



**NATURAL**  
INVESTMENTS LLC

## **Disclosure Brochure**

June 2023

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This Brochure provides information about the qualifications and business practices of Natural Investments PBLLC. If you have any questions about the contents of this Brochure, please contact Chief Compliance Officer Christopher Peck at 707-758-0171. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Natural Investments PBLLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Natural Investments' SEC file number is 801-63874.

A copy of this Brochure may be requested by contacting our Chief Compliance Officer Christopher Peck at 707-758-0171. If you received this Brochure but did not receive the 2B Supplement, please contact the CCO.

## Material Changes

The last annual update of the Natural Investments' Brochure was in March 2023.

Since the last update of this Disclosure Brochure Natural Investments has made several material changes.

Natural Investments, LLC is now Natural Investments PBLLC, a public benefit limited liability company. The LLC is no longer domiciled in Colorado, it is now domiciled in Delaware.

Natural Investments PBLLC is no longer owned by Hal Brill, Michael Kramer, Christopher Peck, James Frazier, Malaika Maphalala, and Greg Pitts but is now solely owned by Natural Investments Purpose Trust.

The information regarding the investment advisor representatives of Natural Investments is included in the Disclosure Brochure 2B Supplement. If you received this Brochure but did not receive the 2B Supplement, please contact the CCO.

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This narrative brochure provides clients with information regarding Natural Investments (NI) and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Natural Investments.

Prior to engaging NI to provide services, clients are required to enter into an agreement with Natural Investments setting the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Natural Investments beginning services, and termination. It is the client's responsibility to promptly notify Natural Investments if there is any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Natural Investments' previous recommendations and/or services.

NI advisors are allowed to conduct their investment advisory activities under a separate unaffiliated business name or "DBA" ("doing business as"). Such advisors are registered with NI as investment advisory representatives and provide investment advice through NI. NI supervises the advisors' investment advisory activities. The names of such DBAs include but are not limited to: Just Money Advisors, Money with a Mission, Chordata Capital, and Strategy Squad. Client service agreements and marketing materials clearly disclose NI as the Registered Investment Advisor clients are engaging for investment advisory services.

NI offers investment advisory services through multiple platforms and custody arrangements. Those services include financial planning, investment advice and asset management for fees based on a percentage of assets under management, as well as advisory services of a number of unaffiliated third-party investment advisors. NI offers these products and services to the public through its investment advisory representatives.

## **Advisory Business**

Natural Investments was established in 1999, and our roots go back much further. Founder Jack Brill began his career as a Sustainable and Responsible Investing (SRI) advisor in 1985 and was a pioneer in the SRI industry. He was an original member of First Affirmative Financial Network. Hal Brill mentored under his father and joined FAFN as an advisor in 1989. Our passion to spread the word about the importance of SRI led Jack to write *Investing from the Heart* (Crown) in 1992. The next year, Jack was asked to participate as the only SRI advisor in a national performance study in the *NY Times*, which pitted advisors and their investment strategies and products against one another for 28 consecutive quarters.

With the publication of our second book, *Investing With Your Values, Making Money and Making a Difference* (Bloomberg Press) in 1999, written by Hal, Jack and Cliff Feigenbaum, the editor of the GreenMoney Journal, Hal and Jack co-founded Natural Investment Services, Inc., with offices in California and Colorado. The popularity of the book led to new business, at which point Michael Kramer was brought in as the third advisor in 2000 to form a Hawaii office. He is now a Managing Partner and the Director of Research, overseeing the Heart Rating as well as representing the firm in shareholder advocacy and public policy.

In 2004 with business continuing to expand, NI added Christopher Peck who established our Northern California office. Christopher is a Managing Partner and our Chief Compliance Officer.

By 2005 with Jack moving closer to retirement we brought in our fifth advisor Scott Secrest and formed a Central California office. Scott is our Director of Investment Research.

In 2007 NI reorganized as Natural Investments, LLC, and from then until 2017 the firm was equally owned by Hal Brill, Michael Kramer, and Christopher Peck. NI continued to grow and in 2009 added a sixth office in Port Townsend, WA (now in Kula, HI), headed by James Frazier, and a seventh office in Portland, OR (now in Pahoa, HI), headed by Malaika Maphalala.

