

Granahan  
Investment  
Management  
EST. 1985



# Annual Report **Future Pathways**

2023



Future Pathways is a collection of smaller companies helping larger institutions meet their tech, environmental, medical, and societal needs in a direct and impactful manner.





# LETTER TO INVESTORS



## **David Rose** CIO & Portfolio Manager

We are pleased to share the third Annual Report for the Future Pathways strategy. Throughout the year, we remained focused on our mission to invest in companies that not only drive innovation and growth, but also offer a range of solutions for individuals, companies and governments needing healthier, safer, and more efficient solutions from health care to energy transition. Our diversified portfolio reflects this approach through these six objectives: Clean Energy, Energy Efficiency, Health Care Outcome & Cost, Pollution Reduction, Social Justice & Opportunity and Food and Water. All companies we invest in match at least one of the six objectives. This year we incorporated Food along with Water as we found suitable investments for this objective. Going forward we will look to include other objectives such as Biodiversity.

Our approach at Future Pathways is to focus on traditional fundamentals while also uncovering the intrinsic value of societal impact. Our goal is to be flexible and adaptable to environmental and social issues as they arise and to rotate where the best opportunities exist for stock appreciation in this universe.

It was an important year of the Future Pathways strategy as we officially launched Granahan's first Article 8 UCITS fund in April of 2023. The strategy has over \$10 MM of assets now, and we are actively engaging with other potential investors to bring this strategy to asset levels that attract larger sized investors. While this may take time and a better market environment to achieve, we have always received very favorable feedback from potential investors on the principals of the strategy.

While we entered 2023 with lots of excitement from the recent passage of the Inflation Reduction Act (IRA), the year proved to be very disappointing for many of our investments, particularly in the clean energy space which is usually around a third of the portfolio. To illustrate this point, the iShares Global Clean Energy ETF posted a -20.33% return in 2023 and the Invesco Solar ETF was down even more with a -33.79% return. While we were disappointed with our relative performance compared to our Russell 2500 Growth Benchmark with a 6.07% return for the strategy, we take some solace in that we likely outperformed many of the other strategies that focus on the same objectives as ours. This is because our Climate Change stocks were down relatively less than the ETFs mentioned above with only a roughly 15% decline, and because we had relatively strong performance from our Energy Efficiency and Food and Water stock with both objectives up over 30% for the year.

It turns out that many of the top contributors to our performance in 2022 were the top detractors to performance in 2023. This includes clean energy holdings such as Enphase Energy, Ameresco and Array Technologies. Solar demand as a whole decelerated in 2023 and even shrank in the case of residential installations. There were a multitude of reasons that this transpired. Residential demand particularly in the United States faltered as state incentives declined. This slowing of growth, combined with bloated inventory after supply chain issues were alleviated, lead to a major inventory correction in solar invertors that greatly compounded the decrease in sales on a worldwide basis. For these reasons, we exited our position in both Enphase Energy and SolarEdge Technologies. Instead, we focused on utility scale solar projects, but were faced with issues here as well, as many large projects were delayed because of a multitude of factors. This included contract costs that were higher because of inflated interest rates, the continued delay in rulemaking from the U.S. Department of Treasury regarding the Inflation Reduction Act, labor shortages and difficulties connecting solar projects to the electric infrastructure.

Our goal is to continue to deliver strong financial returns by selecting companies with a firm foundation that provide products or services with positive external benefits to the world and have sound governance and safe working conditions. We are committed to transparency and will continue to keep our investors informed of our progress with the Future Pathways fund.

A handwritten signature in black ink that reads "David Rose". The signature is written in a cursive, flowing style with a prominent loop at the end of the last name.



# About Granahan

Granahan Investment Management (GIM) was founded in 1985 by investment professionals with a passion for small capitalization growth equity investing, and the sole purpose of providing high quality small cap portfolios to institutional investors and wealthy individuals. While the firm has grown and the small cap offerings have expanded, this remains the mission of GIM today.

The founding partners of the firm nurtured a culture that promotes collaboration and rewards performance. The investment team members are curious, purposeful investors with a dedication to bottom-up small company research.

As a boutique investment firm, GIM has a close-knit team that works collaboratively while offering a healthy diversity of opinion.



GIM's structure, including its lean technology-driven back office, allows us to focus the firm's resources on the investment process and superior client service.

# About Future Pathways

The Future Pathways strategy was introduced in 2020 to address what we believe is a critical area of need and a compelling investment opportunity for our clients. Our core belief is that as the world embraces a more sustainable future, we anticipate the US SMID Cap universe being filled with many great growth companies that help meet the demand for sustainable clean energy, smarter water management, and reduced waste solutions.



## DIVERSIFICATION

One of the most compelling qualities of Future Pathways is its diversification. While the fund does include companies that contribute to low carbon solutions, holdings are not overly levered to clean energy stocks.



