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MARKET REVIEW

Global equities rose in June. The global landscape was marked by disparities in inflation and economic growth across countries, which continued to drive a divergence in interest-rate expectations and policy decisions among central banks. Mixed signals from the US Federal Reserve heightened uncertainty around the timing and frequency of rate cuts amid a backdrop of moderating inflation and softer economic indicators. The European Central Bank began easing policy rates, but indicated a patient, data-dependent approach to future cuts and upward revisions to inflation projections in 2024 and 2025. The Bank of Japan left interest rates unchanged and signaled plans to significantly reduce bond purchases. French President Emmanuel Macron unexpectedly dissolved the National Assembly, igniting a two-round snap election. The country's National Rally party won the first round of voting, although the outcome of the elections remains uncertain. In China, soft activity data suggested the economic recovery decelerated ahead of the highly anticipated Third Plenum meeting in July. Indian Prime Minister Narendra Modi won a third consecutive term, but his Bharatiya Janata Party unexpectedly failed to win an outright majority in parliament, creating uncertainty about the government's economic agenda.

FUND PERFORMANCE AND ATTRIBUTION

- On an estimated net basis, Climate Strategy was down in June, and underperformed relative to the benchmark. YTD, Climate Strategy is up in absolute terms, but has underperformed relative to the benchmark.
- On an absolute basis, all five climate themes detracted from this month's return. Contribution by theme sorted from highest to lowest:
 - Low Carbon Transport
 - Water and Resource Management
 - Climate Resilient Infrastructure
 - Low Carbon Electricity
 - Energy Efficiency
- Among our top absolute contributors:
 - Clean Harbors – part of our water and resource management theme. They are a leading provider of environmental and industrial services including hazardous waste management, emergency spill response, industrial cleaning and maintenance, and recycling services. While their primary focus is waste management, they also contribute indirectly to water safety by handling hazardous materials responsibly and preventing their release into the environment. Compelling quarterly results in May and positive sentiment gleaned from a panel discussion with CEO and CFO at the Stifel CSI Conference in June resulted in advantageous stock momentum this month.
 - Verisk Analytics – part of our climate resilient infrastructure theme. They are a leading North American data analytics provider to the property and casualty insurance market that helps deliver information-driven insights useful for modeling of catastrophe, weather, and other climate risks. Several events contributed to positive stock movement in June for Verisk including a well-received discussion with management at William Blair's Annual Growth Stock Conference, the announcement of a tender offer of \$400 million in senior notes to fund new initiatives, and 2H24 tailwinds such as predicted increased hurricane activity which has led to higher analytics investments for insurers.
 - Synopsys – part of our energy efficiency theme. They are a leading engineering simulation and design software company. Their data-driven, analytical, and AI-powered solutions enhance productivity, quality, and sustainability by optimizing resource utilization. The stock rose in June due to reports of continued strong demand across its electronic design automation (EDA) and intellectual property (IP) portfolio. Additionally, the successful launch of its PCIe 7.0 IP solution, which addresses AI workload bottlenecks, also contributed to positive stock movement.
- Among our top absolute detractors:
 - AZEK – part of our climate resilient infrastructure theme. They manufacture premium sustainable building materials made from recycled plastic that provide value by lowering maintenance needs, refining aesthetics, and reducing total cost. AZEK stock was down in June due to reports that competitor, Fiberon, is experiencing weak sales. However, sell-side analysts contend that this group movement is unwarranted as there has not been a fundamental breakdown in decking product demand. Rather, Fiberon may be experiencing weakness due to their shift from the retail to professional channel.
 - Enphase Energy – part of our low carbon electricity theme. They are a leading solar panel producer specializing in microinverter technology. This technology converts direct current (DC) from solar panels into alternating current (AC) for home use. Additionally, the company provides energy management software and battery storage solutions, empowering customers to generate, store, and manage clean and affordable energy. Performance was challenged this month as investors grew weary of the solar sector after the US Presidential Debate brought with it greater renewables policy discussions and weaker demand was reported in Europe by a competitor. However, we believe Enphase remains strongly positioned within the solar market, both in the US market and increasingly abroad.
 - Boise Cascade – part of our climate resilient infrastructure theme. They are one of the largest producers of engineered wood products and plywood in North America and a leading US wholesale distributor of building products. Their commitment to responsible forestry management underscores their contribution to mitigating deforestation and promoting biodiversity. The stock was challenged this month in line with other timber and housing names broadly due to investor sentiment that affordability (or lack thereof) may be a stronger force than potentially abating macro headwinds such as high rates, at least in the short term.

PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

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FUND POSITIONING AND OUTLOOK

As discussed in previous months, we intend to revert more closely to our typical turnover levels after a period of increased repositioning due to elevated market volatility and dynamism. As a result, we had only one elimination and one addition to the portfolio this month. We initiated a position in a leading US-based provider of comprehensive waste management and environmental services while we eliminated our position in a similar French company in order to mitigate French election tail risk.

At a sector level, we had recently been overweight industrials at a level that was at the higher end of historical ranges. While this served us well in previous months, we have trimmed our exposure to data centers, electrical infrastructure, and non-residential construction names to allow us to cycle into other themes that we find more attractive. For example, as we touched on above, we are adding to names within the waste management space, as well as select companies within the insurance and utilities sectors.

Our belief that solving for climate change is a source of revenue and return potential remains front in center within our investment thesis for each position. One example of note from this month is the above-mentioned tie between increased hurricane severity and analytics demand seen by Verisk Analytics. We believe our proprietary climate universe encompassing both mitigation and adaptation companies continues to provide us a wide range of attractive opportunities.

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CAPITAL: Investment markets are subject to economic, regulatory, market sentiment and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment. The Fund may experience a high volatility from time to time. **CONCENTRATION:** Concentration of investments within securities, sectors or industries, or geographical regions may impact performance. **CURRENCY:** The value of the Fund may be affected by changes in currency exchange rates. Unhedged currency risk may subject the Fund to significant volatility. **DERIVATIVES (C) (MKT):** Derivatives may provide more market exposure than the money paid or deposited when the transaction is entered into (sometimes referred to as Leverage). Market movements can therefore result in a loss exceeding the original amount invested. Derivatives may be difficult to value. Derivatives may also be used for efficient risk and portfolio management, but there may be some mismatch in exposure when derivatives are used as hedges. **EMERGING MARKETS:** Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks. **EQUITIES:** Investments may be volatile and may fluctuate according to market conditions, the performance of individual companies and that of the broader equity market. **MANAGER:** Investment performance depends on the investment management team and their investment strategies. If the strategies do not perform as expected, if opportunities to implement them do not arise, or if the team does not implement its investment strategies successfully; then a fund may underperform or experience losses. **SMALL AND MID-CAP COMPANY:** Small and mid-cap companies' valuations may be more volatile than those of large cap companies. They may also be less liquid. **SUSTAINABILITY:** A Sustainability Risk can be defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

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