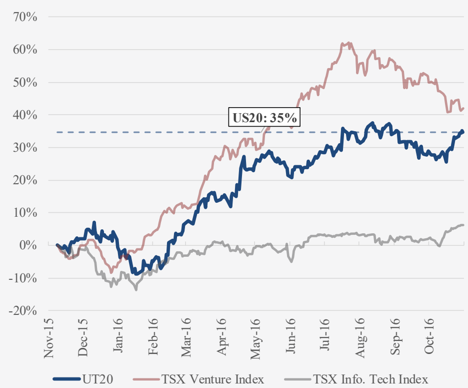
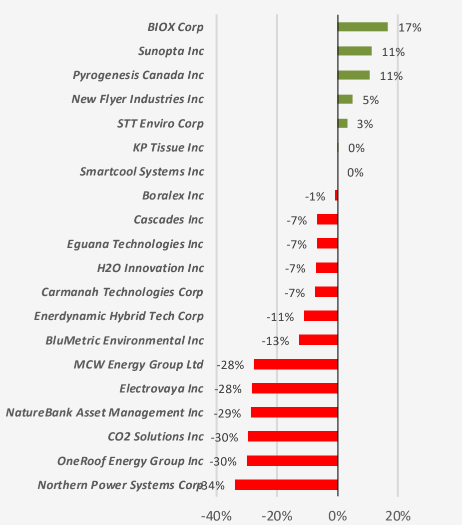
Ubika Sustainability 20
Oct. 17, 2016 - Nov. 28, 2016

US20:	+2.3% (+35% Y/Y)
TSX Venture:	-5.0% (+42% Y/Y)
DJSI - NA40:	+4.8% (+6% Y/Y)

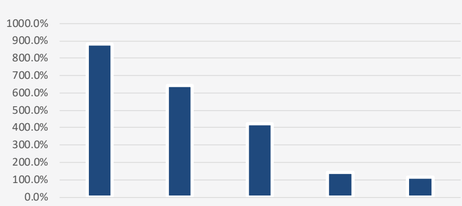
Dollar amounts in CAD unless otherwise stated.



US20: Performance Distribution



Top Volume Gainers (m/m)



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Ubika Sustainability 20 Constituents Get a Rough Ride; Largest Stocks Pull Their Weight

Over the reporting period of October 11th to November 25th, the Ubika Sustainability 20 Index climbed 2.3%, pulled up by positive performances from the two largest constituents (New Flyer Industries, and SunOpta). This performance beats out the TSXV, which dropped 5.0%, but was edged out by the Dow Jones Sustainability Index- North America, which rose 4.8%.

It was a period that created a lot of good news for the solar industry, from Tesla/ SolarCity's solar powered island to announcements by the African Development Bank, all this when solar companies are laying off employees and stock prices are plummeting (Canadian Solar Inc, has declined ~33% since 2015). This and more inside this week's US20 Index.

Industry Highlights

- Large promises were made from the Climate Vulnerable Forum (CVF) members, a delegation of 47 of the world's poorest nations, on November 18th, 2016. The participating countries have committed to generate 100% renewable energy between 2030 and 2050. This comes as an effort to keep global temperature rise under the 1.5C target for this century that was agreed upon in Paris.
- Federal Environment Minister Catherine McKenna announced on November 21st that Canada plans to phase-out coal fired electricity by 2030, and raised Canada's renewable energy target to 90% from the previously announced goal of 80%.
- At COP22 in Morocco, President Akinwumi Adesina of the African Development Bank has been using the Conference to highlight its new initiative on energy which, will see USD$12billion invested in the energy sector over the next five years. As a major player in setting up the African Renewable Energy Initiative, the organization looks to generate 10gigawatts (GW) of renewable energy by 2020, and up to 300GW by 2030.
- Telsa Motors (NASDAQ:TSLA) and SolarCity (NASDAQ:SCTY) have shown the capability of the combination of solar power generation and sustainable energy storage on the island of Ta'u in American Samoa. By installing a microgrid of panels and batteries, the island now receives nearly 100% of its power needs from the system

Upcoming Sustainability Events:

- Fueling Our Future: Is Renewable Doable?: November 27th, 2016 in Toronto, Ontario
- Action Planning for Sustainability- Green Economy North Business Forum 2016: Tuesday November 29th, 2017 in Sudbury, Ontario.
- Solar Canada Conference 2016: December 5th and 6th, Toronto, Ontario

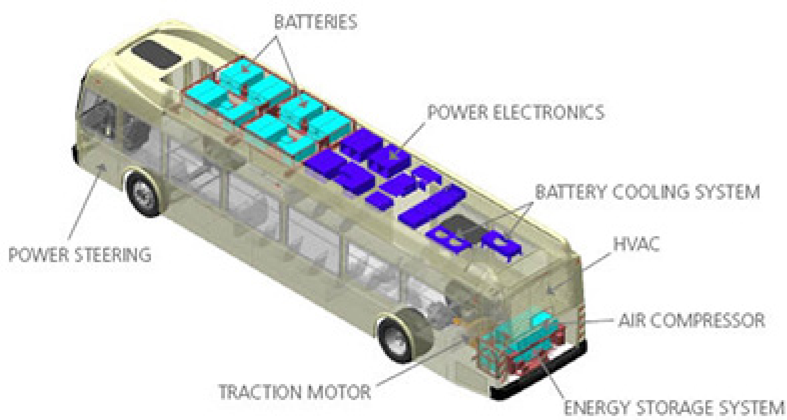
Notable US20 Performers

New Flyer Industries (TSE:NFI)

New Flyer Industries ("NFI") is a leading transit bus and motor coach manufacturer, parts distributor in, and the creator of the world's first electric and hydrogen fuel cell bus, with operations focused in North America. From the announcement of testing the world's first-ever zero emissions transit bus and over a 50% increase in net earnings, NFI drives value back into the stock, which climbed 5.1%.

There was a lot of positive news coming out of Winnipeg over this reporting period, and NFI continues the automobile industry's roll into zero-emission vehicles. On November 8th, NFI announced that its 60-foot all-electric bus was undergoing testing at the Federal Transit Administration's grounds in Pennsylvania. NFI has both the XE60 battery-electric bus and its XHE60 hydrogen fuel-cell 60-foot buses, which are driven by electric motors and produce zero tailpipe pollution and greenhouse gases. An example of the motor in the bus can be found in Figure 1. This is a huge step forward for the transit industry, as a long-time pitfall of electric-driven vehicles was their hauling capacity, and could eliminate the need for dirty, diesel-powered buses.

Figure 1. Cut Out of the Zero-Emissions Bus Energy Storage and Motor System



Source: Company Presentation

Some positive news from south of the border also helped NFI this period. In July 2016, there was a contract issue from the New Jersey Transit Commission (NJTC) as funding was suspended, however on October 14th, 2016, the suspension was lifted and the contract is now moving ahead. NFI was initially supposed to deliver 142 buses to the NJTC in 2016, but due to the delay will only be able to supply 89 buses in 2016. However, as the contract is for a total of 772 commuter coaches, NFI is expecting about $350mm in revenue from the NJTC over the next five years.

More good contract news came for NFI as the COMET, located in Columbia, South Carolina, has exercised the options in its contract for 23 new buses, or approximately $11.9mm in revenue based on previous quarter sales and deliveries. In addition, on November 21st, NFI announced that the London Transit Commission (LTC) had awarded a contract to NFI for 28 new buses compromised of 27, 40-foot and one 60-foot Xcelsior clean diesel. This new contract will be used to replace some of the 202 New Flyer Buses currently in operation with the LTC, and is worth approximately $14.5mm.

Finally the financial results were released for NFI's Q3, 2016 ending October 2nd, 2016, and the Company is continuing to show strength. Revenues were up 40.3% to $511.5 million compared with the same quarter in 2015, while net earnings of $26mm represented a 57% increase over Q3 of 2015, as shown in Figure 2. All of this comes as no surprise as NFI's CEO, Paul Soubry, has been crowned the #1 CEO of the year by the Financial Post's annual rankings.

