

Quality Low Volatility

SEPARATELY MANAGED ACCOUNT

AS OF 2Q22

Organization

For over 25 years, we have been researching and managing quantitative active strategies using factors to provide systematic, targeted exposure to compensated equity risk factors such as value, quality, size, volatility, yield and momentum. Our solutions are designed using multiple factors and seek to avoid unintended risks and sector biases. The goal is to deliver more persistent, repeatable results.

Investment Approach

We believe that risk-adjusted returns can be achieved by investing at the intersection of quality and dividend-paying stocks, while avoiding uncompensated risks. Our process uses a proprietary quality screen that focuses on fundamental characteristics that differentiate a company's level of quality. Portfolios are then constructed to take active exposures on securities based on their dividend yield and relative quality rankings. The strategy seeks to gain efficient exposure to high-quality, low-volatility stocks to generate consistent, long-term outperformance, while maintaining lower absolute volatility than the benchmark. We believe that risk-adjusted returns and lower absolute volatility can be achieved by investing at the intersection of quality and low volatility stocks, while avoiding uncompensated risks. Our process uses a proprietary quality screen that focuses on fundamental characteristics to identify high-quality companies that we believe will outperform over time. Portfolios are then constructed to form a low-volatility, risk-managed portfolio with asset, sector, and style factor constraints.

INVESTMENT PERFORMANCE % - AS OF 6/30/2022



Average Annual Returns

	QTD	YTD	1 Year	3 Year	5 Year	Since Inception
Composite (Gross)	-12.69	-17.39	-6.17	8.02	11.01	11.76
Composite (Net 3%)	-13.37	-18.66	-8.96	4.84	7.75	8.48
Composite (Net 1.5%)	-13.03	-18.03	-7.58	6.42	9.37	10.10
Russell 1000 - Total Return	-16.67	-20.94	-13.04	10.17	11.00	12.15
S&P 500 - Gross Return	-16.10	-19.96	-10.62	10.60	11.31	12.40

Returns for periods greater than one year are annualized.

For additional gross and net performance disclosures please refer to page 3.

GIPS report included on page 2.

PORTFOLIO OVERVIEW

Benchmark/Index	Russell 1000
Portfolio Inception Date	5/1/2016

PORTFOLIO CHARACTERISTICS

	Portfolio	Index
Number of Holdings	103	1,020
Weighted Avg. Market Cap (\$ millions)	492,639	437,637
P/B Ratio	5.00	3.40
P/E Ratio	20.00	18.20
Annualized Dividend Yield (%)	1.90	1.60

PERFORMANCE AND RISK CHARACTERISTICS (3 YR)

	Portfolio	Index
Alpha	-0.75	0.00
Beta	0.86	1.00
Information Ratio	-0.43	0.00
R-Squared	93.71	100.00
Sharpe Ratio	0.44	0.51
Standard Deviation	16.81	18.93
Tracking Error	4.98	0.00

COMPOSITE RETURNS (As of Year-End)

	RETURNS			TRAILING 3-YEAR RISK			COMPOSITE COMPOSITION					Model Delivery Assets - Supplemental (\$MIL)*		
	Quality Low Volatility			Russell 1000® Index	S&P 500® Index	Composite	Russell 1000® Index	S&P 500® Index	Internal Dispersion	# of Accts	% Wrap Accts		Comp Assets (\$MIL)*	Firm Assets (\$BIL)*
	Gross	Net 3%	Net 1.5% Supplemental											
2021	27.03	23.34	25.17	26.45	28.71	15.56	17.71	17.17	0.28	161	0.0	168	1,271.8	9.3
2020	9.70	6.47	8.07	20.96	18.40	15.95	19.10	18.53	0.37	177	0.0	144	1,095.1	2.5
2019	30.26	26.48	28.36	31.43	31.49	9.90	12.05	11.93	0.37	103	0.0	73	949.7	0.0
2018	1.78	-1.23	0.27	-4.78	-4.38	N/A	N/A	N/A	0.13	13	0.0	14	826.7	0.0
2017	20.25	16.74	18.48	21.69	21.83	N/A	N/A	N/A	N/A	6	0.0	8	906.7	0.0
2016**	8.15	6.02	7.08	10.15	10.04	N/A	N/A	N/A	N/A	5	0.0	4	766.9	0.0

**Since inception (5/1/2016)

*Asset totals are in United States Dollar (USD)

