

Next Economy Income

September 30, 2025

Green Alpha[®]

Investment Philosophy

The driving forces behind economic growth and ultimately investment returns are:

- Investments in physical capital and infrastructure that expands and improves production capacity,
- companies boosting productivity, operating leverage, and operational efficiencies,
- technology solving problems and 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 degradation, inequality of opportunities, and public disease burdens. By doing so, they can simultaneously create economic expansion and actualize a more sustainable and equitable future. We believe 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 fixed income 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?

- Solely consists of bonds issued by market-leading, solutions-oriented companies and/or projects
- Disciplined credit quality focus on compelling growth-oriented companies in the form of steady income

Inception: June 30, 2022

Vehicle: Separately Managed Accounts

Research

We select companies for our portfolios based on:

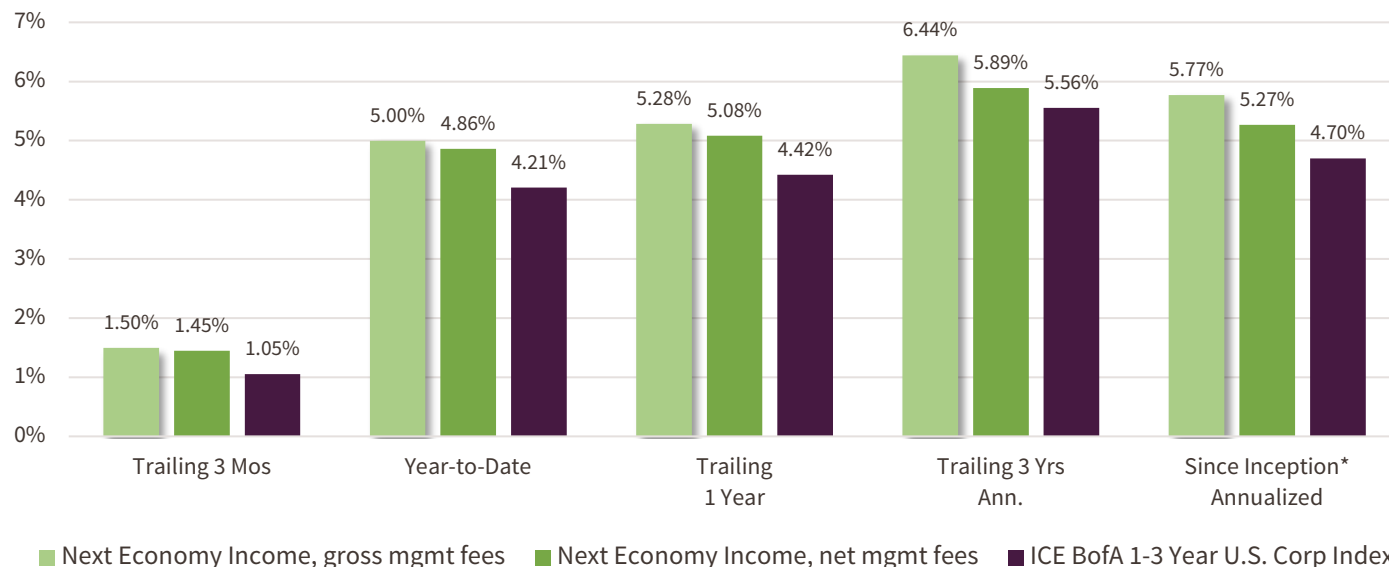
- Impact: Businesses offering innovative solutions to critical economic, environmental, and other global challenges.
- Innovation Leadership: Companies investing heavily in R&D, intellectual property, and capital expenditures.
- Strong Management: Diverse, effective teams aligned with shareholders, demonstrating 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 Uiplan Investment Counsel to manage the Next Economy Income portfolio strategy. The portfolio benefits from Green Alpha's sustainability analysis, and Uiplan'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 Uiplan's credit quality analysis and forward-looking assessment.

