

Next Economy Social Index

Portfolio Snapshot • April 30, 2018

Green Alpha[®]

Review Contents

The Portfolio

Characteristics	2
Top Ten Positions	3
Market Cap & Sector Allocation	4
Manager Commentary	5 - 6

Performance

Performance History & Sector Attribution	7
Top Five Contributors & Detractors	8

Disclosures	9
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Why Invest in the Social Index?

- Applies unique gender and social inclusion criteria to Green Alpha's largest basket of innovators
- Passively managed, long-only equity strategy seeking long-term capital growth
- Invests in global, market-leading companies driving the transition to the Next Economy™
- Fossil fuel free since inception

Inception Date: December 30, 2015

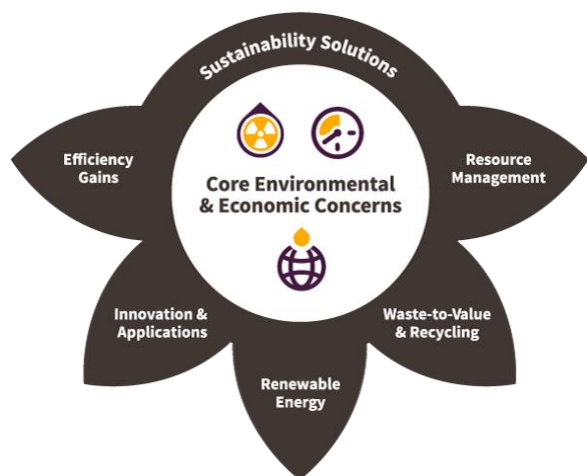
Style: All-Cap Global Growth Equity

Available Vehicle: Separately Managed Account

Next Economy Investment Philosophy

Green Alpha's investment philosophy is straight forward: don't invest in companies that cause global systemic risks; instead, invest in the solutions.

We believe companies that create or enable innovative solutions to climate change, resource degradation and scarcity, and widening inequality are the greatest growth drivers and sources of wealth creation of the twenty-first century. That's the Next Economy.



Portfolio Construction: the Social Index

The Next Economy™ Social Index is an actively researched, passively managed portfolio designed to harness the powerful long-term performance potential of Next Economy companies run by diverse leadership teams and boards of directors. To manage the Social Index, we start with our list of [Next Economy Index](#) constituents, then remove any that lack strong female representation in leadership or on the board. We first select weights based on market cap, with additional portfolio weight given to companies where women hold positions of significant authority, women have especially strong representation in leadership, and/or corporate policies are socially inclusive. Stocks are actively selected using Green Alpha's top-down (evaluating contribution to a sustainable economy) and bottom-up (fundamentals-based analysis) investment criteria. Like all Green Alpha portfolios, the Next Economy Social Index is a fossil fuel free, all-cap, cross-sector, global equity strategy.

Please see the final page of this document for important disclosures about portfolio, benchmark and characteristic information.

Portfolio Overview: Next Economy Social Index

Portfolio characteristics and how they compare to the S&P 500 and other Green Alpha portfolios

Next Economy Social Index Characteristics

- **Next Economy innovators, diversity leaders** – harnessing the performance potential offered by diverse teams by applying gender and social inclusion criteria to the Next Economy Index
- **Fundamentals-driven** – because the quality of the companies you invest in and the price you pay for them matter
 - ✓ **High growth** – indicated by Sales Growth, drop from current P/E to Forward P/E as revenue and earnings grow
 - ✓ **Compelling valuation** – demonstrated by Price/Sales, Price/Book metrics
 - ✓ **Strong balance sheet, solid management execution** – expressed by LT Debt/Equity, Current Ratio
- **Fossil fuel free since inception** – we have never invested in companies that prospect, extract, refine, or transport fossil fuels, nor fossil-fired utilities
- **Diversified** – we look for solutions wherever we can find them - across the globe, in firms of all sizes, and in every industry
- **Public equities, long-only** – largest asset class, largest opportunity for impact

