



## TRUEALPHA™ ESG STRATEGY

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## Firm Overview

### Firm

- Employee-owned, established 2012
- Model driven, rules-based quantitative investment process
- Specialized in tactical asset allocation, quantitative equity and option overlays
- Partner with clients to develop customized solutions

### Team

- Average 20+ years of institutional investment experience
- Quantitatively driven research team
- Portfolio management team includes 4 Ph.D.'s

### Investment Philosophy

- Long-term outperformance can be achieved by limiting the downside risk during prolonged market downturns
- Investment alpha can be generated through factor-based concentrated portfolios

## Product Options Available for IFP

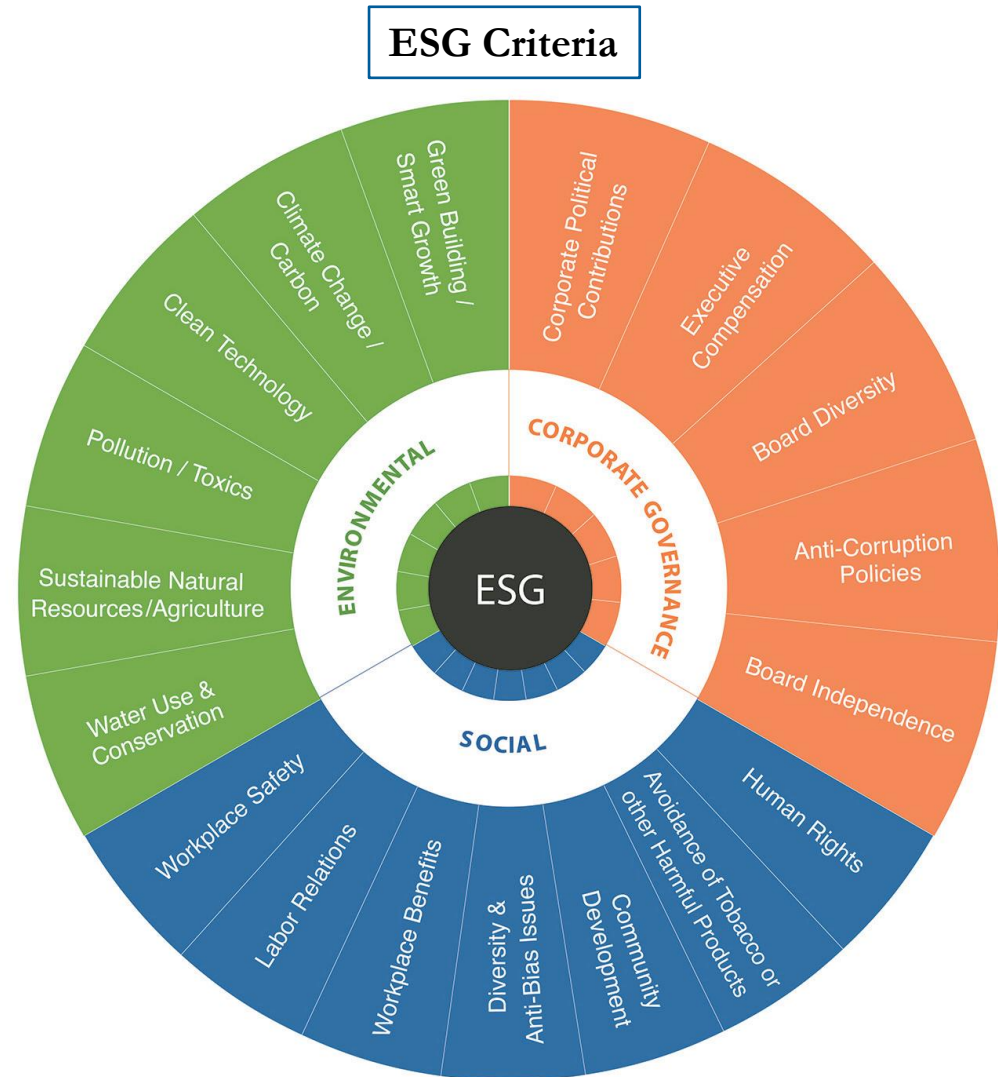
- **ETF Models**
  - ✓ Sector Diversification across both US and International Markets
    - Available for Buckets 2-5
    - Quant driven models with ability to reposition based on Mkt conditions
  - ✓ Target Return based on clients time horizon
- **Concentrated Stock Portfolios**
  - ✓ Long only Quant portfolios consisting of 25 individual stocks
  - ✓ High Income Strategy
    - High Quality stock portfolio generating Total Return and Income
  - ✓ ESG
    - Multi Factor approach
    - Under Valued High Quality Companies

