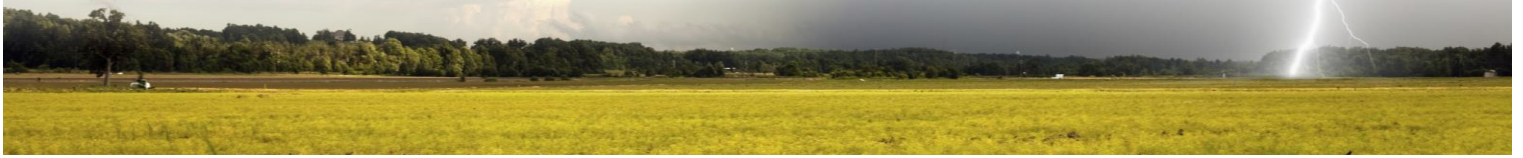


Next Economy Index

June 30, 2019



Green Alpha[®]

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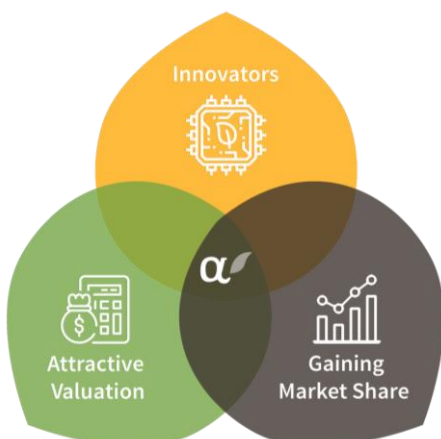
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Investment Philosophy

We believe companies that create or enable innovative solutions to climate change, resource degradation and scarcity, and widening inequality are the greatest growth drivers of the twenty-first century. The idea is to invest in the best, growing industries that are building an extremely efficient, sustainable economy – that’s what we call the Next Economy.

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

We believe these companies will gain market share from their legacy economy counterparts – today and into the future. That makes investing in them our best chance at helping clients preserve and grow their purchasing power.



Why Invest in the Next Economy Index?

- Passively managed, diversified exposure to many sectors and industries, currently in 115 companies
- Global companies driving the transition to the Next Economy™
- Invests in innovative solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 30, 2008

Style: All-Cap Global Growth Equity

Vehicle: Separately Managed Accounts

Portfolio Construction: Next Economy Index

The Green Alpha Next Economy Index is a passively-managed portfolio designed to reflect and benchmark the Next Economy – the solutions-oriented, innovation-driven, highly efficient, sustainable economy that is unfolding. All of the companies that pass both our top-down and bottom-up research processes with sufficiently high scores are allowed into the Next Economy Index during the annual rebalancing process. We seek investments:

- whose products and/or services are solutions to our most pressing economic and environmental risks
- committing more capital to R&D, and intellectual property than their peers
- run by effective, diverse leadership teams and boards of directors with consistent track records of increasing sales and revenue, and margin expansion, leading to earnings growth and potential dividend increases
- trading at compelling valuations for proven and expected growth, within acceptable levels of risk

Like all Green Alpha portfolios, the Next Economy Index is a fossil fuel free, all-cap, cross-sector, global growth equity portfolio.

The Next Economy Index

How the portfolio compares to the MSCI All Country World Investible Market Index (MSCI ACWI IMI) and other Green Alpha portfolios

Characteristics

- **Largest Next Economy basket** – by definition, the Index is the most diversified Green Alpha portfolio by number of stocks; all stocks that pass Green Alpha’s investment process to enter the Index
- **Fundamentals-driven** –the underlying quality of the companies you invest in and the price you pay for them matter
 - ✓ **High growth** – indicated by Sales Growth, drop in 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 or internal combustion engine manufacturers
- **Diversified** – we look for solutions wherever we can find them – across the globe, companies of all sizes, in every industry
- **Public equities, long-only** – largest asset class, largest opportunity for impact

Characteristics	Green Alpha Next Economy Index	Benchmark: MSCI ACWI IMI (ACIM)	Green Alpha Next Economy Social Index	Green Alpha Next Economy Select	Green Alpha Growth & Income	Sierra Club Green Alpha
# of Securities	115	8,866	95	56	31	42
Sales Growth, Trailing 1-Yr	11.62%	10.61%	13.84%	8.90%	12.21%	12.00%
*P/E, Current	59.45	26.27	61.90	99.12	34.14	96.74
P/E, 1-Year Forward [†]	24.33	15.16	27.39	25.44	19.67	21.59
Price/Sales	1.66	1.46	1.78	1.49	2.20	1.64
Price/Book	2.87	2.20	3.43	2.38	2.22	2.52
LT Debt/Equity	0.71	0.83	0.87	0.77	1.14	0.75
Current Ratio	2.82	1.70	2.87	2.93	2.06	2.66
Dividend Yield	1.54%	2.56%	1.56%	1.67%	4.73%	1.55%
Market Capitalization Weighted Avg (US\$B)	58.86	150.34	56.53	38.21	20.87	51.72
Market Capitalization Median (US\$B)	5.82	1.03	7.40	2.98	13.05	3.59
Turnover, Trailing 1-Yr	25%	-	28%	13%	14%	10%
Beta, Trailing 2-Yrs	1.08	1.00	1.09	1.10	0.86	1.01
Active Share	95.19%	-	95.13%	98.06%	98.37%	97.63%

