

Sierra Club Green Alpha

June 30, 2019



Green Alpha[®]

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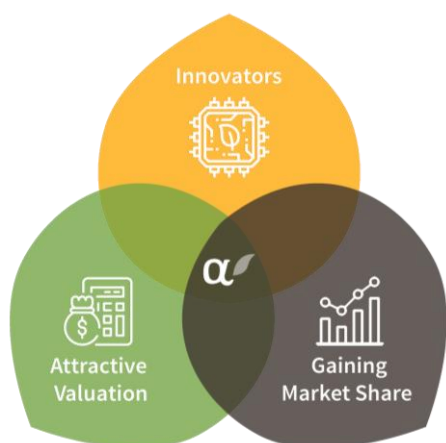
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Investment Philosophy

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 Sierra Club Green Alpha?

- An actively managed portfolio operating in compliance with the Sierra Club’s rigorous social and environmental criteria, and Green Alpha’s Next Economy™ portfolio construction methodology
- Invests 30-50 companies developing innovation solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 27, 2010

Style: All-Cap Global Growth Equity

Vehicle: Separately Managed Accounts

Sierra Club Green Alpha Portfolio Construction

The Sierra Club® Green Alpha portfolio is a unique blend of Green Alpha’s Next Economy research processes and the Sierra Club’s proprietary environmental and social investment criteria. The portfolio is actively managed and seeks to provide long-term capital appreciation.

Green Alpha is proud to be the only financial services firm licensed to utilize the Sierra Club’s rigorous criteria. By applying these criterion to our Next Economy investing philosophy and research processes, we create what is arguably the most progressive, sustainability-focused portfolio available. As a result, every portfolio holding is a forward-looking, Next Economy solutions provider that is contributing to the transition to a more sustainable economy, with a Sierra Club-compliant business model and operating history. Sierra Club Green Alpha portfolio holdings consist of U.S. and internationally-domiciled companies whose shares trade on U.S. exchanges.

Like all Green Alpha portfolios, the Growth & Income portfolio is a fossil fuel free, all-cap, cross-sector, global growth equity portfolio driving progress toward a more efficient, sustainable economy where everyone has the tools available to thrive.

Sierra Club Green Alpha

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

Characteristics

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

*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 Sierra Club Green Alpha portfolio is driving progress toward the Next Economy

First Solar (Energy, Renewable Energy)

- Has developed, financed, engineered, constructed, and currently operates many of the world's largest grid-connected solar PV power plants – also owns a large portion of the IP covering thin-film, CdTe solar
- Business spans utility-scale solar, corporate renewables, community solar, “turnkey” systems for developers, and operations and maintenance services
- Makes unique CdTe technology solar cells, which are inexpensive, more efficient than C-Si panels in hot environments, and also outperform in cloudy and shady conditions. CdTe tech is also exempt from current U.S. tariffs

Vestas Wind Systems (Energy, Renewable Energy)

- Arguably the world's most advanced turbine manufacturer, and clear leader in both onshore and grid-connected installations
- Also a leading turbine service contract provider, a role which provides meaningful recurring revenue in addition to manufacturing
- In Q2, Vestas reached over 4.6GW of new turbine orders. On top of the 3GW it won in Q1, Vestas is already ahead of its 2018 total
- Senior Management includes female CFO; three women on the Board

Sunrun (Energy, Renewable Energy)

- Led by CEO Lynn Jurich, Sunrun has artfully navigated the U.S. solar market to gain market share leadership in states with favorable policy, and to fight for better policy in states that have been slower to adopt renewables. Sunrun installs more residential solar systems than any other company in the United States
- Sunrun has deployed nearly 1.7 gigawatts of installed electricity generation capacity in 22 states. It is also a leading home battery storage provider via their Sunrun Brightbox product.
- The company has an impressive five women on the Senior Management team (56%), including the female CEO, CPO, CCEO and General Counsel, and a full half of the Board of Directors are women, including two Committee Chairs

Pattern Energy Group (Utilities, Power Generation)

- 31 utility-scale wind power projects in the U.S., Canada, Japan, and Mexico, with ~3.7 gigawatts of generating capacity. Also own solar, transmission, and storage projects.
- Aggressive plans “to double the megawatts we own or manage by the end of 2020”
- High-quality, investment-grade, long-term power purchase agreements (PPAs) translate to steady revenue stream
- Conservative financial management; not dependent on ever-inflating share price or additional capital raises to continue to grow or provide a high dividend yield
- Above-average gender diversity for a utility company, with two women in Senior Leadership, and two on the Board of Directors, including the Chair of the Audit Committee

Terraform Power (Utilities, Power Generation)

