

Investment Philosophy

The firm's philosophy is that employing highly disciplined **Rules Based Investment**[®] processes leads to superior risk control due to the removal of human emotion. We seek to produce enhanced risk adjusted returns.

Investment Objective

Sustainable Equity is driven by our **Rules Based Investing**[®] philosophy investing in large capitalization U.S. companies that demonstrate management focus on Environmental, Social, and Governance (ESG) sustainability factors while also possessing factors associated with Alpha generation. Sustainable Equity seeks to generate competitive, risk-adjusted returns for investors who desire their investment portfolio to reflect their values and have a positive impact on society. The portfolio is designed to participate in up markets and to mitigate losses in down markets.



Portfolio Construction

Step 1: ESG - Sustainable Equity applies quantitative scoring of ESG factors provided by Corporate Knights Capital to a large cap universe. The resulting subset of companies successfully manage, for example, environmental sustainability themes such as energy productivity, carbon intensity, and water dependence. Additional factors relating to governance and social themes include % of Women on Board of Directors, capacity to innovate, unfunded pension fund liabilities, CEO/average worker pay, safety performance, employee turnover, and % bonus linked to sustainability performance.

Step 2: Fundamentals & Risk - The selected sustainable companies are further refined by fundamental and risk factors tested to be statistically significant generators of historical alpha. The factors, such as EBITDA, Free Cash Flow, Volatility, and Skewness compete for inclusion on a quarterly basis and are adjusted based on accumulated learning.

Step 3: Optimize - The sustainable companies that exhibit the best fundamental and risk factors are rebalanced quarterly to produce a diversified portfolio with low correlation and an attractive risk profile.

Performance

January 1, 2014 through March 31, 2020

	Gross	Net .4%	Index	S&P 500 Value TR
Year-to-Date	7.00%	6.90%	6.17%	10.77%
1 Year	52.15%	51.57%	56.35%	50.37%
3 Year*	17.85%	17.40%	16.78%	11.83%
5 Year*	17.08%	16.62%	16.29%	12.31%
Since Inception*	14.62%	14.17%	13.38%	9.94%
Since Inception	168.88%	161.31%	148.48%	98.78%
Std. Deviation	13.14%	13.12%	14.02%	14.77%
Sharpe	1.05	1.03	0.92	
Beta	0.84	0.84	1.00	
Alpha	3.22%	2.82%		
Up-Capture	88.01%		100.00%	
Down-Capture	66.62%		100.00%	

