



Investing for a Sustainable Future

First Affirmative Financial Network

A Pioneer in Sustainable and Responsible Investing

First Affirmative Financial Network, LLC ("First Affirmative") is a leading provider of investment management and consulting services to financial advisors and their socially conscious clients. By integrating a client's mission and values into the investment process, First Affirmative delivers personalized portfolio management to those who wish to profit from companies making positive contributions to society.

At First Affirmative, we understand that the ways we save, spend and invest can dramatically influence both the fabric and consciousness of society. We believe that in addition to the benefits of ownership, investors bear responsibility for the impact their money has in the world. We believe that integrating money with values can be both prudent and competitive.

Investors who choose to work with First Affirmative Financial Network make a conscious choice to put their money to work for a dual purpose—to provide for a secure retirement, for example, while consciously directing their investments toward enterprises that contribute to a clean, healthy environment, treat people fairly, embrace equal opportunity, produce safe and useful products, and support efforts to promote world peace.

An independent Registered Investment Advisor, First Affirmative offers discretionary asset management services through investment professionals across the country and currently has approximately \$620 million in assets under management for socially conscious individual and institutional clients.

A \$2.7 Trillion Industry

Sustainable and responsible investing (SRI) is thriving in the United States, growing at a faster pace than the broader universe of all investment assets under professional management. According to the Social Investment Forum's *2007 Report on Socially Responsible Investing Trends in the United States*, approximately \$2.71 trillion in total assets under management are invested using one of the three core SRI strategies—screening, shareholder advocacy and community investing—up from \$2.29 trillion in 2005 (http://www.socialinvest.org/pdf/SRI_Trends_ExecSummary_2007.pdf). The SIF is conducting new research and plans to publish an updated Trends Report in late 2010.

Supporting a Network of Financial Professionals Focused on Serving Socially Conscious Investors

With increasing client demand for SRI products and services, First Affirmative offers a unique package of resources for advisors seeking to better serve the needs of socially conscious investors. First Affirmative offers a comprehensive suite of services uniquely designed to meet the needs of socially conscious individual and institutional investors and the investment advisors who serve them. We also produce regional mini-conferences designed for investment professionals who work with clients to direct investment capital in ways that are more



positive, healthy, and transformative; we call them BaseCamps. BaseCamp SRI participants have an opportunity to network, learn from experts, and teach colleagues about issues of importance to their socially conscious clients. In 2010, BaseCamps were offered in San Francisco, CA (March 23), Portland, OR (April 20), Denver, CO (May 12), New York, NY (June 16), and Seattle, WA (July 15). The series culminates with a Summit Camp in San Antonio, Texas November 16–17, 2010 just prior to the 21st annual SRI in the Rockies Conference. For more information on network membership benefits:

<http://www.firstaffirmative.com/investmentPro/memberInfo.jsp>.

A Sustainable Approach to Portfolio Management

Since 1988, First Affirmative has focused on serving the special needs of socially conscious investors. By incorporating environmental, governance, and social justice issues into the investment process, First Affirmative is able to design portfolios that align investor's values with their financial goals. First Affirmative's Sustainable Investment Solutions™ process places a heavy emphasis on diversification to mitigate market risks—finding the mix of investment assets with the highest probability of meeting each client's unique needs.

Sustainable Investment Solutions

First Affirmative believes that integrating money with values can be both prudent and rewarding. We have combined this core belief with years of custom consulting and portfolio management expertise to produce a unique investment strategy called Sustainable Investment Solutions™. Based on an investor's financial goals, time horizon, risk tolerance, and societal priorities, an asset allocation strategy and an Investment Policy Statement are developed to guide discretionary management of each client account. Investment assets may be allocated to socially screened mutual funds and/or SRI-capable separate account managers in various combinations designed to meet each client's needs while reflecting their social priorities. Fees are based on assets under management.

