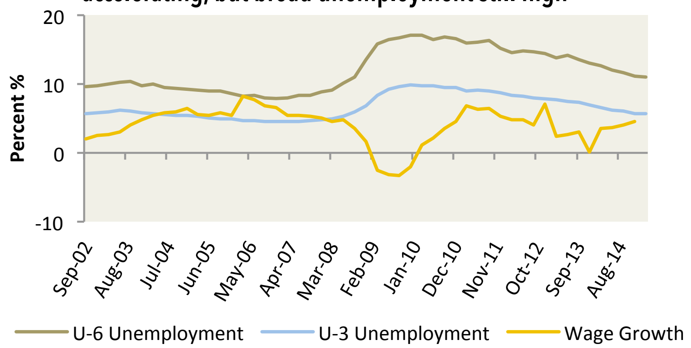
GLOBAL ECONOMIC REVIEW

- » Global markets are digesting a variety of issues, including divergent global growth trends, significant dollar appreciation, quantitative easing (QE) in Europe and Japan, monetary tightening in the US, and disinflation in China. After a long period of relative calm, these factors have caused volatility across global markets to return to five-year average levels.
- » Economic indicators in the United States were mixed in the first quarter. GDP grew solidly at 2.2% in Q4 2014, and unemployment has fallen to 5.5%. However, CPI has been flat year-over-year, sparking concerns that the US economy may not yet be healthy enough for the Federal Reserve to raise interest rates.
- » Meanwhile, early indicators suggest the European economy has begun healing as the ECB's QE (i.e. printing money) program takes effect. Unemployment fell to 11.3%, and inflation fell less than in previous months, to -0.1%.
- » In Japan, Abenomics has yielded mixed results. Unemployment is low (3.6%), which should begin to produce upward wage pressure and inflation, but banks have not sufficiently increased lending to the real economy to stimulate growth. There are also concerns that BOJ could lose credibility by running out of bonds to purchase and over-indebting the country.

US unemployment falling and wage growth accelerating, but broad unemployment still high



Strong dollar a major theme across markets

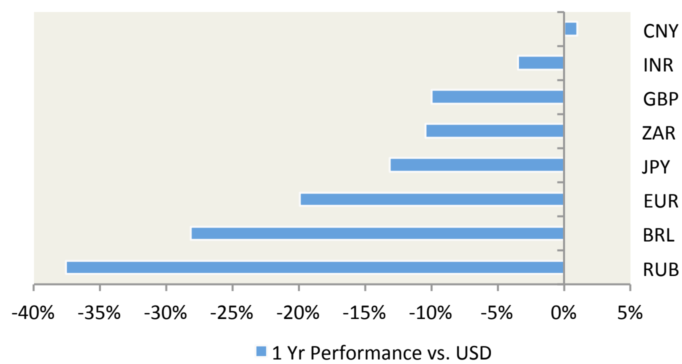


Chart Data Source: Bloomberg.
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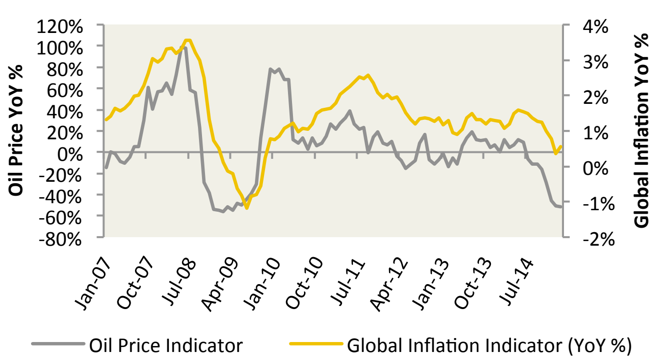
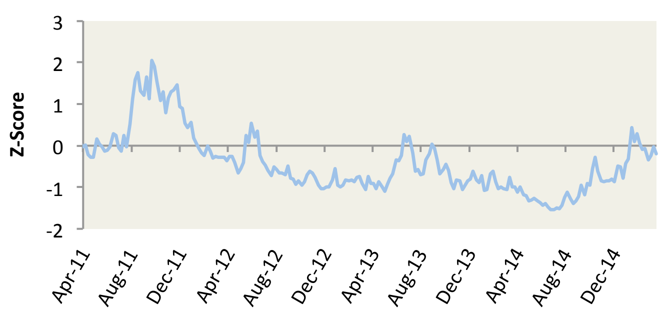
- » Emerging markets experienced their largest capital outflows since 2009, as the strong dollar and the prospect of Fed tightening sent EM currencies downward.
- » The price of oil is still searching for a floor but appears to have stabilized as investors update their expectations about growth in key markets and demand for industrial and agricultural inputs. Inflation remains subdued.
- » Major currencies slid further against the US dollar in Q1 2015, as the dollar continued one of its sharpest and fastest rallies of the past several decades. The dollar rally is disinflationary and puts pressure on US growth, hurting sales and corporate profits from abroad. A strong dollar also threatens emerging market sovereigns and corporates that have over-issued in USD, as they are forced to repay dollar-denominated debts using devalued local currency.

