



A Virtus  
Investment Partner

# NFJ GLOBAL SUSTAINABILITY WRAP STRATEGY

2Q 2024

# NFJ Investment Group

Over 30 Years of Value Investing



## KEY FACTS

- Established 1989
- Dallas, TX
- AUM: \$6.0 billion
- Seasoned team, averaging 20+ years industry experience
- Wholly owned affiliate of Virtus Investment Partners (NYSE: VRTS)

## U.S. Portfolios

Dividend Value

Large Cap Value

All Cap Value

Mid Cap Value

Small Cap Value

## Non-U.S./Global Portfolios

Emerging Markets Value

International Value

Global Infrastructure Income

Global Sustainability

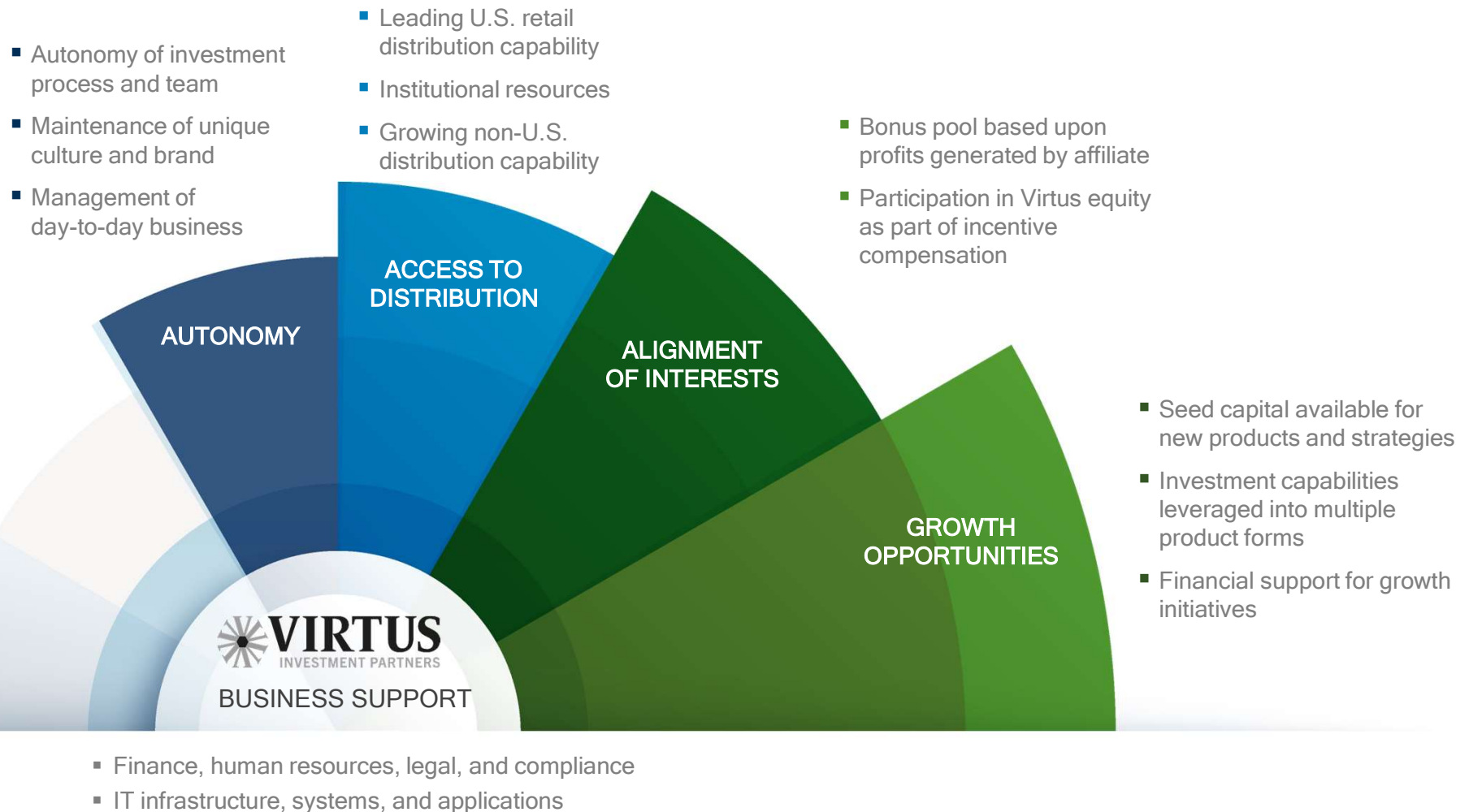
NFJ Investment Group assets under management, as June 30, 2024. This total includes \$2.3 billion in non-discretionary assets. Our predecessor firm (known as NFJ Investment Group at the time) was initially created in 1989, acquired by Allianz in 2000, and rolled into the Allianz Global Investors RIA as that firm's Dallas-based Value Equity US team in 2016. Effective February 1, 2021, Virtus lifted out Allianz Global Investors' Dallas-based Value Equity US team and established a new investment adviser for that team, which is registered with the SEC and known as NFJ Investment Group, LLC.

# NFJ Investment Group

An Affiliate of Virtus Investment Partners



**Multi-boutique model:** Virtus Investment Partners preserves each affiliate’s unique entrepreneurial culture, provides continued investment autonomy, and ensures appropriate alignment of interests.



