

Next Economy Select

December 31, 2019

Green Alpha[®]

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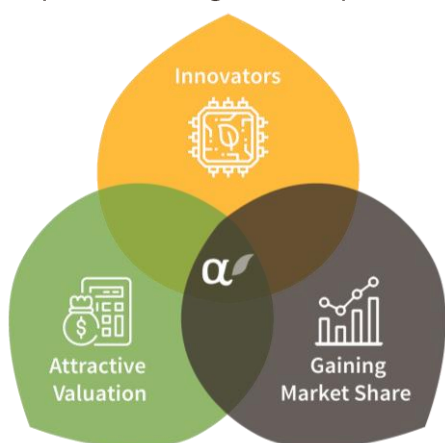
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Investment Philosophy

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 straightforward: 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 Next Economy Select?

- Active research, stock selection, and portfolio management
- Low minimum vehicle provides democratized access to institutional-quality investing
- Seeks long-term capital growth to preserve and grow purchasing power
- 45-65 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: March 31, 2013

Style: All-Cap Global Growth Equities

Vehicles: Mutual Fund,
Separately Managed Accounts

Portfolio Construction

The Next Economy Select portfolio is available both in a mutual fund vehicle, and as a separately managed account, to provide democratized, low-minimum account size access to this institutional-quality, innovation-focused portfolio. Because of this, the portfolio’s primary objective is capital appreciation via high-conviction, market-leading Next Economy companies. Since the primary vehicle available within this strategy is a mutual fund, this product follows standard mutual fund industry diversification guidelines, such as: limited position sizes over 5% of the portfolio and no industry concentration in excess of 25%.

We seek investments:

- committing more capital to R&D than their peers
- run by effective, diverse leadership teams and boards of directors with consistent track records increasing revenues and earnings
- trading at compelling valuations for proven and expected growth, within acceptable levels of risk

Next Economy Select

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

Characteristics

- **Highest conviction stocks, two investment vehicles** – democratizing access to leading Next Economy companies via a mutual fund and separately managed accounts, to provide clients of all shapes and sizes with institutional-quality options
- **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 Select	Benchmark: MSCI ACWI IMI (SPGM)	Green Alpha Next Economy Index	Green Alpha Next Economy Social Index	Green Alpha Growth & Income	Sierra Club Green Alpha
# of Securities	53	1,322	120	92	31	42
Sales Growth, Trailing 1-Yr	20.82%	9.20%	14.19%	19.05%	15.33%	11.41%
P/E, Current	21.70	18.24	26.34	25.93	22.78	25.23
P/E, 1-Year Forward [†]	17.72	15.85	20.83	22.16	20.33	20.57
Price/Sales	1.64	1.60	1.61	1.01	2.47	1.81
Price/Book	2.78	2.37	3.24	3.89	2.57	2.86
LT Debt/Equity	0.87	0.86	0.78	1.17	1.26	0.79
Current Ratio	2.93	1.71	2.75	2.76	1.95	2.76
Dividend Yield	2.70%	2.72%	2.30%	2.46%	4.20%	2.63%
Market Capitalization Weighted Avg (US\$B)	\$54.21	\$181.72	\$77.96	\$78.50	\$34.74	\$72.75
Market Capitalization, Median (US\$B)	\$5.24	Not Available	\$7.41	\$9.68	\$15.63	\$4.93
Turnover, Trailing 1-Yr	16%	-	24%	31%	13%	5%
Beta, Trailing 2-Yrs	1.09	0.99	1.09	1.11	0.86	0.99
Active Share	97%	-	94%	94%	98%	97%

[†] 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 Select portfolio is driving progress toward the Next Economy

Vestas Wind Systems (Energy, Renewable Energy)

- Arguably the world's most advanced wind turbine manufacturer, and the clear leader in both onshore and grid-connected installations. Also a leading turbine service contract provider, a role that provides meaningful higher-margin recurring revenue in addition to manufacturing
- At the end of Q3 2019, Vestas reach an all-time high order backlog of more than EUR 32 BN, an increase of 38% from Q3 2018
- Senior Management includes award-winning female CFO; and three women on the Board of Directors

Applied Materials (Technology, Semiconductors)

- Global leader in materials engineering – their tech and IP can be found in most integrated circuits and displays. Next Economy™ applications include upstream equipment that enables manufacture of semiconductors, displays, solar cells, and modules
- Provides fundamental building blocks for efficiency-driving tech applications like AI, robotics, automation, solar energy, and IoT
- Also offers automation software, thereby improving efficiency in production of these essential technologies
- AMAT owns a strong portfolio of patents in the manufacturing and process technologies industry at 12,500+ patents
- The Board of Directors includes two women, both of whom are Chairs of key committees

