



# Multi-Factor ESG Indices: US Large Cap Series

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*POTENTIAL INVESTORS SHOULD NOT RELY ON THESE FINANCIAL PROJECTIONS AS THEY ARE INCLUDED IN THIS PRESENTATION AND/OR THE DATA ROOM FOR THE LIMITED PURPOSE OF ASSISTING PROSPECTIVE INVESTORS IN ANALYZING THE POTENTIAL RISKS AND BENEFITS OF AN INVESTMENT IN THE COMPANY. UNDER NO CIRCUMSTANCES SHOULD SUCH INFORMATION BE CONSTRUED AS A REPRESENTATION OR PREDICTION THAT THE COMPANY WILL ACHIEVE OR IS LIKELY TO ACHIEVE ANY PARTICULAR RESULTS OR THAT INVESTOR WILL RECEIVE OR IS LIKELY TO RECEIVE ANY PARTICULAR BENEFITS. EACH PROSPECTIVE INVESTOR MUST MAKE HIS OR HER OWN EVALUATION OF THE MERITS AND RISKS OF AN INVESTMENT IN THE COMPANY AND, IN CONNECTION WITH SUCH EVALUATION, SHOULD MAKE HIS OR HER OWN JUDGMENT CONCERNING THE VALIDITY OF THE ASSUMPTIONS USED IN THE PROJECTIONS AND THE PROSPECTS THAT THE COMPANY CAN ACHIEVE ANY PARTICULAR RESULTS OF OPERATIONS.*

## US Large Multi-Factor ESG Indices

Confluence uses its proprietary ESG Signals methodology combined with other factors to deliver capital growth with lower risk and a better ESG profile

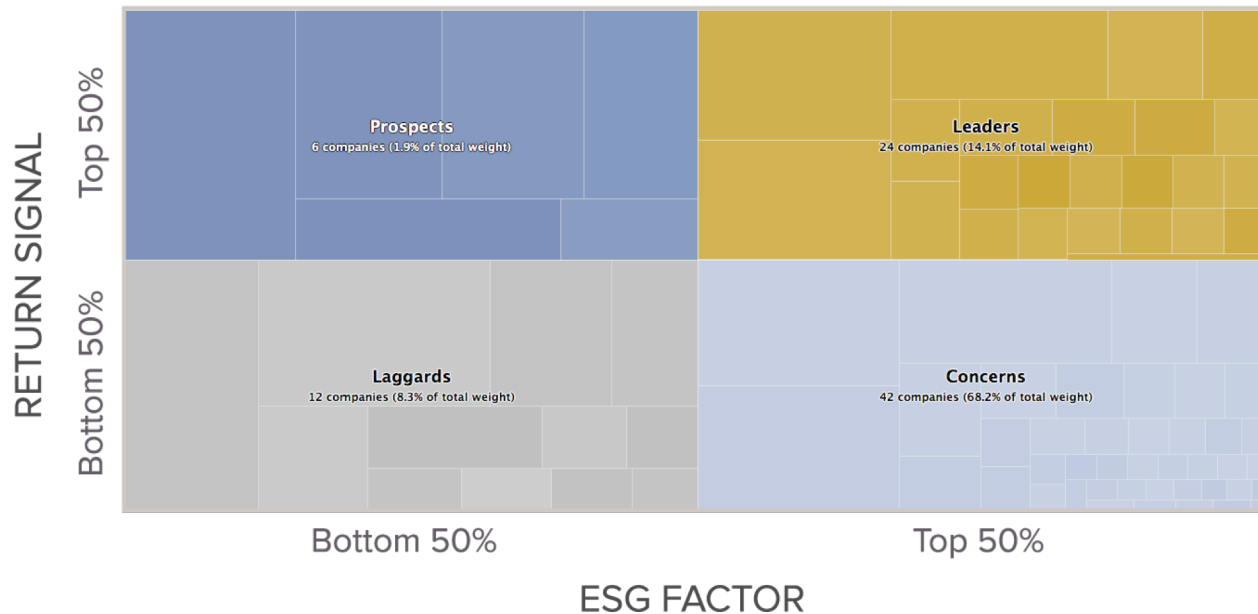
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- ESG Signal technology lowers overall risk profile.
- Strategies combine other factors like momentum and ESG ranks across sectors.
- We will launch these strategies as fiat indices and then also synthetically in the DeFi space.
- We will introduce more of these strategies by geography and market cap over the coming quarter.

## Effective & Actionable Data

Confluence makes ESG data effective and actionable. Our proprietary ESG Signal Matrix provides clear insights to help investors manage risk and boost returns.

