

Next Economy Social Index

June 30, 2021

Green Alpha[®]

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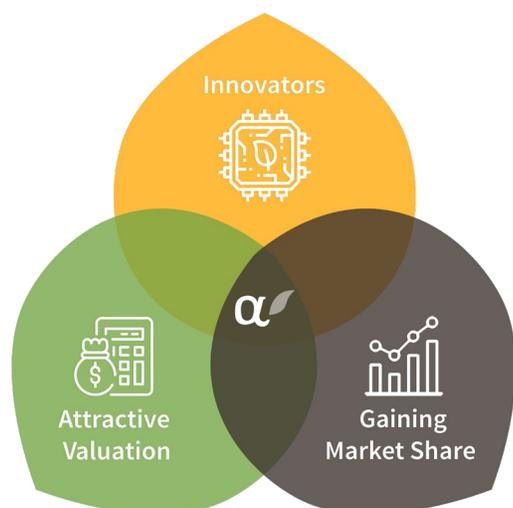
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Investment Philosophy

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; seek out those creating smart, scalable and rapidly evolving, economically-competitive solutions.

We expect Next Economy™ companies to gain market share, which makes investing in them our best chance at preserving and growing our clients' purchasing power.



Why Invest in the Social Index?

- Active research and stock selection; passively managed through an annual rebalance
- Uniquely rigorous gender and social inclusion criteria to create a powerful one-two punch of innovative companies led by diverse, empowered teams
- ~87 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 31, 2015

Style: All-Cap Global Equities

Vehicle: Separately Managed Accounts

Portfolio Construction

The Social Index construction is based on the science that the cognitive capacity, execution abilities, and risk management skills of groups exceeds that of individuals, and the more diverse the group, the greater potential.

To manage the portfolio, we start by seeking 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 expected growth, within acceptable levels of risk

We set initial weights by market capitalization, then assign additional weighting to companies where women hold significant decision-making authority, have especially strong leadership representation, and/or implemented policies are eminently inclusive of all demographics.

Next Economy Social Index

How the portfolio compares to the MSCI All Country World Investible Market Index (MSCI ACWI IMI) and other Green Alpha portfolios

Characteristics

- **Next Economy innovators, diversity leaders** – harnessing the performance enhancing and risk reducing potential offered by diverse teams, we apply rigorous gender and social inclusion criteria to the Next Economy universe
- **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	Green Alpha Next Economy Social Index	Benchmark: MSCI ACWI IMI (SPGM)	Green Alpha Next Economy Index	Green Alpha Next Economy Select	Green Alpha Growth & Income	Sierra Club Green Alpha
# of Securities	87	1,667	138	60	35	45
Sales Growth, Trailing 1-Yr	111.86%	26.85%	124.25%	323.75%	268.98%	245.87%
P/E, Current	34.94	21.84	34.11	31.41	24.44	36.11
P/E, 1-Year Forward [†]	27.18	17.39	23.95	23.83	18.88	27.14
Price/Sales	3.35	2.11	3.46	2.66	2.59	2.30
Price/Book	5.05	2.86	4.76	4.41	2.97	4.74
LT Debt/Equity	0.90	0.88	0.84	0.92	1.04	0.96
Current Ratio	3.37	2.03	4.06	4.12	2.46	3.31
Dividend Yield	2.08%	2.21%	1.89%	2.31%	2.87%	2.17%
Market Capitalization, Weighted Avg (US\$B)	\$84.33	\$329.22	\$84.00	\$100.59	\$73.22	\$77.65
Market Capitalization, Median (US\$B)	\$14.37	Not Available	\$12.24	\$12.04	\$28.64	\$14.37
Turnover, Trailing 2-Yr Avg Annual	40%	-	33%	10%	22%	25%
Beta, Trailing 2-Yrs	1.01	1.03	1.04	1.10	1.10	1.18
Active Share	95%	-	94%	96%	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 Social Index is driving progress toward the Next Economy

Editas Medicine (Sector: Health Care)

- Editas is a biotech developing genome editing technology to derive new classes of human and animal therapeutics that are possible with precise and/or corrective molecular-level genome modification for the treatment of diseases.
- EDIT's therapeutics pipeline includes ocular diseases, blood diseases, cancers (blood and tumor), and they are in discovery stage for neurological diseases.
- Four executives (44%) are women, including the Chief Medical Officer, Chief Financial Officer, Chief Legal Officer, and Chief Human Resources Officer.

