

Sustainable Opportunities is a core global equity strategy employing a combination of thematic impact and ESG-integrated fundamental analysis. Thematic analysis provides insight into opportunities related to sustainable business practices in an environment marked by shifting regulations and advancements in technology. The strategy emphasizes exposure to six environmental themes across a portfolio diversified by size, sector, geography and other factors.

## QUARTERLY UPDATE FROM THE MANAGER

### Highlights for the Calendar Quarter:

- The Sustainable Opportunities equity strategy was up in the fourth quarter, outperforming the Russell 3000 Index. The strategy has outperformed the benchmark overall in 2020
- Top performers in Q4 were Enphase Energy, Hannon Armstrong Sustainable Infrastructure, Itron and Aptiv
- The strategy purchased GM in Q4, a legacy automaker well positioned to transition into the electrified and autonomous future of the transportation industry

After some expected volatility in October going into the US elections, the stock market took off, adding just over 12% in the fourth quarter, bringing the full year tally to 18.4% on the S&P 500 Index. Despite continued significant economic pain currently, the announcement of highly effective vaccines, reduced political uncertainty, and additional fiscal support, keep investors focused on a post-pandemic future, with rebounding economic growth and corporate earnings. While large US stocks did well in Q4, equity participation broadened, with smaller domestic and international stocks significantly outperforming. Repositioning toward a more cyclical stance over the last six months helped the strategy navigate shifting internal market dynamics. The strategy performed well in Q4 and the full year, outpacing its benchmark even with a slight cash drag.

Stock selection was again the driver of outperformance in the quarter, with cyclical exposure in capital markets and transportation industries contributing. While cyclical positioning was a clear positive, the standout was the continued outperformance of environmental opportunities, with Enphase Energy, Hannon Armstrong, Itron, and Aptiv all among top performers. Turnover was limited in Q4, with a sale of TJX used to initiate a position in GM, a company transitioning toward a more sustainable, low-carbon future through industry leading development of electric and autonomous vehicles. We are encouraged to see investors broadly begin to recognize that shifting government regulations and consumer preferences are driving fundamental momentum for businesses focused on creating a cleaner environment.

**Sustainable Opportunity Spotlight** – General Motors (GM), one of the largest global auto manufacturers, is actively and strategically investing in electric and autonomous vehicle capabilities, positioning the company as a leader in a sustainable transportation future. GM’s vertical integration in batteries, through the Ultium platform, may provide a competitive advantage by enabling significant streamlining of the production process, lowering costs, and ensuring access to tightening supply. In November, GM announced updated targets including \$27B in capital spending on EVs and 30 new vehicle launches between 2020 and 2025, indicating a significant acceleration of electric vehicle (EV) development.

Disclaimer: This communication may include opinions and forward-looking statements. All statements other than statements of historical fact are opinions and/or forward-looking statements (including words such as “believe,” “estimate,” “anticipate,” “may,” “will,” “should,” and “expect”). Although we believe that the beliefs and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such beliefs and expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those discussed in such forward-looking statements. All expressions of opinion are subject to change. You are cautioned not to place undue reliance on these forward-looking statements. Adviser makes no representations that any of the securities discussed have been or will be profitable.



## STRATEGY FACTS

Inception Date	9.30.2016
Benchmark	Russell 3000
Number of Holdings	40-60

## TOP 10 HOLDINGS

	Weight (%)
Microsoft Corp.	4.3
Apple, Inc.	3.9
Amazon.com, Inc.	3.4
Alphabet, Inc.	2.8
Hannon Armstrong Sustain. Infr	2.7
Enphase Energy, Inc.	2.6
Visa, Inc. Class A	2.5
Target Corp.	2.5
UnitedHealth Group Inc.	2.3
Comcast Corp.	2.2

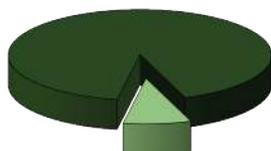
**TOTAL TOP 10 29.2**

## CHARACTERISTICS Strategy R3000

Valuation:		
Price/Est. Earnings	29.2x	27.4x
Price/Sales	6.1	7.6
Price/Cash Flow	24.3	21.6
PE/Growth	2.7	1.7
Dividend Yield	1.4%	1.4%
Growth (%):		
Revenue (3 Yr)	9.6%	13.2%
Earnings (3 Yr)	13.5	13.0
Financial Strength:		
Tot Debt/Tot Cap	45.8%	43.5%
Environmental, Social & Governance		
Carbon Emissions	1,666	4,318
Carbon Intensity	60.4	140.4

