
Jewish Values Strategy

For Professional Investor Use Only

Overview

The Reform Pension Board (RPB) has partnered with Aperio to develop a Jewish Values profile. This strategy is based on resolutions passed by the Central Conference of American Rabbis (CCAR), Union for Reform Judaism (URJ) and the Commission on Social Action (CSA) of Reform Judaism.

Positive Tilts

- Human Rights
- Reproductive Rights
- Labor
- Diversity
- Sexual Orientation
- Environment & Climate Change
- Board Accountability
- Stem Cell Research
- Support for Israel

Exclusions

- Predatory Lending
- Civilian Firearms
- Landmines & Cluster Munitions
- Tobacco
- Coal
- Involvement with the Sudanese government*

*This definition differs slightly from Aperio's Sudan definition available on our SRI/ESG Menu.

Established more than 70 years ago, the Reform Pension Board (RPB) is dedicated to providing retirement, life insurance, and long-term disability (LTD) plans to eligible employees, including clergy and professionals, of Reform Jewish Movement congregations and organizations. NOTE: RPB periodically reviews and modifies the profile. Changes are reflected in any account that selects this strategy.

Jewish Values Portfolio Characteristics

	MSCI ACWI ¹	Aperio Global SMA: All Cash	Aperio SMA with Jewish Values Strategy
Forecast Tracking Error (%)	0.00	0.45	0.70
Forecast Beta	1.00	1.00	1.00
Forecast Volatility (%)	12.39	12.39	12.43
Number of Stocks	2,773	500	466
Dividend Yield (%)	2.53	2.55	2.57
Social Score	54	56	62 ²
Social Score Tilt (%)		0%	+15%
Israel Exposure Score	26	27	50

Notes on portfolio construction:

The optimizer* determines the lowest possible tracking error given a beta of 1.00 and a Jewish Values Social Score of 62, as well as the number of holdings.

A sample portfolio identical to the index. Note that the tracking error is 0.00%.

A sample Aperio Global SMA portfolio with no SRI constraints. Note the incremental tracking error resulting from not holding the full universe of securities.

A sample Jewish Values portfolio. Note the additional incremental tracking error versus the other two scenarios.

¹The MSCI ACWI is provided as an example of an index which Aperio has selected, after consultation with the client, as the most appropriate measurement index for portfolio performance. Aperio refers to this selection as a portfolio's "comparison index/benchmark."

²The weighted-average Jewish Values Social Score above, 62, is specific to the MSCI ACWI and may adjust slightly per comparison index.

*Details on Aperio's optimizer can be found in the disclosure under the heading "Optimizer."

Additional Tilts

RPB has also included Aperio's Clean Technology Solutions and Low-Carbon Footprint tilts in its strategy. These additional tilts can be added through client selection.

Jewish Values Social Profile + CTS/Low-Carbon Tilt

Clean Technology Solutions

Emphasizes companies with higher revenue from:

1. Alternative Energy
2. Energy Efficiency
3. Green Building
4. Pollution Prevention
5. Sustainable Water

Low-Carbon Footprint

Targets an 80% reduction in the carbon footprint of a portfolio compared to the benchmark index, as measured through:

1. Carbon Emissions
2. Carbon Intensity

For more information, please see Aperio's Clean Technology Solutions and Low-Carbon Footprint presentations.

Jewish Values + CTS/Low-Carbon Tilt Portfolio Characteristics

	MSCI ACWI ¹	Aperio Global SMA: All Cash	Aperio SMA with Jewish Values + CTS/Low-Carbon
Forecast Tracking Error (%)	0.00	0.45	0.94
Forecast Beta	1.00	1.00	1.00
Forecast Volatility (%)	12.39	12.39	12.43
Number of Stocks	2,773	500	391
Dividend Yield (%)	2.53	2.55	2.57
Social Score	54	56	62 ²
Social Score Tilt (%)		0%	+15%
Israel Exposure Score	26	27	50
Clean Technology Solutions Score	3.87	3.05	10
Carbon Emissions (metric tons of CO ₂)	6,406,341	6,446,574	1,311,506
Carbon Intensity (GHG / \$1M in sales)	200	227	43

Notes on portfolio construction:

The optimizer* determines the lowest possible tracking error given a beta of 1.00 and a Jewish Values Social Score of 62, as well as the number of holdings.

