Smart SRI US All Cap Strategy

Q4 2025 Quarterly Update

QUARTER HIGHLIGHTS

- The Strategy delivered a gross active performance of 43 bps, as strong stock selection successfully offset the drag from sector allocation.
- Information Technology and Financials were the top-performing sectors, contributing 82 bps and 62 bps to relative performance through stock selection, respectively.
- The exclusion of ESG laggards—and conducting our proprietary, suitability screen assessments for a few companies—added 29 bps to the active performance.[1]

TRAILING PERFORMANCE[2] total return for periods ending 12/31/2025

	Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception
Composite (Gross)	2.83%	15.63%	15.63%	20.18%	12.02%	13.09%
Composite (Net)	2.76%	15.30%	15.30%	19.80%	11.60%	12.59%
Russell 3000 Index	2.40%	17.13%	17.13%	22.23%	13.14%	13.80%
+/- (Gross vs. Index)	0.43%	-1.49%	-1.49%	-2.05%	-1.13%	-0.71%

Market Review

While AI advancements and record investments by U.S. tech giants dominated headlines in Q4, the Russell 3000 Information Technology sector returned only 1.1%, which was less than the overall index. Health care, its best performing sector, was driven by the risk-on rally in biotech names early in the quarter and strong earnings growth by names such as Cardinal Health. A rally in shares of Alphabet Inc. helped the Communication Services sector, the second top performing sector in the index. On the flip side, Real Estate and Utilities were the biggest laggards for the quarter. Although the market broadened to a degree in the fourth quarter, these sectors are traditionally more rate-sensitive and the move higher in longer-term rates proved to be a headwind for these sectors.

The fourth quarter sealed a remarkable comeback for international equities, with the MSCI EAFE Index delivering a full-year return of 31.2%—outpacing the domestic Russell 3000 Index by 14.1%. Overall the environment was supportive for equities globally, but risk-off assets also surged to all-time highs as investors sought safe havens from escalating geopolitical risks and US-centric policy uncertainty. Precious metals led the surge: Gold climbed 65% for the year, reaching record highs of $4,300/oz, and silver, up 38% in December alone, soared over 150%. Fixed income markets also continued to perform generally well as yields declined over the fourth quarter on short- to intermediate-term bonds. Long-term yields rose in December, as the perceived risk of an economic recession decreased, driving mostly negative returns for long-duration fixed income indices.

1 Sector allocation and specific holdings returns are based on gross return, which does not account for fees or expenses. Please refer to the Trailing Performance on page 1 for overall gross and net Composite returns.
2 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.

Strategy Commentary & Performance[3]

The Strategy's robust 2.76% net return for the quarter was 36 basis points ahead of the benchmark Russell 3000 Index 2.40% return.

Stock selection for the quarter was positive (+0.67%), which was dampened by a shortfall in sector allocation (-0.29%). The top two contributors to performance were the overweight position in Micron (70.7%) and the underweight position in Meta (-10.0%)—which is excluded from the Strategy for suitability reasons. Stock selection also benefitted from the exclusion of ESG laggards. On the flipside, the Strategy suffered from being overweight in Magnite (-38.7%) and Harley Davidson (-26.0%), which detracted 56 bps from performance relative to the benchmark.
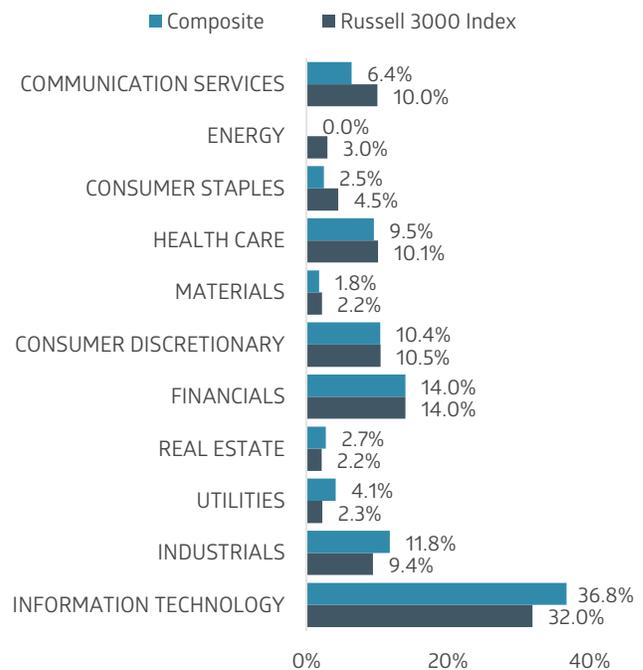
In terms of sector allocation, being underweight the two best performing sectors for the quarter— Communication Services and Health Care—was a drag on the quarter's performance. As of December 31, 2025, our proprietary NFI (Non-Financial Information) Capture Score was significantly higher for the Composite in comparison to the benchmark, at 70.7 versus 59.8, respectively.

