



Aspen Leaf Partners Investment Philosophy



Factor-Based Investing For A Better Portfolio And Planet

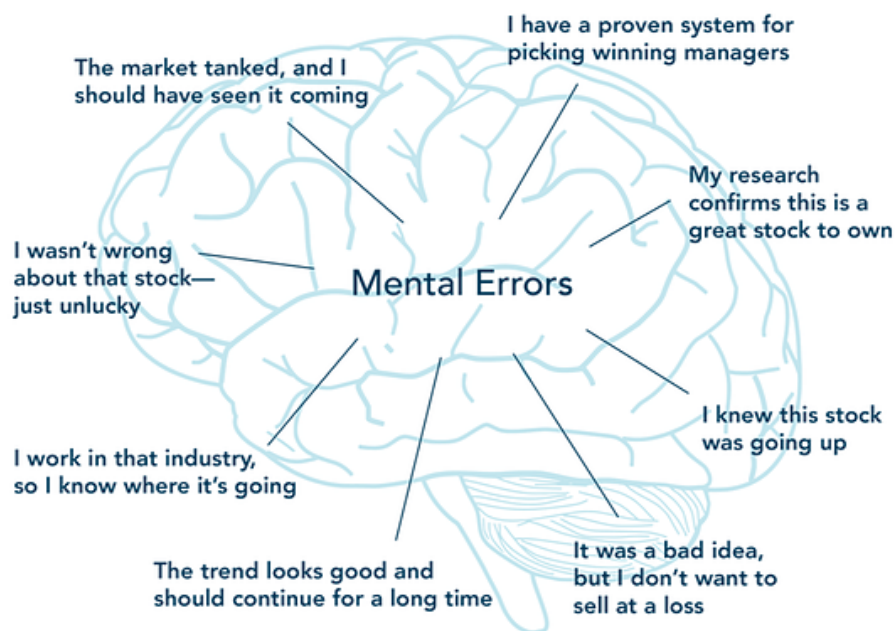
- Greg Lessard, CRPC®, Founder & President Aspen Leaf Partners

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August, 2015



Disciplined Investing Starts With Behavioral Clarity



STAYING INVESTED WHEN THE GOING GETS TOUGH IS SIMPLE, BUT NO ONE SAID IT WAS EASY

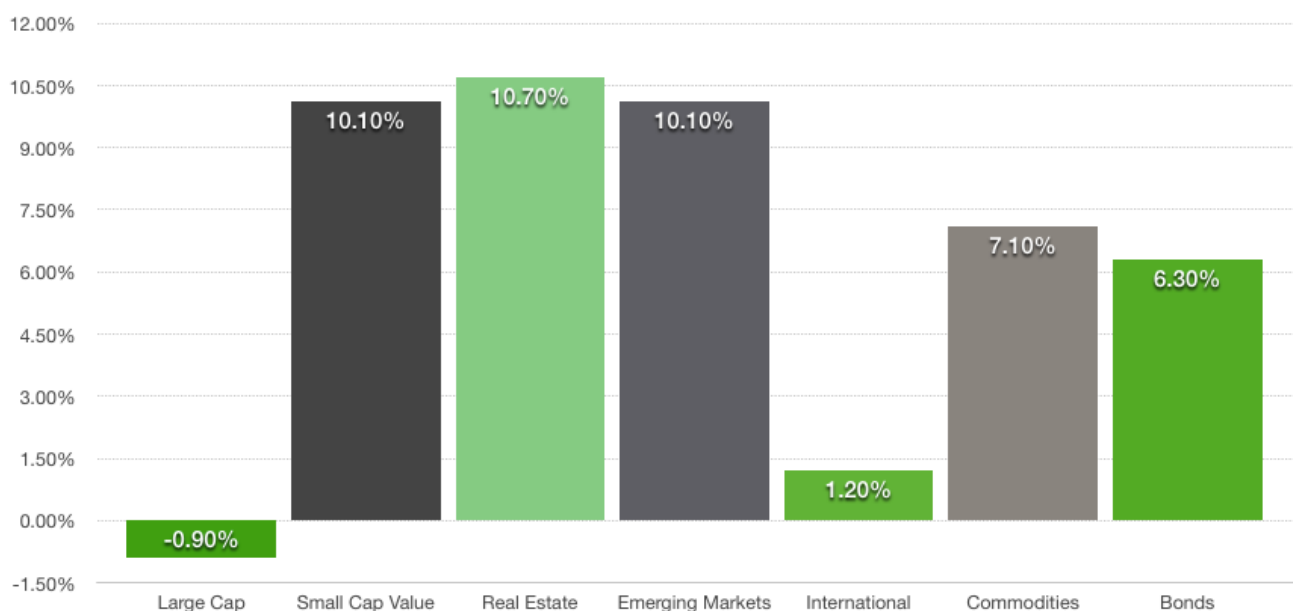
When people follow their natural instincts, they tend to apply faulty reasoning to their investing. We'll help you separate emotions from investing decisions.

