SUSTAINVEST
Asset Management, LLC

4th Quarter 2019

Your Investments. Your Planet. Your Choice.

Inside

Economy

Well, the heat did continue and the markets wish list was filled. The final quarter brought a return of 9.80% in the S&P 500 with an annual return of 28%. It's almost like all cylinders (or electric battery packs) are firing in sync. Interest rates remained at their historical lows, unemployment rates below 4% and a "phase one" of the US-China trade deal looks to be underway. Of course, this can all change with a late night tweet. But regardless of political events, corporations seem to have hit a stride. So where to go? When the 10 year Treasury bond is returning a yield of 1.9%, investors should continue to look at investing in companies with strong fundamentals along with decent dividends. That being said, if geopolitical issues look like they will linger into 2020 this will bring unsteadiness along the way. When the two largest economies go back and forth with trade tariffs, we have to assume until this if fully settled, movements in the market will persist.

What looked like it would be a challenging year for stocks in the "green" economy, it looks like the global economy is not going to pare back when it comes to climate change issues and corporate responsibility. Clean Energy ETF (PBW) was up 58% for the year along with Clean Tech ETF (PZD) returning 35%. All of this versus the dirty energy sector ETF (XLE) only returning 2.7%.

It's clear the interest for sustainable investing (SRI) continues. According to a recent survey, in 2015, 71% of investors indicated an interest in sustainable investing. This year, 85% indicated an interest (and 95% of millennials!). And the plethora of choices grows. Many conventional funds in the U.S. have added ESG criteria, bringing the total to about 500 funds. Asset managers are finally waking up to the consideration of material ESG issues which

continued page 3...

Companies Committed

When one thinks of real estate, sustainability doesn't immediately come to mind. That being said, some real estate companies are definitely doing a better job than others when it comes to issues like energy efficiency and LEED certification processes. Based out of San Francisco, the $50 billion company Prologis, Inc. (PLD) seems to be standing over many of its peers in the building world. This real estate investment trust is a global leader in logistics real estate. Its portfolio of over 3,000 buildings in 19 countries focuses on high-barrier markets. Most of their assets are located in dense, metropolitan areas near key infrastructure such as highways, marine ports and airports.

Numerous examples of their sustainability inititative exist. They have issued green bonds, of which the proceeds will be used to pursue investments in a variety of environmentally focused programs, including building technology, water conservation and renewable energy. The company's extensive rooftop solar program has reached its goal of 200 MW. Also, it holds an ESG rating from MSCI ESG Research of AAA designating them as industry leaders in managing ESG risks. They are ranked the top U.S. company and sixth overall among the 2019 Global 100 Most Sustainable Corporations in the World.

PROLOGIS

In a time when searching for ways to become more sustainable in investing, real estate also needs to be addressed. PLD offers a 2.5% dividend which may further entice investors searching for solid ESG plays.

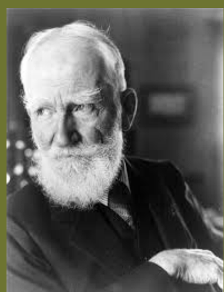
Note: Sustainvest may have a position in the company

Sustainvest Asset Management
215 Western Avenue, Suite B
Petaluma CA 94952
@Sustainvest1

Education

Tips for a Healthy Financial 2020

As we enter 2020, this could be the opportune time to set yourself up for a financially healthy new decade. After getting in some solid time on holiday travel, spending time with friends and family, and just relaxing away from the office, now its time to get financial orders in check. Here is a list of items that may help you do so.



"Progress is impossible without change, and those that cannot change their minds cannot change anything."

