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DJIA: 34,681 | NASDAQ: 14,665*

Stimulus and Vaccine Optimism Power Markets Higher in the First Quarter

The S&P 500 rose to another record high during the second quarter as a substantial decline in U.S. COVID-19 cases combined with a near-total economic reopening across the country led a surge in economic growth that helped stocks rally to new highs over the past three months.

The S&P 500 had a strong start to the second quarter thanks to numerous positive developments. First, the pace of vaccinations in the U.S. accelerated meaningfully in April, with daily vaccinations hitting a peak of more than three million per day by the middle of the month. At the same time, the number of new COVID-19 infections fell from approximately 77,000 daily new cases at the beginning of April to less than 60,000 daily new cases during the last week of the month. The increased pace of vaccinations combined with a decline in COVID-19 cases helped numerous states more fully reopen their economies or prompted the announcement of plans to do so in the near future. That served as a positive signal to investors that a return to pre-pandemic normal was now likely just a matter of time.

Meanwhile, the Federal Reserve reiterated its support for the economy and promised not to remove any accommodation in the near term. That continued "safety net" gave investors confidence in the future economic outlook and the sustainability of the economic recovery. Finally, first-quarter corporate earnings were very strong, as the vast majority of U.S. companies beat earnings estimates. These positive factors helped stocks rally throughout the month, as the S&P 500 hit a new record above 4,200 during the final days of April.

The rally paused in May, however, thanks to uncertainty regarding inflation, the labor market and when the Federal Reserve would begin to reduce, or taper, its quantitative easing (QE) program. A disappointing jobs number in early May implied the labor market might not be recovering as quickly as expected. That, combined with inflation metrics hitting multi-decade highs, elicited some concern the economic recovery might not be as strong as forecasted, and that a return of inflation might make the Federal Reserve begin to reduce accommodation earlier than previously expected. But after some volatility early in the month, it became apparent that the lackluster job growth was more a function of a labor supply issue rather than there not being enough jobs available, and investors came to believe that issue will resolve itself as the economy and society continues to return to pre-pandemic "normal." Meanwhile, Federal Reserve officials reiterated their long-held position that any increase in inflation would be temporary and due to pandemic-related supply chain disruptions and not the return of 1970's style inflation problems. Investors were comforted enough for stocks to rebound in mid-May and close the month with a small gain.

Stocks resumed the rally in early June, as more state economies returned to pre-pandemic normal (most notably California), measures of economic activity remained strong, and certain inflation statistics implied that inflation pressures were starting to ease, possibly validating the Fed's belief that surging inflation is just temporary. The June Fed meeting provided a small surprise to markets, as it revealed that Federal Reserve officials began discussions about when to reduce the current quantitative easing program, while Federal Reserve forecasts showed interest rates could start to rise late in 2022, sooner than previously expected. Those two surprises caused some mild market volatility late in June, although ultimately investors remained confident that the Federal Reserve will not remove economic support too quickly and the S&P 500 hit another record high during the last few days of the quarter.

In sum, the strong gains of the second quarter and the first half of 2021 reflected continued government support for the economy combined with a material improvement in the pandemic in the U.S., and as we start the second half of 2021, we are happy to say the world looks a lot more like it did pre-pandemic than it did for most of 2020, and that sentiment is supportive of risk assets going forward.

2nd Quarter Performance Review

In a reversal from the first quarter, the Nasdaq outperformed both the S&P 500 and Dow Jones Industrial Average thanks to a June rally in technology shares, as investors began to consider that the intensity of the economic recovery had possibly peaked now that virtually all state economies had fully reopened. Additionally, the Federal Reserve signaling that it has begun discussions to reduce its QE program made some investors nervous that economic growth could slow in the future, contributing to that rotation back towards technology stocks, which tend to be less sensitive to changes in economic growth compared to other market sectors.