## OPPORTUNITIES

We want Future Pathways to be flexible and adaptable to environmental and social issues as they arise and to rotate where the best opportunities exist for stock appreciation in this universe.



## INNOVATION

Sustainability requires constant innovation, and we believe every industry will be transformed as companies evolve to meet the demands of a net zero world.



## MISSION

Our goal with Future Pathways is to identify and invest in innovative SMID-cap companies dedicated to advancing energy management, water solutions, waste reduction, and health initiatives. That's where we expect to find growth.

# Strategy Objective



01

## Outlook

We believe sustainability will be a critical driving factor in the 21st century global economy. As a result, sustainability is expected to drive innovation, create new markets, and redefine competitive advantage.

02

## Objective Oriented

We are focused on smaller companies (small and mid-cap firms) whose products and services assist larger corporations in achieving their sustainability targets

03

## Outcomes Focused

In a landscape increasingly centered on sustainability, our attention is directed towards smaller organizations that are making significant, direct positive contributions to the tough challenges facing us today through their products and services.

04

## Positive Outcomes

We strive to align investor interests by tapping into the potential for stock returns from small and mid-cap companies that exhibit strong growth across diverse sectors. Our focus is on those poised to effect positive, disruptive change, playing a pivotal role in the transition to a sustainable society.



# Portfolio Structure

All holdings in Future Pathways map to at least one of the below objectives:

## Clean Energy

Renewable and alternative energy providers and sources.

## Healthcare Outcomes & Costs

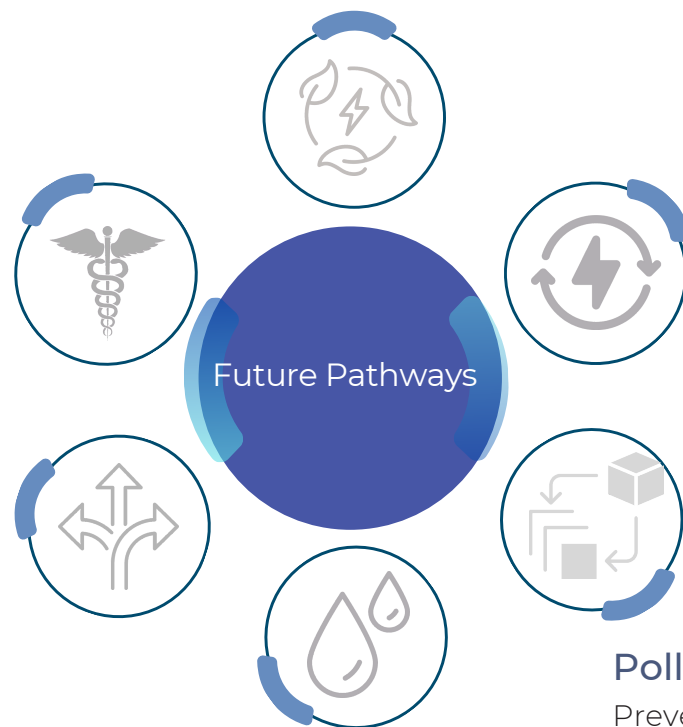
Medical innovation such as disease detection and treatment.

## Energy Efficiency

Innovation in technology that contribute to a lower carbon economy.

## Social Justice & Opportunity

Equitable employment, opportunities and safer communities.

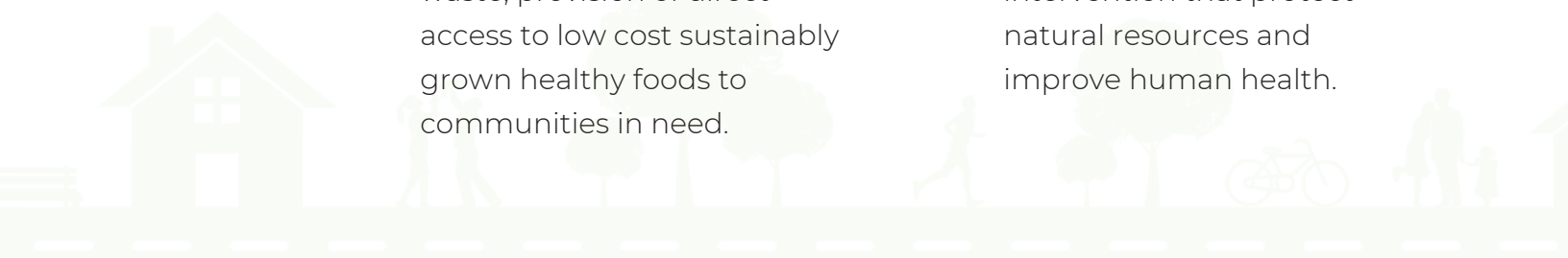


## Water & Food

Sustainable use and protection of water and marine resources.  
Sustainably increase the food supply and / or reduce food waste, provision of direct access to low cost sustainably grown healthy foods to communities in need.

