

WHICH LENS WOULD YOU CHOOSE?

In photography, the body of the camera contains all of the components needed to record the photograph. The camera lens then provides the focus on the subject you are intending to photograph. One can balance the pros and cons of the various options and pick the one that suits their circumstances.

Similar to the camera body, portfolio construction at Savant has time-tested core components including a strong focus on asset allocation, broad global diversification, cost efficiency, and tax management. Our framework, called evidence-based investing (EBI), strives to provide investors optimal outcomes based on compelling academic and empirical evidence. It involves the judicious use of current best evidence to make informed investment decisions with the goal being to maximize after-tax returns for investors while minimizing risk and protecting portfolios from market downturns.

Next, just as one would choose from different camera lenses to add to the camera body, Savant offers two additional “lenses” or ways for investors to view and implement a portfolio with a focus on different sets of values. Investors around the world are increasingly conscious of how business practices align with their personal values and philosophies. A natural next step is the desire to align your personal values with the way you invest your money, i.e., “speak with your wallet.” Variations of values-based investing (VBI) terms are socially responsible, socially conscious, sustainable, ethical, moral, or green investing. There are also various acronyms to describe them including SRI (socially responsible investing) and ESG (environmental, social, and governance). Many desire that their investment portfolio reflect their views on health care matters, environmental issues, and/or human and labor rights.

Using a combined approach of EBI + VBI, Savant believes clients can align their values and investment goals without sacrificing expected returns. To the right are brief descriptions of the two “lenses” through which Savant investors can personalize their portfolio by aligning with the illustrated values.

SAVANT VALUES-BASED STRATEGIES

Sustainability

The underlying companies in the investment funds are scored and weighted based on the company impact or avoidance of certain business practices illustrated below.

Sustainability Metrics Include:

- Environmental stewardship (climate change, environmental impact, resource use)
- Commitment to serving local communities and society in general
- Devotion to high labor standards for their employees and those in the supply chain
- Dedication to producing safe and quality products
- Ethical management practices and effective corporate governance

Social Values

The underlying companies in the investment funds are screened for involvement in the issues below and are excluded from the portfolio based on the specific involvement level for each issue.

Social Screens Include:

- Abortion/contraceptives
- Adult entertainment
- Child labor
- Gambling
- Landmines and cluster bombs
- Republic of the Sudan
- Stem cell research
- Tobacco or alcohol
- Weapons

For these two strategies, we use similar asset classes and target exposures as our standard wealth portfolios. Savant then selects the values-based investments using our proprietary due diligence criteria followed by an additional layer of due diligence pertaining to the investment managers’ research by which they can exclude or weight companies on the intended values criteria. It is important that the managers employ continual research, as company monitoring is not just a one-time review.

Today, this type of investing is becoming increasingly utilized by institutions and individuals. According to the Global Sustainable Investment Review 2016, there are \$8.7 trillion of assets invested using values-based criteria in the U.S. Companies are more focused and intentional in their actions, knowing there is extensive research being conducted by the investment community into their behavior.

If you would like more information on either of these strategies, please reach out to your financial advisor.



IMPORTANT DISCLOSURES

Savant Capital Management is a Registered Investment Advisor. This information is not intended as personalized investment advice. Savant's marketing material should not be construed by any existing or prospective client as a guarantee that they will experience a certain level of results if they engage the advisor's services.

Please remember that past performance is not indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Savant Capital Management), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful.