

# **RAFI™ Multi-Factor Climate Transition Index Series Attribution Summary: Q3 2025**

## Developed

Performance Analysis	QTD Return	QTD Excess Return	YTD Return	1-Year Return	Carbon Intensity (CF/EVIC)
RAFI Multi-Factor Climate Transition Developed Index	4.06%	-3.48%	17.75%	13.79%	186.6
RAFI Multi-Factor ex Size Developed	6.02%	-1.52%	22.29%	17.47%	930.3
<i>Solactive GBS Dev Markets Large/Mid Cap Index</i>	7.54%	---	18.31%	18.12%	564.2
Factor Attribution	QTD Return	QTD Excess Return	YTD Return	1-Year Return	Carbon Intensity (CF/EVIC)
RAFI Value Factor Developed	10.36%	2.8%	31.3%	28.51%	1998.1
RAFI Low Volatility Factor Developed	3.26%	-4.3%	17.8%	10.38%	384.4
RAFI Quality Factor Developed	5.23%	-2.3%	17.2%	10.51%	695.7
RA Momentum Factor Developed	5.69%	-1.9%	24.3%	22.44%	1004.6

The RAFI Multi-Factor Climate Transition Developed Index fell behind its cap-weight benchmark by 348 bps in Q3 2025. Factor strategies broadly underperformed over the quarter as the Mag7 and ‘AI beta’ trade continued to drive the market narrative. The strategy underperformed a comparable unconstrained Multi-Factor Developed ex Size strategy by 197 bps for the quarter. Looking at the developed single factor sleeves, value was the best performing factor, outpacing the cap-weight benchmark by 282 bps. On the other hand, Low Volatility was the worst performing factor, trailing the cap-weight benchmark by 428 bps. While all single factor sleeves found success in the month of August, performance in July and September struggled to keep pace. Alphabet, Nvidia and Apple were the main standouts that negatively impacted performance.

Alphabet saw its stock price jump 37.8% in Q3, which was the company’s best return in a decade. The primary catalysts were strong fundamentals in Alphabet’s Q2 earnings, and a favorable court ruling which added further “fuel to the fire”. Alphabet’s revenue jumped 14% on a year-over-year basis, which beat the streets’ estimates. In addition to beating on the top-line, earnings per share surprised to the upside (\$2.31 versus \$2.17 estimated). The company attributed strong financial performance to growth in cloud revenue, which rose 32% to \$12.62 billion, and growth in YouTube’s Ad revenue (up 13%). Lastly, in September, a court decision was ruled in Alphabet’s antitrust case. Investors celebrated as the worst-case penalty was avoided, which would have required the company to divest Chrome browser and Android OS.

Nvidia posted a strong 18.1% return in Q3, extending its remarkable year-to-date performance and becoming the first company to surpass a \$4 trillion market capitalization. The gains were spearheaded by strong earnings, the resumption of H2O chip sales to China, and sustained demand for data center and Blackwell GPU platforms. An underweight Nvidia detracted 49 bps of return.

Apple experienced sharp rebound in the third quarter, posting a 24.2% gain after a 7.5% decline in Q2. The company ranked among the top-performing Mag7 stocks, trailing only Alphabet and Tesla. The turnaround was fueled by robust earnings, highlighted by 13% year-over-year iPhone sales growth and 10% revenue growth. The revenue jump was Apple's strongest top-line expansion since 2021. Investor sentiment was further boosted when Tim Cook announced an acceleration in AI investments, emphasizing plans to embed AI across device platforms to enhance efficiency and innovation. Finally, Apple shares received an additional lift when Tim Cook met with President Trump to announce a \$600 billion US investment plan over four years, signaling renewed domestic expansion and a hope it would help keep the company out of President Trump's crosshairs.

## Sector Analysis

The Magnificent 7 (most notably AI-linked powerhouses), drove performance this quarter. Selection effects drove 261 bps of the total 365 bps lag to the cap-weight benchmark. Communications (0.2% active weight) and Industrial (matched exposure) were the largest detractors, removing 136 bps and 64 bps, respectively. Alphabet (-3.0% active weight) was the top detractor in the Communications sector, detracting 78 bps of return. Within Industrials, Reed Elsevier (0.5% active weight) and Recruit Holdings (0.4% active weight) were the top two detractors. Reed Elsevier detracted 10 bps of return, while Recruit Holdings erased 6 bps.

## Geographic Analysis

At the region level, performance broke out with selection effects driving the majority of underperformance (337 bps out of a total of 365 bps). The US (-5.9% active weight) as a whole outpaced the benchmark this quarter, up 8.4% vs 7.5% for the Solactive GBS Developed Markets Large & Mid cap index. While the strategy took an underweight to the US, the bulk of performance drag came via selection effects (212 bps out of a total of 218 bps). The Europe non-EU region was another pain-point that resulted in performance drag. Both allocation and selection effects negatively impacted returns, detracting 50 bps.

