



Sustainability Report

Quantitative Portfolio: Sustainable International ADR

July 1st, 2024

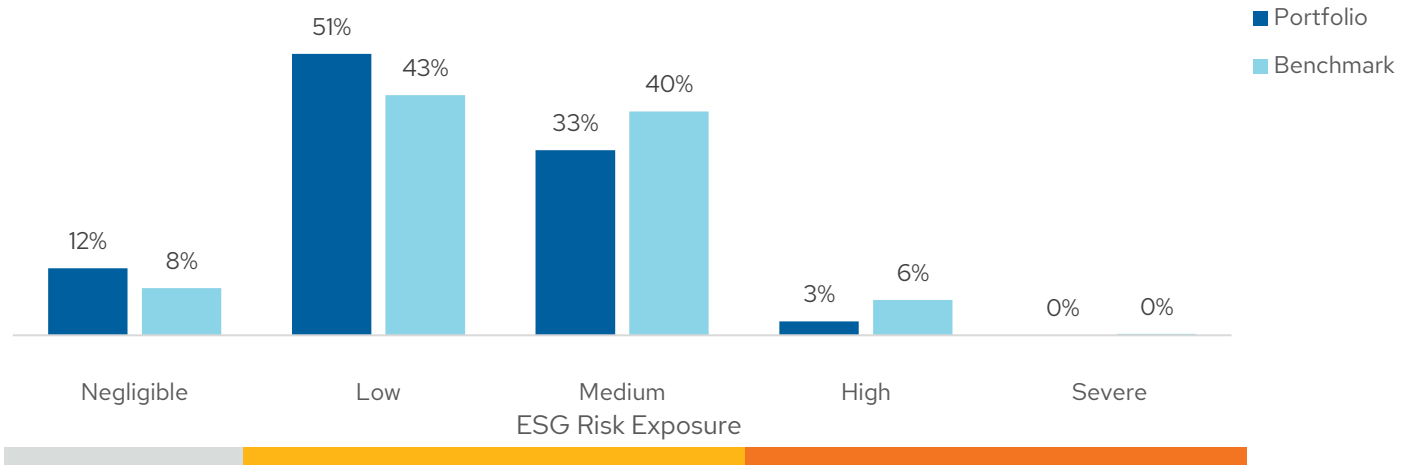
The **Quantitative Portfolio: Sustainable International ADR** is a passive strategy that seeks to provide risk exposures and returns similar to those of the S&P Developed Markets Classic ADR Index. The portfolio has a multifaceted approach: avoiding controversial business practices, evaluating companies’ environmental, social, and governance risks, and targeting companies focused on environment and social solutions. Impact investors benefit from diversified, low-cost market exposure and opportunities for tax management in a single, separately managed account. Investments that utilize an environmental, social and governance ESG strategy carry specific risks that investors should consider before investing in ESG portfolios. See the end disclosure section for risks related to investing in ESG strategies.

VALUES ALIGNMENT Companies or sectors ineligible for inclusion	ESG INTEGRATION Incorporate ESG information across all sectors	ACTIVELY ALLOCATE Tilt to companies that offer sustainable solutions
Excludes companies with involvement in: <ul style="list-style-type: none"> ✗ Tobacco ✗ Controversial Weapons 	Ranking methodology examining ESG Risk Ratings of companies versus peers <ul style="list-style-type: none"> • Identify companies with lower ESG Risk Ratings compared to peers Avoid companies involved in high or severe controversial activity Carbon Intensity 20% better than Benchmark	Seeks to identify companies that indicate a commitment to: <ul style="list-style-type: none"> ✓ Climate Solutions, such as renewable energy, green transportation, and energy efficiency ✓ Conservation, such as sustainable agriculture, food and forestry, and water infrastructure ✓ Diversity, Equity and Inclusion ✓ Community efforts, such as affordable housing and financial inclusion
Align portfolios with your values	Mitigate ESG related <u>risks</u>	Enhance exposure to positive environmental and societal solutions

Benchmarks are unmanaged indices that do not have any fees or expense charges. Benchmarks are not available for direct investment. Please refer to the Appendix for index descriptions.

ESG Risk

An objective of the portfolio is to achieve a lower portfolio ESG Risk Rating compared to the benchmark. The ESG Risk Rating measures the degree to which a company's economic value is at risk driven by ESG factors, as assessed through Sustainalytics' calculation of the company's unmanaged ESG risks.



ESG Risk Score



This portfolio's ESG risk exposure is **9% lower** than the benchmark.

