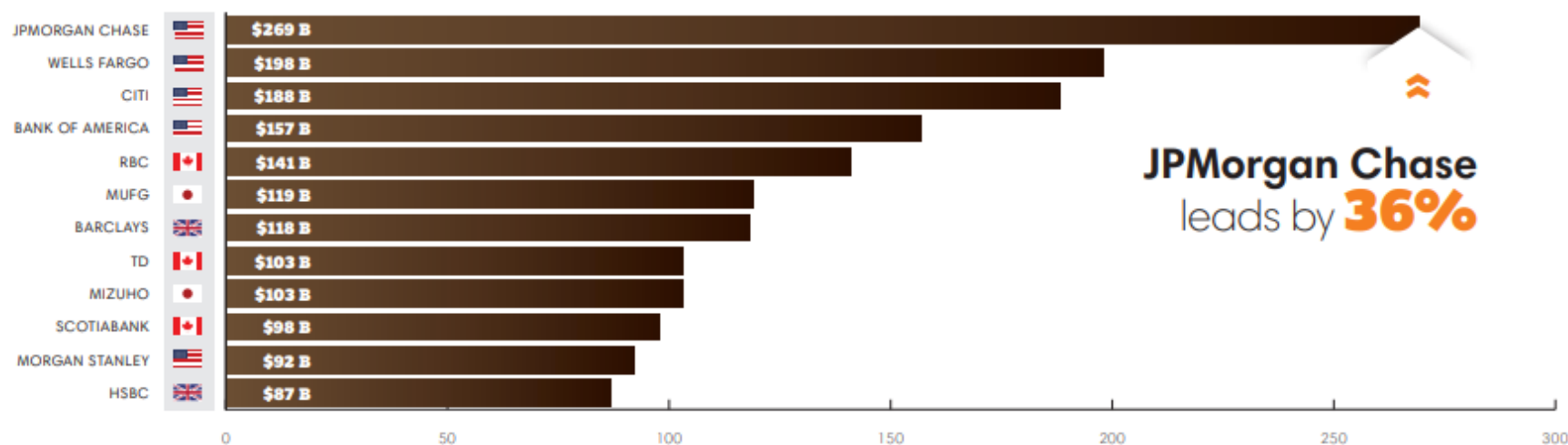
Coal industry



# How deep into the pipeline do we go - Banking

## **DIRTY DOZEN:** Worst Banks Since the Paris Agreement (2016-2019)

### *Finance for All Fossil Fuels Globally* (\$USD)



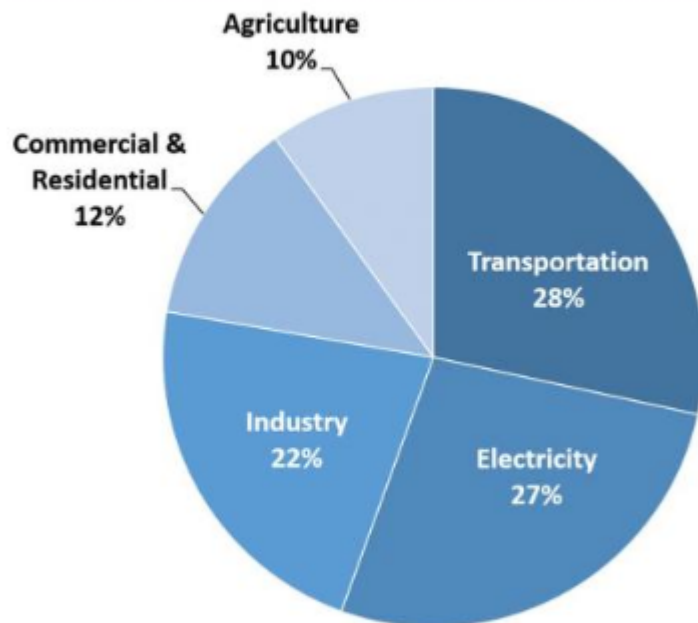
# How deep into the pipeline do we go - Banking

- **Reuters: U.S. banks prepare to seize energy assets as shale boom goes bust**
  - Major U.S. lenders are preparing to become operators of oil and gas fields across the country for the first time in a generation to avoid losses on loans to energy companies that may go bankrupt.
  - JPMorgan Chase & Co, Wells Fargo & Co, Bank of America Corp and Citigroup Inc are each in the process of setting up independent companies to own oil and gas assets

Source: <https://www.reuters.com/article/us-usa-banks-energy-assets-exclusive/exclusive-u-s-banks-prepare-to-seize-energy-assets-as-shale-boom-goes-bust-idUSKCN21R3JI>

# How deep into the pipeline do we go - Emissions

Total U.S. Greenhouse Gas Emissions  
by Economic Sector in 2018



Total Emissions in 2018 = 6,677 [Million Metric Tons of CO<sub>2</sub> equivalent](#). Percentages may not add up to 100% due to independent rounding.

# Next Steps

- **Know What you own – AsYouSow, Morningstar, US SIF**
- **Talk to an advisor who specializes in sustainability**
- **Request sustainable investing options in your work retirement plan**



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# Disclosure

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