

RAFI™ Fundamental Reduced Carbon Pathway Index Series Attribution Summary: Q2 2022

Performance

Performance Analysis	QTD Return	QTD Excess Return	YTD Return	1-Year Return	Carbon Intensity (CF/Rev. \$M USD)
RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index	-12.67%	3.37%	-12.84%	-8.51%	149.86
<i>Solactive GBS Developed Markets Large & Mid Cap Index</i>	-16.04%	---	-20.35%	-14.16%	128.73
RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% Index	-10.80%	0.09%	-13.13%	-14.36%	420.95
<i>Solactive GBS Emerging Markets Large & Mid Cap Index</i>	-10.89%	---	-16.58%	-24.02%	304.89
RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index	-12.45%	3.00%	-12.86%	-9.23%	185.79
<i>Solactive GBS Global Markets Large & Mid Cap Index</i>	-15.45%	---	-19.91%	-15.43%	149.31
RAFI Fundamental Global Reduced Carbon Pathway 3.5% GBP Hedged Index	-16.91%	-1.46%	-18.98%	-15.96%	185.79
<i>Solactive GBS Global Markets Large & Mid Cap Index</i>	-15.45%	---	-19.91%	-15.43%	149.31

The RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index and the RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index both outperformed their benchmarks over the quarter, while the RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% Index's performance remained flat and the Reduced Carbon Pathway 3.5% (Hedged) Index underperformed (MSCI AC World Index Value Outperformed MSCI AC Index Growth by 8.8%).

Global

The RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index outperformed its benchmark in Q2 by 3.0%. Furthermore, the index outperformed its benchmark by 7.1% YTD and 6.2% over the course of the last 12 months. Value-oriented strategies generally outperformed over Q2, which drove the index's outperformance relative to its benchmark. The market as a whole contracted and struggled over Q2 as inflation, interest rates, and recession woes created fear in the markets. At the security level, the once high-flyers of 2021 came crashing down in Q2. Both NVIDIA and Tesla, which over the course of 2021 saw their stock prices soar approximately 125% and 50%, respectively, experienced huge price contraction in Q2. The largest contributor to excess return at 34 bps was Amazon. Over Q2, Amazon's share price fell 34.8%. Weaker than expected first quarter earnings, a bleak outlook, and the general market environment severely adversely impacted the company's stock price. Amazon had a 1.5% underweight in the index versus the benchmark. The three largest contributors (Amazon/Tesla/NVIDIA) added a combined 0.9% to excess return and had an underweight of 3.3% in the index versus the benchmark. The largest detractor of excess return at -7 bps was Eli Lilly and Company. The company's stock price rose 13.6% in Q2 and was underweight 0.3% in the index.

	Portfolio Weight	Active Weight	Q2 Return	Excess Return Contribution
Top Five Contributors to Return				
Amazon.com, Inc.	0.37%	-1.47%	-34.84%	0.34%
Tesla Inc	0.03%	-1.11%	-37.51%	0.30%
NVIDIA Corporation	0.09%	-0.75%	-44.43%	0.27%
Exxon Mobil Corporation	1.46%	0.82%	4.75%	0.16%
AT&T Inc.	0.59%	0.35%	17.06%	0.10%
Bottom Five Contributors to Return				
Eli Lilly and Company	0.15%	-0.28%	13.60%	-0.07%
Meituan Class B	0.02%	-0.13%	24.56%	-0.04%
Pinduoduo, Inc. Sponsored ADR Class A	0.01%	-0.05%	54.08%	-0.04%
Ford Motor Company	0.27%	0.18%	-33.75%	-0.04%
Alibaba Group Holding Ltd. Sponsored ADR	0.14%	-0.17%	4.49%	-0.04%