# NFJ Investment Group

Investment Philosophy



## We believe:

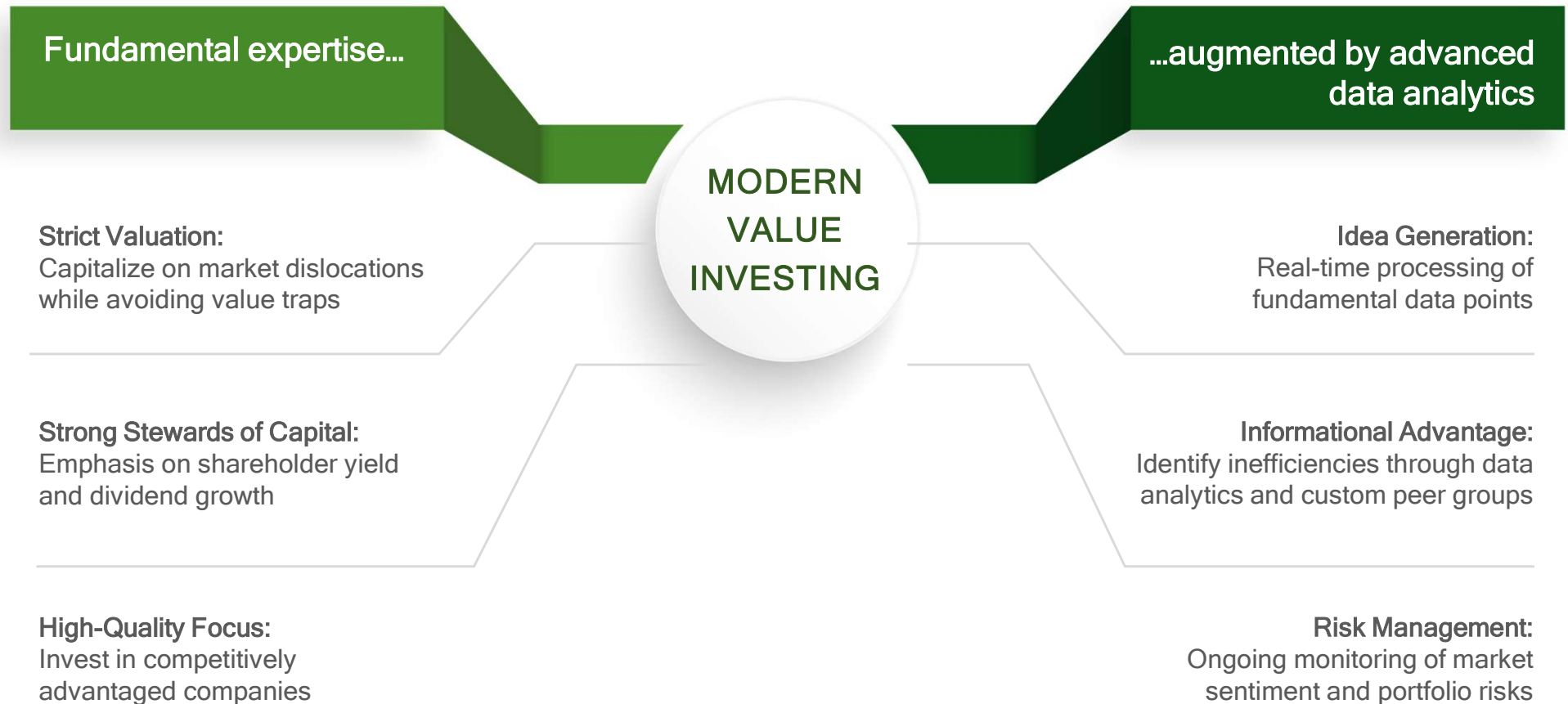
Our **Modern Value** approach harnesses the power of advanced data analytics and fundamental expertise to identify quality value businesses.

**Valuation, shareholder yield, and quality** are key to long-term investment success.

Emphasizing **diversification** and **numbers over narrative** can help achieve better risk-adjusted returns and client outcomes.

# NFJ Investment Group

A Modern Approach to Value Investing



Dividends reflect past performance and there is no guarantee they will continue to be paid.

# NFJ Global Sustainability Wrap

Investment Strategy Overview



## Seasoned Portfolio Management Team

Our portfolio managers have worked together for over 15 years



**R. Burns McKinney, CFA**  
Co-Lead Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 1996/2006



**Jeff N. Reed, CFA, CMT, FDP**  
Co-Lead Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2004/2007



**John R. Mowrey, CFA**  
Chief Investment Officer Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2007/2007



**Thomas W. Oliver, CFA, CPA**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 1995/2005



**J. Garth Reilly**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2005/2005

## Additional Resources

**Kris P. Marca, CFA**  
Portfolio Manager/Analyst  
Industry/Team Start Year: 2003/2011

**Yue Wang, CFA, CPA, FDP**  
Senior Research Analyst  
Industry/Team Start Year: 2015/2018

**Andrew J. Setaro, CFA, FDP**  
Senior Research Analyst  
Industry/Team Start Year: 2018/2019

**Krysta M. Hill**  
Product Specialist  
Industry/Team Start Year: 2005/2008

### Overview

#### BENCHMARK

Dow Jones Sustainability World Index, MSCI ACWI Index

#### NUMBER OF HOLDINGS

40-60

#### AVAILABLE VEHICLES

Institutional Separate Account; Separately Managed Account; Mutual Fund

#### STRATEGY AUM

\$71.0 million

Assets shown as of June 30, 2024. Team Start Year refers to when each team member joined our predecessor firm (known as NFJ Investment Group at the time), which was initially created in 1989, acquired by Allianz in 2000, and rolled into the Allianz Global Investors RIA in 2016. NFJ Investment Group became an affiliate of Virtus Investment Partners, Inc. effective February 1, 2021, when Virtus lifted out Allianz Global Investors' Dallas-based Value Equity US team. NFJ Investment Group is an investment adviser registered with the SEC. The MSCI All Country World Index (net) is a free float-adjusted market capitalization-weighted index that measures equity performance of developed and emerging markets. The Dow Jones Sustainability World Index (net) tracks the performance of the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index that are the world's sustainability leaders based on economic, environmental, and social criteria.

## ESG Risk Rating

NFJ Proprietary Score

## ESG Momentum

Forward Looking In-  
House Momentum Score

## Corporate Communication

Text Analytics  
Company  
Communication  
Proxy Voting

# ESG Risk Rating

NFJ ESG Pillars



## Proprietary Scoring System

Our differentiated ESG approach leverages NFJ's use of big data, data analytics, and custom peer groups to arrive at a proprietary ESG score

- **MSCI Data:** MSCI is good at identifying key issues and quantifying risk exposures
- **Peer Weighting:** Apply our own weightings and normalize score based on NFJ custom peer set
- **Final Score:** The result is a proprietary NFJ score that can, but doesn't have to, differ from MSCI
- **NFJ versus MSCI**
  - NFJ's scoring system is more strict than MSCI within the MSCI All Country World stock universe
  - A and above: NFJ = 42%, MSCI = 54%
  - B and lower: NFJ = 21%, MSCI = 18%



# ESG Momentum

NFJ ESG Pillars



## Definition

- Designed to be more in-depth and more predictive than MSCI ESG Rating Trend, which reports rating changes after they occur
- Identifies changes in top Key Issues, often prior to a company receiving a ratings change

## Implementation

- Look for positive momentum when initiating new positions, but not required
- Existing portfolio holdings with negative rating changes warrant further analysis
  - Company communication
  - Text analytics

# Corporate Communication

NFJ ESG Pillars



## Text Analytics

- Perform text analytics by retrieving ESG-relevant sentences from company's public disclosures to assess the adequacy of addressing key issues
- Assess score trend based on frequency and depth of public disclosures

## Company Communication

- Proactively dialogue with management / IR to understand ESG considerations and express our desire for material change
- Assess score trend by gaining a better understanding of management's attitude toward ESG as well as efforts to improve in material issues
- Use ISS Norm-Based Engagement services

