



## **Green Alpha Advisors, LLC**

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## **Form ADV Part 2: Firm Brochure**

### **Item 1: Cover Page**

**Date Updated: March 18, 2019**

**This brochure provides information about the qualifications and business practices of Green Alpha Advisors, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Jeremy Deems, at 303-993-7856 or [jeremy@greenalphaadvisors.com](mailto:jeremy@greenalphaadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Green Alpha Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

The item described below is a material change to the Form ADV Part 2 filed May 10, 2018:

Green Alpha Advisors moved its primary office location from 4760 Walnut Street in Boulder, Colorado to 263 2<sup>nd</sup> Avenue in Niwot, Colorado. No other material changes were made during this Form ADV Part 2 filing.

### **Item 3: Table of Contents**

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#### Item 4: Advisory Business

- A. Green Alpha Advisors was founded in July 2007. Its principal owners are:

Name	Ownership % 12/31/18
Executive Team*	51%

*\*No individual holds 25% or more of the outstanding units of Green Alpha Advisors, LLC*

Green Alpha Advisors offers investment advisory services to our clients in the form of separately managed accounts and one no-load mutual fund, the Shelton Green Alpha Fund (NEXTX). Our portfolios are equity strategies that invest primarily in exchange-listed securities, securities traded over-the-counter and foreign issuers whose securities trade in the U.S. in the form of American Depositary Receipts (ADR). The Nia Global Solutions portfolio and some custom client portfolios may, on occasion, invest in non-U.S. equities in the form of ordinary and preferred shares traded on international exchanges.

- B. Green Alpha Advisors is an asset management firm, choosing equity securities to build portfolios for our clients. We do not provide financial planning services, nor do we advise clients in the selection of investments not managed by Green Alpha Advisors.
- C. Green Alpha Advisors offers the ability to tailor our investment advisory services to fulfill specific client requests. On a client-by-client basis, we may allow clients to impose restrictions on investing in certain securities or types of securities. In addition, some clients request that we manage their account in a custom strategy that gives them a set of custom portfolio characteristics not otherwise available in our mutual fund or four separate account strategies described here: <http://greenalphaadvisors.com/portfolios/>
- D. Green Alpha Advisors has not and does not currently participate in any wrap fee programs.
- E. Client assets under management: As of February 28, 2019, we manage \$146.6 million in client assets on both a discretionary and non-discretionary basis. Discretionary client assets make up \$124.1 million of our assets under management, and \$22.5 million are managed on a nondiscretionary basis through a few wealth advisory, Turnkey asset management programs (TAMPs).

#### Item 5: Fees and Compensation

- A. Green Alpha Advisors charges an investment management fee based on a percentage of assets under management. All management fees are negotiated on a client-by-client basis,

depending on such details as, but not limited to, type of client/account, account size, custodian or platform selected by the client, and service or reporting requirements.

For accounts that are opened directly with Green Alpha Advisors, the standard management fee schedules for each portfolio strategy are shown immediately below.

Next Economy Index	
Assets under Management	Annual Fee Rate
Up to \$500,000	0.95%
\$500,000 to \$1,000,000	0.85%
\$1,000,000 to \$10,000,000	0.75%
Over \$10,000,000	0.60%

Next Economy Social Index	
Assets under Management	Annual Fee Rate
Up to \$500,000	1.00%
\$500,000 to \$1,000,000	0.90%
\$1,000,000 to \$10,000,000	0.80%
Over \$10,000,000	0.65%

Sierra Club Green Alpha	
Assets under Management	Annual Fee Rate
Up to \$50,000	1.50%
\$50,000 to \$100,000	1.40%
\$100,000 to \$500,000	1.30%
\$500,000 to \$1,000,000	1.20%
\$1,000,000 to \$10,000,000	1.00%
Over \$10,000,000	0.80%

Growth & Income	
Assets under Management	Annual Fee Rate
Up to \$500,000	1.50%
\$500,000 to \$1,000,000	1.25%
\$1,000,000 to \$10,000,000	0.95%
Over \$10,000,000	0.75%

Next Economy Select	
Assets under Management	Annual Fee Rate
\$1,000,000 to \$10,000,000	0.95%
Over \$10,000,000	0.75%

Green Alpha Advisors serves as sub-advisor to the Nia Global Solutions portfolio pursuant to an Investment Sub-Advisory Services Agreement with Nia Impact Advisors, LLC. Under the Sub-Advisory Agreement, Green Alpha Advisors receives 50% of the management fees received by Nia Impact Advisors, LLC. Green Alpha Advisors' standard management fee schedule for the Nia Global Solutions portfolio is as follows:

Nia Global Solutions	
Assets under Management	Annual Fee Rate
Up to \$500,000	1.50%
\$500,000 to \$1,000,000	1.25%
\$1,000,000 to \$10,000,000	0.95%
Over \$10,000,000	0.75%

For accounts opened with Green Alpha Advisors when there is a wealth advisor, consultant, family office or other professional investment intermediary performing client service and reporting duties, Green Alpha Advisors typically charges lower management fee rates. Standard management fee rates for accounts opened through these relationships are shown immediately below. As is the case with all accounts opened with Green Alpha Advisors, management fees are negotiated on a client-by-client basis, depending on such details as, but not limited to, type of client/account, account size, custodian or platform selected by the client, and service or reporting requirements.