## WHY ESG- Top Drivers

- **Performance**
  - ESG strategies have had solid performance
  - Resiliency in market downturns- Strategies help manage investment risk
- **Increased Demand for ESG options**
  - Clients want to make an impact to social causes or impact investing
  - Younger clients focused on being “Green”
  - 75% of Investors under the age of 55 express interest in learning more
- **Political Environment**
  - New Administration focus on “Green”
  - Heavy spending and growth in the sector
- **Fiduciary Responsibility**

# What is ESG Investing?

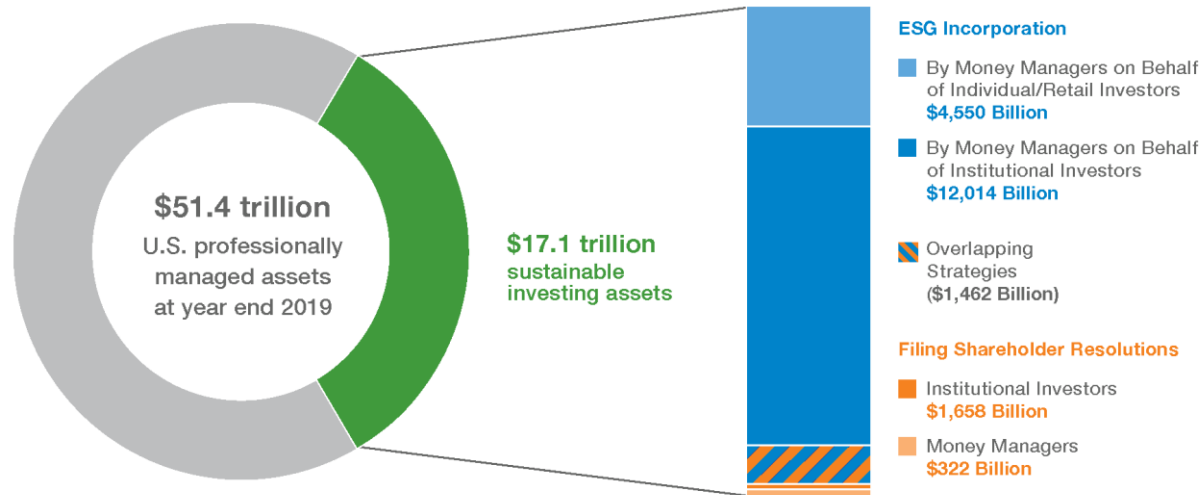
“ Sustainable, responsible and impact investing is an investment discipline that considers environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact. ”