Characteristics	Green Alpha Next Economy Social Index	Benchmark: S&P 500	Green Alpha Next Economy Index	Green Alpha Next Economy Select	Green Alpha Growth & Income	Sierra Club Green Alpha
# of Securities	73	500	95	54	30	39
Sales Growth, 1-Year Trailing	18.19%	11.45%	16.76%	15.75%	10.39%	15.54
P/E, Current	35.71	34.56	35.19	30.75	43.10	33.96
P/E, 1-Year Forward [†]	19.89	16.17	20.22	16.06	17.32	18.13
Price/Sales	1.61	2.12	1.65	1.00	1.86	1.34
Price/Book	3.07	3.19	2.83	1.93	1.98	2.21
LT Debt/Equity	0.62	0.85	0.58	0.65	0.95	0.69
Current Ratio	2.80	2.00	2.84	3.00	2.93	3.29
Dividend Yield	1.54%	1.96%	1.70%	2.18%	5.22%	2.14%
US Domicile	81.95%	100%	75.73%	67.26%	72.52%	70.88%
Non-US Domicile	15.22%	-	23.15%	29.33%	24.92%	26.39%
Cash	2.82%	-	1.12%	3.42%	2.57%	2.73%
Market Capitalization Weighted Avg (US\$B)	64.85	201.60	59.55	37.73	18.67	49.10
Beta, 1-Year Trailing	1.03	1.00	1.05	0.99	0.90	1.01

[†] Bloomberg consensus estimates

^{††} Bloomberg Investment Classification System

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Top Ten Positions

And how the top five positions are driving progress toward the Next Economy

NVIDIA Corp. (Technology, Semiconductors)

- GeForce chip architecture sets the standard for high-speed processing applications such as: graphics processing, AI and deep learning, autonomous machines (including self-driving vehicles), crypto currency mining, data centers, cloud computing, design and production visualization.
- Machines empowering algorithms & AI are essential to increasing economic efficiency & sustainability of global economy.
- Strong 33% women in Senior Management Team, including two critically influential positions: EVP/CFO & EVP/Operations. Board of Directors includes three women (25%); replaced one male Director with a woman since 2016.

IBM (Technology, Services)

- Has been very adroitly managing transition from legacy IT & consulting services to innovation powerhouse.
- Highlights: top patent holder across domains; enabling distributed ledger; pioneering AI; leaders in quantum computing; developing security methods atop lattice cryptography; advancing nanotechnology; developing & applying Watson (AI) across industries, including medicine, water, food safety.
- Female CEO is building a diverse team to maximize the company's ability to innovate, with six women (29%) in Senior Management & three women on the Board of Directors (23%), including several key Committee Chairs.

Apple, Inc. (Consumer Discretionary, eCommerce)

- Significant contributor to IT, connectivity, & AI that enable & drive efficiency—a pillar of the sustainable economy.
- Strong commitment to operational sustainability; reached goal of using 100% renewable energy at corporate level; working with suppliers to commit to renewable energy; aim to make every product from recycled or reclaimed material.
- Women in Senior Management (18%) have critical roles; Board includes two women (25%), including a Committee Chair.

Alibaba: (Consumer Discretionary, eCommerce)

- Largest, hyper-efficient, data-driven e-commerce platform connecting buyers to 10 million sellers/producers. Intermediary between sellers & buyers, unlike other large e-commerce companies which buy products from merchant & then resell.
- Low barrier to entry for sellers, making e-commerce more accessible for smaller businesses.
- Immense investors in R&D into technology & efficiency/logistics of commerce.
- Impressive five women (31%) on the Senior Management Team, including CFO.

Alphabet, Inc. (Communications, Media)

- Provider of unlimited access to global information. Anyone with access to Google has better access to information than the richest person on earth had 20 years ago.
- Innovation-driven venture capital fund with dozens of fascinating “moonshots” (e.g., “Project Loon – the balloon-powered internet for everyone”). All extremely well capitalized by the best ad-serving machine in history.
- Global operations use 100% renewable energies.
- Sole woman in Senior Management is an award-winning CFO. Three women (23%) on Board, including a Committee Chair.

