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FOURTH QUARTER 2021

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## Overvaluation

As 2021 ends the U.S. equity markets are historically overvalued. We are worried that markets are being driven to new highs by a handful of ultra large cap stocks.

The COVID pandemic is now almost two years old. In our view, the continuing long term damage to the commercial real estate, retail, travel and restaurant sectors have not been fully priced into the current market. In addition, inflation is beginning to accelerate. We maintain a cautious approach as the year begins.

## Portfolio Analysis

The Triboro Socially Responsible Portfolio had a fair year. The strategy was +27.5% (gross of fees) vs +31.6% for the MSCI KLD 400 Social Index and +28.70% for the S&P 500 Total Return Index.

## Positive & Negative Contributors to Performance

Our best performing sectors in 2021 were Technology and Industrials. In both sectors our outperformance was driven by stock selection.

Alphabet Inc (GOOGL) is the largest position in the portfolio. The stock increased 65% in 2021. They are the dominant online search engine and their cloud computing business continues to grow rapidly. We entered the position in 2018 and expect it to remain a long term core holding

Motorola Solutions (MSI) sell communications equipment and software. The stock rose 61% during 2021 as demand for their products and services continued to grow.

The worst performing stock in 2021 was AGCO Corporation (AGCO). The stock declined 18% since we entered the position in March 2021, The company faced increased costs from supply chain disruptions during the year. We will continue to hold the stock as the most recent quarter shows signs of recovery.

As the year progressed we began reducing or eliminating positions in overvalued stocks where business fundamentals were not improving. As 2022 begins we will continue to rotate away from growth stocks back towards value stocks.

## Sustainable Investing Trends

Investors now consider environmental, social and governance (ESG) factors across \$12 trillion of professionally managed assets. 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 defensive names in the portfolio in 2022 as we still see increasing downside risk to the market due to overvaluation.
- We have adapted our process to fit the present situation. We search for companies that are able to grow their business as the pandemic continues.
- We appreciate your business and our team is always available to answer questions or to have a deeper conversation.

Philip Mendelsohn, CFA  
Portfolio Manager

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# Socially Responsible Portfolio Commentary

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