

Harvard Club of San Francisco Sustainable and Responsible Investing



Firm Overview

Veris Wealth Partners, LLC is a sustainable wealth management firm dedicated to aligning families' and foundations' financial goals with their values and missions. Veris believes that superior investment performance and positive impact are complementary parts of a holistic investment strategy.

- Founded in July of 2007
- Best for the World Certified B Corp 2013
- Independent, employee-owned, SEC-registered RIA
- Offices in NYC, San Francisco, and Portsmouth, NH
- Veris' Partners have been providing Impact Investing to clients since 1992

We believe that Sustainable Investing is a smarter way to invest, and that performance-driven investing that aligns your wealth with your worldview is the most important innovation to investing in our lifetime.

Impact Investing: History and Terms

Sustainable and Responsible Investing (SRI) / Mission-Related Investing (MRI)

- Avoidance screening of companies with poor **Environmental, Social, and Governance** ratings relative to their practices, products and/or services
- Avoidance screening of controversial business practices such as tobacco, alcohol, gambling, military/weapons, animal welfare, nuclear power, faith based
- Investing in companies with strong ESG practices
- Shareholder engagement and shareholder actions
- High impact investing – Community lending and private/venture capital for companies having a positive environmental or social impact

Impact Investing: History and Terms

Sustainable Investing

- Investing in companies positioned to respond to sustainability issues such as resources depletion, climate change, higher corporate governance standards and pandemics.

Sustainable Investment Managers

- Focus on companies who are becoming market leaders by evolving their business models to address sustainability issues
- Sustainability analysis provides greater insights into business models, practices, products and/or services
- Identify factors that may increase risk and diminish value such as greenhouse gas emissions, strip mining, water pollution
- Discover innovative and responsible companies
- Ascertain quality management teams with a focus on good corporate governance

Sustainability: What Does It Mean?

Sustainability focuses on meeting the needs of the present without compromising the social, economic, and environmental needs of the future.



Sustainability Issues: When investing in companies, these issues must be a factor in fundamental equity analysis

- Corporate governance
- Climate change
- Global transition: abundance to scarcity
- Natural resource preservation
- Health & Wellbeing
- Human capital, empowerment & creativity
- Pandemics: HIV/AIDS
- Poverty/Development needs
- Water & energy
- Human capital
- Demography/Urbanization

Impact Investing: History and Terms

Impact Investing

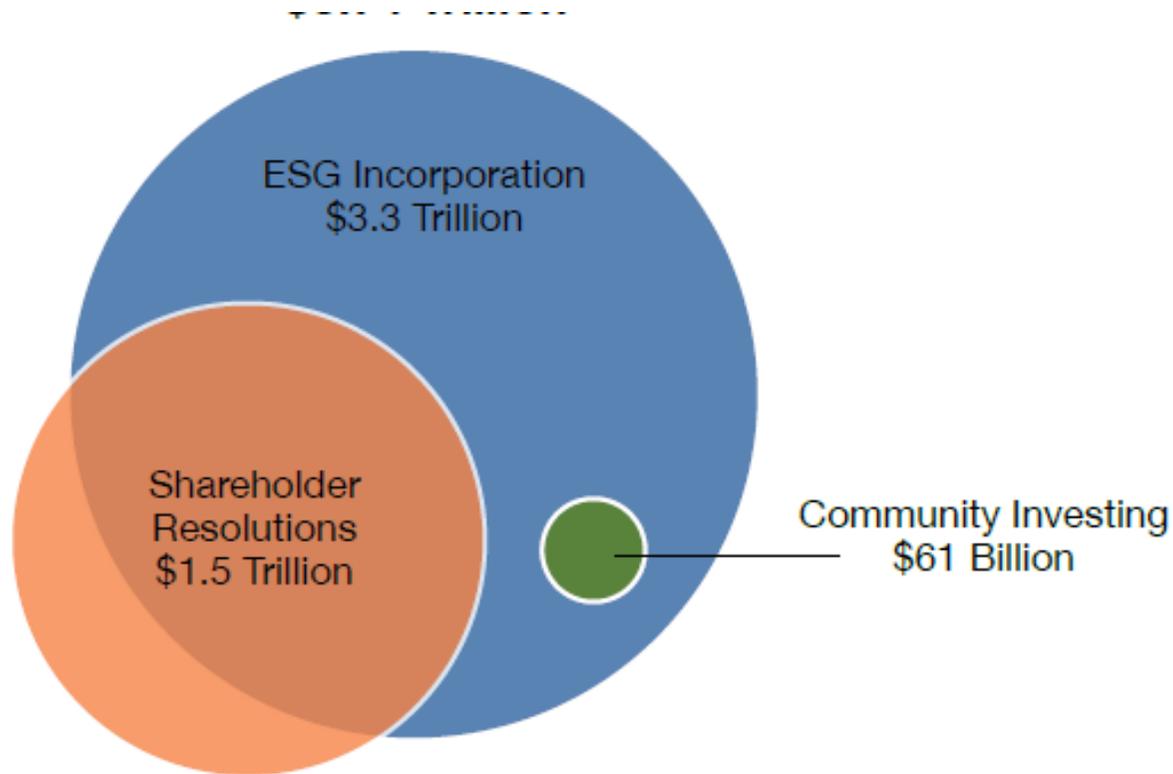
- Global sustainability issues cannot be solved by philanthropy only must include interventions by leveraging the private sector
- Direct capital to businesses that seek to generate social and/or environmental good

Impact First, Financial First and Blended Value

- Impact First Investments: Potentially compromising returns or increasing risk in exchange for greater environmental or social impact
- Financial First: Potentially compromising some impact in exchange for greater financial return
- Blended Value: Investments that offer both positive impact and competitive financial return

US SIF Trends Report 2012

\$3.74 Trillion: U.S. Sustainable & Responsible Assets in 2012



- 1 in 9 dollars is invested using a sustainable investing approach
- One of the fastest growing segments of investing

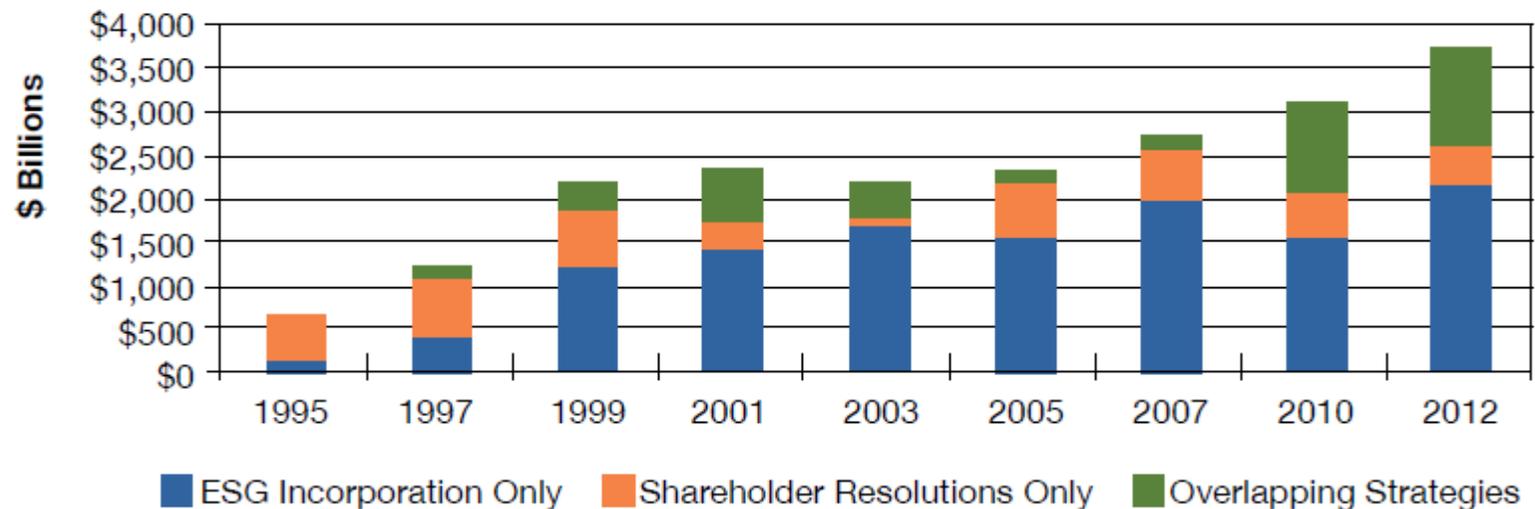
SOURCE: US SIF Foundation.