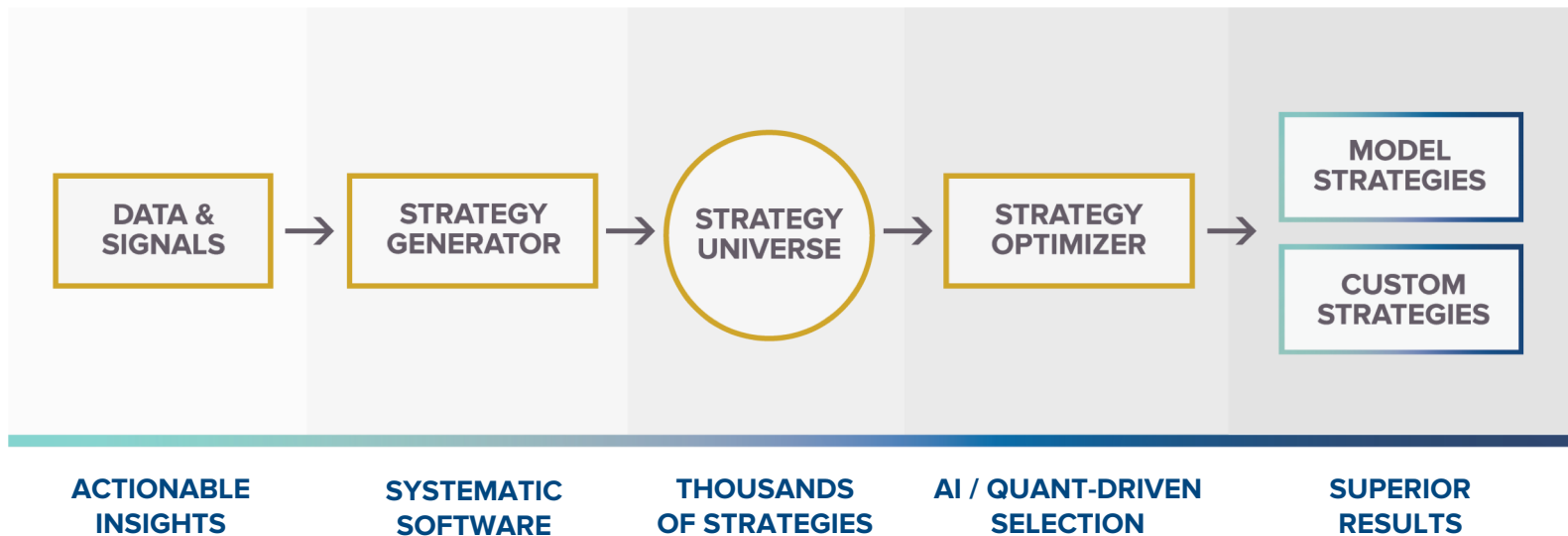
### ESG Signal Matrix





## Systematic, Superior Strategies

ESG and DeFi are perfect catalysts for customized, systematic, and adaptive investing. Confluence will lead the way and drive this evolutionary trend.



## Superior Since Inception Returns for US Large Cap

When you combine our ESG Signals, Rankings and Price Momentum you form strategies that deliver both performance and high ESG exposure. It is a systematic way to reduce overall risk to outperform over time. Carbon and Social and Diversity Strategies have shown the strongest performance since inception.

US Multi-Factor Strategies	Total Return (Relative to Benchmark)*			Portfolio Beta	
	<u>1 Month</u>	<u>YTD</u>	<u>1yr</u>	<u>Since Inception</u>	<u>Since Inception</u>
E	-1.97%	-1.82%	-2.25%	0.54%	0.89
S	-1.91%	-1.51%	0.86%	5.45%	0.83
G	-1.39%	-1.16%	1.26%	-0.65%	0.93
Carbon	-2.08%	-1.81%	1.76%	12.65%	0.89
Diversity	-1.02%	-0.80%	2.70%	3.38%	0.86
Total ESG	-1.62%	-1.47%	-0.61%	2.50%	0.88

\*Returns represent theoretical portfolios as of Feb 28, 2021, exclusive of any management fees, transaction costs, or other fees



Appendix:

Select Strategy Details

## ESG Profile – US Lg Cap Price Momentum Top 40% Indexes vs. Benchmark

Comparing index-level E, S, G, and ESG ratings (constituent-weighted rankings) versus their respective benchmark ratings, we can clearly see that both large cap price momentum indexes rate more favorably than SPY across each sustainability pillar (E, S, G), and in total (ESG).

### US Large Cap Heat Map - US Large Cap ESG Percentile Rankings

Fund	Ticker	E	S	G	ESG	Carbon
US Lg-Cap Price Momentum ESG Top 40% (1291)	N/A	0.69	0.71	0.69	0.63	0.71
US Lg-Cap Price Momentum Carbon Top 40% (1293)	N/A	0.64	0.64	0.62	0.56	0.64
SPDR S&P 500 ETF Trust	SPY	0.49	0.49	0.49	0.49	0.50

