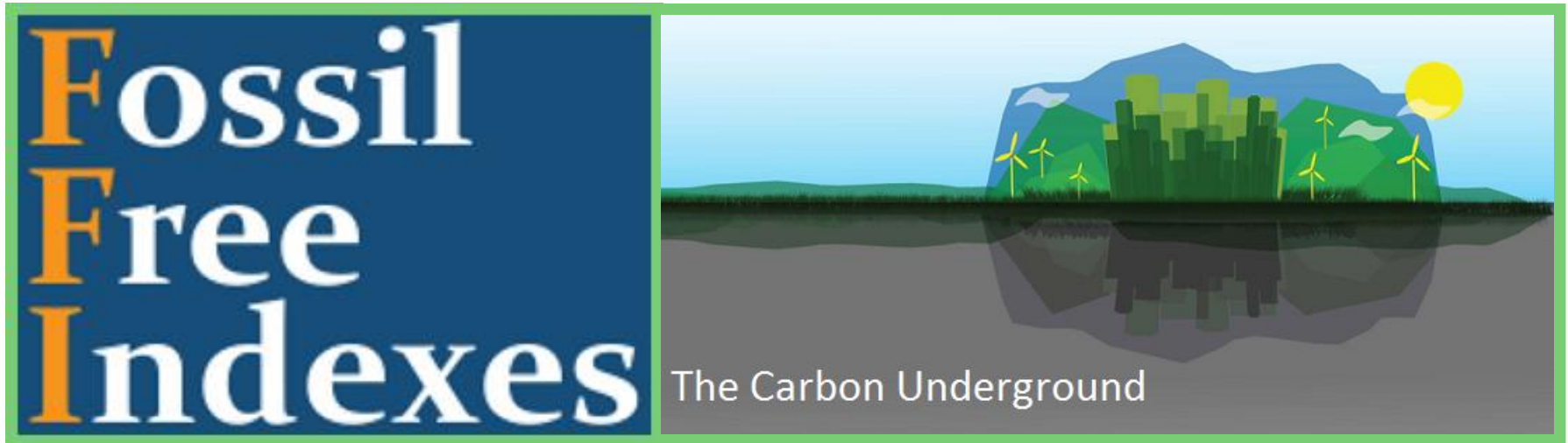


Fossil Free Investing for Index Investors

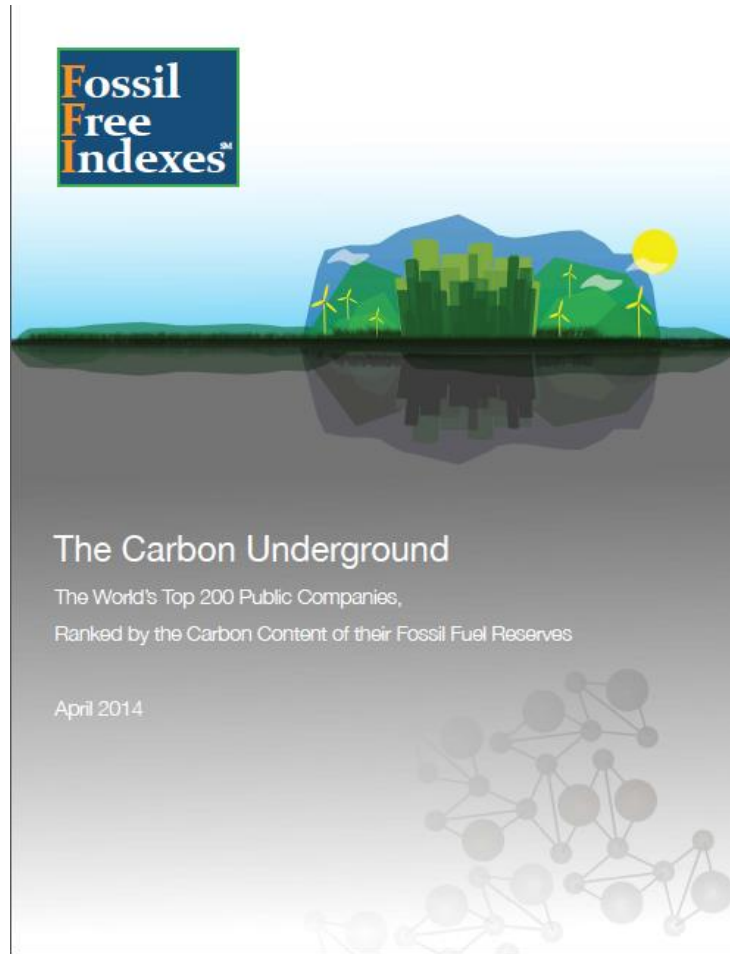


Stuart Braman

September 29, 2014

From Unburnable Carbon 2011 to...

The Carbon Underground 2014

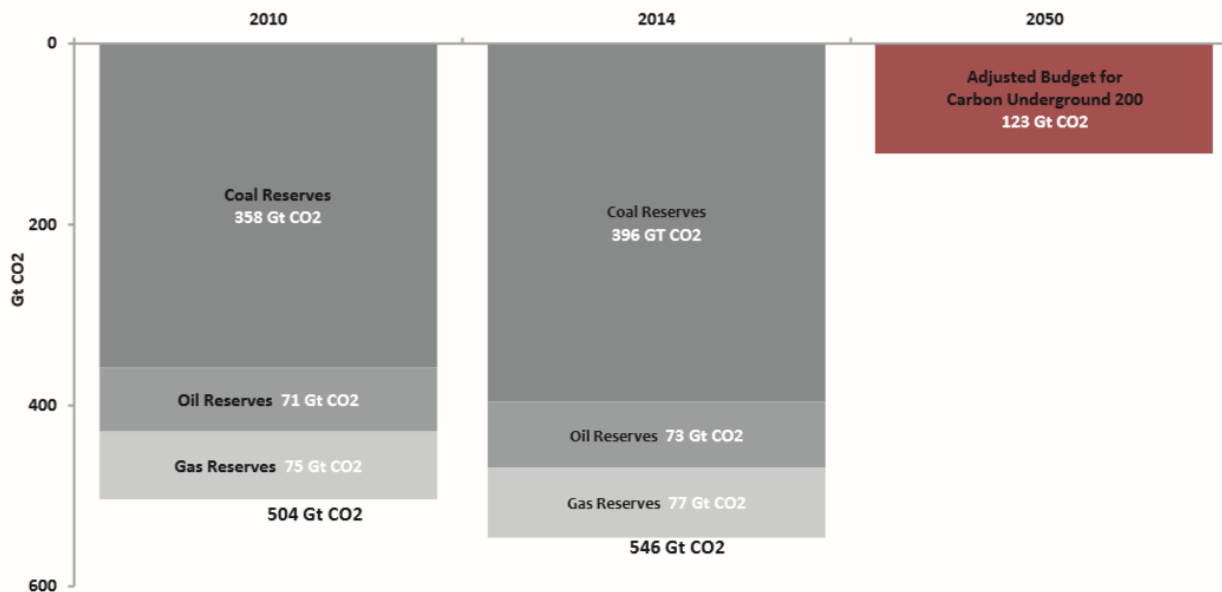


The Carbon Underground 200

- Released April 29, adopted immediately by 350.org
- The Carbon Underground 200 is available freely at:
 - Fossilfreeindexes.com
 - Gofossilfree.com
 - DivestInvest.com
- Securities identifiers, quarterly updates and history back to 2004 available to subscribers

Trends in The Carbon Underground 200 since 2010

- Total emissions growth: 8.4%
- Growth in potential emissions from coal 3x potential emissions growth from oil & gas



- Total embedded emissions: 546 gigatons of CO₂
 - > 400% of the carbon budget, adjusted for listed companies' share

