

Quarterly Commentary

Quantitative Portfolio:

Sustainable Small Cap Core Portfolio

Second Quarter (Q2) 2024

Market Environment

The US economy's growth rate continued to slow in the first quarter of 2024 after having posted multiple quarters of above-trend growth. Despite the moderation in growth economists have been impressed with the overall economy's performance. They cite the fact that it is now operating at full employment, and that real GDP is at a near-potential growth rate of 2% annually. Within this context, the Bureau of Economic Analysis released the third estimate of the first quarter 2024 real GDP, a seasonally adjusted annualized rise of 1.4%, a slight increase from the 1.3% prior estimate, but a significant slowing from the previous quarter. The employment situation was strong in the quarter. The May employment report showed that employers added 272,000 jobs in the month, but that the unemployment rate was slightly higher at 4.0%. The Federal Open Market Committee (FOMC) maintained its federal funds rate target range at 5.25% to 5.50% as inflation data has stabilized at levels that are still above target, but which are expected to show improvement. Given that inflation remains elevated, the FOMC reduced the number of interest rate cuts it expects to make this year to one from three.

Portfolio Commentary

The Sustainable Small Cap Core Portfolio strategy generated a gross total return of -3.22% in the second quarter, outperforming the -4.15% return of the CRSP US Small Cap Index. Year-to-date, the strategy has posted a return of 3.36%, compared to the 3.05% of the benchmark. The strategy is quantitatively constructed, with the dual objective of providing passive beta exposure and high ESG outcomes.

Sector allocation will typically have a relatively minor effect on performance, as the strategy is constructed to be sector-neutral at the time of rebalancing. Accordingly, the portfolio's relative performance was driven primarily by individual security selection. Sector allocation accounted for one basis point, whereas stock selection within sectors positively contributed 92 basis points during the quarter. The sectors having the most positive relative impact from a security selection perspective were Health Care and Financials. Sectors that contributed the least on a relative basis were Real Estate and Consumer Staples.

Positively contributing to the Sustainable Small Cap Core Portfolio strategy's performance during the quarter was an overweight to Insmid Incorporated (INSM), which gained almost 151%. The stock also outperformed the -4.0% return of the Health Care sector. The Biotechnology company contributed 86 basis points to performance.

An overweight to Universal Display Corporation (OLED) during the quarter also benefited performance, as the stock gained almost 27%. The Semiconductors and Semiconductor Equipment company contributed 14 basis points to performance, and in the process also outperformed the -1.0% return of the Information Technology sector.

Insight Enterprises, Inc. (NSIT) 's overweight position relative to the benchmark resulted in a 12 basis point contribution for the portfolio. The Electronic Equipment, Instruments and Components company's stock advanced almost 7%, outperforming the overall Information Technology sector.

The position proving to be the largest detractor from the performance of the strategy during the quarter was Inspire Medical Systems, Inc. (INSP). An overweight to the Health Care Equipment and Supplies company, which had a negative return of almost 36%, detracted 19 basis points from performance. The stock's performance trailed the -4.0% return of the Health Care sector.

An overweight to Robert Half Inc. (RHI) during the quarter also negatively impacted performance, as the stock advanced in excess of 18%. The Professional Services company detracted 14 basis points from performance, and trailed the -5.5% return of the Industrials sector.

Machinery company Tennant Company (TNC) detracted from performance in the quarter as a result of its overweight in the portfolio relative to the benchmark. The stock's decline exceeded 20%, and detracted 13 basis points from performance. It also underperformed the -5.5% return of the broader Industrials sector.

The US economy's growth has begun to slow, which may enable the FOMC to lower interest rates as inflation cools. Investors should be cautious for several reasons, including the fact that stock prices remain elevated and uncertainty surrounding the upcoming presidential election.