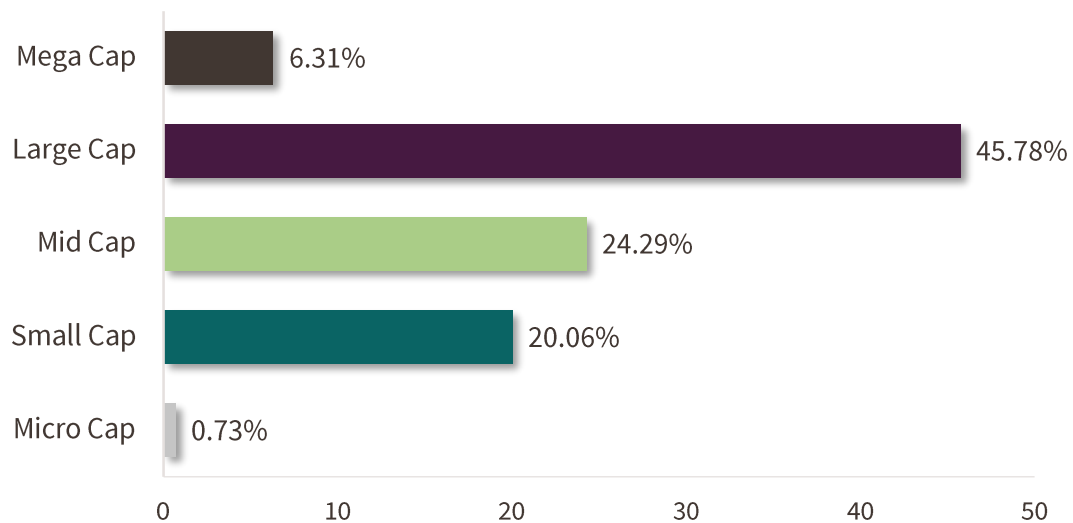
Company Name	Ticker	Weight
NVIDIA	NVDA	2.44%
Int'l Business Machines	IBM	2.34%
Apple, Inc.	AAPL	2.19%
Alibaba Group	BABA	2.07%
Alphabet, Inc.	GOOG	2.05%
Tesla, Inc.	TSLA	1.95%
Autodesk, Inc.	ADSK	1.91%
Qualcomm, Inc.	QCOM	1.89%
Avnet, Inc.	AVT	1.87%
Square, Inc.	SQ	1.82%
% of Portfolio		20.53%

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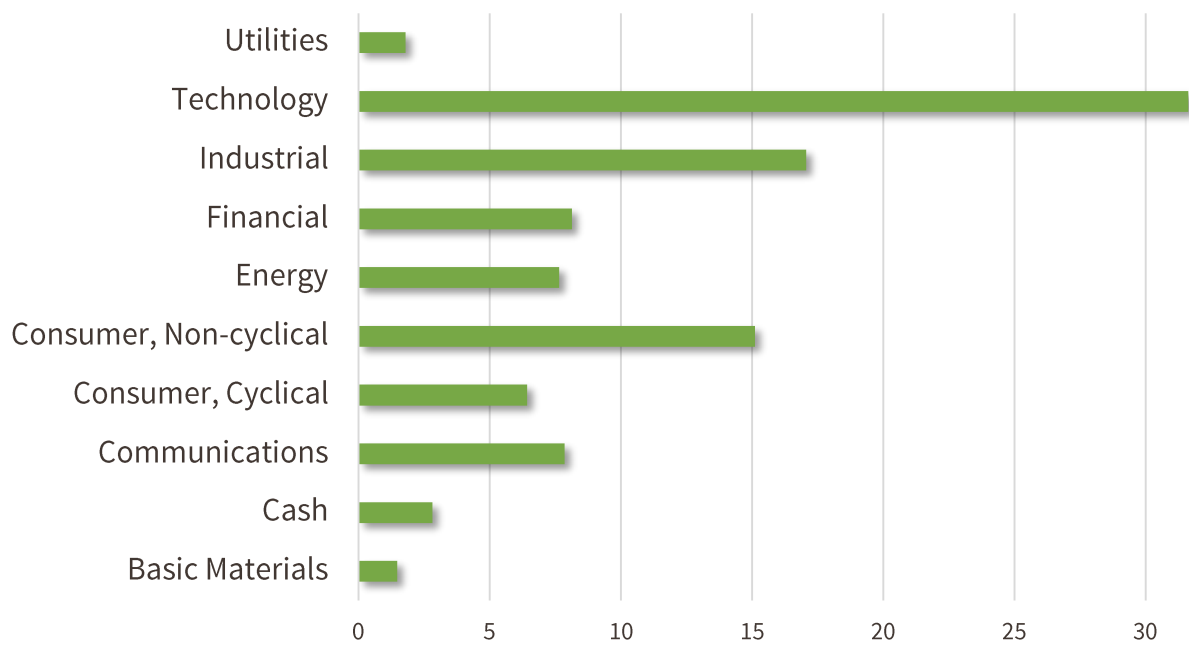
Allocation by Market Cap & Sector

Our search for Next Economy companies is unconstrained. We seek solutions to systemic risks wherever they exist – across sectors, market caps, and geographies. The following divisions are the result of our Next Economy process, rather than the starting point.

