

Smart SRI US All Cap Strategy

Q2 2025 Quarterly Update

QUARTER HIGHLIGHTS

- Global markets rallied strongly despite ongoing geopolitical tensions, trade policy uncertainty, and currency volatility, with developed equities broadly higher and tech sectors leading gains.
- The Strategy's robust 9.91% net return was 108 basis points¹ shy of the benchmark's 10.99% rally.
- Sector allocation benefited from the exclusion of Energy (+69 bps) and an overweight to Information Technology (+56 bps). Conversely, an underweight in Communication Services and an overweight in Utilities weighed on results, detracting 37 bps and 17 bps, respectively.²
- Relative to the Russell 3000 benchmark, the Strategy's top contributors in Q2 included its positions—and in some cases, lack of positions—in UnitedHealth Group, Berkshire Hathaway,* and Trane Technologies. Conversely, the largest detractors were Meta Platforms,* Nvidia, and Elevance Health.

TRAILING PERFORMANCE³ total return for periods ending 6/30/2025

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception
Composite (Gross)	10.00%	4.29%	12.31%	17.73%	14.64%	12.42%
Composite (Net)	9.91%	4.13%	11.95%	17.34%	14.17%	11.89%
Russell 3000 Index	10.99%	5.74%	15.28%	19.07%	15.96%	13.19%
+/- (Gross vs. Index)	-0.99%	-1.45%	-2.98%	-1.34%	-1.31%	-0.77%

Market Review

Global markets experienced significant volatility this quarter, driven by unpredictability around U.S. economic policies and inconclusive tariff negotiations, underscoring a fragile trade environment.

President Trump's April 2 "Liberation Day" and punitive tariff announcement sparked a sharp sell-off only to reverse on a subsequent tariff pause a week later. The 90-day pause, which capped tariffs at 10%, brought few concrete outcomes ahead of the July 9 deadline, such as a U.S.-China framework, which included a rare-earths deal and a tariff truce extension, as well as the UK's negotiation of a reduced 10% tariff rate. Real economic activity bore the brunt of this muddled trade environment, with U.S. Q1 GDP declining 0.3% from accelerated imports and the OECD revising global growth estimates downward. Markets surged higher

despite the lack of progress as the U.S. administration softened its stance toward countries negotiating in good faith and backed away from a strict deadline. Amid a backdrop of U.S.-induced unpredictability, nations are pursuing strategic alliances and increasing efforts toward self-reliance.

Though concrete changes are thus far minimal, the ongoing policy back-and-forth has left noticeable shifts in the currency markets. The U.S. dollar experienced its worst first half of a year since 1973, slumping over 10%, disrupting its familiar rhythm of strength during periods of risk and volatility. Gold briefly breached \$3,400/oz., as investors sought safe havens. Tensions in the Middle East escalated after Israel and the U.S. launched airstrikes on Iran's nuclear facilities, triggering retaliatory attacks from Iran. This prompted a brief

The Strategy does not have a position in these holdings. In these cases, relative performance was driven by the absence of exposure compared to the Russell 3000 benchmark. 1 A basis point is 0.01%. 2 Sector allocation is based on gross return, which does not account for fees or expenses. Please refer to the Trailing Performance below for overall gross and net returns. 3 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 last page for important disclosures and market index definitions.*

oil price spike above \$81/barrel before falling to below pre-conflict levels, assisted by a ceasefire as well as OPEC+ production increases.

The net result for the quarter was a strong rally across developed markets, with the U.S. market up 10.94% (as measured by the S&P 500), just modestly behind MSCI EAFE's 11.78%. Small cap indices lagged their large cap peers, while the market's "risk-on" sentiment favored growth over value across the small to large capitalization spectrum. Microcap stocks (up 15.5%) were a notable exception, as both growth and value microcap stocks participated in the tailwinds of the risk-on sentiment and low-quality relief rally.

Among the Russell 3000 universe, the sector standouts for the quarter were Information Technology (+23.5%) and technology-adjacent Communication Services (+19.0%). Only the Energy (-7.3%), Health Care (-5.8%), and Real Estate (-0.9%) sectors were negative, with Consumer Staples (+1.2%), Materials (+3.6%), and Utilities (+3.9%) also lagging the broader market.

