

# 2Q 2022 | Climate Action Portfolio

## INVESTMENT APPROACH

This portfolio seeks long term capital appreciation by investing in both domestic and international equities. It is built in collaboration with Etho Capital by investing in companies that exceed leading climate investment standards and are net climate positive on the Etho Global Climate Positive Index.

## THE NEWDAY ADVANTAGE

### 1 Results are an Outcome of Action:

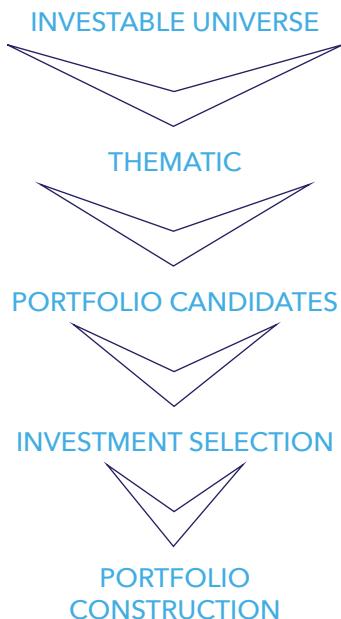
Supporting our methodology extends beyond just divestment but identifying companies that are industry leaders in reducing GHG emissions. We advocate for corporate behavioral change, support climate change legislation, and build communities that promote for bold climate leadership through our impact advocates.

### 2 Net Negative Carbon Portfolio:

In partnership with Etho Capital, we assess the impacts of US EPA Scope 1-3 emissions. This portfolio has achieved a net negative aggregated GHG emissions score because the companies in the portfolio have achieved or are striving to achieve "net negative" carbon emissions.

### 3 High Concentration of Pure Plays:

We construct portfolios to ensure that at least 50% of portfolio constituents are "pure plays" tied to the ESG theme. Every company in our portfolios has either a direct or indirect connection to the impact issue with which it's associated, and every portfolio is connected to an impact NGO or nonprofit partner.



## NEWDAY IMPACT INVESTMENT PHILOSOPHY: COMBINE ESG & FUNDAMENTAL RESEARCH

Newday Impact portfolios address major ethical issues and are designed and constructed around a combination of UN Sustainable Development Goals and ESG principles using a rigorous, repeatable process.

Newday exclusionary ESG screens include fossil fuels, armaments, gambling, tobacco, alcohol, and child labor.

We believe that consistent alpha can be generated by combining our highest rated ESG companies with an emphasis on governance and fundamental factors to create a portfolio of our highest conviction companies.

We identify which companies may outperform or underperform in any given stage of the prevailing economic/business cycle.

Bottom-up stock selection for 40-60 of the highest conviction holdings.

The Climate Action Portfolio is aligned with the following United Nations Sustainable Development Goals

-  **No Poverty**
-  **Good Health & Well-Being**
-  **Quality Education**
-  **Affordable & Clean Energy**
-  **Decent Work & Economic Growth**
-  **Industry, Innovation & Infrastructure**
-  **Sustainable Cities & Communities**
-  **Responsible Consumption & Production**
-  **Climate Action**
-  **Life Below Water**
-  **Life on Land**
-  **Partnerships for the Goals**

Learn more at [sdgs.un.org/goals](https://sdgs.un.org/goals)

**Risks:** Investing involves risk, including loss of principal and there is no guarantee investment objectives will be met. The managers' environmental, social and governance (ESG) investment strategies may limit the types and number of investment opportunities available and, as a result, may underperform strategies that are not subject to such criteria.

**SAMPLE HOLDINGS: PURE PLAY HIGHLIGHTS**

- Industry leaders in fulfilling mission aligned Impact goals
- Chosen based on proven ESG-ratings & scoring systems

**AC Energy Corp (ACEN PM)**

Taking measures to prevent, minimize and control its direct greenhouse gas emissions; transition to renewables divest its coal assets by 2030.

**Mercury NZ Ltd (MCY)**

The energy that they generate is 100% renewable, and their continued investment in low-carbon electricity generation is helping New Zealand move to a low emissions future.

**TransAlta Corporation (TA)**

Industry leader on climate change management. Reduced annual emissions by approximately 25M tons of CO<sub>2</sub>e since 2005, a 61% reduction over that time period.

**Renova, Inc. (9519 JP)**

Contributes to Japan’s policy to increase the percentage of renewable energy in Japan’s energy mix; committed to reducing CO<sub>2</sub> emissions by 10 million tons by 2030.

**Tesla Inc. (TSLA)**

Tesla customers avoided 5.0 million metric tons of CO<sub>2</sub> emissions in 2020. Through solar panels Tesla has generated 8x more energy than their factories have consumed.

