

Sierra Club Green Alpha

December 31, 2019



Green Alpha®

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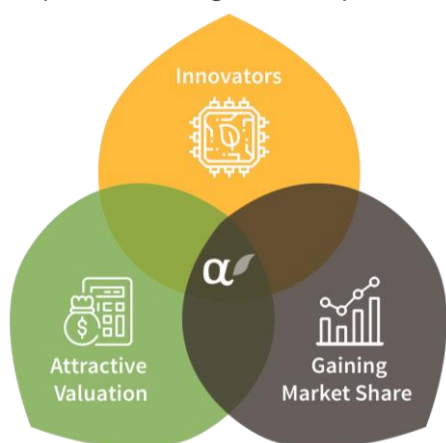
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Investment Philosophy

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 Sierra Club Green Alpha?

- Active research, stock selection, and portfolio management
- Blend of Green Alpha’s forward-looking Next Economy research processes, and the Sierra Club’s® proprietary social and environmental criteria applied to each company’s operating history
- 30-50 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 27, 2010

Style: All-Cap Global Growth Equities

Vehicle: Separately Managed Accounts

Portfolio Construction

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, we create what very well may be the most progressive, sustainability-focused portfolio available. We seek investments:

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

Every portfolio holding is a forward-looking solutions provider contributing to the transition to a sustainable economy, with a Sierra Club-compliant operating history.

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 in the market 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 (SPGM)	Green Alpha Next Economy Index	Green Alpha Next Economy Social Index	Green Alpha Next Economy Select	Green Alpha Growth & Income
# of Securities	42	1,322	120	92	53	31
Sales Growth, Trailing 1-Yr	11.41%	9.20%	14.19%	19.05%	20.82%	15.33%
P/E, Current	25.23	18.24	26.34	25.93	21.70	22.78
P/E, 1-Year Forward [†]	20.57	15.85	20.83	22.16	17.72	20.33
Price/Sales	1.81	1.60	1.61	1.01	1.64	2.47
Price/Book	2.86	2.37	3.24	3.89	2.78	2.57
LT Debt/Equity	0.79	0.86	0.78	1.17	0.87	1.26
Current Ratio	2.76	1.71	2.75	2.76	2.93	1.95
Dividend Yield	2.63%	2.72%	2.30%	2.46%	2.70%	4.20%
Market Capitalization Weighted Avg (US\$B)	\$72.75	\$181.72	\$77.96	\$78.50	\$54.21	\$34.74
Market Capitalization, Median (US\$B)	\$4.93	Not Available	\$7.41	\$9.68	\$5.24	\$15.63
Turnover, Trailing 1-Yr	5%	-	24%	31%	16%	13%
Beta, Trailing 2-Yrs	0.99	0.99	1.09	1.11	1.09	0.86
Active Share	97%	-	94%	94%	97%	98%

[†] 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

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

Company Name	Ticker	Weight
Vestas Wind Systems	VWDRY	4.88%
Solaredge Technologies	SEDG	4.82%
Pattern Energy Group	PEGI	4.46%
Alphabet	GOOG	3.87%
Skyworks Solutions	SWKS	3.85%
% of Portfolio		21.88%

Solaredge Technologies (Energy, Renewable Energy)

- Makes and distributes advanced solar inverters, smart optimizers and energy monitoring products
- Provides direct exposure to fast-growing solar PV industry without selecting any one panel maker
- Solaredge's panel optimizers are applicable anywhere solar energy is generated, from residential rooftops to large utility-scale solar farms, as well as enabling integration of battery storage to any system
- Large IP portfolio, created by focus on innovation and R&D

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 with 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 growing or provide a high dividend yield

Alphabet (Communications, Media)

- Innovation-driven venture capital structure with dozens of subsidiaries and Next EconomyTM "moonshots" (e.g., "Project Loon – the balloon-powered internet for everyone," Deepmind AI, fiber bandwidth for everyone, a spoon that helps Parkinson's patients eat, and much more). All extremely well capitalized by the most profitable ad-serving machine ever
- First to actualize a programmable superconducting processor to effect quantum computing. Google's quantum machine is said to have solved a calculation that would take the world's fastest supercomputer 10,000 years to crack. Innovation with unknowable and innumerable use cases
- All global operations run 100% on renewable energies
- Three women in Senior Management, including award-winning CFO and the CEO of YouTube, and 18% of the Board of Directors

Skyworks (Technology, Semiconductors)

