

Diversity, Equity, and Inclusion

Strategic has continued to make strides to combat the severe lack of diversity within the financial services industry on three fronts: our firm, our investment program, and our community.

Our Firm

Over the past decade, Strategic has put into place several programs to encourage the recruitment and retention of diverse employees. One example is our student loan paydown program. In the U.S., student loan debt disproportionately impacts people of color and women. Of the nearly 14% of Strategic’s employees that have participated in the program, 88% are from an underrepresented group.

Another example is Strategic’s policy of paid caregiver and parental leave, regardless of gender or type of birth. We are proud that over the past five years 95% of parents returned to work at Strategic following childbirth and remain employed.

Over the past year at Strategic, we have achieved gains or maintained our level of diversity for both underrepresented racial groups and women on all measures: at the total firm level, within our investment professionals, at leadership levels, and within our equity ownership.

We have also committed to transparency and measurement by being among the earliest signatories to the CFA Institute’s Diversity, Equity, and Inclusion Code in March of 2022. This means that we will report and be held accountable to the CFA Institute on our efforts and progress to further diversity and inclusivity within Strategic and the financial industry overall.

With goals in place and programs to support them, we are optimistic that we will continue our progress toward building a more diverse team.

Our Investment Program

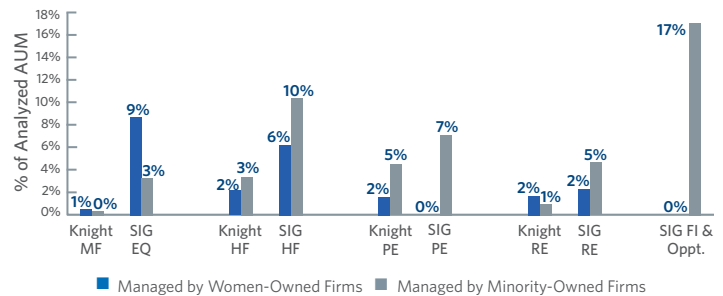
Strategic recently completed the third year of our effort to measure the diversity levels of the managers included in our clients’ portfolios. While we continue to outperform the averages set out by the Knight Foundation’s most recent study (Exhibit 1), we are not satisfied by outperformance versus a very low benchmark.

In July of 2023, we are launching an optional commingled vehicle for clients that will seek to invest in funds managed by high potential sub-advisers owned or led by individuals from groups that historically have been less widely represented in institutional portfolios due to barriers unrelated to investment skill. We anticipate that, as the managers within this fund grow and establish their track records, they will be eligible to be placed across portfolios.

Note: Opinions expressed herein are current as of the date appearing in this material and are subject to change at the sole discretion of Strategic. This document is not intended as a source of any specific investment recommendations.

EXHIBIT 1:
Ownership Information - Knight vs. Strategic Managers

Source: Knight Study Foundation Data and Strategic. (>=50%).¹



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Our Community

Strategic has implemented a multi-pronged effort to encourage diverse talent to consider the financial industry as a career path. Strategic is a partner with the Thurgood Marshall College Fund (TMCF), the nation’s largest organization exclusively representing the Black College Community. With TMCF we have launched the Strategic Investment Group Alpha Scholarship program, which is offered to eligible, need-based students who attend TMCF member-schools.

Strategic recently completed the second year of our high school mentorship program. The program works with students on equity valuation techniques to aid their participation in the Stock Market Game, where they compete with other schools to build the highest-earning portfolio. We also discuss with students careers and opportunities within the financial industry to spur interest and future participation.

Strategic encourages full-time employees to use three paid days each year to pursue volunteer opportunities. This year, Strategic partnered on a regular basis with a local food bank to pack groceries for our neighbors in need. Strategic employees are also participating in budgeting and personal finance mentorship by volunteering with the Junior Achievement of Greater Washington, which supports hands-on activities for middle-schoolers with its Finance Park program.

¹ Per Knight Foundation & Bella Research Group study, firms are considered women-owned or minority-owned if at least 50 percent of firm ownership is held by women or minorities. Lerner, Josh (2021). Diversifying Investments: A Study of Ownership Diversity and Performance in the Asset Management Industry. Knight Foundation & Bella Research Group. Strategic’s percentages are based on received responses to Strategic’s Diversity Survey of asset class managers. Manager data as of 1/01/2023.