**INVESTMENT TEAM**



**Gordon Telfer**

Chief Investment Officer,  
Portfolio Manager  
35 Years Experience



**Shireen Eddleblute**

Head of ESG Research,  
Portfolio Manager  
20 Years Experience

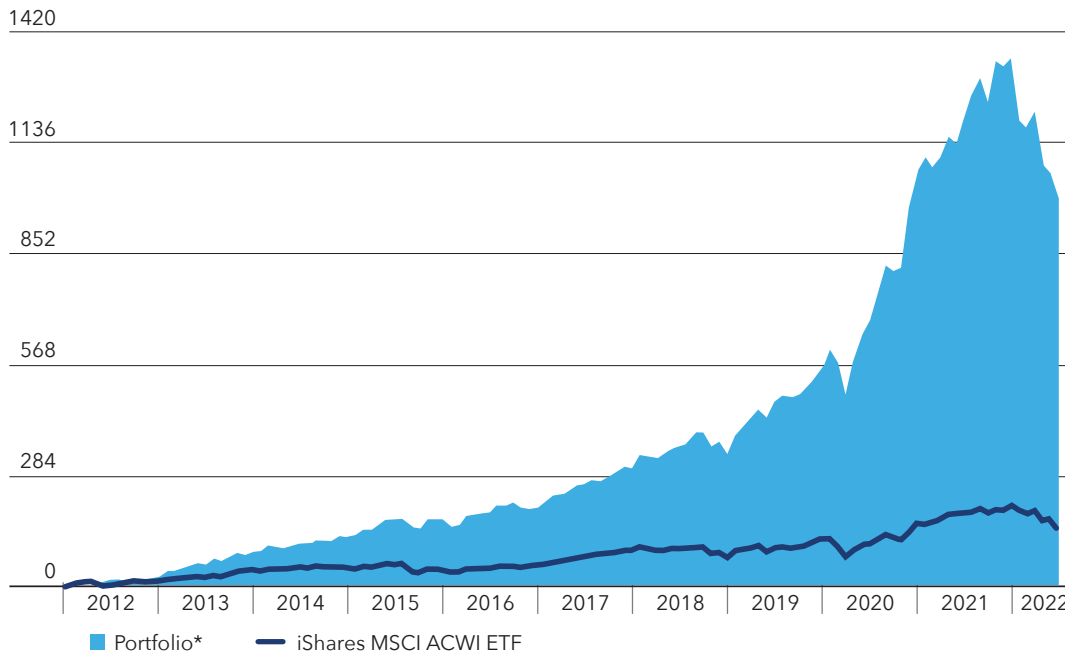
**OVERVIEW**

Inception Date	N/A
Total Assets	N/A
Benchmark	iShares MSCI ACWI ETF
Average Market Cap	\$259.8B
Number of Holdings	48
Country Allocation	70% US/30% Intl

While most investments are in U.S. companies, investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and differences in auditing and other financial standards. These risks are magnified in emerging markets.

**Past performance does not guarantee or indicate future results.** The information expressed herein is as of the expressed dates and is subject to change.

**MODEL ANNUAL RATES OF RETURN<sup>1</sup>**



Source: Morningstar  
\* Based on Model as of 6/30/22

**PORTFOLIO CHARACTERISTICS<sup>1</sup>**

Model Portfolio	
Alpha	17.73
Beta	1.02
R-Squared	81.07
Standard Deviation	18.43
Sharpe Ratio	1.29
Up Capture Ratio	135.64
Down Capture Ratio	64.41

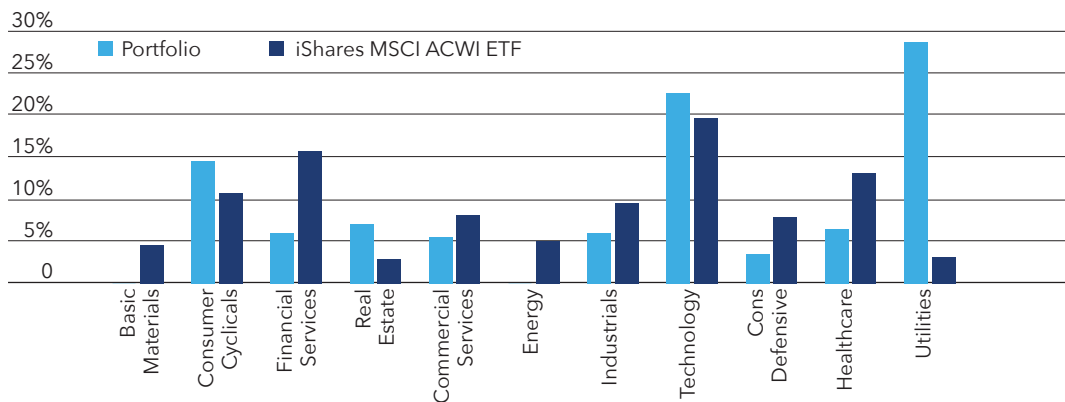
Five years as of 6/30/2022

**TOP 10 HOLDINGS**  
(as of 6/30/22)

American Water Works	3.50%
Alphabet Inc CL A	3.50%
Adobe Inc	3.50%
Tesla Inc	3.00%
AC Energy Corp	3.00%
Boralex Inc CL A	3.00%
Microsoft Corp	3.00%
Amazon.com Inc	3.00%
ServiceNow Inc	2.50%
Verisk Analytics Inc	2.50%

As of 06/30/2022. Current and future holdings are subject to change and risk. Current holdings can be found at [www.newdayimpact.com](http://www.newdayimpact.com).

