

Market Review

Contributors to Return

During the second quarter of 2024, the Shelton Sustainable Equity Fund resulted in a -3.22 % return relative to the MSCI ACWI of 2.44%. The fund outperformed the S&P 400 MidCap Index by 0.23%. The Funds greatest contributors to return were First Solar, Brookfield Renewables Corporation, and Valmont Industries. The greatest detractors from returns for the quarter were H & E Equipment Services, Ryerson Holdings, and Darling Ingredients.

Overall, the impact of allocation across sectors was significant in terms of increases in the Utilities and Information Technology sectors whereas we saw the greatest detractors to return coming from the Industrials, Materials and Consumer Staples sectors.

Risk Assessment¹

The overall active risk, the risk above the benchmark risk, associated with the stock-specific attributes, accounted for about 48.8 % of the risk. This is an increase in market risk over last quarter and was largely influenced by overweight in the Industrials sector and an underweight in the Financials, Consumer Discretionary, and Communications Services sectors. We maintain our commitment to reduce overall portfolio risk and emphasize our bottom-up approach to stock selection and portfolio construction.

Portfolio Changes

Over the course of this year, we maintained our commitment to companies that will benefit from the Inflation Reduction Act (IRA) and other sustainability oriented trends in the economy. Namely, we added the following companies to the portfolio: e.l.f. Beauty Inc., Siemens Healthineers AG, and Teledyne Technologies Inc., while selling our full position of ABB Ltd. and Danaher Inc.

- e.l.f. Beauty, Inc. operates as a cosmetic company. The company offers beauty products such as eyeliners, lipsticks, creams, brushes, powder, and skin care products for eyes, lips, face, and paw. e.l.f. Beauty is the first beauty company that is Fair Trade Certified, the first mass brand to be 100% vegan and cruelty free, and fits our PRIME criteria, primarily the impact and principles portion of our thesis, as e.l.f.'s low cost and high quality provides access to makeup and skincare for every customer.
- Siemens Healthineers AG operates as a medical technology company. The company provides medical imaging, laboratory diagnostics, point-of-care testing, digital ecosystem, and reading solutions for health care applications. Siemens Healthineers has made a commitment to 90% reduction in Scope 1 and 2 emissions by 2030 and reduce Scope 3 emissions across the value chain by 28% by 2030 and 90% by 2050. The Healthcare sector is responsible for 5% of global emissions. Siemens Healthineers is in line with the PRIME criteria.
- Teledyne Technologies Inc. provides electronic subsystems and instrumentation. The company provides aerospace and defense electronics, digital imaging products and software, monitoring instrumentation for marine and environmental applications, harsh environment interconnect products, and subsystems for satellite communications. Teledyne also provides engineered systems. Teledyne's products are the key to our environmental thesis, as they make several devices that are leading the charge in climate data and analytics that serves various end markets. Teledyne imaging sensors are used to monitor carbon dioxide and methane across the world. Teledyne's environmental monitoring products help utilities, industrials, aerospace, and oil/gas become more efficient and prevent environmentally damaging risks to its operations and supply chain.

The Inflation Reduction Act (IRA): The bill remains intact despite political noise.

A complete repeal of the IRA is unlikely, if not impossible, save for an extensive legislative package. We think this would be highly unpalatable to many of the beneficiaries of the 45X manufacturing credits. And yet, a Republican White House could result in some Executive Actions, namely constraining the DOE Loan office program and weakening EPA pollution regulations. While this may raise some concerns, industry participants have been ramping up on contracting and building additional energy capacity (which also means a need for water), with Big Tech paying premiums for low GHG emissions-based energy. AI will need power, which we currently don't have. Therefore, we remain well positioned for this transition to a more digitized and low carbon energy economy.

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Fund Management



Bruce Kahn, Ph.D.