By market capitalization, large-cap stocks outperformed small-cap stocks, which was a reversal from the previous two quarters. Small-cap stocks tend to outperform during periods of accelerating economic growth, like we saw in the fourth quarter of 2020 and the first quarter of 2021. But with investors considering that the intensity of the economic recovery may have peaked in the second quarter and that the Fed may reduce QE in the future, they rotated back into large caps as the outlook for future economic growth became slightly less certain.

From an investment-style standpoint, growth handily outperformed value thanks to the aforementioned tech sector rally, as again investors positioned for the possibility that the intensity of the economic recovery may wane in the coming months.

On a sector level, 10 of the 11 S&P 500 sectors realized positive returns in the second quarter with real estate and tech outperforming. The real estate sector was boosted by a decline in mortgage rates combined with consumers returning to malls and shopping centers, while a drop in Treasury bond yields helped fuel the rotation back to tech stocks.

Sector laggards last quarter included consumer staples and utilities as the former registered a small gain while the latter was the only S&P 500 sector to finish negative for the quarter. Those traditionally defensive sectors outperform when investors expect an outright economic slowdown, and while some investors believe the acceleration in the economic recovery may have peaked, most analysts are expecting the economic recovery to continue, just at a moderating pace, making defensive sectors such as utilities and consumer staples less attractive.

US Equity Indexes	Q2 Return	YTD
S&P 500	8.95%	15.25%
DJ Industrial Average	4.81%	13.79%
NASDAQ 100	13.07%	13.34%
S&P MidCap 400	3.57%	17.38%
Russell 2000	5.47%	17.54%

Source: YCharts

Internationally, foreign markets saw positive returns in the second quarter thanks to further declines in COVID-19 cases, rising vaccination rates, and more widespread economic reopenings across the EU and UK. Emerging markets also rallied in the second quarter on hopes of a global economic recovery, although they slightly underperformed foreign developed markets as the Chinese government reduced support for its economy following a large increase in inflation indicators. Foreign developed markets again lagged the S&P 500.

International Equity Indexes	Q2 Return	YTD
MSCI EAFE TR USD (Foreign Developed)	5.03%	9.17%
MSCI EM TR USD (Emerging Markets)	4.88%	7.58%
MSCI ACWI Ex USA TR USD (Foreign Dev & EM)	5.38%	9.45%

Source: YCharts

Commodities posted strong gains for the third quarter in a row and once again outperformed the S&P 500 over the past three months. Major commodity indices were led higher by another large rally in crude oil futures as demand rose for both oil and refined products following the U.S. and European economic reopenings. Additionally, despite the resumption of nuclear negotiations between the U.S. and Iran, sanctions remained in place preventing Iran from selling oil on the global market while compliance to self-imposed production targets by members of "OPEC+" remained historically high, keeping global oil supplies subdued. Gold, meanwhile, posted a small gain as investors rotated back to gold following a spike in inflation metrics, combined with an increase in volatility in Bitcoin, which sent money back into more traditional non-correlated, safe-haven assets.

Switching to fixed income markets, second quarter total returns for most bond classes were positive, a reversal from the first quarter. Despite inflation indicators surging to multi-year highs in recent months, investors viewed those increases as temporary phenomena related to the global economic reopening and short-term supply chain issues. As such, investors took advantage of relatively higher bond yields in the second quarter.

Looking deeper into the bond markets, longer-duration bonds outperformed those with shorter durations in the first quarter. That substantial outperformance was driven by the market's view that the increase in inflation was indeed temporary, combined with effective messaging by the Fed that interest rates would remain near 0% for the foreseeable future.

In the corporate debt markets, investment grade bonds solidly outperformed lower-quality, higher-yielding bonds. That investment grade outperformance reflects confidence in the sustainability of the U.S. economic recovery but also acknowledges that the pace of economic growth may moderate in the coming months.

3rd Quarter Market Outlook

Markets reflected a legitimate improvement in the macroeconomic outlook during the second quarter as substantial progress against the pandemic helped underwrite the gains in stocks over the past three months. But that strong performance should not be taken as a signal that risks no longer remain, and in fact the next three months will bring important clarity on several unknowns including inflation, future Federal Reserve policy, and the pandemic.

