



# Green Tech

## Why invest in Green Tech?

This tech-focused investment portfolio seeks returns from a selection of stocks designed to proactively address growing global demand for energy, while minimizing environmental impact.

## Key Trends



### Buildings are a significant drain on energy resources

Energy consumption in buildings accounts for 40% of global energy use and 30% of global CO<sub>2</sub> emissions. Of this, heating, cooling, and lighting account for 60% of a building's energy consumption.



### Energy efficiency will require a major investment

The World Economic Forum estimates that an annual infrastructure investment of \$5 trillion is required through 2020 in order to prepare for a low-carbon world.



### Green technologies will reduce global impact

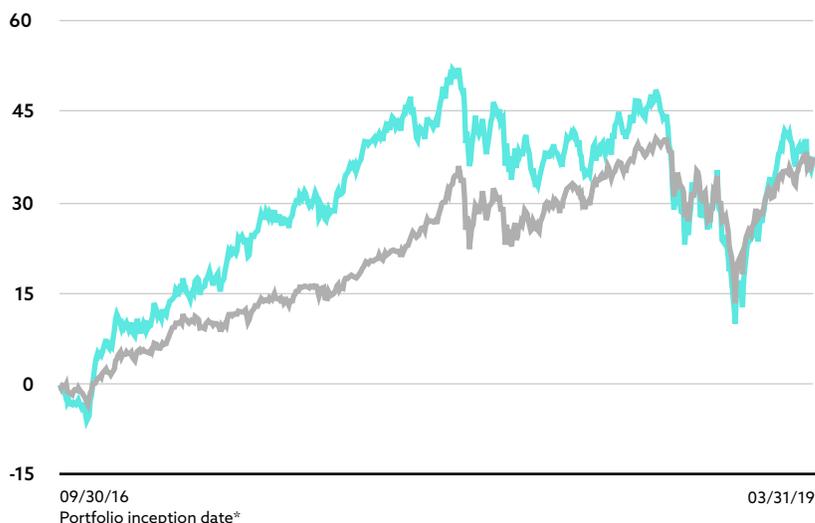
As demand for energy increases, it's clear we need to learn to do more with less. We target our investments in energy efficiency and sustainable infrastructure to reduce the negative impacts of energy usage on the planet.

### Characteristics

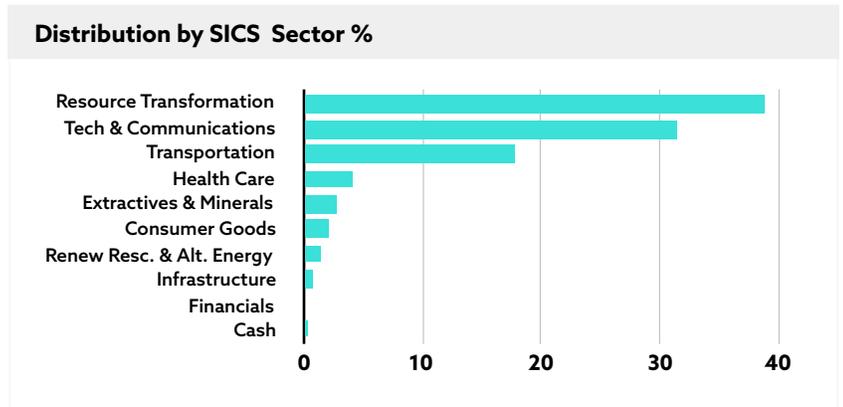
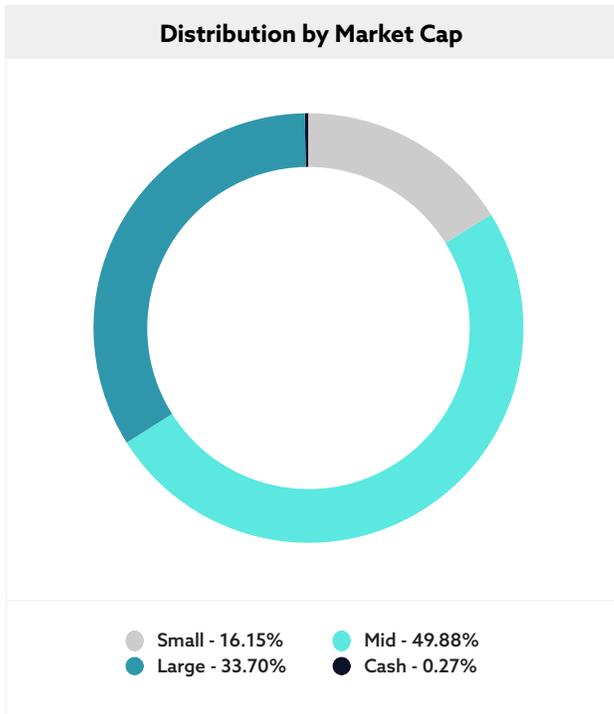
Advisory Fee	0.75%
Holdings	58
Market Cap	\$24.71B
Dividend Yield	1.38
Debt/Capital	41.11
P/E (FY1 Est.)	15.66
Beta	1.29
EV/FCF	-806.18
EV/Sales	1.54
P/S	1.28
EPS Growth (3-5 year Estimated)	14.19

### Performance

**+37.60%** GREEN TECH      **+37.45%\*** S&P 500



# Portfolio Distribution



### Portfolio Risk Level: Moderately Aggressive

**4**

Given the market capitalization and availability of companies in the Green Tech theme, this portfolio will likely be fairly concentrated, which means it's also likely to see short-term volatility (prices going up and down). Therefore, this portfolio should be seen as a long-term investment.

