



Behind the Headline Metrics:

Greenhouse Gas Emissions

Vert

Investment Research Group

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*Not all emissions
tell the same story*

- Vert Global Sustainable Real Estate ETF (VGSR) invests in three data center REITs—Equinix, Digital Realty, and Iron Mountain—because they lead the industry in renewable energy use. VGSR has a modest overweight to data centers versus our benchmarks because we hold fewer securities overall.
- Data centers are highly energy intensive. Being overweight data centers can contribute to higher portfolio emissions in some reports, particularly those that don't fully account for renewable energy procurement.
- By investing in these sector leaders, we see an opportunity to engage on their path to source cleaner energy as society's demand for data grows. This reinforces our mission to deliver strong returns with a portfolio of the most sustainable REITs.

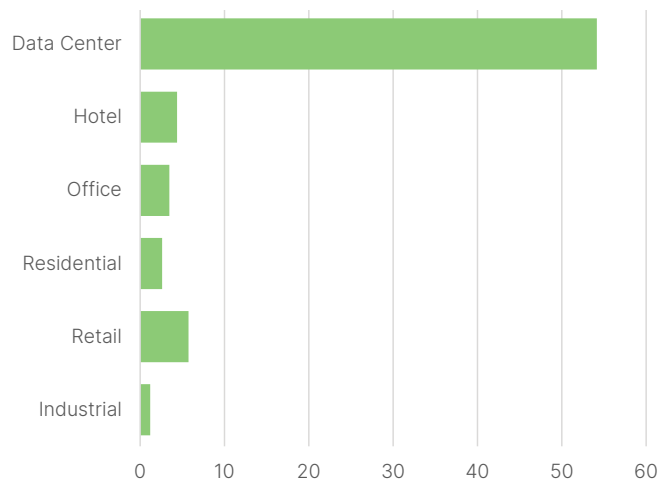


Emissions Reporting: Interpreting the Signal

A common sustainability metric for REITs and other companies is their greenhouse gas emissions divided (i.e. normalized) by a metric such as sales or square footage. It offers a rough gauge of carbon efficiency relative to the company's size. It's useful, but imperfect. In sub-sectors like data centers REITs, where energy use is inherently high, the metric does not tell the full story.

Data centers use 10-50x the energy per square foot of other property types such as office or retail. A data center building needs all that energy to power the servers, networking equipment, and storage systems, and of course, the air conditioning systems to keep these systems from overheating. Higher energy consumption per square foot typically translates to higher reported emissions. Chart 1 shows data center reported emissions per square foot are much higher than any other property type.

Chart 1: Greenhouse Gas Emissions Intensity in Different Property Types (measured in Metric Tons of CO2e per square foot)



Source: Measurabl, 2024. Most recently company reported data is used. Location-based emissions for reporting year 2023.

The Portfolio Effect:

Portfolio Composition

The Vert Global Sustainable Real Estate ETF (VGSR) holds three data center REITs in the portfolio; two of which, Digital Realty and Equinix, are often in the top 10 largest holdings. By weight, data center REITs comprise 12.3% of the VGSR portfolio (as of March 31, 2025). For the same period, data centers represented 10.3% of the S&P Global REIT benchmark and 9.4% of the FTSE EPRA NAREIT Developed REIT Index. Since data centers are so much more energy intensive than other REITs, VGSR's small overweight

of 2-3% is enough to explain its higher emissions profile in some carbon footprint reports.

These reports ignore a crucial element of a decarbonization strategy. Vert prioritizes investing in data center REITs that are procuring more low carbon renewable energy to lower their greenhouse gas emissions. Unfortunately, greenhouse gas emissions are frequently calculated in a way that does not give them credit for those efforts.

Emissions Accounting: Location vs Market-Based Methods

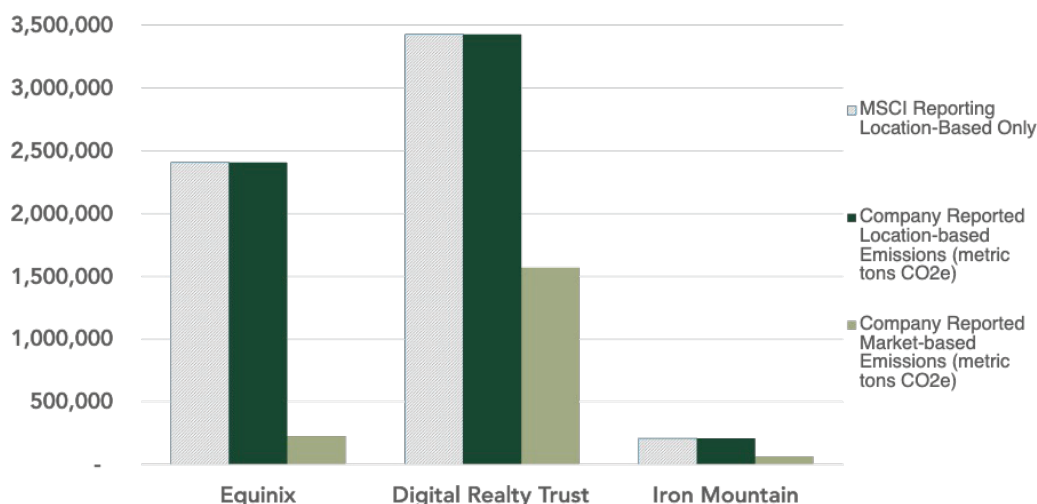
Understanding the difference between reporting approaches and why it matters.

