



FINANCIAL ADVISOR

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A New Retirement Reality
4% Rule Very Risky, Researchers Say

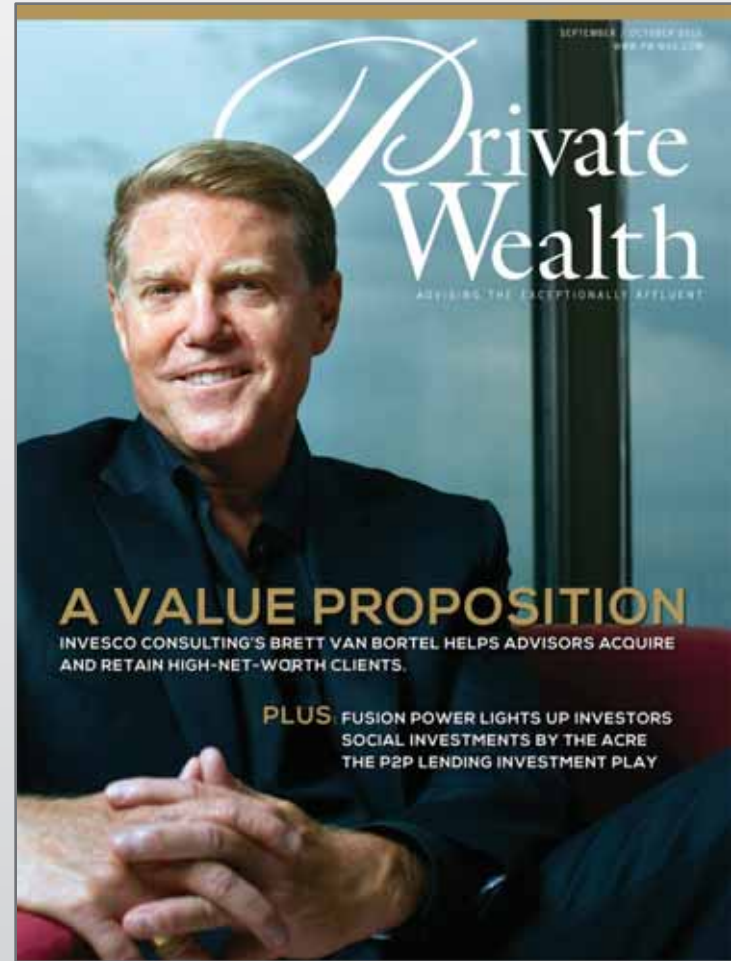
Older Parents, Younger Kids
Saving For Retirement Vs. Education

Millionaire Intelligence
Wealth Is A Way Of Thinking

Beacon Pointe Advisors Is Acquiring Smaller RIAs In Its Quest To Build A National Brand.

HIGH FLYING

Left to right: Garth Flork, Matt Cooper, Shannon Boney



SEPTEMBER / OCTOBER 2015
WWW.PRIVATEWEALTH.COM

Private Wealth
ADVISING THE EXCEPTIONALLY AFFLUENT

A VALUE PROPOSITION

INVESCO CONSULTING'S BRETT VAN BORTEL HELPS ADVISORS ACQUIRE AND RETAIN HIGH-NET-WORTH CLIENTS.

PLUS: FUSION POWER LIGHTS UP INVESTORS
SOCIAL INVESTMENTS BY THE ACRE
THE P2P LENDING INVESTMENT PLAY

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President
Aris Corporation



An Introduction to Impact Investing

FINANCIAL ADVISOR WEBINAR

SEPTEMBER 21, 2015



What is Impact Investing?

A double-bottom-line investment approach, combining:

FINANCIAL RETURNS + SOCIAL /ENVIRONMENTAL RETURNS

That can be deployed across asset classes:

Public Equity/Debt

SRI / ESG Mutual Funds

Separate Accounts

ETFs

Index Funds

Private Equity/Debt

Microfinance

Renewable Energy

For-profit

Social Enterprises

Cash Holdings

Community
Development

Financial Institutions
(CDFIs)

