DiversiTerra

September 30, 2022

Green Alpha

Investment Philosophy

The greatest growth drivers of today's economy are high-functioning, inventive companies creating and accelerating solutions to system-level risks—the climate crisis, resource degradation, widening inequality, and human disease burdens. Those companies are our best investment opportunity to preserve and grow clients' capital.

Green Alpha's philosophy is simple: seek enterprises creating scalable and rapidly evolving, economically-competitive solutions, rigorously evaluate their fundamentals, and acquire them at reasonable valuations.

Our investments seek to de-risk the global economy (which in turn reduces clients' long-term investment risks) while striving to grow faster than underlying GDP.

Why Invest in DiversiTerra?

- Active research, stock selection, and portfolio management
- Invests at the intersection of the most diverse companies in the Next Economy™ universe that are foremost on Green Alpha's conviction list
- 45-65 global, market-leading, solutions-oriented companies led by diverse executive teams and boards

Inception: March 31, 2018

Vehicle: Separately Managed Accounts

Research

Across our portfolios, 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

Portfolio Construction

DiversiTerra is an actively managed gender-lens portfolio. Our gender lens is focused on the reality that women suffer the greatest effects of the climate crisis, resource degradation, inequality, and disease; therefore, they disproportionately benefit from investments in solutions.

Diverse teams outperform homogeneous ones on a variety of critical metrics; thus, this portfolio seeks to invest in companies run by the most diverse executive teams *and* boards. DiversiTerra is a high-conviction subset of Green Alpha's Social Index portfolio.

Largest Positions

How DiversiTerra is driving progress toward the Next Economy

Company Name	Ticker	Weight
Brookfield Renewable	BEPC	4.20%
IBM	IBM	4.05%
Maxeon Solar Tech.	MAXN	3.92%
First Solar	FSLR	3.86%
Vestas Wind Systems	VWDRY	3.84%
Caribou Biosciences	CRBU	3.04%
Taiwan Semiconductors	TSM	3.01%
CRISPR Therapeutics	CRSP	2.77%
Enphase Energy	ENPH	2.75%
Moderna	MRNA	2.51%
% of Portfolio		33.95%

Brookfield Renewable *(Sector: Utilities)*

- Brookfield is a leading zero-carbon, 100% renewables-based energy utility. They own ~23 GW of electricity production capacity with a pipeline of ~75 GW, making them one of the world's largest pure-play public renewable companies.
- Brookfield is conservatively managed, 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. Brookfield is inflation resilient and may benefit from an inflationary environment. Their generating costs are fixed, but their PPAs are indexed to inflation.
- Brookfield recently announced the investment of $2 billion in Scout Clean Energy and Standard Solar to expand their portfolio, following a string of recent clean energy investments. So far, Brookfield has invested or allocated $3.5 billion for clean energy investments and follow-on capital in North America in 2022.
- Women comprise 33% of board directors (including the Audit Committee Chair), 25% of overall workforce, and 50% of the exec team. The exec team has a robustly above-average age spread of 48 years, as does the board at 38 years.

IBM *(Sector: Technology)*

- IBM is driving innovation to mitigate global risks. Having divested from its legacy managed-infrastructure business, IBM has re-emerged as a Next Economy™ powerhouse. Their primary initiatives include blockchain code and technology, cloud computing, AI and machine learning, and quantum computing. IBM has said that these innovations "can exponentially alter the speed and scale at which we can uncover solutions to complex problems. We've come to call this accelerated discovery."
- IBM has led the U.S. in patents received annually for 29 straight years and is a large 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.
- Females comprise 33%+ of IBM's workforce. Women with significant authority include the COO, General Counsel, and CHRO. IBM is a longstanding leader on pay equity for both women and minority populations.

Maxeon Solar Technologies *(Sector: Energy)*

- Maxeon is a global leader in solar innovation, designing, manufacturing, and selling advanced SunPower branded solar panels to customers in more than 100 countries worldwide.
- Maxeon provided 1,956 MW in 2021 and continues to push the limits of solar innovation with more than 1,000 patents related to their technology. Q2 2022 total revenue increased by 26% year-over-year. 2022 capacity is expected to approach 3 GW. In the last year, Maxeon announced plans to expand capacity at its Malaysian and Mexican factories, and in Q2 announced it is scouting locations for a new US solar factory.
- MAXN is the exclusive panel suppler to SunPower and their leading solar technology is sold under the Maxeon brand.
- Females make up 46% of their workforce and 25% of leadership, including the Chief Legal and Chief Human Resources Officers. Both the leadership team and board of directors have strong age diversity, with a spread of 31 years each.