Portfolio Coverage: 98.63% Benchmark Coverage: 98.63%

Portfolio Exclusions

The portfolio avoids exposure to companies with known severe controversies and those with involvement in the following areas:

	Controversial Weapons	Tobacco	Severe Controversies
Companies in Portfolio	0	0	0
Companies in Benchmark	0	4	17

Portfolio Coverage: 98.63% Benchmark Coverage: 98.63%

Source: Sustainalytics
 Benchmark: S&P Developed Markets Classic ADR Index
 Data as of 07/01/2024

Avoiding Controversies

The portfolio avoids exposure to companies with involvement in controversial business practices, in an effort to limit exposure to companies involved in negative events and their associated repercussions, for example:

				
Lawsuits	Fraud	Data Security	Strikes	Environmental Incidents

Portfolio Exclusions*

Sector



Health Care

Bayer

Bayer is a German healthcare and agriculture conglomerate. The company is involved in a severe controversy regarding the potential health hazards posed by glyphosate, a non-selective herbicide used in its Roundup product, on humans and the environment. In 2015, the WHO’s International Agency for Research on Cancer (IARC) classified glyphosate as “probably carcinogenic”. In August 2018, the first liability lawsuit over a glyphosate-based product went to trial and Monsanto (acquired by Bayer in June 2018) was ordered to pay USD 289 mn to the plaintiff (reduced to USD 78 mn on appeal), who alleged that Roundup caused his cancer. Since the initial verdict, the liability lawsuits have exponentially increased, reaching a total of 167,000 claims, with 54,000 pending as of May 2024.

Source: Sustainalytics

Data as of 07/01/2024

Sector



Materials

BHP Group Ltd.

BHP is a global diversified miner mainly supplying iron ore and copper. On November 5, 2015, Samarco’s Fundão Dam failed, releasing an estimated 32 mn cubic metres of tailings waste 400 miles downstream. The spill reached the Atlantic Ocean on November 22nd, flooded large tracts of rivers, land and properties and resulted in the death of 19 people, while affecting thousands more. Samarco’s board members include BHP.

Source: Sustainalytics

Data as of 07/01/2024

Sector



Consumer Staples

British American Tobacco

The second largest tobacco company by volume, British American Tobacco sold 555 billion cigarettes in 2023. Its leading brands are Dunhill, Kent, Pall Mall, Lucky Strike, and Rothmans in cigarettes. Its ownership of the Camel, Natural American Spirit, and Newport brands are limited to the US. In next-generation products, the company has the Vuse brand in vaping, Glo in hated tobacco, and Velo in modern oral tobacco. The company also owns a 25.5% stake in ITC limited, the largest Indian cigarette company.

Source: Sustainalytics

Data as of 07/01/2024

Portfolio Tilts

QRG's optimization process aims to enhance exposure to companies within these broad themes: climate solutions, resource protection, diversity, and community.

You support:



Companies creating products and services to help mitigate pollution and climate change.



Companies supporting a more sustainable and energy efficient economy.



Companies promoting women in the workforce.



Companies focused on creating safe and inclusive communities.



Climate Solutions

Portfolio: **96% more exposure** compared to the benchmark towards companies providing renewable energy, green transportation, or energy efficiency solutions.

Portfolio Coverage: 83.94% Benchmark Coverage: 81.17%

Resource Protection

Portfolio: **100% more exposure** compared to the benchmark towards companies focused on sustainable agriculture or water scarcity solutions



Portfolio Coverage: 83.94% Benchmark Coverage: 81.17%



Community

Portfolio: **99% more exposure** compared to the benchmark towards companies involved in education development, affordable housing, financial inclusion, or health care innovations.

Portfolio Coverage: 83.94% Benchmark Coverage: 81.17%

Diversity

Portfolio: **9% more exposure** compared to the benchmark with a higher percentage of women represented in the workforce, in senior management, and on the board.



Portfolio Coverage: 83.94% Benchmark Coverage: 81.17%

Source: Sustainalytics

Benchmark: S&P Developed Markets Classic ADR Index

Exposure is defined as the weighted average of portfolio company revenues tied to sustainable solutions or, in the case of Diversity, the weighted average of a company's total percentage of women represented in certain roles. See Appendix - Sustainalytics Definitions for more information.

Data as of 07/01/2024

Climate Solutions + Resource Protection

You support:



Mitigating the impact of extreme weather events and adapting to the changing climate.

