

# Shelton ESG Taxable Municipal Bond Portfolio Strategy

A Core Fixed-Income Solution with an Environmental Sustainability Focus

## Strategic Overview

The strategy targets bonds that advance sustainability in the public arena, such as those that finance clean water delivery and treatment, resource conservation, mass transit systems, renewable energy and climate-change resistant infrastructure.

## Strategy Objective

The Shelton ESG Fixed Income Portfolio Strategy will seek to hold a diversified portfolio of bonds that pay taxable interest, including but not limited to taxable municipals, corporates, agencies and supranationals.

Average Annual Total Returns	2Q24	YTD	1YR**	3YR**	5YR**	10YR**
ESG Taxable Muni Portfolio - Gross	0.49%	0.94%	5.62%	-0.76%	1.00%	1.92%
ESG Taxable Muni Portfolio - Net	0.07%	0.11%	3.88%	-2.38%	-0.65%	0.26%
Bloomberg US Aggregate Bond Index	0.07%	-0.70%	1.99%	-3.23%	-0.36%	1.28%

Annual Composite Returns - 10yr	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>^</sup>
ESG Taxable Muni Portfolio - Gross	5.44%	1.84%	2.34%	2.28%	2.22%	5.50%	6.39%	-0.51%	-9.03%	6.70%	0.94%
ESG Taxable Muni Portfolio - Net	3.72%	0.18%	0.66%	0.60%	0.54%	3.77%	4.65%	-2.13%	-10.53%	4.96%	0.11%
Bloomberg US Aggregate Bond Index*	5.95%	0.57%	2.66%	3.55%	0.02%	8.73%	7.50%	-1.55%	-13.02%	4.86%	-0.70%

<sup>^</sup>Numbers presented are as of June 30, 2024 \*\*Annualized.

For the full GIPS Report, please visit this link: <https://sheltoncap.com/esg-fixed-income-gips-report/>

Shelton Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Shelton Capital Management has been independently verified for the periods December 31, 2003 to December 31, 2021. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The firm's list of pooled fund descriptions for limited distribution pooled funds and the firm's list of broad distribution pooled funds is available upon request. GIPS® is a registered trademark of CFA institute. CFA institute has not been involved in the preparation or review of this report/advertisement.

## Portfolio Management Team



Peter Higgins has over 25 years of experience in fixed income investing, most notably as Partner and Lead Portfolio Manager at both Ares Management and BlueBay Asset Management. Previously, Peter specialized in global leveraged finance at investment banks such as Deutsche Bank AG, Goldman Sachs & Co. and Credit Suisse in both London, England, and New York City. Peter earned a bachelor's degree in Economics-Political Science from Columbia University.



William Mock has 24 years of experience as a trader and portfolio manager of fixed income and derivatives portfolios, working at Citibank, Societe Generale, and TKI Capital prior to joining Shelton Capital in 2010. He is also lead portfolio manager of Shelton Capital's other municipal and government bond mutual funds. William holds a B.S. in Electrical Engineering from Kansas State University and an MBA from University of Chicago Booth School of Business.

## Quick Facts

Minimum Initial Account - \$250,000

	Strategy	Benchmark
Standard Deviation	3.17%	4.71%

Data above calculated using monthly returns gross of fees

annualized since inception

\*Benchmark is Bloomberg U.S. Aggregate Total Return Value Unhedged USD

## Benefits

With over 30 years' experience, Shelton Capital Management is large enough to gain access to both the new issue and secondary municipal markets across multiple dealers, yet nimble enough to be selective as we customize the portfolio to reflect the client's investment mandate.

A separately managed bond account is a private, actively managed portfolio of bonds. The key difference between a mutual fund and a separately managed account is what an investor actually owns. A mutual fund shareholder owns shares in a pool of securities owned jointly by all shareholders of the fund. Each share of the fund represents a small interest in each and every security the fund owns. In contrast, a separately managed bond account client owns individual bonds with full transparency and specific maturities.

