

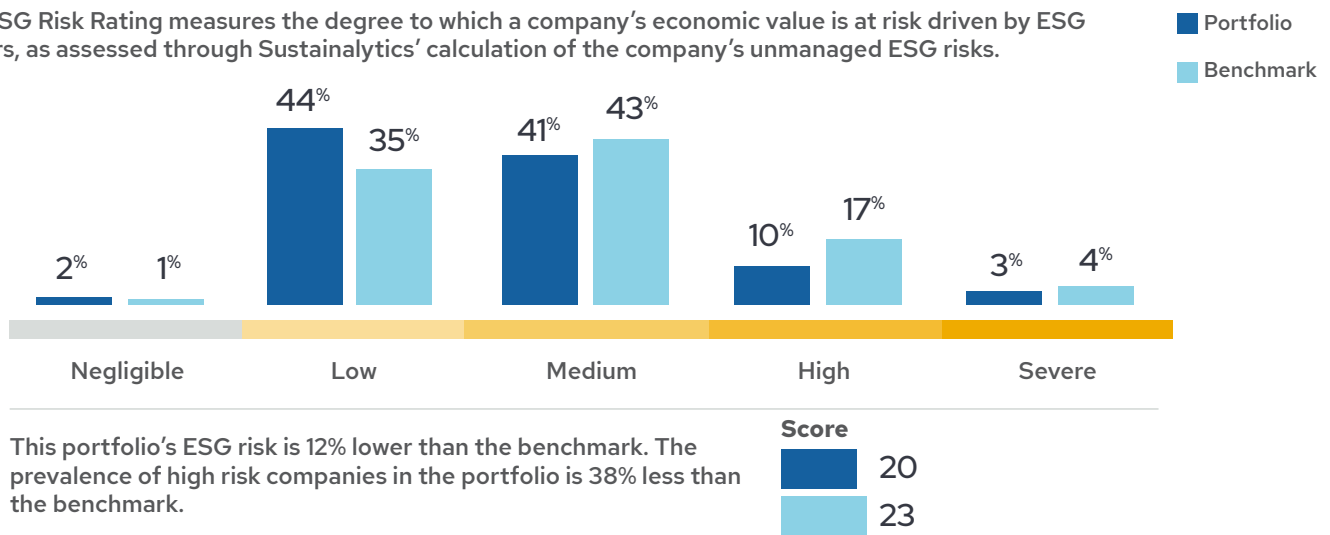
Impact Report

Quantitative Portfolio: Impact Large Cap Core - ESG

The **Quantitative Portfolio: Impact Large Cap Core - ESG** is a passive strategy that seeks to provide risk exposures and returns similar to those of the CRSP US Large Cap 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.

ESG Risk Rating

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.



Portfolio Exclusions

Avoid exposure to companies with severe controversies and those that generate significant revenues from the following areas:

- 
 Adult Entertainment
- 
 Alcohol
- 
 Firearms
- 
 Gambling
- 
 Military Weapons
- 
 Nuclear Power
- 
 Tobacco
- 
 Severe Controversies

Category	Adult Entertainment	Alcohol	Firearms	Gambling	Military Weapons	Nuclear Power	Tobacco	Severe Controversies
Companies in Your Portfolio	0	0	0	0	0	0	0	0
Companies in Benchmark	0	4	0	3	13	16	2	20

Avoiding Controversies

The portfolio seeks to hold companies with strong ESG profiles and avoid those with a poor ESG track record. Therefore, companies with egregious ESG-related controversial events are flagged and deemed ineligible for portfolio inclusion. Controversial events can have broad implications, effecting shareholders, company stakeholders, or local communities.

Avoiding controversies helps limit surprise from random events:

					
Lawsuits	Fraud	Data security	Strikes	Accidents	Environmental Incidents

Company Exclusions*

Sector



Industrials

Boeing

Controversy Level: High

Boeing has been involved in several significant quality and safety issues since 2015. The number, frequency and implications of the issues at Boeing are persisting concerns and may be signs of a systemic problem for the company. The ongoing investigations into potentially negligent safety management practices for two of the company’s successful models, the 787 Dreamliner and the 737 MAX, may reveal evidence that confirms those concerns. Boeing faces legal risks from product liability lawsuits and compensation claims.

