

# **RAFI™ Fundamental Reduced Carbon Pathway 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 Reduced Carbon Pathway 3.5% Index	5.87%	2.49%	28.82%	28.82%	172.08
<i>Solactive GBS Global Markets Large &amp; Mid Cap Index</i>	3.38%	---	23.28%	23.28%	126.39
RAFI Fundamental Developed Custom Reduced Carbon Pathway 3.0% Index	6.09%	2.86%	28.43%	28.43%	129.31
<i>Solactive GBS Developed Markets Large &amp; Mid Cap Index</i>	3.23%	---	22.13%	22.13%	96.85
RAFI Fundamental Emerging Custom Reduced Carbon Pathway 3.0% Index	3.45%	-1.07%	29.81%	29.81%	489.52
<i>Solactive GBS Emerging Markets Large &amp; Mid Cap Index</i>	4.52%	---	32.82%	32.82%	366.57

The RAFI Fundamental Global and Developed Reduced Carbon Pathway Indices outpaced their cap-weight benchmark in Q4, while the Emerging Markets Reduced Carbon Pathway Index fell short. Looking at the past 12-months, outperformance by the global and developed indices has been robust, with both strategies outperforming by over 5%. The emerging markets index struggled, trailing its cap-weight benchmark by 3.0%.

## Global

The RAFI Fundamental Global Reduced Carbon Pathway 3.5% Index posted a gain of 5.6% in Q4, leading its cap-weight benchmark by 2.5%. The strong Q4 result capped off an impressive 2025 calendar year, with the strategy returning 28.8%. 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 (-2.5% active weight) was the top contributor to return at 26bps. 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 (0.6% active weight) was the second top contributor at 19bps. 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 Netflix (-0.4% active weight). The company saw its stock price plunge 21.8% in Q4. This marked the second straight quarter of double-digit losses for the streaming giant. Disappointing third quarter earnings, along with concerns surrounding its bid to acquire Warner Bros. Discovery (WBD), resulted in strong selling pressure.

## Stock Analysis

	Portfolio Weight	Active Weight	Q4 2025 Return	Excess Return Contribution
<b>Top Five Contributors to Return</b>				
Microsoft	1.57%	-2.50%	-6.45%	0.26%
Samsung	0.97%	0.60%	39.61%	0.19%
NVIDIA	0.27%	-4.55%	-0.04%	0.15%
Netflix	0.12%	-0.37%	-21.80%	0.11%
Meta	0.93%	-0.67%	-10.04%	0.10%
<b>Bottom Five Contributors to Return</b>				
Alphabet	0.00%	-1.61%	28.93%	-0.36%
Eli Lilly	0.15%	-0.74%	41.06%	-0.23%
Taiwan Semiconductor Manufacturing	0.49%	-0.75%	15.60%	-0.09%
Apple	2.80%	-1.51%	6.87%	-0.05%
Marathon Petroleum	0.29%	0.23%	-15.19%	-0.05%

## Sector Analysis

9/30/2025 to 12/31/2025	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>5.86</b>	<b>100.00</b>	<b>3.37</b>	<b>0.29</b>	<b>2.19</b>	<b>2.49</b>
Basic Materials	7.16	9.55	3.86	6.42	0.10	0.22	0.32
Communications	8.04	4.26	9.62	2.44	0.02	0.14	0.16
Consumer Cyclical	9.72	2.88	10.00	-0.09	0.02	0.29	0.31
Consumer Non-Cyclical	7.19	2.50	5.58	1.41	-0.03	0.08	0.05
Energy	8.07	2.83	3.38	3.06	-0.01	-0.02	-0.03
Financials	20.62	7.58	17.46	4.81	0.06	0.56	0.62
Healthcare	9.66	9.14	8.77	10.06	0.06	-0.08	-0.02
Industrial	9.02	4.91	9.89	2.72	0.01	0.20	0.20
Real Estate	1.76	-2.88	1.72	-1.53	-0.00	-0.03	-0.03
Technology	15.14	7.99	27.16	2.67	0.08	0.79	0.87
Utilities	3.63	3.54	2.55	2.57	-0.01	0.04	0.03

At the sector level, Technology (-12.0% active weight) was the top contributor to excess return in Q4 at 87bps. Selection effects outweighed allocation effects within Tech (79bps out of a total of 87 bps). 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%. Financials (3.2% active weight) were the second largest contributor at 62bps. Selection effects drove outperformance within the sector. Citigroup (0.4% active weight) was the top contributor in Q4. Citigroup's share price jumped 15.6%, resulting in 5bps 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. Basic Materials (3.3% active weight) was the third largest contributor at 32 bps. Both allocation and selection effects benefited the strategy within the sector. The Basic Materials

sector, specifically companies engaged in mining, enjoyed the tailwinds of ballooning commodity prices. Vale S.A. (0.22% active weight) was a standout name in Q4 and added 5bps to excess return. The Brazilian miner posted strong Q3 earnings, beating on net profit (\$2.69 billion) while also cutting expected future cost associated with its copper and nickel operations.

