

Sierra Club Green Alpha

March 31, 2021



Green Alpha®

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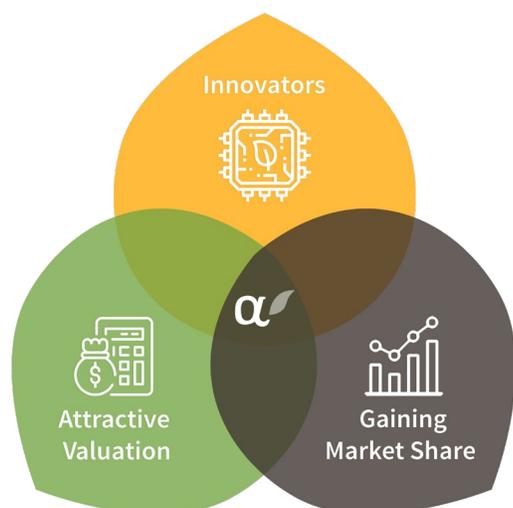
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Investment Philosophy

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; invest in the smartest, most scalable and 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 Sierra Club Green Alpha?

- Active research, stock selection, and portfolio mgmt
- 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 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 investment guidelines. These criterion are applied to our Next Economy investing philosophy and research, resulting in what may be the most progressive, sustainability-focused stock portfolio available. We seek companies:

- with products and/or services lowering the global 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 executive teams and boards of directors with consistent track records of increasing revenues and expanding margins, leading to earnings growth and potential dividend increases
- that trade at compelling valuations relative to proven and anticipated 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 companies and the price paid for their shares are key drivers of LT returns
 - ✓ **High growth** – indicated by Sales Growth, and decrease 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 capital stewardship, 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 in fossil-fired utilities or internal combustion engine manufacturers
- **Diversified – we look for solutions wherever we can find them** – across the globe, in companies of all sizes & 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	1,613	138	93	60	35
Sales Growth, Trailing 1-Yr	93.95%	16.39%	43.04%	85.95%	68.34%	49.21%
P/E, Current	37.88	23.88	34.62	31.92	30.70	25.59
P/E, 1-Year Forward [†]	25.46	18.08	24.90	23.81	23.81	19.92
Price/Sales	2.76	2.02	3.28	1.67	2.58	2.49
Price/Book	5.32	2.70	4.52	5.21	4.21	2.77
LT Debt/Equity	0.77	0.94	0.85	1.04	0.90	1.07
Current Ratio	2.67	1.90	3.73	2.56	3.03	2.20
Dividend Yield	1.60%	2.22%	1.89%	2.06%	2.28%	2.98%
Market Capitalization, Weighted Avg (US\$B)	\$135.14	\$284.65	\$71.83	\$144.03	\$95.04	\$69.90
Market Capitalization, Median (US\$B)	\$18.41	Not Available	\$12.36	\$16.63	\$11.81	\$31.33
Turnover, Trailing 2-Yr Avg Annual	8%	-	37%	12%	13%	24%
Beta, Trailing 2-Yrs	1.20	1.03	1.07	1.05	1.10	1.11
Active Share	96%	-	94%	93%	96%	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 Sierra Club Green Alpha portfolio is driving progress toward the Next Economy

Tesla (Sector: Consumer Discretionary)

- A leader in design and manufacture of electric vehicles, software delivery, and energy storage systems - all of which areas are technology and innovation leaders. Tesla leverages world-leading technologies and processes to speed up production and lower costs.
- Tesla's automotive division recently posted record Q1 2021 deliveries, selling more vehicles than the company made. This is indicative of still-growing demand for the cars, as it represents growth over Q4 2020, in the auto industry's cyclically-low demand quarter of Q1.
- Innovations have given them first-mover advantage in EVs and a tech advantage in battery storage; as evidenced by a recent deal to provide Apple with a large storage facility at one of Apple's solar power plants. Also, collaboration with SpaceX gives unique access to leading science and engineering, such as the Cybertruck exoskeleton.
- A female Board Chair also chairs the Audit & Disclosure Controls Committees alongside a female Independent Director (22% BOD)

