

A Closer Look At Our Holdings

The **PMC Gender Equity Large Cap Core Portfolio** (Gender QP) is designed to track the characteristics and returns of the Russell 1000 Index¹ and focuses explicitly on companies that emphasize gender diversity (board membership, diversity programs, discrimination policies), gender impact (leadership through policies and programs specifically aimed at creating positive opportunities for women), as well as ESG principles (environmental, social, governance). Investors benefit from diversified, low-cost market exposure and opportunities for tax management in a single, separately managed account.


PORTFOLIO OVERVIEW:

Russell
1000 portfolio designed to provide approximate sector allocations of this index

149 securities

11 sectors


DIVERSITY EMPHASIS:

 Board membership, diversity programs, discrimination policies

65 Gender QP average diversity score
vs.
39 Russell 1000 average diversity score

Score of 60+ indicates strong emphasis on diversity

ESG EMPHASIS:

 Environmental, Social, Governance principles

63 Gender QP average ESG score
vs.
55 Russell 1000 average ESG score

Score of 60+ indicates strong emphasis on ESG

OF SECURITIES BY SECTOR:



¹ The Russell 1000® Index measures the performance of the Large Cap segment of the U.S. equity universe.

PORTFOLIO HIGHLIGHTS

General Mills (GIS)

Sector:



Consumer
Staples

**Strong
Emphasis:**



Diversity



ESG



Gender Impact

ESG challenges faced:

General Mills is a manufacturer of internationally consumed food products. Key ESG issues for General Mills include human rights—supply chain, product governance, and resource use.

How they make an impact:

- **Five of fifteen members of the board are women (33%).** Nine women on 29-member executive management team. US workforce includes 39% women and 20% ethnically diverse people. Signatory to the Women’s Empowerment Principles since 2008.
- Equal Opportunity Policy applies to all employment practices and procedures, including compensation. Supports and helped develop the WorldatWork Pay Equity principles for US employers.
- Commitment to empowering women and girls worldwide is a key pillar of “Nourishing Lives” mission. Operates Join My Village which seeks to empower women living in impoverished communities by establishing village savings and loaning associations (especially in Malawi).
- Diversity Council established to reinforce diversity throughout the company by advising employee networks, recruiting, and mentoring women.
- Committed to providing employees with a progressive workplace environment, with workplace flexibility options, parenting and adoption benefits, domestic partner coverage, childcare resources, and eldercare. Offers 10 Women’s Networks groups, Women’s Officers group, women-specific career development and mentorship program.
- Recognized by Best Companies for Working Mothers, Best Companies for Multicultural Women by Working Mother Magazine, and Top Companies for Executive Women from the National Association of Female Executives.

Kimberly Clark (KMB)

Sector:



Consumer
Staples

Strong Emphasis:



Diversity



ESG



Gender Impact

ESG challenges faced:

Kimberly-Clark is an American personal care company, producing mainly paper-based consumer products. Water use, product quality, and safety and business ethics constitute KCC's three key ESG issues.

How they make an impact:

- **Three of the twelve members of the board are women (25%).** One woman on compensation committee. CFO is a woman. Five women on eight-member senior leadership team. Signatory to the Women's Empowerment Principles since 2009.
- Board's nominating, and corporate governance committee receives regular reports from management on diversity and inclusion. European diversity council advises its leadership on diversity issues, with a gender and work-life balance focus.
- Partners with several diversity organizations. In 2015, 32.2% of women comprised the company's workforce.
- Different work arrangements for employees to better manage their commitments inside and outside of work, for example flex-time, flex-place, job sharing.
- Adoption assistance for US employees. Up to \$5,000 reimbursed for eligible expenses related to child adoption, with \$10,000 maximum reimbursement per year.
- Three ways for employee career development: education, experience, and exposure. Online and classroom opportunities to develop new skills and build existing abilities (ex. learning a new language, mastering executive presence, developing leadership capabilities). Exposure through networking groups, volunteer opportunities, and mentoring programs. Employee Resource Groups (ERG) open to all employees offer tools for recruitment, development, and retention of, and engagement among, colleagues from different backgrounds. ERG in North America include: Family Caregivers Network, Parents Interactive Network (PIN), and Women's Interactive Network (WIN). WIN Korea launched in 2013.
- Employee Assistance Program (EAP) provides counseling services to help with emotional, financial, relationship, and other issues. All employees and their families are eligible for EAP, which is free and completely confidential.
- Partnered with the China Women's Development Foundation to bring rural-based workers in obstetrics and gynecology to more advanced hospitals in cities for training, to improve the quality of care they deliver upon return to their communities. Developed "Obstetricians and Gynecologists by Your Side," a guide to providing patients and new mothers with basic medical advice, relieving doctors' workloads, and building understanding between patients and physicians.
- Member of the Society of Women Engineers' Corporate Partnership Council. Chairman and CEO is a member of the board of Catalyst Research, an advisory organization working to build inclusive environments and expand opportunities for women at work.

P&G (PG)

Sector:



Consumer
Staples

Strong Emphasis:



Diversity



ESG



Gender Impact

ESG challenges faced:

P&G manufactures and sells branded consumer packaged products worldwide. The changing consumer landscape, with rising demand for sustainable products such as organic personal care products, raises both risks and opportunities for P&G. In addition, consumers and NGOs are also increasingly scrutinizing the supply chain practices of household and personal products companies, particularly the sourcing of palm oil and mica, which have been associated with such human right violations as forced and child labor. Human capital, environmental and social impact of products and services, and human rights – supply chain are therefore key ESG issues for P&G.

How they make an impact:

- **Four of eleven board members are women (36%).** Signatory to the Women's Empowerment Principles.
- Women-specific career development and mentorship programs: Lean In Circles, participating as the largest corporate sponsor with more than 4,000 women; Corporate Women's Leadership Team (CWLT), with women and men from every region, function, and business unit focused on driving systemic changes that create an inclusive culture where women can be successful at P&G and supporting broad-based women's affinity networks across all functions and regions of the company; Women's Empowered Accelerator Program and Athena in Action target high-potential women across all functions at critical points in their careers to help them develop skills necessary for success in senior-level roles.
- Strong discrimination policy and commitment to equal opportunity. Corporate programs and public policy advocacy efforts to remove gender-biased barriers to education for girls and economic opportunities for women.
- Compensation and Leadership Development Committee has one woman (out of five people). Three or more women in executive management; nine women in 35-person leadership team. P&G India has about 30% overall plant floor gender diversity; Saudi workforce is 15% women.
- Supports flexible working arrangements, "flextime, child care leave and less-than-full-time schedules." Parental leave benefits in the US include 16 weeks paid leave for birth mothers and adoptive parents; four weeks of paid leave for all other new parents; and option to take full year off work during a child's first year by combining paid and unpaid leave. Enhanced maternity, paternity, and adoptive-parent benefits in many markets around the world.

Bank of America (BAC)

Sector:



Financials

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

BAC operates through five segments: Consumer Banking, Global Wealth & Investment Management, Global Banking, Global Markets, and Legacy Assets & Servicing. Resilience, product governance and business ethics are the key ESG issues for the company.

How they make an impact:

- **Four of fourteen board members are women (29%).** Women represent 38% of global management and more than 50% of the global workforce. More than 40% of US workforce is from a racially or ethnically diverse background.
- Committed to equal opportunity in the workplace, referencing the ILO conventions in its discrimination policy.
- Recognized as one of the highest scoring firms two years in a row in the Bloomberg Financial Serves Gender Equality Index and as the World's Best Bank in Diversity by Euromoney.
- Recently expanded paid parental leave from 12 to 16 weeks for employees with a new child.
- Programs include Investing in Women Leadership Council, the Global Women's Conference, the Women's Executive Development Program, and Pathways to Progression.

JP Morgan Chase & Co. (JPM)

Sector:



Financials

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

JPM operates as a worldwide financial services company through its Consumer and Community Banking, Corporate & Investment Bank, Commercial Banking, and Asset Management segments. Given JPM's business model and position in the banking industry, Business Ethics, Product Governance, and ESG Integration are key ESG issues for the company.

How they make an impact:

- **Two of twelve board members are women (16.67%).**
- Discrimination Policy commits to ensuring equal opportunity firm-wide.
- Strong diversity program includes initiatives and Business Resource Groups (BRG) to support women. Observed a direct correlation between BRG membership and increased promotion, mobility, and retention of participants. ReEntry program for individuals who have taken a voluntary break and want to return to the workforce; Maternity Mentors pairs senior employees who have gone through the family leave process with those who are doing so for the first time; work-life balance programs.
- "Women on the Move" began as a series of town halls for women employees in New York to collectively explore the challenges women face in the workplace and share ideas on career development. Asset Management CEO Mary Erdoes and CFO Marianne Lake led and took the program on the road, hosting events where the company employs large groups (up to thousands) of women. Since it began in 2013, the program has been hosted in 23 cities, and senior women at JPM have met with more than 6,000 employees.