Regarding inflation, some metrics in June implied that the spike in inflation during the second quarter is starting to reverse, but that debate is far from settled. To that point, no one knows what the trillions in pandemic stimulus combined with 0% interest rates and the Fed's ongoing QE program will do to inflation over the longer term. If this sudden surge in inflation is indeed just temporary, we should see more conclusive evidence of that during the third quarter.

The Federal Reserve, meanwhile, has started the process of communicating how it will begin to reduce support for the economy via "tapering" or reducing, its quantitative easing program. The last time the Fed had to deliver that message, they triggered the "Taper Tantrum" of 2013, which saw stock and bond market volatility rise significantly; and it remains to be seen how expected removal of accommodation and an eventual increase in interest rates will impact markets.

Finally, despite significant progress against COVID-19 here in the U.S., the pandemic is not over. Vaccination rates for most countries are well behind that of the United States, and the second quarter saw an explosion of COVID-19 cases in India, and an outbreak in China. Meanwhile, England delayed its planned economic reopening over concerns about the spread of the "Delta" COVID-19 variant that was behind the surge in cases in India. Then, late in the month, both Australia and South Africa reimplemented local lockdowns due to rising cases of the Delta variant. Point being, there remains a possibility that a new COVID-19 variant appears and renders the vaccines less effective. If that happens, markets will become concerned that progress towards a return to economic "normal" will be reversed, and that will cause volatility.

In sum, while there has been material progress made in the United States against the pandemic, and life as we know it has thankfully returned mostly to normal, now is not a time to become complacent as numerous economic and pandemic-related risks remain. As such, while the macroeconomic outlook is still decidedly positive, we should all remain prepared for bouts of market volatility.

Yet while risks remain to the markets and the economy, as they always do, it is important to remember that a well-executed and diversified, long-term-focused financial plan can overcome bouts of even intense volatility, like we have seen over the last 18 months.

We understand the risks facing both the markets and the economy, and we are committed to helping you effectively navigate this still-challenging investment environment. Successful investing is a marathon, not a sprint, and even temporary bouts of volatility like we experienced during the height of the pandemic are unlikely to alter a diversified approach set up to meet your long-term investment goals.

The economic and medical progress achieved so far in 2021 notwithstanding, we remain vigilant towards risks to portfolios and the economy, and we thank you for your ongoing confidence and trust. Please rest assured that our entire team will remain dedicated to helping you successfully navigate this market environment.

Please do not hesitate to contact us with any questions, comments, or to schedule a portfolio review.

Enclosure #1 – Our first enclosure is the Investment Strategy Quarterly piece from Raymond James. This provides a quick understanding of relevant themes in the investment world. Additionally it provides an economic snapshot as well as a tactical outlook. We like to include this in the Weiss Report as a handy two-page reference – even in moments like this.

Enclosure #2 – Our second enclosure is discusses what may be one of President Biden's most important decisions – the next Federal Reserve Chairman. Brian Wesbury, from First Trust Advisors, provides a look at who he thinks are the most probable candidates, and why it is important.

Enclosure #3 – Our last enclosure discusses "ESG" investing. This popular buzzword is often said but not as widely understood. Our goal is to explain what "ESG" means but also the difference between ESG integration and Impact investing. We welcome any questions and discussion on the topic!

The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Sevens and not necessarily those of Raymond James. Keep in mind that there is no assurance that any strategy will ultimately be successful or profitable nor protect against loss. Investing involves risk and investors may incur a profit or a loss. There is no guarantee that these statements, opinions, or forecasts provided herein will prove to be correct. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 300 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of midsized companies, reflecting the distinctive risk and return characteristics of this market segment. The MSCI EAFE (Europe, Australasia, and Far East) is a free float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United State & Canada. The EAFE consists of the country indices of 22 developed nations. The MSCI ACWI ex USA Investable Market Index (IMI) captures large, mid, and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 24 Emerging Markets (EM) countries. With 6,211 constituents, the index covers approximately 99% of the global equity opportunity set outside the US. The MSCI Emerging Markets is designed to measure equity market performance in 25 emerging market indices. The index's three largest industries are materials, energy, and banks.