DocuSign (Sector: Technology)

- DocuSign provides electronic, paperless, legally-binding business solutions. They began by offering a way to make signatures on binding documents like applications and contracts quick, paper-free, instant, and legally recognized. DOCU has added time, money, and paper-saving applications and services such as automating contract lifecycles, document generation, collaboration, and workflow automation, AI-based contract analytics to accelerate review, identity verification, and notary services.
- Five of 15 (33%) executives in DOCU's management team are women, including the Chief Financial Officer, Chief People Officer, General Counsel, and the Chief Trust & Security Officer.

NVIDIA (Sector: Technology)

- NVIDIA's processors are dominant in datacenters, machine learning, and AI. Their processors are used by many of the world's most advanced companies for hundreds of advanced products and applications.
- NVIDIA's proposed acquisition of Arm could unite two global leaders with different business models to create a premier AI hardware provider, widening the IP moat around both companies. The potential merger is attracting regulatory attention, creating interesting dynamics. As Q2 drew to a close, Arm CEO Simon Segars wrote, "Combining with Nvidia will give us the scale, resources and agility needed to maximize the opportunities ahead."
- The exec team is 40% women, including the CFO and EVP of Operations, and the board of directors includes three women.

Intellia Therapeutics (Sector: Health Care)

- Intellia is a biotechnology company working on research and clinical development of gene editing therapies for patients with genetically-based diseases. In addition, Intellia stands out in the CRISPR/Cas9 genome editing space due to their leading lipid nanoparticle delivery system, designed to deliver gene edits into patients.
- NTLA grew into becoming the strategy's third largest holding by weight toward the end of Q2 due mostly to positive testing data providing to the world the first clinical proof that direct CRISPR genome editing can work, in vivo, in humans. "These are the first-ever clinical data suggesting that we can precisely edit target cells within the body to treat genetic disease with a single intravenous infusion of CRISPR," said John Leonard, President and CEO of Intellia.
- Intellia was co-founded by Nobel Laureate Jennifer Doudna. The company's executive team includes 5 women (50%), including the Chief Scientific Officer, Chief Human Resources Officer, and the SVP of Technical Operations.

Herman Miller (Sector: Consumer Discretionary)

- Herman Miller designs, manufactures, and distributes office, commercial, and residential furnishings, furniture systems, and services. MLHR has been a design leader since the 1930s, when the Great Depression forced the traditional bedroom-furniture company to explore modern designs to compete, and the company has been a sustainability leader since the early 2000s. Continuing the company's evolution, they are merging with Knoll, which will be a subsidiary of MLHR when completed.
- The company's current sustainability goals aim for the following by 2023: zero waste, 50% reduction in water use, 50% reduction in energy intensity, 50% more use of local renewable energy, and 100% Design for the Environment-approved products.
- MLHR's leadership includes four women (31%), including the President and Chief Executive Officer, the Chief Strategy Officer, the Chief Technology Officer, and General Counsel.

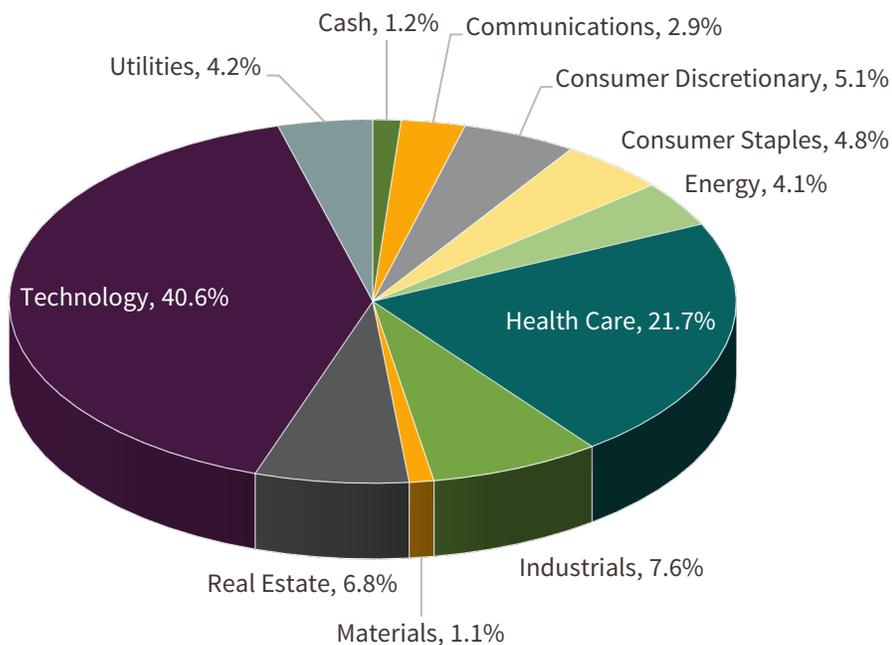
Please see the final page of this document for important disclosures about portfolio, benchmark, and characteristic information.