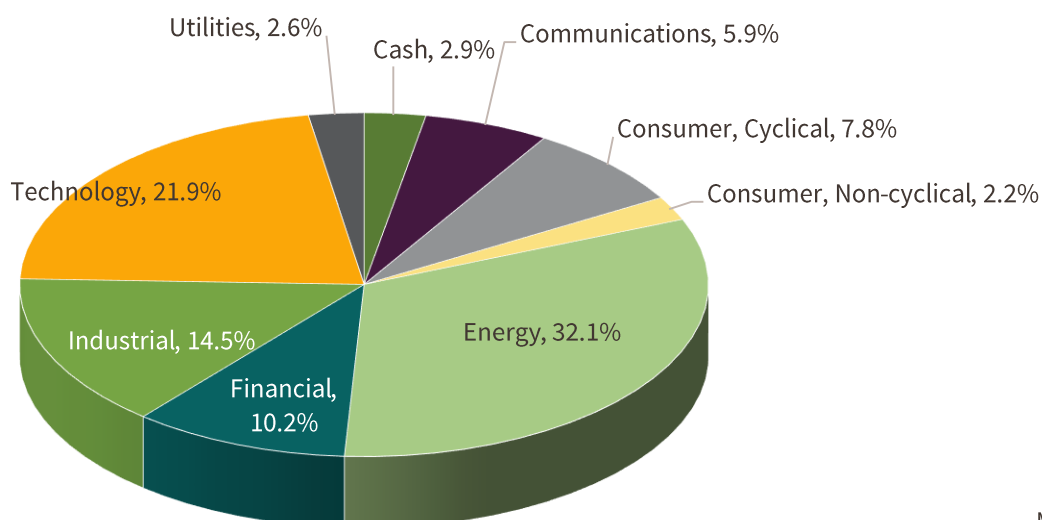
- Skyworks makes specialized semiconductors for mobile communications and radio frequency applications
- 5G deployment is expected to be a key growth catalyst for the firm. Skyworks' large IP portfolio covers both infrastructure and end-use equipment, meaning the firm is upstream of myriad IoT and 5G applications
- Skyworks products' presence in iPhones and many other consumer products gives it reliable revenues
- Medical, Automotive, Aerospace and personal devices are growth areas for the firm

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

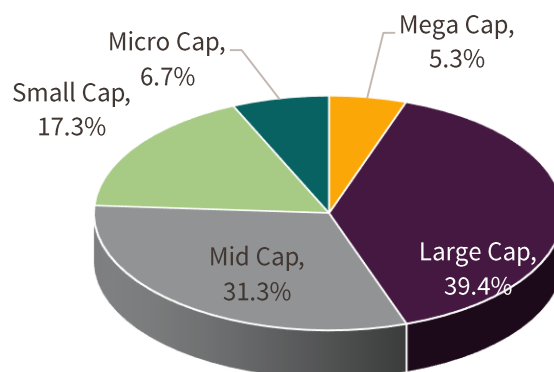
Portfolio Allocations

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.

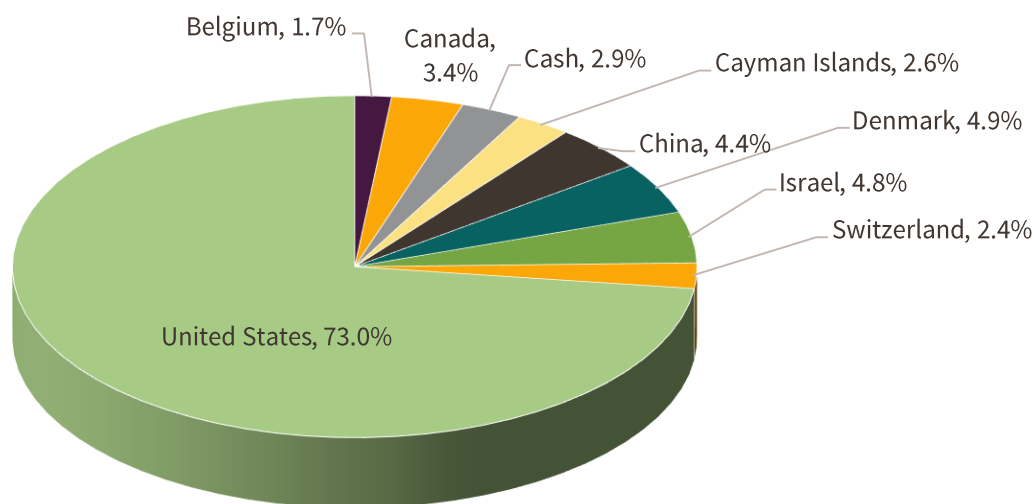
Economic Sectors^{††}



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

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.

