ENVESTNET PMC

ActivePassive PMC ETF Portfolios

Blending the best of both styles into one solution

By bringing together two seemingly opposite investment approaches, the ActivePassive PMC ETF Portfolios offer the potential benefits of both approaches while limiting their shortcomings.

Comparing Active and Passive Investing

Active and passive investing are two different ways an investor can put their money into the market and over the years we've found that there are pros and cons to both.

Active Fund Management	VS	Passive Fund Management
Advantages		**Advantages**
Possibility of outperforming the index		Lower fees given automated security selection
Flexibility to adapt to changing market conditions		Performance is expected to be in line with the index
Disadvantages		**Disadvantages**
Higher fees – fees are often higher to pay managers for research and security selection		Inflexible – cannot adapt to changing market conditions
Relies on manager's ability – some are better than others		Limited opportunity – designed to track, not outperform the index

Open Architecture

The PMC ActivePassive Portfolios are made up of a collection of investment managers, cost-effectively adding passive and systematic factor exposures.

Dimensional

Vanguard

iShares by BlackRock

AllianceBernstein

Causeway

SAGE INVEST WITH WISDOM

NEUBERGER BERMAN

GW&K INVESTMENT MANAGEMENT

We include exposure to some of the best third party asset managers, all identified and selected through our ETF research and due diligence process.

In addition to these third-party ETFs, our ActivePassive models consist of our own ActivePassive ETFs that feature subadvisors that have been selected and packaged through our extensive research process.

Envestnet | PMC – Pioneers in Building Active and Passive Portfolios

For well over a decade, we've managed these portfolios through historic market sell-offs, record-shattering bull markets and everything in-between. Through our history, our goal has never wavered: provide investors with a portfolio that brings together the best of active and passive investing at a low cost.

In 2006, we first published our research on the space of active and passive asset management. Our research has been refreshed every few years since then, and we continue to look at which categories, over time, are better candidates for active or passive management. The results are one of the foundations of the investment process for these portfolios.

ETFs: The Next Evolution

While the market has shown that ETFs are an efficient chassis for delivering packaged investment solutions, compelling active and passive ETF model options are scarce in the space.

- **Simplifying Portfolio Construction –** ETFs are easier for advisors to use when building client models, not having to worry about share class differences, custodian, investment minimums and redemption fees.
- **Leverages tax-efficient, liquid ETF structure –** ETFs are inherently tax efficient due to the in-kind creation and redemption process that many ETFs are able to leverage, compared to mutual funds that more often have year-end capital gains distributions and can only be bought and sold once a day.

