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CB Save Earth Fund has faced two challenging years

It has been tough for our three main sectors, but there are several factors that may indicate a near-term improvement

We allocate our investments across three main sectors: cleantech, water treatment, and renewable energy. The water and the cleantech sectors provide a solid base in our portfolio while renewable energy serves as a complement. The past two years have been somewhat unique for us, as all three sectors have underperformed compared to the global index, MSCI World Net. The last period when all three sectors underperformed the global index within a single year was in 2018, but at that time, it was only for that specific year, not for multiple consecutive years.

Noteworthy factors indicating a potential near-term improvement

There are trends suggesting that our three main sectors could become potential winners in 2024 compared to the global index. Historical data since 2002 reveals interesting patterns within cleantech, renewable energy, and the water sector.

- Cleantech and renewable energy have at one previous period underperformed for three consecutive years against the global index, namely in 2010-2012. The following year, 2013, saw both sectors turn to outperformance.
- The water sector experienced a period of three consecutive years of underperformance in 2014-2016. This time, the water sector has underperformed for two consecutive years, in 2022 and 2023, but the underperformance stands out with the largest accumulated deviation compared to the global index. Never before has the underperformance been close to what we have witnessed in the last two years.
- The sum of outperformances for all years is positive for all environmental indices. This implies that, overall, there has been a gain from including these sectors in the portfolio—even for the two sectors that have performed worse than the global index since 2002. The key is rebalancing, meaning adjusting the weights each year so that a sector neither becomes too large nor too small. This involves selling off those that have performed well and buying more of those that have performed poorly.

Renewable energy* vs MSCI World Net

2002	0%
2003	16%
2004	5%
2005	11%
2006	12%
2007	46%
2008	-34%
2009	9%
2010	-23%
2011	-36%
2012	-18%
2013	23%
2014	-7%
2015	1%
2016	-13%
2017	4%
2018	-12%
2019	9%
2020	111%
2021	-36%
2022	-15%
2023	-23%

Cleantech vs MSCI World Net**

2002	-18%
2003	29%
2004	5%
2005	-1%
2006	-14%
2007	32%
2008	-16%
2009	8%
2010	-3%
2011	-11%
2012	-6%
2013	10%
2014	-12%
2015	4%
2016	6%
2017	7%
2018	-3%
2019	7%
2020	32%
2021	-12%
2022	-9%
2023	-16%

Water treatment* vs MSCI World Net**

2002	13%
2003	-2%
2004	14%
2005	6%
2006	13%
2007	5%
2008	2%
2009	2%
2010	3%
2011	-2%
2012	4%
2013	0%
2014	-1%
2015	-1%
2016	0%
2017	3%
2018	-1%
2019	5%
2020	0%
2021	8%
2022	-4%
2023	-10%

*Wilderhill TR Net NEXUSN **Cleantech CTIUSTR ***S&P Global Water Index

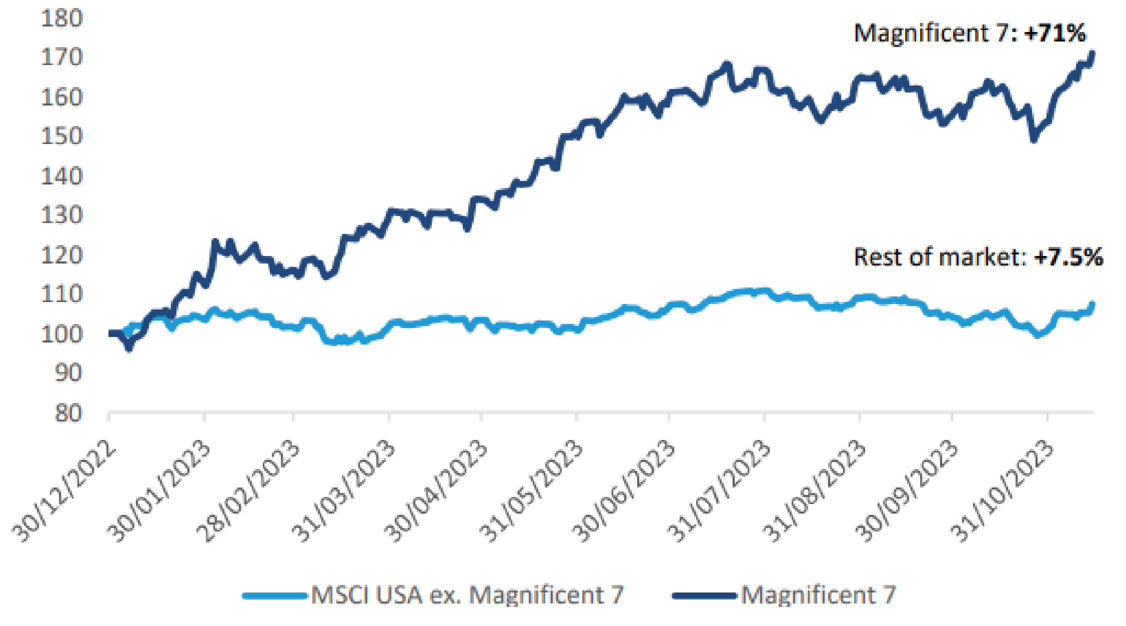
The weak relative performance of the fund is in many ways attributed to AI and the Magnificent 7

- The strong AI trend that began in the spring of 2023 has significantly contributed to a substantial increase in the stock prices of the seven largest U.S. companies (the Magnificent 7) measured by market capitalization. The Magnificent 7 have, on average, risen by +71% and account for a clear majority of this year's index gains in the global index, which is composed of approximately 70% U.S. equities. This year's rise in the global index is narrow and has created the most concentrated market since 1998.

- If one did not own any of the Magnificent 7 companies in the portfolio, one is about 10% behind the global index this year. Going forward, a broader global market upturn should favor the fund's relative performance.

- It is worth noting that our portfolio investment criteria excludes the majority of companies in the Magnificent 7. The sole exception is Tesla, and historically, we have made a conscious choice not to include the company in our portfolio.

Total return indices ytd



Source: MSCI, Factset, Bernstein Analysis as of 15 November 2023

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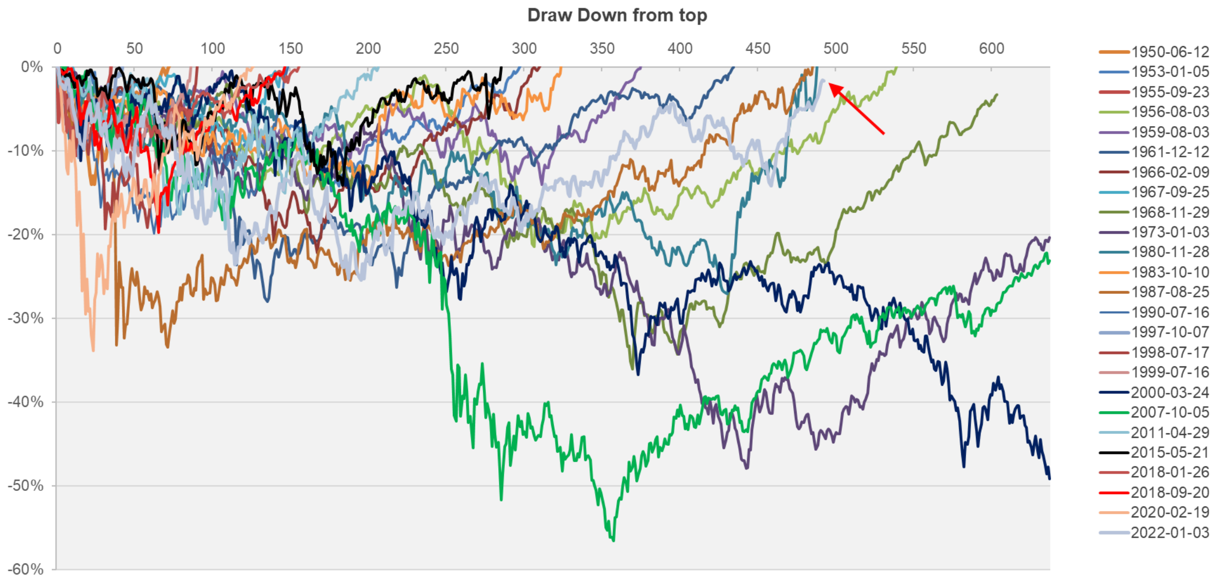
The current drawdown is approaching its end

- The graph below illustrates all drawdowns in the S&P 500 index greater than -10% in USD since 1950. Drawdown is on the y-axis, and the number of trading days is on the x-axis.

