

# DiversiTerra

December 31, 2025

## Green Alpha<sup>®</sup>

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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 degradation, economic inequality, and public disease burdens. By doing so, they can create economic expansion while actualizing a more sustainable and equitable future. These innovative companies offer the most promising investment opportunities, providing security and growth potential for our clients' capital.

Since 2008 we have focused on identifying and investing in businesses that are developing brilliant, scalable, adaptable, and economically advantageous solutions to global challenges.



## Why DiversiTerra?

- Active research, stock selection, and portfolio mgmt
- Invests in a curated selection of the most diverse and promising companies in our Next Economy™ universe
- 45-65 global, market-leading, solutions-oriented companies led by diverse executive teams and boards

**Inception:** March 31, 2018

**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 long term intrinsic value creation, and who demonstrate revenue growth, expanding profit margins, and potential dividend increases.
- *Financial Health:* Businesses with aligned capital allocation priorities, robust balance sheets/coverage ratios and relatively minimal financialization.
- *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.

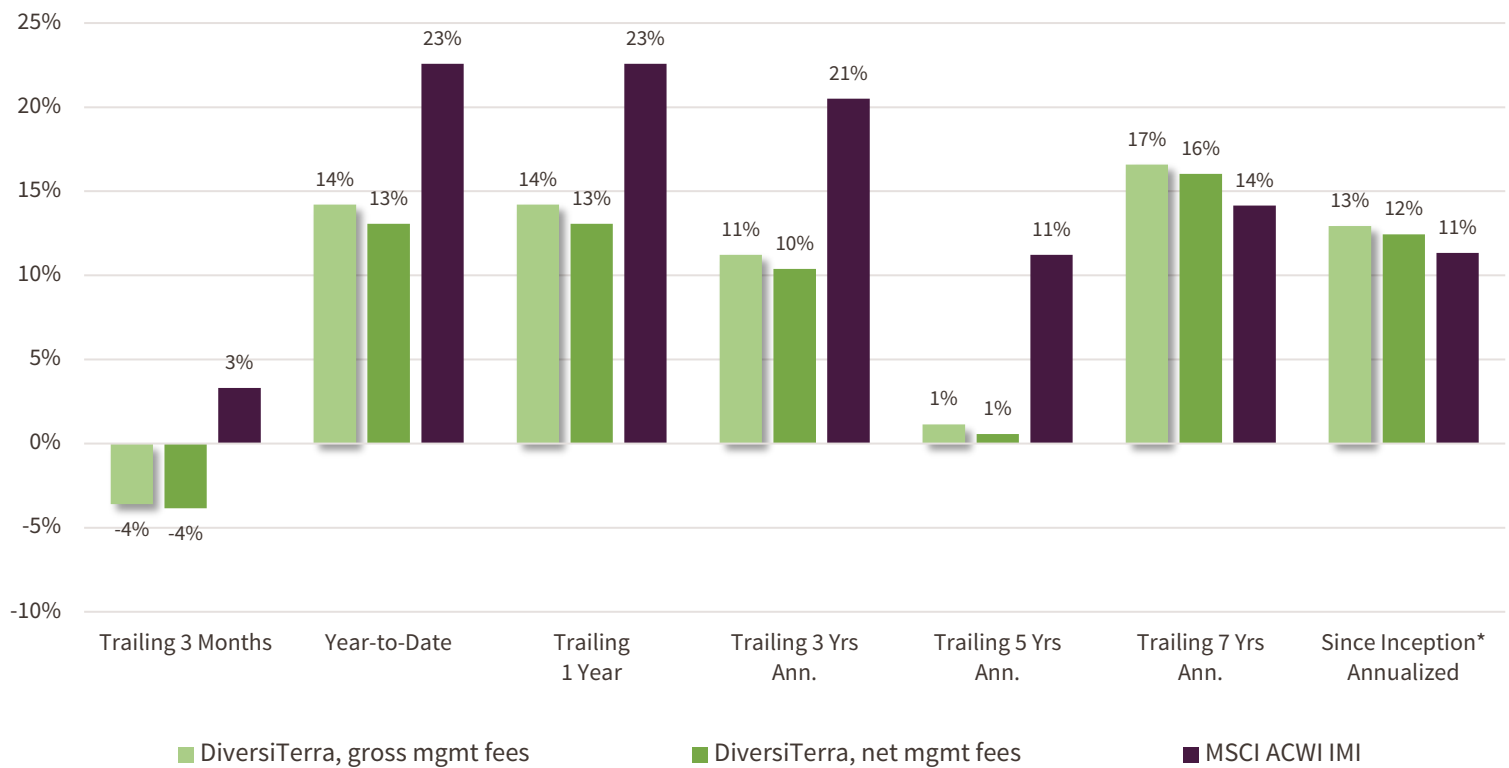
## Portfolio Construction

DiversiTerra is an actively managed subset of our Social Index portfolio, and it concentrates on companies with greatest leadership diversity, growing faster than peers, in industries where we have the most conviction in near-term results. We apply a diversity screen to this portfolio, because:

- Diverse teams typically outperform homogeneous ones.
- Diverse backgrounds and interdisciplinary thinking results in better long-term decisions

This approach aims to leverage diversity for portfolio performance while promoting positive impact.

# 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)	+/-
Technology	34.00	24.06	49.31	27.63	21.68	14.85	6.70	9.45
Industrials	5.73	11.56	71.68	27.43	44.24	3.46	3.15	0.45
Energy	3.27	3.83	71.82	15.71	56.11	1.80	0.58	1.37
Utilities	4.22	2.19	45.12	25.71	19.41	1.59	0.56	1.15
Consumer Discretionary	6.52	9.91	15.07	11.14	3.93	0.99	1.15	-0.12
Communications	2.32	9.08	12.74	31.04	-18.30	0.35	2.77	-2.59
Cash	2.08	0.46	0.00	15.56	-15.56	0.00	0.11	-0.11
Financials	2.58	18.02	3.07	30.00	-26.93	-0.05	5.30	-5.85
Healthcare	15.01	9.31	1.38	15.15	-13.77	-0.27	1.31	-1.90
Materials	2.57	4.11	-19.24	41.83	-61.06	-0.54	1.61	-2.35
Consumer Staples	9.35	5.86	-29.33	8.99	-38.31	-1.35	0.59	-2.20
Real Estate	12.35	1.96	-20.26	6.88	-27.14	-2.83	0.13	-3.26
Government	0.00	0.12		4.24	-4.24		0.01	-0.01

*\*Portfolio Inception: March 31, 2018. 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.*

# Macroeconomic Commentary



While Silicon Valley bets on "God in a box" AI models, the global economy is being quietly reshaped by the physical "Electric Stack"—the batteries, magnets, and electrons that turn intelligence into work. Our 2025 commentary explores why the next decade belongs not to those with the most data, but to those who can orchestrate the kinetic reality of the Next Economy™. Click [here](#) to read our entire post.

## Topics Covered

- **The Electric Stack: What Actually Matters**
  - *The Four Layers of Kinetic Work*
  - *The Jevons Paradox: Why Efficiency Drives Explosive Demand*
- **The Electrostate and the Petrostate**
  - *A New Geopolitical Order: Controlling the Intelligence of the Grid*
- **Transition Reality Check: What's Actually Working**
  - *Established Tech vs. Speculative Hype*
  - *The Price Bottleneck in Hard-to-Abate Sectors*
- **AI in Context: Powerful But Not Sufficient**
  - *From "God in a Box" to System Orchestration*
  - *The Biological Stress Test: Why "Ground Truth" Requires Physics*
- **The Bet America is Making**
  - *The DeepSeek Shock: Commodity Intelligence and the Deployment Gap*
- **Next Economics: Who Captures Value?**
  - *Decoupling Development from Degradation*
  - *The Second Mine: Mastering the Circular Stack and Molecular Loops*
- **The Kinetic Forecast: What We're Watching in 2026**
  - *Fleet Turnover and the Interconnection Crisis*
  - *The Shift from AI Land-Grabs to Budget Scrutiny*
- **Closing Thoughts: Following the Physics**
  - *Our Mandate for 2026: Orchestration over Extraction*

# Largest Positions

How DiversiTerra is driving progress toward the Next Economy

Company Name	Ticker	Weight
Brookfield Renewable	BEPC	5.48%
Lam Research Corp	LRCX	5.19%
International Business Machines	IBM	5.09%
Vestas Wind Systems	VWDRY	4.48%
Broadcom Inc.	AVGO	4.31%
Taiwan Semiconductor	TSM	4.20%
Arista Networks, Inc.	ANET	3.75%
CRISPR Therapeutics AG	CRSP	3.59%
ABB LTD.	ABBNY	2.97%
Kilroy Realty	KRC	2.52%
% of Portfolio		41.56%

