

# WINSLOW MANAGEMENT COMPANY

*The Case for Green Investing™*



## INVESTING WITH WINSLOW MANAGEMENT:

### THE CASE FOR GREEN INVESTING™

Our society currently faces significant environmental challenges. We are heavily dependent on fossil fuels, and that dependence poses grave economic and environmental risks. Climate change threatens our prosperity in the short-term and our survival in the long-term. Our water infrastructure, industrial facilities, transportation systems, waste management, even our homes – our entire society has been built on an unsustainable platform, that harms the environment, wastes precious energy and other resources, and contributes to global warming.

Fortunately, there are many innovative companies that, as we speak, are developing the solutions that will lead us to a clean, sustainable future. Such companies are establishing cleaner and safer ways to operate their businesses, and some are also building entire industries around solutions to environmental challenges, offering substantial growth potential to forward-thinking investors. As a result, Winslow's **Green Investing™** approach may offer an attractive option for generating long-term investment growth.

#### WINSLOW – GREEN INVESTING SINCE 1983®

Winslow Management Company has been a pioneer in the field of environmentally-focused investing since 1983. Over the past quarter-century, Winslow has developed and refined a portfolio management approach that combines financial and environmental analysis into an integrated investment decision-making process. It has also developed extensive expertise in a variety of green market sectors, from many years of direct experience actively investing in these sectors.

Winslow is a SEC-registered investment advisor. The firm manages the Winslow Green Mutual Funds, and also offers separately managed accounts to its clients, who include individual investors, as well as institutional investors such as endowments, foundations, and corporate and government pension plans. The firm also acts as subadvisor to funds offered in Canada and the United Kingdom.

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### WHAT IS GREEN INVESTING™?

The investment community uses several terms to describe investment strategies that consider environmental, social, and corporate governance factors. One can find at least three distinct portfolio management techniques:

<b>Socially Responsible Investing</b>	Uses the tools of screening, shareholder advocacy and community investing to build portfolios with strong social and environmental profiles and to encourage socially responsible corporate behavior. <b>Goal: investments that mirror and express an investor's values or beliefs, and direct capital to companies which advance those values or beliefs.</b>
<b>Sustainability Investing / "ESG" Investing</b>	Uses a combination of environmental / social / governance (ESG) analysis, fundamental research and sector bias to invest in companies with financially and environmentally sustainable business models. <b>Goal: investments that avoid ESG risks and benefit from efficient business practices and forward-thinking management.</b>
<b>"Clean Tech" or "Green Tech" Investing</b>	Invests exclusively in market sectors such as renewable energy, energy efficiency, or green transportation. <b>Goal: investments that seek growth from the emerging green technology economy.</b>

Winslow's **Green Investing™** approach combines all of these techniques, helping us to be selective as we build our portfolios, and to focus our portfolios on major green growth themes. This approach can have a positive environmental impact while seeking above-average investment returns for our clients. Winslow believes that carefully selected companies that take advantage of green market opportunities and employ clean and efficient business practices can offer investors significant growth over the long-term.

### HOW CAN GREEN INVESTING™ ENHANCE INVESTMENT PERFORMANCE?

The benefits of Winslow's approach fall into two broad categories:

#### 1) **Green Investing™ can identify companies with competitive advantages.**

Companies with green operating characteristics are often better equipped to meet the challenges of competing in their respective markets.

- **Efficiency** - lower production and operating costs can be achieved through energy efficiency programs, or process improvements to reduce usage and/or recycle raw materials.
- **Risk mitigation** - companies with clean track records, properly controlled waste streams, and well-managed environmental programs are much less likely to suffer negative surprises such as government-mandated cleanups or community lawsuits and associated costs, or a devalued brand name.

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- **Future positioning** – Winslow believes that companies that are ahead of the curve in addressing critical environmental trends will be much better positioned to compete in the future. A perfect example can be seen in the dichotomy between companies that are proactively addressing climate change and carbon dioxide emission issues, versus others that continue to push to the limit of current U.S. emissions standards, leaving themselves vulnerable to more restrictive regulation in the future.
- **Overall quality** – Winslow has identified that positive environmental behavior is often a strong indication of the overall quality of a company's management team. Leaders that are aware of the environmental impact of their company's actions often have a broad and deep perspective on other keys to success in their industries.

