Next Economy Select

December 31, 2021

Green Alpha®

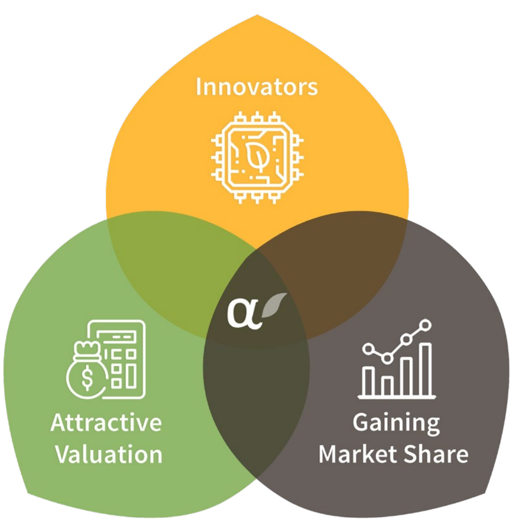
Contents

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 Next Economy Select?

- Active research, stock selection, and portfolio mgmt
- Low minimum investment mutual fund 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 and 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 objective is capital appreciation through investments in high-conviction, market-leading Next Economy companies. Since the primary vehicle available within this strategy is a diversified mutual fund, the strategy follows standard mutual fund diversification guidelines, such as: limited position sizes over 5% of the portfolio and no industry concentration in excess of 25%.

We seek investments in companies:

- committing more capital to R&D than their peers
- run by effective, diverse executive teams and boards with consistent track records of 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 strategy compares to its benchmark 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, providing 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, 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 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	59	1,810	140	89	35	45
Active Share	96%	-	93%	95%	98%	97%
Sales Growth, Trailing 1-Yr	280%	55%	260%	95%	190%	445%
P/E, Current	22.97	19.07	27.08	30.58	20.46	28.27
P/E, 1-Year Forward†	21.37	17.14	23.50	27.02	20.72	24.21
Price/Sales	2.12	2.04	3.17	2.98	2.34	2.02
Price/Book	3.05	2.89	4.42	4.62	2.47	3.72
LT Debt/Equity	0.81	0.86	0.84	0.92	0.98	0.85
Current Ratio	3.80	1.96	3.07	2.71	1.88	2.56
Dividend Yield	2.15%	2.19%	1.63%	1.72%	2.89%	1.85%
Market Capitalization, Weighted Avg (US$B)	$146.71	$412.68	$122.13	$120.31	$78.92	$132.91
Market Capitalization, Median (US$B)	$8.80	Not Available	$12.61	$13.31	$30.92	$15.54
Turnover, Trailing 2-Yr Avg Annual	7%	-	22%	25%	28%	20%
Beta, Trailing 2-Yrs	1.12	1.03	1.03	1.02	1.09	1.13

The representative account utilized for portfolio characteristics and allocation of the Next Economy Select strategy is the Shelton Green Alpha mutual fund, ticker NEXTX. Due to the frequency and volume of cash flows into/out of the mutual fund, cash levels within and overall portfolio allocation of the mutual fund may be materially different than a separately managed account in the strategy. Please see the final page of this document for additional important disclosures about portfolio, benchmark, and characteristic information. †† Bloomberg Industry Classification Standard.

Largest Positions

How the Next Economy Select portfolio is driving progress toward the Next Economy

Company Name	Ticker	Weight
Tesla	TSLA	4.75%
Moderna	MRNA	4.34%
JinkoSolar Holding	JKS	4.12%
Taiwan Semiconductor	TSM	4.00%
Brookfield Renewable	BEPC	3.81%
Applied Materials	AMAT	3.77%
Vestas Wind Systems	VWDRY	3.72%
CRISPR Therapeutics	CRSP	3.40%
Lam Research	LRCX	3.23%
Switch	SWCH	3.00%
% of Portfolio		38.14%

Tesla *(Sector: Consumer Discretionary)*

- Tesla is a world leading innovator and provider of zero-emissions vehicles, and energy and power solutions. They are growing production capacity for all products, in a time of overwhelming demand, and are rapidly increasing both revenues and margins as a result.
- The company's tech leadership is a key driver of its success: the most efficient battery chemistry and drivetrain efficiency make their vehicles among the best value in terms of cost per mile of range, and their megapack utility-scale storage systems are in demand worldwide. Also, their software development capabilities are world-class, enabling for example, Tesla cars to use more and different semiconductor chips during the recent shortage by adjusting code to match new hardware. This meant Tesla's production was not nearly as affected as other auto makers in 2021.