<b>Next Economy Index</b>	
Assets under Management	Annual Fee Rate
Up to \$500,000	0.60%
\$500,000 to \$1,000,000	0.50%
\$1,000,000 to \$10,000,000	0.40%
Over \$10,000,000	0.30%

<b>Next Economy Social Index</b>	
Assets under Management	Annual Fee Rate
Up to \$500,000	0.65%
\$500,000 to \$1,000,000	0.55%
\$1,000,000 to \$10,000,000	0.45%
Over \$10,000,000	0.35%

<b>Sierra Club Green Alpha</b>	
Assets under Management	Annual Fee Rate
\$50,000 to \$100,000	1.00%
\$100,000 to \$500,000	0.90%
\$500,000 to \$1,000,000	0.80%
\$1,000,000 to \$10,000,000	0.60%
Over \$10,000,000	0.40%

<b>Growth &amp; Income</b>	
Assets under Management	Annual Fee Rate
Up to \$500,000	0.95%
\$500,000 to \$1,000,000	0.85%
\$1,000,000 to \$10,000,000	0.55%
Over \$10,000,000	0.35%

<b>Next Economy Select</b>	
Assets under Management	Annual Fee Rate
\$1,000,000 to \$10,000,000	0.55%
Over \$10,000,000	0.35%

Mutual Fund: As sub-advisor to the Shelton Green Alpha Fund (ticker: NEXTX), Green Alpha Advisors receives a management fee calculated at an annual rate of 0.50% of average daily net assets under management in the Fund. The fees received by Green Alpha Advisors as sub-advisor to the Shelton Green Alpha Fund, as well as fees paid to other services providers to the fund (e.g. custody, advisor, administration, transfer agent, accounting, legal, etc.), are described in detail in the registration statement and/or financial statements of the Fund. These documents are available here: <http://sheltoncap.com/mutual-funds/domestic-equity/shelton-green-alpha-fund-fossil-free-investing/>

- B. For separately managed accounts, investment advisory fees are charged quarterly in arrears pursuant to the annual basis point fee schedule agreed upon with each client in the

Investment Management Agreement. The quarterly fee for each account is equal to  $\frac{1}{4}$  of the annual fee rate calculated pursuant to each account's or each client's investment management agreement. Depending on that agreement and the custodian selected by the client, the quarterly fee may be charged by applying the basis point fee schedule to the average daily value or average month-end value of the account (i.e. calendar quarter) or on the last trading day before the Investment Management Agreement is terminated. Quarterly fees are billed in arrears for each calendar quarter and payable within 30 days. Earned and unpaid fees are payable immediately upon termination of the Managed Account Agreement. Quarterly fees are prorated as appropriate for initial quarter and upon termination. Fees are generally deducted directly from clients' accounts unless otherwise agreed to in the Investment Management Agreement.

- C. In addition to investment advisory fees, clients may incur asset-based and/or transactional costs related to the buying and selling of securities in their accounts. See Item 12 of this brochure for more information regarding brokerage and transaction costs.
- D. Clients do not pay investment management fees in advance to Green Alpha Advisors - all discretionary clients of Green Alpha Advisors pay their investment management fees in arrears. However, one wealth advisory firm to whom Green Alpha Advisors provides model portfolio services on a non-discretionary basis pays Green Alpha Advisors a fee in advance on a quarterly basis. This wealth advisor, and anyone falling under a similar arrangement in the future, may obtain a refund of a pre-paid fee upon termination of the advisory contract before the end of the billing period. The amount of the refund will be based on the pre-agreed upon fee rate, applied to the underlying assets values the day before the contract is terminated, prorated for the number of days remaining in the billing period.
- E. Green Alpha Advisors' employees do not accept compensation for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Green Alpha Advisors does not charge or accept performance-based fees.

## **Item 7: Types of Clients**

Green Alpha Advisors currently provides and may provide investment advisory services to many types of investors, including: individuals, trusts, investment companies, pension and profit sharing plans, estates, non-profit organizations, corporations, Taft-Hartley plans, municipalities, public funds and financial advisors. We generally require the following minimum account size for our separate accounts as follows:

Strategy Name	Minimum Account Size
<b>Next Economy Select</b>	\$1,000,000
<b>Next Economy Index</b>	\$100,000
<b>Next Economy Social Index</b>	\$100,000
<b>Growth &amp; Income</b>	\$100,000
<b>Nia Global Solutions</b>	\$100,000
<b>Sierra Club Green Alpha</b>	\$10,000

Green Alpha Advisors' advises at least one client account that is governed by the Employee Retirement Income Security Act ("ERISA"). As such, Green Alpha Advisors manages all client accounts in accordance with the fiduciary standards required under ERISA. Green Alpha Advisors manages client assets consistent with the "prudent man rule," exercises proxy voting authority (except for the Shelton Green Alpha Fund) if not retained by a plan fiduciary, maintains any ERISA bonding that may be required, and obtains written investment guidelines/policy statements, as appropriate.

The Shelton Green Alpha Fund currently has one class with investment minimums of \$1,000 for taxable accounts and \$500 for IRA accounts with an automatic investment plan.

## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

- A. The term "Next Economy" is central to Green Alpha Advisors' investment philosophy and process, so the best way to introduce our investment thesis is to define the term. The Next Economy is an economy in which solutions to our biggest systemic risks – climate change, resource scarcity, widening inequality – drive economic growth and allow the global economy to thrive indefinitely. Therefore, when we talk about investing in and for the Next Economy, we mean that we invest in the leading publicly-traded companies that are developing or enabling solutions to these critical environmental, economic and social crises.

*No investment portfolio should contain the causes of global systemic risks. Securities of fossil fuel companies represent substantial portfolio risk commensurate with the global risks precipitated by their products. We did not divest client portfolios of fossil fuels, because we never invested in them - they are simply not a meaningful part of an indefinitely thriving economy.*

It is both economically crucial and advantageous to address systemic risks. An economy built on this principle is one that will be truly "sustainable," meaning it is able to develop and thrive indefinitely. Tackling these risks is economically necessary, because there are a wide variety of essential environmental and social underpinnings required for successful operation of the economy, including: adequate resources (energy, food, fertile land, potable water); a stable climate; diverse ecosystem; and a relatively stable, cohesive, and equitable society.



Companies that aim to uphold or enhance these essential underpinnings are not just doing a public service, but are finding opportunities to generate long-term revenue, thereby contributing to economic growth. By creating innovative solutions to systemic risks, Next Economy companies drive the development of a genuinely “sustainable” economy. As a result, Green Alpha Advisors believes solutions-focused investing is also the clearest path to competitive returns.