*P/E, Current is abnormally higher in Green Alpha portfolios this quarter due to one holding, which has a material weighting, that transitioned from negative earnings to slightly positive during the quarter.

[†] Bloomberg consensus estimates. Please see the final page of this document for important disclosures about portfolio, benchmark and characteristic information

Largest Positions

How The Next Economy Index is driving progress toward the Next Economy

Alphabet (Communications, Media)

- Innovation-driven venture capital structure with dozens of subsidiaries and Next Economy “moonshots” (e.g., “Project Loon – the balloon-powered internet for everyone,” Deepmind AI, fiber bandwidth for everyone, smart contacts that evaluate health and monitor blood sugar, a spoon that helps Parkinson's patients eat, and much more). All extremely well capitalized by the most profitable ad-serving machine in history
- Global operations use 100% renewable energies
- Three women in Senior Management, including an award-winning CFO and the CEO of YouTube. Board of Directors has two women (18%), including the Audit Committee Chair

Atlassian Corp (Technology, Software)

- A software company that empowers teams through open work, enabled by open and rapid communication tools. More rapid collaboration means greater productivity, which is key at the macroeconomic level for innovation and achieving sustainability
- Substantial investments in R&D and smart acquisitions demonstrate strategic growth and represent good probabilities of maintaining tech leadership
- Women make up 22% of the Board, including the Chair of the Board, and Chair of the Compensation Committee

Universal Display (Technology, Semiconductors)

- Universal Display Corporation is a designer and IP owner of organic light emitting diodes (OLED) technologies and materials, which it licenses to other display manufacturers
- OLED displays are more energy and materials efficient than other technologies - more than 2x as energy efficient as LCD displays, and offer superior brightness despite less power use, light weight, short response times, and wider visible viewing angles
- Universal Display Corp’s IP is found in most smartphone, tablet, notebook computer, desktop monitor, smart watch and TV displays available today; you’re probably reading this with their IP right now
- OLED boasts 40% Executives being female, and the Board of Directors 25%, including the Compensation Committee Chair

Exact Sciences (Healthcare, Medical Equipment)

- Technology for earlier and less invasive cancer detection
- Pioneered accurate, less expensive and simpler methods of colorectal cancer detection, approved by FDA and covered by most major insurance including Medicare and Medicaid
- Exact Sciences’ leadership features two female executives and two women Board members

Qualcomm (Technology, Semiconductors)

- Multinational company that designs and markets wireless telecommunications products and services
- Global leader in 5G technology, at least a year ahead of closest competitor for device-level 5G enabled tech; major R&D expenditures signal that they are doing everything they can to remain global leaders
- Connectivity—swift data exchange and use between devices—is key to an efficient/sustainable economy, and Qualcomm enables this across applications: auto, health care, IoT, mobile computing and networking
- Women make up 25% of the Board of Directors, including the Chair of the Compensation Committee

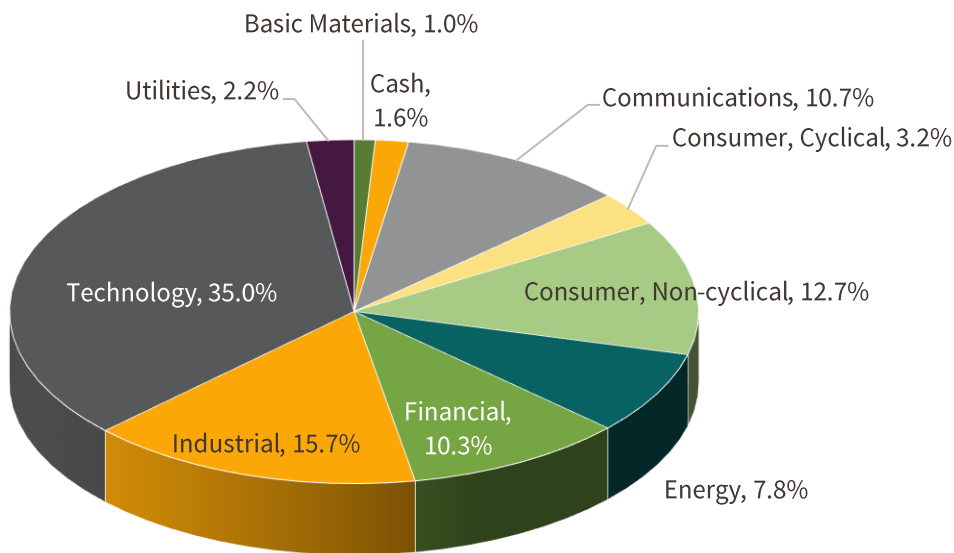
Company Name	Ticker	Weight
Alphabet	GOOG	2.34%
Atlassian Corp	TEAM	1.70%
Universal Display Corp	OLED	1.63%
Exact Sciences Corp	EXAS	1.53%
Qualcomm	QCOM	1.48%
Dassault Systemes	DASTY	1.38%
Palo Alto Networks	PANW	1.32%
Apple	AAPL	1.28%
Applied Materials	AMAT	1.26%
Softbank Group	SFTBY	1.24%
% of Portfolio		15.16%

