SUSTAINVEST
ASSET MANAGEMENT, LLC

3rd Quarter 2022

YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.

INSIDE

ECONOMY

Well, it looks like the low interest rate/free money party has ended. We all knew the good times and 2% borrowing rates couldn't last forever. And so, we are witnessing the morning after hangover as the Fed throws cold water on an inflationary economy. Understood, it's a hard time to face this stock market, but keeping perspective is always key in times like these. Before we all go switch to 25 cent bar soap and add that extra pint of Ben and Jerry's to our Uber eats order, let's take a look at market returns as of late. For Q3 2022 the S&P 500 was down 6.3%, the tech heavy Nasdaq was down 3.5% and the US Aggregate Bond market was down 5%. Year to date returns include Apple being down 19.7%, Tesla dropping 24.7% and even the Morningstar US Core Bond Index fell 14.6%. We should remember, just like our children, the market doesn't always act the way we would like it to. While 10% might be the average annual return historically, the returns in any given year are far from average. In fact, between 1926 and 2022, S&P500 returns were in that "average" band of 8% to 12% only seven times. That's right only 7 times out of 96. Below is a chart showing annual returns of the S&P500 in the last 10 years. Not only is there a lot of green, but also note that there are not many "average" like returns.

Bonds and The Fed

Jerome Powell and his Fed colleagues have to do what they have to do. Though it may seem like rocket science while listening to his speeches, all he is trying to do is "normalize" rates. Two percent mortgage rates were not

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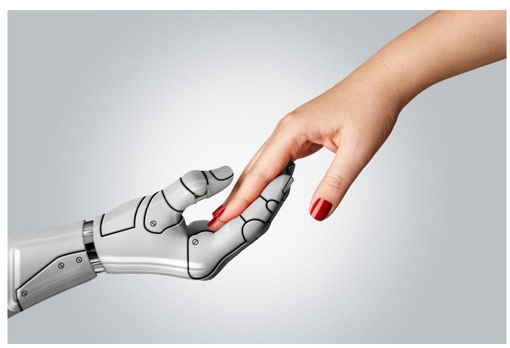
COMPANIES COMMITTED

Besides fine chocolates and fancy army knives, leave it to the Swiss to solve world sustainability problems. Enter ABB, a multinational corporation headquartered in Zürich. Formed in 1988, it operates through four divisions: Electrification Products, Robotics and Motion, Industrial Automation and Power Grids. If a robotic friend is in your future, ABB may be the company that will sell it to you.

The company generates revenues of $30 billion annually on items like home automation systems connected with all of our smart devices. Yes, you will be able to start cooking at home without even being there. Another business that ABB has it's hands in is the maritime transport sector with both electrification of engines and greener shipping initiatives. With more than 80% of all goods worldwide being transported via ships (before we see them on Amazon vans) this transportation sector needs to be scrutinized when it comes to how they are handling CO_2 emissions and "maritime sustainability". The company pays a 3.5% dividend and is well diversified in terms of global revenue generation bringing revenue from Asia, Middle East and Africa (34%), Europe (36%), and the Americas (30%). The stock is down about 30% in 2022 and has a PE of 11.



As all of our lives becomes more automated and electrified and robotified, ABB stands as a company that should benefit for many decades to come.

Note: Sustainvest does not have a position in the company

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Education

Retiring Soon? Here's Some Pointers

Sustainvest clients come in all ages, but a large amount are soon to be retired wanting to both save the planet and also live out their golden years comfortably.

With 5 Years To Go
Start stashing away cash for one. If you are going to need to spend money from your 401k's or IRAs or 403b's then its time to slowly get that savings account pumped up a little as well. At the same time, continue to take advantage of your retirement plan. Employees can max out up to $19,500 each year ($26,000 for those over 50) into their 401k's, etc. Do this if you can. On top of this, contribute to an IRA. The IRA and 401(k) provide the benefit of tax-deferred savings, unlike a savings account. Depending on your tax situation, you may also be able to receive a tax deduction for the amount you contribute to a 401(k) and IRA each tax year. And definitely start to think about how much money you may need to live comfortably. Start with a monthly budget and go from there.