Moderna *(Sector: Health Care)*

- Discovery-to-clinical-stage biotechnology firm focused on using messenger RNA to develop and deploy 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. Interesting vaccines in their pipeline include those for HIV and CMV.
- Moderna is not just pioneering new medicines, but *new categories* of medicines, potentially transforming medicine overall.

JinkoSolar Holding *(Sector: Energy)*

- JinkoSolar is among the world's largest solar panel manufacturers and is highly vertically integrated, making ingots, cells, panels, and modules. JKS distributes and earns revenues globally (70+ countries are active markets), thus mitigating political and trade-dispute-related growth obstacles. They have been able to largely withstand recent global supply chain disruptions.
- The world's top five module makers have 65-70% of global market share, making it difficult for smaller upstarts to gain traction. Of the top five, JKS alone has grown its global module market share from 11% to 15% in the last year.
- The company is a technology leader, providing panels that are globally competitive on a cost-per-watt basis. Their flagship panel in Oct. 2021 was rated at 25.4% efficiency, one of the most efficient available.
- JKS 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; and the company is planning to be run on 100% renewable energies by 2025.

Taiwan Semiconductor *(Sector: Technology)*

- TSM is by far the largest semiconductor foundry in the world with a 54% market share overall and greater than 85% market share among the most advanced chips. TSM is one of two companies capable of producing advanced 5-nanometer chips and is ahead on the next generation as it prepares to produce its 3-nanometer chips in 2022 via the most advanced foundry technology in the world. TSM's strategic Arizona plant will make advanced 5-nanometer transistors.
- TSM is a relentless competitor that has aggressively invested earnings in innovation and advanced equipment (such as ASML's EUV machines) over the last two decades while eschewing less competitive expenditures like share buybacks. The result is a (for now) nearly insurmountable lead in global advanced chip manufacturing.

Brookfield Renewable *(Sector: Utilities)*

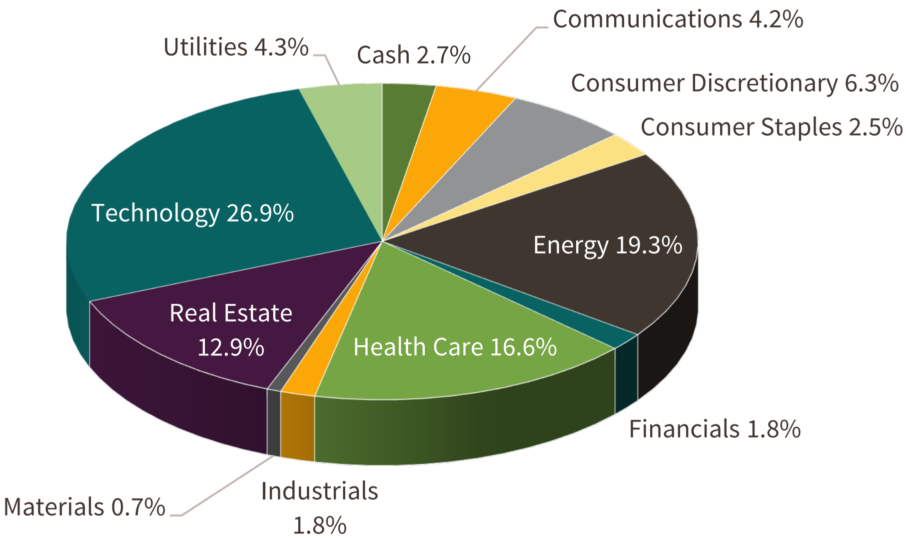
- Brookfield is one of the world's leading zero-carbon, 100% renewables-based energy utilities. Their acquisition of TerraForm Power, as well as organic growth and other M&A activity, has given it 20 GW of renewable electricity generation capacity globally.
- Financially, Brookfield is very conservatively managed, is continually looking for acquisitions at favorable prices, and has revenues largely backed by long-term power purchase agreements with high-quality clients. Their long-term goal is to provide annualized investment returns of 12%-15%, which includes planned annual dividend increases.