Drivers of Impact Investing | Social

HEALTH CARE

EDUCATION

AFFORDABLE HOUSING

POPULATION GROWTH

RESOURCE ACCESS

GLOBAL POVERTY



Drivers of Impact Investing | Environmental

CLEAN WATER

CLIMATE CHANGE

OIL AND GAS

DROUGHT

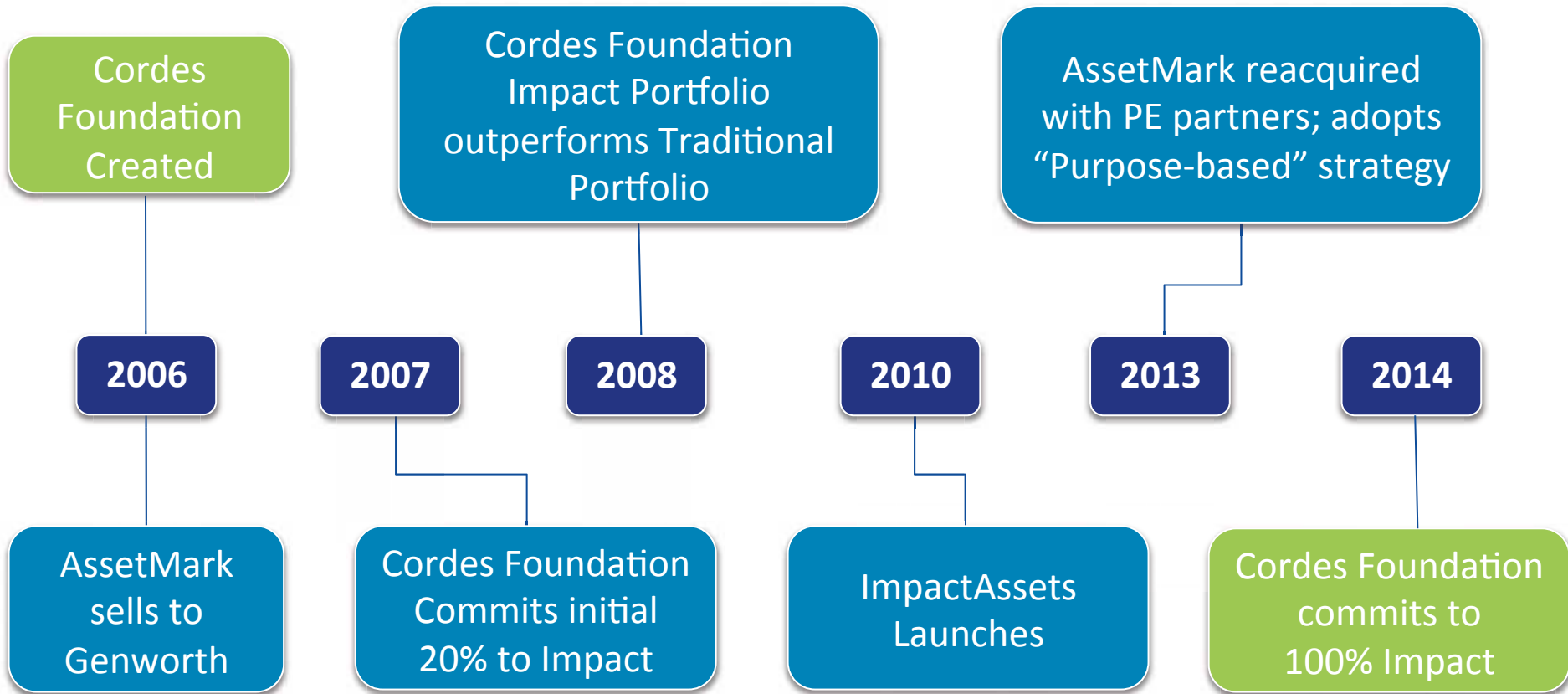
GREENHOUSE GASES

NATURAL RESOURCES

BIODIVERSITY



My Impact Investing Journey



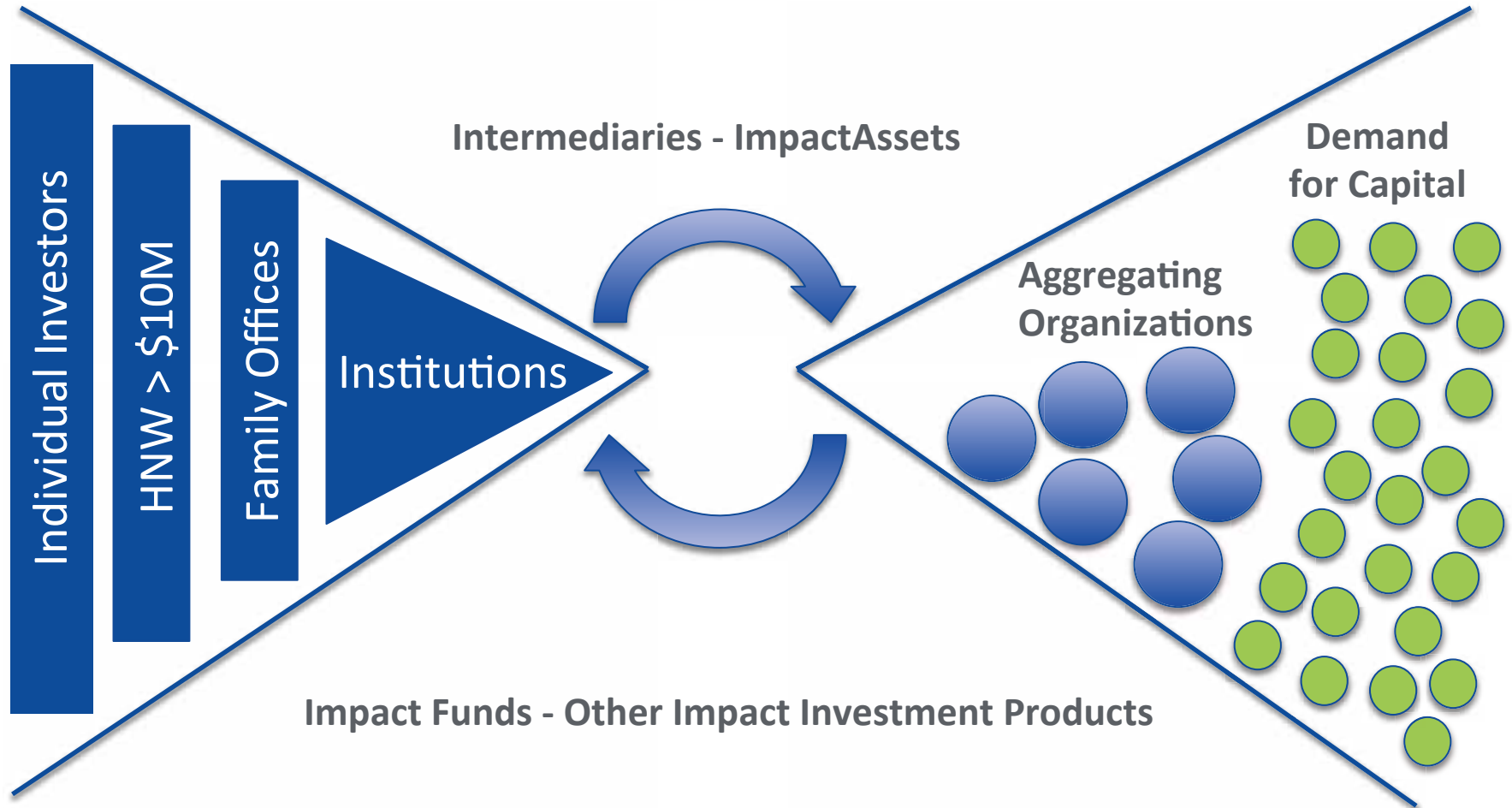
What is ImpactAssets ?

Non-Profit Financial Services company driving capital to investments that deliver financial, social and environmental returns

Over \$200 Million invested through The Giving Fund, a Donor Advised Fund (DAF) that allows clients to both give and invest to support their values



The Impact Investing Landscape

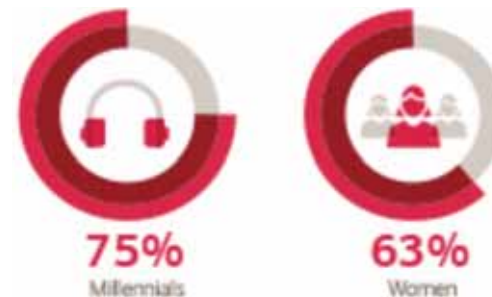
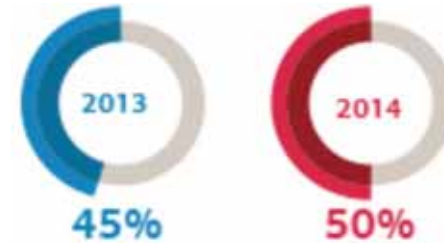


Impact Investing Expresses Values

High net worth investors consider social, environmental impact “an important part of investment decision-making.”