With 3 Years to Go
Buy that fancy car you've always wanted now. Major purchases should probably be done prior to walking away from the job just to make it easier to handle then when you may be on a fixed budget. If you have outstanding loans or mortgages, it may time to cut those down too. Think about hobbies or even part time work that you may want to do to keep busy as well.

With 2 Years to Go
While those retirement plans get pumped up, try to get a review of your will, power of attorney, beneficiaries for IRAs, etc., and a general estate plan set up. This way you won't be scrambling to do it when you want to be sitting on the beach instead. Also, if you aren't working with an investment advisor who can put together a financial plan, now may be the time to do so.

With 1 Year to Go
It's getting closer! Get a good spreadsheet together of all potential income resources. This may include pensions, profit sharing, Social Security—even potential part time work or consulting that you may be doing. Decide when you may want to claim Social Security benefits at this time. Also, figure out how Medicare works and what supplemental plans cover. Make sure your asset allocation fits your risk profile or have an advisor do this for you. You don't want to be overweight in emerging markets and not even know it at this point.

Continue to build those emergency reserves up outside of your funding retirement plans. Time to get excited! Gather all paperwork of any accounts you have out there along with health savings accounts or health insurance information, etc. Figure out if you have any vacation or sick leave balances and if they can be cashed out. Be sure you have the information needed for your 401k plan in case you plan to have this rolled over into an IRA. If you work with a financial planner, now is the time to have them open up a Rollover IRA account to have ready for when you rollover your 401k.

And finally, congrats. Take that big trip you never got to do while stuck to the 9 to 5 and enjoy the fruits of your labor.

"Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair."

—Sam Ewing

Shareholder Activism

Shareholder Proposal News

We will be refiling our Google (Alphabet) resolution asking the search engine giant to create a board committee on environmental sustainability to oversee and review policies and provide guidance on matters relating to environmental sustainability. They have many other committees on the board, so having another committee focused specifically on climate change issues and how they are handling this seems important to us. The resolution received 28,643,318 votes for and 572,059,570 votes against receiving about 5% in favor of.

New Minimum Stock Ownership Requirements to File Shareholder Proposal

1 Year	$2,000
2 Years	$15,000
3 Years	$25,000

Major Wins in 2022

A decade ago, receiving something called a "majority" vote was nearly impossible. This is when over 50% of shareholders vote in favor of a proposal. If one even sniffed 50% it was a big deal. In 2022, we have seen over 8 of them receiving majority, which sheds light on the fact that shareholders are becoming much more engaged in what companies are doing then they were decades ago. In order to receive these majority votes, the big pensions and foundations also seem to be becoming more involved in how they vote their proxies.

The topic of racial justice and civil rights audits gained attention in 2022. Majority votes came from Altria (64.2%), to Apple (62.2%), Home Depot (62.8%), Johnson & Johnson (62.6%), government services company Maximus (64.2%), McDonald's (55.8%), Stericycle (60.6%) and Waste Management (55%). Investors in gun manufacturer Sturm, Ruger had a majority vote with almost 70% voting in favor of a human rights risk assessment.

The highest ever vote for a proposal came at burger maker Jack in the Box, receiving over 95% in favor of reporting on plastic packaging use. It's nice to see both individuals and institutions take a more active stance with the companies they are invested in, instead of turning a blind eye.

Economy continued from page 1

"normal". The Fed is focused on making sure that people can pay their rent, feed their children, and afford childcare. Living in California, we sometimes forget there are another 300 million people outside of this wealthy state who may not be doing as well as others. Inflation goes far beyond that extra $1.75 for a mocha or that $104,000 Rivian pick up truck. Trying to tame inflation, the Fed is doing what it can to bring the cheap money party to a less turbulent landing. "Without price stability, the economy does not work for anyone," stated Federal Reserve Chair in August. Raising rates a historic 3% over the last few months sure feels turbulent but this is a necessary evil after the PPP windfalls kept things afloat. As we have seen before, trying to time when the market will bounce back becomes a fool's game. The worst performing investors are the ones who get out in a down market and then try to get back in when their gut tells them to. According to a Wells Investment Institute study, the average 12-month return after the end of a bear market is 43.4%. Patience becomes key.

