

Next Economy Select

December 31, 2020

Green Alpha[®]

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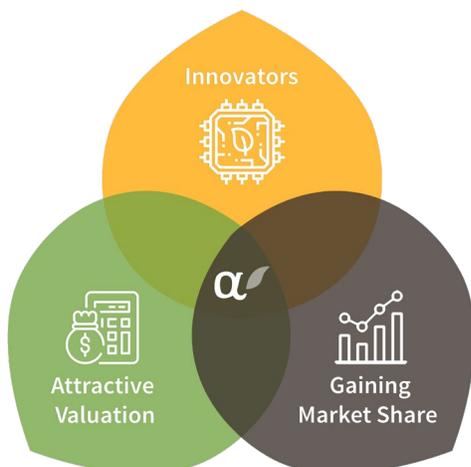
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Investment Philosophy

We understand that high-functioning, innovative companies creating and accelerating solutions to system-level risks like the climate crisis, resource, degradation worsening inequality, and the human disease burden are the greatest growth drivers of the twenty-first century.

Green Alpha's investment philosophy is straightforward: don't invest in companies that cause global systemic risks; instead, invest in the smartest, most rapidly evolving, economically competitive solutions.

We expect such companies to gain market share, which makes investing in them our best chance at preserving and growing our clients' 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 Equities

Vehicles: Mutual Fund,
Separately Managed Accounts

Portfolio Construction

The Next Economy Select portfolio is available both in a mutual fund vehicle and as separately managed accounts to provide democratized, low-minimum investment size access to this institutional-quality, innovation-focused portfolio. The portfolio's primary objective is capital appreciation through investments in 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 executive teams and boards of directors with consistent track records increasing revenues and earnings, and expanding margins
- 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 companies and the price paid for their shares are key drivers of LT returns
 - ✓ **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	54	1,522	120	93	35	42
Sales Growth, Trailing 1-Yr	42.02%	8.94%	35.59%	44.31%	12.60%	26.88%
P/E, Current	28.30	23.76	33.60	37.85	24.91	41.22
P/E, 1-Year Forward [†]	25.54	28.60	28.33	28.51	19.42	29.36
Price/Sales	2.95	1.93	2.66	1.64	2.41	2.73
Price/Book	5.05	2.68	5.23	6.06	2.71	5.80
LT Debt/Equity	1.07	0.96	0.88	1.29	1.12	0.98
Current Ratio	2.89	2.01	2.67	2.73	2.38	2.75
Dividend Yield	2.15%	2.36%	1.86%	2.23%	3.15%	1.59%
Market Capitalization, Weighted Avg (US\$B)	\$125.81	\$293.59	\$148.17	\$150.40	\$63.54	\$138.58
Market Capitalization, Median (US\$B)	\$14.75	Not Available	\$14.84	\$16.70	\$29.89	\$19.16
Turnover, Trailing 2-Yr Avg Annual	12%	-	10%	13%	26%	9%
Beta, Trailing 2-Yrs	1.08	1.00	1.10	1.06	1.11	1.19
Active Share	95%	-	93%	93%	97%	96%

[†] 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

Tesla (Sector: Consumer Discretionary)

- Tesla is a leader in design and manufacture of electric vehicles, software delivery, and energy storage systems for homes, commercial properties, and utility-scale power. All divisions within the company are technology and innovation leaders, and are gaining market share. Their innovations have given them first-mover advantage in EVs and a tech advantage in stationary storage.
- A manufacturing leader, they are employing world-leading technologies and processes to speed up production and lower costs.
- Collaboration with SpaceX gives Tesla unique access to leading science and engineering, such as the Cybertruck exoskeleton.

Brookfield Renewable (Sector: Utilities)

- Brookfield Renewable, a Canadian corp, is one of the world's leading zero-carbon energy utilities. Brookfield's 2020 acquisition of TerraForm Power, as well as other M&A activity, has given it a present total of 19.4 GW of renewable electricity generation capacity globally.
- Financially, Brookfield Renewable is very stable. It is very conservatively managed, looks for acquisitions at very favorable prices, and has revenues largely backed by long-term power purchase agreements with high-quality clients. The company's long-term goal is to provide annualized investment returns of 12%-15%, which includes planned dividend increases.
- The exec team includes five women (28%), and the board of directors is 25% women, including Chair of the Audit Committee.

