

Next Economy Index

March 31, 2020

Green Alpha[®]

Contents

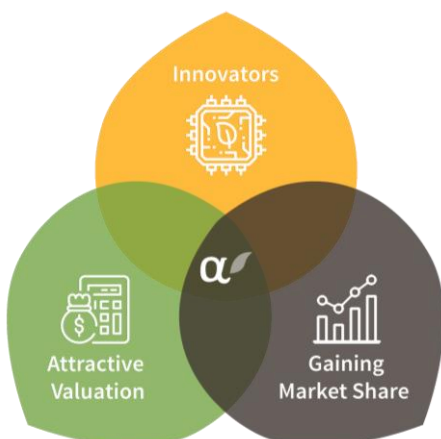
Portfolio Characteristics	2
Largest Positions	3
Sector, Geographic, and Market Cap Allocations	4
Performance and Commentary	5
Disclosures	7

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 the Next Economy Index?

- Active research and stock selection
- Passively managed through an annual rebalance
- Demonstrates the diversity, growth, breadth, and depth of the already-emerging Next Economy
- ~119 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 30, 2008

Style: All-Cap Global Growth Equities

Vehicle: Separately Managed Accounts

Portfolio Construction

The Next Economy Index utilizes both active stock selection and passive management to reflect and benchmark the Next Economy – the innovation-driven, highly efficient, solutions-oriented sustainable economy that is unfolding. All companies that pass both our top-down and bottom-up research processes with sufficiently high scores are included in the portfolio during the annual rebalancing process. 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

Like all Green Alpha portfolios, Next Economy Index investments seek to de-risk the global economy while reducing our clients’ long term portfolio risks.

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 top-down and bottom-up investment processes 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 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 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 (SPGM)	Green Alpha Next Economy Social Index	Green Alpha Next Economy Select	Green Alpha Growth & Income	Sierra Club Green Alpha
# of Securities	119	1,362	92	53	33	42
Sales Growth, Trailing 1-Yr	60.40%	10.89%	75.82%	252.39%	101.43%	192.88%
P/E, Current	22.11	14.36	21.99	16.64	15.80	18.31
P/E, 1-Year Forward [†]	17.67	13.59	19.39	13.59	14.04	16.09
Price/Sales	1.35	1.20	0.87	1.30	1.88	1.38
Price/Book	2.66	1.76	3.20	2.19	2.08	2.45
LT Debt/Equity	0.79	0.89	1.17	0.70	1.07	0.73
Current Ratio	2.84	1.73	2.88	3.35	2.22	3.25
Dividend Yield	2.83%	3.45%	3.06%	3.32%	4.84%	2.94%
Market Capitalization Weighted Avg (US\$B)	\$71.14	\$177.97	\$72.31	\$51.67	\$41.17	\$71.12
Market Capitalization, Median (US\$B)	\$6.84	Not Available	\$8.80	\$6.22	\$16.82	\$8.04
Turnover, Trailing 1-Yr	23%	-	30%	15%	24%	17%
Beta, Trailing 2-Yrs	1.03	0.99	1.00	1.02	1.01	1.07
Active Share	94%	-	94%	97%	97%	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 Index is driving progress toward the Next Economy

Alphabet (Communications, Media)

- Democratization and organization of access to the worlds of information and data
- Innovation-driven venture capital structure (Google Ventures and Google X) with dozens of subsidiaries and Next Economy™ “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)
- 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 solve. Innovation with unknowable, innumerable use cases
- All global operations run 100% on renewable energy

Tesla (Consumer Cyclical, Automotive)

- Tesla is a world leader in design and manufacture of electric vehicles under the Tesla Motors brand and stationary battery packs for homes, commercial properties, and utility-scale power via the Tesla Energy division. Both divisions are gaining market share in their niches
- Tesla’s innovations, represented by their impressive patent portfolio and world-leading products, have given the company first-mover advantage in the electric vehicle space, and a tech advantage in the stationary storage space. Tesla is capitalizing on these leads via continual reinvestment and expanding production capacity
- In addition to their main products, Tesla’s means of production are also disruptive and mean that they can manufacture and sell EVs profitably today. In addition, collaborations with SpaceX gives Tesla unique access to advanced science and engineering

NVIDIA (Technology, Semiconductors)

- NVIDIA’s GPUs and other processors are dominant in datacenters and AI, and the company’s core gaming business is experiencing long-term, secular growth. Their strong software ecosystem presents wide moat for competitors
- In Q1 2020, NVIDIA saw gains as both their data center and gaming products experienced increased use. GPUs for medical applications are also increasing, and the use of AI in research is growing due to the coronavirus pandemic
- In 2019 the firm entered the edge computing space with T4, which has become a leading seller
- With the pending acquisition of Mellanox, NVIDIA will have the leading position in Remote Direct Memory Access

Teledoc Health (Consumer Non-cyclical, Health Care Services)

- Teledoc provides remote medical services via phone and video consultations including diagnoses, treatment recommendations, and prescriptions
- It serves patients worldwide, democratizing access to medical care and revolutionizing simple, less expensive access to professional intervention
- In response to the coronavirus pandemic, the U.S. is planning to make telehealth available for Medicare beneficiaries

Moderna (Consumer Non-cyclical, Biotechnology)

- Clinical-stage biotechnology firm focused on using messenger RNA to develop therapies and vaccines
- Moderna’s revolutionary science has potential applications for many areas, including: oncology, infectious diseases (including COVID-19), and cardiovascular diseases
- Strong example of innovation gaining market share in times of crisis

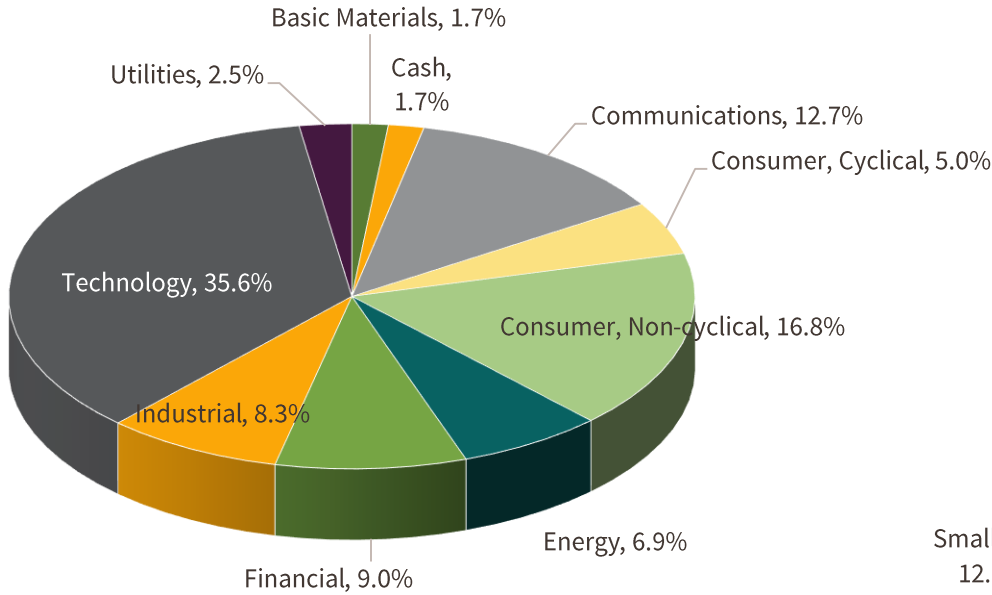
Company Name	Ticker	Weight
Alphabet	GOOG	2.62%
Tesla	TSLA	2.36%
NVIDIA	NVDA	1.78%
Teledoc Health	TDOC	1.75%
Moderna	MRNA	1.49%
Daqo New Energy	DQ	1.44%
Equinix	EQIX	1.41%
Gilead Sciences	GILD	1.35%
Alibaba Group Holdings	BABA	1.32%
Crown Castle	CCI	1.30%
% of Portfolio		16.82%

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

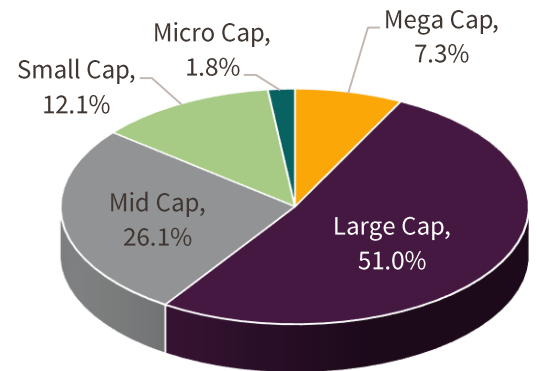
Portfolio Allocations

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.

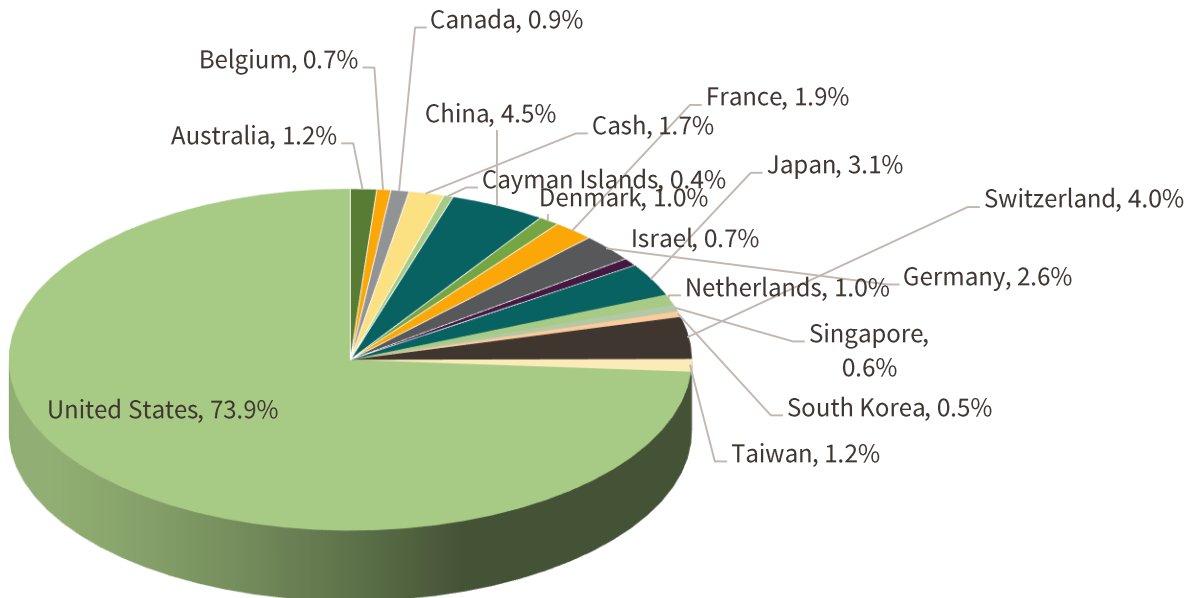
Economic Sectors^{††}



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



The first quarter of 2020 was unique. The market peaked on February 19th, so it is about right to say that Q1 was approximately half normal-market conditions (with the caveat that “normal” here is pretty relative), and half COVID-19-induced volatility, most of it downward. Generally, our strategies held up well relative to major indices (providing “downside protection” in the industry parlance).

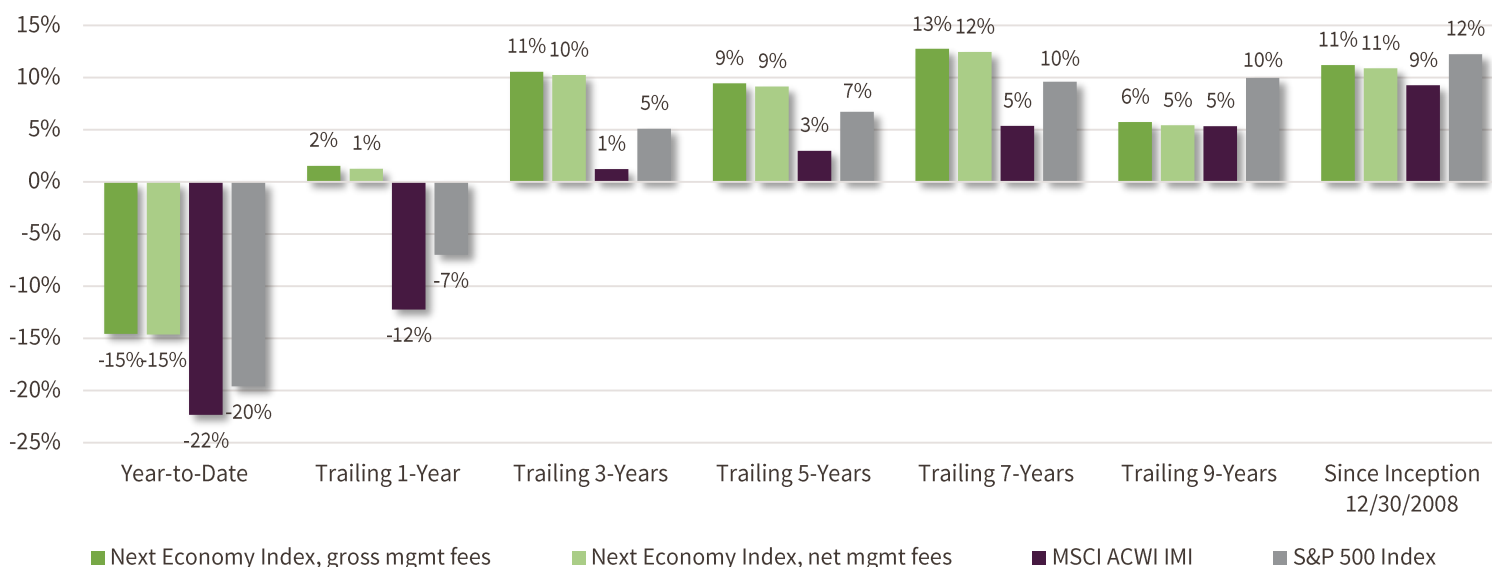
While naturally we're not excited that our portfolios are down year-to-date, operationally, we are comfortable functioning as asset managers in this environment, since our thesis has always been about operating at a time of exponential change. Rapid change has been upon us for a while now, but the current economic crisis brought about by the COVID-19 pandemic throws this into stark relief. It is more clear than ever that innovation is both key to finding solutions to system-level risks, pandemics included, and is the cornerstone of investing to preserve and grow wealth and purchasing power into the future.

Two of the reasons we provided downside protection recently are that:

1. Our portfolios had exposure to some of the biotechnology innovations addressing the pandemic, and
2. Our portfolios don't have—never have, and never will—exposure to fossil fuel extractors, refiners, pipelines, fossil-burning utilities, or any other company that derives material revenue directly from fossil fuel consumption. Why not? It's the cause of arguably our greatest system-level risk: the climate crisis. The current and future economies don't resemble the economy of the past, so we continue to believe that backwards-looking correlation with an old-economy benchmark doesn't make sense. Now, it is clear that our industry's obsession with low tracking error to a benchmark makes less sense than ever, because we can now really see firsthand how rapidly the global economy can change. The best way to future-proof Green Alpha's investment portfolios is to look ahead, and never back. Yes, it sure was a rough quarter, but this is when we have even greater opportunity to get in front of the future, at better company-specific valuations (aka: current stock prices relative to expected future revenue and earnings growth).

Next Economy Index-specific details are provided on the following page.

Performance & Commentary *(continued)*



For the first quarter of 2020, Green Alpha's Next Economy Index returned -14.64%, net of management fees, vs the MSCI All Country World Investible Market Index (ACWI IMI) at -22.34%, and the S&P 500 Index at -19.60%.