Next Economy companies seek to add economic efficiencies (more economic output for less material and capital inputs) and respond to both the challenges and opportunities presented by an increasingly warm, resource-constrained, inequitable world. By delivering innovative solutions to such systemic risks, these companies have the potential to deliver growth in their respective economic sector(s),

including: basic & advanced materials; water; agriculture & natural, organic, sustainably-harvested food; renewable energy; energy storage; energy efficiency; Internet of Things (IoT); infrastructure; consumer goods; transportation; automation, A.I., robotics; financial services & real estate; and biotech & medicine. Green Alpha Advisors’ Investment Committee seeks Next Economy solutions wherever they exist – across geographies, sectors, industries, and market capitalization levels.



To understand how our Investment Committee arrives at a list of Next Economy companies, one must understand both the “top-down” (qualitative) and “bottom-up” (quantitative) components of our investment process. Our portfolio construction approach, incorporating both traditional and unique asset management approaches, works like this:

#### *Top-Down: Identifying Next Economy Solutions Creators & Enablers*

The first step in the investment process requires evaluating whether or not companies qualify as leading solutions creators or enablers. In the top-down process, the Investment Committee proceeds by:

1. Evaluating objective assessments (e.g., scientific research) of most pressing systemic issues confronting the global economy
2. Rigorously researching new technologies, ideas, and business practices that are solving these systemic risks
3. Assessing which of these innovative approaches to risk mitigation and adaptation can be effectively deployed in the economy, where they might scale rapidly, and in which sectors they are likely to be utilized
4. Finding which companies are executing these solutions and which are leaders among their peer group (by level of intellectual property (IP) owned, large volume delivery, increasing market share, etc.)
5. Asking “what percentage of each firm’s revenue is attributed to creating solutions versus contributing to the causes of systemic risk(s)?” to determine whether or not solutions contribution is a core revenue driver for the firm
6. Establishing the resulting “Next Economy Universe” — a list of companies that meet the above criteria and, as a result, are candidates for Green Alpha Advisors’ portfolios. These firms are considered “candidates” because they are driving the transition to sustainability by either directly developing or enabling progress toward these solutions

*Bottom-Up: Evaluating Next Economy Candidates’ Finances & Business Models*

Looking at granular, company-level financial data comes last, as it is only applied to qualified Next Economy candidates, meaning those companies that have successfully passed the top-down process. The two processes are entirely distinct and separate from one another to ensure the integrity of each approach and the resulting Investment Committee scores received.

In this final stage, we apply rigorous quantitative financial analyses borrowed from Graham-Dodd valuation methodology to identify which stocks of these Next Economy candidates offer the best financial positions and expected future growth within acceptable levels of risk. We focus on fundamentals, such as: demonstrated growth, growth potential, consistent and/or expanding margins, reasonable levels of debt, sufficient market liquidity, and market valuation levels versus bankruptcy and political risks.

In the bottom-up portion of the stock selection process, the Investment Committee proceeds by:

7. Examining if firms have high-functioning business models, as demonstrated by a combination of the following criteria:

- a. Diversified & predictable revenue streams (revenue being the total amount of money received by a firm before subtracting cost of operations, discounts, & returned merchandise)
  - b. Visible path to growth
  - c. Consistent track record of delivering on earnings, margin & dividend growth, as applicable
  - d. Strong & expanding cash flow (i.e., money being transferred into and out of a business)
  - e. Healthy balance sheet
  - f. Management team effectiveness (i.e., consistent track record of hitting business goals, such as product delivery dates and volumes)
8. Determining if the company's stock has compelling valuation (i.e., reasonable or undervalued stock price relative to underlying firm values and expected future growth), exhibited by:
- a. Low price/book (i.e., stock price/value of firm's physical assets, like machinery & land)
  - b. Low price/sales (i.e., stock price/firm's revenues)
  - c. Low forward price/earnings (i.e., stock price/firm's forecasted after-tax net income)
  - d. Revenue & earnings growth that justify the above multiples

Our investment process is dedicated to ensuring that portfolio companies exhibit sound financial management and have business models that address one or more of the systemic challenges facing the global economy. In this way, each company is assessed on the basis of financial, business, environmental, and social vectors of performance. Companies selected through this process are driving the transition to the Next Economy, with strong business models and opportunities for competitive growth.

While our investment processes attempt to limit risk of permanent loss of capital, especially over the long-term, investing in securities involves risk and our clients should be prepared to bear such loss.

- B. Our suite of investment strategies includes the Next Economy Index, Next Economy Social Index, Sierra Club Green Alpha portfolio, Growth & Income portfolio, the Shelton Green Alpha Fund (ticker: NEXTX), and the Nia Global Solutions portfolio.

**Portfolios that Utilize Active Stock Selection, and Passive Management:**

The **Next Economy Index** portfolio is an index designed to reflect and benchmark the Next Economy. It is also available as a separately managed account. It exists to:

1. provide clients with an avenue to decisively allocate their stock holdings away from the downside risks associated with climate change, resource degradation, widening inequality, and other systemic risks,
2. enable portfolio growth from exposure to solutions to those risks,
3. demonstrate the diversity, growth, breadth and depth of the emerging Next Economy, and
4. serve as the universe of stocks from which the Investment Committee can select to create the firm's actively-managed Next Economy portfolios.

The Next Economy Index is a passively managed indexed investment. Next Economy companies may be admitted into the Index using a modified market-cap weighting. The Index is rebalanced once annually. The managers may choose to add or remove select companies from the index on an inter-rebalance basis, and it is anticipated that these changes will not have a large effect on portfolio turnover. The material risk involved with the Index is the potential for loss of value related to public equity investing. This strategy does not involve frequent trading of securities. Designed to reflect the Next Economy as a whole, the universe grows every year as the economy transitions, and the Next Economy Index portfolio currently holds approximately 115 securities.

The **Next Economy Social Index** portfolio invests in those Next Economy Index constituents that are run by diverse leadership teams and/or boards of directors. Green Alpha's Investment Committee sets starting weights based on market cap, then allocates additional portfolio weight to companies that are doing more than the minimum needed for inclusion in the Social Index – where women hold positions of significant authority, women have especially strong representation in leadership, and/or corporate policies are overtly socially inclusive.

