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Market Comment:

Earth Day will celebrate its 51st anniversary on April 22. While Earth Day originated in the United States, the event has become a global affair celebrated in over 190 countries. The purpose of the day is to raise awareness about the detrimental effects of pollution on our planet. The day also presents an opportune time to address one of the stronger trends in investment management: sustainable investing.

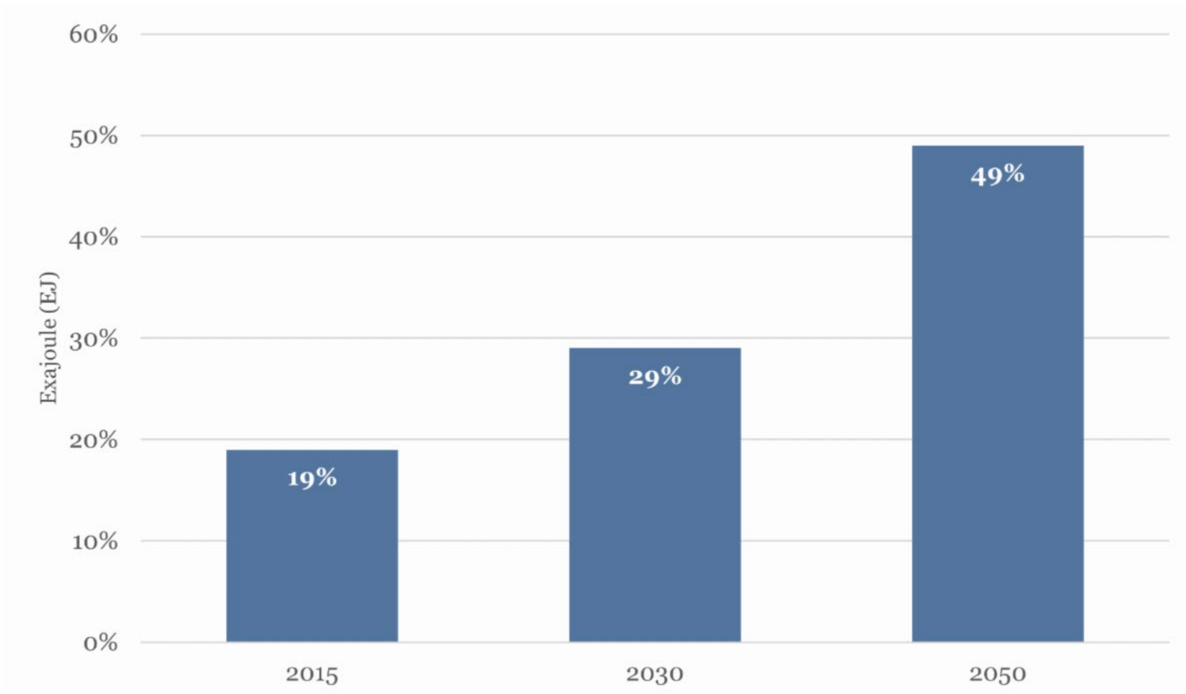
Dedicated sustainable investment products, also known as ESG (environmental, social, and governance), now comprise over $1.5 trillion of global investment assets[1]. According to Empirical Research Partners, sustainably-focused mutual funds and ETFs added nearly $20 billion in new assets in 2020 while over 40% of U.S. institutions have begun integrating ESG factors into their decision-making process.

While we would be the first to point out that many sustainable investment funds are more focused on sounding good than doing good (aka greenwashing), there are legitimate ways for investors – should they so choose — to reflect their personal values in their investment portfolio.

For example, technological advancements have driven a sharp cost reduction in renewable energy and a shift toward electricity over other end-user sources of energy consumption. In fact, McKinsey & Co. estimates that electricity demand will take significant market share from traditional energy sources by 2050. There are going to be winners and losers due to this shift in energy consumption, which creates an opportunity for investors.

Active managers who integrate sustainable principles into their investment process can differentiate themselves by understanding these trends and investing accordingly. From an impact standpoint, these dedicated flows help to lower the cost of capital for the companies in question, enabling them to expand faster than they would be able to otherwise. It is possible to do well, and do good, at the same time.

Fig. 1: Electricity consumption as a percentage of total energy consumption



Sources: McKinsey; Ecofin

[1] https://esgclarity.com/global-sustainable-fund-flows-soared-to-stratospheric-heights-in-q4/

Updated Benchmark Performance:

Benchmark Performance	One Week	1 Year	3 Years	5 Years	10 Years
Global Equities	1.5%	53.0%	13.3%	13.9%	9.7%
US Equities	1.5%	58.4%	18.6%	17.6%	14.5%
International Equities	1.7%	48.5%	6.8%	9.3%	6.0%
Emerging Market Equities	1.4%	55.6%	7.6%	12.3%	3.9%
US Taxable Bond Market	0.3%	-0.2%	5.0%	3.2%	3.4%
US Municipal Bond Market	0.3%	4.3%	4.2%	2.7%	3.2%
Hedge Fund Index	0.1%	15.0%	3.6%	4.1%	1.5%
Diversified Commodities	3.0%	39.6%	0.4%	2.6%	-6.0%
Gold	1.9%	3.4%	9.7%	7.6%	1.7%

Key Rates	Current	1 Year	3 Years	5 Years	10 Years
US 10-Year Treasury	1.6%	0.6%	2.9%	1.8%	3.4%
Barclays Aggregate Bond Index	1.5%	1.5%	3.3%	2.2%	3.0%
BBarc Muni 1-10Yr Blend (1-12) Inde:	0.6%	1.5%	2.3%	1.3%	2.5%

**All returns for periods longer than one year are annualized*.

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Indices Used: U.S. Large Cap equities: Russell 1000 Index, U.S. Small Cap Equities: Russell 2000 Index, International Developed Equities: MSCI EAFE Index, Emerging Market Equities: MSCI Emerging Markets Index, U.S. Bonds: Barclays Aggregate Bond Index, U.S. 10 Year Treasury Note: Bloomberg 10 Yr. Treasury Note, Municipal Bonds: Barclays Intermediate Municipal Bond Total Return Index, High Yield Bonds: Barclays U.S. High Yield Total Return Index, Oil: Bloomberg WTI Crude Sub-Index Total Return Index, Gold: Bloomberg Gold Sub-Index Total Return Index