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 exempt from current U.S. tariffs

Terraform Power (Utilities, Power Generation)

- Owner of wind and solar power generation assets that serve utility, commercial, and residential customers
- Expanding global portfolio, with facilities located in the U.S., Canada, the UK, Spain, Portugal, Chile, and 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

Hannon Armstrong Sustainable Infrastructure (Financial, Real Estate)

- Functions like a diversified financial/bank funding renewable energy and efficiency projects, with \$5.5 billion in managed assets
- Their 185+ investments and loans are generally senior to those of the project sponsor, so are high quality and unlikely to default
- Portfolio spans wind, solar, sustainable infrastructure (water delivery system, storm water remediation, seismic retrofits), and efficiency. Possess aggregate assets in multiple categories, all related to renewable energy and efficiency
- Senior Management includes two women (17%), as does its Board of Directors (29%), including key Executives, the Lead Independent Director, and Chair of the Nominating, Governance, and Corporate Responsibility Committee

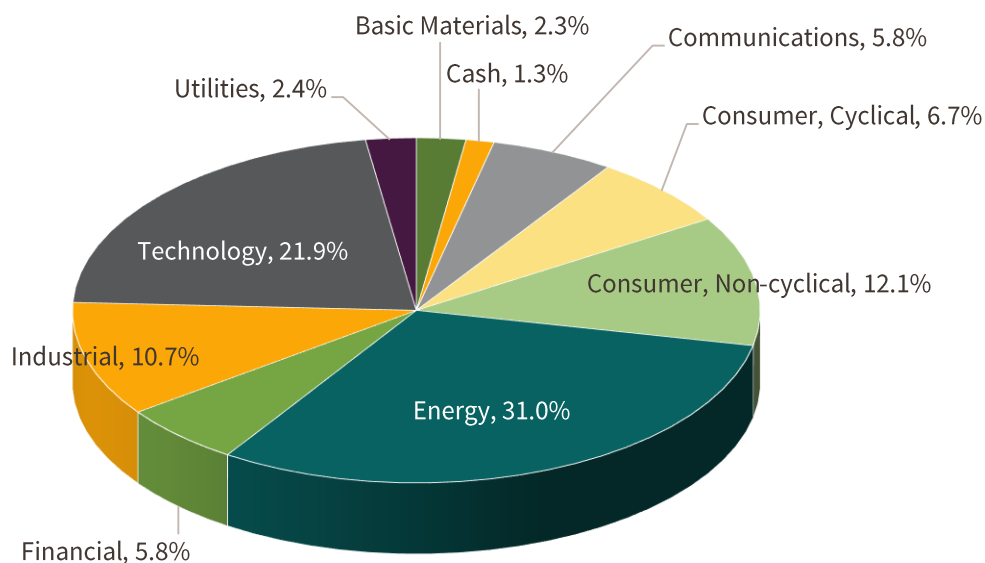
Company Name	Ticker	Weight
Vestas Wind Systems	VWDRY	6.82%
Applied Materials	AMAT	4.89%
First Solar	FSLR	4.13%
Terraform Power	TERP	4.02%
Hannon Armstrong	HASI	3.41%
Int'l Business Machines	IBM	3.32%
Alphabet	GOOG	3.09%
Jinkosolar Holding	JKS	3.09%
Pattern Energy Group	PEGI	2.88%
Tesla	TSLA	2.84%
% of Portfolio		38.49%