A sample portfolio identical to the index. Note that the tracking error is 0.00%.

A sample Aperio Global SMA portfolio with no SRI constraints. Note the incremental tracking error resulting from not holding the full universe of securities.

A sample Jewish Values + CTS/Low-Carbon Tilt portfolio. Note the additional incremental tracking error versus the other two scenarios.

¹The MSCI ACWI is provided as an example of an index which Aperio has selected, after consultation with the client, as the most appropriate measurement index for portfolio performance. Aperio refers to this selection as a portfolio's "comparison index/benchmark."

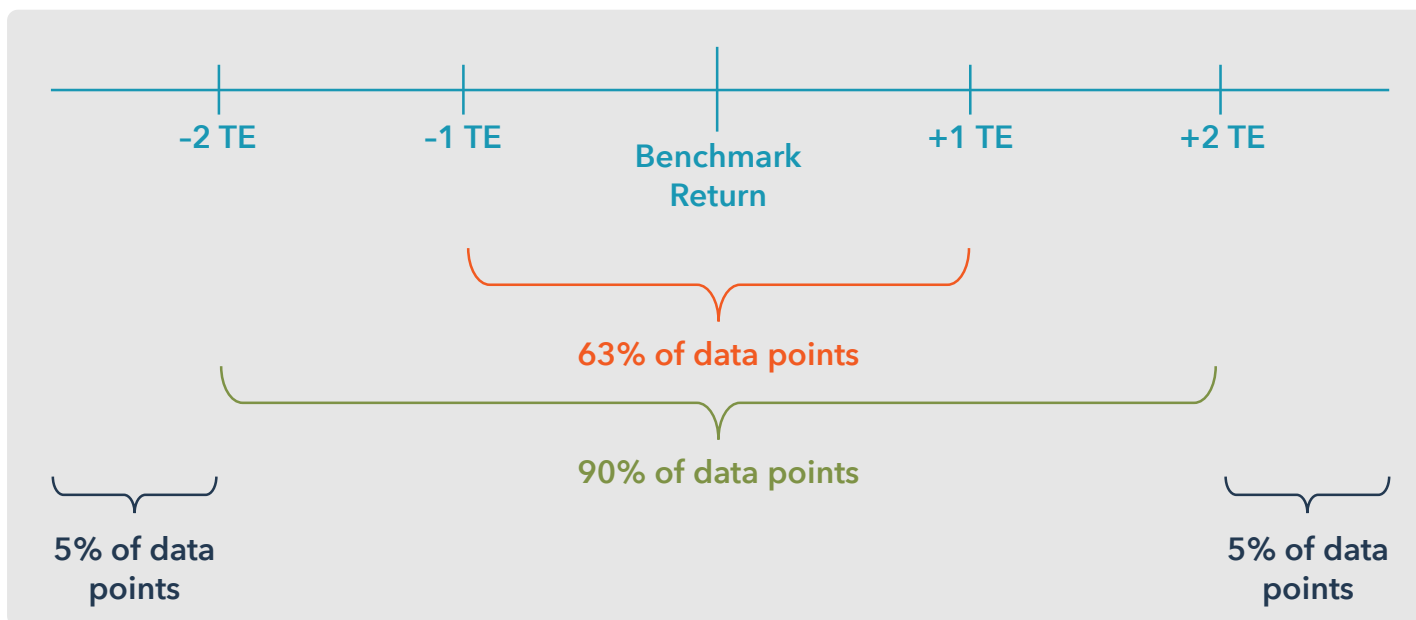
²The weighted-average Jewish Values Social Score above, 62, is specific to the MSCI ACWI and may adjust slightly per comparison index.

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Appendix

Tracking Error

The **differences** between a portfolio return and its benchmark return over time can be described as similar to a normal distribution with fatter tails. Forecast tracking error can be used as a guide to understand the magnitude of underperformance risk.



The above chart reflects 76,280 data points covering every Aperio account for every month through 7/31/2015 from Aperio's historical database (earliest data point is October 2004). Aperio calculated each account's one-month return before fees minus the benchmark's one-month return, and then divided by the forecast tracking error at the beginning of each month.

