JACOBS LEVY
EQUITY MANAGEMENT

ESG AND RESPONSIBLE INVESTING

Jacobs Levy has developed a unique, multidimensional and dynamic approach to equity investing that incorporates various criteria including environmental, social, and governance (ESG) considerations and responsible investing practices based on our proprietary research and client investment objectives. Our quantitative investment process uses proprietary methods of "disentangling" the market's complex web of profit opportunities, sophisticated modeling techniques, and ongoing research to uncover new investment opportunities.

Jacobs Levy's objective is to help our clients achieve their long-term investment goals through a thoughtful and disciplined approach to managing equity portfolios. We recognize that ESG considerations can impact business profitability, the sustainability of earnings, and business risks. Jacobs Levy is a signatory of the United Nations-supported Principles for Responsible Investment (UNPRI). ESG and the concepts of the UNPRI are taken into account in our research and portfolio construction when we find evidence of improved investment returns and/or reduced portfolio risk or to meet specific client objectives and requests. In addition, we vote proxies in accordance with ESG guidelines for clients upon request.

Further, we seek ways to contribute to the investment community. Currently, one of our founders, Bruce Jacobs, serves as an Advisory Editor for the *Journal of Impact and ESG Investing*. In addition, our founders, Bruce Jacobs and Ken Levy's article, "The Challenge of Disparities in ESG Ratings," was published in the *Journal of Impact and ESG Investing*. Initiatives supported by the firm also recognize and advance ESG investing research. Articles on the topic have been awarded the Bernstein Fabozzi/Jacobs Levy Award. Additionally, the Jacobs Levy Equity Management Center for Quantitative Financial Research at The Wharton School funds research grants and provides a platform for working papers and discussions on ESG topics.

We also believe socially responsible and sustainable business practices can be important contributors to the satisfaction and development of our staff, the impact of our firm on the community, and the ultimate success of our firm. To that end, we consider ESG principles in the management of our firm and our philanthropic efforts.

Our Approach to ESG and Responsible Investing

We have numerous proprietary models, which are used to predict returns for individual stocks and to manage risk. We believe that opportunities arise from company fundamentals, macroeconomic

conditions, and human behavior, so we base our models on reasonable, intuitive relationships between both fundamental and behavioral factors and stock prices.

The only consideration in vetting any factor for inclusion in our models is whether the factor is expected to improve returns and/or reduce portfolio risk. Our investment process includes models based on those ESG principles which we have found, through our research process, to meet these criteria. ESG principles are also incorporated into our investment process to the extent that the data, upon which our models are based, reflects such issues or the reaction by company managements and security analysts.

Jacobs Levy dedicates a significant amount of resources to research and model development efforts. We continually seek and evaluate new data sources, including ESG data, and generate new ideas for research based on in-house brainstorming, the latest research from conferences, academic working papers, and journals covering investments, finance, accounting, statistics, data science, artificial intelligence, and other scientific disciplines. New insights are modeled by our researchers and quantitative engineers and thoroughly tested before being incorporated into our investment process.

Jacobs Levy has designed its investment systems to accommodate client-specific constraints, so we are able to accommodate client requests to exclude specific securities from the investment universe. For example, for decades we have screened certain client portfolios to restrict issuers in industries deemed socially or environmentally undesirable, including tobacco, weapons, and carbon, or issuers that are organized or operating in certain regions of the world where human rights abuses are prevalent. In addition, given the breadth and depth of our investment process and our large universe of stocks, portfolios can be engineered to a wide range of equity benchmarks. We can accommodate clients who require ESG benchmarks, such as a low carbon index. We also work with clients interested in pursuing ESG-specific objectives, such as a carbon reduction target, and clients that are seeking to comply with regulatory regimes such as SFDR.

Jacobs Levy is responsible for voting proxies on behalf of clients that have delegated the authority to us. We are able to implement ESG-specific proxy voting guidelines on behalf of separate account clients upon request. Proxy voting reports can be delivered periodically. More broadly, we work with clients that have specific ESG reporting requirements.

Monitoring investment models and client-specific ESG objectives is part of our portfolio review process. Daily, weekly, and monthly reports detailing portfolio exposures and return attributions are reviewed by members of the portfolio management team to determine whether selected insights are paying off as expected. The information gained from performance attribution is used in the research process, with the goal of further improving stock selection. In addition, ESG-related investment guidelines for client accounts with such guidelines are monitored by our compliance department on a daily basis.

Our Commitment to ESG Investing

Jacobs Levy is committed to evaluating ways in which we can apply concepts related to responsible investing and the UNPRI. We continue to evaluate the potential benefits of ESG

principles for our investment process and through the efforts of our ESG Committee, we monitor ESG trends in the investment management industry.

Our Commitment to ESG through Philanthropy

Jacobs Levy strives to make a real difference in people's lives by actively supporting the communities in which we live and work. We donate our time, energy, and other resources for the growth of our communities locally and nationally and the support of the underserved. Our efforts range widely and include supporting several initiatives at medical centers, sponsoring staff volunteer events at a soup kitchen, contributing to various charities that focus on community support and public policy, and supporting initiatives of the New Jersey Performing Arts Center and the Mayo Performing Arts Center to bring music, dance, and theater to underserved communities.

We are also proud to contribute to organizations that promote diversity and are committed to improving the lives of the underserved in our local communities and across the globe. These organizations include:

- **A Better Chance**, which places high-performing students of color in the best independent and public schools and supports them on their educational and leadership journeys.

- **American India Foundation**, which is committed to improving the lives of India's underprivileged, with a focus on women, children, and youth.

- **Braven**, which empowers college students with the skills, confidence, experiences, and networks necessary to transition from college to strong first jobs, leading to meaningful careers and lives of impact.

- **Children's Scholarship Fund**, which expands educational opportunity by providing scholarships to families in need so children can attend the K-8 schools that best meet their needs and help them reach their full potential, regardless of their ability to pay or where they live.

- **Chinese-American Planning Council**, which promotes the social and economic empowerment of Chinese American, immigrant, and low-income communities.

- **Nourish NJ**, which creates lasting solutions to the problems of hunger, homelessness, and poverty by offering food, housing, work readiness, medical, and other essential services to our local communities.

- **Roots & Wings**, which provides safe housing, emotional support, life skills, and educational opportunities for the youth of New Jersey who are aging out of foster care.

- **Sponsors for Educational Opportunities**, which aims to close the academic and career opportunity gap for ambitious young people, including through a multi-year academic

program that gets public high school students to and through college and other career development programs for students and professionals.

- **The Woodson Center**, which empowers community-based leaders to promote solutions to revitalize their communities.

To further support the diverse backgrounds and interests of our staff, the firm makes an annual donation to each staff member's selected charity on behalf of the staff member. Additionally, the firm provides each staff member with paid time off each year to volunteer at the charity or non-profit organization of their choice.