

Growth & Income

September 30, 2021

Green Alpha[®]

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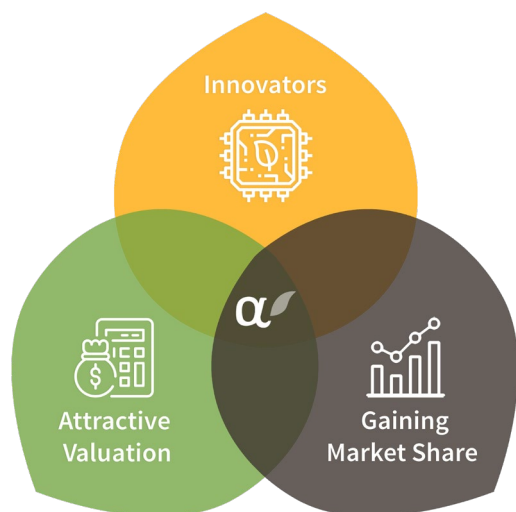
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Investment Philosophy

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; do 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 Growth & Income?

- Active research, stock selection, and portfolio mgmt
- Low volatility portfolio producing above-market dividend income, while seeking long-term capital preservation and growth
- 25-35 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: October 31, 2012

Style: All-Cap Global Equities

Vehicle: Separately Managed Accounts

Portfolio Construction

The Growth & Income portfolio is designed to harness the powerful combination of growth and current income within one portfolio. We seek investments in 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

Growth & Income portfolio holdings are then selected for current or potential dividend yield, coupled with strong revenue growth, bought at a reasonable price. The strategy typically exhibits lower short-term volatility than other Green Alpha portfolios and broad equity markets.

Our investments seek to de-risk the global economy, which in turn reduces clients' long-term investment risks.

Growth & Income

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

Characteristics

- **High Income** – a compelling combination of strong growth and dividend income that is higher than the broad equity market
- **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 a decrease from Current P/E to Forward P/E as revenue and earnings grow
 - ✓ **Compelling valuation:** demonstrated by Price/Sales and Price/Book metrics relative to growth expectations
 - ✓ **Strong balance sheet and management execution:** conveyed by capital stewardship, LT Debt/Equity, and 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 seek solutions wherever we can find them:** across the globe, in companies of all sizes, and every industry
- **Public equities, long-only:** largest asset class; largest opportunity for impact

Characteristics	Green Alpha Growth & Income	Benchmark: MSCI ACWI IMI (SPGM)	Green Alpha Next Economy Index	Green Alpha Next Economy Social Index	Green Alpha Next Economy Select	Sierra Club Green Alpha
# of Securities	34	1,709	138	87	60	45
Active Share	98%	-	94%	95%	96%	97%
Sales Growth, Trailing 1-Yr	373%	41%	347%	176%	504%	634%
P/E, Current	24.43	18.83	29.04	31.76	26.53	31.02
P/E, 1-Year Forward [†]	20.20	16.34	22.33	25.48	22.04	24.26
Price/Sales	2.44	1.96	3.14	3.00	2.22	2.04
Price/Book	2.76	2.72	4.48	4.75	3.71	4.22
LT Debt/Equity	0.91	0.86	0.86	0.89	0.73	0.75
Current Ratio	2.05	1.99	3.54	3.05	4.36	3.02
Dividend Yield	3.23%	2.32%	1.85%	2.13%	2.54%	2.28%
Market Capitalization, Weighted Avg (US\$B)	\$72.61	\$340.00	\$91.57	\$90.91	\$106.66	\$95.00
Market Capitalization, Median (US\$B)	\$35.18	Not Available	\$12.17	\$13.97	\$10.00	\$14.03
Turnover, Trailing 2-Yr Avg Annual	30%	-	31%	36%	10%	22%
Beta, Trailing 2-Yrs	1.09	1.03	1.04	1.01	1.07	1.15

[†] Bloomberg consensus estimates. Please see the final page of this document for important disclosures about portfolio, benchmark, and characteristic information.

Largest Positions

How the Growth & Income portfolio is driving progress toward the Next Economy

Company Name	Ticker	Weight
Horizon Tech. Finance	HRZN	6.83%
IBM	IBM	5.25%
Moderna	MRNA	5.15%
Brookfield Renewable	BEPC	4.87%
Vestas Wind Systems	VWDRY	4.55%
% of Portfolio		26.64%

Horizon Technology Finance (Sector: Financials)

- Horizon provides structured debt to innovative companies, primarily in life sciences, healthcare information services, and cleantech. Horizon has deployed more than \$2 billion in venture loans to more than 250 businesses in the underserved venture loan space. The loan portfolio is conservatively managed with transactions usually well below their max. of \$25 million and terms of 48 months or less backed by security of offering debt on a “first lien” or “first lien behind a bank revolver” basis. HRZN often partners with institutions to reduce risk.
- For example, one new Q3 2021 loan (made alongside Trinity Capital) was to Nexii Building Solutions, Inc., a green construction technology company focused on creating environmentally-friendly, durable, cost-efficient and disaster-resilient buildings.
- Horizon offers investors opportunity to invest in a venture loan fund that essentially constitutes a diversified basket of private, Next Economy companies via a single stock. Due to their innovative structure, the company offers an attractive dividend yield.