Strategy Commentary & Performance

The Strategy's robust 9.91% net return for the quarter was 108 basis points shy of the benchmark's 10.99% rally.

Sector allocation benefited from the exclusion of Energy (+69 bps) and an overweight to Information Technology (+56 bps). Conversely, an underweight in Communication Services and an overweight in Utilities weighed on results, detracting 37 bps and 17 bps, respectively.

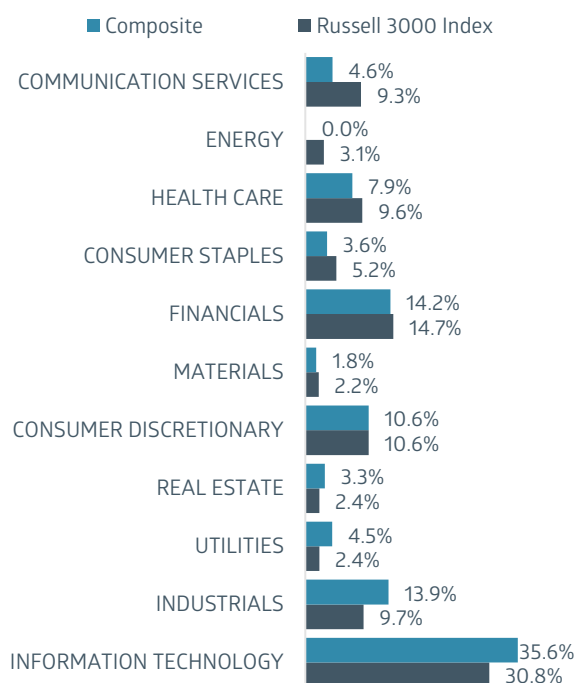
Over the past two years, the AI-driven "Magnificent Seven" equities have served as the principal contributors to overall market returns. In the second quarter, these securities constituted nearly 30% of the Russell 3000 benchmark by market capitalization. Based on suitability considerations, two of these AI-focused holdings—META and TSLA—were excluded from the portfolio. The omission of TSLA had no adverse impact on relative performance for the quarter; however, the absence of META detracted from results. Furthermore, NVDA exceeded the 5% threshold within the benchmark, surpassing our established maximum

Portfolio Statistics⁴ as of 6/30/2025

COMPOSITE CHARACTERISTICS

	Portfolio	Russell 3000 Index
Price/Earnings	26.9	26.4
Price/Book	4.4	4.4
Return on Equity	26.5	24
Beta	0.97	N/A
NFI Capture Score	72.17	49.53

SECTOR ALLOCATION



TEN LARGEST HOLDINGS

NVIDIA CORP	5.0%
MICROSOFT CORP	4.7%
APPLE INC	4.5%
ALPHABET INC CL A (GOOGLE)	3.5%
AMAZON.COM INC	3.1%
BROADCOM LTD	2.4%
BANK OF NEW YORK CO INC/THE	2.3%
JP MORGRAN CHASE & CO	2.1%
TRANE TECHNOLOGIES PLC	2.1%
INTUIT INC	2.0%

⁴ Sources: INDATA, Bailard, FactSet, Cap IQ. Data regarding specific security holdings reflect information as of June 30, 2025, and are not intended to represent any past, present, or future investment recommendations. Holdings are subject to change. Characteristics are based on gross return, which does not account for fees or expenses. Please refer to Strategy gross and net performance on page 1. **Past performance is no indication of future results.** All investments have the risk of loss.

position limit. In response, the position was trimmed on multiple occasions. Although this underweight stance negatively affected portfolio performance relative to the benchmark, it remains consistent with our long-standing investment philosophy.

As of June 30, 2025, the portfolio's NFI Capture Score was significantly better than the benchmark (72.3 versus 60.0). We believe this disciplined portfolio strategy will continue to succeed in providing predictable returns relative to the benchmark with a high level of sustainable and responsible investing characteristics over the full economic cycle.