#### Fund Percentile Color Scheme/Legend

Top 20%



60-80%



40-60%



20-40%



Bottom 20%



*E = Environment/Earth*

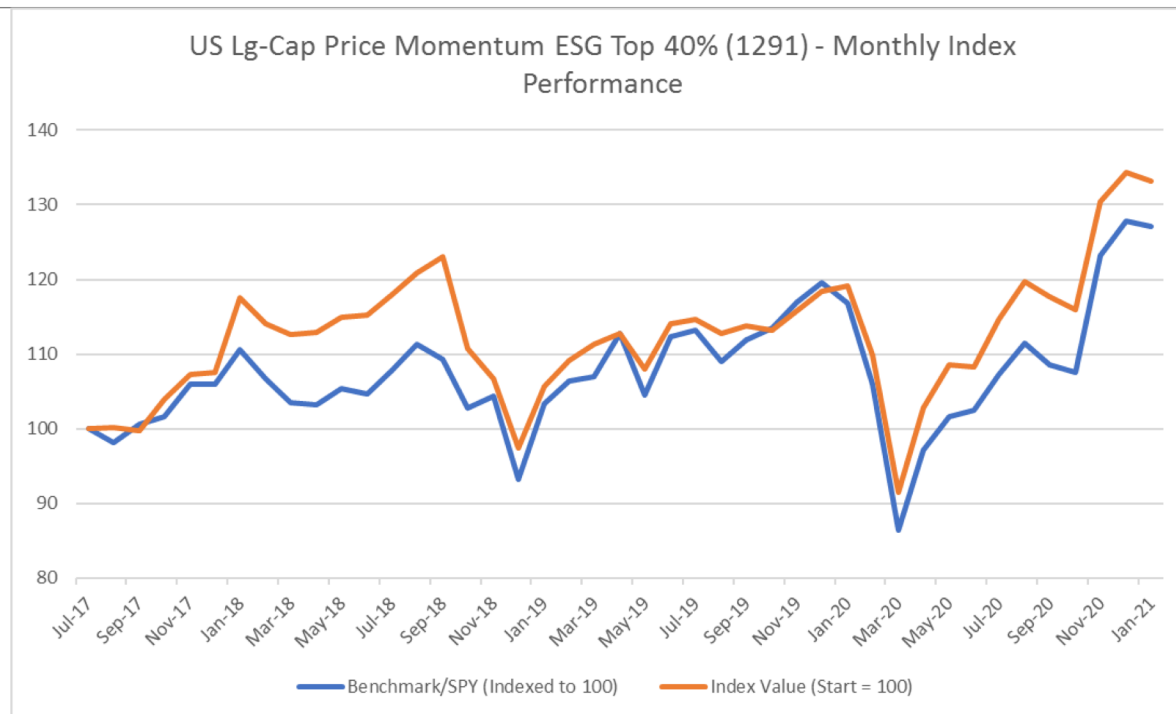
*S = Social*

*G = Governance*

*ESG = Total ESG*

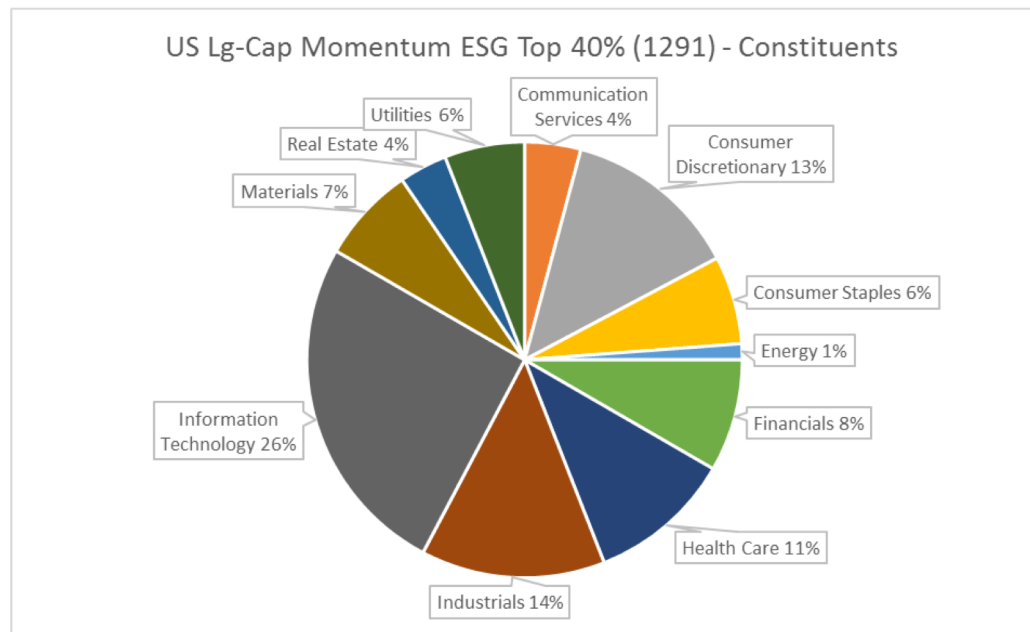
# US Lg-Cap Price Momentum, ESG Top 40% Index – Monthly Performance

Our US Large-Cap Sector-Momentum Carbon Tilted (Top 40%) Index (theoretical performance) has generally held its gains vs. the benchmark S&P 500 ETF, with the period following early pandemic induced crash of 2020 seeing consistent levels of outperformance.



