

# Excelsis Commentary

September 2018

## Welcome

Authentic freedom:  
the ability to do the good  
consistently with ease and joy.

Dan Wallick, Managing Partner & Chief Investment Officer  
Wallick Investments, LLC

istock.com/Studio\_3321

## Strategic Moral Investing

### A “true and beautiful” movement

Strategic Moral Investing is factor-based investments filtered to honor Biblical values.

This movement is about encouraging investments in companies that can and should be a force for good.

This first installment of our quarterly Excelsis Commentary includes:


- Criteria for selecting Excelsis holdings
- Two Excelsis holdings which appear to be acting as a “force for good”
- Excelsis exclusion criteria
- Wallick Investments’ Excelsis Portfolio Statistics
- Wallick Investments’ update

For God so loved the world that he gave his only Son, so that everyone who believes in him might not perish but might have eternal life.

John 3:16 NABRE



RIA ■ Strategic Moral Investing  
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803.699.9400



Diligence: Careful and persistent work or effort.<sup>1</sup>

The plans of the diligent  
end in profit  
but those of the hasty  
end in loss.

Proverbs 21:5  
NABRE

# Strategic Moral Investing

## SMI Honoree Criteria

To be highlighted in Wallick Investments' Excelsis Commentary a company's management needs to demonstrate a commitment to a higher level of stewardship, human dignity, subsidiarity, solidarity, the common good and a vision of a business as a community of persons. Evidence of management's commitment to these principles/virtues can often be found in a company's core values statement, their philanthropic efforts, employee relations and corporate culture. The following are brief definitions of our understanding of each of these principles and on the next page you will find our first honoree.

**Stewardship:** The management of goods which we do not own.<sup>2</sup>

**Human Dignity:** Each person, regardless of age, condition, or ability, is an image of God and so endowed with an irreducible dignity or value. Each person is an end in him or herself, never merely an instrument valued only for its utility— a who, not a what; a someone, not a something. This dignity is possessed simply by being human. It is never an achievement, nor a gift from any human authority; nor can it be lost, forfeited, or justly taken away. Thanks to this human dignity, each person has the right—indeed the obligation—to pursue his or her vocation and to strive for personal fulfillment in communion with others. In turn, this also entails that each of us has a duty to avoid actions which impede the flourishing of others and, as far as possible, a duty to promote that flourishing, for “we are all really responsible for all.”<sup>3</sup>

**Subsidiarity:** Mirroring God's great regard for human freedom the social justice principle of subsidiarity states that “a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good.”

**Solidarity:** Unity in fraternal charity which could also be called unity in brotherly love. It practices the sharing of both material and spiritual goods.

**Common Good:** “The sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily.” The common good concerns the life of all. It calls for prudence from each, and even more from those who exercise the office of authority.

“...Our Lord  
does not look  
so much at  
the greatness  
of our actions  
or even their  
difficulties as  
at the love  
with which  
we do them.”

Saint Therese  
of Lisieux

<sup>1</sup> Retrieved from <https://en.oxforddictionaries.com/definition/diligence>

<sup>2</sup> *Catechism of the Catholic Church*. Stewardship: paragraph 2404. Subsidiarity: 1883. Solidarity: 1939–1942. Common Good: 1906. Retrieved from [http://www.vatican.va/archive/ccc\\_css/archive/catechism/p3s1c2a2.htm](http://www.vatican.va/archive/ccc_css/archive/catechism/p3s1c2a2.htm)

<sup>3</sup> Pontifical Council for Justice and Peace, *Vocation of the Business Leader*. Human Dignity: 31. Retrieved from [https://www.stthomas.edu/media/catholicstudies/center/ryan/publications/publicationpdfs/vocationofthebusinessleaderpdf/PontificalCouncil\\_4.pdf](https://www.stthomas.edu/media/catholicstudies/center/ryan/publications/publicationpdfs/vocationofthebusinessleaderpdf/PontificalCouncil_4.pdf)



# Strategic Moral Investing Honoree #1

# Deere & Company

Pavlo Baliukh/Shutterstock.com

## Profile

John Deere Company (NYSE: DE) is an American corporation that manufactures agricultural, construction and forestry machinery, diesel engines, drivetrains used in heavy equipment, and lawn care equipment. John Deere has developed a strategy to grow and sustain its successful global business. John Deere has capitalized on the opportunities presented by increasing population, prosperity, and urbanization. Today, broad trends based on population and income growth, especially in developing nations, are driving agricultural output and infrastructure investment. Further, technological advances and agricultural mechanization are expanding existing markets and opening new ones.

