



VWG WEALTH MANAGEMENT  
A Hightower Company

May 2021 Ponderings & Musings -  
Values Imparted From Our Mothers

“All human life on the planet  
is born of woman . . .  
Most of us first know  
both love and disappointment,  
power and tenderness,  
in the person of a woman.”  
- Adrienne Rich

“Holy Mother Earth,  
the trees and all nature are witnesses  
of your thoughts and deeds.”  
- Ho-Chunk (Winnebago) Indian Saying

“Environment is no one’s property to destroy;  
it is everyone’s responsibility to protect.”  
- Mohith Agadi

**Ona Bolton Attains CERTIFIED FINANCIAL PLANNER™ Designation**

Please join us in congratulating Ona Bolton, one of our nine working moms, on earning the distinguished CERTIFIED FINANCIAL PLANNER™ designation. With this meaningful accomplishment, Ona becomes the eighth CFP™ practitioner on the VWG team, further underscoring our commitment to financial planning.

Achieving this designation has been a journey for Ona, as she first purchased the study materials 20 years ago, before life, career and 5 daughters ages 11-19 left little time for the studying necessary to pass this challenging exam. This year, with her oldest away at college and the pandemic lock down freeing up some time, Ona dedicated herself to a rigorous study routine. She hit the books for over 360 hours, attended classes every week covering various subject areas of the exam (General Planning Principals, Insurance, Tax, Investments, Retirement and Estate Planning) and worked with an educational coach to prep her for the mental exhaustion of the test. On March 15th, her 20 years and 2 ½ month commitment paid off, and she can finally pass those books off to another aspiring CFP™ candidate. Well done Ona!



Ona can now add this accomplishment to her list of impressive credentials. She has her B.S in Accounting from Marquette University and her Master's in Taxation from George Mason University. Ona is our team's sole Certified Public Accountant and a Personal Financial Specialist through the American Institute of CPAs (AICPA).

Ona joined our team over a year ago and has probably worked with many of you on creating or updating your financial plan, discussing your tax strategy, revisiting your insurance coverage, or reviewing your estate plan. She lives in Northern Virginia with her husband Ben and their five daughters: Olivia, Audrey, Catherine, Clare and Grace. They have a black Lab named Wrigley, which is no surprise because Ona grew up in the Chicago area. She enjoys passing on her parent's Lithuanian heritage to her girls, the Cubs, baking,

gardening, and traveling (which she can do a lot more of now that her studying is finished!).

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*At VWG we value helping our clients support causes and organizations that mean a lot to them, and work to make positive change in the world. We also value thoughtfully protecting and growing assets. Over the last decade, these values have started to converge as the issues of sustainability, diversity and societal impact gain traction in communities and businesses. As prudent investing practices evolve around these trends, we will work to educate, inform, and appropriately allocate in portfolios.*

### **What is ESG-Focused Investing?**

The term ESG has gained a lot of attention and momentum over the past few years. ESG – Environmental, Social, Governance - is a term that has become interchangeable with sustainable investing, socially responsible investing, or impact investing. ESG-focused investing is broadly defined as evaluating metrics of environmental, social and (corporate) governance factors, alongside traditional financial analysis. ESG can mean different things to different people, allowing investors to direct their investments in support of their ideals related to these issues.

3 PILLARS	10 THEMES
Environment	Climate Change
	Natural Resources
	Pollution and Waste
	Environmental Opportunities
Social	Human Capital
	Product Liability
	Stakeholder Opposition
	Social Opportunities
Governance	Corporate Governance*
	Corporate Behavior
*Indicates "universal" issues assessed for all companies covered by MSCI ESG	

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ESG investing has evolved to meet three common investor objectives:

1) Filtering – Many investors believe ESG factors can potentially be used to identify better-managed companies that hold higher ethical standards, or to flag companies with business practices and products that are likely to face headwinds from rapidly changing macro trends.