Since its launch in 2015, the Next Economy Social Index has grown the constituent list and currently consists of approximately 95 companies. As more companies turn the corner and focus their business model on innovating the most creative and efficient solutions to our greatest systemic risks, there's a trend of more Next Economy portfolio candidates each year. In addition, as more companies see the bottom and top-line reasons to increase the diversity of their leadership teams and board of directors, we expect that more Next Economy companies will qualify for inclusion in the Next Economy Social Index. As that occurs, we also

expect the construction of this portfolio will evolve, getting stricter on the inclusion requirements over time. The material risk involved with the Social Index is the potential for loss of value related to public equity investing. This strategy does not involve frequent trading of securities.

#### **Portfolios that Utilize Active Stock Selection, and Active Management:**

The **Sierra Club Green Alpha** portfolio is unique among our portfolios in that it is a blend of Green Alpha Advisors' Next Economy universe and the Sierra Club's proprietary green investment guidelines, which they have used for decades to ensure they invest in only the least environmentally detrimental companies. The intersection of these two cutting-edge green stock selection processes produces the Sierra Club Green Alpha Portfolio. The target number of securities in this strategy is between 30 and 50 companies. The primary risks involved with the portfolio are the potential for loss of value related to public equity investing and a moderate level of transaction costs related to trading of securities. Active trading of securities can affect investment performance through increased transaction costs and taxes.

The **Growth & Income portfolio** is designed for growth and income oriented investors seeking lower volatility and also higher income than other Next Economy equity strategies. Stocks are selected from the Next Economy universe for current or potential dividend yield coupled with strong current and expected growth at a reasonable price. Under normal market conditions, the portfolio is generally composed of at least 80% global equities and at most 20% cash and cash equivalents. The target number of securities in this strategy is 25 to 35 companies. Like all Green Alpha Advisors' strategies, the Growth & Income Portfolio is entirely fossil fuels free. The primary risks involved with the portfolio are the potential for loss of value related to public equity investing and a moderate level of transaction costs related to trading of securities. Active trading of securities can affect investment performance through increased transaction costs and taxes.

The **Next Economy Select** portfolio is an actively managed strategy designed to produce long-term capital growth. It is available in both mutual fund and separately managed account formats. Since the primary vehicle available within this strategy is a mutual fund, this product follows standard mutual fund industry diversification guidelines, including: few, if any, position sizes over 5% of the portfolio, and no sector concentration in excess of 25%. Under normal conditions, the Next Economy Select strategy is generally composed of at least 80% global equities and at most 20% cash and cash equivalents. Due to the difference in frequency of investor subscriptions to and redemptions from the mutual fund versus cash flows in a typical separately managed account, the frequency, timing, amount, and nature of security transactions in the Shelton Green Alpha Fund may differ materially from those in a separately managed account, creating holdings and performance dispersion between the two vehicles in this portfolio strategy. Active trading of securities can affect investment performance through

increased transaction costs and taxes. The Next Economy Select investment strategy targets 45 to 65 securities.

*A detailed description of the methods of analysis, investment strategy and risk of loss related to the **Shelton Green Alpha Fund (ticker: NEXTX)** is available in the fund's prospectus, available at [www.sheltoncap.com](http://www.sheltoncap.com).*

The **Nia Global Solutions portfolio** is an actively managed strategy designed to produce long-term capital growth. Green Alpha Advisors serves as the investment sub-advisor to the portfolio pursuant to a sub-advisory agreement with Nia Impact Advisors, LLC. Green Alpha Advisors is responsible for portfolio management duties on the portfolio, including service on the investment committee as well as all trading and proxy voting activities. Under normal market conditions, Nia Global Solutions is generally composed of at least 80% global equities and at most 20% cash and cash equivalents. The portfolio is fossil fuel free and the investment philosophy focuses entirely on solutions needed for people and planet, with at least one woman in each company's senior leader or at least one woman on the board of directors. The target number of securities in this strategy is 30 to 50 companies. The primary risks involved with the strategy are the potential for loss of value related to public equity investing and a moderate level of transaction costs related to trading of securities. Active trading of securities can affect investment performance through increased transaction costs and taxes.

#### C. Risk of Loss

Investors generally face three types of risk when investing in equity securities:

- *Manager selection* – risks associated with investment manager selection and their chosen strategy
- *General market risk* – risks of participating in the capital markets
- *Specific risk* – risks associated with asset class, sector and security selection

Despite our investment management experience, investing in securities involves the risk of loss. Below we highlight some, but not all, possible risks of investing in the capital markets and equity securities:

- *Risk of loss* – Investing in securities involves risk of loss that clients should be prepared to bear.
- *No guarantee* – Performance of any investment is not guaranteed. There is a risk of loss of the assets we manage that may be out of our control.
- *Equity investments* – Equities are exposed to general stock market swings and changes in the business cycle which may alter market opinions about the short-term or long-term prospects for an issue of equity securities.
- *Smaller companies* – Equity investments in smaller companies involve added risks, such as limited liquidity and greater fluctuations in their perceived values, which may

impact our ability to sell these investments at a fair and competitive price in a timely manner.

Additional International Risks:

- *Foreign securities* – Investments in foreign securities may introduce greater volatility to client portfolios. Additional risks include political risk, current translation risk, and lack of transparency (i.e. accounting methods, regulatory reporting requirements, shareholder protection rules, etc.)
- *Currency risk* – Currency risk is evident due to the free-floating mechanism present in global foreign currency markets. With a few notable exceptions, the value of most global currencies freely floats against one another. Portfolios with non-U.S. dollar exposure directly assume foreign exchange risk.
- *Geopolitical risk* – Possibility of instability or unrest in one or more regions of the world that affect investment markets. Terrorist attacks, war, and pandemics are just a few examples of events, whether actual or anticipated, that impact investor attitudes toward the market in general and result in system-wide fluctuations in asset prices. Geopolitical risks in other parts of the world affect U.S. investment markets too, not solely international markets.
- *Emerging Markets Risk* – There may be potential risks posed by volatile political, legal, and commercial conditions in emerging markets that may affect the value of investments or result in the loss of client capital. The quality and reliability of official data published by governments and their agencies in emerging markets might not be equivalent to that available in developed markets. In addition, the absence of developed securities markets as well as potentially underdeveloped banking and telecommunications systems in such countries may give rise to greater custody, settlement, clearing and registration risks. Foreign investment in issuers in emerging markets may be restricted – sometimes such registrations may not be published, and investors may not be readily made aware of them. In such circumstances, there may be restrictions on repatriation of capital or an investment may have to be scaled down to comply with local foreign ownership restrictions.

