

Next Economy AnthrolQ

September 30, 2026

Green Alpha[®]

Performance and Sector Attribution	2
Macroeconomic Commentary	3
Largest Positions	4
Portfolio Characteristics	7
Sector, Geographic, and Market Cap Allocations	8
Disclosures	9

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 Next Economy AnthrolQ?

- Active research and high-conviction stock selection
- Proprietary Strategic Resilience Quotient (SRQ) framework evaluating leadership diversity and organizational intelligence
- 40-60 global, market-leading companies

Inception Date: December 31, 2015

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.

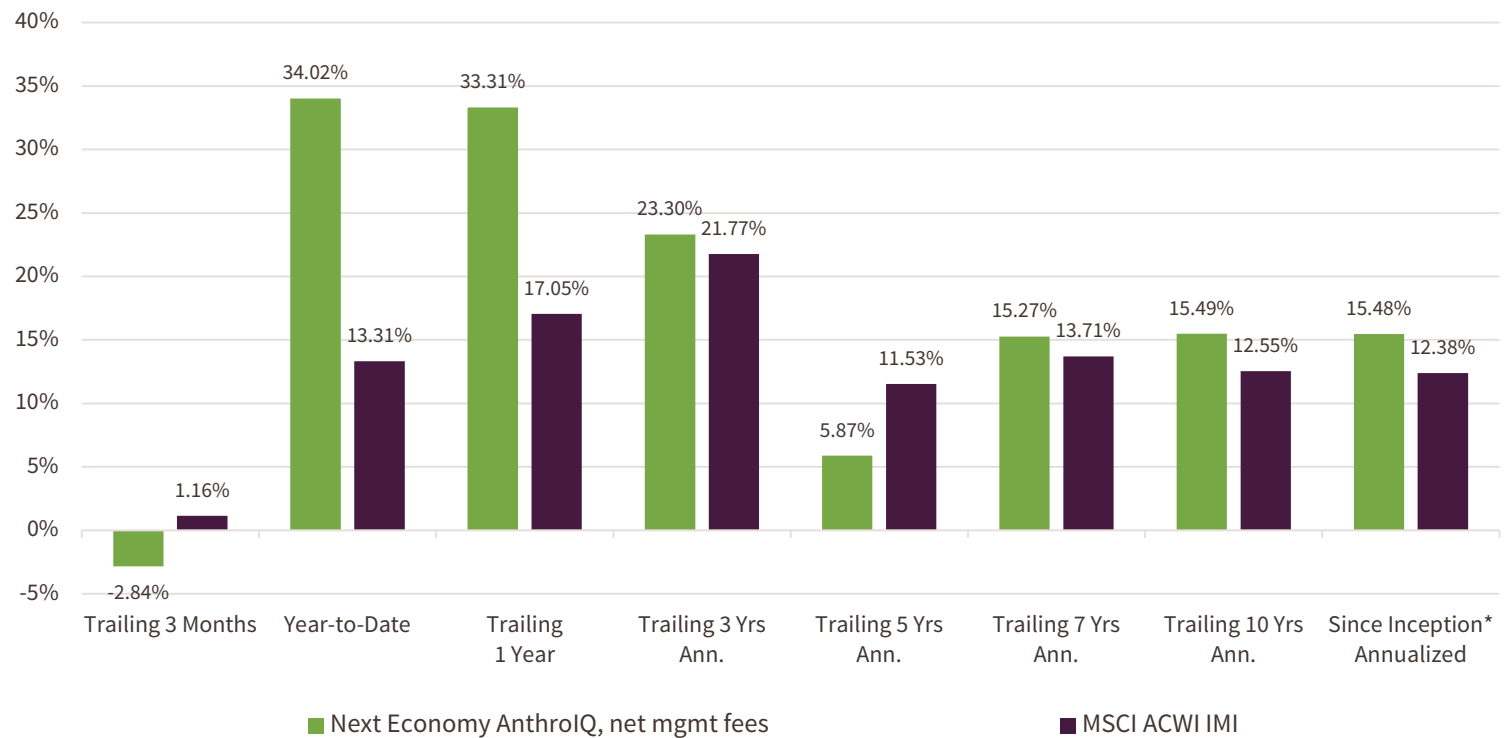
Portfolio Construction

This portfolio leverages cognitive diversity as a competitive advantage. We prioritize companies with:

1. High SRQ Scores: Strong organizational intelligence
2. Leadership Breadth: Diverse expertise, backgrounds, and perspectives
3. Effective Governance: Independent, experienced decision-makers
4. Strong Fundamentals: Durable competitive advantages and growth potential

These factors guide our high-conviction approach to identifying companies positioned for long-term success.

