

DivestInvest
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**FOSSIL
FUEL-FREE
INVEST
BRIEF**

▶ June 2016



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JUNE 2016

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As fossil fuel divestment advocates, we do not offer investment advice. Rather, we bring news, information and knowledge to create and invest in a Fossil Free world, highlighting champions and innovators.

Divest

The [Carbon Underground 200 \(CU200\)](#), a list of the world's top 200 oil, gas and coal companies ranked by the carbon content of their fossil fuel reserves. This is the benchmark for the Pledge, because it is a simple and meaningful metric. Many investors are going beyond CU200-Free toward 100% Fossil Fuel-Free options.

Invest

Markets are also responding to the signal from prudent, climate risk-averse reinvestment. A growing number of climate-friendly investment options are available, posting impressive financial returns while considering Environmental, Social and Governance (ESG) criteria beyond climate considerations.

Strong Financial Performance Record

[Morningstar](#), [Oxford University](#), [Stanford University](#), and others show that sustainable investment funds often yield higher returns, indicating that ESG sustainability and climate risk analysis should be essential parts of investing and fulfilling fiduciary duty.

The number of both climate-friendly investment options and 100% (or very close to it) "Fossil Fuel-Free" options is growing – thanks to the demand you and others are creating. Many are generating returns that are the same or better than climate-unfriendly investments.



New ETFs Screening Out CU200 and More

Many investors choose to invest in ETFs because they have low fees and passive index exposure. Here are two new broadly diversified and climate-focused ETFs. Find others at www.FossilFreeFunds.org or use the Fossil Free Funds widget now on iDivestinvest.org.

ETHO - Etho Climate Leadership U.S. ETF (excludes CU200 and more)

The ETHO ETF from [Etho Capital](#) is based on the [Etho Climate Leadership Index](#), a diversified index of about 400 U.S.-based companies identified as climate and sustainability leaders. ETHO avoids all coal, oil and gas companies including drilling, refining and fossil fuel services, and goes beyond “fossil fuel-free” to invest in only “[climate-efficiency](#)” leaders in other industries. ETHO screens out unsustainable companies and industries, like tobacco and weapons, based on ESG data and sustainability expert feedback.



SPYX - SPDR S&P 500 “Fossil Fuel Free” ETF (excludes CU200)

SPYX, an ETF from [State Street Global Advisors](#), removes the 200 largest holders of coal, oil and gas based on reserves, fulfilling the core Divest Invest Pledge criteria. SPYX does not currently add ESG sustainability screens.



ETF	Fossil Fuel-Free Definition	ESG Sustainability	Financial Performance
Etho Climate Leadership U.S. ETF (ETHO)	Avoids all coal, oil, and gas companies; invests in climate leaders.	Avoids unsustainable industries and companies; selects ESG leaders.	Better-than-market returns; 0.45% expense ratio; no minimum
SPDR S&P 500 Fossil Free ETF (SPYX)	Avoids largest coal, oil and gas reserves; invests in fossil fuel services	No ESG sustainability screening; invests in tobacco and weapons	Similar-to-market returns; 0.25% expense ratio; no minimum

Established 100% Fossil Fuel-Free Mutual Funds

Below are four actively-managed, 100% Fossil Fuel-Free ESG Mutual Funds. They all add ESG sustainability screening and have been lead performers for several years.

- **GCEQX - Green Century Equity Fund**

The [Green Century Equity Fund](#) from [Green Century Capital Management](#) invests in equities in the [KLD400 ex Fossil Fuels Index](#). The fund avoids investment in all coal, oil and gas companies and avoids fossil fuel services companies. The fund also screens out other companies and industries considered unsustainable, such as tobacco and weapons, based on ESG data.

- **NEXTX - Shelton Green Alpha Fund**

The [Shelton Green Alpha Fund](#) from [Green Alpha Advisors](#) and [Shelton Capital Management](#) invests in a proprietary universe of “green economy” companies, including companies of all sizes and with diversification by economic sector. The fund avoids all fossil fuel companies, and invests in “green economy” leaders in other industries.

- **BAWAX - Brown Advisory Sustainable Growth Fund**

The [Sustainable Growth Fund](#) from [Brown Advisory](#) invests in about 35 companies “whose environmental strategies are generating tangible business results, in the form of revenue growth, cost improvement, or enhanced franchise value.” The fund avoids all fossil fuel companies, and only considers investment in companies with strong fundamental, environmental and valuation characteristics.

