
THIRD QUARTER 2020

The New Reality

The magnitude and duration of the market rally has surprised us. The market has recovered the losses from earlier this year in spite of a crisis that has continued far longer than most people predicted. The market is not priced to reflect the long term damage to the economy due to the coronavirus.

We are approaching Q4 with caution. Uncertainty surrounding the election and the virus makes this a very risky time for the market. We continue to position the portfolio to reflect this belief. During Q2 and Q3 we added to our positions in staples, gold and companies that benefit from increased online work and shopping.

Portfolio Analysis

The Triboro Socially Responsible Portfolio had a disappointing quarter. The strategy was +4.2% (gross of fees) vs +8.1% for the MSCI KLD 400 Social Index.

Positive & Negative Contributors to Performance

Our best performing sectors in Q3 were Energy and Consumer Discretionary. In both sectors our outperformance was due to holding stocks that are able to do well in the present environment.

SolarEdge Technologies (SEDG) makes inverter systems for solar energy installations. The stock increased 71% during Q3 as earnings and sales surpassed analyst estimates. The portfolio continues to hold the stock but has taken some profits.

Target Corp (TGT) the discount retailer beat revenue and earnings estimates during the quarter. Online sales increased 200% in Q2. This well managed company continues to be one of the largest positions in the portfolio.

The worst performing stock in Q3 was Ciena Corp. (CIEN). The stock declined 28% during the quarter as the stock was hurt by slowing orders due to COVID-19. Ciena warned that revenue could be impacted for several quarters. We will likely exit the position in Q4.

We continue to search for companies that can grow their business in this climate and that also have strong balance sheets.

Sustainable Investing Trends

Investors now consider environmental, social and governance (ESG) factors across \$12 trillion of professionally managed assets, a 38 percent increase since 2016. This represents 26 percent—**or 1 in 4 dollars**—of the \$46.6 trillion in total US assets under professional management.

Sustainable, responsible and impact (SRI) investing in the United States continues to expand at a healthy pace as investors increasingly recognize the benefits of this approach.

Executive Summary

- We will continue to add more defensive names to the portfolio in 2020 as we predict a weakening US equity market during the rest of the year. We see a large downside risk in the market.
- We have adapted our process to fit the current economic situation.

We appreciate your business and our team is always available to assist with questions or to explore a deeper conversation.

Philip Mendelsohn, CFA
Portfolio Manager

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Socially Responsible Portfolio Commentary

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