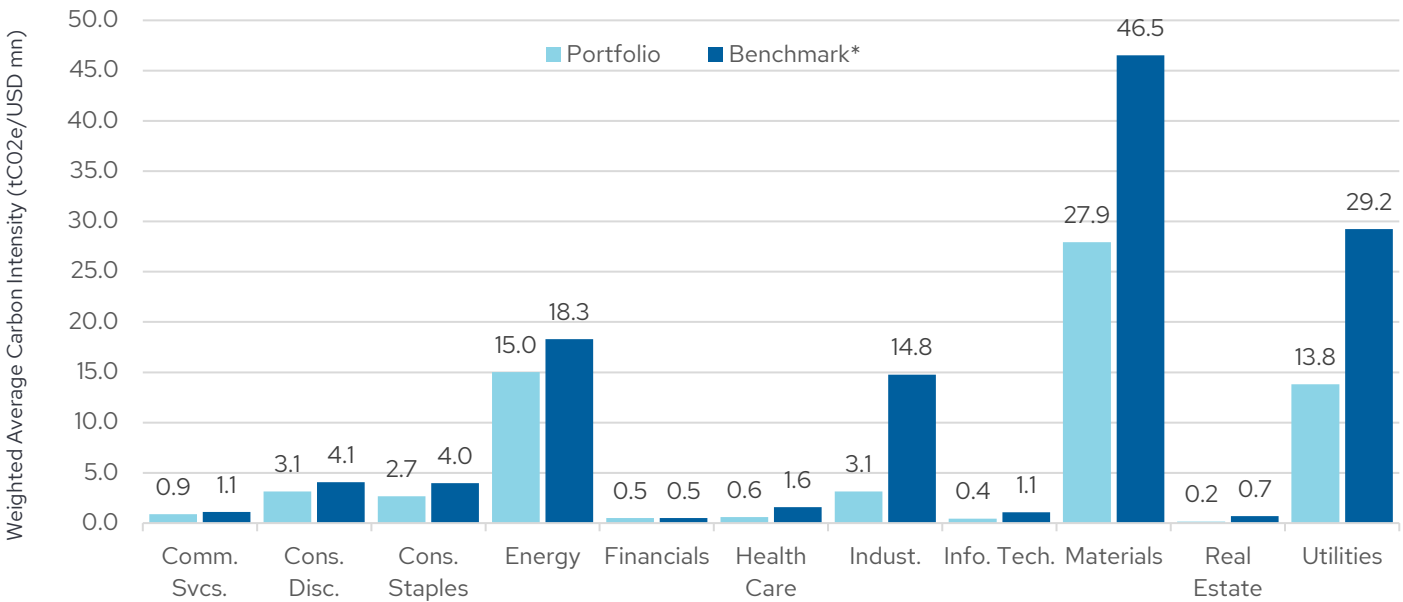


The transition to renewable energy.



Innovations in pathways to decarbonization of the economy.

Sector Carbon Intensity



Source: S&P Trucost

Benchmark: S&P Developed Markets Classic ADR Index

For informational purposes only. The portfolio does not seek to achieve a particular weighted average carbon intensity metric at the sector level.

Data as of 07/01/2024

Company Highlight



Sysmex Corp.

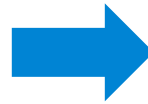
Sysmex Corp is a Japan-based company that manufactures, distributes, and diagnostic instruments and reagents. The company manufactures diagnostic equipment for malaria, liver cirrhosis, cancer, and covid-19 ailments. Sysmex primarily sells its products to customers in Japan, Europe, the Middle East, and Africa, and the Americas.

Source: Sustainalytics

Data as of 07/01/2024

Based on a \$100,000 investment, companies in the portfolio would contribute to approximately:

1,857 Kilowatt hours (kWh) of renewable energy produced annually.



Enough to power **64** homes per day.

Based on a \$100,000 investment, companies in the portfolio would contribute to **44%** lower carbon emissions than the holdings in the S&P Developed Markets Classic ADR Index. This relative reduction is equivalent to the approximate annual carbon emissions of:



602

Gallons of gasoline



992

Daily commutes by the average driver in the US



5,897

Pounds of coal



Carbon sequestered by **88.5** trees grown for 10 years, or **6.2** acres of US forest in one year

Source: S&P Trucost

Benchmark: S&P Developed Markets Classic ADR Index

For informational purposes only. The portfolio is not constructed to achieve any particular metric using data obtained by S&P Trucost.

