

# Next Economy Fixed Income

December 31, 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 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:

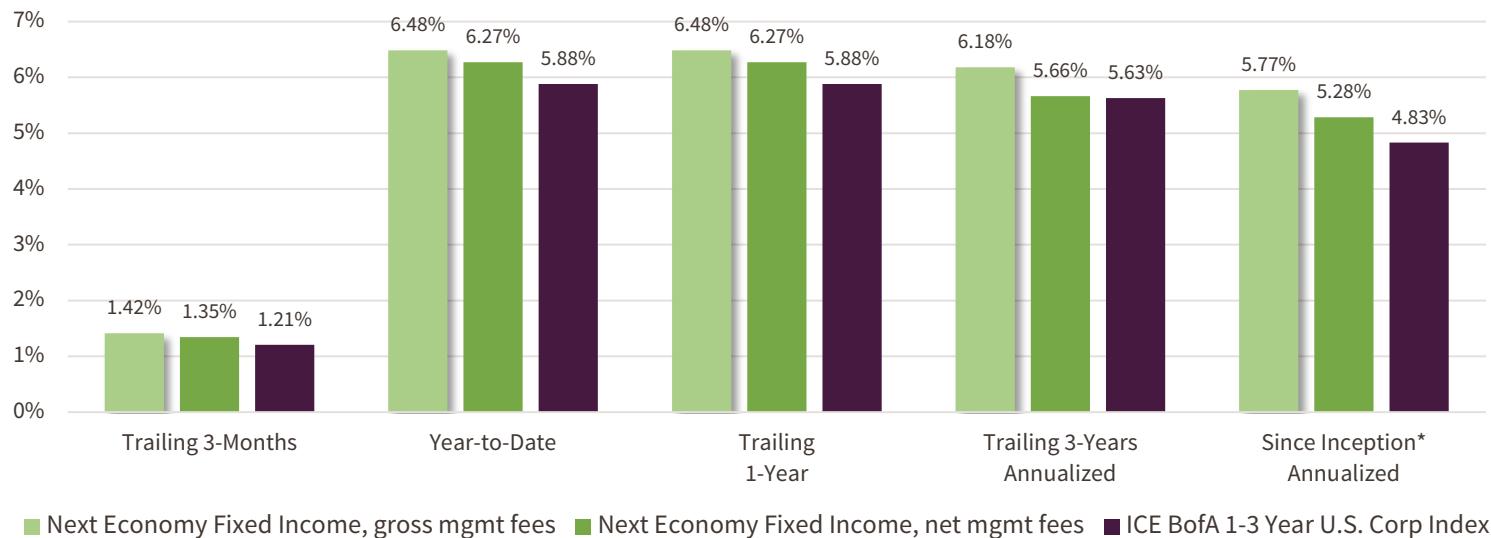
- Impact: Businesses offering innovative solutions to critical economic, environmental, and other global challenges.
- Innovation Leadership: Companies investing heavily in R&D, intellectual property, and capital expenditures.
- Strong Management: Diverse, effective teams aligned with shareholders, demonstrating 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 Uniplan Investment Counsel to manage the Next Economy Fixed Income portfolio strategy. The portfolio benefits from Green Alpha's sustainability analysis, and Uniplan's bond selection, trading, and portfolio construction expertise. All bonds purchased for Next Economy Fixed Income accounts pass both Green Alpha's rigorous sustainability criteria and Uniplan's credit quality analysis and forward-looking assessment.

