Sierra Club Green Alpha

June 30, 2022

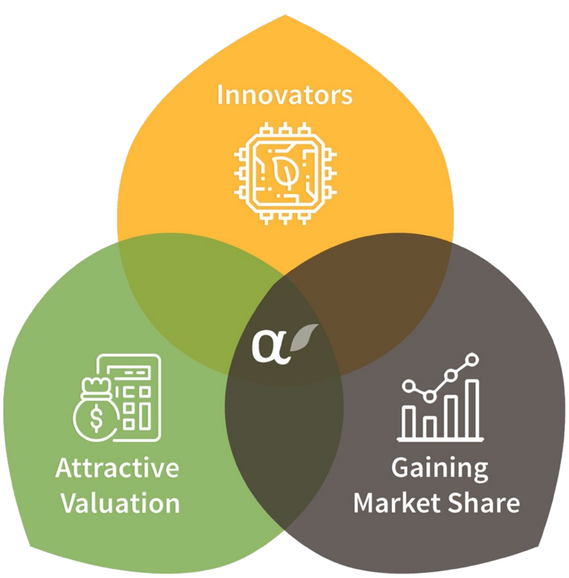
Green Alpha®

Contents

Investment Philosophy

We consider the greatest growth drivers of the twenty-first century to be high-functioning, inventive companies generating and accelerating solutions to system-level risks like the climate crisis, resource degradation, worsening inequality, and human disease burdens. Consequently, those companies are our chief opportunity for investments that preserve and grow clients' purchasing power.

Green Alpha's investment philosophy is straightforward: seek enterprises creating smart, scalable and rapidly evolving, economically-competitive solutions. Don't invest in companies causing global systemic risks.



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 31, 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 criteria 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 potentially long-term compounding growth
- that trade at compelling valuations relative to proven and anticipated growth, within acceptable levels of risk

Every portfolio holding is a high-impact, forward-looking Next Economy solutions provider contributing to the transition to a sustainable economy, with a Sierra Club-compliant operating history.

Largest Positions

How the Sierra Club Green Alpha portfolio is driving progress toward the Next Economy

Company Name	Ticker	Weight
JinkoSolar Holding	JKS	8.49%
Switch	SWCH	5.32%
Brookfield Renewable	BEPC	4.56%
Qualcomm	QCOM	3.34%
SolarEdge	SEDG	3.21%
% of Portfolio		24.92%

JinkoSolar Holding *(Sector: Energy)*

- JinkoSolar (JKS) is one of the world's largest solar panel manufacturers and is the most vertically integrated, making ingots, cells, panels, and modules. JKS distributes globally (shipping to 160 countries) and manufactures products in the U.S., China, Malaysia, and Vietnam, thus mitigating political and trade dispute-related growth obstacles. They have been able to largely withstand recent global supply chain disputes.
- JKS's solar module production capacity is projected to reach 60 GW in 2022. Of the top five manufacturers, JKS alone has grown its global module market share in the last year, ranking number one in global shipments for the past four years.
- JKS is the top-ranked firm on the Silicon Valley Toxics Coalition's Solar Scorecard, receiving 100 out of 100 available points for sustainability of their operations. The company is planning to be run on 100% renewable energies by 2025.

Switch *(Sector: Communications)*

- Switch, a long-time Green Alpha conviction name in the data center space as a builder and manager providing co-location, telecommunications, cloud services, and other services, has agreed to be taken private at a reasonable premium above market price. The deal is expected to close in the second half of 2022.
- Switch is the most sustainable technology infrastructure provider covered by Green Alpha, with all their data centers powered 100% by renewable energy, and in some cases owning large solar generating capacity co-located with facilities.

Brookfield Renewable *(Sector: Utilities)*

- Brookfield (BEPC) is one of the world's leading zero-carbon, 100% renewables-based energy utilities. The company has grown to own ~21 GW of electricity production capacity with a pipeline of ~69 GW of renewable electricity generation capacity, making the company one of the world's largest pure-play public renewable companies.
- Financially, Brookfield is conservatively managed, is continually looking for acquisitions at favorable prices and organic development to grow generation capacity, and has revenues largely backed by long-term power purchase agreements. The company's internal policy is to finance projects featuring a 12% or higher IRR.
- BEPC: "Decarbonization will create an unparalleled commercial opportunity requiring $150+ trillion over the next three decades." The company's renewable electricity generation displaces 11 million metric tons of emissions annually.

