

Optimized SMID Cap Core Portfolio Review

Q3 2024

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

Period	Composite Gross of Fees	Composite Net of Fees	Russell 2500
Q3 2024	10.92	10.79	8.75

- **Stock selection was the primary driver of the outperformance this quarter.**
- **Risk factor positioning had a strong positive impact on performance. The key contributors were overweight positions in Profitability and Medium-Term Momentum.**
- **The return pattern across quintiles was inverted, with high-ranked (Q1) stocks underperforming low-ranked (Q5) stocks and the Russell 2500 index. Despite this challenging alpha environment, stock selection within the high-ranked stocks had a significant positive impact.**

Sector Attribution

Q3 2024 Sector Attribution

	Optimized SMID Cap Core			Russell 2500			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Health Care	16.93	18.95	3.21	13.01	9.25	1.23	0.03	1.63	1.66
Industrials	22.95	12.98	2.91	18.82	9.13	1.69	0.01	0.89	0.89
Energy	2.69	-14.51	-0.40	5.28	-7.62	-0.44	0.46	-0.21	0.25
Consumer Staples	0.42	4.75	0.03	3.43	2.62	0.08	0.20	-0.01	0.19
Consumer Discretionary	9.99	8.78	0.87	12.46	8.91	1.10	0.01	0.04	0.05
Utilities	0.07	2.00	0.05	2.52	14.23	0.34	-0.13	0.07	-0.07
Materials	9.67	8.06	0.83	5.80	9.08	0.51	0.02	-0.10	-0.08
Financials	16.35	12.05	1.96	16.74	13.56	2.18	0.06	-0.15	-0.09
Communication Services	2.34	8.98	0.23	3.03	14.00	0.41	-0.04	-0.11	-0.15
Information Technology	15.22	3.01	0.63	11.77	3.11	0.44	-0.13	-0.06	-0.19
Real Estate	3.08	20.24	0.62	7.13	17.68	1.21	-0.36	0.08	-0.28
[Cash]	0.30	0.07	0.00	0.00	0.00	0.00	-0.02	0.00	-0.02
	100.00	10.92	10.92	100.00	8.75	8.75	0.11	2.07	2.18

Source: Xponance, FactSet

Positive Contributors

Health Care – ADMA Biologics (+78.8%), an overweight holding, drove the sector's gains. Better-than-expected earnings, with a 78% revenue jump, improved margins, thanks to strong core product performance, product mix improvements, and operational efficiencies.

Industrials – Overweight holdings led the outperformance. Allison Transmission Holdings (+26.9%) beat earnings expectations, driven by higher demand for vocational and medium-duty trucks, along with price increases. Jeld-Wen Holdings (+17.4%) outperformed on solid demand for energy-efficient materials in residential and commercial construction.

Negative Contributors

Real Estate – Underweight exposure to this outperforming sector hurt performance. The real estate sector benefitted from strong demand for industrial properties, especially warehouses and data centers, supported by e-commerce and AI growth. Inflation-hedging traits and improved efficiencies also boosted earnings amid a stable rate environment.

Risk Factor Attribution

Risk Attribution Analysis – Axioma Risk Model

Cash	Industries	Risk Factors	Stock Selection	Total
-0.01	-0.25	0.84	1.60	2.18

Risk Factors	Ave Exposure (std dev)	Return (%)	Impact (%)
Profitability	0.18	2.09	0.40
Volatility	-0.09	-3.17	0.22
Medium-Term Momentum	0.09	1.09	0.15
Market Sensitivity	-0.02	0.29	0.13
Leverage	0.12	0.54	0.08
Liquidity	-0.01	-1.39	0.06
Dividend Yield	0.04	0.47	0.04
Exchange Rate Sensitivity	0.00	-1.00	0.02
Growth	-0.02	-1.25	0.02
MidCap	0.02	0.12	0.00
Size	0.03	-1.60	0.00
Value	0.15	-0.47	-0.08
Earnings Yield	0.20	-0.85	-0.19
Total			0.84

Source: Axioma, FactSet

Risk factor positioning had a strong positive impact on performance. The key contributors were overweight positions in Profitability and Medium-Term Momentum. Additionally, the strategy’s defensive stance, with underweights in Volatility (as low volatility outperformed) and Market Sensitivity (lower beta), helped during this volatile equity period. Despite the robust performance of value-related sectors like Real Estate, Financials, and Utilities, the Earnings Yield and Value (B/P) factors delivered negative returns when market and industry exposures were neutralized. Overweighting these factors was a drag on performance. However, Dividend Yield had a positive impact, reflecting the strength of high dividend-paying sectors. The positive contribution from risk factor allocation further enhanced the strong stock selection results.