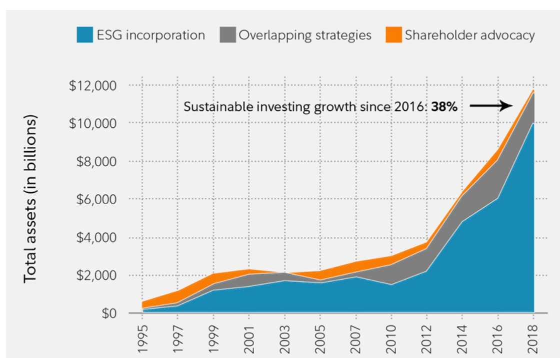
— Goerge Bernard Shaw

1. Create a Financial Plan

Is your 401k enough? Should you invest in a Roth or traditional IRA? What will my portfolio look like in 10 years based upon my current spending? Sustainvest offers clients free financial planning to help you set yourself up for the future you want. By using the financial planning program MoneyGuidePro, we are able to help clients gather data on their goals and expenses along with their assets and income sources to establish a plan of action to help fund their futures.

2. Be sure that your portfolio is ESG screened and you aren't funding big oil

You volunteer, make responsible purchasing decisions, and give to environmental nonprofits, but is it possible your investments are undermining those efforts? How can you ensure that your financial investments aren't hurting the planet? Sustainable and Responsible Investing (SRI) and Impact Investing offer ways to invest in businesses that are doing good while securing your financial future. Review your holdings. Pick greener mutual funds and ETFs. There are now so many SRI funds available that there's sure to be one that meets your investing style .



3. Top off your emergency fund

Being invested for the long term is great, but just as important is to be sure you have some cash on the sidelines to pay for unexpected issues. Though there is no exact amount that should be placed in a fund due to one's lifestyle, work situation, and age, the standard amount is usually 3 to 4 months worth of expenses.

4. Does your allocation match your risk profile and timeline

It can't be stressed enough. If you aren't sure if you have 50% in stocks or 90% in stocks, this needs to be checked on. After having a year in which returns in the S&P500 were over 25%, most investors allocations are going to be quite different than a year or two ago. If you work with an advisor, check in with them to see how they can get the allocation in line with your profile.

Shareholder Activism

Sustainvest Update

For this proxy season, we filed one shareholder proposal with Enphase Energy (ENPH). After doing some research, we found out that this Fremont, CA based manufacturer of microinverter systems for the solar photovoltaic industry does not have a sustainability report. A sustainability report, published by a company, speaks about the economic, environmental and social impacts caused by its everyday activities. It also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainability. Keep in mind, within the S&P500, a total of 395 companies (78 percent) issue sustainability reports. We felt that a company that is heavily involved in the alternative energy industry would only be stronger if they were to have a public policy on ESG issues. Stay posted as how this progresses.

SEC Rule Changes Could Slow Down Activism

Since 1934, any investor who owns $2,000 in a publicly traded company has enjoyed the right to file a shareholder resolution to improve how a company does its work. Here, we file several of these each year, as we feel it is our duty as owners of these publicly traded companies. While only some of these resolutions pass, they always spark meaningful dialogue between a company's leadership and its stakeholders. The SEC wants to change parts of this rule (Rule 14a-8). The below new changes could hamper the voices of shareholder.

- Raising the ownership requirement for any resolution to $25,000 for investors who have owned stock in that company for one year; to $15,000 for stock ownership of two years; and retaining the existing $2,000 threshold only for those who have owned stock with the company three years or more

- Barring investors from presenting another group's resolution during the annual general meeting (AGM), forcing small investors the expense of traveling to the company's AGM

The public comment period is open to all until Feb. 3. Thereafter, the SEC will have to hold another vote to finalize the rules. It has not yet announced the timing of that process. We shall see how this progresses and whether or not there are changes to the shareholder proposal rules.

cont. from ECONOMY from page 1

results in a more complete investment analysis. It is my job to be sure and vet these funds and their managers to truly see how "green" they actually are and steer clear of the ones that are simply green washing.

