

The Next Economy Portfolio

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 superior solutions to global challenges.



Why The Next Economy Portfolio?

- Active research and stock selection, passively managed through an annual rebalance
- All-cap means it captures smaller companies accelerating momentum in a massive market transition, in addition to larger, proven firms
- ~154 global, market-leading companies developing solutions to core economic and environmental risks

Inception Date: December 31, 2008

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 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

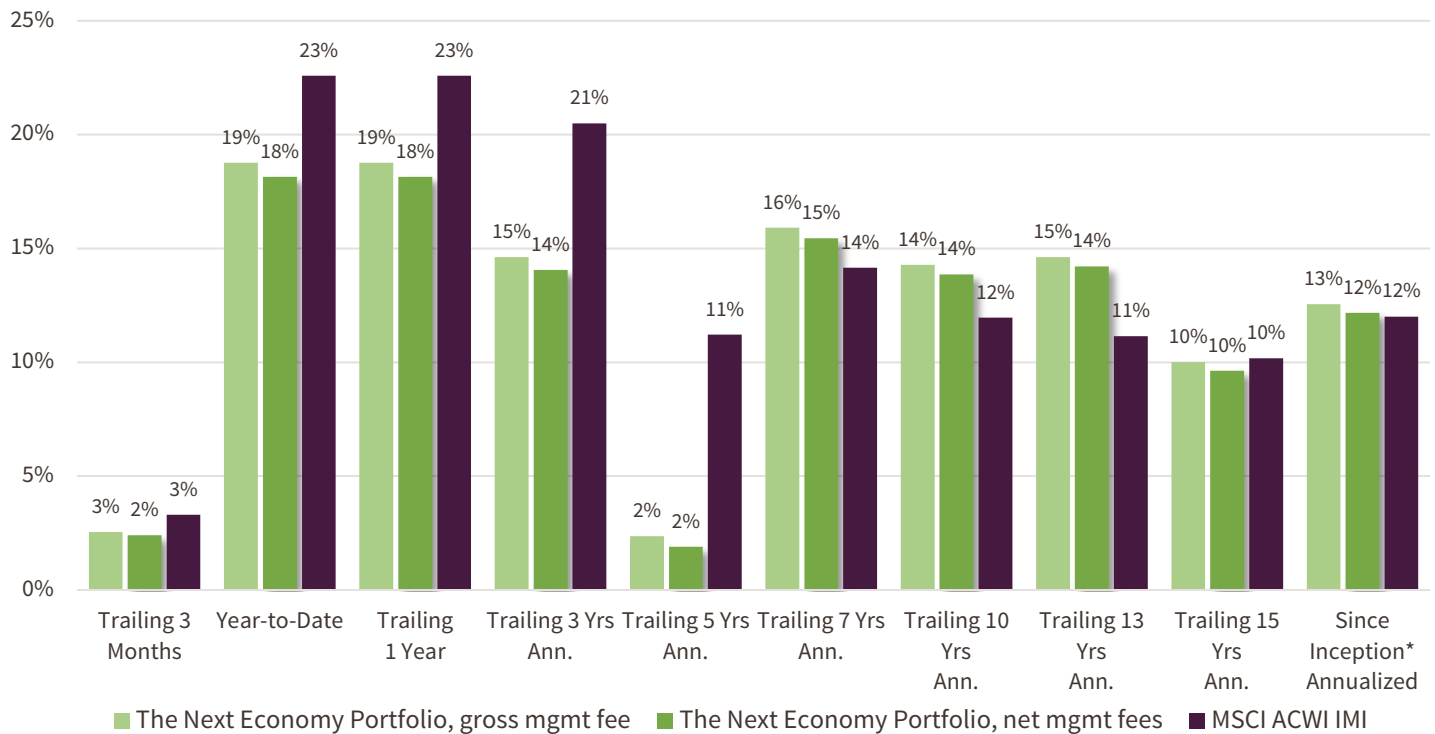
The Next Economy Portfolio combines:

1. Active research and stock selection
2. Passive portfolio construction/annual rebalance

We include all companies that pass *both* our top-down and bottom-up research processes with high proprietary scores.

This portfolio reflects an economy delivering an innovative, post-scarcity, de-risked world, while displacing risky and destructive legacy systems.

