SHELTON CAPITAL MANAGEMENT

SEPARATELY MANAGED ACCOUNT

Shelton Sustainable Equity Income Strategy

The Approach

Seeks to deliver capital appreciation and an enhanced level of cash through the building of a concentrated portfolio of generally fewer than forty US stocks we identify as improving or leading their peers in managing environmental, social, and governance risk (ESG), in improving communities, providing solutions to improve the environment, engaging in sustainable business practices and are managing risks from climate change as well as providing solutions to climate risks; combined with writing covered calls and/or selling cash secured puts on these portfolio positions.

Investment Process

500 Equities

We start with the S&P 500, a universe of widely held large-cap US stocks in the industrial, transportation, utility, and financial sectors which are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's.

100 Equities

Using a proprietary screening process, equities are then ranked on a scorecard by an internal cash flow analysis that focuses on volatility, dividend income received, along with capital appreciation.

40-60 Equities

Stocks are filtered by a variety of criteria, including free cash flow yield and price to sales ratios. The highest ranking equities are then selected in each of 11 sectors to closely replicate the sector weightings of the S&P 500 Index.

Approximately 30-60 Equities

We identify and purchase roughly 30 equities which we believe have the most over-priced call options. We strategically write those covered calls two to six times per year to generate income in addition to the portfolio's dividend yield.

ESG Risk Factors

Environmental

Encourage and improve human well-being and personal freedom

Social

R&D of new technologies that provide for more efficient resource freedom

Governance

Help scale the above advantages to a broader range of beneficiaries

Climate - Transition

Reduce environmental risks and halt or reverse the effects of climate change

Climate - Physical

Avoid bottom-quintile ESG performers

Controversies

Encourage and improve human well-being and personal freedom

Quick Facts

- Cash Flow Target: 6-9%, including portfolio's dividends
- Benchmark: CBOE S&P 500 ESG BuyWrite Index
- Minimum Account: $250,000

Benefits

- The strategy may provide a means for which income-oriented investors can diversify their income while reducing direct exposure to interest rate risk.
- Fully customizable to client's preferences.
- Access to the Portfolio Managers.
- Comprehensive reporting.
- Potentially reduce portfolio volatility.

Considerations and Risks

- A covered call strategy limits upside potential for stock appreciation and will therefore underperform in strong markets.
- There are no assurances that we will be successful in reaching the investment objectives.
- A covered call does not protect a stock from downside risk. The loss for the investor could be the current price of the stock less the premium received for the call option.

Portfolio Management Team

Barry Martin, CFA - Portfolio Manager

Barry Martin, CFA, joined the firm in 2008 and is a Portfolio Manager for Shelton Capital Management's Option Overwrite Strategies. Prior to joining Shelton Capital, Barry was Senior Vice President of portfolio management for an investment management firm specializing in option strategies and has been managing options for over 20 years.

Bruce Kahn, Ph.D. - Head of ESG

Dr. Kahn joined the Firm in October 10, 2022. He has 18 years of experience in portfolio management and other responsibilities at Citibank, Deutsche Bank, Macquarie Global Inc., and Sustainable Insight Capital Management. Dr. Kahn earned a Ph.D. in Land Resources from University of Wisconsin, Madison, an MS in Fisheries and Allied Aquacultures from Auburn University, and a BA in Ecology and Evolutionary Biology from the University of Connecticut.

Nick Griebenow, CFA - Portfolio Manager

Nick Griebenow, CFA joined the firm in 2018 and is a Portfolio Manager for Shelton Capital Management's Option Overwrite Strategies. Prior to joining Shelton Capital, Nick was a Senior Derivatives Trader for a large national brokerage firm.

Portfolio Management Team (continued)

Jason Goldenberg - Portfolio Analyst

Jason Goldenberg is a Trading Operations Analyst that services all strategies of the Separate Account program. Jason joined Shelton Capital Management in March 2017 and previously worked at ALPS Fund Services. He earned a B.B.A. from the University of Colorado Boulder.

Jake Gallion - Portfolio Analyst

Jake Gallion joined Shelton Capital Management in March 2026 as a Portfolio Analyst for the firm's Options Overlay Strategies. Before joining the firm, Gallion was an Equities Trader at Paradice, a boutique investment manager specializing in global equities, where he ran the firm's trading desk in support of its Global Small Cap, International All Cap, and Emerging Markets long-only equity strategies.

About Shelton Capital Management

Founded by Richard Shelton in 1985, Shelton Capital is a privately owned investment management firm. The firm offers its investment management through a series of open-end mutual funds and separately managed accounts (SMAs).

IMPORTANT INFORMATION

ESG Risk: The Sustainable Equity Income Strategy's consideration of ESG factors as part of its investment strategy may limit the types and number of investment opportunities available to the strategy, as a result, the strategy may underperform other strategies that do not consider ESG factors. The strategy's consideration of ESG factors may result in the strategy investing in securities or industry sectors that underperform the market as a whole, or forgoing opportunities to invest in securities that might otherwise be advantageous to buy.

Shelton Sustainable Equity Income is a discretionary call writing investment service of Shelton Capital Management. This brochure is intended to describe generally how the Shelton Equity Income service works, but it is not a complete description of the strategy or how Shelton Capital Management performs its investment management responsibilities. All analysis and projections depicted herein are for illustration only, and are not to be representations of generalized Shelton Equity Income performance or expected results. Past performance is not a guarantee of future results. Supporting documentation for any claims, comparisons, recommendations, statistics or other technical data will be furnished upon request to Shelton Capital Management.

The upside potential of fully written call option positions is limited to the strike plus the premium received. Unless the position is closed, the client relinquishes any upside potential above the call strike price. The downside protection afforded by call writing is limited to the amount of the premium received. If the stock held by the client declines significantly, the only protection will be the premium received. Clients subscribing to the Shelton Equity Income Portfolio service should be willing to sell all of the stock at the Strike Price. The Strike Price is the price at which a specific option contract can be exercised. The sale of stock will produce tax consequences for U.S. taxpayers. Each option transaction also produces a tax consequence. Prior to investing in a Shelton Equity Income Strategy, you should discuss with your tax advisor how the option transactions and any sales of underlying stock will affect your tax situation. Shelton Capital Management does not provide tax advice.

Option trading is not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies of this document may be obtained from your Investment Advisor, from any exchange on which options are traded or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-800-678-4667).

INVESTMENTS ARE NOT FDIC INSURED OR BANK GUARANTEED AND MAY LOSE VALUE.