## Pollution Reduction

Preventing and reducing emissions or adverse impact on health.  
Improving levels of air and water. Harm reduction through products, services, consultation and intervention that protect natural resources and improve human health.



# Investment Universe

## SUSTAINABILITY GOALS

## KEY SOLUTIONS AND THEMES

## INVESTMENT OPPORTUNITIES



Water  
&  
Food

- Water filtration
- Desalinization
- Irrigation efficiency, sanitation
- Sustainably increase food supply
- Reduce food waste

- Water supply infrastructure
- Desalinization technology
- Water efficiency solutions
- Quality food distribution
- Direct access to low cost healthy foods to communities in need



Reduce  
Pollution

- Environmental cleanup
- Recycling
- Eliminating sources of pollution

- Environmental consultants
- Innovative recycling solutions
- Industrial products



Improve  
efficiency  
to reduce energy  
consumption

- Reduce data center power consumption
- Improvements in EV industry
- Reduce power consumption in buildings and homes

- Power management
- Auto technology
- Internet-of-things, LED lighting
- HVAC technology



Promote clean  
energy to slow  
climate change

- Wind Power
- Solar Power
- Green Hydrogen
- Geothermal

- Solar supply chain, sellers, project managers and operators
- Hydrogen infrastructure, fuel cell companies
- Wind turbines, supply chain
- Sustainable energy financing



Improve social  
justice and  
opportunity

- Police technology tools
- Community technology tools
- Support for single parents

- Body cameras, non-lethal police tools, gunshot detection
- Internet marketplaces that support individual sellers, sole-owned businesses
- Childcare services



Reduce health  
care costs while  
improving  
outcomes

- Diabetes management, value-based care
- Reduced opioid abuse
- Early detection of cancer & disease
- Reduce healthcare inequality

- Medical device companies, diagnostics
- Pain therapies
- Patient management solutions

# Company Reports

The reports below showcase how Future Pathways companies contribute to addressing the growing demand for sustainable clean energy, smarter water management and reduced waste solutions along with those that improve social outcomes in healthcare, labor, justice, and education. We use MSCI and other trusted third-party providers to aid in our research process, though to fully understand the impact of a company, we conduct research that combines sources from MSCI, company published ESG and sustainability reports, to conversations with the individual company.

CLICK THE BOXES BELOW TO ACCESS INDIVIDUAL COMPANY REPORTS

<b>Clean Energy</b>	<b>Healthcare Outcomes &amp; Cost</b>	<b>Pollution Reduction</b>
<a href="#"><u>Ameresco</u></a>	<a href="#"><u>Arcturus Therapeutics</u></a>	<a href="#"><u>Casella Waste Systems</u></a>
<a href="#"><u>Array Technologies</u></a>	<a href="#"><u>Castle Biosciences</u></a>	<a href="#"><u>Darling Ingredients</u></a>
<a href="#"><u>Canadian Solar</u></a>	<a href="#"><u>DexCom</u></a>	<a href="#"><u>Hudson Technologies</u></a>
<a href="#"><u>Chart Industries</u></a>	<a href="#"><u>Evolent Health</u></a>	<a href="#"><u>Kornit Digital</u></a>
<a href="#"><u>First Solar</u></a>	<a href="#"><u>Insulet</u></a>	<a href="#"><u>Lovesac Company</u></a>
<a href="#"><u>Flex Limited</u></a>	<a href="#"><u>Natera</u></a>	<a href="#"><u>ThredUP</u></a>
<a href="#"><u>Solaredge Technologies</u></a>	<a href="#"><u>Olink Hldg.</u></a>	<b>Social Justice &amp; Opportunity</b>
<b>Energy Efficiency</b>	<a href="#"><u>Quanterix</u></a>	<a href="#"><u>Axon Enterprise</u></a>
<a href="#"><u>Donaldson Co</u></a>	<a href="#"><u>Renalytix</u></a>	<a href="#"><u>Bright Horizons</u></a>
<a href="#"><u>Enovix</u></a>	<a href="#"><u>Shockwave Medical</u></a>	<a href="#"><u>Etsy</u></a>
<a href="#"><u>Gentherm</u></a>	<a href="#"><u>Veracyte</u></a>	<a href="#"><u>Grid Dynamics</u></a>
<a href="#"><u>Monolithic Pwr</u></a>	<b>Water &amp; Food</b>	<a href="#"><u>Soundthinking</u></a>
<a href="#"><u>Nutanix</u></a>	<a href="#"><u>Energy Recovery</u></a>	
<a href="#"><u>Power Integrations</u></a>	<a href="#"><u>Grocery Outlet</u></a>	
<a href="#"><u>Pure Storage</u></a>	<a href="#"><u>Tetra Tech</u></a>	
<a href="#"><u>Spx Technologies</u></a>	<a href="#"><u>Watts Water Technologies</u></a>	
<a href="#"><u>Energy Recovery</u></a>		
<a href="#"><u>Vicor</u></a>		

