# Market Plus
# Portfolio Review
## Q3 2024

**The Market Plus strategy composite returns are shown in the table below.**

| Period | Composite Gross of Fees | Composite Net of Fees | S&P 500 |
|---|---|---|---|
| Q3 2024 | 5.59 | 5.51 | 5.89 |

- **Stock selection was the primary driver of the underperformance this quarter.**
- **The most significant positive risk factor contributions came from being overweight the outperforming Profitability and Leverage factors.**
- **The performance of the Alpha model this quarter was negative. The concentration of outperformance in the Value factor category posed a challenge for this diversified strategy, which leverages multiple factor groupings for stock selection.**

## Sector Attribution

### Q3 2024 Sector Attribution

| | Market Plus | | | S&P 500 | | | Attribution Analysis | | |
|---|---|---|---|---|---|---|---|---|---|
| | Average Weight | Total Return | Contrib. To Return | Average Weight | Total Return | Contrib. To Return | Allocation Effect | Selection Effect | Total Effect |
| Real Estate | 3.37 | 27.22 | 0.81 | 2.32 | 17.17 | 0.38 | 0.09 | 0.30 | 0.39 |
| Consumer Discretionary | 8.08 | 12.50 | 1.00 | 9.88 | 7.80 | 0.75 | -0.04 | 0.37 | 0.33 |
| Health Care | 11.28 | 8.44 | 0.92 | 11.97 | 6.07 | 0.72 | 0.00 | 0.27 | 0.26 |
| Utilities | 3.38 | 21.68 | 0.68 | 2.41 | 19.37 | 0.44 | 0.13 | 0.06 | 0.19 |
| Materials | 2.47 | 8.67 | 0.24 | 2.21 | 9.70 | 0.20 | 0.03 | -0.01 | 0.01 |
| Financials | 13.13 | 10.33 | 1.31 | 12.95 | 10.66 | 1.32 | -0.03 | -0.04 | -0.06 |
| Industrials | 6.69 | 10.99 | 0.69 | 8.33 | 11.55 | 0.94 | -0.08 | -0.04 | -0.12 |
| Consumer Staples | 7.52 | 5.72 | 0.42 | 5.95 | 8.96 | 0.53 | 0.10 | -0.26 | -0.16 |
| Communication Services | 8.70 | -0.65 | -0.09 | 8.94 | 1.68 | 0.13 | 0.00 | -0.21 | -0.21 |
| Energy | 3.62 | -8.44 | -0.34 | 3.53 | -2.32 | -0.09 | -0.02 | -0.22 | -0.24 |
| Information Technology | 31.35 | -0.40 | -0.07 | 31.51 | 1.61 | 0.57 | 0.00 | -0.66 | -0.67 |
| [Cash] | 0.41 | 1.49 | 0.01 | 0.00 | 0.00 | 0.00 | -0.02 | 0.00 | -0.02 |
| | **100.00** | **5.59** | **5.59** | **100.00** | **5.89** | **5.89** | **0.15** | **-0.45** | **-0.30** |

Source: Xponance, FactSet

**Positive Contributors**

Real Estate – The sector benefited from lower interest rate expectations, which boosted demand for real estate investments. CBRE Group (+39.7%) surged due to a rebound in commercial real estate, particularly in industrial property and office leasing. Iron Mountain Inc. (+33.4%) performed strongly, driven by steady growth in data center services and rising demand for digital infrastructure and secure storage solutions. These overweight positions had the largest positive impact.

Consumer Discretionary – Modest overweight exposure to several outperforming stocks, including NVR Inc. (+29.3%), Starbucks (+26.0%), Tapestry (+10.7%), and Wynn Resorts (+7.5%), contributed positively. Despite catering to different consumer segments, these companies benefited from better-than-expected operating results due to the strong economic environment.

**Negative Contributors**

Information Technology – Overweight position in Qualcomm Inc. (-14.3%) had the largest negative impact. Earnings were hurt by a slowdown in smartphone demand, particularly in China, along with increased competition in chipsets, which pressured margins. Software stocks Synopsys Inc. (-14.9%) and Cadence Design (-12.0%) faced headwinds from delayed semiconductor design investments due to demand uncertainty.