Vestas Wind Systems (Sector: Energy)

- The world's most advanced wind turbine manufacturer, and the clear leader in both onshore and grid-connected installations. Vestas is also a leading turbine service contract provider, a role that provides meaningful higher-margin recurring revenue, in addition to manufacturing and sales revenue.
- For 2020, Vestas achieved another record year of turbine order intake, at greater than 15 gigawatts of capacity booked, as well as continued growth in their service business, despite the ongoing coronavirus pandemic. These orders have pushed Vestas' delivery dates well into 2023, giving transparency into revenue growth for the foreseeable future. Also during 2020, Vestas strengthened its partnership with Mitsubishi Heavy Industries in the offshore wind market.
- They're targeting carbon neutral operations by 2030 (without using carbon offset credits!), and zero-waste production by 2040. The executive team consists of 22% women, including the CFO, CHRO, and also features a female Senior Director and Head of Sustainability at Vestas; there are four women (25%) on the board of directors.

JinkoSolar Holding (Sector: Energy)

- JinkoSolar (JKS) is the world's largest solar panel manufacturer, and is highly vertically integrated, making ingots, cells, panels, and modules. JKS shipped 18-20 GW of modules in 2020, up from 14.2 GW in 2019. This focus on capacity expansion into a rapidly growing addressable market is valuable, as JKS maintains a leadership position in a competitive market. JKS distributes and earns revenues globally (70+ countries are active markets), thus mitigating political and trade-dispute-related growth obstacles.
- The company is also a technology leader, providing panels that are globally competitive on a cost-per-watt basis.
- JinkoSolar is the top-ranked firm worldwide on the Silicon Valley Toxics Coalition's Solar Scorecard, receiving 100 out of 100 available points for sustainability of their operations.

Moderna (Sector: Health Care)

- Discovery-to-clinical-stage biotechnology focused on messenger RNA to develop therapies and vaccines. Their revolutionary science has potential applications in many areas, including: oncology, infectious diseases, and cardiovascular diseases. Robust early-and-advanced stage pipeline means their growth may be impressive with or without major COVID-19 revenues.
- Moderna is not just pioneering new medicines, but new *categories* of medicines, potentially transforming healthcare overall.
- The exec team consists of 25% women, including the General Counsel and Chief HR Officer, and the board of directors is comprised of 29% women, including the Chair of the Product Development Committee.

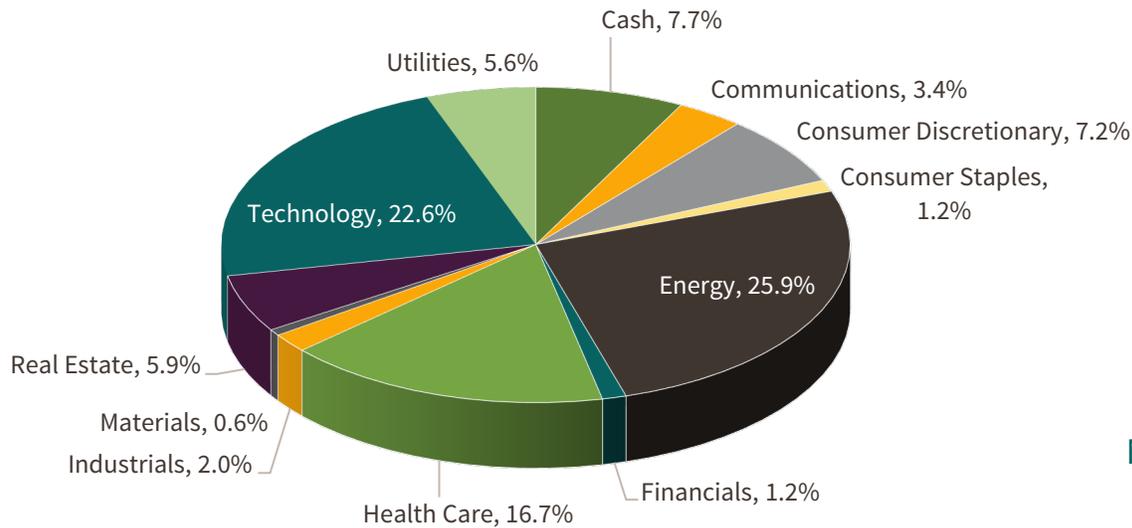
Please see the final page of this document for important disclosures about portfolio, benchmark and characteristic information.

