Quarterly Commentary

Quantitative Portfolio:
Factor-Enhanced Global V+Q

Fourth Quarter (Q4) 2023

Market Environment

The US economy grew at a surprisingly fast pace in the third quarter of 2023, posting its fifth consecutive quarter of growth at or above its potential. The economy's resiliency has been mildly surprising to economists, as many had expected the economy to by this time dive into a recession as a result of the steep hike in interest rates implemented by the Federal Open Market Committee (FOMC). Against this backdrop, the Bureau of Economic Analysis released the third estimate of the third quarter 2023 real GDP, a seasonally adjusted annualized rise of 4.9%, a decline from the 5.2% prior estimate, but a marked increase over the previous quarter. The employment situation remained a mixed bag in the quarter. The November employment report showed that employers added 199,000 jobs in the month, and that the unemployment rate was slightly lower at 3.7%. The FOMC maintained its federal funds rate target range at 5.25% to 5.50% as inflation data trends lower. The FOMC provided a dovish outlook on interest rates, and many analysts believe interest rate cuts could begin soon.

Portfolio Commentary

The Factor-Enhanced Global V+Q strategy generated a gross total return of 7.80% in the fourth quarter, significantly outperforming the 6.60% return of the Global: 69% CRSP LC/ 31% S&P Developed Markets Classic ADR. For the entire year, the strategy finished with a return of 21.06%, compared to the 24.83% 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 and quality asset pricing factors.

Due to the strategy's sector-neutral construction at the time of rebalancing, sector allocation will generally have a relatively minor effect on performance. Such was the case during the latest quarter, as the portfolio's relative performance was driven predominantly by individual security selection. Sector allocation contributed 17 basis points during the quarter, whereas stock selection within sectors accounted for 103 basis points. The sectors having the most positive relative impact from a security selection perspective were Consumer Discretionary and Financials, and the sectors that contributed the least on a relative basis were Information Technology and Utilities.

The position providing the largest contribution to the performance of the Factor-Enhanced Global V+Q strategy during the quarter was Adyen N.V. (ADYE.Y). An overweight to the Financial Services company, which had a return of almost 76%, contributed 21 basis points to performance as a result of its overweight position. The stock's performance also outpaced the 13.9% return of the Financials sector.

The portfolio's overweight to Block, Inc. (SQ) also contributed positively to performance in the quarter. The Financial Services company's stock advanced over 79% on an absolute basis, and also outperformed the 13.9% return of the Financials sector. The position contributed 19 basis points to performance.

Another positive contributor to portfolio performance was an overweight to PulteGroup, Inc. (PHM), as the stock added more than 41%. The Household Durables firm also outperformed the 11.1% return of the overall Consumer Discretionary sector. The overweight position contributed 19 basis points to performance.

A primary detractor from performance during the quarter was an overweight to Cisco Systems, Inc. (CSCO). The Communications Equipment company fell by more than 6%, lagging the 16.7% return of the Information Technology sector. The overweight position detracted 22 basis points from performance.

Bristol-Myers Squibb Company (BMY) experienced a 10% decline during the quarter, detracting 17 basis points as a result of its overweight allocation relative to the index.

Portfolio performance also suffered during the quarter from having an underweight to Microsoft Corporation (MSFT). The Software company's stock gained more than 17%, outperforming the overall Information Technology sector's return of 16.7%.

The consensus for 2024 among economists and analysts is one of cautious optimism, as the FOMC is expected to begin lowering interest rates, and inflation is anticipated to continue to trend lower. Since a large portion of the stock market's gains

© 2024 QRG Capital Management, Inc. All rights reserved.

in 2023 was a result of the performance of a handful of large company stocks, Investors will be paying close attention to market breadth in 2024. In addition, the presidential election campaign will come into increasing focus for many investors.

Model Portfolio Attribution

	Performance Driver	Active Return Contribution	Portfolio Exposure	Average Weight in Model	Comments
Contributors	Adyen N.V. (ADYE.Y)	+21 bps	Overweight	0.54%	The stock of the Financials company gained 76% in the quarter, and outperformed the overall sector's return.
	Block, Inc. (SQ)	+19 bps	Overweight	0.47%	SQ's gain of 79% outperformed the general sector in the quarter.
	PulteGroup, Inc. (PHM)	+19 bps	Overweight	0.83%	PHM's gain of 41% outperformed the general sector in the quarter.
	Lennar Corporation (LEN)	+18 bps	Overweight	1.03%	The Household Durables company's stock had a positive return of 35% in the quarter.
	Broadcom Inc. (AVGO)	+16 bps	Overweight	1.55%	The stock of the Information Technology company gained 34% in the quarter, and outperformed the overall sector's return.
Detractors	Cisco Systems, Inc. (CSCO)	-22 bps	Overweight	1.67%	The Communications Equipment company's stock fell by 6% in the quarter.
	Bristol-Myers Squibb Company (BMY)	-17 bps	Overweight	0.96%	The stock of the Pharmaceuticals firm fell by 10% in the quarter.
	Microsoft Corporation (MSFT)	-15 bps	Underweight	2.95%	The Software company's stock had a positive return of 17% in the quarter.
	Markel Group Inc. (MKL)	-12 bps	Overweight	0.85%	MKL's loss of 3% underperformed the general sector in the quarter.
	Honda Motor Co., Ltd. (HMC)	-12 bps	Overweight	0.72%	HMC, a Consumer Discretionary company, declined 8% 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. 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 qrg@envestnet.com.

FOR ONE-ON-ONE USE WITH A CLIENTS FINANCIAL ADVISOR ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC. QRG-QC-IIMLCESG-0521

© 2024 QRG Capital Management, Inc. All rights reserved.

© 2024 QRG Capital Management, Inc. All rights reserved.

QRG Factor-Enhanced Global V+Q

Period	*Pure Gross Return	Net Return	***Global: 69% CRSP LC/ 31% S&P Developed Markets Classic ADR 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
**2020-06-01 - 2020-12-31	25.68%	23.56%	26.46%	2	nm	n/a	n/a	1,027,821	1,676,298	4,011,352,178	0.03%
2021	23.50%	19.91%	22.28%	4	nm	n/a	n/a	2,097,374	2,848,914	5,883,211,018	0.04%
2022	-13.46%	-16.06%	-17.66%	1	nm	17.61%	20.67%	581,293	2,966,523	5,825,736,102	0.01%
2023	21.06%	17.53%	24.83%	3	nm	16.70%	16.84%	1,962,574	4,741,501	9,254,020,860	0.02%

*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 Global V+Q strategy has an inception and creation date of Jun 01, 2020. The QRG Factor-Enhanced Global V+Q strategy is comprised of domestic US companies and American Depositary Receipts (ADRs) of developed markets companies. The strategy is designed to capture the well-known asset pricing factors value, momentum and quality. The strategy is benchmarked against a blended benchmark which is comprised of 69% CRSP US Large Cap and 31% S&P Developed Markets Classic ADR Index. ***Prior to 7/01/2020 the benchmark comprised of 69% Russell 1000 and 31% S&P Developed Markets Classic ADR Index. The benchmark was changed in order to better represent the investment universe of the strategy.

The QRG Factor-Enhanced Global V+Q composite is comprised of all fee-paying, discretionary accounts with at least $200,000 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 $200,000 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, 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:

2020 - 100%
2021 - 100%

© 2024 QRG Capital Management, Inc. All rights reserved.

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.

© 2024 QRG Capital Management, Inc. All rights reserved.