

RAFI™ ESG Index Series

SUPPORTS INVESTORS' GOALS OF SOCIAL RESPONSIBILITY AND LONG-HORIZON OUTPERFORMANCE

The RAFI ESG Index strategy helps investors seek the dual objectives of sustainability and long-horizon outperformance by combining traditional ESG metrics with financial discipline and gender diversity measures and with the proven return engine of the Fundamental Index™ approach.

- Integrates environmental, social, and governance metrics
- Offers potential for improved returns with financial discipline and diversity
- Systematically rebalances to fundamental weight to achieve excess returns

CORNERSTONES OF RAFI ESG INVESTMENT PROCESS

Security Selection

Securities are individually ranked by their environment, social, governance, financial discipline, and diversity scores. Companies in the bottom 10% by RAFI weight by each score are removed.

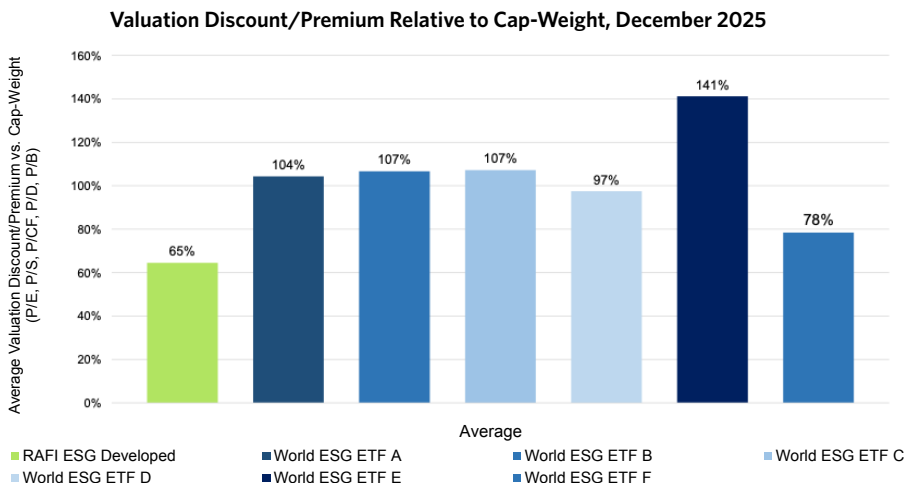
Exclusions

Companies in the following industries are excluded: fossil fuels,¹ gambling, tobacco, and weapons.²

Weighting

Using fundamental weighting, security positions are based on ESG scores and in favor of more sustainable companies.

VALUATION OF RAFI ESG VS OTHER ESG INDEX STRATEGIES



Source: Research Affiliates, LLC., based on data from Factset. Cap-Weight benchmark used for analysis is the Solactive GBS Developed Markets Large and Mid Cap Index. Discount/Premiums calculated by taking the average P/E, P/S, P/CF, P/D and P/B ratios relative to cap-weight. For illustrative purposes only.

¹ Includes companies that derive greater than 10% of revenue from fossil fuel activities, coal companies, and oil sands.

² Includes both controversial weapons and civilian firearms.

INDEX OVERVIEW

Expected Outcomes and Benefits

1. The RAFI ESG Index series is designed for investors seeking to positively impact environmental, social, and governance concerns.
2. The strategy helps investors seek the dual objectives of social responsibility and long-horizon outperformance.
3. By supplementing traditional ESG metrics with a focus on financial discipline and diversity, the approach holds the potential to improve index quality, governance, and return.
4. Constructed by applying the Fundamental Index approach, the strategy incorporates the principles of contrarian investing and disciplined rebalancing.

The RAFI ESG Index strategy promotes sustainability, financial discipline, and gender diversity, while delivering the potential for added returns through a thoughtful smart beta approach.

Signatory of:



BENEFITS OF EMPHASIZING FINANCIAL DISCIPLINE AND DIVERSITY

The RAFI ESG Index strategy offers an effective approach for investors who seek increased risk mitigation along with the integration of their sustainability and investment objectives.