Figure 2. Excerpt from Income Statement Comparing Quarterly Performance

	13-Weeks Ended October 2, 2016	13-Weeks Ended September 27, 2015
Revenue (note 12)	$ 511,483	$ 364,683 $
Cost of sales (note 4)	423,137	315,349
Gross profit	88,346	49,334
Sales, general and administration costs and other operating expenses	42,673	23,723
Foreign exchange (gain) loss	(960)	628
Earnings from operations	46,633	24,983
Unrealized foreign exchange loss on non-current monetary items	1,365	984
Earnings before interest and income taxes	45,268	23,999
Finance costs		
Interest on long-term debt	4,094	2,161
Accretion in carrying value of long-term debt	599	609
Other interest and bank charges	1,215	590
Fair value adjustment on interest rate swap	(3,010)	128
	2,898	3,488
Earnings before income tax expense	42,370	20,511
Income tax expense (note 5)		
Current income taxes	14,702	14,380
Deferred income tax (recovered) expense	1,666	(10,428)
	16,368	3,952
Net earnings for the period	$ 26,002	$ 16,559 $

Source: Sedar Filings

Operationally, NFI has a backlog of firm orders and options of over 9,800 units with a value of more than $5 billion, so there will not be a shortage of work for the Company to conduct. Currently NFI is trading at an Enterprise Value/EBITDA multiple of 13.8x, just above the median of 13.5x for heavy machinery and vehicle manufacturers in North America.

Electrovaya Inc. (TSE:EFL)

Electrovaya Inc. ("Electrovaya") is a green energy solutions company that develops, manufactures and sells power technology products for transportation, utilities and smart grid power. Although Electrovaya had some positive business developments over this reporting period, the business update that was released contained a tone which left some of Electrovaya's future revenue streams up in the air, causing Electrovaya to fall 28.4%.

Starting off on a positive note, Electrovaya announced on October 19th that it had entered into a supply agreement with a global original equipment manufacturer for a residential energy storage application. Following that announcement, Electrovaya also received a purchase order of $9.9mm (of the estimated $284.4mm value over the three-year contract) for battery modules to be delivered in H1 of 2017.

On November 8th, Electrovaya released an update to previously-announced business developments and the results were not very promising. For an agreement that was announced on September 1st, 2015 for battery components, Electrovaya had estimated its value at $26.44 million over the 44-month contract, however in the first nine months of the contract had only recorded $2.4 million, or less than 55% of the expected value. The contract has since been amended and the customer has committed to order $1.9mm of products prior to September 2017 with the option for more, however was unable to provide estimates to Electrovaya so the total value of the contract is unknown, but likely to be well below the initial $26.4mm estimated. This announcement with the other contract adjustments that were announced initiated a sell-off of Electrovaya shares, and on November 10th, IIROC had to halt trading as a circuit breaker was triggered by a more than 10% drop in price in under five minutes.

That being said, Electrovaya has clawed back more than 20% since its low of $1.72 on November 10th. This has been helped by the announcement of Electrovaya's new lithium-ion (Li-ion) battery product line for forklifts. Currently, electric forklifts run on large, and toxic lead-acid batteries that must be recharged after every eight-hour shift, yet Electrovaya's Li-ion batteries are designed to run longer, charge faster and have a lifecycle that lasts 6x longer than a lead-acid, and 2x longer than a conventional Li-ion system. This type of product is perfect for large warehouses and manufacturing companies that are running 24 hours a day as it can decrease the number of forklifts they'll need to have on site, reducing capital investment and maintenance cost.

Financially, Electrovaya has been hit hard by the deferral of product deliveries over the past quarters as it has seen revenue per quarter drop 74% over the past four quarters to $3.3mm for the quarter ending June 30th, 2016 (Figure 3, below). The situation has also been exacerbated by the fact that Electrovaya has made the pivot from manufacturing battery components to battery modules and systems sales, as stated in its Q3 financial results release. The Company recently received a $13.5mm loan facility from a Canadian bank on September 19th and pulled $7.2mm from it to help with liquidity issues as its cash balance of $2.7mm as of June 30th, 2016, put into question the Company's ability to pay maturing obligations. Moving forward, however, as Electrovaya's completes the full transition, and operations are smoothed out, with the new product line and purchase orders amended/ received, Electrovaya should start to see revenues increase again. Even though Electrovaya has seen its stock price drop, it is still trading at an EV/Revenue multiple of 5.8x, well above the median 1.2x among other green energy and power system companies.