Outlook

Investors received some clarity on the U.S. fiscal front in early July, with the passing of the "One Big Beautiful Bill." Extending "temporary" tax cuts from President Trump's first term should assist corporate profits in the short term, but the bill solidifies a budget deficit likely to be worst among developed markets: -5.9% for 2025, per current Economist Intelligence Unit estimates. The rest of the world has thus far been willing to finance U.S. debt at reasonable rates, but its growing scale may continue to pressure the dollar, as seen year-to-date.

By contrast, little clarity has been found on the trade front, as the previous July 9 tariff negotiation deadline (itself a 90-day delay of an April 9 implementation) has since pushed back to August 1. Muted market reactions may be seeing through the Trumpian "escalate to de-escalate" pattern, anticipating further delays or watering-down of tariff rates threatened in the Administration's recent letters to trading partners. Alternatively, complacent markets run the risk of renewed volatility, if this pattern is disrupted.

We remain confident in our disciplined, objective, diversified investing approach, combining a robust sustainable and responsible investing framework with low (2.5%) tracking error to the broad market,⁵ Russell 3000® benchmark.

IMPACT ON ACTIVE RETURN⁶ - TOP CONTRIBUTORS as of 6/30/2025

	Weight vs. Benchmark (bps)	Impact on Return (bps)
UNITEDHEALTH GROUP INC	-65	46
BERKSHIRE HATHAWAY INC CLASS B*	-170	36
TRANE TECHNOLOGIES PLC	190	32
INTUIT INC	179	29
EXXON MOBILE CORPORATION*	-86	19
GUIDEWIRE SOFTWARE, INC.	132	17
HEWLETT PACKARD ENTERPRISE CO	75	16
ABBVIE, INC.	-60	15
MICRON TECHNOLOGY, INC.	50	15
IDEXX LABORATORIES, INC.	93	14

IMPACT ON ACTIVE RETURN⁶ - TOP DETRACTORS as of 6/30/2025

	Weight vs. Benchmark (bps)	Impact on Return (bps)
META PLATFORMS INC CLASS A*	-245	-41
NVIDIA CORPORATION	-112	-34
ELEVANCE HEALTH, INC.	111	-26
MICROSOFT CORPORATION	-133	-25
NETFLIX, INC.*	-87	-24
LYONDELLBASELL INDUSTRIES NV	65	-21
DNOW INC.	73	-20
AUTOMATIC DATA PROCESSING, INC.	204	-20
DECKERS OUTDOOR CORPORATION	102	-20
ACCENTURE PLC CLASS A	126	-19

* The Strategy does not have a position in these holdings. In these cases, relative performance was driven by the absence of exposure compared to the Russell 3000 benchmark. ⁵ Tracking Error is based on gross return, which does not account for fees or expenses. Please refer to Strategy gross and net performance on page 1. ⁶ Sources: INDATA, Bailard, FactSet, Cap IQ. Impact on Return is based on gross return, which does not account for fees or expenses. Please refer to Strategy gross and net performance on page 1. Data regarding holdings reflect ownership information are as of June 30, 2025, and are not intended to represent any past, present or future investment recommendations. Holdings are subject to change. **Past performance is no indication of future results.** All investments have the risk of loss.

Risks

The Bailard Smart SRI US All Cap is only suitable for clients that can handle the risk of investing in large cap equities.

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.

The use of environmental, social, and governance (ESG) screens may exclude certain investments and result in performance that differs from strategies not using such screens. ESG assessments are inherently subjective, and investors may disagree on what constitutes favorable ESG characteristics. We rely on third-party ESG data, which may be incomplete or inconsistent, and our application of ESG criteria may not always align with an investor's values. Our evaluation of ESG criteria 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 6/30/2025, the Composite included 13 accounts with \$94.8 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 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. The index is unmanaged, uninvestable, presented on a total return basis with dividends reinvested, and do not reflect transaction costs.

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Other Definitions

NFI Capture Definition: NFI Capture is a proprietary scoring framework designed to help minimize risk and identify leaders and laggards on corporate governance, social, and environmental issues

Smart SRI Definition: Smart SRI utilizes NFI Capture 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 June 30, 2025, 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.

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