Equity Allocation by Market Cap



BICS^{††} Sector Allocation (% of Portfolio)



[†] Bloomberg consensus estimates

^{††} Bloomberg Investment Classification System

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Manager Commentary

Why did we begin building the Next Economy Social Index in 2013? Why release results & open it up to client assets now?



We often say that the economy of the next decade is unlikely to look like that of the past. That's because economic and environmental risks are continuing to materialize, and technology-based solutions to these risks are rapidly unfolding.

This ultra-dynamic landscape means that we as investors need to stay on our toes as we evaluate relevant risks and opportunities. Diversity and inclusion are important elements of a thriving, sustainable economy.

Wait, remind me about the Next Economy? [The Next Economy](#) is an indefinitely sustainable economy driven by companies that are creating innovative products and services designed to solve systemic risks. It is undeniable that the global economy faces immense systemic risks—climate change, resource degradation and scarcity, widening inequality—that threaten to undermine the economy's continued prosperity. Yet, these fundamental challenges present an opportunity for companies across the economy to create solutions to these risks, from renewable energy to sustainable agriculture. Today, the primary centers of innovation and efficiency are individually and synergistically creating the basis of the Next Economy. As a result, we believe the innovative companies that proactively address these risks are leading long-term economic growth and are our best sources of future wealth creation.

So what's new? Staying ahead of innovation is critical to the success of the firms we invest in and our own portfolios. Given the rapid pace of change, innovation itself and innovation-based stock-selection risks lagging the next technological advancement or development. Therefore, we do everything practical to stay ahead and mitigate this risk at the security and portfolio levels. Enter the proliferating real-world evidence and academic research that diverse teams, both inherent (race, gender) and acquired (experience, cultural background), [outperform homogeneous teams](#) in a variety of material ways:

- Diverse teams perform at higher levels than homogenous ones because they are [more creative](#). The logic is certainly there; a wider variety of inputs from team members enables a team to better identify problems and develop solutions.
- Non-homogenous teams tend to outperform because they [evaluate more facts](#) and process those facts more carefully.
- Research demonstrates that companies with more women are more likely to introduce [radical new innovations](#) into the market over a two-year period.
- Diverse teams are more likely to achieve both [short and long-term goals](#) than homogeneous teams.

Since Green Alpha has always sought out innovation leaders across industries, we were not surprised that our initial gender-diversity evaluation of our Next Economy investment universe already showed materially higher female leadership than exhibited across the broad equity markets.

(continued on page 6)

Manager Commentary (cont.)

Why did we begin building the Next Economy Social Index in 2013? Why release results & open it up to client assets now?

This led us to conduct formal back-testing of our Next Economy universe to evaluate whether companies with strong female representation in management or on the board of directors outperformed companies without significant female leadership. For more than a year, we continued to run tests using various levels of female inclusion to identify a point at which a certain number or percentage of female inclusion made a quantifiable difference. We also evaluated other factors, such as: does female influence in specific roles matter more or less than overall inclusion rates? Our evaluation of academic research and testing on our own models presented a compelling case for creating a gender-diversity oriented version of our [Next Economy Index](#).