Company Name	Ticker	Weight
Editas Medicine	EDIT	2.10%
DocuSign	DOCU	1.86%
NVIDIA	NVDA	1.85%
Intellia Therapeutics	NTLA	1.84%
Herman Miller	MLHR	1.79%
Box	BOX	1.76%
Illumina	ILMN	1.73%
PayPal Holdings	PYPL	1.64%
Autodesk	ADSK	1.58%
Deutsche Telekom	DTEGY	1.53%
% of Portfolio		17.69%

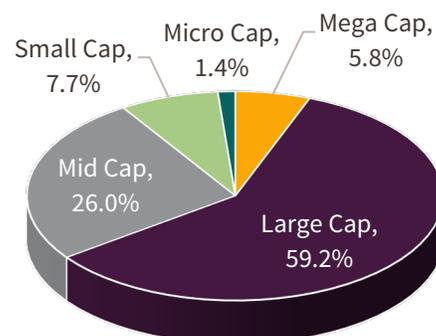
Portfolio Allocations

Our search for Next Economy companies is unconstrained. For the Next Economy Social Index, we seek solutions to systemic risks wherever they exist – across sectors, market caps, and geographies.

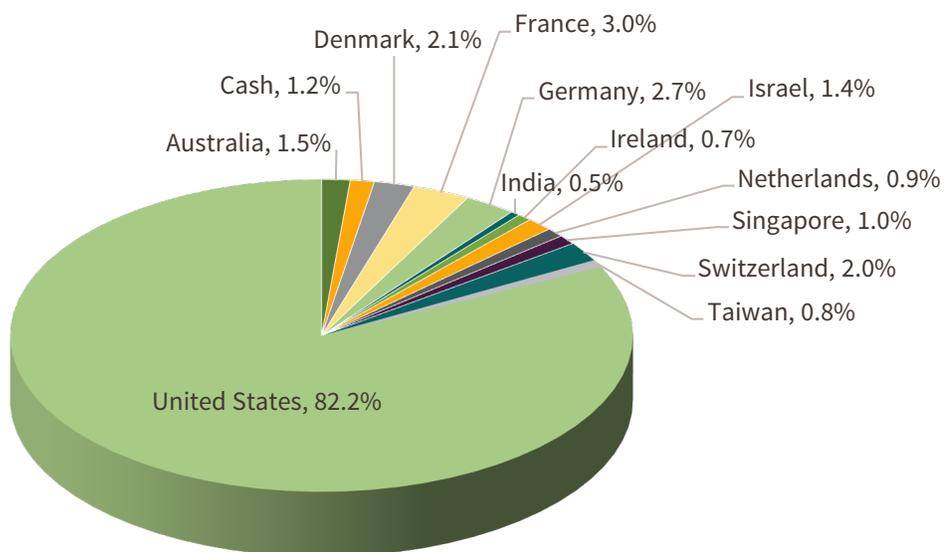
Economic Sectors ††



Market Capitalizations

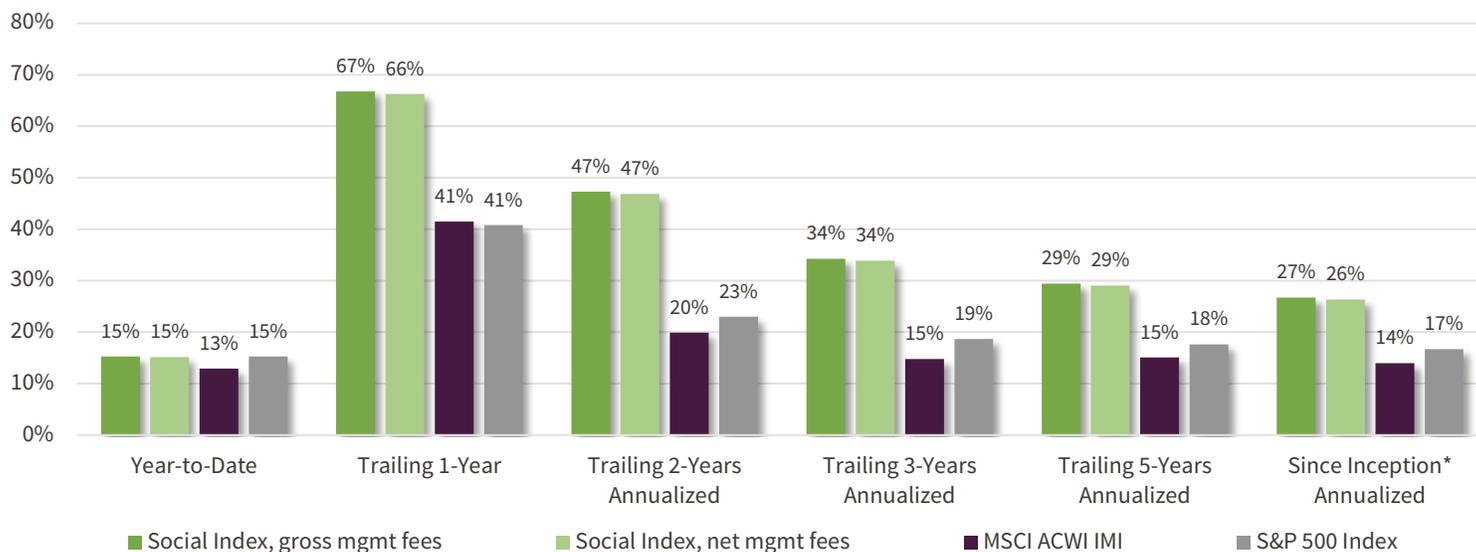


Companies' Main Headquarters



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

Performance & Commentary



As mentioned in our March 31st commentary, Green Alpha's strategies – and markets overall – saw increased volatility during the first quarter, often in the form of selling pressure on stocks considered to be in the growth category. Q2 saw that landscape change in our portfolios, as the market narratives around tech and biotech companies began to improve. In tech, many companies along the semiconductor value chain became more highly valued amid the global semi shortage, and it seems to have become more apparent to markets that data proliferation is now an indefinite economic fixture, and the key enablers of that seem likely to continue expanding as the digitalization (and, from a sustainability point of view, dematerialization) of the economy continues. In biotech, a leading gene editing company published results that for the first time showed that a one-time, in vivo gene edit-based intervention can safely treat genetic disease. While this result had been widely anticipated, it seemed to represent the proof of concept some market participants were waiting for.

More generally, the return-to-normal economic narrative meant that in Q2 some perceived growth stocks were once again in favor, and several of our holdings' earnings reports demonstrated that many Next Economy™ companies are continuing to gain market share from their riskier counterparts.