3/31/2022 to 6/30/2022	RAFI Fundamental Global Reduced Carbon Pathway 3.5% 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
Total	100.00	-12.40	100.00	-15.43	1.28	1.74	3.02
Basic Materials	7.11	-19.22	5.35	-19.47	-0.07	0.02	-0.04
Communications	6.48	-11.69	8.34	-17.33	0.04	0.37	0.40
Consumer Cyclical	8.20	-15.21	10.31	-20.80	0.14	0.46	0.59
<i>Amazon.com, Inc.</i>	0.37	-34.84	1.84	-34.84	0.34	--	0.34
<i>MercadoLibre, Inc.</i>	--	--	0.07	-46.46	0.03	--	0.03
Consumer Non-Cyclical	8.85	-8.61	7.92	-6.73	0.09	-0.16	-0.07
Energy	10.68	-4.25	5.10	-4.87	0.61	0.07	0.68
<i>Exxon Mobil Corporation</i>	1.46	4.75	0.64	4.75	0.16	--	0.16
<i>Shell PLC</i>	1.39	-5.85	0.36	-5.85	0.09	--	0.09
Financials	19.79	-14.69	14.68	-15.68	-0.02	0.20	0.19
Healthcare	10.63	-3.78	12.31	-6.69	-0.15	0.28	0.14
Industrial	9.11	-14.82	9.06	-15.72	0.00	0.08	0.08
Real Estate	2.03	-13.25	2.60	-13.72	-0.01	0.01	0.00
Technology	13.00	-18.82	21.26	-21.74	0.55	0.40	0.96
<i>NVIDIA Corporation</i>	0.09	-44.43	0.84	-44.43	0.27	--	0.27
<i>Apple Inc.</i>	2.90	-21.59	4.16	-21.59	0.08	--	0.08
<i>Shopify, Inc. Class A</i>	0.00	-53.94	0.08	-53.94	0.04	--	0.04
Utilities	4.12	-6.60	3.07	-6.72	0.09	0.00	0.10

At the sector level, technology, energy, and consumer cyclical were the main contributors to excess returns. Technology, the top-contributing sector added 96 bps to excess return. The tech sector, as represented by the Nasdaq Composite, got whacked in Q2 (down 22%). Rising rates and downward-revised company forecast estimates had a profound effect on the sector. The RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index benefited from both allocation and selection effects. The index had a tech underweight of 8.3% versus the benchmark. The second-largest contributor to excess return, at 68 bps, was the energy sector. The energy sector, which had a 5.6% overweight in the index, was one of the more resilient sectors over Q2. Allocation effect greatly outweighed selection effect. The third-largest contributor, at 59 bps, was consumer cyclical. The index largely benefited by being underweight Amazon and Tesla.

3/31/2022 to 6/30/2022	RAFI Fundamental Global Reduced Carbon Pathway 3.5% 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
Total	100.00	-12.40	100.00	-15.43	0.19	2.83	3.02
Developed Asia Pacific	12.68	-11.87	9.40	-14.35	0.04	0.32	0.36
<i>Tokyo Electric Power Company Holdings, Incorporated</i>	0.06	25.70	0.01	25.70	0.02	--	0.02
Developed Europe	21.79	-12.06	16.19	-14.47	0.06	0.52	0.58
<i>TotalEnergies SE</i>	0.59	4.16	0.24	4.16	0.07	--	0.07
<i>BP p.Lc.</i>	0.65	-3.54	0.15	-3.54	0.06	--	0.06
Emerging Americas	1.66	-19.16	1.03	-22.09	-0.04	0.05	0.01
Emerging Asia	9.11	-10.48	9.15	-8.97	-0.01	-0.14	-0.15
<i>Alibaba Group Holding Ltd.</i>	0.14	4.49	0.31	4.49	-0.04	--	-0.04
Emerging EMEA	1.17	-16.30	1.66	-13.45	0.01	-0.03	-0.03
United States	49.54	-12.67	58.76	-16.70	0.11	2.01	2.12
<i>Amazon.com, Inc.</i>	0.37	-34.84	1.84	-34.84	0.34	--	0.34
<i>NVIDIA Corporation</i>	0.09	-44.43	0.84	-44.43	0.27	--	0.27
<i>Alphabet Inc. Class A</i>	0.92	-21.65	2.26	-21.66	0.09	0.00	0.09
Other Developed	4.06	-13.02	3.68	-15.59	0.00	0.11	0.11
[Unassigned]	0.00	--	0.14	-30.57	0.02	0.00	0.02

Breaking down the performance of the RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index by region shines a clear light on the main regional out- and underperformers. The United States and Developed Europe were the top-two contributing regions to excess return, with the majority stemming from the United States. The United States provided 212 bps to excess return and had an underweight in the index of 9.2% versus the benchmark. Selection effect vastly outweighed allocation effect and was the primary driver of excess return. As mentioned previously, being underweight in large US names (Amazon/Tesla/NVIDIA) greatly favored index performance over Q2. The second top contributor to excess return at 58 bps was Developed Europe. The Developed Europe region was 5.6% overweight in the index versus the benchmark. As with the United States, selection effect was the primary driver of performance. The RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index did experience a slight performance drag from the Emerging Asia region. Familiar names from this region, such as Tencent and Alibaba, impaired index performance.