# Performance & Attribution



During the fourth quarter, U.S. treasuries were mixed as the Fed continued to cut interest rates with 2 additional reductions to the FFR. Long duration treasuries stiffened and saw their yields tick higher during the quarter. The 10Y yield ended the year at 4.18% as of 12/31/25, just 2 basis points higher than on 9/30/25. Conversely, the 2Y yield dropped 13 bps to close at 3.47% and near the lows of the year. Short duration T-Bills ranging from 3 months to 1 year benefited from the 2 additional cuts and dropped 20 bps or more. These moves resulted in a continued steepening of the yield curve with the 10/2Y spread rising from 56 to 71 bps and a more pronounced change in the 30Y/3M spread from 71 to 117 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 continues to face an uncomfortable situation. 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. What may be more concerning is the labor market, which is stuck in a tenuous "No Hire No Fire" situation where jobs are hard to find but current employees are not being terminated. Chairman Powell has described the current labor market as "unique" with a lack of job demand being offset by low job supply. The rift between President Trump and the Fed is ongoing, with the current administration applying unprecedented pressure for Powell to cut rates. Further complicating this relationship is Powell's four-year term set to expire in May 2026, with BlackRock's CIO of Fixed Income Rick Rieder and former Federal Reserve Governor Kevin Warsh emerging as the two leading candidates to replace him. With conflicting sides of the dual mandate and Fed member indecision, the market is projecting a pause in rate cuts over most of 1H26 with expectations rising considerably once a new Chairman takes over. We suspect we may have seen the last rate cut under Powell's tenure, but the rate cutting cycle is likely to resume mid-year.

Although our forward outlook is revised continuously as new data is available, our key macroeconomic projections as of 12/31/25 are as follows: US Economy GDP ~2%. Consumer spending remains solid, anchored by the top cohort of income earners. Unemployment remains in the mid 4%'s. Inflation stays stubbornly above the Fed's 2% target (Core PCE 2.5-3.0%) and the Fed will likely be limited to a shallow rather than deep reduction of FFR. 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	5.01%
Commercial Metals	3.875%	2/15/2031	4.99%
Prologis	1.250%	10/15/2030	4.94%
Twilio	3.625%	3/15/2029	4.90%
Paypal Hldgs Inc.	4.400%	6/01/32	4.90%
% of Portfolio			24.76%

- **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.

## 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.

# Largest Positions *continued*

## Twilio Sector: Technology | Industry: Communication Services

**The Case:** Twilio is the foundational platform for customer engagement in the digital age. By providing the essential programmable infrastructure for messaging, voice, and video, the company enables businesses to build personalized, real-time connections with their customers globally. Twilio is a leader in the transition toward a more intelligent, data-driven communications network, allowing for the deprecation of legacy hardware in favor of more efficient, scalable cloud-based systems.