## Top Ten Holdings

(39.87% of portfolio)

Company	Ticker	Weight	Description	MSCI ESG Ratings
Tesla, Inc.	TSLA	4.17%	Tesla is not just an automotive company, but also a technology and design company with a focus on energy innovation.	AA
Thermo Fisher Scientific, Inc.	TMO	4.07%	Thermo Fisher Scientific believes that the key to fighting cancer is to understand the disease on the cellular and molecular level. They also provide high quality tools and software for HIV research.	BB
Eaton Corp PLC	ETN	4.04%	Eaton powers Kentucky's largest solar installation, advancing sustainability and energy security.	N/A
Johnson Controls International PLC	JCI	4.03%	Johnson Controls is a leading provider of equipment, controls and services that increase energy efficiency for buildings worldwide.	AAA
Aptiv PLC	APTIV	4.01%	Provides signal and power solutions and advanced safety solutions for people-powered and self-driving cars.	BBB
ABB Ltd.	ABB	4.01%	ABB Ltd. attempts to "write the future" with technologies like TOSA, the first fully electric, highcapacity, articulated bus to run without overhead lines.	AA
NVIDIA Corp.	NVDA	3.99%	NVIDIA Corporation designs, develops, and markets software that provides interactive 3D graphics used in personal computers, robots, and self-driving cars.	AAA
Rockwell Automation	ROK	3.98%	Rockwell Automation helps manufacturing facilities improve their energy efficiency. With such a big environmental impact coming from the manufacturing sector, theirs is an important mission.	A
Analog Devices, Inc.	ADI	3.85%	Analog Devices deploy millions of smart water meters in tough to reach locations. These meters are battery powered, so they've got decades of shelf life, while still meeting industrial grade demands.	BBB
Autodesk, Inc.	ADSK	3.72%	Autodesk's CFD software empowers design teams to reduce inefficiencies in power usage.	AA

# Portfolio Management Team

## Dave Fanger, CFA

20 years of financial services experience

BS, Actuarial Science, Ball State University

MBA, UCLA Anderson

Fellow of the Society of Actuaries

## Amberjae Freeman

12 years of Impact and ESG research experience

BA, Global & International Studies, UC Santa Barbara

Master of Arts, Global Political Economy, UC Santa Barbara

## Jake Raden

9 years of financial services experience

BA, Environmental Studies, University of Chicago

MPH, Public Health Ethics and Policy, Creighton University

## Lily Bowles, FSA

8 years of shareholder engagement experience.

BA, Political & Social Thought, University of Virginia

MSc, International Development, London School of Economics

## Glossary

**Advisory fee** – The percentage of your account value that an investment company or manager charges to handle your account. Also, sometimes called a management fee. Swell clients pay a single fee of 0.75% per year on their invested assets for brokerage, custodial, investment advisory, and other related services defined in our [Advisory Agreement](#).

**Benchmark** – A standard against which the performance of a security or investment manager can be measured. Generally, broad market and market-segment stock indexes are used for this purpose.

**Beta** – A measure of how risky a company's stock is relative to the broader market. The market has a beta of 1.0, and individual stocks are ranked by how much they deviate from the market's beta. If a stock swings more than the market over time, it means that its beta is higher than 1.0. If it moves less than the market, the stock's beta is less than 1.0. High-beta stocks are supposed to be riskier, but also provide potential for higher returns; similarly, low-beta stocks pose less risk, but also lower returns.

**Debt to capital** – The ratio of total debt divided by total debt plus total shareholders' equity.

**Dividend yield** – The annual dividends per share paid by a company divided by its security price.

**Earnings per share** – The amount of income earned during a period per share of common stock.

**Earnings per share projected growth rate (EPS growth)** – The compounded annualized (three or five year) projected rate of growth of a company's earnings.

**Enterprise value (EV)** – Total company value (the market value of debt, common equity, and preferred equity) minus the value of cash and investments.

**Enterprise value to free cash flow (EV/FCF)** – A financial ratio that compares the total value (as measured by enterprise value) of the company to its free cash flow.

**Enterprise value to sales (EV/S)** – A financial ratio that compares the total value (as measured by enterprise value) of the company to its sales.

**Equity (i.e., stock)** – An instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits.

**Free cash flow (FCF)** – The actual cash that would be available to the company's investors after making all investments necessary to maintain the company as an ongoing enterprise (also referred to as free cash flow to the firm); the internally generated funds that can be distributed to the company's investors (e.g., shareholders and bondholders) without impairing the value of the company.

