



YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.

ECONOMY

INSIDE

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“Autumn When I was young, my dad always seemed to have a boat. They always needed upkeep and were not the nicest boats on the waters, but one thing I noticed when we went miles out into the Atlantic Ocean was how he steered the boat, always making sure to not let the waves broadside us. I feel the same about investing on behalf of clients. Some clients are ok with the “wake” of the markets while more conservative investors would rather not deal with the large swells as much. Though the journey was always interesting and bumpy, getting to the destination (or getting back to the dock and dry land) was always the end goal. The markets are no different.

Amidst the very choppy seas of this last quarter, most of the markets had a rather

solid quarter. For this 4th quarter, the S&P 500 was up 10.68%, the Dow Jones 30 was up 7.81% and the Nasdaq was up 9.85%. For the first time in five years, tech investors didn’t beat the general market. The last two times the S&P 500 topped the Nasdaq occurred in 2016 and 2011. Stay at home tech stocks took a little breather as some returned to work.

On the more conservative side, the bond market didn’t fare as well. The US Aggregate bond index was down 0.57% and Gold (GLD) was up just 2.89%. On top of this our beloved solar and wind stock ETF Invesco Clean Energy Fund PBW took a breather as it was down 30% after rising more than 190% in 2020. We still are long-term holders though. Below (page 3) are 2021 returns for various indexes and stocks.

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COMPANIES COMMITTED

All this talk about Tesla and Ford and electric vehicles and we forgot to talk about public transportation and the segment’s shift away from oil burning to electrification. Back in the day, we all remember taking those huge yellow buses or city buses that reaked of diesel engine fuel and by the time you got off the bus, you were delighted to breathe in fresh outdoor air. Well, enter Proterra. Nasdaq listed Proterra Inc. (PTRA), based out of Silicon Valley’s Burlingame, is an electric bus manufacturer. The company has about a 50% share of the developing market in EV buses.

It’s main revenue source is in the sale of EV buses making up about 80% of revenues. In 2021 sales amounted to about \$250 million. The other 20% of revenues come from manufacturing battery systems for other bus companies and also providing charging stations for commercial fleet operators.

Clearly, there are competitors like the Tesla’s

and Volkswagons of the world that could take a bite out of market share for PTRA, but they do have a leg up on the competition due to it holding 50% of the market already. The stock did merge with a SPAC in 2021 which did help it up its cash balance to \$700 million boosting its balance sheet. Due to the negative press around SPACs in 2021 though, the stock is down about 20% over the previous year.



As we all eventually will be trading in our gas guzzlers over the next few years, let’s hope that this same shift occurs amongst the buses of the world. And our children no longer have to breathe in that horrible diesel stench that many of us had to endure years ago.

Note: Sustainvest does not have a position in the company



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SHAREHOLDER ACTIVISM

Shareholder Proposal News

We recently filed one shareholder proposal this year with Alphabet Inc. (Google). The resolution is asking the search engine company to establish a board committee on environmental sustainability. With Google being one of the largest companies on the planet, why not ask them to take climate change seriously enough to establish this committee. They already have the Audit and Compliance Committee and the Leadership Development and Compensation Committee. A sustainability committee would just show their commitment to the issue. We await their response to our ask and will keep you informed.

If you or any non-profit you work with is interested in learning how to submit a proposal to further align your values with the stocks you own, don't hesitate to reach out to us. We have been doing it for over 15 years, so have a good idea how to help you create a proposal and at the same time you can let your donors and stakeholders know all the good stuff you are up to.

LARGEST COMPANIES BY MARKET CAP

(as of 1/10/22)

Rank	Symbol	Company	Market Cap	12 month Chg
1	AAPL	Apple	2,812.60	30.40%
2	MSFT	Microsoft	2,359.50	62.70%
3	GOOGL	Alphabet	1,840.30	54.30%
4	AMZN	Amazon	1,637.90	1.50%
5	TSLA	Tesla	1,062.60	20.20%
6	FB	Meta	912.6	22.60%
7	BRK.A	Berkshire Hath	711.5	35.50%
8	NVDA	Nvidia	685	106.40%
9	TSM	Taiwan Semi	648.3	5.30%
10	JPM	JPMorgan Chase	494.5	23.00%
11	JNJ	JNJ	455.7	8.20%
12	V	Visa	446.5	-1.60%
13	UNH	UnitedHealth	438	28.00%
14	HD	Home Depot	404.6	44.00%
15	WMT	Walmart	401.1	-1.40%
16	BAC	Bank of America	400.4	50.40%
17	PG	Procter & Gamble	388.5	15.70%
18	MA	Mastercard	357.6	2.80%
19	BABA	Alibaba	348.7	-45.70%
20	PFE	Pfizer	315.7	51.50%