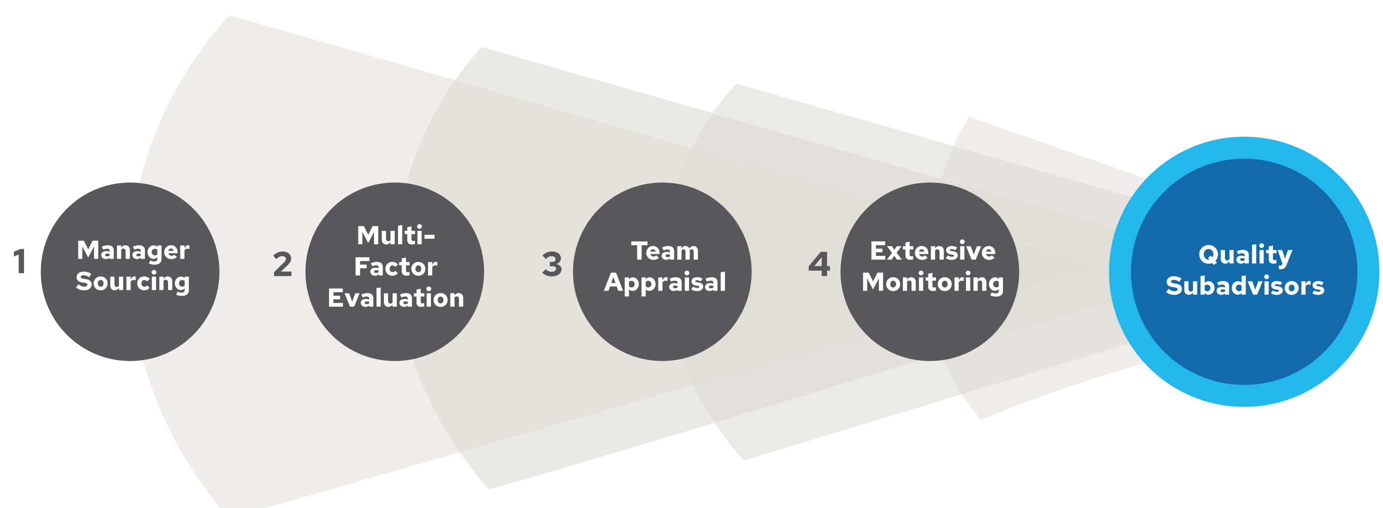
Doing Our Due Diligence

ETF Selection Process

The process consists of two main steps. First, we screen all available ETFs based on a list of criteria. Second, we calculate a weighted average score of three performance areas for post-screen funds, and rank them within their respective peer groups. We then approve those that fall in the top thirty percent within their peer group according to their overall score. ETFs are then selected from this approved list to round out our asset allocation for these ActivePassive PMC ETF portfolios.

Subadvisor Selection Process

Our ActivePassive ETF's leverage the Envestnet | PMC Research Team to select the subadvisors that make up each ETF. The team follows a disciplined research process to identify the highest quality subadvisors for the portfolio managers to choose from.



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No Added Cost for Asset Allocation and Investment Selection

While many fund strategists charge a management fee for building and maintaining total portfolio solutions, the ActivePassive PMC ETF Portfolios have no management fee. That means investors will benefit from Envestnet | PMC's asset allocation, investment selection and ongoing management while only paying the fees associated with the underlying holdings in the portfolio.

Management Fees*

0.00%	0.15% - 0.20%
ActivePassive PMC ETF Portfolios	Average Fund Strategist Portfolio

Bringing Active and Passive Together within an ETF

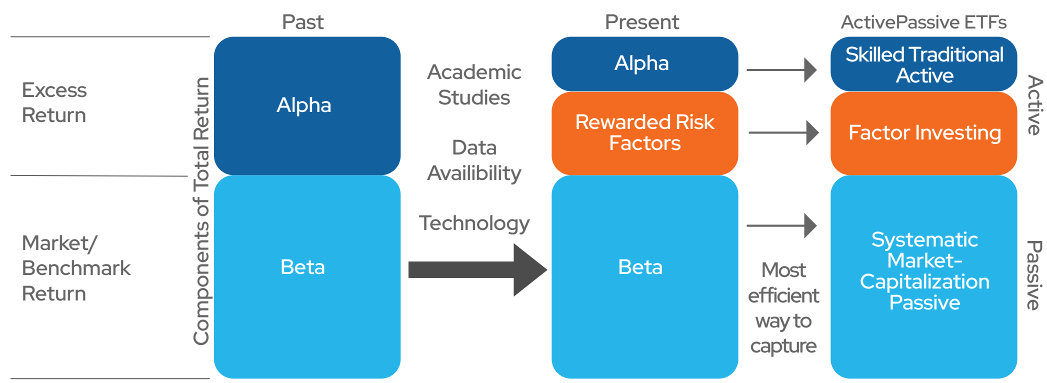
The ActivePassive ETFs fill a space in the ETF world that has lacked solutions that offer the best of both active and passive investing combined. These ETFs also have allowed us to create a more dynamic suite of ActivePassive models that are further aligned with what advisors and their clients may be looking for in their investment solutions.

Alpha to Beta

In the past, the entirety of excess return was referred to as **alpha**, but the desire to delineate the true skill and risk premia components of excess return has grown stronger as cost compression pervades the industry. While investors had little choice but to pay active management fees to tilt toward factors in the past, the landscape has evolved.

