

Next Economy Select

September 30, 2026

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.

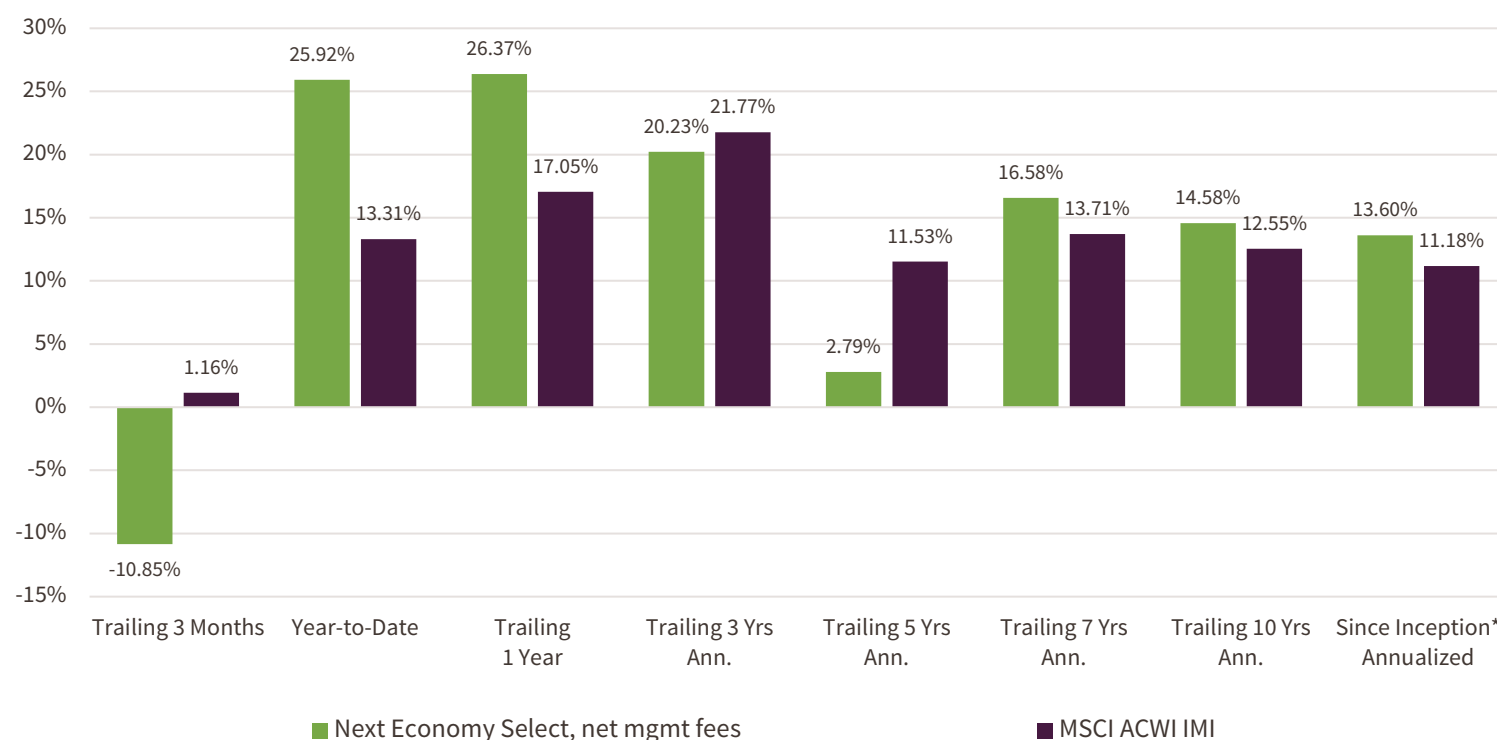
Portfolio Construction

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	44.68	27.09	62.75	36.20	26.54	23.29	8.95	14.87
Health Care	11.54	8.43	55.56	7.31	48.24	6.16	0.60	5.76
Communications	1.65	8.66	72.91	-2.25	75.16	0.97	-0.19	1.23
Industrials	5.64	11.97	9.20	12.22	-3.02	0.80	1.47	-0.74
Real Estate	11.27	1.71	7.72	2.16	5.56	0.73	0.06	0.70
Materials	1.10	4.57	7.98	9.01	-1.03	0.11	0.46	-0.39
Cash	0.36	0.50	0.00	14.02	-14.02	0.00	0.13	-0.14
Consumer Staples	2.10	5.15	-1.37	4.08	-5.44	-0.07	0.24	-0.38
Financials	1.17	17.22	-27.04	7.55	-34.60	-0.72	1.36	-2.32
Utilities	2.34	2.13	-28.24	-1.02	-27.22	-0.74	0.01	-0.80
Consumer Discretionary	8.19	8.70	-19.54	-7.52	-12.02	-1.63	-0.67	-0.99
Energy	9.96	4.14	-18.94	38.72	-57.67	-1.66	1.42	-3.41
Government		0.17		2.69	-2.69		0.00	-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



