



Sustainability Report

Quantitative Portfolio: Sustainable Large Cap Core

July 1, 2024

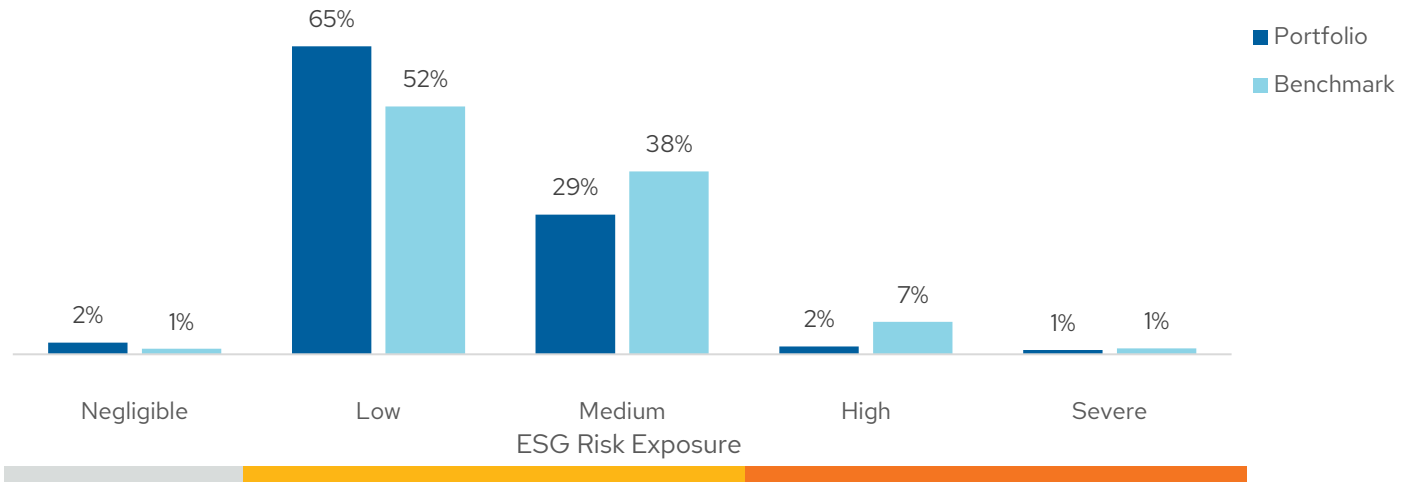
The **Quantitative Portfolio: Sustainable Large Cap Core** is a passive strategy that seeks to provide risk exposures and returns similar to those of the CRSP US Large Cap Index. The portfolio has a multifaceted approach: avoiding controversial business practices, evaluating companies' environmental, social, and governance (ESG) risks, and targeting companies focused on environment and social solutions. Investors may benefit from diversified, low-cost market exposure and opportunities for tax management in a single, separately managed account.

| 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 **10% lower** than the benchmark.

Portfolio Coverage: 100% Benchmark Coverage: 99.05%

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 | 2 | 17 |

Portfolio Coverage: 100% Benchmark Coverage: 99.05%

Source: Sustainalytics
 Benchmark: CRSP US Large Cap 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



Industrials

The Boeing Co.

Boeing has been involved in several significant quality and safety issues since 2015, the most severe of which occurred in March 2019, when a Boeing 737 MAX 8 plane crashed, killing all 157 people aboard the Ethiopian Airlines flight. An early investigation revealed clear similarities with a Lion Air crash in October 2018 that killed 189 people.

Source: Sustainalytics

Data as of 07/01/2024

Sector



Health Care


Illumina, Inc.

In December 2023, gene sequencing company Illumina announced that it would divest its cancer screening business unit, Grail, by the end of Q2 2024. The divestiture announcement follows a two-year battle between Illumina and EU and US antitrust regulators, which claimed that the company's acquisition of Grail violated competition rules. The impact on patients and national healthcare systems is high. Given Illumina's already significant market share (80% of the global next-generation sequencing market as of January 2024), anti-competitive practices and monopoly power expose patients and healthcare systems to negative impacts through reduced access and affordability.

Source: Sustainalytics

Data as of 07/01/2024

Sector



Consumer Staples

Altria Group, Inc.

Altria comprises Philip Morris USA, us Smokeless Tobacco, John Middleton, Horizon Innovations, and Helix Innovations. Through its tobacco subsidiaries, Altria maintains the leading position in cigarettes and smokeless tobacco in the United States and the number-two spot in machine-made cigars. Since 2019, Juul Labs Inc. (formerly, 35% owned by Altria Group) has been involved in numerous lawsuits alleging that the company falsely marketed its e-cigarettes as healthier alternatives to smoking combustible cigarettes and targeting teenagers.

Source: Sustainalytics

Data as of 07/01/2024

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

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: **94% more exposure** compared to the benchmark towards companies providing renewable energy, green transportation, or energy efficiency solutions.