- **PARWX - Parnassus Endeavor Fund**

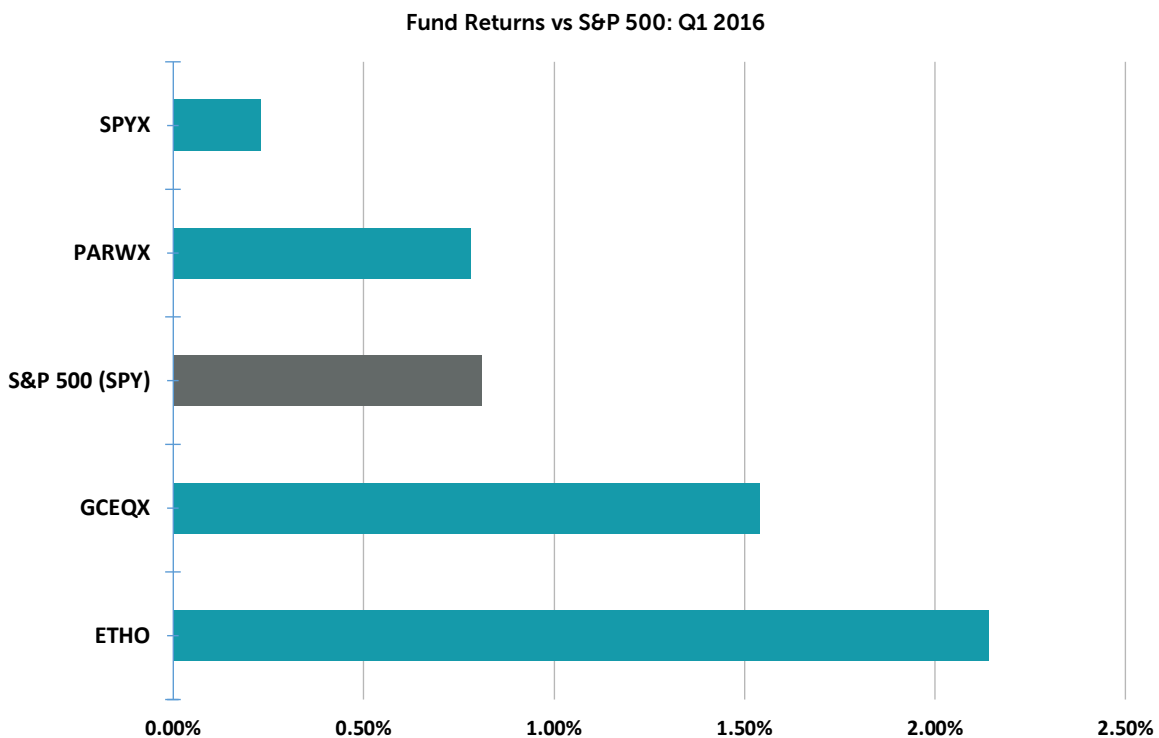
The [Parnassus Endeavor Fund](#) from [Parnassus](#) invests in about 30 large companies that offer outstanding workplaces, and are not engaged in the production, manufacturing, or refining of fossil fuels. This workplace focus can result in more exposure to technology companies.

Comparing 100% Fossil Free Mutual Funds

Mutual Fund	Fossil Fuel-Free Definition	ESG Sustainability	Financial Performance
Green Century Equity Fund (GCEF)	Avoids all coal, oil and gas companies.	Avoids unsustainable industries and companies; selects ESG leaders	Similar-to-market returns; 1.25% expense ratio; \$1,000 minimum.
Shelton Green Alpha Fund (NEXTX)	Avoids all coal, oil and gas companies; invests in leaders.	Avoids unsustainable industries and companies; selects ESG leaders	Better-than-market returns; 1.34% expense ratio; \$1,000 minimum.
Brown Advisory Sustainable Growth Fund (BAWAX)	Avoids all coal, oil and gas companies; invests in leaders.	Avoids unsustainable industries and companies.	Similar-to-market returns; 1.15% expense ratio; \$2,000 minimum.
Parnassus Endeavor Fund (PARWX)	Avoids all coal, oil and gas companies; invests in leaders.	Avoids unsustainable industries and companies; selects ESG leaders	Better-than-market returns; 1.02% expense ratio; \$2,000 minimum.

Short Term Comparative Performance Chart

Performance of fossil fuel-free funds vs. the S&P 500 ETF (SPY) in the first quarter of 2016 (Q1 2016).



Even More Options Are Coming...

These are a few examples of 100% Fossil Fuel-Free and CU200-Free funds. Find more by using the search tool [FossilFreeFunds.org](https://www.fossilfreefunds.org), a no-cost transparency tool that enables you to choose your screens and find funds that meet your criteria. You can also find lists of fossil free funds and investment managers at [350.org](https://www.350.org) and [Green America](https://www.greenamerica.com), and you can learn the carbon intensity of your existing investment portfolio with [CarbonScan](https://www.carbonscan.com).

Fossil Fuel-Free investing has even hit the automated investment service market. [Macro-climate](https://www.macroclimate.com) just introduced the first-ever automated investment service for divesting-investors, using funds that not only exceed standards of the fossil fuel divestment movement, but that have historically outperformed the market. It's a solid option for those who prefer a hands-off approach, and who have at least \$50,000 to invest.

Every week, we hear about new fossil free investment vehicles in the pipeline. As investors seek ways to invest in climate solutions, many also want to make direct investments in clean technology companies, energy infrastructure, sustainable agriculture and climate-focused private equity funds and/or hedge funds. Many of these options are currently accessible to larger "accredited" investors, but creative new crowd-investing platforms and regulations are emerging to open new options for "retail" and retirement investors as well.

Read more in the Triple Pundit piece, "[5 Ways Your Personal Investments Can Help Solve Climate Change](#)", and stay tuned for more details in future Invest briefs.

Divest Invest is not an investment organization, nor should any information offered here be understood as investment advice; each individual, group, institution, or other entity making investment decisions should consult with trusted investment advisors and/or financial consultants before making any investment decisions.