Now in nearly any asset class, these less costly systematic factor-based strategies can be used to decouple rewarded risk factors from more expensive **true manager alpha**. Because investors now have choice in how they access factor returns, they are no longer tied to paying an active manager for them.

A combination of systematic factor-based strategies and **skilled traditional active strategies** can lead to more cost-effective excess return.



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Bringing Research to Life

- **Grounded in research –** We have done extensive research into active and passive investing and how strategic beta should be considered alongside them. These ETFs allow advisors to provide their clients with an actionable way to bring these insights to life.
- **Leverages PMC's rich history in active and passive investing –** We are a pioneer in bringing together active and passive investment styles, between the initial and updated research studies and the evolution of the ActivePassive portfolios line-up. These ETFs are the next step for us in making active and passive investing actionable and accessible to advisors and their clients.

*As of 12/31/21. Average based on fund strategist portfolios available on Envestnet platform

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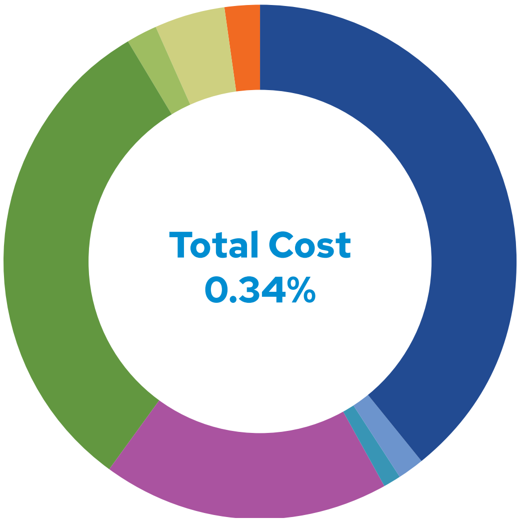
Allocation of Balanced Portfolio



Asset Class	Holding	Allocation
Domestic Equity	ActivePassive US Equity ETF	39.20%
Large Cap Value	Vanguard Value ETF	1.80%
Small Cap Core	iShares Core S&P Small Cap ETF	1.00%
International Equity	ActivePassive International Equity ETF	18.00%
Taxable Fixed Income	ActivePassive Core Bond ETF	31.60%
High Yield	FlexShares HY Val-Scrd Bd	2.00%
International Bond	Vanguard Total International Bond ETF	4.40%
Cash		2.00%

Total Cost of Portfolios*

	Capital Preservation	Income	Diversified Income	Balanced	Balanced Equity	Diversified Equity w/ Income	Diversified Equity
Standard	0.33	0.33	0.34	0.34	0.34	0.34	0.35
Tax-Sensitive	0.31	0.31	0.32	0.32	0.33	0.35	0.35

*Total cost equals weighted sleeve level manager fees plus weighted average net expense ratio and does not include advisory fees, which the advisor may add. Performance results will be reduced by fees including, but not limited to, advisory fees and other costs such as custodial, reporting, evaluation and advisory services. A description of all fees, costs and expenses are found in a financial advisor's Disclosure Brochure.

For More Information

Search for "ActivePassive" within the Research Center to learn more about the portfolios

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund. Please call 1-800-617-0004 or visit our website at www.activepassive.com. Read the prospectus or summary prospectus carefully before investing.

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Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. Income (bond) ETFs 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. 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.

Investments that utilize an ActivePassive strategy carry specific risks that investors should consider before investing in them. In certain market conditions, combining active and passive investment strategies may lose value or underperform fully active or fully passive strategies. ActivePassive investment strategies are also subject to the risks of both active and passive investment strategies. Active investment strategies are subject to active risk. Active risk arises by deviating a portfolio or investment away from its passive benchmark through portfolio management decisions that are made by either humans or software which are subject to error and/or bias. Passive investment strategies have the risk of not closely track the performance of the underlying index they seek to replicate. While attempting to track an index, passive investments often do not consider a company's profitability, financial health, or growth potential in their investment selection criteria.

Diversification does not guarantee a profit or guarantee protection against losses . Advisors should always conduct their own research and due diligence on investment products and the product managers prior to offering or making a recommendation to a client.

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