Optimized Small Cap Core Portfolio Review

Q3 2024

Xponance — Transforming Access to Alpha

The Optimized Small Cap Core strategy composite returns are shown in the table below.

Period	Composite Gross of Fees	Composite Net of Fees	Russell 2000
Q3 2024	11.23	11.10	9.27

- **Stock selection was the primary driver of the outperformance this quarter.**
- **Risk factor positioning had a strong positive impact on performance, driven by overweight positions in Profitability and Medium-Term Momentum.**
- **The return pattern across quintiles was inverted and non-monotonic. High-ranked stocks (Q1) underperformed lower-ranked ones (Q4 and Q5). Despite the less favorable alpha environment, stock selection, particularly in high-ranked stocks, had a significant positive impact.**

Sector Attribution

Q3 2024 Sector Attribution

	Optimized Small Cap			Russell 2000			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Health Care	21.72	17.89	3.74	17.61	9.55	1.77	0.06	1.76	1.82
Information Technology	13.33	14.92	2.02	12.79	4.30	0.65	0.07	1.37	1.44
Consumer Staples	2.38	24.58	0.54	2.75	10.34	0.25	0.00	0.35	0.35
Financials	16.00	16.70	2.64	18.06	15.20	2.57	0.00	0.22	0.23
Industrials	17.70	9.80	1.79	16.90	8.50	1.42	-0.03	0.22	0.19
Real Estate	2.25	32.77	0.71	6.30	17.94	1.08	-0.34	0.32	-0.03
Utilities	0.00	0.00	0.00	2.83	12.76	0.33	-0.10	0.00	-0.10
Energy	5.78	-12.05	-0.64	5.81	-8.34	-0.53	0.00	-0.20	-0.20
Communication Services	1.14	-15.23	-0.12	2.58	17.79	0.43	-0.12	-0.35	-0.47
Consumer Discretionary	11.05	5.60	0.57	9.87	9.73	0.92	-0.01	-0.46	-0.47
Materials	8.31	-0.92	-0.08	4.47	8.24	0.37	-0.03	-0.80	-0.83
[Cash]	0.33	0.97	0.00	0.00	0.00	0.00	-0.02	0.00	-0.02
	100.00	**11.23**	**11.23**	**100.00**	**9.27**	**9.27**	**-0.47**	**2.43**	**1.96**

Source: Xponance, FactSet

Positive Contributors

Health Care – CareDx (+101.1%), an overweight holding, drove most of the sector's gains. The company reported significantly better-than-expected earnings, with a 31% revenue increase fueled by rapid growth in its genomic-based testing services and products.

Information Technology – Strong performance from several overweight stocks was key this quarter. Zeta Global (+69.0%) saw a 33% revenue increase, driven by growth in its AI-powered marketing cloud. Semtech Corporation (+52.8%) posted a 13.9% year-over-year revenue increase, supported by cloud data centers and high-end consumer sales. Commvault Systems (+26.6%) benefited from strong demand for data management and protection solutions.

Negative Contributors

Materials – Despite overall sector strength, stock-specific issues hurt performance. Clearwater Paper (-41.1%) missed earnings expectations due to lower sales prices and costs from a major maintenance outage at its Lewiston facility. Constellium SE (-13.4%) declined, impacted by industrial and specialties market weakness and softening demand in Europe, particularly in the automotive sector.

Risk Factor Attribution

Risk Attribution Analysis – Axioma Risk Model

Cash	Industries	Risk Factors	Stock Selection	**Total**
-0.01	0.04	0.86	1.07	**1.96**

Risk Factors	Ave Exposure (std dev)	Return (%)	Impact (%)
Profitability	0.20	2.09	0.48
Volatility	-0.09	-3.17	0.48
Medium-Term Momentum	0.09	1.09	0.21
Dividend Yield	0.16	0.47	0.08
Leverage	0.16	0.54	0.08
Market Sensitivity	-0.03	0.29	0.04
Size	0.01	-1.60	0.02
MidCap	0.01	0.12	-0.02
Value	0.13	-0.47	-0.06
Liquidity	0.08	-1.39	-0.07
Exchange Rate Sensitivity	0.09	-1.00	-0.12
Growth	0.07	-1.25	-0.13
Earnings Yield	0.19	-0.85	-0.15
Total			**0.86**

Source: Axioma, FactSet

Risk factor positioning had a strong positive impact on performance, driven by overweight positions in Profitability and Medium-Term Momentum. Additionally, the strategy's defensive stance, with underweight exposure to Volatility (low volatility outperformed), helped during this volatile equity period. Despite strong performances from traditionally value-oriented sectors like Real Estate, Financials, and Utilities, the Earnings Yield and Value (B/P) factors posted negative returns once market and industry exposures were neutralized. Overweighting these factors was a drag on performance. However, the positive return of Dividend Yield reflected strength in high dividend-paying sectors. Overall, the positive impact of risk factor allocation complemented strong stock selection.