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	39.82	24.06	30.73	27.63	3.09	12.25	6.70	6.49
Health Care	16.48	9.31	27.38	15.15	12.23	4.19	1.31	3.04
Energy	6.39	3.83	48.53	15.71	32.82	3.75	0.58	3.44
Industrials	6.17	11.56	26.16	27.43	-1.28	1.70	3.15	-1.58
Consumer Discretionary	8.64	9.91	15.22	11.14	4.08	1.43	1.15	0.35
Utilities	2.45	2.19	30.20	25.71	4.49	0.68	0.56	0.13
Communications	1.63	9.08	8.69	31.04	-22.35	0.18	2.77	-2.79
Cash	3.11	0.46	0.00	15.56	-15.56	0.00	0.11	-0.11
Materials	1.33	4.11	-11.78	41.83	-53.60	-0.18	1.61	-1.98
Financials	2.37	18.02	-21.37	30.00	-51.38	-0.68	5.30	-6.62
Consumer Staples	3.90	5.86	-25.26	8.99	-34.25	-0.88	0.59	-1.65
Real Estate	7.73	1.96	-11.63	6.88	-18.50	-1.01	0.13	-1.25
Government		0.12		4.24	-4.24		0.01	-0.01

*Portfolio Inception: December 31, 2008. 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 Portfolio is driving progress toward the Next Economy

Micron Technology *Sector: Technology | Industry: Semiconductors*

- **Micron is a foundational architect of the AI revolution:** Providing the high-bandwidth memory essential for training and scaling the world’s most advanced models. Their latest technology achieves a 30% reduction in power consumption compared to industry standards, addressing the critical energy "bottleneck" and enabling AI to scale more sustainably.
- **Manufacturing Strategy and Sustainability Alignment:** The company is leading the strategic reshoring of semiconductor manufacturing to the U.S: building a more resilient and secure supply chain for the global digital infrastructure. Simultaneously, Micron is on track to power its domestic operations with 100% renewable electricity by the end of 2025, proving that the hardware of the future can be manufactured with the energy of the future.

Company Name	Ticker	Weight
Micron Technology, Inc.	MU	1.09%
NVIDIA Corporation	NVDA	1.05%
Roche Holding Ltd	RHHBY	1.05%
Lam Research Corp	LRCX	1.04%
Intuitive Surgical, Inc.	ISRG	1.03%
Taiwan Semiconductor	TSM	0.98%
Cisco Systems, Inc.	CSCO	0.96%
International Business Machines	IBM	0.96%
Regeneron Pharm	REGN	0.93%
Applied Materials, Inc.	AMAT	0.93%
% of Portfolio		10.04%

NVIDIA Corporation (NVDA) *Sector: Technology | Industry: Semiconductors*

- **Full-Stack Infrastructure for Accelerated Computing:** NVIDIA has evolved into the primary architect of the "AI Factory," providing the full-stack infrastructure—from Blackwell and the new Rubin chips to the CUDA software ecosystem—that powers the global transition to accelerated computing. Their latest Rubin platform, unveiled this year, delivers a staggering 10x reduction in inference costs and 40% higher energy efficiency per watt, effectively decoupling exponential AI growth from linear energy constraints.
- **AI Platforms Enabling Physical-World Application:** Beyond data centers, NVIDIA is pioneering "Physical AI" by embedding intelligence into the real world through autonomous vehicles and the Omniverse digital twin platform. By providing the compute required for drug discovery, climate modeling (via Earth-2), and industrial robotics, NVIDIA isn't just selling chips; it is providing the foundational tools necessary to solve the most complex structural and environmental challenges of the next century.

Roche Holding Ltd. *Sector: Health Care | Industry: Biotech & Pharma*

- **Integrated Diagnostics and Pharmaceutical Development:** Roche is an architect of the "Personalized Healthcare" era, uniquely combining world-leading diagnostics with a deep pharmaceutical pipeline to shift the industry from reactive care to precise, data-driven prevention. By integrating AI into their R&D process, they are targeting a 40% reduction in development timelines, enabling a faster transition toward a healthcare system that prioritizes individual outcomes over mass-market solutions.
- **Emerging Therapeutic Platforms and R&D Focus:** The company is pioneering structural shifts in medicine through breakthrough technologies like "brain shuttles" for neurodegenerative diseases and personalized cancer vaccines that harness the body’s own immune system. Their unmatched \$13 billion annual R&D investment ensures they remain at the forefront of the Next Economy, where curing and preventing complex diseases replaces the inefficient model of lifelong symptom management