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

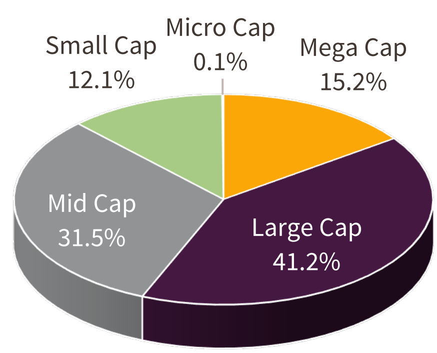
Portfolio Allocations

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

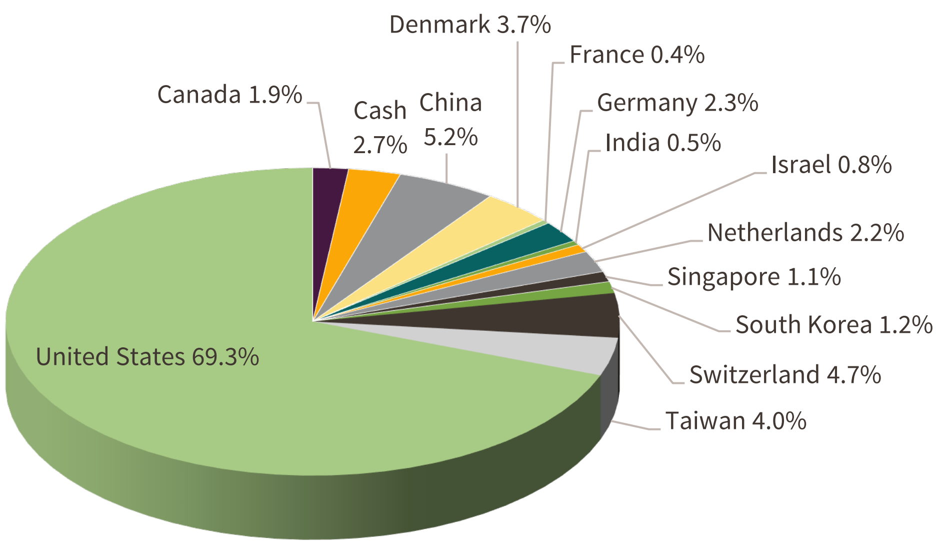
Economic Sectors ††



Market Capitalizations



Companies' Main Headquarters



The representative account utilized for portfolio characteristics and allocation of the Next Economy Select strategy is the Shelton Green Alpha mutual fund, ticker NEXTX. Due to the frequency and volume of cash flows into/out of the mutual fund, cash levels within and overall portfolio allocation of the mutual fund may be materially different than a separately managed account in the strategy. Please see the final page of this document for additional important disclosures about portfolio, benchmark, and characteristic information. *†† Bloomberg Industry Classification Standard.*

Macroeconomic & Market Commentary

Where investments are made – where capital flows – defines what the economy is. What we purchase and use, how we use it, and how we power it: the whole economy emerges from where investments have gone to provide those things. The economy can become far less or far riskier as a result of our investment decisions, and asset allocators therefore have an outsized role in determining the course of the future.

Tying a bow on 2021, a fast-onset suburban fire in Boulder County, Colorado, Green Alpha's home, that in the span of hours destroyed upwards of 1,000 homes and businesses, was to most of the world one more scrap of data in another year full of climate change-related disasters. For us, it was more personal, causing an evacuation of our office and some employees' homes as smoke blew in and ash fell; we are grateful that the entire Green Alpha team and our families are safe and well. As of this writing, our office is in a location that was under a strict evacuation order. Science has long predicted events like this would become more common and more intense, and that the stability of nature should no longer be taken for granted. Science is doing its part, but investment management has largely ignored scientists' warnings, and; therefore, it remains a weak link in working toward de-risking our collective future. How the asset management industry mounts a response to climate change, via that industry's function of deploying capital, is the proverbial hand on the dial that will in part determine the frequency and severity of more extreme events.