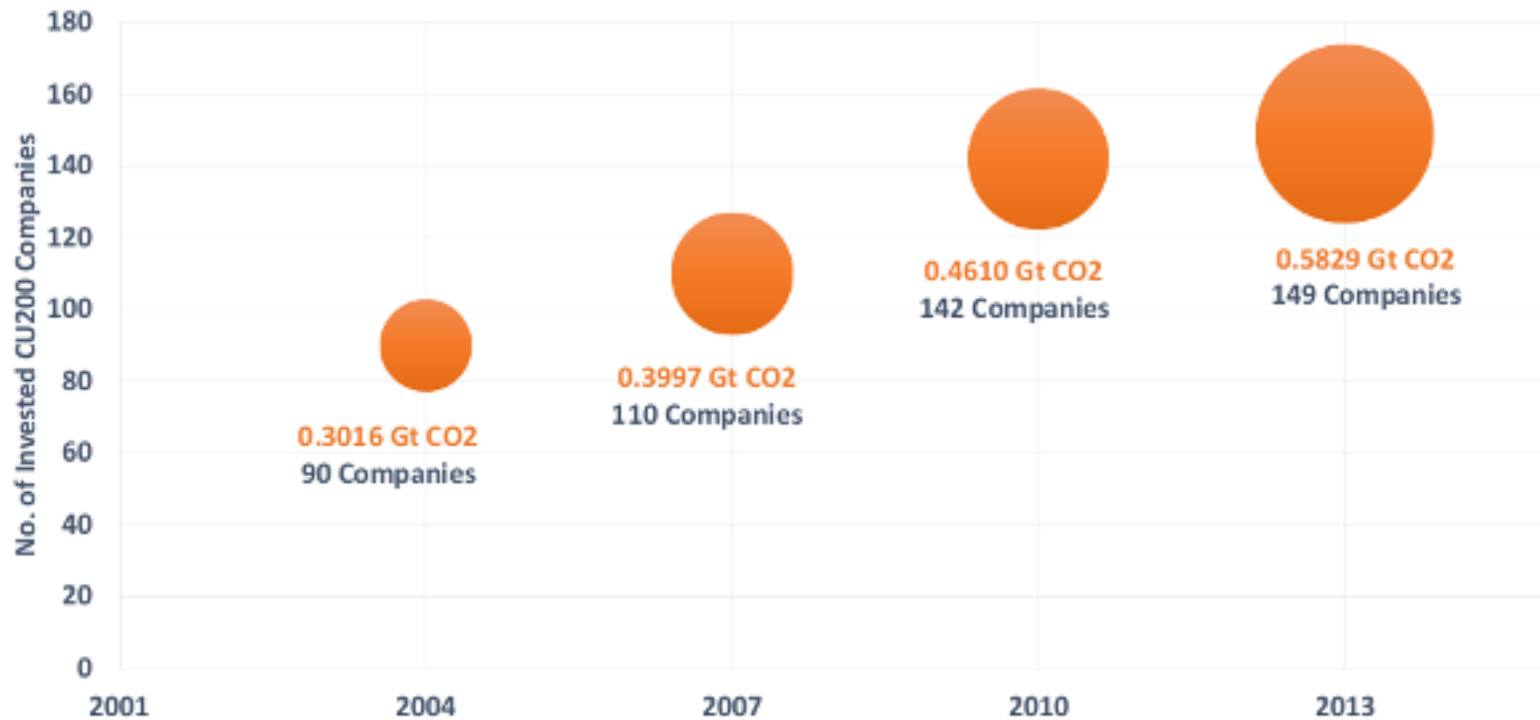
In the beginning, we were thinking indexes...

The market was thinking research!

- Increasing interest in the Carbon Underground 200 for research
 - How exposed is my portfolio?
 - What would have been the impact of divestment on my portfolio historically?
 - How do a range of different divestment and investment strategies intersect with the CU200?

