

Social Index

December 31, 2024

Green Alpha[®]

Largest Positions	2
Macroeconomic Commentary	4
Performance and Sector Attribution	5
Portfolio Characteristics	6
Sector, Geographic, and Market Cap Allocations	7
Disclosures	8

Investment Philosophy

The driving forces behind economic growth are:

- companies accelerating productivity, and
- businesses tackling urgent global challenges.

High-performing enterprises can revolutionize efficiency while also developing solutions for critical issues like climate change, resource depletion, social inequality, 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 and growth potential for our clients' capital.

Our strategy is clear: we focus on identifying and investing in businesses that are developing brilliant, scalable, adaptable, and economically viable solutions to global challenges.



Why Invest in the Social Index?

- Active research and stock selection; passively managed through an annual rebalance
- Industry-leading rigorous gender and social inclusion criteria applied to the Next Economy™ thesis results in a uniquely powerful portfolio of innovative companies led by diverse, empowered teams
- ~113 global, market-leading companies

Inception Date: December 31, 2015

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, expanding profit margins, and potential dividend increases.
- *Financial Health:* Businesses with robust balance sheets and smart capital allocation strategies.
- *Value:* Companies whose stock prices offer attractive value relative to proven performance and growth prospects.

These and other factors help us construct portfolios that aim for strong returns and build a more sustainable economy. We concentrate on long-term success in an evolving landscape.

Portfolio Construction

This portfolio leverages collective diversity for superior outcomes. We give greater weighting to companies with:

1. Strong female representation
2. Women in key decision-making roles
3. Highly inclusive policies across demographics
4. Greater-than-average age spread on leadership teams

Over time, diverse groups outperform homogeneous ones in problem solving, execution, and risk management.

Largest Positions

How the Social Index portfolio is driving progress toward the Next Economy

Vital Farms (Sector: Consumer Staples, Industry: Food)

- Vital Farms produces pasture-raised eggs, butter, and other dairy products according to ethical farming standards. They prioritize animal welfare, ensuring their hens have access to the outdoors, fresh air, and sunlight. Their hens have significantly more space to engage in natural behaviors compared to conventional or even cage-free farms.
- *Transparency:* They emphasize transparency, allowing consumers to trace eggs to the specific farm where they were produced.
- *Sustainable Practices:* They focus on sustainable farming methods that benefit the environment, including rotational grazing which helps improve soil health.
- *Farmers:* Vital works with a network of family farms, supporting small-scale agriculture and rural communities.
- *Education:* They actively educate consumers about egg production methods and benefits of pasture-raised eggs.
- With less than 2% current household penetration in the U.S., there is significant room for expansion. Vital Farms is capitalizing via channel expansion from natural grocers into mass retail banners like Walmart, Publix, and Kroger.
- Vital Farms enjoys strong fundamentals, including a consistent 27% 5-year average annual revenue growth rate and rapidly expanding omnichannel distribution strategy. This positions them for significant future expansion.
- The board is 50% female, including chairs of the Audit, Compensation, and Nominating/Corporate Governance Committees. Executive leadership is 38% female and includes the General Counsel and Chief Marketing Officer.

Primo Brands (Sector: Consumer Staples, Industry: Beverages)

- Primo Brands is a leading North American provider of pure-play water solutions. The company recently merged with BlueTriton Brands, significantly expanding its product portfolio and market reach. Primo Brands is now dual headquartered in Tampa FL, and Stamford CT.
- *Market Leadership:* They hold the #1 market share position in the U.S. and Canada for delivered water and the #2 market share position for water dispensers. This strong market position gives the company significant pricing power and brand recognition.
- *Diverse Product Portfolio:* The company offers a wide range of water solutions, including multi-gallon bottled water, self-service refill water, and water dispensers. This diversification helps to mitigate risk and capture a larger share of the market.
- *Extensive Distribution Network:* Primo Brands has more than 50 production facilities and 200 depots across North America. This allows the company to efficiently serve its customers and expand into new markets.
- *Strong Growth Potential:* The demand for clean and healthy drinking water is growing, and Primo Brands is well-positioned to capitalize on this trend. The company's recent merger with BlueTriton Brands is expected to drive significant growth in the coming years.
- *Commitment to Sustainability:* Primo Brands is committed to environmental sustainability and has implemented several initiatives to reduce its carbon footprint. Their water refill stations help to reduce plastic waste, and its delivery fleet is being transitioned to electric vehicles.
- *Diverse Leadership:* The senior leadership team is an impressive 43% female, and the board is 40%, with women chairing all three of the board-level committees.