## Rebalance Analysis

The following table lists the top five largest stocks by cap-weight that failed to make it into the index at the rebalance period due to their factor scores. While Tesla would qualify for the momentum sleeve, it is excluded due to its violation of UNGC principles. Cumulative-weight rank represents a stock's position by weight within each factor sleeve prior to selection; value,

low volatility, and quality select the top 25% of stocks by RAFI weight, and momentum selects the top 50% of stocks by market capitalization.

Company	Region	Cap-Weight (9/30/2025)	Cumulative Weight Rank			
			Value	Low Volatility	Quality	Momentum
Microsoft	US	4.83%	96.0%	62.2%	39.4%	59.7%
Alphabet	US	3.37%	75.9%	82.7%	34.0%	51.3%
Amazon	US	2.65%	91.4%	88.9%	93.3%	65.3%
Berkshire Hathaway	US	0.86%	53.1%	19.9%	84.4%	76.3%
Exxon Mobil	US	0.62%	16.7%	85.0%	44.0%	74.6%

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# RAFI Multi-Factor Climate Transition Developed Index

AS OF 9/30/2025

## INDEX INFORMATION

Inception:  
10/31/2020

Bloomberg Ticker:  
RAMFCTDT Index

The RAFI Multi-Factor Climate Transition Developed Index provides diversified factor exposures to value, low volatility, quality and momentum while simultaneously integrating objectives related to greenhouse gas (GHG) emissions reductions and the transition to the low carbon economy.

## PERFORMANCE TABLE

Index	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	10 Yr Vol	10 Yr Sharpe	10 Yr Tracking Error	10 Yr Info Ratio
RAFI Multi-Factor Climate Transition Developed Index	4.1 %	17.7%	13.8%	22.8%	14.2%	--	--	--	--	--
RAFI Value Factor Developed	10.4 %	31.3%	28.5%	26.1%	22.1%	12.1%	17.7%	0.6	8.6%	-0.1
RAFI Low Volatility Factor Developed	3.3 %	17.8%	10.4%	15.9%	10.0%	9.1%	11.6%	0.6	7.4%	-0.5
RAFI Quality Factor Developed	5.2 %	17.2%	10.5%	21.1%	12.8%	11.6%	14.3%	0.7	3.3%	-0.4
RA Momentum Factor Developed	5.7 %	24.3%	22.4%	26.5%	16.2%	12.9%	13.9%	0.8	3.8%	-
Solactive GBS Developed Markets Large & Mid Cap Index	7.5 %	18.3%	18.1%	24.5%	15.0%	13.0%	14.8%	0.7	-	-

Based on data from Research Affiliates. All returns are total returns reported in USD. All returns greater than one year are annualized. Index returns prior to inception date are simulated. Inception date is 10/31/2020. Please see important disclosure information at the end.

## PORTFOLIO CHARACTERISTICS

Index	# of Securities	P/B	P/S	Dividend Yield	WAMC	Discount	Median Historical Discount	Turnover	ESG Score	Carbon Intensity (CF/Sales)
RAFI Multi-Factor Climate Transition Developed Index	664	4.1	2.7	1.9%	532.5	-5.2%	-11.3%	55.4%	59.7	50.9
RAFI Value Factor Developed	471	1.3	0.6	3.0%	103.3	-62.1%	-62.8%	21.6%	56.1	237.2
RAFI Low Volatility Factor Developed	490	2.7	1.3	2.8%	184.5	-38.7%	-31.7%	19.2%	59.2	71.0
RAFI Quality Factor Developed	516	4.5	2.0	2.4%	340.3	-20.2%	-12.9%	21.2%	59.4	74.7
RA Momentum Factor Developed	632	3.2	2.1	1.8%	423.9	-15.9%	-9.4%	97.2%	56.9	118.3
Solactive GBS Developed Markets Large & Mid Cap Index	1417	4.0	2.7	1.5%	1001.6	0.0%	-	-	58.6	94.6

Portfolio characteristics are based on data from Bloomberg. Holdings prior to inception are simulated, please see disclosures for important information regarding simulated data. WAMC represents the weighted average market capitalization of the portfolio in USD billions. The discount of the portfolio is measured by the geometric average of the quarterly discounts of price to earnings, price to book, price to sales, price to cash flow, and dividend yield. Turnover represents the average annual turnover from 2017 to 2024. Historical median calculation represents a 10-year rolling window or the earliest date available. Start date: 6/30/2016. Note: ESG characteristics derived from ISS. ESG and component scores transformed from ISS 1-4 scale into 1-100 scores. Carbon Intensity reflects a firm's Scope 1 and 2 carbon emissions per unit \$mm revenue. Please see additional important disclosure information at the end of this document.

