

Social Index

March 31, 2025

Green Alpha[®]

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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

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

- Primo Brands dominates the North American water solutions market with #1 position in delivered water and #2 in dispensers across the U.S. and Canada—its recent merger with BlueTriton Brands creates an unrivaled water portfolio combining iconic retail brands with the largest water delivery infrastructure on the continent.
- The company's business model combines recurring revenue streams (subscription-based water delivery) with high-margin equipment sales (dispensers), creating exceptional revenue predictability and customer lifetime value in a market growing steadily as consumers migrate away from sugary beverages and tap water.
- Primo's massive infrastructure advantage (50+ production facilities and 200+ distribution depots) creates a moat that new entrants cannot easily replicate, while its sustainability initiatives position it to benefit from growing environmental consciousness and plastic reduction mandates.
- Beyond its compelling business fundamentals, Primo stands out with industry-leading diversity in leadership (43% female executive team, 40% female board) at a time when institutional investors are increasingly prioritizing governance excellence and diversity metrics in portfolio construction.

Radius Recycling *(Sector: Industrials, Industry: Commercial Support Services)*

- Radius Recycling (formerly Schnitzer Steel) has strategically positioned itself at the nexus of two powerful trends—industrial decarbonization and the circular economy—processing over 4 million tons of recycled metals annually that reduce CO2 emissions by 4.5 million metric tons compared to using virgin materials.
- The company's integrated business model combines sophisticated metal recovery technologies with an extensive collection network (52 facilities across North America) and deep-water ports, creating significant barriers to entry while allowing it to supply both domestic and international markets with the recycled metals essential for infrastructure, construction, and manufacturing.
- Beyond traditional metal recycling, Radius is expanding into the high-growth EV battery recycling market, with initiatives to recover critical minerals like lithium, cobalt, and nickel – positioning it to capitalize on the massive wave of battery materials recycling expected as the first generation of EVs reaches end-of-life.
- While competitors rely heavily on international steel markets, Radius Recycling's extensive North American footprint positions it to substantially benefit from the current high-tariff environment for imported steel. As domestic steel production becomes increasingly favored by both policy and economics, Radius stands to capture premium pricing for its recycled metals while potentially gaining market share from import-dependent competitors constrained by tariffs.

PagerDuty *(Sector: Technology, Industry: Software)*

- PagerDuty dominates the critical incident response market with its AI-powered platform that automatically detects and resolves IT outages and disruptions—serving over 65% of the Fortune 100 and becoming essential infrastructure for over 15,000 organizations globally that need to maintain 24/7 digital operations.
- The company's land-and-expand business model has proven remarkably effective, with a dollar-based net retention rate consistently above 115% as customers continually increase usage across their technical teams—creating strong, predictable revenue growth from its existing customer base.

PagerDuty, American Water Works, and Cisco Systems' Next Economy attributes are described on the following page.

Company Name	Ticker	Weight
Primo Brands	PRMB	2.16%
Radius Recycling	RDUS	1.89%
PagerDuty	PD	1.78%
American Water Works	AWK	1.71%
Cisco Systems	CSCO	1.68%
Tempus AI	TEM	1.68%
GSK plc	GSK	1.64%
Vital Farms	VITL	1.61%
Vail Resorts	MTN	1.57%
Universal Display Corp	OLED	1.53%
% of Portfolio		17.25%

Largest Positions *continued*

PagerDuty *continued*

- PagerDuty's strategic expansion from its core IT incident management into AIOps, process automation, and customer service has dramatically increased its total addressable market—providing runway for sustained high growth as digital transformation accelerates across industries.
- As a pioneer in integrating AI into operations management, PagerDuty's machine learning algorithms analyze over 4.5 billion signals monthly to predict and prevent outages before they impact customers - positioning the company at the forefront of the shift from reactive to proactive operations in an increasingly complex digital environment.