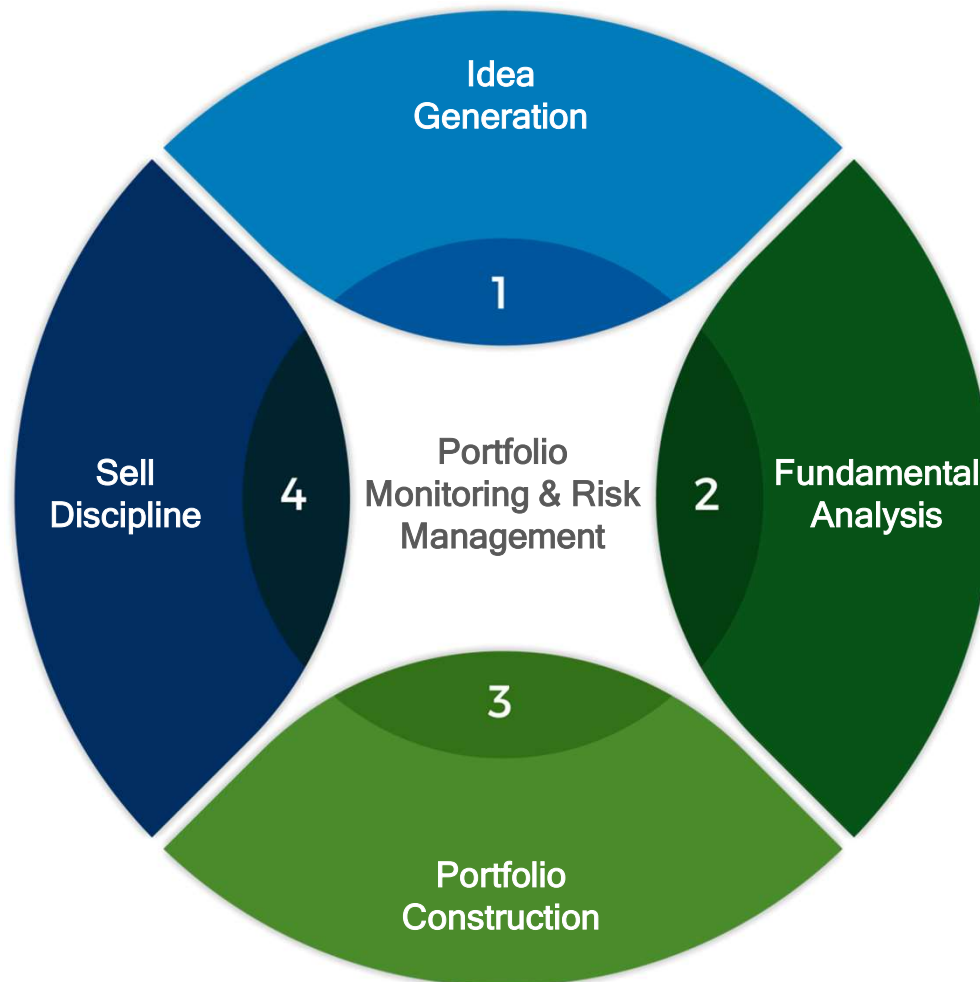
## Proxy Voting

- Vote proxies to promote strong ESG practices

# Investment Process Overview

An Integrated Approach

NFJ's **Modern Value Approach** combines advanced data analytics and other proprietary quantitative tools with fundamental analysis to identify attractively valued, high-quality companies.



# Idea Generation

Proprietary Research Tool and Advanced Data Analytics



Uncovering unique valuation insights seeks to offer a competitive advantage and begins with processing large amounts of data in an efficient and scalable manner

The NFJ Research Workbench is designed to help identify valuation dislocations more efficiently

- Proprietary database tool spanning the global equity universe
- Highly customized data analysis across multiple financial metrics helps to identify a company's true peers
- Quantitative model overlay helps avoid potential idiosyncratic risks and value traps
- Leverages new technologies to continually improve our powerful front-end process

## Advanced Data Analytics

Data synthesis through programming language and other quantitative tools



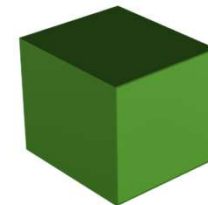
## Actionable Insights

Process identifies companies across the globe that are trading cheaply to peers and the market



## Investment Candidates

Most attractively valued stocks are candidates for additional fundamental research



# Fundamental Analysis

Investing at the Intersection of Valuation, Shareholder Yield, and Quality



## NFJ conducts a rigorous analysis of company fundamentals and financial output

### Valuation & Custom Peers: Identify attractive entry points

- Statistically derived custom peer groups
  - Identify relationships determined by global equity market
  - Data analytics and statistical calculations uncover valuation insights
- Absolute/relative measures to company's history and the market
  - Industry-specific metrics; P/E, P/B, P/S, EV/EBITDA, P/FFO

### Shareholder Yield: Evaluate capital allocation policies

- Emphasis on dividend growth over absolute yield
- Focus on forward buyback programs
- Assess quality of earnings
- Consider dividend policy changes and capital deployment stewardship

### Quality Evaluation: Identify consistent and above-average financial output

#### Qualitative

- Consistent and above-average Return on Capital
- Low balance sheet stress
- High and improving margins; stability over time
- Expected and historical earnings growth

#### Quantitative

- Price Momentum
- Short Interest

#### Inputs that can result in higher quality:

- Favorable industry dynamics
- High barriers to entry
- Differentiation, first-mover advantage
- Scalability, brand equity, network effect
- Duopoly or functional duopoly
- Recurring revenues

# Portfolio Construction: NFJ Global Sustainability

Diversification and Risk Mitigation within a Sustainability Framework



Construct a portfolio of quality companies diversified across industries that can help generate alpha and mitigate risk

## Position Sizing

- 40-60 holdings
- Initial position size: 1-4% (at cost)
- Maximum position size: 5% (at market)
- Cash typically 2-3%

## Portfolio Positioning

- Sustainability exclusions
- Seek broad sector and industry exposure
- At least 40% invested in non-U.S. securities\*

## Market Capitalization

- Market cap greater than \$5 billion

## Diversification

- Diversified portfolio to help reduce downside risk
- Long-term alpha generation begins with intelligent portfolio construction

\*Should the weight of non-U.S. securities in the Dow Jones Sustainability World Index drop below 45%, the strategy may invest a lower amount in non-U.S. securities.

# Portfolio Construction: Sustainability Exclusions

Diversification and Risk Mitigation within a Sustainability Framework



UN Global Compact	Weapons	Coal	Tobacco
<ul style="list-style-type: none"> <li>Violations of the ten UN Global Compact principles</li> <li>Engagement in certain cases</li> </ul>	<ul style="list-style-type: none"> <li>All controversial weapons (cluster munitions, landmines, atomic, biological, or chemical)</li> <li>Conventional weapons revenue threshold of 10%</li> </ul>	<ul style="list-style-type: none"> <li>Thermal coal extraction revenue threshold of 10%</li> <li>A coal revenue threshold of 20% for utility companies</li> </ul>	<ul style="list-style-type: none"> <li>All companies in the making of tobacco products</li> <li>A tobacco distribution revenue threshold of 5%</li> </ul>
Alcohol	Pornography	Gambling	
<ul style="list-style-type: none"> <li>Revenue threshold of 5%</li> </ul>	<ul style="list-style-type: none"> <li>Revenue threshold of 5%</li> </ul>	<ul style="list-style-type: none"> <li>Revenue threshold of 5%</li> </ul>	

Source: NFJ Investment Group.