Portfolio Coverage: 70.96% Benchmark Coverage: 69.18%

Resource Protection

Portfolio: **114% more exposure** compared to the benchmark towards companies focused on sustainable agriculture or water scarcity solutions



Portfolio Coverage: 70.96% Benchmark Coverage: 69.18%



Community

Portfolio: **148% more exposure** compared to the benchmark towards companies involved in education development, affordable housing, financial inclusion, or health care innovations.

Portfolio Coverage: 70.96% Benchmark Coverage: 69.18%

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: 70.96% Benchmark Coverage: 69.18%

Source: Sustainalytics

Benchmark: CRSP US Large Cap 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.

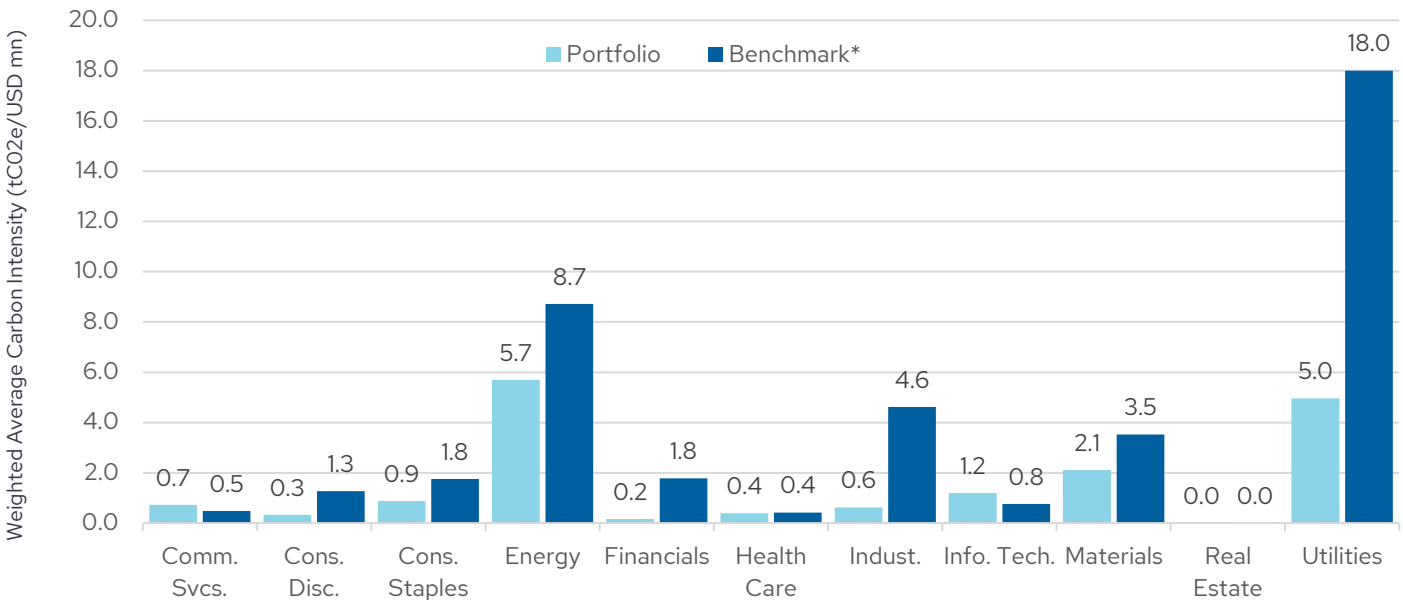


The transition to renewable energy.



Innovations in pathways to decarbonization of the economy.

Sector Carbon Intensity



Source: S&P Trucost

Benchmark: CRSP US Large Cap 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



Sector

Utilities

Alliant Energy Corp.

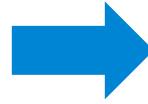
Alliant Energy is the parent of two regulated utilities, Interstate Power and Light and Wisconsin Power and Light, serving nearly 1 million electric customers. Both subsidiaries engage in the generation and distribution of electricity, including from wind, hydropower, and solar. Over 20% of the company's FY2022 revenues are derived from the combination of generation and distribution from these renewable sources.

Source: Sustainalytics

Data as of 07/01/2024

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

334 Kilowatt hours (kWh) of renewable energy produced annually.



Enough to power **11** homes per day.

Based on a \$100,000 investment, companies in the portfolio would contribute to **59%** 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:



275

Gallons of gasoline



453

Daily commutes by the average driver in the US



2,695

Pounds of coal



Carbon sequestered by **40.4** trees grown for 10 years, or **2.9** acres of US forest in one year

Source: S&P Trucost
 Benchmark: CRSP US Large Cap 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



Edwards Lifesciences Corp.

Spun off from Baxter International in 2000, Edwards Lifesciences designs, manufactures, and markets a range of medical devices and equipment for advanced stages of structural heart disease and critical care. It has established itself as a leader across key products, including surgical tissue heart valves, transcatheter valve technologies, surgical clips, and catheters.

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



AvalonBay Communities, Inc.

AvalonBay Communities, Inc. is a real estate investment trust that develops, redevelops, acquires, owns, and operates multifamily apartment communities. As of FY2022, the company disclosed that 4,232 homes are designated affordable homes for mixed-income communities where the company provides lower-income households, while 60 communities have achieved green building certifications such as Energy Star and LEED.

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

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

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