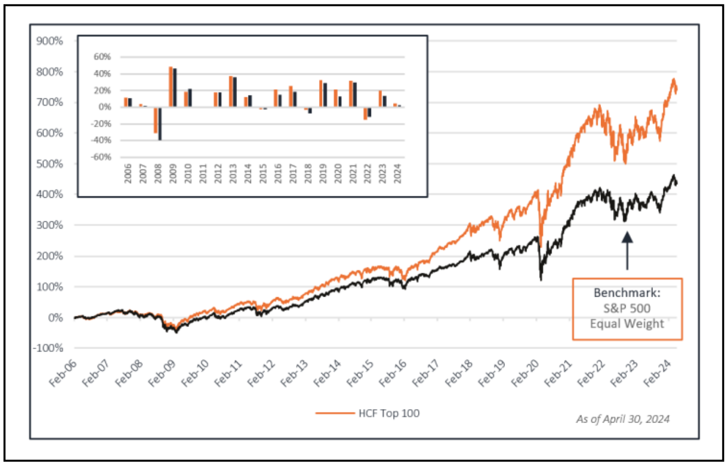
Irrational Capital and The Human Capital Factor®
Executive Summary

<u>Introduction</u>: When managers say, "*People are our Most Important Asset*", they clearly acknowledge the importance of human capital, yet it remains difficult to measure and is largely accounted for as an expense. As a result, human capital is systematically overlooked and mispriced in the equity markets. Irrational Capital, however, is changing that. Using cutting-edge behavioral economic research on expansive proprietary data sets, Irrational Capital has quantified and valued a new investment factor: The Human Capital Factor® ("**HCF**"). The HCF is a statistically and independently verified link between employee sentiment and future equity performance. Irrational Capital is the first firm to truly quantify the lift that a strong corporate culture has on a company's stock price. It's partner, Harbor Capital, has made this insight both actionable and investable through multiple ETF's traded on the NYSE. The HCF outperformance has been back tested and verified by JP Morgan (4.0% per annum over the last 14 years[1]) who has authored four research reports on the HCF since 2021. Based on the groundbreaking work of leading behavioral economist and co-founder, Dan Ariely, and using nearly 20 years of proprietary data, Irrational Capital is proving - definitively - that "***Doing the Right Thing Pays***".



<u>Speaker</u>: In late 2023, **Bart Houlahan** became a partner at Irrational Capital, an investment research firm that believes that companies that treat their people well will outperform in the equity markets. Irrational Capital has pioneered the Human Capital Factor, a new investment factor that is connected to future equity value creation. Prior to Irrational Capital, Bart co-founded B Lab in 2006, the non-profit organization behind the B Corporation movement. There are now 8,500 Certified B Corporations in 93 countries and more than 150 industries. More than 300,000 businesses have used B Lab's B Impact Assessment to manage their social and environmental performance, and the organization has passed legislation in 53 jurisdictions creating a new legally-recognized corporate form, the Benefit Corporation. Prior to B Lab, Bart was President of AND 1, a $250 MM basketball footwear and apparel company. At its peak, AND 1 was the second largest basketball company in the world with distribution in 82 countries. The company also scaled an entertainment business, the AND 1 Mix Tape, that included a global tour, videogame, and television show. Bart is a Henry Crown Fellow of the Aspen Institute and a recipient of the 2014 Skoll Award for Social Entrepreneurship. He has also received the 2015 John P. McNulty Prize and was named 2022 Henry Bloch Social Entrepreneur of the Year. He sits on the board of the Duke University Center for the Advancement of Social Entrepreneurship (CASE).

[1] Pensions & Investments, Commentary: Linking human capital management to equity performance, Khuram Chaudhry, March 7, 2024.