In 2011 NI added three new offices, making us a nationwide firm. We added an office in Louisville, KY, with Andy Loving and Susan Taylor, an office in Charleston, SC, with Greg Garvan, and an office in Ithaca, NY, with Greg Pitts. In 2013 Carrie VanWinkle joined us in the Louisville office. Evan Quirk-Garvan joined Greg Garvan's Money with a Mission team in 2015, and opened our Asheville office in 2016. In 2015 Hal Brill transitioned out of day-to-day management responsibilities, though he maintains his client relationships and a role as an owner of the firm. In 2016 long-time socially responsible financial advisor Eric Smith joined NI, along with colleague Ryan Jones-Casey, and with offices in Seattle WA and Duluth, MN, giving NI a footprint in five US time zones. Eric retired in 2022, passing his practice to Ryan Jones-Casey. In 2017 Amy Pender from New York, NY joined us, and Hal Brill sold 5% of the company each to Malaika Maphalala, James Frazier, and Greg Pitts. In 2018, Kirbie Crowe joined the Money with a Mission offices in the Southeast, Joel Koerner joined the offices of Just Money Advisors in Kentucky, Sylvia Panek opened a Chicago, IL office, and Kate Poole and Tiffany Brown of Chordata Capital also joined the Natural Investments team. In late 2019 Nicole Middleton Holloway and her Strategy Squad team, based in Oakland, California, joined us. In 2021 Eric Smith retired and passed his practice to Ryan Jones-Casey.

In 2023 Natural Investments made another significant change. The previous six owners of the firm, Hal Brill, Michael Kramer, Christopher Peck, James Frazier, Malaika Maphalala, and Greg Pitts all transferred their ownership in NI to the newly formed Natural Investments Purpose Trust (NIPT). A perpetual purpose trust is designed to protect the purpose of a company into perpetuity. Michael Kramer and Christopher Peck will continue to serve as managers of the LLC. The Natural Investments Purpose Trust will be guided by a trust stewardship committee that will initially be formed with four of the previous owners, Michael Kramer, Christopher Peck, James Frazier, and Malaika Maphalala joined by three of our long-standing advisors, Carrie VanWinkle, Ryan Jones-Casey, and Nicole Holloway. The trust stewardship committee will serve as the managing board of NIPT.

NI's advisors offer sustainable and responsible portfolio management services and financial planning. NI receives approximately 98% of its compensation from investment advisory services and approximately 2% from other services, primarily financial planning. We offer for free on our website the Heart Rating, which provides social, environmental, impact, advocacy, and community investment measurement ratings of SRI mutual funds.

NI specializes in Socially Responsible Investing (SRI), and generally our advice is limited to SRI. We advise on investment vehicles to meet the client's financial needs, including mutual funds, exchange-traded funds, individual stocks, municipal and corporate bonds, certificates of deposit, warrants, community bank CDs and loan fund certificates, limited partnerships, US government and agency securities, commercial paper, real estate, unit investment trusts, real estate investment trusts and foreign issues. Qualified and/or accredited investors may also access venture capital and other pooled private equity and debt products. NI does not recommend investments in futures, but may recommend investments in options or commodities, if those investments are suitable for the client. Clients may impose restrictions on how their account is to be managed.

These restrictions are reflected in the Investment Policy Statement developed for and signed by the client.

The process begins with the advisor discussing the client's financial information and interest in sustainable and responsible investing. Through questionnaires and conversations with the advisor, NI will obtain information about the client's financial situation, goals, tolerance for risk, and the social and environmental issues the client wishes to be reflected in the client's holdings. Restrictions are noted at this time. NI will develop an Investment Policy Statement describing the firm's intended approach to managing the client's assets.

In situations where an investor's account might be below an advisor's minimum account size and/or when an investor does not need or want *personalized* investment, account, or financial advisory services, NI offers an automated web-based investment program (Program) through which clients are invested in a range of investment strategies NI has constructed and manages, each consisting of a portfolio of mutual or exchange-traded funds and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (Schwab). We use the Institutional Intelligent Portfolios® platform (Platform), offered by Schwab Performance Technologies (SPT), a software provider to independent investment advisors and an affiliate of Schwab, to operate the Program. NI is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates (together, "Schwab"). NI, and not Schwab, is the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. NI has contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process.

The investment process includes an online questionnaire that can help determine the client's investment objectives and risk tolerance and guides an appropriate investment strategy and portfolio. Clients should note that the online questionnaire automatically recommends an appropriate portfolio in response to the client's answers to the online questionnaire.

Schwab's online platform includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). NI charges clients a fee for our services as described in the Fees and Compensation section below. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues, outlined in "Fees and Compensation".

NI does not pay SPT fees for the Platform so long as NI maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. If we do not meet this condition, then NI pays SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with Schwab.

## **Assets Under Management**

As of December 31, 2022, Natural Investments manages approximately \$1,763,847,297 in total assets. \$4,273,509 are not under discretionary control, \$1,759,573,788 are discretionary.

## **Trade Error Policy**

From time-to-time NI may make an error in submitting a trade order on your behalf. When this occurs, NI may place a correcting trade with the custodian that has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, NI will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

## **Client Obligation**

In performing its services, NI is not required to verify any information received from the client or from the client's other professionals. Each client is advised that it remains his or her responsibility to promptly notify NI if there is any change in the client's financial situation or investment objectives during the client engagement.