## US Lg-Cap Price Momentum, ESG Top 40% Index – Sector Allocation

Our US Large-Cap Price-Momentum ESG Tilted (Top 40%) Index has outperformed by roughly 500 basis points since inception (theoretical performance from July 2017 through February 28, 2021). As show below, this equally-weighted index currently has notable weights in the Info Tech, Industrials, Consumer Discretionary, and Health Care sectors.



## US Lg-Cap Price Momentum, ESG Top 40% Index – Constituent Leaders & Laggards

Similar names tend to populate the top 5/bottom 5 ESG ratings leaders/laggards and our large cap price momentum ESG top 40% index is no exception with Microsoft, Johnson & Johnson, and HP leading in multiple categories, while Arista Networks, Activision Blizzard, and Paycom conversely lag over various verticals.

### US Lg Cap Price Momentum ESG Top 40% - ESG Ratings Leaders (Top Rated)

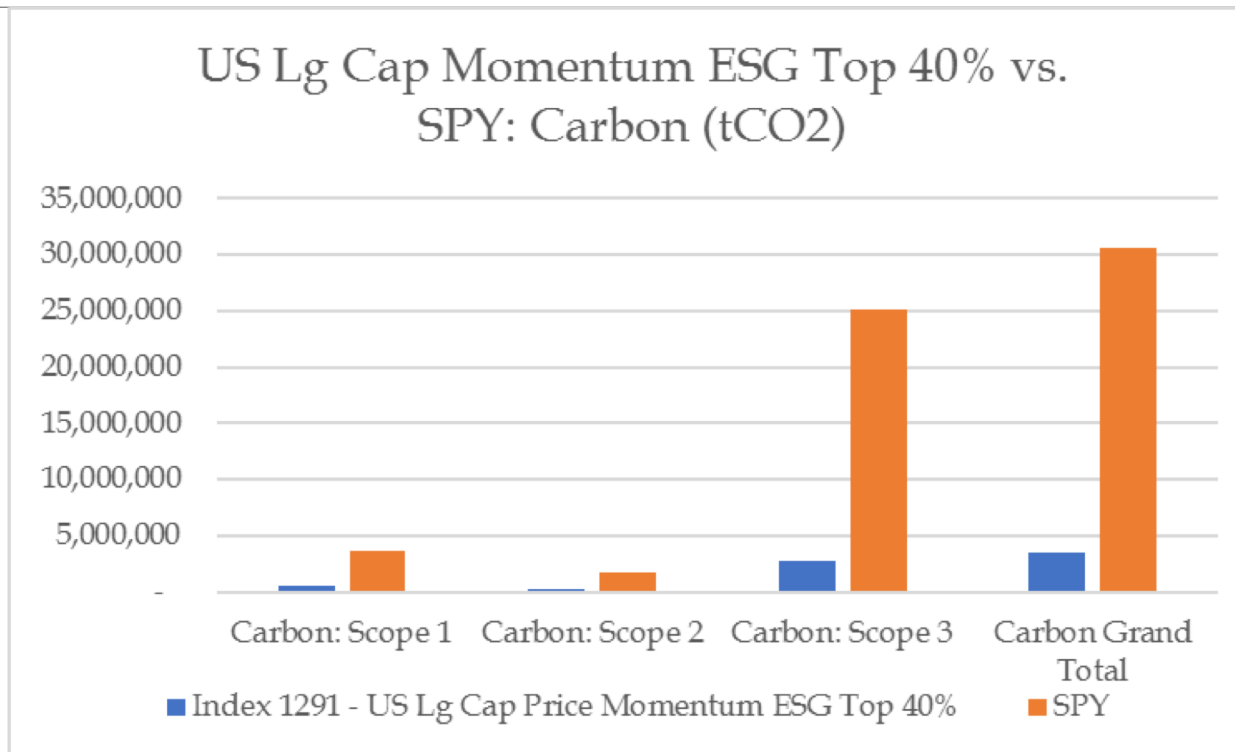
Rank	E	S	G	ESG	Carbon	Alpha
1	Campbell Soup Company	HP inc	Hasbro, Inc.	Norfolk Southern Corporation	Microsoft Corporation	HP inc
2	Molson Coors Brewing Company	Johnson & Johnson	Campbell Soup Company	Microsoft Corporation	The Clorox Company	Johnson & Johnson
3	Hasbro, Inc.	State Street Corporation	Johnson & Johnson	The Clorox Company	HP inc	General Mills, Inc.
4	Agilent Technologies, Inc.	Microsoft Corporation	Public Service Enterprise Group	KeyCorp	State Street Corporation	Accenture Ltd.
5	Wisconsin Energy Corporation	Accenture Ltd.	The Clorox Company	Northrop Grumman Corporation	Johnson & Johnson	Ventas, Inc.