John Deere's web site states: "Our world and business are changing. Our core values remain. How we do business is critical to our continued success. The "How" is represented by our core values of Integrity, Quality, Commitment, and Innovation. You see the "How" in our people, products, and processes. You recognize it in how we operate every business, every day, and in the ways we treat employees, customers, suppliers, dealers and other stakeholders. Our core values define us. They unite us and differentiate us from competitors. Our commitment to these core values is not optional and never wavers."

Through John Deere's global volunteerism program, employees are empowered to make a difference in their communities. Their goal of one million recorded volunteer hours by 2022 supports their commitment to achieve higher and sustainable living standards around the world. **Focus areas include:**

## Hunger

Specifically, John Deere supports projects in the areas of farmer training, value-chain enhancement, and microfinance services through such partners as TechnoServe, PYXERA Global, and Mercy Corps.

## Education

Some examples of John Deere's partners include: iJAG, FIRST Robotics, Project Lead the Way, Junior Achievement and FFA.

## Community Development

Key partners John Deere supports in this area include local United Way organizations and the efforts they support, Global Communities, food banks, and the American Red Cross.

## Recognitions & Awards in 2017

- World's Most Ethical Companies  
–*Ethisphere Institute*
- Top 50 Most Admired Companies  
–*Fortune magazine*
- Great Place to Work in Mexico  
–*Great Place to Work Institute*
- Top Employers in Germany  
–*Focus magazine*
- Top Employers in Spain (John Deere Ibérica)  
–*Top Employers Institute*

Resource: <https://www.deere.com>





# Strategic Moral Investing Honoree #2

# Clorox

Cocos.Bounty/Shutterstock.com

## Profile

The Clorox Company (NYSE: CLX) is a leading multinational manufacturer and marketer of consumer and professional products with about 8,700 employees worldwide and fiscal year 2018 sales of \$6.1 billion. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products; Pine-Sol® cleaners; Liquid Plumr® clog removers; Poett® home care products; Fresh Step® cat litter; Glad® bags, wraps and containers; Kingsford® charcoal; Hidden Valley® dressings and sauces; Brita® water-filtration products; Burt's Bees® natural personal care products; and RenewLife® digestive health products. The company also markets brands for professional services, including Clorox Healthcare® and Clorox Commercial Solutions®.

Founded in 1980, The Clorox Company Foundation has a mission to improve the quality of life in communities where Clorox employees live and work. Since its inception, the foundation has awarded cash grants totaling more than \$107 million to nonprofit organizations, schools and colleges.

The foundation focuses on programs that support youth development, K–12 education, cultural arts and urban farming. It serves the communities surrounding the Oakland, California headquarters, as well as those surrounding their remote offices and manufacturing facilities.

In addition to providing cash grants to nonprofits, Clorox supports the individual actions of employees by matching through the “GIFT Campaign” the employees’ personal donations of time and money. While the causes employees choose to support don’t

necessarily reflect the focus areas of the foundation, community support has been, and will continue to be, an integral part of the company’s culture.

In calendar year 2016, employees donated 115,000 hours of their time to hundreds of local nonprofits, a financial equivalent of \$2.8 million. The year ended with nearly half of eligible employees participating in the “GIFT Campaign” and together, with a matching contribution from the foundation, contributed nearly \$5 million to support more than 3500 non-profits.

During the 2017 fiscal year, Clorox made \$1.1 million in cash donations to support initiatives including the following:

- **The Clorox Safe Water Project**, providing people in rural Peru with access to clean water
- **The Burt's Bees Bring Back the Bees campaign**, which returned in 2017 to double its impact and plant 2 billion wildflowers
- A program from Brita Canada that helped provide cleaner drinking water for an entire community in Kenya—over 40,000 people this year—impacting not only their health but also their education since many young girls who had been responsible for retrieving water for their families are now able to attend school
- DonorsChoose.org, a program from our Clorox brand that helped teachers prepare for back-to-school
- Improved diet and nutrition programs through the Partnership for a Healthier America, supported by Clorox’s Brita and Hidden Valley brands
- Anti-cyberbullying initiatives from our Brita brand and
- Efforts to promote cat adoption supported by our Fresh Step brand.

# Recognitions & Awards for Clorox

- The Clorox Company is recognized by The White House for its “best-in-class” retirement plan.
- The Clorox Company ranks No. 20 on Corporate Responsibility Magazine’s list of the 100 Best Corporate Citizens.
- The Clorox Company is named to Forbes’ “The Just 100: America’s Top Corporate Citizens” list, in recognition for its quality products, treatment of customers and employees, commitment to ethical and diverse leadership, and community support.