There are two standard methods for calculating company emissions: location and market-based.

Location-based data reflects all the electricity purchased for the company based on the location where the electricity is used. Simply, it multiplies the dollars spent on electricity by the emissions factors that characterize the energy sources of the local grid. For example, a building keeping the lights on in Southern California will use a relatively cleaner grid and thus a lower emissions factor than a building operating in West Virginia. California's emissions factor reflects that the grid uses 44% natural gas and 38% renewables whereas West Virginia uses 90% coal and less than 5% renewables. The location-based reported emissions will reflect the energy mix on the local grid. Critically, this methodology does not consider what energy sources the company actually uses – it assumes it is using the local grid's mix of energy sources.

Market-based data calculations include a company's renewable energy sources which extends beyond the energy mix provided by the local grid. A company can go to the marketplace to procure renewable energy in a variety of ways. For companies who actively pursue large amounts of renewable energy or renewable energy credits, the difference between location and market-based calculations can be sizable. This is particularly true for large energy users like data center companies Equinix and Digital Realty. For example, index and data provider MSCI uses location-based accounting for data centers emissions. The difference for these large energy users is significant as shown in Chart 2; their market-based accounting for greenhouse gas emissions is 90% lower for Equinix and 55% lower for Digital Realty.

Chart 2: Total GHG Emissions, Largest Data Center REITs *(measured in Metric Tons of CO₂e emitted)*



Source: Corporate Sustainability Reports, 2024.

The most often quoted statistics for comparing portfolio emissions use the location-based methodology. We do not solely use this methodology for reasons including:

- It does not give companies credit for their efforts to procure renewable energy.
- It can give undue credit to companies who happen to be operating in grids that are getting cleaner.

Investment Perspective: Managing Climate Risk

Above and beyond index.

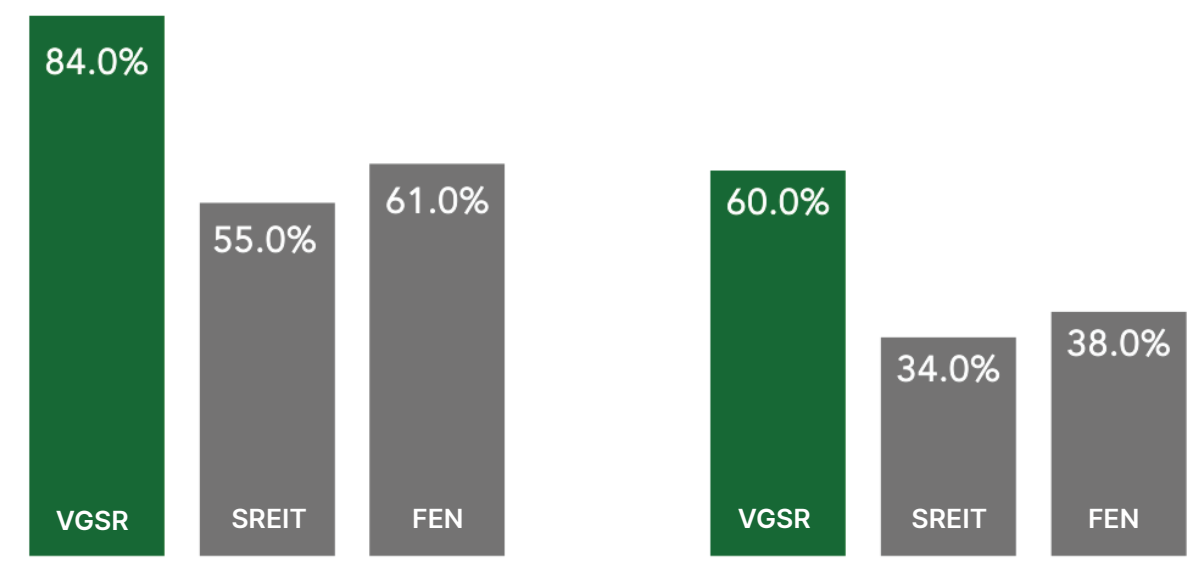
At Vert, we prioritize investing in companies actively reducing their emissions.