# Sell Discipline

Dispassionate Approach to Exiting Companies



## NFJ's strict sell discipline seeks to remove emotion from the investment process

### Valuation Consideration

- Stock becomes *expensive* on absolute and relative valuations
- Compared to historical average, broad market, and custom peers

### Quality Deterioration

- Change in company-specific fundamentals or thesis
- Erosion of industry dynamics or competitive landscape
- Price momentum

### Portfolio Upgrade

- Better alternative available; candidate becomes more attractive relative to a current holding
- Improve portfolio construction and risk-adjusted positioning

### Acquisition Activity

- Current holding is acquired
- Current holding makes acquisition that fundamentally changes its business



# Portfolio Monitoring & Risk Management

Integrated Throughout the Investment Process



**Qualitative analysis and quantitative tools help identify and avoid idiosyncratic risks**

## **Internal Integrated Risk Management**

Portfolio risk is embedded throughout NFJ's investment philosophy and process:

- Portfolio level controls: position size and diversification
- CIO/PM reviews and quarterly investment meetings

## **Quantitative Elements**

NFJ custom functions actively monitor for quantitative changes in:

- Price momentum
- Short interest

## **Independent Review: Virtus Investment Oversight Committee**

- Quarterly meetings with Virtus CEO, CIOs, strategist to discuss markets and performance
- Responsible for evaluating investment skill and discipline within stated investment guidelines
- Ongoing monitoring of investment style, performance, and portfolio risk exposures

# Portfolio Statistics

As of June 30, 2024



## NFJ Global Sustainability Wrap vs. MSCI All Country World Index

Valuations	Portfolio	Index
Price-to-Earnings (forward 1YR)	17.7x	17.7x
Price-to-Earnings (trailing 1YR)	23.3x	20.5x
Dividends		
Dividend Yield (trailing 1YR, %)	1.8	1.9
Dividend Growth Rate (5YR avg, %)	12.1	8.1
Profitability		
Return on Equity (%)	17.4	14.7
Return on Assets (%)	8.7	9.9
Earnings		
Earnings Growth (trailing 3YR avg., %)	13.7	17.8
Earnings Growth (trailing 5YR avg., %)	15.0	14.8

**Dividends reflect past performance and there is no guarantee they will continue to be paid.** The forward P/E ratio shown uses funds from operations, instead of earnings, for REITs. The information is historical and may not reflect current or future characteristics and may vary among individual accounts depending on a variety of factors, including portfolio size, specific investment guidelines and inception dates of individual accounts. Certain projected characteristics (such as the forward P/E ratio) of the representative account and indices shown have been estimated in this material. Estimated data reflect subjective judgments and assumptions and unexpected events may occur. Therefore, there can be no assurance that developments will transpire as forecasted. **Past performance is not indicative of future results.** Source: Virtus Performance & Analytics, Factset, MSCI.