Energy – Declining oil prices, driven by concerns over slowing global economic growth and reduced energy demand, contributed to the underperformance of overweight positions in Devon Energy Corp. (-16.6%), Valero Energy Corp. (-13.3%), and Marathon Oil Corp. (-6.8%).

# Risk Factor Attribution
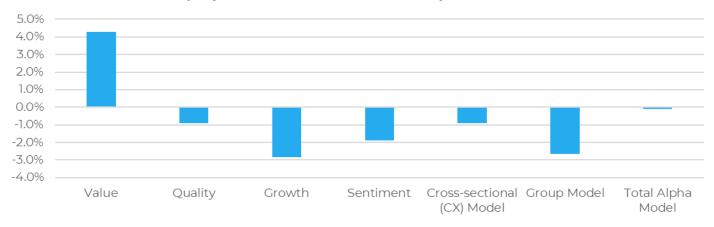
## Risk Attribution Analysis – Axioma Risk Model

| Cash | Industries | Risk Factors | Stock Selection | Total |
|---|---|---|---|---|
| -0.02 | 0.29 | 0.38 | -0.95 | **-0.30** |

| Risk Factors | Ave Exposure (std dev) | Return (%) | Impact (%) |
|---|---|---|---|
| Profitability | 0.15 | 2.09 | 0.35 |
| Leverage | 0.11 | 0.54 | 0.07 |
| Size | -0.05 | -1.60 | 0.06 |
| Market Sensitivity | 0.01 | 0.29 | 0.04 |
| Value | -0.03 | -0.47 | 0.02 |
| Earnings Yield | 0.00 | -0.85 | 0.01 |
| Exchange Rate Sensitivity | -0.01 | -1.00 | 0.01 |
| Medium-Term Momentum | 0.00 | 1.09 | 0.01 |
| MidCap | 0.04 | 0.12 | 0.00 |
| Dividend Yield | -0.03 | 0.47 | -0.02 |
| Growth | 0.01 | -1.25 | -0.02 |
| Liquidity | 0.06 | -1.39 | -0.07 |
| Volatility | 0.02 | -3.17 | -0.10 |
| **Total** | | | **0.38** |

Source: Axioma, FactSet

Overall, risk factor positioning had a positive impact on performance, with most of the strategy's relative factor exposures contributing positively. The largest single contributor was an overweight position in the outperforming Profitability factor. Additionally, the broadening of the equity market beyond large-cap growth was reflected in positive contributions from overweighting Leverage and underweighting Size (as small caps outperformed large caps). However, slight overweights in Volatility, Liquidity, and Growth factors detracted from performance, as these factors underperformed.

# Quantitative Model Performance

## Model Performance (Top Quintile minus S&P 500)



Source: Xponance, FactSet

This quarter saw a notable broadening of S&P 500 index performance. A rotation in equity market leadership was evident in the primary factor groups. Expectations of a Fed rate cut, and the avoidance of an economic recession supported the outperformance of traditional value sectors like Utilities, Real Estate, Financials, Industrials, and Materials. In contrast, the previously dominant large-cap growth sectors such as Information Technology and Communication Services, buoyed earlier by AI-related growth, underperformed. During this period Value was the only factor category to outperform the S&P 500. This concentration of outperformance in a single category negatively impacted the Cross-sectional and Group models, which are constructed to capture a diversified group of style exposures. The performance of the Total Alpha Model, which is constructed from a combination of the Cross Sectional and Group models, although slightly lagging the S&P 500 index was better than the performance of its underlying components. This improvement highlighted the benefit of using the Using Cross-sectional and Group models in combination compared to using them separately.