Oil price leading global inflation...down



Volatility has risen and is near 5 year averages



*Volatility Indicator Comprised of VIX (equity), CVIX (FX), and MOVE (bonds) z-scores

Chart Data Source: Bloomberg, Barclays
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GLOBAL FIXED INCOME REVIEW

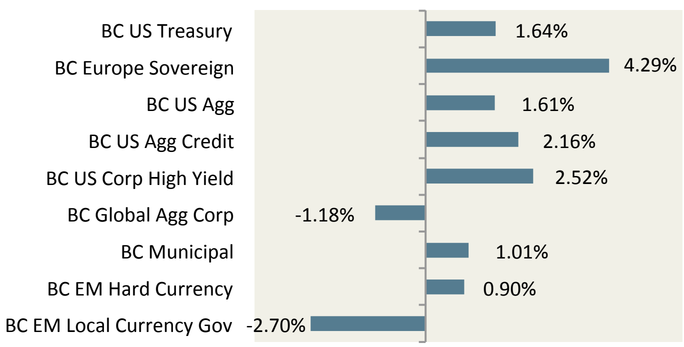
» Fixed income performance varied widely during Q1. USD-denominated bonds generated positive returns across sectors, while in dollar terms, most local currency-denominated bonds lost ground as the dollar appreciated.

» European sovereign bond yields continued to fall as the ECB embarked upon its quantitative easing program. Germany, Austria, Finland, Spain, and Switzerland have all issued debt at negative yields, meaning that investors are effectively paying sovereigns that borrow in the capital markets.

» In emerging markets, Russia outperformed the Barclays EM Local Currency Government Index by 18.51%, returning 15.81% in Q1 as tensions in Ukraine eased. Brazil returned -15.52% amidst ongoing economic, environmental and political distress.

» Long maturity EM bonds outperformed short bonds, and "core" emerging markets* performed roughly in line with the broader bond market as measured by the Barclays Global Aggregate Bond Index.

Fixed Income Sector Performance in Q1, 2015



Developed sovereign yields reaching new lows, EM yields stable but spreads widening

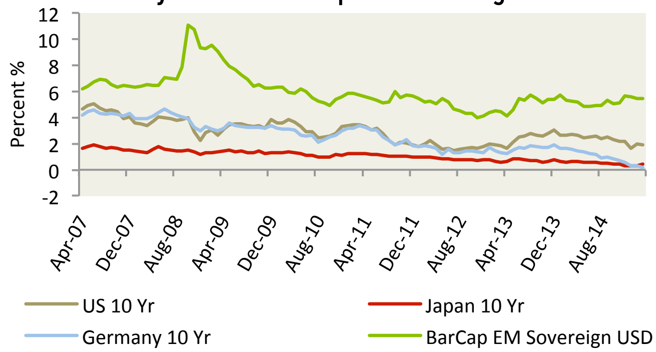


Chart Data Source: Bloomberg.
***Local Currency "Core" Governments are Brazil, Hungary, Indonesia, Malaysia, Mexico, Poland, South Africa, and Turkey.**
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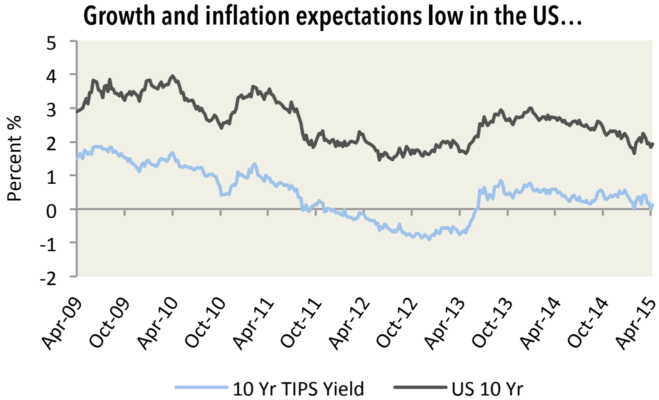
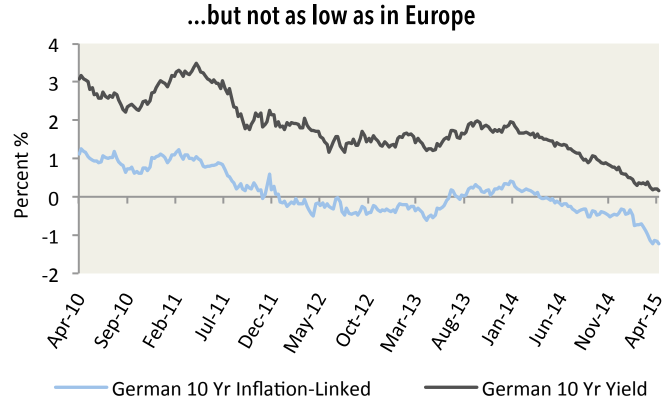
» Despite solid GDP growth and falling unemployment, yields in the US bond market suggest that inflation is not likely to move significantly higher for the foreseeable future.