Many individuals tend to invest with emotion. They're excited to buy "winners" and temporarily feel good about selling "losers". However, when an investor buys after the market rises and sells after a decline it achieves the opposite effect of buying low and selling high.



A Globally Diversified Portfolio Helps Eliminate “Home Bias”

Approximately 75% Of Publicly Traded Stocks Reside Outside The U.S. (48% Of All Market Capitalization)¹. If An Investor Had Owned U.S. Large Company Stocks For The Decade Ending December 31st, 2009, They Would Have Lost Money²



An investor's job isn't done just because they own investments outside the US. They also need to consider what other asset

classes to integrate into their strategy, and in what percentages. A financial advisor can help with these crucial portfolio decisions.

¹ Statistics courtesy of Dimensional Fund Advisors, 2015. Market cap data is free-float adjusted from Bloomberg securities data.

² Data taken from the Dimensional Matrix Book 2014, Historical Return Data, US Dollars, Annualized. Chart courtesy Aspen Leaf Partners research, 2015.



It's Extremely Difficult To Consistently Beat The Market

There is absolutely no evidence that anyone has ever been able to reliably predict in advance what stocks will outperform and which stocks to avoid. If it were possible, it's doubtful anyone on Wall Street would spend time sharing this magical expertise.

Although the allure of beating the market is a compelling one, market timing has proven to be a powerful marketing message as well as disappointing endeavor. If an investor sold out of the market during a downturn and missed the best days of the ensuing recovery, the results could have been disastrous¹.