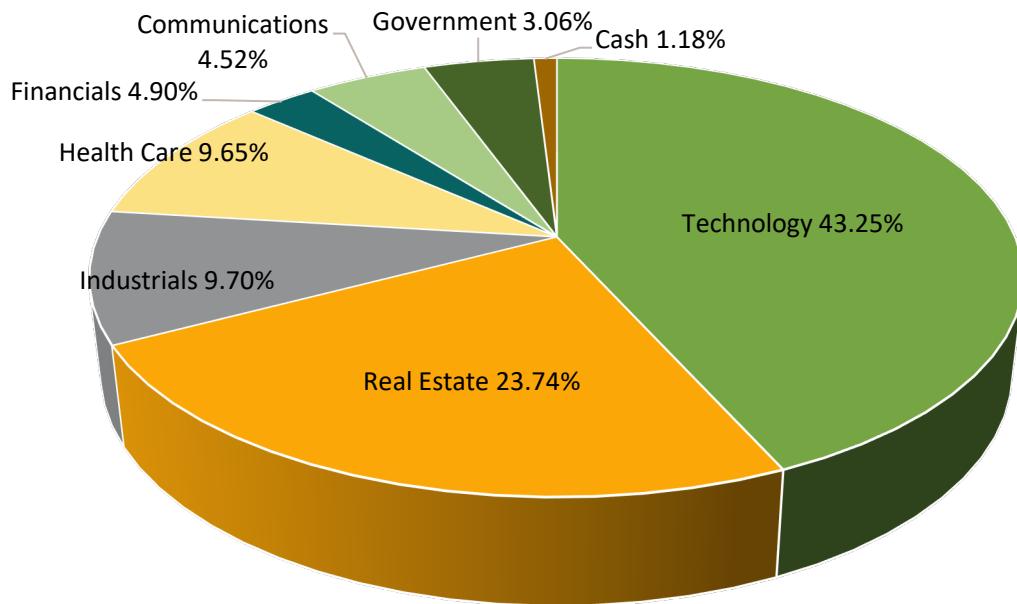
- **The Communications Layer of the Internet:** Twilio serves as the critical bridge between software and global telecommunications. Its vast network of APIs allows developers to embed sophisticated communication capabilities directly into applications without the need for complex physical infrastructure. This makes Twilio an essential utility for everything from account security and logistics updates to personalized marketing, solidifying its role as the nervous system of modern digital interaction.
- **Empowering the Data-Driven Customer Experience:** Beyond simple connectivity, Twilio is a force for digital transformation. By integrating its customer data platform with its communication APIs, the company enables businesses to move from generic broadcasts to highly tailored, one-to-one engagements. This intelligence allows organizations to optimize customer journeys in real-time, driving higher efficiency and deeper loyalty in an increasingly competitive digital marketplace.
- **Building Resilient and Scalable Engagement:** The shift toward remote and digital-first operations has exposed the limitations of traditional, siloed communication tools. Twilio provides the flexibility and redundancy businesses need to maintain reliable connections across any channel or geography. As a key partner in de-risking customer communications, Twilio's platform serves as a robust node for global enterprises seeking to remain agile and responsive to shifting market demands.
- **A Software-Defined Leader with Network Effects:** Twilio is more than a service provider; it is a platform whose value grows with its ecosystem. Its massive scale provides a proprietary view of global engagement trends, giving it a significant data advantage in developing new AI-driven engagement tools. We believe this, combined with a cloud-native architecture and a deep developer moat, positions Twilio as a blue-chip leader defining the future of how the world communicates.

# Characteristics

Statistics	
Yield-to-Maturity	4.29%
Current Yield	3.15%
Average Duration	2.96
Weighted-Avg Maturity	3.16
Effective Duration	2.93
Number of Holdings	21
Option-Adjusted Spread (OAS)	69.18%

S&P Credit Quality Rating	Portfolio Weighting
AA	7.87%
A	14.53%
BBB+	52.04%
BBB	0.00%
BBB-	4.90%
BB+	0.00%
BB	19.49%
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 & Chairman 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.
- 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.
- 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 Fixed Income performance results are a composite of discretionary client accounts invested in the Next Economy Fixed 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 Fixed 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 Fixed Income portfolio. The constituents of the Next Economy Fixed 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 Fixed 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.
- Asset allocation and diversification strategies do not guarantee a profit and may not protect against loss. The two main risks related to fixed-income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. These risks often are heightened for investments in emerging/developing markets or in concentrations of single countries. Small-capitalization companies may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid than larger capitalization companies. Investments that are concentrated in specific industries, sectors, markets or asset classes may underperform or be more volatile than other industries, sectors, markets or asset classes and the general securities market.
- The holdings identified in this document do not represent all the securities purchased, sold, or recommended for advisory clients. You may request a list of all recommendations made by Green Alpha in the past year by emailing a request to [info@greenalphaadvisors.com](mailto:info@greenalphaadvisors.com). It should not be assumed that the recommendations made in the past or future were or will be profitable or will equal the performance of the securities cited as examples in this document.
- This presentation is for informational purposes only, and should not be construed as legal, tax, investment, or other advice. This presentation does not constitute an offer to sell, or the solicitation of any offer to buy, any security. Any mention of an individual security is for illustrative purposes only and should not be considered a recommendation to buy or sell any security. The presentation does not purport to contain all the information that may be required to evaluate Green Alpha Investments and its investment strategies.