

Quarterly Commentary

Quantitative Portfolio:

Factor-Enhanced All Cap: V + M + Q

Third Quarter (Q3) 2022

Market Environment

The US economy continued to have difficulty in the quarter, as surging inflation and the effects of central bank efforts to tame it, have caused growth to turn negative. Against this backdrop, the Bureau of Economic Analysis released the third estimate of the second quarter 2022 real GDP, a seasonally adjusted annualized decline of 0.6%, in line with the prior estimate, and a slight improvement from the 1.6% decrease in the prior quarter. The employment situation continued to show a strong trend in the quarter, as gains modestly exceeded expectations. The August report showed that employers added 315,000 jobs in the month, and that the unemployment rate rose to 3.7%. The Federal Open Market Committee (FOMC), in an effort to aggressively battle surging inflation, twice raised its federal funds rate target range in the quarter, to 3.00% to 3.25%, from a range of 1.50% to 1.75%. The 75-basis point increase on September 21st was the third this year, and many economists expect the FOMC to continue to aggressively raise rates until inflation is under control.

Portfolio Commentary

The Factor-Enhanced All Cap: V + M + Q strategy generated a gross total return of -5.65% in the third quarter, significantly underperforming the -4.44% return of the CRSP US Total Market Index. Year-to-date, the strategy has posted a return of -24.75%, compared to the -24.86% of the benchmark. The strategy is quantitatively constructed to provide exposures to the primary drivers of return and excess return identified over decades of financial research. These include exposures to the market, as well as to the well-known value, momentum and quality asset pricing factors.

Sector allocation will generally have a relatively minor effect on performance, as the strategy is constructed to be sector-neutral at the time of rebalancing. Such was the case during the latest quarter, as the portfolio's relative performance was driven primarily by individual security selection. Sector allocation detracted 21 basis points, whereas stock selection within sectors accounted for 100 basis points during the quarter. The sectors having the most positive relative impact from a security selection perspective were Real Estate and Energy, and the sectors that contributed the least on a relative basis were Financials and Communication Services.

Positively contributing to the Factor-Enhanced All Cap: V + M + Q strategy's performance during the quarter was an overweight to First Solar, Inc. (FSLR), which gained more than 94%. The stock also outperformed the -6.2% return of the Information Technology sector. The Semiconductors and Semiconductor Equipment company contributed 22 basis points to performance.

An overweight to Regeneron Pharmaceuticals, Inc. (REGN) during the quarter also benefited performance, as the stock gained almost 16%. The Biotechnology company contributed 13 basis points to performance, and in the process also outperformed the -5.8% return of the Health Care sector.

Archer-Daniels-Midland Company (ADM)'s overweight position relative to the benchmark resulted in a 13 basis point contribution for the portfolio. The Food Products company's stock advanced almost 6%, outperforming the overall Consumer Staples sector.

The position proving to be the largest detractor from the performance of the strategy during the quarter was AT&T Inc. (T). An overweight to the Diversified Telecommunication Services company, which had a negative return of almost 27%, detracted 27 basis points from performance. The stock's performance trailed the -12.6% return of the Communication Services sector.

Also detracting from performance was the portfolio's overweight to Tyson Foods, Inc. (TSN), which declined almost 22%. The Food Products company underperformed the -8.0% return of the broader Consumer Staples sector. The position detracted 25 basis points from performance.

Another detractor from portfolio performance was an overweight to Cognizant Technology Solutions Corporation (CTSH), as the stock retreated close to 15%. In addition, the IT Services firm underperformed the -6.2% return of the overall Information Technology sector. The overweight position detracted 12 basis points from performance.

The global economy is currently teetering on the brink of recession after having delivered a strong post-pandemic recovery. Decades-high inflation caused by supply shortages and rising commodity prices have caused the Federal Open Market Committee and other world central banks to aggressively tighten monetary policy. Heightened volatility is likely to continue in the financial markets until there is improvement on the inflation front.