### **How Green Alpha Advisors Manages Risk**

We know that our clients have a wide array of investment managers to choose from. We aim to consistently deliver investment returns above market averages, though market volatility will sometimes hamper our ability to achieve that goal, and help our clients achieve their investment objectives.

The following factors help us manage risk:

- *Focus* – We specialize in one asset class, equities, which enables our Investment Committee to vigilantly manage risk in client portfolios through attention to valuation, sector and stock diversification, and position size limits.



- *Experience* – Since 2007 our Investment Committee, led by Garvin Jabusch, has successfully navigated a wide range of market conditions. Further, co-founders and Investment Committee members Garvin Jabusch and Jeremy Deems co-managed investment products together for five years at Forward Management, LLC. They began in the investment industry in 1996 and 1997, respectively.
- *Stability* –We believe that employee ownership of units in Green Alpha Advisors, LLC provides the proper long-term incentives to work for the success of our clients and the firm. To that end, we strive for at least a majority of employees to be owners in the firm.
- *Diversification* – All of our investment products are widely diversified across market capitalization, sector and geographic parameters. Please see Item 8.B. for a description of each of the available products.

#### **Item 9: Disciplinary Information**

- A. Green Alpha Advisors, including its management persons, has not been involved in any criminal or civil action in a domestic, foreign or military court.
- B. Green Alpha Advisors, including its management persons, has not been subject to any administrative proceeding before the SEC, or any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Green Alpha Advisors, including its management persons, has not been subject to any disciplinary proceeding with a self-regulatory organization.

#### **Item 10: Other Financial Industry Activities and Affiliations**

- A. Green Alpha Advisors, including its management persons, is not registered as a broker-dealer or a registered representative of a broker-dealer.
- B. Green Alpha Advisors, including its management persons, is not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Green Alpha Advisors, including its management persons, do not have any material arrangements with related persons.
- D. Green Alpha Advisors does not recommend or select any non-Green Alpha managed or co-managed products, thus we do not recommend other investment advisors for our clients.



## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

In our efforts to ensure that Green Alpha Advisors, LLC develops and maintains a reputation for integrity and high ethical standards, it is essential not only that Green Alpha Advisors and its employees comply with relevant federal and state securities laws, but also that we maintain high standards of personal and professional conduct. Green Alpha Advisors' Code of Ethics (the "Code") is designed to help ensure that we conduct our business consistent with these high standards. We will provide a copy of our Code to any client or prospective client upon request.

Green Alpha Advisors does not buy or sell securities for client accounts in which we have a material financial interest. Since we are committed to our investment strategies, we do however invest in the same securities that we buy and sell for our client accounts. This represents a conflict of interest. In order to mitigate this conflict of interest, our Code contains a number of rules and procedures relating to personal trading by Green Alpha Advisors in its "house accounts" or by its officers, directors, employees and their families. House accounts are investment accounts owned directly by Green Alpha Advisors, LLC utilized to seed and invest in Green Alpha portfolios. In particular, no employee may buy or sell a security if the employee knows that Green Alpha Advisors, is purchasing or selling, or contemplating purchasing or selling, that same security on behalf of our clients. We closely monitor trading accounts of our employees to ensure all personal securities transactions are conducted consistent with our Code and in such a manner as to avoid any conflicts of interest. In addition, employees are encouraged to assign investment discretion on their personal accounts to Green Alpha Advisors, when appropriate. This addresses any potential conflict of interest as our employees' personal investment assets are traded in the same strategies as those of our clients.

Most importantly, Green Alpha Advisors and our employees owe a fiduciary duty to our clients that requires each of us to place the interests of our clients ahead of our own interests. To request a complete copy of Green Alpha Advisors' Code of Ethics, please contact our Chief Compliance Officer, Jeremy Deems, at 303-993-7856 or [jeremy@greenalphaadvisors.com](mailto:jeremy@greenalphaadvisors.com).

## **Item 12: Brokerage Practices**

- A. Green Alpha Advisors selects brokers to execute trades on behalf of our clients and evaluates all brokerage services on an ongoing basis. We select brokers on the basis of parameters including execution capability, average commission rate, financial responsibility, and responsiveness to the needs of Green Alpha Advisors and our clients. Commission rate is an important consideration and we seek to identify brokers offering lower-than-average direct execution costs to our client accounts. Any recommendation of a broker to clients is based on discretionary authority for trade execution; we do not actually recommend custodians to our clients. Our clients have the option to choose a custodian if we can trade the client's account with more than one broker.

1. Research and Other Soft Dollar Benefits. Green Alpha Advisors does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions.
  2. Brokerage for Client Referrals. Green Alpha Advisors does not receive client referrals from broker-dealers, and as such, is not a factor when considering which broker-dealer(s) to approve for use in any given transaction.
  3. Directed Brokerage.
    - a. Green Alpha Advisors has not in the past and does not currently require any client to direct us to execute transactions through a specified broker-dealer.
    - b. In some circumstances, the custodian selected by a client will include transaction execution in the services provided to the client. In such circumstances, transaction costs are incurred by the client at a variety of fee-rate levels, based on factors outside of Green Alpha Advisors' control, including factors specific to each client, their overall relationship size with the custodian and/or their financial advisor. Green Alpha will utilize custodian-included brokerage arrangements when the client chooses to bundle such arrangement into their overall custodian services package.
- B. The aggregation or blocking of client transactions allows the company to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients.

Green Alpha's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions receive an average share price while transaction costs are shared equally and on a pro-rata basis.

