



Women's Inclusion Strategy

Exclusions & Scoring



OBJECTIVE

To address women's inclusion issues within companies, including gender diversity in leadership roles, human rights policies (synonymous with women's rights), and exclusion of pornography that objectifies and perpetuates violence against women.

The Aperio Women's Inclusion Strategy evaluates an initial universe of publicly traded companies on a broad range of gender issues.

<p>EXCLUSIONS</p> <p><i>Remove companies that do not align with values</i></p>	<table border="1"> <thead> <tr> <th>Theme</th> <th>Exclusion Element</th> </tr> </thead> <tbody> <tr> <td>Positions in Leadership</td> <td> <ul style="list-style-type: none"> No Women on Company Board No Female Executives* </td> </tr> <tr> <td>Gender Exploitation</td> <td> <ul style="list-style-type: none"> Pornography** </td> </tr> </tbody> </table>	Theme	Exclusion Element	Positions in Leadership	<ul style="list-style-type: none"> No Women on Company Board No Female Executives* 	Gender Exploitation	<ul style="list-style-type: none"> Pornography** 		
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* Executives are defined by the company or are those individuals who form the company executive committee/board or management committee/board or equivalent.

** Pornography exclusions are implemented for companies with more than 10% of revenue generated from these activities.



SOLUTION

Hypothetical Aperio Women's Inclusion Portfolio vs. Benchmark

Portfolio Characteristics	S&P 500	Russell 3000	MSCI ACWI
Forecast Tracking Error (%)	0.68	0.59	0.82
Forecast Beta	1.00	1.00	1.00
Number of Stocks	327	450	500
Social Score Tilt (%)	+20	+20	+20
Average % of Women on Board*	1.1x	1.1x	1.1x
Average % of Female Executives*	1.2x	1.3x	1.3x

* The average percentage in a hypothetical Aperio Women's Inclusion portfolio + the average percentage in the respective benchmark.

The information in this table is shown as of 03/31/2020. The hypothetical portfolios are not based on an actual Aperio portfolio and are being shown for illustrative purposes only. It should not be assumed that clients who actually invest in an Aperio Women's Inclusion portfolio will have the same results reflected above. The hypothetical portfolio consists of securities that were selected by Aperio's optimizer based on the benchmark indicated in the column headings. This table is presented solely as an example and should not be considered investment advice. Aperio has the benefit of hindsight when putting together the hypothetical portfolios, and there is no guarantee that the firm will make the same selections when putting together a similar portfolio for a client. This selection did not take into account any client's overall investment objectives or restrictions that may be imposed.

Sample Excluded Companies in the Aperio Women's Inclusion Strategy

Company	Sector	Reason
Nestlé S.A.	Consumer Staples	No female executives
Tencent Holdings Ltd.	Communication Services	No female executives
Berkshire Hathaway Inc.	Financials	No female executives
Intel Corporation	Information Technology	No female executives

Data is as of 03/31/2020.

Top Overweights and Underweights in a Hypothetical Aperio Women's Inclusion Portfolio

	Company	Sector	Active Weight
5 Largest Overweights	Accenture PLC	Information Technology	1.07%
	American Water Works Comp	Utilities	0.80%
	Microsoft Corporation	Information Technology	0.59%
	Coca-Cola Company	Consumer Staples	0.58%
	Cummins, Inc.	Industrials	0.48%
5 Largest Underweights	Booking Holdings Inc.	Consumer Discretionary	-0.20%
	International Business Machines Corp	Information Technology	-0.21%
	Zoetis Inc.	Health Care	-0.21%
	Altria Group, Inc.	Consumer Staples	-0.23%
	Oracle Corporation	Information Technology	-0.24%

Data is as of 03/31/2020. Sample all-cash-funded portfolio benchmarked to the S&P 500 index.

The optimization process will overweight stocks with high Social Scores; however, not all stocks in the portfolio will have high Social Scores (otherwise, the portfolio would be too concentrated).

Note: Only companies that are eligible for purchase under the Aperio Women's Inclusion Strategy were considered in the largest overweights and underweights example above.

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The S&P 500® Index is an equity benchmark for US stock performance. It is a capitalization-weighted index covering 500 large US companies chosen by Standard & Poor's for market size, liquidity, and industry group representation.

The Russell 3000® Index is an equity benchmark for US stock performance. It is a capitalization-weighted index covering the largest 3,000 publicly traded US stocks. The index represents approximately 98% of the total market capitalization of the US stock market.

The MSCI ACWI Index is an equity benchmark for global stock performance. It is a capitalization-weighted index covering large and midsize companies. The index includes approximately 3,000 stocks from 23 developed-market countries and 26 emerging-market countries.

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