Annualized Compound Return: 10.40%

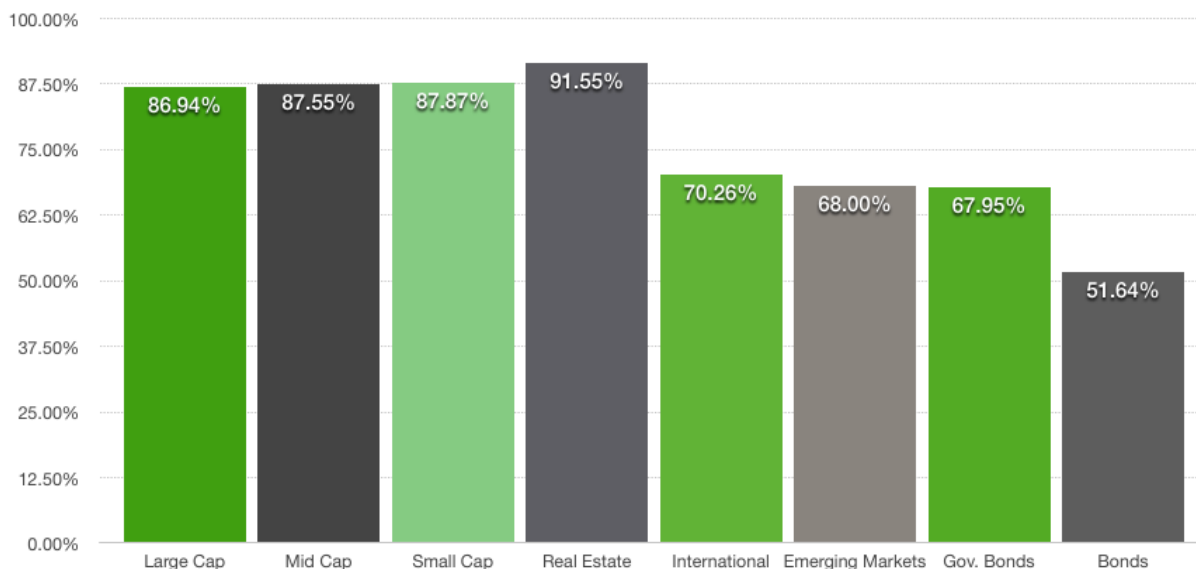
Missed Single Best Day: 10.13%

Missed 5 Best Single Days: 9.33%

Missed 15 Best Single Days: 7.99%

Missed 25 Best Single Days: 6.86%

Percentage Of Mutual Fund Managers That *Underperform* Their Benchmarks²



Statistically, investors have better odds at the casino compared to trying to identify the next best money manager. No one is smarter than the collective wisdom of millions, not even the pros!

¹ Performance data for January 1970 - August 2008 provided by CRSP. Performance data for September 2008 - December 2013 provided by Bloomberg. Source: Dimensional Fund Advisors, 2014. Performance is based on index returns. The metrics above do not reflect the eroding effect of expenses, which would make the annualized returns for investors even lower. Indexes are not available for direct investment.

² Source: SPIVA® U.S. Scorecard (Mid Year 2013). 5 Year benchmark used. Chart courtesy of Aspen Leaf Partners Research, 2014.



There Are Subsets Of The Market That Have Delivered Superior Returns Over Long Periods Of Time

IF WE LOOK HARD ENOUGH, WE CAN FIND THEM

When an investor overweighted or “tilts” towards different parts of the market, investors have historically been compensated with extra return. This portfolio approach is called *Factor Investing*.

While there are over a hundred identified market factors, only a few consistently stand up over time¹.

To be considered consistent, a market factor must: be persistent across time periods, pervasive across markets, and cost effective (after trading fees) to capture.

Factors appear with relative frequency, but not all the time. Only patient investors are rewarded.

Market Factors And Their Relative Outperformance²

Beta- stocks have outperformed T-bills by **7.78%**

Size- small caps outperformed large caps by **3.15%**

Value- value stocks outperformed growth stocks by **4.68%**

Momentum- outperforming stocks will continue to outperform their underperforming peers by **8.55%**

Profitability- more profitable stocks outperform less profitable stocks by **3.72%**

ESG- stocks with strong ESG criteria outperform by **1.1%**

IMPLEMENTATION CHALLENGES

We incorporate all the factors above into our Green Return Portfolios. However, capturing these factors isn't free. There is a cost to research, execute, deliver, and report any investment strategy. While impressive on paper, an investor's actual return investing in factor based strategies will be reduced by operational and trading costs.

¹ A Taxonomy of Anomalies and Their Trading Costs. Novy-Marx, Velikov, December, 2014 & Trading Costs of Asset Pricing Anomalies. Franzini, Israel, & Moskowitz, December, 2012.

² How The Four Stock Premiums Work. Swedroe, April, 2012 & The Other Side Of Value: The Gross Profitability Premium. Novy-Marx, June, 2012 & Can ESG Add Alpha? Nagy, Kassam, Lee, June, 2015.



Our Planet Is A Very Special Place. We Believe Investing In Sustainable Corporations Can Help It Stay That Way

The Socially Responsible Investing (SRI) concepts and portfolio designs you're about to read about build upon the environmental ideals I've held onto ever since I read "The Monkey Wrench Gang" as a teenager. These ideals became the reason I studied forestry at Syracuse University. Although Edward Abbey never had a 401(k), he'd appreciate the industry progress we're making to help usher in the next evolution of sustainable investing.

The following pages explain our approach to sustainable investing as well as summarize the independent, peer-reviewed, and academically backed research dating back to the 1950's.

We're excited to teach you that capital markets work for patient, long term investors, as well as introduce you to our highly diversified, low cost Green Return Portfolio models. Thank you for investing time in our philosophy!



“Sustainable investing is less complicated than you think, better performing than you believe, and more important than we can imagine.”

