SUSTAINVEST
ASSET MANAGEMENT, LLC

4th Quarter 2024

YOUR INVESTMENTS. YOUR PLANET. YOUR CHOICE.

INSIDE

ECONOMY

Happy New Year! I hope you and yours are well. As we tentatively transition from one leader to the next with gibberish regarding tariffs on imported goods and retaking possession of the Panama Canal, it seems only right there may be uncertainty when it comes to the economy and markets headed into 2025. But historically speaking, the stock market has been through 47 of these various leaders over 228 years and within those years, in most cases, the machines kept spinning and stock returns kept returning. Over the past century, the S&P500 has been up 73% of the time. For 2024, we saw the following returns:

S&P500	23.31%
DSI 400	22.38%
DJI	12.90%
Nasdaq	28.60%
Gold	26.80%
Bitcoin	124.80%
Oil	-0.40%
Russell 2000	10.60%
Stoxx 50	8.28%

The economy continues buzzing along, especially here in the states. Not to jinx anything, but we are currently in an almost perfect setting with a moderately growing economy, tame inflation, and the Fed

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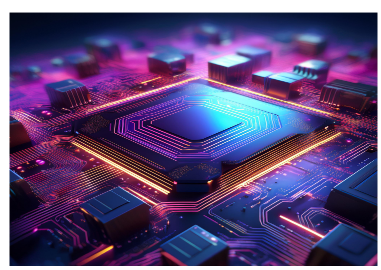
COMPANIES COMMITTED

Cadence Design Systems (stock symbol: CDNS) is a leader in electronic design automation (EDA) and computational software, supporting the development of advanced semiconductor products. Its role in addressing climate change lies in enabling energy-efficient chip designs critical for industries such as renewable energy, electric vehicles (EVs), and IoT devices. Cadence tools help engineers optimize chips to consume less power, enhancing the sustainability of technology. Additionally, Cadence itself pursues environmental initiatives, like reducing its carbon footprint and promoting sustainable business practices. By enabling efficient hardware and supporting green innovation, Cadence contributes to mitigating climate change while advancing the tech industry's eco-conscious evolution. In 2023, the Americas accounted for 43% of revenues, followed by China at 17%. Market capitalization sits at about $80 billion while annual revenues are around $4 billion.



CDNS is based out of San Jose, CA. The stock is up 6% over the previous one year. MSCI scores it a AA rating for ESG.

Note: Some Sustainvest does not have a position in the company.

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Education

Teach Those Young Whippersnappers to Invest

"Sunny days wouldn't be so special if it wasn't for rain. Joy wouldn't feel so good if it wasn't for pain."

-50 Cent

Teaching kids about investing is crucial for building financial literacy, instilling a sense of responsibility, and fostering long-term financial security. Learning how to invest from an early age helps children understand the value of money, the importance of saving, and the power of compounding. It encourages goal-setting and decision-making skills, empowering them to think critically about where to allocate resources.

Investing also introduces kids to concepts like risk and reward, economic trends, and the importance of diversification. As they grow, these lessons can form the foundation for informed financial decisions, preparing them to achieve independence and financial stability. Here are some companies that the young ones may find of interest.

Disney (DIS)
Disney is a household name, beloved for its movies, theme parks, and iconic characters. Young investors are drawn to Disney because of its strong brand and broad appeal across generations. From Marvel and Star Wars to Disney+, it offers innovative entertainment experiences that resonate with younger audiences.

Apple (AAPL)
Apple is a favorite among young investors for its ubiquitous products like iPhones, iPads, and MacBooks. Known for sleek design and innovation, Apple's ecosystem appeals to tech-savvy youth. Its commitment to sustainability and renewable energy also makes it attractive to environmentally conscious young investors.

Roblox (RBLX)
Roblox is a popular online gaming platform and metaverse ecosystem, appealing to younger audiences who enjoy interactive gaming and social experiences. The platform allows users to create and monetize games, which fosters creativity and entrepreneurship among its community.

We witness firsthand how young investors become much more interested if they are investing in the very companies they consume. Some actual examples of certain holdings include the ones mentioned above along with companies like Lululemon, Ulta Beauty, Dick's Sporting Goods, Nike, Spotify, Netflix, Meta, etc. Introducing kids to investing through relatable and recognizable companies like these can spark their interest and help them learn financial concepts in a practical and engaging way.

Feel free to ask us about various ways we help invest on behalf of clients and their children including custodial brokerage accounts, trust accounts and 529 plans.