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 Select portfolio is driving progress toward the Next Economy®

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

- TSMC is a leading manufacturer of advanced semiconductors and one of the few companies capable of producing leading-edge silicon at scale. At 3nm and 2nm, it supplies a substantial share of commercially available leading-edge capacity. The numbers for the quarter show the value of that position. Q2 2026 revenue (reported July 16) was \$40.2 billion, up 34% year over year in dollar terms, with a record 67.7% gross margin and a 60.3% operating margin. High-performance computing, which includes AI-related demand, was 66% of revenue. The 2nm N2 node reached 3% of wafer revenue in its first full quarter and is in steep ramp, 7nm-and-below nodes were 77% of the mix, and August revenue reached NT\$514.8 billion, up 53% year over year. Management raised full-year 2026 guidance to revenue growth slightly above 40% in dollar terms and lifted capex to \$60-64 billion, with 70-80% of it aimed at advanced nodes. Q3 guidance is \$44.6-45.8 billion, and results are scheduled for October 15.
- From a Next Economy® view, TSMC is where every efficiency gain in AI is manufactured first: N2 delivers a 25-30% cut in power at the same speed versus 3nm, the N2U variant takes another 8-10% off, and because compute per joule is a real constraint on the AI buildout, the node roadmap is a decarbonization roadmap. The company also raised its Arizona commitment to \$265 billion (four more fabs plus advanced packaging) and is reportedly weighing a Texas campus. The caveat is energy: TSMC is Taiwan’s largest electricity consumer at roughly 29 TWh in 2025, and while it has signed 7.3 GW of renewable PPAs toward RE60 by 2030 and RE100 by 2040, its renewable share was only about 20% globally and 6% in Taiwan last year. That gap is the metric we watch, and it is the one that will decide whether the chips that make AI efficient are themselves made cleanly.

Company Name	Ticker	Weight
Taiwan Semiconductor	TSM	11.69%
SK Hynix	SKHY	10.26%
ASML Holding	ASML	4.85%
Moderna, Inc	MRNA	4.76%
Lam Research Corp	LRCX	4.39%
% of Portfolio		35.96%

SK Hynix (SKHY) *Sector: Technology | Industry: Semiconductors*

- SK Hynix is a leading producer of high-bandwidth memory, a component used in AI accelerators. Q2 2026 (reported July 30) showed the economics of being first: revenue of KRW 79.3 trillion, up 257% year over year, operating profit of KRW 60.5 trillion, and a 76% operating margin, with KRW 69 trillion of net cash on the balance sheet. Management says customer demand for HBM over the next three years already exceeds its planned capacity, and it has long-term agreements with roughly ten customers. Mass shipments of 12-high HBM4 for NVIDIA’s Vera Rubin platform began in the quarter and step up from September; HBM4E samples are complete, with volume in 2027. HBM4 draws about 40% less power than HBM3E for the same work, which matters because memory, not logic, is now the fastest-growing line in a data center’s power bill.
- In July, SK Hynix brought that franchise to U.S. investors directly, raising \$26.5 billion in the largest ADS offering ever (Nasdaq: SKHY, priced at \$149 on July 9 and up 12.8% on day one), with proceeds funding the Yongin cluster and ASML lithography tools; the market value now sits near \$1 trillion. The caveat section: Q2 revenue missed consensus, 2026 capex is guided to the high KRW 40 trillions, and Counterpoint data show SK Hynix’s HBM share slipped to 50% in Q2 from 58% as Samsung’s HBM4 ramp arrived. We hold it because HBM requires roughly three times the wafer capacity per bit of conventional DRAM, the industry has no quick way to add that capacity, and SK Hynix’s September “Full-Stack AI Memory” roadmap (3D memory, custom memory hierarchies, system co-design) is the most credible plan we have seen for what memory becomes after HBM.