- Chris McKnett (Check out his TED.com Talk)



Consider The Impact Your Portfolio Decisions Have On The Planet



Environment

- Carbon & Greenhouse Gas Emissions
- Toxic Chemical Usage & Disposal
- Renewable Energy
- Ecosystem Change
- Resource Depletion
- Climate Change
- Pollution
- Environmental Reporting



Social

- Diversity
- Equal Opportunities
- Customer Satisfaction
- Indigenous Rights
- Equitable Labor Standards
- Product Safety & Liability
- Human Rights
- Employee Productivity
- Community Relations



Governance

- Board Leadership Independence
- CEO Compensation
- Separate Board And Committees
- Corporate Accounting
- Protection Of Minority Shareholders
- Audit Legitimacy
- Financial Reporting And Disclosure
- Shareholder Rights
- Controlled Company IPOs

There are three forms of capital that create sustainable value for corporations.

Physical - basic resources, water, infrastructure

Human - employees, community, government

Financial - company assets, balance sheets

Responsible investing has ancient origins and is rooted in Jewish, Christian, and Islamic traditions. Ethical restrictions on loans and investments are found in the Old Testament¹.

TWO MILLENNIUMS LATER, RESPONSIBLE INVESTING HAS GROWN TO \$6.57 TRILLION IN U.S. DOMICILED ESG ASSETS²



Institutional Adoption

New York State Common Retirement Fund

California Public Employees' Retirement System

Connecticut Retirement Plans and Trust Fund

University System of Maryland Foundation

Harvard University Endowment Fund

Sustainable investing isn't just for righteous tree huggers! Our experience has been that when asked, most people want to do their part to help the environment & society in meaningful ways. The large and respected institutional funds, pensions,

and endowments above have recognized it's reckless to ignore corporate sustainability issues. Investing outside of ESG criteria can help mitigate avoidable risk as well as enhance returns. Time for the rest of us to get the message.

¹ Socially Responsible Investments: Methodology, Risk Exposure, & Performance. Horst, Zhang, and Renneboog. ECGI Working Paper No. 175, June, 2007.

² Report on US Sustainable, Responsible, and Impact Investing Trends 2014. USSIF Foundation.



Investment Choices Reflect Personal Values & Beliefs

MODERN DAY SOCIALLY RESPONSIBLE INVESTING

Historically, a socially responsible & impact (SRI) investing portfolio focused on excluding “bad” companies. Companies deriving revenue from sales of tobacco, weapons, or life ending pharmaceuticals were eliminated.

While these exclusionary considerations haven’t vanished, asset managers building SRI portfolios also incorporate a positive screening methodology.

Investors concerned with Environmental, Social, and Governance (ESG) issues build portfolios based on sustainable companies they believe in.

LISTENING TO CLIENTS

71% of investors are interested in sustainable investing¹. Additionally, 65% of investors expect sustainable investing to become more prevalent over the next 5 years².

ADVISOR DISCONNECT FROM DEMAND

Only 7% of financial advisors are “highly interested”, 30% “somewhat interested”, and 63% “had little or no interest in SRI portfolio criteria”³.

If the majority of investors are inclined to invest according to their values, we believe forward thinking firms can benefit by providing appropriate solutions.

¹ & ² Sustainable Signals: The Individual Investor Perspective. Morgan Stanley Institute for Sustainable Investing. Feb. 2015.

³ Sustainable Investing: No Longer A Backwater. ThinkAdvisor.com. June, 2015.



Environmental, Social, & Governance (ESG) Issues Are Directly Linked With Long Term Corporate Sustainability. ESG Portfolios Aren't Designed With The Same “Short Terminism” That Conventional Analysts & Managers Promote

Short Terminism Explained

Quarterly earnings focus at publicly traded, listed companies; missing expected earnings can result in large stock price drops; deferral of research and development to improve balance sheets; CEO & analyst compensation tied to short term performance metrics¹.



Sustainable Corporation

One that creates profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts².

¹ Derived from the CFA Institute publication “Breaking the Short-Term Cycle”, Krehmeyer, Orsagh, & Schacht, July, 2006.

² Taken from The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social, and Environmental Success—And How You Can Too. Savitz with Weber, 2006.



**Like ESG Analysis, There Is No One Way To Perform Traditional Investment Analysis
Investors Should Recognize Both Methods Are Closer To An Art Rather Than Science**

There is no right or wrong set of criteria used to determine if a stock meets the definition of “sustainable”.

Deciding whether a single company or industry is good or bad (or somewhere in between) is based on our own values. It’s widely susceptible to interpretation. There is no perfect company. Socially responsible investors need to accept that one company may be acceptable to some while unacceptable to others.