# Company Highlights



**15 GW**  
Gigawatts

of clean energy produced by Array's (ARRY) solar trackers in 2022. A single gigawatt (GW) can power roughly 750,000 homes, so 15 GW could potentially power over 11 million households

**14.7M**  
Metric Tons

of Greenhouse gas emissions reductions from Ameresco's projects and clean energy assets, equivalent to the average yearly emissions of 3 million cars

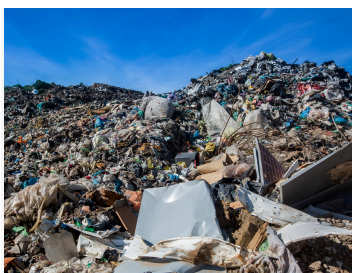


**502 Billion**  
Gallons of Water

treated, saved, or reused worldwide by Tetra Tech (TTEK) via sustainability-oriented engineering and development

**+33M**  
Cubic meters of water/day

produced at desalination plants using Energy Recovery (ERII) devices, enough to provide for more than 16% of the U.S. population's daily water needs



**1.45M**  
Metric Tons

of solid waste materials that were reduced, reused, or recycled through 2022 operations or with third parties in collaboration with Casella Waste customers

produced by Darling Ingredients in 2023, the emissions reduction equivalent of removing 1.3 Million cars from the road

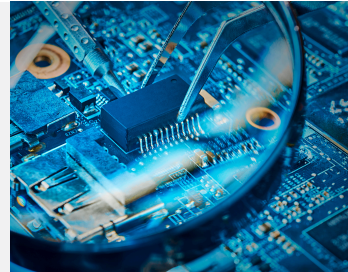
**780M**  
Gallons of Renewable Diesel



# Company Highlights

**15 Billion**  
Chips Sold

by Power Integrations with EcoSmart technology since 1998, which is the equivalent of over 125 billion kilowatt hours of electricity, enough to sustain New York City's electricity needs for over two years



**245k**  
Patients

have used Veracyte's (VCYT) Afirma gene test, enabling over 150,000 patients with benign results to avoid unnecessary surgery, while physicians could confidently tailor treatment options for confirmed cancer patients

**130k**  
Children & Families

served annually by Bright Horizon's services, programs, and initiatives providing high-quality care, education, and career opportunities

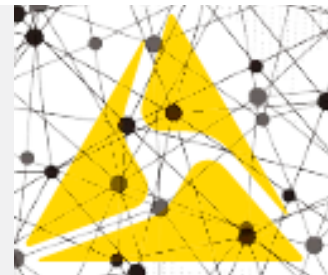


**72%**  
Improvement

in positive predictive value of the Renalytix (RNLX) KidneyIntelX test submitted for FDA Approval. By optimizing clinical management through machine learning and predictive diagnostics, Renalytix reduces unnecessary medical procedures, indirectly minimizing healthcare-related waste

**290k**  
Lives saved from potential death or serious injury

people protected from death or serious injury in 2023 since Axon launched over 30 years ago. The company also trains law enforcement in VR, with **1,500+** agencies training their staff on de-escalation strategies



customers have the ability to purchase high quality nutritious food. **Grocery Outlet**, has over **470** stores as of 2023. In 2023, the average American household spent over 30% of their income on groceries.

**40%**  
savings over standard pricings across grocers





## ABOUT FUTURE PATHWAYS ARTICLE 8 DESIGNATION

In April of 2023, Future Pathways received the Article 8 label pursuant to the Sustainable Finance Disclosure Regulation (“SFDR”), the Fund promotes certain Environmental and Social characteristics through its stock selection, screening, exclusion and voting and engagement policies.

To learn more about the specific criteria established by Future Pathways as it relates to Article 8, please turn the page.



# Environmental

59%

Emission  
Reduction Goals

Percentage of investee companies with GHG emission reduction targets, targets across all scopes, and SBTi approved targets

44%

Lower Weighted  
Carbon Intensity than  
R2500G

On average, the Fund reports a 44% lower Weighted Carbon Intensity when compared to the Portfolio's Benchmark (Russell 2500G)

72%

Sustainability or ESG  
Focused Committee

Our companies averaged over 70%+ having an ESG focused committee, vital for identifying ESG risks and opportunities and regulatory requirements.

Future Pathways aims to include companies that seek to reduce pollution, provide clean water, promote clean energy and reduce energy consumption.



# Governance Highlights

The board of directors of the companies that Future Pathways invests in must ensure the company's corporate governance policies incorporate corporate strategy, risk management, accountability, transparency, ethical business practices, and focus on sustainable success over the long term.

Future Pathways seeks companies that have board independence and embrace board diversity in all facets, including skills, experience, gender, ethnicity, and race.



80%

Average Board Independence

Independent boards are more likely to challenge management decisions, and ensure that the company's strategic directions aligns with shareholder interests.

