

Growth Portfolio Quarterly Commentary

As of June 30, 2015

By Peter Di Teresa and Shannon Zimmerman, Portfolio Managers, Morningstar Associates, LLC

Performance Summary:

For the quarter ended June 30, 2015, the ESG Managers® Growth Portfolio (the Portfolio) Institutional Class shares lost -0.01% and the Class A (NAV) shares lost -0.12%. The Portfolio's Blended Index[#] benchmark rose 0.41%. The Portfolio was competitive with its Morningstar Large Blend category peers, which lost 0.09% on average.

Contributors:

Eventide Gilead

Return: 5.13% | Percent of portfolio: 7.44% | Contribution: 0.35%

This fund's performance was especially notable given that its typical mid-cap growth peer gained just 0.44% for the quarter. Gilead benefited from numerous holdings posting double-digit returns, including an impressive 39% quarterly return for the portfolio's second largest stock holding.

ClearBridge ESG Large Cap Value

Return: 0.88% | Percent of portfolio: 17.69% | Contribution: 0.15%

Although some other funds returned more for the quarter, this was an important contributor because it accounts for a significant portion of the portfolio. This sleeve did well even though large value stocks overall had an unimpressive quarter. Solid stock selection spread across the financials, health care, communications, and consumer cyclical sectors contributed to positive performance.

Pax MSCI International ESG Index

Return: 0.60% | Percent of portfolio: 8.77% | Contribution: 0.03%

Developed non-U.S. markets overall made solid gains over the quarter. By tracking an environmental, social, and governance (ESG) version of the MSCI EAFE Index[#] of developed international markets, this fund shared in that performance. Japan, in particular, is a significant part of this portfolio and it did well over the quarter.

Detractors:

Ariel

Return: -2.19% | Percent of portfolio: 7.47% | Contribution: -0.16%

Small and mid-cap value stocks had a difficult quarter and this portfolio tends to focus on that part of the market. Beyond that, the fund typically falters in uneven markets and its recent challenges are consistent with our expectations. An assortment of holdings were in the red for the period—many of them were drivers of the fund's exceptionally strong performance in the four preceding quarters.

Neuberger Berman Socially Responsive

Return: -0.97% | Percent of portfolio: 15.82% | Contribution: -0.13%

Although it was a decent quarter for growth investing, the fund is less aggressive than many peers. The outperforming stocks in the portfolio didn't have significant weightings and their returns were undermined by disappointments, including a 9% loss by the fund's top holding.

Parnassus Core Equity

Return: -0.36% | Percent of portfolio: 20.20% | Contribution: -0.07%

This fund has been trailing so far in 2015, after a strong 2014. In the recent quarter, as in the first, strong contributors from last year were weakening. Although there were a number of bright spots in the portfolio, they could not make up for weakness in some energy, industrials, and basic materials holdings.

Key points:

- The Portfolio is designed to provide broadly diversified exposure to U.S. and international equities, with holdings spread across large- and smaller-cap U.S. stocks as well as developed and emerging markets stocks. While we have been moving toward our target weighting in international, concerns around Greece have led us to make incremental shifts. Developed markets were overall stronger than the U.S. during most of the quarter, so our positioning hindered performance relative to the blended benchmark.
- We were encouraged to see that Eventide Gilead's impressive performance came not only from biotech, an area of particular expertise for lead manager Finny Kuruvilla, but also from other sectors, particularly technology.
- Although its impact was minimized by receiving a modest allocation, Pax World Global Environmental Markets Fund earns credit for a strong 2.58% return. Few world stock competitors gained more as this fund benefited from its focus on firms that contribute to resource optimization in energy, water, waste, and sustainable food and agriculture.
- On June 23, Appleseed fund advisor Pekin Singer Strauss was censured and fined by the SEC for inadequate compliance procedures in 2009 and 2010. ESG Managers Portfolios were not affected by the issues leading to the SEC action but that action triggered a reassessment of the fund. We believe that Pekin Singer Strauss has significantly improved its compliance resources and practices in recent years, and we intend to retain Appleseed Fund in the Portfolio.

continued

[#] For index definitions, please see page 3.

Changes during the quarter:

We made no major changes to the Portfolio during the quarter.

Portfolio Performance

RETURNS² as of 6/30/15

	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	INCEPTION [*]
Without maximum sales charge						
Growth Portfolio — Class A (PAGAX)	-0.12%	1.57%	3.20%	14.64%	12.51%	9.37%
Growth Portfolio — Class C (PAGCX)	-0.32%	1.16%	2.40%	13.76%	11.67%	8.55%
Growth Portfolio — Institutional Class (PAGIX)	-0.01%	1.68%	3.44%	14.85%	12.77%	9.64%
Blended Index [#]	0.41%	2.70%	3.40%	15.54%	14.72%	11.09%
MSCI EAFE (Net) Index [#]	0.62%	5.52%	-4.22%	11.97%	9.54%	5.52%
S&P 500 Index [#]	0.28%	1.23%	7.42%	17.31%	17.34%	13.91%
With 5.50% maximum sales charge						
Growth Portfolio — Class A ³ (PAGAX)	-5.62%	-4.04%	-2.46%	12.49%	11.23%	8.25%
Growth Portfolio — Class C ⁴ (PAGCX)	-1.32%	0.15%	1.37%	—	—	—

Performance data quoted represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month end performance please call 877.374.7678 or visit www.esgmanagers.com.

² Figures include reinvested dividends, capital gains distributions, and changes in principal value.

³ A 1.00% CDSC (contingent deferred sales charge) may be charged on any shares sold within 18 months of purchase over \$1 million.