THE INTERESTING CASE OF BMW, COCA-COLA, & HESS

These three companies appear on the list of Global 100 Most Sustainable Corporations¹. Rigid ESG investors might cry foul; the majority of BMW’s product line produce vehicles that consume fossil fuels, Coca-Cola sells a sugary beverage that contributes to obesity, and Hess causes environmental destruction in it’s natural resource harvesting and manufacturing process. If an investor eliminated every “bad” company from a portfolio, they’d be left with only a handful of companies- hardly enough to build a globally diversified portfolio².

¹ The aim of the Global 100 is to reinforce, raise awareness and showcase, annually, world leaders in corporate sustainability, including those that have been able to balance environmental performance, social performance and economic performance while delivering superior returns to investors. 2015.

² “The 15-Stock Diversification Myth”. Bernstein, 2000.

ESG Performance Is More Impressive Than You Think

MSCI KLD 400 Social
Index Annualized Return

9.72%

MSCI USA Investable
Market Index

9.69%

Performance metrics
5/31/1994 - 6/30/2015¹

The MSCI KLD 400 Social Index was first launched in 1990 as the “Domini 400 Social Index”. The index provides exposure to 400 U.S. companies with exceptional Environmental, Social, & Governance ratings, while excluding corporations who exhibit negative environmental and social impacts. The index was licensed in the form of an Exchange Traded Fund (ETF) by iShares in November 2006. The chart below compares the performance of the actual ETF (Ticker: DSI) compared to Morningstar’s “best fit” benchmark, the Russell 1000.