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

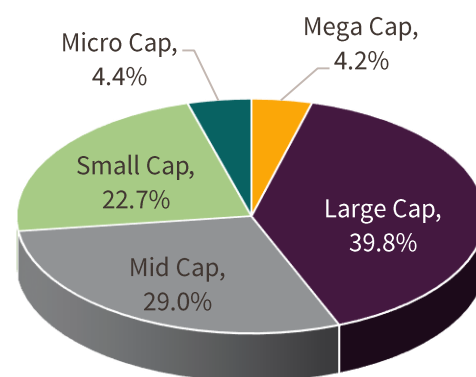
Portfolio Allocations

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

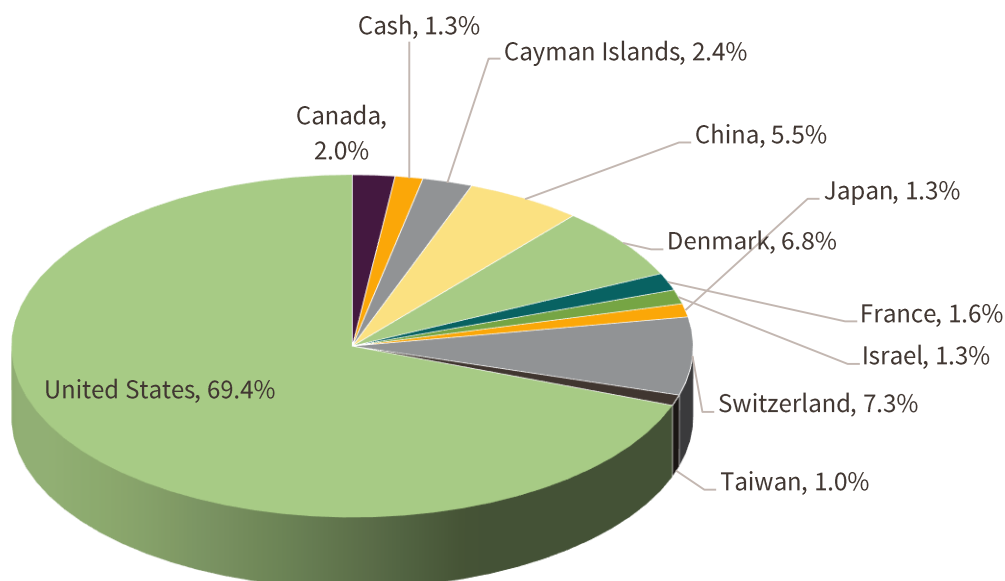
Economic Sectors^{††}



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

Green Alpha's stock selection process flows from the knowledge that the most effective sustainability strategies and the most promising places to look for equity growth both require innovation and ever-accelerating productivity gains.



Across our portfolios, the application of our Next Economics™ thesis continued to work well in 2019, with each Green Alpha portfolio significantly outperforming its benchmark. What are the ideas behind Next Economics? There are two important topics. First, Next Economics is a macroeconomic thesis of how the economy is evolving and needs to evolve to have a chance at indefinite growth that does not destroy the ecosystems that support us. Second, it is a way of investing in equity markets to capitalize on this transition via forward-looking

portfolio construction process that has more in common with private equity analysis than it does with traditional methods of public equity management. Leveraging this thesis, we are aligning investing with the most rapid growth areas in the global economy and thereby preserving and growing our clients' buying power into the future. Which, of course, is the point of investing in the first place.

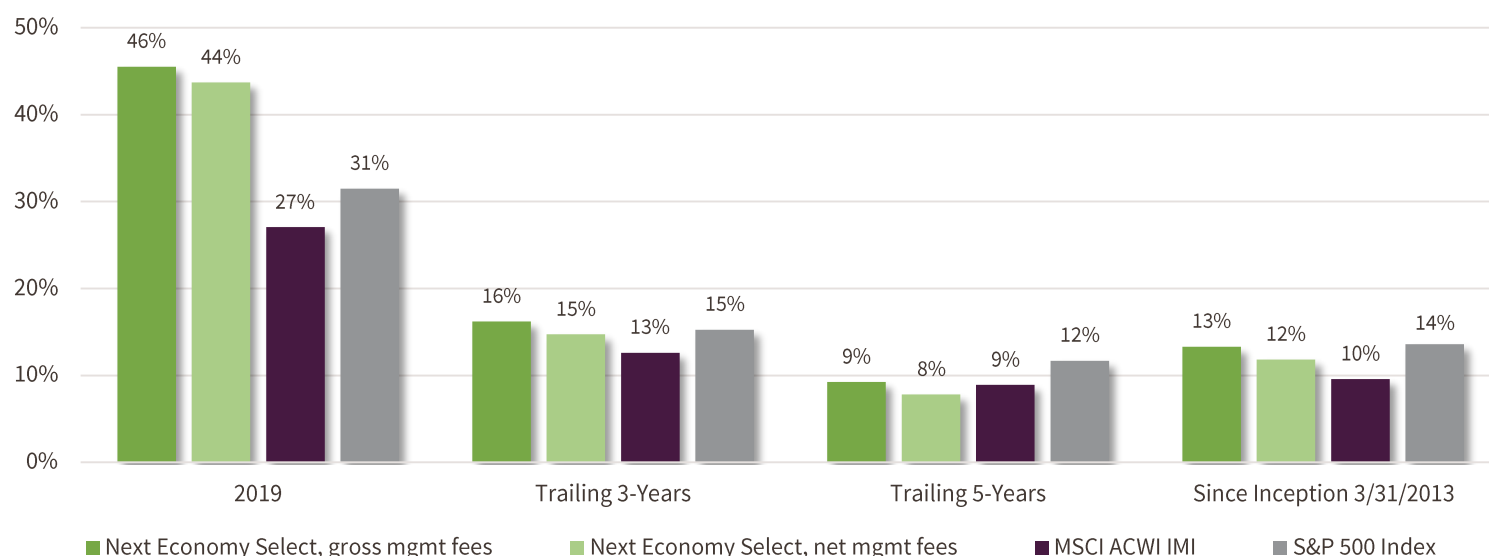
At Green Alpha, we translate our thesis into actual investing by intentionally setting up our portfolio construction processes to identify the right set of investment opportunities. Our processes recognize that in order to achieve a portfolio set of holdings entirely invested in what's next, as opposed to what was, we must properly prioritize research topics. First and foremost, we need to know if a company is improving the economy – if its revenues come from lowering the overall risk profile of the global economy – and if it can function indefinitely without raising more risk than it solves.