Sector



Healthcare

Mylan

Controversy Level: High

Mylan has been implicated in a controversy over anti-competitive practices related to its epinephrine auto-injector EpiPen in the US, the company’s biggest market. Mylan has increased the price of EpiPen by 400% from USD 100 in 2007 to over USD 600 in 2015. There are high compliance, legal and business risks for Mylan that resulted from anti-trust investigations by the FTC and the State Attorney of New York. Legal and compliance risks also stem from the civil complaint filed by 44 US states against the company and its executives, as well as a parallel DOJ investigation into the company’s anti-competitive practices.

*The above company exclusions are examples among many other companies that have been excluded from this portfolio.

Portfolio Tilts

QRG's optimization process aims to enhance exposure to companies within these broad ESG categories: 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 equal opportunity for women and minorities.



Companies focused on creating safe and inclusive communities.



Climate Solutions

Portfolio: **2x more exposure** compared to the benchmark towards companies providing renewable energy, green transportation, or energy efficiency solutions.

Resource Protection

Portfolio: **3x more exposure** compared to the benchmark towards companies focused on sustainable agriculture or water scarcity solutions.



Community

Portfolio: **2x more exposure** compared to the benchmark towards companies involved in education development, affordable housing, financial inclusion, or health care innovations.

Diversity

Portfolio: **.3x more exposure** compared to the benchmark towards companies exhibiting strong diversity programs.



Environment

You support:



Taking action to combat climate change and minimize impact on the planet.