Qualcomm *(Sector: Technology)*

- Qualcomm is the world's largest mobile device chipmaker; its leading products are chipset modems and other IoT devices, and it is the market leader for 5G chipsets. As of 5/31/2022, Qualcomm has a 44% share of the global smartphone AP (Application Processor)/SoC (System-on-Chip) chipset and baseband market. As more of the market transitions to 5G devices and mature markets continue cyclical upgrades, Qualcomm will continue to benefit and grow from the lead it has built in 5G.
- Their ability to maintain and grow market share is underpinned by a leading IP estate of 140,000+ granted and pending patents in more than 100 countries, covering 5G, imaging, computer vision, voice and audio technologies, WiFi, and AI.

SolarEdge *(Sector: Energy)*

- SolarEdge is a global leader in smart energy, having invented a smart inverter solution that changes the way power is harvested and managed in a solar PV system. The company has shipped over 31.6 GW of inverter systems and its products have been installed in solar PV systems in 133 countries.
- In May 2022, SolarEdge diversified their business by opening a 2GW battery cell facility in South Korea to meet the growing demand for storage. The company addresses a wide range of market segments from residential, commercial and large-scale PV, energy storage, EV charging, grid services and virtual power plants, to batteries and uninterrupted power supply solutions.
- SolarEdge reported revenues up 62% year-over-year in Q1 2022 and shipped 2.13 Gigawatts (AC) of inverters in Q2 2022.

Macroeconomic Commentary

Though not inevitable, the probability of a U.S. recession increased in Q2 with the Fed significantly increasing interest rates to tame rising inflation. Although inflation hurts the economy, so does fighting it, and a slowdown in some sectors is already visible. At the end of Q2, the Commerce Department confirmed that the U.S. economy shrank 1.6% in the first quarter, downgrading their previous prediction. Commerce's report also showed that consumer spending rose at a much reduced 0.2% rate from April to May, and May to June it shrank outright, seemingly in response to inflation, but also possibly in response to the nonstop news narrative of an impending recession. Reductions in spending have led to retailers reporting they are experiencing inventory buildups, and some have planned price reductions as a result. In this we see the first inklings of inflation moderation.

On the growth side, rebounding sectors like hospitality and travel have had a hard time hiring employees fast enough as people return to restaurants, airports, and hotels. Evidently, the spending increases in May were for experiences rather than material goods, and amid the May-to-June spending slowdown, travel and leisure continued to grow. Unemployment is still at record lows and wage growth has doubled from 2019, which one would expect with two job openings currently available for every unemployed person. In addition, the end of Q2 saw data indicating that manufacturing supply chains are getting back on track in key industries like semiconductor manufacturing—another potential deflationary influence. The economic picture is far more complex than a 'looming recession,' and the next 12 months could turn out to be very surprising in any number of ways, no doubt both boosting and detracting from stock market valuations.

In energy, the recent spike in oil and other fossil fuel prices has pushed a more rapid increase in renewable and clean energy development. Data shows that investment in global energy—mostly in clean energy—is projected to increase by 8%, reaching $2.4 trillion in 2022 alone. Although these trends are encouraging, they are nevertheless insufficient to fix either the current energy crisis in Europe (and elsewhere) or the climate crisis. The IPCC report released on April 4th made special effort to warn the world that the transition to renewables has been underfunded—to the extent that the COP26 agreements will be difficult to meet. The gap between written pledges and financial investments to meet those pledges is significant and ultimately must be addressed. As awareness of this disconnect advances, we expect the emergence of further catalysts in the energy sector.