For the first half of 2021, the Green Alpha's Next Economy Social Index strategy returned 15.14% net of management fees, vs. its benchmark, the MSCI All Country World Investible Market Index (MSCI ACWI IMI), at 12.90%.

The portfolio's top-contributing sectors for the half were Technology and Health Care. Within the Technology sector, gains were led by front-end capital equipment for semiconductor manufacturing, as the global chip shortage spurred capital expenditures in the upstream value chain, such as foundry equipment, and downstream semiconductor designers. Tech hardware and services also added to gains, with wireless infrastructure hardware and storage, as well as cybersecurity and enterprise software providers performing well. Cloud software and services providers also contributed positively. In Health Care, returns were overwhelmingly led by biotech, as the mRNA-based tech behind some COVID-19 vaccines continued to rally and as other genomics therapeutics makers effectively demonstrated the efficacy of their technologies. These gains were partially offset by losses in medical equipment manufacturing.

The two largest detracting sectors from the Social Index's year-to-date returns were Energy and Utilities. Energy detracted with renewable energy project developers declining under geopolitical concerns and supply chain headwinds. Further declines resulted as the world's largest wind turbine manufacturer fell modestly due to supply chains tightening and margins becoming squeezed. A global leader in microinverters for solar installations also declined. The Utilities sector detracted due to a renewable, utility-scale electric utility declining.

**Portfolio Inception: December 31, 2015. 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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- 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 9,620 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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