Quarterly Commentary

Quantitative Portfolio: **Sustainable Emerging Markets ADR Portfolio**

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 Sustainable Emerging Markets ADR Portfolio strategy generated a gross total return of 6.29% in the fourth quarter, materially exceeding the 2.85% return of the S&P Emerging Markets Classic ADR NR. For the full year, the strategy posted a return of 12.71%, compared to the benchmark return of 8.19%. The strategy is quantitatively constructed, with the dual objective of providing passive beta exposure and high ESG outcomes.

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 six basis points during the quarter, whereas stock selection within sectors accounted for 338 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 Health Care and Industrials.

The position providing the largest contribution to the performance of the Sustainable Emerging Markets ADR Portfolio strategy during the quarter was Lenovo Group Limited (LNVG.Y). An overweight to the Technology Hardware, Storage and Peripherals company, which had a return of greater than 39%, contributed 74 basis points to performance as a result of its overweight position. The stock's performance also outpaced the 18.2% return of the Information Technology sector.

An overweight to Companhia Siderúrgica Nacional (SID) during the quarter also benefited performance, as the stock's gain exceeded 76%. The Metals and Mining company contributed 20 basis points to performance, and in the process also outperformed the 13.4% return of the Materials sector.

Banco Santander (Brasil) S.A. (BSBR) 's overweight position relative to the benchmark resulted in a 18 basis point contribution for the portfolio. The Banks company's stock advanced almost 31%, outperforming the overall Financials sector.

Detracting the most from the Sustainable Emerging Markets ADR Portfolio strategy's performance during the quarter was an underweight to Taiwan Semiconductor Manufacturing Company Limited (TSM), which gained more than 19%. However, the stock outperformed the 18.2% return of the Information Technology sector. The Semiconductors and Semiconductor Equipment company detracted 46 basis points from performance.

Also detracting from performance was the portfolio's underweight to Malayan Banking Berhad (MLYB.Y), which gained close to 24%. The Banks company outperformed the 10.3% return of the broader Financials sector. The position detracted 15 basis points from performance.

Another detractor from portfolio performance was an overweight to NetEase, Inc. (NTES), as the stock retreated close to 6%. In addition, the Entertainment firm underperformed the -0.1% return of the overall Communication Services sector. The overweight position detracted 13 basis points from performance.

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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 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	Lenovo Group Limited (LNVG.Y)	+74 bps	Overweight	3.18%	The stock of the Information Technology company gained 39% in the quarter, and outperformed the overall sector's return.
Contributors	Companhia Siderúrgica Nacional (SID)	+20 bps	Overweight	0.46%	SID, a Materials company, advanced 76% in the quarter, and outperformed the overall sector's return.
Contributors	Banco Santander (Brasil) S.A. (BSBR)	+18 bps	Overweight	1.07%	The Banks company's stock advanced 31% in the quarter.
Contributors	Banco Bradesco S.A. (BBD)	+15 bps	Overweight	1.51%	The Banks company's stock had a positive return of 30% in the quarter.
Contributors	Cyrela Brazil Realty S.A. Empreendimentos e Participações (CYRB.Y)	+14 bps	Overweight	0.63%	The stock of the Household Durables firm advanced 31% in the quarter.
Detractors	Taiwan Semiconductor Manufacturing Company Limited (TSM)	-46 bps	Underweight	12.67%	The Semiconductors and Semiconductor Equipment company's stock advanced 19% in the quarter.
Detractors	Malayan Banking Berhad (MLYB.Y)	-15 bps	Underweight	0.57%	MLYB.Y posted a gain of 24%, outperforming the general sector in the quarter.
Detractors	NetEase, Inc. (NTES)	-13 bps	Overweight	2.39%	The Entertainment company's stock had a negative return of 6% in the quarter.
Detractors	Arçelik Anonim Sirketi (ACKA.Y)	-12 bps	Overweight	0.50%	The Consumer Discretionary company ACKA.Y declined 26% in the quarter, and also underperformed the overall sector's return.
Detractors	Meituan (MPNG.Y)	-11 bps	Overweight	2.39%	MPNG.Y, a Consumer Discretionary company, declined 27% in the quarter, and also underperformed the overall sector's return.

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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.

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

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QRG Sustainable Emerging Markets ADR Portfolio

Period	*Pure Gross Return	Net Return	S&P Emerging Markets Classic ADR NR 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	-12.48%	-13.82%	-13.68%	1	nm	n/a	n/a	535,574	1,853,412	1,612,172,628	0.03%
**2018-10-01 - 2018-10-31	-8.05%	-8.30%	-7.92%	1	nm	n/a	n/a	494,577	1,716,679	1,560,694,912	0.03%
**2018-12-01 - 2018-12-31	-3.71%	-3.96%	-4.42%	1	nm	n/a	n/a	496,163	1,768,984	1,604,283,375	0.03%
**2019-01-01 - 2019-02-28	12.44%	11.91%	11.42%	1	nm	n/a	n/a	568,793	1,976,664	1,866,168,195	0.03%
**2019-05-01 - 2019-05-31	-8.96%	-9.21%	-8.46%	1	nm	n/a	n/a	541,263	1,941,526	1,954,235,825	0.03%
**2019-07-01 - 2019-12-31	8.15%	6.55%	8.87%	3	nm	n/a	n/a	2,313,320	2,538,483	2,723,594,504	0.08%
2020	19.14%	15.65%	18.02%	3	nm	n/a	n/a	2,562,313	2,815,461	4,011,352,178	0.06%
2021	-10.26%	-12.94%	-11.81%	3	nm	20.59%	19.95%	445,057	4,195,618	5,883,211,018	0.01%
2022	-17.08%	-19.58%	-20.56%	6	n/a	22.59%	24.09%	3,201,994	4,973,805	5,825,736,102	0.05%
2023	12.71%	9.41%	8.19%	2	nm	21.58%	23.50%	360,293	5,420,318	9,254,020,860	0.00%

*Presented as supplementary information.

**Partial year.

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The QRG Sustainable Emerging Markets ADR 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

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

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

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