IBM (Sector: Technology)

- IBM has re-emerged as a Next Economy™ innovation powerhouse. Their primary initiatives to drive present and future revenues include blockchain code and technology, cloud computing, AI and machine learning, and quantum computing.
- In 2021, IBM plans to split into two companies, IBM, which will focus on Next Economy™ applications, and “Kyndryl,” which will handle the traditional managed infrastructure services business. This decision is illustrative of IBM’s pivot towards innovation and is the latest in a series of divestments (like selling the PC hardware business in the early 2000s) aimed at that goal.
- IBM is a top patent holder across many domains: cloud and cognitive software; quantum computing; enabling distributed ledger; pioneering AI; developing security methods atop lattice cryptography; advancing nanotechnology; developing and applying Watson (AI) across industries, including medicine, water, food safety; and the most accurate weather forecasting tech.
- IBM includes five women on the executive team (24%) and three on the board (21%), including chair of the Executive Committee.

Moderna (Sector: Health Care)

- Discovery-to-clinical-stage biotech firm focused on using messenger RNA for 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 future growth may be impressive even excluding revenues from a COVID-19 vaccine, although the vaccine has accelerated their time to profitability, as well as the ability to fund research and trials.
- Moderna is not just pioneering new medicines, but *new categories* of medicines, potentially transforming medicine overall.
- The exec team is 40% female, including the Chief Commercial Officer, General Counsel, and Chief HR Officer, and the board of directors is comprised of 38% women, including the Chair of the Audit Committee, and the Product Development Committee.

Brookfield Renewable (Sector: Utilities)

- Brookfield is one of the world’s leading zero-carbon, 100% renewables-based energy utilities. Their acquisition of TerraForm Power, as well as organic growth and other M&A activity, has given it 20 GW of renewable electricity generation capacity globally.
- Financially, Brookfield is conservatively managed, is continually looking for acquisitions at favorable prices, and has revenues largely backed by long-term power purchase agreements with high-quality clients.
- The exec team includes six women (30%), and the board of directors is 25% women, including chair of the Audit Committee.

Vestas Wind Systems (Sector: Energy)

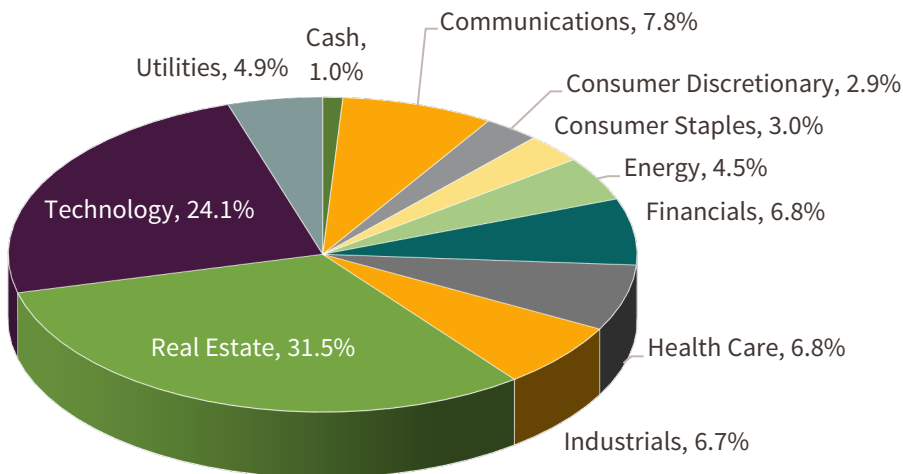
- Vestas is the world’s most advanced wind turbine manufacturer, and the global leader in both onshore and grid-connected installations. Vestas is also a leading service contract provider, which provides meaningful higher-margin recurring revenue.
- In addition to record turbine order intake in 2020, at greater than 15 GW of capacity booked, and their large Q1 booking of an additional 1.1 GW in wind turbine orders, Vestas in Q2 2021 booked a remarkable 4.127 GW in forward deliveries. This has pushed Vestas’ delivery dates to the end of 2023 or early 2024, giving good transparency into revenue growth for the foreseeable future.
- Vestas is targeting carbon neutral operations by 2030, and zero-waste production by 2040.

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

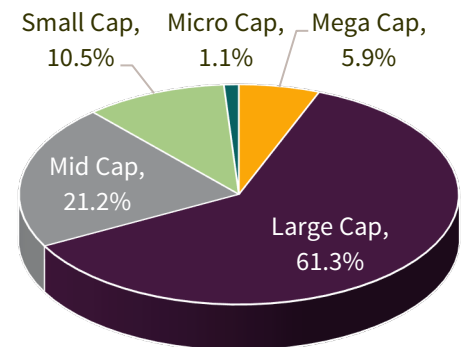
Portfolio Allocations

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

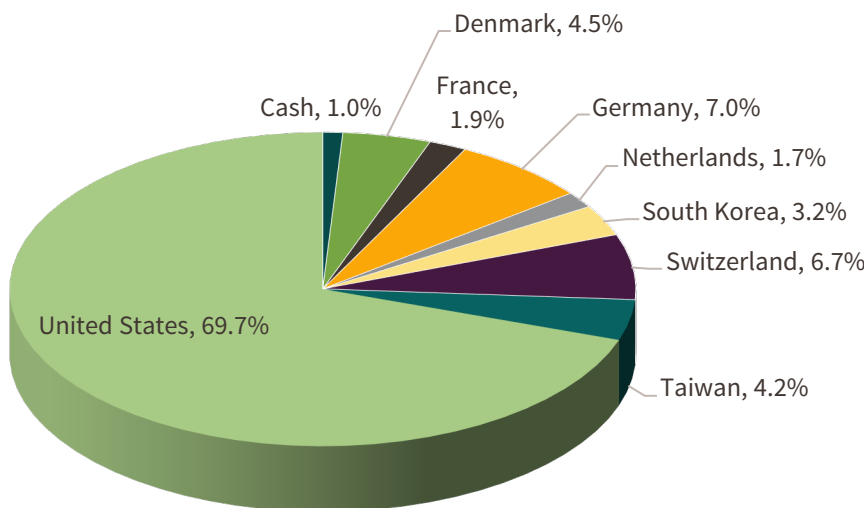
Economic Sectors ††



Market Capitalizations

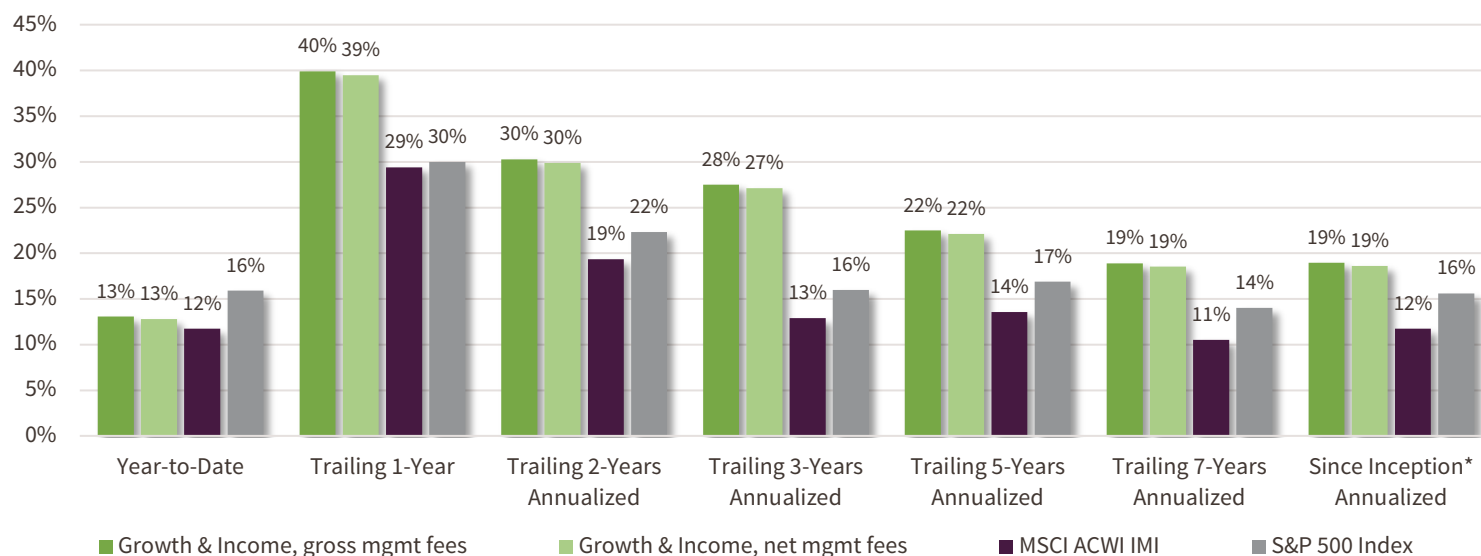


Companies' Main Headquarters



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

Performance & Commentary



In Q3 2021, several different, and at times countervailing, narratives and macroeconomic forces increased market volatility. Early in the quarter, buoyant economic data and a return-to-normal narrative led equities higher, underlining a general sense of optimism. But by quarter-end, bond selling due to fears of supply chain shortages, inflation, and interest rate increases began to rattle equity markets, and—perhaps unintentionally—pushed interest rates higher; rarely a good environment for share prices. This is especially true of perceived growth stocks and the shares of more innovative companies.

