

# Next Economy Income

September 30, 2024

Green Alpha<sup>®</sup>

## Investment Philosophy

The driving forces behind economic growth are:

- Investments in physical capital and infrastructure that expands production capacity,
- companies boosting productivity and operational efficiencies,
- technology creating new ways to produce more with less, and
- market solutions addressing negative externalities and other macro concerns.

High-performing enterprises can revolutionize efficiency while also developing solutions for critical issues like climate change, resource depletion, inequality of opportunities, and public health crises. By doing so, they can create economic expansion and actualize a more sustainable and equitable future. These innovative companies offer the most promising investment opportunities, providing security, income, and growth potential for our clients' capital.

Our strategy is clear: we focus on maximizing investment returns and income through high-yield instruments of businesses and projects that combine profitable growth with scalable, adaptable solutions to global challenges. We seek opportunities where addressing major problems drives sustainable earnings and attractive risk-adjusted returns.



## Why Invest in Next Economy Fixed Income?

- Invests in both investment-grade and higher-yield fixed income securities
- Solely consists of bonds issued by market-leading, solutions-oriented companies and/or projects

**Inception:** June 30, 2022

**Vehicle:** Separately Managed Accounts

## Research

We select companies for our portfolios based on:

- **Impact:** Businesses offering innovative solutions to critical economic, environmental, and other global challenges.
- **Innovation Leadership:** Companies investing heavily in R&D, intellectual property, and capital expenditures.
- **Strong Management:** Diverse, effective teams aligned with shareholders, demonstrating revenue growth, and expanding profit margins.
- **Financial Health:** Businesses with robust balance sheets and smart capital allocation strategies.
- **Yield:** Fixed income securities offering attractive coupon rates and spreads relative to their credit quality and duration risk.

These and other factors help us construct a portfolio that aims for stable income and preservation of capital. We focus on credit quality and duration management in shifting rate environments.

## Portfolio Construction

Green Alpha has partnered with Uniplan Investment Counsel to manage the Next Economy Income portfolio strategy. The portfolio benefits from Green Alpha's sustainability analysis, and Uniplan's bond selection, trading, and portfolio construction expertise.

All bonds purchased for Next Economy Income accounts pass both Green Alpha's rigorous sustainability criteria and Uniplan's evaluation method and weighting schemes.