Our Portfolios in 2021 and Looking Forward

2021 was a year of market underperformance for Green Alpha's strategies (see Portfolio Snapshots for detailed performance numbers and commentary). As we discuss below, we believe our thesis represents a reliable path forward in terms of preserving and growing our clients' purchasing power, and that it will, over the longer term, prove effective over market cycles of inflation, deflation, stimulative policy, cooling policy, and as economic narratives real and imagined rise and fall. Whether or not you find yourself concerned about our 2021 relative underperformance, read on to learn how we're looking forward.

It starts with the flexibility to source ideas wherever they occur, to be "go anywhere" in the service of finding attractive investments, and then doing the deep work of evaluating a company on its intrinsic merits. Plumbing the complexities of a company's business and how it fits into the context of the world's economic and environmental systems is harder and more complex than is looking uncritically at P/E ratios and ESG ratings. Yet it is work we like to do, because it has become so critical to analyze the actual position of a firm relative to the evolving complexities of the global environment and everything within it, including the economy. If we try to reduce ourselves to algorithmic rules, we eliminate the ability to be flexible in the face of change. In a time of accelerating risks, we can no longer assume simple ratios are telling us all that we need to know about our investments; we need to look deeper.

Companies delivering better business performance often outperform markets in general[i, ii] but investing based on business results requires patience, because news and zeitgeist narratives can drive market valuations more than fundamentals, sometimes for substantial periods of time.

For example, consider solar PV manufacturing. Solar exists in a fast-growing market for electricity, it is in demand because it is a zero-carbon source of electricity that is also cost competitive with any other source of electricity generation, and it can be profitably deployed almost anywhere, even at high latitude nations like Germany. As a result, solar is gaining market share from legacy sources at a rapid rate and it is doing so in a fast-growing TAM. The better-run solar manufacturers are growing revenues, expanding their production capacities, earning operating leverage to expand their

[i] Joseph D. Piotroski, Journal of Accounting Research Vol. 38, Supplement: Studies on Accounting Information and the Economics of the Firm (2000) https://www.jstor.org/stable/2672906

[ii] Clifford S. Asness, Andrea Frazzini, and Lasse H. Pedersen, Quality Minus Junk (2013) http://www.econ.yale.edu/~shiller/behfin/2013_04-10/asness-frazzini-pedersen.pdf

Commentary *(continued)*

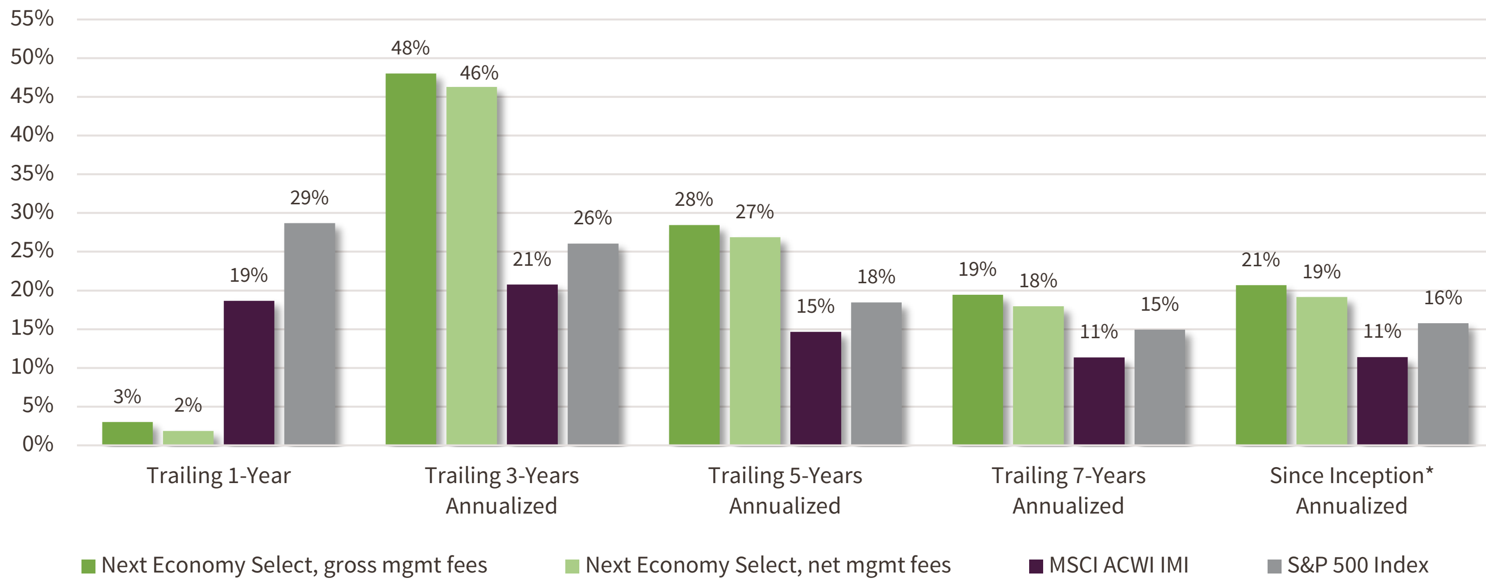
margins, and using their newfound scale and credibility to lower their costs of capital. And yet, market multiples of these companies remain stubbornly low. Why? Partially due to genuine short-term concerns about supply chains and interest rates, but largely because of the common narrative. It is often said that solar is niche, it won't work because it is intermittent, Solyndra was a disaster, solar isn't core energy, it is an alternative. These and similar arguments are still surprisingly common in markets, and even embedded in our systems. For example, solar isn't considered "energy" in MSCI's Global Industry Classification Standard ("GICS"), but rather it is defined as "technology."