Moderna, Vail Resorts, and Sunrun's Next Economy attributes are described on the following page.

Company Name	Ticker	Weight
Vital Farms	VITL	1.78%
Primo Brands	PRMB	1.68%
Moderna	MRNA	1.66%
Vail Resorts	MTN	1.66%
Sunrun	RUN	1.65%
PagerDuty	PD	1.59%
Kilroy Realty Corp	KRC	1.58%
Cisco Systems	CSCO	1.45%
Universal Display Corp	OLED	1.44%
Honest Company	HNST	1.44%
% of Portfolio		15.93%

Largest Positions *continued*

Moderna (Sector: Health Care, Industry: Biotech & Pharma)

- Moderna is a pioneer and leader in messenger RNA (mRNA) technology. This innovative approach to medicine has the potential to revolutionize how we treat and prevent diseases. Instead of using traditional methods like weakened viruses, mRNA vaccines and therapeutics teach our bodies to create proteins that trigger an immune response.
- Moderna demonstrated its ability to rapidly develop and deploy effective vaccines during the COVID-19 pandemic. Their mRNA-based COVID-19 vaccine was one of the first to be authorized for use, and it played a crucial role in combating the virus globally. This responsiveness highlights their potential to address future pandemics and health emergencies:
 - *RSV*: Moderna recently received FDA approval for its RSV vaccine, mRNA-1345, for older adults. This addresses a significantly unmet medical need in preventing this respiratory illness.
 - *H5N1*: Moderna is developing a vaccine for the H5N1 avian influenza, a pandemic threat. They have received significant funding from the U.S. government in this endeavor to rapidly respond to another emerging global threat.
- Moderna's pipeline is not limited to vaccines. They are developing mRNA-based treatments for a wide range of diseases, including cancer, cardiovascular disease, and rare genetic disorders.
- Moderna also excels on diversity at the top of the organization with 44% of the senior leadership team being female and 40% of the board. Importantly, women chair 3 of the 5 board-level committees.

Vail Resorts (Sector: Consumer Discretionary, Industry: Leisure Facilities & Services)

- As the largest ski resort operator in North America, they boast a portfolio of iconic destinations like Vail, Whistler Blackcomb, and Breckenridge. This scale provides competitive advantages in pricing, marketing, and attracting visitors.
 - *Epic Pass Subscriptions*: This innovative program offers skiers and snowboarders access to multiple resorts at a discount. The subscription model generates recurring revenue, increases loyalty, and drives off-peak visitation.
 - *Growth & Diversification*: Vail Resorts continues to expand its footprint through acquisitions and strategic investments. They are also diversifying offerings with summer activities, lodging, and real estate development.
- Vail Resorts has made significant strides in sustainability, particularly with their "Commitment to Zero" initiative.
 - *Zero Net Emissions*: They've already achieved 100% renewable electricity across their North American resorts for two consecutive years, mainly through investments in wind energy and local renewable programs.
 - *Zero Waste to Landfill*: They've made significant progress diverting waste through composting, recycling, and upcycling programs. In 2023 alone, they decreased landfill waste by 36%, diverting 6.1 million pounds.
 - *Zero Net Operating Impact on Forests and Habitat*: They are committed to responsible land management and have partnered with the National Forest Foundation on various reforestation projects to offset their operational impact.
- *Diverse Leadership*: Vail rightly boasts about the importance of diversity throughout their organization and leads with 50% of the senior leadership team being female, as well as 50% of the board of directors.