### US Lg Cap Price Momentum ESG Top 40% - ESG Ratings Laggards (Bottom Rated)

Rank	E	S	G	ESG	Carbon	Alpha
170	AbbVie	Rollins, Inc.	Enphase Energy Inc.	Arista Networks Inc	Rollins, Inc.	AbbVie
169	MarketAxess Holdings Inc.	Paycom Software Inc	MarketAxess Holdings Inc.	Perspecta Enterprise Solutions	Activision Blizzard, Inc.	Enphase Energy Inc.
168	Enphase Energy Inc.	Activision Blizzard, Inc.	Old Dominion Freight Line, Inc.	Lam Research Corporation	Paycom Software Inc	Rollins, Inc.
167	Analog Devices, Inc.	Old Dominion Freight Line, Inc.	AbbVie	Micron Technology, Inc.	Arista Networks Inc	MarketAxess Holdings Inc.
166	Micron Technology, Inc.	The Mosaic Company	Arista Networks Inc	Activision Blizzard, Inc.	MarketAxess Holdings Inc.	Activision Blizzard, Inc.

## Superior Total Carbon Output vs. Benchmark

Our US Lg Cap Price Momentum Top 40% ESG index's total carbon footprint (as measured by tons of carbon dioxide, constituent-weighted) is notably lower than the benchmark (SPY) at Scopes 1, 2, and 3 – with a much lower grand total carbon footprint as a consequence (a total of Scopes 1, 2, & 3).

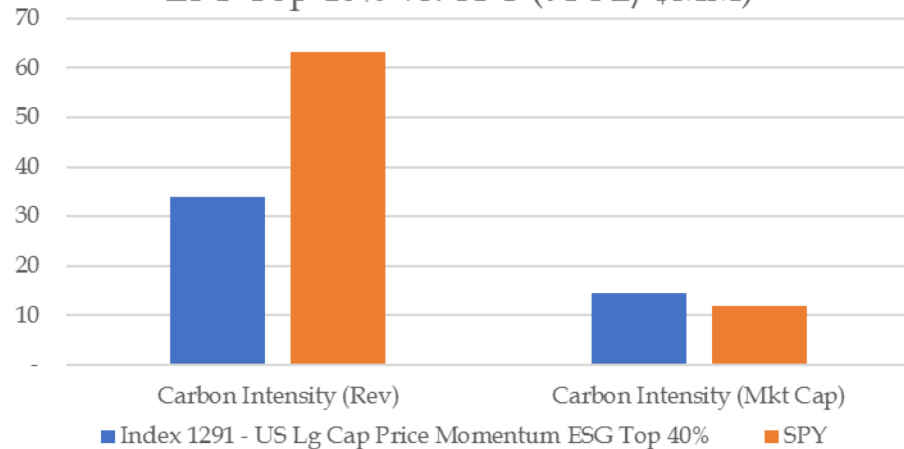




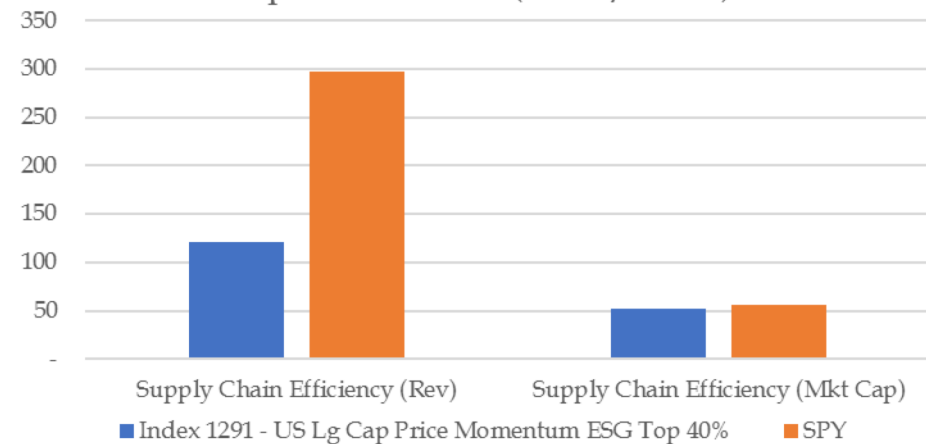
## Carbon Intensity & Efficiency Impressive

Our Lg Cap Price Momentum Top 40% ESG index's carbon intensity is over 45% more efficient than SPY on a revenue basis (Scope 1&2 tCO2 per \$MM in revenue), yet slightly less efficient on a market cap basis (Scope 1&2 tCO2 per \$MM in market cap). It's supply chain efficiency figures (Scope 3 tCO2 per \$MM in revenue/market cap) are superior to the benchmark using less than 55% of the CO2 per \$MM in revenue generated and roughly 93% of the CO2 per \$MM in market cap relative to the benchmark.