Social Profile: Scoring Full Detail (Resolutions)

Theme	Categories	Supporting Resolutions
Environment	Environmental Management	<ul style="list-style-type: none"> • URJ Resolution on the Environment (1991): Environmental justice issues; community recycling programs; protect wilderness areas; ensure continuation of animal and plant species. • CCAR Resolution on the National Energy Strategy (1992): Support development of national energy policy centered on conservation and development of alternative energy sources; call on oil, auto, and other industries to develop policies.
	Environmental Performance	<ul style="list-style-type: none"> • URJ Resolution on the Environment (1991): Ensure protection of water and air; study mitigation of global warming. • URJ Resolution on Climate Change and Clean Energy: Protect tropical forests; encourage sustainable development of forests and other natural resources. • CCAR Resolution on the National Energy Strategy (1992): Mandate energy efficiency and develop safe and renewable energy sources. • CCAR Resolution on Environmental Pollution, Toxic Substances (1984): Reduce chemical and radioactive waste and waste and pollutants.
	Climate Change	<ul style="list-style-type: none"> • URJ Resolution on Climate Change and Clean Energy: Reduce GHG emissions through government policies like cap and trade or carbon tax.
Social	Human Rights	<ul style="list-style-type: none"> • URJ Resolution on International Human Rights (2008): End all human rights abuses; consistent application of human rights principles without inappropriately singling out Israel or any other country. • URJ Resolution on Sweatshops and Child Labor (1997): Support monitoring and supply chain responsibility. • URJ Resolutions on Ending Global Poverty (2005): Support fair trade. • Additional resolutions: Anti-Apartheid (1979), Sudan (2004), Global Poverty (2005), Torture (2005), Human Rights in Cuba (2003), The Genocide Convention (1979), International Religious Freedom (2003), Workers' Rights in the US (2005), Commitment to Africa (1999)
	Reproductive Rights	<ul style="list-style-type: none"> • URJ Resolution on Reproductive Rights (1990)
	Stem Cell Research	<ul style="list-style-type: none"> • CCAR Resolution on Stem Cells, Gene Therapy, and Cloning (2003)
	Labor	<ul style="list-style-type: none"> • URJ Resolution on Workers' Rights in the United States (2005): Call on employers to treat employees with dignity, pay a living wage, and provide safe and secure workplaces; allow for employee choice on unionization; support fair trade, including labor rights. • URJ Resolution on the Living Wage (1999): Support living wage legislation, regulations, and initiatives.
	Diversity	<ul style="list-style-type: none"> • URJ Resolution on Women's Health (1993): Support equality in women's health care, including research, prevention, treatment, and delivery and funding of services.
	Sexual Orientation	<ul style="list-style-type: none"> • URJ Resolution on Human Rights of Homosexuals (1977): Support equal rights for and oppose discrimination against LGBT persons. • CCAR Resolution on Rights of Homosexuals (1977): Support decriminalization and prohibit discrimination. • URJ Resolution on the Rights of Transgender and Gender Non-Conforming People (2015)
	Governance	<ul style="list-style-type: none"> • UAHC Corporate Responsibility (1971): Management of companies are apprised of appropriate social responsibility with respect to the fair treatment of employees, protection of the environment, ecological well-being of the communities in which they operate, advancement of freedom of opportunity for all Americans, and an active concern for the elimination of injustice and environmental deterioration.

Social Profile: Scoring Full Detail (Definitions)

