

Market Review

In Q3 2021, several different, and at times countervailing, narratives and macroeconomic forces increased market volatility. Early in the quarter, buoyant economic data and a return-to-normal narrative led equities higher, underlining a general sense of optimism.

But by quarter-end, bond selling due to fears of supply chain shortages, inflation, and interest rate increases began to rattle equity markets, and—perhaps unintentionally—pushed interest rates higher; rarely a good environment for share prices. This is especially true of perceived growth stocks and the shares of more innovative companies.

The underlying business results of the Fund’s holdings have generally been strong, as innovators and fixers of the economy’s worst risks gain market share. Exceptions have been companies hit by supply chain constraints and/or international trade disputes, and subsequent margin pressures caused by those things, primarily within the renewable energy industry. Renewable energy continues to proliferate globally. However, in the current difficult environment for obtaining basic resources and securing supply chains, tighter margins have resulted in some lower-than-expected earnings, particularly compared to 2020 results. We expect this to ameliorate as suppliers respond to meet demand and the simultaneous need for zero emissions energies continues to grow.

Fund Recap

For the third quarter of 2021, the Shelton Green Alpha Fund returned -4.61%, vs the MSCI All Country World Investable Market Index (MSCI ACWI IMI), at -1.11% (net).

On a year-to-date basis, the portfolio’s top two contributing sectors were Health Care and Technology. In Health Care, a biotech firm that developed and distributes messenger RNA-based COVID-19 vaccines continued to add to portfolio returns, contributing most of the returns from the sector, and one gene-editing based therapeutics provider gained on positive trial results. The gains from these firms were partially offset by losses in other biotechs and two health care facilities and services companies. Within Technology, the semiconductor industry contributed the most. The front-end capital equipment sub-industry furnished most of the gains, as a global semiconductor supply chain squeeze enabled providers of equipment required to make semiconductors to raise prices. The world’s largest foundry and fabrication company was also able to charge higher prices. Downstream, semiconductor devices, such as graphics cards, also added to returns. Returns in the sector were partially offset by losses in a designer of integrated circuits and a power management chip maker.

On a year-to-date basis, the two most detracting sectors were Energy and Utilities. Renewable Energy detracted from returns in the strategy as both solar and wind equipment manufacturers saw supply chain issues and related margin pressures. Solar inverter manufacturers saw declines for similar reasons. The Utilities sector detracted from returns as a renewables-based, utility scale electric utility declined on generalized concerns around economic growth and rising interest rates, and an emerging market, large-scale solar utility struggled to gain market visibility.

Fund Performance

Average Annual Total Returns

	3Q21	YTD	1YR	3YR	5YR	Since Inception
NEXTX	-4.61%	7.27%	55.13%	41.99%	27.74%	20.38%
MSCI ACWI IMI (net) ¹	-1.11%	11.42%	28.92%	12.37%	13.05%	10.35%
S&P 500 Composite Stock Index ¹	0.58%	15.91%	29.98%	15.97%	16.87%	14.90%

¹It is not possible for individuals to invest directly in an index. Performance figures for an index do not reflect deductions for sales charges, commissions, expenses or taxes.

Total returns include changes in share price and the reinvestment of income dividends and all capital gains distributions. Performance figures represent past performance and are not a guarantee of future results. The investment return and the principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance data quoted. For more current month-end Fund performance information, please call our office at (800) 955-9988.

*Green Alpha Advisors, LLC owns the trade to Next Economy.

INVESTMENTS ARE NOT FDIC INSURED OR BANK GUARANTEED AND MAY LOSE VALUE.

Fund Management

Garvin Jabusch
 Portfolio Manager



Prior to co-founding Green Alpha with Jeremy Deems in 2007, Garvin worked at Forward Management, LLC where he managed the Sierra Club Stock Fund and the Sierra Club Equity Income Fund. Before Forward Management, Garvin served as Vice President of Strategic Services at Morgan Stanley where he contributed to such projects as the integration of European acquisitions and the disposition of Morgan Stanley Online. Garvin holds an MBA in international management and finance from the American Graduate School of International Management (Thunderbird).

Jeremy Deems
 Portfolio Manager



Prior to co-founding Green Alpha, Jeremy was CFO of Forward Management, LLC, the investment advisor to the Forward Funds and Sierra Club Mutual Funds. He was responsible for all areas related to finance, operations, and human resources. Jeremy was also a co-portfolio manager on the Sierra Club Stock Fund, alongside Green Alpha co-founder, Garvin Jabusch. In addition, Jeremy was the CFO of ReFlow Management Co., LLC, an innovative liquidity management tool for the mutual fund industry. Jeremy holds an MBA in Finance and B.S. in Business Administration, Honors Concentration in Financial Services from Saint Mary’s College of California. He was a licensed Certified Public Accountant from 2001 to 2016. Jeremy is also an independent Trustee and Audit Committee Chairman for several mutual fund trusts, consisting of funds managing in excess of \$20 billion in client assets, spanning the open-end, exchange traded and closed-end fund marketplaces.

IMPORTANT INFORMATION

Shelton Green Alpha Fund's environmental focus may limit investment options available to the Fund and may result in lower returns than returns of funds not subject to such investment considerations. There are no assurances that the Fund will achieve its objective and or strategy. Investing in securities of small and medium sized companies, even indirectly, may involve greater volatility than investment in larger and more established companies.

Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, visit www.sheltoncap.com or call (800) 955-9988. A prospectus should be read carefully before investing.

The Shelton Green Alpha Fund is distributed by RFS Partners, a member of FINRA and affiliate of Shelton Capital Management.

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