One cannot invest directly in an index. Past Performance does not guarantee future results. Sector Investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors. Bond prices and yields are subject to change based upon market conditions and availability. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Raymond James is not affiliated with and does not endorse the opinions or services of Brian Wesbury, First Trust Advisors, or Nationwide

Enclosure #2: Information was developed by First Trust, an independent third party. The opinions of Brian Wesbury are independent from and not necessarily those of RJFS or Raymond James.

*Prices of DJIA and NASDAQ as of 07/07/2021.

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JULY 2021

THEMES

The Evolution of Money

Money is the lifeblood of the economy, a key factor in the historical development of society. However, money has changed a lot over time and technology will continue to drive further changes. These days, the concept of money includes more than hard currency, which in fact accounts for a tiny fraction of transactions. While cryptocurrencies have grown in popularity, their use as a medium of exchange is limited and they won't replace the dollar. Technology has greatly enhanced the ways in which we can use and transfer money and in that sense, the future is already here.

The Road Ahead for Biden's Infrastructure Agenda

After more than a year of pandemic-related market uncertainty, attention is turning to the recovery stage of US policymaking and the more than $4 trillion in infrastructure and social program spending outlined by the Biden administration earlier this year. While negotiations are highly in flux, current indications are that an infrastructure package in the $2 trillion to $3 trillion range, with about $1 trillion in deficit spending, is likely by the end of this year or early next year.

Second Half 2021 Equity Outlook

While equity market performance has been historically strong over the past year and we remain positive, it is normal for year two of a bull market to experience a moderation in its rate of ascent. We continue to recommend a pro-cyclical stance to portfolio positioning, as the areas with increased leverage to the economic recovery are likely to outperform. We view the fundamental and technical backdrops as supportive over the intermediate term, and continue to see the positives outweighing the potential negatives.

Inflation Q&A

While consumer price inflation is now above the 2% target on a year-over-year basis, the Fed believes that the increase is due to transitory factors such as base effects and restart pressures. Though we don't believe these inflation pressures will be permanent, the Fed can always tighten policy in the event of sustained higher inflation. In fact, Fed officials have stressed that they "have the tools and the experience" to guide inflation back to the 2% target – adding that no one should doubt their commitment to do so.

For more information, refer to the full Investment Strategy Quarterly.