“The way they invest can have a strong influence on society.”

Investment decisions are a way to express their social, political and/or environmental values.



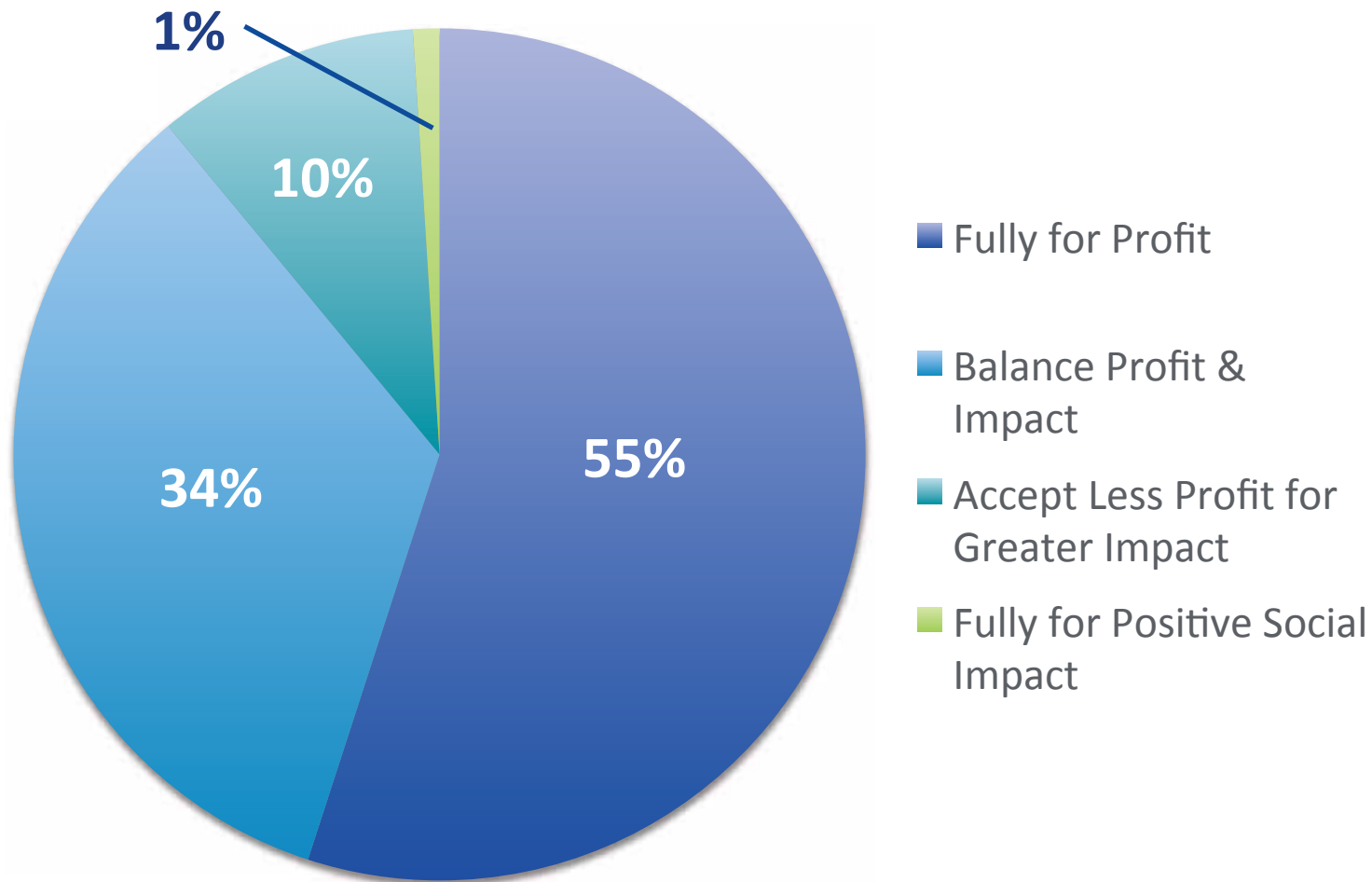
Millennials and Women Drive Impact Investing