Carbon Intensity: US Lg Cap Momentum ESG Top 40% vs. SPY (tCO2/\$MM)

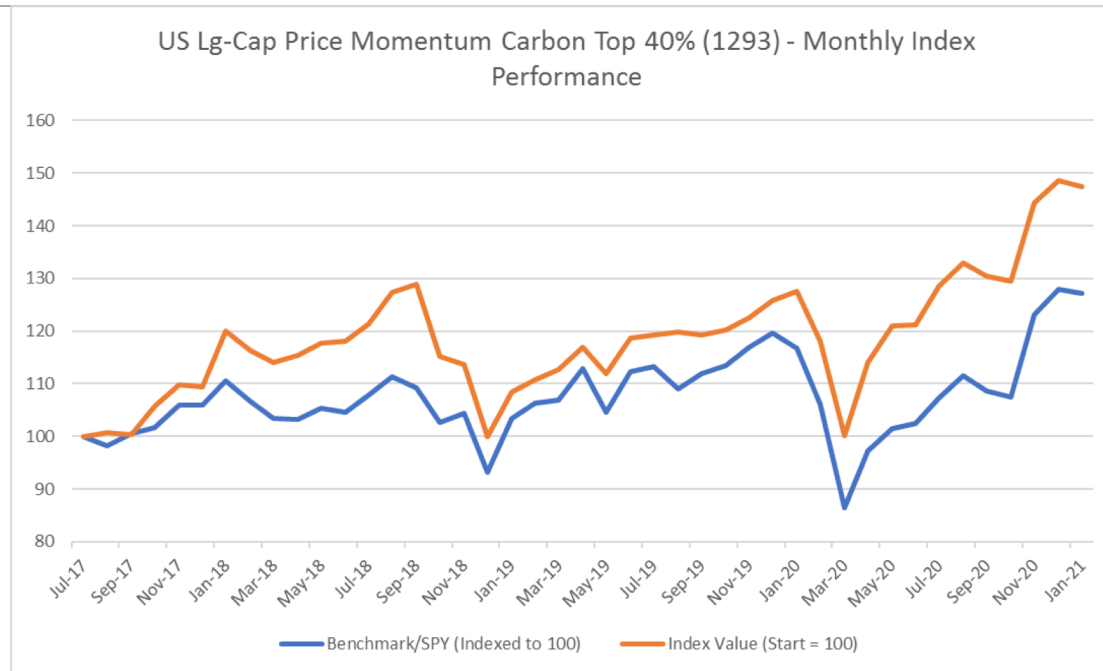


Supply Chain Efficiency: US Lg Cap Mo ESG Top 40% vs. SPY (tCO2/\$MM)



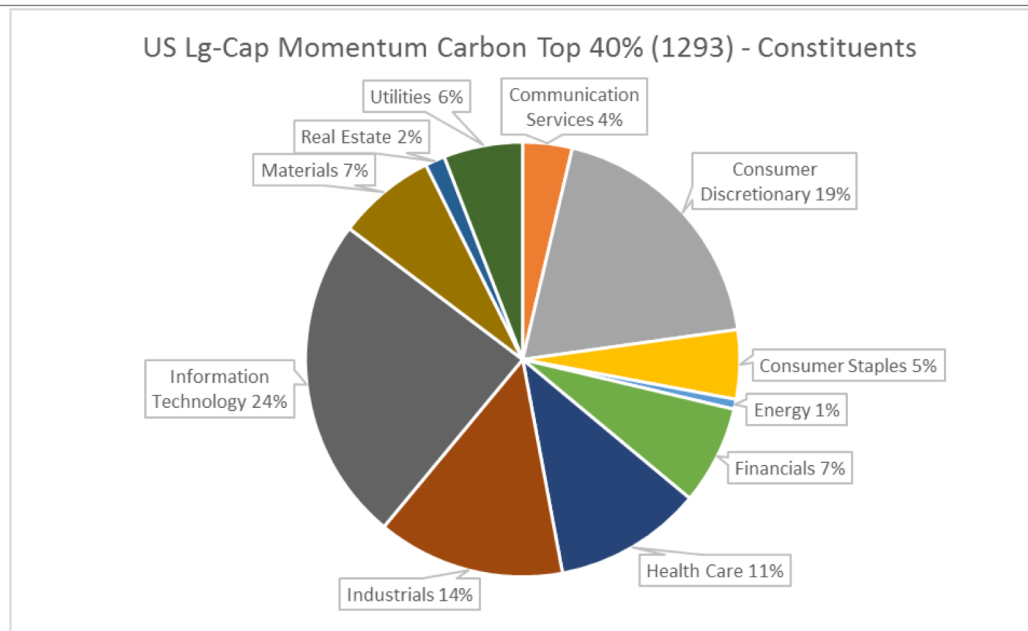
# US Lg-Cap Price Momentum, ESG Top 40% Index – Monthly Performance

Our US Large-Cap Sector-Momentum Carbon Tilted (Top 40%) Index (theoretical performance) while experiencing some periods of volatility, has nonetheless preserved gains well during drawdowns and has delivered returns well in excess of the benchmark since inception.