33%

Average Female Directors

On average, Future Pathways companies had 33% Female Directors.

100%

of companies had at minimum 1 Female Director

Future Pathways values a diversity of opinion and experience.

# Future Pathways | SFDR

Article 8



## OVERVIEW

The EU's Sustainable Finance Disclosure Regulation (SFDR) is a regulatory framework that took effect in March of 2021.



## REQUIREMENTS

It requires financial market players, such as fund managers, to reveal the environmental, social, and governance (ESG) effects of their investment choices.



## CLASSIFICATION

Future Pathways is designated as an Article 8 Fund. The investment strategy has environmental and social objectives and holdings in the strategies must have good governance practices.



The Fund submitted its first report to the Regulatory body for the reporting year of 2023. You can refer to the report [here](#).

Article 8 (labeled light green) refers to products with some investment strategy focused on environmental and/or social objectives, given that the investment companies have good governance practices.

# Future Pathways | SFDR

 <p><b>E/S Contributions</b></p> <p>A company must meet one of our six fund objectives aligning with defined Environmental and Social characteristics</p>	 <p><b>UN SDG Goals</b></p> <p>All companies are mapped to the United Nations Sustainable Development Goals</p>	 <p><b>Good Governance</b></p> <p>All companies must meet the Fund's defined criteria for best governance practices</p>	 <p><b>Voting &amp; Engagement</b></p> <p>Future Pathways is structured in a way that requires engagement with all companies</p>
--	--	---	---

## Fund Exclusions

- |   |  |
|---|--|
|  Adult Entertainment |  Alcohol                              |
|  Gambling            |  Tobacco                              |
|  Thermal Coal        |  Oil & Gas (Exploration & Production) |
|  Lethal Weapons      |  |

Future Pathways is an Article 8 financial product pursuant to the SFDR, as the Fund promotes environmental and social characteristics by integrating ESG research into the overall research process.



# Future Pathways | UN SDGS

In 2015, the United Nations revealed their 17 Sustainable Development Goals (more commonly known as the UN SDGs). This set of interconnected global goals are designed to function as a blueprint to achieve a more prosperous and equitable future for all.

The Future Pathways investment strategy aims to advance environmental and social considerations throughout its investment selection process while integrating ESG research alongside fundamental analysis.



## FUTURE PATHWAYS & SDGS

The products and services provided by companies in Future Pathways frequently contribute to and address multiple objectives among the 17 United Nations Sustainable Development Goals.



## TOP UN SDGS FOR THE PORTFOLIO

For the 2023 Annual Report, Future Pathways has identified UN SDG 3 (Good Health & Well-Being), SDG 6 (Clean Water & Sanitation), SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action) as the top SDG Goals that the Future Pathways strategy most commonly targets regarding its products and services offerings.



# Portfolio UN SDG Examples

## 3 GOOD HEALTH AND WELL-BEING



**Companies:** Arcturus, Castle Biosciences, Dexcom, Evolent, Insulet, Natera, Olink, Quanterix, Renalytix, Shockwave and Veracyte

**Target 3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

**Target 3.d:** Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks

### Product / Service

Healthcare technology and services (Evolent)  
Advanced detection systems (Castle, Natera, Olink, Quanterix, Renalytix, Shockwave, Veracyte)  
Diabetes treatment (Insulet, Dexcom)

## 6 CLEAN WATER AND SANITATION



**Companies:** Donaldson, Energy Recovery, SPX Technologies, Tetra Tech, Watts Water

**Target 6.1:** Achieve universal and equitable access to safe and affordable drinking water for all.

**Target 6.3:** By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

**Target 6.b** Support and strengthen the participation of local communities in improving water and sanitation management

### Product / Service:

Water filtration  
Desalinization  
Irrigation efficiency, sanitation  
Detection services  
Environmental Consultation



# Portfolio UN SDG Examples

## 7 AFFORDABLE AND CLEAN ENERGY



**Companies:** Ameresco, Array, Canadian Solar, Chart Industries, Darling Ingredients, Enovix, Flex, Monolithic Power, Power Integrations, SPX, Solaredge, Vicor

**Target 7.1:** Ensure universal access to affordable, reliable and modern energy services.

**Target 7.2:** Increase substantially the share of renewable energy in the global energy mix.

**Target 7.3:** Double the global rate of improvement in energy efficiency.

### Product / Service:

Solar supply chain, distribution, installation  
 Products that improve energy capture and capacity  
 Hydrogen, Fuel Cell Companies, Biogas  
 Improved Battery Storage & Power Management  
 Energy Efficient Technology Based Services  
 Environmental Consultation Services & Programs  
 Energy Efficient Building Upgrades

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**Companies:** Casella Waste, Darling Ingredients, Grocery Outlet, Kornit Digital, Hudson Technologies, Tetra Tech, Trex, Watts

