

# 2022



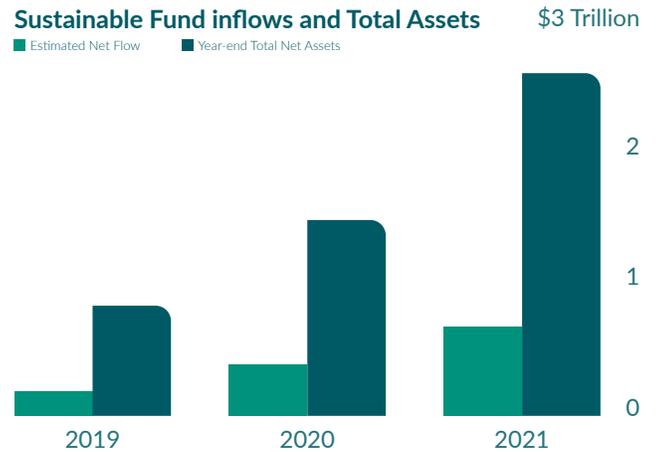
## Three Reasons to Become a Sustainable Investor

...and the One Big Reason  
You'll Be Glad You Did

WHITE PAPER 2022

# CAN YOU NAME AN INVESTMENT THAT:

- Has been shown to perform as well as, or better than, market averages over the long term?
- Is growing fast, with almost \$600 billion of new assets globally just in 2021?
- Is currently one of the most popular strategies among wealthy investors and major institutions?



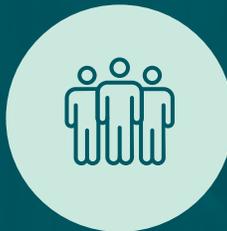
It's not bitcoin, or a new social media platform. It's sustainable investing.

Sustainable investing (sometimes called responsible or values-based investing) is an investment strategy that seeks both financial and social return. In the stock market, this form of investing requires an analysis of a company's **environmental**, **social**, and **governance** impacts – which is why it's often called **ESG** investing.



## ENVIRONMENTAL

A company's impact on the environment and the world around them.



## SOCIAL

How a company treats customers, the people who work for them, and the communities they operate in.



## GOVERNANCE

Includes factors like board diversity, executive salaries, reporting, supply-chain management, and political contributions.

It turns out that companies that are good at balancing the needs of shareholders, customers, employees, and their communities are good long-term investments. That's what sustainable investing tries to find. And yet, very few everyday investors know what sustainable investing is.



## Over 3 in 4 people (77%)

agree that **companies have a responsibility to behave like a good citizen** and consider their impacts on other people and the planet.



## Over 3 in 4 people (77%)

agree that **companies have the power and influence to make a positive difference** in the world.

## And yet, awareness of the term “ESG” is extremely low in the United States

Before today, had you heard of the term “ESG,” which stands for “Environmental, Social, and Governance”?

■ I hadn't heard of ESG before today

■ Heard of ESG - not sure what it is

■ Heard of ESG - have a good understanding of it

59%

26%

15%

Source: SEC Newgate

Most people have high expectations for corporate behavior, yet few people know how those expectations can be applied in their investment strategy.



Till Investors is a group of experienced, independent, financial writers and educators. We know that sustainable investing styles have existed for a long time, but recently have expanded dramatically thanks to better data and smarter strategies.

And unfortunately, we also know that the financial industry is doing an inadequate job of telling investors about the opportunity to align your investments with your personal values. So that's our mission – to help you put your values into action.

Why? We think there are three critical facts about sustainable investing that make them a good opportunity for everyday investors.

# #1: SUSTAINABLE INVESTING IS ACCESSIBLE TO EVERYONE

No matter who you are, what your financial situation is, or what your values are, there are ways to align your investments with your values.

According to data from Morningstar, there are more than 550 U.S. mutual funds, index funds, and exchange-traded funds that use some kind of sustainability strategy – more than double the number from just five years ago.

And those are just the one that specifically focus on ESG. The strategy has become so popular that even funds that don't call themselves "sustainable" or "ESG" have started to incorporate ESG ideas.

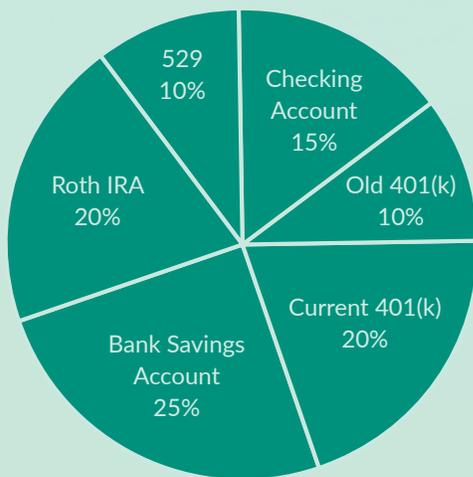
Want to reward companies making climate pledges? Support women-run businesses? Stay away from big tobacco or "sin" stocks? You can do any of these

things, and many more, with your investments.