» Depressed inflation expectations are even more pronounced in Europe, where the 10-year German bund yield has fallen to just 15 bps and inflation-linked bond yields are below -1.2%. This has helped drive European sovereign bond yields lower, and further validates the need for the ECB's aggressive quantitative easing program.

Growth and inflation expectations low in the US...



...but not as low as in Europe



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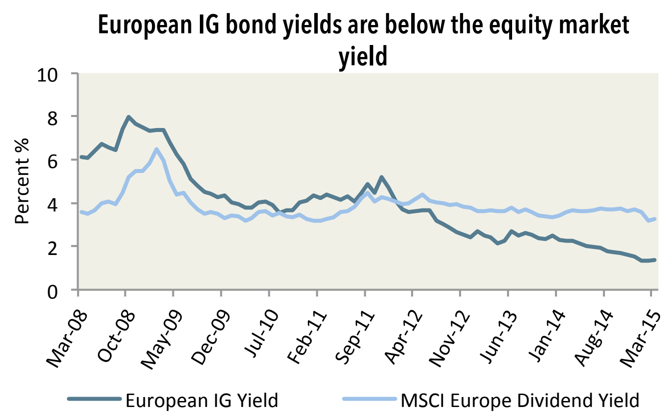
GLOBAL FIXED INCOME REVIEW

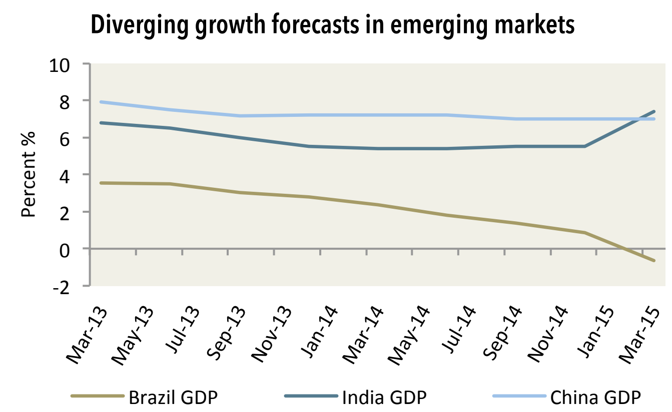
» As developed market sovereign bond yields continue to fall, the spread between European investment grade corporate bonds and the yield on equity indices has widened. At this point European equities offer a substantially better yield than high quality corporate bonds in Europe.

» Growth stories across emerging markets have diverged. Economists forecast year-over-year GDP growth in India of 7.4%, putting India's growth ahead of China's, which is expected to be 6.8%, for the first time in 16 years.

» Brazil, on the other hand, is forecasted to show a year-over-year contraction when Q1 2015 data are released. The South American country is suffering from lower export revenues as a result of commodity price depreciation, and inflation is running at more than 8%. Even with short-term bonds yielding 12-13%, Brazilian fixed income performed poorly in the first quarter.

» Even Mexico, one of the healthiest emerging market economies, is expected to see growth slowing from 2.6% to 2%. Mexican bonds outperformed the EM index in Q1, but have slightly underperformed over the past twelve months.