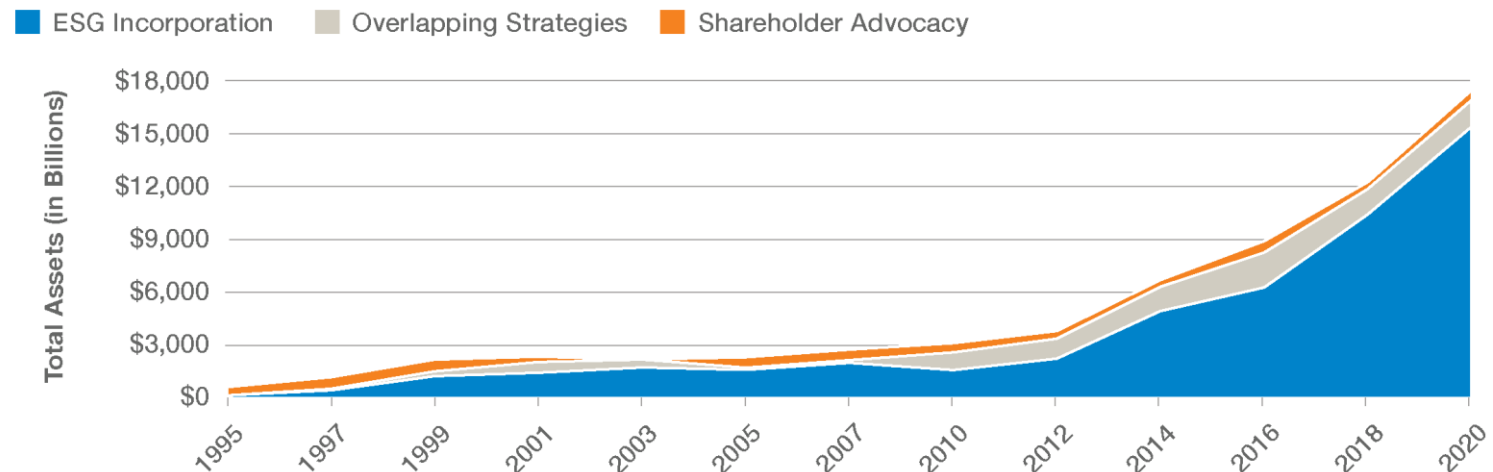
Source: US SIF Foundation

# Current State of ESG Investing

## Size of Sustainable Investing Assets 2020



## Sustainable Investing in the United States 1995-2020



Source: US SIF Foundation

# Refinitiv/S-Network ESG Best Practices Ratings

Refinitiv/S-Network tracks 500+ data points and 156 key performance indicators (KPIs)

## Environmental

Emission reduction

Product Innovation

Resource Reduction

## Social

Community

Diversity

Employment Quality

Health and Safety

Human Rights

Product Responsibility

Training

## Governance

Board Functions

Board Structure

Compensation Policy

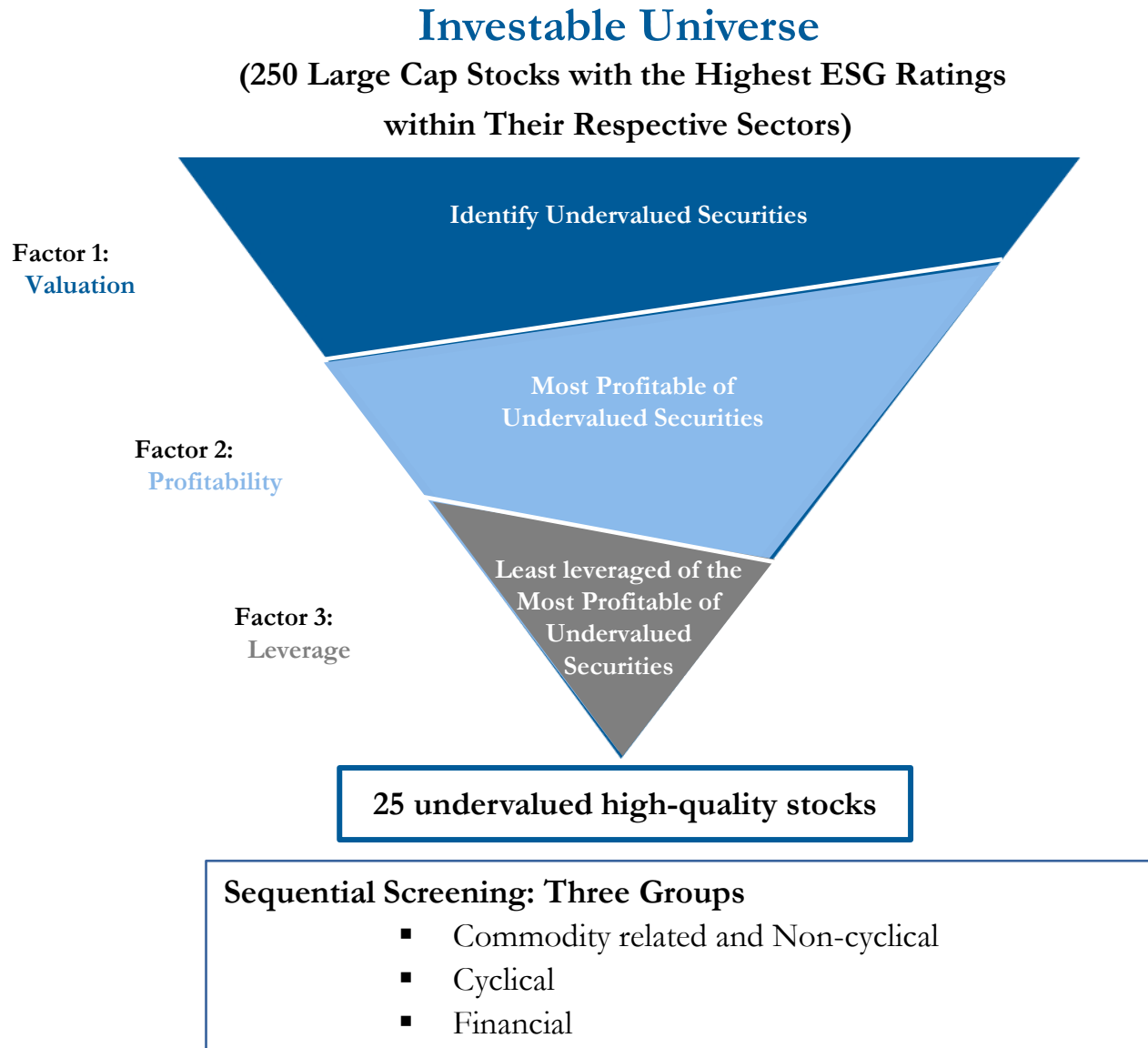
Shareholder Policy

Vision and Strategy

- **Objectives:**
  - ✓ Positive environmental, social and governance (ESG) performance
    - High ESG ratings
    - No tobacco, coal, oil and gas
  - ✓ Outperform the benchmark and the market index in general
- **Stock Selection Process**
  - ✓ Multi factor approach to reduce the bias towards any individual factor
  - ✓ Undervalued and high-quality companies
  - ✓ Equally-weighted concentrated portfolio of 25 stocks with the strongest signals
  - ✓ High active share with a better potential for outperformance
- **Quarterly Model Update**

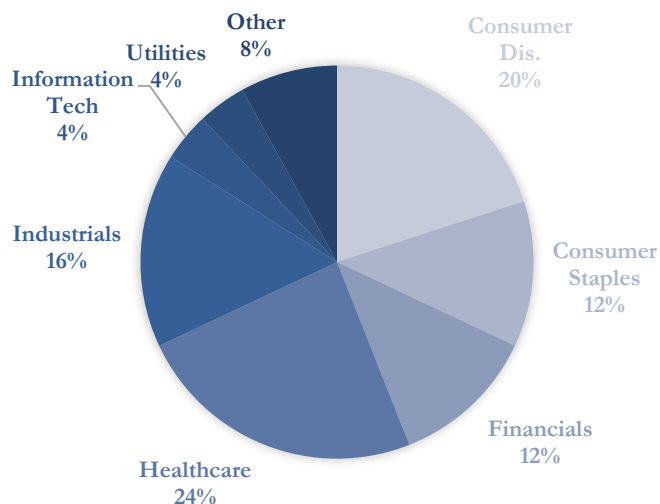


# TrueAlpha™ Stock Selection Model



### Top 10 Holdings (4/1/2021)

Stock	Portfolio Weights (%)
Kimberly-Clark Corporation	4.0
Laboratory Corporation of America	4.0
VMware, Inc. Class A	4.0
Colgate-Palmolive Company	4.0
Conagra Brands, Inc.	4.0
Booz Allen Hamilton Holding Co.	4.0
Waters Corporation	4.0
Allstate Corporation	4.0
Quest Diagnostics Incorporated	4.0
Leidos Holdings, Inc.	4.0



### Portfolio Construction Rule:

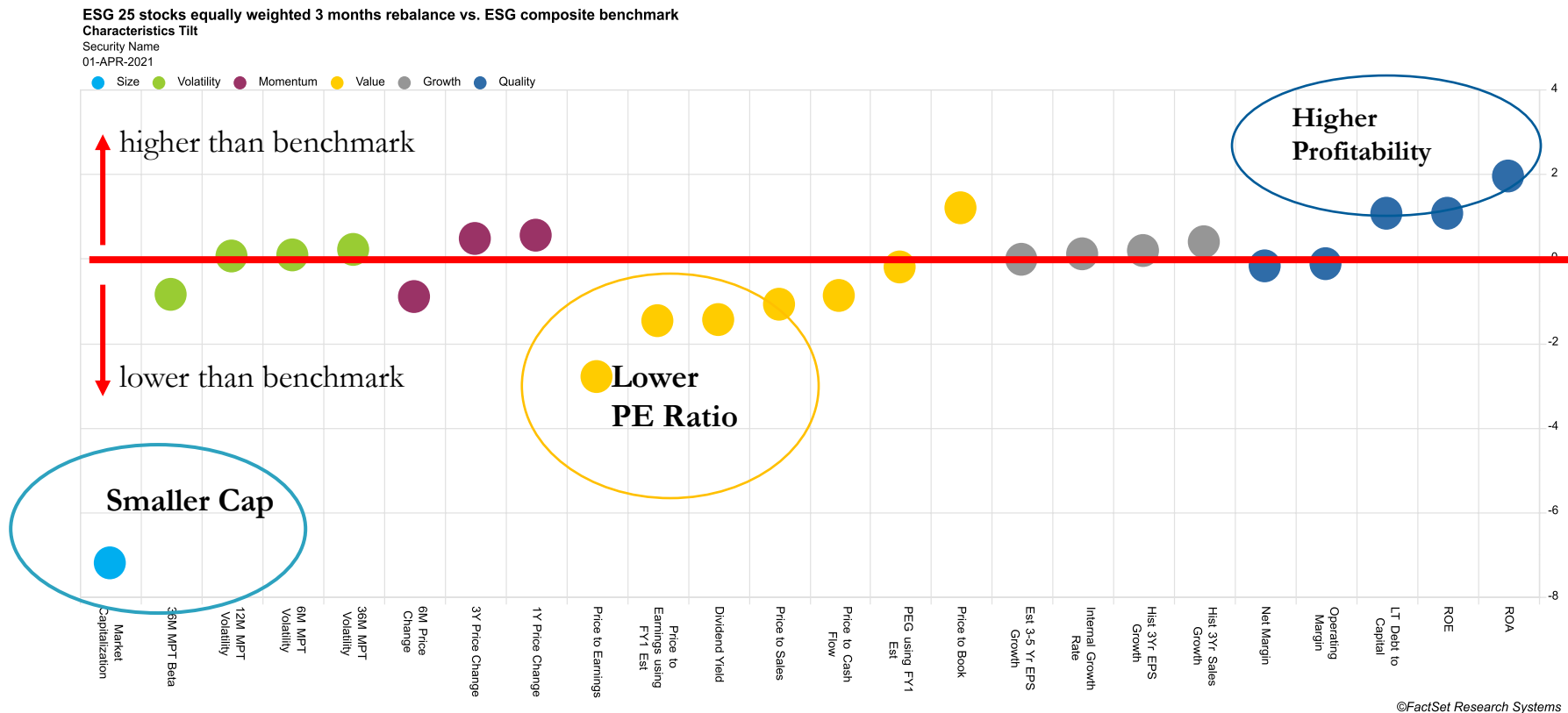
- Equally-weighted portfolio
- Maximum 6 stocks each sector
- Match roughly the index weights among three groups