US SIF Trends Report 2012

“In cumulative terms the SRI Universe has increased 486% from 1995 to 2012, while the broader universe of assets under professional management in the United States, according to estimates from Thomson Reuters Nelson, has grown 376% from \$7 Trillion in 1995 to \$33.3 Trillion in 2012.”

- US SIF 2012 Trends Report

Fig. 1.3: Growth of SRI 1995–2012



SOURCE: US SIF Foundation.

US SIF / Tellus Report 2011

ESG Alternative Investment Funds 2010–2011

	2010		2011	
	No. of Funds	Assets (Billions)	No. of Funds	Assets (Billions)
Hedge Funds	45	\$1.8	47	\$2.6
VC/Private Equity	216	\$30.5	233	\$33.9
Property	85	\$37.4	95	\$44.3
TOTAL	346	\$69.8	375	\$80.9

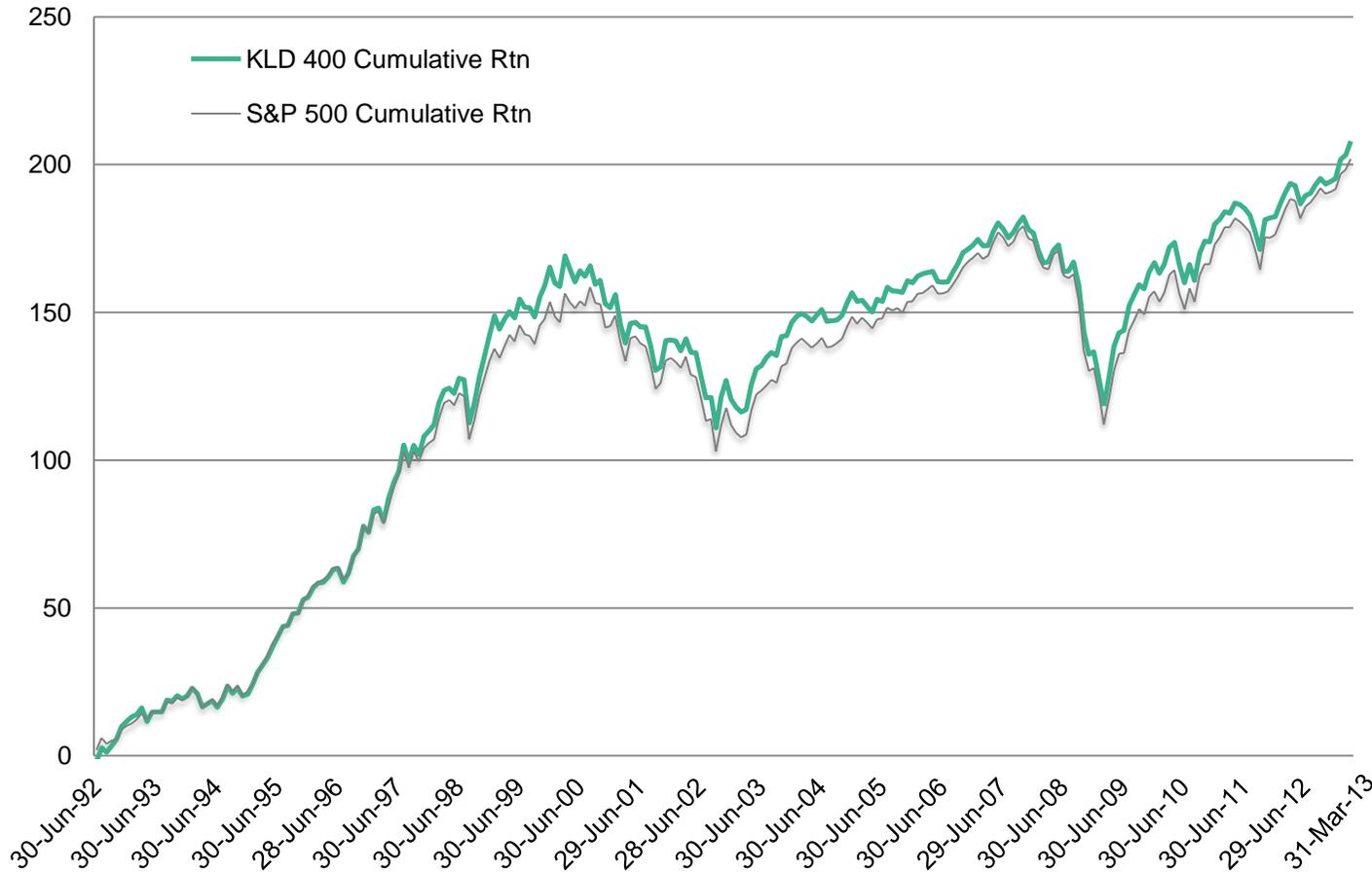
SOURCE: US SIF Foundation and Tellus Institute