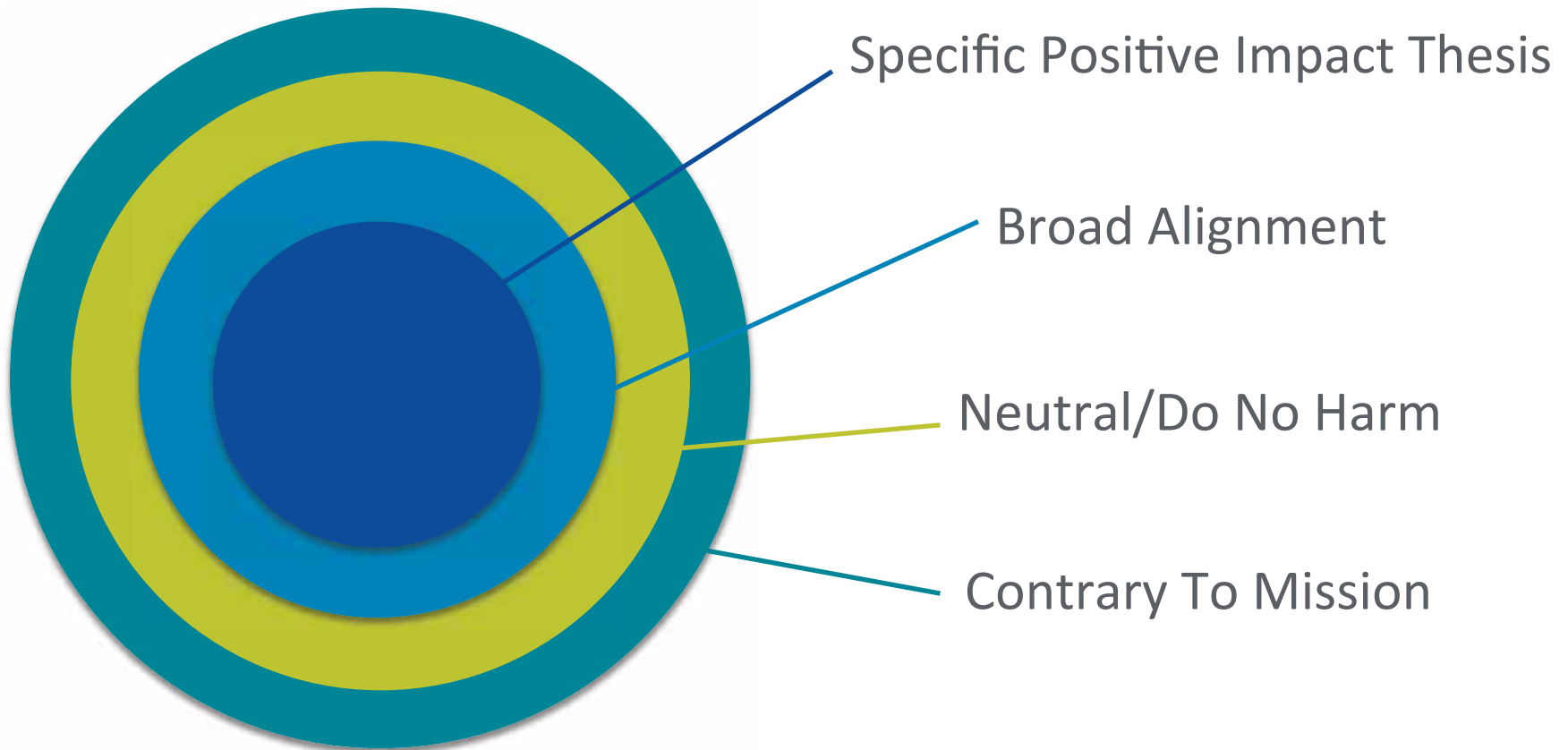
45% OF WEALTHY MILLENNIALS WANT TO USE
THEIR WEALTH TO HELP OTHERS

WOMEN WILL INHERIT 70% OF THE INTER-GENERATIONAL
WEALTH TRANSFER

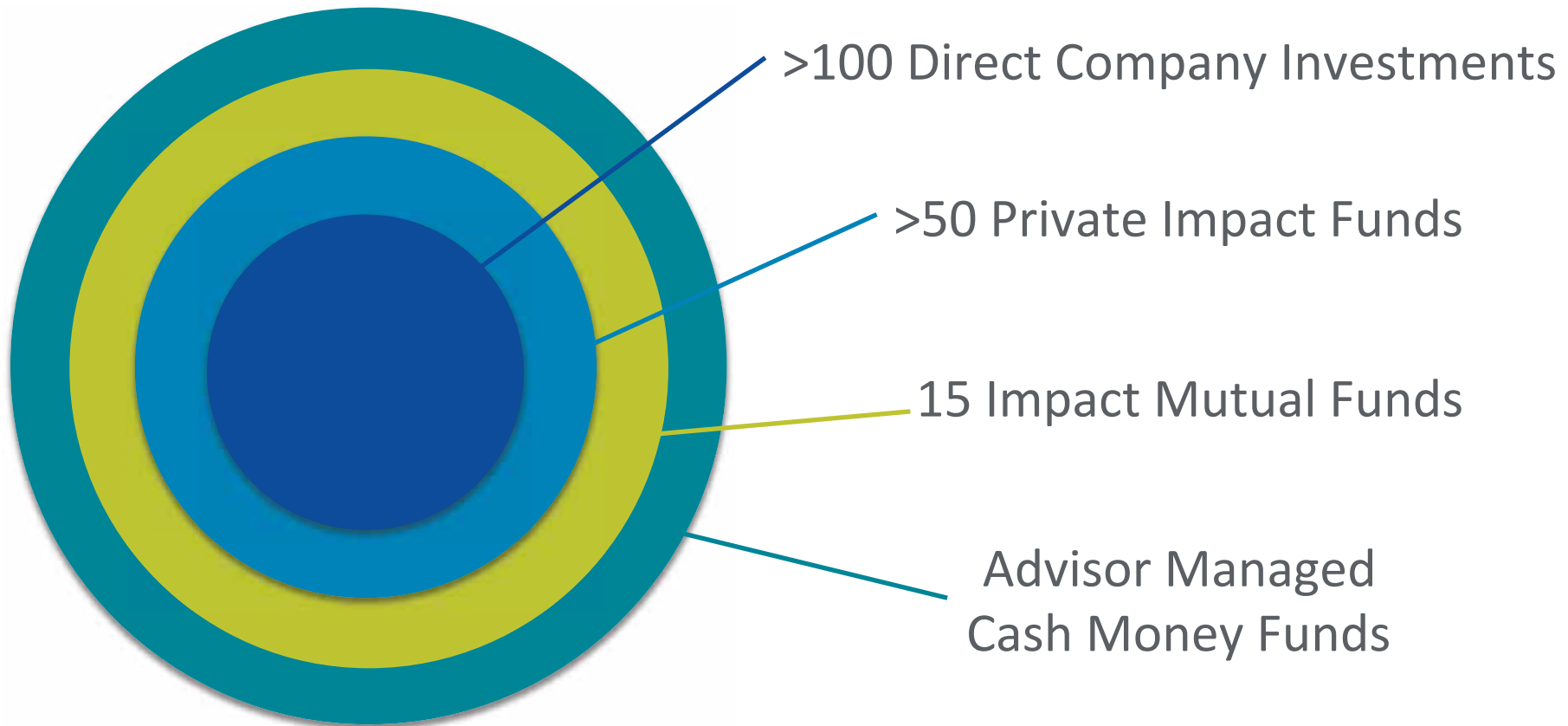
Profit vs. Social Impact – 1,025 Investors Survey



Identifying Your Impact



ImpactAssets Portfolio - \$200+ Million



ImpactAssets: Products + Field Building

Innovative Impact Investing Products

GIVING FUND

- \$210M AUM
- >200 Impact Investments

IMPACT NOTES

(Currently In Development)

- Global Sustainable Agriculture
- Microfinance Plus

Impact Investing Field Building

IMPACTASSETS 50

- Publicly available database of private debt & equity fund managers

EDUCATIONAL RESOURCES

- 14 issue briefs
- Expert staff
- Events & Conferences

Field Building Resources – ImpactAssets 50

ImpactAssets 50

Annual showcase of experienced impact investment fund managers

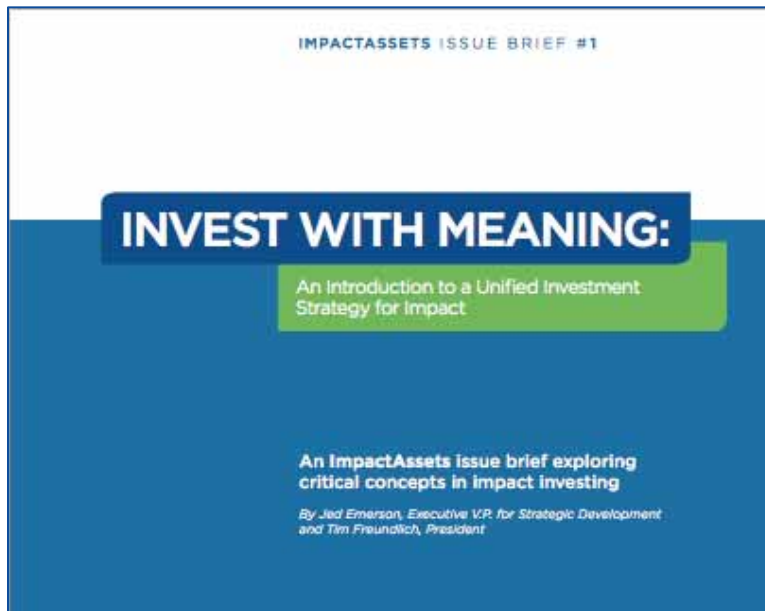


Criteria include:

- Minimum of 3 years experience in the impact investing field
- Invest through private debt or private equity
- At least \$5 million in AUM
- Demonstrate significant commitment to social impact and clear measures of social impact
- Accepts US investments

Field Building Resources – Issue Briefs

Topical Educational Resources on Advisor Interest Areas



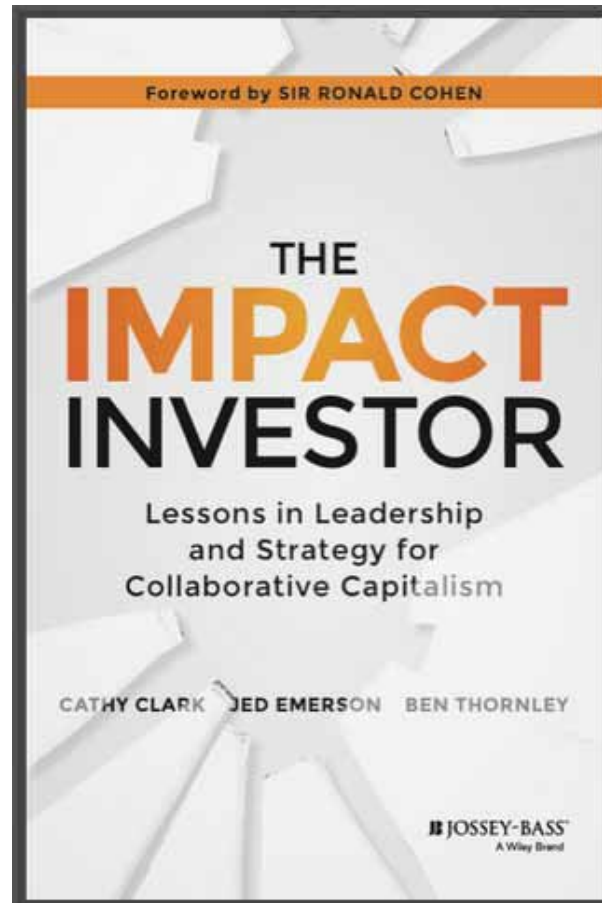
Invest with Meaning
An Introduction to a
Unified Investment Portfolio



The Millennial Perspective
Understanding Preferences of the
New Asset Owners

The Impact Investor

Lessons in Leadership and Strategy for Collaborative Capitalism



Resources:

www.ImpactAssets.org

Giving Fund DAF
Impact Notes (stay tuned . . .)
ImpactAssets 50
ImpactAssets Issue Briefs



Learn More About “Purpose-Based Planning”:

<https://www.assetmark.com/mystory/#disalvo>



Aris



Aris Personal Values Portfolios



Overview



Socially Responsible Investing...Defined



Socially Responsible Investing as defined by the US Social Investment Forum ("US SIF")

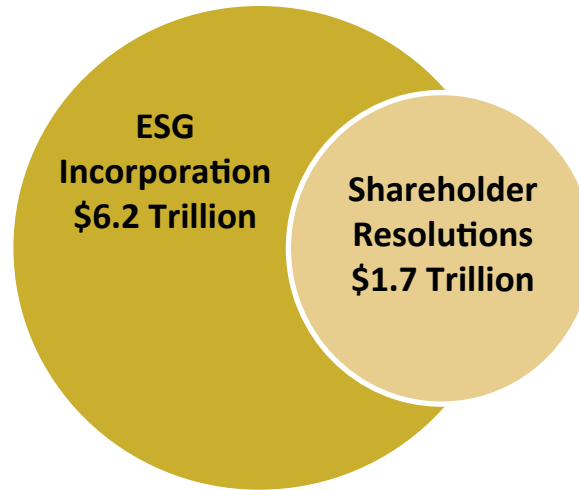
"An investment discipline that considers environmental, social, and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact."

There is no single approach to SRI and there is no single term to describe it



SRI Opportunities Are Increasing

Sustainable and Responsible Investing in the United States 2014



Nearly 18 percent of all investment assets under professional management in the U.S. either consider ESG issues or file shareholder resolutions on ESG issues

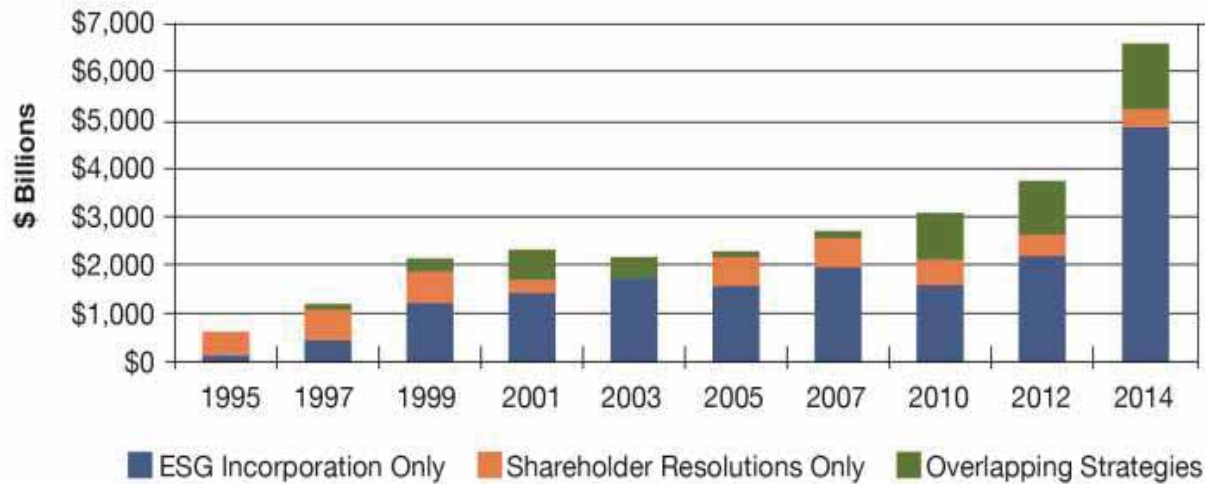
Source : US SIF Foundation

Note: ESG incorporation assets in this figure include those Community Investing Institutions