Developed

Sector Attribution

3/31/2022 to 6/30/2022	RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index		Solactive GBS Developed 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
Total	100.00	-12.65	100.00	-15.99	1.27	2.07	3.34
Basic Materials	6.41	-19.40	4.78	-19.69	-0.06	0.02	-0.03
Communications	6.44	-12.02	7.92	-19.26	0.05	0.47	0.52
Consumer Cyclical	8.47	-16.86	10.26	-24.05	0.17	0.64	0.81
<i>Amazon.com, Inc.</i>	<i>0.41</i>	<i>-34.84</i>	<i>2.09</i>	<i>-34.84</i>	<i>0.37</i>	<i>--</i>	<i>0.37</i>
<i>Tesla Inc</i>	<i>0.03</i>	<i>-37.51</i>	<i>1.29</i>	<i>-37.51</i>	<i>0.33</i>	<i>--</i>	<i>0.33</i>
Consumer Non-Cyclical	9.30	-8.59	8.17	-6.89	0.12	-0.15	-0.04
Energy	9.73	-3.60	4.98	-4.55	0.56	0.09	0.65
<i>TotalEnergies SE</i>	<i>0.66</i>	<i>4.16</i>	<i>0.27</i>	<i>4.16</i>	<i>0.08</i>	<i>--</i>	<i>0.08</i>
<i>Valero Energy Corporation</i>	<i>0.43</i>	<i>5.52</i>	<i>0.09</i>	<i>5.52</i>	<i>0.06</i>	<i>--</i>	<i>0.06</i>
Financials	18.88	-15.28	13.65	-16.14	-0.01	0.17	0.16
Healthcare	11.76	-3.64	13.42	-6.74	-0.15	0.33	0.18
Industrial	9.65	-15.43	9.57	-16.28	0.00	0.09	0.09
Real Estate	1.86	-15.47	2.67	-14.84	-0.01	-0.01	-0.02
Technology	13.29	-18.79	21.49	-21.76	0.50	0.41	0.91
<i>NVIDIA Corporation</i>	<i>0.10</i>	<i>-44.43</i>	<i>0.95</i>	<i>-44.43</i>	<i>0.29</i>	<i>--</i>	<i>0.29</i>
<i>Block, Inc. Class A</i>	<i>--</i>	<i>--</i>	<i>0.09</i>	<i>-54.68</i>	<i>0.05</i>	<i>--</i>	<i>0.05</i>
Utilities	4.21	-6.71	3.09	-7.03	0.10	0.01	0.11

Country Attribution

3/31/2022 to 6/30/2022	RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index		Solactive GBS Developed 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
Total	100.00	-12.65	100.00	-15.99	0.64	2.70	3.34
Developed Asia Pacific	14.04	-11.82	10.62	-14.34	0.06	0.36	0.42
<i>Sea Ltd. (Singapore) Sponsored ADR Class A</i>	<i>--</i>	<i>--</i>	<i>0.06</i>	<i>-44.19</i>	<i>0.02</i>	<i>--</i>	<i>0.02</i>
Developed Europe	23.14	-12.33	18.32	-14.47	0.08	0.49	0.57
<i>BP p.Lc.</i>	<i>0.73</i>	<i>-3.54</i>	<i>0.17</i>	<i>-3.54</i>	<i>0.07</i>	<i>--</i>	<i>0.07</i>
Emerging Americas	--	--	0.01	-32.85	0.00	--	0.00
Emerging Asia	2.62	-19.51	0.12	0.53	0.39	-0.51	-0.12
Emerging EMEA	--	--	0.09	-26.28	0.01	--	0.01
United States	55.65	-12.65	66.54	-16.69	0.06	2.25	2.31
<i>Amazon.com, Inc.</i>	<i>0.41</i>	<i>-34.84</i>	<i>2.09</i>	<i>-34.84</i>	<i>0.37</i>	<i>--</i>	<i>0.37</i>
<i>Exxon Mobil Corporation</i>	<i>1.64</i>	<i>4.75</i>	<i>0.72</i>	<i>4.75</i>	<i>0.18</i>	<i>--</i>	<i>0.18</i>
<i>AT&T Inc.</i>	<i>0.68</i>	<i>17.06</i>	<i>0.28</i>	<i>17.06</i>	<i>0.12</i>	<i>--</i>	<i>0.12</i>
Other Developed	4.55	-13.05	4.16	-15.58	0.01	0.12	0.12
[Unassigned]	0.00	--	0.14	-31.20	0.02	0.00	0.03