During the first half of 2022, most major global indexes, including the MSCI ACWI IMI and the S&P 500 Index, benefitted from exposure to fossil fuels suppliers and producers, which rallied for most of the period. Green Alpha believes that fossil fuels are in the throes of a long-term pattern of demand (therefore price) destruction, and that their current rebound is a temporary condition that will be repeated less often, as the economic transition to sustainable energies and transportation is further established.

What all this signifies is that we can and should continue to expect the unexpected. For Green Alpha, that means remaining fully invested in our long-term thesis of transition from existing economics to Next Economics™. In the face of all the complexity occurring amid and contributing to the current bear market in equities, Green Alpha strategies as a group held up relatively well during Q2. Although our portfolios underperformed our own stated benchmark, the IMI, we did realize outperformance versus leading growth indexes, which generally share our lack of exposure to fossil fuels.

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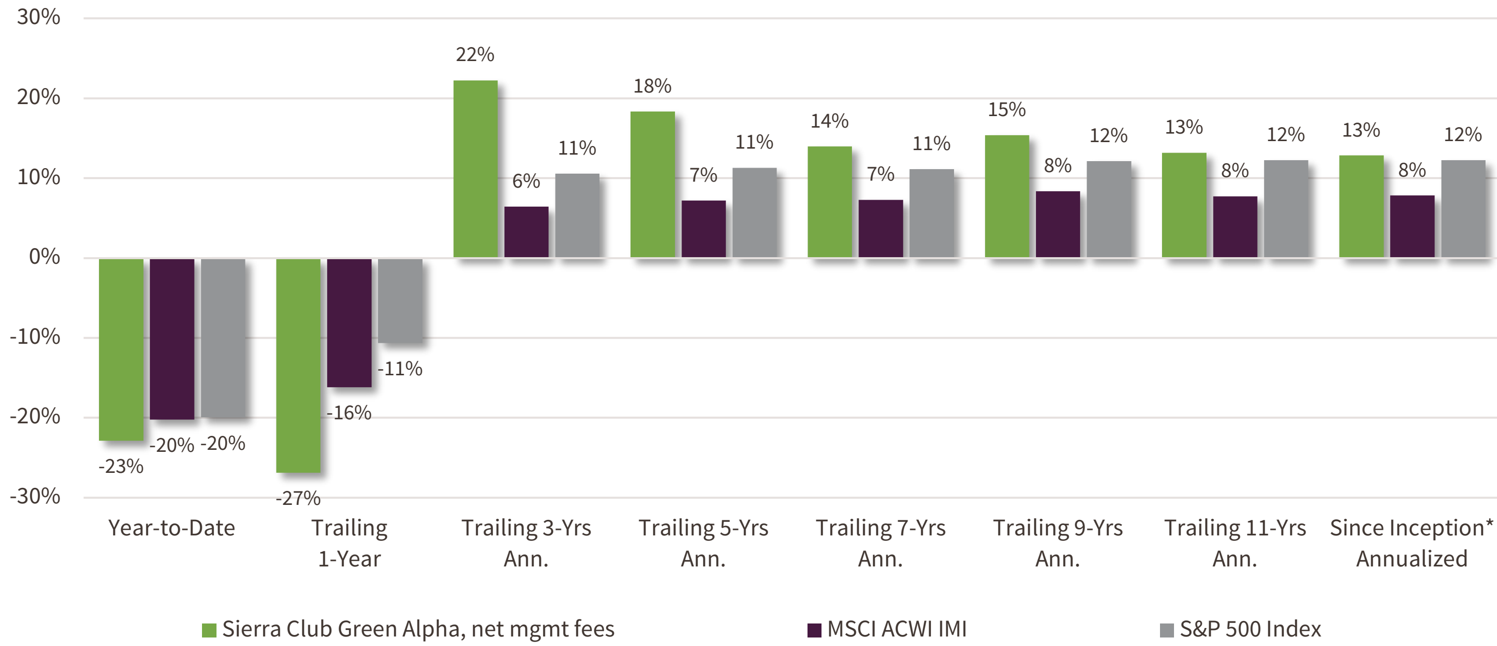
Portfolio Performance & Commentary



Likely due in part to the interest rate pressure here in the States, U.S. companies generally underperformed foreign-domiciled companies year-to-date. All Green Alpha portfolios have greater exposure to U.S. companies compared to the MSCI ACWI IMI. Furthermore, our exposure tends to consist of companies exhibiting high growth characteristics; meaning that year-to-date, most of our portfolios experienced the dual negative impact of exposure to more U.S. companies, as well as ones that are growthy and thus out of favor in the market. In the Sierra Club Green Alpha portfolio, the U.S. exposure detracted a significant 3.5% relative to the MSCI ACWI IMI.