Largest Positions *continued*

ASML Holdings NV (ASML) *Sector: Technology | Industry: Semiconductors*

- ASML is the sole commercial supplier of extreme ultraviolet lithography machines used to manufacture advanced chips at 3nm and below, giving it a critical position in the continuation of Moore's Law. Q2 2026 (reported July 15) brought net sales of EUR 9.3 billion, a 54.0% gross margin, EPS of EUR 7.59, and 91 systems shipped, split almost evenly between logic and memory. Q3 guidance is EUR 11-12 billion at a 55-57% margin, and full-year 2026 guidance was raised to EUR 43-45 billion with memory system sales growing more than 75% and logic more than 25%. ASML plans roughly 65 low-NA EUV systems this year, is lifting EUV capacity 30% in 2027 with another 30% under study for 2028 and had nearly all of 2027's EUV capacity reserved by July. China falls to about 20% of sales from 33% last year.
- High-NA EUV, the EUR 370 million EXE:5200 that prints 8nm features in a single exposure, is now a production tool: Intel has qualified it on its 18A process and run more than a million wafers, and on September 8 Samsung committed to High-NA for high-volume DRAM by 2028. The counterpoint is that TSMC has said its 2029 nodes will not use High-NA, so the volume ramp for that product depends on memory and Intel for now. ASML's resource story is unusually clean for a hardware company: Scope 1 and 2 emissions reached net zero in 2025 (gross emissions fell to 26 kilotonnes from 33), energy per wafer pass on its EUV tools fell to 5.5 kWh from 5.9, and the company targets a GHG-neutral value chain by 2040. The policy risk is a U.S. congressional proposal to restrict DUV sales and servicing to China, which analysts size at a single-digit to roughly 10% earnings impact if enacted.

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.

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

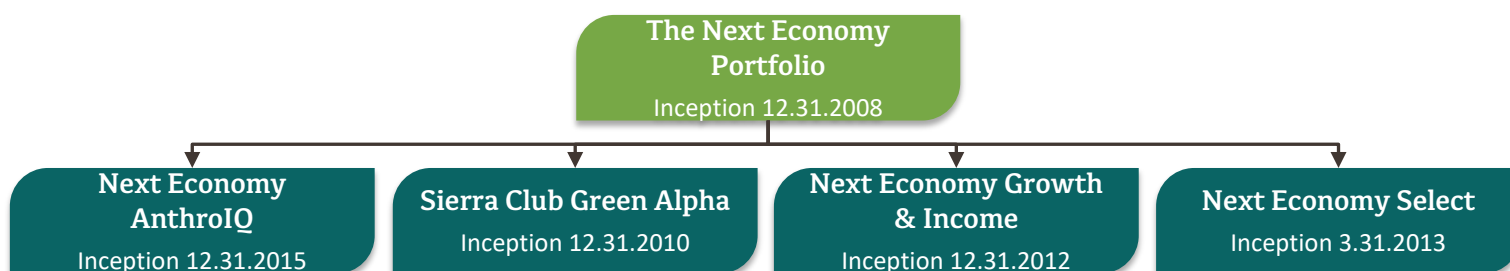
- Lam Research makes the etch and deposition tools used to create the three-dimensional structures on which AI systems run. Fiscal Q4 2026 (June quarter, reported July 29) was the best in its history: record revenue of \$6.72 billion, up 30% year over year, non-GAAP gross margin of 52.0%, operating margin of 38.4%, and EPS of \$1.82. Full fiscal-year revenue was \$23.2 billion. The September-quarter guide of \$8.1 billion was roughly 20% higher sequentially and about \$1 billion above Street estimates. Management raised its calendar-2026 wafer-fab-equipment outlook to the low \$150 billion range and described 2027 as "extraordinary," with eight to ten new fabs coming online.

Largest Positions *continued*

Lam Research Corp (LRCX) *continued*

NAND revenue doubled quarter over quarter as customers convert to 200-plus-layer devices, and advanced packaging revenue is on track to grow more than 70% this year.

- The structural case is a tax on the physics of shrinking: every node transition adds process steps, and Lam's share of those steps grows faster than the total. Lam's addressable spend per wafer doubles between 128-layer and 500-plus-layer NAND, its Akara conductor-etch installed base has doubled every year and is expected to double again in 2027, and the first 310x310mm panel-level packaging tools ship this year. Memory was 46% of systems revenue and foundry 44%, which means Lam is paid on both sides of the HBM supercycle, by the memory makers stacking dies and the foundries packaging them. Lam targets 100% renewable electricity by 2030 and net zero by 2050, and its five-year collaboration with IBM on sub-1nm logic puts it at the front of whatever comes after 2nm. The one soft spot is China at 26% of revenue, down from 34%.



