

SRI NEWS & NOTES

SUSTAINABLE, RESPONSIBLE AND IMPACT INVESTING

CONSTRUCTING VALUES-BASED PORTFOLIOS USING ESG FACTORS

RJ has been asked to offer his insights about how to incorporate ESG investing when designing portfolios during the upcoming December chapter meeting for the Financial Planning Association of MN. The chapter recognizes Bond&Devick as a leader in Values Based Investing and would like RJ to share his decades worth of experience on the topic.

ESG Investing (using environmental, social and governance factors when making investment management decisions) has been the fastest growing segment of the investing community for the past few years. Essentially, ESG investors use non-financial factors as a supplement to traditional investment research to give themselves a more complete view of a company’s potential.

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CONSTRUCTING ESG PORTFOLIOS—CON'T

Using ESG factors can be advantageous, especially when comparing companies in the same sector. For instance, if a cola company (“x”) has several initiatives to reduce water usage, reduce packaging, and increase recycling of its product, while their competitors do not, this could be an indication that company (“x”) stock looks attractive compared to its peer group. Combining this information with traditional investment metrics (such as free cash flow analysis, profit margins, and financial ratios) can provide the investor with a more complete outlook for a company than focusing only on fundamental analysis.

A decade ago, there was a dearth of ESG data, and it was very difficult to compare companies based on these factors. Over the past few years there has been an explosion of ESG data provided by companies and sorted by ESG data providers to help investors compare and rank companies by how well they score on the different ESG metrics.

Values Based Investing, which Bond&Devick has focused on for many years, is different from ESG investing, in that we attempt to align our clients’ values with their portfolio. Our Sustainable, Responsible, Impact (SRI) Investment questionnaire helps provide us with an in-depth understanding of what is important to our clients and what type of products or services they prefer to include or exclude from their portfolio.

Bond&Devick has embraced ESG investing and has used the available data, in conjunction with Values Based Investing, to truly help align our clients’ values with their investments. We will continue to use the latest data and research to refine our portfolios and help our clients reach their long-term goals without sacrificing their values. Thank you for being with us on this journey as we try to help more and more investors see the value in our investment approach. Finding Value in Values is not just a marketing tagline at Bond&Devick, it is in our DNA.

The Bond&Devick Team

COP26

This year marked the 26th year for the United Nations Climate Change Conference, named COP26. It was held in Glasgow, Scotland from November 1st – 12th and was attended by the countries that signed the United Nations Framework Convention on Climate Change. This year's conference had 4 main goals:

1. Secure global emission reduction targets that align with reaching net zero by the middle of the century.
2. Adapt to protect communities and natural habitats.
3. Get countries to commit to support at least \$100bn in climate finance per year.
4. Work together to finalize the Paris Rulebook and accelerate action to tackle the climate crisis.

The biggest headlines coming from the conclusion of the conference was the agreement from almost 200 countries to phase down the use of fossil fuel and outlining more of the details around a global carbon trading market. Some of the memorable televised moments have been UK Prime Minister Boris Johnson kicking off the event with the analogy of a James Bond movie and that we are “a minute to midnight” and the foreign minister from Tuvalu giving his speech knee-deep in water from his nation that stands 6 feet, 6 inches above sea level.

We think there were some positive steps forward from the conference and hope the countries involved can continue to improve upon and beat their goals laid out. At Bond&Devick, we continue to try and do our part by recycling, moving away from paper and using electronic documentation, bringing our own plates, glasses, and silverware to lunch and through offering benefits to our employees around home energy improvements and hybrid or EV vehicle incentives.

For more information on COP26 visit their site at: <https://ukcop26.org/>.

Minnesota Black Chamber of Commerce

As an organization and as individuals, we did a lot of soul searching after the murder of George Floyd. We continue to support organizations that fight for racial justice, such as the ACLU, but it was important as well, to get involved personally at the local level. We wanted to try to get a better understanding of the issues that Black, Indigenous, People of Color (BIPOC) face and then try to use our experience and knowledge to make an impact here in the Twin Cities.

RJ was introduced to the MN Black Chamber of Commerce last fall through his connections at Sunrise Bank. Sunrise is a local bank that focuses much of its resources in providing loans and capital to small businesses, many of which are BIPOC owned. RJ met Abel Lubberty, the chairman of the MN Black Chamber, to see if there was a way that Bond&Devick and our colleagues and friends could help BIPOC owned small businesses thrive.

From these conversations the MN Black Chamber rolled out its first mentorship program. This fall, three local, BIPOC owned small businesses will be mentored by Bond&Devick and our network of experts. The goal is to provide support in key areas, including technology, marketing, human resources, accounting or whatever other issues the small businesses may be struggling with that are preventing them from thriving. We are also providing financial support of up to \$5,000 per business. Our group of mentors includes over 25 professionals from various backgrounds who have volunteered to be part of this initial program, which will officially begin in January.

Please let us know if you would like to lend your expertise to the mentorship program or if you have any questions about this initiative.

The Bond&Devick Team

Being Intentional - Our New Office

We are enjoying our new office space and look forward to the day when our clients can see it! We were intentional in our planning throughout the entire process. We understood the opportunity presented as we started with a blank slate. From day one our message to our contractor and vendors was sustainability. From the building materials to the office furniture, we used products and vendors that shared our values. We hired local and BIPOC owned companies to do the bulk of the work.

Beyond materials and vendors, we wanted to set up an office where each team member has an ergonomically correct work space. Everyone has a sit/stand desk, access to balance boards, foot rests, standing mats, etc. Our space is open and has created a cohesive environment which we strived for when designing.