***First Solar** and **Vestas Wind Systems**' Next Economy attributes are described on the following page.*

Largest positions *continued*

First Solar *(Sector: Energy)*

- First Solar manufactures solar panels and provides utility-scale PV power plants and supporting services, including finance, construction, maintenance, and end-of-life panel recycling. FSLR uses rigid thin-film modules for its solar panels and cadmium telluride (CdTe) as a panel semiconductor.
- Unique among large solar manufacturers, First Solar is a U.S.-headquartered company and does not use crystalline silicon (c-Si) semiconductors. That means FSLR has fewer supply chain dependencies than traditional c-Si solar PV makers, and avoids dependencies on China, which dominates the c-Si industry.
- The company plans to grow revenues by investing $1 billion in a new, 3.5 GW module factory in the Southeast, while an additional $185 million will add 1 GW of new manufacturing to the company's facility in Ohio.
- Under the recently passed Inflation Reduction Act, First Solar could earn as much as 17 cents per watt in subsidies—the highest in the industry, and more than half of their reported production cost per watt.
- First Solar has a vertically integrated manufacturing process providing the lowest carbon footprint and fastest energy payback time available.
- The board of directors is 25% women and includes the Lead Independent Director and Audit Committee Chair. The Chief People and Communications Officer is also female. Importantly, the executive team boasts an above-average age spread of 32 years.

Vestas Wind Systems *(Sector: Energy)*

- A front runner in the global transition, Vestas is the world's most advanced wind turbine manufacturer, and the global leader in onshore, offshore, and grid-connected installations. Vestas is also a leading service contract provider, furnishing the company with meaningful higher-margin recurring revenue.
- Vestas' order intake velocity, always strong, has accelerated: 2.9 GW in new 2022 orders, pushing delivery dates to early 2024, giving good transparency into revenue growth. The order backlog is $49.53 billion.
- They have 138 GW under service contracts, with 125 GW located offshore. The average service contract duration is 10 years, providing revenue transparency.
- Vestas is targeting carbon neutral operations—without use of carbon offsets—by 2030 and zero-waste production by 2040.
- The board is 42% female. Women serve on all committees and comprise half of the Nomination & Compensation Committee.

Macroeconomic Commentary

The third quarter of 2022 was characterized generally by market declines in major indices, both domestically and globally. In the U.S., the primary reasons for negative market sentiment were the specter of rising (*or at least unabating*) inflation, and the Federal Reserve's aggressive response of large interest rate hikes in an attempt to control it. Interest rates have been the markets' focus for most of the year, but with the Fed signaling in Q3 that it was willing and able to intentionally create a recession if required to tame inflation, markets began to perceive the possibility of a shrinking economy. The Fed moved twice in the quarter, raising the Fed Funds rate a total of 1.5%, the highest since 2008. This significantly increases the cost of capital for all companies; more expensive capital means narrower margins, and the threat of recession raises the potential for less business activity.

The result for markets was a scenario leaving little place to hide. Economywide, all but two sectors (via the Global Industry Classification Standard) finished down, and the two positives, energy (up 0.01%) and consumer discretionary (up 0.36%), each increased anemic amounts. The MSCI All Country World Investable Market Index (MSCI ACWI IMI) had no positive sector returns for the quarter, bonds were down (Bloomberg U.S. Agg Total Return was down 4.75% for the quarter), most commodities declined, and cash was still losing value to inflation.

Geopolitical events continued to unnerve economies as well, and there is no question that we have entered a period of uncertainty with respect to the equity markets. Consequently, careful stock selection and active management are becoming more and more important.

