

## Climate Alpha: Outperformance from Our Thematic Allocation

### Adam Bernstein, Investment Analyst

In a geopolitical and macroeconomic landscape increasingly marked by energy shocks and other resource bottlenecks, our Climate Alpha portfolio is holding up better than broad benchmarks. From January 1 to April 30,<sup>1</sup> the portfolio is up 10.9% while the VOO ETF (S&P 500)<sup>2</sup> is only up 5.73% and the ACWI ETF<sup>3</sup> is up 6.97%.

Climate Alpha is a concentrated, high-conviction strategy that focuses on a narrow set of long-term climate themes: sustainable infrastructure and water, as well as broader adaptation and mitigation solutions.<sup>4</sup> Its returns have historically outperformed our broader unified managed account (UMA) models, with performance competitive versus U.S. and global equity benchmarks, on both a gross and net basis. This is particularly evident in the chart below, which maps the performance to recent shocks.

### Climate Alpha vs. Benchmarks: 2020-2026 YTD (as of April 30, 2026)

Source: Gitterman Asset Management, Morningstar Direct, and Bloomberg



As shown in the table to the right, the portfolio held up well during the post-COVID bottlenecks and Russia-Ukraine shock and is now delivering robust performance during the current energy shock resulting from the war in the Middle East.

As we stated in our [Q1 2026 commentary](#), “when climate-related investments are grounded in economic fundamentals and system-level demand, they can contribute meaningfully to long-term equity returns without materially compromising risk characteristics.”<sup>5</sup> In addition, while energy security and climate may “seem diametrically opposed,” they “both point to an increasingly acute focus on tangible infrastructure and natural resources. The overlap of national security and decarbonization houses durable investment opportunities, such as grid improvements, water resources, and resilient infrastructure, all of which we’ve been allocating to for several years.”<sup>6</sup>

Our Climate Alpha portfolio takes a more pragmatic approach to climate themes than many strategies which have historically been mitigation and emissions focused. For us, climate adaptation is an imperative that “is largely about infrastructure, whether it’s labeled with climate vernacular or not.”<sup>7</sup> We believe that adaptation and mitigation must be a dual-focus -- we must ensure resilience for anticipated planetary warming and hydrological cycle impacts regardless of whether Net Zero ambitions live or die. Concurrently, we believe that low-carbon energy generation sources and broader efficiencies will continue to attract capital, especially where they also deliver energy security, reliability, and affordability alongside decarbonization.

Given an accessible minimum of \$100,000 this portfolio can be a complement to more traditional asset allocation models and even used instead of a private market allocation, given its lower correlation to more popular indexes.

If you’d like to learn more about how we approach risk and opportunity through a thematic lens, please feel free to [book a call](#).

#### Shock-window excess return

Climate Alpha minus benchmark return

##### Post-COVID bottlenecks

7/20-6/21

+14.9 pts vs VOO

+15.8 pts vs ACWI

##### Ukraine / energy

2/24/22-10/12/22

+1.9 pts vs VOO

+3.8 pts vs ACWI

##### Oil / Middle East

1/2/26-4/30/26

+5.2 pts vs VOO

+3.9 pts vs ACWI

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<sup>1</sup> Based on performance from the first trading day of January 2026 through April 30th, 2026

<sup>2</sup> Vanguard 500 Index Fund (VOO) ETF

<sup>3</sup> iShares MSCI ACWI ETF

<sup>4</sup> The Climate Alpha portfolio comprises three Separately Managed Accounts (SMAs): KBI Global Investors: Global Sustainable Infrastructure; Water Asset Management: Global Water Equity Fund, LP; and Wellington Management: Climate Resilience. The strategy is available via the Adhesion platform

<sup>5</sup> “Q1 2026 Market Commentary: Scenarios, Narratives, and Reality”, January 29, 2026, Gitterman Asset Management -

<https://www.gittermanasset.com/insights/q1-2026-market-commentary-scenarios-narratives-and-reality>

<sup>6</sup> “Q4 2025 Market Commentary: The Real Economy Strikes Back: Investing in Energy, Infrastructure, and Resilience”, November 12, 2025, Gitterman Asset Management - <https://www.gittermanasset.com/insights/q4-2025-market-outlook-webinar>

<sup>7</sup> “Q4 2025 Market Commentary: The Real Economy Strikes Back: Investing in Energy, Infrastructure, and Resilience”, November 12, 2025, Gitterman Asset Management - <https://www.gittermanasset.com/insights/q4-2025-market-outlook-webinar>