

# **RAFI™ Fundamental Reduced Carbon Pathway 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 Reduced Carbon Pathway 3.5% Index	3.87%	5.09%	3.87%	8.12%	171.17
<i>Solactive GBS Global Markets Large &amp; Mid Cap Index</i>	-1.23%	---	-1.23%	7.52%	139.68
RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index	3.69%	5.33%	3.69%	7.30%	134.89
<i>Solactive GBS Developed Markets Large &amp; Mid Cap Index</i>	-1.64%	---	-1.64%	7.54%	105.30
RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% Index	4.42%	2.29%	4.42%	15.84%	428.01
<i>Solactive GBS Emerging Markets Large &amp; Mid Cap Index</i>	2.13%	---	2.13%	7.48%	433.20

In the first quarter of 2025, all indices in the RAFI Fundamental Reduced Carbon Pathway series outperformed their respective cap-weighted benchmarks, as value-oriented names proved more resilient than growth amidst a broad-based market contraction. The strongest outperformance came from the RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index, which outpaced its benchmark by 5.3%. Over the trailing 12-months, three out of the four indices have led their benchmarks. The largest value add was the RAFI Fundamental Emerging Custom Reduced Pathway 3.0%, which outperformed its benchmark by 8.4%.

## Global

The RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index demonstrated resiliency in Q1, delivering a return of 3.9% and leading its cap-weighted benchmark by 5.1%. Over the past 12-months, the strategy exceeded its benchmark by 0.6%. 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 72 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 44 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 27 bps to return as the stock dropped 27.6% during the quarter. Combined, the top 5 names contributed 190 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	0.19%	-3.70%	-19.29%	0.72%
Tesla	0.19%	-1.03%	-35.83%	0.44%
Broadcom	0.36%	-0.91%	-27.56%	0.27%
Microsoft	1.35%	-2.53%	-10.76%	0.25%
Alphabet	0.00%	-1.23%	-17.87%	0.22%
<b>Bottom Five Contributors to Return</b>				
Visa	0.22%	-0.52%	11.08%	-0.06%
Eli Lilly	0.13%	-0.78%	7.17%	-0.06%
Rheinmetall	0.00%	-0.05%	123.88%	-0.05%
GE Aerospace	0.08%	-0.19%	20.23%	-0.04%
Glencore	0.25%	0.20%	-18.26%	-0.03%

## Sector Analysis

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>3.85</b>	<b>100.00</b>	<b>-1.22</b>	<b>2.26</b>	<b>2.81</b>	<b>5.07</b>
<b>Basic Materials</b>	<b>6.81</b>	<b>4.55</b>	<b>3.86</b>	<b>4.37</b>	<b>0.17</b>	<b>0.01</b>	<b>0.18</b>
<b>Communications</b>	<b>7.98</b>	<b>2.46</b>	<b>9.05</b>	<b>-2.18</b>	<b>0.02</b>	<b>0.37</b>	<b>0.39</b>
<b>Consumer Cyclical</b>	<b>9.80</b>	<b>-2.84</b>	<b>10.74</b>	<b>-7.83</b>	<b>0.06</b>	<b>0.51</b>	<b>0.58</b>
<b>Consumer Non-Cyclical</b>	<b>7.75</b>	<b>5.75</b>	<b>6.27</b>	<b>5.40</b>	<b>0.10</b>	<b>0.03</b>	<b>0.13</b>
<b>Energy</b>	<b>7.76</b>	<b>10.40</b>	<b>3.84</b>	<b>9.17</b>	<b>0.40</b>	<b>0.08</b>	<b>0.49</b>
<b>Financials</b>	<b>21.97</b>	<b>8.01</b>	<b>17.59</b>	<b>5.96</b>	<b>0.31</b>	<b>0.42</b>	<b>0.73</b>
<b>Healthcare</b>	<b>9.35</b>	<b>8.80</b>	<b>9.82</b>	<b>5.40</b>	<b>-0.02</b>	<b>0.31</b>	<b>0.29</b>
<b>Industrial</b>	<b>9.24</b>	<b>2.86</b>	<b>9.63</b>	<b>1.78</b>	<b>-0.01</b>	<b>0.10</b>	<b>0.09</b>
<b>Real Estate</b>	<b>1.86</b>	<b>2.76</b>	<b>1.94</b>	<b>3.22</b>	<b>-0.00</b>	<b>-0.01</b>	<b>-0.01</b>
<b>Technology</b>	<b>13.91</b>	<b>-5.59</b>	<b>24.76</b>	<b>-11.36</b>	<b>1.16</b>	<b>0.87</b>	<b>2.03</b>
<b>Utilities</b>	<b>3.56</b>	<b>9.23</b>	<b>2.52</b>	<b>6.11</b>	<b>0.08</b>	<b>0.10</b>	<b>0.18</b>