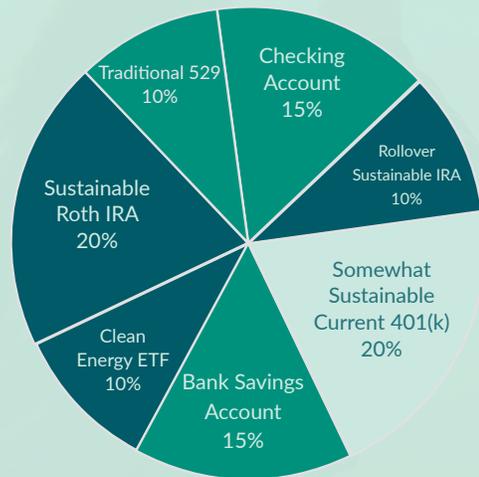
And also – are you a brand-new investor putting aside just a few dollars a month? A careful saver with a growing retirement account? An experienced professional guiding a big portfolio for your big family? There are options that are a good fit for your situation.

You don't need to be a stock analyst or start your portfolio over from scratch. You just need to know what to look for, and what to look out for. Till's book and our free educational programs can help you do this.

### BEFORE TYPICAL INVESTOR PORTFOLIO



### AFTER SUSTAINABLE PORTFOLIO



■ Traditional, non-sustainable investments   □ Somewhat sustainable investments   ■ Sustainable investments

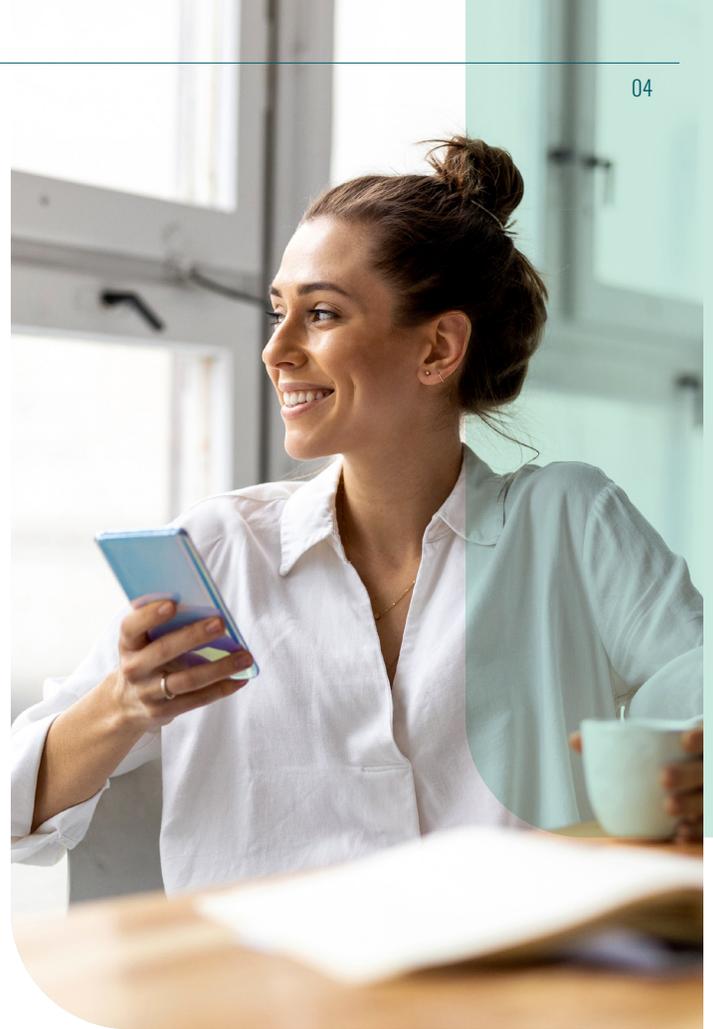
Sustainable options are available for most segments of a typical investor's portfolio. You can dramatically upgrade the sustainability of your investments without having to recreate your entire portfolio.