American Water Works (*Sector: Utilities, Industry: Water Utilities*)

- American Water Works stands as the nation's largest regulated water utility, serving over 14 million people across 24 states with a regulated infrastructure that represents a nearly impossible-to-replicate competitive moat in an industry where scale and regulatory relationships create significant barriers to entry.
- The company has deployed over \$30 billion in infrastructure investments over the past decade, systematically modernizing America's aging water systems while generating predictable, regulated returns on this essential capital deployment - creating a remarkable combination of defensive stability and growth.
- American Water Works has established itself as an industry leader in water conservation and resource management, consistently surpassing EPA water quality standards while implementing advanced technologies like acoustic monitoring to detect and prevent leaks—reducing water loss by over 30% in its service territories compared to the national average.
- Unlike many utilities tied to fossil fuels, American Water Works benefits from increasingly stringent environmental regulations, as its expertise in complex water quality compliance becomes more valuable and creates opportunities to acquire non-compliant municipal systems—driving its proven growth-by-acquisition strategy that has integrated over 100 water systems in recent years.
- As a general rule, finding an 'ideal' water company is difficult, from an impact or sustainability point of view. On balance, AWK's professional management of water systems generally results in better infrastructure maintenance, reduced water loss, and higher compliance rates than many cash-strapped municipal systems they acquire. Their scale and expertise typically leads to more responsible stewardship than would occur without their investment, though there will always be tensions between profit motives and perfect resource conservation.

Cisco Systems (*Sector: Technology, Industry: Tech Hardware*)

- Cisco is strategically pivoting from its traditional hardware-centric model to a subscription-based software and services business, with recurring revenue now accounting for over 44% of total revenue—creating a more stable, predictable growth trajectory while delivering higher margins than its legacy networking equipment business.
- The company is capitalizing on the AI revolution through its AI-ready networking infrastructure and specialized data center solutions, positioning Cisco to benefit significantly from the massive investment wave in AI infrastructure that's expected to reach \$1 trillion globally by 2030.
- Cisco's dominance in enterprise networking gives it a privileged position to lead in cybersecurity, where it has built a comprehensive platform generating over \$4 billion in annual revenue - making it one of the world's largest cybersecurity providers at a time when threats and budgets are rapidly expanding.
- As an established tech giant with strong cash flows, Cisco offers investors a rare combination of growth potential, income (via dividend yield), and stability.
- Importantly, in an industry not especially known for great diversity at the top, Cisco is led by 38% female executives and 40% of the Board are women. Diversity at the top fosters a richer, more dynamic, and ultimately more effective leadership environment that drives innovation, better decision-making, and stronger overall performance. It's not just about ticking boxes; it's about unlocking the full potential of an organization.

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

Macroeconomic Commentary



Welcome to 2025, where change isn't just constant—it's accelerating. For investors, success means surfing these transformative waves, not merely weathering them.

Climate: From Concern to Crisis

2024 broke all temperature records (again), making it the hottest year in 125,000 years. Yet humanity responded by... burning more fossil fuels. It's like drinking more coffee to cure insomnia. And yet, the picture is not monolithic, 2025 and beyond will remain dynamic to say the least.

What's coming:

- Significant acceleration of climate adaptation spending
- Policy divergence between regions. While Europe and parts of Asia step on the green accelerator, others are pumping the brakes. Invest accordingly.
- Insurance industry is fundamentally reassessing risk. After record disaster payouts, they're rethinking how they assess risk. This will ripple through real estate, municipal bonds, corporate planning, and more.



China's Green Domination: The Dragon Goes Electric

Energy isn't just a commodity anymore—it's technology. And technology gets cheaper and better over time. China has spotted this trend and is running with it like an Olympic sprinter.

The scorecard:

- China's renewable energy dominance: 80% of global solar panels, 70% of battery production, and a rapidly growing EV industry. It's less of a race and more of a "everyone else is hoping for silver."
- Solar expansion unstoppable: Global capacity could double by 2027, with China at the center despite trade tensions.
- Battery breakthroughs incoming: Costs dropping below \$70/kWh by 2027, with innovations beyond lithium-ion hitting the market.
- Grid modernization is desperately needed: A multi-trillion-dollar opportunity as our electrical systems struggle to keep up with renewables.

