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# About Us

## **It's about empowering you through us.**

We think that investment is a personal stake in the future rather than just a business transaction. In 2016, we set out to create a sustainable investing company. We took this course because it was the right thing to do and because we had no doubt that it was a superior method of investing

Our concept has expanded into a national clientele that includes both people and foundations. We've seen the results and effects of sustainable investment along the way, and we've questioned how to enable investors everywhere to carry on this legacy.

Alvarado Associate Managers (AAM), an automated investing firm that specializes on sustainable investing, is the answer. Built on the same principles that have guided us since the beginning, AAM offers world-class funds, customized asset allocation, and ongoing portfolio management for a fraction of the cost and investment of traditional options. It has never been simpler or more important to invest sustainably. As we embark on a new age of proactive investing—one propelled by you—we cordially ask you to join us.





The Service gives you access to a Model Portfolio, which is a personal investment account with a variety of diverse asset classes that is expertly managed by your preferred Investment Manager and in line with your preferred investment strategy. Your Investment Account's investment portfolio is legally kept for safekeeping by our designated custodian, but you have the right to benefit from it. This means that you are the beneficial owner of the investments in your Investment Account. These investments are maintained apart from other investors' portfolios.

This means that at any moment, you can access the underlying investments in your Investment Account, alter the Model Portfolios, add to them, or ask to have your investment withdrawn. Each Model Portfolio must be managed within the confines of your chosen investment manager's mandate. When the Investment Manager determines that a change to the Model Portfolio's investment composition is desirable, the Investment Manager notifies Alvarado Associate Managers (in its capacity as the Service's administrator) of the changes to be made, and AAM applies those changes to each investor account that has chosen the Model Portfolio. It enables us to execute trades on your behalf in accordance with the Model Portfolio you've selected without needing to wait for your approval each time the Investment Manager wants to make changes to the Model Portfolio. This makes it possible for us to update your investments quickly and effectively as market conditions change.



# We understand sustainability

On Earth, we are all stakeholders. Each of us is inextricably connected to the air, water, land, and everything else that keeps us alive. Additionally, we share a close bond with present-day generations as well. These recurring themes make up the heritage of sustainable investment, which explains why responsible investors of all sizes have contributed to its rapid expansion.

*The earth is what we all have in common*

**Wendell Berry**



# We look for better companies.

AAM only invests in funds that are environmentally, socially, and corporate governance (ESG)-screened using up to ten different ESG factors. Owning ideal businesses is not necessary for sustainable investing. It involves identifying businesses that stand out from their competitors by acting ethically at all times. Despite not appearing on a balance sheet, these best-in-class actions frequently have a significant impact on a company's bottom line, according to studies.

*Know what you own, and know why you own it.*

**Peter Lynch**



# Change from the inside.

Shareholders have the right to influence the businesses they control by consulting with management directly. AAM-owned funds have recently used shareholder activism to oppose hydraulic fracturing (or "fracking"), reveal corporate political spending, and phase out sales of old-growth timber.

*The quality of your communication determines the size of your result*

**Peter Drucker**

# What does it mean to invest sustainably?

Sustainable investing is a proactive investment strategy that considers a company's environmental, social, and governance (ESG) activities in addition to standard financial research.



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# The Tools of Sustainable Investing

**Positive Screening:** The preferential selection of companies with strong ESG performance relative to their peers—also known as best-in-class screening.

**Negative Screening:** The exclusion of companies or sectors based on specific ESG criteria such as tobacco, weapons, fossil fuels, or nuclear energy.

**Active Ownership:** Engaging a company as a shareholder, either formally through resolutions and proxy voting, or informally through direct dialogue.

**Thematic Investing:** Selecting investments based on a specific theme such as renewable energy, water conservation, and women's rights.

**Community Investing:** Investing capital directly into banking and lending institutions that serve low-income and underserved communities.



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# The Tools of Sustainable Investing

Studies from academia and Wall Street have revealed a rising correlation between greater long-term individual stock performance and environmental, social, and governance (ESG) measures. But does a basket (index) of sustainable stocks exhibit similar competitive performance?