For example, looking back at 19th and 20th century technologies like fossil fuels and internal combustion engines is no longer an interesting way to seek growth. It is rather in new means of production that are economically and functionally superior to their predecessors where one can find value looking forward. In the modern knowledge economy, much if not most value accrues to the owners of the intellectual property that defines these new means of production, so it is largely in these owners that we seek to invest. This requires thinking anew about public equity markets and requires us to carefully evaluate each prospective investment on its merits, without respect to market cap, nation of domicile, or membership in any particular index.

Traditional methods of sector allocation and blind indexing without evaluation of individual company contribution to the global economy cannot access these analyses or methods of portfolio construction. Our approach makes Green Alpha different, and we firmly believe this difference confers an ability to realize very competitive absolute performance over time.

Please read the following page for performance results achieved for clients invested in the Next Economy Select portfolio.

Performance & Commentary *(continued)*



In 2019, Green Alpha's Next Economy Select composite returned 43.7%, net of management fees, vs the MSCI All Country World Investible Market Index (ACWI IMI) return of 27.0%.

The sectors contributing the most to the portfolio's returns were Energy, adding 16.2%, Technology at 12.1%, and Industrials at 6.4%.

- The top four contributing Energy sector names were split fairly evenly between a wind turbine maker and wind-energy utility, and three solar PV manufacturers. Also boosting returns were a residential and commercial solar installer, a maker of advanced energy inverters, and a provider of advanced materials to the wind energy industry.
- In the Technology sector, the entire semiconductor value chain contributed. In particular, upstream original equipment manufacturers and some of the world's leading IP owners and chip makers led returns provided the lion's share of the sector's return in the portfolio. Other contributors in Technology included leading software around data and design, as well as innovation leaders in AI, machine learning, digital security, and blockchain. These firms are enabling productivity gains via 5G, IoT, autonomy, robotics, communications, smart cities, and more.
- Within the Industrials sector, advanced electronics that are enabling the electrification of the economy were the best performers. IP for advanced displays was one of Green Alpha's top names for the year across strategies. Also in Industrials, waste-to-value building materials did well, and advanced and connected electronics.

No sectors detracted from performance in the Next Economy Select composite for 2019. The lowest performing sectors were Communications at 0.02%, Utilities at 1.0%, and Basic Materials adding 1.2% to the portfolio's returns.

- The Communications sector in the portfolio suffered as a wireless modem maker and a cloud network provider saw losses, but these were slightly more than offset by gains in digital security and internet services.
- In this portfolio, the Utilities sector is limited to a water utility, a desalinization-based water creator for arid and island-based populations, which contributed positively.
- Basic Materials sector exposure includes recycled steel, which had a volatile but slightly positive year, and is highly dependent on the global commodity price, and as such is exposed to trade conflict concerns. Solar-grade raw silicon weighting in the portfolio was small, so it did not contribute much to returns at 1.1%, but it had an outstanding year.

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

- Performance quoted throughout this document represent past performance. Past performance does not guarantee future results, and current performance may be lower or higher than the data quoted. Investment returns and principal will fluctuate with market and economic conditions and investors may have a gain or loss when shares are sold.
- Next Economy Select performance results reflect actual performance for a composite, net of actual management fees and transaction costs. Some assets managed to the Next Economy Select strategy in the composite receive a reduced fee from the standard fee schedule. Actual client returns experienced will vary from the composite returns based on a variety of factors, and we encourage you to ask about specific factors. Accounts are included in the composite for all full-month periods under management with Green Alpha Advisors, LLC. Next Economy Select performance results reflect the reinvestment of dividends and interest for some client accounts in the composite, but not all, as that is dictated by each client. 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 S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity and industry group representation. It is a market-value weighted index. The S&P 500 Index figures do not reflect any fees expenses or taxes. Investors cannot invest directly in this index.
- MSCI ACWI IMI: The MSCI All Country World Investable Market Index (ACWI 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.
- The SPDR MSCI Global Stock Market ETF (ticker: SPGM) 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 SPGM.
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