Global Trade: Tensions Boiling

Trump's return has intensified trade conflicts. China's stimulus response makes the New Deal investments and reforms to exit the Great Depression look modest.

Watch for:

- Economic restructuring beyond short-term tariff reactions
- Market volatility amid continued technological progress
- Selective decoupling in critical sectors
- Capital flows shifting toward Asian innovation centers

Macroeconomic Commentary *continued*

Fiscal Reality: Creative Debt Management

U.S. Federal government debt has reached the level where interest payments are now the largest single budget line item yet plans to address this are unclear.

The new normal:

- Germany's €1.2T spending shift signals European policy transformation
- Innovation in debt management, rather than reduction
- Healthcare demands are intensifying with aging populations
- Potential productivity boost from AI, renewables, and automation

Tech Revolution: AI Enters Physical World

AI is moving beyond chatbots to transform systems and supercharge human capabilities.

Coming attractions:

- Innovation is flowing across borders despite politics
- AI integration into robotics and infrastructure
- Economic transformation through convergence of renewables, automation, and AI
- Job market evolution is creating new categories of work

Biotech: Biology Becomes Technology

Biotechnology's "iPhone moment" is creating cross-sector disruption.

The biological revolution:

- Personalized medicine is becoming standard
- Bio-based manufacturing processes are disrupting traditional industries
- Novel biological materials are creating new markets

Investment Playbook

Smart investors will focus on signals, not noise.

Action plan:

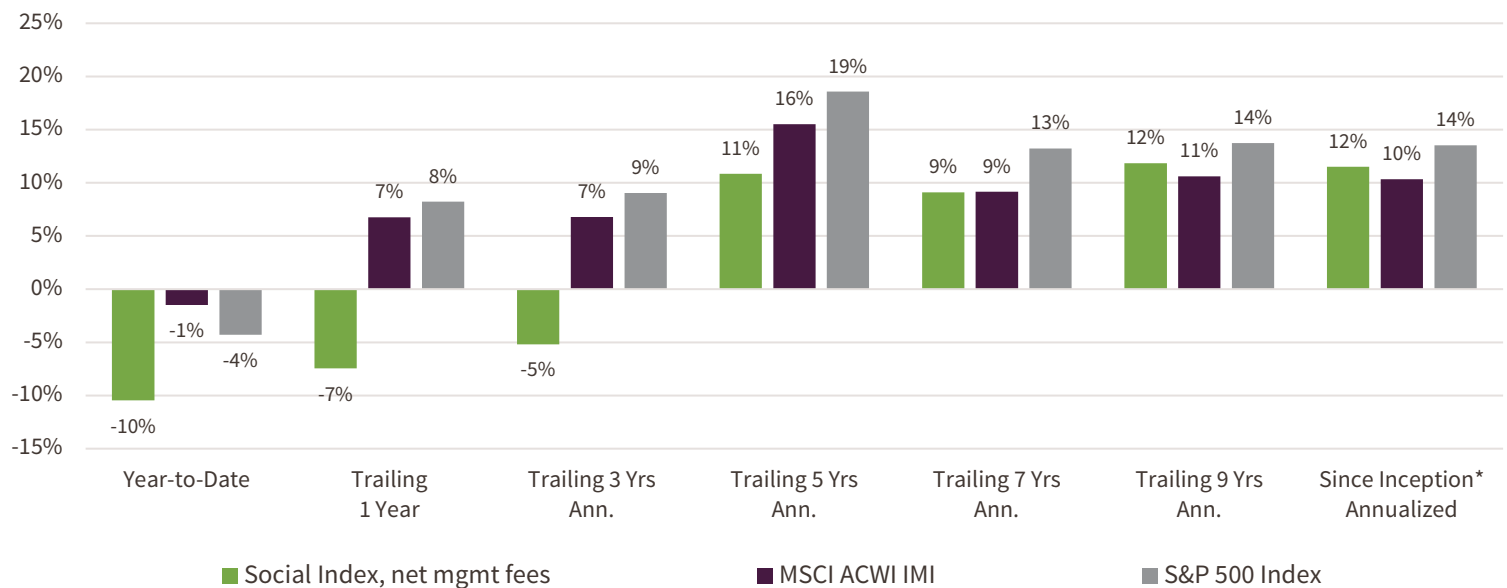
- Look beyond borders to diverse innovation centers
- Focus on fundamental technological transformations
- Bet on climate adaptation infrastructure
- Follow bioeconomy leaders
- Embrace supply chain innovation