## US Lg-Cap Price Momentum, Carbon Top 40% Index – Sector Allocation

Our US Large-Cap Price-Momentum Carbon Tilted (Top 40%) Index has roundly outperformed since inception (theoretical performance from July 2017 through February 28, 2021), delivering a total return of 53% and topping the benchmark S&P 500 Index by 19%. As show below, this equally-weighted index currently has considerable representation in the Info Tech and Consumer Discretionary sectors.



## US Lg-Cap Price Momentum, Carbon Top 40% Index – Constituent Leaders & Laggards

The top 5 and bottom 5 ESG ratings leaders/laggards, as is typical, show consistency across ESG categories with Microsoft, Clorox, and HP leading in multiple categories, while Netflix, Pool Corp, and Rollins conversely lag over various verticals.

### US Lg Cap Price Momentum Carbon Top 40% - ESG Ratings Leaders (Top Rated)

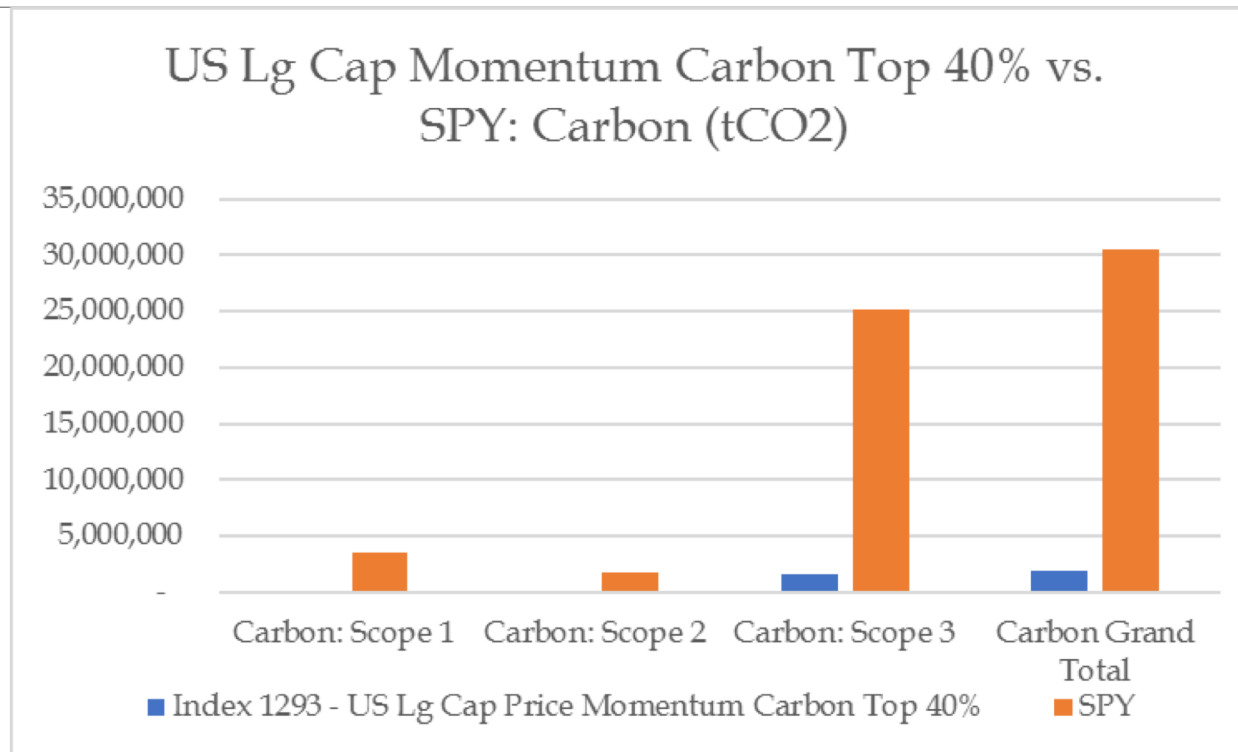
Rank	E	S	G	ESG	Carbon	Alpha
1	Hasbro, Inc.	HP inc	Hasbro, Inc.	Microsoft Corporation	Microsoft Corporation	HP inc
2	Agilent Technologies, Inc.	Johnson & Johnson	Johnson & Johnson	The Clorox Company	The Clorox Company	Johnson & Johnson
3	Public Service Enterprise Gr	Microsoft Corporation	Public Service Enterprise Gr	Northrop Grumman Corpora	HP inc	Accenture Ltd.
4	Regeneron Pharmaceuticals	Accenture Ltd.	The Clorox Company	Sempra Energy	Johnson & Johnson	Biogen Idec
5	The Clorox Company	Google, Inc.	Microsoft Corporation	Lockheed Martin Corporation	Hasbro, Inc.	Intuit Inc.