We define the elements of ESG practiced by an entity as follows:

- **Responsible Environmental Management** — Performing as a good steward of the natural environment, measured using a broad array of environmental metrics.
- **Active Social Engagement** — Managing relationships with employees, suppliers, customers, and the community with respect and with appreciation of diverse viewpoints.
- **Good Governance Practices** — Focusing on long-term value creation and appropriately balancing the interests of a company's many stakeholders.

OUR FORECASTING TOOL



Asset Allocation Interactive

Expected returns & volatilities for 140+ assets over 40 countries, model portfolios and other strategies.

Visit researchaffiliates.com/aai.

RELATED RESEARCH

"The Time Is Now: Climate Transition Investing for US Investors"

Brightman, Kalesnik, Polychronopoulos

"Is ESG a Factor?"

Polychronopoulos, West

"Green Data or Greenwashing? Do Corporate Carbon Emissions Data Enable Investors to Mitigate Climate Change?"

Kalesnik, Wilkens, Zink

"What a Difference an ESG Ratings Provider Makes!"

Li, Polychronopoulos

RESEARCH AFFILIATES

At a Glance

US\$181B*

in assets managed worldwide using investment strategies developed by Research Affiliates.

400+ articles published

Important recognitions** include:

Graham & Dodd Awards

"What Is Quality?"

"Reports of Value's Death May Be Greatly Exaggerated"

William F. Sharpe Indexing Achievement Award

"Fundamental Indexation"

"Rebalancing and the Value Effect"

Bernstein Fabozzi/Jacobs Levy Award

"Alice's Adventures in Factorland: Three Blunders That Plague Factor Investing"

"A Study of Low-Volatility Portfolio Construction Methods"

2002

Founded by Rob Arnott and based in Newport Beach, California.

FIRM LEADERSHIP

Average of 40+ years in industry experience.



Rob Arnott

Partner, Chair



Katrina Sherrerd, PhD, CFA

Partner, Vice Chair & Chief Executive Officer



Jim Masturzo

Partner, Chief Investment Officer



Campbell Harvey, PhD

Partner, Director of Research

*As of December 31, 2025

**Research Affiliates, LLC and its affiliates did not pay fees to be considered for the awards mentioned herein.

The material contained in this document is for informational purposes only. Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. RAFI Indices, LLC, its affiliates, agents, and each of their respective officers, directors, employees, agents, representatives and licensors (collectively "RI") does not make any warranties, express or implied, to anyone regarding the information provided herein, including, without limitation, any warranties with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for a particular purpose or any warranties as to the results to be obtained by any third-party in connection with the use of the information.

Past performance is not indicative of future results. Certain performance information presented represents simulated performance or performance based on combined simulated index data (pre-index launch) and live index data (post-index launch). Past simulated performance is no guarantee of future performance and does not represent actual performance of an investment product based on an index. No allowance has been made for trading costs, management fees, or other costs associated with asset management, as the information provided relates only to the index itself. Performance data includes reinvestment of all dividends and income. Indexes are unmanaged and cannot be invested in directly. Actual investment results will differ.

The trademarks Fundamental Index™, RAFI™, Research Affiliates Equity™, RAE™ and the Research Affiliates™ trademark and corporate name and all related logos are the exclusive intellectual property of Research Affiliates, LLC ("RA") and in some cases are registered trademarks in the U.S. and other countries. Various features of the Fundamental Index methodology, including an accounting data-based noncapitalization data processing system and method for creating and weighting an index of securities, are protected by various patents of RA. (See applicable US Patents, Patent Publications and protected trademarks located at <https://www.researchaffiliates.com/legal/disclosures#patent-trademarks-and-copyrights>, which are fully incorporated herein.) Any use of these trademarks, logos, or patented methodologies without the prior written permission of RA, is expressly prohibited. RA reserves the right to take any and all necessary action to preserve all of its rights, title, and interest in and to these marks and patents. RAFI Indices, LLC does not offer or provide investment advice or offer or sell any securities, commodities or derivative instruments or products.

© 2026 RAFI Indices, LLC. All rights reserved. Duplication or dissemination prohibited without prior written permission.