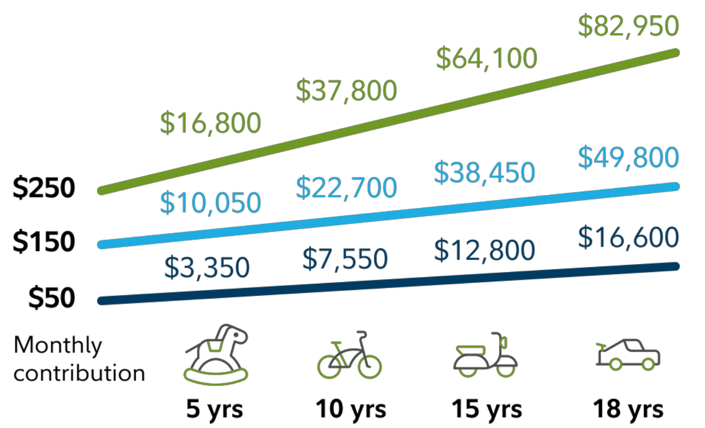
Year	% Change
2022	-23.77%*
2021	26.89%
2020	16.26%
2019	28.88%
2018	-6.24%
2017	19.42%
2016	9.54%
2015	-0.73%
2014	11.39%
2013	29.60%
2012	13.41%

A silver lining with increased rates is fixed income vehicles paying more than the 1/2 to 1% that we were getting used to. In fact, we are finding short duration one-year bonds paying closer to 4.0% which means more income for retirees. For some investors, it may be time to liquidate short duration bond funds and either reallocate into individual bonds with stronger yields or do a combination of adding to existing stock positions that seem undervalued and individual bonds. This is dependent on each person's risk profile and timeline.

Looking at cash rich, revenue strong companies like Google being down 32% for 2022, it only makes sense to add to a stock like this. Looking at one of the strongest and longest running sustainable funds such as Parnassus Core Equity Fund (PRBLX) being down 25% for 2022, but having an 10.85% average annual return since inception of 1992, it only makes sense to dollar cost average back into this one. As long as investors are allocated per their risk profile, then there isn't much to fret about. This is not the first market decline – nor will it be the last.

Greeny of the Quarter

Time flies and before you know it the kids will be asking for college money. Ahh, the peace and quiet that will come with it though. But before that, when it comes to socking some money away for college, it's easy to become lost in where to start especially for sustainable investors. Enter sustainable 529 plans. A 529 plan is an investment account that offers tax benefits when used to pay for qualified education expenses for a designated beneficiary. You can use a 529 plan to pay for college, K-12 tuition, apprenticeship programs and student loan repayments



**with a 4.5% annual return*

Here in California, we have Scholar Share College Savings Plan. **The good news is that as of 2022, Scholar Share now offers 12 new ESG (Environmental, Social and Governance) portfolios as opposed to the only one fund that was offered a year ago.** Fund choices include the ESG Enrollment Year Portfolios, Social Choice Equity Portfolio, ESG International Equity Portfolio and the ESG Bond Portfolio. Other states offering a sustainable choice of 529 plans are Pennsylvania and Virginia. You don't have to use your own state's 529 plan. Of course, your state does not want you to go elsewhere with your college savings. That's why so many of the states sweeten the deal by giving something extra to residents. It could be a state income tax deduction for your contributions, or matching contributions for residents below certain income thresholds, or a waiver of certain fees.

There are no annual contribution limits on how much you can contribute to a 529 plan. However, contributions to a 529 plan count as gifts for gift-tax purposes. Remember, gifts totaling up to $16,000 per individual will qualify for the annual gift tax exclusion but tread lightly with gifting more than this. Contributions beyond the annual gift tax exclusion may be subject to gift taxes. Individuals may contribute as much as $80,000 to a 529 plan in 2022 if they treat the contribution as if it were spread over a 5-year period.

Even with the recent president's policy that would cancel up to $10,000 in federal student loan debt for certain borrowers, there will still be a considerable tab due for those who attend college, making 529s a smart move.

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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