The CalPERS Portfolio and Fossil Fuel Reserve Related CO₂ Emissions

CalPERS Carbon Underground Investments & Financed Emissions



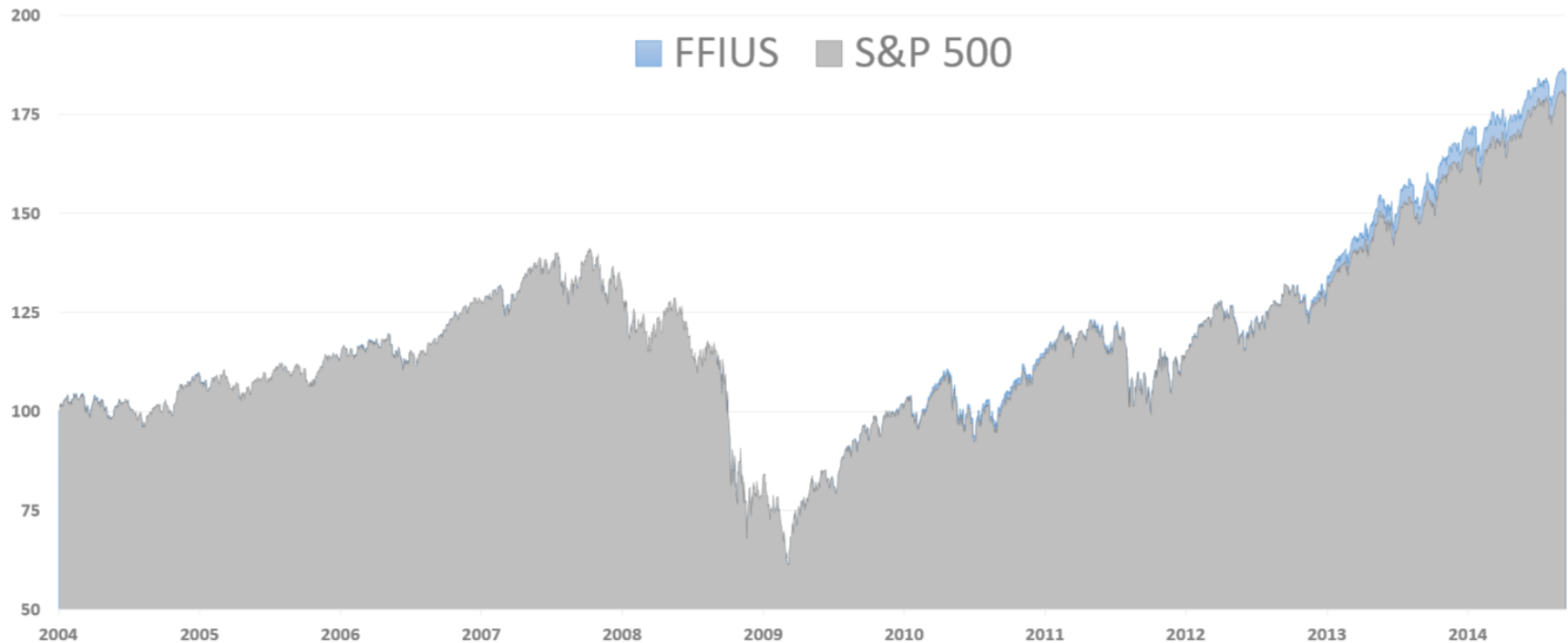
Fossil Free Indexes US - FFIUS

Launched June 26, 2014

- Applies negative filter to S&P 500 constituents
- Filter based on The Carbon Underground 200
- Remaining constituents (approximately 475) are market value weighted, free-float adjusted
- Market value weights are capped at 1.25%, with weight redistributed to remaining constituents
- Quarterly negative screen update, quarterly rebalancing

FFIUS Performance

FFIUS and SPX returns are indistinguishable over the long-term and for all subperiods analyzed!