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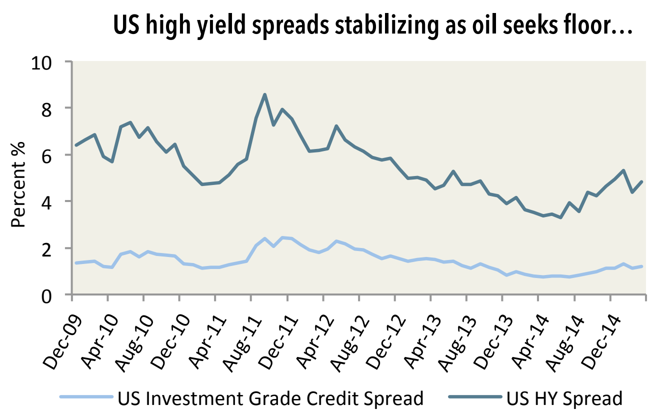
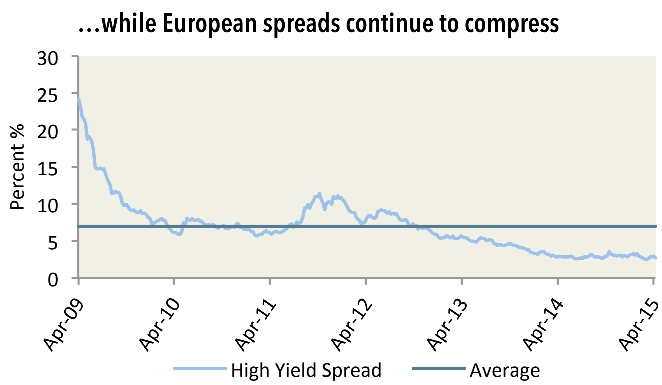
» In the US high yield bond market, spreads widened in Q4 as the price of oil tumbled, but have since begun to stabilize. However, continued volatility is likely, particularly if the blow to energy sector profits is worse than estimated. Additionally, distress in the energy sector could spill over into other high yield sectors.

» Meanwhile, high yield bonds in Europe are trading at extremely low yields relative to history. The ECB is scooping up high quality bonds at €60 billion per month, meaning investors must search for yield elsewhere.

» The Barclays Pan-European High Yield Index returned 4.69% in local currency terms during Q1. In USD terms, the index returned -7.08% in Q1, highlighting the powerful effects of recent currency movements.





*Spreads are relative to comparable duration Treasuries

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GLOBAL EQUITY REVIEW

» Global equities generally moved higher in Q1. In USD-terms, the MSCI ACWI returned 1.83% for the quarter, with 1.78% of those gains in March.

» European equities returned 2.85%. Across the single currency union, equities performed even better, returning 5.15%. In local currency terms, Denmark, Germany, Italy, and Portugal all returned more than 20% for the quarter. Greece returned -20.64% as fears of an exit from the currency union increased.

» Across emerging markets, Chinese equities had another banner quarter with an 8.12% return. Depressed commodity prices drove negative returns in EM Latin America of -10.13% , while EM Europe and EM Asia returned 1.81% and 5.05%, respectively.

Global Equity: Valuation Measures (as of 3/31/15)

Period	Latest				10-yr average			
Valuation Measure	**P/E**	**Dividend Yield**	**P/B**	**P/CF**	**P/E**	**Dividend Yield**	**P/B**	**P/CF**
MSCI ACWI	17.34	2.41	2.12	10.61	16.47	2.58	2.02	9.45
MSCI Europe	23.84	3.26	2.02	13.21	17.36	3.54	1.82	8.81
Nikkei 225	19.84	1.33	1.76	11.21	21.43	1.58	1.55	9.47
Shanghai Composite	18.34	1.75	2.28	7.33	18.75	1.88	2.42	43.32
MSCI Emerging Markets	12.68	2.64	1.50	7.35	13.18	2.62	1.84	8.39

Data Source: Bloomberg.

