DEI and ESG Portfolio Review

Q2 2024

The DEI and ESG strategy composite returns are shown in the table below.

Period	Composite Gross of Fees	Composite Net of Fees	S&P 500
Q2 2024	4.11	4.06	4.28

- **Stock selection was the primary driver of the underperformance this quarter.**
- **Performance by As You Sow Score and ESG Risk Score quintile within the S&P 500 was positive. However, the concentration of outperformance in a small group of stocks made it more difficult for a diversified strategy like this one to benefit from the outperformance of Q1 versus Q5 ranked stocks.**

Sector Attribution

Q2 2024 Sector Attribution

	DEI and ESG Strategy			S&P 500			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Industrials	6.65	-2.06	-0.13	8.60	-2.89	-0.26	0.14	0.07	0.21
Energy	3.31	1.13	0.03	3.90	-2.42	-0.11	0.04	0.12	0.16
Materials	2.19	-2.54	-0.05	2.31	-4.50	-0.11	0.01	0.05	0.06
Real Estate	4.12	1.48	0.06	2.17	-1.91	-0.05	-0.12	0.14	0.02
Health Care	12.11	-0.95	-0.11	12.06	-0.96	-0.12	0.00	0.00	0.00
Consumer Discretionary	10.07	0.30	0.01	10.08	0.65	0.04	0.00	-0.03	-0.03
Information Technology	32.01	13.16	4.09	30.40	13.81	4.06	0.15	-0.19	-0.03
Communication Services	9.70	8.16	0.78	9.28	9.37	0.85	0.02	-0.12	-0.09
Utilities	1.99	-0.53	0.00	2.34	4.66	0.13	0.00	-0.11	-0.11
Financials	13.18	-2.83	-0.38	12.87	-2.03	-0.25	-0.03	-0.11	-0.14
Consumer Staples	4.11	-4.93	-0.20	5.98	1.35	0.11	0.07	-0.28	-0.21
[Cash]	0.57	1.09	0.01	0.00	0.00	0.00	-0.01	0.00	-0.01
	100.00	**4.11**	**4.11**	**100.00**	**4.28**	**4.28**	**0.28**	**-0.45**	**-0.17**

Source: Xponance, FactSet

Positive Contributors

Industrials – the strategy's underweight exposure to this underperforming sector accounted for most of the positive impact.

Energy – the outperformance of overweight holding Williams Co. (+10.3%) combined with being underweight Exxon Mobil Corp (-0.3%) were the two largest stock contributors. Williams Co's beat earnings expectations due to strong revenue from its natural gas operations. Conversely, Exxon Mobil's performance suffered due to declining oil prices and lower refining margins, leading to reduced profitability, and weaker-than-expected (WTE) earnings.

Negative Contributors

Consumer Staples – the positive allocation contribution derived from being underweight this underperforming sector was more than offset by a negative selection effect. Most of the selection effect was attributed to the stock weakness of Target Corp. (-15.9%). Weaker than expected comparable sales, due to lower consumer spending, resulted in the company reporting earnings results slightly below expectations.

Financials – the negative contribution in this sector was due in part to negative returns to payment companies in the Financial Services industry. Slower-than-expected revenue growth, contributed to a general negative sentiment across the payment sector, impacting PayPal Holdings (-13.4%), Mastercard (-8.3%) and Visa Inc. (-5.8%).

Risk Factor Attribution

Risk Attribution Analysis – Axioma Risk Model

Cash	Industries	Risk Factors	Stock Selection	**Total**
0.01	-0.21	-0.04	0.08	**-0.17**

Risk Factors	Ave Exposure (std dev)	Return (%)	Impact (%)
Volatility	-0.02	-3.62	0.08
Profitability	0.01	2.51	0.02
Liquidity	0.00	-1.24	0.01
MidCap	0.00	0.29	0.00
Earnings Yield	-0.02	0.09	0.00
Leverage	0.00	0.76	-0.01
Exchange Rate Sensitivity	-0.02	0.54	-0.01
Market Sensitivity	0.01	-2.33	-0.01
Value	-0.01	0.81	-0.01
Dividend Yield	0.03	-0.63	-0.02
Size	-0.02	0.66	-0.02
Medium-Term Momentum	-0.02	1.01	-0.02
Growth	-0.03	1.47	-0.05
Total			**-0.04**

Source: Axioma, FactSet

Overall, risk factor positioning had a slight negative impact on performance. The positive contributors included a slight underweight in Volatility, which was beneficial as more volatile stocks underperformed, and a minimal overweight in Profitability and Liquidity. However, these gains were offset by negative impacts from underweight positions in Growth and Medium-Term Momentum. Additionally, Dividend Yield, Size, and Value factors had small negative impacts due to their respective exposures.

As You Sow and ESG Risk Score Attribution

As You Sow Score Attribution

	DEI and ESG Strategy			S&P 500			Attribution Analysis		
As You Sow Score Quintile	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Q1 (High)	57.32	4.46	2.58	40.90	7.13	2.95	0.47	-1.53	-1.06
Q2	13.59	1.39	0.19	16.99	0.28	0.01	0.13	0.16	0.29
Q3	14.63	6.82	1.00	18.31	6.72	1.25	-0.09	0.01	-0.07
Q4	10.51	4.32	0.46	15.40	3.58	0.54	0.03	0.09	0.12
Q5 (Low)	3.36	-2.98	-0.13	8.21	-5.00	-0.46	0.47	0.07	0.54

Source: Xponance, FactSet

ESG Risk Score Attribution

	DEI and ESG Strategy			S&P 500			Attribution Analysis		
ESG Risk Score Quintile	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Q1 (Lowest Risk)	35.85	3.44	0.62	20.85	8.01	0.92	0.60	-1.50	-0.90
Q2	30.11	4.79	1.93	24.55	6.01	2.02	0.10	-0.49	-0.39
Q3	12.91	1.45	0.19	13.80	0.80	0.13	0.04	0.09	0.12
Q4	11.92	9.07	1.07	20.23	4.88	1.00	-0.05	0.49	0.44
Q5 (Highest Risk)	8.45	2.84	0.26	20.23	0.95	0.19	0.38	0.18	0.56

Source: Xponance, FactSet

Performance by As You Sow Score and ESG Risk Score quintile within the S&P 500 was positive and non-monotonic, i.e., Q1 outperformed Q5 and the benchmark. However, the performance of quintiles 2 through 4 was mixed. The non-monotonic performance of quintiles was impacted by the significant outperformance of several large cap growth companies in the Technology, Communication Services and Consumer Discretionary sectors versus the rest of the S&P 500 index. On an equal weighted basis there was only a slight positive performance difference between Q1 and Q5. However, the average equal weighted quintile performance of -2.6% was well below the capitalization weighted S&P 500 index return of +4.3%. In a diversified strategy such as this, the concentration of outperformance in a small group of companies decreases the efficacy of the transferring the benefit from the outperformance of Q1 versus Q5 ranked stocks into a positive selection effect. This is highlighted by the positive performance effect from allocation being more than offset by negative selection.