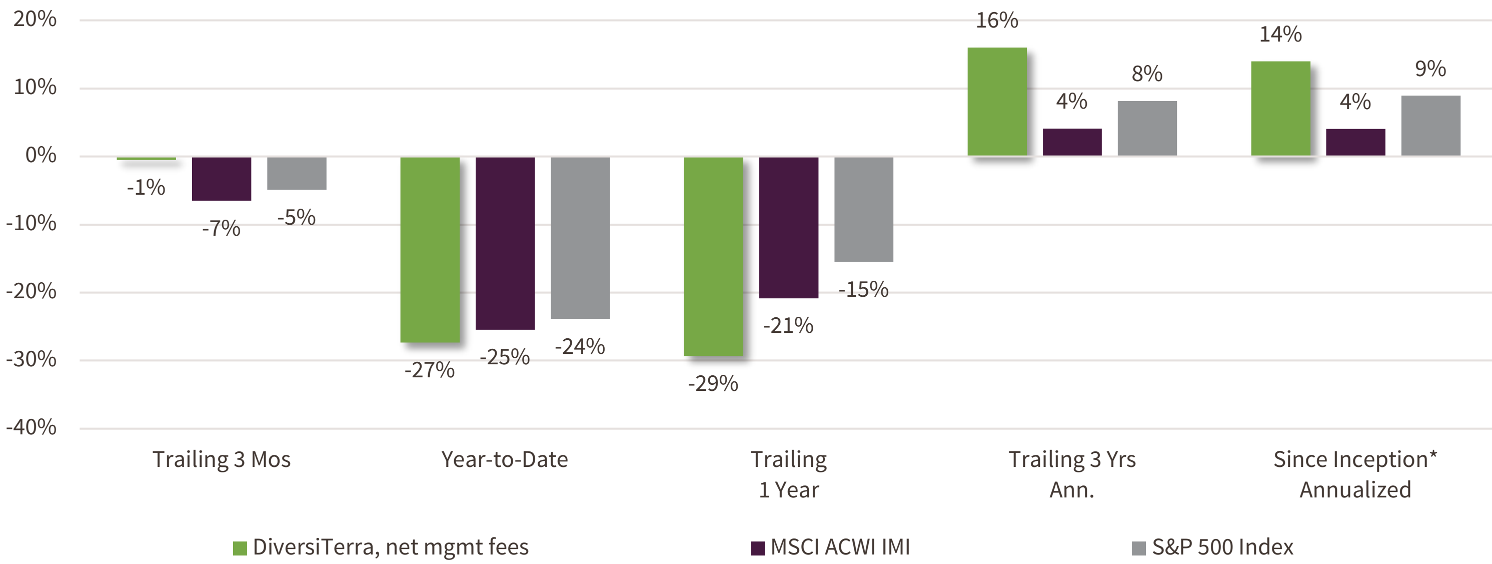
All the above economic factors illustrate the need for careful consideration of every holding in a portfolio: companies with strong balance sheets, earnings, and cash flows will become increasingly important as volatility continues into the immediately foreseeable future. Equally important is the need to understand risk vs. forward opportunity and real growth potential, while grasping the dynamics of market leadership, defensibility of market position—including intellectual property moats, capital allocation priorities, ability to access capital, balance sheet strength, and careful analysis of current valuations vs. expected growth.

These are all key attributes of Green Alpha's research process. For the firm, building portfolios that reflect the sustainable economy is not a matter of using ESG scores to filter an index list. Rather, it is a labor-intensive process of purposely selecting and evaluating each holding in terms of the above factors, as well as the business's net contribution to stabilizing the economy. Green Alpha's approach is to behave like private equity portfolio managers, evaluating each company meticulously as there is no index or benchmark to fall back on.

Amid a tough quarter, July was a bright spot for the Next Economy™ strategies. Each of the portfolios demonstrated meaningful relative and absolute performance, much of which can be attributed to the passage of the Investment Reduction Act (IRA). The IRA will, beginning in 2023, provide significant tax benefits, subsidies, and alternative incentives to renewable energies, zero emissions transportation, and other Next Economy areas of interest. Green Alpha does not consider potential policy tailwinds when making investments, preferring to rely solely on holdings' competitiveness and fundamentals, as well as on market context provided by the macro environment. That said, if policy does provide catalysts for share price appreciation, Green Alpha is happy for its clients to benefit.

Portfolio-specific commentary is on the following page.

Portfolio Performance & Commentary



For the three quarters ending September 30th, Green Alpha's DiversiTerra portfolio returned -27.34% net of management fees, versus its benchmark, the MSCI All Country World Investable Market Index (MSCI ACWI IMI), which returned -25.44%.

The sectors detracting the most from returns were Technology and Health Care, which were responsible for the bulk of year-to-date losses.