## **Disclosure Brochure**

A copy of this written disclosure brochure shall be provided to each client prior to, or at the same time as, the execution of a *Client Service Agreement*. Any client who has not received a copy of this written disclosure brochure at least 48 hours prior to executing the *Client Service Agreement* shall have five business days subsequent to executing the agreement to terminate NI's services without penalty.

## **Non-Participation in Wrap Fee Programs**

NI, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and the execution of client transactions.

## **Policy on Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. NI has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, NI has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where NI receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other

materials to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.

## Fees and Compensation

Natural Investments is compensated for portfolio management and account services on an "assets under management" fee model, or hourly, or as part of an online program. Financial planning services are billed project-based, hourly, or on retainer.

### Portfolio Management

Management fees are assessed to each client as an annual percentage of the assets under management, billed quarterly or monthly, and billed retroactively.

### Portfolio Management Fee Schedule

Fees are based on the asset value of account, billed retroactively to the client's account quarterly. In some cases, fees are calculated and billed monthly. NI uses the daily average balance method to calculate fees. Other custodians or separate account managers may use an alternative billing method, such as end of period value or billing in advance.

Our fees vary based on services to be provided and the office or advisor you work with. Fee will be no greater than shown here:

	Tier	Fee
On the first	\$200,000	1.35%
On the next	\$300,000	1.25%
On the next	\$500,000	1.10%
On the next	\$1,000,000	0.95%
On the next	\$3,000,000	0.85%
On the next	\$15,000,000	0.65%
On the amount above	\$20,000,000	0.55%

Clients with special circumstances, non-profit organizations and charitable institutions may be eligible for negotiable reduced fees determined on a case-by-case basis. The minimum annual fee is \$500. NI as a firm has a \$50,000 minimum of investable assets per client, though this minimum may be negotiable for certain advisors and situations. Most of our financial advisors publish a higher minimum per client.

Accounts that have been open for less than three full months at the end of a quarter will be billed on a pro-rated basis. The client will be issued an invoice at the time of billing showing the amount owed and the method for calculating the fee.

Fees are typically deducted and withdrawn from the appropriate client account held at a qualified custodian, or the client may elect to pay fees directly. Please note that the fee schedule for new



clients may change periodically, though existing clients will not face an increase in fees without their written approval.

Natural Investments does not typically require prepayment of fees. However, NI does not require prepayment of more than \$1,200 in fees per client, six months or more in advance. Clients may have the option to purchase investment products that we recommend through other channels, such as through other brokerage firms, agents or directly from the companies or mutual fund distributors.

### **Hourly and Financial Planning Services**

For clients who primarily seek advice without ongoing portfolio management services, some NI advisors may choose to offer hourly investment consulting. Typically, a Client Questionnaire will be completed, and the advisor will use this, current investment statements, and client conversations to develop an asset allocation plan which addresses the client's financial status, social and financial goals, and risk tolerance. This type of service does not generally include ongoing and continuous advice or monitoring of an account.

Financial planning advice is available on a one-time or ongoing basis. In considering the client's goals and financial position, financial planning may include any or all of the following: analysis of present position, goal-setting, risk and insurance assessment, tax considerations, college savings, retirement, and estate planning in the context of financial and/or investment advice. NI advisors do not offer legal advice. Advisors may offer limited tax advice such as reviewing cost basis. Financial planning may also reflect a client's social and ethical priorities with respect to making investments and other plans.

The fees for these services may be by the hour or project-based, are negotiable and are agreed upon between client and advisor. The client is billed in arrears periodically, at time of service, monthly, or quarterly. The scope of work and estimated fee is agreed upon by way of a Client Service Agreement before the project begins and may be updated as needed.

The fee for financial planning will be due immediately upon completion of the advisory services and is payable to Natural Investments. NI may request a \$500 or 50% deposit to begin financial planning work, projects, or consultations. This deposit is negotiable. Retainer fees for ongoing financial planning services will be billed in arrears on a quarterly basis. Fees for advisory services already rendered are not refundable. The advisory relationship may be terminated by the client, by mutual agreement, or at the discretion of the advisor, in which case written notice will be given. The client is under no obligation to act upon the advisor's recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor.

NI's relationship with each client is non-exclusive; in other words, NI provides investment supervisory services and financial planning services to multiple clients. NI seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients.

### **Online Program Fees and Expenses**

Online program fees charged by NI are set at 0.5%, though fees may be negotiable in some circumstances. As described above in Advisory Business, online program clients do not pay fees to Schwab Performance Technologies or brokerage commissions or other fees to Schwab as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep

Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that NI may select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in "Brokerage Practices".