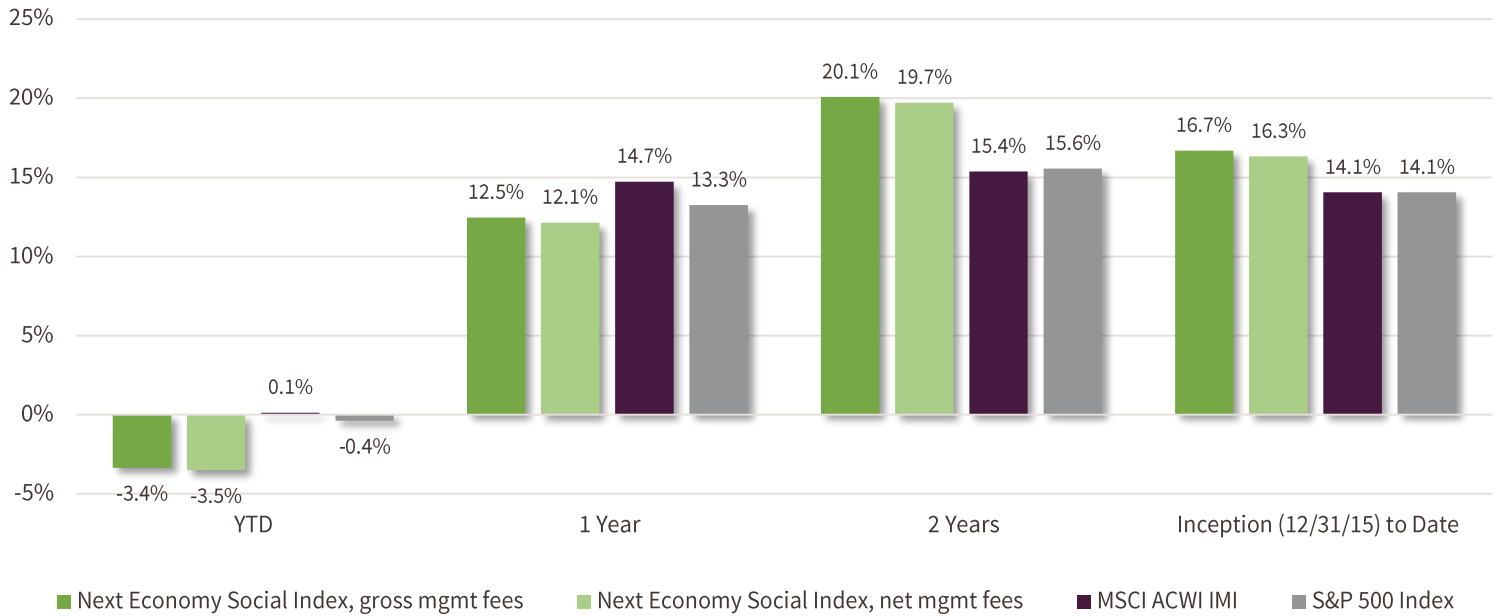
We became convinced that one of the best ways to boost a company's ability to compete involves hiring diverse team members and giving them ample support and influence. In a rapidly changing world, the ability to innovate is really the only dependable competitive edge that exists for a company. Since the diversity of a company's leadership and workforce is a proven way to increase the probability that the company will be able to continuously innovate, diverse teams simply make better long-term investments.

Our curiosity and research never stop. Gender diversity is clearly [just one material aspect](#) of any given team's composition, but an important one. And it is one we can currently quantify in the investment process as a starting proxy for what we really desire – diverse teams producing innovative ideas. As we access more company-level data, as the universe of companies creating solutions to the global economy's primary risks expands, and as more companies maximize their potential by removing barriers so historically excluded people can thrive, our investment methodology will continue to evolve across all our portfolios, including the Next Economy Social Index. Now, with more than five years exploring the data and two years of track record in the portfolio, we are convinced that this is a compelling way to build a portfolio intended to outperform the market over the long-term.

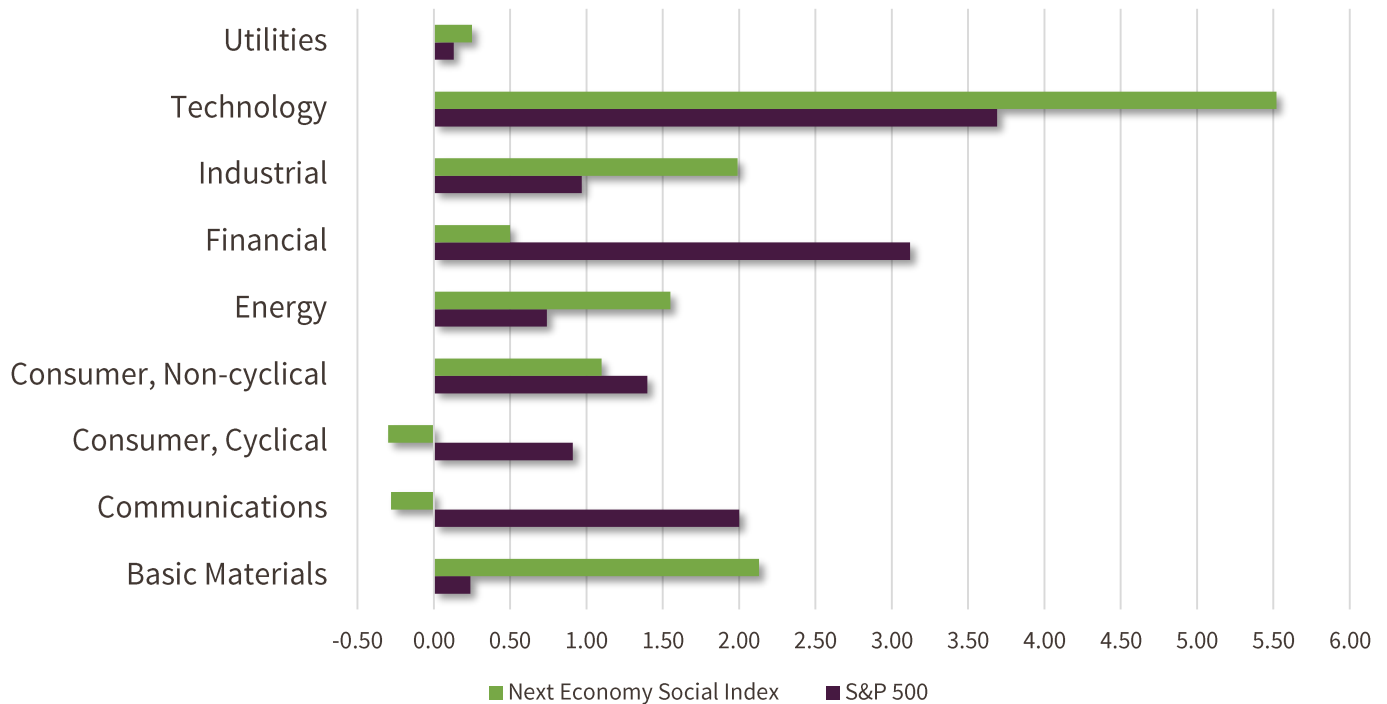
The academic research is clear. The logic behind it makes intuitive sense. Now, empirical returns are showing it too: diversity works.

