

Impact Report:

Quantitative Portfolio: Global Climate Solutions

The **Quantitative Portfolio: Impact Global Climate Solutions** strategy is designed to provide passive exposure to the largest global equity asset classes, including domestic large cap and international developed markets. The portfolio seeks to provide risk exposures and returns similar to those of the blended benchmark. The portfolio excludes fossil fuels and companies involved in major environmental controversies, while allocating to companies involved in creating solutions for climate related issues. The overall portfolio is optimized relative to the benchmark to ensure a positive environmental score, a reduced fossil fuel footprint, and better carbon risk rating.

You Support:



Companies that are environmental leaders and prioritize resource efficiency



Companies with lower carbon emissions relative to their industry



Companies supporting a more sustainable and energy efficient economy



Companies creating products and services to help mitigate pollution and climate change

You Avoid:



Exposure to fossil fuel companies, increased pollution levels and disruptors of natural habitats



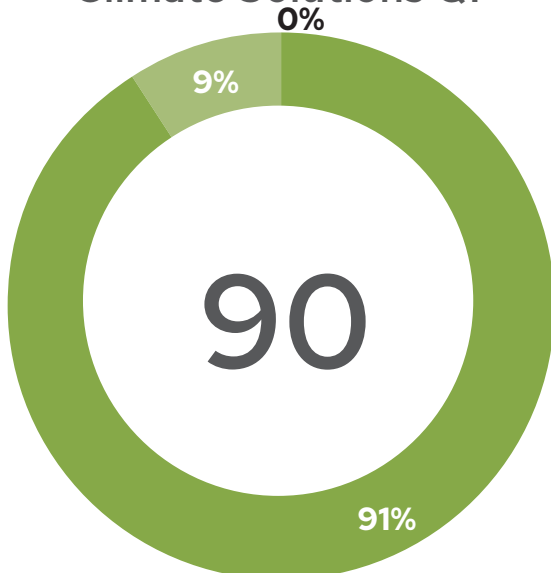
Companies that poorly manage carbon risks



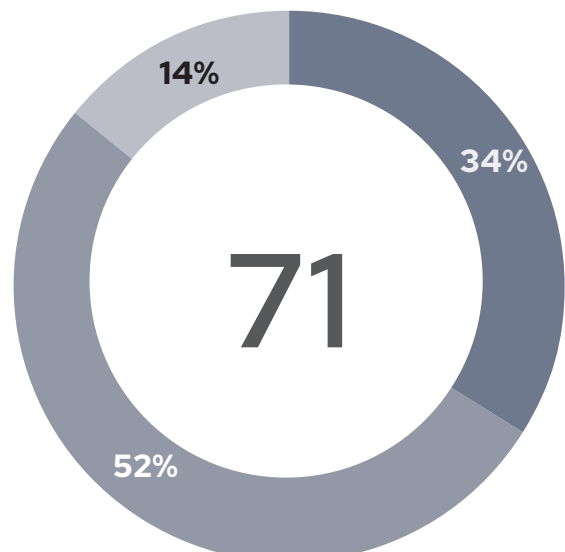
Companies with severe environment related controversies

Environment Score

Climate Solutions QP



Global Equity Benchmark*



● Environmental Innovators ● Average ● Environmental Laggards (0%) ● Environmental Innovators ● Average ● Environmental Laggards

Source: Sustainalytics company level data (Environment Score)

*Benchmark: 69% CRSP US Total Market/31% BNY Mellon Dev Mkt Classic ADR

Tilting the Portfolio

QRG’s optimization process aims to enhance exposure to companies in these climate-conscious categories relative to the index. As a result, the portfolio has an increased allocation to companies solving climate related issues.



Renewable Energy

Portfolio: 245% more exposure compared to the benchmark towards companies providing renewable energy production and transmission

Energy Efficiency

Portfolio: 200% more exposure compared to the benchmark towards companies that are helping implement energy efficient practices



Green Transportation

Portfolio: 200% more exposure compared to the benchmark towards companies providing green transportation options

Green Buildings

Portfolio: 200% more exposure compared to the benchmark towards companies involved in the construction of green buildings



Sustainable Agriculture

Portfolio: 478% more exposure compared to the benchmark towards companies providing sustainable agriculture products

Coal Exposure

Portfolio: 0 coal companies compared to 19 coal companies held in the benchmark



Source: Sustainalytics sustainable products company level revenue data (% revenue exposure)

Benchmark: 69% CRSP US Total Market/31% BNY Mellon Dev Mkt Classic ADR

Company Highlight:

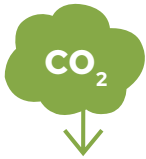


Alstom SA

Alstom SA designs, supplies, and services various rail transport equipment, systems, and services. Through its Rolling Stock business segment, the company offers multiple electric vehicles such as buses, trams, metros, suburban and regional trains, high-speed trains and locomotives. Additionally, as of 25 February 2019, Alstom owns 75% of the shares of Kazakh company, which is specialized in the manufacturing and the maintenance of electric locomotives, especially for the Eurasian Economic Union and CIS markets. The company’s Rolling Stock business segment, which provides electric vehicles, accounted for 43% of total company revenue in FY2018/2019. Additionally, through Alstom’s Systems and Signaling business segments, the company develops green transportation infrastructure, such as sustainable solutions for track laying, the electrification of and power supply to lines, and the supply of electromechanical equipment along the entire track, in stations and in depots. The two business segments that develop green transportation infrastructure (Systems and Signaling) accounted for 38% of total company revenues in FY2018/2019.

Translating Holdings to Carbon Emissions

Tilts are helpful in understanding how the portfolio is aligned with a client’s values, but through QRG’s reporting capabilities, the portfolio’s holdings can be broken down into data clients can easily relate to.



The portfolio holding’s carbon emissions are 57% lower than its benchmark.*

With a \$200,000 investment, the relative reduction is equivalent to the annual carbon emissions of:



1,947 gallons of gasoline



3.7 passenger vehicles driven for one year



19,070 pounds of coal




Carbon sequestered by 286 trees grown for 10 years, or 23 acres of forest in one year

Source: S&P Trucost Company level CO2e data; Environmental Protection Agency website; NPR, 2018

This portfolio produces approximately

34,841 Gigawatt hours (GWh) of Renewable Energy.

➔



Enough to power 3.1 M homes per year

Source: S&P Trucost Company level renewable energy data (kWh)

*Benchmark: 69% CRSP US Total Market/31% BNY Mellon Dev Mkt Classic ADR

Company Highlight:



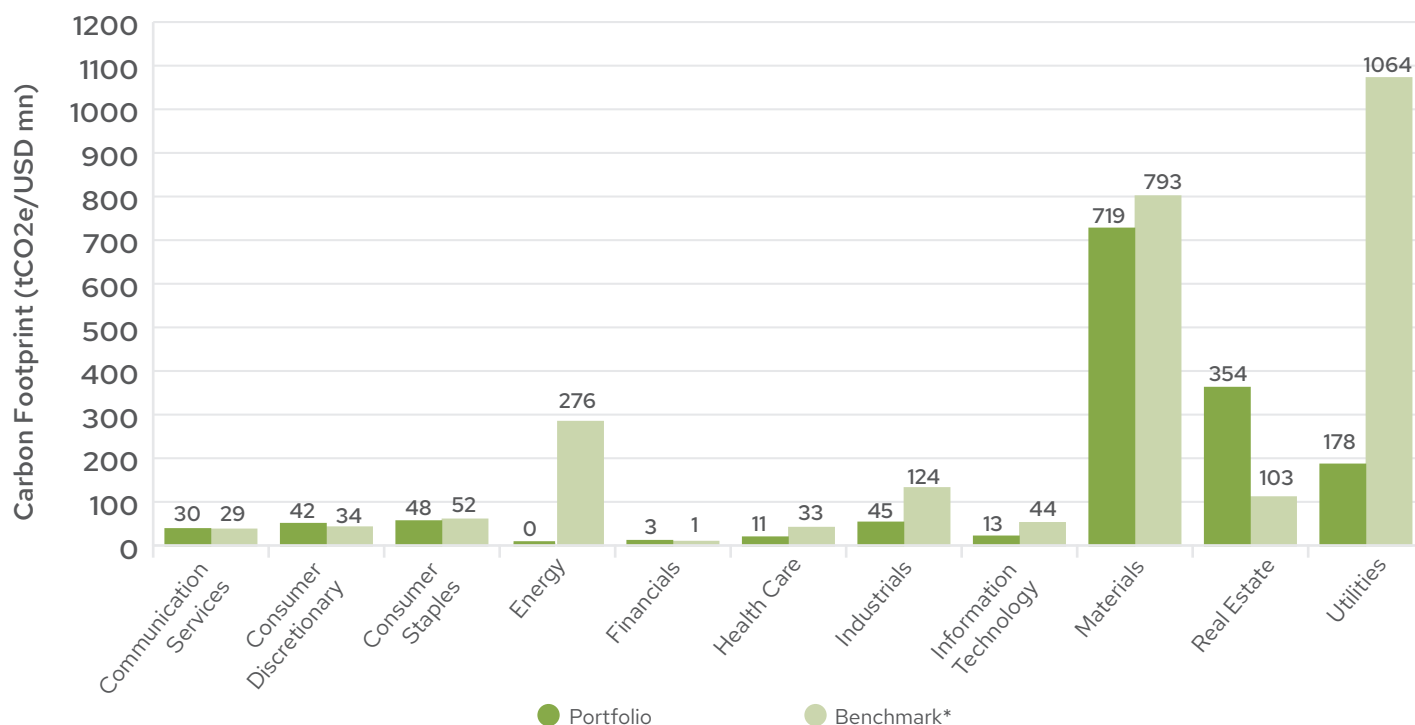
Trane Technologies PLC

Trane Technologies sub-division, Ingersoll-Rand plc, designs, manufactures, sells, and services industrial and commercial products. The company operates through two business segments: Climate and Industrial. Through its Climate segment, the company delivers energy-efficient products and energy services, such as the Trane and American Standard Heating & Air Conditioning which provide heating, ventilation and air conditioning (HVAC) systems, and commercial and residential building services, support and controls, parts, energy management services, among others. Through its Industrial segment, the company offers products and services that enhance energy efficiency, such as compressed air and gas systems and services, power tools, among others.

Reducing the Carbon Footprint

In addition to excluding fossil fuel companies, this portfolio invests in companies that use less carbon relative to peers, reducing the overall carbon footprint.

GICS Sector Carbon Intensity



Source: S&P Trucost Analytics Platform

*Benchmark: 69% CRSP US Total Market/31% BNY Mellon Dev Mkt Classic ADR

Company Highlight:



Apple Inc.

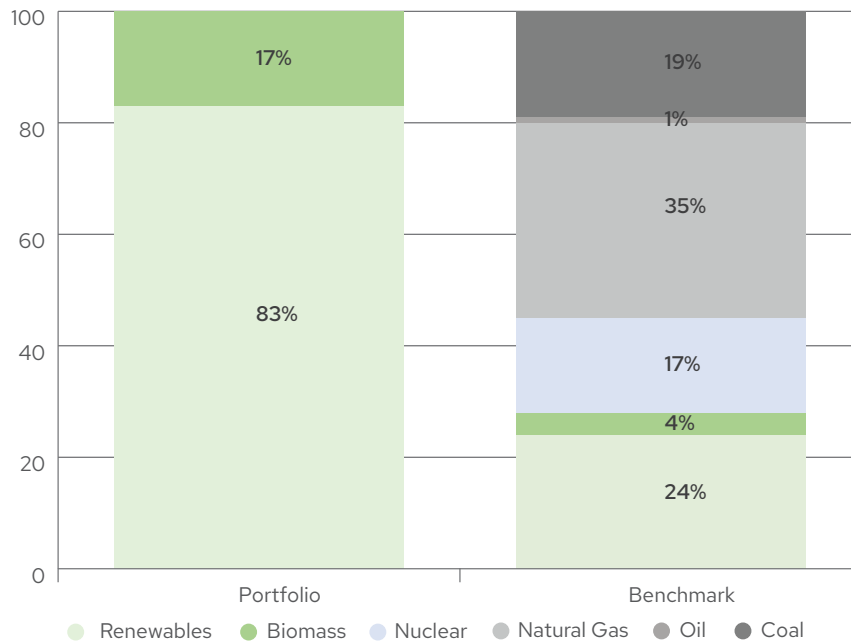
Apple designs a wide variety of consumer electronic devices, including smartphones (iPhone), tablets (iPad), PCs (Mac), smartwatches (Apple Watch), and TV boxes (Apple TV), among others. The iPhone makes up the majority of Apple’s total revenue. Apple’s products run internally developed software and semiconductors, and the firm is well known for its integration of hardware, software and services. The company’s MacBook Air and iMac products acquired an ENERGY STAR certification. Additionally, the company stated that its iPhone 11 smartphone is consuming up to 40% less energy than U.S. Department of Energy requirements for battery charger systems. Revenues derived from the sale of energy-efficient products are not disclosed. However, 55% of the company’s total revenue derive from the sales of iPhone and 8% derive from sales of their Mac products. Therefore, according to Sustainability’s revenue estimation rules, it can be estimated that revenues from energy efficient products accounted for 45% of company’s total revenues in FY2018/2019.