**Brookfield Renewable (BEPC)** *Sector: Utilities | Industry: Electric Utilities*

- Utility-Scale AI Infrastructure:** BEPC has evolved from a pure-play green utility into the essential power backbone for the AI revolution, leveraged by massive framework agreements like its landmark deal to provide 10.5 GW of capacity to Microsoft. This strategic pivot secures high-margin, long-term contracts with the world’s most creditworthy tech giants, creating a "toll-booth" economic model on the massive energy consumption required for next-generation data centers.
- Diversified Baseload Strategy:** By integrating its legacy hydro-power assets with the recent acquisition of Westinghouse, BEPC now provides a unique "any-and-all" energy solution that combines 24/7 carbon-free nuclear reliability with rapid-deployment solar and wind. This technological breadth allows the company to capture premium pricing in a supply-constrained power market, outcompeting specialized rivals who lack the scale and reliability of a diversified, global operational platform.

**Lam Research Corp (LRCX)** *Sector: Technology | Industry: Semiconductors*

- Critical architect of the Next Economy infrastructure:** Providing the specialized tools required to build the high-bandwidth memory and advanced 3D chips that power the AI era. Their breakthrough innovations in etching and deposition allow for massive increases in compute density while simultaneously reducing the energy footprint of the global data ecosystem.
- Leading the semiconductor industry in climate responsibility:** Having been the first U.S. equipment manufacturer to receive SBTi approval for greenhouse gas reduction targets aligned with a 1.5°C trajectory. By deploying AI-driven virtualization and designing tools that maximize manufacturing yield, Lam ensures the hardware foundation of the digital future is built with resource efficiency at its core

**IBM (IBM)** *Sector: Technology | Industry: Software & Tech Services*

- Enterprise AI at Scale:** The watsonx platform has shifted from experimentation to industrial-scale execution, enabling companies to deploy specialized autonomous AI agents that integrate seamlessly with over 80 major enterprise applications. This deep technical embedding allows legacy giants in finance and manufacturing to achieve massive ROI by automating complex, high-stakes workflows that require strict data sovereignty and precision.
- Quantum Computing Leadership:** IBM is leading the global race to "Quantum Advantage," with its Nighthawk and Kookaburra processors expected to outperform classical supercomputers in real-world chemistry and logistics simulations by the end of 2026. By building the entire stack—from proprietary cryogenics to error-correcting software—IBM is positioning itself as the indispensable utility provider for the next generation of high-performance computing.

# Largest Positions *continued*

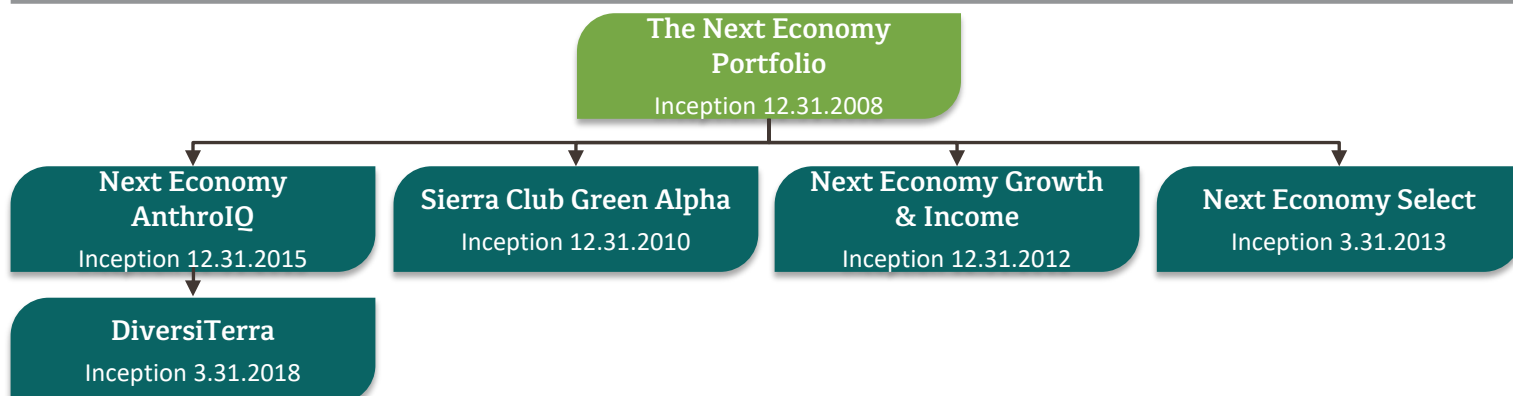
## **Vestas Wind Systems (VWDRY)** *Sector: Energy | Industry: Renewable Energy*