**Target 12.5:** Substantially reduce waste generation through prevention, reduction, recycling and reuse.

**Target 12.2:** By 2030, achieve the sustainable management and efficient use of natural resources.

**Target 12.3:** By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

### Product / Services:

Waste and Recycling Services  
 Services that save, treat and improve water  
 Environment consultation services  
 Product lifecycle improvement that leads to energy efficiency and reduction  
 Food Distribution Services, Food Waste Repurposing

# Environmental | SDGS

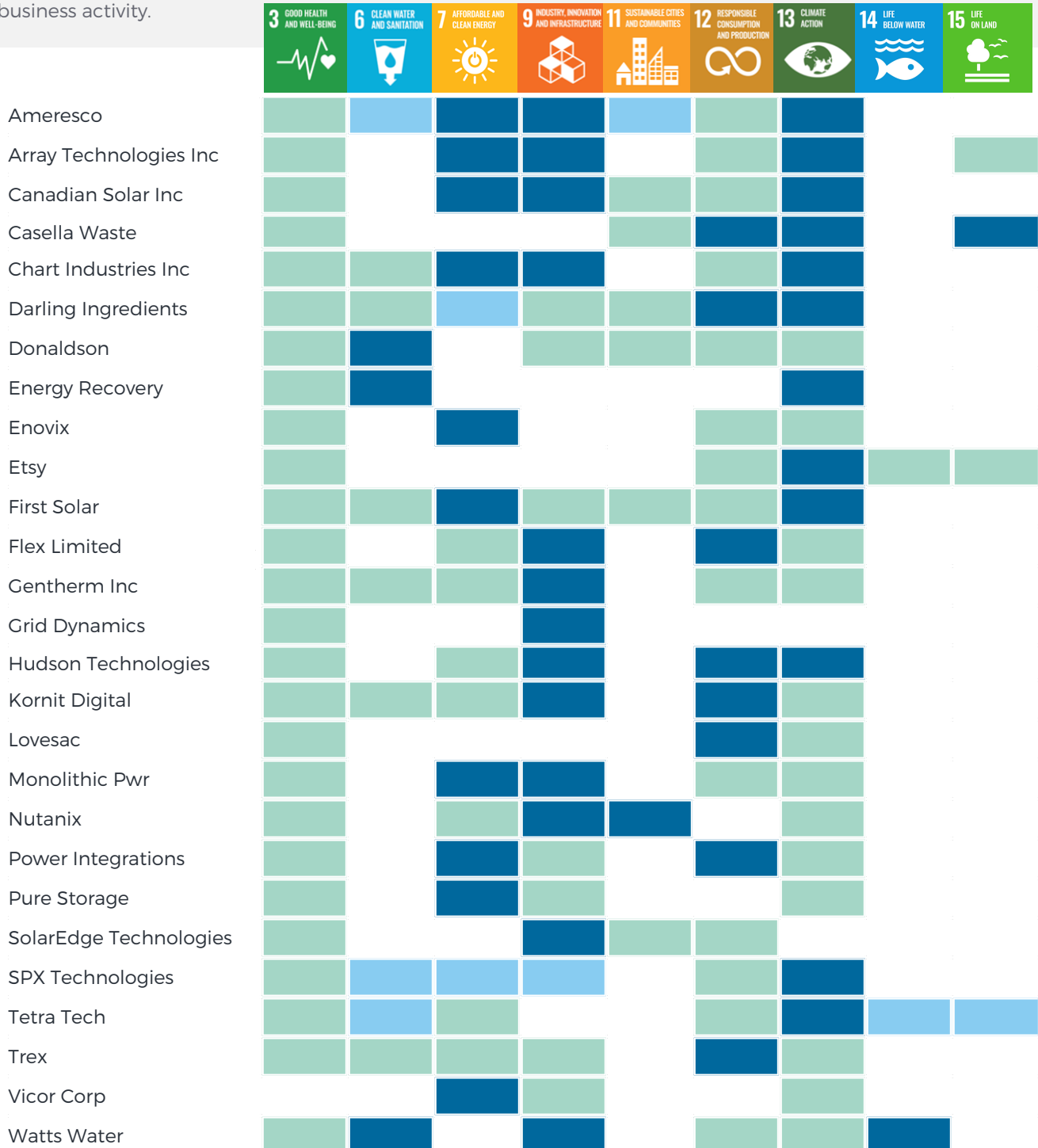
Primary Contribution: ■ >50% of Business Activity Alignment  
 Secondary Contribution: ■ >10% of Business Activity Alignment  
 Company Priority: ■ Company-disclosed Impact Priority

## Primary Contributions

Primary contributions represent 50% or greater business activity contributing to specific targets in the assigned SDG category and secondary signaling a 10%+ or greater contribution in business activity.

## Company Disclosed

Company disclosed goals indicate commitments and policies that contribute to the UN SDGs.



\*Holdings as of 8-31-23

The United Nations was not involved in the creation of this report, nor do they endorse the companies in this portfolio, the Future Pathways product, or Granahan Investment Management.

