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Douglass Winthrop

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Dear Environment Strategy Clients and Friends,

The beginning of 2020 marked the third anniversary of the Douglass Winthrop (DWA) Environment Strategy. Though this is a long-term strategy by design and past performance does not guarantee future results, the returns to date are highly encouraging. The strategy's absolute and relative performance reinforces our conviction that companies that demonstrate environmental leadership while meeting our core investment criteria possess competitive advantages that can generate superior profit growth and attractive investment returns.

We instituted the DWA Environment Strategy in 2017, after two years of research and internal discussion. Since then, the discussion surrounding climate change has drawn increasing focus from policymakers, citizens, corporate leaders and the investment community, especially in the past year. We believe that financial markets are only beginning to appreciate and to price the risks and opportunities associated with climate change, creating an opportunity for authentic expertise and focus on this and other environmental issues to enhance investment performance. We regard this as a fitting moment to market our Environment Strategy to a broader audience, and we are inviting new participants to join existing DWA clients and principals as investors.

This letter, which we will henceforth publish every quarter, reviews our investment approach, highlights recent portfolio changes and details the Environment Strategy's performance. While COVID -19 has recently diverted attention from climate change, we see parallels and mutual reinforcements between these two issues of global import, some of which we expect to drive enduring changes in consumer and corporate behaviors. We will be publishing a separate white paper on this topic shortly.

DWA Environment Strategy: Rigor Plus Focus

The Environment Strategy follows the firm's mission to protect and grow client capital over the long term. Our performance-first approach seeks to accomplish this by investing in companies that meet DWA's rigorous standards for operational and financial performance. We refer to these as our five filters: wide competitive moats; shareholder-oriented management; rising free cash flow yields; ample reinvestment opportunities; and reasonable valuation. To these, the Environment Strategy adds a sixth filter, environmental leadership. To pass, companies must (a) demonstrate best-in-class sustainability practices across all areas of their business, including operations, supply chains and product design, and/or (b) provide products and services that directly mitigate a significant environmental problem.

In our view, companies that pass all six filters possess material competitive advantages that can translate into higher growth and profitability, advantaged employee recruiting and retention, enduring customer loyalty and wider economic moats. When purchased at prices that we judge to offer a compelling ratio of potential reward to estimated risk, we believe that these stocks should outperform the broader market over the long term.

Recent Portfolio Changes

This quarter, we took advantage of attractive entry points to act on several of our long-term research projects, buying stakes in L'Oréal, Tesla, Moody's and S&P Global. To make room for these positions, we exited Amgen, Waters Corp. and Boeing. Additionally, Ingersoll Rand completed a reverse merger of its industrial segment (which we sold) and spun off Trane Technologies as a pure-play "climate innovation" company (which we retained).

According to WWD, L'Oréal is the largest beauty company in the world ranked by revenues. We believe it is exceptionally well positioned to continue to build on its track record of consistent sales growth, margin expansion and dividend increases. The company's competitive moat is its irreplaceable portfolio of iconic brands catering to both premium and mass segments. Its e-commerce sales have been growing at double the rate of market peers, strengthening its position in China and other markets and making it comparatively resilient to the COVID-19 disruption of bricks and mortar stores. The company annually reinvests $1 billion of its ample cash flow into research and development, including green sciences. Of the 8,400 businesses evaluated by CDP (a non-profit leader in environmental assessments of public companies – see www.cdp.net), L'Oréal was one of only six to score an A for climate, water and forests in 2019, and the only one to have earned this triple-A score for four years running. The company has set a "Science-Based Target" to reduce its greenhouse gas emissions and developed a proprietary model to drive sustainable ingredient sourcing and packaging for its new products.

Tesla is a standout example of a company whose products mitigate a significant environmental problem, greenhouse gas emissions from the transportation sector. CEO Elon Musk and his team have pioneered what we believe will be one of the greatest technology transformations in business history – the shift from internal combustion engines to all-electric vehicles. Its competitive moat derives from superior products, a software-centric model for efficiently upgrading the customer experience, remarkable brand equity achieved without advertising and advantages in attracting technology talent. The company also has valuable data assets, including cumulative miles of driving data that will extend its lead in driver-assistance technology and the transition to self-driving vehicles. Tesla has been on our watch list for the past few years, but it had not met our financial criteria until the fourth quarter of 2019, when the company achieved its second consecutive quarter of profitability and began delivering Model 3 cars out of its Shanghai Gigafactory, validating its international manufacturing capability and strengthening access to the Chinese market.

We also initiated positions in Moody's and S&P Global, a ratings duopoly whose structural pricing power, low capital intensity models, and tailwinds from credit growth and re-financing have produced compound revenue and earnings growth over time. We believe that demand for the ratings, data and analytics services they provide will increase as intensifying climate change risks drive re-pricing of assets across sectors in coming years.

Performance Summary: A Good Start

The Environment Strategy is best assessed over time, consistent with our long-term investment horizon, but we will provide quarterly performance updates to let you know how we're doing. The following table summarizes the strategy's net performance – as well as that of selected reference indexes – over the past quarter, year, three years and since inception. Encouragingly, the strategy has outperformed these indexes in both rising and falling markets. Please be sure to read the important disclosures at the end of the letter.

Performance All figures through 03/31/2020	Cumulative Inception* to date	Annualized Inception* to date	1 year	3 year Cumulative	3 year Annualized	Q1 2020
DWA Environment Composite – Net	43.66%	11.80%	-3.26%	32.81%	9.92%	-14.89%
DWA Environment Composite – Gross	47.67%	12.75%	-2.41%	36.81%	10.84%	-14.17%
MSCI World SRI Index	23.49%	6.71%	-4.19%	15.88%	5.04%	-17.48%
S&P 500 Total Return Index	23.15%	6.62%	-6.98%	16.11%	5.10%	-19.60%

*Inception date: 01/01/2017

Expanding our Team

We are pleased to announce that Dan Abbasi has joined the Douglass Winthrop Environment team. Dan has an extensive background at the intersection of business and the environment. He was a Director at a pioneering clean-tech private equity firm and later co-founded and led an innovative airfoil manufacturing company enabling efficiency gains in the power and aviation sectors. He held strategy and operating positions at Time Warner and the Washington Post Company. Dan also served as a federal appointee at the U.S. Environmental Protection Agency and on the U.S. National Climate Assessment. Dan won an Emmy Award as Executive Producer of *Years of Living Dangerously*, a Showtime TV series about climate change impacts and solutions. He was also Associate Dean at the Yale School of Forestry and Environmental Studies.

Dan joins Josh Huffard and Bowdy Train to form the Portfolio Management Committee for the Environment Strategy. Together they determine portfolio composition and position weights, which are then applied across all accounts.

The Time is Now

We regard this as an opportune time for investors with a long-term horizon to invest in the DWA Environment Strategy. The COVID-19 moment is a test of the resilience of the companies in our portfolio and we believe that many of the strategic investments they have made to become environmental leaders will serve them well through this crisis and beyond. The recent pullback has also created what we see as an attractive entry point for new investors and we are reaching out more broadly to the investment community at large about the Environment Strategy. If you know of institutional investors (especially university endowments), family offices or individuals who might have an interest, please let us know and feel free to pass this letter along.

To our clients, thank you for your support and encouragement the past few years. We value the trust you place in us each day. As always, we welcome your questions and comments.

To our friends, we would greatly appreciate the opportunity to discuss the Environment Strategy with you in greater detail. Please contact Dan Abbasi (dan@douglasswinthrop.com, 212-557-7680) to schedule a conversation.

Sincerely,

Douglass Winthrop Advisors LLC

Douglass Winthrop

DWA is a registered investment adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, as amended. Registration of an Investment Advisor does not imply any level of skill or training. The DWA Environment Strategy (the "Strategy") invests primarily in U.S. and developed non-U.S. equity securities the demonstrate environmental leadership, regardless of capitalization, and seeks long-term capital appreciation while aiming to contain the risk of permanent capital loss. The Strategy does not seek to match the market capitalization, geographic, or economic sector exposure of any broad market index. For additional information, please review a current copy of the Firms ADV Part 2A accessible from https://www.adviserinfo.sec.gov/.

This material is as of the date indicated, is for illustration and discussion purposes only, is not complete, and is subject to change. Additional information is available upon request. No representation is made with respect to the accuracy, completeness or timeliness of information and DWA assumes no obligation to update or revise such information. Certain information has been provided by and/or is based on third party sources and, although believed to be reliable, has not been independently verified and DWA is not responsible for third-party errors. This information is not a recommendation, or an offer to sell, or a solicitation of any offer to buy, an interest in any security. This information is not designed for any particular client or type of client and DWA's services may not be suitable for all clients. It is not intended to be, nor should it be construed or used as, investment, tax, accounting, legal or financial advice. You should consult with your tax and legal advisors prior to entering into any wealth planning or trust arrangements. No representation is made that any client will or is likely to achieve its objectives, that DWA's strategies, investment process or risk management will be successful, or that any client will or is likely to achieve results comparable to any shown or will make any profit or will not suffer losses or loss of principal. Investing involves risks. Investments are selected by, and will vary in the discretion of DWA and are subject to availability and market conditions, among other factors. Douglass Winthrop Advisors claims compliance with the Global Investment Performance Standards (GIPS®).

The DWA Environment Composite (the "Composite") contains all fee-paying, discretionary accounts that are managed according to the Strategy. DWA also manages accounts outside of the Strategy. A composite of all DWA accounts would have higher or lower performance over different time periods, with increased dispersion among accounts due to meaningful differences in holdings. Reference Index Disclosure: The Strategy is not managed to a benchmark. The benchmarks most commonly chosen by our clients based on the Strategy are the MSCI World SRI Index and the S&P 500 Total Return Index. The MSCI World SRI Index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. The S&P 500 Total Return Index includes reinvested dividends. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. Index figures do not reflect the deduction of any fees, expenses, or taxes. Investors cannot invest directly in an index. The indices' performance results are intended to illustrate the general trend of the equity market for the Strategy's investable universe and are not intended as a benchmark for the Composite.

Risk Disclosure: Investing involves risk, including the possible loss of principal. There may be market, economic, or other conditions that affect client account performance, or the performance of the referenced market indexes. The Strategy may invest in small-and medium-capitalization companies. Investments in these companies, especially smaller companies, may carry greater risk than is customarily associated with larger companies. A client account invested in the Strategy will hold fewer securities and have less diversification across industries and sectors than a diversified portfolio, such as a portfolio based on an index. Consequently, a client account and/or the composite performance may diverge significantly from the referenced market index, positively or negatively. Net Performance: Net returns are calculated net of actual management fees incurred and transaction costs. Fees for accounts in a composite may differ at the firm's sole discretion from the stated fee schedule for new accounts. Performance is calculated on an asset weighted, time weighted return basis. Valuations and performance are reported in U.S. dollars. Returns are not audited. GIPS Documentation: A compliant presentation, a list of the composite descriptions and/or our DWA GIPS Policies and Procedures can be made available upon contacting our New York office.