- **Pinnacle of Turbine Engineering:** The V236-15.0 MW offshore turbine is a marvel of industrial scale, with a single unit capable of generating 80 GWh per year—enough energy to power 20,000 households. Its massive 115.5-meter blades and 60% capacity factor allow developers to maximize energy density while drastically reducing the capital expenditure required for foundations and subsea cabling.
- **Competitive Dynamics in the Wind Energy Sector:** Vestas commands a competitive position with a combined order backlog exceeding €68 billion and a 30% market share in wind installations outside of China. This hardware footprint is fortified by a high-margin service division that manages a record 159 GW fleet, providing deep recurring revenue that insulates the balance sheet from the cyclical nature of turbine manufacturing.

## **Broadcom Inc. (AVGO)** *Sector: Technology | Industry: Semiconductors*

- **Advanced Architecture for AI Cluster Connectivity:** Broadcom has cemented its role as the "landlord" of the physical data center by capturing an 80% market share in high-end Ethernet switching with its Tomahawk 6 and Jericho 3 platforms. These systems provide the critical high-speed "plumbing" necessary to link millions of GPUs into a single cohesive unit, effectively displacing proprietary networking standards and securing a massive \$73 billion AI-related order backlog through 2026.
- **Custom Silicon and Software Integration:** The company's custom AI accelerator (ASIC) division delivers up to 40% higher inference throughput than general-purpose GPUs, driving multi-billion dollar co-design partnerships with hyperscalers like Google, Meta, and OpenAI. This hardware dominance is fortified by the VMware Cloud Foundation, which converts legacy enterprise infrastructure into high-margin recurring revenue, creating an economic moat that combines explosive AI growth with the defensive stability of mission-critical software.

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



- **Gender-lens criteria:** diverse teams demonstrably outperform homogenous teams—namely increased innovation levels, reduced governance controversies, greater customer orientation, and lower employee turnover
- **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	DiversiTerra	Benchmark: MSCI ACWI IMI (SPGM)	The Next Economy Portfolio	Next Economy AnthroIQ	Next Economy Select	Next Economy Growth & Income	Sierra Club Green Alpha
# of Securities	52	2,908	154	110	52	34	47
Active Share vs MSCI ACWI IMI	95%	-	93%	93%	97%	96%	98%
Active Share vs The Next Economy Portfolio	65%	-	-	38%	67%	74%	71%
Sales Growth, Trailing 3-Yr	12%	14%	15%	17%	15%	7%	14%
P/E, Current	27.4	22.3	27.7	28.1	25.3	24.3	28.7
P/E, 1-Year Forward	24.9	20.2	22.1	21.2	22.0	19.5	22.3
Price/Sales	2.8	2.3	2.7	3.2	1.6	1.4	1.0
Price/Book	2.8	3.3	2.8	3.2	2.6	2.0	2.3
LT Debt/Equity	38%	34%	31%	37%	37%	47%	33%
Current Ratio	2.9	1.9	3.2	2.9	3.1	2.1	2.9
Dividend Yield	1.33%	1.68%	1.06%	0.92%	1.60%	3.48%	1.61%
Market Cap, Wtd Avg (\$B)	\$208.29	\$864.50	\$128.96	\$169.22	\$245.87	\$284.98	\$210.52
Market Cap, Median (\$B)	\$8.34	\$3.56	\$7.73	\$9.63	\$6.39	\$25.68	\$7.29
Turnover, Trailing 2-Yr Avg	12%	Not Available	28%	9%	9%	9%	10%
Beta, Trailing 3-Yrs	1.74	1.00	1.68	1.79	1.88	1.44	1.75
U.S.-Domiciled Companies	83%	83%	83%	90%	70%	68%	72%
% Revenue Derived in U.S.	57%	44%	55%	59%	54%	48%	50%