Significant Market Growth

Sustainable and Responsible Investing in the United States 1995 – 2014



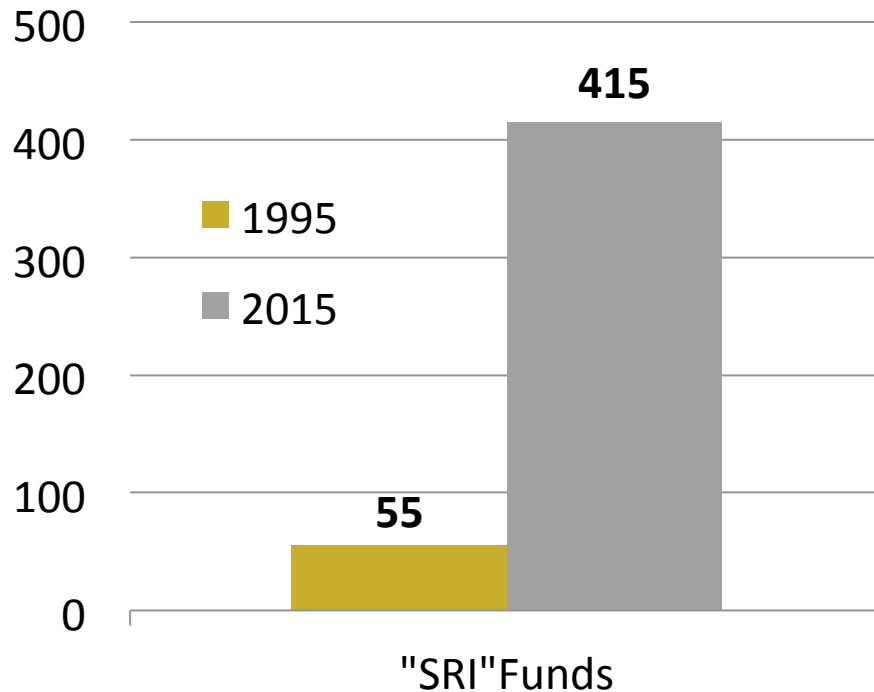
SRI assets grew 76 percent between 2012 and 2014 to \$6.57 trillion and now account for more than one out of every six dollars under professional management in the U.S.

Source : US SIF Foundation



Significant Market Growth

Number of Available "SRI" Mutual Funds

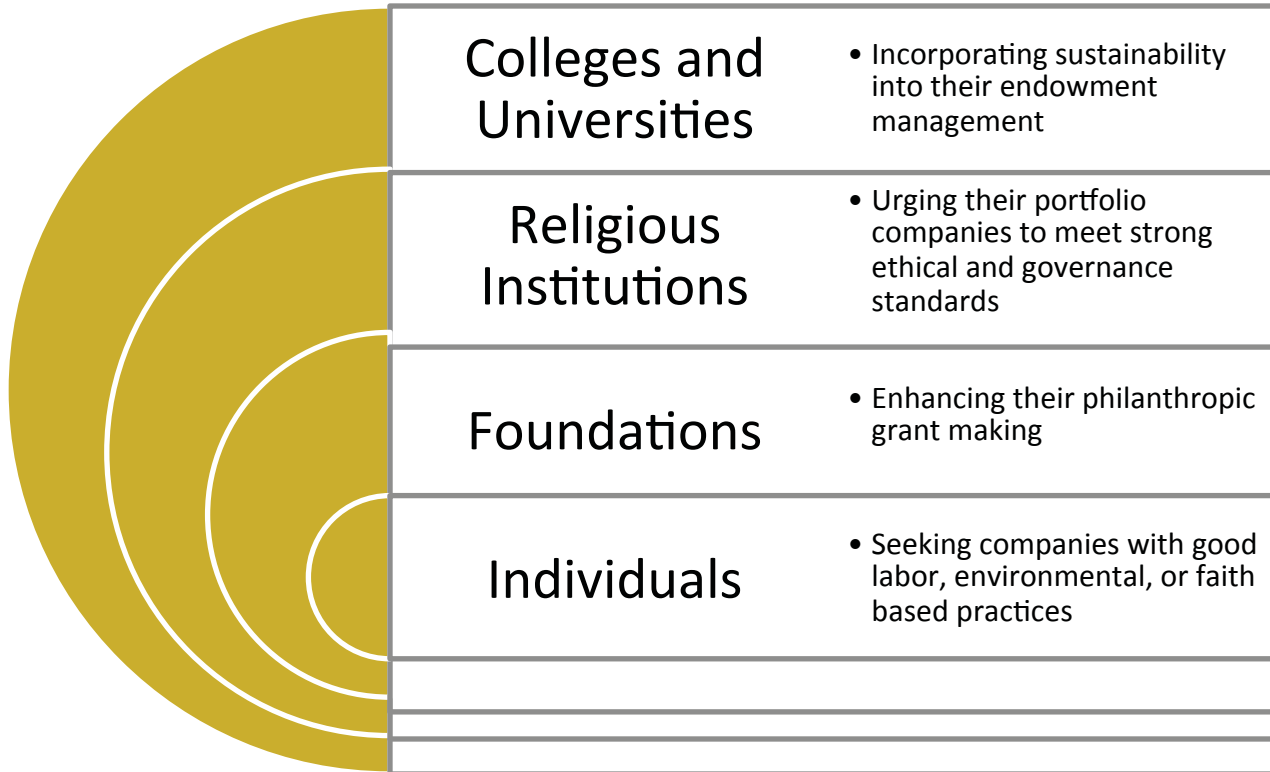


The number of investment vehicles available to investors has also grown significantly

With this growth the ability to build a fully diversified portfolio based on an investor's personal values has never been better



Who Invests in SRI?