To find out, we compared the S&P 500's performance to that of the Calvert Social Index and the Vanguard FTSE Social Index, two sustainable fund indexes. Even though all three indexes passively invest in the stock market as a whole, the sustainable indexes only include businesses that strictly adhere to environmental, social, and corporate governance (ESG) requirements.

## How popular is sustainable investing?

Investors have a shared aim to make investments that are sustainable, whether they are enormous state pension funds, university endowments, or regular people. With total assets nearing \$12 trillion in 2018 - an astounding leap from just \$639 billion in 1995 - sustainable investing has emerged as one of the investment trends with the greatest rate of growth in the U.S. alone. A vast majority of women and younger investors are changing the investing landscape by seeking investments that go beyond the standard financial measurements and include ESG issues, even if institutional investors account for the majority of the rise.

*"Report on U.S. Sustainable and Impact Investing Trends," U.S. Social Investment Forum, 2018*

% of investors that consider social, political, and/or environmental factors when making an investment decisions

**Women:** 64%

**Gen X:** 65%

**Millennials:** 87%

**High Net Worth Investors:** 53%

*Source: "2018 U.S. Trust Insights On Wealth and Worth," U.S. Trust, 2018.*



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# How it works

## **We'll begin by asking you about your objectives.**

Simply respond to a few simple questions about your age, risk tolerance, and goals, and we'll get started creating an investing strategy tailored to meet your needs.

## **We'll then give you a portfolio recommendation after that.**

Everything you require to make an informed selection will be included in your customised advice. A ten-year history of your portfolio model, a list of the ESG funds we employ, and a portfolio mix determined by your investment aim are all provided. You can speak with a personal advisor if you have any additional inquiries.

## **And finally, we'll guarantee that you can open and maintain your account.**

It only takes a few minutes to complete our simple electronic application process. Following the funding of your account, we will handle your assets and keep an eye on your portfolio so you don't have to. Your money will be professionally managed in a sustainable manner, saving you time, trouble, and giving you continuing peace of mind.

### **SMART INVESTING WITHOUT THE HASSLE.**

*Smart, diversified, and all about you.*

Every investor is different, that's why identifying the right mix of investments is so important. We start by asking a few simple questions. Then we take it from there and create an asset allocation designed to your specific goals and risk tolerance. We use time-tested strategies and Modern Portfolio Theory to allocate and diversify your money across a broad selection of global stocks and bonds.



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# We'll help you find the right investment mix:



## **Stock Funds**

US Large Companies  
US Medium Companies  
US Small Companies  
Int'l Developed Companies  
Money Market

## **Bond Funds**

US Short-Term  
US Intermediate-Term  
High Yield  
Community Development



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## **Designed for intelligent and effective performance**

Intelligent design sets the stage for performance, which is maintained by astute investor behavior. By establishing a diversified foundation of top-tier sustainable funds, AAM maximizes your performance. These funds have a proven track record, capable management, and negligible to no commissions or transaction costs.

Once you've made an investment, AAM assists you in navigating the market's emotional ups and downs by automatically rebalancing your portfolio, keeping you on course.

## **Managed, allowing you to invest with confidence.**

AAM carefully monitors and manages your money throughout the life of your account, saving you time and unnecessary stress. With safe online access just a phone call away, we'll keep you up to date. Additionally, there is a qualified person you may speak with for those occasions when you'd prefer a more human touch.

## **In order to keep you safe, we employ a separate custodian.**

Your AAM funds are kept at TD Ameritrade, one of the biggest discount brokerage companies in the world, which offers asset protection of up to \$5,000,000 and is a member of the Securities Investors Protection Corporation (SIPC).



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# Key Asset Markets

## EQUITY MARKET

World market cap of listed domestic companies as of 2016 is - \$65tn with global annual stock turnover of - \$86tn. Although listed companies are among the most liquid asset classes, liquidity varies greatly across stock markets and individual stocks. Stock market turnover varies across countries from 0.2% in Luxembourg to 480% in China.

Listed stocks might be inaccessible for investors abroad due to the high cost of listing on international exchanges. With blockchain technology stocks can expand the investor base and significantly increase turnover. Times are changing and we must make necessary accommodations for maximum profits per share. This presents an excellent way to achieve this. Less than 0.1% of 5.7 million companies with employees in the USA are publicly traded companies. Even among firms with more than 500 employees, 86.4% are privately held. Private companies generate 59% of revenue and make 53% of investments in USA. It means that companies that make up major part of the economy are currently cut off from the wide equity investor base.