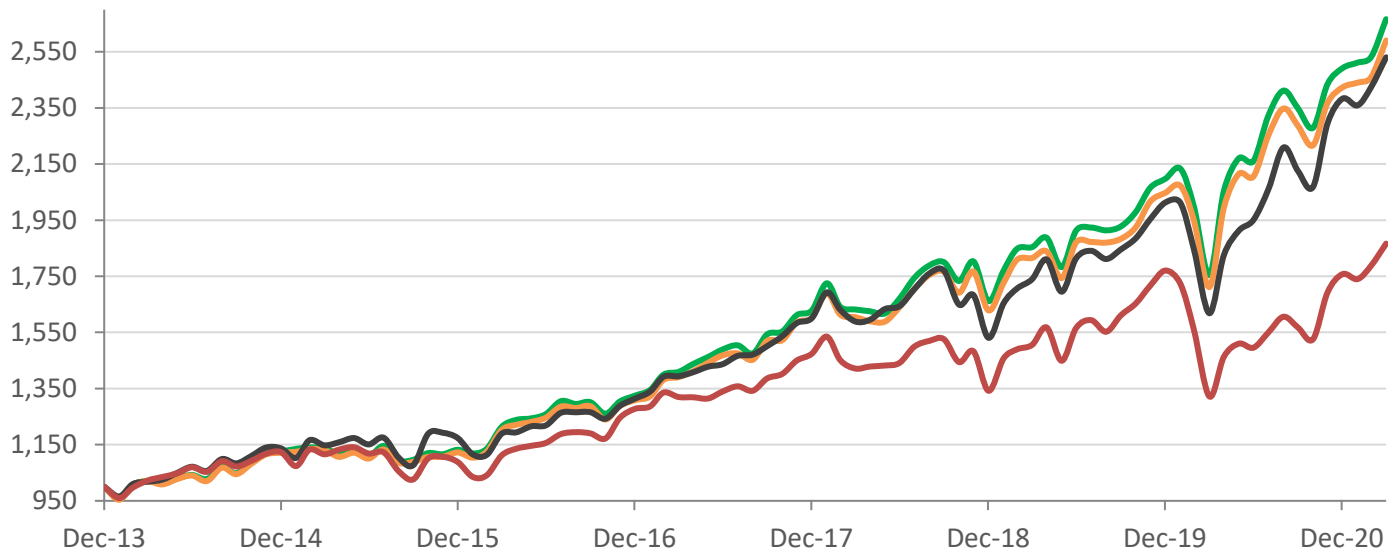
Benchmark Index - S&P 500 TR

Year	Gross	Net of .4%	Index	S&P 500 Value
2014	12.59%	12.13%	13.69%	12.36%
2015	1.19%	0.79%	1.38%	-3.13%
2016	17.06%	16.59%	11.96%	17.40%
2017	22.88%	22.40%	21.83%	15.36%
2018	2.08%	1.67%	-4.38%	-8.95%
2019	26.21%	25.72%	31.49%	31.93%
2020	19.05%	18.59%	18.40%	1.36%
YTD 2021	7.00%	6.90%	6.17%	10.77%

*Annualized. Up and Down Capture based on Gross performance January 1, 2014 through March 31, 2021 and is calculated arithmetically. Geometric Up and Down Capture are available upon request. Beta calculated from inception date. **Benchmark Index – S&P 500 TR**. The information on this page is qualified in its entirety by attached footnotes and disclosures. Past performance is not a guarantee of future returns

Growth of \$1,000 Investment (1/1/2014-3/31/2021)

Sustainable Equity (Gross) Sustainable Equity (Net .4%) S&P 500 TR Index S&P 500 Value TR Index



Corporate Knights CAPITAL

Corporate Knights Capital (CKC) is a research firm specializing in building sustainable investment solutions. CKC is a division of Corporate Knights, Inc., a Toronto-based private company that publishes the most widely circulated magazine focused on sustainable business, conducts the Global 100 ranking, and serves as the Secretariat for the Council for Clean Capitalism, a CEO-supported group catalyzing smart and efficient public policy. Memberships: United Nations Principles for Responsible Investment; Certified B Corporation; Sustainability Accounting Standards Board.

Empirical Asset Management, LLC (EAM) is a Registered Investment Advisor with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Empirical manages client assets through proprietary quantitative models.

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Characteristics

Inception	Jan 1, 2014
Holdings	Up To 75 Positions
Size	Large Cap
Style	Core
Sector	Multi-Sector
Geography	U.S. Equities
Vehicle	Managed Account

Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results. This presentation is neither an offer to sell nor a solicitation of an offer to buy any securities. Opinions expressed are current opinions as of the date appearing in this material only. Empirical Asset Management's (EAM) portfolio risk management process includes an effort to monitor and manage risk but does not imply low risk. This material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which an investment should or would be handled, as appropriate strategies depend upon the investor's specific circumstances and investment objectives. EAM is registered with the Securities and Exchange Commission. However, please note that in no way has the Securities and Exchange Commission approved or endorsed EAM, its strategies or any of its marketing materials. Any representation to the contrary is a criminal offense. Please refer to EAM's ADV Part 2A for more information including a schedule of fees.

The advertised performance represents a composite of all discretionary fee paying and non-fee-paying accounts. Accounts that are no longer invested in a manner consistent with the composite description will remain in the composite for all prior months. Gross returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting the highest annual fee of .40% from the gross composite return in the amount of 0.10% per quarter. Returns are presented net of non-reclaimable withholding taxes. The performance portrayed reflects the reinvestment of dividends, interest, and other earnings (total return). Monthly geometric linking of performance results is used to calculate annual returns. Valuations are computed and performance is reported in U.S. dollars. The minimum portfolio size for inclusion in the composite is \$250,000. The benchmark for EAM Sustainable Equity is the S&P 500 Total Return Index. The S&P 500 Value Total Return Index is included for informational purposes.