Sunrun (Sector: Energy, Industry: Health Care Facilities & Services)

- Sunrun is at the forefront of the transition to a decentralized, renewable energy grid. As the nation's leading residential solar provider, Sunrun has a proven track record of success and a strong foundation for future growth. Their innovative solar-as-a-service model and flexible financing options make clean energy accessible to a wider range of homeowners.
- Collaborations with industry leaders like Ford and the acquisition of Vivint Smart Home demonstrate Sunrun's commitment to innovation and expansion.
- Sunrun is working to achieve net-zero emissions by 2040. They are actively reducing their emissions intensity, increasing the use of EVs, and investing in last-mile delivery solutions. They also have a robust program for recycling or redeploying 100% of decommissioned solar panels, batteries, and inverters.
- Sunrun's CEO is female, as is 38% of the senior leadership team and 40% of the board of directors. Importantly, women chair two of the three board-level committees.

Please see the final page of this document for important disclosures about portfolio, benchmark, and characteristic information.

Macroeconomic Commentary



In 2024, the pace and magnitude of change became more extraordinary. The interplay of climate transition, geopolitical dynamics, and technological advancement continues to reshape the investment landscape at an unprecedented rate. Successfully navigating these transformative forces requires both adaptability and disciplined risk management. And amid the complexity, we find compelling evidence of human ingenuity and progress that creates meaningful investment opportunities.

In Green Alpha's macroeconomic commentary, we examine how these transformational forces are reshaping our world, and what they mean for long-term investors. This page includes brief summaries; you can find the article [here](#).

Market Environment

Global markets navigated significant challenges in 2024 amid persistent inflation, geopolitical tensions, and unprecedented climate impacts. Despite these headwinds, markets demonstrated resilience as inflation moderated without triggering a recession. Key risks remain, particularly around trade policies, government debt levels, and demographic shifts in major economies.

Macroeconomic Trends

Aging populations in Europe, Japan, and China continue to pressure fiscal sustainability and labor markets. The U.S. faces similar demographic headwinds, with declining worker-to-retiree ratios threatening entitlement programs. Government debt levels and higher interest rates may force continued austerity measures across developed markets in 2025.

Sector Transformation

The energy sector is undergoing structural change as renewables achieve cost advantages over traditional sources. Solar deployment accelerated in 2024, and battery costs fell to below \$100/kWh. This technological shift suggests continued margin pressure on traditional energy assets while creating opportunities in the renewable supply chain.

Technology & Innovation

Artificial intelligence deployment accelerated across sectors, driving productivity gains and margin expansion. Notable developments in biotechnology, particularly in multi-omics and AI applications, are creating new addressable markets in healthcare, agriculture, and materials. These innovations present both opportunities and disruption risks across portfolios.