## DEBT MARKET

Global debt market value grew by \$7.6trillion to more than \$215 trillion in 2016 with a total trading value of \$52 trillion annually. Transaction costs of trading debt are currently estimated at \$150 billion.

## REAL ESTATE MARKET

Until now, to get exposure to real estate one had to buy the whole property or buy shares of real estate funds (REFS). High transaction costs and a very limited choice of REF investment opportunities led to a reality where turnover is significantly lower, despite the fact that real estate has nearly the same total asset value as the stock market.

The size of the global real estate market has reached \$217 trillion and residential property makes up about 75% of the total value.

While annual real estate trading volume totals around \$16 trillion with estimated trade transaction costs of - \$100 billion, we see a growing trend and a chance to seize the opportunity offered by tokenization to unlock the value of real estate assets.



## COMMODITIES MARKET

Commodities are typically traded on futures and options markets, while spot market turnover is significantly lower. Four major segments of physical commodities account for 35% of total futures trading volume on exchanges: agriculture, energy, industrial metals and precious metals. Trading of futures has been growing very rapidly over the past 10 years.

From 2007 to 2016, the number of contracts traded in the agricultural, energy and industrial metals categories rose from 1.16 billion to 5.77 billion, with a total nominal value of more than \$100 billion.

Liquidity and trading volumes vary greatly across traded commodities. The most traded include: crude oil, natural gas, heating oil, RBOB gasoline, gold, sugar, corn, wheat, soybeans, copper, soybean oil, silver, cotton, cocoa. Purely financial transactions in the most popular commodities are outnumbering physical trades by a factor of more than 200.

For example, average daily traded volume in crude oil futures exceeded \$100 billion with 2.2 billion barrels of oil traded daily in Q2 2017, while daily production volume was 8.9 million barrels. Transaction fees for liquid contracts vary from below 0.01% to about 0.1% of contract nominal value.

## ARTWORK MARKET

Global artwork holdings amount to around \$3 trillion, while worldwide auction and private sales in 2016 raised more than \$50 billion. Given high auction house commissions-which average around 20-25% of the sale price- we see the potential to eliminate the middle man, thereby reducing commission costs.

The pledge services market of artwork is currently underdeveloped. Overall value of current loans secured by artwork amounted to more than \$8 billion. About 8% of global collectors used the strategy of securitization of artwork, and only 22% of banks provide such services.

Reportedly, more than 30% of banks have plans to get art work securitization underway through the application of tokenization and blockchain technology. Given the demon stable demand of global collectors and low penetration, we expect AAM to be a driver of market growth and accelerated development of artwork tokenization services.



## **OIL AND GAS**

In an evolving environment, we're assisting oil and gas firms with their transformation. The oil and gas business is changing in response to changing energy demand and price outlooks. But very few businesses are using digitalization to its full potential. The industry needs new business strategies, streamlined portfolios, rapid digital technology investment, and increased capital flexibility.

In order to remain relevant to today's energy customers, we can assist you in adjusting to changing consumer needs. A special mix of resources is made possible by our knowledge across the entire oil and gas value chain and our partnerships with top technology companies. Utilize our insights as you transition to long-term success in a new energy world to make efficiencies now.

### **Benefits of Investing in Oil and Gas With Alvarado Associate Managers**

#### **Access Private Market Drilling Economics**

By directly funding individual oil and gas wells through the AAM Drilling Fund, you can enjoy a unique risk/return profile that you won't find in the public markets

#### **Potentially Reduce Your Tax Bill**

Gain access to significant tax savings by investing in the oil and gas industry, which can boost the actual return on your investment.

#### **Hedge Against Inflation**

Direct oil and gas investing may provide you with enticing returns and significant inflation protection.

#### **Avoid Stock Market Volatility**

Private market drilling partnerships can provide an investment that avoids the volatility associated with the broader stock market.



