

STEWARD

A Quarterly Publication of Allodium Investment Consultants

“Green is the new red, white and blue.” ~ Thomas L. Friedman, New York Times Magazine, April 15, 2007

Thomas Friedman has been making the case that in order for the United States to recapture our position as a beacon of progress, hope and inspiration for the world, we need to be a leader in the effort to make the world more sustainable, environmentally-friendly and “green”. Some investors wish to contribute to this “green movement” or other social goals through socially-responsible investing (SRI) - the focus of this commentary.

SRI considers the social and environmental consequences of investments - both positive and negative - within the context of the investment process. SRI incorporates ethical, environmental, moral, religious and/or corporate governance criteria to align investment strategy with social values. SRI - also known as sustainable, socially-conscious or ethical investing - seeks to maximize both financial return and social good.

Individuals or organizations who adopt SRI choose to invest their assets in alignment with their beliefs, values or organizational missions. In general, socially-conscious investors favor corporate practices that promote environmental stewardship, consumer protection, human rights, diversity and similar social objectives. As a result, socially-conscious investors may avoid investing in businesses involved with products or services like alcohol, tobacco, gambling, weapons and/or abortion. Instead, socially-conscious investors may look for “double-bottom-line” investments that seek both financial and social returns or “triple-bottom-line” investments that seek financial, social and environmental returns.

Four main SRI strategies follow:

1. Portfolio screening for both social and environmental factors.
2. Corporate stock ownership combined with shareowner advocacy and activism.
3. Community investments, economically-targeted investing (ETI) and/or social venture capital.
4. Public policy involvement to influence greater social good.

Some question whether socially-conscious organizations can pursue SRI while fulfilling their fiduciary duty to prudently manage their investment portfolios. When pursuing SRI, it is true that fiduciaries must weigh the benefits of adopting SRI practices against the potential costs associated with a

more restricted investment portfolio. However, we believe that SRI is fully compatible with fiduciary duties when organizational leaders draft an investment policy statement that addresses key SRI decisions.

To this end, the investment policy statement should clearly state the organization’s mission and values and communicate a desire to balance the organization’s financial goals with its social responsibility. The investment policy statement should also clearly describe the organization’s social agenda and set guidelines specifying the...

- Policies, practices and efforts the organization wishes to support.
- Products, practices and services that the organization does not want to be involved with or benefit from.
- Types of companies that should be excluded from the organization’s portfolio.

When drafting a socially-conscious investment policy statement, it is also important to balance idealism with practicality and avoid investment policies or practices that cannot be successfully implemented, managed and/or monitored.

Investment consulting firms like Allodium can help investors reflect their social values in their investment goals and portfolios by...

- Helping individuals and organizations to clarify and document their SRI goals and constraints with a practical investment policy statement.
- Incorporating SRI criteria into investment screening and analysis to select appropriate investment options.

If you share Thomas Friedman’s belief that the ecological problems facing our world call for new leadership and responsibility at all levels to become “the Greenest Generation”, or if you believe strongly in other social causes and want your investments to better reflect your values, please call me. We would welcome the opportunity to discuss how we can help you to integrate SRI into your long-term investment program.

David Bromelkamp
President and CEO

HEADLINES

- Allodium was pleased to add three new clients during the third quarter of 2009.
- Allodium was recently recognized in two national publications:
 - For the fourth year in a row, Allodium appeared in *Wealth Manager* magazine's July 2009 listing of Top Wealth Managers in the nation in terms of average size of client relationship. We were ranked at #175 in the nation - up from #182 in 2008 - with an average client relationship of nearly \$1.4 million.
 - For the second year in a row, Allodium appeared in *Financial Advisor* magazine's July 2009 Top RIA Survey of the largest independent Registered Investment Advisors in the nation in terms of total assets under management. We were ranked 267th in the nation - the same ranking that we received in 2008.
- Our office will be closed Thursday, November 26 & Friday, November 27 in celebration of Thanksgiving.

UPCOMING EVENTS:

- On November 16th, Dave Bromelkamp, our President and CEO, will speak at the 55th Annual MNCPA Tax conference on the topic of How to Avoid Investment Scams by Adopting the Global Fiduciary Standards of Excellence.
- Allodium is sponsoring the following free educational lunch workshops for foundation & endowment leaders:
 - Wednesday, December 2, 2009 - How to Develop a Disciplined Investment Process for Your Organization
 - Wednesday, March 10, 2010 - How to Draft an Investment Policy Statement

Please contact Cristy Leaf at 612-230-3706 or cleaf@aicria.com to RSVP or to be added to our invitation list for future workshops.

As a community service, Dave welcomes and enjoys all opportunities to share investment management and fiduciary best practices with individual investors and foundation and endowment leaders.

We Appreciate Your Introductions:

We launched Allodium to provide unbiased, objective investment advice and personal service to a limited number of individual and institutional investors. We embrace our responsibility to always act in our clients' best interests. To avoid any hint of real or perceived conflicts of interest, we are a fee-only registered investment advisor that is completely independent from banks and brokerage firms, and we do not receive commissions for the investment options that we recommend. If you know of a friend or associate who may be looking for this type of objective investment advice, please contact David Bromelkamp at 612-230-3702 or dbromelkamp@aicria.com to arrange a friendly, no-obligation introduction.

ALLODIUM TEAM PROFILE:
KERRY KALUZA

Role At Allodium: Chief Operating Officer

Joined Firm In: 2007

Hometown:
Browerville, MN

Favorite TV Show:
NewsHour with Jim Lehrer or
Bill Moyers Journal

Favorite Movie:
Any compelling documentary



Favorite Vacation Spot: Home with the phone turned off and no plans or commitments

Favorite Hobby:
Outdoor activities like running, biking, hiking & kayaking

If I won the lottery I'd... Give the rest of my life & energy to charitable causes.

Click [here](#) to see more about Kerry on our website.

Steward

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Please contact Cristy Leaf at 612-230-3706 or cleaf@aicria.com if you have any comments about this publication or would like to be added to or removed from our mailing list.
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