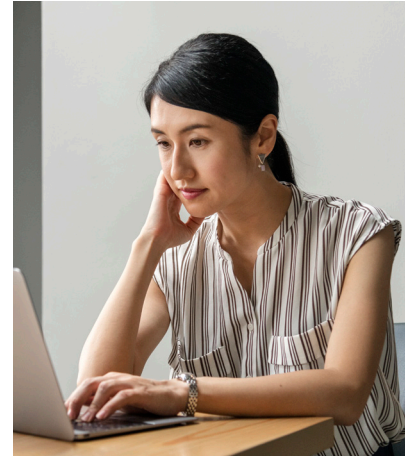


Responsible investors strive to align their investments with their core values but sometimes run into “obstacles to impact”—the impediments that thwart the development of a responsible investment strategy. Identifying the challenges that you might face from both internal and external influencers is the first step to overcoming these obstacles to impact. Here are some common questions raised about responsible investing organized by the four steps of the investment decision-making process:



1. Organizing Your Investment Decision-Makers:

- Legal: Do our bylaws allow for this new approach?
- Fiduciary duty: Will we be in breach of our fiduciary duties?
- Investment advisors: Can we find an investment advisor to help us?

2. Formalizing Your Investment Strategy:

- Articulating core values: Will we be able to agree on what we care about the most?
- Defining investment policy: What will be our responsible investment policy?
- Defining impact metrics (benchmarks): How will we measure our impact?
- Definition of terms: What do all of these acronyms and terminology mean?
- Time horizon: Won't we need to make long term commitments?
- Investment risk: Won't we need to take more investment risk?
- Liquidity: Don't we need our portfolio to have daily liquidity?
- Diversification by Asset Class: Will we still diversify by the major asset classes?
- Diversification by Market Sector: Will we still diversify by market sector?
- Diversification by Individual Security: Will we still diversify by individual security?
- Investment Cost: Will this increase our investment management costs?
- Investment Performance: Will we need to sacrifice investment returns?

3. Implementing Your Investment Strategy:

- Investment strategy: Will this new investment approach be prudent?
- Access to Responsible Investments: How will we access responsible investments?
- Investment vehicles: Are these investment vehicles appropriate?
- Custodian: Will we need a new custodian?
- Due diligence research: Who will help us to conduct the due diligence research?
- Due diligence research: Who will document the due diligence research?
- Due diligence research: Could we get swindled in a Ponzi scheme?
- Due diligence research: How will we know if an investment is sustainable?

4. Monitoring Your Investment Strategy:

- Reporting: Who will provide the periodic investment performance reporting?
- Reporting: Who will provide the measurement of nonfinancial impact?
- Risk management: Who will help us to manage our ongoing investment risk?

© 2020 Alloodium Investment Consultants

The information provided is for educational purposes only and is not intended to be, and should not be construed as, investment, legal or tax advice. Alloodium makes no warranties with regard to the information or results obtained by its use and disclaim any liability arising out of your use of or reliance on the information. The information is subject to change and, although based upon information that Alloodium considers reliable, is not guaranteed as to accuracy or completeness. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.