### US Lg Cap Price Momentum Carbon Top 40% - ESG Ratings Laggards (Bottom Rated)

Rank	E	S	G	ESG	Carbon	Alpha
138	AbbVie	Rollins, Inc.	ServiceNow, Inc.	Netflix, Inc.	Netflix, Inc.	AbbVie
137	Pool Corporation	Quanta Services, Inc.	Enphase Energy Inc.	Pool Corporation	Rollins, Inc.	Enphase Energy Inc.
136	Quanta Services, Inc.	Bio-Rad Laboratories, Inc.	Pool Corporation	Arista Networks Inc	Bio-Rad Laboratories, Inc.	Quanta Services, Inc.
135	MarketAxess Holdings Inc.	Domino's Pizza LLC	MarketAxess Holdings Inc.	IDEXX Laboratories, Inc.	Pulte Homes, Inc.	Rollins, Inc.
134	Costco Wholesale Corporati	Paycom Software Inc	Old Dominion Freight Line, Ir	Lam Research Corporation	IDEXX Laboratories, Inc.	MarketAxess Holdings Inc.

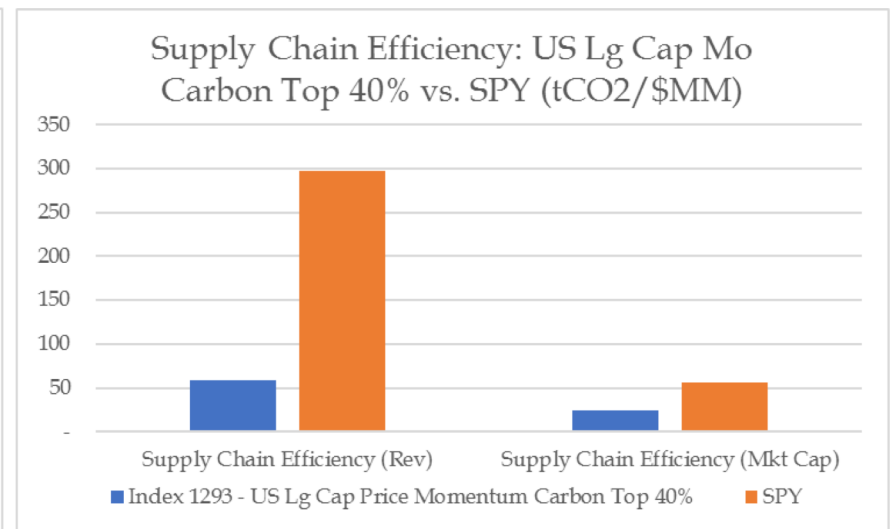
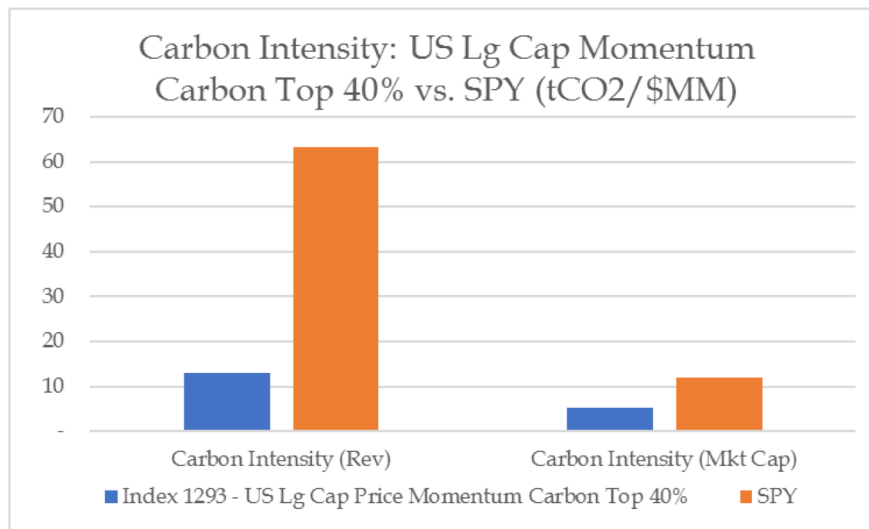
## Superior Total Carbon Output vs. Benchmark

Our US Lg Cap Price Momentum Top 40% Carbon index's total carbon footprint (as measured by tons of carbon dioxide, constituent-weighted) is vastly lower than the benchmark (SPY) at Scopes 1, 2, and 3 – resulting in much lower grand total carbon footprint (a total of Scopes 1, 2, & 3).



## Carbon Intensity & Efficiency Impressive

Our Lg Cap Price Momentum Top 40% Carbon index's carbon intensity is over 75% more efficient than SPY on a revenue basis (Scope 1&2 tCO<sub>2</sub> per \$MM in revenue), and over 50% more efficient on a market cap basis (Scope 1&2 tCO<sub>2</sub> per \$MM in market cap). It's supply chain efficiency figures (Scope 3 tCO<sub>2</sub> per \$MM in revenue/market cap) are equally impressive with the index using less than 80% of the CO<sub>2</sub> per \$MM in revenue generated and only 43% of the CO<sub>2</sub> per \$MM in market cap relative to the benchmark.





Thank You

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