- In Technology, climbing interest rates and growing recession fears sparked a turn to safety and a resultant decline in returns. Losses were led by the technology hardware & semiconductors industry, with semiconductor manufacturing, foundry services, and front-end capital equipment companies leading the downturn. Semiconductors also added to return depletion with multiple types of integrated circuits firms performing poorly. In addition, the software & technology services industry also detracted, largely in the areas of application and infrastructure software, and data & transaction processing.
- In Health Care, losses largely came from the biotech & pharma industry as genomic therapeutics and diagnostics companies suffered as growth went out of favor. Within the medical equipment & devices manufacturing industry, diagnostics and life science equipment manufacturing companies. The health care facilities & services industry only saw modest losses from contract research and health care testing services.

The strategy's top contributing sectors were Energy and Communications.

- Within Energy—which for Green Alpha is exclusively the various parts of the renewable energy value chain—stocks enjoyed a large rally in July with the passage of the Inflation Reduction Act (IRA); however, those gains were later moderated with the broad market declines in August and September. The strategy's top performers in Energy year-to-date include the world's leading thin film solar manufacturing company, a manufacturer of C-Si solar PV modules, and a top maker of smart solar inverters. Gains were partially offset by losses in wind energy equipment manufacturing.
- In Communications, the telecommunications subsector provided positive returns due to the private equity purchase of the world's most sustainably-powered data center company. In addition, Europe's largest wireless service provider detracted slightly.

**Portfolio Inception: March 31, 2018. 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 additional important disclosures.*

DiversiTerra

How our portfolios compare to their benchmark, the MSCI All Country World Investible Market Index

Characteristics

- **Gender-lens criteria:** diverse teams demonstrably outperform homogenous teams—namely increased innovation levels, reduced governance controversies, greater customer orientation, and lower employee turnover
- **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

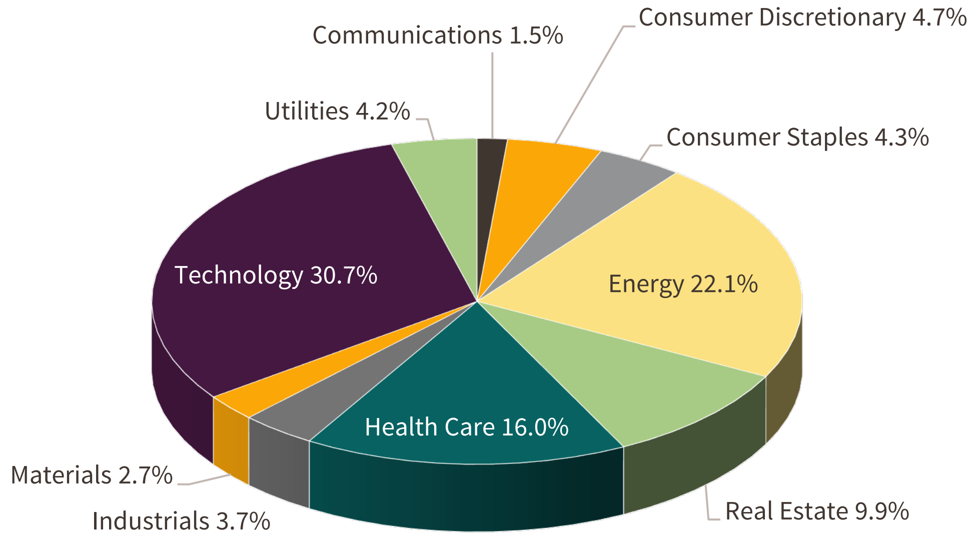
Characteristics	DiversiTerra	Benchmark: MSCI ACWI IMI (SPGM)	Next Economy Index	Social Index	Next Economy Select	Growth & Income	Sierra Club Green Alpha
# of Securities	57	2,502	144	101	57	36	47
Active Share	96%	-	93%	95%	96%	97%	96%
Sales Growth, Trailing 3-Yr	33%	10%	35%	28%	39%	23%	39%
P/E, Current	16.5	13.5	14.6	15.5	13.4	12.0	17.0
P/E, 1-Year Forward	16.0	13.0	15.6	15.8	13.5	11.5	18.0
Price/Sales	2.0	1.6	2.1	2.0	1.8	1.4	1.4
Price/Book	2.8	2.2	2.7	2.5	2.3	1.7	2.8
LT Debt/Equity	133%	461%	121%	108%	55%	91%	70%
Current Ratio	4.1	2.2	4.1	3.8	5.7	4.4	3.1
Dividend Yield	1.42%	2.48%	1.28%	1.23%	1.89%	5.14%	1.24%
Market Cap., Wtd Avg ($B)	$78.62	$289.99	$63.96	$56.89	$85.48	$55.62	$92.58
Market Cap., Median ($B)	$7.17	$1.87	$7.97	$8.18	$5.08	$26.08	$14.10
Turnover, Trailing 2-Yr Avg	30%	-	24%	34%	1%	9%	11%
Beta, Trailing 2-Yrs	1.16	1.00	1.20	1.22	1.19	0.96	1.17
U.S.-Domiciled Companies	83%	59%	78%	86%	70%	71%	70%
% Revenue Derived in U.S.	60%	44%	50%	56%	50%	50%	48%