At the sector level, strategy outperformance was driven by both allocation and stock selection, with selection effects explaining 281 bps out of the total 507 bps of outperformance. Technology (-10.9% active weight) was the top contributor to return at 203 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 (+4.4% active weight) was the second largest contributor at 73 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 (-0.9% active weight) was the third largest contributor to return at 58 bps. Outperformance in the sector was a result of stock selection.

## Geographic Analysis

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>3.85</b>	<b>100.00</b>	<b>-1.22</b>	<b>1.49</b>	<b>3.59</b>	<b>5.07</b>
<b>Developed Asia Pacific</b>	<b>12.10</b>	<b>1.89</b>	<b>8.11</b>	<b>0.76</b>	<b>0.08</b>	<b>0.14</b>	<b>0.23</b>
<b>Developed Europe</b>	<b>21.58</b>	<b>13.90</b>	<b>14.27</b>	<b>10.34</b>	<b>0.81</b>	<b>0.72</b>	<b>1.54</b>
<b>Emerging Americas</b>	<b>1.29</b>	<b>13.78</b>	<b>0.72</b>	<b>12.85</b>	<b>0.07</b>	<b>0.02</b>	<b>0.09</b>
<b>Emerging Asia</b>	<b>10.53</b>	<b>3.15</b>	<b>8.74</b>	<b>0.86</b>	<b>0.05</b>	<b>0.24</b>	<b>0.28</b>
<b>Emerging EMEA</b>	<b>1.29</b>	<b>7.92</b>	<b>1.46</b>	<b>5.97</b>	<b>-0.01</b>	<b>0.02</b>	<b>0.01</b>
<b>United States</b>	<b>49.39</b>	<b>0.17</b>	<b>63.40</b>	<b>-4.61</b>	<b>0.49</b>	<b>2.42</b>	<b>2.91</b>
<b>Other Developed</b>	<b>3.82</b>	<b>1.16</b>	<b>3.12</b>	<b>0.65</b>	<b>0.01</b>	<b>0.02</b>	<b>0.03</b>

At the region level, the US (-14.0% active weight) was the largest contributor to return at 291 bps. Strategy outperformance in the region was driven by both selection and allocation effects, with selection effects contributing the “lion’s share” (242 bps out of a combined total of 291 bps). Developed Europe (+7.3% active weight) was the second largest contributor at 154 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 28 bps to return on the back of an 18.8% share price gain. Emerging Asia (+1.8% active weight) added 28 bps to return, and was the third–largest regional contributor.

# Developed

## 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%	-4.14%	-19.29%	0.78%
Tesla	0.22%	-1.15%	-35.83%	0.48%
Broadcom	0.40%	-1.02%	-27.56%	0.30%
Microsoft	1.55%	-2.80%	-10.76%	0.27%
Alphabet	0.00%	-1.38%	-17.87%	0.24%
<b>Bottom Five Contributors to Return</b>				
Eli Lilly	0.14%	-0.88%	7.17%	-0.07%
Visa	0.27%	-0.57%	11.08%	-0.07%
Rheinmetall	0.00%	-0.06%	123.88%	-0.05%
Glencore	0.29%	0.23%	-18.26%	-0.04%
GE Aerospace	0.10%	-0.20%	20.23%	-0.04%

## Sector Attribution

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>3.68</b>	<b>100.00</b>	<b>-1.63</b>	<b>2.48</b>	<b>2.83</b>	<b>5.31</b>
Basic Materials	6.22	3.83	3.48	4.26	0.16	-0.02	0.14
Communications	8.01	1.40	8.83	-3.98	0.02	0.44	0.46
Consumer Cyclical	9.56	-5.84	10.64	-10.45	0.10	0.47	0.57
Consumer Non-Cyclical	8.15	5.95	6.46	5.86	0.13	0.01	0.14
Energy	7.65	11.20	3.75	10.40	0.46	0.05	0.51
Financials	21.26	8.04	16.84	6.12	0.33	0.38	0.72
Healthcare	10.37	9.18	10.60	5.57	-0.01	0.37	0.36
Industrial	9.63	3.40	9.98	2.12	-0.01	0.12	0.11
Real Estate	1.72	3.10	1.97	3.55	-0.01	-0.01	-0.02
Technology	13.80	-5.42	24.97	-11.69	1.19	0.93	2.12
Utilities	3.62	10.03	2.47	7.25	0.10	0.09	0.20