Conclusion

We're at an economic inflection point. Headlines trumpet geopolitical drama, but the real story is deeper transformation. China's technology leadership and Europe's fiscal awakening suggest a multipolar future. Climate challenges are driving unprecedented innovation, while technological convergence creates immense opportunities.

Success depends on identifying emerging leaders regardless of nationality and focusing on long-term value creation. The waves of change are big, but rideable—with the right investment framework.

Portfolio Performance & Attribution



For the first three months of 2025, Green Alpha's Social Index returned -10.46% net of management fees, versus its benchmark, the MSCI All Country World Investable Market Index (MSCI ACWI IMI), which returned -1.50%.

The sectors detracting the most from the portfolio's returns were Health Care and Technology.

- Within the Health Care sector, losses were driven by Biotech, Medical Equipment & Devices, and Health Care Services. Despite the "biological revolution" highlighted in our macroeconomic commentary, near-term market sentiment remained cautious amid broader economic concerns.
- Within the Technology sector, the industries detracting the most from returns were Semiconductors, Tech Hardware, and Software. Losses from those industries were partially offset by gains in IT Services. This performance reflects the transitional phase of AI moving "beyond chatbots to transform physical systems," as noted in our macroeconomic outlook, creating volatility as markets reassess growth trajectories.

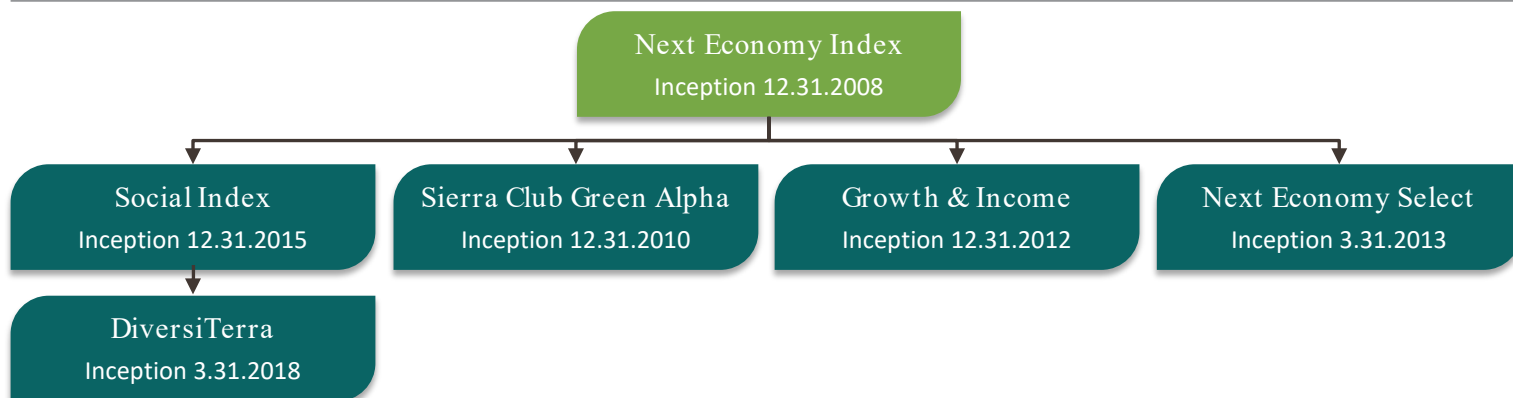
The strategy's best performing sectors were Industrials and Utilities.