Economic Snapshot

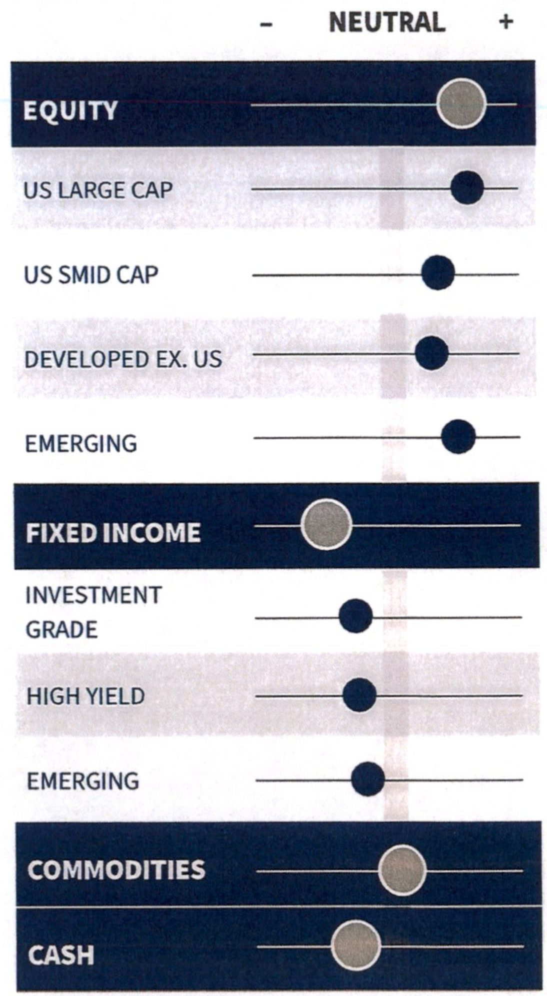
Economic Indicator

	Economic Indicator
FAVORABLE	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
	BUSINESS INVESTMENT
	MANUFACTURING
	HOUSING AND RESIDENTIAL CONSTRUCTION
	MONETARY POLICY
	FISCAL POLICY
	REST OF THE WORLD
NEUTRAL	INFLATION
	LONG-TERM INTEREST RATES
	THE DOLLAR

From Scott Brown, Ph.D.,
Chief Economist, Raymond James

Tactical Outlook

(3-9 months)



The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JULY 2021

Capital Markets Snapshot

EQUITY	AS OF 6/30/2021*	2Q 2021 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	34,502.51	4.61%	33.66%
S&P 500 INDEX	4,297.50	8.17%	38.62%
NASDAQ COMPOSITE INDEX	14,503.95	9.49%	44.19%
MSCI EAFE INDEX	2,304.92	5.38%	32.92%
RATES	**AS OF 6/30/2021**	**AS OF 12/31/2020**	**AS OF 6/30/2020**
FED FUNDS TARGET RANGE	0-0.25	0-0.25	0-0.25
3-MONTH LIBOR	0.146	0.24	0.3
2-YEAR TREASURY	0.27	0.13	0.17
10-YEAR TREASURY	1.49	0.93	0.69
30-YEAR MORTGAGE	3.02	2.67	3.27
PRIME RATE	3.25	3.25	3.25
COMMODITIES	**AS OF 6/30/2021***	**2Q 2021 RETURN**	**12-MONTH RETURN**
GOLD	$1,771.60	3.26%	-1.61%
CRUDE OIL	$73.47	24.19%	87.09%

*Price Level
**Total Return

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	CONSUMER DISCRETIONARY	12.3%
OVERWEIGHT	FINANCIALS	11.2%
OVERWEIGHT	COMMUNICATION SERVICES	11.2%
OVERWEIGHT	INDUSTRIALS	8.5%
OVERWEIGHT	ENERGY	2.8%
EQUAL WEIGHT	INFORMATION TECHNOLOGY	27.2%
EQUAL WEIGHT	HEALTH CARE	13.1%
EQUAL WEIGHT	MATERIALS	2.6%
EQUAL WEIGHT	REAL ESTATE	2.6%
UNDERWEIGHT	CONSUMER STAPLES	5.9%
UNDERWEIGHT	UTILITIES	2.5%

DISCLOSURE:

First Trust
Monday Morning OUTLOOK

Brian S. Wesbury – *Chief Economist*
Robert Stein, CFA – *Dep. Chief Economist*
Strider Elass – *Senior Economist*
Andrew Opdyke, CFA – *Senior Economist*
Bryce Gill – *Economist*

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Who Will Be the Next Fed Chief?

One of the key decisions President Biden will make later this year is who is going to run the Federal Reserve for the next four years. Current Fed chief Jerome Powell's term as chairman runs out in February 2022. We think the choice will ultimately come down to two people: Roger Ferguson or Jerome Powell.

The case for Roger Ferguson is easy. First, presidents like to appoint people from their own party and Ferguson is a Democrat. Second, Ferguson already has experience at the Fed, having been appointed as a Governor and then Vice-Chairman by President Clinton in the late 1990s and serving through 2006.

Third, Ferguson has both a law degree and Ph.D. in economics from Harvard. Fourth, he was the CEO at TIAA-CREF for almost thirteen years after leaving the Fed. And last, he would be the first Fed chief of African descent, which should make him politically attractive to the president. Notably, Ferguson retired from TIAA-CREF in March, which means he's available at a moment's notice.