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	36.89	27.11	97.48	36.27	61.21	29.11	8.97	20.74
Health Care	23.77	8.43	61.44	7.31	54.12	12.90	0.60	12.91
Consumer Staples	4.98	5.15	5.80	4.08	1.72	0.28	0.24	-0.01
Financials	2.77	17.22	20.60	7.55	13.05	0.26	1.36	-1.36
Communications	0.73	8.69	1.66	-2.28	3.94	0.04	-0.20	0.25
Cash	3.85	0.50	0.00	14.02	-14.02	0.00	0.13	-0.15
Consumer Discretionary	3.60	8.70	-2.25	-7.51	5.25	-0.18	-0.66	0.57
Utilities	3.91	2.13	-6.96	-1.02	-5.94	-0.23	0.01	-0.26
Real Estate	7.11	1.71	2.10	1.91	0.19	-0.25	0.06	-0.32
Materials	2.25	4.57	5.30	9.01	-3.72	-0.60	0.46	-1.17
Industrials	4.82	11.93	-0.36	11.98	-12.34	-0.64	1.45	-2.36
Energy	5.33	4.14	-54.79	38.72	-93.52	-5.06	1.42	-7.04
Government		0.17		2.69	-2.69		0.00	-0.01

*Portfolio Inception: December 31, 2015. 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



AI's growth depends on more than software. It requires power, semiconductors, grid equipment, and the physical infrastructure that makes expansion possible. We invest in the companies building that foundation, while remaining attentive to valuations and the risks of the buildout.

Investing in the Infrastructure Behind the Headlines

The third quarter highlighted a widening gap between headline market gains and the experience of many individual companies. Strength in AI-related technology supported major indices, while much of the broader market struggled with higher interest rates and rising energy costs. For Next Economy Investments, these conditions reinforced the importance of evaluating the businesses behind the market's dominant themes—and the financial resilience required to navigate them.

AI's growth depends on physical infrastructure

The AI buildout requires far more than software. It depends on semiconductors, electricity generation, transformers, grid equipment, storage, cooling systems, and water infrastructure. In our view, this spending is accelerating demand for many of the capabilities our strategies have long emphasized. The opportunity extends beyond the largest technology platforms to the companies supplying the essential equipment and resources that make their expansion possible.

That opportunity comes with risks. Data-center investment has become a significant driver of U.S. private construction, even as other construction activity has weakened. A slowdown in AI spending could therefore have consequences beyond technology. We believe grid modernization and reliable power have applications well beyond AI, but individual companies remain exposed to changes in spending, financing conditions, and project timing.

Higher rates make financial strength more important

Rising borrowing costs weighed on rate-sensitive businesses during the quarter, including parts of the infrastructure market. Our strategies experienced both sides of this environment: exposure to the physical AI buildout provided support, while some rate-sensitive holdings faced pressure.

Our view is that higher rates do not eliminate the need for infrastructure, but they can delay projects and change which companies capture the spending. This makes balance-sheet strength, established demand, and a company's role in addressing critical bottlenecks especially important in our investment process.

Energy insecurity strengthens the case for electrification

Continued disruption around the Strait of Hormuz underscored the vulnerability of energy systems dependent on internationally transported fuel. Although markets appeared increasingly accustomed to recurring geopolitical headlines, the underlying exposure remained. We believe persistent uncertainty around fuel supply and pricing strengthens the economic incentive to develop clean power, storage, and more resilient electricity networks.

Our Focus remains on the business enabling the Next Economy[®]

A market driven by a narrow group of companies can leave capitalization-weighted indices heavily exposed to a shared investment narrative. Our approach seeks opportunities among the businesses that enable those themes, guided by company-level research and valuation discipline.

Across electrification, water infrastructure, advanced materials, precision agriculture, and AI-enabling semiconductors, we continue to focus on companies building productive capacity and addressing resource constraints. These needs inform our long-term investment thesis, while valuation, financing, and execution risks remain central to our assessment.