For house accounts, employee accounts and accounts of family members managed by Green Alpha Advisors, when applicable, trades are aggregated and allocated pro-rata among all other client accounts participating in the same strategy trade. An exception to this practice will occur if the house account, employee or family member account involves directed trading. In that case, the account will follow Green Alpha Advisors' standard trading rotation practices.

Green Alpha Advisors manages client accounts that include brokerage execution in the overall custody-brokerage arrangements that the client has chosen. In those instances, Green Alpha Advisors executes trades through that broker/custodian. Such trades are executed in the order tracked by the trading rotation spreadsheet. If the execution costs arranged by the

client, in conjunction with the account size, are prohibitively expensive to execute small share amount trades, Green Alpha Advisors may not execute all trades in those client accounts that are executed in the strategy model account. This may result in performance dispersion over time.

Given the currently high volume of accounts under management with Green Alpha Advisors that include brokerage in the custody arrangement, as described above, Green Alpha Advisors does not typically aggregate together client accounts when executing changes to a given model account and accounts following that model. Therefore, when decisions are made to purchase or sell securities for client portfolios simultaneously, relevant transactions are not typically aggregated together, resulting in clients at different custodians receiving different average share prices for each strategy trade. The rotation of trade execution priority order between execution venues is tracked in a Trade Rotations spreadsheet maintained by the CFO/CCO.

Currently there are no “step-out” directed brokerage arrangements in place with Green Alpha Advisors clients. Green Alpha Advisors’ company money is held in cash and money market instruments, we do not currently invest any “house accounts” in equities that may also be held in client accounts.

### **Item 13: Review of Accounts**

- A. Green Alpha Advisors regularly reviews our client accounts to ensure the portfolios comply with the investment strategy described in the associated Investment Management Agreement. Reviews of client accounts take place no less frequently than quarterly and include a review of all holdings and any activity during the period, including dividends, corporate actions, and accuracy of any management fees and transaction costs. Members of Green Alpha Advisors’ Investment Committee and the Chief Compliance Officer conduct reviews of accounts. Investment Committee members include:

Garvin Jabusch, Co-Founder and Chief Investment Officer

Jeremy Deems, Co-Founder, Chief Compliance Officer, and Chief Financial Officer

Betsy Moszeter, Partner, Chief Operating Officer

- B. Green Alpha Advisors will also review our client accounts upon client request at any time, or when extreme market conditions warrant.
- C. Green Alpha Advisors’ clients receive monthly statements (electronic or paper) from the custodian of their account. The monthly statements of account include a summary of account activity for the period as well as a detailed listing of holdings and change in market value.

#### **Item 14: Client Referrals and Other Compensation**

Green Alpha Advisors has a referral relationship in place with Side Porch Consulting Group, LLC (“SidePorch”) whereby SidePorch may be compensated as described below:

- As a solicitor, for the referral of individuals and organizations who may desire to open a separately managed investment account with Green Alpha Advisors. If such referrals result in an account opening with Green Alpha, SidePorch will receive commission payments equal to a portion of the revenue Green Alpha Advisors receives on the account. Green Alpha Advisors will not charge the client any additional fees as a result of its agreement with SidePorch. The amount of fees that Green Alpha Advisors will charge the client for investment advisory services is the same as what we would customarily charge any new client who was not referred by SidePorch.
- SidePorch may also introduce organizations to Green Alpha Advisors that desire to launch new investment vehicles. If such introductions results in the creation of new investment vehicles, new business lines or other strategic growth of Green Alpha Advisors, SidePorch will be compensated with a one-time cash payment, ongoing profit sharing payments or another mutually desirable compensation method based on specific details of the business initiative contemplated, on a case-by-case basis.

SidePorch does not have any ownership affiliations with financial services firms. SidePorch also does not have any proprietary information about Green Alpha Advisors clients, holdings in client accounts, or holdings contemplated to be executed in client accounts. As a result of the compensation methods described above, and the limited proprietary information that SidePorch has about Green Alpha Advisors’ advisory clients and investment activities, there are very limited conflicts of interest present in this referral relationship.

Green Alpha Advisors may not always be aware of every economic incentive given to SidePorch or one of their business relationships; therefore, there may be potential for conflicts of interest in a given conversation. We will request additional information and manage potential conflicts of interest on a case-by-case basis. Green Alpha Advisors views a successful engagement with SidePorch as a benefit to existing and future Green Alpha Advisors’ clients given the economies of scale it has the potential to build.

#### **Item 15: Custody**

Green Alpha Advisors does not have direct custody of any client assets or securities; however, as described in Item 5, we deduct advisory fees in certain client accounts, which the SEC defines as constructive custody. Our clients’ assets are always maintained at a qualified custodian bank and/or

broker-dealer. Our separate account clients receive account statements monthly from their custodian. Clients should carefully review those statements for accuracy and notify us immediately of any issues. Our separate account clients generally authorize Green Alpha Advisors to deduct our management fees directly from their accounts. Our direct mutual fund clients receive account statements no less than quarterly from Shelton Capital Management. Clients purchasing our mutual fund via a 3<sup>rd</sup> party platform receive statements from the 3<sup>rd</sup> party.

## **Item 16: Investment Discretion**

Green Alpha Advisors accepts discretionary authority to manage securities accounts on behalf of our clients. On a case-by-case basis, we may allow separate account clients to impose limitations on this investment authority. Separate accounts clients assign investment discretion to Green Alpha Advisors at the outset of the advisory relationship via the Investment Management Agreement executed with each account.

In all cases, we exercise discretion in line with our high standards of fiduciary duty. Before accepting an account under a new advisory relationship, we conduct a suitability review to identify client objectives, security restrictions, allowable cash positions, brokerage arrangements, specific custodial data feed capabilities, general risk limits, as well as other relevant factors. The suitability review may be performed by a wealth advisor, financial planner or outside consultant for sub-advisory-type accounts they introduce to us.

