



# LARGECAP ESG

Third Quarter 2020

## OBJECTIVE

The LargeCap ESG strategy seeks to efficiently capture return opportunities while managing portfolio risk relative to the S&P 500 and LargeCap model portfolio benchmarks.

**Benchmark:** S&P 500 Index and LargeCap Model Portfolio

**Inception Date:** December 1, 2004

## PROCESS

The portfolio construction process incorporates company level ESG scores to build a portfolio whose overall ESG score is at least 15% better than that of the S&P 500 Index.

In addition, the portfolio does not invest in businesses that derive 5% or more of their revenue from the following activities:

- Manufacturers and owners of military weapons
- Manufacturers and owners of alcohol and tobacco products
- Manufacturers and owners of gambling devices and/or operators of casinos
- Companies with ties to Sudan

## PORTFOLIO GUIDELINES

**Holdings:** Approximately 70-85 positions

**Sector Over/Underweights:** S&P 500 +/- 5.00%<sup>1</sup>

**Position weights:** 0.50% to S&P 500 weight +2.50%<sup>1</sup>

**Cash position:** Typically 0.5% to 1.5%

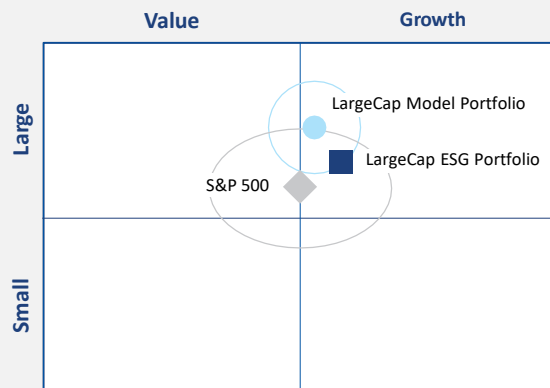
**Average Annual turnover:** Typically 60% to 120%

**Investment Universe:** S&P 500 + top 500 Russell 1000 Index Members<sup>2</sup>

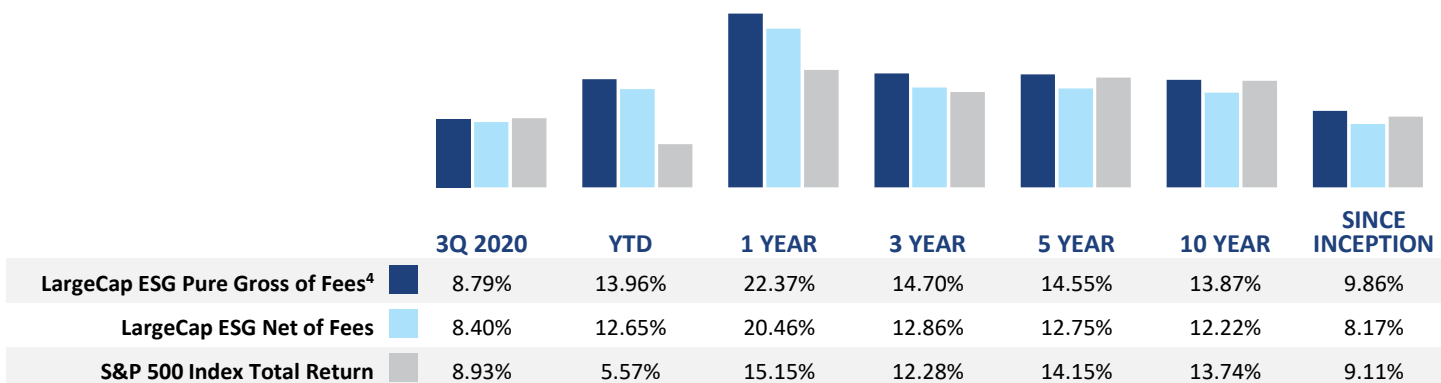
## DUAL BENCHMARK IMPLEMENTATION

This strategy employs a unique dual benchmark approach. The primary benchmark ensures total active risk versus the S&P 500 Index which is consistent with our LargeCap strategy portfolio.

The second benchmark limits the tracking error of this strategy versus our LargeCap strategy portfolio. This allows us to maintain very similar characteristics to our LargeCap strategy, while providing the flexibility needed to employ our social screens.



