CITY DIFFERENT INVESTMENTS +
CHANGE FINANCE

ESG CARBON NEUTRAL STRATEGY

2Q2023

ANDREW RODRIGUEZ

Portfolio Manager

andrew@change-finance.com

DORRIT LOWSEN

Co-CEO, Change Finance, PBC

dorrit@change-finance.com

DEAR FELLOW INVESTORS,

Halfway into 2023, the bear market for stocks may be in retreat. Though, warnings from the Federal Reserve about further interest rate hikes leave some uncertainty. Investors entered the second quarter bracing for a possible recession and rate cuts from the Fed. By quarter's end, no economic downturn had materialized, inflation remained stubborn, and expectations of high rates persisted.

Within the stock market, there were significant divergences in performance. A group of large companies - dubbed the "Magnificent Seven," which includes Apple, Meta Platforms, and Nvidia - accounted for the majority of the rally. Energy stocks suffered a hit, with global oil and natural gas prices both falling.

The City Different + Change Finance ESG Carbon Neutral Strategy returned 8.26% in Q2, slightly underperforming the S&P 500 which returned 8.74%. Underperformance was primarily attributed to missing names from the "Magnificent Seven" - Amazon, Tesla, and Meta Platforms - in the Consumer Discretionary and Communication Services sectors. Our equal-weighting methodology was also a drag on performance, due to the significant performance of heavyweights such as Apple and Microsoft.

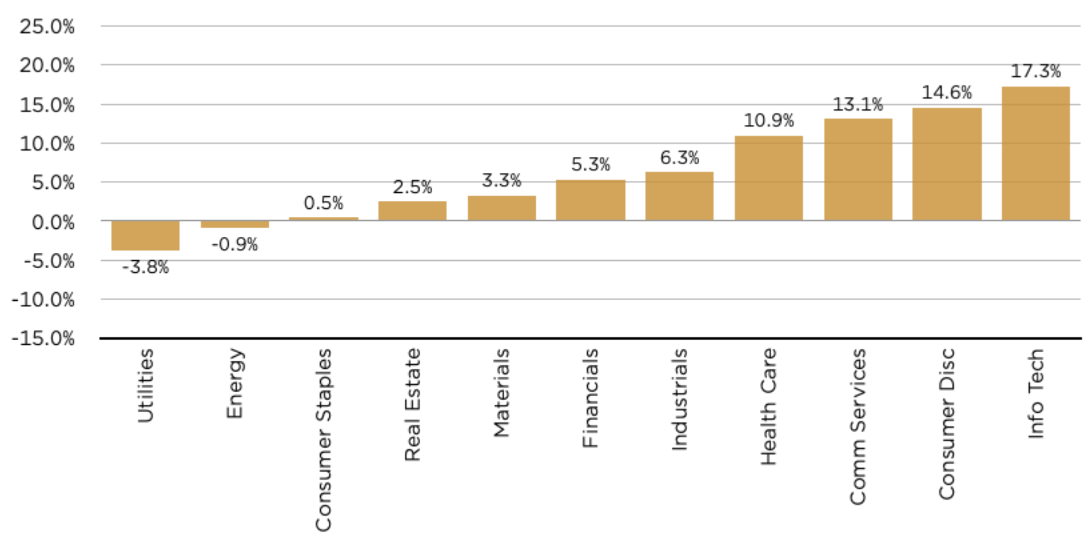
Strong stock selection in the Healthcare and Materials sectors almost made up for these missing and lower exposure names. Positions in McKesson Corp, Intuitive Surgical Inc., and HCA Healthcare Inc. led to substantial outperformance in the Healthcare sector. While positions in Vulcan Materials Co, PPG Industries Inc., and Ecolab Inc. led to even larger outperformance in the Materials Sector. Our lack of exposure to the Energy sector also contributed meaningfully.

We firmly believe in our long-term investment thesis. Equal weighting allows our portfolio to benefit from the rise of a next wave of game-changing companies. Apple, Microsoft, Tesla, and Meta all started as smaller entities. Our strategy benefitted from our equal weight methodology in Healthcare and Materials.

We also maintain our conviction about the repercussions of unsustainable corporate behavior, which can lead to decreased revenues and market underperformance in the long run. We remain hopeful that corporations like Amazon, Tesla, and Meta will evolve towards sustainable and just business models, resulting in reduced risk and improved revenue opportunities for all.

Despite this quarter's minor underperformance, we remain committed to our mission of sustainable, fossil fuel-free investing. As we move forward, we will continue to focus on balancing risk and return while ensuring our investments align with our ESG principles and objectives.