Model Portfolio Attribution

	Performance Driver	Active Return Contribution	Portfolio Exposure	Average Weight in Model	Comments
Contributors	First Solar, Inc. (FSLR)	+22 bps	Overweight	0.34%	The stock of the Semiconductors and Semiconductor Equipment firm advanced 94% in the quarter.
	Regeneron Pharmaceuticals, Inc. (REGN)	+13 bps	Overweight	0.77%	The Biotechnology company's stock advanced 16% in the quarter.
	Archer-Daniels-Midland Company (ADM)	+13 bps	Overweight	1.65%	ADM's gain of 6% outperformed the general sector in the quarter.
	Keysight Technologies, Inc. (KEYS)	+12 bps	Overweight	0.76%	The Electronic Equipment, Instruments and Components company's stock had a positive return of 16% in the quarter.
	ON Semiconductor Corporation (ON)	+10 bps	Overweight	0.45%	ON posted a gain of 33%, outperforming the general sector in the quarter.
Detractors	AT&T Inc. (T)	-27 bps	Overweight	1.33%	The Diversified Telecommunication Services company's stock fell by 27% in the quarter.
	Tyson Foods, Inc. (TSN)	-25 bps	Overweight	1.16%	The stock of the Consumer Staples company declined 22% in the quarter, and also underperformed the overall sector's return.
	Cognizant Technology Solutions Corporation (CTSH)	-12 bps	Overweight	1.16%	Underperforming the overall sector's return, the Information Technology company CTSH declined 15% in the quarter.
	Alphabet Inc. (GOOGL)	-12 bps	Overweight	3.08%	The Communication Services company GOOGL declined 12% in the quarter, but outperformed the overall sector's return.
	FedEx Corporation (FDX)	-11 bps	Overweight	0.43%	FDX, an Industrials company, declined 33% in the quarter, and also underperformed the overall sector's return.

Disclosure

The information, analysis, and opinions expressed herein are for general and educational purposes only. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice. Nothing contained in this brochure is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment vehicle. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon and risk tolerance. **Past performance is not indicative of future results.**

QRG's investment process is guided by systematic, quantitative and rules-based methodologies that helped inform the construction of the portfolio discussed herein using a subset of the constituents of its designated tracking index. The narrative portion of this commentary references the three largest contributors to performance and the three largest detractors from performance. The attribution chart includes the five largest contributors to performance as well as the five largest detractors from performance. The top contributors and detractors to performance may be based on security weightings (positions held or not held, overweight or underweight positions) or sector weightings.

Neither Envestnet, nor QRG Capital Management, Inc., nor Envestnet | PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor. Indexes are unmanaged. It is not possible to invest directly in an index.

If interested in the attribution calculation methodology, or for the full list of portfolio contributors and detractors, please e-mail qrg@envestnet.com.

FOR ONE-ON-ONE USE WITH A CLIENTS FINANCIAL ADVISOR ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC.

QRG-QC-IIMLCESG-0521

QRG Factor-Enhanced All Cap: V + M + Q

Period	*Pure Gross Return	Net Return	***CRSP US Total Market Index Return	Number of Portfolios End of Period	Equal Weighted Std. Dev.	Composite 3-year Std. Dev.	Benchmark 3-year Std. Dev.	Total Composite Assets	Total Product Assets	Firm AUM	Composite Assets as Percentage of Total Firm
**2015-09-01 - 2015-12-31	2.84%	1.82%	3.17%	3	nm	n/a	n/a	824,867	2,522,519	137,138,368	0.60%
2016	13.15%	9.83%	12.74%	13	n/a	n/a	n/a	2,699,625	9,216,724	392,256,391	0.69%
2017	19.71%	16.22%	21.13%	84	n/a	n/a	n/a	25,688,383	35,215,673	802,232,195	3.20%
2018	-7.52%	-10.27%	-5.24%	214	0.44%	11.34%	11.18%	63,958,175	79,800,802	1,604,283,375	3.99%
2019	33.69%	29.83%	31.02%	273	0.46%	11.65%	12.21%	100,002,623	137,268,880	2,723,594,504	3.67%
2020	13.16%	9.84%	20.99%	291	2.18%	19.20%	19.41%	127,508,419	191,676,189	4,011,352,178	3.18%
2021	31.51%	27.70%	25.72%	386	1.22%	18.02%	17.92%	197,410,711	328,320,944	5,883,211,018	3.36%

*Presented as supplementary information.