Theme	Categories	Definition
Environment	Environmental Management	Evaluates the attributes that describe the company's environmental disclosure and policies. The attributes are equally weighted in the evaluation. <ul style="list-style-type: none"> • More than 80 disclosure attributes, such as disclosure of energy use, water use, conservation programs, emissions, and environmental fines • More than 40 policy attributes, such as a company-level policy, LEED (Leadership in Energy & Environmental Design) building certification, supplier/vendor standards, and a commitment to regular auditing
	Environmental Performance	Compares company performance to peers' performance on environmental issues, including toxic chemical releases, chemical waste production, oil or chemical spills, and environmental fines (toxic emissions per revenue, toxic production waste per revenue, chemical or oil spills per revenue, environmental fines per revenue).
	Climate Change	Evaluates attributes that describe the climate change-related disclosure and policies of a company. The attributes are equally weighted in the evaluation. <ul style="list-style-type: none"> • More than 30 disclosure attributes, such as participation in the Carbon Disclosure Project (CDP) and disclosure of direct and indirect CO₂ emissions • More than 30 policy attributes, such as purchase of carbon credits, independent verification of emissions credits obtained, and presence of quantifiable targets and goals
Social	Human Rights	Evaluates the company's human rights-related disclosure, policies, and management systems, and exposure to human rights issues and concerns.
	Reproductive Rights	<ul style="list-style-type: none"> • Abortifacients Production—Companies involved in the manufacture of pharmaceutical products designed to induce an abortion. • Contraceptives Production—Companies involved in the manufacture of products designed to prevent pregnancy, which may include pharmaceutical and non-pharmaceutical products.
	Stem Cell Research	Embryonic Stem Cell or Fetal Tissue Research: These ratings identify companies that conduct research involving human embryonic stem cells and/or fetal tissue, either directly or through proxy arrangements.
	Labor	Evaluates the relationship of a company to its workers and organized labor by looking at unionization rates, strikes, boycotts, disclosure, benefits, and Equal Employment Opportunity Commission (EEOC) findings.
	Diversity	Evaluates the overall profile of a company on gender and minority issues. Elements include levels of disclosure and performance in manager diversity as well as total workforce diversity.
	Sexual Orientation	Assesses corporate policies related to sexual orientation that may contribute to concerns regarding discrimination, as well as broader employer policies and best practices.
Governance	Board Accountability	Evaluates the level of responsibility and answerability of a company's board on climate change and environmental policies, human rights policy, codes of ethics, and ESG (environmental, social, and governance) risk management.

Source: Institutional Shareholder Services, Inc. Details available upon request.

Social Profile: Exclusions Full Detail

Exclusion	Resolutions	Details
Predatory Lending	<ul style="list-style-type: none"> • URJ Resolution on Ethical Consumer Credit Lending Practices in the United States, Adopted in 2007 	<ul style="list-style-type: none"> • Prohibit abusive lending practices; cap interest rates; support plain language descriptions of terms; ban mandatory arbitration; include truth in lending requirements in overdraft loans.
Civilian Firearms	<ul style="list-style-type: none"> • CCAR Resolution on Ending Gun Violence, Adopted in 2000 • CCAR Resolution on Gun Control, Adopted in 1975 	<ul style="list-style-type: none"> • Support gun control and anti-violence efforts. • Comprehensive ban on handguns other than specified exceptions.
Landmines & Cluster Munitions	<ul style="list-style-type: none"> • URJ Resolution on Landmines, Adopted in 2011 	<ul style="list-style-type: none"> • Moratorium on sale and export of landmines.
Tobacco	<ul style="list-style-type: none"> • CCAR Resolution on Endorsing the Proposed FDA Smoking Regulations, 1996 • CCAR Resolution on Smoking, 1985 • URJ Resolution on Smoking, 1987 	<ul style="list-style-type: none"> • Discourage tobacco use by children; reduce tobacco advertising to children and youth. • Oppose smoking. • Oppose smoking; reduce subsidies to tobacco industry.
Coal	<ul style="list-style-type: none"> • URJ Resolution on the Environment, Adopted in 1997 	<ul style="list-style-type: none"> • Environmental justice; community recycling programs; protect wilderness areas; ensure continuation of animal and plant species. • Support development of national energy policy centered on conservation and development of alternative energy sources; call on oil, auto and other industries to develop policies.
Sudan	<ul style="list-style-type: none"> • URJ Resolution on Divestment from Sudan, Adopted in 2007 	<ul style="list-style-type: none"> • Companies with sanctioned ties to the Sudanese government where those companies have not been exempted by the US government, or where the ties are humanitarian in nature, or the company is a social development company.

Israel Exposure Tilt

Aperio has partnered with BlueStar Indexes® to tilt an Aperio portfolio toward companies with exposure to Israel.

Companies are evaluated on their level of involvement in Israel, reflecting a universe of:

Israeli Companies⁺	23 Companies <ul style="list-style-type: none"> • Elbit Systems • Teva Pharmaceuticals
Global Companies with a <i>Major</i> Presence in Israel	136 Companies <ul style="list-style-type: none"> • Apple • Microsoft • Noble Energy
Global Companies with a <i>Material</i> Presence in Israel	177 Companies <ul style="list-style-type: none"> • Estee Lauder • Under Armour

For more information, please see Aperio's [Israel Exposure Tilt](#) presentation.

⁺ As defined by BlueStar Indexes. This number is carved from the 123 in the BlueStar Israel Global Index® (as of 03/31/2019), but only 23 are part of Aperio's investable universe due to size, liquidity, and American depositary receipt (ADR) availability.