Q2 Performance of US Sectors



* SOURCE: S&P Dow Jones Indices LLC and/or its affiliates. Data as of June 30, 2023. Past performance is no guarantee of future results. You may not invest directly in an index.

2Q 2023 RESULTS

PERFORMANCE (NET)	2Q 2023	YTD 2023	SINCE INCEPTION
Carbon Neutral ESG	8.26%	15.73%	27.41%
S&P 500	8.74%	16.89%	25.73%

Source: Bloomberg, City Different Investments. Inception date of the strategy is October 1, 2022. Past performance is no guarantee of future results.

IMPACT AND ADVOCACY

In May of 2023, the Change Finance team held seven meetings with members of Congress to discuss our priorities for the upcoming Farm Bill. We did this alongside numerous corporations as a part of a CERES Lead Hill Day.

The meetings focused on a number of key issues, including CERES' 5 Farm Bill Priorities:

1. Improve technical assistance, which would allow increased access to programs and provide farmers, especially BIPOC farmers, with training and technical assistance creating greater program equity.
2. Improve current NRD CS conservation programs to allow farmers to build on current conservation efforts and increase their resiliency.
3. Enhance economic opportunities for farmers with market development.
4. Facilitate greater and more equitable land access and tenure.
5. Reform crop insurance.

We also asked the Senators and Representatives we met with to preserve the $20 Billion in the Inflation Reduction Act marked for conservation and climate smart agriculture. We are hopeful that our advocacy, along with the coalition from CERES, will help to ensure that the upcoming Farm Bill includes provisions that support climate-smart agriculture, biodiversity, and family farmers.

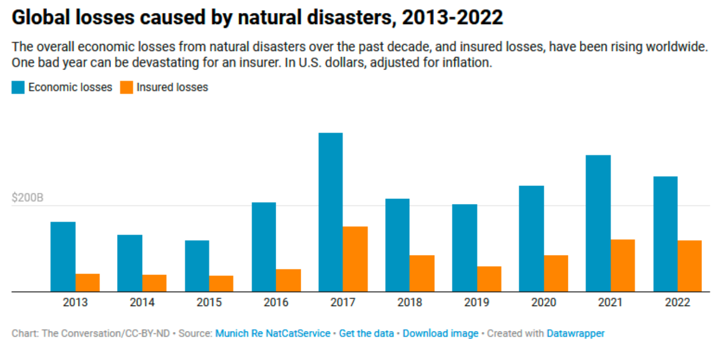
SUSTAINABILITY AND ESG

ESG Isn't About Politics—It's About Smart Business

ESG is often framed by its detractors as mere political activism. Evidence is growing, however, that the "E" in ESG is being taken very seriously by a group that cannot be written off as left-wing: the insurance industry. Insurers see the present and future risks of climate change to their business and they are acting accordingly.

In late May, State Farm announced it would stop accepting new applications in California for both home and commercial property insurance policies. The insurer blamed, "Historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging reinsurance market." Two of the three reasons are directly linked to climate change.

First, there's the growing catastrophe exposure for property insurers on the policies they write. As Axios [noted](), "Disastrous wildfires have plagued California in recent years, while multiple hurricanes have hit Florida and Louisiana, racking up losses for insurers at the same time that home costs have skyrocketed." Meanwhile, "sea level rise from climate change is causing more frequent sunny day flooding, and more damaging storm surge events in coastal areas."



There's also what State Farm called a "challenging reinsurance market." Again, per Axios: "reinsurance — essentially insurance for insurers — has also risen to prohibitive levels for companies operating in areas prone to escalating climate risks." Another way of saying this is that insurance companies that write policies are finding it pricier to entice other insurers to bear some of the risk—and that's due to the industry realizing how devastating climate change is to their revenues.

For a sense of the financial impact of climate change on the insurance industry, consider the following from the National Association of Insurance Commissioners:

According to a Swiss Re report, 285 natural catastrophe events occurred in 2022, causing the global economy $284 billion, down from $303 billion in 2021 but still well above the 10-year average of $220 billion. The insured portion was $125 billion in 2022, up from $121 billion in 2021 and above the 10-year average of $81 billion.

It's important to remember ESG isn't simply about "doing good" (not that there's anything wrong with that!). ESG is a risk-management tool; one that can help companies' bottom lines. It's about surveying the landscape of environmental, social, and governance risks and opportunities that could impact a firm's financial position, and acting to improve the odds of outperformance in the future.

Companies will (and must) monitor all ESG-related risks to their businesses. At the same time, investors deserve robust disclosure on these risks in order to make informed decisions. ESG risks are material, and investors have the right to know about them before pressing the buy button.