## **Other Fees and Expenses**

*Brokerage fees*– NI primarily uses Charles Schwab & Co. Inc. (Schwab) as custodian of client accounts. Some accounts may be custodied at FOLIO Investments, DST Systems, or others. Clients are provided with a listing of the custodial and transaction fees levied by the custodians when opening accounts, though the custodians may change these fees at their discretion at any time with notice. Neither NI nor its advisors share in any fees charged by the custodians. In general, Schwab makes most SRI mutual funds available for no additional sales charge; these are commonly known as no-load funds. Additional information about the brokerage services is available in the "Brokerage Practices" section below.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (broker-dealer or custodian) to another. These account termination fees generally range from \$0 to \$200, but at times may be much higher. Clients should contact their custodians (brokerage firms, banks, or trust companies, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts which may be transferred to custodians that NI recommends.

*Mutual fund fees*– NI often uses mutual funds in our model portfolios. Each mutual fund is a product which pools individual holdings into one investment vehicle. As such, there are internal annual expenses of operating mutual funds, such as portfolio management, trading and marketing, legal, accounting, sales charges, and administrative costs. These fees are listed in the prospectus of each mutual fund that the investor will receive upon its purchase. Neither NI nor our advisors share in any mutual fund fees. The fees paid to NI by our clients are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Some custodians may impose a transaction fee when a mutual fund is bought or sold. Clients should review all fees charged by mutual funds, NI, and others to fully understand the total amount of fees to be paid by the client.

*Separately Managed Account fees* – NI uses Separately Managed Accounts ("SMAs") at Schwab and other custodians that are managed by independent investment management firms using varying fee structures. SMAs are typically model-based but may allow customization for a client's specific investment objectives or restrictions. SMAs may have internal annual expenses, such as portfolio management, trading, marketing, legal, accounting, sales charges, and administrative costs. These fees are listed in a contract or agreement that the client will receive prior to engagement or purchase. Neither NI nor our advisors share in any SMA fees.

*Fees associated with third-party advisors*– NI has agreements with third-party advisors and platforms. Under these agreements, NI offers and coordinates client account management and programs provided through these advisors. Third-party investment advisors to whom NI refers

clients are registered as investment advisors by their resident state or registered investment advisors with the Securities and Exchange Commission.

After gathering information about a client's financial situation and investment objectives, NI may assist the client in selecting a third-party program. NI receives fully-disclosed compensation pursuant to its agreements with these third-party advisors for introducing clients to these third-party advisors and for certain ongoing services provided to clients. This compensation, which is disclosed to the client in a separate document provided by the third-party manager, is typically equal to a percentage of the investment advisory fee charged by that third-party advisor or a fixed fee. The separate disclosure document provided by the third-party advisor will clearly state the nature of fees payable to the third-party advisor and to NI. Also disclosed in the separate disclosure document will be the impact to the overall fee of payments made to NI.

As described above, NI receives compensation from the third-party advisors. Since such compensation may differ depending on the agreement with each third-party advisor, NI may have an incentive to recommend one third-party advisor over another, if the compensation arrangements are more favorable. Since the independent third-party advisor may pay the fee for the investment advisory services of NI, the fee paid to NI is not negotiable under most circumstances. Fees paid by clients to independent third parties are established and payable in accordance with the Disclosure Brochure or other equivalent document provided by each independent third-party advisor to whom NI refers clients, and may or may not be negotiable, as disclosed in the disclosure documents of the third-party advisor.

Clients who are referred to third-party investment advisors will receive full disclosure, including services rendered and fee schedules, at the time of the referral by delivery of a copy of the relevant third-party advisor's Disclosure Brochure or equivalent disclosure document.

*Payment fees* – Some clients may pay their management fees or financial planning fees through electronic invoicing systems. These systems charge fees for the service, typically in the range of \$1 for an ACH transaction, and these fees are added to the invoice at the time it is generated. NI does not receive these fees, as they go directly to the invoicing systems. NI also does not record, store, or retain bank account numbers associated with these systems.

### **Performance-Based Fees and Side-By-Side Management**

Natural Investments and its advisors do not accept performance-based fees, nor do we participate in programs or assets that include performance-based fees.

## **Types of Clients**

Natural Investments offers fee-only advisory services to individuals and institutions including trusts, estates, charitable organizations, and corporations or other business entities, including pension and profit-sharing plans.

As a firm, NI has a \$50,000 minimum household account size, though this minimum may be negotiable. These minimums may be changed or eliminated at any time. However, NI requires a minimum annual fee of \$500. NI, in its sole discretion, may charge a lesser management fee, or choose to reduce or waive the quarterly minimum fee, or change its minimum account size based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Clients eligible to enroll in the automated online program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

NI subscribes to the tenets of Modern Portfolio Theory, which means we recommend asset class diversification within the context of a long-term approach. We recognize that markets have historically been cyclical in their performance, and that timing the market on a daily or even weekly basis is less likely to benefit client returns.

Our approach is to analyze and perform due diligence in order to select managers with solid performance records and let them analyze individual company performance to determine fund or account holdings. NI primarily uses SRI mutual funds, ETFs, and SMAs, and supplements them with individual stocks, bonds, community investment CDs and notes, alternative investments, and non-SRI mutual funds for special situations. NI monitors a limited number of companies in sectors including renewable energy, health and natural foods, and biodegradable, recycled, and organic products.