## Alpha Model Attribution

| | Market Plus | | | S&P 500 | | | Attribution Analysis | | |
|---|---|---|---|---|---|---|---|---|---|
| Alpha Model Quintile | Average Weight | Total Return | Contrib. To Return | Average Weight | Total Return | Contrib. To Return | Allocation Effect | Selection Effect | Total Effect |
| Q1 (High) | 56.49 | 6.74 | 3.81 | 24.68 | 5.81 | 1.42 | 0.03 | 0.53 | 0.55 |
| Q2 | 29.23 | 3.08 | 1.04 | 29.11 | 3.06 | 0.96 | 0.08 | 0.01 | 0.08 |
| Q3 | 8.85 | 3.12 | 0.26 | 16.16 | 6.45 | 1.03 | -0.06 | -0.30 | -0.36 |
| Q4 | 2.64 | 16.12 | 0.50 | 15.17 | 8.89 | 1.39 | -0.44 | 0.24 | -0.20 |
| Q5 (Low) | 2.27 | -2.70 | -0.00 | 14.84 | 7.46 | 1.08 | -0.19 | -0.16 | -0.35 |

Source: Xponance, FactSet

The performance of the Alpha model this quarter was negative and non-monotonic. While the highest-ranked stocks (Q1) performed in line with the S&P 500 index, the best returns came from the lower-ranked categories (Q3–Q5). The strategy's underweight exposure to these outperforming, lower-ranked quintiles led to a negative allocation impact. These lower-ranked quintiles benefited from higher exposure to Financials, Industrials, Real Estate, and Utilities, sectors with strong valuation characteristics but weaker quality, growth, and sentiment scores. The concentration of outperformance in one factor category posed a challenge for this diversified strategy, which leverages multiple factor groupings for stock selection.

# Market Plus | Style: Large Cap Core Equity

## Trailing period performance as of 09/30/2024

| (%) | QTD | CYTD | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception | Inception Date |
|---|---|---|---|---|---|---|---|---|
| Composite Gross | 5.59 | 22.84 | 36.75 | 11.74 | 15.16 | 13.12 | 9.75 | 12/31/01 |
| Composite Net | 5.51 | 22.55 | 36.32 | 11.40 | 14.85 | 12.87 | 9.47 | |
| Index[1] | 5.89 | 22.08 | 36.35 | 11.91 | 15.98 | 13.38 | 9.44 | |

[1]Benchmark: S&P 500

Past performance is not indicative of future results.  Periods greater than 1 year are annualized. The U.S. Dollar is the currency used to express performance.

Investments in public equities involve risks, including the loss of principal invested.  This strategy's returns may fluctuate in response to one or more of many factors, that include financial condition of individual companies; the business market in which individual companies compete; industry market conditions; interest rates; general economic environments; portfolio management activities; and data or modeling risk where proprietary models are used in the management of the strategy.

Gross of fee returns are presented before management fees, but after custodial fees and transaction costs and include the reinvestment of all income.   Since August 1, 2018, net of fee returns reflects a model annual management fee of 0.60%, applied monthly.  Net of fee returns are calculated by deducting the model management fee from the monthly gross of fee returns.  Performance-based fees are not applicable.  Prior to August 1, 2018, net of fee returns reflects the deduction of actual management fees (including performance-based fees if applicable) from the monthly gross of fee returns.  Actual management fees incurred by clients may vary. The composite include zero commission accounts.

The standard management fee schedule for the composite is as follows: First $50mm: 35 bps; Next $50mm: 30 bps; Over $100mm: 25 bps. Fees are charged to clients on a quarterly basis. Fees are calculated as a percentage of assets under management and vary based upon the type of product and the total amount of assets under management.  The percentage fee is expressed terms of basis points ("BPS") for our products. One hundred basis points equal 1%. All fees are negotiable.

Xponance claims compliance with the Global Investment Performance Standards (GIPS®).  To obtain GIPS-compliant performance information for the firm's strategies and products, please contact info@xponance.com.

The firm maintains a complete list and description of composites and limited distribution pooled fund(s) which is available upon request.  Please refer to the GIPS® report for additional performance information which is included on the next page of this presentation.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