Client advisory agreements specify the level of discretion delegated to us. We manage client accounts on a fully discretionary basis where we retain full decision-making authority for investment decisions within the guidelines of the written client advisory agreement. Client investment objectives, policies, limits and restrictions must be given to us in writing. Members of our Investment Committee review the securities bought or sold to ensure they fall within established client specific and strategy guidelines.

When you delegate investment discretion to us, you authorize us to make decisions in line with your investment objectives without seeking your approval, including:

- Determining which securities to buy and sell
- Deciding total amount of securities to buy and sell
- Deciding when to buy and sell each security
- Selecting broker-dealers through whom we buy and sell securities
- Setting commission rates paid for securities transactions
- Choosing prices at which we buy and sell securities, which may include broker-dealer transaction costs

## **Item 17: Voting Client Securities**

Green Alpha Advisors accepts authority and responsibility for voting client securities. Green Alpha Advisors votes in accordance with guidelines we have developed, and then determines applicability of those guidelines on a security-by-security and voting item basis. Members of the Investment Committee oversee the process of voting all client proxies. Votes are carried out at the discretion of the Investment Committee in a manner consistent with the best interest of clients, and when appropriate, to advance environmental, social and governance issues. If a client is interested in directing our vote in a particular solicitation, we encourage our clients to contact us so we can work together to facilitate such a request. Clients may contact us in writing to obtain information about how we voted on a particular solicitation. In addition, clients may obtain a copy of our proxy voting policies and procedures upon request.

## **Item 18: Financial Information**

- A. Green Alpha Advisors does not require or solicit prepayment of any fees by our clients.
- B. There are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.
- C. Green Alpha Advisors has never been the subject of a bankruptcy petition.

## **Green Alpha Advisors Privacy Notice**

### **A Message to our Clients**

The relationship between Green Alpha Advisors and our clients is the most important asset of our firm. We strive to maintain your trust and confidence in our firm, an essential aspect of which is our commitment to protecting your personal information to the best of our ability. This privacy statement reflects the practices of our firm and it describes how “nonpublic personal information,” which includes client and financial information, may be collected and shared with third parties, as well as measure Green Alpha Advisors takes to protect this information from unauthorized access. These guidelines apply both to current and former clients, and are designed to comply with applicable federal privacy regulations.

### **Safeguarding Information**

We take great care to safeguard your client information and to ensure its accuracy.

- We limit employee access to nonpublic personal information to those who need to know this information in order to serve client relationships. Employees are educated about the importance of privacy in accordance with our Code of Ethics policies and procedures.
- We maintain physical, electronic and procedural safeguards that comply with all applicable regulatory standards to guard your nonpublic personal information.
- We strive to maintain complete, current and accurate information about you and your accounts. If you request a correction to our records, we will respond in a timely manner.

### **Collecting Information**

We collect client information so we are better able to serve your needs. We collect and maintain nonpublic personal information in order to:

- Service your accounts and process your requests efficient and accurately.
- Identify you and protect your accounts from unauthorized access or identity theft.

This information may be collected from a variety of sources, including:

- Information we receive from you in your investment management agreement, on applications or other account forms, such as your name, address, and financial information.
- Information we receive through your transactions or experience with Green Alpha Advisors, such as your account balance and securities holdings.
- Information we receive from outside companies, such as your custodian.

### **Sharing Information**

We may share information with nonaffiliated third parties who are acting on our behalf. We may disclose all the information we collect, as described above. Information is shared with nonaffiliated third parties only when those parties are acting on our behalf, or as required or permitted by law. These third parties may include:

- Service providers who provide support services to Green Alpha Advisors to help us administer your account or assist in compliance-related functions. They may include auditors, outsourced back-office support and consultants. These companies are legally obligated to maintain the confidentiality of the information we provide to them, and are restricted from using this information for any reason beyond the performance of specified services on our behalf.
- Other parties as permitted or required by applicable law. These may include, for example, government agencies in response to subpoenas and other legal processes, or those with whom you have authorized us to share information.

**For more information about our privacy practices, please contact our Chief Compliance Officer, Jeremy Deems, at 303-993-7856 or [jeremy@greenalphaadvisors.com](mailto:jeremy@greenalphaadvisors.com).**



## **Brochure Supplement**

### **Item 1: Cover Page**

Garvin F. Jabusch, Co-Founder  
Chief Investment Officer

263 2<sup>nd</sup> Avenue, Suite 106B  
Niwot, CO 80544  
303-993-7856

Supplement Filed: February 13, 2015  
Supplement Updated: March 18, 2019

This Brochure Supplement provides information about Garvin Jabusch that supplements the Green Alpha Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact Jeremy Deems at 303-993-7856 or [jeremy@greenalpaadvisors.com](mailto:jeremy@greenalpaadvisors.com) if you did not receive Green Alpha Advisors' Brochure or if you have any questions about the contents of this supplement.

Additional information about Green Alpha Advisors is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### **Item 2: Educational Background and Business Experience**

Garvin Jabusch is the Chief Investment Officer of all of Green Alpha Advisors' investment products. He is a co-founder of the firm and has been employed by Green Alpha Advisors since its inception in 2007. Prior to Green Alpha Advisors, Garvin was responsible for all aspects of the management of the Sierra Club Stock Fund and the Sierra Club Equity-Income Fund at Forward Management, LLC. He also has served as Vice President of Strategic Services at Morgan Stanley. Garvin entered the investment industry in 1995.

Garvin studied at the Ph.D. program in physical anthropology and archaeology for five years at the University of Utah. He also holds an M.B.A. in international management and finance from the American Graduate School of International Management (Thunderbird). He was born in 1966.

### **Item 3: Disciplinary Information**

Registered investment advisers are required to disclosure all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information applicable to this Item to disclose for Garvin Jabusch.



**Item 4: Other Business Activities**

Registered investment advisers are required to disclose all material facts regarding other business activities in which the supervised person is engaged. There is no information applicable to this Item to disclose for Garvin Jabusch.

**Item 5: Additional Compensation**

Registered investment advisors are required to disclose all material facts regarding additional compensation received by the supervised person from someone who is not a client. There is no information applicable to this Item to disclose for Garvin Jabusch.

