

Next Economy Index

September 30, 2021

Green Alpha®

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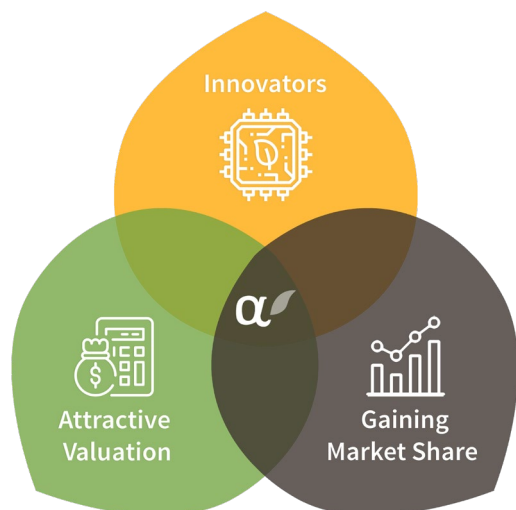
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Investment Philosophy

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 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 the Next Economy Index?

- Active research and stock selection
- Passively managed through an annual rebalance
- Demonstrates the diversity, growth, breadth, and depth of the rapidly-developing Next Economy™
- ~138 global, market-leading companies developing solutions to core economic and environmental risks
- Fossil fuel free since inception

Inception Date: December 30, 2008

Style: All-Cap Global Equities

Vehicle: Separately Managed Accounts

Portfolio Construction

The Next Economy Index utilizes both active stock selection and passive management to reflect the Next Economy – the innovation-driven, highly efficient, solutions-oriented sustainable economy that is unfolding. All companies that pass both our top-down and bottom-up research processes with sufficiently high proprietary scores are included in the portfolio. 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

Like all Green Alpha portfolios, Next Economy Index investments seek to de-risk the global economy, thus reducing our clients' long-term portfolio risks.

Next Economy Index

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

Characteristics

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

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 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 their ability to fund further research and trials.
- Moderna is not just pioneering new medicines, but *new categories* of medicines, potentially transforming medicine overall.
- The exec team consists of 40% women, 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.

BioNtech (Sector: Health Care)

- BioNTech is a biotech firm primarily engaged in developing treatments for cancer and various types of infectious diseases.
- In oncology, BioNTech focuses on unique, individualized therapies targeted at the specific genotype of each tumor. BioNTech possesses significant intellectual property, team talent and expertise, high quality partnerships, as well as solid company financial fundamentals.
- As with Moderna, we believe that the BioNTech-is-a-COVID-play narrative falls short of appreciating the long-term potential.

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 regulators, creating interesting dynamics. As Q2 drew to a close, Arm's CEO 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.

Atlassian (Sector: Technology)

- Leading provider of collaboration and productivity software with 200,000+ customers, surpassing \$2 billion in annual revenue.
- In process of moving customers to exclusively cloud-based offerings, with more than 90% of total customers already taking advantage of their enterprise-grade data privacy and security solutions embedded in the cloud products.
- Exec team maintains strong capital allocation priorities with the collaboration software industry-leading level of R&D investment as a % of total revenues. They also achieved their goal of running global ops 100% on renewable energy in 2020.
- The exec team is 29% women, and the board of directors includes two women, one of whom is the Board Chair. Widely regarded as a top global employer in terms of culture and benefits, as well as the firm's commitment to the planet and social progress.

ASML Holding (Sector: Technology)

- World's leading provider of advanced photolithography systems, which are proprietary platforms of high-tech hardware and advanced software necessary in the manufacture of advanced integrated circuits.
- Primary supplier of lithography to the world's key chip foundries, including Taiwan Semiconductor and Samsung. ASML's contributions to chipmaking are critical to these foundries, therefore to the global economy. Advancements in extreme ultraviolet lithography machines have entrenched ASML's market share lead.
- The board of directors is 33% women, including the Remuneration Committee Chair.