**MODEL SECTOR ALLOCATION<sup>1</sup>**



Source: Morningstar

**MODEL ANNUALIZED RATES OF RETURN<sup>1</sup> (as of 6/30/22)**

	YTD	1 Year*	3 Years*	5 Years*
Climate Action	-24.36	-15.89	24.20	24.92
iShares MSCI ACWI ETF	-19.96	-15.59	6.31	7.19

Source: Morningstar \* Based on Model as of 6/30/22

**Important Information and Disclosures:** Back-tested portfolio performance returns are for illustration purposes only and does not reflect an actual account. Investing in securities involves risks, and there is always the potential of losing money when you invest in securities. Please consider your adjectives and Newday Impact's fees prior to investing. Past performance does not guarantee future results.

Certain information contained herein has been obtained from third-party sources believed to be reliable but we cannot guarantee its accuracy or completeness.

**ETHO CAPITAL: EXXON vs. VESTAS**

Most existing Existing ESG/SRI 1.0 rating systems are based on voluntary CSR reports, lack supply chain and/or use phase “Scope 3” data, are biased towards large companies and are subject to reporting error and fraud. Etho Capital’s Scope 1-3 “climate efficiency” GHG data gives a more accurate company-level climate sustainability picture while identifying net climate positive investments:

	<b>ExxonMobil</b>	<b>Vestas</b>
<b>Scope 1+2 kg GHGs/\$=</b>	0.711	0.002
<b>Scope 1+2+3 kg GHGs/\$=</b>	4.48	-2.74
<b>Scope 3 difference=</b>	>6x worse	CLIMATE POSITIVE!

**1 Back-tested performance is NOT an indicator of future results.** In order to show performance of the portfolio prior to inception we use the returns of a model portfolio, not an actual client account. The results reflect performance of a strategy not historically offered to investors and do NOT represent returns that any client account actually attained. Back-tested results are calculated by the retroactive application of a model constructed on the basis of historical data and based on assumptions integral to the model which may or may not be testable and are subject to losses.

**General assumptions include:** Newday would have been able to purchase the securities recommended by the model and the markets were sufficiently liquid to permit all trading. Changes in these assumptions may have a material impact on the back-tested returns presented. Certain assumptions have been made for modeling purposes and are unlikely to be realized. No representations and warranties are made as to the reasonableness of the assumptions. This information is provided for illustrative purposes only.

Back-tested results are adjusted to reflect the reinvestment of dividends and other income and, except where otherwise indicated, do not include the effect of transaction costs, management fees, performance fees or expenses, the incurrence of which would have the effect of decreasing historical performance results.

This factsheet is not an offer, solicitation of an offer, or advice to buy or sell securities in jurisdictions where Newday Impact is not registered. Registration does not imply a certain level of skill or training. Nothing in this factsheet should be construed as tax advice, an offer, solicitation, or recommendation to purchase or sell any security. This factsheet is not intended as investment advice, and Newday Impact does not represent in any manner that the circumstances described herein will result in a particular outcome. Investment advisory services are provided to investors who become Newday Impact clients. For additional information regarding investment advisory fees and/or material risk is discussed in Part 2A of Newday’s Form ADV. **Prospective investors should read all documents thoroughly prior to making an investment in the Strategy.**

**ADRs.** Non-U.S. company exposure is achieved through investments made in American Depository Receipts (“ADRs”). Investment in ADRs of non-U.S. companies in developed and emerging markets, which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and difference in auditing and other financial standards. These risks are magnified in emerging markets.

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**Benchmark:** The primary benchmark for the model is the **iShares MSCI ACWI ETF**, which is a market capitalization weighted index. The fund tracks the MSCI ACWI Index. The fund generally will invest at least 80% of its assets in the component securities of its underlying index and in investments that have economic characteristics that are substantially identical to the component securities of its underlying index. The index is a free float-adjusted market capitalization index designed to measure the combined equity market performance of developed and emerging markets countries.

**Newday Financial Technologies, Inc. | [www.newdayimpact.com](http://www.newdayimpact.com)**

Newday Funds, Inc. (“Newday Impact”) is a subsidiary of Newday Financial Technologies, Inc. and is an SEC registered investment adviser.