Making Money and Making a Difference

The First Affirmative Investment Committee and the mutual funds and separate account managers used in client portfolios, identify appropriate investment opportunities by utilizing both quantitative analysis of profit potential as well as qualitative analysis of environmental, social, and governance (ESG) policies. First Affirmative has the proven experience, resources, and commitment to help an investor achieve his or her financial goals while putting money to work in ways aimed at improving society for all. There is no longer any reason to separate good fortune from good will.

Industry Leadership

First Affirmative's CEO and President, between them, have logged over two decades of service as directors of the Social Investment Forum, the non-profit membership association dedicated to advancing the concept, practice, and growth of the sustainable and responsible investing in the U.S. First Affirmative also produces the premier annual industry conference, SRI in the Rockies. The 21st annual SRI in the Rockies Conference will be November 18–21, 2010 at the JW Marriott Hill Country Resort & Spa in San Antonio, Texas. For more information on SRI in the Rockies, go to <http://www.SRIintheRockies.com>.



Frequently Asked Questions: First Affirmative Financial Network

1. What is First Affirmative Financial Network?

First Affirmative is an independent Registered Investment Advisor which, since 1988, has been offering Sustainable Investment Solutions™ for individual and institutional investors through a nationwide network of investment professionals who specialize in serving socially conscious investors (<http://www.FirstAffirmative.com>).

2. What is First Affirmative's core business?

First Affirmative provides discretionary asset management services to individuals and institutions seeking to integrate mission and values into investment decision-making. First Affirmative, through its advisor network, offers consulting and investment management services specially designed to meet the unique needs of socially conscious investors.

3. How long has First Affirmative been offering sustainable and responsible investments?

First Affirmative is a pioneer in the SRI industry, having focused on integrating environmental, social, and corporate governance (ESG) criteria into portfolio management since 1988.

4. What are First Affirmative's services?

The company has combined its years of custom consulting and portfolio management expertise to produce a unique investment strategy called Sustainable Investment Solutions™. Based on an investor's financial goals, time horizon, risk tolerance, and societal priorities, an asset allocation strategy is tailored for each client, and an Investment Policy Statement guides discretionary management of each client account.

5. Does First Affirmative have a product?

Client accounts are invested in diversified portfolios of socially screened mutual funds or with SRI-capable separate account managers. For the socially conscious philanthropist, First Affirmative offers a donor-advised fund, the FAFN Giving Fund.

6. Why is 'Network' a key component of the company name?

First Affirmative specializes in managing investment portfolios for socially conscious investors. Most clients are introduced to First Affirmative through a nationwide network of investment professionals who work with investors in their local areas and partner with First Affirmative to manage client portfolios, when appropriate. In addition to asset management services, First Affirmative provides resources, research, tools, discounted memberships, and other kinds of support to its network advisors for a modest fee. These research and information services, when purchased separately, are simply not available at economically viable prices for most individual practitioners. First Affirmative's member

services package includes complimentary access to the annual SRI in the Rockies Conference, and to all regional BaseCamps.

7. What is 'SRI'?

Socially responsible investing, or sustainable and responsible investing (both "SRI"), is an investment process that considers the social and environmental consequences of investments, both positive and negative, within the context of rigorous financial analysis. SRI portfolios seek to invest in companies with the best demonstrated performance in the areas of environmental, social, and corporate governance issues (commonly referred to as "ESG"). It is also sometimes known as "green," "values-based," or "sustainable" investing.

8. What are the approaches investors typically utilize in SRI?

Generally, social investors seek to own profitable companies that make positive contributions to society. "Buy lists" may include enterprises with good employer-employee relations, strong environmental practices, products that are safe and useful, and operations that respect human rights around the world.

9. How many assets are involved in SRI?

It is reported that \$2.7 trillion under professional management in the U.S. is involved in one or more of the three primary socially responsible investment strategies—social screening, shareholder advocacy, and community investing. These assets now account for one out of every nine dollars under professional management in the U.S., according to the Social Investment Forum *2007 Report on Investing Trends in the United States* (http://www.socialinvest.org/pdf/SRI_Trends_ExecSummary_2007.pdf).