For all the talk that ESG is a hot-button political issue, we believe it's just good investing. To quote Roy Swan, head of mission investments at the Ford Foundation:

"The insurance industry demonstrates why consideration of ESG factors in business and investment processes can be a prudent–and apolitical–risk management strategy and long-term profit-protecting activity. Embracing this approach can help people, investment portfolios, and the planet."

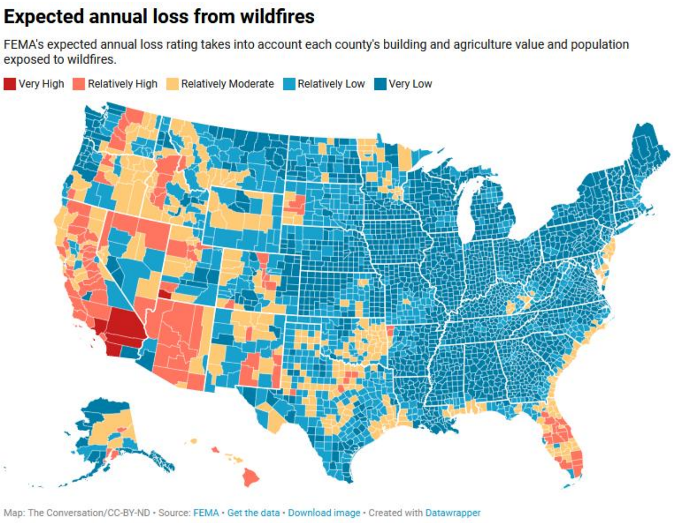
We couldn't agree more.

LOOKING FORWARD

We are now halfway through 2023, and the effects of climate change are real and worsening. The world had the hottest June on record, and while last year's Inflation Reduction Act was a huge step forward toward a clean energy transition, we are still far behind the needed pace.

Companies, Governments, and consumers all have important roles to play in slowing the effects of climate change. GOP-sponsored bills to limit investors' right to invest as they see fit will only harm investors and businesses in the medium and long term.

Insurance companies clearly have the data they need in this regard and are making business decisions based on them - why should investors and pensioners have less rights and access? Large insurers exiting the Florida, Louisiana, and California economies are the biggest sign yet that climate change will dramatically disrupt business as we know it. As more and more American homes become uninsurable, this could have catastrophic impacts on homeowners and worsen the housing crisis further.



PARTING WORDS

Our rigorous ESG Standards and active shareholder engagement program help us sleep better at night, no matter which way the winds are blowing. We are proud of our product and believe ESG investing can have a tangible impact and create strong investor returns.

ANDREW RODRIGUEZ
Portfolio Manager
Change Finance, PBC
andrew@change-finance.com

DORRIT LOWSEN
Co-CEO
Change Finance, PBC
dorrit@change-finance.com

CITY DIFFERENT INVESTMENTS + CHANGE FINANCE INVESTING IN SERVICE TO LIFE

PHONE: +1 505 416 4550
EMAIL: INFO@CITYDIFFERENTINVESTMENTS.COM
WEBSITE: CITYDIFFERENTINVESTMENTS.COM

IMPORTANT DISCLOSURES

The City Different + Change Finance Carbon Neutral ESG Composite includes all discretionary portfolios that are managed to City Different Investments' Change Finance Carbon Neutral ESG strategy (the "Strategy"). The objective of the Strategy is to invest in a diversified, equal-weighted portfolio of 100 mid and large cap US companies, seeking to maximize performance while promoting a more just and sustainable world. The Strategy seeks to achieve this through a rigorous, proprietary ESG process, active shareholder engagement, and a first-of-its-kind approach to carbon neutrality through grassland restoration. Inception date of the Strategy is October 1, 2022.

The basis for the Strategy is the AXS Change Finance ESG ETF (ticker CHGX), which serves as the model for holdings. At any given time, holdings and weightings in the portfolio will vary from those of CHGX. Statements made in this letter are specific to efforts and opinions of Change Finance and the ESG Carbon Neutral strategy and are not intended to imply that City Different Investments applies the same views and approach to all the firm's investment strategies. More information available at axsinvestments.com/axs-change-finance-esg-etf/.

Environmental, Social, and Governance (ESG): Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how the company manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights. ESG Investing Risk: The Strategy's ESG policy could cause it to make or avoid investments that could result in the portfolio underperforming similar strategies that do not have such policies.