Sustainable Investing Across All Asset Classes

	CASH	FIXED INCOME	PUBLIC EQUITIES	ALTERNATIVES	MISSION ALIGNMENT ACTIVITIES
Market Rate	<ul style="list-style-type: none"> > FDIC and FCUA Insured CDs > Community Bank and Credit Union money market 	<ul style="list-style-type: none"> > Corporate Bonds > Gov't Agency Bonds > Municipal Bonds > International Bonds > Community Loan Funds > Promissory Notes > Micro-finance > Small Business Loans 	<ul style="list-style-type: none"> > Global > International > Emerging Markets > Domestic > Passive > Thematic Funds <ul style="list-style-type: none"> • e.g. Environmental Markets 	<ul style="list-style-type: none"> > Private Equity Funds > Direct Private Equity > Venture Capital Funds > Private Debt Funds > Liquid Alternatives > Hedge Funds > Hard Assets <ul style="list-style-type: none"> • e.g. Sustainable Agriculture, Timberland, Real Estate 	<p>> Custom ESG Overlay Screening</p> <p>> Shareholder Engagement</p> <p>> Proxy Voting</p> <p>> Program-Related Investments</p> <p>Note: Impact investors target returns that range from below market rate to market rate. Below market rate is defined as a lower rate of return than is expected for the amount of risk taken.</p>
Below Market Rate	<ul style="list-style-type: none"> > Community Bank CDs and money market 	<ul style="list-style-type: none"> > Community Loan Funds > Promissory Notes > Loan Guarantees > Micro-finance 		<ul style="list-style-type: none"> > Direct Private Equity 	
	<< LOWER RISK ————— HIGHER RISK >>				

Strong Investment Performance

Companies that meet ESG criteria and support sustainable business practices can deliver strong performance.



Risk and Return (6/1992-3/2013)	MSCI KLD 400	S&P 500
20-year Annualized Return	8.70	8.53
Standard Deviation	17.29	16.92
Alpha	0.09	--
R-Squared	98.05	100
Information Ratio	0.7	--
Tracking Error	2.43	--

Source: Zephyr Analysis, MSCI and Standard & Poor's.

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