Global Equity Indices - 36 Month Rolling Annualized Return, %

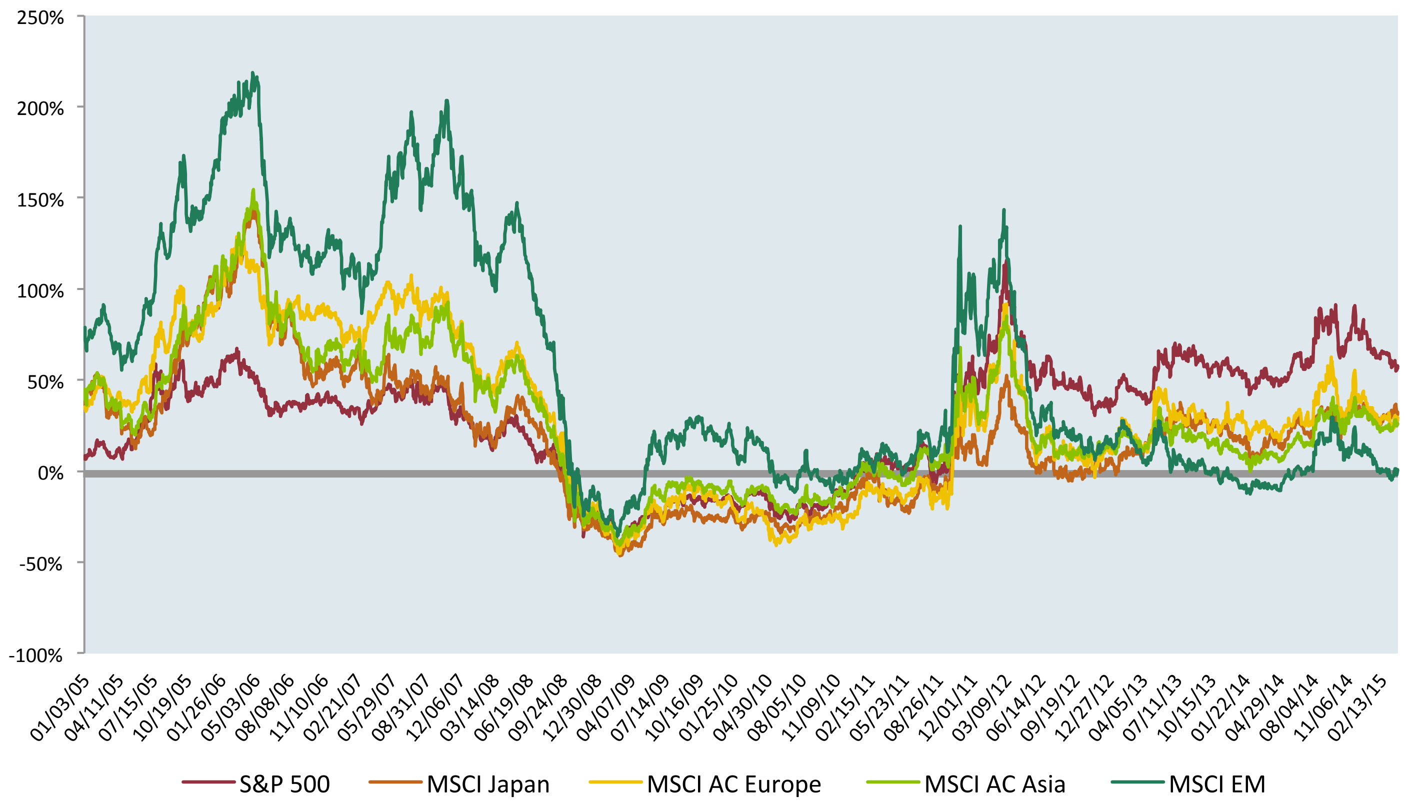

Chart Data Sources: Bloomberg, Morningstar, MPI.
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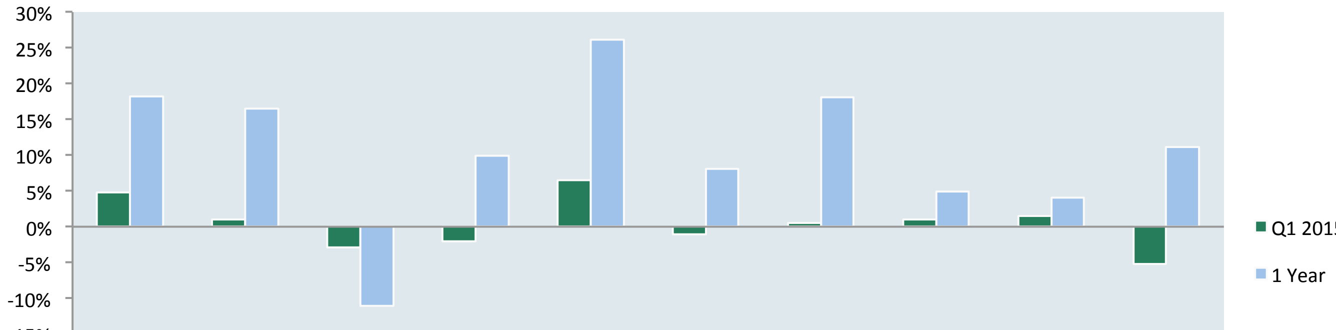
GLOBAL EQUITY REVIEW

- Despite concerns that the Bank of Japan's quantitative easing program may prove insufficient to jumpstart the economy, Japanese equities returned 9.47%.
- Globally, Healthcare was the best performing sector, returning 7.73%, while interest rate-sensitive Utilities fared the worst, returning -5.35%.
- In Emerging Markets specifically, Information Technology far outpaced other sectors with an 8.32% return, largely driven by extraordinarily strong equity market performance in China.
- Emerging markets look remarkably cheap compared to developed market equities, but ongoing political and economic turbulence has left investors cautious about piling back into EM.