Investment Implications

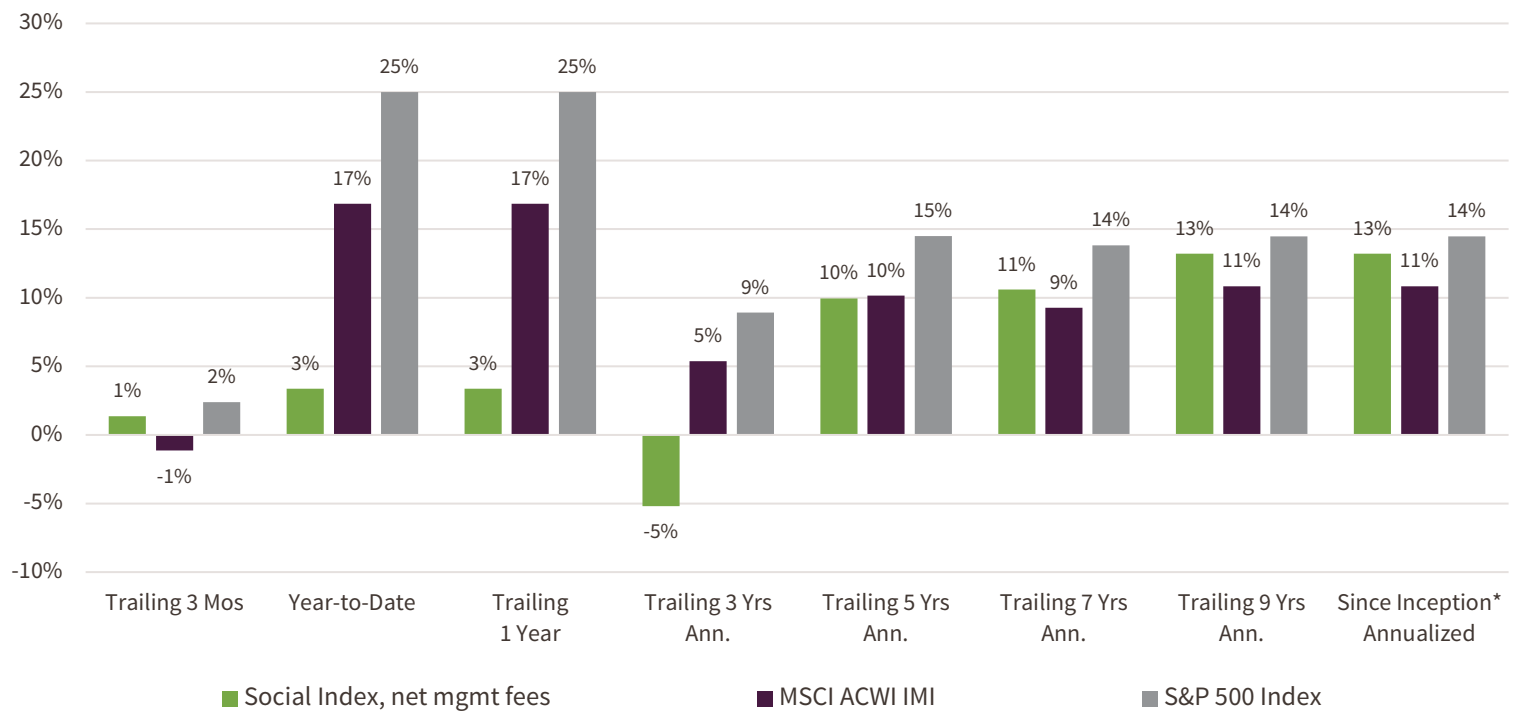
The pace of technological change and climate transition demands portfolio flexibility and careful risk management. We see compelling opportunities in:

- Companies leveraging AI for operational efficiency
- Renewable energy supply chain leaders
- Biotechnology innovators with strong intellectual property positions
- Firms successfully navigating demographic shifts

While macroeconomic headwinds persist, technological advancement continues to create attractive secular growth opportunities for long-term investors. The rapid pace of innovation across these sectors presents significant investment opportunities despite climate challenges. Success requires unprecedented market flexibility and institutional adaptation as the world undergoes transformative change.

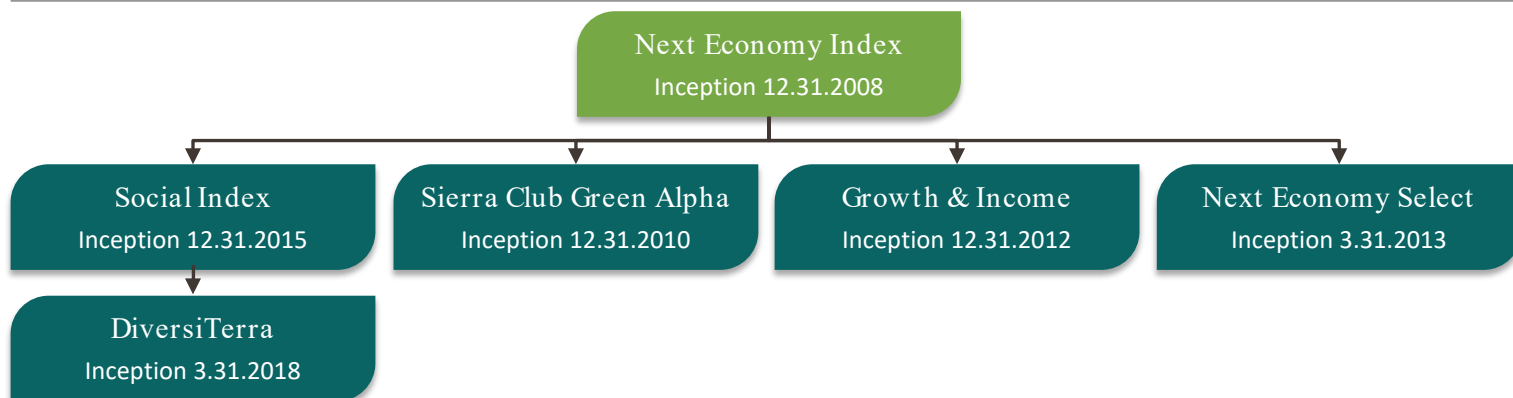
Full content: <https://greenalphaadvisors.com/2024-macro-commentary-next-economy-forces-reshaping-markets/>