But while narratives matter in the short and sometimes medium terms, it is business results and overall fundamentals that drive returns in the long run. Business results-based returns, which come from reinvestment of retained earnings into expansionary pursuits such as growing production capacity, improving production efficiencies, and aggressive spending to drive innovation, are more predictable and enduring than momentum or multiple-expansion-based returns. Companies capable of sustaining stronger-than-average business results over time are more likely to reward investors. Which is why we focus on the Next Economy™. It is our job to find what ideas are most likely to work, become much larger and more profitable, and still be effective and valuable in the face of the climate crisis, resource degradation, worsening inequality, and mounting human disease burdens. Among the companies delivering on these ideas, we research which own the most and best intellectual property ("IP") for safely running the global economy, and which best manage their capital for intrinsic growth. Summed into one question, Green Alpha wants to know: Will this business enable us to thrive on the planet without disrupting the systems on which we rely? When we identify conviction firms, we can find value, tactically, in periods when the narrative turns against Next Economy companies.

This has been, is, and will be our focus. We won't deviate from this thesis when the news narrative turns against one of our conviction sectors, industries, or companies. In 2021, the narrative was negative towards renewable energies, some advanced biotech companies, and disruptive innovation in general. Since we believe that science, research, and innovation are how we are solving – and will continue to solve our biggest challenges – we were often in disagreement with the 2021 zeitgeist. It is abundantly evident today that we live in what author Azeem Azhar has dubbed the Exponential Age, and neither economists nor asset managers can continue to assume that the economy will continue to slowly progress as an extension of the economy we already know. Rather, Green Alpha can devise new processes and implement systems to follow to make our methodologies as adaptive as possible. For this, we gain valuable insights from the disciplines of predictive modeling and scenario planning: assimilate as much macro and micro information as possible and develop an educated thesis that represents a probable set of outcomes for a given company, industry, sector, and/or the economy as a whole.

Within all of this, one thing is clear to us: future demand – and thus market returns – can expect to be correlated with the structural trend of climate change. As Nicholas Stern has reminded us, "climate change is the biggest market failure the world has ever seen." In the context of Herbert Stein's Law, "trends that can't continue, won't," we can use this to plot a path forward. By targeting the intersection of the most economically productive yet nondestructive (*and ideally regenerative*) innovations, excellent fundamentals, and careful capital custodianship, we're adding waypoints to that path. Green Alpha is striving to set the standard for what asset management can and should do to realize a regenerative, zero-risk economy, and to earn competitive returns as that economy expands.

