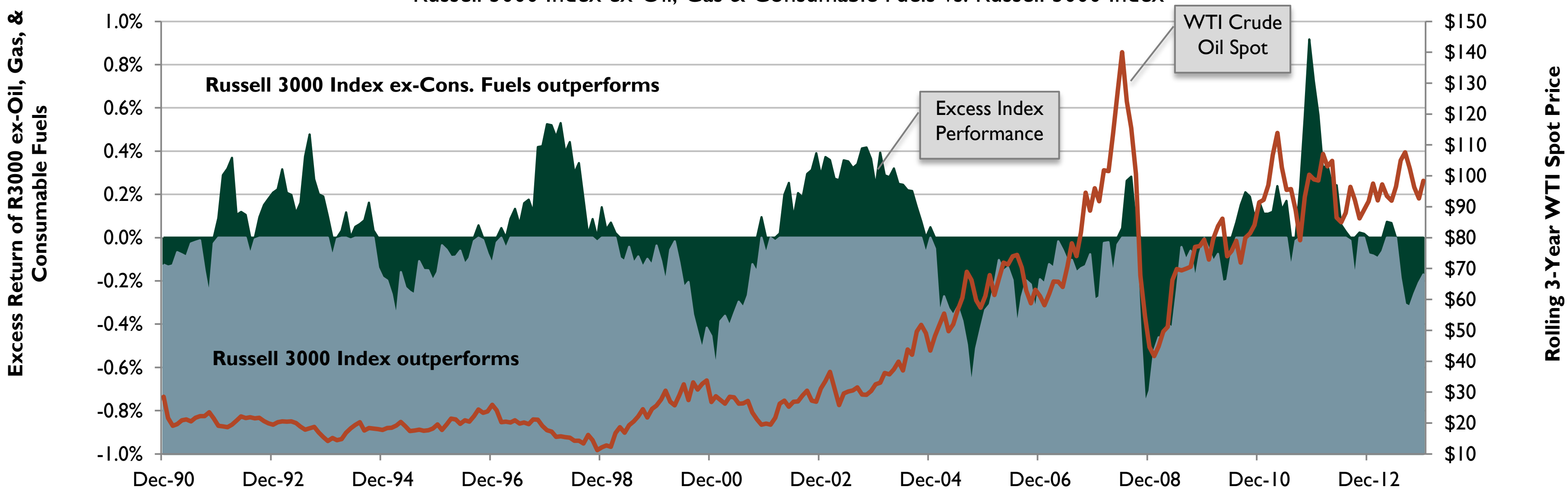
Fossil Fuel Free Index Performance: U.S. Stocks

- Over the 26-year period from 1988 through 2013, an investor could have invested in the broad U.S. stock market (as measured by the Russell 3000 Index) with or without investment in the oil, gas, and consumable fuels industry and achieved the same 10.63% return. As might be expected when the number of stocks in a portfolio is reduced, the investor who avoided the industry would have experienced slightly greater return volatility than one who invested in the U.S. stock market without restriction.
- Over shorter-term periods within that time span, an investor would have experienced deviations of up to 80 bps between the three-year trailing period performance of the broad U.S. stock market and the U.S. stock market less the consumable fuels industry.
- There appears to be some relation between the direction of oil prices and the relative performance of the Russell 3000 Index and the Russell 3000 Index ex-Oil, Gas, and Consumable Fuels. In general, a period of rising oil prices seems to be followed by a period in which the three-year trailing performance of the broad U.S. stock market exceeds the performance of the market without fossil fuel-related stocks and vice versa.

Summary Results for 1988-2013 Period

	R3000 xOil, Gas & Cons. Fuels	R3000
Annualized Returns	10.63%	10.63%
Annual Standard Deviation	14.92%	14.81%
Sharpe Ratio	0.71	0.72
Tracking Error	0.75%	NA
# of 3-Year Periods Outperformed	120	157
Average Outperformance	0.22%	0.19%

Rolling 3-Year Performance:
Russell 3000 Index ex-Oil, Gas & Consumable Fuels vs. Russell 3000 Index



Fossil Fuel Free Index Performance: Global Stocks

- In a December 2013 report "FAQ Responding to the Call for Fossil Fuel Free Portfolios," MSCI reported that over a more than five-year period from January 2008 to March 2013 the active return differential between the full MSCI ACWI Investable Market Index (IMI) and the Index excluding 247 companies that own fossil fuel reserves (7–8% of the Index) was 1.2%, or 22 bps annualized. Over that time period, the Index ex fossil fuels outperformed the parent Index.
- Over a 10-year period, MSCI found similar results in terms of tracking error, using a static list provided by the California State Teachers Retirement System. The list mirrored the Carbon Tracker Institute list used by 350.org, with adjustments made for corporate activity. In that time series, the MSCI ACWI IMI outperformed the portfolio that excluded the companies on the list by 16 bps over the 10-year period.