For the first half of 2022, the Sierra Club Green Alpha portfolio returned -22.9% net of management fees vs. its benchmark, the MSCI All Country World Investible Market Index (MSCI ACWI IMI), which returned -20.2%.

The sectors that detracted the most from the investment strategy's returns were Technology and Health Care.

- Technology was down across subsectors, as the secular rotation away from growth and toward perceived value and "safety" continued its pattern from Q1. Losses were led by the portfolio's exposure to leading companies in the semiconductor manufacturing value chain, including the world's most productive and advanced foundries, chip designers, and vertically down to packaging and device fabrication. Software, infrastructure software, technology services, and consumer electronics leaders also added to declines.
- In Health Care, losses were primarily from exposure to the Biotech and Pharma industry, followed by the Medical Equipment and Devices industry. Here again, broad rotation away from growth played a meaningful role in the pullbacks.

The top performing sectors in the Sierra Club Green Alpha portfolio were Communications and Utilities.

- Gains in Communications were provided by a leading green data center builder and manager.
- The Utilities sector performance within the portfolio was basically flat year-to-date and the sole contributing company was a large, multinational provider of 100% renewables-generated electricity that is generally upstream from, and sells to, utility networks and commercial offtakers.

**Portfolio Inception: December 31, 2010. 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.*

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 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:** most investors' largest asset class; largest opportunity for impact

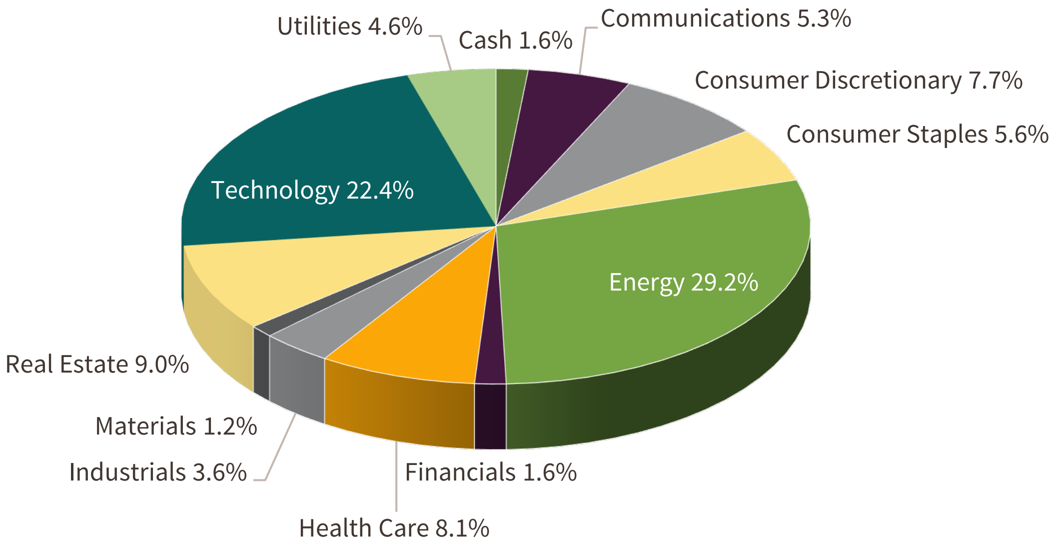
Characteristics	Sierra Club Green Alpha	Benchmark: MSCI ACWI IMI (SPGM)	Green Alpha Next Economy Index	Green Alpha Next Economy Social Index	Green Alpha Next Economy Select	Green Alpha Growth & Income
# of Securities	47	2,413	145	100	59	35
Active Share	96%	-	93%	95%	96%	97%
Sales Growth, Trailing 1-Yr	1,940%	43%	3,037%	5,302%	3,186%	1,402%
P/E, Current	18.35	14.50	16.11	16.46	15.89	14.01
P/E, 1-Year Forward†	19.91	13.25	16.28	16.92	17.24	15.59
Price/Sales	1.30	1.55	2.10	1.91	1.44	1.47
Price/Book	2.75	2.27	2.57	2.23	2.40	2.01
LT Debt/Equity	0.86	0.84	0.70	0.67	0.87	1.25
Current Ratio	2.54	1.79	3.46	3.37	3.13	1.80
Dividend Yield	2.43%	2.82%	2.64%	2.57%	2.93%	4.31%
Market Capitalization, Weighted Avg (US$B)	$87.90	$289.82	$65.40	$62.13	$95.13	$58.41
Market Capitalization, Median (US$B)	$15.16	Not Available	$7.85	$6.94	$6.11	$26.61
Turnover, Trailing 2-Yr Avg Annual	18%	-	31%	39%	5%	23%
Beta, Trailing 2-Yrs	1.16	1.00	1.14	1.15	1.16	0.93