## FOR FINANCIAL PROFESSIONAL USE ONLY

### IMPORTANT INFORMATION

Prospective clients should carefully consider the fees and expenses associated with any investment. All investments carry a certain degree of risk, including the possible loss of principal and there are specific risks that apply to each investment strategy. Income may be subject to alternative minimum tax (AMT) and/or state and local taxes, based on state of residence. Past performance is not indicative of future results.

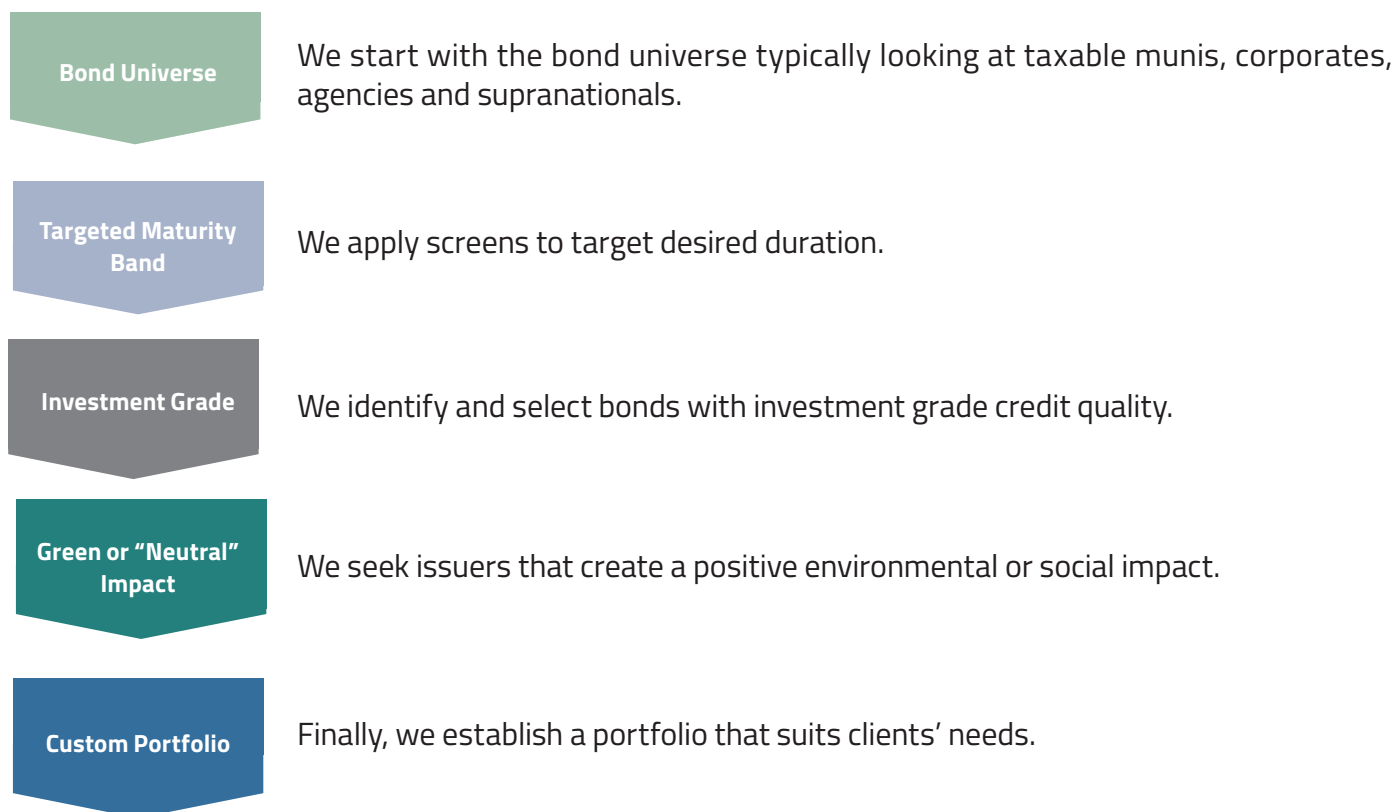
Past performance does not guarantee future results. The strategy is subject to several risks, any of which could cause an account to lose money. These risks include interest rate risk, state specific risk, income risk, call risk, credit risk, and bankruptcy risk. Prospective clients should consult their tax advisor regarding the suitability of tax exempt investments in their portfolios income. Income may be subject to alternative minimum tax (AMT) and/or state and local taxes, based on the state of residence. There is no assurance that an investment will provide positive performance over any period of time. Prospective clients should consult their financial advisor about investment strategies that are appropriate for their investment objectives, risk tolerance, tax status and liquidity needs. Investors should understand that bond yields generally increase with the risk level and the time to maturity. The environmental focus of the bond strategies may limit investment options available and may result in lower returns than returns of strategies not subject to such investment considerations. It may not always be possible or in the client's best interest to fill a new portfolio with "green" holdings; in such cases, we would invest a portion of the assets in the general market and build out the green component over time.