[Read the Full Q3 2026 Macroeconomic Commentary here](#)

Largest Positions

How the Next Economy AnthroIQ portfolio is driving progress toward the Next Economy®

Moderna (MRNA) *Sector: Health Care | Industry: Biotech Pharma*

- Moderna’s recent underperformance (attributed to a ‘COVID is over narrative’) turned on August 19, when the Phase 3 INTerpath-001 trial of intismeran autogene plus Keytruda, run with Merck in 1,137 patients with resected stage IIB-IV melanoma, met its primary endpoint of recurrence-free survival and its key secondary endpoint of distant-metastasis-free survival at the interim analysis. It is the first successful Phase 3 of an individualized neoantigen therapy in history: each dose is sequenced from the patient’s own tumor and manufactured per person at Moderna’s Marlborough facility. Full data come at the ESMO Presidential Symposium on October 24 (the Phase 2b hazard ratio for recurrence was 0.51), nine Phase 2/3 intismeran trials are running across melanoma, lung, bladder, and kidney cancer, and Moderna joins the Nasdaq-100 on October 9. Two weeks earlier, on August 5, the FDA approved mFLUSIVA, the first mRNA flu vaccine, after a 40,805-person trial showed roughly 27% better relative efficacy than standard-dose vaccines and a unanimous advisory-committee vote.
- We initiated positions in Moderna across our strategies in 2018 based on the thesis that a programmable medicine platform could address multiple large markets over time. The pandemic provided an early commercial proof point; oncology may provide another, but clinical, regulatory, manufacturing, commercial, and policy risks remain significant. The business today is still small relative to that ambition: Q2 revenue was \$145 million, cash stood at \$6.9 billion, 2026 revenue is guided to as much as 10% growth over last year’s \$1.94 billion, cash costs are down 10%, and the company targets cash breakeven in 2028. The norovirus Phase 3 missed its interim bar in July, Moderna paid \$950 million to settle lipid-nanoparticle patent claims, and U.S. vaccine policy remains the biggest variable.

Company Name	Ticker	Weight
Moderna, Inc.	MRNA	5.06%
PagerDuty, Inc.	PD	4.13%
Twilio, Inc.	TWLO	3.70%
QUALCOMM	QCOM	3.43%
Vertex Pharmaceuticals	VRTX	3.31%
% of Portfolio		19.62%

PagerDuty, Inc. (PD) *Sector: Technology | Industry: Software*

- PagerDuty is the system that pages a human when a digital service breaks, which makes it infrastructure for roughly half the Fortune 500 and, increasingly, for the AI labs themselves: Anthropic, CoreWeave, and Anduril all expanded with PagerDuty this year. Fiscal Q2 2027 (July quarter, reported August 27) crossed \$500 million of annual recurring revenue, posted a 23.7% non-GAAP operating margin, generated \$32.8 million of free cash flow (a 26% margin), and marked the fifth consecutive GAAP-profitable quarter. The company raised full-year operating-margin guidance to 25-26% and holds \$470 million of cash against a market value near \$1.4 billion. The product story is the SRE Agent, an autonomous incident responder that triages, escalates, and triggers remediation across Grafana, Datadog, GitHub, and the rest of the stack; customers running it in fully autonomous mode report the best returns
- We will be direct about what PagerDuty is not: revenue grew 0.8% in the quarter, net dollar retention is 98%, and new CEO John DiLullo (appointed May 11, with founder-era CEO Jennifer Tejada as Executive Chair) has cut 15% of non-customer-facing staff to fund the agentic pivot. This is a self-funded turnaround, not a growth story yet. The reason it belongs in a Next Economy® portfolio is in our social-cohesion pillar: hospitals, banks, airlines, and power utilities now run on software, and the minutes between a failure and a fix are a public-safety variable. An incident-response layer that gets faster as AI agents take over the first response is reliability plumbing for the whole digital economy, including the AI systems being built on top of it. The thesis is that usage-based pricing and autonomous response restart growth; the next two quarters will tell us whether it is working.

