

Next Economy Select

December 31, 2025

Green Alpha®

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Investment Philosophy

The driving forces behind economic growth are:

- companies accelerating economic productivity gains, and
- businesses addressing risks of macro concern.

High-performing enterprises revolutionize efficiency while simultaneously developing solutions for critical issues like climate change, resource degradation, economic inequality, and human disease burdens. In doing so, they create economic expansion and actualize a more de-risked 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 better solutions to global challenges.



Why Invest in Next Economy Select?

- Active research, stock selection, and portfolio mgmt
- Very low minimum purchase of 1 ETF share provides democratized access to institutional-quality investing
- Seeks long-term capital growth to preserve and grow purchasing power
- 45-65 global, market-leading companies developing solutions to core economic and environmental risks

Inception Date: March 31, 2013

Vehicles: AXS Green Alpha ETF (ticker NXTE) and 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 value creation, who are demonstrating revenue growth, expanding profit margins, and potential dividend increases.
- *Financial Health:* Businesses with robust balance sheets and coverage ratios, and smart capital allocation strategies.
- *Value:* Companies whose stock prices offer attractive entry points 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.

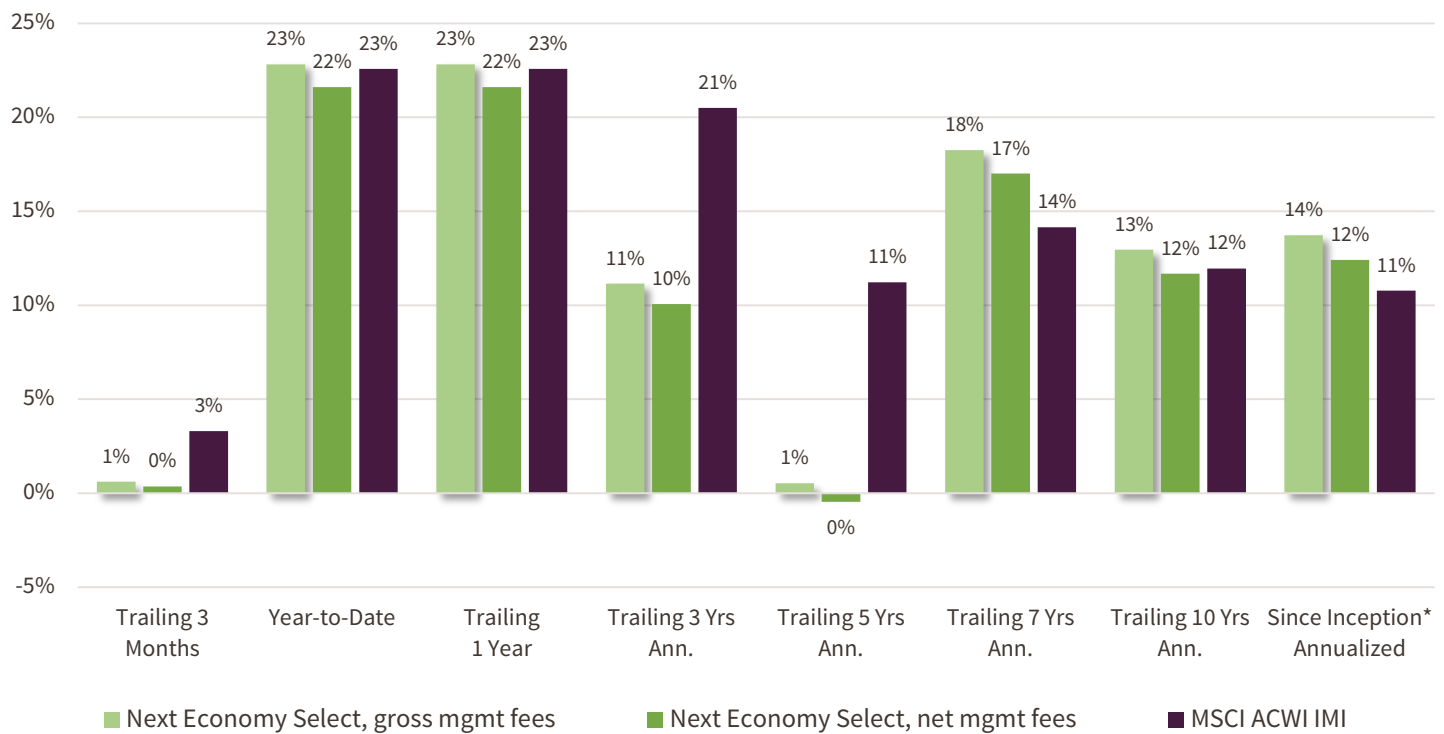
Portfolio Construction

This portfolio is a diversified, high-conviction approach to providing long-term capital growth. We focus on:

1. Market-leading Next Economy companies
2. Businesses with strong competitive advantages
3. Firms growing market share rapidly

Next Economy Select brings institutional-quality investing to individual investors through a low minimum ETF.