Emerging Markets

Sector Attribution

3/31/2022 to 6/30/2022	RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% 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
Total	100.00	-10.57	100.00	-10.89	-0.17	0.48	0.32
Basic Materials	12.95	-18.81	9.70	-18.70	-0.26	-0.01	-0.27
<i>Vale S.A.</i>	1.99	-27.23	0.98	-27.23	-0.18	--	-0.18
Communications	7.84	-6.71	11.48	-6.35	-0.15	-0.04	-0.19
Consumer Cyclical	7.09	4.62	10.62	5.66	-0.56	-0.09	-0.65
<i>Pinduoduo, Inc. Sponsored ADR Class A</i>	0.06	54.08	0.48	54.08	-0.30	--	-0.30
<i>Alibaba Group Holding Ltd.</i>	1.47	4.49	2.64	4.49	-0.15	--	-0.15
Consumer Non-Cyclical	5.62	-9.96	6.07	-5.16	-0.02	-0.26	-0.29
<i>China Resources Beer (Holdings) Co. Ltd.</i>	0.04	22.32	0.12	22.32	-0.03	--	-0.03
Energy	9.15	-8.11	6.00	-6.82	0.19	-0.11	0.07
Financials	31.00	-11.51	22.47	-13.38	-0.21	0.58	0.38
<i>First Abu Dhabi Bank P.J.S.C.</i>	--	--	0.36	-20.42	0.04	--	0.04
Healthcare	1.50	-12.49	3.87	-5.21	-0.14	-0.11	-0.24
Industrial	4.64	-2.96	5.25	-7.45	-0.02	0.19	0.17
Real Estate	3.63	-2.58	2.01	-1.92	0.12	-0.02	0.10
Technology	12.19	-18.44	19.59	-21.40	0.80	0.40	1.21
<i>Samsung Electronics Co., Ltd.</i>	--	--	4.09	-22.99	0.51	--	0.51
<i>SK hynix Inc.</i>	--	--	0.58	-28.01	0.11	--	0.11
Utilities	4.39	-5.67	2.94	-4.27	0.08	-0.05	0.02

Country Attribution

3/31/2022 to 6/30/2022	RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% Index		Solactive GBS Emerging 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
Total	100.00	-10.57	100.00	-10.89	-1.03	1.35	0.32
Developed Asia Pacific	--	--	0.14	-14.18	0.01	--	0.01
Emerging Americas	18.19	-19.46	8.75	-21.99	-1.07	0.52	-0.55
<i>Itau Unibanco Holding SA Pfd</i>	1.87	-24.90	0.38	-24.89	-0.21	-0.00	-0.21
<i>Vale S.A.</i>	1.99	-27.23	0.98	-27.23	-0.18	--	-0.18
Emerging Asia	70.29	-7.29	77.45	-9.11	-0.12	1.26	1.14
<i>Samsung Electronics Co., Ltd.</i>	--	--	4.09	-22.99	0.51	--	0.51
<i>Geely Automobile Holdings Limited</i>	0.16	46.03	--	--	0.08	--	0.08
<i>China Vanke Co., Ltd Class H</i>	0.41	10.94	0.09	8.19	0.06	0.01	0.07
Emerging EMEA	11.52	-16.31	13.59	-12.70	0.14	-0.43	-0.29
<i>International Holdings Company PJSC</i>	--	--	0.46	51.88	-0.21	--	-0.21
<i>MTN Group Limited</i>	0.36	-38.01	0.22	-38.01	-0.05	--	-0.05
[Unassigned]	0.00	--	0.08	-23.38	0.01	0.00	0.01

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