Performance & Attribution



During the third quarter, U.S. treasuries ultimately edged lower in anticipation of a reduction in the Federal Funds Rate. This came to fruition in September when the Fed lowered the FFR by 25 bps. The 10Y yield stood at 4.24% as of 6/30/25, and after whipsawing between 4.00 and 4.50 intra-quarter, ended Q3 down 8 bps to 4.16. Yields dropped more precipitously on the short end of the curve, with the 2Y yield lower by 12 bps from 3.72 to 3.60. Short duration T-Bills ranging from 3 months to 1 year dropped 25 bps or more. These moves resulted in a continued steepening of the yield curve with the 10/2Y spread rising from 52 to 56 bps and a more pronounced change in the 30Y/3M spread from 37 to 71 bps. Option Adjusted Spreads (OAS) and corporate spreads remain near multi-year lows, with risk spreads being priced tighter as investors have grown more comfortable with macroeconomic conditions.

The Fed faces an uncomfortable situation. At September's policy meeting, Chairman Powell stated "there is no risk-free path" in discussing what the Fed might do moving forward. While inflation has made marginal progress towards the Committee's long-term target of 2%, it has shown signs of stalling out in the mid-high 2% range. Powell described the current labor market as "unique" with a lack of job demand being offset by low job supply. Complicating matters further, the Fed wishes to remain "data dependent", a task that may be strained by the government shutdown interrupting economic data releases. The rift between President Trump and the Fed is ongoing, with the current administration applying unprecedented pressure for Powell to cut rates. Along with public criticism of the Fed Chairman, Trump has fired Fed Governor Lisa Cook for alleged mortgage fraud, a process which is currently being litigated. There is unusually high disagreement amongst the Fed members on the path forward for rates which is reflected in the September dot plot and with Trump's most recent Fed appointee, Stephen Miran. Even with conflicting sides of the dual mandate and Fed member indecision, the market is pricing in another 1-2 cuts before year end. We expect this rate cutting cycle to have some durability, but the path to lower rates may see "fits and starts" as the data drives the path forward.

Although our forward outlook is revised continuously as new data is available, our key macroeconomic projections as of 9/30/25 are as follows: US Economy GDP 1-1.5%. Consumer spending remains solid, anchored by the top cohort of income earners. Unemployment remains in the low to mid 4%'s. Inflation stays stubbornly above the Fed's 2% target (Core PCE 2.5-3.0% by YE25) and the Fed will be limited to a shallow rather than deep reduction of FFR. We expect ~3.50-4.00% by YE25. UST/Bonds real yields remain positive supporting yield orientated investments as nominal yields stabilize. Normalization of the US Yield Curve keeps longer term yields elevated. With credit spreads at historically tight levels, we do not feel adequately compensated for the risk associated with HY bonds. This forward outlook has our portfolio focused on quality Investment Grade credits with intermediate duration targets within the Next Economy Universe.

**Portfolio Inception: June 30, 2022. 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.*

Largest Positions

How the portfolio is driving progress toward the Next Economy

Synopsys, Inc. *Sector: Technology | Industry: Software*

The Case: Synopsys is the digital architect of the semiconductor world, providing the software that engineers use to design and verify virtually every advanced chip on the planet. As a foundational pillar of the tech ecosystem, the company's tools are critical for accelerating innovation and, crucially, for embedding energy efficiency into the heart of future technologies. By enabling the creation of more powerful and less power-hungry chips, Synopsys is a key enabler of a more sustainable and intelligent Next Economy.