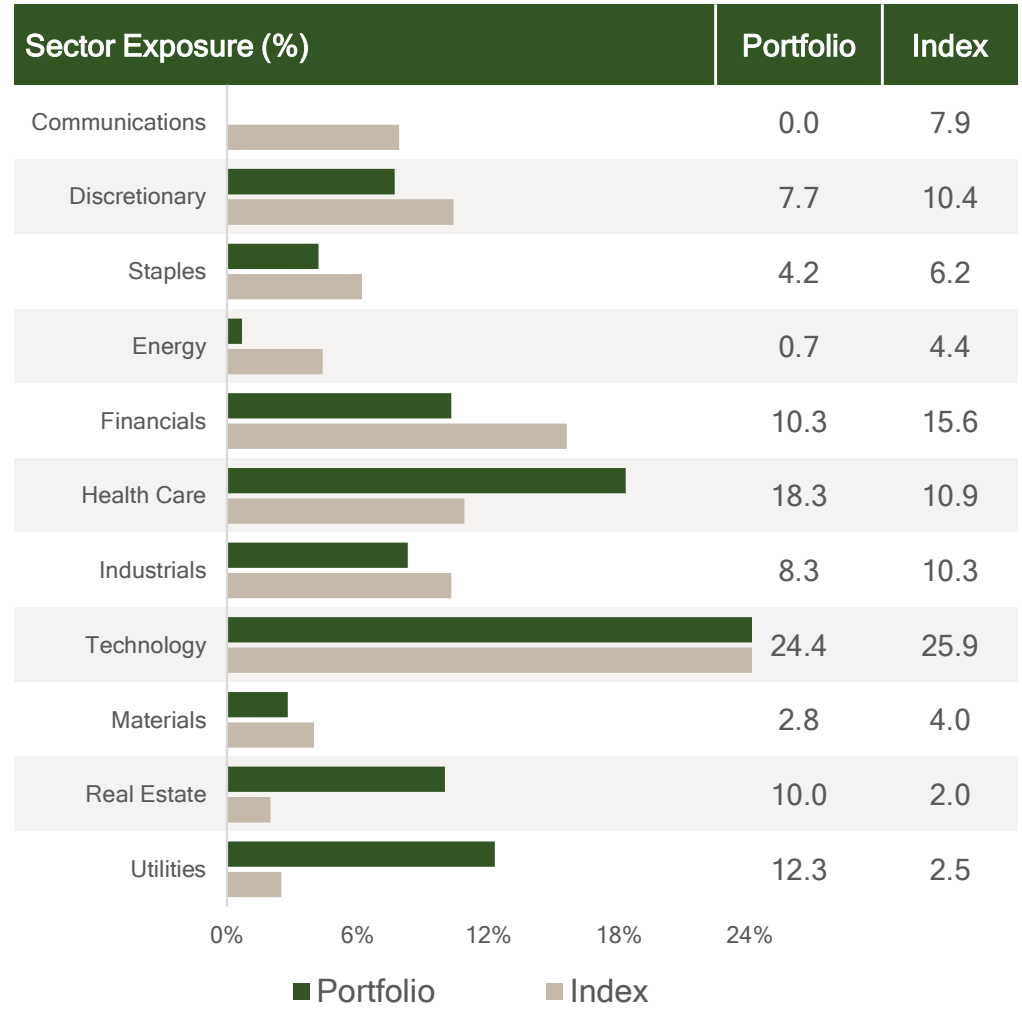
# Broadly-Diversified Positioning

As of June 30, 2024



## NFJ Global Sustainability Wrap vs. MSCI All Country World Index

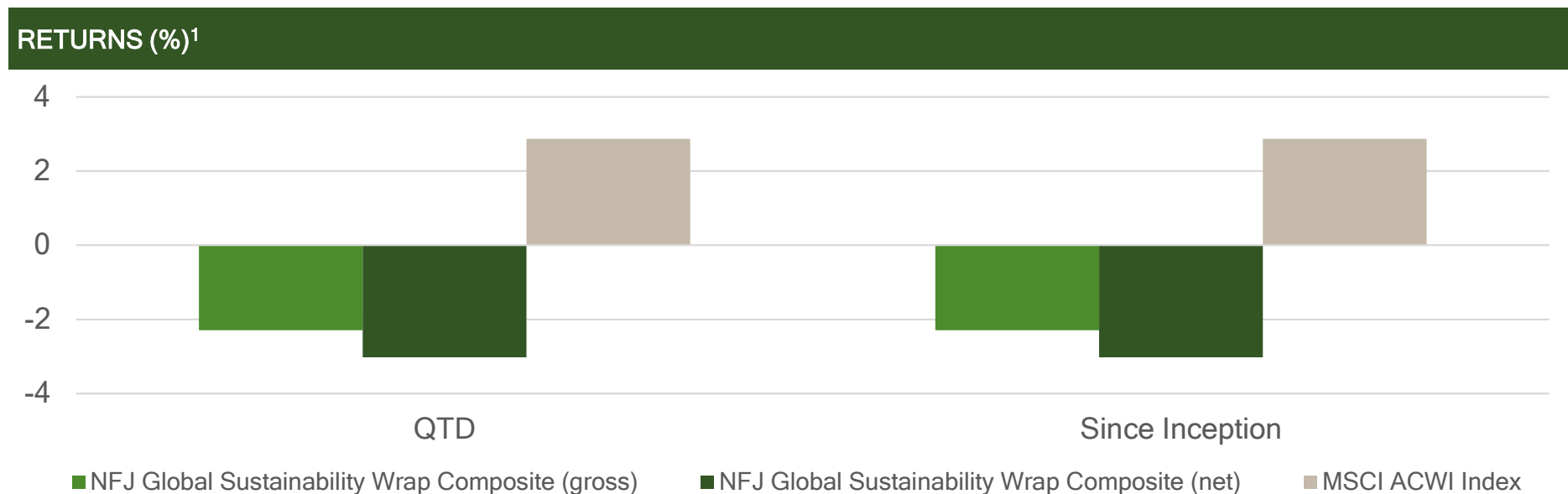
Region Exposure (%)	Portfolio	Index
Asia/Pacific ex-Japan	0.0	2.6
Emerging Markets	13.7	10.0
Europe ex-UK	15.4	13.1
Japan	4.0	5.1
North America	60.4	65.6
UK	6.5	3.6



Sector and top ten country analysis may change at any time without notice and is based on a model portfolio. Source: Virtus Performance & Analytics, Factset.

# Performance

As of June 30, 2024



	QTD	Since Inception
NFJ Global Sustainability Wrap Composite (gross)	-2.29	-2.29
NFJ Global Sustainability Wrap Composite (net)	-3.02	-3.02
MSCI ACWI Index	2.87	2.87

1. Annualized for periods greater than one year.

Composite inceptioned April 1, 2024. **Past performance is not indicative of future results.** The performance data represents NFJ Global Sustainability Wrap composite of managed account portfolios with comparable investment objectives and risk managed by NFJ Investment Group, LLC. Effective February 1, 2021, AllianzGI's Value Equity US Team joined Virtus Investment Partners, Inc. as an affiliated manager, operating as NFJ Investment Group, LLC ("NFJ"). Accounts meeting this criteria are included in the composite after being invested for a full month. Terminated accounts are excluded from the composite following the last full month under management. Performance is calculated on a total-return basis, assuming reinvestment of dividends and interest. Results include accrued income as well as realized and unrealized gains and losses but do not include the effect of taxes. Gross of fee returns show performance before the deduction of advisory and Sponsor fees (including trading and custodial fees). NFJ Investment Group, LLC advisory fees are discussed in Part 2 of its form ADV. Clients are advised to read the Sponsor's brochure for fees applicable to the program. The MSCI All Country World Index is a fee float adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an index. Source: Virtus Performance & Analytics.

# Sustainable Investing with NFJ

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# 1

## Proprietary ESG Scores Backed by Data Analytics

- Leverage big data, data analytics, and custom peer groups to determine a proprietary ESG score
- Forward looking ESG momentum score identifies changes in top Key Issues

# 2

## Sustainability Exclusions

- Exclude industry groups and companies not aligned with sustainable investing
- Emphasis on diversification to help achieve better risk-adjusted returns and client outcomes

# 3

## Modern Value Investing Approach

- Proprietary tools and methods to meet the challenges of today's dynamic capital markets
- Focus on valuation, shareholder yield, and quality

# Appendix

# ESG Risk Rating: MSCI Data Feed

NFJ ESG Pillars



## Why MSCI?

We use MSCI data as an input to our proprietary ESG scoring system because MSCI has...

- A 40+ year track record with 200+ analysts
- ESG ratings for 8,500 companies
- A solid track record of identifying key ESG issues and quantifying ESG risks

## MSCI's Methodology

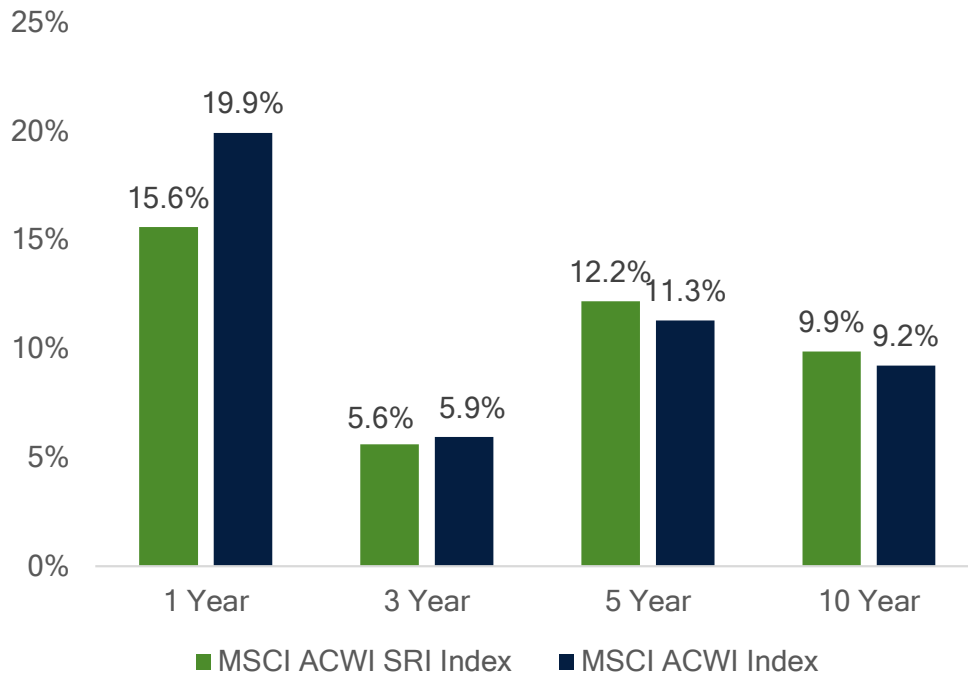
- Measure 35 ESG key issues, divided into 3 pillars (ESG) and 10 themes: climate change, natural resources, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance, and corporate behavior.
- Assess company risk exposure and risk management relative to industry peers
- Industry-specific key issues are scored (0-10) using a rules-based methodology