Lead Portfolio Manager

Dr. Kahn has been the lead portfolio manager of the Fund since October 10, 2022. He has 18 years of experience in portfolio management and other responsibilities at Citibank, Deutsche Bank, Macquarie Global Inc., and Sustainable Insight Capital Management. Dr. Kahn earned a Ph.D. in Land Resources from University of Wisconsin, Madison, an MS in Fisheries and Allied Aquacultures from Auburn University, and a BA in Ecology and Evolutionary Biology from the University of Connecticut.



Derek Izuel, CFA

Co-Portfolio Manager

Derek Izuel joined Shelton Capital Management in January 2022 and serves as the Chief Investment Officer and Portfolio Manager for the Firm. He has over 24 years of portfolio management experience at Invesco, HighMark Capital and Vitruvian Capital.



Justin Sheetz, CFA

Co-Portfolio Manager

Justin Sheetz, CFA is a Portfolio Manager of the Shelton Sustainable Equity Fund. His experience includes 12 years as an Investment Strategist at BlackRock/BGI's Scientific Active Equity Group, 3 years as VP and Equity Analyst at HighMark Capital and 3 years as partner at Vitruvian Capital.



Elena Chavez

Portfolio Analyst

Elena Chavez is a research analyst on the Shelton Sustainable Equity Fund. Previously, she was an associate on the corporate credit team at Putnam Investments covering energy, chemicals, and media. She was also part of the ESG team within fixed income at Putnam. Elena holds a B.A. in International Relations and Economics from Tufts University.



Nicolette DiMaggio

Portfolio Analyst

Nicolette DiMaggio is an analyst of the Shelton Sustainable Equity Fund and has over six years of investment experience. Previously, she was the co-director of investment research at WTW, working on their equity and index investment research teams for four years. She is also a published author of the financial literacy book series Stock Explore. In September of 2023, Nicolette was named one of the most "Influential Women in Institutional Investing" by Pensions & Investments.

2Q 2024 Shelton Capital Management: Sustainable Equity Commentary

Fund Performance

Average Annual Total Returns

| | 2Q24 | YTD | 1YR | 3YR | 5YR | 10YR |
|--------------------------------|--------|--------|--------|---------|--------|--------|
| NEXTX | -3.22% | -0.79% | -5.61% | -12.20% | 12.23% | 8.12% |
| NEXIX | -3.15% | -0.67% | -5.37% | N/A | N/A | N/A |
| MSCI ACWI IMI (net)* | 2.44% | 10.28% | 18.40% | 4.71% | 10.34% | 8.17% |
| S&P 500 Composite Stock Index* | 4.28% | 15.29% | 24.54% | 10.00% | 15.01% | 12.84% |
| S&P MidCap 400 Index* | -3.45% | 6.15% | 13.55% | 4.43% | 10.22% | 9.11% |

*It is not possible for individuals to invest directly in an index. Performance figures for an index do not reflect deductions for sales charges, commissions, expenses or taxes.

[†]These estimates are based on our risk model

Total returns include changes in share price and the reinvestment of income dividends and all capital gains distributions. Performance figures represent past performance and are not a guarantee of future results. The investment return and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance data quoted. For more current month-end Fund performance information, please call our office at (800) 955-9988. Expense ratios: NEXTX: 1.23% (gross & net) | NEXIX: 0.97% (gross & net).

IMPORTANT INFORMATION

Shelton Sustainable Equity Fund's environmental focus may limit investment options available to the Fund and may result in lower returns than returns of funds not subject to such investment considerations. There are no assurances that the Fund will achieve its objective and or strategy. Investing in securities of small and medium sized companies, even indirectly, may involve greater volatility than investment in larger and more established companies.

INVESTMENTS ARE NOT FDIC INSURED OR BANK GUARANTEED AND MAY LOSE VALUE.

Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, visit www.sheltoncap.com or call (800) 955-9988. A prospectus should be read carefully before investing.

The Shelton Sustainable Equity Fund is distributed by RFS Partners, a member of FINRA and affiliate of Shelton Capital Management.



For more information, visit www.sheltoncap.com