Investing entails risk, including the risk of losing a part or all of an investment. Diversification attempts to reduce risk, but reduction should not imply elimination; there will always be a risk of loss.

### **Methods of Investment Analysis**

NI uses fundamental financial analysis in examination of potential investments for portfolios. The investment strategies used to implement any advice given to clients includes long term purchases (securities held at least a year), short-term purchases (securities sold within a year), and trading (securities sold within 30 days). In general, NI prefers to take a long-term approach, commonly referred to as “buy and hold,” to achieve long-term performance without basing decisions on temporary market timing issues. Some NI advisors may be willing to manage client accounts on a tactical basis, which means proactively adjusting client investments in various sectors of the financial markets based on intermediate- or long-term measures of under- or over-valuation, or other indicators. Clients desiring tactical management should discuss this with their NI advisor.

NI also invests based on the client’s social, environmental and other interests or priorities. This is commonly termed Sustainable and Responsible Investing (SRI). This approach identifies issues (e.g., environmental, tobacco, gambling, human rights practices by companies), so that clients may wish to avoid certain investments or seek investments that are consistent with the client’s personal priorities. These will be included and made a factor in recommending investment strategies and specific investments. Sustainable and Responsible Investing involves using the work of professional organizations that specialize in researching the environmental, social, and governance (ESG) dimensions of corporate management.

NI may provide advice on any type of investment held in a client’s portfolio at the inception of the advisory relationship. NI will explore other investment options at the client’s request. NI reserves the right to advise clients on any other type of investment that it deems appropriate based on the client’s stated goals and objectives.

NI conducts financial research and may obtain supplemental information from corporate ratings services, the general financial press, company quarterly and annual reports, and prospectuses, and personal inspections.

### **Investment Strategies**

NI manages model portfolios based on client risk ranging from conservative to aggressive. The Director of Research facilitates an analytic process of fund performance in each asset class with NI advisors on a quarterly basis in order to determine the holdings and weightings of the models. The models form the basis of the design of client asset allocations, though specific client interests and circumstances may add unique holdings to any portfolio. NI advisors participate in conference calls at least quarterly to discuss investment holdings and potential changes to the model portfolios.

NI offers advice on securities and financial instruments, including publicly traded and private investments, US and foreign securities, equity-based and debt-based securities, foreign currencies, collectibles, and restricted or otherwise illiquid securities. NI may offer advice on alternative investment vehicles including, but not limited to private investment partnerships, individual companies, projects, community investment intermediaries, hedge funds, funds of alternative investment funds, private equity or venture capital funds, or private debt funds. Alternative investments may cover a variety of investment styles and practices, some of which may be high risk and speculative. Private or restricted investments are illiquid in nature and may require longer holding periods than marketable securities. There may be little or no secondary market for private or restricted investments. NI does not receive any compensation from third-party investment companies, managers, or distributors for recommending investments.

### **Risk of Loss**

Every style of investing entails risk, including the risk of losing a part or all of an investment. Modern Portfolio Theory (MPT) and asset diversification attempt to limit risk exposure but cannot eliminate it. MPT is still highly exposed to broad systemic risk if the entire economy is in decline, as occurred in 2008-2009 and in the spring of 2020. There is no guarantee that assets will continue to perform as they have in the past or that they will continue to perform in relationship to each other as they have in the past.

Sustainable and responsible investing may create additional risk. By limiting the universe of available companies to choose from, investors using a negative screen SRI investment style may be unable to capitalize on a profitable investment opportunity. For example, investors with a strong concern about global climate change who avoid investing in fossil fuel companies may miss out on the rise in a fossil fuel company stock price when that stock is in favor with financial participants.

Investors face the following investment risks:

Interest Rate Risk Investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk Investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk Incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk) Inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time.

Business Risk Associated with a particular industry or firm. These factors affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk Associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk) A change in the value of a foreign currency relative to the US dollar will negatively affect a US investor's return.

Liquidity Risk Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. In general, cash equivalents provide liquidity with minimum income and a return of principal with no capital appreciation. Cash equivalents are generally subject to purchasing power risk.

Additional Potential Risks that could broadly affect the financial markets include geo-political risk, climate change, natural disasters, and other ecological risks, and systemic risk, which is the possibility of instability that affects the global financial system as a whole.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Longer maturity fixed income investments have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. Foreign bonds are generally subject to currency risk and high yield ("junk") bonds are subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower-rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher-rated bonds.

Equity investments are subject to greater volatility than some other asset classes, thus providing a greater opportunity for capital gains and exposure to a greater risk of capital loss. Equity investments offer less current income in dividends than some other asset classes. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk. Small-company stocks entail additional risks, and can fluctuate in price more than larger company stocks.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, and may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by NI) will be profitable or equal to any specific performance level.