# Social | SDGS

## Primary Contributions

Primary contributions represent 50% or greater business activity contributing to specific targets in the assigned SDG category and secondary signaling a 10%+ or greater contribution in business activity.

## Company Disclosed

Company disclosed goals indicate commitments and policies that contribute to the UN SDGs.



Company	2	3	4	5	8	9	10	11	16
Axon		Company Priority	Company Priority	Company Priority		Company Priority	Company Priority	Company Priority	Company Priority
Arcturus		Company Priority							
Bright Horizons		Company Priority	Company Priority	Company Priority	Secondary Contribution		Secondary Contribution		
Dexcom		Company Priority							
Castle Biosciences		Company Priority	Company Priority	Company Priority			Company Priority		
Etsy		Company Priority	Company Priority	Company Priority	Company Priority		Company Priority		
Evolut Health		Company Priority							
Grocery Outlet	Company Priority	Company Priority							
Grid Dynamics		Company Priority	Company Priority		Company Priority	Company Priority			
Insulet		Company Priority							
Natera		Company Priority		Company Priority	Company Priority		Company Priority		
Olink		Company Priority							
Quanterix		Company Priority							
Renalytix		Company Priority					Company Priority		
Shockwave		Company Priority							
Soundthinking		Company Priority	Company Priority	Company Priority	Company Priority		Company Priority	Company Priority	Company Priority
Veracyte		Company Priority	Company Priority	Company Priority	Company Priority		Company Priority		

Primary Contribution: ■ >50% of Business Activity Alignment  
 Secondary Contribution: ■ >10% of Business Activity Alignment  
 Company Priority: ■ Company-disclosed Impact Priority

\*Holdings as of 8-31-23

The United Nations was not involved in the creation of this report, nor do they endorse the companies in this portfolio, the Future Pathways product, or Granahan Investment Management.

# Voting & Engagement

*Engagement with management teams is a core part of our fundamental research process. It gives us unique insights into management quality, business models, governance, financial strategy, and future business prospects.*



Future Pathways leverages partnerships with providers such as ISS Proxy Exchange to manage voting and Verity RMS to track company engagements.

FUTURE PATHWAYS 2023	Total	Percent
Voteable Proposals	346	
Proposals Voted	346	100%
FOR Votes	302	87.28%
AGAINST Votes	16	4.62%
WITHHOLD Votes	24	6.94%
Votes WITH Management	304	87.86%
Votes AGAINST Management	42	12.14%
Total	346	100%



## %12+

### INCREASED VOTING ENGAGEMENT

Future Pathways reports an increase for meetings during "proxy season" from the previous reporting year.

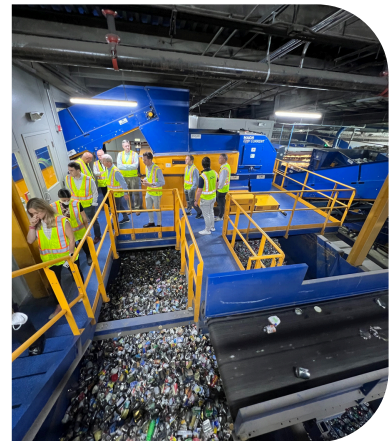
# Future Pathways | Site Visit



## CASELLA WASTE RECYCLING FACILITY: CHARLESTOWN, MA

The facility is the 4th largest in the United States. Casella Waste retrofitted the facility with \$20M in 2023 with upgrades to improve efficiency, safety and improve product quality. The upgrades include robotics aiding the employees in the sorting process.

The facility upgrades allowed Casella to redesign and retrofit to address the challenges that come with an older facility, including air flow, heating and cooling.



### **Machinex**

#### AI SORTING TECH

The facility was retrofitted by [Machinex Industries Inc.](#) of Plessisville, Quebec, and include advanced robotics and artificial intelligence technologies, such as the SamurAI sorting robot. Increasing the facility's processing capacity to about 200,000 tons of recyclables annually or 50 tons per hour, up from 40 tons per hour.

### **Worker Safety**

#### Facility Upgrades Improve Employee Well-Being

The new facility includes enclosed sorting cabins in the staffed quality control areas. These cabins are designed to minimize equipment noise and are equipped with fresh air heating, ventilation, and air conditioning systems to ensure a safe, dust-free environment, allowing employees to work more comfortably.



Photo: Casella Waste 2023



# PARTNERSHIPS



01



## Voting **ISS**

We currently vote under the traditional ISS Benchmark policy though Granahan retains ultimate authority over the process. The policy considers shareholder proposals on social, environmental and labor/human rights issues. The policy is considered "best practice" in governance standards that promote total, long-term shareholder value & risk mitigation.