**Partial year.

QRG Capital Management, Inc. (QRG) is an SEC-registered investment adviser, established in 2020. QRG provides fee-based management of equity and portfolios for a broad range of clients on a discretionary and non-discretionary basis. QRG is a subsidiary of Envestnet, Inc., and for the purpose of the Global Investment Performance Standards (GIPS), the firm is defined as all strategies marketed under QRG. The QRG Factor-Enhanced All Cap: V + M + Q strategy has an inception and creation date of Sep 01, 2015. The QRG Factor-Enhanced All Cap: V + M + Q strategy is comprised of domestic US companies spanning the market capitalization spectrum. The strategy is designed to capture the well-known asset pricing factors value, momentum and quality. The strategy is designed to closely track the total return of the CRSP US Total Market index, a broad market index measuring the performance of US companies. ***Prior to 1/1/2020, the strategy was benchmarked against the Russell 3000 index. The benchmark was changed to better reflect the investing universe of the strategy.

The QRG Factor-Enhanced All Cap: V + M + Q composite is comprised of all fee-paying, discretionary accounts with at least \$100,000 in assets. Accounts are added to the composite at the beginning of the month after they are fully invested. If the market value and net investment of the account falls below \$100,000 it is removed until the next reconciliation and calculation period. Accounts that have a significant cash flow, defined as 20% of the beginning market value, will be removed from the composite until the next reconciliation and calculation period. Financial leverage is not employed as part of the investment strategy.

All information is based in US dollars. Pure gross results are shown gross of all fees and trading expenses. Net results reflect the pure gross return minus a 3% model WRAP fee that includes management fees, trading costs, platform fees, and other administration fees as well as a model custodian fee of 0.25% that includes brokerage commissions, but do not include other administration fees. Clients who access these strategies through a financial intermediary firm may pay additional fees to that firm. Actual fees may vary. The current management fee schedule is as follows: Up to \$500,000 - 0.20%, \$500,000 to \$1 million - 0.18%, \$1 million to \$2 million - 0.17%, \$2 million to \$5 million - 0.15%, \$5 million to \$10 million - 0.12%, \$10 million and up - 0.09%. All returns reflect the reinvestment of all dividends and interest income.

Returns are time weighted and calculated using the Modified Dietz method. All cash flows trigger a performance sub-period which are geometrically linked to create monthly returns. Monthly returns are geometrically linked to create quarterly and yearly returns. Neither the composite nor the benchmark returns reflect tax withholding for ordinary income or capital gains. Dispersion is measured by an equal-weighted standard deviation of the pure gross returns of all accounts in the composite for the entire four-quarter period. Internal dispersion is deemed non-material (nm) if fewer than five portfolios are in the composite over the reporting period, or not applicable (n/a) if no accounts are eligible over the entire reporting period. The 3-year standard deviation is calculated using pure gross returns, and is considered not applicable (n/a) for periods with less than three years of performance. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

QRG claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. QRG has been independently verified for the periods December 1, 2013 through December 31, 2021. The verification reports are available upon request. 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 and pooled fund 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 firm's list of composite descriptions is available upon request. Past performance does not guarantee future results.

Percentage of strategy assets represented by WRAP accounts at period end:

2015 - 100%
2016 - 100%
2017 - 100%
2018 - 100%
2019 - 100%
2020 - 100%
2021 - 100%

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.