Model Portfolio Attribution

	Performance Driver	Active Return Contribution	Portfolio Exposure	Average Weight in Model	Comments
Contributors	Insmed Incorporated (INSM)	+86 bps	Overweight	0.92%	The stock of the Biotechnology firm advanced 151% in the quarter.
	Universal Display Corporation (OLED)	+14 bps	Overweight	0.63%	OLED's gain of 27% outperformed the general sector in the quarter.
	Insight Enterprises, Inc. (NSIT)	+12 bps	Overweight	1.29%	The Electronic Equipment, Instruments and Components company's stock advanced 7% in the quarter.
	Stifel Financial Corp. (SF)	+12 bps	Overweight	1.10%	Outperforming the overall sector's return, the Financials company SF advanced 9% in the quarter.
	Piper Sandler Companies (PIPR)	+11 bps	Overweight	0.63%	The stock of the Financials company gained 17% in the quarter, and outperformed the overall sector's return.
Detractors	Inspire Medical Systems, Inc. (INSP)	-19 bps	Overweight	0.60%	The Health Care Equipment and Supplies company's stock fell by 36% in the quarter.
	Robert Half Inc. (RHI)	-14 bps	Overweight	0.93%	The stock of the Industrials company declined 18% in the quarter, and also underperformed the overall sector's return.
	Tennant Company (TNC)	-13 bps	Overweight	0.80%	Posting a loss of 20%, TNC underperformed the general sector in the quarter.
	Brunswick Corporation (BC)	-13 bps	Overweight	0.63%	The Leisure Products company's stock fell by 24% in the quarter.
	Repligen Corporation (RGEN)	-12 bps	Overweight	0.54%	RGEN's loss of 31% underperformed the general sector in the quarter.

Disclosure

The information, analysis, and opinions expressed herein are for general and educational purposes only. 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 strategy. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon and risk tolerance. This material is not meant as a recommendation or endorsement of any specific security or strategy.

The portfolio incorporates sustainability criteria on a best-efforts basis. Envestnet utilizes sustainability data provided by a third party for portfolio management and reporting purposes. All sustainability data are believed to be from reliable sources; however, we make no representation as to its accuracy or completeness. The scores, ratings, and assessments are subjective by nature, and may or may not be accurate, complete, or reflect the beliefs of some investors.

An ESG integrated or ESG data screened investment strategy may limit the types and number of investment opportunities available to the strategy. This may have a positive or negative effect on investment performance relative to strategies which do not utilize ESG integrated investment approaches. There is no guarantee that an ESG integrated strategy will be successful and meet its investment objective. Companies selected for inclusion in a strategy may not exhibit positive or favorable ESG characteristics at all times and may shift into and out of favor depending on market and economic conditions.

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 arg@envestnet.com.

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

QRG-QC-IIMLCESG-0521

QRG Sustainable Small Cap Core Portfolio

Period	*Pure Gross Return	Net Return	***CRSP US Small Cap 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
**2018-03-01 - 2018-08-31	17.75%	16.04%	20.03%	1	nm	n/a	n/a	368,333	1,853,808	1,612,172,628	0.02%
**2018-10-01 - 2018-10-31	-11.22%	-11.47%	-10.48%	1	nm	n/a	n/a	322,808	1,616,265	1,560,694,912	0.02%
**2018-12-01 - 2018-12-31	-12.15%	-12.40%	-12.07%	1	nm	n/a	n/a	280,458	1,523,493	1,604,283,375	0.02%
**2019-02-01 - 2019-02-28	3.35%	3.10%	4.35%	1	nm	n/a	n/a	455,433	2,146,959	1,866,168,195	0.02%
**2019-05-01 - 2019-05-31	-8.57%	-8.82%	-8.73%	1	nm	n/a	n/a	560,460	2,435,337	1,954,235,825	0.03%
**2019-07-01 - 2019-12-31	8.52%	6.92%	8.00%	3	nm	n/a	n/a	2,749,940	3,272,302	2,723,594,504	0.10%
2020	15.52%	12.13%	19.07%	5	n/a	n/a	n/a	3,574,424	4,460,364	4,011,352,178	0.09%
2021	20.84%	17.32%	17.71%	10	n/a	19.74%	22.85%	2,132,470	7,804,634	5,883,211,018	0.04%
2022	-21.75%	-24.11%	-17.64%	14	0.33%	22.82%	25.17%	4,345,228	5,473,520	5,825,736,102	0.07%
2023	20.45%	16.94%	18.09%	10	0.51%	20.36%	20.04%	1,352,101	8,918,900	9,254,020,860	0.01%

*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 Sustainable Small Cap Core Portfolio strategy has an inception and creation date of Mar 01, 2018. The QRG Sustainable Small Cap Core Portfolio strategy is comprised of domestic US companies in the small capitalization segment of the market. The strategy is designed to focus on companies employing favorable environmental, social and governance (ESG) practices. The strategy is constructed to closely track the total return of the CRSP Small Cap Index, which measures the performance of the US small cap market. ***Prior to 1/1/2020 the strategy was benchmarked against the S&P Small Cap 600 Total Return Index. The benchmark was changed to better reflect the investing universe of the strategy

The QRG Sustainable Small Cap Core Portfolio 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. Breaks in performance are due to all eligible accounts becoming non-discretionary and leaving the composite

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, 2023. 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:

- 2018 - 100%
- 2019 - 100%
- 2020 - 100%
- 2021 - 100%
- 2022 - 100%
- 2023 - 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.