All characteristics are sourced from FactSet and are based on a representative account, including cash. Beta is the exception, being sourced from Bloomberg while we are converting platforms, and it is based on a model portfolio's returns. Please see the final page of this document for additional important disclosures.

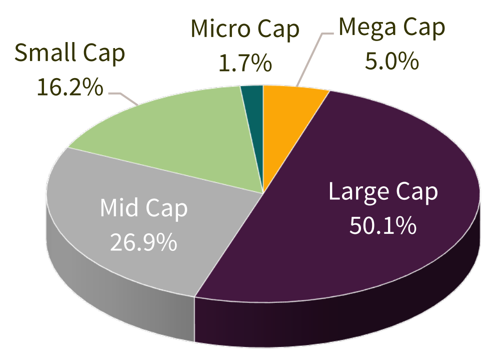
Portfolio Allocations

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

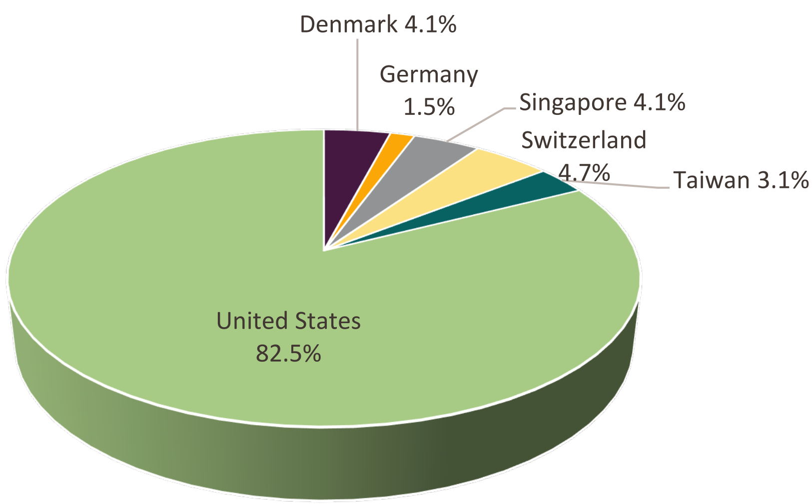
Economic Sectors



Market Capitalizations



Companies' Main Headquarters



Allocation data is sourced from FactSet and is based on a representative account. The exception is the sector chart, which utilizes the Bloomberg Industry Classification Standard from Bloomberg, and is based on a model portfolio. All charts on this page are shown as percent of equity. Please see the final page of this document for additional important disclosures.

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 Investments is a trade name of Green Alpha Advisors, LLC. 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 June 30, 2022, the DiversiTerra performance results are a composite of discretionary client accounts invested in the DiversiTerra 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 DiversiTerra composite performance results reflect actual performance for a composite of discretionary client accounts. Net-of-fee returns reflect the deduction of actual management fees and transaction costs. Some assets managed in the DiversiTerra strategy within the composite receive a reduced fee from the standard management fee schedule. Actual client returns experienced will vary from the returns presented 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. DiversiTerra composite performance results do not reflect the reinvestment of dividends and interest.
- Prior to June 30, 2022, the performance results represent a single account managed to the strategy. The performance results shown are not materially higher than if all related accounts were included prior to July 2022. Please contact Green Alpha for information about the representative account selection process.
- 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/.
- The DiversiTerra 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.
- 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.
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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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