Next Economy Select portfolio-specific reflections follow on the next page



> In 2021, the Green Alpha Next Economy Select composite returned 1.86% net of management fees, vs. its benchmark, the MSCI All Country World Investible Market Index (MSCI ACWI IMI), at 18.66%.

The two largest contributing sectors to the portfolio's returns were Technology and Communications.

- In Technology, Semiconductor manufacturing was by far the largest contributor. Front end capital equipment, to supply foundries and add additional production capacity, added to returns. Contributors from that industry included the world's only maker of advanced extreme ultraviolet lithography machines for chip etching, chip casting and testing devices, and chip packaging equipment. The largest customer for this gear, the world's largest and most advanced foundry company itself, also contributed. Chip designers, also known as fabless chip companies, contributed to returns to a lesser degree.
- Within the Communications sector, the era of data proliferation continued to provide tailwinds for leading data infrastructure, and the strategy was aided primarily by advanced data centers, and secondly by data network providers, including for internet and communications services, via fiber and cell tower networks, as well as distributed infrastructure.

The two sectors that detracted the most from the portfolio's returns were Energy and Utilities.

- Overall portfolio underperformance versus the benchmark in 2021 was entirely due to renewable energy declining as a sector, having peaked near inauguration day. The utilities in this portfolio were solely power generation utilities, which for Green Alpha means only those powered by 100% renewables, and they culminated in the sector being the portfolio's second largest detractor. The negative contributions from Energy and Utilities are consequently from the same phenomenon of renewable energies being cyclically out of favor in the markets; the remaining nine sectors in the portfolio contributed positive returns for 2021. The narratives surrounding negative 2021 performance in renewable energy were inflation concerns and rising bond yields, which have hurt innovation-associated, "futuristic," and growth stocks. The second headwind for renewables was the U.S.' poor policy response to the climate crisis being taken by the markets as a signal that renewables' growth may slow. However, real business results for renewable energies were good in 2021. In the U.S., wind and solar accounted for 85% of new electricity generation capacity additions during the year, showing that renewables are continuing to proliferate and gain market share away from legacy forms of energy. Green Alpha believes renewables' current headwinds will dissipate over the longer term, even in the face of negative government policies, as business growth and resulting positive company reports demonstrate the enduring nature of the global energy transition.

**Composite Inception: March 31, 2013. 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 represents 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.
- Next Economy Select performance results reflect actual performance for a composite, net of actual management fees and transaction costs. Some assets managed in the Next Economy Select strategy within 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 full-month periods under management with Green Alpha Advisors, LLC. Next Economy Select 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.
- From the strategy’s inception through June 30, 2021, performance data are sourced from Bloomberg Finance L.P. Beginning June 30, 2021, the composite and all performance results are maintained and calculated by Green Alpha’s portfolio accounting system Advent APX.
- 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/.
- Regardless of time frame, all characteristics information presented throughout this document are sourced from Bloomberg Finance L.P. and are based on a representative account rather than the full composite. The representative account is the Shelton Green Alpha fund (ticker NEXTX) since it is the investment vehicle that started the strategy.
- Green Alpha portfolios may invest in companies with small and medium market capitalizations, which may have more limited product lines, markets, and financial resources than larger companies. In addition, their securities may trade less frequently and in more limited volume than those of larger companies. Small or mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited. Green Alpha portfolios may also invest in foreign domiciled companies. Investing in foreign securities may involve additional risks, including exchange-rate fluctuations, limited liquidity, high levels of volatility, social and political instability, and reduced regulation. Emerging markets are often more volatile than developed markets and investing in emerging markets involves greater risks. International investing may not be suitable for everyone. An investment in Green Alpha portfolios should be considered a long-term investment.
- 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 more than 8,750 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.
- This presentation is for informational purposes only, and should not be construed as legal, tax, investment, or other advice. This presentation does not constitute an offer to sell, or the solicitation of any offer to buy, any security. Any mention of an individual security is for illustrative purposes only and should not be considered a recommendation to buy or sell any security. The presentation does not purport to contain all of the information that may be required to evaluate Green Alpha Advisors and its investment strategies.