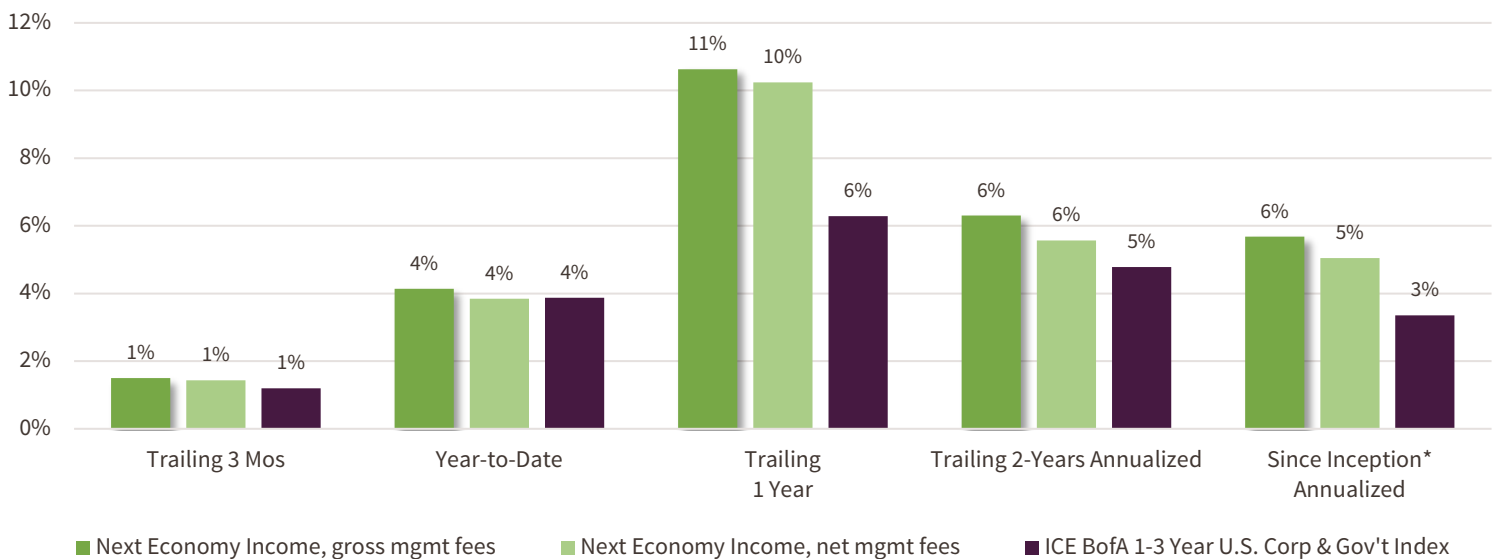
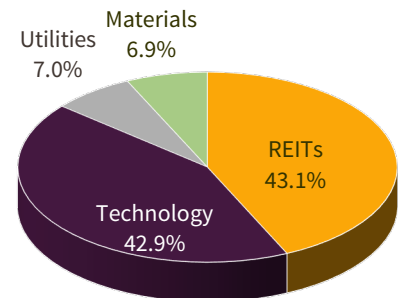
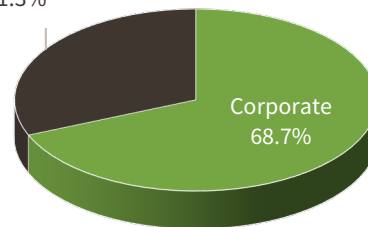
# Characteristics & Performance

Quality Structure	S&P Rating
Average Quality	BBB+/Baa1/BBB/Baa2
AAA/Aaa	0.00%
AA/Aa	4.92%
A	14.65%
BBB+/Baa1/BBB/Baa2	24.34%
BBB-/Baa3	4.97%
BB/Ba	19.79%
B	0.00%
Non-rated and CCC/Caa to D categories	0.00%
Cash	31.33%

Largest Holdings	Weight
Prologis 1.250% 10/15/2030	5.05%
Twilio 3.625% 3/15/2029	5.03%
CrowdStrike Holdings 3.000% 2/15/2029	5.01%
American Tower 1.600% 4/15/2026	5.00%
Iron Mountain 4.875% 9/15/2027	4.98%
Micron Technology 5.375% 4/15/2028	4.97%
Digital Realty Trust 3.700% 8/15/2027	4.95%
Apple 1.125% 5/11/2025	4.92%
Equinix 1.000% 9/15/2025	4.85%
Lam Research 3.800% 3/15/2025	4.80%
<b>% of Portfolio</b>	<b>49.57%</b>

Statistics	
Yield-to-Maturity	4.65%
Current Yield	3.65%
Average Duration	1.55
Weighted-Avg Maturity	1.68
Effective Duration	1.41
Number of Holdings	14
Option-Adjusted Spread (OAS)	57.54%

Cash & Cash Equivalents\*\* 31.3%



\*Portfolio Inception: June 30, 2022

Characteristics presented on this page are for one separately-managed account. Transactions, holdings, and results for separately managed accounts should be expected to differ, sometimes greatly, based on timing of transactions, account size, and custodian/broker relationship(s). Please see additional important disclosures on the following page.