### Portfolio Characteristics

April 1, 2021	Portfolio	Refinitiv/S- Network US Large Cap ESG Best Practices Index	S&P 500 Index ETF (SPY)
# of Securities	25	245	506
Market Capitalization	33,241.1	279,499.5	477,018.7
Active Share	92.8	--	
Dividend Yield	1.1	1.6	1.4
Price/Earnings	17.0	24.4	25.4
P/E using FY1 Est	16.9	20.5	22.7
P/E using FY2 Est	16.5	18.4	20.3
Est 3-5 Yr EPS Growth	18.0	13.6	14.8
Price/Cash Flow	14.4	15.2	17.1
Price/Book	4.3	4.1	4.2
Price/Sales	2.0	2.7	3.1
ROE	27.2	22.3	23.1
LT Debt to Capital	51.3	47.9	44.7

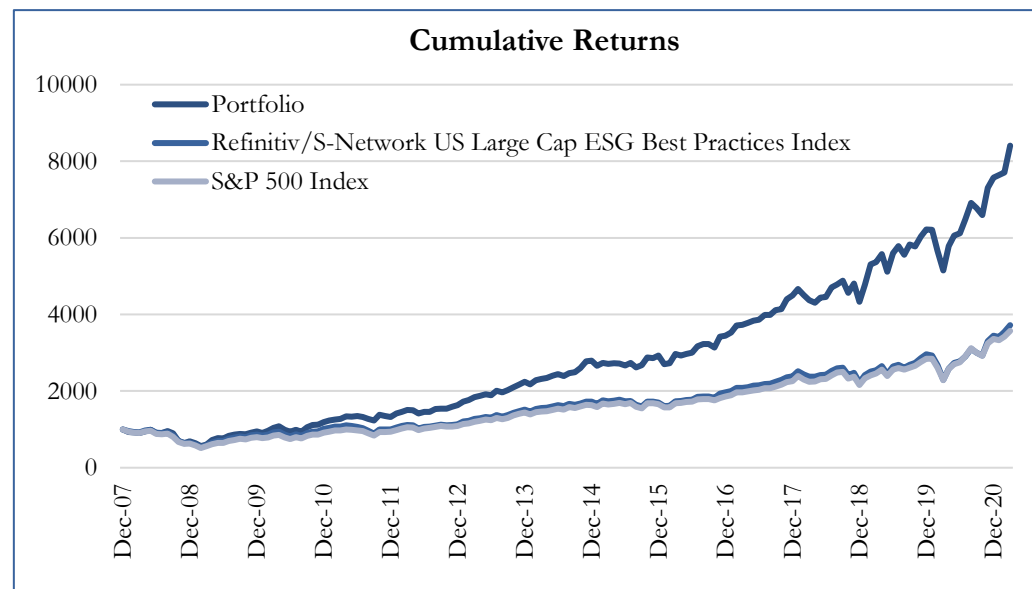
# Factor Tilts - TrueAlpha™ ESG

## vs. Refinitiv/S-Netwrok US Large Cap ESG Best Practices Index



# TrueAlpha™ ESG Back Test Hypothetical Performance

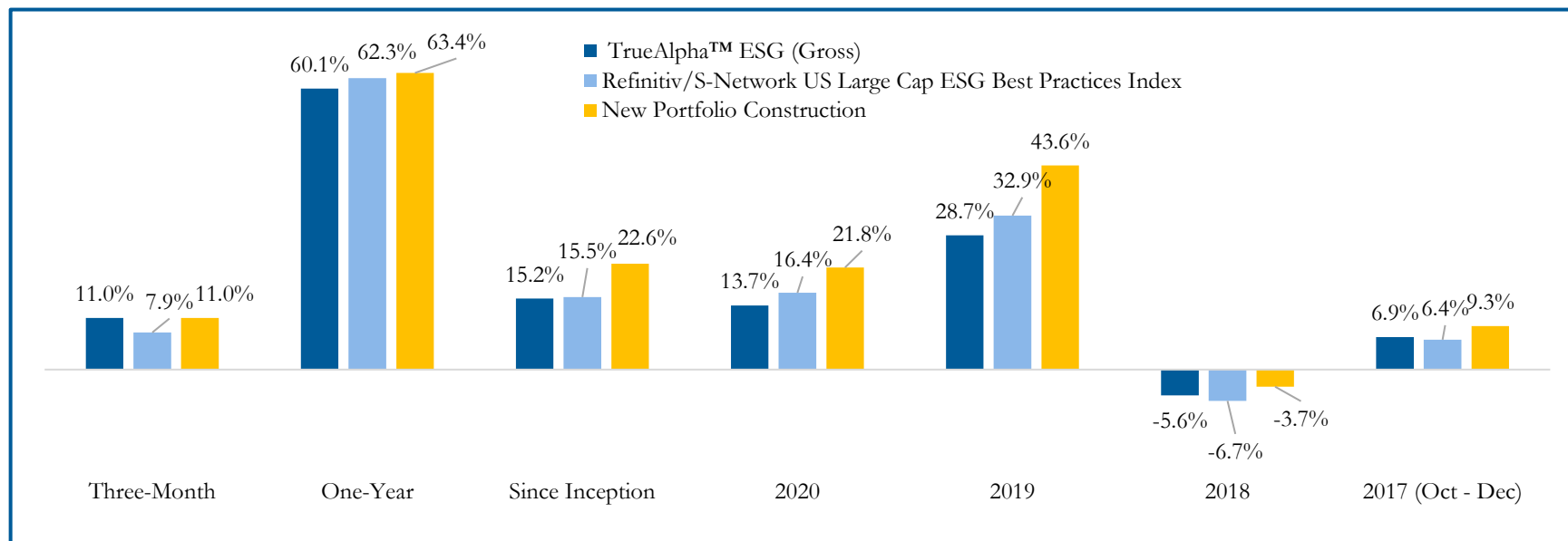
Jan. 2008-March 2021	TrueAlpha™ ESG	Refinitiv/S-Network US Large Cap ESG Best Practices Index	S&P 500 Index
Annual Return	17.4%	10.4%	10.1%
Standard Deviation	18.3%	16.7%	15.9%
Sharpe Ratio (risk free rate = 0.6%)	0.92	0.59	0.60
Maximum Drawdown	-43.0%	-45.3%	-46.4%
Information Ratio	1.00		



Note: The performance results of the TrueAlpha ESG strategy shown on this slide are HYPOTHETICAL based on modeled results and are gross before investment management fees. See Disclosures for more information.