# Benefits of ESG Investing

Over the long term, ESG companies have offered stronger risk-adjusted returns versus the broader equity market

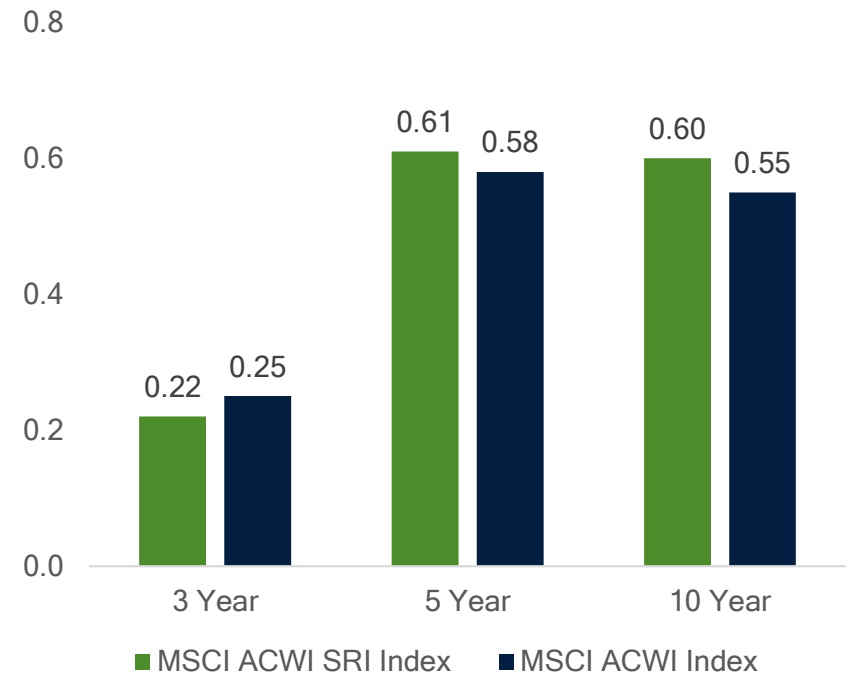
## ANNUALIZED RETURNS

As of June 30, 2024



## SHARPE RATIO

As of June 30, 2024



**Past performance is not indicative of future results.** Sharpe ratio is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. Source: MSCI. The MSCI ACWI SRI Index includes large and mid-cap stocks across 23 Developed Markets (DM) countries and 27 Emerging Markets (EM) countries. The index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. Constituent selection is based on research provided by MSCI ESG Research. The MSCI ACWI Index is a free float-adjusted market capitalization-weighted index that measures equity performance of Developed and Emerging Markets. The indexes are calculated on a total return basis with dividends reinvested. The indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges and they are not available for direct investment.



# NFJ Investment Team



**John R. Mowrey, CFA**  
Chief Investment Officer  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2007/2007



**Paul A. Magnuson**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 1985/1992



**R. Burns McKinney, CFA**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 1996/2006



**Thomas W. Oliver, CFA, CPA**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 1995/2005



**Jeff N. Reed, CFA, CMT, FDP**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2004/2007



**J. Garth Reilly**  
Senior Portfolio Manager/Analyst  
Industry/Team Start Year: 2005/2005



**Kris P. Marca, CFA**  
Portfolio Manager/Analyst  
Industry/Team Start Year: 2003/2011



**Yue Wang, CFA, CPA, FDP**  
Senior Research Analyst  
Industry/Team Start Year: 2015/2018



**Andrew J. Setaro, CFA, FDP**  
Senior Research Analyst  
Industry/Team Start Year: 2018/2019



**Krysta M. Hill**  
Product Specialist  
Industry/Team Start Year: 2005/2008

**Strategically organized  
and committed to seeking  
strong investment  
performance**

- Collaborative culture
- A three-decade foundation of value investing
- Fresh insights/perspectives

Team Start Year refers to when each team member joined our predecessor firm (known as NFJ Investment Group at the time), which was initially created in 1989, acquired by Allianz Global Investors US LLC in 2000, and rolled into the Allianz Global Investors RIA in 2016. NFJ Investment Group became an affiliate of Virtus Investment Partners, Inc. effective February 1, 2021, when Virtus lifted out Allianz Global Investors' Dallas-based Value Equity US team. NFJ Investment Group is an investment adviser registered with the SEC.

# NFJ Team Biographies

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## **John R. Mowrey, CFA**

Executive Managing Director, Chief Investment Officer  
Senior Portfolio Manager/Analyst

John Mowrey is an executive managing director, senior portfolio manager/analyst, and chief investment officer, responsible for the overall investment policy for all value equity portfolios, hiring new talent, and building out the team's investment capabilities. He serves as co-lead portfolio manager for the NFJ Mid Cap Value, NFJ Small Cap Value, NFJ Emerging Markets Value, and NFJ Global Infrastructure Income strategies. Mr. Mowrey joined NFJ in 2007 and has been quoted and featured in a number of national publications, including Barron's, Fortune, Kiplinger's, Funds Europe, and MarketWatch, and has been a featured guest on CNBC, Bloomberg TV, Fox Business News, TD Ameritrade Network, and Yahoo! Finance. He earned a B.A. in political science from Rhodes College and an M.B.A. from Southern Methodist University. He is a Chartered Financial Analyst® (CFA®) charterholder. He began his career in the investment industry in 2006.

## **Paul A. Magnuson**

Managing Director, Senior Portfolio Manager/Analyst

Paul Magnuson is a managing director and senior portfolio manager/analyst at NFJ Investment Group. He serves as a portfolio manager on the NFJ Small Cap Value, NFJ Mid Cap Value, and NFJ Large Cap Value strategies. In 2010, he was nominated for Domestic-Stock Fund Manager of the Year by Morningstar. Prior to joining NFJ in 1992, Mr. Magnuson was a quantitative analyst in the trust investment department at NationsBank (predecessor organization to Bank of America). Mr. Magnuson earned a B.B.A. in finance from the University of Nebraska-Lincoln. He began his career in the investment industry in 1985.