- Some building types, by the nature of what they are used for, have higher energy demands, than others. We do not exclude high-emissions sectors, rather we focus on companies within those sectors that demonstrate measurable progress towards decarbonization.
- Similarly, some regions, by the nature of the energy mix of the local grid, have higher emissions than others. We do not try to exclude these regions, rather we focus on the companies within those regions that are finding ways to get cleaner energy than the grid.

We believe emissions reduction is a risk management imperative. Companies with large carbon footprints face growing exposure to regulatory measures, energy price volatility, and evolving customer expectations. Mitigating carbon risk can help preserve asset values and may improve long-term returns.

As of March 31, 2025, 84% of the companies we invest in report their emissions and 60% have reduced their emissions across the latest 3 reporting years (2021, 2022, 2023).

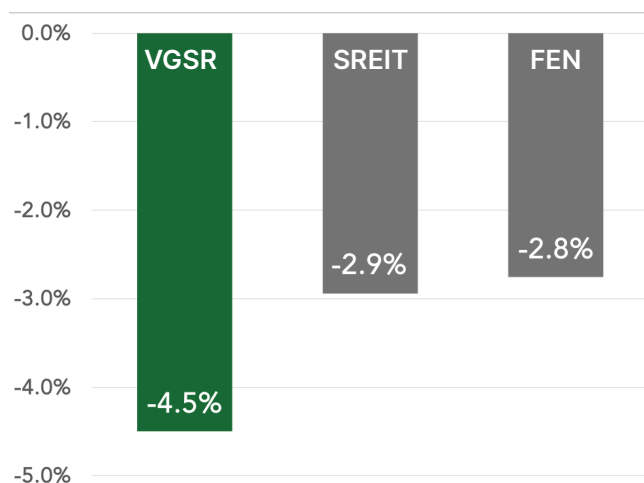
Chart 3: Percentage of Companies Reporting Emissions (left chart) and Percentage of Companies Reducing Emission (right chart) Compared to S&P Global Real Estate Benchmark (SREIT) and the FTSE EPRA NAREIT Benchmark (FEN)



Source: Bloomberg, GRESB, 2025. The most recently company reported data is used. GHG is the last 3 reporting years 2021, 2022, 2023. Renewable procurement is shown for the last reporting year in 2023.

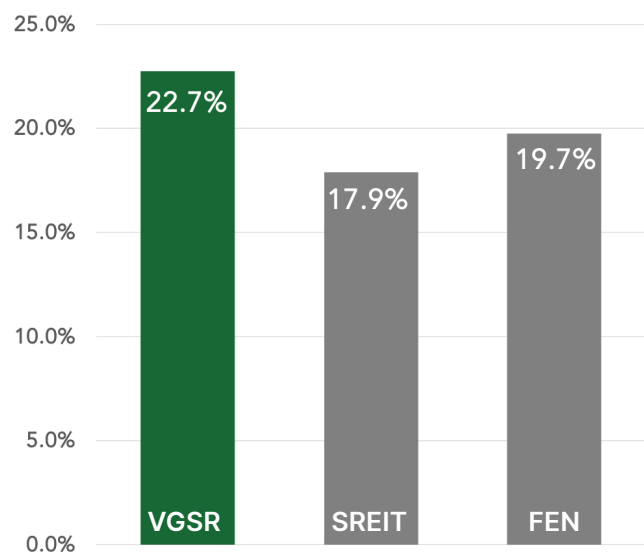
Over the last three years, the VGSR portfolio has outperformed both the S&P Global REIT Index (SREIT) and the FTSE EPRA NAREIT Index (FEN) in reducing GHG emissions and sourcing energy from renewable sources. For the past 3 years, the average company in VGSR has reduced GHG emissions by 4.5% per year (on a same portfolio company and same building like-for-like basis). Additionally, on average a company reducing emissions in the fund obtains 22.7% per year of its total energy use from renewable sources.

Chart 4: Average Emissions' Reductions Over 3-Years (2021-2024) for VGSR Compared to S&P Global Real Estate Benchmark (SREIT) and the FTSE EPRA NAREIT Benchmark (FEN)



Source: Bloomberg, GRESB, 2025. The most recently company reported data is used. GHG is the last 3 reporting years 2021, 2022, 2023.