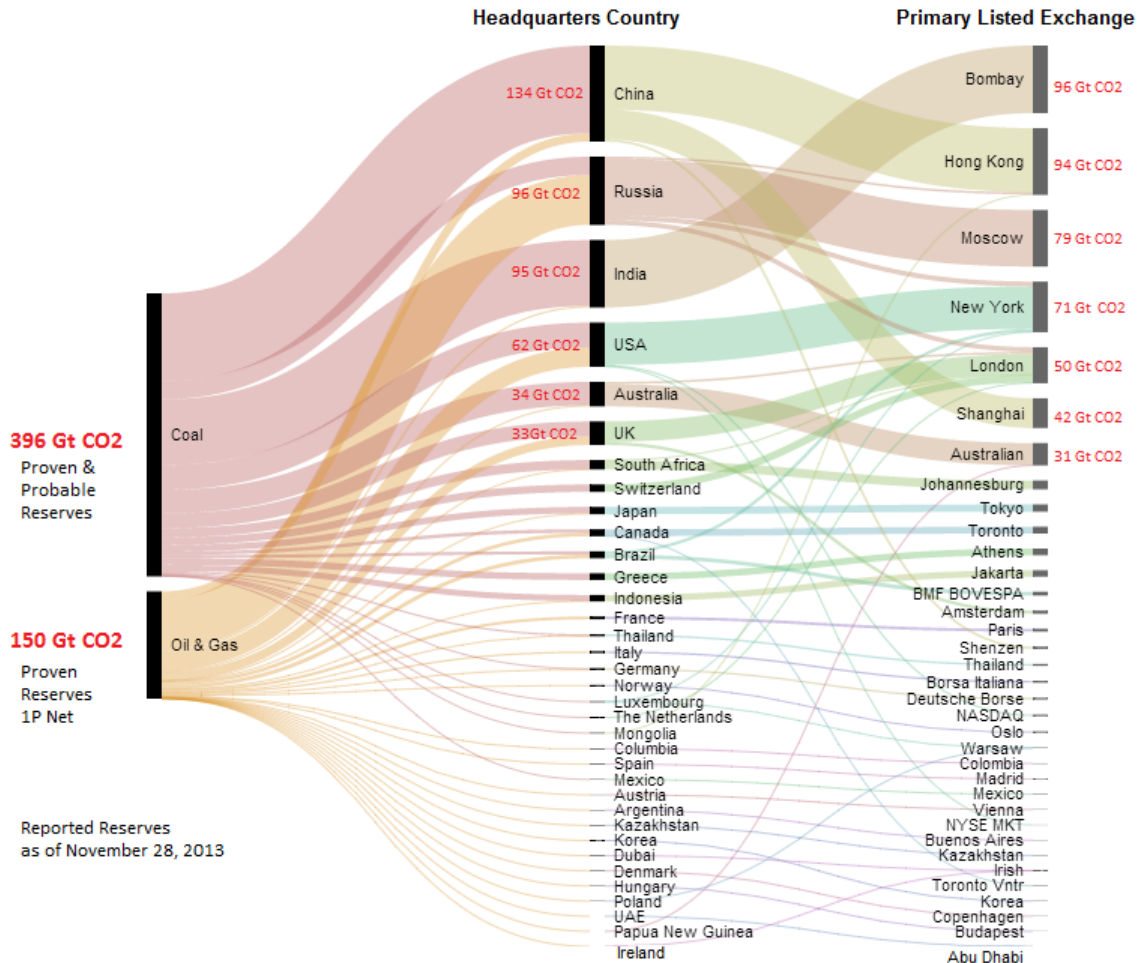
Fossil Free and Low Carbon Index Landscape

	Fossil Free Indexes	FTSE	MSCI	Solactive
Category	Fossil Free	Fossil Free	Low Carbon, Carbon Tilt	Low Carbon
Parent Index	S&P 500	FTSE Developed FTSE Dev. ex N.A. FTSE Dev. ex Kor. FTSE N. America	MSCI ACWI MSCI Europe MSCI N. America	Solactive US Solactive Canada Solactive Europe
Methodology	Negative screen – Carbon Underground 200	Negative screen by sector combined with revenue or reserves criteria; includes ~16 CU200 companies	Negative screen for highest carbon. Weighting by carbon intensity.	Negative screen for highest carbon intensity in 4 sectors

But it's not just about indexes...

➤ The Carbon Underground 200 can be used to screen any strategy:

- Active or passive
- Any reserve type
- Any geographic region



Questions?

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