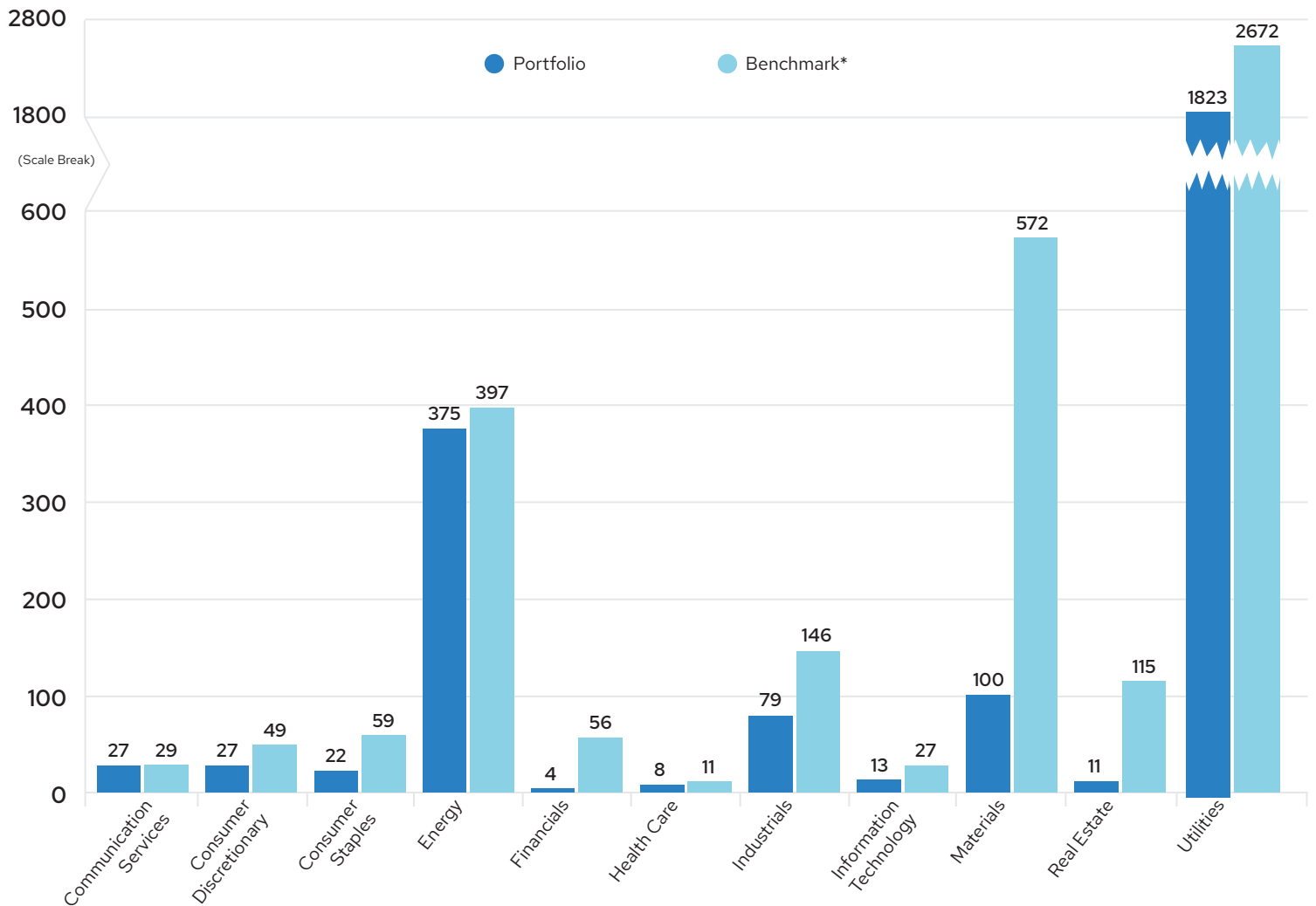


A cleaner and more secure energy future.



Innovations in pathways to de-carbonization of the economy.



GICS Sector Carbon Intensity



Source: S&P Trucost Analytics Platform
 *Benchmark: CRSP US Large Cap Index

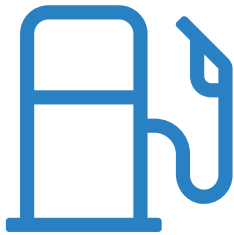
The companies held within the portfolio produce approximately

27,531 Gigawatt hours (GWh) of renewable energy annually.



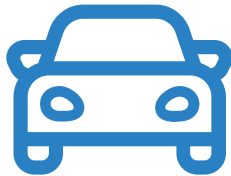
Powering 2.4 M homes per year

A \$100,000 investment results in **47% lower carbon emissions** than the holdings in the CRSP US large Cap Index. This relative reduction is equivalent to the approximate annual carbon emissions of:



394

Gallons of gasoline



542

Daily commutes by the average driver in the US



3,857

Pounds of coal



Carbon sequestered by 58 trees grown for 10 years, or 4.6 acres of US forest in one year

A \$100,000 investment results in **587 cubic meters** lower water use than the holdings in the CRSP US large Cap Index. This relative reduction is equivalent to:



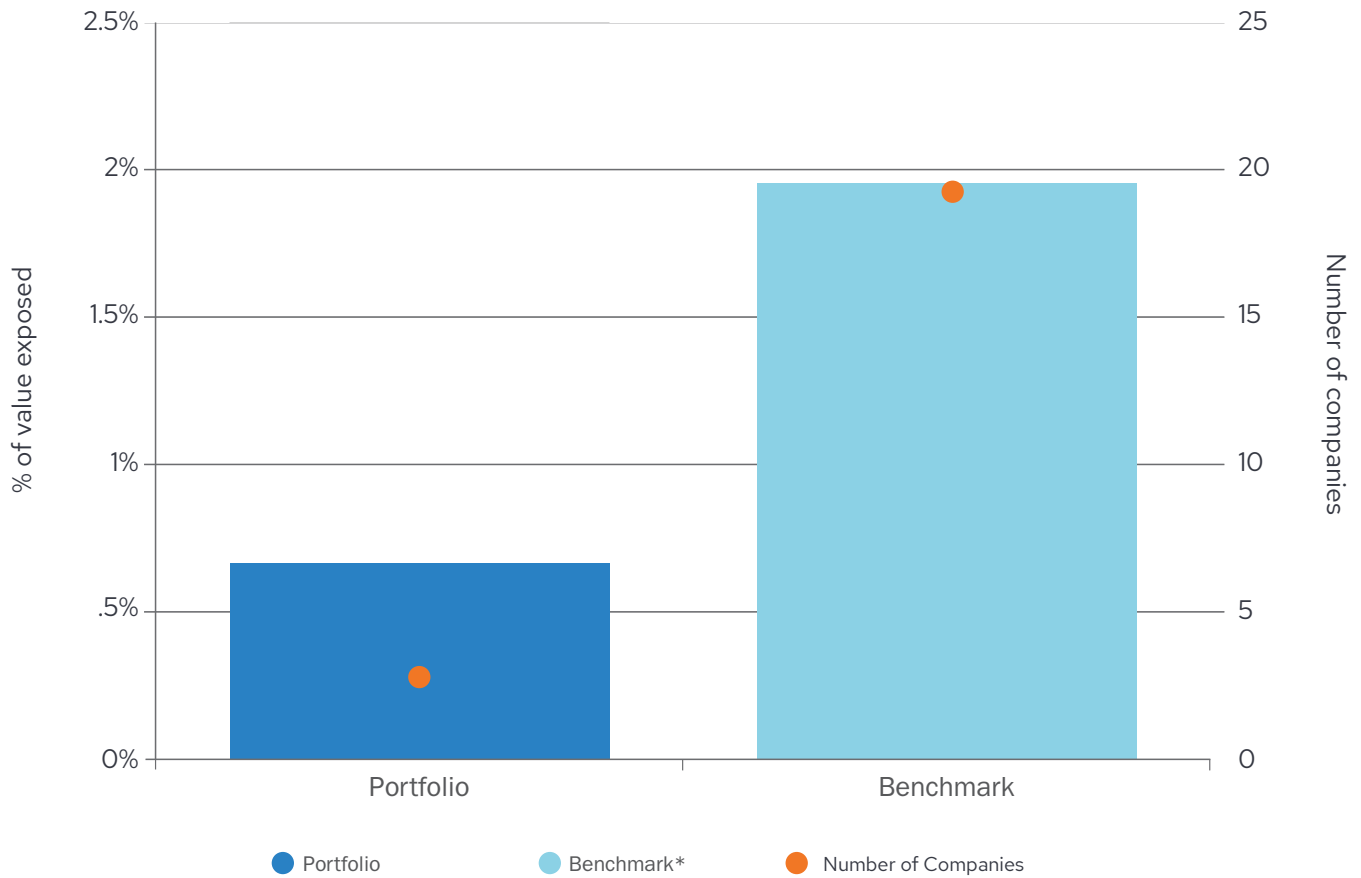
1.2 M Water Bottles

A \$100,000 investment results in **34% less waste** than the holdings in the CRSP US large Cap Index.



34% Less Waste

Portfolio Coal Exposure Report



Source: S&P Trucost Company level co2e data

*Benchmark: CRSP US Large Cap

Company Highlight






Westinghouse Air Brake Technologies Corp.

The company manufactures and services components for new and existing passenger transit vehicles (regional trains, high speed trains, subway cars, light-rail vehicles and buses), such as railway electronics, draft gears, couplers, monitoring equipment, positive train control equipment and electronically controlled pneumatic braking products, track and switch products, and others. A major part of the company’s offering falls under technologies and equipment used in the manufacture of green transportation vehicles. It is estimated that green transportation revenues account for approximately 70-79.9% of total company revenues.

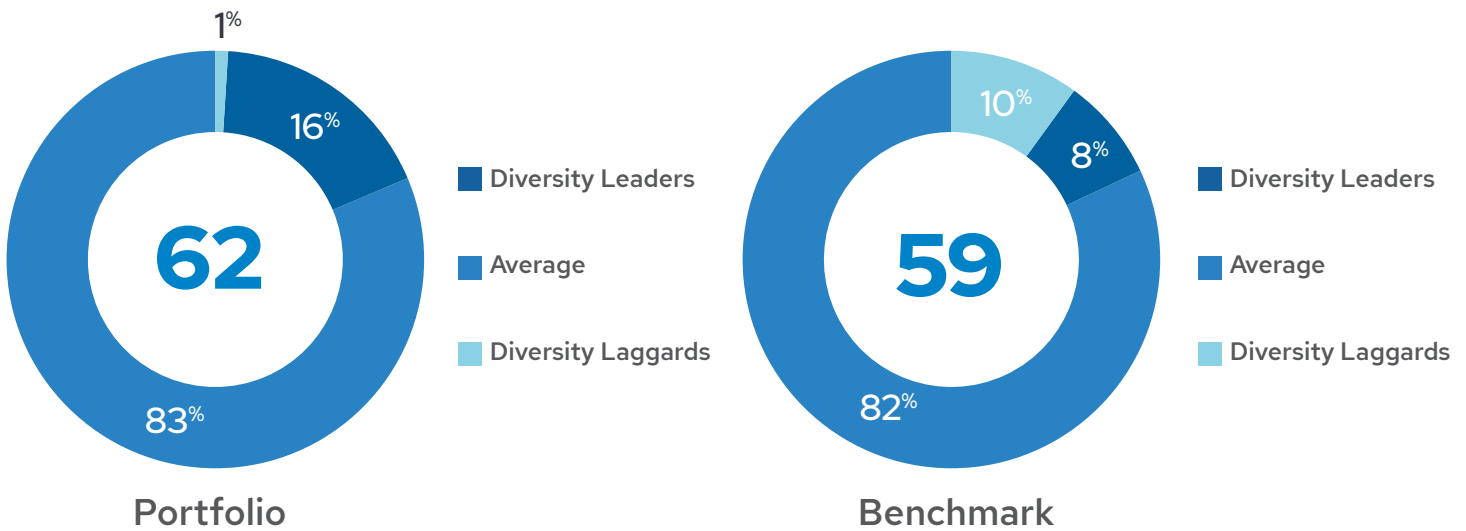
Source: Sustainalytics sustainable products company level research