SRI Is Gaining a Higher Profile



● Goldman Sachs

ESG investing has now gone mainstream to become a “minimum requirement” - Goldman Sachs www.responsible-investor.com. It’s now the “new bottom line,” says Wall Street giant by Daniel Brooksbank | July 23, 2015

● California Public Employees’ Retirement System

“CalPERS gives its managers ESG ultimatum” -- “In an exclusive interview with www.top1000funds.com, Simpson said that CalPERS considers managers that do not identify and manage these risks as having a “sub-par investment process” by Amanda White | May 22, 2015

● Norway: Norwegian Sovereign Wealth Fund

“Norway fund could trigger wave of large fossil fuel divestments, say experts www.theguardian.com. Other investors are likely to follow Norwegian fund’s move out of coal-based investments, due to its size as the world’s largest sovereign wealth fund...by Damian Carrington | May 28, 2015



Investor Motivations

- Alignment with values
- Investor awareness
- Consumer trends
- Institutional mission
- Demands of clients
- Plan participants' demands

Fig. 2.15: Leading ESG Criteria for Mutual Funds 2014

	Number	Assets (in Billions)
Governance—General	211	\$1,555.1
Sudan	255	\$1,375.5
Social—General	70	\$1,133.0
Environmental—General	75	\$1,127.4
Military/Weapons	104	\$588.1
Tobacco	184	\$477.2
Alcohol	154	\$410.2
Human Rights	93	\$363.9
Labor	99	\$340.0
Gambling	143	\$302.5
Climate Change/Carbon	84	\$275.6

SOURCE: US SIF Foundation.

NOTE: Analysis based on assets of mutual funds, including those underlying variable annuity products.



Investor's Motivations: Tobacco Example

Tobacco Use Statistics

- More than 23% of all US high school students had used some kind of tobacco product in the past month
- 20% of 13 to 15 year old teens smoke worldwide
- Disease burden and premature mortality disproportionately affect the poor
- Nearly 80 percent of the 1 billion+ smokers worldwide live in low and middle-income countries
- “Tobacco caused 100 million deaths in the 20th century. If current trends continue, it may cause one billion deaths in the 21st century.”
- Over 40% of children have at least one cigarette smoking parent



Sources: CDC, WHO, American Cancer Society



Investor's Motivations: Tobacco Example

- Philip Morris International (PM)
 - *Products sold in 180 countries*
 - *Six of the top 15 international brands in the world including Marlboro (#1) and L&M (#3)*
 - *In 2014, Marlboro's volume outside the U.S. was 283 billion cigarettes*
 - *In 2014, L&M sold 94 billion units*

- Financial Highlights as of 2014
 - *\$80.1 billion consolidated net revenues*
 - *\$19.3 billion gross profit - \$7.5 billion net earnings*
 - *Basic earnings per share \$4.76*
 - *Cash dividends declared per share \$3.88*
 - *Percentage of PM earnings distributed directly to shareholders: 82 percent*

Sources: Philip Morris International, Morningstar



Investor's Motivations: Tobacco Example

- Who owns Philip Morris International?

- #1 *Capital Research Global Investors and Capital World Investors (American Funds) – 10.6% of all shares*
- #2 *Vanguard Group, Inc – 5.8%*
- #3 *State Street Corp – 3.5%*
- #4 *BlackRock Fund Advisors – 2.8%*
- #5 *MFS Investment Management – 1.9%*



- Who are the largest fund investors?

- #1 *VA CollegeAmerica Capital Income Builder 529E*
- #2 *Vanguard Total Stock Market Index Fund*
- #3 *VA CollegeAmerica Investment Co. of America 529E*

Source: Morningstar, as of September 2015



Approaches to Personal Values Investing

Exclusionary

- The exclusion of certain companies and sectors based on specific SRI criteria

Positive

- The systematic and explicit inclusion by investment managers of SRI risks and opportunities into traditional financial analysis

Advocacy

- Filing shareholder resolutions, proxy voting, or engaging in dialog with portfolio companies on SRI issues

Socially responsible investing in not just about “negative screening”



Common Exclusionary Screening

Exclusionary

- The exclusion of certain companies and sectors

Common Exclusionary Screens
Environment – Avoid companies primarily involved with;
<ul style="list-style-type: none"> • coal mining
<ul style="list-style-type: none"> • nuclear power
<ul style="list-style-type: none"> • major producers of synthetic pesticides and agricultural chemicals
Harmful & Addictive Products - Avoid companies primarily involved with;
<ul style="list-style-type: none"> • alcohol
<ul style="list-style-type: none"> • tobacco
<ul style="list-style-type: none"> • gambling
<ul style="list-style-type: none"> • military weapons and firearms
Human Rights – Avoid companies with;
<ul style="list-style-type: none"> • significant connections to Sudan



SRI Screening: Weapons Example

- S&P 500 companies that fail the following screen for weapons:
 - *Any cluster-bomb or landmine manufacturer*
 - *More than 2% of revenue from conventional or bio/chemical weapons, or civilian firearms*
- General Dynamic & Lockheed Martin are obvious exclusions
- Computer Sciences Corp (ballistic missile systems), Jacobs Engineering (weapons testing, warheads), and Precision Castparts (missile housing, Howitzer castings) are not so obvious and require software to identify

Source: MSCI

Failing Company	Ticker	WPN
Computer Sciences Corporations	CSC	F
Flir Systems, Inc.	FLIR	F
Fluor Corporation	FLR	F
General Dynamics Corp	GD	F
Harris Corporation	HRS	F
Honeywell International	HON	F
Jacobs Engineering Group, Inc.	JEC	F
L-3 Communications Holdings, Inc.	LLL	F
Lockheed Martin Corp.	LMT	F
Northrop Grumman Corp.	NOC	F
Precision Castparts Corp.	PCP	F
Raytheon Co.	RTN	F
Rockwell Colling, Inc	COL	F
Textron Inc.	TXT	F
The Boeing Co.	BA	F
United Technologies Corp.	UTX	F



Positive Engagement

Positive Engagement

- The systematic and explicit inclusion by investment managers of SRI risks and opportunities into traditional financial analysis

Common Positive Investments
Environment – Seek companies with;
<ul style="list-style-type: none"> • comprehensive environmental policies • good environmental performance compared to industry peers • products and services to improve environmental sustainability
Social - Seek companies with a strong track record of;
<ul style="list-style-type: none"> • equal opportunity and diversity, good labor relations, positive health and safety policies • animal welfare, consumer issues, product health and safety, and emerging technology issues • community relations and philanthropic activities
Governance – Seek companies that balance shareholder and stakeholder interests with regard to;
<ul style="list-style-type: none"> • executive compensation • shareowner rights • board structure



Advocacy

Advocacy

- Filing shareholder resolutions, proxy voting, or engaging in dialog with portfolio companies on SRI issues

Common Company Engagement
Environment – Seek to influence company policy with regard to;
<ul style="list-style-type: none"> • climate change • sustainable agriculture • resource conservation
Social - Seek to influence company policy with regard to;
<ul style="list-style-type: none"> • equal opportunity • labor and human rights • responsible supply chains
Governance – Seek to influence company policy with regard to;
<ul style="list-style-type: none"> • board diversity • political and lobbying spending disclosure • environmental, social, governance disclosure



SRI Advocacy: Does It Do Any Good?

