

Q2 2022 ESG LARGE VALUE STRATEGY UPDATE

By Kirk Fox

The ESG Large Value Strategy outperformed its benchmark, the Russell 1000 Value Index, for the second quarter of 2022. Covid 19 is mostly in the rear-view mirror, but the aftermath of global supply and demand imbalances continues to create a volatile ripple effect for the global economy. The Federal Reserve is finding it difficult to harness inflation while avoiding a recession. Furthering the global imbalances is the deepening effect of the Russian Ukraine War. These combined forces have led to one of the worst quarters in decades.

During the quarter, the top three performing equities in the portfolio were AT&T (T), Pfizer (PFE) and Progressive (PGR). Not surprisingly, all three of these names offer defensive oriented characteristics. During the market selloff, investors flocked to large capitalization, safe haven type stocks. They offer strong cash flow and defensive models that will perform well during a recessionary type environment.

Equities in the portfolio which underperformed were ABB Ltd (ABB), Walt Disney Company (DIS) and Berkshire Hathaway Class B (BRK). All three names performed well during the pandemic and now investors are taking profits. ABB and Berkshire performed well due to their industrial end markets and are now slowing in the post covid environment. Disney performed well during covid with the launch and strong initial growth of their streaming service, Disney+. Now with slower streaming growth and the potential loss of preferred tax status in Florida, the stock has given back recent gains.

During the second quarter, there was little activity in the portfolio with only one sale. We sold our entire position in Carrier (CAR) due to governance concerns, valuation and tough comparisons given it was a COVID-19 beneficiary.

We continue to own and look for high-quality companies which we believe will fare well in the current market environment. While we think the economy will continue down a bumpy road for some time, we are encouraged by the potential for finding bargains in the sell off.

(Disclosures and chart showing ESG Large Value Strategy Largest Contributors and Detractors on next page).

**ESG Large Value Strategy
Largest Contributors and Detractors – Q2 2022**

5 Best - Absolute Contribution

Ticker	Company	Average Weight	Contribution
T	AT&T Inc.	1.56%	23 bps
PFE	Pfizer Inc.	4.27%	18 bps
PGR	Progressive Corp	4.80%	08 bps
GSK	GSK plc	2.55%	00 bps
CEG	Constellation Energy	1.44%	-03 bps
5 Best Total		14.61	46 bps

5 Worst - Absolute Contribution

Ticker	Company	Average Weight	Contribution
CAT	Caterpillar Inc.	3.04%	-62 bps
MDT	Medtronic Plc	3.15%	-63 bps
ABB	ABB Ltd	3.34%	-66 bps
DIS	Walt Disney Company	2.91%	-102 bps
BRK.B	Berkshire Hathaway Inc.	4.46%	106 bps
5 Worst Total		16.90%	-399 bps

Disclosures:

Reader should not assume that investments in the securities identified were or will be profitable. Timing differences of purchases and sales may have a modest impact on the actual contribution numbers presented. The holdings identified do not represent all of the securities purchased, sold, or recommended. The calculation's methodology along with details on all holding's contribution to the overall account's performance during the measurement period are available upon request. Past performance does not guarantee future results.