## Geographic Analysis

9/30/2025 to 12/31/2025	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>5.86</b>	<b>100.00</b>	<b>3.37</b>	<b>0.35</b>	<b>2.14</b>	<b>2.49</b>
<b>Developed Asia Pacific</b>	<b>11.79</b>	<b>3.79</b>	<b>8.06</b>	<b>1.79</b>	<b>-0.06</b>	<b>0.24</b>	<b>0.18</b>
<b>Developed Europe</b>	<b>21.40</b>	<b>8.90</b>	<b>14.61</b>	<b>6.13</b>	<b>0.19</b>	<b>0.57</b>	<b>0.76</b>
<b>Emerging Americas</b>	<b>1.66</b>	<b>8.63</b>	<b>0.79</b>	<b>7.88</b>	<b>0.04</b>	<b>0.01</b>	<b>0.05</b>
<b>Emerging Asia</b>	<b>11.02</b>	<b>7.05</b>	<b>9.50</b>	<b>4.55</b>	<b>0.02</b>	<b>0.27</b>	<b>0.30</b>
<b>Emerging EMEA</b>	<b>1.39</b>	<b>7.38</b>	<b>1.46</b>	<b>2.94</b>	<b>0.00</b>	<b>0.06</b>	<b>0.06</b>
<b>United States</b>	<b>49.10</b>	<b>4.46</b>	<b>62.37</b>	<b>2.54</b>	<b>0.10</b>	<b>0.94</b>	<b>1.05</b>
<b>Other Developed</b>	<b>3.64</b>	<b>8.82</b>	<b>3.04</b>	<b>7.66</b>	<b>0.03</b>	<b>0.04</b>	<b>0.07</b>
<b>[Unassigned]</b>	<b>--</b>	<b>--</b>	<b>0.17</b>	<b>-7.75</b>	<b>0.02</b>	<b>--</b>	<b>0.02</b>

At the region level, the United States (-13.3% active weight) was the largest contributor to excess return at 105bps. 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 76bps was Developed Europe (6.8% active weight). Performance in the region was driven by both allocation and selection effects.

## Developed Stock Analysis

	Portfolio Weight	Active Weight	Q4 2025 Return	Excess Return Contribution
<b>Top Five Contributors to Return</b>				
Samsung	1.03%	1.03%	39.61%	0.33%
Microsoft	1.84%	-2.77%	-6.45%	0.28%
NVIDIA	0.32%	-5.13%	-0.04%	0.17%
SK hynix	0.25%	0.25%	82.59%	0.13%
Netflix	0.15%	-0.41%	-21.80%	0.12%
<b>Bottom Five Contributors to Return</b>				
Alphabet	0.00%	-1.82%	28.93%	-0.41%
Eli Lilly	0.17%	-0.85%	41.06%	-0.26%
Marathon Petroleum Corporation	0.33%	0.26%	-15.19%	-0.05%
Apple	3.44%	-1.44%	6.87%	-0.05%
Advanced Micro Devices	0.24%	-0.21%	32.37%	-0.04%

## Sector Attribution

9/30/2025 to 12/31/2025	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>6.08</b>	<b>100.00</b>	<b>3.23</b>	<b>0.47</b>	<b>2.38</b>	<b>2.85</b>
Basic Materials	6.25	8.25	3.40	5.79	0.08	0.15	0.23
Communications	8.09	4.92	9.52	3.80	-0.01	0.09	0.08
Consumer Cyclical	9.51	5.20	9.86	1.31	0.01	0.36	0.38
Consumer Non-Cyclical	7.55	2.57	5.80	1.69	-0.02	0.07	0.04
Energy	7.85	2.54	3.32	2.56	-0.03	-0.00	-0.03
Financials	19.83	7.66	16.78	4.69	0.06	0.58	0.64
Healthcare	10.76	9.29	9.48	10.99	0.10	-0.16	-0.06
Industrial	9.47	4.84	10.22	2.45	0.01	0.23	0.23
Real Estate	1.68	-0.78	1.75	-1.21	0.00	0.01	0.01
Technology	15.35	7.85	27.31	1.02	0.26	1.03	1.30
Utilities	3.66	3.63	2.55	2.64	-0.01	0.04	0.03