We believe this disciplined portfolio strategy will continue to succeed in providing predictable returns relative to the benchmark over the full economic cycle with a high level of sustainable and responsible investing characteristics.

Portfolio Statistics[4] as of 12/31/2025

COMPOSITE CHARACTERISTICS

	Portfolio	Russell 3000 Index
Price/Earnings	27.7	27.3
Price/Book	4.5	4.6
Return on Equity	26.9	23.7
Beta	1.06	N/A
NFI Capture Score	70.7	59.8

SECTOR ALLOCATION

■ Composite   ■ Russell 3000 Index

Sector	Composite	Russell 3000 Index
COMMUNICATION SERVICES	6.4%	10.0%
ENERGY	0.0%	3.0%
CONSUMER STAPLES	2.5%	4.5%
HEALTH CARE	9.5%	10.1%
MATERIALS	1.8%	2.2%
CONSUMER DISCRETIONARY	10.4%	10.5%
FINANCIALS	14.0%	14.0%
REAL ESTATE	2.7%	2.2%
UTILITIES	4.1%	2.3%
INDUSTRIALS	11.8%	9.4%
INFORMATION TECHNOLOGY	36.8%	32.0%

TEN LARGEST HOLDINGS

NVIDIA CORP	6.3%
APPLE INC	5.9%
ALPHABET INC CL A (GOOGLE)	4.8%
MICROSOFT CORP	4.7%
AMAZON.COM INC	3.6%
BROADCOM LTD	2.7%
JPMORGAN CHASE & CO	2.2%
BANK OF NEW YORK CO INC/THE	2.2%
ELI LILLY & CO	1.6%
APPLIED MATERIALS INC	1.5%

Outlook

We expect that earnings growth will continue to drive market returns. While we are currently in the midst of earnings announcements for the final quarter, 2025 looks set to post impressive earnings growth. While many will point to the boom in AI spending as a key driver, there are a multitude of other factors at work including de-regulation (particularly in the financials sector), a resilient consumer, and a late surge in fiscal stimulus.

Expectations are for these drivers to continue into the near future, and we are cautiously optimistic that corporate earnings growth can continue to drive markets higher while cognizant of the risks down the road. First of all, the vast commitments to the AI infrastructure build out has materially raised expectations for future cashflows and created skepticism near the end of 2025 for some of these expectations. Secondly, labor markets are cooling and private sector hiring has been relatively stagnant since April. Last but not the least, geopolitical turmoil represents a real and rising risk ahead. Investors must contemplate that increased cadence of chaos and respect the increased risk of negative volatility, particularly with midterms in the fall and presidential approval ratings near second term lows.

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, Russell 3000 benchmark.

IMPACT ON ACTIVE RETURN[6] - TOP CONTRIBUTORS
quarter ending 12/31/2025

	Avg. Weight vs. Benchmark	Impact on Return
Alphabet Inc. Class A	1.93%	0.44%
Micron Technology, Inc.	0.54%	0.34%
Meta Platforms Inc Class A	-2.24%	0.31%
Cardinal Health, Inc.	1.25%	0.29%
Ciena Corporation	0.57%	0.24%
Applied Materials, Inc.	1.15%	0.23%
Cummins Inc.	1.34%	0.23%
Advanced Micro Devices, Inc.	0.45%	0.23%
Synopsys, Inc.	0.63%	0.14%
Citigroup Inc.	0.90%	0.12%

IMPACT ON ACTIVE RETURN[6] - TOP DETRACTORS
quarter ending 12/31/2025

	Avg. Weight vs. Benchmark	Impact on Return
Best Buy Co., Inc.	0.00%	-0.12%
Advance Auto Parts, Inc.	0.00%	-0.13%
Trane Technologies plc	0.00%	-0.13%
ServiceNow, Inc.	0.00%	-0.15%
Home Depot, Inc.	0.00%	-0.18%
Oracle Corporation	0.00%	-0.21%
Automatic Data Processing, Inc.	0.00%	-0.22%
Harley-Davidson, Inc.	0.00%	-0.26%
Magnite, Inc.	0.00%	-0.30%
Alphabet Inc. Class C	0.00%	-0.48%

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 use of screens based on non-financial information (NFI) as an input to the strategy may exclude certain investments and result in performance that differs from strategies not using such inputs. NFI assessments are inherently subjective, and investors may disagree on what constitutes favorable NFI characteristics. We rely on third-party NFI data, which may be incomplete or inconsistent, and our application of NFI criteria may not always align with an investor's values. Our evaluation of NFI 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 12/31/2025, the Composite included 15 accounts with $146.3 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.

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

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 December 31, 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.