The underlying business results of our holdings have generally been strong, as innovators and fixers of the economy's worst risks gain market share. Exceptions have been companies hit by supply chain constraints and/or international trade disputes, and subsequent margin pressures caused by those things, primarily within the renewable energy industry. Renewable energy continues to proliferate globally. However, in the current difficult environment for obtaining basic resources and securing supply chains, tighter margins have resulted in some lower-than-expected earnings, particularly compared to 2020 results. We expect this to ameliorate as suppliers respond to meet demand and the simultaneous need for zero emissions energies continues to grow.

Year-to-date, Green Alpha's Growth & Income strategy returned 12.80% net of management fees, compared to its benchmark, the MSCI All Country World Investable Market Index (MSCI ACWI IMI), returning 11.78%.

The top two contributing sectors to the Growth & Income portfolio returns were Health Care and Technology. In Health Care, a biotech firm that developed and distributes messenger RNA-based COVID-19 vaccines continued to add significantly to portfolio returns, contributing most returns within the sector. Within Technology, the semiconductor industry contributed the most. The front-end capital equipment sub-industry furnished most of the gains, as a global semiconductor supply chain squeeze continued to affect nearly every industry in the economy, permitting providers of equipment required to make semiconductors to raise prices. Another contributor was the world's largest foundry and fabrication company, similarly able to charge higher prices for its finished wafers and chips. Downstream, consumer devices, such as GPS equipment, also added to returns.

The two most detracting sectors were Utilities and Energy. The Utilities sector detracted from returns as a renewables-based, utility-scale electric utility declined on generalized concerns around economic growth and rising interest rates. Renewable Energy detracted modestly from returns in the strategy year-to-date as solar and wind equipment manufacturers saw supply chain issues related to the pandemic and international trade conflicts, and affiliated margin pressures grew worse as the year wore on.

**Portfolio Inception: October 31, 2012. All returns presented above that are greater than 1 year in length have been annualized. Performance data quoted represents 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

- 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.”
- 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.
- Beginning July 31, 2021, the Growth & Income performance results are a composite of discretionary client accounts invested in the strategy on specific custodial platforms. Green Alpha’s discretionary client accounts that are not included in the composite are those custodied at Folio Institutional due to operational limitations of Folio’s data feeds to Green Alpha’s portfolio accounting system Advent APX. The Growth & Income composite performance results reflect actual performance for a composite of discretionary client accounts, net of actual management fees and transaction costs. Some assets managed in the Growth & Income strategy within the composite receive a reduced fee from the standard management 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 full-month periods under management with Green Alpha Advisors, LLC. Growth & Income performance results do not reflect the reinvestment of dividends and interest.
- Actual advisory fees may vary among clients with the same investment strategy. Green Alpha’s standard fee schedules are available within Form ADV Part 2. For those details and additional legal information, please see information and files here: <http://greenalphaadvisors.com/about-us/legal-disclaimers/>.
- From the strategy’s inception through July 31, 2021, Growth & Income performance results reflect performance of a model portfolio. The Growth & Income model performance does not reflect any transaction costs. Growth & Income model performance results do reflect the reinvestment of dividends and interest. Model performance has inherent limitations. The returns shown during that time period are model results only, and do not represent the results of actual trading of client assets. The model performance shown does not reflect the impact that material economic and market factors had, or might have had, on decision making if the account held actual client capital. Actual client accounts in this strategy are managed by Green Alpha based on the model portfolio, but the actual composition and performance of these accounts may differ from those of the model portfolio due to differences in the timing and prices of trades, and the identity and weightings of securities holdings.
- The Growth & Income strategy contains equity stocks that are managed with a view towards capital appreciation and current income. 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.
- Regardless of time frame, all characteristics data are sourced from Bloomberg Finance L.P. based on a model Growth & Income portfolio that may or may not be exactly what is delivered on each custodial or wrap account platform.
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- The holdings identified throughout this document do not represent all 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 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 ~9,226 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.
- The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is market-value weighted. The S&P 500 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.
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