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# Legal Considerations



## **TRADING AUTHORIZATION AND ESTABLISHMENT OF ACCOUNTS:**

Investor hereby constitutes and appoints Alvarado Associate Managers as Its true and lawful agent for the selection of securities to be bought and sold and the amount of securities to be bought and sold that AAM financial deems, in its sole and unrestricted discretion and judgment, to be consistent with investor's investment policy and to take all actions necessary for the execution of any purchase or sale of securities.

AAM is granted authority to collect advisory fees from Investor's account, remit checks, wire funds, and otherwise make disbursements of funds held in Investor's account to

- 1) banks, other broker-dealers, investment companies, or financial institutions to or for credit to an account of identical registration; or
- 2) to Investor at their address of record.

## **Risk Acknowledgement:**

AAM acknowledges the high level of volatility which become characteristic of the modern day financial markets. Investor also acknowledges that investments have varying degrees of financial risk and that AAM being chosen to fulfill the role of portfolio management, which would provide returns periodically as stated against each Investment package according to investor preference (weekly, monthly or through the application of compound interest for better results). AAM also ensures that payouts of profits are made as at when due to the 91.2 percentile and an investment rebate of 99% of invested equity in the event of a total and complete loss of funds.

**Service to other Clients:** Investor understands and agrees that AAM provides investment advisory services for other investors. Investor agrees that AAM may give advice or take action in the performance of its duties with respect to any of its other clients, or for AAM and/or its employees' own accounts, which may differ from advice given to or action taken on behalf of Investor. AAM is not obligated to buy, sell or recommend for Investor. any security or other investment that AAM or Its employees may buy, sell or recommend for any other client or for their own accounts.



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### **Liability of Alvarado Associate Managers:**

Investor agrees that AAM will not be liable for any recommendation, act or omission, including but not limited to any error in judgment, with respect to the managed investment portfolio, so long as such recommendation, act or omission does not constitute a breach of fiduciary duty to Investor. Nothing contained herein shall in any way constitute a waiver or limitation of any rights which Investor may have under applicable federal or state securities laws. AAM shall not be liable for complying with any directive or instruction of the Investor that is received verbally. AAM shall not be liable for any act or omission of any Custodian, broker or other third party with respect to the managed investment portfolio.

### **Confidentiality:**

Except as otherwise agreed in writing or as required by law, AAM will exercise the highest degree of due diligence and care with respect to keeping confidential all Investor information. However, by signing this Agreement, Investor authorizes AAM to give a copy of this Agreement to any broker, dealer or other party to a transaction for the account, or Custodian as evidence of AAM limited power of attorney and authority to act on Investor's behalf. In addition, Investor grants Manager authority to discuss, disclose and provide confidential Investor information to outside attorneys, auditors, consultants and any other professional advisors retained by AAM to assist in the management of this Agreement and Investor's account. It is AAMs' policy to make available Investors' account information to Investor's spouse. An Investor may restrict such availability to his/her spouse by notifying Alvarado Associate Managers in writing.





## **DATA PROTECTION**

Sales and purchase of Asset-linked tokens on the AAMs' Platform may require personal data. Personal data is information that identifies an individual. Examples of personal data collected may include names, addresses, email addresses, phone numbers, fax numbers. Personal data maybe obtained in number of ways, including application via our website, correspondence, telephone and fax and email. We ensure personal data protection by accepting an internal privacy policy and complying with terms of use.

Generally, an individual is entitled to require a bank where he/she made any transaction to remove any data regarding such transaction from the banking system.

Blockchain does not allow deleting data about any transactions concluded. As such, any user conducting transactions via blockchain connected with purchase and/or disposal of AAM and asset tokens shall represent and warrant that they realize the above and shall provide a waiver renouncing their right to require removal of any such data from blockchain.

We put a significant emphasis on managing possible legal and regulatory risks and works in close partnership with a very reputable international law firm to protect it's users.

## **KYC AND ANTI-FRAUD**

Due to our role as a major international business, we pay serious attention to know-your client and anti-fraud issues in order to provide our customers and clients with a transparent business model that is safe with minimal risk.

In order to ensure that our services are not utilized by unwanted and illegal elements to further their illegal motives, we intend to facilitate our operations by means of:

- (1) obtaining sufficient information about our clients and verifying customer identity:
- (2) Conducting ongoing due diligence of assets tradable on the AAM's Platform
- (3) Highlighting suspicious customers and operations.





