

Forty4 Financial

May 2019

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**Any students in your family?
Now is a good time to
review look at 529s**

Earth Day

Earth Day has been around since 1970, and it has become a day of great importance for environmental activists. There are now annual events held in 193 countries to promote the idea that we need to actively protect the environment in which we live.



In the previous newsletter, we brought up the fact that the equity portfolio across Forty4 Financial has a 48% lower carbon footprint than the benchmark.

The reduced carbon footprint is equal to almost 88 thousand miles driven by an average passenger car, for each million dollars invested. In my opinion, that is a significant impact, and one of the reasons I believe sustainable investing can be one of the solutions towards a greener future.

It is a fact we are proud of and will work to improve on - both the absolute emission figure and relative to the market.

College Savings Day

It is College Savings Day on May 29th, which is a great reminder to review your current college savings for any children in your family.

The 529 plans are a great way to save for college, as investment returns are tax free when used for educational purposes. You can start one for anyone you would like (children, nieces/nephews, grandchildren, siblings, etc), and the beneficiary can be changed later if the needs change.

Focus on Impact

At Forty4 Financial, we strive to improve the impact our investments have on the world we live in.

Across all portfolios, the equity fund holdings score 5% higher in gender equality compared to the benchmark. This measure reviews the gender balance of the board and management, the composition of the total workforce, and if each gender is promoted in a similar ratio as the gender is represented in the workforce.

Interestingly, the portfolio companies are in line with the benchmark on having policies and procedures in place but outperform in terms of putting them into action. That shows a strong commitment to improved equality and acting on the intentions behind the policies.

This metric is one we follow closely, as it has shown academic evidence of improved financial performance over the long term, while serving a worthwhile social impact. We continue to work with fund providers to improve access to investments that are focused within this area.



Our portfolio has a higher degree of gender equity than the benchmark

Portfolio Commentary

In general, we have a slight overweight to equities compared to the benchmark, although each portfolio we work with is individual to each client. We have increased the exposure to quality in the bond allocation while keeping the duration low, as there is little reward for taking on longer exposure.

Across the equity allocation, we have brought Emerging Markets back to neutral for the benchmark, as the region has attractive valuations, and improved earnings estimates. The big unknown is the current negotiation of a trade deal between China and the US. If a deal is reached, we believe it will benefit the business outlook for the region.

We are staying underweight in International Developed equities, as we see more potential in the US stock market and the robust earnings growth relative to that of other developed markets. The growth forecast for the Euro-zone is low, and not expected to improve markedly in the near future.

Portfolio details as of May 20, 2019. The equity benchmark is comprised of 70% MSCI All World Index and 30% MSCI US Total Market Index. Gender equality data from genderequalityfunds.org.

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