# Important Disclosures

- Green Alpha Advisors, LLC is a registered investment advisor. Registration as an investment advisor does not imply any certain level of skill or training.
- Uniplan Investment Counsel has specialized in alternative asset management since 1984. Led by Founder & CEO Richard Imperiale, the team performs fundamental analysis on the individual bonds and sustainable companies for inclusion in the portfolio.
- The portfolio is managed by a team of Co-Managers, each contributing their expertise to investment decisions this collaborative approach is intended to diversify perspectives and leverage complementary skill sets to enhance portfolio management. Clients should understand that while co-management seeks to enhance portfolio outcomes, limitations may impact operational efficiency. Efforts are made to mitigate these risks through structured communication, clear role definition and adherence to the overarching investment strategy.
- Clients engaging in a co-managed portfolio structure are required to sign a dual Investment Management Agreement (IMA) to formalize their consent to the co-management arrangement. Additional, clients will receive form ADV Part 2 and Form CRS from both Co-Managers. Clients are encouraged to carefully review both forms and discuss any questions or concerns before entering into the co-management agreement.
- Green Alpha Investments is a trade name of Green Alpha Advisors, LLC. Green Alpha is a registered trademark of Green Alpha Advisors, LLC. Green Alpha Advisors also owns the trademarks to “Next Economy,” “Next Economics,” “Next Economy Portfolio Theory,” “Investing in the Next Economy,” and “Investing for the Next Economy.”
- Performance quoted throughout this document represent past performance. Past performance does not guarantee future results, and current performance may be lower or higher than the data quoted. Investment returns and principal will fluctuate with market and economic conditions, and investors may have a gain or loss when shares are sold.
- Past performance does not guarantee or indicate future results. The information expressed herein is as of the expressed dates and is subject to change. Displayed portfolio characteristics reflect the strategy for a fully discretionary, unconstrained account and are the result of actual trading. Actual portfolios may differ as a result of account size, client-imposed investment restrictions, the timing of client investments, cash flows into or out of such accounts, market, economic and individual company considerations and other factors.
- The Next Economy Income performance results are a composite of discretionary client accounts invested in the Next Economy Income strategy. Net-of-fee returns reflect the deduction of actual and/or highest applicable management fees and transaction costs. Some assets managed in the Next Economy Income strategy within the composite do not pay a management fee and/or receive a reduced fee from the standard management fee schedule. Actual client returns experienced will vary from the returns presented based on a variety of factors, and we encourage you to ask about specific factors.
- Actual advisory fees may vary among clients with the same investment strategy. Green Alpha’s standard fee schedules are available within Form ADV Part 2. For those details and additional legal information, please see information and files here: <http://greenalphaadvisors.com/about-us/legal-disclaimers/>.
- The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the performance of investment grade debt in the U.S. domestic market that is denominated in U.S. dollars. It includes securities that have a remaining term to final maturity of less than three years. This index is a subset of the ICE BofA U.S. Corporate & Government Index. The index includes: U.S. Treasury securities, U.S. agency securities, Foreign government securities, Supranational securities, and Corporate securities.
- Investment-grade and higher-yield fixed income securities that pass both Green Alpha's top-down and Uniplan Investment Counsel's fundamentals and quantitative research processes with sufficiently high proprietary scores are included in the Next Economy Income portfolio. The constituents of the Next Economy Income strategy represent the candidate list of Green Alpha Next Economy Universe, from which Uniplan selects individual bonds for the construction of the portfolio. Individual bonds issued by nonGreen Alpha Next Economy Universe approved companies may be considered for the portfolio on a case-by-case basis upon approval by both co-management investment teams. Next Economy Income employs active research and bond selection, and active portfolio construction through a continual evaluation process using Uniplan's proprietary weighting scheme. Designed to reflect the emerging Next Economy as a whole, the universe of bonds typically grows each year as the economy continues to transition and public fixed income markets continue to evolve.
- Asset allocation and diversification strategies do not guarantee a profit and may not protect against loss. The two main risks related to fixed-income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/ developing markets or in concentrations of single countries. Small-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid than larger capitalization companies. Investments that are concentrated in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.
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