### **Disciplinary Information**

Natural Investments and its advisors have not been subject to any disciplinary action in the last 10 years.

### **Other Financial Industry Activities and Affiliations**

Natural Investments (NI) and its management team are not registered as a broker-dealer, nor do we plan to become registered as a broker-dealer, nor do we plan to become representatives of a broker-dealer. NI and its management team are not registered or pending to register as any other financial or securities-related entity.

Natural Investments has a “selling agreement” with First Affirmative Financial Network (FAFN). NI can provide clients access to FAFN’s packaged investment solutions. NI may enter other selling agreements and co-fiduciary arrangements with other platforms and managers from time to time.

### **Partnerships**

NI has key strategic relationships which allow us to provide client management services. NI is a member of US SIF – The Forum for Sustainable and Responsible Investment, the US-based SRI trade association, through which NI can access industry trends and a clearinghouse of SRI research and resources. NI advisors have access to a variety of financial and social research tools, such as Sustainalytics and Stake for environmental, social, and governance information. NI uses Morningstar Investment Research for historical investment performance information, and Black Diamond Performance Reporting for client investment reporting services. NI’s various outsourced service providers may have access to client confidential information.

### **Outside Business Activities**

Investment advisor representatives (IARs) of Natural Investments may provide consulting services, for a fee, to the management teams of investments that other IARs recommend to clients. IARs may also serve on the board of directors of investments, for no compensation, that IARs recommend to clients.

### **Code of Ethics, Participation or Interest in Client Transactions, Personal Trading**

NI has adopted a Code of Ethics for the purpose of instructing our personnel in their ethical obligations and to provide rules for their personal securities transactions. NI and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that includes general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics,

review and enforcement processes, amendments to Form ADV and supervisory procedures. NI will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **Conflicts of Interest**

Because NI is a fee-only firm, there is limited conflict of interest associated with recommending certain products or transactions. NI or individuals associated with NI may buy and sell securities for their personal accounts that are identical to those recommended to advisory clients. It is the expressed policy of NI that no person employed by NI may purchase or sell any security **the same day** of a transaction being implemented for an advisory account, unless the trades are placed through an automated trading platform or software program. This prevents employees from benefiting from transactions placed on behalf of advisory accounts.

NI or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. As these situations may represent a conflict of interest, NI has established the following restrictions in order to ensure fiduciary responsibility:

A director, officer, employee or representative of NI shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public or reasonable inquiry. No person of NI shall prefer his or her own interest to that of the advisory client.

NI maintains a list of all securities holdings for anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of NI.

NI emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where NI is granted discretionary authority of the client's account.

NI requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to termination.

## **Brokerage Practices**

Most NI client accounts are held at Charles Schwab & Co., while some are handled by separate account managers through First Affirmative Financial Network and Horizons Sustainable Investments or other approved custodians or platforms. The primary factors taken into account in determining the recommended holding firm are two-fold. One, Schwab is the largest institutional firm for independent investment advisors, and consequently has access to substantial securities, technology, and account services. Two, Schwab has available for purchase and sale almost all of the sustainable and responsible mutual funds and other investment vehicles. NI recommends clients open an account at another approved custodian or platform when the client has selected a packaged investment solution that is available only at that custodian or platform. NI regularly checks for best execution and reasonable transaction fees among other institutional providers.

The commissions charged by Schwab and other custodians and platforms are low and highly competitive with commissions and transaction fees at other institutional brokerage houses. NI primarily uses mutual funds in its model portfolios, and many of the mutual funds available at Schwab are no-load or load-waived funds. The very low or non-existent transaction fees at Schwab greatly reduce any conflict of interest in choosing a brokerage firm. We also may use institutional share classes of mutual funds for accounts above certain size thresholds and not



needing frequent rebalancing when the lower fund expense ratio of institutional share classes is expected to provide a cost savings to clients even after accounting for transaction costs associated with trading this share class. NI does not receive any of the proceeds from transaction fees when they occur.

NI does not receive special research conducted on our behalf or any other products or services (“soft dollars benefits”) in connection with executing client transactions at Schwab or other custodian or platform. NI does not receive client referrals from custodians, though NI is listed on Schwab’s website as an independent investment advisor.

NI directs clients to open accounts at Schwab and occasionally at other custodians. Not every investment advisor requires clients to open accounts at a specific brokerage firm. NI is not a subsidiary of Schwab or any other custodian or platform, and NI receives no client referrals or soft dollar benefits from directing clients to open accounts at any custodian. It is possible that by directing clients to open accounts at the custodians we suggest that we may not be able to achieve absolute best execution of trades for clients that could be available at another custodian.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, NI may receive from Schwab or another custodian without cost or at a discount support services and/or products, certain of which assist NI to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by NI may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by NI in furtherance of its investment supervisory business operations.