Company Name	Ticker	Weight
Tesla	TSLA	5.79%
Brookfield Renewable	BEPC	5.42%
Vestas Wind Systems	VWDRY	5.35%
JinkoSolar Holding	JKS	4.50%
Moderna	MRNA	4.12%
CRISPR Therapeutics	CRSP	3.12%
Taiwan Semiconductor	TSM	3.04%
Daqo New Energy	DQ	2.82%
Applied Materials	AMAT	2.79%
IBM Corp	IBM	2.58%
% of Portfolio		39.54%

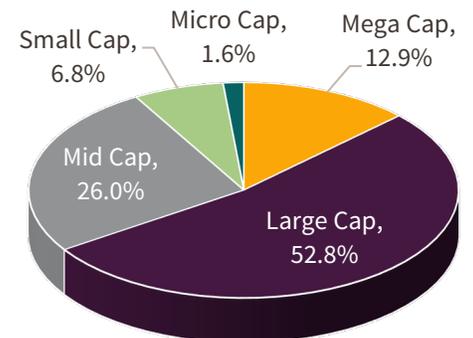
Portfolio Allocations

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.

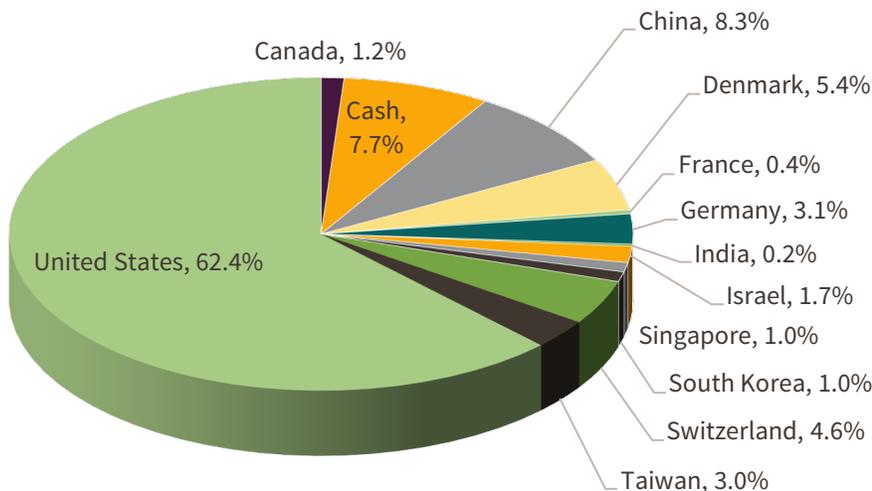
Economic Sectors ††



Market Capitalizations

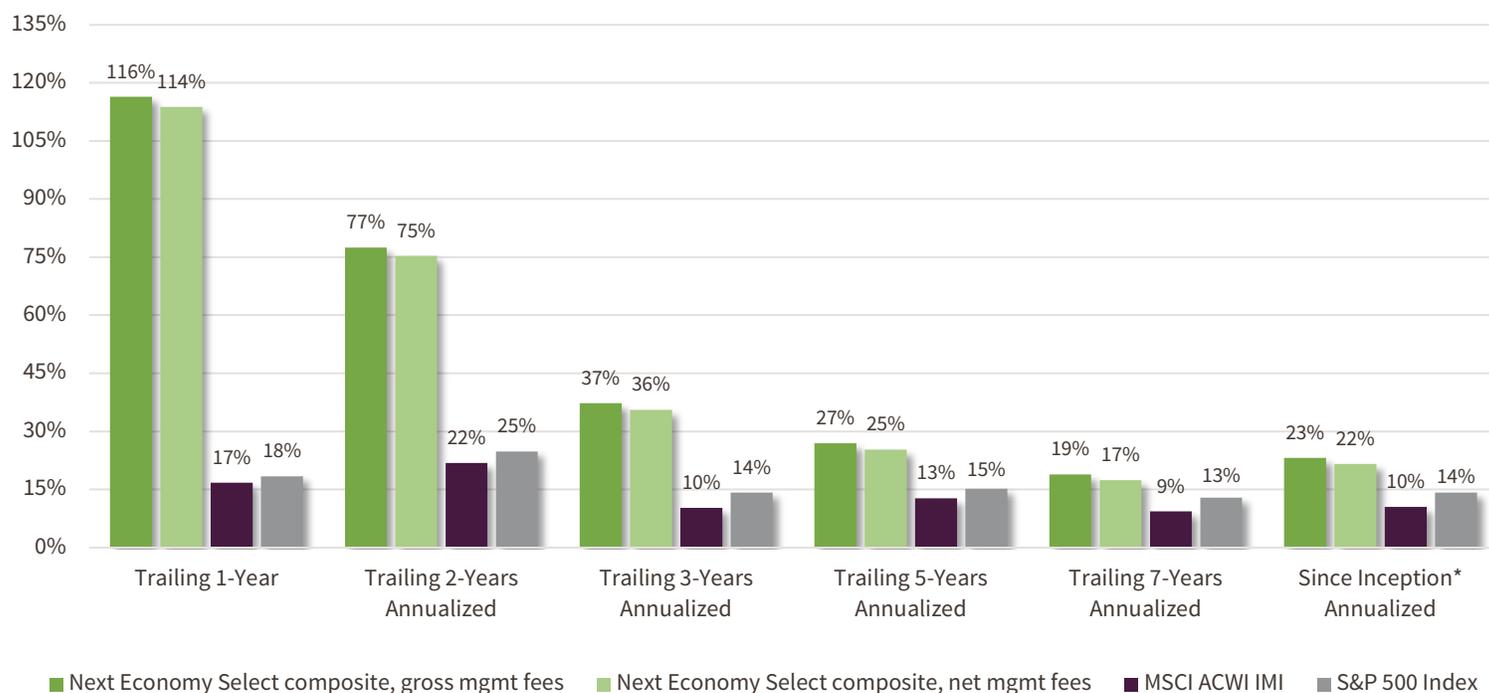


Companies' Main Headquarters



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

Performance & Commentary



For 2020, Green Alpha's Next Economy Select composite returned 113.78% (net of management fees) while the portfolio's benchmark, the MSCI All Country World Investable Market Index (MSCI ACWI IMI) returned 16.78%.

The Next Economy Select strategy's two largest contributing sectors were Energy and Health Care.

- Within the Energy sector, renewable energy equipment makers led returns, with solar PV module makers, and solar energy equipment manufacturers (including inverters) leading the charge. Upstream, a high-quality mono-and-polysilicon provider also added meaningfully. Also providing material contributions were two leaders in wind energy: a top turbine maker, and a developer of advanced materials for high-strength, low-weight blades.
- Returns in the Health Care sector were dominated by the biotechnology industry, as genomics and transcriptomics companies saw large gains, with their applicability to helping resolve the pandemic, as well as potentially addressing many other diseases and conditions, became more widely appreciated in the markets. Other companies within the biotechnology value chain, including life science equipment makers for genomic sequencing, did well this year. Finally, companies within the health care service industry, such as those bringing services for testing and diagnostics, also contributed to the portfolio's returns in the sector.

The sectors that contributed the least to the Next Economy Select portfolio's returns were Consumer Staples and Industrials.

- The Consumer Staples sector detracted slightly from the portfolio's performance as natural and organic food and beverage makers saw declines.
- Selections within the Industrials sector, slightly negative for the sector overall, were a mixed bag. The largest detractors were a 100% recycled steel manufacturer and a smart meter manufacturer, although those losses were partially offset by gains from efficient power components, and industrial automation.