Shareholder Activism

Economy continued from page 1

still able to cut rates (remember from 2020 to 2022, rates were zero so there was no room to cut rates). The topper on all of this is the possibility that we, as humans, are about to enter a once in a century shift to living amongst robots with AI. This, in theory, should also bring more profits to any company that decides to adapt. That being said, only a reasonable person knows that after consecutive annual returns of above 20% (2023, 2024) for the S&P500, valuations are somewhat stretched. The Fed is showing signs of concern. On December 18th, Jerome Powell dropped rates ¼ of 1% but whispered concerns that inflation remains too sticky. The stock market dropped 3% that day. If they continue to see consumers pay $1m plus for houses with cash (the average price for new homes in the US is $511,000), $150 Lululemon pants and $20,000 vacations, they not only cannot drop rates, but instead may be more prone to raise them. Wall Street generally doesn't like higher rates. When it comes to investing into 2025, diversification is going to be key. For 2024, it didn't hurt one much to be invested across all segments of the market including alternative assets like Gold and even Bitcoin. Both of these could continue to become strong hedges for volatile markets.

The talk of AI is getting old, but it needs continual attention. The race is on. Billions of dollars that corporations have spent to outdo one another are now showing up in their balance sheets. We are perhaps now in the 2nd inning of nine in this game of AI. Now, the rubber hits the road as these firms begin to think how they can package and sell their platforms to each and every one of us. How will AI become monetized for these firms now? Along with this, looking past the novelty of it all, AI will need to show its usefulness. Does it make labor productivity increase. We shall see. Some firms like Intel are falling behind (-60% in 2024) while others are winning the processing power race. Once these firms have established the brains to gather the data, they will eventually be showing up with sale signs for new machines or services for us to purchase. Keep an eye out for this in 2025.

As sustainable investors we enter a period of perseverance. This administration is surely not going to create much of a tailwind for alternative energies nor be a sounding board for ESG. But these are politicians persuaded by lobbyists, not climate experts. Optimism for alternatives comes from the very industries that these days seem to wield greater influence than the government. Government policies will not slow down the ravenous electricity demand that is needed from these behemoth tech companies like Google and Amazon. Brookfield, a major renewable power generator, recently announced the largest-ever renewable energy deal, selling over 10.5 gigawatts of clean power to Microsoft between 2026 and 2030. This is three times New York State's current solar and wind capacity. This is just the start.

Texas now generates 7,016% more solar power and roughly 200% more wind power than it did in 2014. This increase powers an additional 10,297,840 households each year with clean energy.

Shareholder Advocacy

BlackRock's Withdrawal from NZAM

BlackRock, the world's largest asset manager, has exited the Net Zero Asset Managers initiative (NZAM), a coalition committed to achieving net-zero greenhouse gas emissions by 2050. This decision comes amid heightened legal scrutiny and criticism from U.S. conservative politicians, who accuse BlackRock of promoting a climate-focused agenda. Despite its withdrawal, BlackRock maintains that it will continue to integrate climate-related risks into its investment strategies.

Greeny of the Quarter

A shout out to Texas?

"Isn't it ironic. Don't you think?" Once blasted on every Walkman back in 1995, these days this Alanis Morissette gem has more to do with alternative energy and the state of Texas as opposed to "raining on your wedding day". It may be time to eliminate the image of cowboys, the Alamo and oil rigs with wind turbines and solar panel farms.

Here are some facts that the Lone Star state represents.

1. Texas generated more solar energy in 2023 alone than all in-state solar generation before 2021 combined.

Texas produced 31,739 GWh of solar energy last year, up from 446 GWh in 2014. This was enough to bring them to second in the national solar rankings.

2. Battery storage did not exist in Texas until 2014, now second in the country.

As of 2023, Texas has installed 3.42 gigawatts of battery storage capacity. This ranks Texas second in the country.

3. There are now 210,433 electric vehicles registered in Texas.

The number of EVs has grown 3901% since 2014. Texas is ranked third in the country in terms of EV growth in the past 10 years.

4. Texas added 2,305 EV charging ports in 2023.

This was a 36% increase from 2022 and a 359% increase from 2014. Texas now ranks 4th in the country in EV charging ports installed.

5. Texas is generating roughly 3 times more wind energy than they did in 2014.

Though wind energy was down across the board in 2023, they've still seen significant growth since 2014. Texas is ranked first in the country in wind generation. Perhaps this is a sign to all investors that times are changing and their portfolios should be too.