

# Smart SRI US All Cap Strategy

Q1 2024 Fact Sheet | Sustainable, Responsible and Impact Investing

## Investment Approach

The Bailard Smart SRI US All Cap Strategy combines high responsible and sustainable investing standards with our proprietary ESG Capture® framework<sup>1</sup> and portfolio optimization techniques to deliver a U.S. equity portfolio with a low tracking error to the Russell 3000 Index. We employ this proprietary process of scoring responsible and sustainable attributes to uncover leaders and avoid laggards to help mitigate long-term portfolio risk. We also seek to avoid investments in fossil fuels, controversial weapons, and a number of products that adversely affect women, girls, and disadvantaged communities. This Smart SRI strategy<sup>1</sup> invests in 75 - 100 stocks on average, diversified across industry sectors.

## Performance<sup>2</sup>

### TRAILING PERFORMANCE total return for periods ending 3/31/2024

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception
Portfolio (Gross)	10.47%	10.47%	26.05%	8.37%	14.28%	12.22%
Portfolio (Net)	10.43%	10.43%	25.65%	7.93%	13.73%	11.67%
Russell 3000 Index	10.02%	10.02%	29.28%	9.77%	14.33%	12.81%
+/- (Gross vs. Index)	0.45%	0.45%	-3.23%	-1.40%	-0.05%	-0.58%

### CALENDAR YEAR RETURNS total return

	2H 2018	2019	2020	2021	2022	2023
Portfolio (Gross)	-8.42%	30.67%	22.76%	26.90%	-19.93%	21.25%
Portfolio (Net)	-8.74%	29.79%	22.00%	26.24%	-20.26%	20.80%
Russell 3000 Index	-8.20%	31.02%	20.89%	25.66%	-19.21%	25.94%
+/- (Gross vs. Index)	-0.22%	-0.35%	1.87%	1.24%	-0.72%	-4.69%

## Portfolio Statistics<sup>3</sup> as of 3/31/2024

### TEN LARGEST HOLDINGS

	% of Portfolio
MICROSOFT CORP	4.7%
NVIDIA CORP	4.6%
APPLE INC	4.3%
AMAZON.COM INC	3.0%
ALPHABET INC CL A (GOOGLE)	2.6%
APPLIED MATERIALS INC	2.0%
INTUIT INC	2.0%
AUTODESK INC	2.0%
ACCENTURE PLC	1.8%
PRUDENTIAL FINANCIAL INC	1.7%

### SECTOR ALLOCATION

	Portfolio	Russell 3000 Index	+/-
INFORMATION TECHNOLOGY	32.1%	27.6%	4.5%
INDUSTRIALS	13.8%	10.1%	3.7%
UTILITIES	4.0%	2.2%	1.8%
CONSUMER STAPLES	6.3%	5.6%	0.8%
REAL ESTATE	2.7%	2.6%	0.1%
MATERIALS	2.4%	2.7%	-0.3%
FINANCIALS	13.3%	14.0%	-0.8%
CONSUMER DISCRETIONARY	9.1%	10.5%	-1.4%
HEALTH CARE	10.6%	12.4%	-1.9%
COMMUNICATION SERVICES	5.8%	8.3%	-2.5%
ENERGY	0.0%	4.1%	-4.1%

<sup>1</sup> Please see disclosures for definitions. <sup>2</sup> Sources: INDATA, Bailard. Since inception (6/30/2018) returns are annualized. The Bailard Smart SRI US All Cap (the "Strategy") is implemented in the domestic equity segment of accounts in the Smart ESG US All Cap Carve-Out Composite. The composite consists of portfolios that invest their domestic equity assets in the Strategy, utilizing 75 - 100 US stocks, diversified across industry sectors, and benchmarked to the Russell 3000 Index. **Past performance is no indication of future results.** All investments have the risk of loss. Please see following page for important disclosures and market index definitions. <sup>3</sup> Data regarding specific security holdings reflect information as of March 31, 2024 and are not intended to represent any past, present or future investment recommendations. Holdings are subject to change.

## Portfolio Statistics<sup>4,5</sup> as of 3/31/2024

MODEL PORTFOLIO CHARACTERISTICS		
	Portfolio	Russell 3000 Index
Price/Earnings	29.8	26.0
Price/Book	4.3	4.3
Return on Equity	11.3	15.3
Beta	1.08	N/A

MARKET CAPITALIZATION		
	Portfolio	Russell 3000 Index
Less than \$1.5B	0.7%	1.4%
\$1.5B - \$5B	2.1%	3.7%
\$5B and up	97.2%	94.9%

<sup>4</sup>Sources: INDATA, Bailard, Bloomberg. <sup>5</sup>Data regarding holdings reflect ownership information as of March 31, 2024 and are not intended to represent any past, present or future investment recommendations. Holdings are subject to change.