## **TAX**

Each customer shall declare, bear and pay all. Such taxes, duties, imposts, levies, tariffs and surcharges that might be imposed by the laws and regulations of any jurisdiction as a result of or in connection with the receipt, holding, use, purchase, appreciation, trading or divestment of AAM.

Each customer shall be solely liable for all such penalties, claims, fines, punishments, liabilities or otherwise arising from his/her non-payment, underpayment, undue payment or belated payment of any applicable tax.

The company gives no advice and makes no representation as to any applicable tax. The company gives no advice and makes no representation as to the tax implication of any customers decision to purchase Alvarado Associate Managers.

## **A PORTFOLIO THAT PROTECTS RESOURCES, ESPECIALLY YOURS!**

Is trying to invest sustainably leaving you stranded? Until now, investing has meant doing it yourself or having a large investment in order to hire a professional advisor (often with little or no sustainable investing experience). We believe smart and independent advice should be available to all, not just the privileged few. AAM levels the playing field with a low \$10,000.00 opening investment and a transparent annual fee you can understand.



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# PORTFOLIO MODEL TYPES

## HIGH GROWTH PORTFOLIO

**ROI:** 20% Quaterly

**Maximum Portfolio Drawdown:** 15%

**Risk to Reward Ratio:** 1.5 : 2

**Initial Capital:** \$25,000.00

Set yourself up for life's audacious goals by relentlessly seizing growth opportunities.

### About High Growth Portfolio:

High Growth strategy is designed for very aggressive long-term investors who want to earn market-beating returns and have a higher degree of tolerance for volatility and periodic drawdowns. High Growth strategy invests predominantly in Local & International Equities with a tactical allocation to Gold & Debt to take advantage of market opportunities. While equity allocation helps in beating the benchmark, allocation to other asset classes acts as a hedge to reduce volatility as well as drawdowns.

### Who should invest in High Growth strategy?

1. When you are a Very Aggressive investor who seeks to earn returns that beat the markets over a long term
2. If you are looking to invest towards your life goals like Retirement, Children's Education or Wealth Creation in a systematic way
3. If you have the appetite to absorb proportionately high risk in the long term



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# PORTFOLIO MODEL TYPES

## STABLE PORTFOLIO

**ROI:** 10% Quaterly

**Maximum Portfolio Drawdown:** 10%

**Risk to Reward Ratio:** 1 : 1

**Initial Capital:** \$15,000.00

Build a stable foundation for your future with steady growth you can count on.

### About Stable Strategy

It is designed for conservative investors with an objective of earning consistently better returns than Debt keeping the incremental volatility within the user's risk profile.

Stable strategy aims to generate incremental returns for investors looking to park their surplus money for a short period.

It maintains a minimum 50% allocation to Debt while rest can be in Indian & International Equities and Gold.

### Who should invest in Stable strategy?

1. When your investment goal is to earn a reasonably higher rate of return than inflation and definitely beat returns one can get from Debt
2. You are a Conservative investor who prefers minimal volatility and negligible drawdowns in the portfolio
3. You have an short to medium term investment horizon



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# PORTFOLIO MODEL TYPES

## SHIELD PORTFOLIO

**ROI:** 5% Quaterly

**Maximum Portfolio Drawdown:** 3%

**Risk to Reward Ratio:** 0.3 : 0.5

**Initial Capital:** \$10,000.00

Safeguard your savings for emergencies with returns that beat FDs and keep inflation at bay.

### About Shield Strategy

It is designed to beat the FD & Inflation twins, handsomely across all time periods. It aims to generate incremental returns for investors looking to park their surplus money for a short period . Shield strategy maintains a minimum 70% allocation to Debt while rest can be in Equities and Gold.

### Who should invest in Shield strategy?

1. When you are a conservative investor who wants to avoid volatility or uncertainty in your investment returns, and safety of principal is of utmost importance
2. Your investment goal is to just generate returns that are enough to beat the rate of inflation and interest earnings from Fixed Deposits, Liquid, Arbitrage funds or other Debt instruments
3. You have a short to medium term investment horizon



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