Resource: <https://www.clorox.com>

## Strategic Moral Investing Exclusion Criteria

Wallick Investments intentionally disqualifies from our process companies that profit from morally questionable activities such as:

- abortion
  - contraception
  - predatory lending
  - embryonic stem cell research
  - production of weapons of indiscriminate mass destruction and
  - pornography.
- We also eliminate companies that significantly promote unchaste lifestyles— lifestyles that condone sexual relations outside the covenant of marriage between one man and one woman. **Unfortunately, the S&P500 Index includes as many as 100 companies which trigger one or more of our exclusion criteria above.**



### ***Contact us today for a complimentary evaluation of your holdings & performance.***

For information about your performance, diversification and adherence of your portfolio’s top 50 holdings to Biblically responsible investment guidelines, **call 803.699.9400 or e-mail us— [Danwallick@wallickinvestments.com](mailto:Danwallick@wallickinvestments.com).**

Some taxable and employer sponsored plans excluded.

*“Clients who value moral/ethical decisioning of their investments can continue to both feel comfortable with the positions they hold, and the performance they can expect— based on our system of research and length of time we have applied SMI, and our skilled application of it.”*

- Dan Wallick, managing partner and chief investment officer



# Wallick Investments Excelsis Model

Our WI Excelsis portfolio is a core, “all-weather” holding consisting of stocks of companies which demonstrate a commitment to corporate stewardship, human dignity, the common good, and a vision of a business as a community of persons focused on: producing goods and services that meet genuine human needs while taking responsibility for social and environmental costs of production; organizing productive and meaningful work recognizing dignity of employees and their right and duty to flourish in their work; and using resources wisely to create both profit and well-being, to produce sustainable wealth and to distribute it justly (a just wage and ownership for employees, just prices for customers and suppliers, just taxes for the community, and just returns for owners).

## Portfolio Statistics

	WIEX	S&P500
Price/Earnings	20.21	17.12
Price/Book	3.02	2.93
Price/Sales	1.78	2.18
Price/Cash Flow	11.87	12.78
Avg. Capitalization	35.80	99.91
Volatility	9.80	10.16
Dividend Yield	2.11	1.97
Avg. MS™ Rating*	2.94	n/a
Avg. Zacks™ Rating	2.70	n/a

## Diversification (percentages)

Sectors	WIEX	S&P500
Consumer Defensives	8.16	7.30
Healthcare	12.24	14.00
Utilities	6.12	2.95
Communication Services	0.00	3.28
Energy	4.08	6.34
Industrials	14.29	10.19
Technology	18.37	22.89
Basic Materials	6.12	2.45
Consumer Cycles	16.33	12.06
Financial Services	14.29	16.21
Real Estate	0.00	2.34
International	0.00	0.85

## Value Blend Growth

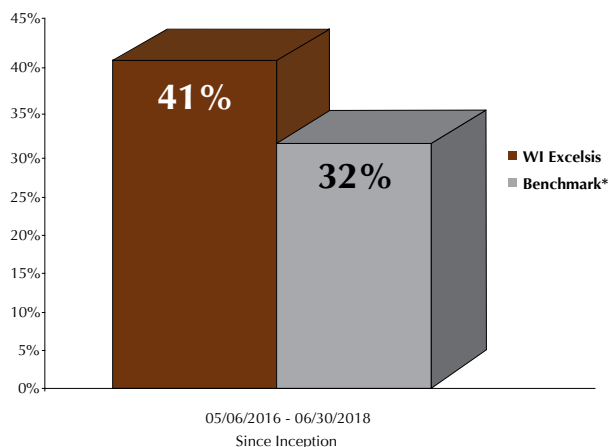
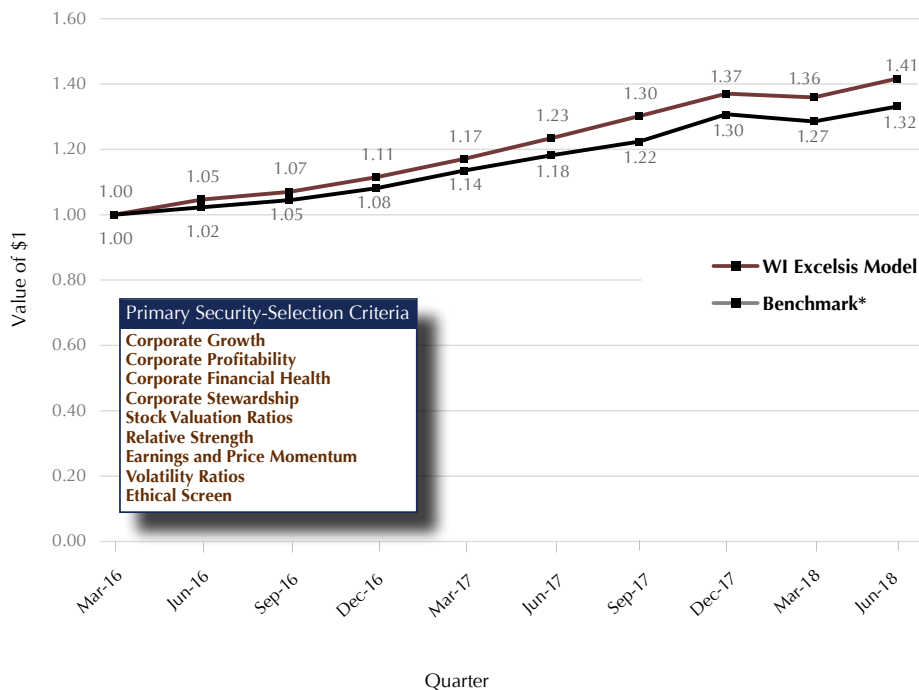
	Value	Blend	Growth
Large	27	43	8
Mid	8	12	2
Small	0	0	0