## PORTFOLIO MARKET CAPITALIZATION

Large Cap	91.7%
Mid Cap	8.3%



International 8.9%

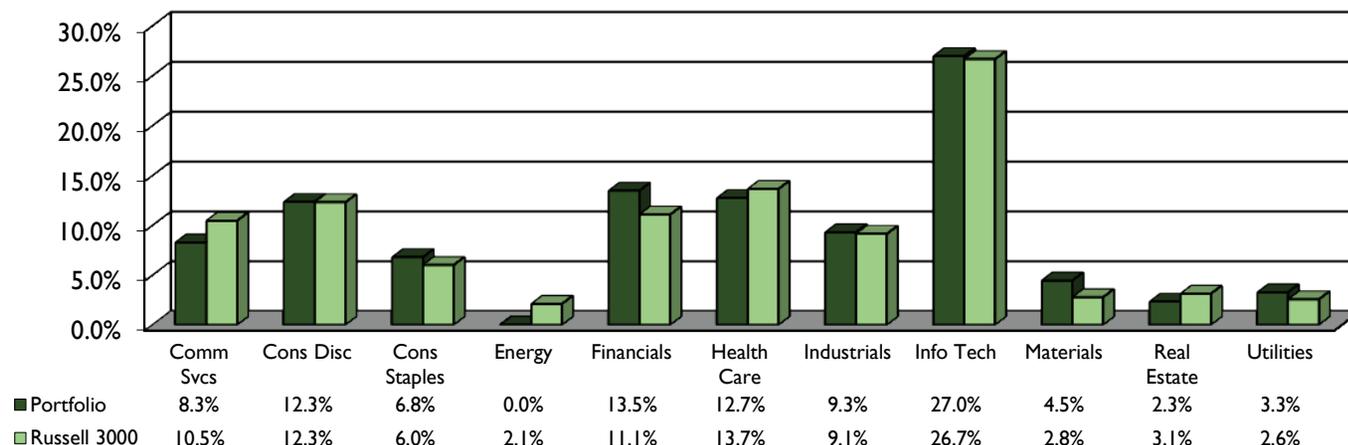
## ABOUT F.L.PUTNAM

F.L.Putnam Investment Management Company provides a comprehensive range of investment advisory, investment management, and financial planning services to a nationally diversified clientele that includes endowments and foundations, as well as individuals and families. We are registered with the Securities and Exchange Commission under the *Investment Advisers Act of 1940*. We serve clients out of our Wellesley, MA, Portland, ME, Wolfeboro, NH and Providence, RI locations. The company was incorporated in 1983.

## INVESTMENT PHILOSOPHY

We believe that a growing awareness of environmental risks associated with certain business practices and use of natural resources more broadly is driving change in regulations and corporate behavior. This change creates opportunities for investors in companies centered on sustainable business practices and those positively affected by shifting regulations and advancements in technology.

We target a portfolio of undervalued, high-quality growth companies that emphasizes sustainability and limits exposure to environmentally damaging businesses. Our investment process starts with six key environmental themes: alternative energy, energy efficiency, pollution prevention, green building, sustainable water and sustainable agriculture. We exclude companies that are top emitters of toxic chemicals and greenhouse gasses as well as top fossil fuel reserve holders. Within this framework, we rely on in-depth, fundamental research to identify companies we believe can sustainably generate above-average growth and profitability. The resulting portfolio will be diversified by size, sector and geography, while avoiding excessive concentration of more than 5% (or benchmark weight) in any one company and be within 5 percentage points (+/-) of its benchmark in any one economic sector, except Energy, Industrials, and Utilities. The portfolio may include up to 40% in international equities.