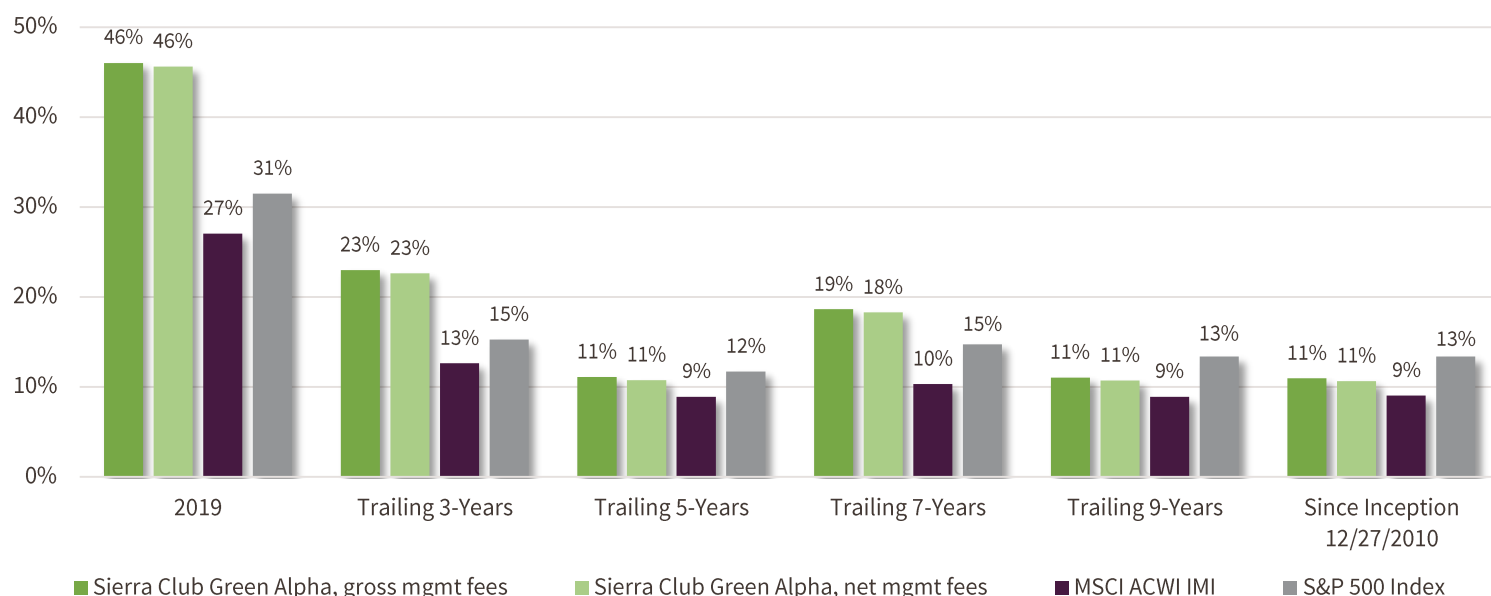
At Green Alpha, we translate our thesis into actual investing by intentionally setting up our portfolio construction processes to identify the right set of investment opportunities. Our processes recognize that in order to achieve a portfolio set of holdings entirely invested in what's next, as opposed 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 Sierra Club Green Alpha portfolio.

Performance & Commentary *(continued)*



In 2019, The Sierra Club Green Alpha portfolio returned 45.6%, 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 returns were Energy adding 15.9%, Technology at 11.3%, and Industrials at 9.0%.

- The Energy sector, which Green Alpha defines as a diversified group of renewables, was led by high-tech inverters, leading wind energy companies encompassing wind utilities and wind turbine manufacture and service, and global solar manufacturing capacity.
- In the Technology sector, the world's leading IP owners and chip makers led returns, with an upstream original equipment manufacturer contributing as well. Other contributors in Technology included innovation leaders in advanced electronics and digital security. 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 Sierra Club Green Alpha portfolio for 2019. The lowest performing sectors were Consumer Non-cyclicals adding 0.4%, Communications with 0.8% and Utilities at 1.1%.

- Consumer Non-cyclicals fared relatively poorly as one natural and organic food provider struggled in a very competitive environment, while a second organic food producer offset those losses, resulting in a modestly positive return for the sector.
- Within the Communications sectors, telecommunication infrastructure providers detracted for the year, but this was offset by an Internet leader, resulting in the sector being modestly positive in 2019 in the portfolio.
- The Sierra Club Green Alpha strategy has very little Utilities sector exposure, but the sole name in the sector, a desalinization-based water creator to arid and island-based populations, nevertheless contributed positively.

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.
- Sierra Club Green Alpha strategy performance results reflect actual performance for a representative account, net of actual management fees and transaction costs. Assets managed in the Sierra Club Green Alpha strategy representative account receive a reduced fee from the standard fee schedule. Sierra Club Green Alpha strategy 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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- 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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