Diversity

You support:

-  Advancing women and minorities in the workforce.
-  Promoting inclusionary hiring & career development practices.
-  Encouraging cultural understanding & sensitivity in the workplace.

Diversity Score



Company Highlight



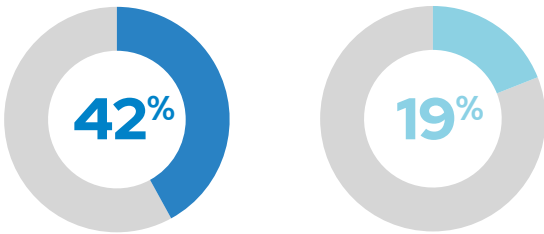
Intel

In 2020, Intel announced that it achieved gender pay equity across the global workforce while also adding stock-based compensation to its pay equity analysis. Intel defines pay equity as closing the gap in the average pay between employees of different genders or races and ethnicities, where data is available, in the same or similar roles after accounting for legitimate business factors that can explain differences, such as performance, time at grade level and tenure. While the company overall is still 74% male and white, Intel demonstrates leadership and transparency in disclosing its gender and ethnicity breakdown and how that breakdown has changed over time. Intel maintains board level responsibility for diversity initiatives, targeted recruitment efforts, diversity monitoring and audits, as well as employee affinity groups and mentorship programs to support advancement of underrepresented employees.

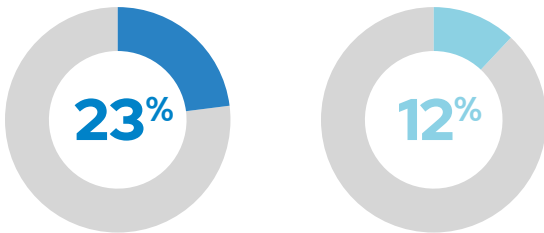
Source: <https://www.intel.com/content/www/us/en/diversity/diversity-at-intel.html>

Policies & Programs

Percentage of Companies with a Strong Diversity Program

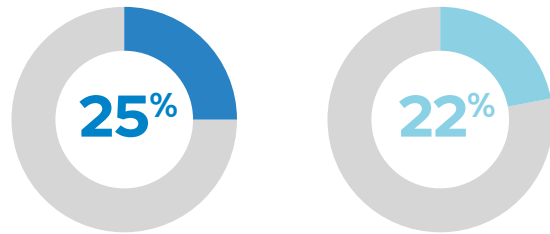


Percentage of Companies with a Strong Discrimination Policy

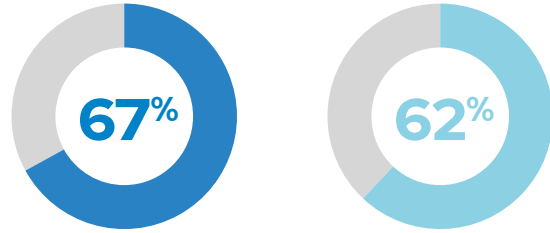


Gender & Work Life Balance*

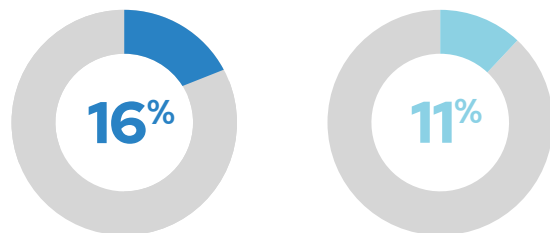
Percentage of Women in Senior Management



Companies that Offer Flexible Work Options



Companies with an Equal Pay Strategy



● Portfolio ● Benchmark

*Sources: Sustainalytics and Equileap

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

Solutions:

Allocates 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

Solutions:

Allocates 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

Solutions:

Allocates to companies that provide products and services that improve access to education.