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

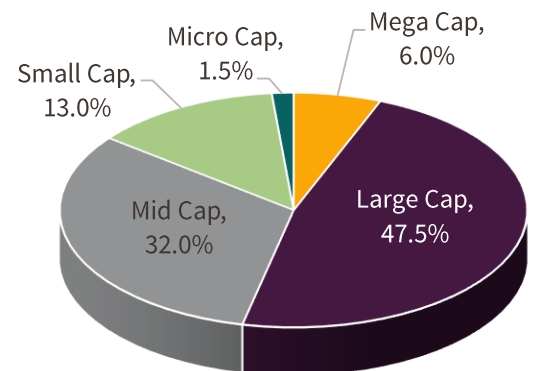
Portfolio Allocations

Our search for Next Economy companies is unconstrained. For the Next Economy Index, we seek solutions to systemic risks wherever they exist – across sectors, market caps, and geographies.

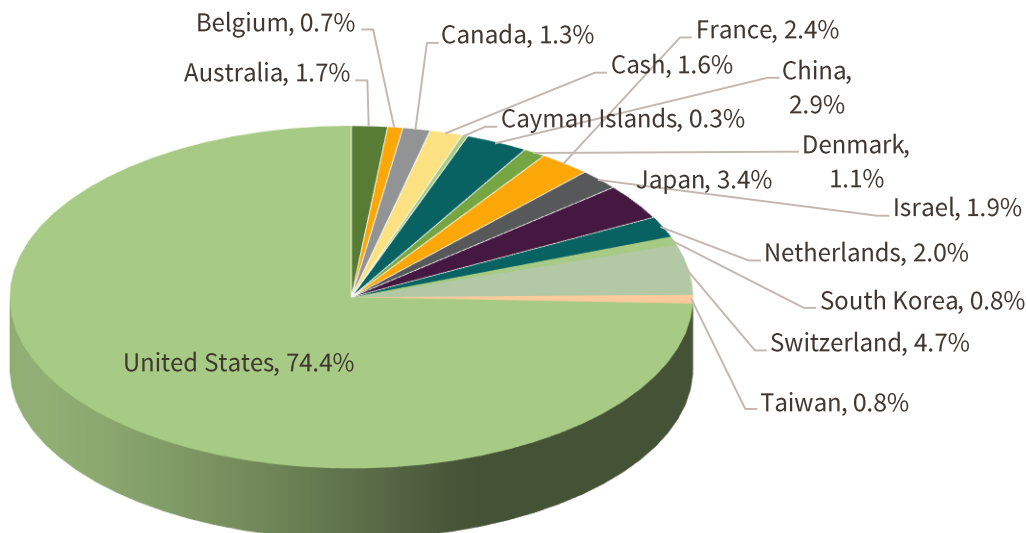
Economic Sectors^{††}



Market Capitalizations

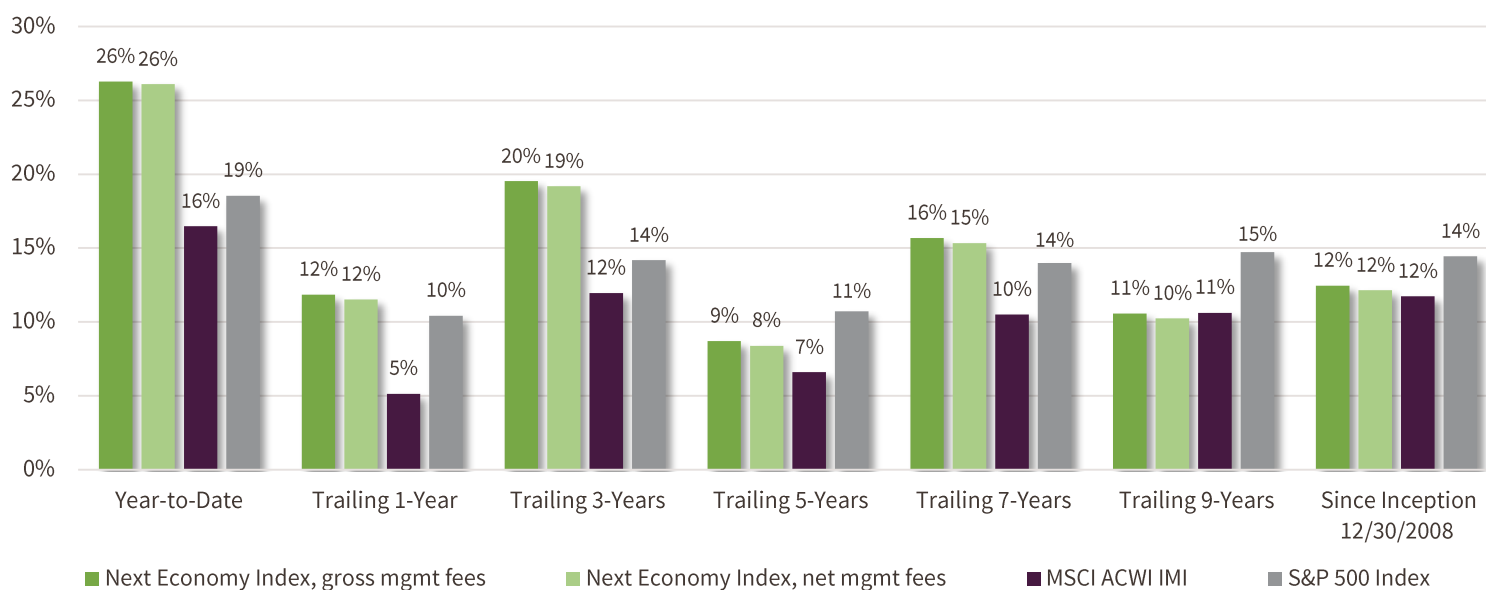


Companies' Main Headquarters



^{††} Bloomberg Industry Classification Standard. Please see the final page of this document for important disclosures about portfolio, benchmark and characteristic information.

Performance & Commentary



Markets experienced a positive second quarter of 2019, as, overall, optimism about interest rate cuts and strong employment numbers outweighed fears of a global trade war and associated economic slowdown.

Next Economy companies fared particularly well, as many of our holdings in renewable energies, semiconductors, and biotech reported strong earnings and upbeat forecasts. As a result, Green Alpha's portfolios—across the board—outperformed their benchmarks for the period.

In the second quarter of 2019, the Next Economy Index returned 5.31%, net of management fees, compared to the MSCI All Country World Investible Market Index (MSCI ACWI IMI) return of 3.58%.

The two highest contributing sectors in the Next Economy Index for Q2 were:

- Technology, which contributed 2.00% to the portfolio. The rally in semiconductors carried over from Q1 and was the lion's share of the Technology sector's return in Q2 as well. Contributors in semiconductors were a diversified set, including makers of 5G connected chips, integrated circuits for general computing and communications, and microcontrollers and automation enablers.