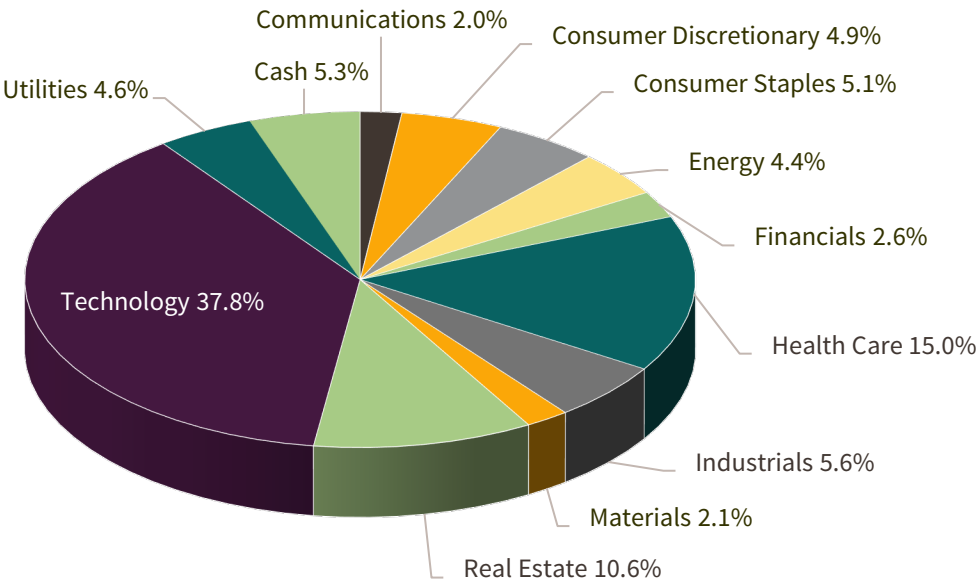
Characteristics are sourced from FactSet, based on a representative account and include cash. Please see additional disclosures on last page.



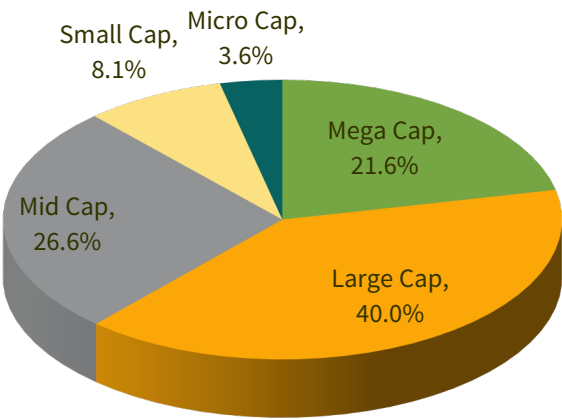
# Portfolio Allocations

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

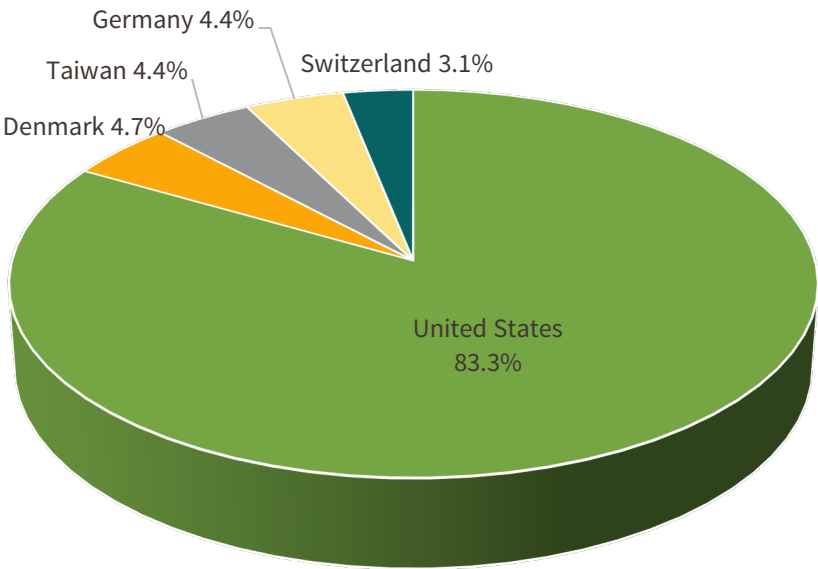
Sectors



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. The market cap and headquarters charts are shown as percent of equity. Please see the final page of this document for additional important disclosures.

# Important Disclosures

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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.
- Beginning June 30, 2022, the DiversiTerra performance results are a composite of discretionary client accounts invested in the DiversiTerra 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 \$25,000. The DiversiTerra 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 DiversiTerra 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. DiversiTerra composite performance results do not reflect the reinvestment of dividends and interest.
- Prior to June 30, 2022, the 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 July 2022. 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 DiversiTerra strategy contains equity 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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