Portfolio Performance & Attribution



Year-to-Date Sector Attribution by Bloomberg Industry Classification Standard	Average Weight (%)		Total Return (%)			Contribution to Return (%)		
	Portfolio	MSCI ACWI IMI (SPGM)	Portfolio	MSCI ACWI IMI (SPGM)	+/-	Portfolio	MSCI ACWI IMI (SPGM)	+/-
Consumer Staples	11.54	6.43	94.24	6.50	87.74	8.14	0.48	8.28
Technology	35.21	22.98	19.04	30.58	-11.55	6.59	6.56	0.55
Financials	1.61	16.42	24.62	26.48	-1.86	0.49	4.15	-3.75
Real Estate	7.18	2.14	5.09	-0.63	5.72	0.35	-0.03	0.41
Communications	1.12	8.15	28.23	30.15	-1.92	0.30	2.31	-2.05
Cash	1.78	0.65	0.00	5.68	-5.68	0.00	0.07	-0.07
Materials	1.60	4.51	-8.21	-6.74	-1.47	-0.14	-0.31	0.16
Utilities	4.02	2.10	-5.35	12.65	-18.01	-0.17	0.27	-0.46
Consumer Discretionary	6.33	10.16	-9.78	16.77	-26.54	-0.83	1.67	-2.60
Industrials	5.21	11.15	-16.54	13.10	-29.63	-1.15	1.49	-2.77
Energy	4.02	4.53	-54.56	-3.55	-51.01	-3.15	-0.12	-3.34
Health Care	20.38	11.22	-21.79	2.00	-23.80	-4.84	0.38	-5.71
Government	0.00	0.05	0.00	1.37	-1.37	0.00	0.00	0.00

*Portfolio Inception: December 31, 2015. All returns presented above that are greater than 1 year in length have been annualized. Performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the data quoted. The sector attribution table is supplemental to the fully compliant composite returns presented at the top of the page. Please see the final page of this document for additional important disclosures.



- **Next Economy innovators, diversity leaders** – harnessing the performance enhancing and risk reducing potential offered by diverse teams, we apply rigorous gender and social inclusion criteria to our Next Economy universe
- **Fundamentals-driven:** the underlying quality of companies and the price paid for their shares are key drivers of LT returns
 - ✓ **High growth:** indicated by Sales Growth, and a decrease from Current P/E to Forward P/E as revenue and earnings grow
 - ✓ **Compelling valuation:** demonstrated by Price/Sales and Price/Book metrics relative to growth expectations
 - ✓ **Strong balance sheet and management execution:** conveyed by capital stewardship, LT Debt/Equity, Current Ratio
- **Diversified** – we seek solutions wherever we can find them: across the globe, in companies of all sizes, and every industry
- **Public equities, long-only:** most investors' largest asset class, so their largest opportunity for impact
- **Fossil fuel free since inception:** we never invest in companies that prospect, extract, refine, or transport fossil fuels, nor in fossil-fired utilities or internal combustion engine manufacturers

