

Next Economy Select

March 31, 2020

Green Alpha[®]

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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 seeks 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 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 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	1,362	119	92	33	42
Sales Growth, Trailing 1-Yr	252.39%	10.89%	60.40%	75.82%	101.43%	192.88%
P/E, Current	16.64	14.36	22.11	21.99	15.80	18.31
P/E, 1-Year Forward [†]	13.59	13.59	17.67	19.39	14.04	16.09
Price/Sales	1.30	1.20	1.35	0.87	1.88	1.38
Price/Book	2.19	1.76	2.66	3.20	2.08	2.45
LT Debt/Equity	0.70	0.89	0.79	1.17	1.07	0.73
Current Ratio	3.35	1.73	2.84	2.88	2.22	3.25
Dividend Yield	3.32%	3.45%	2.83%	3.06%	4.84%	2.94%
Market Capitalization Weighted Avg (US\$B)	\$51.67	\$177.97	\$77.96	\$72.31	\$41.17	\$71.12
Market Capitalization, Median (US\$B)	\$6.22	Not Available	\$6.84	\$8.80	\$16.82	\$8.04
Turnover, Trailing 1-Yr	15%	-	23%	30%	24%	17%
Beta, Trailing 2-Yrs	1.02	0.99	1.03	1.00	1.01	1.07
Active Share	97%	-	94%	94%	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 Select portfolio is driving progress toward the Next Economy

Vestas Wind Systems (Energy, Renewable Energy)

- 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 and sales revenue
- In Q1 2020, Vestas announced 23 orders, their highest first-quarter order intake ever, totaling 2.06 gigawatts, despite the coronavirus pandemic. The orders have pushed Vestas' delivery dates into 2022, giving stellar transparency into revenue for the foreseeable future
- Senior Management includes an award-winning female CFO; and three women on the Board of Directors; the firm is targeting operating on a carbon neutral basis, without purchasing carbon offsets, and has set a target for zero-waste turbine production.

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 ~4.223 gigawatts of generating capacity globally, up from ~3.4 gigawatts in Q4, 2019
- The takeover offer from Brookfield Renewable Partnership, announced in Q1, creates a broader growth mandate, as well as increased access to capital and liquidity. The combination will be the largest publicly-traded, globally diversified, pure-play renewable energy platform, while maintaining a high dividend payout

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. Virtually every IC chip on the planet touches an AMAT device at some point.
- Also offers automation software, thereby improving production efficiencies, and owns an impressive 12,500+ patents

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. Collaborations with sister firm SpaceX gives Tesla unique access to advanced science and engineering

Moderna (Consumer Non-cyclical, Biotechnology)

- Clinical-stage biotech firm focused on using messenger RNA to develop therapies and vaccines. Their 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
- Senior Management team consists of 25% women, including the critical General Counsel and the Chief Corporate Affairs Officer

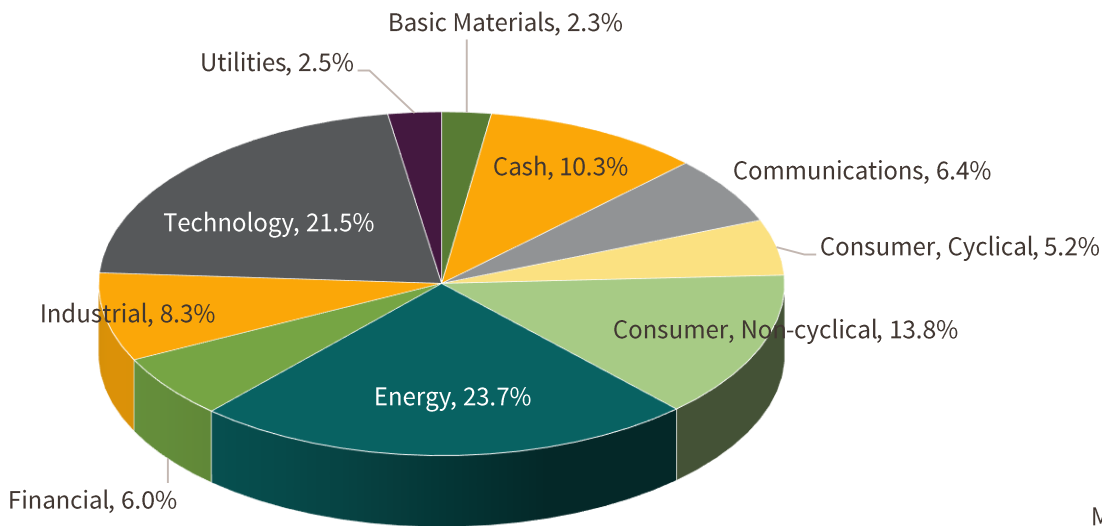
Company Name	Ticker	Weight
Vestas Wind Systems	VWDRY	5.95%
Terraform Power	TERP	5.04%
Applied Materials	AMAT	3.88%
Tesla	TSLA	3.75%
Moderna	MRNA	3.45%
Int'l Business Machines	IBM	3.29%
First Solar	FSLR	2.97%
Alphabet	GOOG	2.84%
Jinkosolar Holding	JKS	2.59%
Consolidated Water	CWCO	2.52%
% of Portfolio		36.28%