However, we also think Biden will take a long hard look at re-appointing Powell. The last "dot plot" from the Fed, setting out projections for the future path of monetary policy, showed seven policymakers thinking short-term interest rates will rise in 2022 and a majority (13 of 18) thinking rates will go up by the end of 2023. In fact, the "median dot" shows two rate hikes (25 basis points each) by the end of 2023. And yet, based on our interpretation of his comments after the meeting and since, Powell is likely to be one of the policymakers projecting no rate hikes through 2023.

So, if you're Biden, and you want the Fed to postpone rate hikes as along as possible, Powell makes an attractive choice. As chairman already, he has both credibility with the financial markets as well as inside knowledge of how other policymakers are thinking about monetary policy. Based on his experience, he might be better prepared to privately debate more hawkish policymakers and convince them to hold off on rate hikes.

Plus, even though Biden would like to reward someone from his own party, like Ferguson, Powell is a Republican and the political situation later this year might favor re-appointing Powell as a gesture of bipartisanship, like Clinton re-appointing Alan Greenspan twice.

Other possible appointees include current Fed governor Lael Brainard and Treasury Secretary (and former Fed chief) Janet Yellen. Both would be qualified, but Yellen's previous chairmanship has already broken a "glass ceiling" for women, Yellen seems interested in staying at Treasury and Brainard might be too dovish to convince more hawkish policymakers that they should hold off on rate hikes in 2022-23.

Regardless of who Biden picks, if we are right about inflation outstripping the Fed's expectations next year, the next chairman will face a potential mutiny starting late next year. Monetary policy is extremely loose right now and likely to stay that way. But there is no financial crisis; markets are working fine. Yes, some of the inflation is "transient" – used car prices are not going to keep soaring like they have recently – but just wait until rents start going up later this year when limits on evictions are removed.

Whomever Biden appoints to run the Fed is going to have his hands full.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
6-30 / 8:45 am	Chicago PMI - Jun	70.0	**74.4**		75.2
7-1 / 7:30 am	Initial Claims - Jun 26	389K	**387K**		411K
9:00 am	ISM Index – Jun	61.0	**61.1**		61.2
9:00 am	Construction Spending – May	+0.4%	**+1.1%**		+0.2%
afternoon	Total Car/Truck Sales – Jun	17.0 Mil	**16.0 Mil**		17.0 Mil
afternoon	Domestic Car/Truck Sales – Jun	12.4 Mil	**12.2 Mil**		12.6 Mil
7-2 / 7:30 am	Non-Farm Payrolls – Jun	700K	**675K**		559K
7:30 am	Private Payrolls – Jun	600K	**550K**		492K
7:30 am	Manufacturing Payrolls – Jun	25K	**20K**		23K
7:30 am	Unemployment Rate – Jun	5.6%	**5.7%**		5.8%
7:30 am	Average Hourly Earnings – Jun	+0.4%	**+0.4%**		+0.5%
7:30 am	Average Weekly Hours – Jun	34.9	**34.9**		34.9
7:30 am	Int'l Trade Balance – May	-$71.3 Bil	**-$71.8 Bil**		-$68.9 Bil
9:00 am	Factory Orders – May	+1.5%	**+1.3%**		-0.6%

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Sustainable investing: What the buzz is about

What it is, why it's growing and three ways you can align your investments with your values

Stroll any grocery store and you'll find goods that signal their sustainability, from fair-trade chocolate to organic coffee. That same wave of sustainability is becoming commonplace in investing, too, with a variety of portfolios to choose from under many different names.

Let's sort through some of the motivations for this method of investing, and how each one stacks neatly into one of three main sustainable investing strategies.

BALANCING GROWTH AND VALUES

If you want to invest in companies that are trying to make the world a better place, and want competitive returns, look into ESG. Investments with an ESG integration approach consider environmental, social and governance data alongside traditional risk and return metrics. The ESG data may include how well a company is managing environmental factors like pollution and energy efficiency, social factors like data security and labor standards, and governance factors like board diversity and business ethics.