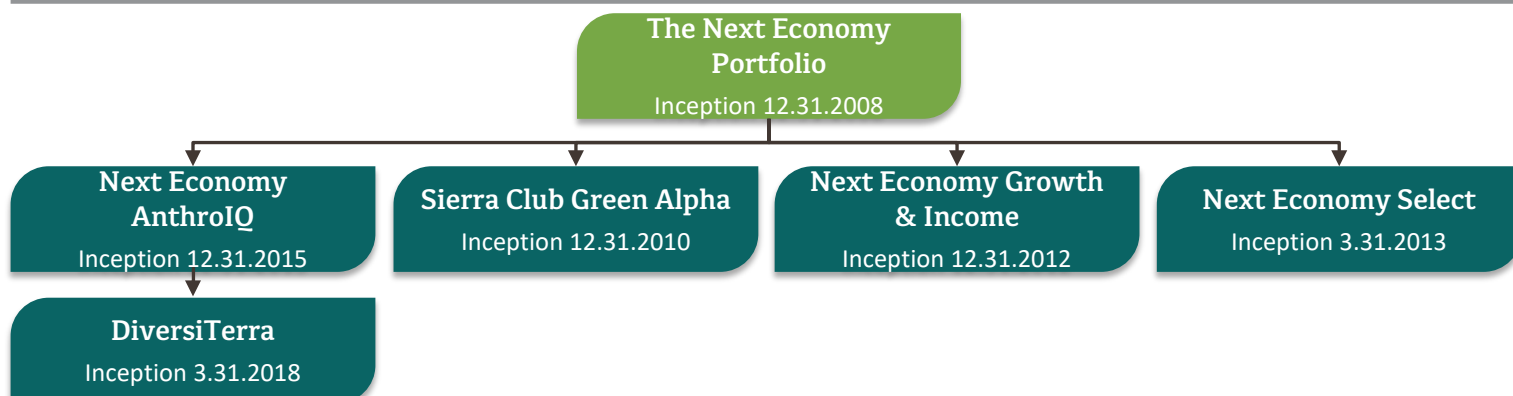
Largest Positions *continued*

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.

Intuitive Surgical, Inc. (ISRG) *Sector: Healthcare | Industry: Medical Equipment & Devices*

- **Applying AI and Robotics to Surgical Practice:** Intuitive is redefining the standard of care with the launch of the Da Vinci 5, which features 10,000 times the computing power of its predecessor to enable real-time AI-driven insights and "Force Feedback" technology. This leap in "Physical AI" allows surgeons to feel the delicate resistance of tissue through the robotic console, significantly reducing surgical trauma and enhancing precision at a level human hands alone cannot achieve.
- **Digital Platforms and Data-Informed Surgical Training:** By shifting the global medical landscape toward minimally invasive procedures, Intuitive is a primary driver of healthcare efficiency, drastically reducing patient recovery times and hospital stays. Their expanding digital ecosystem—including the Iris augmented reality platform—democratizes elite surgical expertise by using data from millions of past procedures to train the next generation of doctors, ensuring high-quality outcomes are accessible globally.



- **Largest Next Economy basket** –the most diversified Green Alpha portfolio by number of stocks; all stocks that pass Green Alpha’s top-down and bottom-up investment processes enter the Index
- **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