**Item 6: Supervision**

Garvin Jabusch is supervised by Green Alpha Advisors' Chief Compliance Officer, Jeremy Deems, who can be reached at 303-993-7856.



## **Brochure Supplement**

### **Item 1: Cover Page**

Jeremy W. Deems, Co-Founder  
Chief Financial Officer, Chief Compliance Officer

263 2<sup>nd</sup> Avenue, Suite 106B  
Niwot, CO 80544  
303-993-7856

Supplement Filed: February 13, 2015  
Supplement Updated: March 18, 2019

This Brochure Supplement provides information about Jeremy Deems that supplements the Green Alpha Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact Jeremy Deems at 303-993-7856 or [jeremy@greenalpaadvisors.com](mailto:jeremy@greenalpaadvisors.com) if you did not receive Green Alpha Advisors' Brochure or if you have any questions about the contents of this supplement.

Additional information about Green Alpha Advisors is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### **Item 2: Educational Background and Business Experience**

Jeremy Deems is the firm's Chief Financial Officer and Chief Compliance Officer. He is also the co-portfolio manager on Green Alpha Advisors' investment products. He is a co-founder of the firm and has been employed by Green Alpha Advisors since its inception in 2007. Prior to co-founding Green Alpha Advisors, Jeremy was the Chief Financial Officer of Forward Management, LLC. While at Forward Management, he was also a co-portfolio manager on the Sierra Club Stock Fund with Green Alpha Advisors co-founder Garvin Jabusch. Prior to that, Jeremy worked within the Investment Consulting Services Group at Morgan Stanley Dean Witter. Jeremy began working in the investment industry in 1997.

Jeremy also serves as an independent Trustee and Audit Committee Chairman of the Reaves Utility Income Fund (a closed-end fund), the ALPS Variable Insurance Trust (an insurance mutual fund family), the ALPS ETF Trust (a family of exchange traded funds), the Financial Investors Trust (a family of open-end mutual funds), and the Clough Funds Trust (open end mutual funds). Together, these trusts offer over 50 funds and manage in excess of \$25 billion in client assets.

Jeremy holds a B.S. in Business Administration, Honors Concentration in Financial Services and a Minor in Accounting from Saint Mary's College of California. Jeremy's M.B.A. in Finance is also from

Saint Mary's College. Jeremy was born in 1976. He held a Certified Public Accountant (CPA) license from August 2001 to February 2017.

Certified Public Accountant, or CPA, is a designation given by the American Institute of Certified Public Accountants to those who pass an exam and meet work experience requirements. In order to become a CPA in the United States, the candidate must sit for and pass the Uniform Certified Public Accountant Examination (Uniform CPA Exam), which is set by the American Institute of Certified Public Accountants (AICPA) and administered by the National Association of State Boards of Accountancy (NASBA). The Uniform CPA Exam consists of a four-section, two-day exam covering Business Law and Professional Responsibilities, Auditing, Accounting and Reporting and Financial Accounting and Reporting. After successfully completing the exam, an individual must meet additional state education and experience requirements for membership in their respective state professional accounting bodies and certification as a CPA.

### **Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information applicable to this Item to disclose for Jeremy Deems.

### **Item 4: Other Business Activities**

Registered investment advisers are required to disclose all material facts regarding other business activities in which the supervised person is engaged. There is no information applicable to this Item to disclose for Jeremy Deems.

### **Item 5: Additional Compensation**

Registered investment advisers are required to disclose all material facts regarding additional compensation received by the supervised person from someone who is not a client. There is no information applicable to this Item to disclose for Jeremy Deems.

### **Item 6: Supervision**

Jeremy Deems is supervised by Green Alpha Advisors' Chief Investment Officer and co-founder, Garvin Jabusch, who can be reached at 303-993-7856.



## **Brochure Supplement**

### **Item 1: Cover Page**

Betsy M. Moszeter, Partner  
Chief Operating Officer

263 2<sup>nd</sup> Avenue, Suite 106B  
Niwot, CO 80544  
303-993-7856

Supplement Filed: February 13, 2015

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This Brochure Supplement provides information about Betsy Moszeter that supplements the Green Alpha Advisors, LLC Brochure. You should have received a copy of that Brochure. Please contact Jeremy Deems at 303-993-7856 or [jeremy@greenalpaadvisors.com](mailto:jeremy@greenalpaadvisors.com) if you did not receive Green Alpha Advisors' Brochure or if you have any questions about the contents of this supplement.

Additional information about Green Alpha Advisors is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

### **Item 2: Educational Background and Business Experience**

Betsy Moszeter is the Chief Operating Officer for the firm and an ownership partner in the business. She has been employed by Green Alpha Advisors, LLC since January 2015, and in the investment industry since 1999. Prior to Green Alpha Advisors, Betsy was the Senior Vice President, and a Managing Member of First Affirmative Financial Network, LLC. She joined First Affirmative in February of 2013. Prior to First Affirmative, Betsy was at TAMRO Capital Partners for 8.5 years until November of 2012. At the time of her departure she was the Chief Operating Officer, Chief Compliance Officer and an ownership partner in the firm.

Betsy earned her B.S. in Business Administration from the University of Oregon's Lundquist College of Business in 1999, with a concentration in international management and a minor in Economics. Her M.B.A. is from the University of Virginia's Darden School of Business. She was born in 1977.

### **Item 3: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is no information applicable to this Item to disclose for Betsy Moszeter.

**Item 4: Other Business Activities**

Registered investment advisers are required to disclose all material facts regarding other business activities in which the supervised person is engaged. There is no information applicable to this Item to disclose for Betsy Moszeter.

**Item 5: Additional Compensation**

Registered investment advisers are required to disclose all material facts regarding additional compensation received by the supervised person from someone who is not a client. A portion of Betsy Moszeter's compensation may be paid based on bringing on board new accounts at Green Alpha Advisors.

**Item 6: Supervision**

Betsy Moszeter is supervised by Green Alpha Advisors' Chief Compliance Officer, Jeremy Deems, who can be reached at 303-993-7856.