S&P 500 Sector Performance as of 3/31/15



	Consumer Discret	Consumer Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Services	Utilities
Q1 2015	4.80%	0.99%	-2.85%	-2.05%	6.53%	-1.02%	0.57%	0.99%	1.54%	-5.17%
1 Year	18.26%	16.53%	-11.11%	9.97%	26.19%	8.04%	18.11%	4.97%	4.09%	11.09%

Chart Data Source: Morningstar MPI.
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- After a slow start, US equities continued upward, with the MSCI USA eking out a return of 0.86% for the quarter. Performance largely mirrored the sector performance of other global equities.
- US equity investors have reason to be cautious. US stocks have yet to see a meaningful pullback and valuations remain elevated above long-term averages. The lagged effects of a strong USD and low oil prices may negatively affect US corporate profits in Q1.

US Equity: Valuation Measures (as of 3/31/15)			Historical Averages			
Valuation Measure	**Description**	**Latest**	**1 yr ago**	**5-yr avg.**	**10-yr avg.**	**25-yr avg.***
P/E	Price to Earnings	18.28	17.34	15.64	16.39	19.46
CAPE	Shiller P/E	26.95	24.95	22.83	22.91	25.39
Div. Yield	Dividend Yield	2.00	1.94	2.02	2.08	2.09
P/B	Price to Book	2.67	2.36	2.21	2.42	2.84
P/CF	Price to Cash Flow	10.62	8.67	8.11	10.53	10.86
EY Spread	EY-Baa Yield	2.11	2.30	2.26	0.97	-1.23
Index: S&P 500						

Data Source: Bloomberg, Robert Shiller's website. Please see Appendix for definitions.
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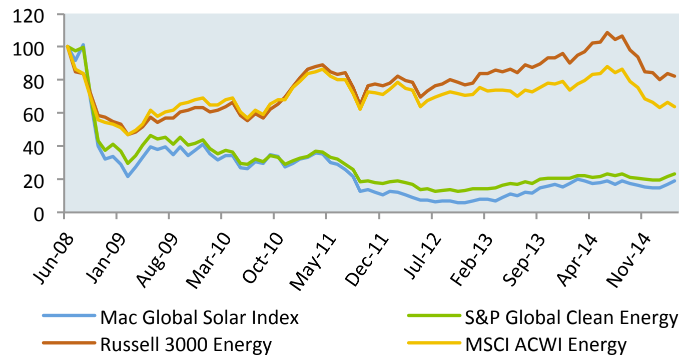
THEMATIC IMPACT REVIEW

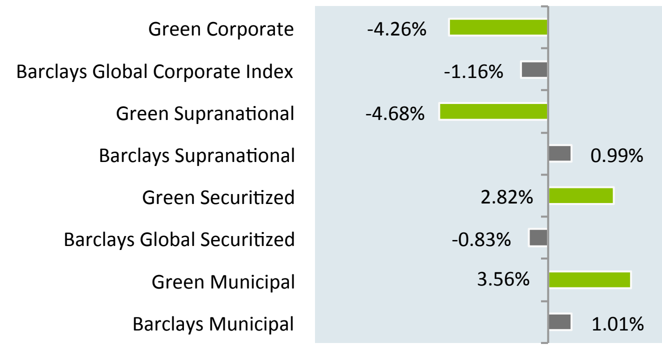
» Renewable energy stocks came roaring back after being initially affected by wrongfully-perceived correlation to the broader energy markets. The MAC Global Solar Index returned 28.52% and the S&P Global Clean Energy Index retuned 21.26% for the NASDAQ OMX Wind Index returned 17.25% in Q1.

» Many believe that oil prices drive demand for, and thus investment in, renewable energy. We believe that this relationship is overstated. Oil constitutes only about 1% of electricity generation in the US, meaning that renewables do not compete with oil. Rather, they compete with other electricity generation sources, such as coal and natural gas. The price of oil, therefore, has limited bearing on the value of renewable energy stocks or the deployment of renewable assets.

Thematic equity market performance (growth of $100)



Green Bond Sector Performance in Q1, 2015



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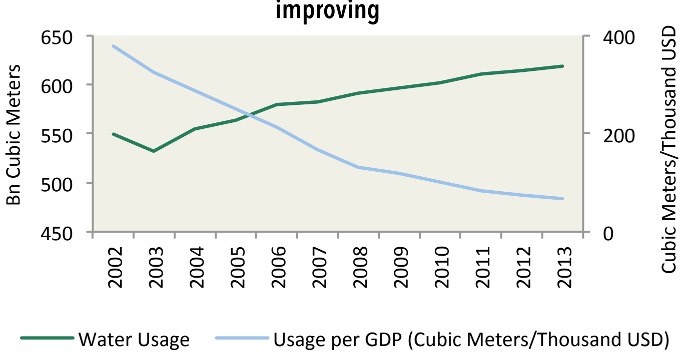
» Green bond issuance at the end of March, 2015 stood at $7.15B. While the pace of issuance has been slower in 2015 than many expected, investor demand for green bonds remains strong, with new issues routinely oversubscribed and bonds trading at substantial premiums to par.

