



SUSTAINVEST
ASSET MANAGEMENT, LLC

4th Quarter
2021

YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.

ECONOMY

INSIDE

ECONOMY	1
COMPANIES COMMITTED	1
EDUCATION	2
SHAREHOLDER ACTIVISM	3
GREENY OF THE QUARTER	4

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. The feeling is 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.

continued page 3...

COMPANIES COMMITTED

All this talk about Tesla and Ford and electric vehicles and we forgot to talk about public transportation and the old buses shift away from oil burning to electrification. Back in the day, we all remember taking those huge yellow buses or city buses that reeked 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 Volkswagen’s 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 helped 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 on our way to school.

Note: Sustainvest does not have a position in the company



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EDUCATION

Increases in 401k Contributions and ROTH IRA Income Limits Up

As we start 2022, it's a good time to get a refresher on all things IRAs and 401ks and 403bs and other tax deferred ways to sock money away. Pandemics and all life has thrown at us lately may have some thinking about what kind of nest egg is needed to sit back and enjoy the post work years. We get the question a lot which is "can I retire based upon what I have?". Our answer is usually "that depends". And then the discussion spokes out about income sources and how much does one spend on the classic car collection, etc. This is where a financial plan can come in handy and pulling answers from Google really isn't going to cut it nor come close to your specific situation. For example...

***How much do I need to retire at 62?** AARP suggests that you should aim to have a nest egg of \$1 million to \$1.5 million, or savings that amount to 10-12 times your current income.*

***How much do I need to retire at 55?** Fidelity recommends that you save at least seven times your annual income. That means if your annual income is \$70,000 a year, you need to save \$490,000.*

***How much do I need to retire at 45?** According to Investopedia it will depend on a lot of things, but if you have \$500,000 in savings, according to the 4% rule, you will have access to roughly \$20,000 for 30 years.*

***How much money do you need to live comfortably in retirement?** According to Motley Fool, you should expect to need about 80% of your pre-retirement income to cover your cost of living in retirement. In other words, if you make \$100,000 now, you'll need about \$80,000 per year after you retire.*

Clearly, answers can be all over the map and speaking with a registered investment advisor can help answer this retirement question as opposed to simply googling.

We use a program called MoneyGuidePro that helps guide our clients in this decision.

That being said, the powers that be have made some updates to contribution amounts of various tax-deferred vehicles. Employees that have a 401(k) or the non-profit version 403(b) will be able to increase their contribution from **\$19,500 in 2021**

up to \$20,500 in 2022. Workers that are 50 and over also get a \$1,000 increase bringing their total amount allowed to contribute to \$27,000 (which includes the catch-up amount of \$6,500 for those over 50). That's a nice chunk of change to be able to put away if you have say 5 or 10 years left in work and want to go pedal to the metal during these income earning years.

On top of putting money away into an employer plan, one can also open up a separate IRA account and make IRA contributions up to \$6,000 each year if you are under 50 and \$7,000 a year if one is 50 and older. The IRS also hiked up the income limit to be able to contribute to the more popular ROTH IRA. You can now earn up to **\$144,000 (single) or \$214,000 (joint filers)** and still be able to contribute to the tax-free upon withdrawal ROTH IRA. For 2022, a self-employed business owner effectively can sock away as much as **\$61,000 inside a SEP IRA** as well. (That's up from the maximum of \$58,000 in 2021). Being self employed does have benefits with such high contribution limits. Feel free to reach out to us with questions about setting up a 401k plan at your employer, 403b plan for your non-profit 501c3 or IRA.

"Successful investing is about managing risk, not avoiding it."

— Benjamin Graham

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 (3rd largest in 2022...note below), 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 how to let your donors and stakeholders know all the good stuff you are up to.

LARGEST COMPANIES BY MARKET CAP

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%

(as of 1/10/22)

cont. from ECONOMY from page 1

	<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 Ttl Bond Market(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 major 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. It becomes a waiting game and hopefully, as borrowing rates move up, so too does corporate bond yields. For younger investors, inflation shouldn't be a big concern and it's time to lean into growth stocks and funds that show long term potential.

This new year will continue to bring with it the struggle of 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

Investing in Organic Farming

As we all sit down and eat our warm dinners during these shelter in place times, it's easy to forget where the delicious vegetables are coming from. The organic food industry is a booming business, with sales surging in 2020 by 12.4% to \$62 billion. But still, over 50% of U.S. farmland is planted with genetically modified crops (GMOs) like corn and soy. Fortunately, interest in organic farmland is growing.

Though the majority of what Sustainvest does is invest 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. Founded in 2009, Farmland LP owns and manages over 15,000 acres of farmland in Washington, Oregon and California. It recently announced its second fund, Vital Farmland REIT LLC (Fund II). <https://www.farmlandlp.com/>

Iroquois Valley Farmland REIT 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, Iroquois works with mission-driven investors to provide organic and regenerative farmers land security through long-term leases and mortgages <https://iroquoisvalley.com/>

Considering the United States has \$2.7 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 the top issue that is holding them up, but as more investment vehicles like Farmland and Iroquois come to market, there should be more capital available to help the farmers.



Like all private investments and LP's, some of the downsides of vehicles like these do include limited liquidity sometimes having to wait 5 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 when it comes to learning more.

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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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