## Country Attribution

9/30/2025 to 12/31/2025	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>6.08</b>	<b>100.00</b>	<b>3.23</b>	<b>0.46</b>	<b>2.39</b>	<b>2.85</b>
Developed Asia Pacific x JP	3.22	3.18	2.84	-0.45	-0.01	0.12	0.11
Europe - Non-EU	4.90	10.96	4.18	7.89	0.03	0.14	0.18
European Union	12.96	7.93	8.69	5.01	0.08	0.37	0.45
Japan	9.92	3.94	6.26	2.89	-0.01	0.11	0.10
Other	2.75	26.03	0.18	8.27	0.13	0.43	0.56
Other Developed	4.14	8.78	3.44	7.65	0.03	0.04	0.08
United Kingdom	6.19	9.21	3.66	6.83	0.09	0.14	0.23
United States	55.91	4.39	70.57	2.54	0.10	1.04	1.13
[Unassigned]	--	0.00	0.19	-8.43	0.02	--	0.02

# Emerging Markets

## Stock Analysis

	Portfolio Weight	Active Weight	Q4 2025 Return	Excess Return Contribution
<b>Top Five Contributors to Return</b>				
Vale S.A.	2.33%	1.91%	27.80%	0.40%
Tencent	2.21%	-2.40%	-9.69%	0.37%
Ping An Insurance (Group) Company of China,	1.48%	1.01%	22.76%	0.17%
Xiaomi Corporation	0.54%	-0.39%	-27.25%	0.15%
Jiangxi Copper Company Limited	0.45%	0.41%	42.60%	0.14%
<b>Bottom Five Contributors to Return</b>				
SK hynix	0.00%	-1.87%	82.59%	-1.01%
Samsung	0.00%	-3.14%	39.61%	-0.97%
Taiwan Semiconductor Manufacturing	3.90%	-6.79%	15.60%	-0.72%
JD.com	1.12%	1.12%	-19.45%	-0.29%
Alibaba	3.69%	0.56%	-19.35%	-0.15%

## Sector Attribution

9/30/2025 to 12/31/2025	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>3.44</b>	<b>100.00</b>	<b>4.48</b>	<b>-0.21</b>	<b>-0.83</b>	<b>-1.04</b>
Basic Materials	13.75	14.24	7.37	8.79	0.28	0.70	0.98
Communications	7.27	-3.33	10.43	-6.54	0.38	0.25	0.63
Consumer Cyclical	10.42	-11.75	11.07	-9.11	0.08	-0.32	-0.24
Consumer Non-Cyclical	4.42	1.21	3.91	-1.65	-0.03	0.13	0.10
Energy	8.85	4.89	3.86	6.56	0.10	-0.14	-0.04
Financials	26.73	6.88	22.66	5.55	0.06	0.34	0.41
Healthcare	1.33	-1.16	3.44	-7.55	0.27	0.09	0.36
Industrial	5.45	4.77	7.31	5.78	-0.02	-0.06	-0.07
Real Estate	2.67	-12.96	1.49	-4.40	-0.11	-0.26	-0.38
Technology	15.51	5.92	25.98	16.78	-1.19	-1.59	-2.79
Utilities	3.61	2.69	2.50	2.06	-0.02	0.02	-0.00

## Country Attribution

9/30/2025 to 12/31/2025	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>3.44</b>	<b>100.00</b>	<b>4.48</b>	<b>-3.23</b>	<b>2.19</b>	<b>-1.04</b>
Brazil	10.60	8.03	4.18	6.35	0.13	0.17	0.30
China	38.43	-2.45	29.05	-7.17	-1.11	1.97	0.86
Emerging Europe	3.83	6.39	1.76	3.95	-0.01	0.09	0.08
India	11.33	6.23	15.78	4.41	0.00	0.20	0.21
Latin America x Brazil	3.97	10.66	2.62	10.29	0.08	0.01	0.09
Middle East and Africa	8.62	7.47	9.84	1.62	0.04	0.51	0.55
Other	--	--	0.23	-10.06	0.04	--	0.04
South Korea	--	--	12.46	25.61	-2.36	--	-2.36
Southeast Asia	23.21	6.96	24.05	10.33	-0.04	-0.76	-0.80
[Unassigned]	--	--	0.04	19.58	-0.01	--	-0.01

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