

Magni Halakhic Portfolio

BECAUSE GOVERNANCE MATTERS™

Magni Halakhic Portfolio is constructed under the guidance of the Bais HaVaad Halacha Center to comply with Halakhic law and the values that come from Halakha. This law is religious in origin and includes substantial monetary law.

FOUNDATION OF THE PORTFOLIO

From the perspective of investing, Halakhic law defines improper behavior and companies engaging in improper behavior, such as manufacturing or distributing immoral material, idols for worship, and recreational drugs. It is also praiseworthy to avoid certain other activities, such as *lifnei iver*, *ribbis*, and *issurei hana'ah*. Based on the research and guidance of the Bais HaVaad Halacha Center, Magni identified 15 topics to apply to portfolios as well as whether the topics should be implemented as a negative or positive screen.

Negative Screen—The activity is unacceptable, and any company involved in it should not be eligible for investment (e.g., a company that produces lewd content). Companies identified by the negative screen do not get an allocation within a Halakhic portfolio.

Positive Screen—Companies that are ruled *Halakhically compliant* (i.e., meaning no need to exclude) by leading Halakhic authorities. A positive screen reflects the degree of a company's behavior consistent with the topic's Halakhic standard, and the values resulting from that standard (e.g., unethical business practices). A company that is more deeply compliant with its topic's respective Halakhic standards will receive a larger allocation. Just as there are degrees of compliance from minimum to maximum in ritual matters such as kashrut (religious dietary laws), the same holds in monetary and financial Halakha as well.

HALAKHIC LAW ON INVESTING

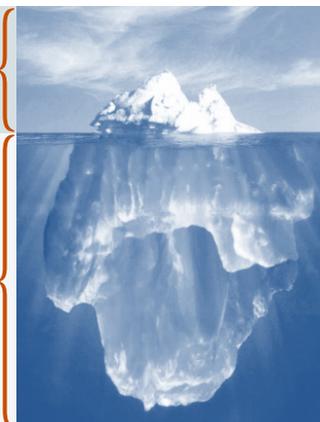
Bais Havaad Halacha Center identified 15 topics from its research that should be excluded from the Halackhic Portfolio. These topics shown on the right are identified under 'improper behavior' or 'praiseworthy to exclude.'

THE MAGNI DIFFERENCE—LOOKING BELOW THE SURFACE FOR THE BIG PICTURE

Traditional analysis focuses on surface-level data reported by the company instead of actual behavior of employees and management.

Magni's Corporate Governance Assessment takes the research methods used on good country-level governance and applies them to a best-practices model for corporate governance.

The Bais HaVaad Halacha Center confirmed that this analysis is consistent with the Center's guidance.



IMPROPER BEHAVIOR

1. Jewish ownership of a company carries specific responsibilities
2. Pornography
3. Prurient interests
4. Abortion
5. Firearms for private purchase
6. Idols
7. Recreational drugs, including marijuana
8. Restrict religion

PRAISEWORTHY TO EXCLUDE

9. Stumbling block / *Lifnei Iver*
10. *Ribbis*
11. *Chometz* on Pesach
12. Grapes
13. Dairy and meat
14. Forbidden meat
15. Unethical practices

Provided by Magni Global Asset Management LLC.

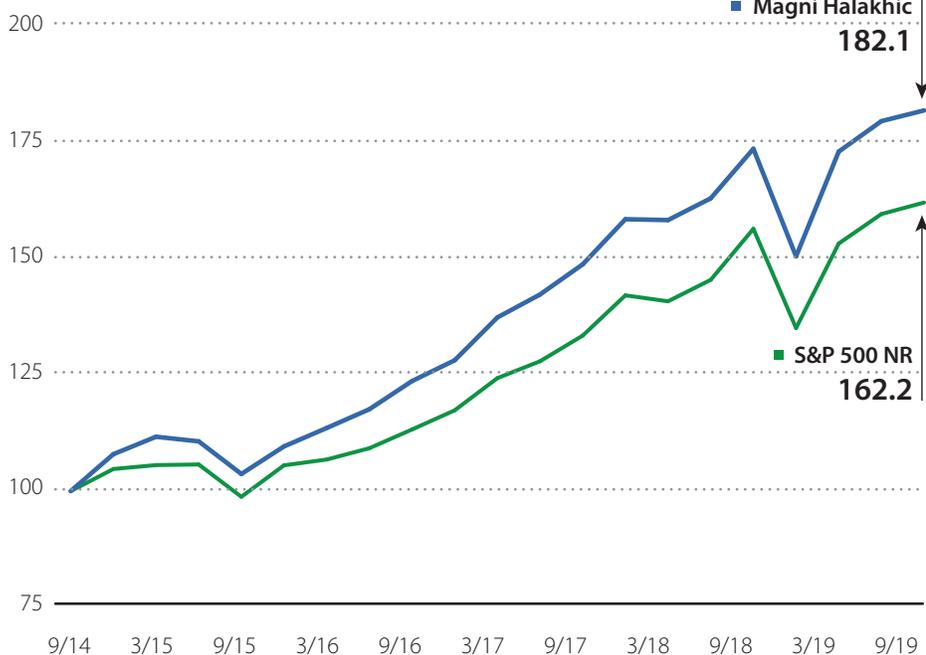
WHY MAGNI?

- 1. Governance**—Magni builds portfolios based on governance. Understanding governance requires measurement of behavior. A religious portfolio should do more than exclude matters inconsistent with the religion. Good governance helps reduce the risk that the company does something bad in the future.
- 2. Quality and depth of research**—Magni's research database analyzes 316 factors based on the Sustainable Value Creation principles. We assess the company's behavior with not only its shareholders and employees, but also its customers, suppliers, and competitors along with the communities in which the company operates.
- 3. Repeatable process**—Our research results in a score for each company, and that score determines the company's weight in the portfolio.
- 4. Experienced Manager**—Magni has used this approach in their country governance research to run Magni Model Portfolios since 2003 and to manage money for clients in Magni Global Portfolios since 2012.

PORTFOLIO BACK-TEST RESULTS

10/1/14–9/30/19

TOTAL RETURN



DESCRIPTION OF THE MAGNI HALAKHIC BACK-TESTED PORTFOLIO The returns are based on a 5-year back-tested model portfolio starting 10/1/2014 and ending 9/30/2019. The model portfolio uses Magni Halakhic scores for corporate governance from a Jewish perspective as of 9/30/2019 and the portfolio allocations were based on these scores. Rebalancing was performed annually based on closing prices at year-end. The results are based on a model and do not represent actual trades. Trading costs and imputed commissions were not included in the model results. The model's universe contains companies from the S&P 500 index as of 9/30/2019 but excludes those companies whose activities are deemed incompatible with Halakhic law. The benchmark is the S&P 500NR which is the return of the S&P500 with dividends reinvested net of withholding tax.

TOP 10 HOLDINGS

As of 2/29/20

- Autodesk
- Biogen
- Cognizant
- Corning
- Ecolab
- Home Depot
- NiSource
- Norfolk Southern
- Northrop Grumman
- Public Service Enterprise

Magni

Magni Global Asset Management LLC

Email: info@magniglobal.com

Website: www.magniglobal.com

© 2020 Magni Global Asset Management