The performance numbers represent a composite consisting of all the firm's discretionary accounts that had a minimum balance of at least \$250,000, and were invested in the Shelton ESG Fixed Income Portfolio Strategy. The Strategy will seek to hold investment grade, intermediate maturity corporate, agency, government, and other bonds that pay taxable interest and raise capital for green products, resource conservation, mass transit equipment, renewable energy and climate-resistant infrastructure to advance sustainability in the public and private sectors while providing competitive returns.

The composite includes all existing as well as terminated accounts meeting the above criteria. Performance shown prior to January 1, 2015 represents results achieved by the ESG Fixed Income Portfolio Strategy Team while it was part of First Affirmative Financial Network.

Data presented as of June 30, 2024.

## Portfolio Construction Process



### IMPORTANT INFORMATION

As of January 1, 2023, the name of the strategy changed from Green Fixed Income Portfolio Strategy to ESG Fixed Income Portfolio Strategy. The US Dollar is the currency used to express performance.

On June 30, 2023, the name of the composite changed from the ESG Fixed Income Portfolio Strategy to the ESG Taxable Municipal Bond Portfolio Strategy.

All base index performance information is provided by Advent. The Bloomberg US Aggregate Bond Index covers the USD denominated, investment grade (rated Baa3 or above by Moody's), fixed rate, and taxable areas of the bond market. This is the broadest measure of the taxable US bond market, including most Treasury, agency, corporate, mortgage backed, asset backed, and international dollar denominated issues, all with maturities of 1 year or more. Net returns are presented after all trading costs and actual management fees. Actual management fees may include other advisor investment management fees for accounts where Shelton Capital Management holds a sub advisor relationship. Accounts in the composite pay a management fee based on percentage of assets under management.



Data presented as of June 30, 2023 Shelton Capital Management is an investment adviser in Denver, CO. Shelton Capital Management is registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any specific level of skill or training and does not constitute an endorsement of the firm by the Commission. Shelton Capital Management only transacts business in states in which it is properly registered or is excluded or exempted from registration. A copy of Shelton Capital Management's current written disclosure brochure filed with the SEC which discusses among other things, Shelton Capital Management's business practices, services and fees, is available through the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Strategy Objective**

The Shelton ESG Municipal Bond Portfolio Strategy will seek to hold a diversified portfolio of investment-grade, short and intermediate maturity municipal bonds that pay tax-exempt interest.

**Strategic Overview**

The strategy targets bonds that advance sustainability in the public arena, such as those that finance clean water delivery and treatment, resource conservation, mass transit systems, renewable energy and climate-change resistant infrastructure.

Average Annual Total Returns	2Q24	YTD	1YR**	3YR**	5YR**	10YR**
ESG Muni Bond Portfolio - Gross	-0.36%	-0.76%	1.93%	-0.31%	0.72%	1.37%
ESG Muni Bond Portfolio - Net	-0.77%	-1.58%	0.25%	-1.95%	-0.93%	-0.29%
Bloomberg Muni Bond 5 Yr Index*	-0.43%	3.46%	2.25%	-0.61%	0.83%	1.57%

**Quick Facts**

Minimum Initial Account - \$250,000

	Strategy	Benchmark
Standard Deviation	2.96%	3.48%

*Data above calculated using monthly returns gross of fees annualized since inception*

*\*Benchmark is Bloomberg Municipal Bond 5 Yr Total Return Index Value Unhedged USD*