Medtronic (MDT)

Sector:



Healthcare

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Medtronic is an Ireland-based medical device company, operating across four main segments: cardiovascular and vascular, minimally invasive therapies, restorative therapies, and diabetes. It has a diversified geographical presence, operating in roughly 160 countries. Medtronic's strategy is based on several factors, including globalization and economic value, where it aims to develop value-based models to improve patient outcomes at low costs. Key ESG issues include access to basic services, product governance, and human capital.

How they make an impact:

- **Three of twelve board members are women (25%).** One woman on five-member compensation committee. Three of fifteen employees in executive management are women. 49% of total workforce and 33% of management level or higher are women.
- Offers flexible work programs and work schedules, assistance programs, including on-site childcare.
- Medtronic Women's Network (MWN) is a career development and mentorship program for all levels, and is focused on fostering diversity and bringing further gender balance. Company has reported its gender metrics since 2012.
- Stated it "will only hire, retain, or promote based on individual merits and qualifications;" and these actions may never be discriminatory, such as (but not limited to) race, religion, gender, color, ethnic or national origin, age, disability, sexual orientation, gender identity and/or expression, or marital status.
- Global inclusion, diversity, and engagement (GIDE) team in place.
- Continued placement on DiversityInc's Top 50 Companies for Diversity and the Human Rights Commission's Best Places to Work for LGBT Equality.

Pfizer (PFE)

Sector:



Healthcare

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Pfizer, a biopharmaceutical company, discovers, develops, manufactures, and sells health care products worldwide. It operates through Global Innovative Pharmaceutical (GIP); Global Vaccines, Oncology and Consumer Healthcare (VOC); and Global Established Pharmaceutical (GEP) segments. Product quality and safety, access to health care, and business ethics constitute Pfizer's key ESG issues.

How they make an impact:

- **Three of twelve board members are women (25%).** One woman on four-member compensation committee. Three or more women in executive management. Executive Leadership Team has three women (out of 13 people). Pfizer Japan is a signatory to the Women's Empowerment Principles.
- Strong Diversity and Inclusion Program focused on promoting a fair and supportive workplace environment, and holding managers and leaders accountable for creating inclusive and equitable workplaces. Managers specifically trained to develop and nurture diverse talent. Commitment to ensuring equal opportunity. Colleague resource program established specifically for women. In Europe, Diversity Councils focus on all types of diversity. Supports supplier development programs such as the Women's Business Enterprise National Council (WBENC) Student Mentorship Program.
- Recognized by the WBENC as one of the Top Corporations for Women-Owned Businesses, for its supplier diversity and for supporting women in supply chains.

Merck & Co. (MRK)

Sector:



Healthcare

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Merck is a US-based healthcare company that develops, manufactures, and markets prescription medicines, vaccines, biologic therapies, and animal health products. With a strong focus on innovation, and more than 30 products in its pipeline on therapeutic areas, such as cancer, hepatitis C, or Alzheimer's, ensuring product quality and safety while launching numerous new products will be a major risk area for the company to address. Overall, product quality and safety, human capital, and access to health care are three of the company's key ESG issues.

How they make an impact:

- **Three of 13 board members are women (23%).** One woman in the six-member executive management group. Since 2009, a signatory to the Women's Empowerment Principles.
- Global Diversity and Inclusion Centre of Excellence takes an integrated approach to include diversity in all business practices and is led by the vice president of Human Resources. Women's Leadership Development Program established to develop strong talent at the director level, with eight employee-resource groups including the Merck Women's Network.
- Supports external global networks that work toward diversity and inclusion in the professional world. As a partner in the Healthcare Businesswomen's Association (HBA), brought seminars, mentoring programs, and conferences to women in Darmstadt (Germany), Lyon (France), and Boston (US). Hosted HBA European summit; sponsored the 10th Massachusetts Conference for Women. 2.0 Since 2008 has offered vacation camps for the children of Darmstadt employees. Germany employees have access to an external partner for advice on childcare options, such as helping them find a suitable childcare solution, and connections to nannies, "loaner" grandparents, and tutors.
- Salary information reports show equal remuneration for women and men; states salaries are predicated on job description and based on Global Job Catalog, which has fixed salary bands identical for men and women. Governed by a performance management system, payment of variable salary components that fall under performance-based compensation are based on the achievement of mutually agreed targets.
- US-based employees receive eight weeks of paid maternity leave, two weeks of paid paternity leave, and five weeks of paid leave when adopting a child. Various forms of childcare are subsidized. Darmstadt headquarters offers a daycare center for children aged 1-12; 150 slots available. Subsidiary EMD Millipore reimburses up to \$5,000 in adoption fees.
- Diversity-related training includes unconscious bias education, Women in STEMM, Women's Sponsorship Program, and the Simmons Leadership forum. With a two-year engagement between a sponsor and protégée, Women's Sponsorship Program's goal is to accelerate the movement and improve the readiness and visibility of high-potential women and women of color, so they can attain higher positions.
- Global flexible work program. Numerous options include choice of working hours and locations. In 2013 and 2014, employees made use of more than 30 different part-time models, such as varying weekly work hours and individually agreed-upon working days.