Performance History & Sector Attribution

Performance History



1-Year Trailing Sector Attribution by BICS^{††}



[†] Bloomberg consensus estimates

^{††} Bloomberg Investment Classification System

All returns presented above that are greater than 1 year in length have been annualized. Performance data quoted represent past performance. Past performance does not guarantee future results and current performance may be lower or higher than the data quoted. Next Economy Social Index performance results reflect performance of a model portfolio. The model performance does not reflect any transaction costs. The Next Economy Social Index performance results do reflect the reinvestment of dividends and interest. Extreme periods of underperformance or outperformance are due to the concentrated nature of the strategy and the impact of specific security selection. Such results may not be repeatable. Model performance has inherent limitations. The returns shown are model results only and do not represent the results of actual trading of client assets. The model performance shown does not reflect the impact that material economic and market factors had or might have had on decision making if the account held actual client capital. Actual client accounts in this strategy are managed by Green Alpha based on the model portfolio, but the actual composition and performance of these accounts may differ from those of the model portfolio due to differences in the timing and prices of trades, and the identity and weightings of securities holdings. Please see additional important disclosures on page 9 of this document.

Attribution: Top Five Contributors & Detractors

Next Economy innovation doesn't unfold overnight—or even a quarter. Think of this as one way of looking at the previous quarter's performance, not necessarily the long-term picture.

Five Largest Contributing Stocks, 1-Year Trailing

Company Name	Ticker	Average Weight	Stock Price Return	Contribution to Portfolio Return
MiX Telematics	MIXT	1.34%	169.09%	1.43%
SolarEdge Technologies	SEDG	1.20%	226.01%	1.43%
Codexis, Inc.	CDXS	1.20%	155.68%	1.30%
Exact Sciences	EXAS	2.50%	66.64%	1.18%
Autodesk, Inc.	ADSK	2.93%	39.78%	1.01%

Five Largest Detracting Stocks, 1-Year Trailing

Company Name	Ticker	Average Weight	Stock Price Return	Contribution to Portfolio Return
Lifeway Foods, Inc.	LWAY	0.96%	-43.33%	-0.48%
Veeco Instruments, Inc.	VECO	0.54%	-49.39%	-0.45%
Vestas Wind Systems	VWDRY	1.78%	-23.20%	-0.43%
Steelcase, Inc.	SCS	1.48%	-19.47%	-0.36%
ClearOne, Inc.	CLRO	0.71%	-32.50%	-0.30%

Past performance is not a guarantee of future results. To obtain information about the calculation methodology used to select the largest contributors and detractors from performance or to obtain a list showing every holding's contribution to the model's performance during the measurement period, contact us at info@greenalphaadvisors.com. Given differences in account sizes, custodial fee arrangements and other client-specific factors, not all accounts invested in the Next Economy Social Index experienced the exact portfolio contributions shown above. The holdings identified throughout this document do not represent all of the securities purchased, sold, held or otherwise recommended for advisory clients. Nothing in this document should be considered recommendation to purchase or sell any particular security.

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