- The portfolio's Industrial sector performed well in Q1. Industries leading the way were Commercial Support Services (recycled steel), and Transportation & Logistics. Gains in the sector were partially offset by the Electrical Equipment Manufacturing (electrical infrastructure and automation) industry. This aligns with our macroeconomic focus on climate adaptation infrastructure and supply chain innovation.
- The Utilities sector experienced small gains from holdings in Water and Electric Utilities industries. This supports our macroeconomic thesis regarding the multi-trillion-dollar opportunity in grid modernization and climate adaptation infrastructure.

While Q1 2025 presented challenges, short-term performance must be viewed through the lens of the "Great Transformation" outlined in our macroeconomic commentary. We are experiencing an economic inflection point characterized by climate adaptation demands, technological convergence, and geopolitical realignments.

The short-term market volatility reflects uncertainty around these transformative trends, particularly as trade tensions intensify and policy responses diverge globally. However, our positioning across renewable energy infrastructure, biotechnology innovation, and next-generation technologies remains aligned with long-term trends firmly in place.

**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. 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

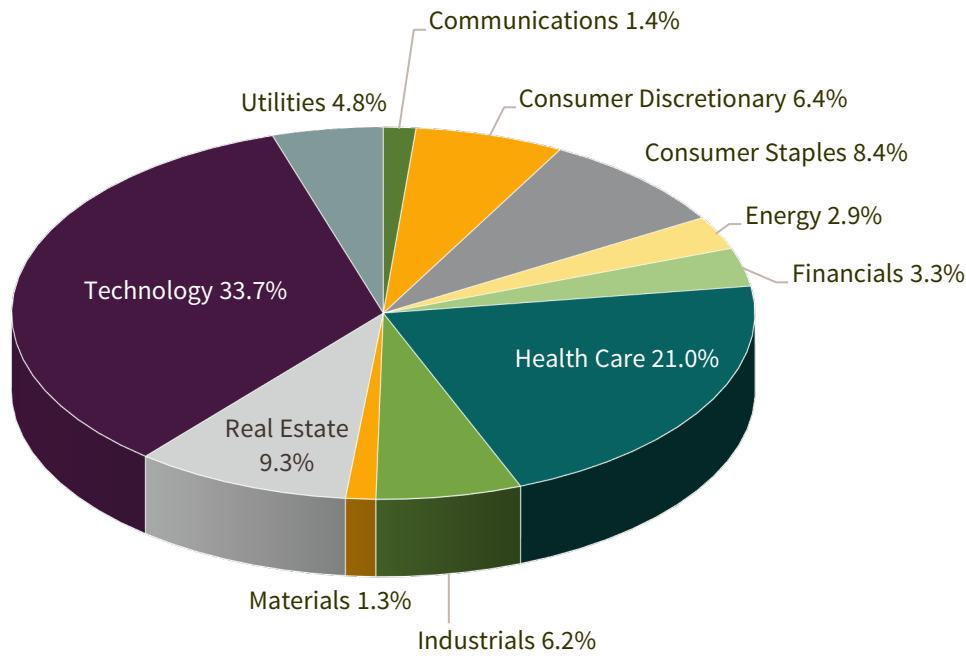
Characteristics	Social Index	Benchmark: MSCI ACWI IMI(SPGM)	Next Economy Index	Next Economy Select	Growth & Income	Sierra Club Green Alpha	DiversiTerra
# of Securities	113	2,807	150	58	36	49	53
Active Share vs MSCI ACWI IMI	94%	-	93%	98%	97%	98%	96%
Active Share vs Next Economy Index	35%	-	-	68%	72%	69%	64%
Sales Growth, Trailing 3-Yr	17%	14%	17%	13%	7%	15%	10%
P/E, Current	25.9	20.0	26.9	27.8	26.9	28.7	27.5
P/E, 1-Year Forward	21.0	17.2	21.0	19.5	14.6	15.0	18.4
Price/Sales	2.1	1.9	1.9	1.5	1.1	0.8	1.9
Price/Book	2.1	2.8	2.2	2.2	1.4	1.5	1.8
LT Debt/Equity	132%	77%	110%	164%	172%	116%	107%
Current Ratio	3.2	2.3	3.2	4.3	3.4	3.8	3.9
Dividend Yield	1.21%	1.96%	1.17%	2.12%	4.41%	2.50%	1.75%
Market Cap, Wtd Avg (\$B)	\$95.02	\$546.23	\$121.59	\$121.53	\$114.18	\$91.90	\$91.50
Market Cap, Median (\$B)	\$10.63	\$2.74	\$7.23	\$5.63	\$14.89	\$6.10	\$10.44
Turnover, Trailing 2-Yr Avg	35%	Not Available	24%	11%	12%	15%	23%
Beta, Trailing 3-Yrs	1.52	1.00	1.41	1.51	1.33	1.45	1.45
U.S.-Domiciled Companies	88%	61%	77%	68%	69%	69%	83%
% Revenue Derived in U.S.	63%	45%	51%	52%	53%	53%	62%

