



## Manager Profile

### Overview of World Business Academy

The First Affirmative World Business Academy Folio is a collaboration between First Affirmative Financial Network, LLC and The World Business Academy. First Affirmative serves as investment manager, acknowledging significant input and guidance from The World Business Academy.

**First Affirmative Financial Network** is an independent registered investment advisor managing investment assets for socially conscious investors. First Affirmative works to direct investment capital in more positive, healthy, transformative ways—helping clients make money and make a difference with their money, at the same time. Principals of the firm are known throughout the sustainable, responsible, impact (SRI) investment industry as pioneers, thought leaders, and proven specialists in designing and managing customized investment portfolios. First Affirmative produces The SRI Conference, the premier annual event for the SRI industry in North America.

The **World Business Academy** is a non-profit think tank, action incubator, and network of business and thought leaders. The Academy's mission is to inspire business to assume responsibility for the whole of society, and assist those in business who share their values. Under the leadership of Founding President, Rinaldo S. Brutoco, the Academy explores the role and responsibility of business in relation to the critical moral, environmental, and social issues of our time.

### Portfolio Overview

First Affirmative consults with the World Business Academy periodically to obtain its economic views, outlooks for various industries, big-picture trends, technological breakthroughs and their implications, and even specific companies the Academy feels should be considered for the portfolio. As a registered investment advisor, First Affirmative's role is to reflect the perspective of the Academy in a professionally managed, disciplined, long-term oriented, diversified portfolio.

The focus of this portfolio is on companies that are both attractive investments and demonstrate leadership in the areas depicted in the graphic below. This portfolio is low turnover and is invested globally across multiple asset classes and sectors. Asset allocations inside the model may change over time to reflect changing economic conditions. With a focus on long-term fundamentals, the fluctuation in portfolio value is likely at times to be greater than a portfolio with a stricter price-based sell discipline.

### Investment Philosophy

First Affirmative believes that investors must take responsibility for the impact our money has in the world. As such, the firm works to help investors make money and enhance the common good.

Central to First Affirmative's investment philosophy is the belief that investments aimed at improving the human condition around the world will create a virtuous cycle of inter-related benefits and lead to investment success over time. This graphic depicts the interdependency among social and environmental systems and the integrated investment objective of investing for positive impact.

First Affirmative searches for investment which support and value:

- Clean, Sustainable Energy
- Fresh, Clean Water
- Adequate Supplies of Healthy Food
- A Livable Climate
- Waste Minimization
- An End to Impoverishment
- Justice, Fairness, Equal Opportunity
- Peace and Security
- Healthy, Vibrant Quality of Life



These nine areas are inextricably inter-related. The absence of one reduces the potential for all of the rest. The presence of all creates a peaceful, just, and sustainable society.

This perspective is consistent with the mission of the World Business Academy.

## SRI / ESG Research and Analysis

First Affirmative believes that social responsibility goes hand-in-hand with superior enterprise management. In addition to traditional quantitative measures, companies considered for the portfolio undergo analysis of policies, practices, and impacts on all stakeholder groups. ESG (environmental, social, governance) analysis offers insights into the character and attitude of management teams and helps the firm identify leading companies in many different industries.

**Negative Criteria:** First Affirmative attempts to exclude companies whose primary business is the manufacture of tobacco, alcohol, or firearms, or that derive significant revenues from gambling. Owners/operators of nuclear power facilities and major military contractors are also avoided, as are other companies whose core businesses are deemed harmful.

**Positive Criteria:** First Affirmative seeks to invest in companies that exhibit strength in areas that support the health and well-being of employees, customers, investors, vendors, and society at large, and where the following traits are often evident:

- Charitable giving that fosters economic and social justice;
- Women and minorities in management and board positions;
- Competitive employee benefit programs;
- Progressive hiring programs and nondiscriminatory policies;
- Fair labor standards and support for human rights;
- Superior environmental management practices;
- Product safety and impact;
- Community relations; and
- Progressive and responsible corporate governance.

In addition to the comprehensive screens described above, the intent is to have the portfolio become fossil fuel free as new investment products become available. Currently, there is some exposure to fossil fuel producers—well below conventional exposure, but some exposure nonetheless. Open-end mutual funds will not be held in the portfolio.

## Shareowner Advocacy and Engagement

Shareowner advocacy describes a process of engaging with companies on environmental, social, and governance (ESG) issues to improve performance and impact. First Affirmative actively engages in this process, voting all proxies on behalf of clients according to a comprehensive set of [Proxy Voting Guidelines](#).

First Affirmative engages with a select group of companies in our portfolio each year on a wide range of ESG topics, including climate impacts, toxics, worker and indigenous people's rights, gender and racial diversity in the workplace, political spending, lobbying, and much more. Engagement activities include dialogue, participation in organized campaigns with other institutional investors, and filing shareholder resolutions on select issues.

Investor coalitions enhance the effectiveness of shareowner activism by bringing together the voices of investment managers representing billions of investment dollars. First Affirmative participates in the [Carbon Disclosure Project](#) and the [Forest Footprint Disclosure](#), and is a member of [CERES](#), the [Investor Network on Climate Risk](#) and the [Investor Environmental Health Network](#).