The three most resilient sectors in the Next Economy Index were Basic Materials, which was down 0.03%, Utilities at -0.09%, and Consumer Non-cyclicals at -0.39%.

- In Basic Materials, a leading provider of raw, high-grade polysilicon, a material that is upstream of all solar-PV and integrated circuit manufacturing, was up for the quarter, which offset modest losses in our other bit of exposure to Basic Materials, a recycled steel provider.
- In Utilities, a desalination-based water utility was up during the quarter, and a Western U.S. water utility was flat, which is more-or-less as expected. The losses from the sector came from electric utilities, which were down modestly in the general flight from equities, but even so, showed a little more immunity from the selloff than most equities.
- In Consumer Non-cyclicals, the picture was more mixed. Several of the biotechnology stocks were up for the quarter, but a more broadly diversified health care company was down modestly. Our biotech companies that did the best were the ones in front of efforts to mitigate the COVID-19 pandemic. Similarly, some food companies related to wholesale production and distribution were up, while some consumer brands did less well.

The three worst performing sectors in the portfolio were Technology, which detracted 5.20% from total performance, Industrials at -2.60%, and Communications at -2.30%.

- In the Technology sector, the entire value chain of semiconductors performed poorly, and was responsible for almost three-fourths of the negative contribution to the portfolio's returns. Concerns over consumer electronics demand drove this decline, yet our opinion is that data center and infrastructure demand will keep these companies buoyant until consumer demand returns. Hardware and software were net detractors as well, but some of the web-enabled providers that enable distributed, remote working; cloud computing; design and analytics; and digital security held up relatively well.
- In Industrials, the losses came from two high-efficiency display makers for consumer devices; a provider of precision power conversion, measurement, and control devices; and global providers of electrical infrastructure and smart meters.
- In Communications, wireless communications and data infrastructure – arguably the same technologies currently holding the economy together – were down for the quarter and represented the vast majority of losses from the sector.

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 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.
- All performance and characteristics data are sourced from Bloomberg Finance L.P. Green Alpha portfolios may invest in companies with small and medium market capitalizations, which may have more limited product lines, markets and financial resources than larger companies. In addition, their securities may trade less frequently and in more limited volume than those of larger companies. Small or mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited. Green Alpha portfolios may also invest in foreign domiciled companies. Investing in foreign securities may involve additional risks, including exchange-rate fluctuations, limited liquidity, high levels of volatility, social and political instability and reduced regulation. Emerging markets are often more volatile than developed markets, and investing in emerging markets involves greater risks. International investing may not be suitable for everyone. An investment in Green Alpha portfolios should be considered a long-term investment.
- The holdings identified throughout this document do not represent all of the securities purchased, sold or recommended for advisory clients. You may request a list of all recommendations made by Green Alpha in the past year by emailing a request to info@greenalphaadvisors.com. It should not be assumed that the recommendations made in the past or future were or will be profitable, or will equal the performance of the securities cited as examples in this document.
- 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 26 emerging markets countries. With over 8,976 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.
- This presentation is for informational purposes only and should not be construed as legal, tax, investment or other advice. This presentation does not constitute an offer to sell or the solicitation of any offer to buy any security. Any mention of an individual security is for illustrative purposes only and should not be considered a recommendation to buy or sell any security. The presentation does not purport to contain all of the information that may be required to evaluate Green Alpha Advisors and its investment strategies.
- Green Alpha Advisors, LLC is a registered investment advisor. Registration as an investment advisor does not imply any certain level of skill or training.
- Green Alpha is a registered trademark of Green Alpha Advisors, LLC. Green Alpha Advisors also owns the trademarks to “Next Economy,” “Next Economics,” “Next Economy Portfolio Theory,” “Investing in the Next Economy,” and “Investing for the Next Economy.”
- For additional legal information and Form ADV Part 2, please see <http://greenalphaadvisors.com/about-us/legal-disclaimers/>.