## FACTOR EXPOSURE

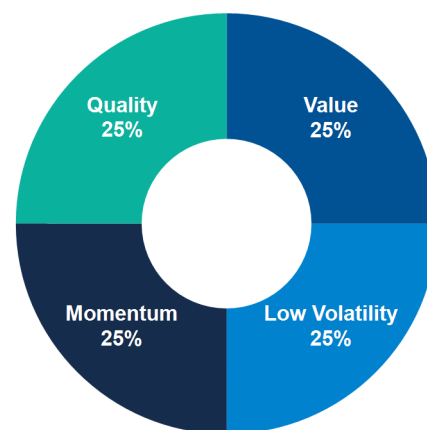
Index	Alpha (Annual)	Beta (Mkt-Rf)	Value (HML)	Low Beta (BAB)	Profitability (RMW)	Investment (CMA)	Momentum (WML)	Size(SMB)
RAFI Multi-Factor Climate Transition Developed Index	-0.68%	0.96	0.04	0.15	0.09	0.11	0.06	-0.07
RAFI Value Factor Developed	-0.71%	1.08	<b>0.57</b>	-0.14	0.17	0.29	0.08	0.24
RAFI Low Volatility Factor Developed	-0.13%	0.78	-0.03	<b>0.52</b>	-0.03	0.29	-0.13	-0.08
RAFI Quality Factor Developed	-0.86%	0.95	0.01	0.12	<b>0.27</b>	<b>0.17</b>	-0.06	0.02
RA Momentum Factor Developed	-0.08%	0.98	0.12	0.07	-0.03	0.03	<b>0.27</b>	-0.08

Note: Factor returns simulated by Research Affiliates in USD. Please see disclosures for important information regarding simulated data.

## HOLDINGS BREAKDOWN

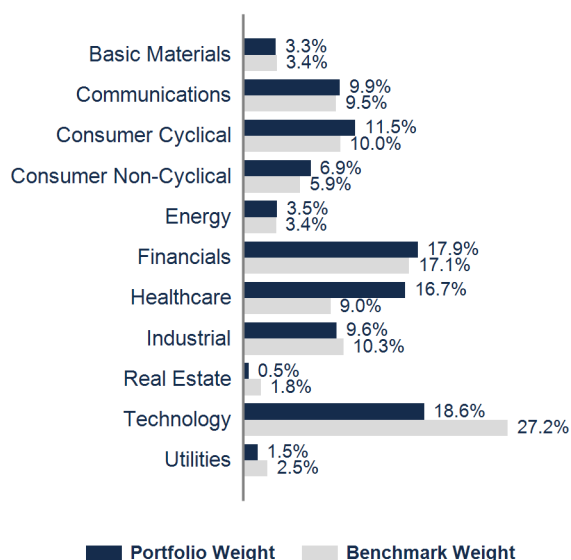
RAFI Multi-Factor Climate Transition Developed Index	Weights (%)	Value Factor	Low Vol. Factor	Quality Factor	Mom. Factor	Cap Weight
1 Oracle	3.7	--	2.2	2.8	1.2	0.6
2 Meta Platforms	3.4	--	--	1.5	2.6	2.0
3 Nvidia	2.7	--	--	--	2.8	5.6
4 Tesla	2.7	--	--	--	3.4	1.6
5 Netflix	2.7	--	--	0.6	1.4	0.6
6 Apple	2.5	--	--	3.1	--	4.7
7 Visa	2.4	--	--	1.0	1.5	0.7
8 Broadcom	1.8	--	--	3.1	2.9	1.9
9 Johnson & Johnson	1.7	--	2.8	1.6	1.2	0.6
10 Mastercard	1.7	--	--	0.7	1.2	0.6

Factor Sleeve Allocation (9/30/2025)

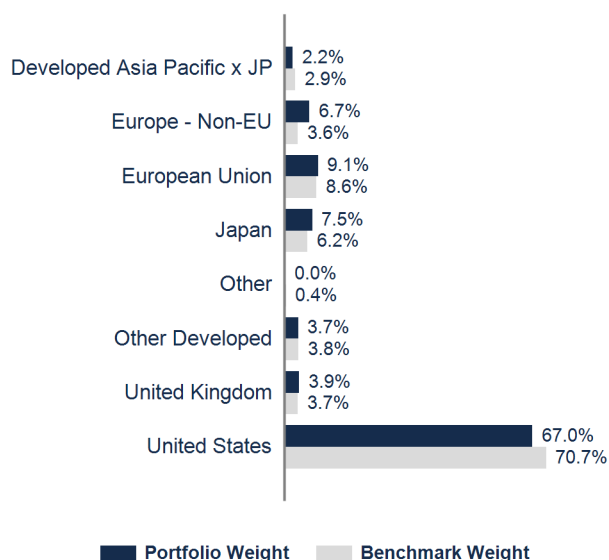


## SECTOR & REGION WEIGHTS

RAFI Multi-Factor Climate Transition Developed Index



RAFI Multi-Factor Climate Transition Developed Index



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