Data Source: FactSet, Refinitiv (Thomson Reuters), Julex Capital Management.

Year	TrueAlpha™ ESG	Refinitiv/S-Network US Large Cap ESG Best Practices Index	S&P 500 Index
2008	-31.2%	-34.3%	-37.0%
2009	37.7%	31.6%	26.5%
2010	25.8%	16.7%	15.1%
2011	10.9%	-1.6%	2.1%
2012	23.4%	13.9%	16.0%
2013	37.3%	33.8%	32.4%
2014	24.5%	13.6%	13.7%
2015	4.8%	-1.3%	1.4%
2016	17.9%	15.8%	12.0%
2017	30.4%	21.4%	21.8%
2018	-3.7%	-6.7%	-4.4%
2019	43.6%	32.9%	31.5%
2020	21.8%	16.4%	18.4%
2021 Jan-Mar	11.0%	7.9%	6.2%



Oct. 2017 – March 2021	TrueAlpha™ ESG (Gross)	TrueAlpha™ ESG (Net)	Refinitiv/S-Network US Large Cap ESG Best Practices Index	Back Test Performance Under New Portfolio Construction
Annualized Return	15.19%	14.62%	15.51%	22.64%
Standard Deviation	19.00%	19.00%	19.19%	19.36%
Sharpe Ratio	0.73	0.70	0.74	1.10

- As of March 31, 2021. Inception date: October 1, 2017.
- Past performance is not an indication of future returns. These are unaudited gross returns. Net Return is the gross return deducted by 0.5% annually.
- **Starting on June 1, 2021, the portfolio construction will change from a cap-weighted portfolio with 25-40 stocks to an equally-weighted portfolio with 25 stocks.**
- Data Source: Bloomberg, Yahoo, Julex Capital Management

# Disclosures

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