Company Name	Ticker	Weight
Tesla	TSLA	9.61%
TPI Composites	TPIC	6.49%
Moderna	MRNA	6.40%
SolarEdge Technologies	SEDG	5.37%
Vestas Wind Systems	VWDRY	5.32%
% of Portfolio		33.19%

TPI Composites (Sector: Energy)

- A leading manufacturer of advanced composites with superior strength and lightweight characteristics, often used in wind turbine blades, airframes, and EV bodies. Their materials were in 32% of all onshore wind blades sold globally in 2020 (ex China).
- TPIC has advanced manufacturing facilities around the world, often near or co-located with major clients, like Vestas Wind Systems, to facilitate production and bespoke innovation. TPI Composites is an innovation and R&D leader, whose model is to integrate R&D into clients' manufacturing operations to solve exacting and specific problems. This has resulted in an IP library that provides a moat with a lot of value, since the industries that TPIC serves are growing rapidly.

Moderna (Sector: Health Care)

- Discovery-to-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, and cardiovascular diseases. Robust early-and-advanced stage pipeline means their future growth may be impressive with or without major revenue contributions from a COVID-19 vaccine, although the vaccine has accelerated their time-to-profitability.
- Moderna is not just pioneering new medicines, but new *categories* of medicines, potentially transforming medicine overall
- The exec team is 30% women, including the Chief Commercial Officer, General Counsel and Chief HR Officer; the board of directors is 38% women, including the chairs of the Audit and Product Development Committees.

SolarEdge Technologies (Sector: Energy)

- Makes and distributes advanced solar inverters, smart optimizers, and energy monitoring products installed in 130 countries across five continents. SEDG's panel optimizers are applicable anywhere solar energy is generated, from residential rooftops to large utility-scale solar farms, and they also enable integration of battery storage to any system. They enjoy a prominent position in a fast-growing industry and their large IP portfolio earns them a defensible moat.
- Their recent entry into the EV drivetrain market, leveraging the company's expertise in power management and distribution, could provide significant new revenues through another fast-growing business line. For example, SEDG will supply full powertrains and batteries for Fiat's E-Ducato commercial vehicle.
- The executive team includes key women: General Counsel/Corp. Secretary, GM of the Commercial Business, and VP of Global HR.

Vestas Wind Systems (Sector: Energy)

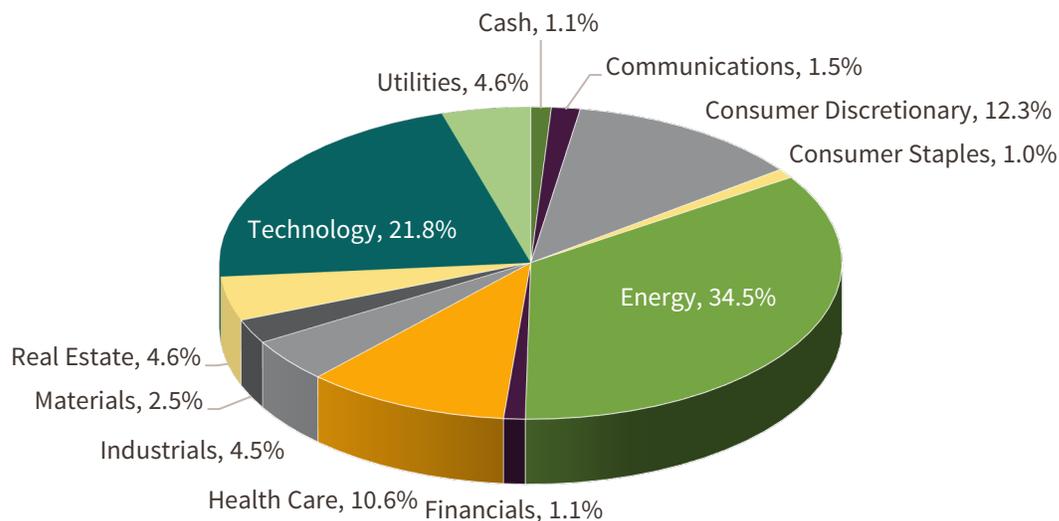
- Vestas is the world's most advanced wind turbine manufacturer, and the global leader in both onshore and grid-connected installations. Vestas is also a leading turbine service contract provider, a role that provides meaningful higher-margin revenues.
- In addition to earning record turbine order intake in 2020, at greater than 15 GW of capacity booked, in Q1 Vestas booked an additional 1.1 GW in wind turbine orders. This has pushed Vestas' delivery dates into 2023, giving transparency into revenue growth. Vestas has also strengthened its partnership with Mitsubishi Heavy Industries in the offshore wind market.
- They're targeting carbon neutral operations by 2030 and zero-waste production by 2040.
- The exec team is 22% women, including the CFO, CHRO, Sr. Director, and Head of Sustainability; four women (25%) on the BOD.

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

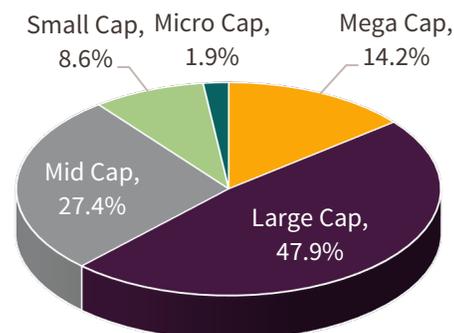
Portfolio Allocations

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.

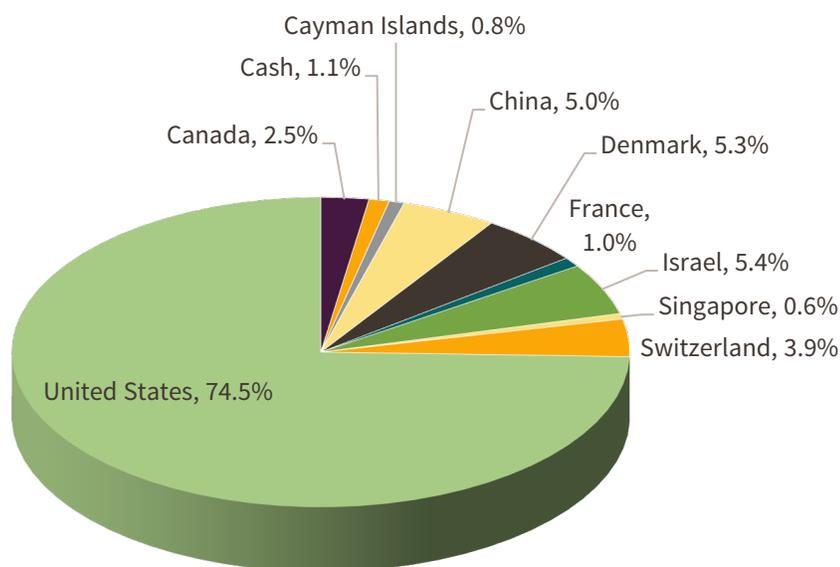
Economic Sectors ††



Market Capitalizations

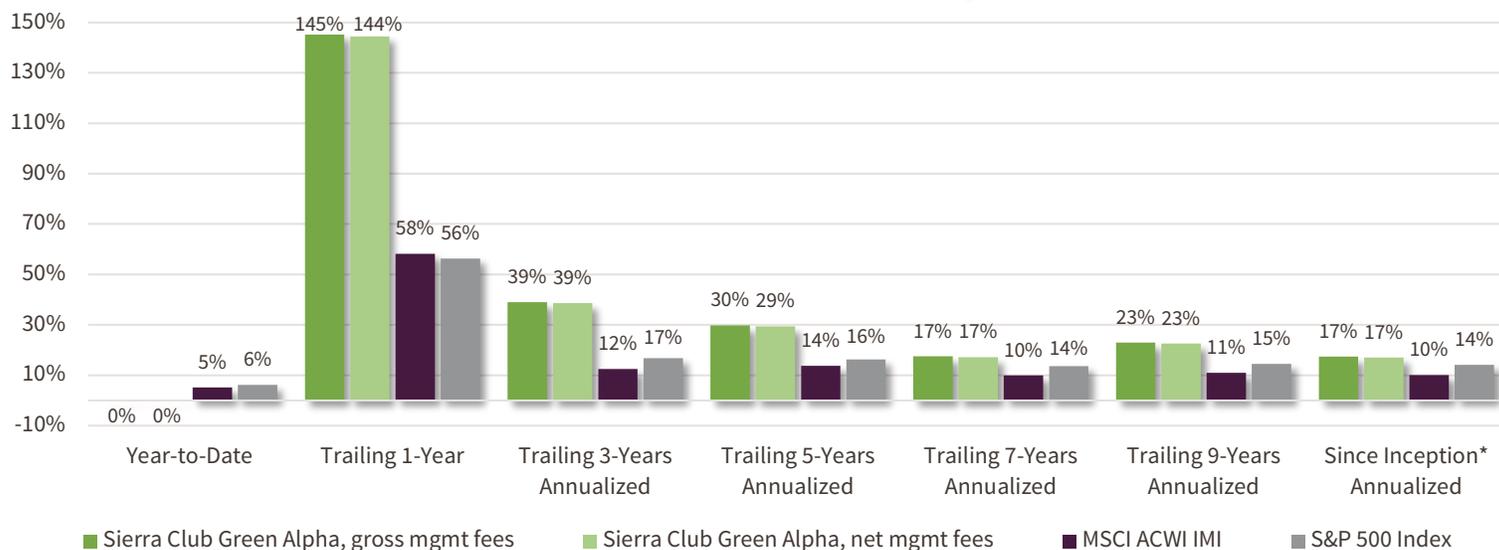


Companies' Main Headquarters



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

Performance & Commentary



In Green Alpha's investment strategies, and in markets overall, the first quarter of 2021 was characterized by increased volatility, particularly with respect to downward pressure on some stocks considered by markets to be in an aggressive growth category. Specifically, increases in the 10-year U.S. Treasury yield triggered programmatic selling across many growth companies, particularly those that had appreciated significantly in 2020.

While we agree that some depressed stocks, and even industries, became oversold during the pandemic, particularly high-quality, sustainability-focused office REITs and furnishings suppliers, we believe that the interest rate on the 10-year note has little to do with the overall trajectory of the global economy. Companies providing superior products, services, and value, often at lower relative costs, will continue to gain market share in their respective markets, many of which are themselves rapidly growing. We believe that Q1 2021, while overall providing positive returns, represented a good entry point to invest in stocks with better-than-average chances of earning significant growth into the next 5-to-10-year timeframe, as the rotation away from the causes of our primary risks toward the solutions to those risks continues to gain momentum, dwarfing near-term cyclical rotations into or out of short-term oriented notions of growth and value.

For the first quarter of 2021, the Sierra Club Green Alpha portfolio returned -0.2% net of management fees vs. its benchmark, the MSCI All Country World Investible Market Index (MSCI ACWI IMI), at 5.2%. The portfolio's top-contributing sectors were Technology and Industrials.

- Within Technology, gains were led by front-end capital equipment for semiconductor manufacturing, as a global chip shortage spurred capital expenditures on foundry equipment. Gains also included: chipmakers and designers, system-on-chip providers, and digital security software. Modest declines came from leading application software providers.
- In the Industrials sector, returns from power and infrastructure components, along with factory automation equipment for semiconductor manufacture, contributed to gains.

The Sierra Club Green Alpha portfolio's primary detracting sectors from performance were Energy and Utilities.

- The Energy sector detracted the most from the portfolio's returns, as solar and wind energy equipment makers, including photovoltaic (PV) module makers, inverter makers, and much of the solar and wind energy value chains all declined, as investors took profits after large share price increases in 2020.
- Utilities modestly detracted from returns due to renewable utility-scale electric utilities, although these losses were partially offset by gains in water utilities.

**Portfolio Inception: December 27, 2010. 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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- 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 27 emerging markets countries. With over 8,930 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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