- 25 percent of S&P 500 companies have independent board chair, up from 10 percent in 2006
- 84 percent of S&P 500 firms have adopted majority voting provisions, up from 56 percent in 2008
- 70 percent of top 195 firms of S&P 500 restrict or disclose their direct political spending, 57 percent their payments to trade associations
- Many successful withdraw negotiations on fair employment, environmental and sustainability issues



Does Performance Lag?

- Academic studies have shown that SRI strategies have produced comparable financial performance to conventional strategies.
- Sustainable Investing: Establishing Long-Term Value and Performance
 - **2012 meta-analysis by DB Climate Change Advisors**
Of more than 100 academic studies, finds that incorporating environmental, social and governance data in investment analysis is “correlated with superior risk-adjusted returns at a securities level” and that SRI approaches that merely employ exclusionary screens, while showing little upside, do not underperform.



Aris' Portfolio Construction Process

- **Develop** asset allocation recommendations based on our proprietary, forward-looking capital market assumptions
- **Identify** managers through our rigorous and on-going due diligence process
- **Construct** diversified portfolios of managers across the spectrum of SRI engagement: negative and exclusionary screens, positive and best-in-class screens, full SRI integration, and strategies whose investment universe we would not expect to violate SRI criteria



Personal Values Investment Portfolios Do Not Have to Lag in Performance

CUMULATIVE INDEX PERFORMANCE - NET RETURNS (USD) (SEP 2007 – JUN 2015)



ANNUAL PERFORMANCE (%)

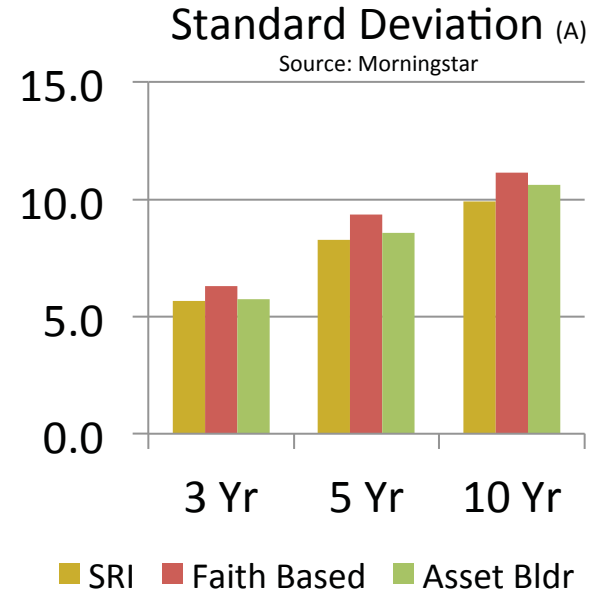
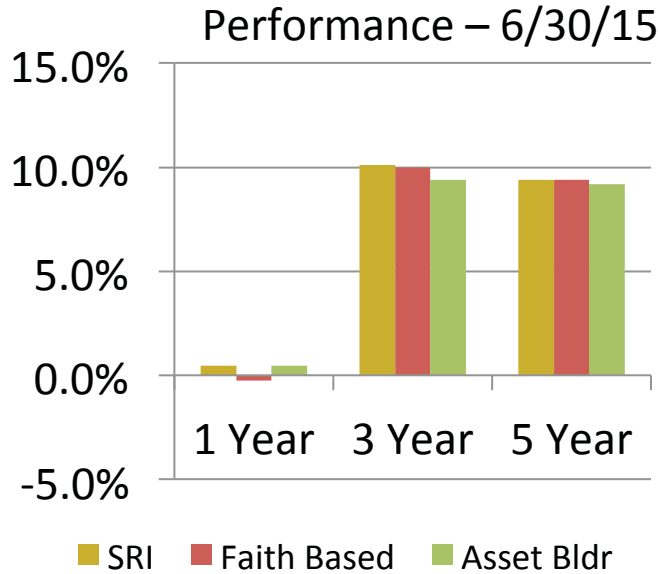
Year	MSCI World ESG	MSCI World
2014	4.88	4.94
2013	27.56	26.68
2012	14.48	15.83
2011	-5.42	-5.54
2010	10.67	11.76
2009	32.42	29.99
2008	-40.58	-40.71

Source: MSCI. On September 1, 2010 the FTSE KLD indexes transitioned to the MSCI ESG Indexes



Aris Moderate Composite Portfolio Comparisons

(Risk Profile 3)



You do not have to sacrifice investment results for your values...

	SRI	Faith	Asset Builder
5 Yr. Sharpe Ratio (A)	1.26	1.13	1.20
Dividend Yield (A)	1.98%	2.06%	2.11%
Exp. Ratio (A)	1.01%	1.12%	0.97%

See important disclosures at the end of the presentation

Source: Morningstar



Ghandi - ***“Be the change that you wish to see in the world.”***

Warren Buffet - ***“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”***



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(A) Statistical calculations are based on model portfolios as of June 30, 2015, and not based on composites as noted above.



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Aris' SRI based portfolios have a goal of holding less than five percent ownership of companies involved in, and, generating more than two percent of their revenues from alcohol, gambling, tobacco and weapons contracting for defense. Aris SRI portfolios are targeted to contain no ownership of companies involved in pornography, firearms, cluster bombs and land mines. SRI portfolios will be constructed to seek investment in companies with positive records in environmental issues, employee practices, human rights, and community relations. All screening is performed on a best efforts basis to avoid exposure to the social issues as identified, but Aris maintains no direct control over securities purchased or sold by third party managers. As such, Aris makes no guarantees that ownership of securities involved in these social issues will be avoided. Holdings may be in portfolios that violate these targets for transition periods. Individual managers utilized may perform their own screening as discussed in the manager details section of the proposal. In addition, Aris screens portfolios using Riskmetrics Social Screening software on a periodic basis using holdings provided by the manager or via Morningstar. Certain securities such as bonds, money markets, and derivatives are not subject to screening using Riskmetrics and are not included in this analysis. In addition, some companies may not be covered by Riskmetrics', the managers, and/or Morningstar to be accurate but accuracy cannot be guaranteed.

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