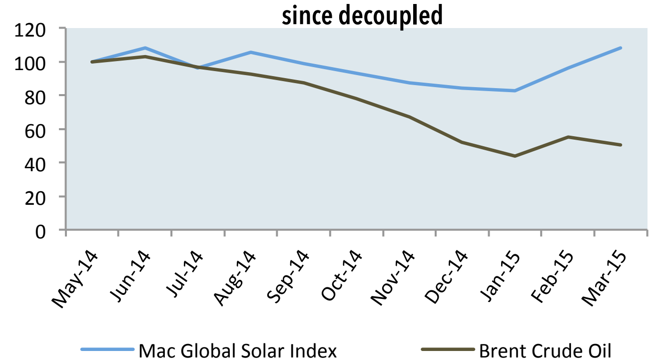
» Corporate and Supranational green bonds performed poorly during the quarter. Much of the performance is attributable to foreign currencies falling against the dollar. Domestically-oriented Municipal green bonds performed better, returning 3.56%.

» On another note, while California and Brazil struggle through historic droughts and mandatory use restrictions, China has become substantially more efficient with its water use. Usage per unit of GDP fell more than 80% between 2002 and 2013. The true test will be whether China's massive investment in water infrastructure can match its enormous and still-growing demand.

Water usage in China still growing, but efficiency improving



Solar energy initially fell with the price of oil but has since decoupled



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First Quarter 2015 Report

ASSET CLASS RETURNS

2006	2007	2008	2009	2010	2011	2012	2013	2014	YTD	1Q15
MSCI EME 32.59	MSCI EME 39.78	BC Agg 5.24	MSCI EME 79.02	MSCI USA Small Cap 27.48	BC Agg 7.84	MSCI EME 18.63	MSCI USA Small Cap 37.63	S&P 500 13.69	MSCI EAFE 6.52	MSCI EAFE 6.52
MSCI EAFE 26.86	EM Debt 18.11	EM Debt -5.22	High Yield 58.21	MSCI EME 19.20	High Yield 4.98	MSCI EAFE 17.90	MSCI USA IMI 33.39	MSCI USA IMI 12.51	MSCI EME 3.73	MSCI EME 3.73
S&P 500 15.79	DJ UBS Cmdty 16.23	Hedge Funds -20.85	MSCI USA Small Cap 39.07	MSCI USA IMI 17.17	S&P 500 2.11	MSCI USA Small Cap 17.52	S&P 500 32.39	MSCI USA Small Cap 7.07	MSCI World ESG 3.57	MSCI World ESG 3.57
MSCI USA IMI 15.70	MSCI EAFE 11.63	High Yield -26.16	MSCI EAFE 32.46	DJ UBS Cmdty 16.83	MSCI USA IMI 1.23	EM Debt 16.76	MSCI World ESG 27.56	BC Agg 5.97	MSCI USA Small Cap 3.45	MSCI USA Small Cap 3.45
EM Debt 15.22	Hedge Funds 9.72	DJ UBS Cmdty -35.65	MSCI World ESG 32.42	EM Debt 15.68	EM Debt -1.75	MSCI USA IMI 16.42	MSCI EAFE 23.29	MSCI World ESG 4.88	High Yield 3.09	High Yield 3.09
MSCI USA Small Cap 14.32	BC Agg 6.97	MSCI USA Small Cap -36.18	MSCI USA IMI 28.72	High Yield 15.12	MSCI USA Small Cap -3.43	S&P 500 16.00	Hedge Funds 9.04	Hedge Funds 3.42	MSCI USA IMI 2.95	MSCI USA IMI 2.95
High Yield 11.84	MSCI USA IMI 5.78	MSCI USA IMI -36.98	S&P 500 26.46	S&P 500 15.06	Hedge Funds -5.01	High Yield 15.81	High Yield 7.44	High Yield 2.45	S&P 500 2.57	S&P 500 2.57
Hedge Funds 10.18	S&P 500 5.49	S&P 500 -37.00	EM Debt 21.98	MSCI World ESG 10.67	MSCI World ESG -5.42	MSCI World ESG 14.48	BC Agg -2.02	MSCI EME -1.82	Hedge Funds 2.16	Hedge Funds 2.16
BC Agg 4.33	High Yield 1.87	MSCI World ESG -40.58	DJ UBS Cmdty 18.91	MSCI EAFE 8.21	MSCI EAFE -11.73	Hedge Funds 4.81	MSCI EME -2.27	MSCI EAFE -4.48	BC Agg 1.14	BC Agg 1.14
DJ UBS Cmdty 2.07	MSCI USA Small Cap -3.29	MSCI EAFE -43.06	Hedge Funds 11.46	BC Agg 6.54	DJ UBS Cmdty -13.32	BC Agg 4.22	EM Debt -8.98	EM Debt -5.72	DJ UBS Cmdty -0.85	DJ UBS Cmdty -0.85
MSCI World ESG NA	MSCI World ESG NA	MSCI EME -53.18	BC Agg 5.93	Hedge Funds 5.48	MSCI EME -18.17	DJ UBS Cmdty -1.06	DJ UBS Cmdty -9.52	DJ UBS Cmdty -17.01	EM Debt -1.01	EM Debt -1.01