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	<u>2021 Return</u>
S&P 500	26.89%
iShares MSCI KLD	
400 Social ETF (DSI)	29.89%
NASDAQ	21.39%
DJI	18.73%
Vanguard Total Bond Market Fund (BND)	-3.90%
SPDR® Gold Shares (GLD)	-4.15%
Invesco Clean Energy ETF (PBW)	-30.92%
OIL	53.00%
TESLA (TSLA)	49.76%
APPLE (AAPL)	33.82%
AMAZON (AMZN)	2.38%
COINBASE GLOBAL (COIN)	-23.12%

Still a Believer in Asset Allocation and Diversifying

Diversifying into various asset classes and weighting each one per each person's profile continues to be the name of the game. Yes, we also like to "tilt" into certain segments of the market like clean alternative energy, water scarcity stocks, medical devices and cash heavy big tech companies, but the core of what every client has in their portfolio is being invested in all asset classes such as US Small Cap stocks and International Equities and Short term bonds, etc...and rebalancing is done when needed as a standard 60% stock/40% bond portfolio that hasn't been rebalanced in five years is more like a 70% stock/30% bond portfolio today.

The jolt to the economy that happened due to both pent up demand post initial covid scare along with trillions in stimulus has led us to an inflationary period. Makes sense, right. Unemployment is at all time lows, stimulus dollars are being spent and that leads us to paying more for just about everything. Where does this lead us when it comes to investing though? We have come to entertain the "there is no alternative" theory. Investors seem to like stocks due to this theory. Stocks continue their upward movement due to the fact that cash is paying zip, bond yields aren't fairing much better and alternatives like crypto and non-liquid speculative private equity aren't very compelling. Where else is there to go. Inflation is a concern for those living on a fixed income. We will continue to ladder short term bonds and find yield where we can, without taking on any junk bonds. For younger investors, inflation shouldn't be a big concern.

This new year will continue to bring with it the struggle with pandemic variations and this will rule stock returns for the most part, until we can all walk into a restaurant sans mask and feel normal again. The battle with inflation running at its highest level in 40 years and Congressional midterm elections due in November will be lingering nearby. Let's hope for calm seas.

GREENY OF THE QUARTER

Bonds Gone Blue

As we all sit down and eat our dinners during these shelter in place times it's easy to forget where the delicious organic vegetables are coming from. Over 80% of U.S. farmland is planted with genetically modified crops (GMOs) like corn and soy. Fortunately, interest in organic farmland is growing.

Although the majority of what Sustainvest does is investment on behalf of clients into publicly traded sustainably screened stocks and bonds, occasionally clients will ask about outside investment choices that are specifically directed towards farmers and the land they work on. Below are just a couple choices out there that direct capital on behalf of investors.

Farmland LP is one of the largest managers focused on converting conventional farmland to organic in the U.S. Farmland LP generates returns by converting conventional farmland to organic sustainably managed farmland. Founded in 2007, Farmland LP owns/manages over 1,000 acres of farmland in Washington, Oregon, and California. It recently announced its second fund, Farmland E LLC (Fund E). <https://www.farmlandlp.com>

Brookside Alley Farmland E is a farmland finance company that provides farmer friendly financing to the next generation of organic farmers. Founded in 2007 and based in Evanston, Illinois, Brookside Alley works with mission driven investors to provide organic and regenerative farmers land security through long term leases and mortgages <https://brooksidealley.com>

Considering the United States has 2.2 trillion of farmland, the same economic value as all of the apartment buildings in the country or all of the office buildings, there looks to be a large opportunity to help traditional farmers using old school methods to make the shift to organic regenerative farming. Funding is most likely an issue that is holding them up, but as more investment vehicles like Farmland and Brookside Alley come to market, there should be more capital available to help the farmers.

Like all private investments and LPs, some of the downsides of vehicles like these do include limited liquidity, sometimes having to wait plus years to get money back, no secondary market to trade them, and being only open to accredited investors.

Sustainvest does not endorse these private investments nor hold them under the Schwab platform, but we can be a resource for education information.

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

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