Apple, Inc. (AAPL)

Sector:



Information
Technology

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Apple designs, manufactures, and markets mobile communication and media devices, personal computers, and portable digital music players. Apple's growth and customer loyalty depend on its innovation capacity, commitment to privacy, and supply chain efficiency. Given these factors, human capital and human rights in the supply chain are two important ESG issues for the company to manage.

How they make an impact:

- **Three of eighteen board members are women (16.67%).**
- Committed to closing the wage gap for women and minority workers; as of August 2016, achieved pay equity in the US for similar roles and performance.
- 32% of current employees and 37% of new hires are women; global women new hires increased from 31% in 2014 to 37% in 2016 (per annual diversity report).
- Discrimination policy lists the types of discrimination they are committed to eliminate, and describes dedication to equal opportunity.
- Diversity program has managerial responsibility and oversight for diversity initiatives; numerous Diversity Network Associations (DNAs) (ex. Women@ Apple); partnerships with STEM organizations (ex. National Center for Women & Information, the Society of Women Engineers, Women who Code, Girls in Tech, Girls Who Code, Girl Develop It, Black Girls Code, Latina Girls Code, and Made by Girls).
- Supplier Diversity Program facilitated excess of \$650 million spent with women- and minority-owned businesses in 2014, in 2015, spending increased by more than 42% to more than \$929 million.

Facebook (FB)

Sector:



Information
Technology

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Facebook is the largest social network services provider in the world. Its platform is currently available in 80 languages, and the company plans to continue its international expansion and capitalize on growth opportunities in mobile. Considering its growth priorities, the most material issues to the company are data privacy and security, energy use and GHG emissions, and human capital.

How they make an impact:

- **Three of eight board members are women (37.5%).**
- Discrimination policy lists the types of discrimination the company is committed to eliminate; also committed to ensuring equal opportunity.
- Strong diversity program offers employee affinity groups, mentorship programs, initiatives to support a diverse workforce, and diversity training and guidance.

Microsoft (MSFT)

Sector:



Information
Technology

Strong Emphasis:



Diversity



ESG



Gender Impact

ESG challenges faced:

Microsoft generates revenue by developing, licensing, and supporting software- and hardware-related products and services, as well as by delivering online advertising to customers. Considering their focus on delivering mobile and cloud enabled solutions, data privacy and security and human capital are the ESG issues most material to the company's business viability.

How they make an impact:

- **Three of twelve board members are women (25%).** CFO is a woman. Signatory to the Women's Empowerment Principles since 2006.
- Strong discrimination policy; prohibits discrimination on the basis of "race, color, sex, sexual orientation, religion, national origin, marital status, age, disability, or veteran status in any personnel practice, including hiring, compensation, training, promotion, termination and/or retirement" per Standard of Business Conduct; equal employment opportunity employer; company policy refers to the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- Committed to equal pay for equal work. As of September 2016, for every \$1 earned by men, women employees in the US earn 99.9 cents at the same job title and level.
- Family benefits include health coverage for spouses, dependents, and domestic partners. Onsite lactation facilities available.
- Childcare programs across global operations. Subsidies for nearby childcare programs and back-up care for children, adults, and elders; Flexible Spending Accounts for healthcare and childcare; adoption assistance and adoptive parent leave. Employee networks include "Single Parents at Microsoft," "Working Parents at Microsoft," "Moms at Microsoft," and multiple, nationality-based networks; employee resource groups for "Asians, Blacks, Disabled, LGBTQ, Latino/Hispanic, Parents and Women." Developed unconscious bias training for all employees.
- Holistic approach to bringing more diversity into STEM, with programs from kindergarten through retirement. DigiGirlz provides high school girls the opportunity to learn about careers in technology, connect with Microsoft employees, and participate in hands-on workshops. Codess is a community for women coders to promote gender diversity in the engineering industry. Expansion of Explore Microsoft 12-week summer internship program to attract women and minorities into technical fields and Microsoft.