- Owner of wind and solar power generations assets that serve utility, commercial, and residential customers.
- Expanding global portfolio, with facilities located in the U.S., Canada, the UK, Spain, Portugal, Chile & Uruguay, with ~3.7 gigawatts of generating capacity
- Brookfield Renewable Partnership's sponsorship provides backing and credit security needed to continue TerraForm's expansion of its energy portfolio, while maintaining a high dividend payout proportion and overall yield

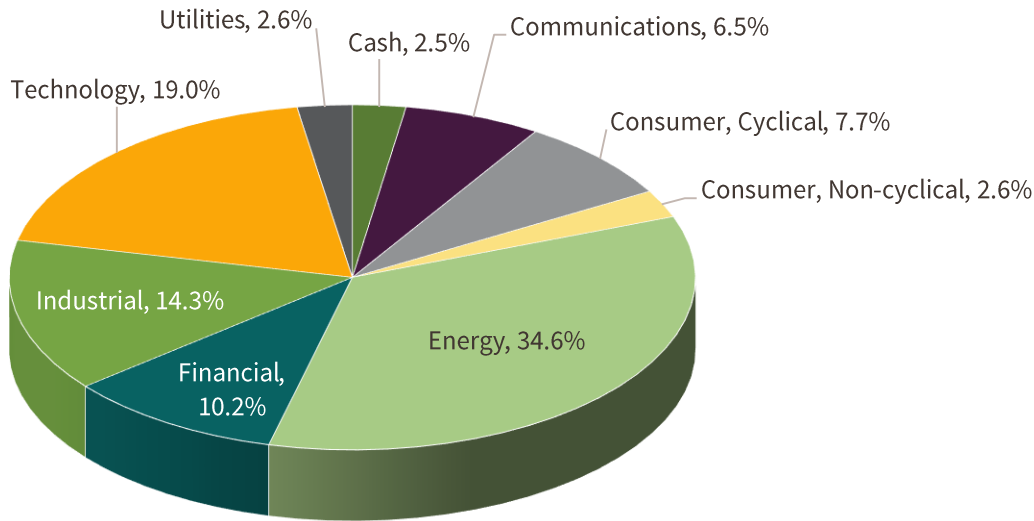
Company Name	Ticker	Weight
First Solar	FSLR	4.98%
Vestas Wind Systems	VWDRY	4.75%
Sunrun	RUN	4.48%
Pattern Energy Group	PEGI	4.38%
Terraform Power	TERP	3.77%
% of Portfolio		22.36%