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

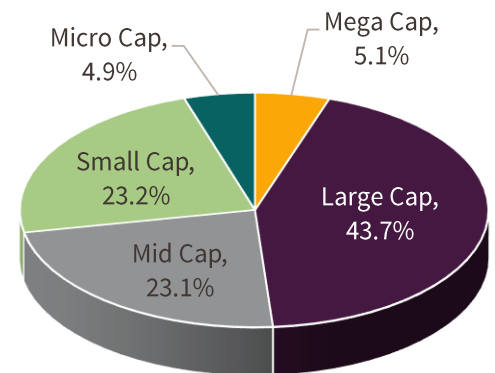
Portfolio Allocations

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.

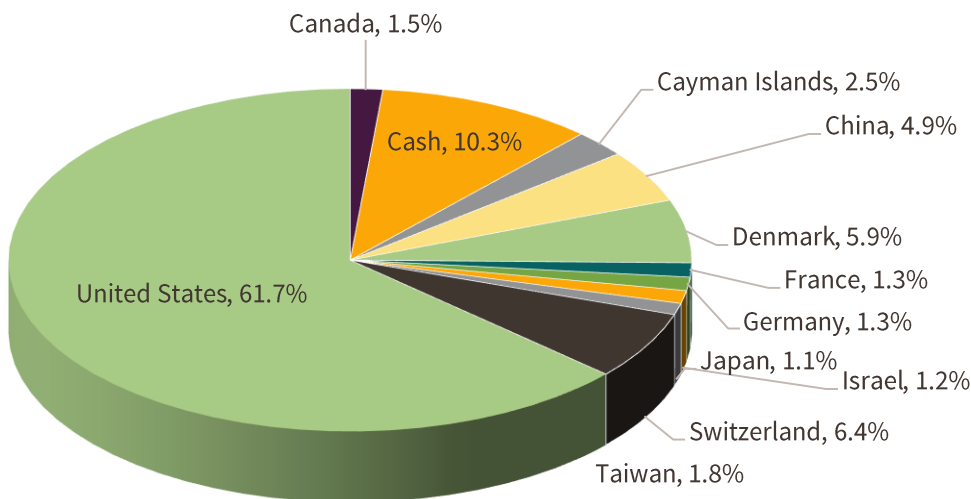
Economic Sectors^{††}



Market Capitalizations

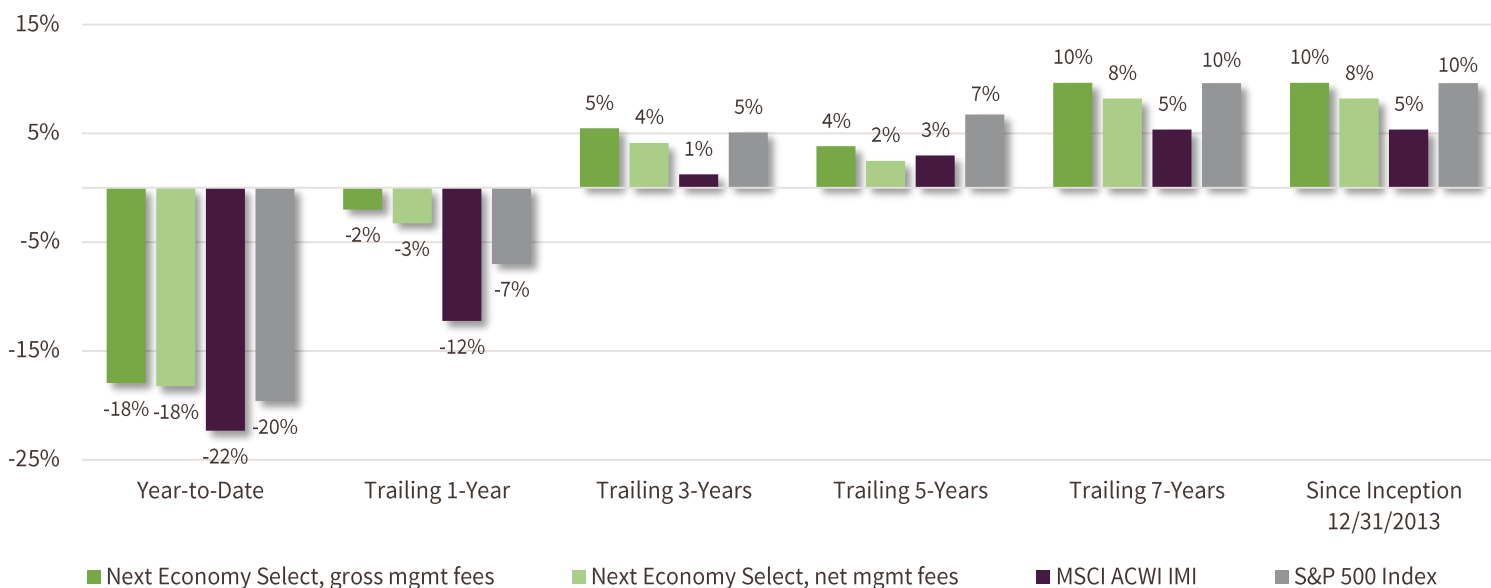


Companies' Main Headquarters



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

Performance & Commentary *(continued)*



For the first quarter of 2020, Green Alpha's Next Economy Select composite returned -18.23%, net of management fees, compared with the MSCI All Country World Investible Market Index (ACWI IMI) at -22.34%, and the S&P 500 Index at -19.60%.

The portfolio's best performing sectors were Utilities, adding 0.03%, followed by Basic Materials, which detracted 0.11%, and Communications a -0.56%.

- In Utilities, the portfolio benefitted from the downside risk protection offered by a water utility, in this case, in the form of a slight gain from a desalination-based provider of bulk water.
- In the Basic Materials sector, 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. This offset modest losses in our other basic materials exposure—a recycled steel provider.
- In Communications, gains in data-network infrastructure were partially offset by losses from the world's leading Internet search provider. A leading digital security provider was also down modestly in period, despite increased demand for cybersecurity from an increasingly distributed workforce.

The largest detracting sectors in the portfolio were Energy at -6.11%, Technology at -4.09%, and Industrials at -2.29%.

- Within the Energy sector, the entire value chains of both solar and wind energy production were down in Q1. In absolute return terms, wind turbine and power inverter makers posted relatively modest losses, but these were dragged down further by more significant losses from solar PV manufacturers. Renewable energy-based utilities were buoyant, returning modest gains.
- The Technology sector declined due to losses in the value chain of semiconductors, which overall represented 67% of the losses in the strategy from that sector. Among these companies are the leader in 5G chipsets; leaders in IoT connectivity; and advanced chip makers, including for AI and machine learning. Also in AI and ML, one of the world's leading innovators in both hardware and software declined during the period. Although leaders in technology—overall—had a bad quarter, design and rendering software were close to unchanged in share prices. These are among the companies keeping the global economy going presently, and they remain global leaders and will continue to be key constituents of the Next Economy.
- Industrials fared poorly across the board with losses coming from a key owner of the IP for high-efficiency display manufacture; an upstream provider to the integrated circuit industry; a provider of precision power conversion, measurement, and control devices; and the leading maker of smart meters.

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.

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- 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 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.
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