2) Alignment of Values – A greater number of clients are choosing to align their investments with their personal beliefs. For example, businesses operating in tobacco, weapons, gambling, or alcohol might be excluded. Businesses emphasizing values aligning with that of the investors would be featured. These could include environmental sustainability, community involvement or women representation in corporate leadership.

3) Positive Impact – Investors increasingly are seeking to create positive impact that provide solutions to environmental and social challenges.

As this graphic shows, ESG-focused investing is just one point along the spectrum of the placement and allocation of ethical / sustainable / impact / philanthropic assets.



### *Attention to ESG Investing is Growing*

The last few years have seen accelerating growth in the interest of ESG investing. According to Morningstar, flows into ESG funds totaled \$21.4 billion in 2019, a nearly fourfold increase from the previous year. Interest has been evident in both investor demand and asset manager offerings. While many

factors have contributed to this growth, we see three primary drivers of ESG focus:

- The world is changing – Global sustainability challenges such as severe weather changes and rising sea levels, privacy and data security, demographic shifts, and regulatory pressures, are introducing new risk factors for investors. As companies face rising complexity on a global scale, traditional investment analysis may need to be reevaluated.
- Investors are changing – Studies conducted by Fidelity Investments and the CFA Institute suggest that a growing body of investors are asking more of their investments. These trends have accelerated over the past few years across all age demographics and many experts believe that the COVID-19 pandemic will only further accelerate these trends.
- Data and analytics are evolving – Better corporate data combined with better ESG research and analytics is leading to improved quantitative, object and financially relevant approaches to ESG key issues. Better data and analytics are paving the way for numerous studies that explore ESG investing which should lead to standardized ESG reporting.

### *Refuting Common ESG Myths*

The greatest misconception regarding sustainable or ESG investing is that investors must give up performance as a ‘trade off’ for ethical alignment. This does not have to be the case. There are many studies comparing ESG investing with traditional investing that show long-term historical performance is very comparable. Another misconception is that the rise of ESG-focused investing has been driven by younger investors. In fact, investors interested in ESG strategies has grown the fastest in the 65+ cohort over the past three years according to a study conducted by the CFA institute.

The ESG label itself may lead to some misconceptions. Currently, there are no universally accepted ESG reporting standards for businesses. Significant

differences of opinions exist among institutions and index providers over the criteria needed for a business to be deemed 'ESG approved.' The Wall Street Journal has noted the practice of 'greenwashing,' when investment firms give misleading claims about their products or ESG credentials. A deeper dive into some ESG-labeled products often reveals that only one of the 'E,' 'S,' or particularly 'G' criteria are emphasized.

The concept of ESG investing can at times become confused with other activities along the spectrum of responsible, purpose-based investing. This is illustrated in the above graphic, showing some overlap of actions and desired outcomes. We advocate trying to align our values in all things we do, including investing. We would like to believe that the identification and promotion of quality businesses following a high level of ethical and sustainability conduct will lead to others upping their game, creating a virtuous cycle from which we and future generations will benefit. However, this does not mean that ESG investing should be considered as a substitute for impact investing or philanthropic activities, which are more directly attempting to affect change.

### *Including ESG-Focused Investments in Your Portfolio*

VWG attempts to align our portfolios with the highest quality investment managers and strategies who share our values, integrity, and our steadfast commitment to our clients. We have always tried to act in this fashion, even before the ESG label came into vogue. We try to consider E, S, G and ethical issues when we evaluate new managers and strategies prior to placement. In alignment with our client's requests, we expect to place greater emphasis on ESG-focused investments in the future.

If you have specific ethical and sustainability values that you would like to be further emphasized in your portfolio, we should discuss these during our next conversation or review. Our approach of creating and managing client-specific customized portfolios is well-suited for this.



## Applying an ESG Overlay to Portfolio Management

A great example of applying an ESG overlay to portfolio management is Polen Capital Management. Polen is a growth equity manager with whom we've invested with for ten years. Their investment philosophy is to "hold high-conviction, concentrated portfolios of companies that they believe embody the characteristics of quality, growth, and a long-term business owner's mindset." Unsurprisingly, their flagship strategy is highly ranked in Morningstar's Sustainability Category.

