

Adhesion ESG Leaders + Low Carbon Direct Index

Adhesion ESG Leaders + Low Carbon focuses on companies who exceed their industry peers from an ESG perspective* while significantly reducing exposure to carbon intensity and company activities related to fossil fuels. The strategy provides a low cost, passive strategy that seeks to track the performance of the Russell 3000 Index.

BENCHMARK:
Russell 3000 Index

NUMBER OF HOLDINGS:
150

TRACKING ERROR (EX-ANTE):
1.61

ESG RISK SCORES:
Top 35% of
Sub-Industry*

ESG



Environmental

- Climate Change
- Resource Use
- Water Usage
- Ecological Footprint



Social

- Diversity Policies
- Human Rights
- Health & Safety
- Community Relations



Governance

- Shareholder Rights
- Code of Ethics
- Risk Management
- Tax Transparency

*As measured by Sustainalytics ESG risk ratings.

ESG Integration

The strategy focuses on companies that rank in the top 35% of their respective sub-industry on overall ESG risk metrics, while the overall portfolio represents a 68% reduction in carbon intensity per unit of revenue compared to the benchmark index.*

ESG Rated
US Equity Universe

2951
Companies



Identify industry leaders at managing ESG opportunities and risk

ESG Top 35%
Sub-industry

1041
Companies



Reduce Carbon
Producing Companies

888
Companies



Optimize portfolio to minimize tracking error vs. Russell 3000
Tracking Error (ex-ante): 1.61

Multi-Factor
Optimized Direct Index

150
Companies

Morningstar Style Box – Adhesion Direct Index ESG Low Carbon

Portfolio Date: 2/28/2022

	Value	Blend	Growth
Large	20.4	24.1	29.8
Mid	7.0	10.1	5.6
Small	0.9	2.2	0.0

Market Cap

	%
Market Cap Giant %	30.7
Market Cap Large %	43.6
Market Cap Mid %	22.7
Market Cap Small %	3.1
Market Cap Micro %	0.0

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