Quantitative Model Performance

Alpha Model Attribution

Alpha Model Quintile	Optimized SMID Cap Core			Russell 2500			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Q1 (High)	91.87	11.35	10.80	28.21	8.15	2.34	-0.38	2.95	2.57
Q2	7.77	7.03	0.08	24.54	8.04	1.88	0.14	-0.17	-0.03
Q3	--	--	--	19.67	7.67	1.43	0.20	0.00	0.20
Q4	0.07	19.35	0.04	15.93	10.57	1.56	-0.26	0.02	-0.24
Q5 (Low)	--	--	--	10.45	11.03	1.21	-0.24	0.00	-0.24

Source: Xponance, FactSet

The return pattern across quintiles was inverted, with high-ranked (Q1) stocks underperforming low-ranked (Q5) stocks and the Russell 2500 index. The strategy's underweight exposure to the outperforming lower-ranked quintiles led to a negative allocation impact. The impressive performance across all quintiles reflects the positive environment for the SMID cap, Russell 2500 stock universe. However, the lower-ranked quintiles benefited from greater exposure to the outperforming Financials, Industrials, Real Estate, and Utilities sectors. While these companies had strong valuation characteristics, they lacked support in categories like quality, growth, and sentiment, making them less attractive based on their Total Alpha score. The concentration of outperformance in one factor category (Value) created a headwind for this diversified strategy. Despite this challenging alpha environment, stock selection within the high-ranked stocks had a significant positive impact.

Trailing period performance as of 09/30/2024

(%)	QTD	CYTD	1- Year	3- Years	5- Years	10- Years	Since Inception	Inception Date
Composite Gross	10.92	15.36	30.32	12.41	15.74	13.42	11.58	10/31/07
Composite Net	10.79	14.96	29.72	11.83	15.11	12.92	11.17	
Index ¹	8.75	11.30	26.17	3.47	10.43	9.50	8.41	

¹Benchmark: Russell 2500

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: 65 bps; Next \$50mm: 55 bps; Over \$100mm: 45 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.

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Annual Disclosure Presentation

Year End	Performance Results (%)			3-Yr Annualized Ex-Post Standard Deviation (%)		Number of Portfolios	Composite Assets (\$mm)	Total Firm Assets (\$mm)
	Composite Gross TWR	Composite Net TWR	Benchmark ¹	Composite Gross	Benchmark ¹			
2023	26.43	25.78	17.42	20.65	20.15	Five or fewer	6	16,613
2022	-8.57	-9.08	-18.37	25.30	25.16	Five or fewer	0.73	13,512
2021	34.52	33.76	18.18	22.05	22.48	Five or fewer	0.80	14,866
2020	4.12	3.53	19.99	24.14	24.21	Five or fewer	0.60	12,493
2019	36.63	36.03	27.77	15.71	14.58	Five or fewer	0.57	5,411
2018	-7.99	-8.22	-10.00	14.84	14.10	Five or fewer	0.14	4,026
2017	23.51	23.01	16.81	12.05	12.13	Five or fewer	100	6,817
2016	17.46	17.04	17.59	13.07	13.67	Five or fewer	36	6,249
2015	-2.02	-2.33	-2.90	12.17	12.42	Five or fewer	0.1	5,577
2014	11.25	10.87	7.07	11.62	11.67	Five or fewer	0.1	2,542

Composite inception date: October 31, 2007.

¹ Benchmark: Russell 2500

Performance presented prior to December 15, 2010 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individual(s) responsible for selecting the securities to buy and sell. Piedmont Investment Advisors maintains all of the books and records to support the historical performance.

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 SMID Cap Core Composite contains fully discretionary SMID core equity accounts and for comparison purposes is measured against the Russell 2500 Index. The product typically has fewer than 100 holdings and a predicted tracking error target range of 5% - 8% vs. Russell 2500. The Optimized SMID Core Composite was created on December 15, 2010. The Optimized SMID Core Composite's inception date is 10/31/07. This composite was renamed on September 30, 2012 to better reflect the true strategy of the product. Formerly, the composite was named "Optimized Mid Cap Core vs. S&P Midcap Composite". This composite changed its benchmark on September 30, 2012 from the S&P Midcap to the Russell 2500 because the latter benchmark better represents the investable universe of the product.

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.