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FINANCIAL GUIDANCE SINCE 1964

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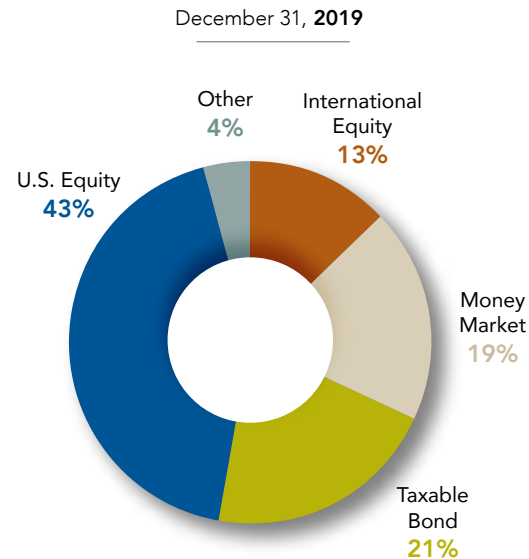
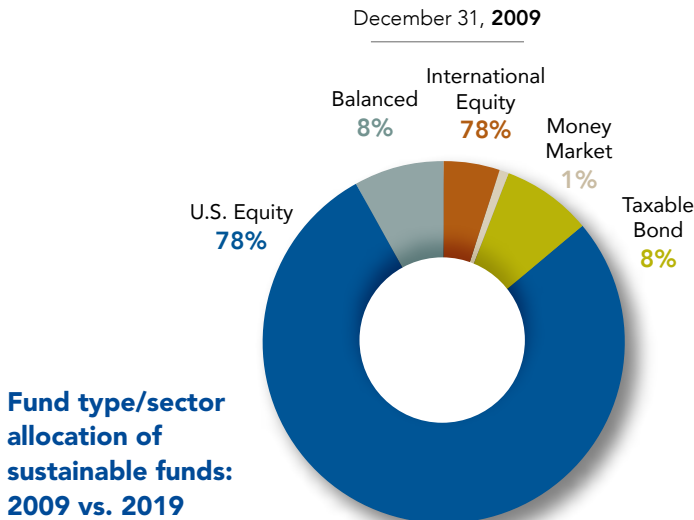
Are you looking for a way to integrate your personal values and convictions into the way you are investing for your future? Is it important to you that the companies in your portfolio are good corporate citizens? If yes, you may want to take a socially responsible investing approach to the management of your investment portfolio. BLBB can help you do this.

Over the last few years, socially responsible investing ("SRI") – also commonly referred to as "sustainable investing" or ESG (environmental/social/governance) investing – has become more mainstream and more accessible to all investors. Since the start of 2015, 187 new SRI ETFs and mutual funds were launched. Twenty-three came to market during the first half of this year alone and there are 20 more new SRI funds waiting for SEC approval before launching – possibly later this year. By comparison, during the 10 preceding years (between 2005 and 2014), just 85 SRI funds were launched ([Morningstar](#)). Ten years ago, there were only 165 SRI mutual funds

and ETFs available to investors. Now, in 2020, there are about 980 SRI funds (and growing) to choose from ([Sustainable Invest](#)). In addition to the introduction of many new SRI funds, a number of older funds have rebranded themselves as SRI funds thereby greatly increasing the amount of money now invested with an SRI focus. Fortunately, along with rapid growth in the number of SRI funds has come access to more asset classes as you can see in the pie charts on the following page. ([Sustainable Invest](#))

Until recently, SRI was a small niche market and best known for limited choices, high fees, and less than stellar performance. Most investors stayed away; unwilling to pay more in fees for worse performance than they could achieve in similar non-SRI funds and ETFs. Now, thanks to rapid growth in the number of SRI funds, fees are much lower and, in some cases, very competitive with non-SRI funds.

[continued]



Notes of Explanation: Other includes the following categories per Morningstar: Asset allocation, Commodities and Alternatives. STEELE Mutual Fund Expert, Morningstar date; supplemented by research and analysis conducted by Sustainable Research and Analysis LLC.

As you would expect, more SRI ETFs and mutual funds are coming to market because investors are directing increasing sums of money to this style of investing. Although SRI fund inflows are still miniscule when compared to money flows into non-SRI funds, they have picked up dramatically over the last several years and particularly since early 2019 ([CNBC](#)). Blackrock, the issuer of iShares ETFs, saw \$6.3 billion flow into their SRI funds during the 1st quarter of this year alone. SRI investing is now a \$30 trillion market and expected to expand to \$50 trillion over the next 2 decades ([ESG Investing](#)).

