



SUSTAINVEST
ASSET MANAGEMENT, LLC

3rd
Quarter
2025

YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.
ECONOMY

INSIDE

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They say the markets love to keep investors on their toes, and Q3 was no exception. Coming off a strong first half, volatility returned in spurts, though the overall picture remained one of resilience. The S&P 500 climbed 7.9% this quarter, while the Nasdaq surged 11%, buoyed by artificial intelligence optimism and a renewed appetite for growth stocks. Gold added 17% as a hedge, while the Euro Stoxx 50 rose 3.4%, reflecting steady but modest progress across Europe. Driving the momentum were signs that U.S. inflation is continuing its slow retreat. After months of sticker shock at the grocery store, households are finally feeling that prices, while high, aren't lurching upward

week after week. Investors increasingly expect that the Federal Reserve is closer to pausing—and perhaps even pivoting—on interest rates. Yet, with central bankers cautious not to declare “mission accomplished” too early, rate cuts may still be more 2026's story than 2025's. Energy markets were another focal point. Oil prices fluctuated on global supply tensions, while solar and renewable energy stocks regained footing after a challenging spring. Corporations with heavy investment in AI infrastructure continued to post blockbuster earnings reinforcing that technology spending is not just a trend, but a foundational pillar for corporate strategy.

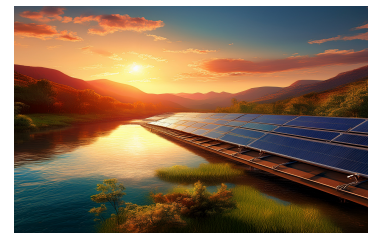
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COMPANIES COMMITTED

This quarter, our spotlight lands on First Solar, a U.S.-based renewable energy company that has positioned itself as a global leader in solar manufacturing. What sets First Solar (FSLR) apart is its thin-film photovoltaic technology, designed for both efficiency and lower environmental impact. Unlike traditional silicon panels, its cadmium telluride modules require less energy to produce and offer one of the smallest carbon footprints in the industry. Beyond its core technology, First Solar is actively engaged in closed-loop recycling, recovering over 90% of semiconductor materials from retired panels.

Its governance practices are transparent, and it maintains rigorous environmental

standards across its supply chain. With the U.S. investing heavily in domestic clean energy manufacturing through recent legislation, First Solar is well-placed to capture long-term growth. For investors seeking both profitability and sustainability, FSLR exemplifies the synergy between innovation, scale, and environmental responsibility.



First Solar is based out of Tempe, AZ. The stock is up 21% over the previous 1 year.

Note: Some Sustainvest clients may have a position in the company.



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EDUCATION

Sustainable Investing and Risk

It's easy to think of ESG as a "feel good" layer on top of investing, but in reality, it has become a critical lens for managing long-term risk. Markets reward resilience, and companies that ignore environmental, social, and governance challenges often face consequences that directly impact shareholder value. Consider the auto industry. Electric vehicle producers have faced reputational and financial setbacks when supply chain violations—such as unsafe mining practices—come to light. Or take the tech sector, where weak governance around data security has led to breaches wiping billions off market capitalizations overnight. These examples are reminders that ESG is not about exclusion, but about understanding hidden risks. Investors with an ESG perspective aren't just avoiding problems—they're better positioned to identify tomorrow's leaders. Strong labor practices reduce turnover. Energy efficiency shields margins from volatile oil prices.

"Success is not final, failure is not fatal: it is the courage to continue that counts."

— Winston Churchill

- **Sustainable funds outperformed traditional funds in the first half of 2025, driven by sustainable funds' greater exposure to investments in Europe and elsewhere globally.***
- **Assets under management (AUM) in sustainable funds grew to a new high of \$3.92 trillion as of June 30, up 11.5% from December 2024.***
- **First-half inflows to sustainable funds totaled \$16 billion, as assets added in the second quarter more than offset small outflows in the first three months of the year.***

End of Year To Do's

As the year winds down, it's a great time to take stock of your investments and retirement strategy. Consider maxing out retirement accounts like IRAs or 401(k)s before the December 31 deadline—these contributions can reduce taxable income and grow tax-deferred. If you're over 50, catch-up contributions can help accelerate retirement savings. Harvesting tax losses from underperforming investments can also offset gains and lower your tax bill. Finally, evaluate whether your investments still align with your long-term goals and risk tolerance as you move closer to retirement. Small, strategic moves now—like increasing contributions or reallocating to more stable assets—can make a big difference over time.