**Composite Inception: March 31, 2013. 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.*

Next Economics™ Theme	Demand Outlook	Tailwinds	Headwinds
 <p>Zero-emission Transportation</p>		<ul style="list-style-type: none"> • Rapidly falling prices, particularly batteries • Competitive total cost of vehicle ownership • Global gov't policies to limit or end ICE sales • Deadliness of ICE emissions becoming increasingly well known • Unbeatable user experience 	<ul style="list-style-type: none"> • Incumbent industry resistant to change • Support infrastructure limited, including charging • Non-universality of charging solutions • Need charging time reductions • Limited makes/models available
 <p>Biotechnology</p>		<ul style="list-style-type: none"> • Disruptive & transformative in medicine – limitless addressable market • One-and-done therapies less expensive than continuous legacy-economy treatments • Removing disease burden will greatly increase the efficiency of the global economy • It is also transforming materials & agriculture 	<ul style="list-style-type: none"> • It's still early • Extensive R&D required • Resistance from incumbent treatment providers • Gov't regulations slow to adapt • Nonlinear progress will occur, and setbacks are inevitable
 <p>Renewable Energy</p>		<ul style="list-style-type: none"> • Is a minority of global energy mix & growing rapidly, large addressable market • Cheapest sources of energy • Net contributor to solving one of the largest causes of the climate crisis 	<ul style="list-style-type: none"> • Resistance from incumbent industry interests, including via gov't policies like no net metering, subsidies to fossil fuels companies, and red tape around renewable energy deployment
 <p>Technology & Data Infrastructure</p>		<ul style="list-style-type: none"> • Wired, broadband, satellite & IoT efficiency Quantity of data flow increasing exponentially <ul style="list-style-type: none"> – all needing to be transmitted, assimilated, interpreted, and made actionable – requires speed, accuracy & security 	<ul style="list-style-type: none"> • Threats from bad actors • Stock-specific valuations are relatively high, as the productivity gain benefits and need for the most innovative solutions is relatively obvious
 <p>Artificial Intelligence (AI) & Machine Learning</p>		<ul style="list-style-type: none"> • AI advancements make every segment of the economy more productive, from advanced materials to medicine • Confluence between AI & ML is synergistic & transformative, enabling upstream advances 	<ul style="list-style-type: none"> • Some industries have slower adoption • Adoption potentially slowed by workforce composition misperceptions • Could pose security threats if improperly deployed
 <p>Financials</p>		<ul style="list-style-type: none"> • Huge addressable market of underserved population; AI-enabled fintech makes serving them both possible and profitable • Best-in-class green REITs are preferred homes to leading biotechs & other innovators • Renewable energy-powered data centers • Renewable energy financing for utilities, etc 	<ul style="list-style-type: none"> • Lack of inclusive banking options • Lack of inclusive insurance options • Largest banks and investment institutions still not doing enough to stop climate crisis • Greenwashing is pervasive in financial services; difficult for clients to disambiguate
 <p>Agriculture & Food</p>		<ul style="list-style-type: none"> • Biotech and AI are making possible the end of pesticides, herbicides & chemical fertilizers • Consumer shifting to natural & organics • Transparent chain of custody for food safety & ethical labeling 	<ul style="list-style-type: none"> • Ample supplies of clean water under threat • Distribution infrastructure often inadequate • Enormous levels of food waste exists
 <p>Water</p>		<ul style="list-style-type: none"> • Elemental requirement for life • Opportunities to create more freshwater, track & measure where it is, & where it needs to be • Tech to address need to find leaks and quickly address them 	<ul style="list-style-type: none"> • Not enough investment in aging infrastructure • Insufficient regulations to protect supplies • Inequitable access to clean, safe supplies • Degradation by harmful industries

Macroeconomic Outlook



Many things changed in 2020. The pandemic accelerated the transition to the Next Economy™ and the interconnections between seemingly disparate issues like the climate crisis and social justice became clearer.

We saw major financial institutions finally realize (in rhetoric, if not yet actions) that fossil fuels make terrible long-term investments. Banks have been led to this conclusion by major indicators, such as IEA predicting that renewables would make up at least 80% of all new energy to come online from now on. Even in the sometimes renewables-hostile U.S., solar energy's economic competitiveness was strong enough to overcome tariffs, a pandemic, and local red tape. ~13 GW of new solar was added domestically in 2020, helping bear out at least the beginnings of IEA's prediction.

The market sent clear signals to legacy economic actors that solutions to the climate crisis have value, whereas causes of the climate crisis do not. The amazing increase in the market cap of the world's leading electric vehicle (EV) maker, for example, finally motivated some traditional internal combustion engine (ICE) manufacturers to make meaningful commitments to electrified transportation. Other signals of the transition came from government policy, such as the United Kingdom banning the sale of ICE vehicles beginning in 2030.

What about outside of energy and transportation; what about solution sets to other critical risks to our economy?

Here again, we've seen significant transformations already, and a broad understanding that disruptive innovations are where we will find solutions. Green Alpha's portfolio strategies earned significant gains this year from the biotechnology sector, as leading owners of intellectual property (IP) in the field of transcriptomics proved their worth in rapid vaccine development; similarly, leading companies in genomics showed that they have working therapies for genetic disorders, such as sickle cell anemia and some types of congenital blindness. When it comes to genomic medicine, we are only still at the very early stages of what will be accomplished, and the addressable market for these therapeutics and vaccines is everyone, everywhere, multiple times throughout their lives.