## Annual Disclosure Presentation

| Year End | Performance Results (%) | | | 3-Yr Annualized Ex-Post Standard Deviation (%) | | Number of Portfolios | Internal Dispersion (%) | Composite Assets ($mm) | Total Firm Assets ($mm) |
|---|---|---|---|---|---|---|---|---|---|
| | Composite Gross TWR | Composite Net TWR | Benchmark[1] | Composite Gross | Benchmark[1] | | | | |
| 2023 | 27.25 | 26.85 | 26.29 | 17.11 | 17.29 | 14 | 0.04 | 336 | 16,613 |
| 2022 | -19.54 | -19.78 | -18.11 | 20.90 | 20.87 | 15 | 0.02 | 300 | 13,512 |
| 2021 | 29.49 | 29.19 | 28.71 | 17.59 | 17.17 | 17 | 0.03 | 951 | 14,866 |
| 2020 | 14.32 | 14.07 | 18.40 | 18.83 | 18.53 | 14 | 0.02 | 1,000 | 12,493 |
| 2019 | 28.84 | 28.57 | 31.49 | 12.29 | 11.93 | 12 | 0.02 | 1,095 | 5,411 |
| 2018 | -6.51 | -6.69 | -4.38 | 11.29 | 10.80 | 9 | 0.04 | 799 | 4,026 |
| 2017 | 25.64 | 25.41 | 21.83 | 10.14 | 9.92 | 6 | 0.01 | 733 | 6,817 |
| 2016 | 12.82 | 12.65 | 11.96 | 10.83 | 10.59 | Five or fewer | N/A | 543 | 6,249 |
| 2015 | 2.07 | 1.91 | 1.38 | 10.23 | 10.47 | Five or fewer | N/A | 439 | 5,577 |
| 2014 | 16.87 | 16.67 | 13.69 | 9.32 | 8.97 | Five or fewer | N/A | 430 | 2,542 |

Composite inception date: December 31, 2001.

[1] Benchmark: S&P 500

Xponance,® Inc. ("Xponance®") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Xponance® has  been independently verified for the periods from November 1, 1998 through December 31, 2023.   The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.  GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

On August 31, 2018, FIS Group, Inc. ("FIS Group") acquired Piedmont Investment Advisors, Inc.'s ("PIA") predecessor, Piedmont Investment Advisors, LLC.  Xponance®, Inc. ("Xponance®") is an independent, registered investment adviser and is the successor registrant under the Investment Advisers Act of 1940 (the "Advisers Act") to both FIS Group and its wholly-owned subsidiary, PIA.  Pursuant to a corporate rebranding and consolidation strategy, Xponance® was established effective April 1,  2020, to leverage the long histories of its predecessor entities in providing customized investment management products to institutional clients. FIS Group (through its former subsidiaries, Fiduciary Investment  Solutions, Inc. and FIS Funds Management, Inc.) managed assets since 1996 and PIA (through its former affiliate Piedmont Investment Advisors, LLC) began managing assets in 2000. The firm maintains a list of composite descriptions and limited distribution pool fund(s) descriptions, which is available upon request.

Xponance is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Our registration as an investment adviser does not imply any level of skill or training and the information in this report has not been approved or verified by the SEC or by any state securities authority.

Total firm assets presented through, and including, Calendar Year 2019 represent total firm assets for PIA, prior to April 1, 2020, this composite was managed by legacy firm PIA. Total firm assets presented post  April 1, 2020 represent the total firm assets of Xponance®.

**Market Plus Composite** contains fully discretionary low tracking error large cap core equity accounts and for comparison purposes is measured against the S&P 500 Index. The product typically has 100-175 holdings and a predicted tracking error range of 1% - 2% vs. S&P 500. The Market Plus Composite was created December 31, 2001.

Results are based on fully discretionary accounts under management. Accounts that are no longer with the firm are included through the last full measurement period such accounts were managed in the  composite's style.  Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance.

Gross of fee returns are presented before management fees, but after custodial fees and transaction costs and include the reinvestment of all income.  Net of fee returns reflect the deduction of the actual management fees (including performance-based fees if applicable) from the monthly gross of fee returns.  Actual management fees incurred by clients may vary.  Prior to June 30, 2004, net of fee returns was calculated using a dollar-weighted average fee. The composite include zero commission accounts.

The standard management fee schedule is as follows: First $50mm: 35 bps; Next $50mm: 30 bps; Over $100mm: 25 bps. Fees are charged to clients on a quarterly basis. Fees are calculated as a percentage of assets under management and vary based upon the type of product and the total amount of assets under management.  The percentage fee is expressed terms of basis points ("BPS") for our products. One hundred basis points equal 1%. All fees are negotiable.

The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

Internal dispersion presented is an equal-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the entire year.   For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented.

Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.