**Annual Composite Returns - 10yr**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <sup>^</sup>
ESG Muni Bond Portfolio - Gross	3.70%	1.93%	0.17%	2.27%	1.67%	4.23%	3.46%	0.08%	-4.12%	3.93%	-0.76%
ESG Muni Bond Portfolio - Net	2.01%	0.26%	-1.47%	0.60%	0.00%	2.53%	1.77%	-1.56%	-5.70%	2.23%	-1.58%
Bloomberg Muni Bond 5 Yr Index*	3.19%	2.45%	-0.38%	3.16%	1.69%	5.46%	4.30%	0.34%	-5.25%	4.31%	3.46%

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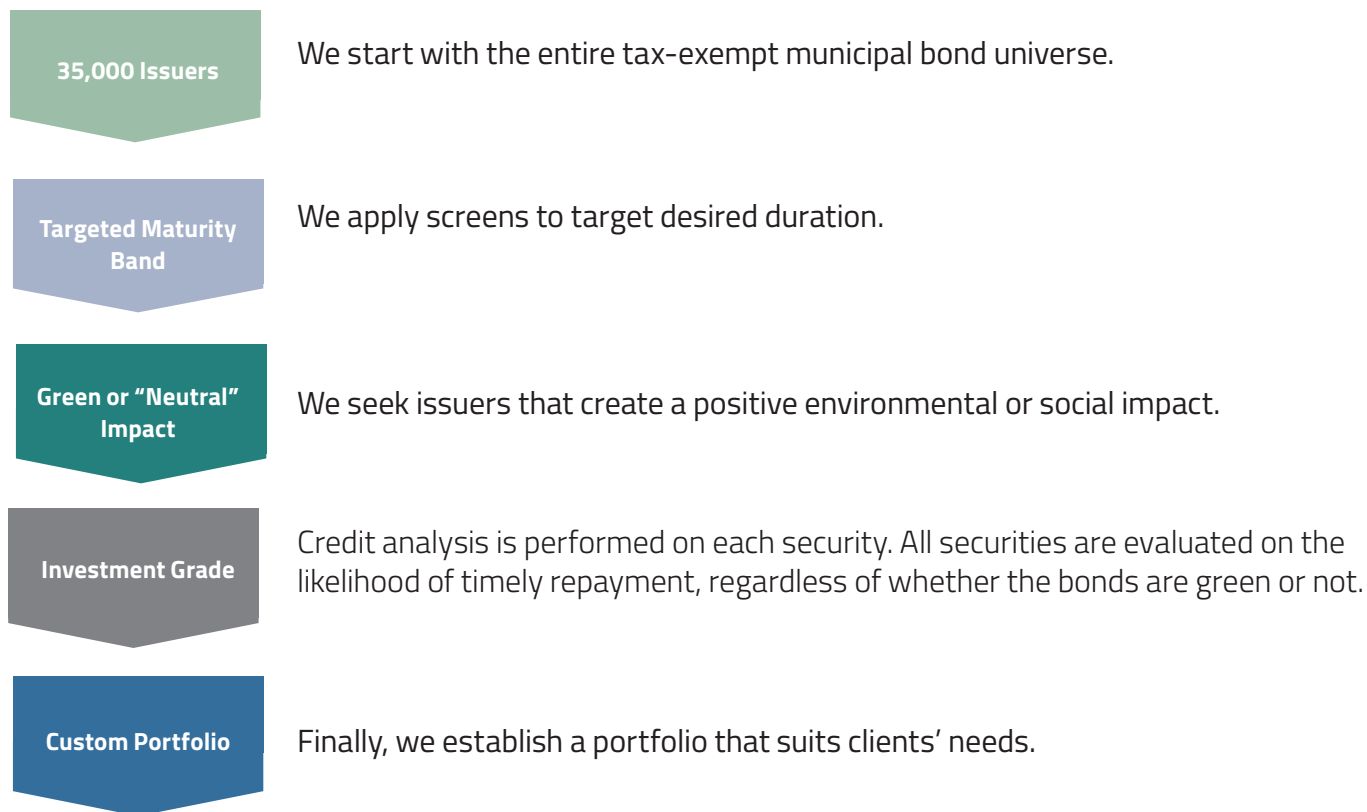
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