## #2: PERFORMANCE IS NOT A PROBLEM

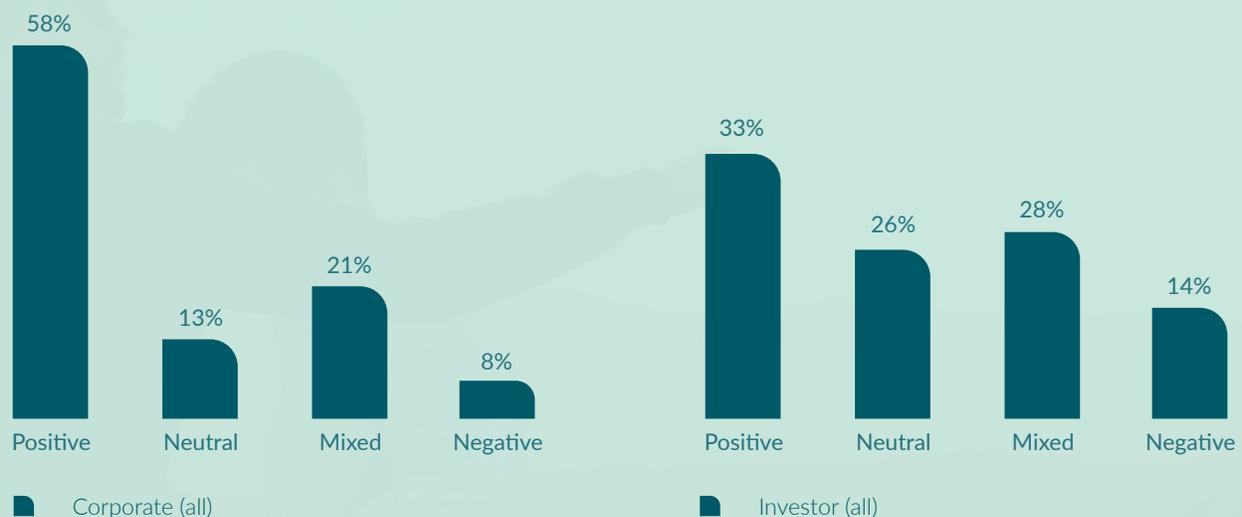
The issue has been studied and studied, and the results are in... over time, sustainable funds have performed on par with, and sometimes better than, traditional mutual funds. Like everything else, sustainable investments can go up and down, in the short term. But in the long run, sustainable funds are no more prone to market ups and downs than traditional funds.

If anything, according to an analysis by NYU Stern, sustainable investments appear to outperform more the longer the time period you look at. That's pretty compelling if you're a long-term investor. And isn't everyone a long-term investor?

This means there's no specific tradeoff or sacrifice you have to consider if you want to invest your values. So why wouldn't everyone invest this way?



## Sustainable Investing - It Works



Source: [https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM\\_ESG-Paper\\_2021%20Rev\\_0.pdf](https://www.stern.nyu.edu/sites/default/files/assets/documents/NYU-RAM_ESG-Paper_2021%20Rev_0.pdf)

Positive and/or neutral performance results for investing in sustainability dominate. Very few studies found a negative correlation between ESG and financial performance (based on 245 studies published between 2015 and 2020).

## #3: GREENWASHING IS COMMON, BUT GREENWASHERS AREN'T VERY SMART

The downside to a fast-growing market and reports of good performance is that everyone wants to look like the cool kids. In the investment marketplace, that means greenwashing.

We've all seen it. A company or an investment fund makes a huge marketing push that touts their green practices and claims that the environment is of the utmost importance to them. Shortly thereafter, information comes to light that indicates they may have been following the green trend with their words but not their deeds.

We've seen lots of examples of this:

- funds that "rebrand" by adding ESG to their name
- fund companies that add a single page to their website with lots of pictures of nature
- Funds that don't talk much about their process, but show images like the one below, with trees growing out of coins

Regulators in Europe and, soon, the U.S. have been shoring up their standards and applying more scrutiny to strategies that claim to be sustainable. But for now, investors have to ferret out the greenwashers themselves.

Luckily, it isn't all that hard to do, because most greenwashers aren't very good at hiding their true colors. Through a lot of research, we've figured out that there's a simple little 2-question tool that separates the greenwashers from the more authentic sustainable investments.

- Do they say what they do?
- Do they do what they say?

A big part of Till's ongoing educational efforts is helping investors find the right answers to these questions. You have to be on your toes, but we can help you know how to spot a red flag and how to identify the good eggs.

**ESG IS NOT A TREE! IT'S  
A SOUND, LONG-TERM  
INVESTMENT PROCESS.**



## WHY WILL YOU BE GLAD YOU DID?

Easy: it's because your values matter.

They matter when you choose friends. They matter when you choose how you want to live. In fact, they matter in virtually every aspect of your life—why shouldn't they matter when you invest? It certainly makes no sense to us for people to be forced to invest in companies they would never choose to patronize, just because they are buried in your retirement plan.

Investing is one of the most influential actions you can take, and we have found that people naturally prefer to do it with intention and conviction. To do it for good. It's a powerful lever you can pull to create positive change in the world around you. And as your personal finances grow, your impact grows along with it.



We get it. Investing is something you want to be cautious about. It's your hard-earned money, after all. So if you're still hesitant about taking the plunge into ESG, take some time to find out how easy and beneficial it can be. We want to make sustainable investing easy and fun, and we have put plenty of resources available on our social media channels. Give us a follow and leave feedback.

We always welcome it!

## CONTACT US

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