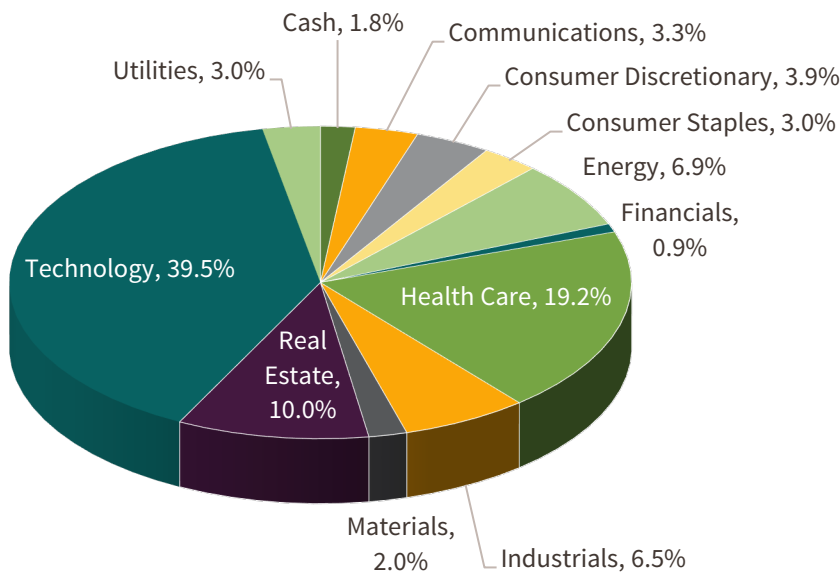
Company Name	Ticker	Weight
Moderna	MRNA	2.36%
BioNtech	BNTX	1.96%
NVIDIA	NVDA	1.70%
Atlassian	TEAM	1.60%
ASML Holding	ASML	1.53%
Fortinet	FTNT	1.20%
Apple	AAPL	1.16%
American Tower	AMT	1.09%
Dassault Systemes	DASTY	1.08%
Zscaler	ZS	1.07%
% of Portfolio		14.74%