- The Energy sector added 1.19% to the portfolio's quarterly return, with the sectors largest contributing companies being the world's leading smart microinverter for solar power conversion, the world leader in solar thin-film CdTe PV manufacture, and North America's leading commercial and residential solar installers. Wind and solar companies in the portfolio, in general, continued to add capacity at a rapid rate. In the United States, during Q2 wind and solar combined produced more energy than was generated by coal for the first time, representing exciting Next Economy progress and further evidence of portfolio thesis playing out in the real economy.

During the quarter, the lowest contributing sectors consisted of one negative returner, Communications, detracting 0.38%, and one contributing sector, Utilities, which added 0.05% to portfolio-level returns.

- The Communications sector's negative return was driven entirely by the Internet industry group, with digital security, search, and ecommerce leading the declines.
- The Utilities sector's modest contribution to portfolio returns was led by the renewables-based electric utilities industry, only partially offset by the slightly negative water industry returns.

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

Important Disclosures

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- Next Economy Index performance results reflect actual performance for a representative account, net of actual management fees and transaction costs. Assets managed in the Next Economy Index strategy representative account receive a reduced fee from the standard fee schedule. Next Economy Index performance results do not 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.
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- The SPDR MSCI ACWI IMI ETF (ACIM) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the MSCI ACWI IMI. Investors can invest directly in ACIM.
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