Largest Positions *continued*

Twilio, Inc. (TWLO) *Sector: Technology | Industry: Software*

- Twilio is the connective tissue between software and people, the API behind the texts, calls, and verification codes that most of the services you use send every day, and it is now the busiest on-ramp for voice AI. Q2 2026 (reported August 6) revenue was \$1.50 billion, up 22% as reported and 17% organically, with a 19% non-GAAP operating margin and record free cash flow of \$353 million (24% of revenue). Net expansion rose to 116% from 108% a year earlier, self-serve voice grew more than 50% for the fifth straight quarter of acceleration, and full-year guidance was raised to 18-18.5% reported growth with \$1.14-1.16 billion of free cash flow. Management cited AI-native customers as the growth engine, including one that went from \$200,000 to a \$9 million run rate, and has repurchased \$1.2 billion of stock this year.
- At its SIGNAL conference in May, Twilio shipped a complete “conversation layer” for AI agents: an orchestrator that hands off between bots and humans, identity-resolved memory, real-time sentiment detection, and the ConversationRelay voice platform, now HIPAA-eligible and PCI-compliant, with an open-source SDK that works with OpenAI, Anthropic, and Amazon models alike. Twilio’s bet is to be neutral ground across every AI vendor, which is the position that compounds no matter who wins the model race. On the cohesion pillar, this is the layer that emergency alerts, clinic reminders, and benefits notifications ride on, and Twilio.org has made disaster-ready communities a stated 2030 goal. The caveats: about five points of headline growth is carrier fees passed through, and HSBC downgraded the stock on September 25 on the view that Meta’s new consumer agent could capture the premium end of conversational commerce. Q3 results are due October 29.

QUALCOMM (QCOM) *Sector: Technology | Industry: Semiconductors*

- Qualcomm’s thesis is that more AI inference can move from data centers to devices already in users’ hands, potentially reducing energy use for suitable workloads. At the Snapdragon Summit on September 22-24 the company launched its first 2nm processors: the Snapdragon 8 Elite Gen 6 and Elite Extreme, with CPU power efficiency up as much as 37% and the ability to run 30-billion-parameter mixture-of-experts models entirely on the device with no cloud round trip. A 2025 University of California, Riverside study conducted with Qualcomm found that, for the workloads tested, on-device inference used 75-95% less power than cloud inference, and a coding query on a 7-billion-parameter model used 96% less water. Fiscal Q3 2026 (June quarter, reported July 29) revenue was \$9.9 billion, automotive hit a record \$1.59 billion (+61%, its 23rd straight double-digit quarter), and non-GAAP EPS was \$2.21.
- Qualcomm is in the middle of a significant pivot away from a handset business that is shrinking, down 20% in the quarter, with Apple’s modem share expected to go “materially lower,” and toward other end markets. On July 29 it raised its non-handset target to \$40 billion of revenue by fiscal 2029, nearly double the prior \$22 billion: more than \$24 billion from automotive and IoT, \$15 billion from data center, and \$8 billion from industrial, networking, and robotics. Two custom-silicon wins with global hyperscalers begin shipping revenue in the December quarter, the AI200 inference racks arrive in 2026, the Alphawave acquisition brought high-speed connectivity, and the PickNik Robotics deal, announced September 24, adds open robotics software. The stock fell 11% on the Apple news. Whether the current valuation reflects an attractive opportunity depends on successful execution of the diversification strategy and the risks associated with handset exposure, customer concentration, competition, integration, and the company’s long-term revenue targets.

Vertex Pharmaceuticals, Inc. (VRTX) *Sector: Healthcare | Industry: Biotech & Pharma*

- Vertex does not treat symptoms; it goes after the broken protein, and that approach has built the most durable franchise in biotech. Q2 2026 (reported August 3) revenue was \$3.33 billion, up 12%, with non-GAAP EPS of \$4.73 and \$13.6 billion in cash, and full-year guidance was raised to \$13.1-13.2 billion. The next-generation cystic fibrosis drug Alyftrek grew 266% to \$574 million, Casgevy, the first CRISPR gene-editing medicine, grew 151% as the FDA expanded its label to children as young as two, and Journavx, the first new class of pain medicine in decades, reached roughly 900,000 prescriptions in the first half of 2026, nearly double the cumulative total through the end of 2025, with 260 million covered U.S. lives.