## COMPOSITE PERFORMANCE<sup>3</sup>



## PORTFOLIO COMPOSITION

Top 10 Holdings <sup>5</sup>	LargeCap ESG
Microsoft Corp	8.4%
Apple Inc	4.9%
Amazon.com Inc	4.2%
NVIDIA Corp	3.8%
Alphabet Inc Cap Stock Cl C	2.9%
Lam Research Corp	2.8%
MasterCard Incorporated Cl A	2.8%
Union Pacific Corp	2.6%
Adobe Inc	2.6%
Air Prods & Chems Inc	2.5%

Sector Weightings <sup>6</sup>	LC ESG	S&P 500
Consumer Discretionary	4.1%	5.3%
Consumer Staples	4.1%	6.0%
Energy	1.5%	2.0%
Financials	15.4%	13.7%
Health Care	9.8%	12.8%
Industrials	8.7%	6.5%
Materials	4.6%	2.6%
Retail	5.6%	5.5%
Services	6.2%	5.7%
Technology	36.8%	36.8%
Utilities	1.8%	3.2%

STRATEGY CHARACTERISTICS<sup>7</sup>

	LC ESG	S&P 500
Weighted Average Market Cap	\$432.6B	\$452.9B
EPS 5 Year Average Growth	22.9%	21.8%
Return on Equity (ROE)	34.4%	29.5%
Price to Earnings Ratio (P/E)	37.4x	26.1x
Price to Book Ratio (P/B)	6.8x	3.8x
Dividend Yield	1.2%	1.8%
Beta	0.99	1.00
Active Share	65.3%	-
Number of Holdings	70	505
Weighted ESG Score	67.3	58.2

## ABOUT GREAT LAKES ADVISORS

Founded in 1981, Great Lakes Advisors is headquartered in Chicago, Illinois with an additional office in Tampa, Florida. The firm has \$10.1 billion in assets under management and advisement and offers a wide range of fixed income, equity, and multi-asset strategies across all market capitalizations. We have deep portfolio management capabilities within ESG, Socially Responsible, Tax-Managed, and Customized account solutions. Our clients include public funds, multi-employer plans, corporations, religious communities, endowments/foundations, health care plans, and private wealth management clients.

1. At time of purchase

2. Top 500 companies as measured by Market Cap.

3. Returns greater than one year are annualized.

4. Pure Gross of Fee Returns do not reflect the deduction of investment management fees or bundled fees for certain accounts where transaction costs cannot be separately identified from other service fees charged by the client's broker/dealer or custodian. Information presented on a pure gross of fee basis has not been independently verified. Net performance reflects the deduction of investment management fees and bundled fees as applicable.

5. Holdings are representative of a Disciplined Equity LargeCap ESG account, are subject to change at any time and are not recommendations to buy or sell any securities.

6. Source MSCI Barra. Data is representative of a Disciplined Equity LargeCap ESG account and are subject to change at any time.

7. Source: Bloomberg. Characteristic data is representative of a Disciplined Equity LargeCap ESG account and is subject to change at any time. Beta and ESG source are MSCI Barra.

Definition of the Firm: Great Lakes Advisors, LLC ("Great Lakes" or "GLA") is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Established in 1981, Great Lakes is a subsidiary of Wintrust Financial Corporation and a part of the Wintrust Wealth Management family of companies. On October 1, 2013, majority owned subsidiary Advanced Investment Partners, LLC ("AIP") became fully-owned and integrated into Great Lakes. Great Lakes is a distinct business unit with distinct investment processes and procedures relating to the management and/or trading of investment portfolios for its clients.

The Disciplined Equity LargeCap ESG Composite includes all unrestricted, fee-paying accounts patterned after Great Lakes' ESG (ESGL) strategy and is benchmarked to the S&P 500 Index. The LargeCap ESG strategy integrates environmental, social, and governance (ESG) ratings for individual companies with Great Lakes Advisors' proprietary return forecasts based on a blend of fundamental, technical, and sentiment measures, which seeks to outperform the S&P 500 Index over time through superior stock election while maintaining risk characteristics that are similar to the benchmark. Accounts within this composite do not employ leverage. The composite inception date was December 1, 2004 and the composite creation was October 1, 2013. All cash reserves and equivalents are included in returns. Returns are time weighted and include reinvestment of dividends, income and gains. The value of assets and returns is expressed in U.S. dollars. All holdings available upon request. Performance prior to October 1, 2013 occurred at Advanced Investment Partners prior to being acquired by Great Lakes Advisors. All holdings available upon request. Additionally, market commentary is available on the firm's website at: [www.greatlakesadvisors.com](http://www.greatlakesadvisors.com) or upon request.

The benchmark selected for comparison of returns for the LargeCap ESG Composite is the S&P 500 Index (an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. They are usually the 500 largest companies in terms of market capitalization and are chosen to represent the entire market's value). Index returns are provided to represent the investment environment existing during the time periods shown. All indexes are fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs. The index is not available for direct investment. Industry sectors are presented to illustrate the diversity of areas in which we may invest, and may not be representative of current or future investments.

GIPS: Great Lakes Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance results, and the policies for valuing portfolios, calculating performance, and preparing GIPS compliant presentations are available upon request by calling 312-553-3700.

Great Lakes Advisors, LLC's fees are available upon request and may be found in our Form ADV Part 2A. Performance data quoted herein represents past performance. Past performance does not guarantee or indicate future results. Returns and net asset value will fluctuate. To determine if this strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing.