

*“The winds of grace are always blowing.
It’s up to us to raise the sails.”*

10 YEARS OF IMPACT INVESTING

Oh, how the time flies! Arjuna Capital is celebrating our 10-year anniversary and I could not be happier or more grateful. So much so for the trust our clients place in our hands to steward and grow their capital. For how we are entrusted to leverage that capital to positively impact society and the environment. And for the partners, colleagues and collaborators who bring Arjuna’s vision of “investing in the world we want to live in” into reality.

ON A PERSONAL NOTE

But it is a personal story for me as well. My son Jonathan also turned 10 this year, which is no coincidence. Arjuna was born as much out of my desire to be a better mother as it was to have a positive mark on the world. After my first son, James, was born, I struggled to balance family, work, and a 3-hour commute. I quickly realized the un-sustainability of being a working mother (as so many do) and the lack of options to change that. When I asked for more flexibility to work from home, it was seen as non-commitment, so, I encountered less. That story has changed for many women because of the pandemic, as companies realize the benefits of flexible work, and the downside of losing talent. But it’s a problem that’s by no means solved. To have had the opportunity to create a different story when Jonathan was born, I have immense gratitude. Indeed, the success I have experienced with Arjuna is because of my children, not in spite of them. And my experience has inspired so much of the gender equality advocacy we have worked on together at Arjuna.

REFLECTING BACK

Reflecting back on the last 10 years, I am in awe of what we have accomplished together, with our clients and our team. Arjuna Capital is distinctive in the world of investment management because impact investing is all we do. It’s not a “product” and it’s not a marketing exercise. We invest our clients’ capital while taking environmental, social, and governance (ESG) practices and outcomes into account. We do this because we believe it’s a better way to invest—that when investors expand their view of the world, they improve financial decision making. To that end, we are proud that our US and global stock strategies continue to outperform their benchmarks since inception.

Arjuna Capital is also distinctive in that we apply this practice across asset classes. Instead of limiting our clients’ investments to public stocks and bonds, we have built a platform to diversify

into private market impact investments. Here, innovative funds and companies are commercializing solutions to our greatest sustainability challenges.

And, in the face of climate change, resource scarcity, inequality, and disease, there are a multitude of problems that need to be solved.

PUNCHING ABOVE OUR WEIGHT

The last 10 years has also taught us the power of collective action— that the impact of our clients’ capital is not limited to the dollars and cents in any single portfolio. Indeed, the intention of our clients to invest in a healthier more equitable world has had ripple effects across corporate America, the investment industry, and society.

Looking back, we are proud of the transparency and accountability we have worked to cultivate: pressing ExxonMobil to write it’s first report on the financial risks of climate change; pioneering a racial and gender pay equity campaign that has transformed how companies address pay gaps; and being the first investors to call social media companies to account for disseminating disinformation to the detriment of our democracy.

A recent example of our advocacy captures the story of our collective action perfectly. When Arjuna’s shareholder proposal asking Microsoft to address sexual harassment at the company received a 78% vote from investors, Microsoft executives called it a “sea change” in the investor-company relationship. Not only was it a rare outpouring of support, representing \$2 trillion dollars of stock in what was the 2nd largest company in the world. But it was an incredible example of leverage. At the time, our clients owned \$20 million of Microsoft stock— 100,000 times less than the value of the \$2 trillion share block that supported us. This leverage transformed not only how Microsoft now addresses sexual harassment but laid a foundation for how harassment should be approached across other industries. It created a ripple effect.

WHAT’S IN A NAME?

Ten years in, it’s also worth pausing to acknowledge the name, Arjuna Capital, why we named the company after the hero of an ancient Indian epic poem, and how it relates to the impact we seek in the world. We did so because the story of how Arjuna

navigates moral complexity has played a foundational role in how we move through the world.

In one section of the poem known as the Bhagavad Gita, Arjuna, a skilled archer, confronts doubt as he heads into battle. When he calls on Krishna for guidance, Arjuna is enlightened. He sees the entire universe, his role in it, and the path of right action before him.

Now (war metaphors aside), as it did for Arjuna, our world presents immense moral complexity, and we have to decide every day how to navigate it. For every person that is a unique choice, depending on one's circumstance, skill, and influence. But there is no doubt that money is one such means of influence. And as such, our clients seek to invest in ways that leverage the power of their money to further both their financial wellbeing and the health of society, understanding this is not a zero-sum game. Indeed, it's quite the opposite—a healthy well-functioning society and environment are foundational to economic success. The epic figure Arjuna embodies this more encompassing, enlightened vision of investing and the skill to put it into effective action.

LOOKING AHEAD

To celebrate our 10th anniversary, our team set sail on a 97-year-old fishing vessel out of Gloucester Massachusetts—the Schooner Adventure. It was a chance to pause, reflect on the last ten years, and look ahead to the next. To me, the ship represents more than a party, it represents resiliency and sustainability. Not only is it the longest operating ship in Gloucester, it is run by its first female captain. It represents the old and the new—a sustainable path forward that we can all share.

The past 10 years have been a blessing—personally and professionally. And as I look back at the impact we have had as a community of clients, colleagues, and collaborators, I am struck by one last thought:

“The winds of grace are always blowing. It's up to us to raise the sails.” – Ramakrishna

Natasha Lamb
Chief Investment Officer

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