Chart 5: Percentage of Renewable Energy from Total of Energy Consumed Annually for VGSR Compared to S&P Global Real Estate Benchmark (SREIT) and the FTSE EPRA NAREIT Benchmark (FEN)



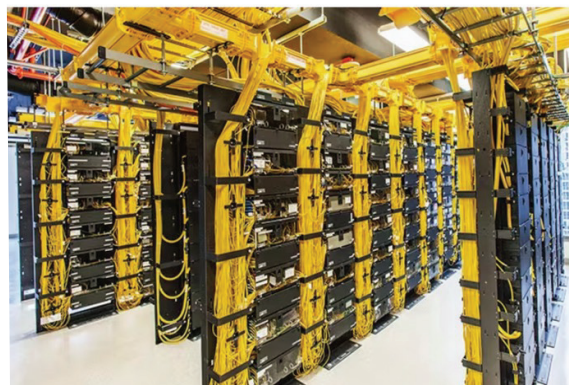
Source: Bloomberg, GRESB, 2025. The most recently company reported data is used. Renewable procurement is shown for the last reporting year in 2023.

Digital Realty's Renewable Energy Strategy

In 2024, Digital Realty sourced 75% of its global operations with renewable energy using a diversified procurement playbook³:

- 19% from retail renewable supply
- 16% from customer-sourced renewables
- 18% from energy attribute certificates (EACs)
- 13% from power purchase agreements (PPAs)
- 6% from green tariffs
- 3% from the utility grid mix
- less than 1% from on-site solar

Through their multi-pronged effort to source renewable energy, Digital Realty is not just lowering the emissions from the energy they use – the company is potentially increasing demand for and driving capital toward the buildout of more renewable energy sources.



Digital Realty data center. Westin Building Exchange, Seattle.

A Pragmatic Approach to Decarbonization

The continued expansion of digital infrastructure drives demand for data centers. The sustainability opportunity and imperative lies not in limiting this growth, but in ensuring that new capacity is aligned with decarbonization goals. We believe companies procuring renewables at scale and improving operational efficiency will be best positioned to manage climate risk and capture long-term value.

At Vert, we take a pragmatic view. Market-based emissions reporting, renewable procurement

strategies, and consistent reductions in operational emissions all inform our investment process. Carbon metrics can offer a useful signal, but only when applied in context. Indexes are helpful for broad comparisons, but when it comes to investing for meaningful climate impact, it's important to look more closely at how emissions are measured and what companies are actually doing. That's where real leadership emerges and that's where we focus our attention.

Sources

- 1 US Department of Energy (n.d). Data Centers and Servers.
<https://www.energy.gov/eere/buildings/data-centers-and-servers>
- 2 Choose Energy (2025). Electricity Generation by State.
<https://www.chooseenergy.com/data-center/electricity-sources-by-state>.
- 3 Digital Realty (2024). Digital Realty Impact Report.
https://go2.digitalrealty.com/rs/087-YZJ-646/images/Report_Digital_Realty_2024_Impact_Report.pdf

About the Vert Investment Research Group

Vert works with experts to build products with strong empirical foundations in academic research. The Group's sustainability metrics research underpins a disciplined rules-based process that strives to achieve investors' twin goals of sustainability and market rates of return.

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Disclosures

The Vert Global Sustainable Real Estate Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory, and if available summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1-844-740-VERT or visiting www.vertasset.com. Read the prospectus carefully before investing.

ETF investments involve risk. Principal loss is possible. Investors should be aware of the risks involved with investing in a fund concentrating in REITs and real estate securities, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. A REIT's share price may decline because of adverse developments affecting the real estate industry. REITs may be subject to special tax rules and may not qualify for favorable federal tax treatment which could have adverse tax consequences. The Fund's focus on sustainability may limit the number of investment opportunities available to the fund and at time the fund may underperform funds that are not subject to similar investment considerations.

ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund.

The FTSE EPRA Nareit Developed Benchmark is a global real estate index that tracks the performance of listed real estate companies and REITs in developed markets. It is designed to represent the general trends in listed real estate equities worldwide. The index includes both Real Estate Investment Trusts (REITs) and Real Estate Holding & Development companies. One cannot invest directly in an index.

An Energy Attribute Certificate (EAC) is a contractual instrument that tracks and verifies the environmental and other attributes of a specific unit of energy, typically one megawatt-hour (MWh), produced from a renewable energy source.

A Power Purchase Agreement (PPA) is a long-term contract between a power generator and a buyer, typically a utility or large energy consumer, for the purchase of electricity. PPAs are commonly used to finance new electricity generation, especially renewable energy projects, as they provide a guaranteed revenue stream for the generator.

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