PORTFOLIO EVIDENCE REPORT

Sample Balanced Equity (hypothetical)

Quarterly deliverable · Holdings as submitted · Evaluation date 2026-08-31 · Factor library v0.1 · Universe: 482 U.S. large-cap equities

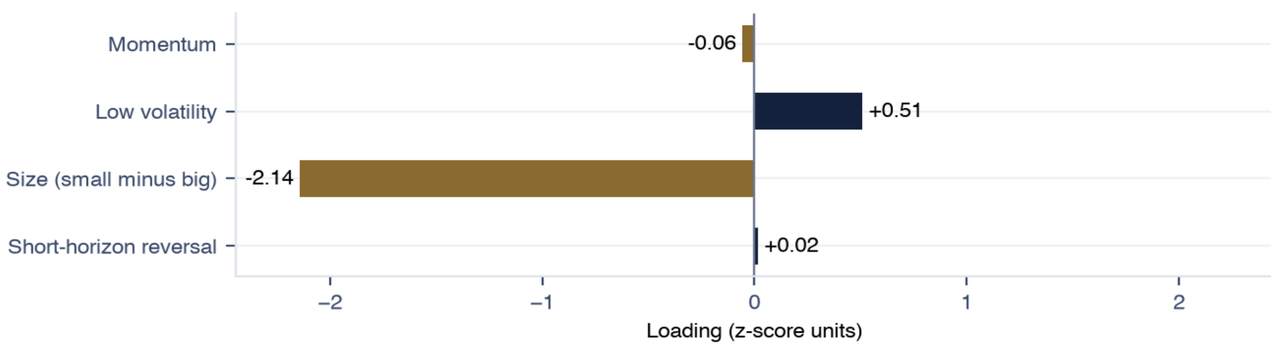
Purpose and scope

This report measures and documents the factor characteristics, variance structure, concentration, and correlation properties of the submitted holdings as of the evaluation date. Every figure is descriptive. The report does not evaluate the suitability of any holding or of the portfolio for any investor, and contains no recommendation.

Demo build. Data: Yahoo Finance via yfinance; universe = current S&P 500 constituents; market capitalization approximated as current shares outstanding x historical price. The production engine uses licensed point-in-time data with survivorship-free index membership and as-reported share counts. Results in this build are therefore subject to survivorship bias and are presented to demonstrate methodology and format, not as validated production output.

1. Factor exposure decomposition

Portfolio loading on each factor is the position-weighted average of holdings' standardized factor scores (z-scores within the coverage universe, winsorized at the 1st/99th percentile). Zero denotes the universe average; ±1 denotes one cross-sectional standard deviation. The percentile column places the portfolio loading within the distribution of single-stock scores.



Factor	Loading	Percentile vs single stocks	Largest positive contributor	Largest negative contributor
Momentum	-0.06	56th	GOOGL (+0.043)	META (-0.035)
Low volatility	+0.51	65th	BRK-B (+0.060)	NVDA (-0.017)
Size (small minus big)	-2.14	4th	HON (-0.006)	AAPL (-0.209)
Short-horizon reversal	+0.02	43th	HON (+0.041)	MSFT (-0.051)

The largest absolute loading is size (small minus big) at -2.14, which places the portfolio at the 4th percentile of single-stock scores. Momentum loading is -0.06 (56th percentile). Low volatility loading is +0.51 (65th percentile). Short-horizon reversal loading is +0.02 (43th percentile).

2. Variance attribution

Portfolio monthly returns over the trailing 36 months are regressed on the market return and the four factor long-short spread returns. Variance shares are covariance-based (each component's covariance with the portfolio divided by portfolio variance) so that the shares sum to 100%. The idiosyncratic share is the residual variance share.

Component	Share of portfolio variance	Annualized volatility contribution
Market	111.8%	12.9%
Style factors	-19.0%	-2.2%
Idiosyncratic	7.2%	0.8%
Total	100.0%	11.5%

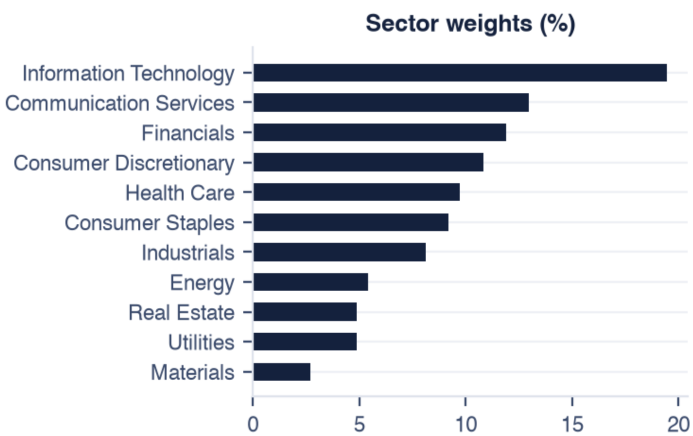
Systematic sources (market plus style factors) account for 92.8% of variance; the regression R^2 is 0.93. Market beta is 1.12. Annualized volatility over the window is 11.5% against a tracking error of 6.0% to the S&P 500 ETF. Maximum drawdown over the window is -5.8%.

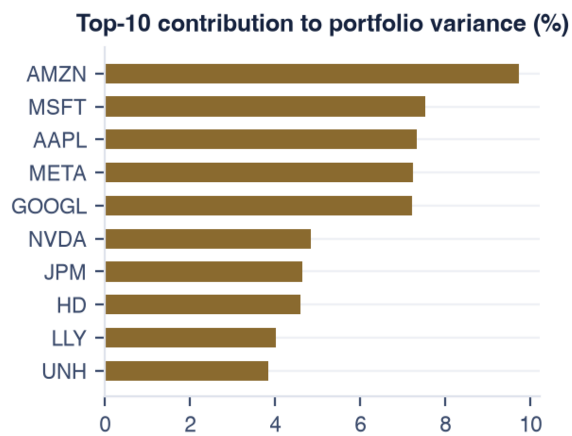
Factor spread	Coefficient (β)	Interpretation (descriptive)
Momentum	-0.00	Return moves against the factor's long-short spread
Low volatility	+0.20	Return co-moves with the factor's long-short spread
Size (small minus big)	+0.07	Return co-moves with the factor's long-short spread
Short-horizon reversal	+0.02	Return co-moves with the factor's long-short spread

Coefficients are time-series betas to the decile long-short spreads defined in the appendix; they are estimated on 36 monthly observations and carry wide confidence intervals.

3. Concentration and risk contribution

Positions	Top-10 weight	Herfindahl (HHI)	Effective number of positions	12M avg pairwise correlation	Prior-quarter avg pairwise correlation
30	44.9%	0.0364	27.4	0.10	0.10





Most correlated pairs (12M daily)	Correlation
XOM / CVX	0.83
PG / KO	0.53
NEE / DUK	0.52
PG / MCD	0.51
AMZN / GOOGL	0.51

The ten largest risk contributors account for 61% of portfolio variance against 44% of weight. Average pairwise correlation among holdings over the trailing twelve months is 0.10, compared with 0.10 over the prior window.

4. Holdings and factor scores

Standardized factor scores per holding as of the evaluation date. Scores are z-scores within the coverage universe.

Ticker	Name	Sector	Weight	Momentum	Low vol	Size	Reversal	Var. contrib.
AAPL	Apple Inc.	Information Technolo	5.9%	+0.33	+0.67	-3.51	-0.11	7.3%
MSFT	Microsoft	Information Technolo	5.9%	-0.54	+0.10	-3.51	-0.86	7.5%
NVDA	Nvidia	Information Technolo	4.9%	-0.06	-0.34	-3.51	-0.93	4.8%
AMZN	Amazon	Consumer Discretiona	4.9%	+0.02	-0.08	-3.46	+0.68	9.7%
GOOGL	Alphabet Inc. (Class A)	Communication Servic	4.3%	+1.00	+0.08	-3.51	+0.73	7.2%
BRK-B	Berkshire Hathaway	Financials	4.3%	-0.34	+1.38	-2.63	+0.36	2.7%
JPM	JPMorgan Chase	Financials	4.3%	+0.01	+0.89	-2.52	+0.06	4.6%
META	Meta Platforms	Communication Servic	3.8%	-0.91	-0.40	-2.89	-0.12	7.2%
PG	Procter & Gamble	Consumer Staples	3.2%	-0.48	+1.10	-1.62	+0.15	2.7%
XOM	ExxonMobil	Energy	3.2%	+0.54	+0.64	-2.21	-0.28	-0.7%
COST	Costco	Consumer Staples	3.2%	-0.30	+1.09	-1.81	+0.29	1.9%
HD	Home Depot (The)	Consumer Discretiona	3.2%	-0.72	+0.67	-1.59	+0.33	4.6%
LLY	Lilly (Eli)	Health Care	3.2%	+0.84	-0.17	-2.59	+0.10	4.0%
JNJ	Johnson & Johnson	Health Care	3.2%	+0.65	+1.17	-2.18	-0.28	1.6%
UNH	UnitedHealth Group	Health Care	3.2%	+0.49	-0.13	-1.65	+0.87	3.8%
V	Visa Inc.	Financials	3.2%	-0.27	+0.90	-2.26	-0.24	3.5%
KO	Coca-Cola Company (The)	Consumer Staples	2.7%	+0.30	+1.18	-1.73	+0.06	1.3%
NFLX	Netflix	Communication Servic	2.7%	-1.24	-0.15	-1.62	-1.28	3.6%
PLD	Prologis	Real Estate	2.7%	+0.25	+0.96	-0.81	+0.56	2.7%
NEE	NextEra Energy	Utilities	2.7%	+0.13	+0.97	-1.03	+0.71	1.6%
LIN	Linde plc	Materials	2.7%	-0.35	+1.14	-1.27	-0.07	1.6%
UNP	Union Pacific Corporation	Industrials	2.7%	+0.25	+0.91	-1.07	-0.19	2.3%
HON	Honeywell Technologies	Industrials	2.7%	-0.13	+0.53	-0.22	+1.53	2.9%
CAT	Caterpillar Inc.	Industrials	2.7%	+1.52	-0.46	-1.69	+0.43	2.2%
MCD	McDonald's	Consumer Discretiona	2.7%	-0.62	+1.19	-1.10	+0.49	2.2%
ADBE	Adobe Inc.	Information Technolo	2.7%	-1.00	-0.46	-0.69	-1.72	3.8%
DUK	Duke Energy	Utilities	2.2%	-0.27	+1.38	-0.50	+0.60	0.5%
CVX	Chevron Corporation	Energy	2.2%	+0.27	+0.82	-1.78	-0.44	-0.4%
AMT	American Tower	Real Estate	2.2%	-0.65	+0.60	-0.39	+0.04	1.9%
TMUS	T-Mobile US	Communication Servic	2.2%	-1.03	+0.35	-1.14	-0.38	1.3%

Appendix A. Methodology

Factor	Definition (library v0.1)	Lookback
Momentum	Total return from month-end t-12 to month-end t-1 (skips the most recent month)	252d
Low volatility	Negative of annualized standard deviation of daily returns over trailing 252 trading days	252d
Size (small minus big)	Negative log market capitalization (current shares x month-end price; demo approximation)	spot
Short-horizon reversal	Negative of trailing 21-trading-day total return	21d

Construction standards. Winsorization at the 1st/99th percentile; z-score standardization within universe; missing data are excluded, never imputed. Long-short spreads used in Section 2 are equal-weighted top-decile minus bottom-decile portfolios rebalanced monthly, held for the following month. Variance attribution uses ordinary least squares on monthly returns; percentile ranks are computed against the single-stock score distribution on the evaluation date.

Limitations. All results describe historical characteristics of the submitted holdings over the stated windows and do not forecast future behaviour. Estimates on 36 monthly observations carry wide confidence intervals. This report does not evaluate the suitability of any holding or portfolio for any investor.

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Appendix B. Governance record

Item	Value
Factor library version	0.1 (demo build)
Data as of	2026-08-31
Build	2026-09-08 15:23
Rendered	2026-09-13 14:17
Prepared by	Marnello LLC — pre-launch prototype, produced under the direction of the Manager
Reviewed and approved for release	Jingchang Song, Manager · 2026-09-10