Figure 3. Cut out of quarter over quarter revenue streams for Electrovaya Inc.

	2016			
	Jun-2016	Mar-2016	Dec-2015	Sep-2015
Earnings Quality Score	14	29	15	6
Period End Date	30-Jun-2016	31-Mar-2016	31-Dec-2015	30-Sep-2015
Avg. FX Rate (USD/CAD)	1.288555	1.372118	1.335361	1.308061
Revenue	3.31	5.92	11.00	12.77

Source: Thompson Reuters

Boralex Inc. (TSE:BLX)

Boralex Inc. ("Boralex") is a renewable energy company that designs, constructs and operates renewable energy power stations consisting of wind, hydroelectric, thermal and solar assets around the globe.

In the first half of the reporting period, Boralex's saw its initial upward momentum supported by the announcement of the Company closing a $142.5mm financing for the construction of its Mont de Bagny (24MW), the Artois (23.1MW) and the Voie des Monts (10MW) wind farms in France. The financing provided by Credit Industriel et Commercial and BPI France Financement will bear an average interest rate of approximately 1.77% over the 15-year period and includes $16mm in financing for value added tax receivables. These projects have all begun construction and are expected to be commissioned between Q2 and Q4 of 2017. This will further strengthen Boralex's asset base in France, solidifying the Company's claim of France's largest independent provider of onshore wind power.

In addition, towards the tail end of the rise, Boralex also confirmed that it would be exercising its option to acquire a 25% economic interest in the 230MW Niagara Region wind farm owned by Enercon (Private Company), extending across three townships. According to the initial release, the option will cost Boralex $60mm in equity to exercise the option, but will provide further increases to Boralex's profit-generating assets without the need to manage the physical asset.

Regardless of this good news, Boralex saw its biggest movement, and unfortunately it was down, after the Company posted its Q3 financials (for the quarter ending September 30th, 2016), in which it recorded a loss of $9.9mm. After the release on November 9th, shares dropped 15% over the next three days to a low of $16.32, but has since rebounded almost 10%. One of the downfalls to Boralex business model being largely reliant on the weather to generate its revenues, is that when they have unfavourable weather patterns as was experienced in the past quarter, wind generation decreased by 25% to 268,118MWh compared to Q2, 2016. As wind is by far the largest contributor to Boralex's operations, it is also the largest risk to the Company's revenues and profitability, as is shown by Figure 4 with winds contribution highlighted for each category. Although Boralex has run into some difficulties, it is only trading at a slightly higher EV/Revenue multiple of 9.9x compared to the median of 9.4x amongst other utility providers.

Figure 4: Overview of Total Energy Production, Revenue and EBITDA by Energy Source

	Three-month periods ended			
(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016
POWER PRODUCTION (MWh)				
Wind power stations	450,179	581,451	356,410	268,118
Hydroelectric power stations	158,161	170,627	190,600	130,363
Thermal power stations	31,131	64,827	12,499	51,917
Solar power stations	3,680	4,155	6,772	7,280
	643,151	821,060	566,281	457,678
REVENUES FROM ENERGY SALES				
Wind power stations	58,624	77,736	45,899	34,537
Hydroelectric power stations	14,998	17,228	14,999	12,154
Thermal power stations	6,521	10,061	2,531	5,447
Solar power stations	890	952	1,606	1,713
	81,033	105,977	65,035	53,851
EBITDA(A)				
Wind power stations	51,238	70,862	35,368	24,029
Hydroelectric power stations	9,893	12,918	10,775	8,168
Thermal power stations	711	4,154	(703)	1,018
Solar power stations	743	785	1,427	1,504
	62,585	88,719	46,867	34,719
Corporate and eliminations	(9,278)	(8,720)	(9,200)	(10,148)
	53,307	79,999	37,667	24,571
NET EARNINGS (LOSS)	5,732	22,502	(6,565)	(9,853)

Source: Sedar Filings

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