- The red arrow indicates where the market is as of 15 December 2023, which is -1.6% after 492 trading days from the last peak on 3 January 2022. The current drawdown has been ongoing for almost two years, and by this point, most historical downturns have typically recovered to a new peak after such a long period from the last peak.

- The current drawdown reached a maximum of -25.4%. It is noteworthy that historically, among all drawdowns that had a maximum drawdown of -30% or less, only one drawdown had not recovered to a new peak after as much time as the current drawdown has been ongoing. However, that decline did recover to a new peak after approximately the same duration as the current drawdown, or more exactly after 540 trading days.

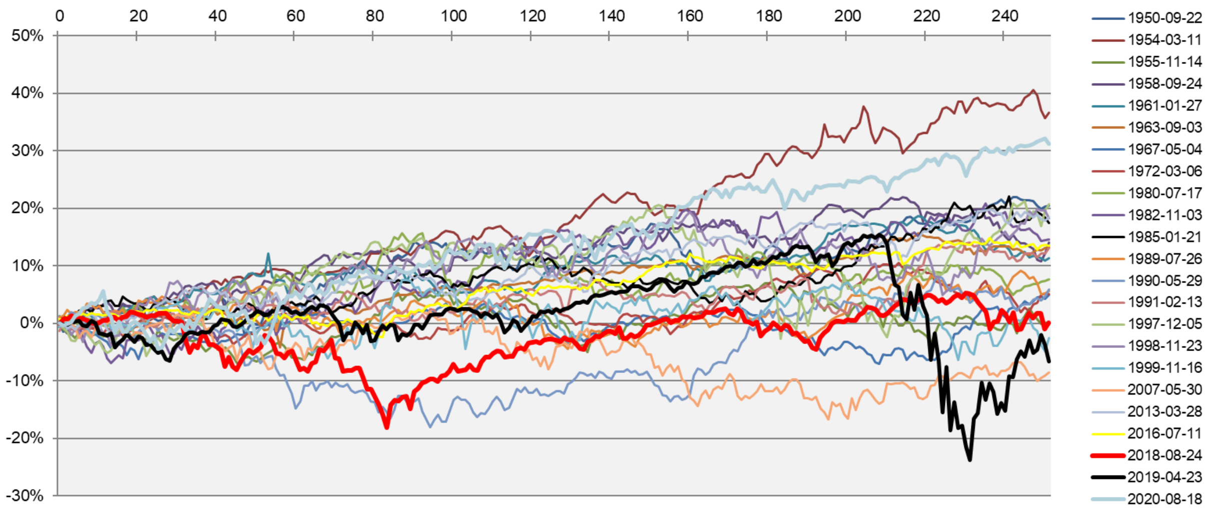


What does a new high indicate?

The bottom graph shows the performance of the S&P 500 index in USD after reaching a new peak, with data since 1950. The return is on the y-axis, and the number of trading days is on the x-axis. The table provides average returns, indicating that the S&P 500 index has generated a +6% return in the subsequent six months and a +11% return in the following 12 months after reaching a new high. Both of these averages surpass the overall averages for all six- and twelve-month periods. The best outcome in the 12 months following a new peak is +37%, while the worst outcome is -9%.

Performance S&P 500

	1 month	3 months	6 months	12 months
Average since 1950	1%	2%	4%	9%
Average after new high	1%	1%	6%	11%
Worst scenario after new high	-6%	-11%	-12%	-9%
Best scenario after new high	4%	10%	16%	37%



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