Data Time Period: 11/14/2006 - 7/27/2015



iShares MSCI KLD Social 400 Social Index ETF

Russell 1000 Index

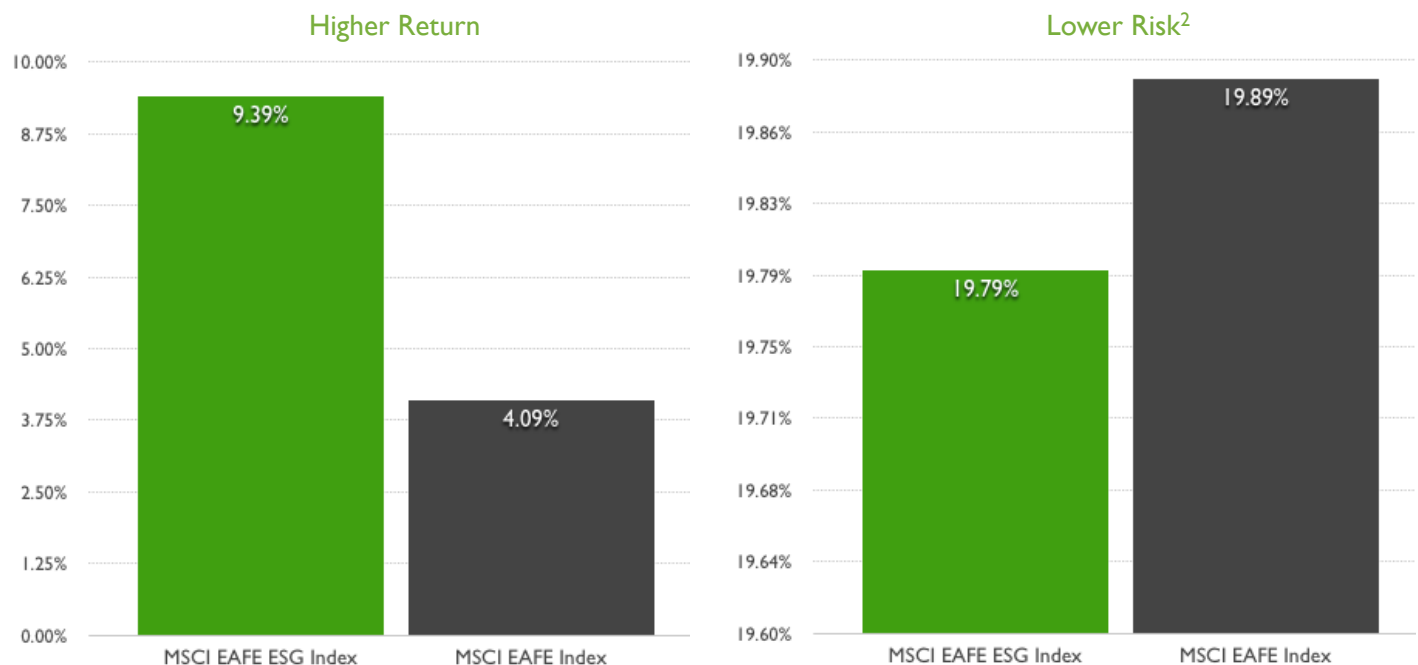
Chart Source: Morningstar

¹ Investors cannot buy an index directly. A product provider must license the index, then package it in the form of a mutual fund or ETF.



Modern Portfolio Theory Suggests Diversification Will Increase Return As Well As Reduce Risk Over The Long Run

A perfect example of this is the MSCI EAFE ESG Index. Since inception on 10/1/2007, it has outperformed its conventional parent index by 5.29% cumulative¹.



“Past winners tend to be future losers, and vice versa” - Eugene Fama, Ph.D. (Nobel Prize recipient, 2013)

“The after-cost return from active management must be lower than that from passive management”

- William Sharpe, Ph.D. (Nobel Prize recipient, 1990).

¹ Time period ending 6/30/15. Investors cannot buy an index directly. A product provider must license the index, then package it in the form of a mutual fund or ETF (such as PXNIX).

² Standard Deviation measures a Fund's variation around its mean performance; a high standard deviation implies greater volatility.

Aspen Leaf Partners

Green Return Portfolios

Released in Early 2015, the *Green Return* series of portfolio models combine decades of empirical investing science, lower than average investor costs, and corporate sustainability criteria.

Aspen Leaf Partners Is The First American Company To Build & Promote Investments That Align Low Cost, Tax Efficient Index Funds, ESG Criteria, And Globally Diversified Portfolios¹.

INDEX FUND PHILOSOPHY

Hundreds of corporate ESG attributes are analyzed and documented in the construction of each index. A best in class screening criteria is used to select the highest rated stocks relative to their sector and industry group peers.

Our research has identified specific index funds that target ESG criteria. The ever increasing availability of ESG related funds has allowed us to build a fully diversified, global portfolio. Green Return Portfolios combine corporate sustainability criteria, low cost index funds, factor-based investing strategies, and Nobel Prize winning investment theory.

Green Return Portfolios Use Index Funds That Track The Following Types Of Stocks



Strong Environmental Stewardship

Healthy Employee Relations



Workforce Diversity & Community Involvement

Low Carbon Footprints

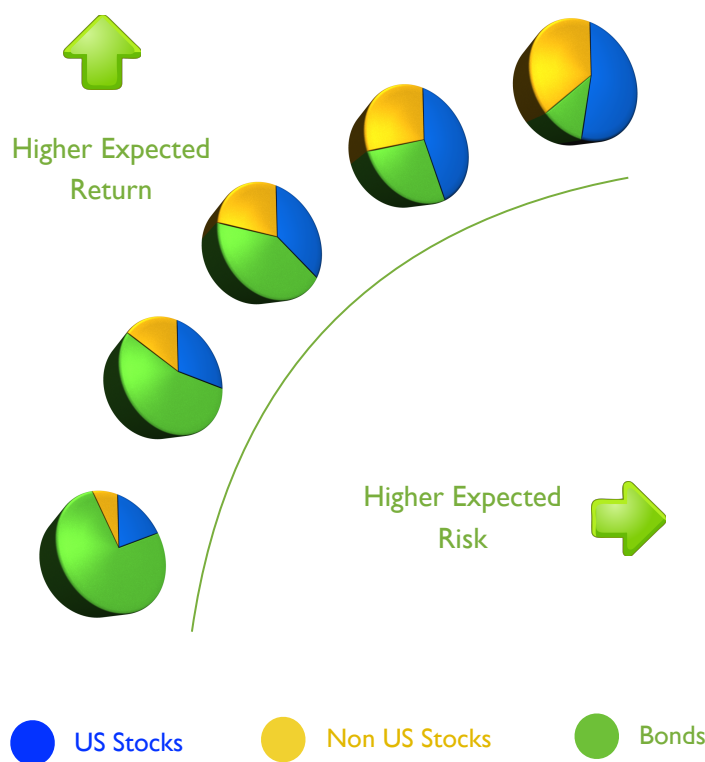


Shareholder Protection & Board of Director Responsibility

¹ Based on an exhaustive search performed in May, 2015. While there are several SRI-oriented index fund based mutual funds and exchange traded funds (ETFs), we have yet to find a company dedicating their entire SRI portfolio lineup to low cost, tax efficient investments.