More choices, better choices, and lower fees are three of the key reasons why SRI is gaining in popularity amongst a variety of investors. Another key reason, though, is that some SRI funds are now outperforming their non-SRI counterparts and have been doing so for the last year or more. It is important for investors to understand why this is happening and to realize this outperformance could just as easily come to an end.

Many funds use SRI screens and other criteria to identify which securities are "SRI enough" to be included in an SRI fund. Take U.S. large cap equity funds, for example. Many of these funds use the S&P 500 as their benchmark or comparator index. If a fund bills itself as an S&P 500 fund, you would

expect it to return just about what the S&P 500 returns in any given time period – maybe slightly less because the fund has expenses/fees while the index itself does not. Over the last year or so, however, many U.S. large cap equity SRI funds that look almost like the S&P 500 generally have outperformed the S&P 500. Not surprisingly, this outperformance has drawn more investor interest.

This outperformance is mostly occurring because these U.S. large cap equity SRI funds are overweight in technology and underweight in energy in comparison to the industry sector allocations of the S&P 500. Technology companies tend to score higher in social responsibility metrics than traditional fossil fuel companies which often have lower environmental scores. This underweight in energy and overweight in technology has been quite beneficial to many SRI funds over the last year or so as technology has been a strong performer during this time period while energy has trended negative. Investors should keep in mind, however, that market or economic trends could change at any time and potentially result in SRI funds under-performing similar non-SRI funds.

SRI investors should also realize that many SRI funds contain relatively large allocations to the same group of well-known U.S. equities – often

20 – 23% of a U.S. large cap SRI fund will be invested in a combination of Facebook, Apple, Amazon, Microsoft, and Alphabet ([Forbes](#)). It is fairly easy for an SRI investor to inadvertently end up with an even greater concentration in these few companies even though their portfolio superficially appears to be well-diversified.

Investors should also recognize that the field of SRI is rapidly evolving and in flux. There is no one specific definition of what constitutes SRI and there is no uniformly agreed-upon set of metrics or criteria applied in a consistent manner throughout the

industry to measure how socially responsible or not a company might be. There is also no standardization when it comes to ESG scores and the companies who rate how ESG or not companies are ([ETF Stream](#)).

That being said, it is now possible to build well-diversified and low-cost socially responsible portfolios without sacrificing on fees or performance. If you would like to learn more about socially responsible investing and how BLBB can help you begin incorporating SRI into your investing strategy, please reach out to your financial advisor.



Welcome to BLBB

We are thrilled to welcome Jeremy L. Leeds to BLBB Advisors this summer! Jeremy joins our Financial Planning Department as a Paraplanner. In this role, he will assist in the preparation, presentation, and ongoing maintenance of comprehensive, goals-based financial plans tailored to our clients' personal and financial circumstances and objectives. Before joining BLBB in a full-time capacity, Jeremy participated in our summer intern program last summer and then continued his internship with us throughout his senior year in college.

Jeremy is a 2020 graduate of Temple University's Fox School of Business where he earned a Bachelor of Business Administration in Financial Planning and Finance and received the Outstanding Student Leadership in Financial Planning award. While at Temple, Jeremy was a member of Temple Men's Crew and an executive board member of the Financial Planning Association, Temple Chapter, where he served as President his senior year. Jeremy is now a candidate for CFP® certification.

Jeremy is originally from Tampa, Florida. Outside of work, he enjoys rowing, cooking, and scuba diving in the Caribbean.

FT 300 Award — 4th Year in a Row!

We are excited to announce that, for the 4th consecutive year, BLBB has been named to the 2020 edition of the Financial Times 300 Top Registered Investment Advisers. The list recognizes top independent RIA firms from across the U.S. To learn more, please [click here](#).



Top
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2020



Pennypack Ecological Restoration Trust Plant-A-Tree Campaign

Earlier this summer, we ran a campaign to encourage all our clients to go paperless by joining our online portal. In return for joining our portal, we promised to make a donation to the [Pennypack](#) Ecological Restoration Trust Plant-A-Tree Campaign. Thanks to our clients' willingness to go paperless, we were able to make a \$5,000

donation to Pennypack! This money will be used to plant and restore trees.

Also, it isn't too late to go paperless. If you would like to have ready online access to our secure client portal, see and analyze your portfolio, and receive statements and other communications electronically, please contact your BLBB financial advisor and they will get you online. It is quick and easy to join our portal!



L to R: Robb Parlanti, Doug Huntley, Ed Barnes, Cliff Haugen, John Lawton, John Armstrong, Laura Brewer, Dean Karrash, Bob Johnson, Brian Gallagher, Brianna Barnes March, Nick Bucci, Bob Flood



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