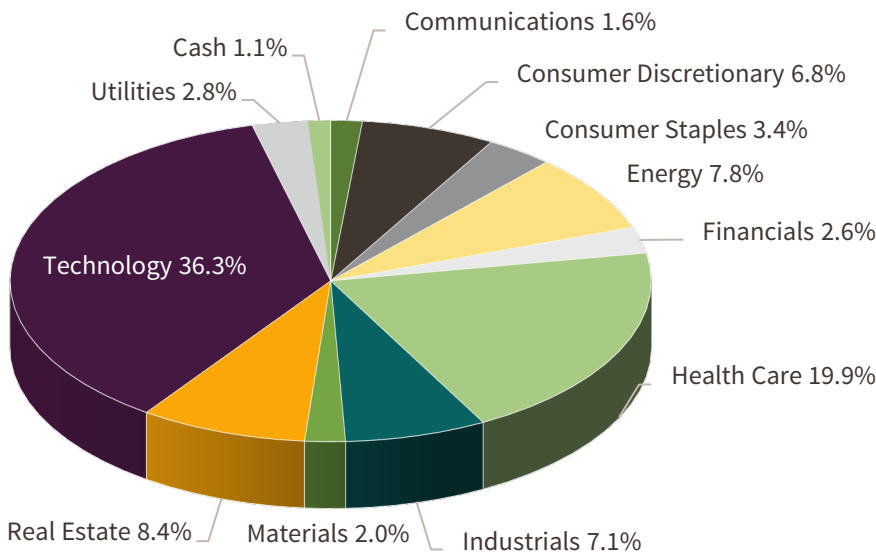
Characteristics	The Next Economy Portfolio	Benchmark: MSCI ACWI IMI (SPGM)	Next Economy AnthroIQ	Next Economy Select	Next Economy Growth & Income	Sierra Club Green Alpha	DiversiTerra
# of Securities	154	2,908	110	52	34	47	52
Active Share vs MSCI ACWI IMI	93%	-	93%	97%	96%	98%	95%
Active Share vs Next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

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

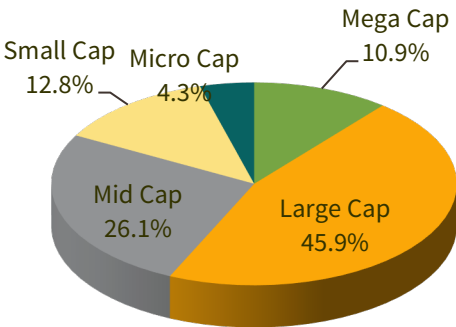
Portfolio Allocations

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

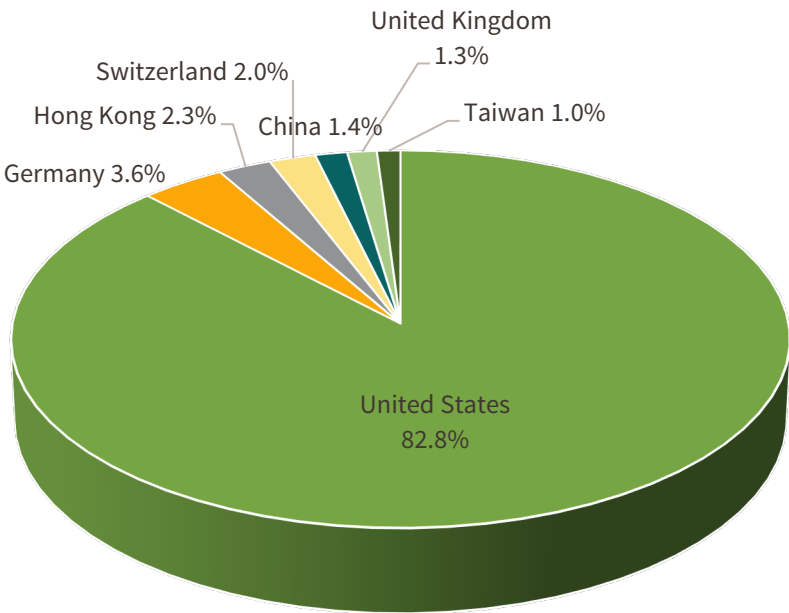
Sectors



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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- Beginning November 30, 2021, The Next Economy Portfolio performance results are a composite of discretionary client accounts invested in the 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 \$75,000. The Next Economy Portfolio composite performance results reflect actual performance for a composite of discretionary client accounts meeting custodian and minimum account size requirements. Net of actual management fees and transaction costs. Some assets managed in the Next Economy Index strategy within the composite receive a reduced fee from the standard management 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. The Next Economy Portfolio performance results do not reflect the reinvestment of dividends and interest.
- 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/>.
- From the strategy’s inception through November 30, 2021, The Next Economy Portfolio performance results reflected the actual performance of a representative account, net of actual management fees and transaction costs. Assets managed in The Next Economy Portfolio strategy representative account received a reduced fee from the standard fee schedule. The Next Economy Portfolio representative account performance results did not reflect the reinvestment of dividends and interest. Please contact Green Alpha for information about the representative account selection process.
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