## Portfolio Performance (percentages)

	WIEX	Benchmark*
2Q2018	3.80	2.91
YTD	2.57	2.22
1 Year	14.06	12.17
Quarters of outperformance	6/9	

## Wallick Investments Excelsis vs. Benchmark\*

(\*85% of the Vanguard 500 Index Fund / VFIAX)



Data: as of June 30, 2018



## Wallick Investments Fidelis Composite



Morningstar Overall Rating™

out of  
403 large-cap value  
products as of  
June 30, 2018.\*

\*See back cover.

# It's not about us...

It's about making the most of your investments.

Wallick Investments specializes in separate account portfolio management which honors both faith and science. We add value to our clients' accounts by outperforming our industry peers and providing our clients with the time and confidence to pursue their dreams as we make the most of their investments.



**Wallick Investments Fidelis Composite received Morningstar's highest rating for risk-adjusted performance—5 stars overall** among 403 large-cap value products as of June 30, 2018\*. This is the 10th quarter out of 15 that the Fidelis strategy has received a 4-star or greater Overall Morningstar Rating.

WI Core Growth Composite, Wallick Investments' chief equity strategy, received a Morningstar Rating of 4 stars overall among 115 mid-cap blend products as of June 30, 2018. This is the 18th out of 25 quarters that Wallick Investments' Core Growth Composite has received a 4-star or greater Overall Morningstar Rating.\*

Also in 2Q2018, Wallick Investments was proud to sponsor events hosted by the following:

- Columbia International University
- Knights of Columbus State council
- Lexington (SC) Chamber of Commerce
- Covenant Classical Christian School
- North Greenville University
- and Rainbow International Restoration.
- Family Honor
- Knights of Columbus local councils 6847 & 6891

Wallick Investments is currently offering free, no-obligation portfolio reviews, including an evaluation of performance and holdings.

*Left to right:*

**J. Wade Stinnette, Jr.**  
Principal and  
Senior Portfolio Manager

**Daniel T. Wallick**  
Managing Partner and  
Chief Investment Officer

**Susan H. Wallick**  
Principal and Director of  
Marketing and  
Communication

**Jacob D. Wallick**  
Jr. Portfolio Manager  
and Managing Partner  
Associate

You are invited to a complimentary presentation of  
**Strategic Moral Investing**  
Thursday, September 27, 2018  
7am, 12 noon and 6pm

RSVP to [Susanwallick@wallickinvestments.com](mailto:Susanwallick@wallickinvestments.com)  
Refreshments provided during each hour long presentation of your choice.  
Parking validation provided at presentation for the Lady Street garage  
adjacent our building.





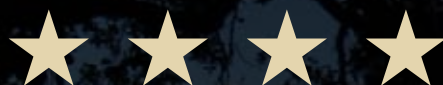
## Wallick Investments Fidelis Composite



Morningstar Overall Rating™

out of 403 large-cap value products as of June 30, 2018.\*

## Wallick Investments Core Growth Composite



Morningstar Overall Rating™

out of 115 mid-cap blend products as of June 30, 2018.\*

\* The Morningstar Rating™ for funds, or “star rating”, is calculated for separate accounts with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.

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*... or whatever you do, do everything for the glory of God.*

1 Corinthians 10: 31 NABRE



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