## Country Attribution

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>3.68</b>	<b>100.00</b>	<b>-1.63</b>	<b>1.97</b>	<b>3.34</b>	<b>5.31</b>
Developed Asia Pacific x JP	3.17	1.38	2.88	0.38	0.01	0.03	0.04
Europe - Non-EU	4.60	12.51	4.06	8.37	0.05	0.18	0.24
European Union	13.19	16.08	8.32	11.70	0.62	0.53	1.16
Japan	10.34	2.01	6.18	0.81	0.11	0.12	0.24
Other	2.17	5.70	0.16	20.76	0.41	-0.29	0.12
Other Developed	4.33	1.16	3.49	0.65	0.02	0.02	0.04
United Kingdom	6.40	10.32	3.62	9.51	0.30	0.05	0.35
United States	55.78	0.08	71.08	-4.61	0.46	2.69	3.15

# Emerging Markets

## 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>				
Taiwan Semiconductor Manufacturing	4.13%	-5.13%	-16.03%	1.01%
Alibaba	3.81%	1.10%	55.09%	0.49%
JD.com, Inc. Sponsored ADR Class A	1.56%	1.56%	0.00%	0.23%
Petroleo Brasileiro SA	2.46%	2.12%	10.75%	0.18%
Vale	1.61%	1.17%	16.56%	0.17%
<b>Bottom Five Contributors to Return</b>				
Hon Hai Precision Industry	1.91%	1.15%	-21.65%	-0.32%
Tencent	2.69%	-1.51%	19.00%	-0.23%
Samsung Electronics	0.00%	-2.17%	9.27%	-0.15%
PDD Holdings	0.32%	-0.59%	22.02%	-0.12%
JD.com, Inc. Class A	0.00%	-0.68%	18.05%	-0.10%

## Sector Attribution

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>4.41</b>	<b>100.00</b>	<b>2.12</b>	<b>0.71</b>	<b>1.58</b>	<b>2.29</b>
Basic Materials	10.62	6.58	6.92	4.81	0.11	0.18	0.29
Communications	7.45	11.71	10.84	10.11	-0.24	0.10	-0.14
Consumer Cyclical	10.97	19.54	11.50	14.31	-0.06	0.49	0.43
Consumer Non-Cyclical	4.49	3.38	4.66	0.29	0.02	0.14	0.16
Energy	8.02	4.10	4.56	1.14	-0.02	0.24	0.22
Financials	28.44	6.96	23.75	5.08	0.13	0.52	0.65
Healthcare	1.39	-5.63	3.42	1.11	0.02	-0.10	-0.08
Industrial	5.98	-3.29	6.68	-2.24	0.03	-0.08	-0.05
Real Estate	3.16	1.37	1.69	0.06	-0.02	0.04	0.01
Technology	16.27	-8.74	23.03	-8.31	0.74	-0.05	0.69
Utilities	3.20	2.66	2.95	-1.26	0.00	0.12	0.12

## Country Attribution

12/31/2024 to 3/31/2025	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
<b>Total</b>	<b>100.00</b>	<b>4.41</b>	<b>100.00</b>	<b>2.12</b>	<b>2.32</b>	<b>-0.02</b>	<b>2.29</b>
Brazil	8.56	14.89	4.29	14.26	0.48	0.10	0.59
China	41.82	10.84	28.23	14.53	1.70	-1.44	0.26
Emerging Europe	3.71	11.92	1.84	5.28	0.06	0.23	0.29
India	10.94	-2.18	18.88	-2.99	0.41	0.09	0.50
Latin America x Brazil	2.88	10.21	2.41	10.35	0.04	-0.01	0.04
Middle East and Africa	7.97	6.12	10.75	4.29	-0.04	0.14	0.10
Other	--	--	0.24	29.88	-0.06	--	-0.06
South Korea	--	--	9.49	4.88	-0.24	--	-0.24
Southeast Asia	24.12	-8.98	23.85	-12.19	-0.03	0.85	0.82

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