## **Thomas W. Oliver, CFA, CPA**

Managing Director, Senior Portfolio Manager/Analyst

Thomas Oliver is a managing director and senior portfolio manager/analyst. He serves as a co-lead portfolio manager of the NFJ Dividend Value, NFJ Large Cap Value and NFJ All Cap Value strategies. Prior to joining NFJ in 2005, Mr. Oliver was a manager of corporate reporting at Perot Systems and an auditor at Deloitte & Touche. Mr. Oliver earned a B.B.A. and an M.B.A. from the University of Texas. He is a Chartered Financial Analyst® (CFA®) charterholder and has his Certified Public Accountant (CPA) designation. He began his career in the investment industry in 1995.

## **R. Burns McKinney, CFA**

Managing Director, Senior Portfolio Manager/Analyst

R. Burns McKinney is a managing director and a senior portfolio manager/analyst. He serves as a co-lead portfolio manager of the NFJ Dividend Value, NFJ International Value, and NFJ Global Sustainability strategies. He has been quoted and featured in a number of national publications, including the Wall Street Journal and Barron's, and has been a featured guest on CNBC and Bloomberg TV. Prior to joining NFJ in 2006, Mr. McKinney was an equity analyst at Evergreen Investments, an investment banking analyst at Alex. Brown & Sons, a vice president in equity research at Merrill Lynch, and an equity analyst at Morgan Stanley. Mr. McKinney earned a B.A. in economics from Dartmouth College and an M.B.A. from The Wharton School, The University of Pennsylvania. He is a Chartered Financial Analyst® (CFA®) charterholder. He began his career in the investment industry in 1996.

## **Jeff N. Reed, CFA, CMT, FDP**

Managing Director, Senior Portfolio Manager/Analyst

Jeff Reed is a managing director and senior portfolio manager/analyst. He serves as a co-lead portfolio manager of the NFJ Dividend Value, NFJ Large Cap Value, NFJ All Cap Value, and NFJ Global Sustainability strategies. Prior to joining NFJ in 2007, Mr. Reed was a credit analyst at Frost Bank. Mr. Reed earned a B.B.A. in finance and e-business from Texas Christian University, an M.B.A. from the University of Texas, McCombs School of Business, and an M.S. in Data Science with a specialization in machine learning from Southern Methodist University. He is a Chartered Financial Analyst® (CFA®) and a Chartered Market Technician® (CMT®) charterholder. He also is a Financial Data Professional® (FDP) charterholder, a credential that focuses on big data, artificial intelligence, and machine learning applications in the financial industry. He began his career in the investment industry in 2004.

## **J. Garth Reilly**

Managing Director, Senior Portfolio Manager/Analyst

J. Garth Reilly is a managing director and senior portfolio manager/analyst. He serves as a co-lead portfolio manager of the NFJ Emerging Markets Value, NFJ International Value, and NFJ Global Infrastructure Income strategies. Prior to joining NFJ in 2005, he was an intern at Luther King Capital Management and Citigroup Alternative Investments. Mr. Reilly earned a B.A. in political economy from Princeton University and an M.B.A. from Southern Methodist University. He began his career in the investment industry in 2005.

# NFJ Team Biographies

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## **Kris P. Marca, CFA**

Director, Portfolio Manager/Analyst

Kris Marca is a director and portfolio manager/research analyst. He serves as a portfolio manager on a closed-end fund that NFJ subadvises, the Virtus Dividend, Interest & Premium Strategy Fund (NYSE: NFJ), as well as on the NFJ Mid Cap Value and NFJ Small Cap Value strategies. Prior to joining NFJ in 2011, he was on the equity derivatives desk at HBK Capital Management. Mr. Marca earned a B.A. in biology from the University of Texas and an M.B.A. from Texas Christian University. He is a Chartered Financial Analyst® (CFA®) charterholder. He began his career in the investment industry in 2003.

## **Yue Wang, CFA, CPA, FDP**

Senior Research Analyst

Yue Wang is a senior research analyst, responsible for supporting the full suite of NFJ's investment strategies. Prior to joining NFJ in 2018, she was an empirical capital market research assistant at the University of Texas at Austin and an equity research analyst at Chinese International Capital Corporation. Ms. Wang earned a B.B.A. in accounting and finance from the University of Hong Kong and an M.S. in accounting from the University of Texas. She is a Chartered Financial Analyst® (CFA®) charterholder and has her Certified Public Accountant (CPA) designation. She also is a Financial Data Professional® (FDP) charterholder, a credential that focuses on big data, artificial intelligence, and machine learning applications in the financial industry. She began working in the investment industry in 2015.

## **Andrew J. Setaro, CFA, FDP**

Senior Research Analyst

Andrew Setaro is a senior research analyst, responsible for supporting the full suite of NFJ's investment strategies. Prior to joining NFJ in 2019, Mr. Setaro worked as an analyst for Columbia Threadneedle Investments, where he was responsible for conducting quantitative analysis on large data sets, including various tests to determine the efficacy of MSCI's ESG ratings on return enhancement. He earned a B.A. in economics and an M.S. in Data Science from the University of Virginia. He is a Chartered Financial Analyst® (CFA®) charterholder and holds the CFA Institute Certificate in ESG Investing. He also is a Financial Data Professional® (FDP) charterholder, a credential that focuses on big data, artificial intelligence, and machine learning applications in the financial industry. He began his career in the investment industry in 2018.

## **Krysta M. Hill**

Director, Product Specialist

Krysta Hill is director and product specialist. She serves as a liaison between the investment, distribution, and client service teams, ensuring messaging alignment between NFJ, and its clients, prospects, consultants, and internal partners. Before joining an NFJ affiliated manager in 2008, Ms. Hill worked at Lehman Brothers as a communications specialist in its high-net-worth marketing department, and at Sard Verbinen & Co. as an associate in financial public relations and crisis communications. She earned a B.A., magna cum laude, in communications from the University of Pennsylvania. She began working in the investment industry in 2005.

# NFJ Global Sustainability Wrap GIPS Composite Report

## Schedule of composite performance results as of June 30, 2024

Year	Composite Return Gross (%)	Composite Return Net (%)	MSCI Emerging Markets Index Returns (%)	Composite 3-Yr St. Dev. (%)	Benchmark 3-Yr St. Dev. (%)	Internal Dispersion	Number of Portfolios in the Composite at Period End	Composite Total Assets at Period End (USD \$ M)	Total Firm Assets (USD \$ M)
ITD 2024*	-2.3	-3.0	2.9	-	-	N/A	1	0.1	3,533**

\*April 1, 2024, through June 30, 2024.