## Key Personnel

**George Gay**, CFP, AIF is Chief Executive Officer and Managing Member of First Affirmative Financial Network, LLC. He is a member of First Affirmative's Investment Committee, and has hosted the annual SRI Conference on Sustainable, Responsible, Impact Investing since 1990. He served as a Director of the US SIF, the Forum for Sustainable and Responsible Investing (formerly the Social Investment Forum) for over a dozen years, and was the recipient of the SRI Service Award in 1997. Mr. Gay



joined the company that was to become First Affirmative Financial Network as a financial planner in November 1986. He assumed the position of Chief Operating Officer in 1989. He served as President of the First Affirmative division of Walnut Street Advisers and as Vice President of Walnut Street Advisers (1995–1999), and became First Affirmative’s CEO on July 1, 1999 when the company again became independent. A 1974 graduate of the United States Military Academy at West Point, Mr. Gay served on active duty for nine years in various command, staff, and faculty assignments. Upon his departure, he received the Department of the Army “Commander’s Award for Civilian Service.” He earned the CFP (Certified Financial Planner) designation in 1984 and the AIF (Accredited Investment Fiduciary) in 2003. He has held Series 24, Series 7, Series 63, and Series 58 licenses.

**Rinaldo S. Brutoco** is a successful entrepreneur, executive, author, and the Founding President of the World Business Academy. He has published numerous cutting edge articles and books that address the role and responsibility of



business in relation to the critical moral, environmental, and social concerns of the day. A keynote speaker at business schools and conferences for over 25 years, Mr. Brutoco is widely recognized as a practical visionary, change agent, and futurist. He is President of the Chopra Foundation, Chairman of the Unstoppable Foundation, and serves on the board of the JUST Capital Foundation. He has served on the Board of Directors of The Men’s Wearhouse since the company went public in 1992, and has served on numerous other non-profit boards including the Gorbachev Foundation. Previous corporate experience includes co-founding and serving as COO of the nation’s first pay cable television operation, and as CEO of one of the first companies to offer over-the-air TV transmission of major motion pictures. Mr. Brutoco co-authored *Freedom from Mid-East Oil*, a comprehensive treatment of the energy and climate change landscape. His most recent book is *Liftoff: The Rise of the Hydrogen Economy*. Core areas of focus include clean energy, climate change analysis and mitigation; sustainable business strategy; values-driven leadership; the development of the human potential at work; global reconstruction; and innovative financial products for sustainable, responsible, impact, (SRI) Investment.

Sector Allocation	World Business Academy Folio	S&P 500
Basic Materials	2.38%	3.39%
Consumer Cyclical	14.51%	10.49%
Financial Services	7.26%	14.63%
Real Estate	12.00%	1.97%
Communication Services	3.48%	4.04%
Energy	3.93%	10.46%
Industrials	14.09%	11.40%
Technology	23.29%	17.19%
Consumer Defensive	9.49%	10.20%
Healthcare	7.64%	13.17%
Utilities	1.93%	3.06%

Source: Morningstar

Asset Class	World Business Academy Folio
U.S. Stocks	74.14%
Non-U.S. Stocks	17.02%
Bonds	4.26%
Cash equivalents	2.51%
Other	2.06%

Source: Morningstar

Region	World Business Academy Folio
North America	81.64%
Europe-Developed	13.53%
Asia-Developed	3.27%
Asia-Emerging	0.83%
Other	0.73%

Source: Morningstar

<b>Largest Holdings</b>	<b>Symbol</b>	<b>Position Weight</b>
iShares MSCI KLD 400 Social	DSI	22.0%
ABB Ltd. ADR	AB	2.0%
AdvisorShares Global Echo ETF	GIVE	2.0%
Amazon.com Inc.	AMZN	2.0%
American Tower Corp.	AMT	2.0%
AvalonBay Communities Inc.	AVB	2.0%
Calgon Carbon Corp.	CCC	2.0%
CME Group Inc. Cl A	CME	2.0%
Cree Inc.	CREE	2.0%
Equity Residential	EQR	2.0%

Source: Morningstar

Note: The portfolio included 39 holdings with a position weight of 2.00% as of May 31, 2014. Of these, only nine are shown in the table above. These nine are listed in alphabetical order.

<b>Portfolio Characteristics</b>	<b>World Business Academy Folio</b>	<b>S&amp;P 500</b>
Average Market Capitalization	\$16.1 B	\$67.7 B
Price/Earnings	34.0	18.3
Price/Book	2.8	2.6
Price/Sales	1.8	1.7
Price/Cash Flow	13.7	11.1

Source: Morningstar

## Disclosures

1. Performance is presented for the composite, which consists of all of First Affirmative's client accounts that are subscribed to the World Business Academy Folio, and does not reflect the deduction of First Affirmative advisory fees. FA client-specific quarterly performance reports do, however, reflect the deduction of managers' fees, First Affirmative's advisory fees and any other charges for services including but not limited to custodial, reporting and evaluation, and record keeping services. Fees are more fully described in First Affirmative's Client Agreement. Related information is more fully described in First Affirmative's Form ADV Part 2. The net compounded impact of the deduction of fees over time will be affected by the amount of fees, the time period, and investment performance. Specific calculations of net-of-fees performance for a given fee structure and gross-of-fees performance can be provided upon request. The World Business Academy is not compensated for their involvement in the management of this model folio. As an unregistered non-profit organization, the World Business Academy accepts charitable donations and grants.
2. All information provided by First Affirmative Financial Network, LLC except as otherwise noted.
3. The benchmark is the S&P 500 Index. Information about this index has been obtained from published sources. Indexes are unmanaged groups of securities and are not directly available for investment.
4. Past performance is not a guarantee of future results. Investing in securities involves risk and investors may incur a loss.

First Affirmative Financial Network, 5475 Mark Dabling Blvd, Suite 108, Colorado Springs, CO 80918  
 800.422.7284 • 719.636.1943 fax • www.firstaffirmative.com  
 Independent Registered Investment Advisor (SEC File #801-56587)