TOP HOLDINGS %

	Portfolio	Index
Microsoft Corporation	6.90	5.44
Apple Inc.	5.69	5.92
Alphabet Inc. Class A	4.84	1.85
Johnson & Johnson	2.84	1.32
Eli Lilly and Company	2.39	0.77
Exxon Mobil Corporation	2.23	1.02
Visa Inc. Class A	2.23	0.92
PepsiCo, Inc.	2.20	0.65
Home Depot, Inc.	2.11	0.80
Amazon.com, Inc.	1.85	2.67

SECTOR ALLOCATION %

	Portfolio	Index
Communication Services	7.94	8.43
Consumer Discretionary	8.86	10.61
Consumer Staples	8.38	6.58
Energy	2.44	4.35
Financials	9.28	11.25
Health Care	16.92	14.78
Industrials	10.42	8.48
Information Technology	26.29	26.28
Materials	1.53	2.81
Real Estate	2.77	3.43
Utilities	5.17	3.01

Portfolio holdings are provided for information only and should not be construed as a recommendation of any security. Securities discussed do not represent the entire portfolio and in aggregate may represent only a small percentage of a portfolio's holdings. Information is subject to change without notice. Information is provided to illustrate typical sectors and securities in which the portfolio may invest and to reflect representative portfolio characteristics. It should not be considered investment advice or a recommendation to buy or sell any security. There is no guarantee that securities remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that any investments were profitable or will prove to be profitable, and past performance is not indicative of future results.

Source: FactSet

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The Quality Low Volatility composite consists of all fee-paying, fully discretionary portfolios that use a quantitative approach to actively seek companies with favorable Quality and Low Volatility characteristics, capturing broad U.S. large cap equity exposure, investing in approximately 100 individual U.S. stocks. The strategy is designed for investors seeking long-term capital appreciation at a lower risk profile than the market benchmark. The composite was created in July 2016. The composite inception date is 5/01/2016. The primary benchmark for this composite is the Russell 1000® Index. The Russell 1000® is an unmanaged index which measures the performance of the 1,000 largest companies in the Russell 3000® Index, based on market capitalization. Portfolios will be removed from the composite for the month in which they have a net cash flow of 50% or greater of the account's beginning fair value, and they will reenter the composite the month following the significant cash flow. Prior to 5/1/2019 portfolios were also removed from the composite the following month.

The internal dispersion of annual gross returns is measured by the standard deviation across asset-weighted portfolio returns represented in the composite for the full year. If fewer than 5 portfolios are in the composite for a full year, internal dispersion is deemed not applicable. The three-year annualized standard deviation is calculated using monthly gross returns. If the composite has been open for less than three years, the three-year annualized standard deviation is deemed not applicable. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in an index. Performance results (or fees) are provided by NTI. Returns presented are time-weighted returns and reflect the reinvestment of dividends and other earnings where applicable. Valuations are computed and performance is reported in U.S. dollars. Past performance is not indicative of future results.

Gross performance returns shown do not reflect the deduction of investment management/advisory fees, are net of transaction fees (for non-wrap portion), and commissions, and gross of any additional investment management, advisory/wrap fees. The portion of the gross composite attributable to wrap accounts is gross of the entire wrap fee. Actual performance results would be reduced by investment management fees and any other applicable fees. Returns reflect the reinvestment of dividends, income and capital gains and other earnings if applicable.

Net returns are presented net of investment management (or model delivery) fees, transaction costs, and assumed advisory/wrap fee as noted in column heading. A 3% fee is assumed as the highest advisory/wrap fee for GIPS purposes, a 1.5% fee is shown as supplemental information. Clients who access these portfolios through a financial intermediary firm will typically pay additional fees to that firm. A wrap fee includes all charges for trading costs, investment management, advisory, custody, and other administrative fees. Actual client fees may differ. Clients should speak to their Financial Advisor for more information regarding fees. Financial intermediaries and institutional investors who employ NTI for model delivery, or discretionary management, compensate NTI for a fee of up to 0.45%. Investment management fees are described in Northern Trust Investments, Inc. Form ADV Part 2A. If shown, model delivery assets are managed by third parties to whom NTI delivers a model portfolio. NTI does not have discretion over those assets. The figures are provided as supplemental information. Although the figures are obtained from sources believed to be reliable, their accuracy and completeness are not guaranteed.

All securities investing and trading activities risk the loss of capital. Each portfolio is subject to substantial risks including market risks, strategy risks, adviser risk and risks with respect to its investment in other structures. There can be no assurance that any portfolio investment objectives will be achieved, or that any investment will achieve profits or avoid incurring substantial losses. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Risk controls and models do not promise any level of performance or guarantee against loss of principal. Any discussion of risk management is intended to describe Northern Trust's efforts to monitor and manage risk but does not imply low risk.

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