It's also been a transformative year in terms of the diversity and inclusion of leadership teams of publicly-traded stocks. California Gov. Gavin Newsom signed a bill requiring companies headquartered in the state to have at least one minority member on their Board of Directors. And in December NASDAQ filed a proposal with the U.S. SEC to adopt new listing rules related to board diversity and disclosure – requiring at least one woman, and at least one minority or LGBTQ+ person to be sitting on each of the 3,000+ NASDAQ-listed companies. And yet, the fact that each of these rules and proposals requires companies to put in place just one member is preposterous. We should be further along than that.

The fact that homogeneous executive teams and boards of directors are still the rule, and not the exception, in the corporate world shows just how far we have yet to go. Because of this, Green Alpha includes counts of women, and other demographics, in decision-making positions as part of our fundamental stock research – we look forward to the time when we can dispense with those analyses as it will be safe to assume that a truly heterogeneous leadership team exists across most organizations. Until then, we'll leverage the asymmetry between more and less diverse leadership teams to seek additional alpha for our clients.

As a result of these and other variables, Green Alpha's investment strategies earned outsized returns in 2020. And, we want to be clear: the transition to economic and environmental sustainability is just getting started. In 2019, for example, solar accounted for about 2% of the global electricity mix; by 2050, IEA reckons it will account for half. So, the total addressable market for solar PV is expected grow 25-fold in the next couple of decades. Similarly, EVs

Macroeconomic Outlook *(continued)*

accounted for 1% of global car sales last year, and yet by 2030, depending on whose estimates you read, they will be between 20% and 80% of all new vehicles sold. So, the addressable market will grow between 18 and 80 times in just the next decade. This not only gives room for existing EV makers to grow appreciably, but also makes plenty of room for new entrants and for legacy automakers to pivot and become competitive once again.

Risks remain and continue to accelerate. In recent days, we have learned that there is a newly mutated variant of the coronavirus in the wild. It isn't that surprising; the flu virus changes every year as well. The good news is that we know that leading mRNA companies developed formulas for SARS-CoV-2 vaccines in as little as 48 hours after receiving digital copies of the genomic sequence. That means that mRNA companies will be able to respond rapidly to new strains of the coronavirus as they emerge, and we may well end up in a world where we need our annual booster, just like we do with the flu shot today. But, we will need rapid production and distribution facilities to make those rapid formulations effective in a way that sustains our lifestyles and the global economy. That will require innovation, and people willing to look forward and invest in that innovation.

Fortunately, there are a lot of people doing just that. 2020 saw the first demonstration of computational quantum supremacy, the first room temperature superconductivity of electricity, advances in space travel, and the promise of step-change innovations that will result.

Risks remain, innovation is rising to meet them, and this is truly just the beginning. It is clear that the climate crisis will get worse before it gets better. Like the pandemic, the climate crisis is ultimately impervious to populist denials, and so will be addressed. Unlike the pandemic, there is no simple immunization for it – it will be larger, longer, more dangerous, and require more and better solutions, and unprecedented levels of coordination. Here again, we see heretofore unimagined ways to invest in the responses to these challenges.

So, where are the forward opportunities? Where they've always been: in the most innovative and disruptive solutions to our systemic, existential threats. Here's what we said previously:

“Earth’s economies may stagnate or grow; either way, we believe things like renewable energy, clean transportation, sustainable infrastructure, and water resources must grow in value. Over time, the value of stocks in our models will not be dependent on Wall Street gamesmanship, but on simple necessity.

As awareness of the magnitude of our growing resource-climate-security problems advances, so will the valuations of our portfolio companies.” *(2012 shareholder letter)*

Immanuel Kant defined the Enlightenment as civilization’s assumption of self-responsibility. Inherent in that definition is humanity’s wherewithal to confront its existential risks and proactively address them. Where money flows is where the economy and civilization are defined and built. Where we invest; therefore, is a direct manifestation of our desire to take responsibility for ourselves, and to self-insure our wellbeing, if not our existence. That means sustainability. It also means that the brightest solutions will continue to gain market share until they, effectively, represent the entire global economy. That’s why this is where we invest the assets with which our clients, their wealth advisors, and institutional consultants entrust us.

Important Disclosures

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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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- 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 27 emerging markets countries. With over 8,982 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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