Data as of 07/01/2024

Company Highlight



Vestas Wind Systems

Vestas, a Danish company, is a leading manufacturer of wind turbines with the highest installed capacity under service in the world. The firm operates two business segments: power solutions and services. Their power solutions segment designs, manufactures, and installs onshore and offshore wind turbines. The services segment performs operating and maintenance service work on wind turbines.

Source: Sustainalytics

Data as of 07/01/2024

Community

You support:



Building strong, sustainable communities by directing capital to where it is needed most.



Providing access to capital, credit, and education in communities that would otherwise lack these resources.



Promoting economic development and mobility.



Broadening access to health care and supporting the research and development of important treatments.



Affordable Housing

The portfolio aims to increase exposure to companies that are involved in the development and/or management of housing that is affordable to low and lower-middle income people.



Financial Inclusion

The portfolio aims to increase exposure to companies that provide access to financial products and services meeting the needs of low-income and vulnerable groups at an affordable cost and in a fair and transparent manner.



Education

The portfolio aims to increase exposure to companies that provide products and services that improve access to education.



Health

The portfolio aims to increase exposure to companies that provide specialized technologies and equipment that address major and /or neglected diseases.

Sources: Sustainalytics
Data as of 07/01/2024

Company Highlight

Sector

Consumer Discretionary

Pearson

U.K.-listed Pearson is the world's largest educational provider. The company has been disposing of noncore businesses such as the Financial Times, The Economist, and publishing house Penguin, and is now focused on being an educational resource and testing provider. While Pearson's primary activity centers on higher-level education, the firm also has significant operations in providing clinical assessments, professional certification and testing.

Source: Sustainalytics

Data as of 07/01/2024

Appendix – Sustainalytics Definitions

ESG Risk Rating

Sustainalytics measures ESG risk as the degree to which the company's economic value may be at risk because of exposure to and management of environmental, social, and governance (ESG) issues.

The rating takes a two-dimensional approach. The exposure dimension measures a company's exposure to ESG risks, while the management dimension assesses a company's handling of these ESG risks. It is calculated as the difference between a company's overall ESG Exposure score and its overall Managed Risk score.

- **ESG Exposure:** A measure of the extent to which a company is exposed to material ESG risks. Exposure can be considered as a sensitivity or vulnerability to ESG risks.
- **Managed Risk:** A measure of a company's handling of material ESG issues through policies, programs, quantitative performance, and involvement in controversies, as well as its management of corporate governance.

The result is the ESG risk score, which is a measurement of a company's unmanaged ESG risk, reflected in a 0-100 score. A lower score implies lower ESG risk, while a higher score implies higher ESG risk.

Product Involvement Screens

Sustainalytics tracks companies' involvement in certain products using revenue as a proxy. Where revenue is not relevant (as is the case for Controversial Weapons), the level of involvement is binary – involved or not involved. In these cases, revenues are not considered relevant because the activity giving the involvement status cannot be linked to a specific product/service revenue. When screening for corporate involvement, Sustainalytics uses annual reports, financial disclosure statements and corporate websites for relevant thematic involvement. Research is updated on an annual basis.

Controversies

Sustainalytics controversy research assesses a company's involvement in incidents with negative ESG implications, captured through news screening. Company activities are rated for severity on a scale from one (low) to five (severe) based on the risk and impact of the incident. Controversies often point to operational and reputational risk, especially when systemic, recurrent or exceptional in nature or company responsiveness is inadequate.

Sustainalytics evaluates controversies based on an assessment of incidents and events.

- **Incidents:** A company activity with unintended and/or undesired negative environmental and/or social impacts on stakeholders. Incidents are primarily assessed based on the negative environmental and/or social impact of the company activity as well as the reputational risk that this activity poses to the company.
- **Events:** A series of isolated or related incidents that pertain to the same ESG issues.

Sustainable Solution Tilts

These metrics indicate the portfolio's exposure to companies engaged in the following Sustainable Solutions: Climate Solutions, Resource Protection, Community, and Diversity. For each Sustainable Solution, QRG calculates a Sustainable Solutions Score based on data provided by Sustainalytics, who tracks and measures a company's sustainable solutions activity using revenues as proxy (with exception to Diversity). The Sustainable Solutions Score is

the weighted sum of company revenue percentages generated across several areas, which are mapped to each Sustainable Solution.