An investment in the Strategy is subject to certain risks. ESG investing can be highly personal and reflective of an individual investor's beliefs on sustainability. As a result, the securities deemed eligible may not reflect the beliefs and values of any particular investor and may not exhibit positive or favorable ESG characteristics. The evaluation of companies for ESG screening is dependent on the reporting of ESG data by the companies. Successful application of the screens will depend on the data provider and analysis of ESG data. The value of an investment, and income generated (if any) may fall as well as rise and is not guaranteed. Equities may decline in value due to both real and perceived general market, economic and industry conditions. The Strategy could be more volatile than the performance of more diversified portfolios. Change Finance has functioned as the sub-advisor for the Strategy since composite inception and is responsible for the Strategy's methodology, security selection, commentary, carbon neutral certification, proxy voting and shareholder advocacy efforts. City Different Investments offers clients separately managed accounts with the Strategy's holdings that can be tailored, initiates all trades and provides performance reporting amongst other administrative duties.

Carbon Neutral Certification: Ethos performs an independent analysis of the Strategy's carbon footprint and carbon credits (offsets) to verify whether the Strategy is carbon neutral during a specified period. The carbon footprint consists of verified Scope 1 and Scope 2 emissions of every holding of the Strategy. Ethos defines the carbon footprint of a strategy as the total tons of Scope 1 and Scope 2 CO_2 emissions of its holdings multiplied by the strategy's percentage ownership of those holdings. Percentage ownership is based on the market value of the strategy's shares divided by the total market value of the holdings. While Ethos researches and models Scope 3 emissions for every holding, the company does not consider Scope 3 for fund-level certification. This is due to limitations with Scope 3 data, including: lack of standardized reporting methodology by companies: low coverage of companies reporting Scope 3 emissions; and, likely overlap of Scope 3 emissions across company value chains. As part of the Carbon Neutral Certification, Ethos requires funds to submit proof of purchase of carbon credits from a list of approved providers of carbon credits. When information is not available the following modeling formula used is: Expected emissions = peer-average carbon intensity (CO_2 per $M revenue) * $M revenue. EthosESG audits this estimation and will address discrepancies should they arise. Emissions data is limited by the voluntary disclosure by individual companies and is not independently audited. Change Finance and EthosESG make every effort to ensure data is accurate but cannot guarantee absolute carbon neutrality.

Carbon Sequestration: Change Finance utilizes Grassroots Carbon to purchase Carbon Sequestration Credits for its Carbon Neutral Certification. Carbon sequestration numbers are updated quarterly and reflect carbon offset credits purchased year to date. Verity analyzes the Strategy's carbon footprint quarterly and that analysis is used to purchase credits. Grassroots Carbon certifies and audits carbon capture by taking measurements performed by an unaffiliated third party based on actual 3 feet deep measurements conducted after rigorous stratification in accordance with Verra VMD0021. More information available from buildgrassroots.com

Returns presented are reduced by all transaction costs and management fees. Certain accounts are charged management fees in arrears and those fees are reflected when fees are paid. Actual fees may vary depending upon, among other things, the applicable fee schedule and portfolio size. Performance of any particular client account may differ from the strategy presented depending on size of the account, timing of funding of the account, contributions or withdrawals to the account, and custodian chosen. Client portfolios are managed with individual tax considerations in mind.

The S&P 500 is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization. The underlying exposures, and specifically the securities in the selected benchmark index or indices, may vary substantially from that of the strategy presented.

The securities discussed in this presentation may not be suitable for all investors. Past performance is not an indication of future performance and is no guarantee that losses will not occur in the future. The value of an investment, and income generated (if any) may fall as well as rise and is not guaranteed. Investors may not get back the full amount invested and may lose the entire amount invested. Diversification does not assure a profit or protect against loss. Data herein is reflected in USD unless specified otherwise.

The views expressed herein are solely the opinions of Change Finance and City Different Investments (the "Managers"). Although the statements of fact and data in this report have been obtained from, and are based upon, sources that we believe to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. The Managers have not independently verified third-party sourced information and data. This communication is intended for informational purposes only and does not constitute a solicitation to invest money nor a recommendation to buy or sell certain securities and should not be relied upon for, accounting, legal, or tax advice.

Opinions and statements of financial market trends that are based on market conditions constitute our judgment and are subject to change without notice. Historic market trends are not reliable indicators of actual future market behavior. This material may contain projections or other forward-looking statements regarding future events, targets or expectations, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved and may be significantly different than that shown here. The information presented, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Although the assumptions underlying the forward-looking statements that may be contained herein are believed to be reasonable, they can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. The Managers assume no duty to update any analysis contained herein.

JURISDICTIONAL LIMITATIONS

City Different Investments may only transact business or provide investment advice in those states and jurisdictions where it is authorized to do so. The information contained herein does not represent personal or customized investment advice. City Different will only render investment advice under the terms of a legal agreement between parties.

A copy of City Different's current written disclosure statement discussing our advisory services and fees is available upon request. Disclosures may also be found on our website at citydifferentinvestments.com/terms-privacy/.