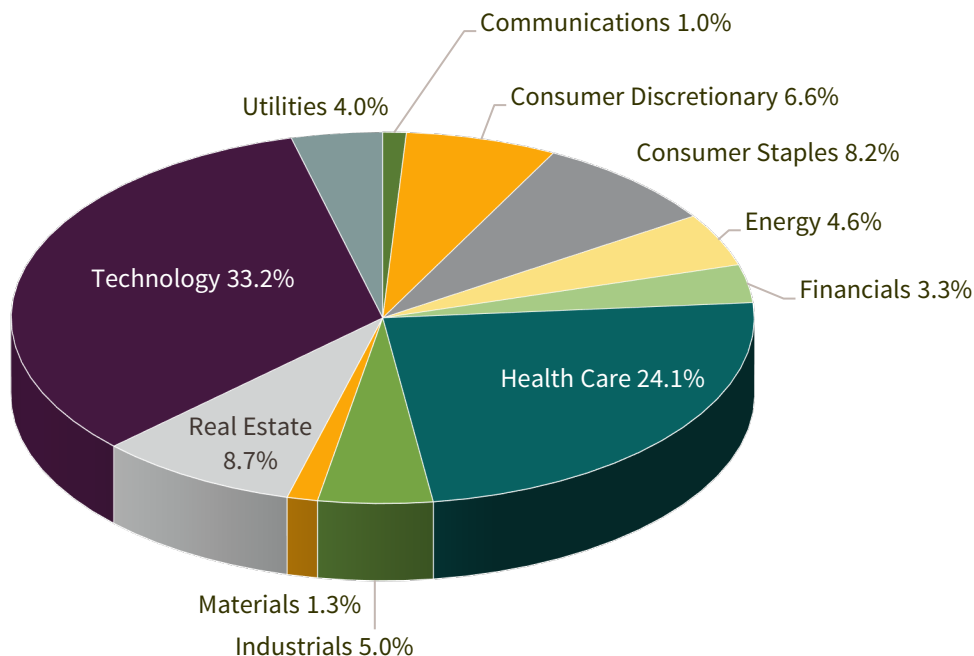
Characteristics	Social Index	Benchmark: MSCI ACWI IMI(SPGM)	Next Economy Index	Next Economy Select	Growth & Income	Sierra Club Green Alpha	DiversiTerra
# of Securities	113	2,691	152	57	36	49	56
Active Share vs MSCI ACWI IMI	94%	-	91%	97%	96%	98%	94%
Active Share vs Next Economy Index	36%	-	-	68%	75%	70%	68%
Sales Growth, Trailing 3-Yr	40%	16%	34%	25%	23%	27%	33%
P/E, Current	29.0	21.6	30.4	27.5	26.0	30.0	32.8
P/E, 1-Year Forward	24.5	18.9	25.6	22.3	16.9	21.0	23.9
Price/Sales	2.3	0.3	2.0	1.4	1.0	0.7	2.2
Price/Book	2.1	0.3	2.3	2.1	1.4	1.6	2.6
LT Debt/Equity	85%	84%	70%	71%	227%	69%	57%
Current Ratio	3.8	2.6	3.4	4.6	4.2	3.9	3.3
Dividend Yield	1.08%	1.86%	1.01%	2.01%	4.25%	2.23%	1.35%
Market Cap, Wtd Avg (\$B)	\$109.05	\$680.55	\$162.15	\$138.32	\$138.71	\$105.88	\$212.64
Market Cap, Median (\$B)	\$11.67	\$2.81	\$7.73	\$5.24	\$16.41	\$5.66	\$6.34
Turnover, Trailing 2-Yr Avg	36%	Not Available	25%	20%	13%	15%	17%
Beta, Trailing 3-Yrs	1.52	1.00	1.41	1.50	1.34	1.45	1.45
U.S.-Domiciled Companies	89%	63%	81%	70%	70%	70%	84%
% Revenue Derived in U.S.	62%	45%	52%	52%	54%	53%	58%

Characteristics are sourced from FactSet, based on a representative account and include cash. Please see additional disclosures on last page.

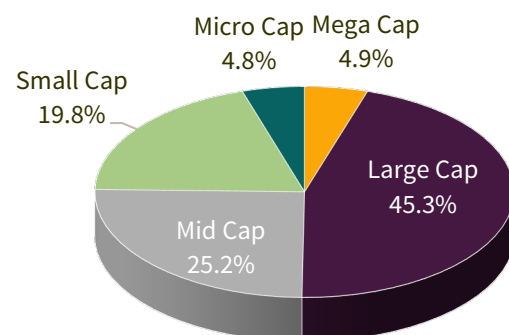
Portfolio Allocations

Our search for Next Economy companies is unconstrained. For the Social Index portfolio, we seek solutions to systemic risks wherever they exist – across sectors, market caps, and geographies.