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

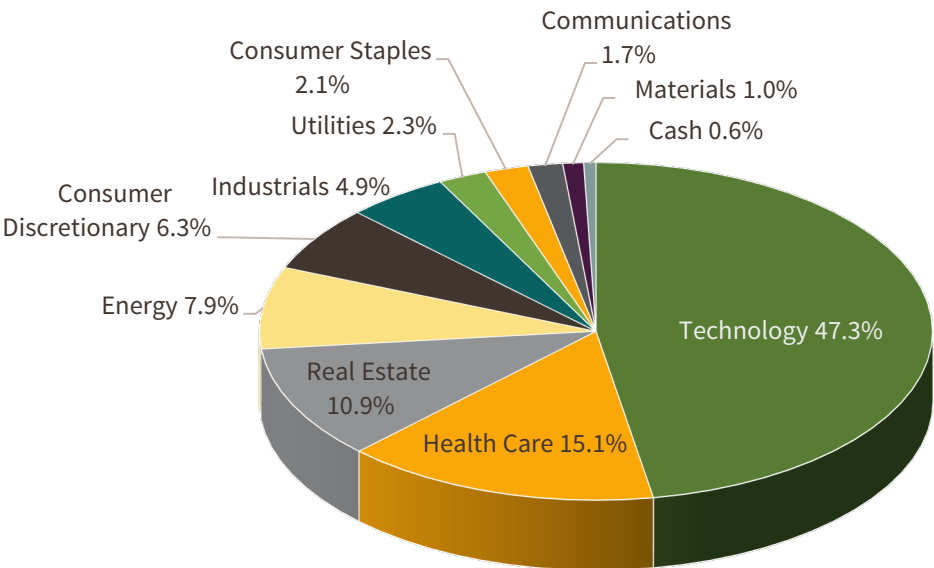
Characteristics are sourced from FactSet, based on a representative account and include cash. Please see additional disclosures on last page.

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

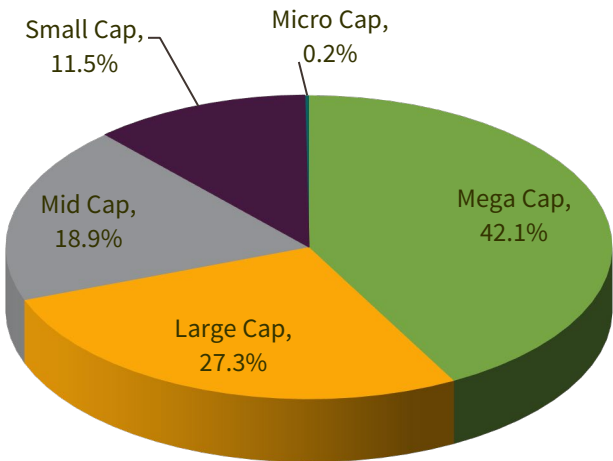
Portfolio Allocations

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.

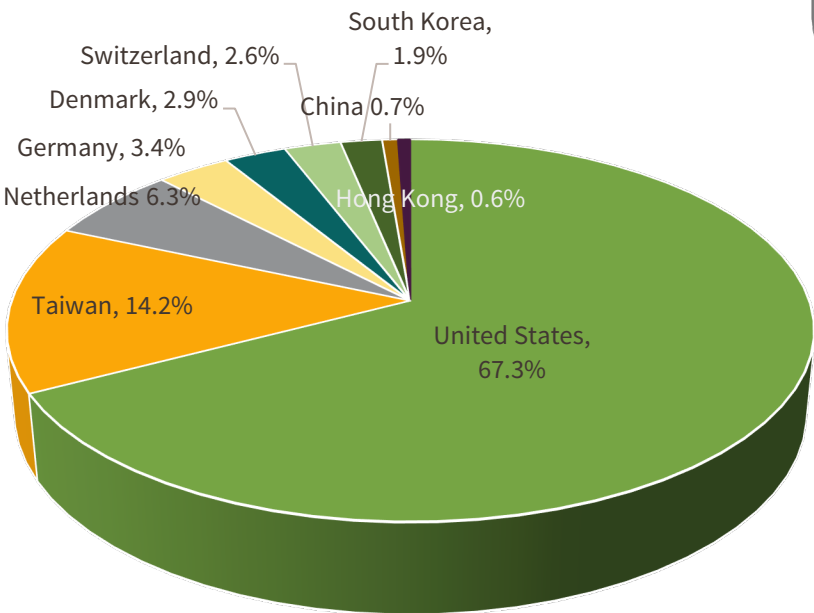
Sectors



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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- 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 INDATA (formerly 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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