- High Yield = Barclays Capital US Corporate High Yield Index
- DJ UBS Cmdty = Dow Jones-UBS Commodity Index
- MSCI EAFE = MSCI EAFE Index
- MSCI EME = MSCI EM Equity Index
- S&P 500 = S&P 500 Index
- MSCI USA IMI = MSCI USA IMI NR Index
- EM Debt = JP Morgan GBI EM Global Diversified Unhdged
- Hedge Funds = HFRI FoF Diversified Index
- MSCI USA Small Cap = MSCI USA Small Cap Index
- BC Agg = Barclays Capital US Aggregate Bond Index
- MSCI World ESG = MSCI World ESG Index

Chart Data Source: Morningstar, MPI.
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APPENDIX

- BC EM Hard Currency: Barclays Capital Emerging Markets Hard Currency Index
- BC EM Local Currency Gov: Barclays Capital Emerging Markets Local Currency Diversified Total Return Index
- BC EM Sovereign USD: Barclays Capital Emerging Markets Sovereign USD Total Return Index
- BC Europe Sovereign: Barclays Capital Europe Sovereign Index
- BC Global Agg Corporate: Barclays Capital Global Aggregate Corporate Index
- Barclays Global Securitized: Barclays Capital Global Securitized Index
- Barclays Supranational: Barclays Multiverse – Supranational
- BC US Agg Bond: Barclays Capital United States Aggregate Bond Total Return Index
- BC US Agg Credit: Barclays Capital United States Aggregate Credit Total Return Index
- BC US Corporate High Yield: Barclays Capital United States Corporate High Yield Total Return Index
- BC US Municipal: Barclays Capital United States Municipal Total Return Index
- BC US Treasury: Barclays Capital United States Treasury Total Return Index
- CAPE: Shiller P/E (Cyclically Adjusted PE) from Robert Shiller's website http://www.multpl.com/shiller-pe/
- CVIX: Deutsche Bank Currency Volatility Index
- European IG : Barclays European Investment Grade Corporate Bond Index
- EY Spread: EY-Baa Yield derived by subtracting the Barclays Capital Baa US Credit YTW from the S&P 500 (SPX) Earnings Yield (the inverse of the P/E ratio)
- GDP: Gross Domestic Product
- Global Inflation Indicator: Average of US, China, Japan, Great Britain and Europe Inflation
- Green Corporate: Sonen corporate green bond universe performance
- Green Municipal: Sonen municipal green bond universe performance
- Green Securitized: Sonen securitized green bond universe performance
- Green Supranational: Sonen supranational green bond universe performance
- High Yield: Barclays Pan-European High Yield Bond Index
- IMI: Investable Market Index

APPENDIX CONTINUED

- MOVE: Merrill Lynch index of normalized implied volatility on 1-month Treasury options
- MSCI ACWI: MSCI All Country World Index
- MSCI AC Asia MSCI All Country Asia Index
- MSCI AC Europe: MSCI All Country Europe Index
- MSCI Emerging Markets (EM): MSCI Emerging Markets Index
- MSCI Europe: MSCI Europe Index
- MSCI Japan: MSCI Japan Index
- Nikkei 225: Nikkei 225 Stock Average
- Oil Price Indicator: Bloomberg West Texas Intermediate (WTI) Cushing Spot Price
- P/E: Trailing 12 months price to earning ratio
- S&P 500: Standard and Poor's 500 Index
- Shanghai Composite: Shanghai Stock Exchange Composite Index
- U-3 Unemployment: Number of unemployed in US as a percentage of the labor force
- U-6 Unemployment: Total unemployed, plus people marginally attached to the labor force, plus part-time employed, as a percentage of the labor force plus people marginally attached to the labor force
- VIX: Chicago Board Options Exchange Volatility Index
- Wage growth: US Personal Income YoY Seasonally Adjusted

IMPORTANT DISCLOSURE

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