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	35.67	24.06	55.64	27.63	28.01	17.10	6.70	11.81
Energy	7.09	3.83	54.57	15.71	38.86	4.18	0.58	3.96
Consumer Discretionary	9.31	9.91	46.83	11.14	35.69	4.08	1.15	3.27
Industrials	5.63	11.56	46.97	27.43	19.53	2.51	3.15	-0.72
Health Care	11.35	9.31	11.23	15.15	-3.92	0.99	1.31	-0.46
Utilities	2.53	2.19	45.34	25.71	19.63	0.97	0.56	0.46
Communications	1.37	9.08	2.56	31.04	-28.49	0.06	2.77	-3.00
Cash	0.91	0.46	0.00	15.56	-15.56	0.00	0.11	-0.12
Financials	3.14	18.02	-0.37	30.00	-30.37	-0.16	5.30	-6.13
Materials	1.42	4.11	-28.59	41.83	-70.42	-0.51	1.61	-2.35
Consumer Staples	7.69	5.86	-36.57	8.99	-45.55	-0.94	0.59	-1.74
Real Estate	13.90	1.96	-28.06	6.88	-34.94	-4.94	0.13	-5.59
Government		0.12		4.24	-4.24		0.01	-0.01

*Composite Inception: March 31, 2013. 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 the Next Economy Select portfolio is driving progress toward the Next Economy

Taiwan Semiconductor Manufacturing (TSM) *Sector: Technology | Industry: Semiconductors*

- Foundational Semiconductor Manufacturing Capabilities:** TSMC manufactures the vast majority of the world's advanced logic chips that power everything from AI data centers to electric vehicle systems. Their upcoming 2nm "N2" process, entering mass production this year, utilizes innovative nanosheet transistors to deliver a 30% reduction in power consumption, providing the efficiency required to sustain the global explosion in compute demand.
- A Key Driver of Industrial Decarbonization:** Committing to 100% renewable energy (RE100) across all global operations by 2040 and significantly increasing its use of reclaimed water in manufacturing. By expanding its geographic footprint with new leading-edge facilities in Arizona, Japan, and Germany, TSMC is building a more resilient and distributed global supply chain, ensuring that the "brains" of the Next Economy are both sustainable and secure.

T1 Energy, Inc. *Sector: Energy | Industry: Renewable Energy*

- Grid-Edge Software and Hardware Interfaces:** T1 Energy is a pioneer in grid-edge intelligence, developing the software and hardware interfaces necessary to integrate intermittent renewables into the existing power infrastructure. Their proprietary energy management systems allow for real-time balancing of supply and demand at the local level, transforming the traditional "hub-and-spoke" utility model into a resilient, bi-directional energy network.
- Supporting the Electrification of Transportation:** The company is accelerating the electrification of everything by providing the high-speed charging and storage solutions required for the widespread adoption of heavy-duty electric fleets. By optimizing the "last mile" of energy delivery, T1 ensures that the transition to carbon-neutral transport is supported by a robust, intelligent, and scalable energy backbone.

Applied Materials, Inc. (AMAT) *Sector: Technology | Industry: Semiconductors*

- Atomic-Scale Engineering for Advanced Semiconductor Devices:** Applied Materials is the primary enabler of the "PPACT" (Power, Performance, Area, Cost, and Time-to-Market) revolution, providing the atomic-level engineering required for next-generation AI chips. Their leadership in Gate-All-Around (GAA) transistor structures and Backside Power Delivery is essential for the 2nm era, allowing the global digital economy to achieve massive gains in compute power while drastically reducing energy leakage.
- Manufacturing Decarbonization Efforts:** Beyond performance, the company is a leader in "decarbonizing the fab" through its 30-by-30 initiative, which aims to reduce the equivalent energy and chemical impact of its tools by 30% by 2030. By integrating AI-driven sensors and "digital twin" technology into their manufacturing systems, they help customers maximize yield and minimize resource waste, ensuring the hardware of the future is built with a significantly lighter environmental footprint.