Largest Holdings			Weight
Synopsys Inc. SR	4.850%	4/01/2030	5.06%
Commercial Metals	3.875%	2/15/2031	4.98%
PayPal Hldgs Inc.	4.400%	6/01/2032	4.97%
Prologis	1.250%	10/15/2030	4.95%
Twilio	3.625%	3/15/2029	4.91%
% of Portfolio			24.88%

- **The Blueprint for the Digital Age:** Synopsys is a leader in the Electronic Design Automation (EDA) software oligopoly, a mission-critical industry with immense barriers to entry. It is physically impossible to design a modern, multi-billion-transistor microchip without the sophisticated software suites that Synopsys provides. This creates a deep competitive moat with high switching costs and a highly predictable, recurring revenue model, making the company a foundational utility for the entire semiconductor industry.
- **Using AI to Design the Next Generation of Chips:** Synopsys is at the forefront of the next great leap in productivity by embedding artificial intelligence into the chip design process itself. Its Synopsys.ai™ platform is a revolutionary suite of tools that automates and optimizes chip design, allowing engineers to create better, more powerful chips in a fraction of the time. Critically, these AI tools can optimize for lower power consumption, making Synopsys a key player in mitigating the future energy demands of data centers and high-performance computing.
- **The "Picks and Shovels" for All of Tech's Megatrends:** Synopsys is the ultimate "picks and shovels" investment for the entire technology landscape. Every company designing a chip for the biggest megatrends—from Artificial Intelligence and autonomous vehicles to the Internet of Things—relies on Synopsys's EDA software and its vast portfolio of pre-designed, pre-verified Intellectual Property (IP) blocks. This positions the company to benefit from virtually every major wave of innovation, regardless of which chip designer ultimately wins a given market.
- **A High-Margin Model of Compounding Growth:** The company's critical role is underpinned by a highly profitable, software- and IP-licensing business model that generates significant free cash flow. This financial strength, combined with a long history of disciplined execution, allows Synopsys to continuously invest in R&D to stay at the absolute cutting edge of a rapidly evolving industry. Its indispensable role in the semiconductor value chain creates a powerful engine for durable, long-term, compounding growth.

Commercial Metals Company *Sector: Materials | Industry: Steel*

The Case: Commercial Metals Company is a leader in sustainable, circular steelmaking, positioning it as a critical and underappreciated enabler of the Next Economy. Far from a traditional steel company, CMC operates an environmentally efficient model that recycles scrap metal into essential building materials. By providing the low-carbon steel required to rebuild our nation's infrastructure and onshore critical manufacturing, CMC is a foundational company for a more resilient and decarbonized industrial future.

- **A Leader in Low-Carbon, Circular Steelmaking:** CMC's entire business is a powerful example of the circular economy in action. The company exclusively uses Electric Arc Furnaces (EAFs), which melt 100% recycled scrap metal to produce new steel. This process is vastly more sustainable than traditional steelmaking, using up to 75% less energy and emitting significantly less carbon. By turning society's scrap into high-value products, CMC is a leader in mitigating industrial emissions and reducing our reliance on virgin resources.
- **Building the Backbone of the Next Economy:** CMC's primary product, steel rebar, is the essential reinforcement for the concrete infrastructure of the 21st century.

Largest Positions *continued*

Commercial Metals *continued*

The company is a direct beneficiary of the mega-trends of onshoring and electrification. Its products are critical for building the foundations of renewable energy projects, the new wave of semiconductor and EV battery factories, and data centers. As the U.S. modernizes its infrastructure, CMC provides the sustainable and domestically sourced building blocks required for the task.

- **The Innovator of the Efficient "Micro Mill":** CMC has pioneered the development of the "micro mill"—a smaller, more technologically advanced, and strategically located steel mill. This innovative model requires less capital, reduces logistics costs and transportation emissions, and provides greater operational flexibility than traditional large-scale mills. This leadership in process technology demonstrates a relentless focus on efficiency and is a key driver of the company's low-cost, high-return business model.
- **A Disciplined Operator with a Clear Growth Trajectory:** The company's sustainable model is backed by a fortress balance sheet and a long history of disciplined capital allocation. CMC's vertical integration—from its vast network of scrap metal recycling facilities to its downstream fabrication services—gives it a significant competitive advantage and margin stability. This makes CMC a financially sound, blue-chip way to invest in the sustainable and onshore rebuilding of America's industrial base.