**Market capitalization** – The size of a company. To calculate a company's market cap, multiply the total number of a company's outstanding shares by the current price per share. Swell uses the same market cap thresholds as the [Russell Indexes](#): Large cap (approximately \$26.3 billion to \$926.9 billion), mid cap (approximately \$2.9 billion to \$26.3 billion), and small cap (approximately \$159.2 million to \$2.9 billion).

**MSCI ESG Ratings** – MSCI ESG Research products and services are provided by MSCI ESG Research LLC, and are designed to provide in-depth research, ratings, and analysis of environmental, social, and governance-related business practices to companies worldwide. MSCI ESG Research LLC is a registered investment adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc.

**Price to earnings (P/E) one-year forward estimate (FY1 Est.)** – Price of the stock divided by its one-year projected forward earnings.

**Price-to-sales ratio (P/S)** – Calculated by dividing the stock's current price per share by its sales.

**Risk level** – Swell's portfolio risk levels are based on their asset class. Swell portfolios are typically moderate to high risk based on the following scale:

Risk level	Asset Class
5	International Equities
4	US Small & Mid Cap Equities
3	US Large Cap Equities
2	Fixed Income Securities
1	Cash & Cash Equivalents

**Sustainable Industry Classification System® (SICS®)** uses an impact-focused methodology categorizing companies under a sustainability lens. SICS builds on and complements traditional classification systems by grouping companies into sectors and industries in accordance with a fundamental view of their business model, their resource intensity and sustainability impacts, and their sustainability innovation potential. For unclassified companies we supplement with GICS.

**Volatility** – One gauge of how risky it is to own a security or portfolio. It provides a measure of how much the price tends

# Disclosures

## Sources

1. World Energy Outlook 2012," IEA, Presentation to the Press, London, 12 November 2012. The Green Investment Report: The ways and means to unlock private finance for green growth," Green Growth Alliance, World Economic Forum (2013)..
2. The performance shown is the actual results of an investment account held by an affiliate assuming a 0.75% annual advisory fee. Performance shown is net of fees and transaction-related expenses and includes reinvestment of dividends greater than \$1 dollar. The S&P 500 Index benchmark data was provided by Xignite.
3. Portfolio metrics and weights are provided by Bloomberg. \*All portfolio holdings are available for review on our website at [www.swellinvesting.com](http://www.swellinvesting.com)

## Benchmarks

The Standard and Poor's 500 (S&P 500) Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad U.S. domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Any comparison to the S&P 500 Index, or to any other benchmark, is shown for illustrative purposes only. Swell's portfolios differ from the S&P 500 in that, among other factors, Swell's portfolios are managed, undiversified, bear fees, and may vary materially in volatility. Swell uses the total return index of the S&P 500 (SPXT).

## About Risk

The description below is an overview of the risks entailed in our investment strategies and is not intended to be complete. All investing involves a risk of loss that clients should be prepared to bear, and the investment strategies offered by Swell could lose money over short or long periods. Performance could be hurt by a number of different market risks including but not limited to:

- **Stock Market Risk.** An investment in individual securities or in a portfolio of securities could lose money. We cannot give any guarantee that we will achieve the client's investment objectives or that any client will receive a return of their investment. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- **Individual Equity Risks.** Under strategies utilizing equity securities, the portfolios are subject to the risk that stock prices may fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in equity securities.
- **Risks Related to Company Size.** Swell's strategies will primarily invest in small-capitalization and mid-capitalization stocks, which are often more volatile and less liquid than investments in larger companies. The frequency and volume of trading in securities of smaller and mid-size companies may be substantially less than is typical of larger companies. Therefore, the securities of smaller and mid-size companies may be subject to greater and more abrupt price fluctuations. In addition, smaller and mid-size companies may lack the management experience, financial resources, and product diversification of larger companies, making them more susceptible to market pressures and business failure.
- **Risks Associated with the Underlying Business.** Investments in securities entails all the risks associated with the underlying businesses, including reliance on a company's managers and their ability to execute business strategies. In addition, all businesses face risks such as adverse changes in regulatory requirements, interest rate and currency fluctuations, general economic downturns, changes in political situations, market competitions, and other factors. Swell will not have day-to-day control over any company in which it invests for clients.
- **Diversification Risks.** Swell's investment portfolios will be concentrated in specific industry groups and will not be considered diversified portfolios. Such industry concentration could have a material effect on the performance of the portfolio if the particular industry sector in which the portfolio is invested does not perform well or falls out of favor. Non-diversified portfolios may experience greater volatility than diversified portfolios. The risks of investing in a non-diversified portfolio may also be greater than the risks of investing in a diversified portfolio.

There can be no assurance that a client's investment objectives will be achieved and no inference to the contrary is being made. Prior to entering into an agreement with Swell, a client should carefully consider that volatility from investing in the stock market can occur and that over time the client's assets may fluctuate and at any time be worth more or less than the amount invested.

Swell does not represent, guarantee, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

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Swell portfolios are not mutual funds; they are separately managed account (SMA) portfolios.

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