Cisco (CSC)

Sector:



Information
Technology

Strong Emphasis:



Diversity



ESG



Gender Impact

ESG challenges faced:

Cisco is a US-based technology hardware company focused on products and services for network management. It is diversifying beyond its traditional switch and router business into advanced higher-margin, subscription-based solutions, such as software defined networking (SDN) and information security and data analytics, with a focus on capitalizing on the Internet of Things trend. Considering Cisco's growth strategy and business model, the key ESG issues for the company are human capital, data privacy and security, and human rights – supply chain.

How they make an impact:

- **Four of twelve board members are women (33%).** Two women on the compensation committee. CFO is a woman. Five women in the 14-member executive management group.
- Recognized by National Association of Female Executives Top Companies and by Working Mother Best Companies for Multicultural Women. Supports women-owned businesses as a corporate member of WeConnect International and WBENC.
- Connected Women is one of nine Employee Resource Organizations (EROs) supporting diversity. Several career development in leadership programs for women including: DARE encourages and inspires women at beginning of careers to consider key issues like visibility, internal politics, and positive branding; JUMP brings high-potential, mid-level women participants together to focus on authentic leadership, strategic thinking, and increasing impact. Both programs have increased retention of women at Cisco.
- Flexible work solutions and time-off practices at a global level. Onsite childcare facility in San Jose for 400 children. US employees can access Bright Horizons Network Access program, with priority status for full-time and backup care. UK employees offered childcare vouchers redeemable at registered nurseries, after-school clubs, and child-minders. Financial assistance for adoption. Breastfeeding moms offered “mother’s rooms” and other support including “mom’s milk” employee discussion group.
- Mentoring programs include Million Women Mentors, with goal to mentor 5000 female students in the US by 2020, and 20% workforce participation in STEM mentoring to women, girls, and racial and ethnic minorities, with a goal of 20 hours a year by 2020.

Walt Disney (DIS)

Sector:



Telecommunications/
Media

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

Together with its subsidiaries, Walt Disney is a worldwide entertainment company. It operates broadcast and cable television networks, domestic television stations, and radio networks and stations, and is involved in television production and distribution. The breadth of its activities, its intellectual property (IP) value, and the changing nature of technology emphasizes data privacy and security as a key risk.

How they make an impact:

- **Three of eleven board members are women (27%).** CFO is a woman. One woman on four-member compensation committee. Three women on fourteen-member management team. As of 2015, 44% of global management were women.
- Strong discrimination policy, including a commitment to ensuring equal opportunity.
- Strong diversity program with special emphasis on ensuring a comprehensive strategy of growth and support for women via the Global Workplace and Women's Initiative, chaired by Jayne Parker, EVP and Chief HR Officer.

AT&T (T)

Sector:



Telecommunications

Strong Emphasis:



Diversity



ESG

ESG challenges faced:

AT&T is the largest integrated telecommunications company in North America offering wireless, high speed internet, telecommunications, and digital entertainment services to more than 180 million combined subscribers. Operates through four segments: Business Solutions, Entertainment Group, Consumer Mobility, and International. Data privacy and security, business ethics, and product governance are key ESG issues for AT&T.

How they make an impact:

- **Four of 13 board members are women (31%).** Women comprise 35% of total US management and 32% of the total US workforce.
- Named by Fortune Magazine and global consultant Great Place to Work a Best Workplace for Diversity in 2016.
- Increased focus on diversity and inclusion initiatives in recent years. Women's Leadership Council consists of 20 women leaders who meet monthly to research issues and recommend programs to increase attraction, development, and retention of women, and is governed by a steering committee of six business unit officers. Executive Women's Leadership Experience is a leadership track which annually targets 20 top-, mid-, and senior-level women leaders who have the potential to move to senior executive roles.
- AT&T University partners with AT&T's Diversity and Inclusion team to develop training courses to help employees identify and eliminate unconscious biases.
- Membership in numerous employee resource groups tops 136,000 employees and reflects the diversity of the company's workforce.

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

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