PayPal Holdings, Inc. *Sector: Financials | Industry: Specialty Finance*

The Case: PayPal is a foundational asset of the global digital economy, operating one of the largest and most trusted two-sided payment networks in the world. While the company has faced significant challenges, we believe it is now in the early stages of a critical, innovation-driven turnaround under new leadership. This has created a rare opportunity to invest in a world-class financial technology platform at a moment of maximum pessimism, just as a strategy to reignite growth with next-generation, AI-powered solutions is being put into action.

- **A Network at the Heart of Global Commerce:** PayPal's core competitive advantage is its massive and hard-to-replicate global network, comprised of hundreds of millions of consumer accounts and tens of millions of merchant relationships. The immense trust in the PayPal brand remains a key asset, providing a secure and familiar payment layer that reduces friction and increases conversion for merchants, especially in cross-border and unbranded e-commerce where consumer confidence is paramount.
- **A New Era of Innovation Under Visionary Leadership:** Under a new CEO, PayPal has embarked on a fundamental strategic reset focused on accelerating its pace of product innovation. The company is now leveraging its vast data assets and artificial intelligence to create a more personalized and intelligent platform. Key initiatives, such as the new AI-powered "Fastlane" checkout experience, are designed to dramatically improve transaction speed and conversion rates for merchants. This focus on deploying cutting-edge technology is aimed at transforming the user experience and re-establishing PayPal as a leader in fintech innovation.
- **Venmo: Monetizing the Next Generation of Commerce:** Beyond the core brand, Venmo is one of the company's most valuable and underappreciated assets. As the dominant peer-to-peer payment platform for Millennial and Gen Z consumers in the U.S., Venmo represents a powerful network for social commerce. Management has placed a renewed emphasis on accelerating the monetization of this platform by embedding more commercial services and features, representing a significant and largely untapped growth vector for the company.
- **An Unprecedented Valuation for a Global Leader:** Due to widespread negative sentiment and concerns about competition, PayPal currently trades at a valuation that is at a historic discount to both its own past and the broader payments industry. We believe this price reflects the challenges of the last few years but fails to account for the potential of a successful turnaround driven by new leadership and renewed innovation. This dislocation can offer a compelling opportunity to invest in a highly profitable, global fintech leader at a price that presents a significant margin of safety.

Largest Positions *continued*

Prologis Sector: Real Estate | Industry: REIT

The Case: Prologis is the owner and operator of the critical, sustainable infrastructure that powers modern global commerce. As the world's undisputed leader in logistics real estate, the company provides the essential warehouses and distribution centers that form the backbone of the digital economy and resilient supply chains. Prologis is a leader in mitigating the systemic risks of both supply chain fragility and climate change by building the efficient, intelligent, and decarbonized logistics network of the Next Economy.