Polen's integration of ESG factors into their process supports their aim of delivering attractive risk-adjusted investment returns for their clients. As stated in Polen's ESG Investment Policy Statement:

*"We believe that management of ESG issues is connected to a company's financial sustainability. As part of a comprehensive assessment of all company risks and opportunities, we integrate relevant and material environmental, social and governance factors into our analysis. We undertake an in-depth appraisal of management team quality, evaluating the history of management decisions and behaviors as well as ongoing behaviors to gain confidence in their skills and judgment. We look for a commitment to a total stakeholder approach and a strong, healthy culture, which we believe leads to positive ESG outcomes for companies. We believe this assessment identifies leaders who exhibit the characteristics we feel are critical for effective management to drive long-term value creation.*

*Among the **governance** issues we assess, we seek companies with high-quality, properly incentivized management teams and independent, diversified boards. We believe this structure lends to greater accountability and alignment of the company with shareholder interests. We think of **social** as the value the company creates for its stakeholders, such as its employees, customers, shareholders, and partners. We observe how the working environment the company cultivates for its employees and the experience it offers its customers often builds loyalty and retention that can strengthen the brand. We consider a*

company's **environmental** practices, such as improved energy or water efficiency or product packaging, when we view it as material to the company's long-term sustainability. We focus on the value the company realizes from these measures, such as improved operational margins or an enhanced brand.

Consideration of ESG factors in our investment process is aligned with our fiduciary duty and supports our aim to deliver attractive risk-adjusted returns to our clients.”

### **VWG Ponderings & Musings LIVE: Women's Edition**

*“Putting on Your Own Mask First: Prioritizing Financial Self Care”*

Last week VWG continued our webinar series, Ponderings & Musings Live. During the webinar, our VWG advisors and specialists covered the following:

- Workplace benefits for maximizing savings, investments, and health care coverage
- Planning for a comfortable and purpose driven retirement
- Tips for raising financially responsible kids
- Making an impact through charitable giving and ESG investing

If you missed the webinar, you can watch a video replay to learn how women can prioritize and chart their own path to financial independence. [\(link\)](#)

### **Hightower Webinars**

We continue to provide access to professionals on a variety of topics as they are available. Hightower recently hosted three webinars highlighted below:

**Raising Resilient Children and Young Adults** – Our world has gone through an incredibly challenging and difficult time. Studies have shown that those who are able to embrace change, and harness resiliency will be the ones to not only survive but continue to thrive no matter the challenges ahead. This seminar will outline the key components necessary to teach and build resiliency in children and young adults, thereby laying a foundation of success for their futures.

Speaker: Dr. Kevin Elko - Motivational speaker and best-selling author [\(link\)](#)

**Contingency Planning and Elder Abuse** – Many of us are squarely in the middle of the sandwich generation – looking after ourselves, our children, and now our aging parents and loved ones. Especially over the last year, those of us in the sandwich generation have been put to the test. We’re juggling our careers, our kids at home 24/7 due to virtual school, and our aging parents and friends are more at risk than ever before due to COVID-19. Luckily, there are tips and tools you can tap into to lessen the blow.

Speaker: Brie Williams - Vice President of State Street Global Advisors and Head of Practice Management for the Global SPDR Business. [\(link\)](#)

Please join us in a big shout of thanks to mothers everywhere. We collectively owe them for so much, particularly for instilling in us the values we rely on every day. Ethical conduct, fairness, integrity, acting for the greater good and future generations, and conservation of our environment, are just some of these.

Here’s a big hug and a kiss to mom – at Mother’s Day and every day!

Take care, stay safe, and enjoy Spring!

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Suzanne, Ashley, Lynette, Michelle, Rashmi, Kay, Ona, Justin, Ryan, Ryan, Patricia, Elana, Susan, Marnie, John, Rick and Jeff

[Who we are](#)

Please reach out to us if you have any questions or comments.

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