Schwab’s support services described below are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit the client and the client’s account.

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or some substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of our fees from our clients’ accounts; and assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include educational conferences and events; technology, compliance,

legal, and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human resources consultants, and insurance providers.

The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.

There is no corresponding commitment made by NI to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

NI's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

NI does not aggregate the purchase or sale of the vast majority of securities for its clients. NI does however aggregate the purchase of Calvert Impact Capital Notes, but believes that because the price offered is the same to each client, according to differences in duration, that this presents no conflict for the client.

Client accounts enrolled in the automated online program (Program) are maintained at, and receive the brokerage services of Schwab, a broker dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use Schwab as custodian and broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. NI does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then NI cannot manage the client's account through the Program. Schwab may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for NI clients and accounts for clients of other independent investment advisory firms using the Platform.

With respect to the automated online Program, as described above under "Advisory Business", NI does not pay SPT fees for the Platform so long as NI maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

### **Directed Brokerage**

Some clients may instruct NI to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct NI to use a particular broker should understand that this may prevent NI from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent NI from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are

adequately favorable in comparison to those that NI would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

## **Review of Accounts**

NI uses investment reporting and analysis platforms to download data from client accounts held at each custodian on a daily basis. This information is used to offer an interactive investment portfolio dashboard that clients can access. It is also used to create standard investment reports provided to clients annually, or more frequently at client request or advisor preference. Investment reports are reviewed by the investment advisory representative that is working with the client. During these reviews NI may make recommendations about changing the portfolio holdings. The reports indicate performance for 1-year, 3-year, 5-year, and since-inception periods, net of fees. The reports contain a variety of other financial information, relevant benchmarks, and commentary from our Director of Investment Research.

NI monitors the financial performance of our model portfolios and client accounts at least quarterly. NI generally does not make adjustments to our models more frequently than quarterly, but may do so if economic, social, or financial circumstances warrant or whenever information becomes available that may materially affect an investment.

Schwab and other custodians or platforms provide monthly or quarterly account statements indicating account and fund balances, deposits, withdrawals, purchases, sales, dividends, interest, fees deducted from the account and any other activity from the custodian of the account. NI can direct these custodians to provide consolidated statements for households with multiple accounts. Other custodians may send monthly or quarterly account statements, this will be discussed with the client prior to investment.

## **Client Referrals and Other Compensation**

NI does not receive an economic benefit of any kind, other than directly from clients, for providing investment advice to our clients. NI receives asset-based service compensation directly from Impact Assets for monies in client-linked donor advised fund accounts at Impact Assets. NI, including any person related to NI, does not provide economic benefit of any kind to a third party for client referrals. NI or its representatives may receive client referrals from websites where they may be listed. In no case will the client pay any additional fees to NI for services if the referral comes from any of these listings.

## **Custody**

NI does not take physical custody of client funds, assets or securities. Clients open accounts in their own names at the directed custodians or other approved vendors. Schwab and other approved vendors send monthly or quarterly account statements to clients, and clients should review those account statements carefully. If you are not receiving at least quarterly custodial account statements, please contact us at the number on the cover page of this brochure. Performance reports that include holdings reports provided by NI may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. NI urges all clients to compare holdings reports and statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact NI's Chief Compliance Officer with any questions.

With a client's consent, NI may be provided with the authority to seek deduction of NI's fees from a client's accounts; this process generally is more efficient for both the client and the investment advisor. The account custodian does not verify the accuracy of NI's advisory fee calculation. Under government regulations, NI is deemed to have custody if the client authorizes NI to deduct advisory fees directly from the client's account.

As a result of assisting clients with standing letters of authorization to move funds to other accounts of a client, NI has been deemed to have custody. This is reported to the SEC but NI believes it meets the conditions for exemption and is not required to seek a surprise annual audit.

## **Investment Discretion**

NI generally exercises discretionary control over client accounts. This means that NI and its representatives may execute trades within client accounts without the client notifying the directed custodians or other approved vendors of the suitability for making these trades. NI secures permission to exercise discretionary control over client accounts both by signature on NI's Client Service Agreement, and by initial of the respective authorizations on the approved custodians and platform account applications.

Clients who engage NI on a discretionary basis may, at any time, impose restrictions, in writing, on NI's discretionary authority (i.e. limit the types or amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe NI's use of margin, etc.).

## **Voting Client Securities**

Investors who own shares of company stock and mutual fund shares possess the right to provide input on matters of corporate policy. Through shareholder votes, investors may have a direct impact on the operations, governance, and other financial factors of the company. If the client elects, and advisor agrees, their NI advisor may handle proxy voting. Clients may choose to retain this responsibility, and if so, the NI advisor can help the client make informed decisions. If the client elects to have the NI advisor vote the proxies, how the NI advisor voted on any issue and the process used to determine how the proxy was voted will be available to the client upon request.