Data Commentary

The Jewish Values strategy typically seeks to achieve a weighted-average Social Score that is consistently higher than that of the index chosen by Aperio as the most appropriate measurement index for portfolio performance. Consultation with the client reviews the following:

- The target weighted-average score does not set a minimum or cutoff score.
- There are many reasons a company might score better than originally thought:
 - If a company has high levels of voluntary disclosure, it may lead to a higher Social Score.
 - If a custom scoring profile doesn't include specific issues where the company performs poorly, or if the available data doesn't reflect a recent controversy, its Social Score may not be impacted by such factors.
 - If a company performs better than other companies in its sector, it will have a higher Social Score than its sector peers (see "Versus Sector").

Scoring

- **Purpose**
A Social Score provides a means of translating an investor's values profile into a single quantitative measure that we can use in our portfolio construction process to tilt toward companies with higher scores while controlling for risk.
- **Directional Not Absolute**
A Social Score should be considered a directional reflection of a company's relative performance on one or more issues.
- **Scores vs. Exclusions**
A Social Score is relative and does not explicitly exclude a company from a portfolio regardless of its score. The worst-scoring company may end up in the portfolio if its presence helps control for risk. If an investor does not want to hold a particular company or type of company, that preference should be listed explicitly as an exclusion.

"Versus Sector"

Aperio will compare a company's Social Score to those of its sector peers.

- For example, energy companies will be compared to other energy companies, financial companies to other financial companies, etc.

In Aperio's portfolio construction process, the "versus sector" comparison allows for better delineation of risk management practices, as a range of scores is available for each sector.

All of these sector-relative scores are combined and averaged in portfolio construction.

Data Notes

- **Scoring data is not available for emerging-market (EM) companies.** To include EM companies, Aperio neutralizes the companies' Social Scores so that the companies are neither rewarded nor penalized.
- **Disclosure limitations affect scoring.** Companies that do not disclose data are given the lowest Social Score (1), penalizing a company for not disclosing. This approach has its drawbacks, as some issue areas may be less relevant for some industries. Also, a company elects not to invest in disclosing.
- **Data may differ between US and international elements.** Aperio works to translate issue areas across regions to create an equivalency that enables a Social Profile to be applied globally.

Annual Score Updates and Rebalance

- Changes during the year will not be immediately reflected in the Social Scores. The scoring data is updated periodically as data becomes available. Aperio does not override its third-party ESG vendors.
- Benchmarks are rescored, the relative scores reset, and portfolios are rebalanced to the new score annually.
- Trade-offs among tracking error, values, and taxes (when applicable) are reviewed on each rebalance.

Disclosure

The information contained within this presentation was carefully compiled from sources Aperio believes to be reliable, but we cannot guarantee accuracy. We provide this information with the understanding that we are not engaged in rendering legal, accounting, or tax services. In particular, none of the examples should be considered advice tailored to the needs of any specific investor. We recommend that all investors seek out the services of competent professionals in any of the aforementioned areas.

With respect to the description of any investment strategies, simulations, or investment recommendations, we cannot provide any assurances that they will perform as expected and as described in our materials. Past performance is not indicative of future results. Every investment program has the potential for loss as well as gain.

Due to the complexity of tax law, not every single taxpayer will face the situations described herein exactly as calculated or stated, i.e., the examples and calculations are intended to be representative of some but not all taxpayers. Since each investor's situation may be different in terms of income tax, estate tax, and asset allocation, there may be situations in which the recommendations would not apply. Please discuss any individual situation with tax and investment advisors first before proceeding. Taxpayers paying lower tax rates than those assumed or without taxable income would earn smaller tax benefits from tax-advantaged indexing or even none at all compared to those described.

Sources of Research

Mandatory Disclosure: In certain cases, companies must comply with regulatory requirements for the disclosure of information. This kind of information can range from financial information to information the US Environmental Protection Agency requires company facilities to disclose. The advantage of this information is that it is comprehensive across the universe of companies. Unfortunately, in many issue areas, no mandatory disclosure applies.