Health

Solutions:

Allocates to companies that provide specialized technologies and equipment that address major and /or neglected diseases.

Source: Sustainalytics sustainable products company level research

Company Highlight



Bristol-Myers Squibb Company

Bristol-Myers Squibb Company manufactures medicines that address major and/or neglected diseases. The company's pharmaceutical segment engages in the manufacture of treatments for diseases such as cancer, HIV and hepatitis. The company partners with the Max Foundation, an organization whose mission is to increase global access to treatment, care and support of people living with cancer, which delivered Bristol-Myers Squibb medicines to 186 patients in 17 countries, a donation of product valued at \$12.2 million. The Bristol-Myers Squibb Patient Assistance Foundation also assists patients in the U.S. who need temporary help paying for medication. In 2017 63,864 patients received support in the amount of \$862.2 million. The company also bridges cancer care for minority and underserved populations in the U.S. Since 2014, the Bristol-Myers Squibb Foundation's Bridging Cancer Care™ initiative has committed \$16.5 million to expand the current limited scope of community-based supportive care resources and survivorship programs to the underserved populations.

Sources: <https://www.bms.com/assets/bms/us/en-us/pdf/2018-global-citizenship-report.pdf>

https://accesstomedicinefoundation.org/media/uploads/downloads/5e27136ad13c9_Access_to_Medicine_Index_2018.pdf



Appendix – Sustainalytics Definitions

ESG Risk Rating: This metric uses Sustainalytics ESG Risk Rating and is calculated as a weighted average score at portfolio and benchmark level. Sustainalytics ESG Risk Rating evaluates the level of unmanaged risk for a company.

ESG Risk Rating Range: ESG Risk Rating Range: The range consists of five broad categories defined by Sustainalytics: Negligible, Low, Medium, High, and Severe. Sustainalytics assesses companies' industry and company-specific ESG criteria. Companies are rated on a 0-100 scale, with 0 representing the lowest risk, and 100 representing the highest risk. QRG calculates the percentage of companies in the portfolio and benchmark that falls into each ESG Risk Rating category. The ranges for each category are as follows: Negligible = 0-10; Low = 10-20; Medium = 20-30; High = 30-40; and Severe = 40-100.

Involvement in Controversial Business Areas: This metric reflects the number of companies flagged as involved through revenues as a proxy for the following areas: adult entertainment, alcohol, gambling, nuclear energy, tobacco, weapons, and firearms.

Sustainalytics measures percentage of revenues a company derives from these areas through:

1. **Reported revenues:** If a company reports actual revenues or percentage of revenues derived from a particular category of involvement.
2. **Estimated revenues:** If a company does not report actual revenues or a percentage of revenues derived from a particular category of involvement, Sustainalytics:
 - a. estimates a revenue range based on a review of business segment revenues, sales data, and quantity and quality of disclosed product information; and then,
 - b. takes the mid-point of the estimated revenue range as the Percentage of Revenue. For example, if the estimated revenue range is 10-20%, the Percentage of Revenue figure will be the mid-point of this range, 15%.

The Climate Solutions & Resource Protection Tilts metric indicates the portfolio exposure to companies that derive revenues from four environmentally focused areas:

- The **Renewable Energy theme** allocates to companies that generate of renewable energy or in the manufacture of products and services that support renewable energy generation.
- The **Sustainable Agriculture, Food and Forestry theme** allocates to companies that produce agriculture, food and forestry products and services that are considered sustainable, according to credible global or national certification schemes.
- The **Green Transportation theme** allocates to companies that provide sustainable transportation products and/or services.
- The **Energy Efficiency theme** allocates to companies that provide products and services that significantly improve energy efficiency across a broad range of applications.