Company Name	Ticker	Weight
Taiwan Semiconductor	TSM	10.83%
T1 Energy, Inc	TE	4.91%
Applied Materials, Inc.	AMAT	4.36%
Lam Research Corp.	LRCX	4.36%
International Business Machines	IBM	4.36%
ASML Holdings NV	ASML	4.24%
Brookfield Renewable Hldgs.	BEPC	4.03%
CRISPR Therapeutics	CRSP	3.75%
Vestas Wind Systems	VWDRY	3.04%
% of Portfolio		48.05%

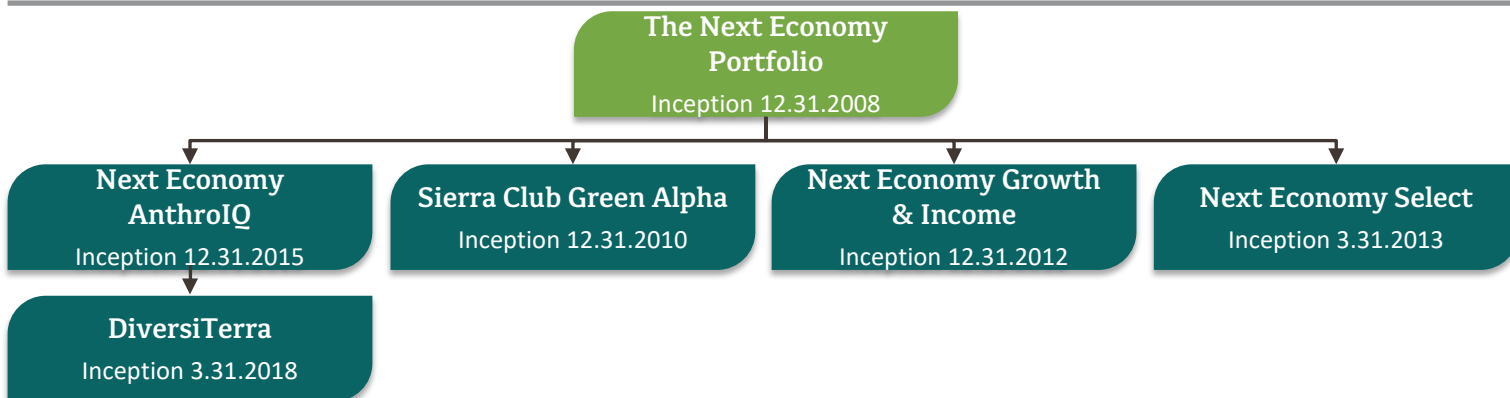
Largest Positions *continued*

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.



- **Highest conviction stocks, two investment vehicles:** democratizing access to leading Next Economy companies via an ETF and separately managed accounts, providing clients of all shapes and sizes with institutional-quality options
- **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	Next Economy Select	Benchmark: MSCI ACWI IMI (SPGM)	The Next Economy Portfolio	Next Economy AnthroIQ	Next Economy Growth & Income	Sierra Club Green Alpha	DiversiTerra
# of Securities	52*	2,908	154	110	34	47	52
Active Share vs MSCI ACWI IMI	97%	-	93%	93%	96%	98%	95%
Active Share vs Next Economy Index	67%	-	-	38%	74%	71%	65%
Sales Growth, Trailing 3-Yr	15%	14%	15%	17%	7%	14%	12%
P/E, Current	25.3	22.3	27.7	28.1	24.3	28.7	27.4
P/E, 1-Year Forward	22.0	20.2	22.1	21.2	19.5	22.3	24.9
Price/Sales	1.6	2.3	2.7	3.2	1.4	1.0	2.8
Price/Book	2.6	3.3	2.8	3.2	2.0	2.3	2.8
LT Debt/Equity	37%	34%	31%	37%	47%	33%	38%
Current Ratio	3.1	1.9	3.2	2.9	2.1	2.9	2.9
Dividend Yield	1.60%	1.68%	1.06%	0.92%	3.48%	1.61%	1.33%
Market Cap, Wtd Avg (\$B)	\$245.87	\$864.50	\$128.96	\$169.22	\$284.98	\$210.52	\$208.29
Market Cap, Median (\$B)	\$6.39	\$3.56	\$7.73	\$9.63	\$25.68	\$7.29	\$8.34
Turnover, Trailing 2-Yr Avg	9%	Not Available	28%	9%	9%	10%	12%
Beta, Trailing 3-Yrs	1.88	1.00	1.68	1.79	1.44	1.75	1.74
U.S.-Domiciled Companies	70%	83%	83%	90%	68%	72%	83%
% Revenue Derived in U.S.	54%	44%	55%	59%	48%	50%	57%