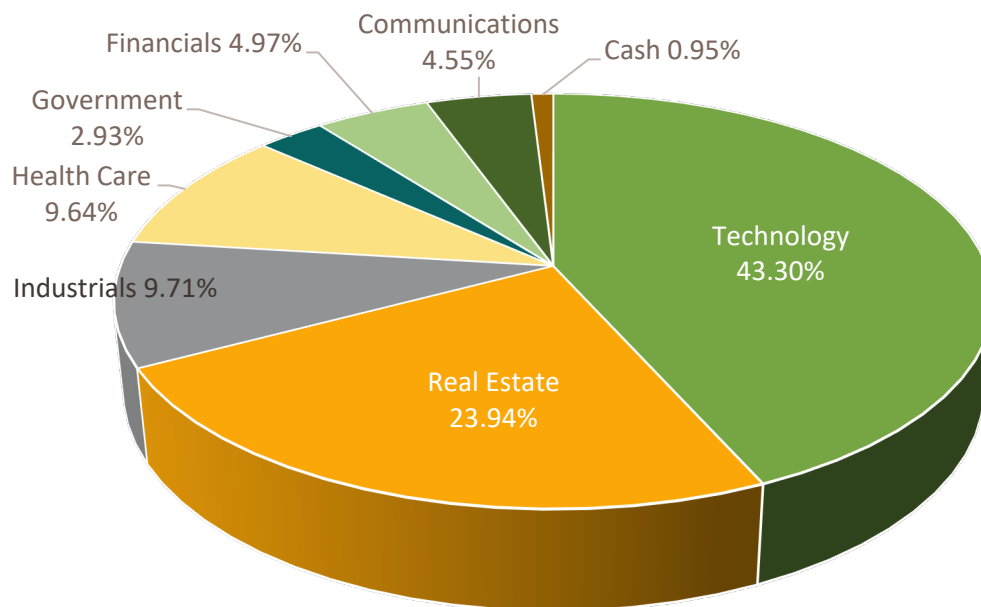
- **The Physical Backbone of the Digital Economy:** Without Prologis, the digital economy most likely could not function. The company's vast, global network of strategically located warehouses is the essential physical infrastructure that enables e-commerce, global trade, and rapid delivery. Its focus on owning irreplaceable "Last Touch[®]" properties in high-barrier-to-entry urban locations gives its customers the proximity they need to deliver goods to consumers faster and more efficiently than ever before, solidifying its role as a critical utility for modern commerce.
- **A Leader in Sustainable Real Estate:** Prologis is a powerful force for decarbonization within the industrial sector. The company is one of the largest corporate installers of rooftop solar on Earth, transforming its immense roof space into a massive distributed clean energy generation platform. This commitment is paired with experience in constructing energy-efficient, LEED-certified buildings and a pioneering effort to build out the EV charging infrastructure required for the coming transition to electric truck fleets.
- **Building Resilient and Efficient Supply Chains:** The global pandemic exposed the fragility of "just-in-time" supply chains. In response, the world is shifting to a more resilient "just-in-case" model, which requires the modern, efficient warehouse space that Prologis provides. The company is a key partner for businesses seeking to de-risk their operations, hold inventory closer to consumers, and build the redundancy and flexibility needed to withstand future disruptions. Prologis's properties are the nodes of a more robust and efficient global supply chain.
- **A Data-Driven Innovator with Unmatched Scale:** Prologis is more than a landlord; it is a data-driven technology leader. The company's global scale provides it with a proprietary view of trade flows and economic activity, giving it a powerful data advantage in making development and investment decisions. We believe this, combined with a strong balance sheet and a culture of innovation, creates a deep competitive moat. In our opinion, Prologis is a financially sound, blue-chip leader whose scale and intelligence are building the future of logistics.

Characteristics

Statistics	
Yield-to-Maturity	4.44%
Current Yield	3.32%
Average Duration	2.83
Weighted-Avg Maturity	3.02
Effective Duration	2.77
Number of Holdings	21
Option-Adjusted Spread (OAS)	71.88%

S&P Credit Quality Rating	Portfolio Weighting
AA	7.76%
A	14.52%
BBB+	47.80%
BBB	0.00%
BBB-	9.41%
BB+	0.00%
BB	19.56%
BB-	0.00%
Non-rated and Below BB-	0.00%
Average Quality	BBB+

Sectors by Bloomberg Industry Classification Standard



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 is a registered investment advisor, specialized in alternative asset management since 1984. Led by Founder & Chariman 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. Additionally, 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.
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- 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 US Corporate Index is a subset of the ICE BofA US Corporate Index, comprising investment-grade corporate bonds publicly issued in the U.S. domestic market with a remaining term to final maturity of at least one year and less than three years. All securities in the index are denominated in U.S. dollars, have a fixed coupon schedule, and meet minimum size and liquidity criteria. The index is designed to reflect the performance of short-term, high-quality corporate debt, and is commonly used as a benchmark for short-duration corporate bond portfolios.
- 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 non-Green 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.
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