

RAFI™ Fundamental Low Carbon Transition Index Series

Attribution Summary: Q4 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	5.15%	1.77%	27.06%	27.06%	91.60
Solactive GBS Global Markets Large & Mid Cap Index	3.38%	---	23.28%	23.28%	126.39

The RAFI Fundamental Global Low Carbon Transition Index was up 5.2% in Q4, leading its cap-weight benchmark by 1.8% (the MSCI AC World Value Index outperformed the MSCI AC World Growth Index by 0.9%). Over the past 12–months, the strategy has had robust outperformance to the tune of 3.8%.

Global

The strong Q4 result exhibited by RAFI Fundamental Global Low Carbon Transition Index capped off an impressive 2025 calendar year, with the strategy returning 27.1%. The fourth quarter of 2025 gave way to investors diversifying out of US frothy mega–cap names as market breadth expanded. Excluding Alphabet, which saw its stock pop 28.9% in Q4, the other constituents of the MAG7 saw their share price slide or post slight gains. The average return across the MAG7 over Q4 was 3.6%, which paled in comparison to the prior two quarters (Q2 +21.5% and Q3 +17.7%). Microsoft (-2.2% active weight) was the top contributor to return at 22bps. Microsoft’s stock fell 6.5% in Q4 amid selling pressures resulting from stretched valuations, AI–related CAPEX, and broad rotation out of US mega–cap names. Samsung (0.3% active weight) found its way onto the top contributors list in Q4, adding 10bps to return. Samsung’s stock shot up 39.6% in Q4 (+134.9% in 2025). Surging memory chip demand led to record third quarter operating profits, which rose to 12.2 trillion Won (more than doubling over the previous quarter). Another notable mention was Oracle (-0.2% active weight). The company saw its stock price plunge 30.6% in Q4, making it one of the steepest drops since 2001. Investors grew skeptical about the company’s ability to open more server farms for OpenAI. In addition, worries about accumulating massive amounts of debt came into focus.

Stock Analysis

	Portfolio Weight	Active Weight	Q4 2025 Return	Excess Return Contribution
Top Five Contributors to Return				
Microsoft	1.93%	-2.15%	-6.45%	0.22%
NVIDIA	0.39%	-4.43%	-0.04%	0.15%
Samsung	0.68%	0.31%	39.61%	0.10%
Oracle	0.20%	-0.24%	-30.58%	0.10%
Netflix	0.20%	-0.29%	-21.80%	0.09%
Bottom Five Contributors to Return				
Alphabet	1.74%	-1.71%	28.93%	-0.38%
Eli Lilly	0.11%	-0.79%	41.06%	-0.24%
Taiwan Semiconductor Manufacturing	0.30%	-0.94%	15.60%	-0.11%
Micron Technology	0.12%	-0.16%	70.75%	-0.08%
Marathon Petroleum Corporation	0.30%	0.24%	-15.19%	-0.05%

Sector Analysis

9/30/2025 to 12/31/2025	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
Total	100.00	5.15	100.00	3.37	0.26	1.51	1.78
Basic Materials	5.90	9.46	3.86	6.42	0.07	0.17	0.24
Communications	7.88	1.45	9.62	2.44	0.02	-0.08	-0.07
Consumer Cyclical	9.89	2.35	10.00	-0.09	0.01	0.24	0.25
Consumer Non-Cyclical	7.48	2.32	5.58	1.41	-0.03	0.07	0.04
Energy	7.44	2.59	3.38	3.06	-0.01	-0.04	-0.05
Financials	21.17	7.46	17.46	4.81	0.07	0.55	0.62
Healthcare	9.93	8.69	8.77	10.06	0.08	-0.12	-0.04
Industrial	8.35	4.66	9.89	2.72	0.01	0.16	0.17
Real Estate	1.92	-2.57	1.72	-1.53	-0.01	-0.02	-0.03
Technology	17.38	5.59	27.16	2.67	0.07	0.49	0.56
Utilities	2.65	5.77	2.55	2.57	-0.00	0.09	0.08

At the sector level, Financials (3.7% active weight) was the largest contributor at 62bps. Selection effects drove outperformance within the sector. Citigroup (0.6% active weight) was the top contributor in Q4. Citigroup's share price jumped 15.6%, resulting in 7bps of excess return. In addition, the strategy also picked up excess return by having no exposure to Robinhood or Coinbase. Both companies saw their stock price fall double digits as cryptocurrencies fell across the board. Combined, the non-exposure led to 6bps of excess return. Technology (-9.8% active weight) was the second top contributor to excess return in Q4 at 56bps. Selection effects outweighed allocation effects within Tech (49bps out of a total of 56bps). The sector lagged in

Q4 as gains were muted by the pullback of the heavily concentrated US tech giants (Microsoft and Meta), which saw a correction. Overall, the NASDAQ Composite finished the 2025 calendar year on a high note, having recovered from the stark equities drawdown in April and posting a return of 21.1%. Consumer Cyclical (-0.1% active weight) was the third largest contributor at 25bps. Like both Financials and Technology, the strategy extracted its excess returns via selection effects. General Motors was a standout name within the sector and added 7bps to return.

Geographic Analysis

9/30/2025 to 12/31/2025	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
Total	100.00	5.15	100.00	3.37	0.31	1.46	1.78
Developed Asia Pacific	10.47	3.53	8.06	1.79	-0.04	0.19	0.15
Developed Europe	19.96	8.06	14.61	6.13	0.15	0.37	0.52
Emerging Americas	2.11	9.67	0.79	7.88	0.06	0.04	0.10
Emerging Asia	9.65	5.12	9.50	4.55	0.01	0.05	0.06
Emerging EMEA	1.36	6.71	1.46	2.94	0.00	0.05	0.05
United States	52.53	3.94	62.37	2.54	0.07	0.73	0.81
Other Developed	3.91	8.61	3.04	7.66	0.04	0.03	0.07
[Unassigned]	--	--	0.17	-7.75	0.02	--	0.02

At the region level, the United States (-9.8% active weight) was the largest contributor to excess return at 81bps. This came as no surprise as the strategy took an underweight to US mega-cap names, which largely experienced corrections in Q4. Within the United States, selection effects outweighed allocation effects. The second largest contributing region at 52bps was Developed Europe (5.4% active weight). Performance in the region was driven by both allocation and selection effects.

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