02



## Third-Party Research **MSCI** **B**

Granahan uses MSCI and Bloomberg for each company under consideration for investment. This research is incorporated into the initial purchase recommendation sheet. Future Pathways screens companies to ensure they meet our Fund's environmental and social standards

03



## Engagement Verity

Granahan leverages our existing partnership with Verity RMS to manage and measure our company engagements as well as company contributions to UN SDGs.

04



## Signatory Principles for Responsible Investment Task Force on Climate-related Financial Disclosures

In 2018, Granahan joined the Principles for Responsible Investment (PRI), a United Nations-supported international network of investors working together to implement six aspirational principles, often referenced as "the Principles". Additionally, Granahan signed the TCFD Alliance in 2020.

05



## WALL STREET DIVERSITY ACCELERATOR

Granahan is a founding member of the Wall Street Diversity Accelerator (WSDA). The mission of the WSDA internship program is to provide rising sophomores and juniors from underrepresented communities with an introduction to career possibilities in financial services. Granahan has been a member since 2020.

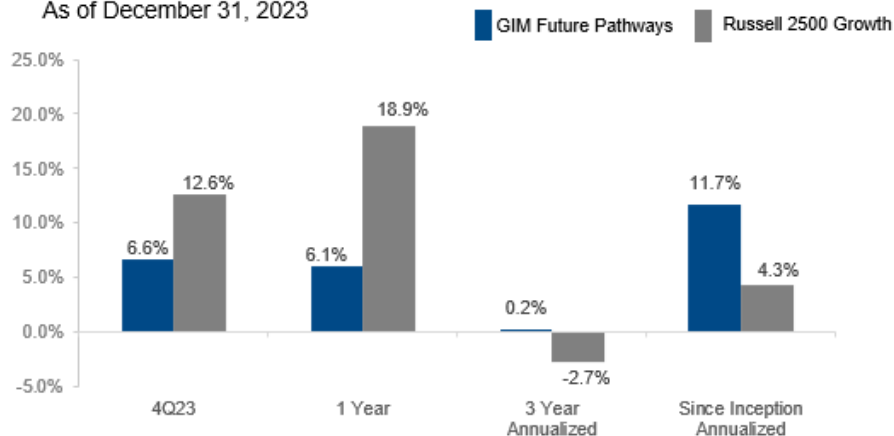


Date	Future Pathways								
As of 12/31/23	Composite Gross Return	Composite Net Return	Russell 2500 Growth Return	Composite Assets \$ Mil	Composite # Accts	Composite 3-Yr. Std. Dev.	Russell 2500 Growth 3-Yr. Std. Dev.	Composite Dispersion	Firm Assets \$ Mil
2023	7.13%	6.07%	18.93%	\$17.9	6	30.55	20.95	NA	\$3,098.9
2022	-14.34%	-15.21%	-26.21%	\$2.1	5 or fewer	NA	NA	NA	\$3,326.8
2021	11.06%	11.95%	5.04%	\$2.4	5 or fewer	NA	NA	NA	\$4,964.2
2020*	43.97%	43.60%	24.92%	\$0.8	5 or fewer	NA	NA	NA	\$4,573.1

NA – Dispersion information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year; Standard deviation information has fewer than three years' data. \*Partial year performance: August 31, 2020 through December 31, 2020.

## Annualized Performance: Net of Fees

As of December 31, 2023



## Sector Diversification

Future Pathways' diversified portfolio is mapped to the UN SDG's and six specific objectives: Clean Energy, Energy Efficiency, Health Care Outcome & Cost, Pollution Reduction, Social Justice & Opportunity and Water & Food

## Composite Footnotes

Granahan Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Granahan Investment Management has been independently verified for the periods January 1, 1993 through December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The verification report(s) is/are available upon request. GIM is an independent, SEC-registered investment firm that oversees small and mid-cap equity portfolios for large institutions and wealthy individuals. The Future Pathways product utilizes fundamental, bottom-up research and analysis to invest in the stocks of companies in the small/SMID cap sector of the market that offer products or services that promote or enable sustainability in other enterprises; many are market disruptors. Future Pathways is a high conviction portfolio typically containing 40-50 holdings. The benchmark for Future Pathways strategy is the Russell 2500 Growth Index. The composite, created in September 2020, is calculated by asset-weighting the performance of each account on a monthly basis. Accounts are included beginning with the first full month under management and terminated accounts are included in the composite. Performance calculations, expressed in U.S. dollars, produce a total return including cash and the reinvestment of dividends and interest. The dispersion is a standard deviation using equal-weighted total returns for accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Leverage is not utilized. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Returns are gross of investment management fees, which when included, reduce investment returns. The standard management fee applicable is applied to calculate the net return. The standard fee for accounts managed in the Future Pathways style is payable quarterly in arrears and is calculated by applying the ANNUAL rate of 1.00% times the average value of the assets in the account on the last day of each month in the quarter. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. Market value is based on trade date and security pricing is supplied by Telemet. A complete list and description of all of the firm's composites and broad distribution pooled funds is available upon request. Past performance is no guarantee of future results. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

