

Is this as big of a deal as it sounds?

Yes. Independent Advisors, mid-market and retail investors have traditionally been shut out of Direct Index Solutions, which often require a minimum of \$250K — and often with only nominal ESG integration or even greenwashing. We are excited to bring a better ESG Direct Index Solution for everyone, with true, transparent, customized ESG investments — down to the specific companies to include or exclude — for a larger universe of investors, from high net-worth individuals, investors, and advisors, to those just getting started in impact investing.

What does YourStake Do?

YourStake is the top-rated ESG/SRI portfolio analysis tool for financial advisors. YourStake brings ESG customization to VADIS. YourStake’s behavioral questionnaire helps you set customization preferences with your clients. Then you can use the YourStake interface to add additional ESG thresholds and exclusions to perfectly match client values. Finally, YourStake’s impact reporting will help put your portfolios in relatable terms (how many fewer asthma attacks is this custom portfolio responsible for vs. its benchmark). [Learn more at YourStake.org](https://www.yourstake.org).

Is the onboarding process complicated?

No. In fact, it’s easier. Early trials show it’s pretty painless.

Who are the custodians?

This is a multi-custodian platform, with three well-known custodians and more coming.

First Affirmative receives a soft dollar benefit for accounts using Apex Clearing as Custodian of client assets. First Affirmative has agreements with several custodians with different functionality and costs. Advisors and Clients decide which custodian to use based on services they need and not on any monetary benefit to the firm. For more information please see our ADV Disclosure Brochure available on our website.

Will the impact preferences list change?

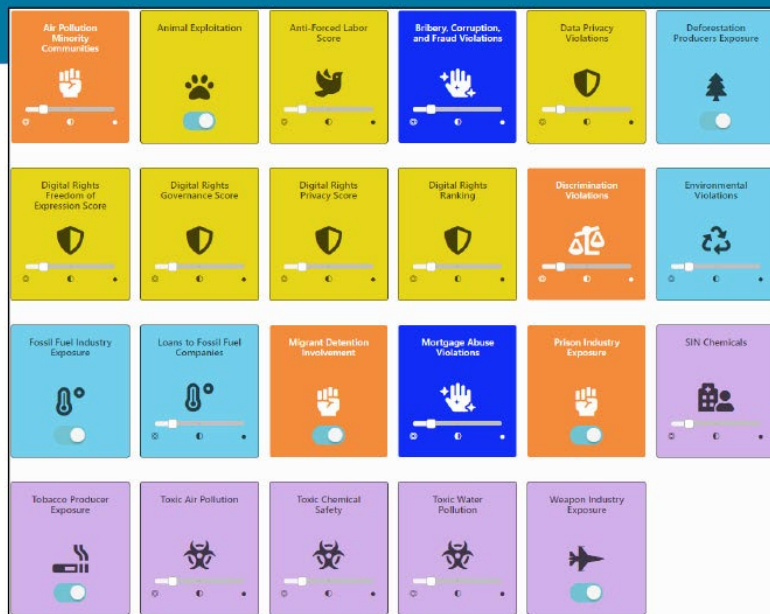
Yes. We’ve expanded the list to include choices that will more fully reflect your or your client’s values and environmental, social, and ethical preferences.

Expanded Impact Preferences List

Expanded Impact Preferences List fully reflects the client's values and environmental, social, and ethical preferences

If a company is included on a specific list, it is "flagged"

- ❖ All companies with negative flags are removed from the Client-Specific Investment Universe.
- ❖ This client chose to incorporate many expansive exclusionary categories such as Animal Exploitation, Deforestation Producer Exposure, Fossil Fuel Industry Exposure, Migrant Detention Involvement, Prison Industry Exposure, Tobacco Producer Exposure, and Weapon Industry Exposure.



Can you please clarify whether the Direct Index solution on APEX is currently available to prospective clients?

The Values- Aligned Direct Index Solution is available on the Schwab platform and (to advisors with sub-advisory agreements only) on the TD Ameritrade platforms. We are in the process of onboarding APEX as a custodian and anticipate that APEX will be available within the next few weeks.

How much assurance do you have that fractional share trading will be available on Orion in time to replace AESG with the Direct Indexing solution, since fractional trading will be required for the latter.

APEX and Orion have been working toward enabling APEX's fractional share trading capabilities on the Orion platform and have assured us that this functionality will be available by year end (or before). This is a top priority for both Orion and APEX, who are working in partnership to deliver fractional share trading functionality. Also, as a reminder, we received six months' notice that Goldman Sachs will discontinue development of its Digital Wealth Platform, which includes AffirmativeESG. Current functionality will be available at least through April 5, 2022.

Is 1.7% a low tracking error?

Yes. It is low for a portfolio of 180 stocks derived from a universe of 4,760 stocks and incorporating nearly 1,500 individual impact preferences. To provide additional color:

Tracking error (TE) is one of many financial metrics we use to measure the structural soundness of the portfolio. It measures the hypothetical variability of relative performance for a given period. For example, Parametric looked at 10-year pretax wealth outcomes at varying levels of TE for an S&P 500[®] investment from 2011-2020. The chart below shows the wide range outcomes at a 95% confidence interval for differing TE and shows how persistently high TE can affect investor outcomes over time. For example, \$1 invested in the S&P 500[®] invested at the end of 2010 would have grown to \$3.67 by the end of 2020. But a portfolio with 5% tracking error would be expected to fall within the range \$2.69 to \$5.00 with 95% confidence.¹



Growth of \$1, S&P 500 Index, 2010-2020 for 1%, 2%, and 5% tracking error, 95% confidence intervals