Performance numbers for Q4 and 2019

	Q4	2019
S&P 500	9.8%	28.79%
Total Bond Mkt.Index (BND)	1.64%	5.66%
Nasdaq	13.50%	35.20%
Sustainable Index ETF (DSI)	9.80%	29.26%
Gold	2.30%	17.80%
Energy Sector/Oil ETF (XLE)	3.80%	2.70%
Clean Energy ETF (PBW)	20.10%	58.03%

You may hear me talk about historical averages over coffee meetings sometimes. The S&P500 has historically done about 10% annually for almost 100 years. This means that these returns of over 20% are a bit off from the averages and there will eventually be a revert to the norm. Based upon this, for the first quarter of 2020, we may look to pare back on positions that have over performed relative to these norms. At the same time, it wasn't long ago in the mid 90's where the S&P500 returned over 20% each consecutive year from 1995-1999--something to ponder in this new age of smartphones, smart transportation, and smart everything. The key to all of this is making sure one's unique risk profile matches their asset allocation.

SUSTAIN**FOLIO**

Know anyone who thinks they don't have enough to be an Impact Investor. Think again! With a $5,000 minimum balance, this program was created to help further the mission of sustainable investing and opening up the movement of SRI to those who perhaps couldn't get into it as most advisors have a $1 million minimum. Our mission is to help guide those who are possibly taking their first attempt into this more environmentally friendly way to invest. If you or anyone you know is interested in starting an IRA or brokerage account with $5,000+ AND wants to be sustainable about it, check out **www.sustainfolio.com**

Greeny of the Quarter

Let's Hear it for Bonds!

In a time when the stock market is getting all of the attention, let's not forget about that larger sibling of stocks, bonds. Remember, the bond market holds almost double the amount of assets than stocks do. The fixed income market returned a rather solid 6% in 2019, but more news is focused on equity returns with companies like Apple up over 70% and and alternative energy fund PBW over 50%.

As we all get closer and closer to those golden retirement years, shifting portfolios more towards fixed income has historically been a sound strategy. Inside of fixed income, the greeny of the quarter that has quickly emerged is green bonds. While similar to traditional bond instruments, these fixed-income securities are different in one important way: Funds raised via green bonds must get used for projects that benefit the environment. For example, the cash could finance the purchase of solar panels to power office buildings.

In 2019, global sales of green bonds totaled $231 billion, more than 60 times as much as in 2013, according to the Climate Bonds Initiative, a U.K.-based nonprofit that looks to promote investment in climate-change solutions. The organization expects that total to exceed $250 billion for the full year.

At least $49 billion of U.S. green bonds will get sold this year, up from less than $1 billion in 2013, according to estimates from the CBI.

The first U.S. entity to use this specific term was Massachusetts, which in June 2013 sold $100 million of 20-year notes it referred to as “green bonds.” The commonwealth discloses what projects have been funded with the bonds, providing socially conscious investors with the means to track how the money is being put to work.

San Francisco’s Green Bonds program began in 2015 with the issuance of the City’s first Green Bonds by the San Francisco Public Utilities Commission to fund renewable energy investments. Since that time, the City has issued a combined $1.7 billion in Green Bonds,.

Along with cities, companies are doing the same. Apple Inc. issued a $2.2 billion "Green Bond" offering in Europe in late 2019, with the proceeds devoted to global initiatives to lower carbon emissions and other environmentally conscious programs.

Besides buying these individual bond positions, most investors will be able to invest in green bonds through the various funds that are now focused on the asset class. Van Eck launched the $26.4 million VanEck Vectors Green Bond ETF (GRNB) in 2017, followed a year later by iShares with its $42.8 million iShares Global Green Bond ETF (BGRN). One has to assume we will start to see quite a few more sustainable and green fund offerings in the near future.

If you are interested in learning more about our services, please contact us at **info@sustainvest.com** or call us at **707-766-9480**

If printed, please use recycled/reused paper!

SUSTAINVEST
ASSET MANAGEMENT, LLC

215 Western Avenue, Suite B
Petaluma CA 94952
@Sustainvest1

WWW.SUSTAINVEST.COM 707-766-9480 INFO@SUSTAINVEST.COM