The **Climate Solutions** metric is calculated as the weighted sum of company revenue percentages generated from the following areas:

- **Energy Efficiency:** Measures revenue from products and services that improve energy efficiency across a broad range of applications. This includes revenue from energy management, distribution, industrial and consumer products, and industrial systems and processes.
- **Green Transportation:** Measures revenue from sustainable transportation products and/or services. This includes revenue from manufacturing vehicles, providing technologies and equipment, operating mass transportation systems, and building infrastructure.
- **Renewable Energy:** Includes revenue from the generation of renewable energy or manufacturing of products and services that support power generation from renewable energy sources (e.g. wind, solar, hydroelectric).

The **Resource Protection** metric is calculated as the weighted sum of company revenue percentages generated from the following areas:

- **Sustainable Agriculture, Food & Forestry:** Includes revenue from products, equipment and/or services that support sustainable agriculture; manufacturing and selling of sustainable food products; and providing forestry products that are produced in a sustainable manner.
- **Water Infrastructure & Adaption:** Includes revenue from products, equipment and/or services that support sustainable agriculture; manufacturing and selling of sustainable food products; and providing forestry products that are produced in a sustainable manner.

The **Community** metric is calculated as the weighted sum of company revenue percentages generated from the following areas:

- **Affordable Housing:** Includes revenue from the development and/or management of affordable housing.
- **Education:** Includes revenue from the development and/or management of affordable housing.
- **Financial Inclusion:** Includes revenue from providing microloans to low-income borrowers, or providing financial services tailored to meet the needs of underbanked communities.
- **Healthcare:** Measures revenue from providing specialized technologies and equipment that address major and/or neglected diseases.

The **Diversity** metric is calculated as the weighted sum of company total percentages of women being represented across the following areas:

- **Women on the Board:** The percentage of women on the board of the company.
- **Women in Senior Management:** The percentage of women in senior management at the company.
- **Women in the Workforce:** The percentage of women in the company's workforce

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for any trading decisions, damages or other losses related to it or its use. The use of the data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

For more information about how QRG defines sustainable investing and incorporates the ESG data provided by Sustainalytics, please read the **Sustainable QP Methodology Document**, which is available upon request by emailing sustainable@envestnet.com.

Sustainalytics and Envestnet are separate and unaffiliated firms. This material should not be construed as a recommendation or endorsement of any particular product, service, individual or firm.

Appendix – S&P Trucost Definitions

Renewable Energy Generation: Renewable Energy Generation (GWh) includes Total annual wind-based power generation in GWh, Total annual solar-based power generation in GWh, Total annual biomass-based power generation in GWh, Total annual geothermal-based power generation in GWh, Total annual wave & tidal-based power generation in GWh, Total annual hydroelectric-based power generation in GWh.

Carbon Emissions: Carbon Emissions Per USD mn Invested (tonnes CO₂e/USD mn). Carbon Emissions include Scope 1 and Scope 2 GHG emissions only. When company GHG emission data is not reported, S&P Trucost uses a proprietary model to estimate GHG emissions.

- Gallons of gas
 - Source: EPA GHG Emissions Calculator
- Daily commutes
 - Source: EPA GHG Emissions Calculator for miles driven by average passenger vehicle
 - Commute time average 27.6 minutes/60 is 0.46 hours * travelling on average 30 MPH = 13.8 miles average commute per day ([source](#))
 - Miles driven by average passenger vehicle/13.8 miles average commute per day = # daily commutes
 - Pounds of Coal
 - Source: EPA GHG Emissions Calculator
- Carbon sequestered by X Trees
 - Source: EPA GHG Emissions Calculator

The **Sector Carbon Intensity** shows the weighted average of the portfolio and benchmark holding's Carbon to Revenue intensity and allocates it by GICS sector. The 'Carbon to Revenue' metric allocates company revenues on an equity ownership basis.

Disclosures

Coverage Ratio: Coverage represents the percentage of portfolio assets that report sustainability data on which the presented metric is based. A lower coverage indicates that the portfolio may not fully represent the metric being displayed. Portfolio and benchmark metrics are calculated using an asset-weighted average of company-level data from ESG data providers for each covered security. Cash and currency are excluded, as well as short positions, derivatives, synthetic holdings, and any fixed income and equity securities issued by companies that do not have sustainability data. As a result, this information is subject to change.

All portfolio-level metrics reported are representative of a model portfolio for this strategy. An investor's actual portfolio may differ.

Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

The **The S&P Developed Markets Classic ADR Index** seeks to track all developed markets American depository receipts trading on the NYSE, NYSE American, NASDAQ, and over-the-counter (OTC) in the United States, subject to size and liquidity requirements.

To learn more visit: investnet.com/qrg/strategies/sustainable

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