

# **RAFI™ Fundamental Low Carbon Transition Index Series**

## **Attribution Summary: Q1 2025**

# Performance

Performance Analysis	QTD Return	QTD Excess Return	YTD Return	1-Year Return	Carbon Intensity (CF/Rev. \$M USD)
RAFI Fundamental Global Low Carbon Transition Index	3.52%	4.74%	3.52%	8.66%	86.81
Solactive GBS Global Markets Large & Mid Cap Index	-1.23%	---	-1.23%	7.52%	139.68

The RAFI Fundamental Global Low Carbon Transition Index was up 3.5% in the first quarter of 2025, leading its cap-weighted benchmark by 4.7% (the MSCI AC World Value Index outperformed the MSCI AC World Growth Index by 11.7%). Value-oriented names proved more resilient than growth amidst a broad-based market contraction. Over the trailing 12-months, the strategy has outpaced its benchmark by 1.1%.

## Global

The first quarter of 2025 gave way to heightened market volatility and uncertainty, as investors digested a slew of tariffs put in place and proposed by President Trump. NVIDIA (-3.7% active weight) was the top contributor, adding 71 bps to return. NVIDIA, along with other US Tech giants, saw their share price plunge in Q1. Although NVIDIA posted record quarterly revenue of 39.3 billion, which was up 12% from the previous quarter and 78% from a year ago, the repercussions from looming tariffs and AI chip exports overshadowed the company's earnings. The second largest contributor to return at 42 bps was Tesla (-1.0% active weight). Tesla's stock fell 35.8% in Q1, which erased the majority of the company's monumental post-election gain. The decline followed disappointing Q4 earnings, a mass recall of Cybertrucks, and controversy surrounding Elon Musk's role as an advisor to the Department of Government Efficiency (DOGE). The third largest contributor was Broadcom (0.9% active weight), which contributed 28 bps to return as the stock dropped 27.6% during the quarter. Combined, the top 5 names contributed 189 bps to return.

## Stock Analysis

### Top Five/Bottom Five Contributors to Excess Return

	Portfolio Weight	Active Weight	Q1 2025 Return	Excess Return Contribution
<b>Top Five Contributors to Return</b>				
NVIDIA	0.22%	-3.67%	-19.29%	0.71%
Tesla	0.23%	-1.00%	-35.83%	0.42%
Broadcom	0.32%	-0.95%	-27.56%	0.28%
Amazon	0.77%	-1.86%	-13.28%	0.24%
Microsoft	1.52%	-2.35%	-10.76%	0.24%
<b>Bottom Five Contributors to Return</b>				
Berkshire Hathaway	0.45%	-0.38%	17.49%	-0.08%
Eli Lilly	0.09%	-0.81%	7.17%	-0.06%
Visa	0.36%	-0.39%	11.08%	-0.05%
Rheinmetall	0.00%	-0.05%	123.88%	-0.05%
GE Aerospace	0.07%	-0.20%	20.23%	-0.04%

## Sector Analysis

12/31/2024 to 3/31/2025	RAFI Fundamental Global Low Carbon Transition Index		Solactive GBS Global Markets Large & Mid Cap Index		Attribution Analysis		
	Port. Average Weight	Port. Total Return	Bench. Average Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
<b>Total</b>	<b>100.00</b>	<b>3.45</b>	<b>100.00</b>	<b>-1.22</b>	<b>1.89</b>	<b>2.78</b>	<b>4.67</b>
Basic Materials	5.55	7.11	3.86	4.37	0.10	0.15	0.24
Communications	8.07	1.62	9.05	-2.18	0.01	0.31	0.32
Consumer Cyclical	9.74	-3.33	10.74	-7.83	0.07	0.46	0.53
Consumer Non-Cyclical	8.06	5.84	6.27	5.40	0.12	0.04	0.16
Energy	7.37	9.88	3.84	9.17	0.36	0.04	0.40
Financials	22.42	7.16	17.59	5.96	0.33	0.25	0.59
Healthcare	9.80	9.74	9.82	5.40	0.01	0.42	0.42
Industrial	8.63	2.85	9.63	1.78	-0.02	0.09	0.07
Real Estate	1.99	3.17	1.94	3.22	0.00	-0.00	0.00
Technology	15.95	-5.97	24.76	-11.36	0.93	0.94	1.87
Utilities	2.41	9.75	2.52	6.11	-0.00	0.08	0.08

At the sector level, strategy outperformance was driven by both allocation and stock selection, with selection effects explaining 278 bps out of the total 467 bps of outperformance. Technology (-8.8% active weight) was the top contributor to return at 187 bps. As mentioned above, the US Tech giants were significantly affected by tariff concerns and lofty valuations. The NASDAQ Composite fell 10.3%, while the NASDAQ 100 dropped 8.0% in Q1. The financial sector (+4.8% active weight) was the second largest contributor at 59 bps. Allocation and stock selection contributed positively to the strategy, as financials were one of the top performing sectors in Q1. Within the financial sector, outperformance was aided by strong returns from Banco Santander, Societe Generale and BNP Paribas. All three companies had a positive active weight in the strategy and posted double-digit returns. Consumer Cyclical (-1.0% active weight) was the third largest contributor to return at 53 bps. Outperformance in the sector was a result of stock selection.

## Geographic Analysis

12/31/2024 to 3/31/2025	RAFI Fundamental Global Low Carbon Transition Index		Solactive GBS Global Markets Large & Mid Cap Index		Attribution Analysis		
	Port. Average Weight	Port. Total Return	Bench. Average Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
<b>Total</b>	<b>100.00</b>	<b>3.45</b>	<b>100.00</b>	<b>-1.22</b>	<b>1.34</b>	<b>3.34</b>	<b>4.67</b>
Developed Asia Pacific	11.03	1.88	8.11	0.76	0.06	0.13	0.19
Developed Europe	20.96	13.75	14.27	10.34	0.75	0.67	1.41
Emerging Americas	1.48	14.91	0.72	12.85	0.10	0.03	0.13
Emerging Asia	9.70	3.27	8.74	0.86	0.03	0.23	0.27
Emerging EMEA	1.27	8.07	1.46	5.97	-0.01	0.02	0.01
United States	51.66	-0.46	63.40	-4.61	0.41	2.23	2.64
Other Developed	3.91	1.28	3.12	0.65	0.02	0.03	0.04

At the region level, the US (-11.7% active weight) was the largest contributor to return at 264 bps. Strategy outperformance in the region was driven by both selection and allocation effects, with selection effects contributing the “lion’s share” (223 bps out of a combined total of 264 bps). Developed Europe (+6.7% active weight) was the second largest contributor at 141 bps. Performance was split between allocation and stock selection. Shell Plc (+0.6% active weight) was a notable company in the Developed Europe region, which added 11 bps to return on the back of an 18.8% share price gain. Emerging Asia (+1.0% active weight) added 27 bps to return, and was the third–largest regional contributor.

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