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

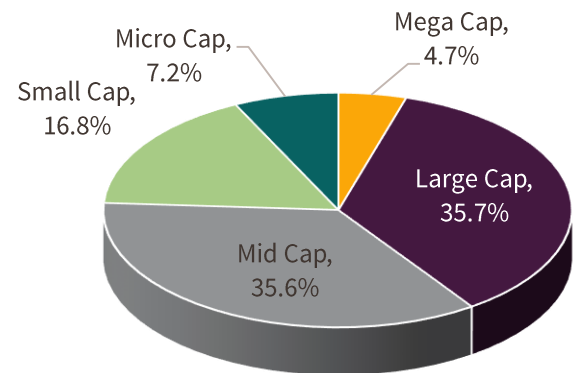
Portfolio Allocations

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

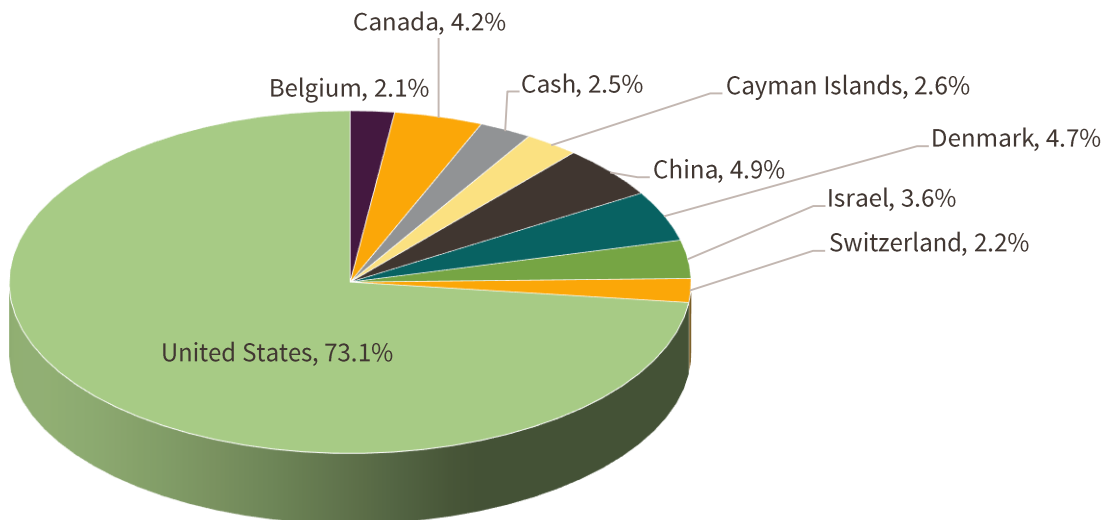
Economic Sectors^{††}



Market Capitalizations

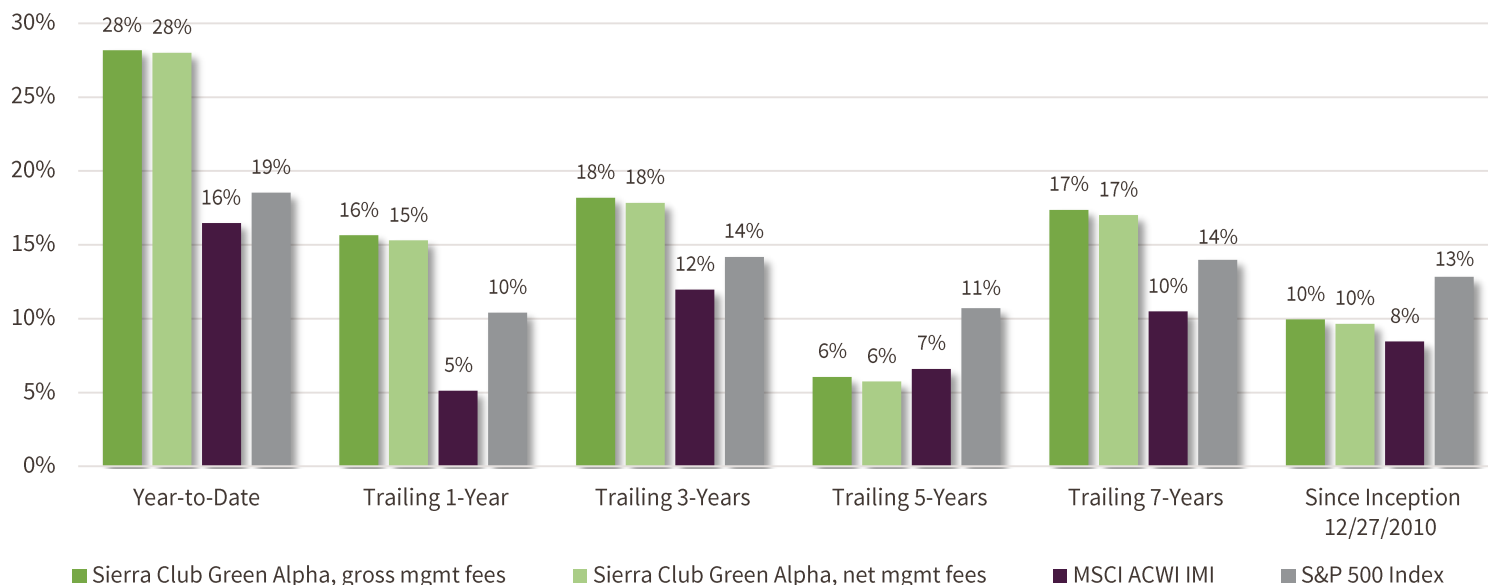


Companies' Main Headquarters



^{††} 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 Sierra Club Green Alpha portfolio returned 7.77%, net of management fees, compared to the MSCI All Country World Investible Market Index (MSCI ACWI IMI) return of 3.58%.

The top two contributing sectors for the quarter were Energy, adding 4.94%, and Industrials, which contributed 2.19% to the portfolio's performance.

- In Green Alpha portfolios, of course the Energy sector only consists of companies creating indefinite renewables, and the tech that enables them. Companies within the Sierra Club Green Alpha portfolio's Energy sector performed well across the board, with the world's leading smart microinverter maker leading, followed by commercial and residential solar installation, solar PV manufacturers, wind power utilities, and a wind turbine manufacturer.
- The Industrials sector return was led by a global leader in IP for highly efficiency display manufacture. Also adding to returns in the sector were companies producing smart, connected consumer and industrial electronics, and a manufacturer of upstream electronic components.

During the quarter, the two lowest contributing sectors were Communications, detracting 0.77%, and Consumer Cyclical, which subtracted 0.12% from portfolio returns.

- The portfolio's Communications sector allocation declined as a result of pullbacks in the share price of an IoT hardware manufacturer, a cloud services provider, and a leading internet search company.
- The Consumer Cyclical sector returns were driven slightly lower as share prices in global EV manufacturers were down for the period, but partially offset by gains in sustainable textile and furniture producers.

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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- MSCI ACWI IMI: The MSCI ACWI Investable Market Index (IMI) captures large, mid and small cap representation across 23 developed markets and 24 emerging markets countries. With over 8,700 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set. Investors cannot invest directly in this index.
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