The idea is to create a portfolio weighted toward companies with leaders who are skilled at managing these issues, which in turn may lessen financial risks such as fines and reputational damage. The ESG data is integrated into the investment process.

SPEAK SUSTAINABILITY – KEY TERMS

ESG integration: Combining environmental, social and governance criteria with traditional financial considerations. It is sometimes implemented as a strategic approach by identifying and investing in companies that are the highest ESG performers within a sector or industry group.

Exclusionary screening: Excluding certain sectors or companies if they conflict with an investor's values. Also known as negative screening or socially responsible investing.

Impact investing: Investing with the intention of generating social or environmental impact alongside a financial return. The exact impact can vary based on the investor's goals.

Sustainable investing: An umbrella term that includes all of the strategies described above.

The ABCs of ESG

Environmental

Climate change, carbon emissions

Air and water pollution

Energy efficiency

Green products, technologies and infrastructure

Biodiversity

Social

Employee engagement, pay and development

Labor standards

Diversity and inclusion

Human rights

Data protection and privacy

Community relations

Governance

Executive compensation

Board composition

Audit committee structure

Bribery and corruption

Whistleblower schemes

Do well-governed companies with high ESG ratings actually give investors an advantage? An analysis by Morningstar showed sustainable funds in the U.S. outperformed the broader market during a market correction in February 2018, and an analysis of 2,200 studies published in the Journal of Sustainable Finance & Investment showed material ESG factors had a positive or neutral impact on stock performance. It's little wonder that this approach is gaining popularity as the data gets more sophisticated – and more compelling.

Green Growth: *Sustainable mutual funds and ETFs available to U.S. investors scooped up $20.6 billion of total new assets in 2019, data provider Morningstar reported, four times the $5.5 billion captured in 2018. In the U.S., sustainable investing of all types has reached $12 trillion, up 36% since 2016, according to the US SIF Forum for Sustainable and Responsible Investment.*

PRIORITIZING PRINCIPLES

If you want to avoid investments that don't align with your values or standards, you're likely a fit for an exclusionary or "negative" screening approach to sustainable investing. This "do no harm" strategy traces back to Quakers in the 18th century who refused to invest in the slave trade, and was later seen when U.S. investors moved money out of South African apartheid-supporting businesses. Today, investors may choose to avoid tobacco producers, natural resource extractors, or major companies that lack diverse leadership.

Exclusionary screening is the most popular sustainable investing approach globally, according to the 2018 Global Sustainable Investment Review, though ESG integration follows closely behind.

A spectrum of sustainable investing strategies

FINANCE FIRST **IMPACT FIRST**

ESG Integration **Exclusion/Inclusion Screening** **Impact**

EMPHASIZING IMPACT

If you want to use your money to create a measurable positive difference in the world alongside a financial return, impact investing might be for you. Of all the available strategies, this one most often consists of direct investment in private companies targeting big world problems. To achieve change, many foundations and family offices are establishing funds supporting local economic development and social impact missions across the globe.

Impact investing ranges from grant support to private equity, with liquidity risk and return potential varying dramatically. Though the space is newly evolving, impact assets are estimated at $228 billion, according to Global Impact Investors Network estimates, almost double that of 2017. This method of investing is especially appealing to younger generations, and shifts in wealth will likely lead to further growth.

Helping you invest in the future you want to see

If you are seeking new ways to live your values, we can help you sort through the options to find the sustainable investments that fit your life and the unique impact you want to make.

Investing involves risk and you may incur a profit or loss regardless of the strategy selected. Sustainable/Socially Responsible Investing (SRI) considers qualitative environmental, social and corporate governance, also known as ESG criteria, which may be subjective in nature. There are additional risks associated with Sustainable/ Socially Responsible Investing (SRI), including limited diversification and the potential for increased volatility. There is no guarantee that SRI products or strategies will produce returns similar to traditional investments. Because SRI criteria exclude certain securities/products for non-financial reasons, investors may forego some market opportunities available to those who do not use these criteria. Investors should consult their investment professional prior to making an investment decision.

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