5 Portfolio Models Catering To Your Financial Goals, Aptitude For Risk, & Investment Time Horizon



KEEP MORE OF YOUR RETURN

0.44%

Green Return Average
Weighted Fund Expense¹

1.05%

Average SRI Fund Expense²

If an investor saved 0.61% in investment
cost each year, they'd have an extra³...

\$67,017 After 10 Years

\$280,384 After 20 Years

\$880,107 After 30 Years

Green Return Portfolios carry a “loose” minimum investment of \$25,000. Like most things in life, there are exceptions for unique situations. Consult with your Aspen Leaf Partners advisor for more detail.

Model portfolios are held by our trusted custodial partner, TD Ameritrade Institutional. Excellent support, award winning technology, and low trading costs make them an ideal place to do business.

¹ As of August, 2015. Subject to change based on which indices are included in the portfolio models. Does not include the expense of the advisory fee Aspen Leaf Partners charges. An advisory fee is separate and distinct from fund expenses. Advisory fees vary depending on household assets under management.

² Forum for Sustainable and Responsible Investment, Mutual Fund Chart. Data as of July 31st, 2015. Top 20 largest funds used in average expense calculation.

³ Based on a \$500,000 starting portfolio value, 8% rate of return, compounded annually.



The Future Of ESG Indexing & Our Active Approach To Sustainable Investing Evolution

Not long ago, it was impossible to build a globally diversified portfolio according to the investment designs we've previously discussed. Prior to 2014, an investor interested in sustainable investing would have been restricted to utilizing at least some conventional mutual funds and / or rely on their individual stock picking ability.

A PLETHORA OF ESG INDICES

MSCI Inc. alone has developed eleven, and they certainly aren't the only company designing ESG related indices. We just need more product providers to license those indices to deliver them to investors.

One of the leaders committed to bringing ESG indices to the market is Calvert Investments, Inc. In 2015, they released three large cap index funds- now available to the public.

In the near future, Calvert has plans to unveil indices covering additional sectors of the market. We expect other product providers to follow suit.



As New Index Funds Are
Released, Green Return Portfolios
Underlying ESG Screening
Criteria Will Only Get Stronger

We are especially excited about the development of U.S. Small Caps, Emerging Markets, and Green Bond index fund products. These indices already exist, and we're familiar with their methodologies and construction.

Our commitment to clients is to actively monitor the production and release of strong ESG index funds. In addition, we consistently network with like-minded colleagues and attend sustainable investing conferences like *All In For Impact: The SRI Conference on Sustainable, Responsible, & Impact Investing*.

Contact Us To Chat About Your Financial Situation & Our Commitment To Sustainable Investing



RELAX, WE'RE NOT SALESPeOPLE

Aspen Leaf Partners is an independent financial advisory firm. Since our inception, we've committed to eliminating commissions such as those derived from insurance, annuity, and investment transactions, as well as less obvious ones like 12b-1 fees. Our only compensation comes from the fees our clients pay us.

Our advisors are all versed in financial planning and sustainable investing strategies. With an average industry experience of nearly 15 years and professional Master's level educational designations, you can have confidence we'll steer you in the right direction.

What We Do For Our Clients



Comprehensive financial plans covering savings, workplace benefits optimization, tax reduction strategies, as well as insurance & estate planning.



Investment designs that marry environmental & social values with a sensible, low cost, tax efficient portfolio. All in alignment with your financial goals.

Learn more at www.aspenleafllc.com

Important Disclosures

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Prior to any formal financial planning or investment advisory relationship in which we charge a fee, please contact our office to receive a copy of our *Form ADV Part 2 & Privacy Policy*. Form ADV Part 2 contains required regulatory disclosures detailing important considerations such as our corporate structure, custodian relationship, fee schedule, and advisor backgrounds.

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