Moving Towards a Low-Carbon Economy

At the portfolio level, QRG’s tilts lead to holding companies that rely less on coal and more on climate-conscious energy sources, such as renewables and nuclear energy.

Energy Generation Mix

Based on the ownership of power-producing companies, this chart shows the apportioned electricity generation (in GWh) in the portfolio by the source of energy, relative to the benchmark.



 **This portfolio has 19% less coal exposure compared to the benchmark.**

Source: S&P Trucost Analytics Platform, Sustainability
 *Benchmark: 69% CRSP US Total Market/31% BNY Mellon Dev Mkt Classic ADR

Company Highlight:



WestRock Co.

WestRock Co. provides forestry and wood products that are produced in a sustainable manner. WestRock engages in the provision of corrugated packaging and consumer packaging such as folding cartons and paperboard. The company states that 85% of its wholly owned manufacturing facilities are Forest Stewardship Council (FSC) certified. Moreover, 100% of its forestland in Brazil and United States is certified to the Brazilian Forest Certification Program (CERFLOR), and Sustainable Forestry Initiative standards. Considering the level of forestland and chain-of-custody certification, it is estimated that revenues from sustainable wood products fell in the range of 80-90% of the company’s total revenues in FY2018.



Appendix – Sustainalytics Definitions

Sustainalytics measures percentage of revenues a company derives from climate solutions through:

1. Reported revenues

If a company reports actual revenues or percentage of revenues derived from a particular category of involvement, we capture this reported figure in the Percentage of Revenue, and Product Revenue data fields.

2. Estimated revenues

If a company does not report actual revenues or a percentage of revenues derived from a particular category of involvement, we:

- a) estimate a revenue range based on a review of business segment revenues, sales data, and quantity and quality of disclosed product information; and then,
- b) take the mid-point of the estimated revenue range as the Percentage of Revenue. For example, if the estimated revenue range is 10-20%, the Percentage of Revenue figure will be the mid-point of this range, 15%.

The **Renewable Energy theme** allocates to companies that generate of renewable energy or in the manufacture of products and services that support renewable energy generation.

The **Energy Efficiency theme** allocates to companies that provide products and services that significantly improve energy efficiency across a broad range of applications.

The **Sustainable Agriculture, Food and Forestry theme** allocates to companies that produce agriculture, food and forestry products and services that are considered sustainable, according to credible global or national certification schemes.

The **Green Buildings theme** allocates to companies that develop, manage, or provide products for sustainable buildings.

The **Green Transportation theme** allocates to companies that provide sustainable transportation products and/or services.

The **Environmental Innovators and Environmental Laggards** are a percentage of companies in the portfolio with a high Environment Score, according to Sustainalytics data. Companies are assessed on a 0-100 scale, on industry specific environmental criteria, with 100 being the best, and 0 being the worst. An innovator is a company that scores in the top quartile and a laggard is a company that scores in the bottom quartile.

Appendix – S&P Trucost Definitions

The **Portfolio Coal Exposure** shows the portfolio and benchmark exposure to companies exceeding the coal thresholds as defined in the upper bar. This report pulls the companies that are generating revenues from the following three coal sectors as defined by Trucost: Bituminous Coal Underground Mining, Bituminous Coal and Lignite Surface Mining, and Coal Power Generation.

The **Revenue Derived from Extractive Activities** shows the portfolio and benchmark dependency on fossil fuel revenues, by calculating the percentage of apportioned revenues coming from fossil fuel extraction activities, in the portfolio and benchmark. Trucost tracks fossil fuel involvement in the following fossil fuel extractive sectors: Crude Petroleum and Natural Gas Extraction, Tar Sands Extraction, Natural Gas Liquid Extraction, Bituminous Coal and Lignite Surface Mining, Bituminous Coal Underground Mining, Drilling Oil & Gas Wells, and Supportive Activities for Oil & Gas Operations.

The **Sector Carbon Intensity** shows the weighted average of the portfolio and benchmark holding's Carbon to Revenue intensity and allocates it by GICS sector. The 'Carbon to Revenue' metric allocates company revenues on an equity ownership basis.



Overview

Index performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

CRSP US Large Cap measures the performance of US companies that comprise the top 85% of investable market capitalization and are traded on NYSE, NYSE Market, NASDAQ or ARCA.

BNY Mellon Dev Mkt Classic ADR is capitalization-weighted and designed to track the performance of approximately 100 developed market-based ADRs.

Disclosure

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. A prospectus or summary prospectus which contains this and other information about these funds can be obtained by contacting your Financial Advisor. Please read the prospectus carefully before investing.

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PMC-IR-QP-CS-0220