Sustainable Opportunities Portfolio

In the second quarter (Q2) of 2021, the Sustainable Opportunities Strategy (SO) returned 6.8% net of fees, versus its benchmark, the S&P 1500, which reported a 8.1% return.

While equity markets reached new highs, in the first half of the quarter the value rotation that began in March continued, with growth coming back to life in the second half. Many of the renewable energy names that have languished in recent weeks, showed new signs of buoyancy, as concerns about longer-term inflation trends abated somewhat (as evidenced by the recent reversal in commodity prices, such as lumber), the 10-year bond retreated below 1.5%. In general, the post pandemic recovery and corresponding job creation and economic growth environment is expected to help propel stocks further from here.

Our portfolio holdings represent all of the sectors comprising the S&P 1500 index except traditional Energy, as this has been a fossil fuel free strategy since inception. During the quarter we were overweight the Financials, Industrials, Materials, Technology, and Utilities sectors, while underweight the Communication Services, Consumer Discretionary, and Consumer Staples sectors. We were essentially in-line with the benchmark for Health Care and Real Estate weights. At quarter-end, roughly 18% of the holdings were international names as defined by country of risk.

During the quarter, in keeping with our investment discipline, we trimmed larger sized winners, including ASML, Novozymes, SVB Financial, Trane, Siemens, and Xylem. We exited our position in Illumina after recovering some of the loss tied to the announced acquisition of liquid biopsy firm Grail, which we viewed as expensive particularly in the face of increased integration risk. We took advantage and initiated a new position in solar inverter company SolarEdge after the company fell back along with many renewable energy stocks. We also introduced a position in BMW, as we believe the company will benefit from the announced faster transition to EV sales, now expected at 50% of sales by 2030. We added a position in Eaton, an industrial we have owned previously, as it provides more exposure to cyclicality as well as offering products that enable the greening of the power grid. We also opportunistically added to weaker names such as Becton Dickinson, Bright Horizons, LHC Group, and VF Corp, while also increasing our position in financial services provider East West Bancorp.. Longer term we like the exposure this bank provides, particularly as many of its clients see a rebound in economic activity.

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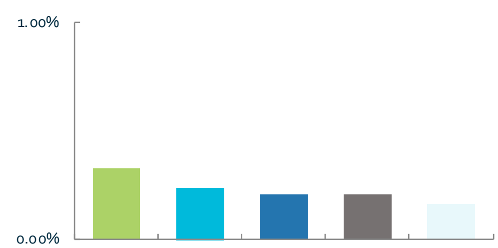
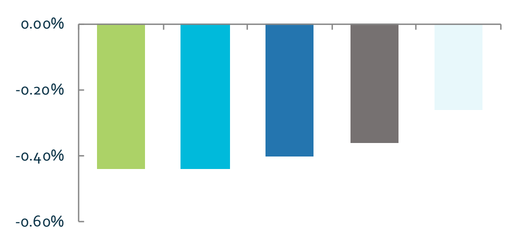
Top 5 Contributors (%)	Average Weight	Portfolio Return	Relative Contribution
MSCI Inc. Class A	2.08	27.36	0.33
PayPal Holdings Inc	2.97	20.03	0.24
Alphabet Inc. Class A	4.13	18.39	0.21
Astrazeneca PLC Sponsored ADR	1.81	20.47	0.21
Palo Alto Networks, Inc.	2.43	15.21	0.16



Top 5 Detractors (%)	Average Weight	Portfolio Return	Relative Contribution
Bright Horizons Family Solutions, Inc.	1.76	-14.20	-0.44
New York Times Company Class A	1.76	-13.85	-0.44
TPI Composites, Inc.	1.54	-14.19	-0.40
Cree, Inc.	2.04	-9.43	-0.36
Ormat Technologies, Inc.	1.23	-11.30	-0.26



Overall sector allocation was somewhat negative for the quarter, partly due to our lack of exposure to traditional Energy, which along with Real Estate were the two best performing sectors (up 12%). Our underweights to Consumer Staples and Consumer Discretionary helped relative performance. Our overweight to the underperforming Industrials sector detracted.

Overall stock selection was negative in the quarter. Health Care and Real Estate were the best relative performing sectors. In Health Care, Astrazeneca (+20%) posted higher than expected first quarter 2021 revenues and earnings, driven by its legacy pharma products and Emerging Market contributions. In addition, shareholders' approval of its pending acquisition of Alexion Pharmaceuticals, which also reported better than expected first quarter results and contributed to its stock outperformance. In Real Estate, our REIT-related holdings benefited as interest rates fell, with Prologis up 13% and American Tower gaining 14%.

Our worst performing sectors were Consumer Discretionary and Information Technology. Bright Horizons (-14%) fell despite most of its child care centers reopening. The company reported capacity utilization was lower than expected—just 45-55%--due to pandemic constraints. Management refrained from providing full year guidance, but expects the company to return to growth in the second half of this year. We continue to believe that more of a normalization of return to work traffic patterns over the next year will help drive gains for what we view as an underappreciated "recovery" play. Within Technology, Cree (-9%) gave back gains from last year as money moved away from green economy related stocks and into more cyclically leveraged names. Quarterly financials looked mixed for the company, but were not surprising given the company is still in the build-out stage for its next generation Silicon Carbide factory in upstate New York. We expect stronger numbers when that facility comes on line, as global demand vastly outstrips supply for Silicon Carbide, a key component used to make semiconductors robust enough for use in electric vehicles.

Other clean tech-related stocks also underperformed, such as Ormat (-11%) and TPI Composites (-14%). Geothermal power provider Ormat suffered during the quarter as the first quarter's earnings were negatively impacted by the Texas winter storm interfering with the company's grid battery storage project and lower third-party equipment order backlog as the company shifts to focus more on owned geothermal generating projects. Wind turbine blade fabricator TPIC posted a slight miss relative to expectations for first quarter earnings, but kept full year guidance intact, confident in the second half of the year and their nascent transportation business.

New York Times (-14%) also underperformed as subscriber growth at the company slowed along with the overall strength of the news cycle generally. This has altered the trajectory for margin improvement and free cash flow generation at the company. While the digital transition at the company continues, we expect more modest improvements in operating metrics going forward.

Other individual winners included MSCI (+27%), Paypal (+20%), and Alphabet (+18%). MSCI, which had taken a breather and had been trading sideways since November, resumed its momentum in Q2, with a particularly strong month of June (supported by the reversal of the value trade as interest rates came down). Alphabet was a key beneficiary during the quarter as e-commerce activity increased year-over-year. This trend drove significant pricing and volume improvements in the core search advertising business. Paypal continues to benefit from global secular trends in e-commerce and digital payments. Quarterly results were very strong, as performance across all key geographies was better than expected. Payment volumes, margins, and free cash flow were stand out metrics providing evidence that strategic execution and financial performance has not been impacted due to economic pressures.

Overall, we remain optimistic about the course of the economic rebound, particularly as companies and consumers return to more normalized spending patterns. While we may see short-term fluctuations in specific parts of the market, we believe long-term the companies addressing the key themes of Climate Solutions, Economic Empowerment, and Healthy Living will be positioned to provide competitive performance.

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