### Risks

The Bailard Smart SRI US All Cap is only suitable for clients that can handle the risk of investing in large cap equities. The application of various environmental, social and governance screens as part of a socially responsible investment strategy may result in the exclusion of securities that might otherwise merit investment, potentially resulting in higher or lower returns than a similar investment strategy without such screens or other strategies that use a different methodology to exclude issuers or evaluate ESG criteria. Investors can differ in their views of what constitutes positive or negative ESG characteristics. As a result, the strategy may invest in issuers that do not reflect the ESG beliefs and values of any particular investor.

Adherence with strategy's ESG criteria is determined at the date of purchase. Individual equity holdings in the strategy may cease to meet the relevant ESG criteria after the initial purchase but may nevertheless remain in the strategy until a future review or rebalance by the Bailard. In addition, individual account management and construction, which vary depending on each client's investment needs and objectives, including liquidity needs, tax situation, risk tolerance, and investment restrictions, may result in the holding of securities that would not otherwise have been selected under the strategy. As a result, certain securities in the strategy or the client's account as a whole, may not meet the strategy's ESG criteria and goals at all times.

In evaluating a security or issuer based on ESG criteria, we are dependent upon certain information and data from third party providers of ESG research, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that we may incorrectly assess a security or issuer. There is also a risk that we may not apply the relevant ESG criteria correctly or that the strategy could have indirect exposure to issuers that do not meet the relevant ESG criteria used by the strategy. We do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment. There may be limitations with respect to availability of ESG data in certain sectors, as well as limited availability of investments with positive ESG assessments in certain sectors. Our evaluation of ESG criteria is subjective and may change over time.

The market value of an investment will fluctuate as the securities markets fluctuate. There can be no assurance that this or any investment strategy will achieve its investment objectives. All investments have the risk of loss.

### Performance Disclosures

**Composite Definition:** The Bailard Smart SRI US All Cap (the "Strategy") is implemented in the domestic equity segment of accounts in the Smart ESG US All Cap Carve-Out Composite. The composite consists of portfolios that invest their domestic equity assets in the Strategy, utilizing 75 - 100 US stocks, diversified across industry sectors, and benchmarked to the Russell 3000 Index. This Smart SRI strategy seeks to invest in companies with above average environmental, social and governance (ESG) characteristics, while incorporating traditional socially responsible investing avoidance screens. Additionally, this strategy seeks to avoid investments in fossil fuels, controversial weapons and a number of products that adversely affect women, girls, and disadvantaged communities.

**Return Calculation Methodology:** Composite returns shown are for the domestic equity segment of the composite accounts, and are total returns including the effect of dividends. Returns are presented both gross and net of investment advisory fees, and net of trading commissions. Each account may be subject to separately arranged custodial fees and other account-related charges not payable to Bailard, which will reduce net return to the client. In addition, results do not reflect the impact of taxes, which can reduce returns for taxable investors. Net of fee returns reflect the deduction of actual investment advisory fees. Composite returns are a dollar weighted average of the total returns for each account, and include the effect of a cash allocation. Cash is allocated alongside an account's equity segment according to the proportion of cash in the total portfolio. As of 3/31/2024, the Composite included 12 accounts with \$72.6 million in assets.

**Market Indices and Category Definitions:** The Russell 3000 Index is a market-capitalization-weighted equity index that tracks the performance of the 3,000 largest US-traded stocks, which represent about 97% of all US-incorporated equity securities. The index is unmanaged, uninvestable, presented on a total return basis with dividends reinvested, and do not reflect transaction costs. The Smart SRI US All Cap's total account holdings will differ materially from the index due to Bailard's investments in multiple sectors and securities in varying proportions over time. As a result, the index is not indicative of the past or future performance of the Strategy.

**Past performance is no indication of future results.** All investments have the risk of loss.

### Other Definitions

**ESG Capture Definition:** ESG Capture<sup>®</sup> is Bailard's proprietary process of scoring ESG attributes at the individual security, sector, and/or total portfolio level.

**Smart SRI Definition:** Smart SRI utilizes ESG Capture<sup>®</sup> to create the investable universe of stocks, then optimization software to construct a portfolio designed to have low tracking error to the benchmark.

### Other Disclosures

The information in this publication is based primarily on data available as of March 31, 2024, has been obtained from sources believed to be reliable, but its accuracy, completeness and interpretation are not guaranteed. Bailard undertakes no duty to update any of the information contained herein. We do not think this publication should be relied upon as a sole source of information and opinion. This publication is not a recommendation of, or an offer to sell or solicitation of an offer to buy any particular security or investment product. It does not take into consideration the particular investment objectives, financial situations or needs of individual clients. Bailard cannot provide investment advice in any jurisdiction where it is prohibited from doing so.

# Bailard

Published April 2024  
www.bailard.com

235 Pine Street, Suite 1800  
San Francisco, CA 94104

950 Tower Lane, Suite 1900  
Foster City, California 94404