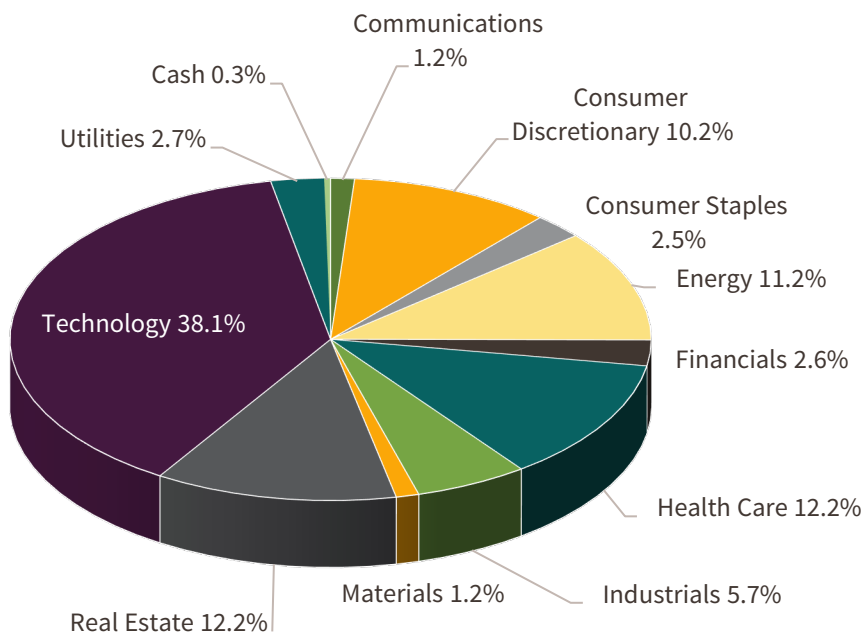
Characteristics are sourced from FactSet, based on a representative account and include cash. Please see additional disclosures on last page.

*The AXS Green Alpha ETF holds two companies more than SMAs in the strategy due to its ability to purchase foreign ordinaries.

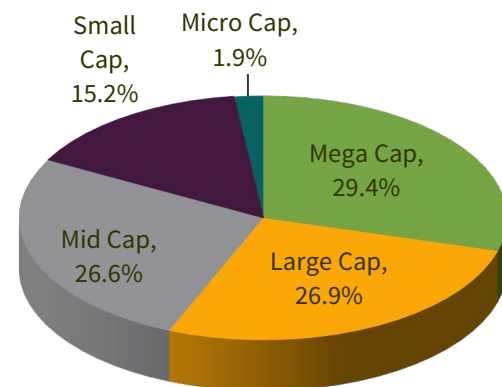
Portfolio Allocations

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

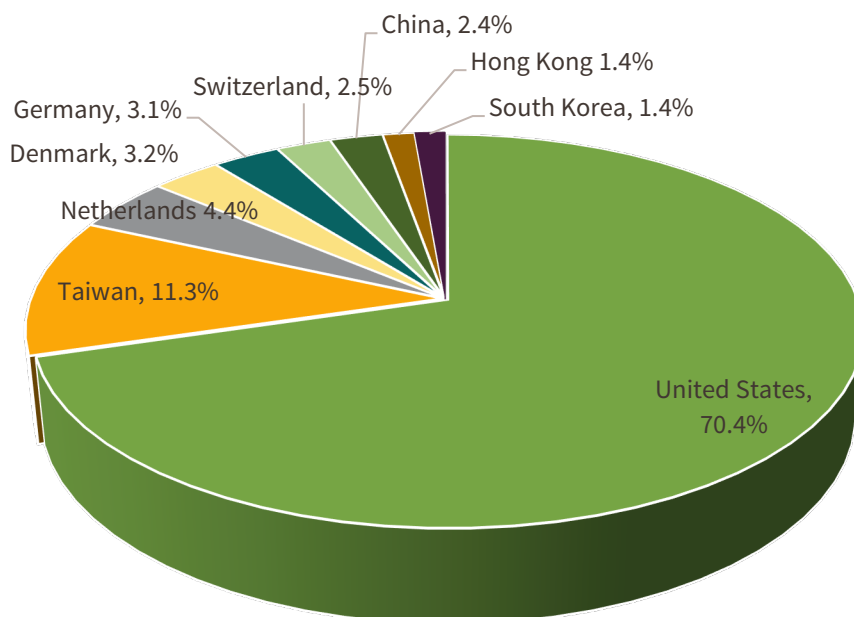
Sectors



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.

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- Performance quoted throughout this document represents 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 May 31, 2023, composite membership includes a minimum account size of \$100,000. Next Economy Select performance results reflect actual performance for a composite, net of actual management fees and transaction costs. Some assets managed in the Next Economy Select strategy within the composite receive a reduced fee from the standard fee schedule. Actual client returns experienced will vary from the composite returns 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. Next Economy Select performance results do not reflect the reinvestment of dividends and interest. 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.
- From the strategy’s inception through June 30, 2021, performance data are sourced from Bloomberg Finance L.P. Beginning June 30, 2021, the composite and all performance results are maintained and calculated by Green Alpha’s portfolio accounting system Advent APX.
- While both the AXS Green Alpha ETF (NXTE) and separately managed accounts within the Next Economy Select portfolio aim to follow the same investment strategy, due to the structural and operational differences between an ETF and separately managed accounts, there may be differences in holdings, sector allocations, and risk exposure between the two vehicle options. To understand the differences, please reach out to Green Alpha investment personnel at info@greenalphaadvisors.com.
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