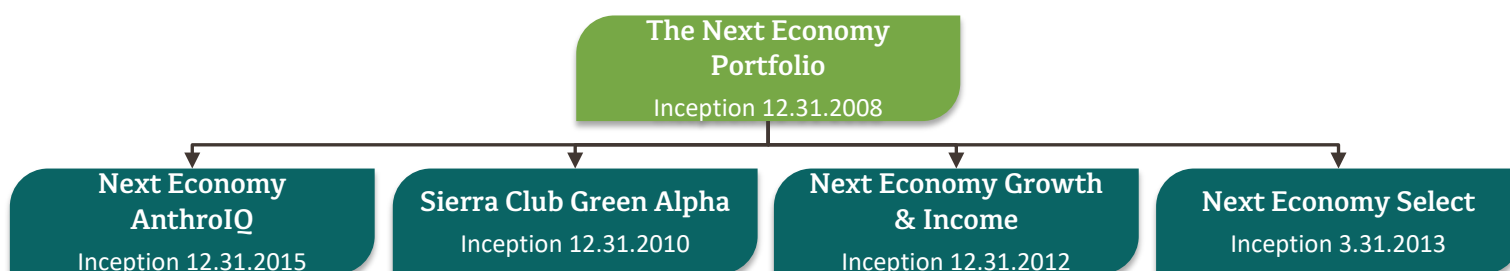
Largest Positions *continued*

Vertex Pharmaceuticals, Inc. (VRTX) *continued*

Vertex closed its \$10 billion acquisition of Crinetics on September 1, adding an approved acromegaly drug and a Phase 3 program in congenital adrenal hyperplasia.

- The pipeline addresses several significant areas of disease burden: povetacicept for IgA nephropathy has an FDA decision date of November 30 after cutting proteinuria 52% in its Phase 3; inaxaplin posted positive Phase 2b data on September 22 in APOL1-mediated kidney disease, which affects roughly 150,000 people in the U.S. and Europe, disproportionately of African ancestry; Journavx is finishing Phase 3 enrollment in diabetic nerve pain, a 2.5 million-patient U.S. market; and Casgevy is now approved in 39 countries as a one-time, curative-intent treatment for sickle cell disease and beta thalassemia. If adopted at scale, a non-addictive painkiller could have substantial public-health benefits. The setbacks are material: the type 1 diabetes cell therapy zimislecel paused dosing in January over a manufacturing review before resuming, and its filing timeline is now unstated. We hold Vertex based on its record of translating disease-targeted science into commercial products, while recognizing that pipeline programs remain subject to clinical, regulatory, manufacturing, reimbursement, and adoption risks.

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



- **Next Economy[®] innovators, diversity leaders** – harnessing the performance enhancing and risk reducing potential offered by diverse teams, we apply rigorous gender and social inclusion criteria to our Next Economy[®] universe
- **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

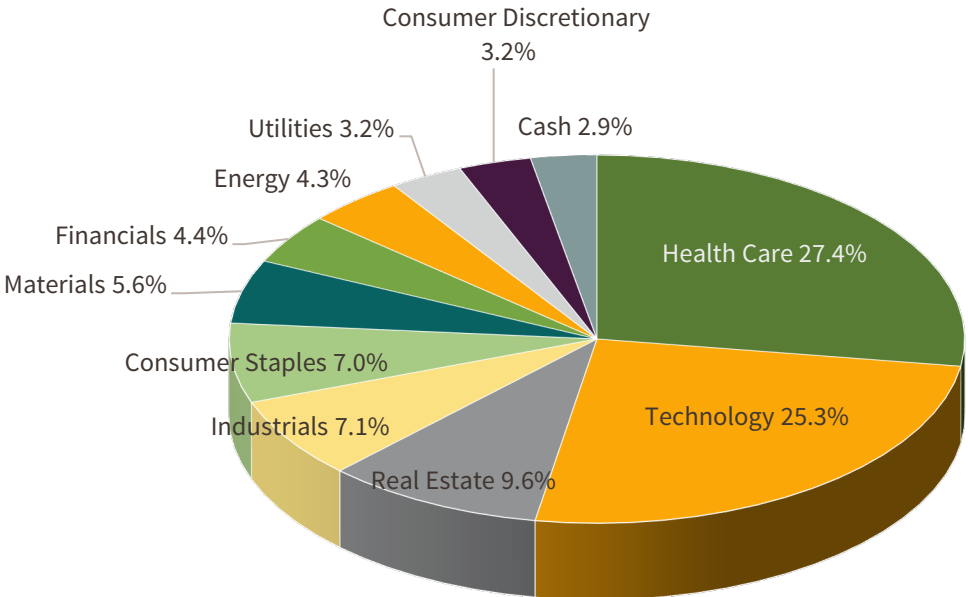
Characteristics	Next Economy AnthroIQ	Benchmark: MSCI ACWI IMI(SPGM)	The Next Economy Portfolio	Next Economy Select	Next Economy Growth & Income	Sierra Club Green Alpha
# of Securities	48	2,856	152	50	34	45
Active Share vs MSCI ACWI IMI	97%	-	92%	96%	95%	97%
Active Share vs The Next Economy Portfolio	68%	-	-	68%	73%	72%
Sales Growth, Trailing 3-Yr	8%	14%	7%	8%	6%	6%
P/E, Current	20.9	20.3	30.8	32.9	29.4	30.2
P/E, 1-Year Forward	19.0	17.3	23.6	25.1	21.6	24.0
Price/Sales	2.9	2.5	3.7	2.2	2.0	1.6
Price/Book	2.9	3.4	3.8	3.2	2.4	2.9
LT Debt/Equity	30%	32%	30%	31%	42%	27%
Current Ratio	3.0	2.0	3.2	2.9	2.2	2.7
Dividend Yield	1.05%	1.57%	0.77%	1.29%	2.78%	1.26%
Market Cap, Wtd Avg (\$B)	\$171.74	\$1,040.06	\$218.91	\$477.43	\$462.19	\$422.02
Market Cap, Median (\$B)	\$12.11	\$4.69	\$6.87	\$5.78	\$31.01	\$6.87
Turnover, Trailing 2-Yr Avg	64%	Not Available	12%	3%	8%	6%
Beta, Trailing 3-Yrs	1.76	1.00	1.65	1.72	1.36	1.56
U.S.-Domiciled Companies	90%	63%	86%	62%	68%	73%
% Revenue Derived in U.S.	66%	45%	54%	52%	48%	48%