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

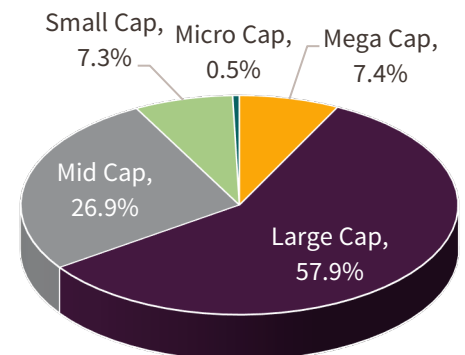
Portfolio Allocations

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

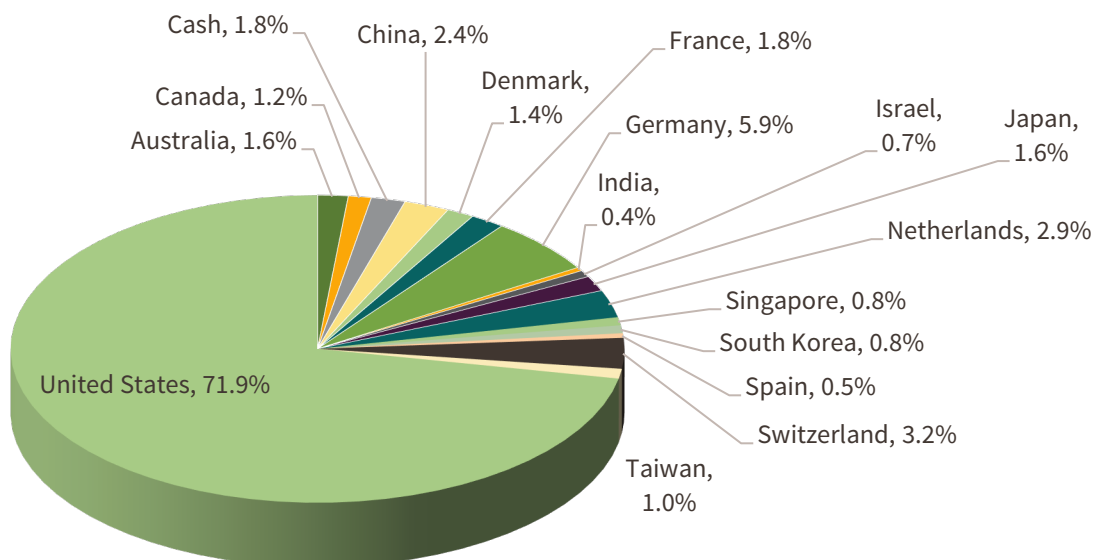
Economic Sectors ††



Market Capitalizations

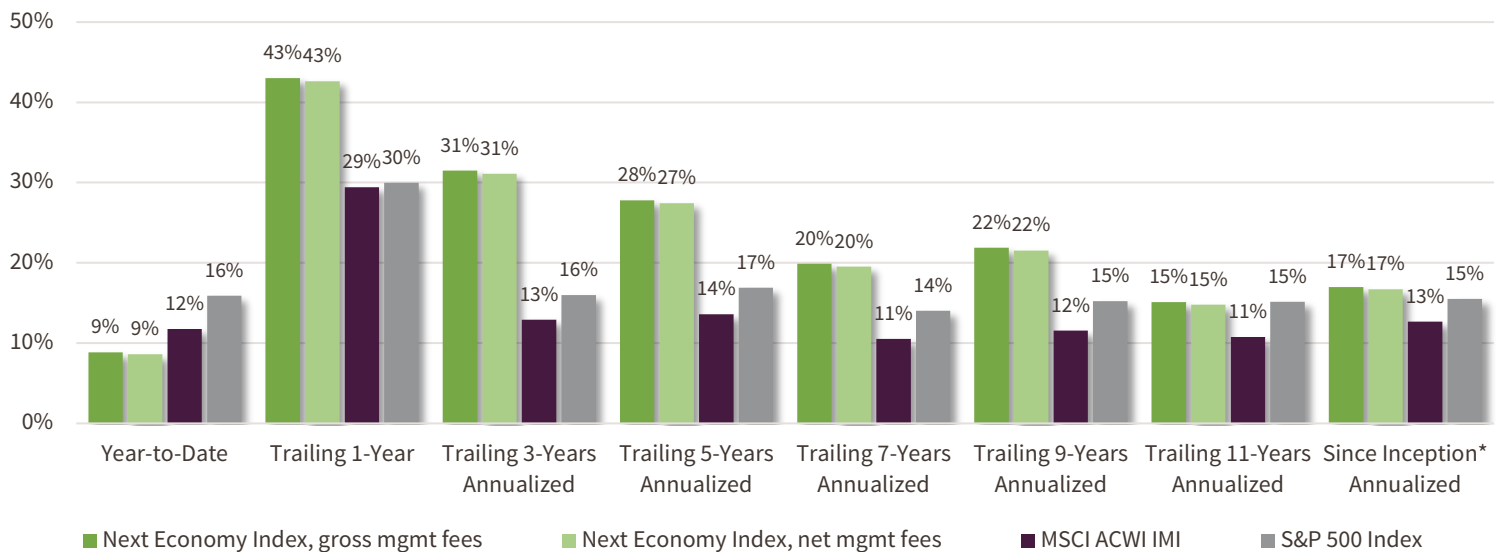


Companies' Main Headquarters



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

Performance & Commentary



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 Next Economy Index strategy returned 8.60% 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 Next Economy Index's returns were Technology and Health Care. 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, semiconductor devices, such as graphics cards and microcontrollers, added to returns. In Health Care, the two biotech firms first to develop and distribute messenger RNA-based COVID-19 vaccines continued to add significantly to portfolio returns. Biotechs had mixed returns overall, but our gainers significantly outweighed detractors.

The two most detracting sectors were Energy and Consumer Discretionary. Renewable Energy was the greatest single detracting sector year-to-date, as solar and wind equipment manufacturers experienced supply chain issues, and margin pressures grew worse as the year wore on. The Consumer Discretionary sector detracted from returns, largely due to exposure to emerging battery technologies for vehicles and energy storage. Three distinct EV manufacturing firms also contributed small negative returns. These losses were partially offset by gains in sustainable building materials.

**Portfolio Inception: December 30, 2008. 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.*

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- 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.”
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- Next Economy Index performance results reflect actual performance for a representative account, net of actual management fees and transaction costs. Assets managed in the Next Economy Index strategy representative account receive a reduced fee from the standard fee schedule. Next Economy Index 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. Please contact Green Alpha for information about the representative account selection process.
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- 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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