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

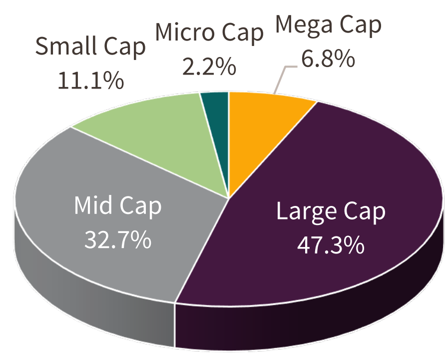
Portfolio Allocations

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.

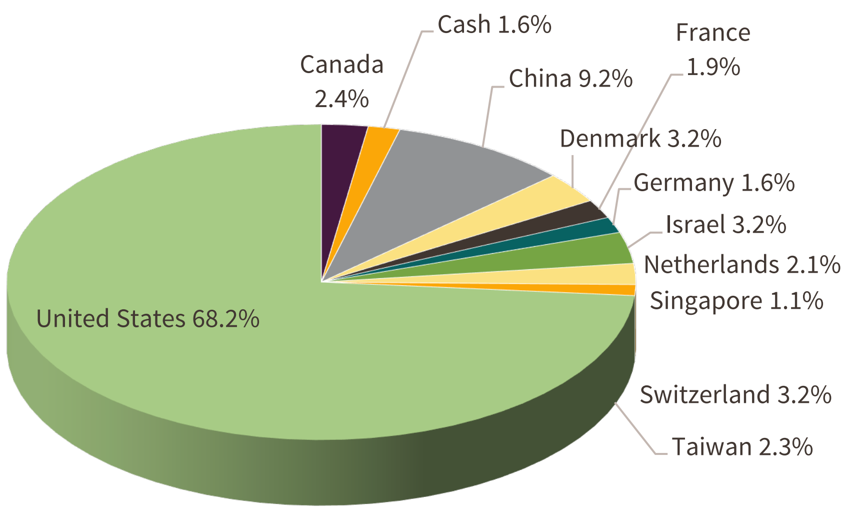
Economic Sectors ††



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.*

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- 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 November 30, 2021, the Sierra Club Green Alpha strategy 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 Sierra Club Green Alpha 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 Sierra Club Green Alpha 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 Investments. The Sierra Club Green Alpha 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 November 30, 2021, Sierra Club Green Alpha performance results reflected the actual performance of a representative account, net of actual management fees and transaction costs. Assets managed in the Sierra Club Green Alpha strategy representative account received a reduced fee from the standard fee schedule. Sierra Club Green Alpha representative account performance results did not reflect the reinvestment of dividends and interest. Please contact Green Alpha for information about the representative account selection process.
- Regardless of time frame, all characteristics data are sourced from Bloomberg Finance L.P. based on the representative Sierra Club Green Alpha account, which may or may not be exactly what is delivered on each custodial or wrap account platform.
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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 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.
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