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

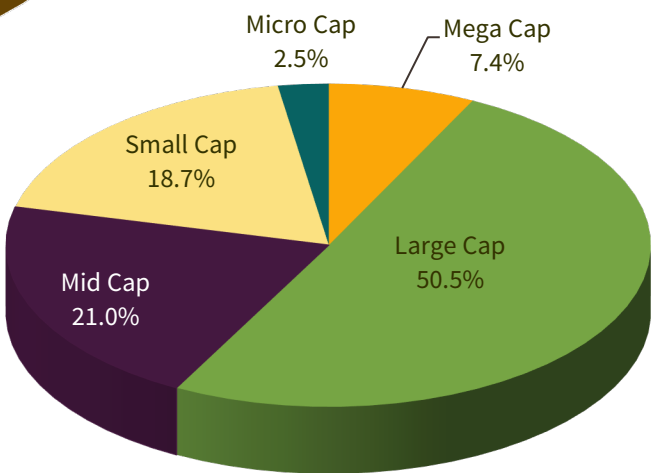
Portfolio Allocations

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

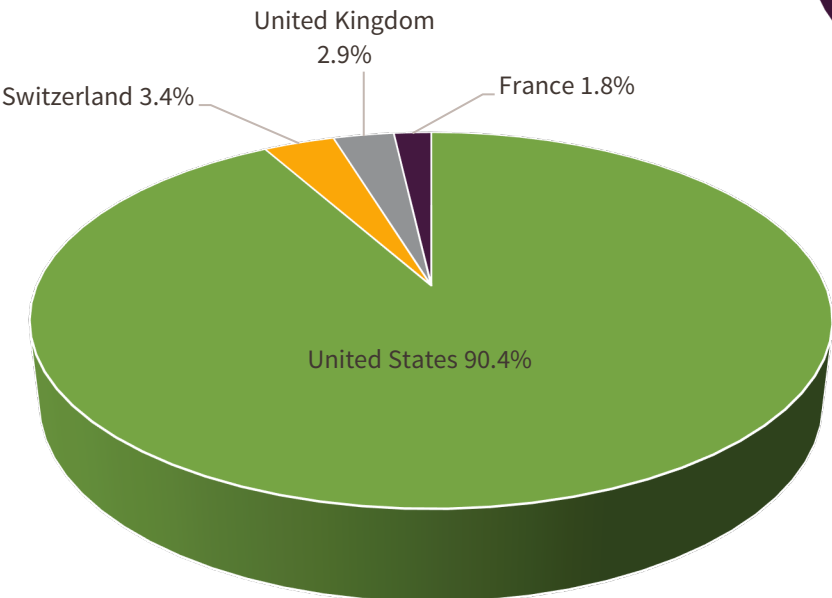
Sectors



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 July 31, 2021, the Next Economy AnthroIQ performance results are a composite of discretionary client accounts invested in the Next Economy AnthroIQ 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 INDATA (formerly Advent APX). Beginning May 31, 2023, composite membership also includes a minimum account size of \$50,000. The Next Economy AnthroIQ 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 Next Economy AnthroIQ 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. Next Economy AnthroIQ composite performance results do not reflect the reinvestment of dividends and interest.
- Prior to July 31, 2021, the Next Economy AnthroIQ 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 August 2021. Please contact Green Alpha for information about the representative account selection process.
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