Separate Account Managers in Sustainable and Responsible Investing

**Strategy Profile:**

**Clean Yield All Cap**

**About This Strategy**

**Assets Under Management (AUM):** $321M (in US$ millions)

**Required Minimum:** $1 million

**Benchmark used:** We do not benchmark. Performance is measured against the client's investment objectives.

**Strategy type:** All Cap

**Strategy description:** Fundamental and Technical: We use fundamental analysis to determine a stock's intrinsic value. We seek undervalued stocks that we expect to outperform the market over the long term. We use technical analysis—the interplay of stock price and volume with broader sector and market trends—to determine an appropriate time to invest or divest. Bottom Up: We seek out companies with favorable social or financial stories before we begin in-depth research. Because product, management style, and corporate behavior are crucial for us, we tend to seek out and research individual companies first, later analyzing the prospects of their sector and industry. This approach, particularly prevalent in social investment research, is called bottom-up investing. Initially, we prepare a corporate profile consisting of the company's financial statements, publicly available reports, and selected financial ratios. Following this, we study reports compiled by others and complete a thorough periodical search on the company and industry. We almost always talk with the CFO or other company officials to gain their perspectives on our research findings. Value and Growth; Contrarian Approach: Our investment strategy results in a blended portfolio of value and growth stocks. The value stocks we purchase are typically bargain-basement stocks that are selling cheaply relative to their historical relationship to underlying fundamentals, such as book value, dividends, cash flow, and earnings. Such out-of-favor stocks are often referred to as contrarian. The growth stocks we buy are of companies enjoying above-average earnings growth. Although some of these issues are popular on Wall Street and may appear overvalued according to some measures, they often result in superior performance over the long term. Long-Term Holding Period: Our investment philosophy is based on a long-term perspective. In order to allow us to implement our investment strategies, we encourage our clients to leave their accounts under our management for at least three years or a market cycle. Each portfolio generally contains stocks of 15 to 25 companies. Our normal rate of turnover ranges from 10% to 40% per year. Equity and Balanced Accounts: Depending on risk tolerance and other characteristics, our clients may be in equity portfolios consisting entirely of stocks or in balanced accounts consisting of a mix of stocks and taxable or tax-free bonds. Typically, our accounts are fully invested, with 80%–95% of the account in securities. The rest will be in cash or in secure, liquid equivalents.

**Strategy web link:** [External Link](https://charts.ussif.org/sam/strategy_profile_display.php?StrategyID=192&)

**About The Company**

**Institution Name:**

Clean Yield Asset Management

**Approach to Sustainable & Responsible Investment:** Clean Yield is an SEC-registered investment advisory firm working exclusively with social investors. Since our founding in 1984, our goal has been to invest to promote a sustainable society while achieving competitive financial returns. Our hallmark is working closely with our clients to ensure that we are responsive to their unique financial requirements and personal values.

**Total AUM in SRI:** $276M (in US$ millions)

**Research conducted:** Both internally and externally
Specific Screening Information by Category

Environment

- **Climate / Clean Technology**: *Combination of Positive and Restricted/Exclusionary Strategies* - Negative/exclusionary: Clean Yield offers clients the option of fully divesting from fossil fuels in their investment portfolios. We will not purchase positions in companies that produce coal or produce, refine or market oil. We do not invest in natural gas companies engaged in hydraulic fracturing. Positive screens: We seek to invest in companies that offer products and services that mitigate the impact of rising carbon emissions, such as energy efficiency technologies and renewable energy. We also seek to invest in companies practicing sustainable agricultural techniques, which also mitigate climate change.
- **Pollution / Toxics**: *Restricted/Exclusionary Investment* - metals mining; nuclear energy or large-scale forestry.
- **Other Environmental**: *Combination of Positive and Restricted/Exclusionary Strategies* - In general, we seek companies that seek to minimize their environmental impacts; have a positive environmental compliance record; commit to reducing their source materials and energy use, and reusing and recycling materials; and practice good community relations and transparency. We promote these goals through engagement and advocacy with our portfolio companies. We can also offer more narrowly focused sustainable solutions portfolio. We file proposals addressing climate change, deforestation and other environmental issues.

Social

- **Community Development**: *Positive Investment* - Clean Yield actively promotes Community/Impact Investing by urging its clients to purchase notes from community development finance institutions. These are sometimes made directly with the institution or by buying the notes of the institution online through the client's custodian. They are usually notes that carry below-market coupons. They are carried on all reports at par, and no management fees are charged on the investments. When appropriate for a client (accredited investors only), we may also suggest investments in a private partnership or equity deal.
- **Diversity & Equal Employment Opportunity**: *Positive Investment* - We regard diversity at all levels of a corporation to be a positive feature of corporate culture. We have sponsored shareholder proposals seeking greater diversity on corporate boards.
- **Human Rights**: *Restricted/Exclusionary Investment* - Corporations with ongoing poor human rights abroad will not be considered for investment.
- **Labor Relations**: *Combination of Positive and Restricted/Exclusionary Strategies* - Corporations actively practicing poor labor relations records will not be considered for investment. If we are invested in a firm that appears to be practicing poor labor relations or opposing workers' rights to organize, we will encourage the company to resolve the situation in a fair and equitable fashion in which workers' rights are not compromised.
- **Conflict Risk**: *Combination of Positive and Restricted/Exclusionary Strategies* - We shun investment in companies with business ties to Sudan that have failed to play a positive role in promoting peace efforts, or whose activities have been shown to actively undermine them. We support the efforts of investors to engage with companies to promote positive activities in Sudan.

Governance

- **Board Issues**: *Combination of Positive and Restricted/Exclusionary Strategies* - Corporations with ongoing poor governance practices will not be favored for investment. We may choose to engage with companies we hold in an effort to improve governance policies and practices, including board diversity.

Products
- **Alcohol:** *No Screens*
  - **Animal Welfare:** *Restricted/Exclusionary Investment* - We will not invest in companies that source animal products from factory farms or other cruel environments. We will not invest in companies that conduct tests on animals for purely cosmetic purposes, or whose treatment of laboratory animals has been cruel or negligent.

- **Defense/Weapons:** *Restricted/Exclusionary Investment* - Clean Yield will not invest in companies that manufacture firearms or ammunition or have weapons-related contracts with the U.S. military of a material amount. We will not invest in U.S. treasury bonds because a disproportionate amount of this debt finances military operations.

- **Gambling:** *Restricted/Exclusionary Investment* - We will not invest in companies that derive a material amount of revenue from gambling operations.

- **Tobacco:** *Restricted/Exclusionary Investment* - We will not invest in companies that derive a material amount of revenue from the production, distribution or retail of tobacco products.

**Other**

- **Shareholder Engagement - Shareholder Resolutions:** Filed or co-filed with companies on environmental, social or governance issues
- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues
- **Proxy Voting:** Actively voted by my institution for this investment strategy in support of environmental, social or governance issues in accordance with formal guidelines