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

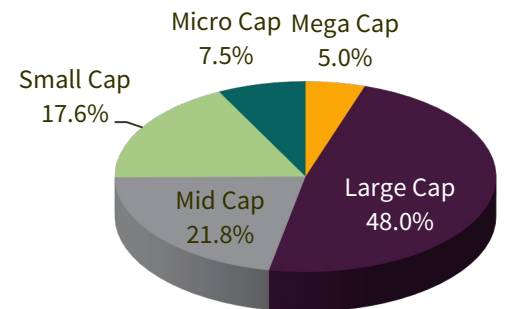
Portfolio Allocations

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.

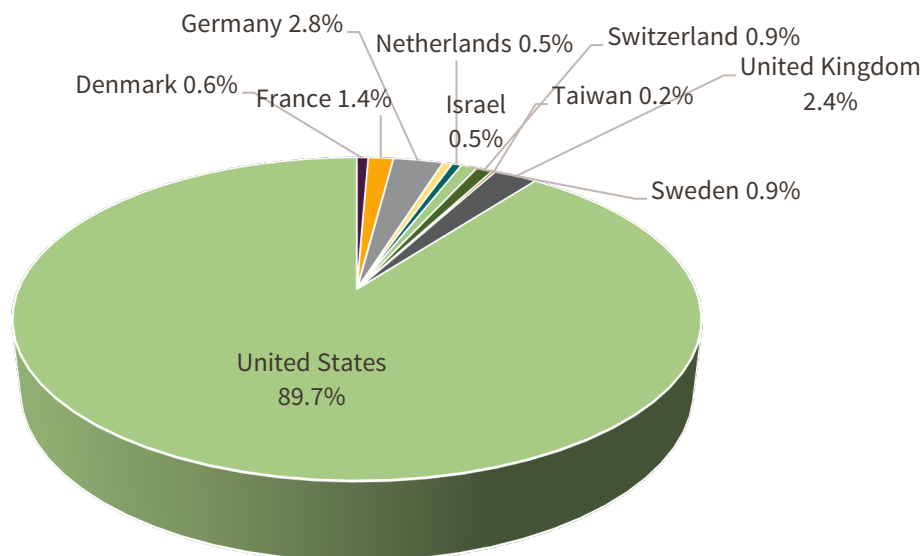
Sectors



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.
- Green Alpha portfolios may invest in companies with small and medium market capitalizations, which may have more limited product lines, markets, and financial resources than larger companies. In addition, their securities may trade less frequently and in more limited volume than those of larger companies. Small or mid-cap stocks may be more volatile than those of larger companies and, where trading volume is thin, the ability to dispose of such securities may be more limited. Green Alpha portfolios may also invest in foreign domiciled companies. Investing in foreign securities may involve additional risks, including exchange-rate fluctuations, limited liquidity, high levels of volatility, social and political instability, and reduced regulation. Emerging markets are often more volatile than developed markets and investing in emerging markets involves greater risks. International investing may not be suitable for everyone. An investment in Green Alpha portfolios should be considered a long-term investment.
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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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