

Market Review

Contributors to Return

During the Fourth Quarter of 2023, the Shelton Sustainable Equity Fund resulted in an 8.36% return with a YTD return of 2.11% relative to the MSCI ACWI of 11.14% and 21.58% for the QTD and YTD respectively. The fund trailed the S&P 400 Mid Cap Index by 3.30% and 14.28% QTD and YTD respectively. The Fund's greatest contributors to return were Hannon Armstrong, Siemens, and Brookfield Renewables. The greatest detractors from returns for the quarter were R1 RCM, Green Plains, and Net Power. Overall, the allocation across sectors was significant in terms of increases in the Industrials, Utilities, and Financials sectors, whereas we saw the greatest detractors to return coming from the Consumer Staples, Health Care and Energy sectors.

Risk Assessment

Finally, the overall active risk, the risk above the benchmark risk, associated with the stock-specific attributes, accounted for about 56% of the risk. This is an increase in market risk over the last quarter and was largely influenced by overweight in the Industrial sector and an underweight in the Financials, Consumer Discretionary, and Energy 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 the fourth quarter, 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 CF Industries Inc., a manufacturer and distributor of nitrogen fertilizer, which is investing in renewable projects, such as constructing facilities and add-on production to create blue and green ammonia to carry hydrogen, a promising new source of alternative energy promoted through the IRA.

The Inflation Reduction Act (IRA): Regulation clarity provides growth opportunity for 2024.

Several guidance components of the IRA were released in the fourth quarter, namely the Advanced Manufacturing Credit (45X) and the Hydrogen Product Tax Credit (45V). Both these updates by the US Department of the Treasury provide the needed catalyst for companies to begin breaking ground on projects. Additionally, the Sustainable Aviation Fuel Credit (40B) guidance also provided clarity for biofuels producers. Our portfolio has exposure to the following sectors which are supported by the IRA:

- Air Pollution, Hazardous Materials, Transportation, and Infrastructure (5%)
- Building Efficiency (13%)
- Clean Electricity (18%)
- Clean Fuel & Vehicle (13%)
- Clean Manufacturing (21%)
- Conservation, Rural Development Forestry (13%)
- Other Non-IRA Allocations: (18%)

We believe this allocation to the variety of sectors across the IRA provisions provides the fund excellent growth prospects and a diverse exposure to the transforming economy.

Fund Performance

Average Annual Total Returns

	4Q23	YTD	1YR	3YR	5YR	10YR
NEXTX	8.36%	2.11%	2.11%	-8.45%	18.72%	8.95%
NEXIX	8.42%	2.35%	2.35%	N/A	N/A	N/A
MSCI ACWI IMI (net)*	11.14%	21.58%	21.58%	5.46%	11.49%	7.76%
S&P 500 Composite Stock Index*	11.68%	26.26%	26.26%	9.98%	15.66%	12.01%
S&P MidCap 400 Index*	11.66%	16.39%	16.39%	8.06%	12.58%	9.25%

*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.

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.

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.