\*\*Preliminary Assets.

# NFJ Global Sustainability Wrap GIPS Composite Report



**The Firm:** The firm is defined as NFJ Investment Group, LLC (“NFJ”), a Registered Investment Advisor with the SEC. NFJ is an affiliated investment manager of Virtus Investment Partners, Inc. (“Virtus”). NFJ was founded in February 1989 with funding from Pacific Financial Asset Management Corp (“PFAMCo”). In 1994 PFAMCo merged with Thomson Advisory Group LP and became PIMCO Advisors. In 2000 Allianz AG acquired PIMCO Advisors, including NFJ. In 2010, Allianz Global Investors US LLC was formed, including NFJ. In July 2017 NFJ rolled up their RIA designation within Allianz Global Investors US LLC. At this time NFJ became a division of Allianz Global Investors LLC (“AllianzGI”) and was no longer independently registered with the SEC. Effective February 1, 2021, in connection with a strategic partnership between Virtus and AllianzGI, NFJ moved from AllianzGI and registered with the SEC as a newly established investment advisory subsidiary of Virtus. The firm definition includes all investment portfolios managed directly or indirectly by NFJ including institutional, pooled fund and wrap fee accounts.

NFJ claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. NFJ has been independently verified for the periods February 1, 2021 to December 31, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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**The Composite:** The NFJ Global Sustainability Wrap Composite (the “Composite”) seeks long term attractive returns through investments in companies that focus on investments in companies that the Manager believes exhibit strong environmental, social, and corporate governance records. The composite’s universe of investments may be smaller than that

of other portfolios and broad equity benchmark indices. ESG factors may not be considered for every investment decision and there is no guarantee that the integration of ESG factors will result in better performance. The Composite was created April 1, 2024 and has a performance inception date of April 1, 2024. The Composite includes all discretionary wrap fee portfolios with comparable investment objectives and risks, managed by NFJ for at least one full month. The Composite can include both tax-exempt and taxable accounts. No leverage has been used in the accounts included in the Composite. The Composite includes all wrap fee accounts managed in this strategy.

A list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Portfolio Returns:** Returns are calculated on a total return basis, including all dividends and interest, accrued income, realized and unrealized gains or losses and reinvestment of dividends and other earnings. Performance results are expressed in U.S. dollars. Returns are presented gross and net of fees. Gross of fees performance results are “pure” gross and are provided as supplemental information, as results have not been reduced by advisory and sponsor fees (including trading and custodial fees). Net of fee returns have been reduced by the highest applicable managed account fee of 3.00% applied on a monthly basis.

**Fees:** The managed account fee is a bundled fee (3.00%) inclusive of advisory, trading, custodial and administrative fees. There are no fees charged to clients at the commingled level; sponsor and advisory fees apply to the account as a whole. Actual fees incurred by client accounts may vary. Individual results may vary as a result of market conditions, trading costs and other factors, which may be unique to each account. NFJ’s compensation from the Program Sponsors vary, but it is generally between 0.33% and 0.50% of assets under management.

**Index:** The MSCI All Country World Index (ACWI) (Net) is the primary benchmark index for the composite. The MSCI AC World Index (ACWI) (Net) is a free float-adjusted market capitalization-weighted index that measures equity performance of developed and emerging markets. Although NFJ is a value investor, the broader ACWI index provides a more accurate benchmark because it is more diversified. The index is

calculated on a total return basis with net dividends reinvested. This unmanaged market index is provided to represent the investment environment existing during the time periods shown. The index is referred to for comparative purposes only and is not intended to parallel the risk or investment style of the portfolios in the Composite. For comparison purposes, the index is fully invested, which includes reinvestment of income. The returns for this unmanaged index do not include any transaction costs, management fees or other costs. An investor may not invest directly in any index. All returns presented are calculated using U.S. dollars. The portfolios within this composite only invest in ADR’s and may and do invest in non-benchmark securities. Further information is available upon request.

The three-year annualized standard deviations for the composite and the benchmark are not presented as of ITD 2024 because 36 months of composite returns are not available.

**Internal Dispersion:** The internal dispersion statistic is the asset weighted standard deviation calculation using beginning of period market values and pure gross of fee performance returns for the portfolios in the composite for the full period. For periods where there were 5 or fewer portfolios in the composite for the full period the internal dispersion statistic is not meaningful and is shown as “N/A”.

**Past performance is not indicative of future results.**

# Disclosures



## INVESTMENT RISKS

**Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended. **Issuer Risk:** The portfolio will be affected by factors specific to the issuers of securities and other instruments in which the portfolio invests, including actual or perceived changes in the financial condition or business prospects of such issuers. **Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk. **Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk. **Sustainable Investing:** Because the portfolio focuses on investments in companies that the Manager believes exhibit strong environmental, social, and corporate governance records, the portfolio's universe of investments may be smaller than that of other portfolios and broad equity benchmark indices.

## HOLDINGS DISCLOSURE

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

## INVESTMENT PERFORMANCE

Performance is calculated on a total-return basis, assuming reinvestment of dividends and interest. Results include accrued income as well as realized and unrealized gains and losses but do not include the effect of taxes. Gross of fee returns show performance before the deduction of advisory and Sponsor fees (including trading and custodial fees). Net of fee returns include the effect of the highest applicable account fee, which is 3% for equity portfolios. Actual fees will vary by client. NFJ Investment Group, LLC advisory fees are discussed in Part 2 of its form ADV. Clients are advised to read the Sponsor's brochure for fees applicable to the program.

Managed accounts are available exclusively through financial professionals. Managed accounts have a minimum asset level and may not be suitable for all investors. Financial professionals seeking more information should contact their managed accounts department or call their Virtus Investment Partners representative. Accounts are managed by NFJ Investment Group, LLC. For certain sponsor firm accounts, NFJ Investment Group, LLC provides the model to the sponsor or the sponsor's designee for discretionary implementation.

**COMPOSITE RESULTS:** All portfolio statistics represent the NFJ Global Sustainability Wrap composite of this strategy type currently managed by NFJ Investment Group, LLC. Composite results may not include all accounts. Individual account holdings will vary depending on the size of an account, cash flows, and account restrictions. These statistics are representative of how the portfolios in the composite are invested as of the indicated date. Portfolio holdings are subject to change daily.

Diversification does not insure against market loss.

## INVESTMENT PROCESS, STRATEGIES AND PROCEDURES

Investment process, strategies, and procedures detailed in this presentation are intended to be general guidelines, subject to market conditions and client-specific investment guidelines and restrictions, and are measured at time of purchase. NFJ Investment Group, LLC may deviate from these guidelines if market conditions warrant, or if the investment professionals deem doing so would be in the clients' best interests. Guidelines do not guarantee any reduction of risk or loss. There is no guarantee the strategy will be successful or work as described.

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