⁴ A 1.00% CDSC (contingent deferred sales charge) may be charged on shares redeemed within 1-year of purchase.

Effective 5/1/2015, total Growth Portfolio operating expenses, net of fee waivers, reimbursements and acquired fund fees and expenses, are 1.08%, 0.83% and 1.83% for Class A, Institutional Class and Class C, respectively. Total Growth Portfolio operating expenses, gross of any fee waivers or reimbursements, are 3.06%, 2.81% and 3.81% for Class A, Institutional Class and Class C, respectively. The Adviser has agreed contractually to reimburse a portion of each Fund's expenses until at least December 31, 2016.

* Inception date for the Growth Portfolio is January 4, 2010.

Macro Attribution - Growth Portfolio vs. ESG Growth Portfolio Benchmark 3/31/2015 to 6/30/15

Level 1 - Asset Class	Portfolio		Composite Benchmark		Portfolio Benchmark		Macro Attribution			
	Average Weight	Total Return	Average Weight	Total Return	Average Weight	Total Return**	Manager Selection Effect	Asset Allocation Effect	Style Selection Effect	Total Effect
Total	100.00	0.09	100.00	0.07	100.00	0.42	0.02	-0.10	-0.25	-0.33
U.S. Equity	84.62	0.01	84.62	-0.02	66.00	0.28	0.02	-0.03	-0.25	-0.26
Large/Multi-Cap	61.49	-0.28	61.49	0.21	66.00	0.28	-0.31	—	-0.04	-0.35
Small/Mid-Cap	23.14	0.78	23.14	-0.66	—	—	0.32	—	-0.20	0.12
Global/Int'l Equity	15.40	0.62	15.40	0.61	34.00	0.62	0.00	-0.06	0.00	-0.06
Developed	10.69	0.93	10.69	0.57	34.00	0.62	0.04	—	-0.01	0.03
Emerging	4.71	0.00	4.71	0.69	—	—	-0.04	—	0.01	-0.03
Cash	-0.02	0.00	-0.02	—	—	—	-0.00	—	-0.01	-0.01
Other: Expenses and Fees		-0.21								
Net Return: Class A		-0.12								

** Portfolio Benchmark return may be slightly different from Blended Benchmark return since calculation methodology is different.

continued

Past performance is no guarantee of future results. Source: Morningstar Associates, LLC.

Macro Attribution Overview:

- Macro attribution highlights the decisions made in implementing an asset allocation strategy by focusing on the top-level return of each fund and asset class within a strategy.
- Macro attribution uses a top-down approach and is solely returns based.
- Macro attribution analysis allows you to decompose the alpha of your portfolio and determine where value was added in the investment process.

Macro Attribution Effects:Asset Allocation Effect:

- Examines the effect from broad-level asset allocation decisions.
- Calculated as the top-down allocation effect between the composite benchmark and the portfolio benchmark.

Style Selection Effect:

- Examines the effect from style asset allocation decisions.
- Calculated as the top-down selection effect between the composite benchmark and the portfolio benchmark.

Manager Selection Effect:

- Examines the effect from the selection of managers with which to invest.
- Calculated as the portfolio manager-level weight multiplied by the difference between the portfolio manager-level return and the composite benchmark manager-level return.

Total Effect:

- Combining the asset allocation, style selection, and manager selection results is the total effect, which is the return differential between the portfolio and the portfolio benchmark.

Macro Benchmarks

- **Composite Benchmark:** Represents the return a manager would have received if they had invested directly in their underlying fund/manager's benchmark.
- **Portfolio Benchmark:** Refers to the Portfolio's actual mandated blended benchmark.

Risks

The information, data, analyses and opinions presented herein are as of the date published and are subject to change without notice. Any references to specific securities are for informational purposes only and therefore should not be considered a recommendation to buy or sell a security. Although Morningstar Associates receives information from sources it deems reliable, Morningstar Associates does not guarantee the accuracy, reliability or completeness of the information provided, and is not responsible for any trading decisions based on the information provided. An investment in ESG Managers® Portfolios involves risk, including loss of principal.

ESG Managers® Portfolios are multi-manager funds, which are a mix of underlying mutual funds and sleeve subadviser portfolios. The Funds' allocations may change due to market fluctuations and other factors. Emerging market and international investments involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, economic or political instability in other nations or increased volatility and lower trading volume.

Equity investments are subject to market fluctuations, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings.

Fund Objectives: The ESG Managers® Growth Portfolio's investment objective is to seek a high level of long-term capital appreciation.

You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729. Please read it carefully before investing.

Diversification does not eliminate the risk of losses. Asset Allocation and Diversification are investment methods used to help manage risk. They do not ensure a profit or protect against a loss.

Top Ten holdings as of 6/30/15: Parnassus Core Equity Fund 20.2%; Neuberger Berman Socially Responsive Fund 15.0%; Pax MSCI International ESG Index Fund 9.3%; Pax World Small Cap Fund 8.1%; Eventide Gilead Fund 7.8%; Ariel Fund 7.1%; TIAA-CREF Social Choice Equity Fund 5.5%; Schroder Emerging Markets Equity Fund 4.7%; Touchstone Premium Yield Equity Fund 2.5%; and Pax World Global Environmental Markets Fund 1.8%. Holdings are subject to change.

Index definitions The indexes referenced in this report are defined here. One cannot invest directly in an index. **Blended Index** is comprised of 66% S&P 500 Index and 34% MSCI EAFE (Net) Index. **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. Performance for the MSCI EAFE Index is shown "net," which includes dividend reinvestments after deduction of foreign withholding tax. **Standard & Poor's 500 Stock Index** is an unmanaged index of large capitalization common stocks.

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