## 2) Green Investing™ can help identify companies positioned for growth in green markets and industries.

Many attractive long-term growth opportunities for investors can be found within what Winslow refers to as Green Solutions™ markets. A few examples:

- **Renewable energy** – The renewable energy industry is experiencing an unprecedented surge of optimism and growth. Higher energy prices, the rapid evolution of renewable energy technology, as well as growing concern about energy security, global warming and other environmental degradation – all of these trends have narrowed the pricing gap between renewable and traditional energy, and have helped to kickstart the rapid growth currently seen in the solar, wind, geothermal and other renewable energy markets.

The International Energy Agency projects that \$1 trillion dollars will be invested in renewable energy sources by 2030, and that renewable energy will be the fastest-growing primary energy source growing to 6.5% of global energy by 2030. Morgan Stanley recently projected that industry revenues could reach \$1 trillion dollars by 2030. While Winslow envisions a huge opportunity for small innovative companies, this is also an area of opportunity for larger companies, as evidenced by the variety of global multinational companies which have entered this market in recent years.

- **Organic food production** – Once a niche market for those concerned about animal welfare and the environmental impact of farming, organic food has become the fastest-growing segment of the food industry due to a major societal shift in the way many people approach health, diet and nutrition. Organic food was a \$13.8 billion dollar market in 2005 according to the Organic Trade Association, and has grown at 20% annually in recent years. While slowing economic growth has impacted the growth of organic food sales, many of the greatest challenges for the industry are associated with growing pains and the movement of vast sections of the population towards natural and organic foods – problems such as how farmers can speed up the process of converting to organic production, and how to ensure that organic standards are maintained now that large corporations are entering the market.
- **Water management** – The global market for water management is mature, but a number of factors will drive growth into the foreseeable future. Quite simply, the world's consumer and business populations require more water, greater access to pure water, and more wastewater treatment than current technology and infrastructure can effectively provide. By 2025 it is estimated that 30% of the world's population will face chronic water shortages. Health-conscious consumers, as well as a variety of industrial users, are demanding ever-greater volumes of pure, clean water. These and other trends have already spurred the growth of large water utilities, as well as smaller firms focused on desalination, water filtration technology, and agricultural water distribution - and this growth is expected to accelerate in the future.
- **Green buildings** – The market for green construction has exploded in recent years, driven primarily by rising utility costs and the desire for greater energy efficiency, but also by a growing wave of state and municipal regulations that require green certification for new construction and even requirements for retrofitting older

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buildings in some markets. Not only is energy efficiency a desirable attribute for obvious reasons, but many builders are seeing that many other environmentally sustainable features help contribute to a property's value. According to McGraw Hill Construction Analytics, the green building industry generated \$12 billion in revenue in 2007, and is expected to grow to over \$40 billion by 2015. Much of this growth is expected to come from the boom in green home construction, but growth is also expected in the commercial and industrial segments. While the current state of the real estate market has dampened short-term expectation in this sector, Winslow believes that long-term prospects are very bright.

### **CAN GREEN INVESTING™ BE EFFECTIVE?**

Proof of the effectiveness of sustainable investing, or ESG investing, is becoming more prevalent every year. The United Nations and Mercer Consulting recently conducted a broad review of recent peer-reviewed academic studies on the topic of ESG investing, and found that of the 20 studies reviewed, 10 found a positive relationship between ESG factors and share price performance, while only 3 showed a negative impact. In 2005, Innovest definitively demonstrated that ESG analysis can contribute to superior performance in investment portfolios; the paper written by Innovest's researchers was peer-reviewed and published in the Financial Analysts Journal in 2005.

However, investment performance is best judged by evaluating individual managers, each of whom has their own approach and strategy. Winslow believes that its Green Investing™ approach can have a positive environmental impact while offering investors significant growth potential over the long-term.

*Call (888) 314-9049 to request a prospectus that includes investment objectives, risks, fees, expenses and other information that you should read carefully and consider carefully before investing.*

**Investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. The Funds invest in small and medium capitalization companies, which present greater risk than larger companies due to limited production lines, markets and financial or managerial resources. The Winslow Green Solutions Fund invests in foreign securities, which present increased risk over U.S. investments in the form of currency fluctuation, different regulation, accounting standards, trading practices and levels of available information, generally higher transaction costs, and political risk. The Funds environmental policies could cause them to make or avoid investments that could result in the Funds underperforming similar funds that do not have an environmental policy.**

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