**Per Morgan Stanley's recent 9/8/25 article "Sustainable Funds Beat Traditional Funds in First Half of 2025"*

SHAREHOLDER ACTIVISM

Economy continued from page 1

For investors, the lesson is balance. A diversified portfolio that includes sustainable leaders, hedges like gold, and exposure to innovation remains the best approach in a market that refuses to stay in one lane. Patience and prudence continue to be virtues—even when headlines test both daily.

The Federal Reserve finally pivoted to rate cuts with a 0.25% cut in September. Markets are now pricing additional cuts into year-end. We shall see if Jerome wants to continue cutting if he sees labor data stay soft. Also on his mind is inflation remaining at that 3% rate, above his preference to be closer to 2%. Though it's good to hear that Social Security checks will be about 2.7% higher in 2026 due to the COLA adjustment, groceries and used cars sure seem to be more than 20% higher than they were a year ago. But with this administration breathing down the Fed's neck to lower rates, perhaps this last cut was just to keep the wild ones at bay. Along with the drop in rates, we may also start to see a drop in both money market yields and bond/CD rates. At the moment, I do still see the Schwab money market funds (SWVXX) yielding above 4%, but who knows when this will adjust. Also, CD rates have come down closer to 4% as opposed to the 5% yields we saw about a year ago. The 10-year Treasury is yielding 4.2% at the moment. The “smart folk” are saying once money market rates come down, we may see a push into stocks, especially dividend paying ones, to try and capture higher returns. In terms of sustainability, we are facing what could be called a moral dilemma. Estimated energy usage due to AI seems nothing less than astronomical. It is estimated by 2028; AI alone could consume as much electricity as 22% of all US households annually. Yikes. With this, the current push into nuclear energy seems to be on. It is clear the big tech firms are synergizing themselves with companies involved in creating nuclear.

One side of the argument for this form of energy is that it releases almost 0% of CO₂ emissions. On top of this companies like OKLO are finding ways to actually reuse/recycle the components of traditional nuclear energy. On the side of the argument against is the dilemma with what exactly is done with all the uranium used at the end of its life cycle and the radioactive waste left behind. The name of the game at this point is being invested alongside AI and at the same time keeping sustainability in mind. Holding tech stocks and funds like GRID (First Trust NASDAQ clean grid) are ways to be invested in this shifting world when it comes to electric meters and devices, networks, energy storage, and software used by smart grid infrastructure. The pendulum will always swing back and forth, but in the long term, we are invested in line with the fact that the business case for things like emissions reductions and treating your employees well will always be continuous regardless of politics or what new iPhone is coming out. As always trying to find that sound balance of fixed income, cash and stocks weighted to each profile is the name of the game.

Shareholder Advocacy

Q3 continued to showcase the power of shareholder voices. While the overall number of proposals moderated slightly compared to last year, the quality and focus sharpened. Social issue proposals declined marginally (from 333 to 320), and environmental proposals hovered around 150. Governance-related initiatives—particularly around executive pay and board diversity—saw a slight uptick.

The largest companies remain frequent targets: Alphabet, Amazon, Exxon, and Chevron all faced shareholder pressure for greater disclosure around climate impact and workforce practices. Notably, more firms are proactively engaging with investors before proposals reach ballots, signaling that corporate leaders recognize the momentum behind these issues.

GREENY OF THE QUARTER

Cool Climate Calculator

This quarter's featured resource is the CoolClimate Calculator, a free tool developed by UC Berkeley. It empowers individuals and households to measure their carbon footprint by examining transportation, energy use, diet, and lifestyle choices. Unlike broad estimates, this calculator digs into details, offering tailored suggestions for reducing emissions in practical, achievable ways. It's not just for academics—nonprofits, schools, and even corporations use it to spark conversations about sustainability.

For investors, tools like this reinforce the connection between personal choices, community action, and broader climate policy.

We encourage you to give it a try and see how small shifts in daily habits can add up to significant change.

The CoolClimate Calculator by UC Berkeley is a really useful and cool tool because it helps people see, in real numbers, how their everyday choices impact the planet. Developed by researchers at Berkeley's Renewable and Appropriate Energy Laboratory, it goes far beyond a basic "carbon footprint" estimate — it gives you a personalized, science-based breakdown of your emissions from travel, food, home energy, shopping, and more.

What makes it especially valuable is that it doesn't just measure; it teaches. After calculating your footprint, it offers practical, tailored actions to reduce emissions — from switching to clean energy and lowering car miles to diet changes or home efficiency upgrades.

It even lets you compare your results with regional and national averages, so you can see how you stack up.

In short, it's a fun, data-driven way to connect your lifestyle to climate solutions — empowering individuals and households to take measurable, meaningful steps toward sustainability.



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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