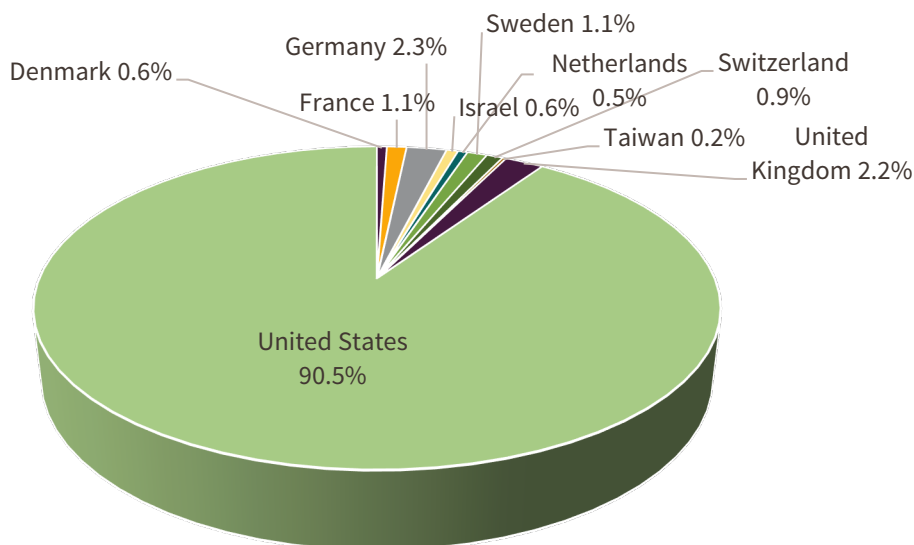
Sectors



Market Capitalizations



Companies' Main Headquarters



Allocation data is sourced from FactSet and is based on a representative account. The exception is the sector chart, which utilizes the Bloomberg Industry Classification Standard from Bloomberg, and is based on a model portfolio. All charts on this page are shown as percent of equity. Please see the final page of this document for additional important disclosures.

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.
- 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.
- Beginning July 31, 2021, the Social Index performance results are a composite of discretionary client accounts invested in the Social Index strategy on specific custodial platforms. Green Alpha’s discretionary client accounts that are not included in the composite are those custodied at Folio Institutional due to operational limitations of Folio’s data feeds to Green Alpha’s portfolio accounting system Advent APX. Beginning May 31, 2023, composite membership also includes a minimum account size of \$50,000. The Social Index composite performance results reflect actual performance for a composite of discretionary client accounts meeting custodian and minimum account size requirements. Net-of-fee returns reflect the deduction of actual management fees and transaction costs. Some assets managed in the Social Index strategy within the composite 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. Accounts are included in the composite for full-month periods under management with Green Alpha Investments. Social Index composite performance results do not reflect the reinvestment of dividends and interest.
- Prior to July 31, 2021, the Social Index performance results represent a single account managed to the strategy. The performance results shown are not materially higher than if all related accounts were included prior to August 2021. Please contact Green Alpha for information about the representative account selection process.
- 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 Social Index strategy contains stocks that are managed with a view towards capital appreciation. Extreme periods of underperformance or outperformance are due to the concentrated nature of the strategy, and the impact of specific security selection. Such results may not be repeatable.
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- The MSCI All Country World Investable Market Index (ACWI IMI) is a free float-adjusted market capitalization-weighted index that is designed to measure the combined equity market performance of developed and emerging markets. The Index covers approximately 99% of the global equity investment opportunity set. The MSCI ACWI IMI figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.
- The SPDR MSCI Global Stock Market ETF (ticker: SPGM) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the MSCI ACWI IMI. Investors can invest directly in SPGM.
- The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is market-value weighted. The S&P 500 Index figures do not reflect any fees, expenses, or taxes. Investors cannot invest directly in this index.
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