The **Community Tilt** metric indicates the portfolio exposure to companies that derive revenues from four community focused areas: affordable housing, education, financial inclusion and health.

- The **Affordable Housing theme** allocates to companies that are involved in the development and/or management of housing that is affordable to low and lower-middle income people.
- The **Education theme** allocates to companies that provide products and services that improve access to education.
- The **Financial Inclusion theme** allocates to companies that create products and services that provide access to financial products and services that meet the needs of low-income and vulnerable groups at an affordable cost and in a fair and transparent manner.
- The **Health theme** allocates to companies that provide specialized technologies and equipment that address major and/or neglected diseases.

Diversity Score: This metric is calculated as a weighted average score at the portfolio and benchmark level using Sustainalytics Diversity Program Score. This measure provides an assessment of the quality of a company's program to increase workforce diversity. An effective and comprehensive workforce diversity program must include measures to attract, hire, retain, and develop a diverse workforce. Initiatives must be targeted at certain groups that may otherwise face barriers entering the workforce or advancing in the corporate ladder (e.g. women, visible minorities, religious minorities, indigenous people and people with disabilities). These "designated groups" vary depending on the local context.

Diversity Leaders: This metric is calculated as the percentage of companies in the portfolio and the benchmark with a high Diversity Program score from Sustainalytics. Companies are assessed on a 0-100 scale, on industry and company specific ESG criteria, with 0 representing the worst score, and 100 representing the highest score. A leader is defined as a company that scores 100.

Diversity Laggards: This metric is calculated as the percentage of companies in the portfolio and the benchmark with a high Diversity Program score from Sustainalytics. Companies are assessed on a 0-100 scale, on industry and company specific ESG criteria, with 0 representing the worst score, and 100 representing the highest score. A laggard is defined as a company that scores 0.

Discrimination Policy: This metric is calculated as the percentage of companies in the portfolio and the benchmark with a Sustainalytics score of 100 for Discrimination Policy. The International Labor Organization is the set of standards used for this measure. Find more information on the ILO Standards [here](#). The policy needs to make a clear reference to the relevant ILO convention but does not need to specify the number of the convention. The policy needs to apply to at least 50% of the company's operations and follow the Sustainalytics criteria for a formal policy.

Diversity Programs: This metric is calculated as the percentage of companies in the portfolio and the benchmark with a Sustainalytics score of 100 for Diversity Programs.

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).

- 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 26.9 minutes/60 is 0.45 hours * travelling on average 30 MPH = 13.45 miles average commute per day (source)
 - Miles driven by average passenger vehicle/13.45 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
- Carbon sequestered by X Acres of Forest
 - 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.

The **Portfolio Coal Exposure** shows the portfolio and benchmark exposure to companies exceeding the coal thresholds as defined in the upper bar. This report pulls the companies that are generating revenues from the following three coal sectors as defined by Trucost: Bituminous Coal Underground Mining, Bituminous Coal and Lignite Surface Mining, and Coal Power Generation.

Appendix – Equileap Definitions

Percentage of Women in Senior Management: This metric is calculated as the average percentage of women in senior management for the companies held in the portfolio and the benchmark.

Flexible Work Program: This metric is calculated as the percentage of companies in the portfolio and the benchmark that offer flexible work programs, according to Equileap data. Flexible work is defined as the option for employees to control and/or vary the start and end times of the work day and/or vary the location from which employees work.

Equal Pay Strategy: This metric is calculated as the percentage of companies in the portfolio and the benchmark that have an equal pay strategy, according to Equileap data. Equal pay strategy is defined by Equileap as transparency and commitment to provide comparable wages for comparable work.

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 **CRSP US Large Cap Index** includes U.S. companies that comprise the top 85% of investable market capitalization.

To learn more visit: [investnet.com/ImpactQPs](https://www.envestnet.com/ImpactQPs)

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. A prospectus or summary prospectus which contains this and other information about these funds can be obtained by contacting your Financial Advisor. Please read the prospectus carefully before investing.

An investment in these portfolios is subject to market risk and an investor may experience loss of principal. The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Returns are presented without provision for federal or state taxes. Under no circumstances does the information contained within represent a recommendation to buy or sell securities. This is not a sales solicitation, but rather a research profile on a specific investment option.

All environmental, social & governance data including impact scores are believed to be from reliable sources; however, we make no representations as to its accuracy or completeness.

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