# PERFORMANCE HISTORY

Shown Net of Fees unless otherwise stated

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CY Gross	CY Net	
2016	FLPGREEN Russell 3000	<p>If you would like to see performance for this, or any of our FLP internally managed strategies, please email <a href="mailto:contact@flputnam.com">contact@flputnam.com</a> or call 800.344.3435</p>														
2017	FLPGREEN Russell 3000															
2018	FLPGREEN Russell 3000															
2019	FLPGREEN Russell 3000															
2020	FLPGREEN Russell 3000															
As of December 31, 2020		Month	3 Months	YTD	1 Year	3-Yr**	ITD**									
	FLPGREEN Net															
	FLPGREEN Gross															
	Russell 3000															

\*Partial year  
\*\*Annualized

**Compliance Statement:** F.L.Putnam claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. F.L.Putnam has been independently verified for the periods 1/1/07 – 6/30/20. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Sustainable Opportunities Composite has had a performance examination for the periods 9/30/16 – 6/30/20. The verification and performance examination reports are available upon request.

**Composite Description:** The Sustainable Opportunities Composite is a weighted average of discretionary accounts with an equity objective managed in our Sustainable Opportunities Strategy. Accounts in this composite must have a market value greater than \$100,000 and enter the first day of the following month the account is under our management. Sustainable Opportunities is a blended investment objective that invests primarily in small-, mid-, and large-capitalization equities. Up to 40% of the strategy may be invested in international equities; no more than 5% may be invested in any one company and be within 5% (+/-) of its benchmark in any one economic sector except in Energy, Industrials, and Utilities. The investment objective of accounts in this composite is to seek growth via participation in stocks with a particular emphasis on six environmental themes, while avoiding some of the environmental and investment risks associated with toxic chemicals, greenhouse gasses and fossil fuel reserves. For the following time periods, the amount of non-fee paying composite assets relative to total composite assets is as follows: 2016 = 100.0%, 2017 = 100.0%, 2018 = 2.59%. The Sustainable Opportunities Equity Composite was created on 9/30/2016. A complete list and description of all composites is available upon request.

**Benchmark:** The Russell 3000 Index is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market. The Russell 3000 Index is comprised of stocks within the Russell 1000 and the Russell 2000 Indices. The index was developed with a base value of 140.00 as of December 31, 1986. The volatility of the benchmarks may be materially different from that of the strategy depicted, and the holdings in the strategy may differ significantly from the securities that comprise the benchmarks. Benchmark returns are not covered by the report of independent verifiers.

**Performance Calculations:** Valuations and returns are computed and stated in U.S. Dollars. Results reflect the reinvestment of dividends and other earnings. Gross-of-fees returns are presented before management and custodial fees, but after all trading expenses. Net-of-fees returns are calculated using actual management fees that were paid and are presented before custodial fees but after management fees and all trading expenses.

**Fees:** Information regarding F.L.Putnam’s fees is included in its *Part II Form ADV*. Annual Investment Management Fee schedule for clients is as follows: 1.00% on the first \$2 million, plus 0.85% on the next \$3 million, plus 0.725% on the next \$5 million, plus 0.60% on the balance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**Disclaimers:** Past performance does not guarantee future results. Registration with the SEC should not be construed as an endorsement or an indicator of investment skill, acumen or experience. Any dated information is published as of its date only. Dated and forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any dated or forward-looking statements. Investment process, strategies, philosophies, portfolio composition and allocations, security selection criteria and other parameters are current as of the date indicated and are subject to change without prior notice. Adviser’s clients may or may not hold the securities discussed in their portfolios. Adviser makes no representations that any of the securities discussed have been or will be profitable. Benchmark indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Adviser has selected the stated indices to allow the comparison of its composite performance to that of a well-known benchmark. The indices are shown for comparative purposes and to establish current market conditions. Clients cannot invest directly into an index. Clients should be aware that the referenced indices funds may have a different security composition, volatility, risk, investment objective and philosophy, diversification, and/or other investment-related factors. Additionally, referenced indices may not include fees, transaction costs or reinvestment of income. Therefore, the Adviser’s composite and investor’s individual results may vary significantly from the index’s performance. Benchmarks used by Adviser are current as of the date indicated and may change without notice. Adviser’s clients may or may not hold the securities discussed in their portfolios. ©2015 MSCI ESG Research Inc. Reproduced by permission. Although F.L.Putnam’s information providers, including without limitation, MSCI ESG Research Inc. and its affiliates (the “ESG Parties”), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

