

April 2009

Dear [Client],

You will soon receive your first quarter First Affirmative generated reports and newsletter. In reviewing them, we see that due to the two-year investment markets downturn and econopolypse, our accounts and indexes are still down. But as I write this, stock market investors are buying enthusiastically in anticipation of economic recovery. What direction or volatility is next, we don't know. Nor do economists, government officials, gypsy fortune-tellers, or CNN/FOX/Money talking heads. More on this in First Affirmative's Market Commentary accompanying your quarterly reports.

In any event, we *can* control portfolio diversification, asset allocation, and investment manager selection. We use enlightened managers who integrate long-term thinking. Unlike many other managers, they also consider environmental, social, and governance factors. They take an engaged active investor role on our behalf.

We are not alone in the belief that now more than ever, these key factors will really make a difference. In our benchmark analysis, we find that the relative performance of our accounts is actually quite good—sustainable and responsible investing strategies continue to help. We'd be happy to get into more details if you wish to contact us.

### Shareholder resolution proxy season preview

First Affirmative and our portfolio managers are filing or co-filing nearly 100 shareholder resolutions on environmental, social, and governance issues to be voted on by shareowners in 2009. FAFN's 2-page summary listing is attached.

In the broader SRI movement, this year we see several hundred such campaigns in the works. Large increases this year compared with 2008 include "say on pay" (looking at excessive executive compensation and bonus packages) and health care reform proxy issues. In addition, there are noticeable increases in sexual orientation non-discrimination and climate crisis related proxies coming to a vote before shareholders. If recent years are any indication, we expect an increase in "yes" votes by owners in favor of these important resolutions. Let us know if you'd like a copy of a 40-page summary report.

### The global SRI movement

Leading global organizations representing the sustainable and responsible investing movement called on the financial and banking participants of the recent G-20 meeting to adopt environment, social, and governance regulations in order to support a sustainable recovery and a low-carbon economy. The six SRI organizations are: Association for Sustainable & Responsible Investment in Asia, European Sustainable Investment Forum, Responsible Investment Association Australasia, Social Investment Forum (USA), Social Investment Organization, and UK Sustainable Investment and Finance.

In the US, the Social Investment Forum now is lobbying Congress and Obama Administration officials. Issues being discussed include requiring companies to report on their environmental and social risks, excessive executive pay, community investing, and protecting shareholder rights in the resolution and proxy areas.

The United Nations Principles for Responsible Investment now has institutional investor signatories representing \$10 trillion, including First Affirmative. The Carbon Disclosure Project now has 475 members representing assets of over \$55 trillion, again including First Affirmative. Articles about this and other interesting stories will appear in your next First Affirmative client newsletter accompanying your quarterly reports.

### Your accounts and services

Last quarter we introduced you to our new Client Service Specialist, Ryan Jones-Casey. He continues to steadily increase responsibilities here, now providing significant support with client communications and account services. Likewise, our Client Service Administrator, Alice Smith, will be ramping up our retirement planning capacity this Fall. Meanwhile she continues with practice management responsibilities and other special projects. All this adds up to increased total capacity to serve *you* better *and* to provide a high quality service to the friends, family, and colleagues you refer to us.

As you review your account reports and consider your financial plans, please contact us with any questions or concerns. We stand by ready to discuss your situation and your ideas. If appropriate we'll make adjustments to your accounts or services. It is our pleasure to serve you and we look forward to hearing from you.

Best Regards,

A handwritten signature in blue ink that reads "Eric A. Smith". The signature is written in a cursive style with a large, stylized "S" at the end.