RAFIIndices™
now part of VettaFi

RAFI™ ESG Index Series

Supports investors' goals of social responsibility and long-horizon outperformance

The RAFI ESG Index strategy helps investors seek the dual objectives of sustainability and long-horizon outperformance by combining traditional ESG metrics with financial discipline and gender diversity measures and with the proven return engine of the Fundamental Index™ approach.

- Integrates environmental, social, and governance metrics
- Offers potential for improved returns with financial discipline and diversity
- Systematically rebalances to fundamental weight to achieve excess returns

Cornerstones of RAFI ESG investment process

Security selection

Securities are individually ranked by their environment, social, governance, financial discipline, and diversity scores. Companies in the bottom 10% by RAFI weight by each score are removed.

Exclusions

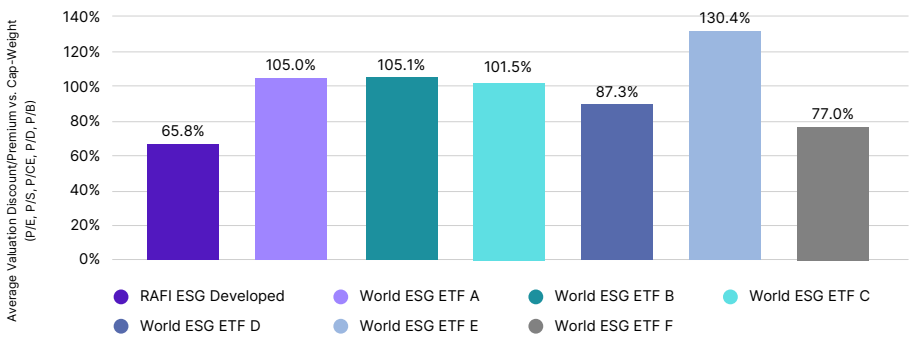
Companies in the following industries are excluded: fossil fuels,[1] gambling, tobacco, and weapons.[2]

Weighting

Using fundamental weighting, security positions are based on ESG scores and in favor of more sustainable companies.

Valuation of RAFI ESG vs. Other ESG index strategies

Valuation discount/premium relative to cap-weight, September, 2026



Source: Research Affiliates, LLC., as of 9/30/26 based on data from Factset. Cap-Weight benchmark used for analysis is the Solactive GBS Developed Markets Large and Mid Cap Index. Discount/Premiums calculated by taking the average P/E, P/S, P/CF, P/D and P/B ratios relative to cap-weight. For illustrative purposes only.

[1] Includes companies that derive greater than 10% of revenue from fossil fuel activities, coal companies, and oil sands.

[2] Includes both controversial weapons and civilian firearms.

INDEX OVERVIEW

Expected outcomes and benefits

1. The RAFI ESG Index series is designed for investors seeking to positively impact environmental, social, and governance concerns.
2. The strategy helps investors seek the dual objectives of social responsibility and long-horizon outperformance.
3. By supplementing traditional ESG metrics with a focus on financial discipline and diversity, the approach holds the potential to improve index quality, governance, and return.
4. Constructed by applying the Fundamental Index approach, the strategy incorporates the principles of contrarian investing and disciplined rebalancing.

The RAFI ESG Index strategy promotes sustainability, financial discipline, and gender diversity, while delivering the potential for added returns through a thoughtful smart beta approach.

RAFIIndices™
now part of VettaFi

Benefits of emphasizing financial discipline and diversity

The RAFI ESG Index strategy offers an effective approach for investors who seek increased risk mitigation along with the integration of their sustainability and investment objectives.

We define the elements of ESG practiced by an entity as follows:

- **Responsible environmental management** — Performing as a good steward of the natural environment, measured using a broad array of environmental metrics.
- **Active social engagement** — Managing relationships with employees, suppliers, customers, and the community with respect and with appreciation of diverse viewpoints.
- **Good governance practices** — Focusing on long-term value creation and appropriately balancing the interests of a company's many stakeholders.

Related research

"The Time is Now: Climate Transition Investing for US Investors"
Brightman, Kalesnik, Polychronopoulos

"Is ESG a Factor?"
Polychronopoulos, West

"Green Data or Greenwashing? Do Corporate Carbon Emissions Data Enable Investors to Mitigate Climate Change?"
Kalesnik, Wilkens, Zink

"What a Difference an ESG Ratings Provider Makes!"
Li, Polychronopoulos

AT A GLANCE

$303B+
Indexed AUM

300+
Clients worldwide

2,100+
Indexes across asset classes, geographies, themes, and more

100+
Years of combined experience

20+
Years of pioneering fundamental index and factor investing expertise

2004
RAFI Fundamental Index methodology introduced

2026
RAFI Indices became part of VettaFi, bringing together its research-driven approach with VettaFi's modern indexing platform and capabilities.

Now a part of VettaFi

Combining RAFI's established index expertise with VettaFi's capabilities to help asset managers build and grow differentiated investment products.

Data as of September 30, 2026

Important information

The material contained in this document is for informational purposes only. Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. RAFI Indices, LLC, its affiliates, agents, and each of their respective officers, directors, employees, agents, representatives and licensors (collectively "RI") does not make any warranties, express or implied, to anyone regarding the information provided herein, including, without limitation, any warranties with respect to the timeliness, sequence, accuracy, completeness, currentness, merchantability, quality or fitness for a particular purpose or any warranties as to the results to be obtained by any third-party in connection with the use of the information.

Past performance is not indicative of future results. Certain performance information presented represents simulated performance or performance based on combined simulated index data (pre-index launch) and live index data (post-index launch). Past simulated performance is no guarantee of future performance and does not represent actual performance of an investment product based on an index. No allowance has been made for trading costs, management fees, or other costs associated with asset management, as the information provided relates only to the index itself. Performance data includes reinvestment of all dividends and income. Indexes are unmanaged and cannot be invested in directly. Actual investment results will differ.

The RAFI Indices, LLC corporate name, the RAFI trademark and all related logos are the exclusive intellectual property of RAFI. The trademarks Fundamental Index™; RAFI™; RAFI Low Volatility™; RAFI Dynamic Multi-Factor™; RAFI Multi-Factor™; RAFI Indices™; and the Research Affiliates™ trademark and all related logos are the exclusive intellectual property of RAFI and in some cases are registered trademarks in the U.S. and other countries including United States. Various features of the Fundamental Index methodology, including an accounting data-based noncapitalization data processing system and method for creating and weighting an index of securities, are protected by various patents. RAFI Indices, LLC does not offer or provide investment advice or offer or sell any securities, commodities or derivative instruments or products.

© 2026 RAFI Indices, LLC. All rights reserved. Duplication or dissemination prohibited without prior written permission.