10. How many SRI funds are in the marketplace?

There are more than 250 socially screened mutual fund products in the U.S., up from just 55 SRI funds in 1995. Prominent SRI mutual fund providers include Calvert, Domini Social Investments, and Pax World Funds. For a more complete list of funds and asset managers, see the SRI in the Rockies Conference sponsors list at <http://www.sriintherockies.com/sponsors.jsp>, or the Social Investment Forum's mutual fund performance chart at <http://www.socialinvest.org/resources/mfpc/>.

11. How do SRI funds perform?

An impressive body of academic evidence and real-world results has effectively refuted the stale notion that constructing investment portfolios based on ESG analysis (Environmental, Social, Governance issue analysis) automatically results in underperformance. One example, over 20 years, from inception on 05/01/1990 through 06/30/2010, the KLD 400 Social Index had an annualized return of 8.85% versus 8.07% for the S&P 500 (commonly used as a proxy for "the market") over the same time period.

Past performance is no guarantee of future results. There can be no assurance that any investment strategy will generate profitable results. Indexes are unmanaged lists of common stocks. Index performance does not include the impact of cash, fees, or transaction costs. Investors cannot invest directly in either the KLD 400 Social Index or the S&P 500, but can purchase mutual funds designed to track the performance of these indexes. For more information on the performance of the KLD 400 Social Index, go to <http://www.kld.com/indexes/ds400index/performance.html>.

12. What is 'Screening'?

Screening is the practice of qualitatively analyzing investments based on environmental, social, and/or corporate governance factors (ESG criteria). Screening can be either positive (screening in) or negative (screening out). Qualitative screening combined with a traditional quantitative analysis of profit potential, provides the basis for designing investment portfolios aligned with an investor's values and social priorities, while producing the returns needed to achieve the investor's financial goals.

13. What is 'Shareholder Advocacy'?

Shareholder advocacy efforts include engaging in dialogue with companies and submitting and voting on proxy resolutions. Action is focused on positively influencing corporate behavior. Socially conscious investors often work cooperatively to steer company management on a course that they believe will improve financial performance over time and enhance shareholder value.

14. What is 'Community Investing'?

Many socially conscious investors earmark a percentage of their investment portfolios to community development financial institutions (CDFIs) that work to alleviate poverty, create jobs, provide affordable housing, and finance small business development in disadvantaged communities that tend to have very limited access to investment capital, or no access to capital. First Affirmative has in excess of 3% of client assets invested in community development financial institutions.

15. What is First Affirmative's relationship with the SRI in the Rockies Conference?

The annual SRI in the Rockies Conference (<http://www.SRIintheRockies.com/>) is owned and produced by First Affirmative Financial Network in collaboration with other non-profit and for-profit organizations involved in the SRI industry. First Affirmative is responsible for securing a venue, contracting with the hotel and conference center, guaranteeing room nights, guaranteeing food and beverage expenditures, selling sponsorships, staffing, agenda development, etc.—all things necessary to present the premier annual conference for the sustainable and responsible investment industry in North America.



16. What is BaseCamp SRI?

A "base camp" is a place for mountain climbers to rest, resupply, and resume the climb refreshed and reinvigorated. First Affirmative offers a series of regional mini-conferences designed for investment professionals who work with clients to direct investment capital in ways that are more positive, healthy, and transformative. BaseCamp SRI participants have an opportunity to network, learn from experts, and teach colleagues about issues of importance to their socially conscious clients. In 2010, BaseCamps were offered in San Francisco, CA (March 23), Portland, OR (April 20), Denver, CO (May 12), New York, NY (June 16), and Seattle, WA (July 15). The series culminates with a Summit Camp in San Antonio, TX November 16-17, just prior to the 21st annual SRI in the Rockies Conference (<http://basecampsri.firstaffirmative.com/>).