Quantitative Model Performance

Alpha Model Attribution

	Optimized Small Cap			Russell 2000			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)	91.52	10.82	10.39	27.05	9.26	2.44	0.02	1.52	1.54
Q2	5.36	13.29	0.73	23.48	10.77	2.44	-0.32	0.11	-0.21
Q3	2.23	8.99	0.11	19.83	5.52	0.92	0.67	0.13	0.80
Q4	0.57	28.42	-0.05	17.68	10.59	1.79	-0.24	0.19	-0.04
Q5 (Low)	0.00	0.00	0.00	10.42	9.78	1.10	-0.05	0.00	-0.05

Source: Xponance, FactSet

The return pattern across quintiles was inverted and non-monotonic. High-ranked stocks (Q1) underperformed lower-ranked ones (Q4 and Q5), though Q2 was the best performing quintile. Except for Q3, which had the weakest performance, the other quintiles showed only a small dispersion in returns. This robust performance across quintiles reflects a generally positive environment for the small-cap Russell 2000 universe. Factors such as a favorable interest rate environment, expectations of an economic soft landing, increased domestic economic activity, and rising demand in cyclical sectors like Industrials and Consumer Discretionary contributed to this. Despite the less favorable alpha environment, stock selection, particularly in high-ranked stocks, had a significant positive impact.

Optimized Small Cap Core

Trailing period performance as of 09/30/2024

(%)	QTD	CYTD	1-Year	3-Years	5-Years	10-Years	Since Inception	Inception Date
Composite Gross	11.23	9.39	25.15	7.08	12.97	10.64	9.88	12/31/13
Composite Net	11.10	9.01	24.56	6.47	12.30	10.11	9.36	
Index[1]	9.27	11.17	26.76	1.84	9.39	8.78	7.70	

[1]Benchmark: Russell 2000

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, 2019, net of returns reflects a model annual management fee of 0.65%, applied monthly. Net of fee returns are calculated by deducting the model management fee from the monthly gross of fee returns. Prior to August 1, 2019, 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 is as follows: First $50mm: 70 bps; Next $50mm: 60 bps; Over $100mm: 50 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.

Optimized Small Cap Core

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Annual Disclosure Presentation

	Performance Results (%)			3-Yr Annualized Ex-Post Standard Deviation (%)				
Year End	Composite Gross TWR	Composite Net TWR	Benchmark[1]	Composite Gross	Benchmark[1]	Number of Portfolios	Composite Assets ($mm)	Total Firm Assets ($mm)
2023	23.04	22.38	16.93	22.57	21.11	Five or fewer	2	16,613
2022	-13.89	-14.45	-20.44	26.82	26.02	Five or fewer	0.14	13,512
2021	27.04	26.22	14.82	23.81	23.35	Five or fewer	0.16	14,866
2020	10.01	9.38	19.96	25.77	25.27	Five or fewer	0.13	12,493
2019	30.12	29.56	25.52	16.64	15.71	Five or fewer	0.11	5,411
2018	-9.18	-9.49	-11.01	14.55	15.79	Five or fewer	0.18	4,026
2017	10.40	10.08	14.65	12.67	13.91	Five or fewer	0.19	6,817
2016	19.96	19.54	21.31	14.18	15.76	Five or fewer	0.18	6,249
2015	-0.99	-1.33	-4.41	N/A	N/A	Five or fewer	0.1	5,577
2014	9.56	9.05	4.89	N/A	N/A	Five or fewer	0.1	2,542

Composite inception date: December 31, 2013.

[1]Benchmark: Russell 2000

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.

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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®.

Optimized Small Cap Core Composite contains fully discretionary Small cap core equity accounts and for comparison purposes is measured against the Russell 2000 Index. The product typically has fewer than 100 holdings and a predicted tracking error target range of 5% - 8% vs. Russell 2000. The Optimized Small Cap Core Composite was created December 31, 2013.

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.

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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.