### **Guidelines**

Clients may place reasonable restrictions on NI's voting authority. NI will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services and poor director attendance. NI will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, NI will further consider the opinion of management, the effect on shareholder value, the issuer's business practices, and the environmental, social, and governance implications of the proposal.

### **Conflicts of Interest**

NI will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of NI with the issuer of each security to determine if NI or any of its covered agents has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, NI's Chief Compliance Officer, will disclose the conflict to the affected clients. Clients may have the opportunity to vote the proxies themselves, or have their proxies voted according to NI's policy.

## **Recordkeeping**

NI maintains a separate file recording the history of all proxy votes. Clients may obtain a record of how the company voted proxy issues on their behalf by submitting a written request or calling us.

## **Financial Information**

NI does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance. NI accepts limited forms of discretion over clients' accounts. NI is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. NI has never been the subject of a bankruptcy proceeding.

## **Privacy, Security, and Confidentiality Statement of Policy**

Natural Investments (NI) has an obligation to all of our Clients to treat their accounts and the information submitted to open those accounts with the utmost care, both for financial reasons and to ensure the privacy, security and confidentiality of the information given to us. Therefore, NI has in place the following measures to ensure that privacy, security and confidentiality are not breached by outside access or unauthorized personnel.

## **Organization-Collected Information**

NI obtains information regarding Clients only from the Client and the Advisor with whom the Client has a working relationship. We do not use the services of a Credit Reporting Agency or any other outside organization.

## **Disclosed Information**

NI requests a variety of informational data from each Client in order to determine the financial need and social concerns of that Client. This information includes but is not limited to the Client's annual income, net worth, investment net worth, investment goals and objectives and any other information that is pertinent to the development of an Investment Policy Statement for each Natural Investments Client. This information is also utilized by NI Advisors to develop Client investment plans and strategies.

## **Parties with Whom the Information is Shared, Including Non-Affiliated Service Providers**

Information with regard to a Client account, and the personal information about a Client that was used to establish it, is shared with the following parties:

NI Office Staff, Outsourced or Virtual Staff, Officers, and Advisors as necessary in the day-to-day management of NI and in providing Client services.

NI Third-Party Money Managers. This information is only shared with non-affiliated money managers of the Client's choosing and only with the Client's written permission on the Account Application, or by completion of a questionnaire requesting a proposal.

NI attorneys and accountants in the course of their review of our business.

Any Federal or State Regulatory Agency in the course of their review of our business practices or as otherwise prescribed by law or court order.

Schwab and other custodians of Client accounts. Custodians only receives personal information about Clients from the account application that Clients complete and sign.

Orion Advisor Solutions has been contracted to prepare quarterly performance reports and client fee billing for NI in order to assist NI in servicing your account. Orion has agreed to protect all NI Client information to the same level of privacy and confidentiality as stated in this policy statement.

Redtail Technologies has been contracted to store client contact information, archived email, and notes online for NI in order to assist NI in servicing your account. Redtail Technologies has agreed to protect all NI client information to the same level of privacy and confidentiality as stated in this policy statement.

### **Information About Former Clients**

Information provided by a Client that is no longer using NI services is shared as above only with NI attorneys and accountants or any Federal or State Regulatory Agency or as otherwise prescribed by law or court order.

### **Policies & Procedures**

NI has implemented the following policies and procedures regarding the disclosure of information we receive about Clients:

Any information and documents provided to NI about you, the Client, your family, your financial circumstances and your financial objectives will be kept strictly confidential. NI attorneys and accountants who may need to review our files must keep this information confidential. We may be required by law or regulation to disclose such information to federal and state regulatory authorities or as may be required by court order.

NI does not sell or rent mailing lists and will not release your name and address to anyone outside of NI without your permission. All information is provided to NI by the Client, via the questionnaire and/or account applications completed by the Client with the assistance of their Advisor.

NI restricts access to our physical and electronic files to authorized personnel only (NI Home Office Staff and our Designated Independent Contractors and their staffs). Only those staff members or Designated Independent Contractors that must have access to personal Client information have the means to view that information.

NI may provide information regarding a Client's account to non-affiliated financial services companies with whom we have a joint working agreement, in order to provide the Client with that financial company's services with relation to their account.

NI does not obtain personal Client information from sources other than those mentioned. (e.g. Charles Schwab, specific Outside Money Managers, Portfolio Management Consultant). NI will provide an initial notification of our Privacy, Security and Confidentiality Policy to every Client. NI maintains physical, electronic and organizational safeguards to protect your personal information.

### **Right to Opt Out**

As stated above, information is only shared with non-affiliated third parties with Client's written approval either through an account application or a questionnaire requesting a proposal for services. Each non-affiliated third-party is governed by the same non-disclosure of personal information requirements as NI. If a Client wishes not to have personal information disclosed to the above-specified non-affiliated third parties, the Client will not be able to utilize NI services.