Voluntary Disclosure: Much of the information available is voluntarily disclosed by companies, often in corporate sustainability reports or in sustainability or responsibility sections of their websites. This information can be more difficult to incorporate into evaluations and ratings. First, since it is voluntary, many companies disclose information only about some issue areas. Second, even when information is disclosed, the definitions and structure of what is disclosed may be different from company to company. NOTE: For data elements involving disclosure, a company will receive a score of 1 for each issue area where it has not provided any data. Aperio's methodology weights disclosure and the associated transparency as an important criterion in its ESG evaluation, and companies that do not disclose data are scored more poorly than the worst-performing-but-disclosing company in that issue area.

Third-Party Information/Evaluation of Companies: Other pieces of information that are available to Aperio do not fit cleanly into either of these categories or may be a hybrid of the two. For instance, there is mandatory disclosure of certain kinds of international operations, including registered subsidiaries. When this information is combined with evaluations of countries' political and civil liberties provided by a nongovernmental organization (NGO), we have a hybrid data element. In another example, we use ratings by the Human Rights Campaign (HRC) as an indication of a company's approach to sexual-orientation issues. HRC gathers information from companies, including by conducting surveys (voluntary disclosure), and then scores the companies. So this is a combination of voluntary disclosure and evaluation.

Aperio data is gathered from sources including BlueStar, ISS ESG, MSCI ESG Research, Bloomberg, and industry classifications. In addition, for certain data elements, Aperio will gather data from advocacy organizations that it deems to be reasonable and credible based on feedback from the industry and those interested in the specific issue area. In these cases, the advocacy group will be identified and the investor should review to ensure that the organization's views align with the investor's views.

Disclosure *(continued)*

Data Frequency & Updates

Aperio updates its ESG data for the menu periodically on a preset schedule. Data elements are updated during the year as our data providers receive new data from either the company or publicly available sources. Aperio updates all exclusions and scoring profiles annually at the beginning of each calendar year. As accounts are rebalanced, the updated data will be incorporated. NOTE: Because the data sets are not updated in real time, there may be a lag between a change at the company and when the change flows into the data set, and again when it flows into the portfolio during a rebalance. Aperio handles all updates consistently and does not override the approved data sets.

Index Definition

The MSCI ACWI is an equity benchmark for global stock performance. It is a capitalization-weighted index covering large and midsize companies. The index includes approximately 2,800 stocks from 23 developed-market countries and 24 emerging-market countries.

Optimizer

The optimization process used in tax-loss harvesting by Aperio relies upon an optimization model built and designed by MSCI Barra. The model utilizes a mathematical objective function that seeks to minimize the combination of active risk (i.e., forecast tracking error) and the tax liability on realized gains, all while also meeting the conditions presented by a series of simultaneous equations, the values of which are, in part, populated by data based upon the securities being analyzed. With respect to measuring potential equity risk in the process of tax-loss harvesting and portfolio analysis, Aperio also uses and relies upon MSCI Barra risk models. You should note that such use and reliance of the MSCI Barra models in the optimization and equity risk analysis presents model risk, which is defined as the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss.

The model may have fundamental errors and may produce inaccurate outputs when viewed against the design objective and intended business uses. The mathematical calculation and quantification exercise underlying any model generally involves application of theory, choice of sample design and numerical routines, selection of inputs and estimation, and implementation in information systems. Errors can occur at any point from design through implementation. In addition, shortcuts, simplifications, or approximations used to manage complicated problems could compromise the integrity and reliability of outputs from those calculations. Finally, the quality of model outputs depends on the quality of input data and assumptions, and errors in inputs or incorrect assumptions will lead to inaccurate outputs. The model may be used incorrectly or inappropriately. Even a fundamentally sound model producing accurate outputs consistent with the design objective of the model may exhibit high model risk if it is misapplied or misused. Models by their nature are simplifications of reality, and real-world events may prove those simplifications inappropriate.

Technical Definitions

Tracking Error	The difference between a portfolio's returns and the benchmark or index it is meant to mimic.
Beta	Measure of the volatility of a security or a portfolio in comparison to the volatility of the market as a whole.
Standard Deviation	Measure of the dispersion of possible returns from a portfolio's expected return (the market index). If the results are further from the target, there is higher deviation within the portfolio.
Dividend Yield	Weighted average of how much a portfolio pays out in dividends each year relative to weighted-average share price.
Price to Earnings	Ratio for valuing a company that measures its current share price relative to its per-share earnings.
Price to Book	Ratio used to compare a stock's market value to its book value. The book value of equity, in turn, is the value of a company's assets expressed on the balance sheet.