

## AIA S&P Global 1500 (All Cap) Strategy

QUARTERLY PORTFOLIO COMMENTARY (CASH FUNDED AFTER-TAX COMPOSITE)

Global equity markets soared in the fourth quarter, as the Fed confirmed a pause in rate rises, inflation continued to moderate, and the US economy hit its longest streak of unemployment below 4% since the Vietnam war. As a potential soft landing came into focus, investor optimism buoyed risk assets across equity and fixed income. Annual US inflation declined to 3.1% in November from 3.7% in August. Unemployment remained steady at 3.7% in December, up slightly from September levels. United States GDP rose by an annual rate of 4.9% in the third quarter of 2023, up significantly from 2.1% in the second quarter of 2023. The MSCI World Index rose 11.4% over the quarter while the MSCI Emerging Markets Index rose 7.9%. The MSCI All Country World Index rose 11.0%. The best performing sectors over the quarter were information technology (17.7%), real estate (17.5%) and industrials (14.0%). The worst performing sectors were energy (-3.9%) and consumer staples (5.5%). Country components of the index skewed towards positive performance, with the worst performing being Sweden, Netherlands, Australia, and Portugal. North America showed strength, while Asia and the Middle East saw more muted gains in relative terms.

During the quarter, the AIA S&P Global 1500 (All Cap) Strategy underperformed its benchmark before taxes and net of 0.35% fee by -0.51%. The strategy underperformed over the period on an after-tax and net of 0.35% fee basis by -0.37%. After-tax returns benefited from an increase in opportunities to harvest losses, with dispersion in sector performance and sustained volatility from the fourth quarter. Tax alpha was positive and added +0.14% during the period.

Year to date, the AIA S&P Global 1500 (All Cap) Strategy underperformed its benchmark before taxes and net of 0.35% fees by -2.24%. The strategy underperformed over the period on an after-tax and net of 0.35% fee basis by -0.21%. Tax alpha was positive and contributed +2.03% for the period.

The AIA S&P Global 1500 (All Cap) Strategy seeks to provide a pre-tax return similar to the performance of the market cap blended benchmark composed of the S&P 1500® and S&P ADR indexes. The strategy seeks to outperform the benchmark on an after-tax basis by proactively realizing losses. AIA's managers use a stratified sampling methodology to select a subset of stocks from the index while seeking sector-neutral weights and diversification across market capitalization. Individual account performance may vary due to restrictions at the account level such as security exclusions, capital gain budgets and other restrictions.

Investors remain focused on monetary policy and the trajectory of economic growth. While economic data and investor sentiment have improved significantly, recessionary risks remain. Geopolitical and macroeconomic risks may continue to drive market volatility and dispersion as multiple active wars, election years, and other potential conflicts play out over 2024. We continue to believe that active fundamental research combined with investment discipline provides an attractive way to navigate an uncertain and reactionary market environment.

## AIA S&P Global 1500 (All Cap) Strategy – Annualized Returns (as of 12/31/2023)

AIA S&P Global 1500 Cash Funded After-Tax Composite Pure Gross Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Pure Gross Return	Benchmark Return (1500 + ADR)	Difference	Composite Pure Gross Return	Estimated Benchmark Return	Difference	
3 months	10.98%	11.40%	-0.42%	10.77%	11.05%	-0.28%	0.14%
1 year	22.83%	24.65%	-1.82%	23.33%	23.12%	0.21%	2.03%
3 years	9.03%	9.68%	-0.66%	11.99%	8.33%	3.65%	4.31%
5 years	13.81%	14.50%	-0.69%	17.00%	13.17%	3.82%	4.51%
Since inception 04/01/2017	11.29%	11.70%	-0.41%	15.12%	10.49%	4.63%	5.04%

AIA S&P Global 1500 Cash Funded After-Tax Composite Net 0.35% Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Net 0.35% Return	Benchmark Return (1500 + ADR)	Difference	Composite Net 0.35% Return	Estimated Benchmark Return	Difference	
3 months	10.89%	11.40%	-0.51%	10.68%	11.05%	-0.37%	0.14%
1 year	22.41%	24.65%	-2.24%	22.91%	23.12%	-0.21%	2.03%
3 years	8.65%	9.68%	-1.03%	11.60%	8.33%	3.27%	4.30%
5 years	13.42%	14.50%	-1.08%	16.59%	13.17%	3.42%	4.50%
Since inception 04/01/2017	10.90%	11.70%	-0.80%	14.72%	10.49%	4.23%	5.03%

AIA S&P Global 1500 Cash Funded After-Tax Composite Net Bundled Fee Returns <sup>1</sup>	Pre-Tax			After-Tax			Tax Alpha
	Composite Net Bundled Fee Return	Benchmark Return (1500 + ADR)	Difference	Composite Net Bundled Fee Return	Estimated Benchmark Return	Difference	
3 months	10.18%	11.40%	-1.22%	9.97%	11.05%	-1.08%	0.14%
1 year	19.25%	24.65%	-5.40%	19.74%	23.12%	-3.38%	2.02%
3 years	5.82%	9.68%	-3.86%	8.70%	8.33%	0.37%	4.23%
5 years	10.47%	14.50%	-4.03%	13.58%	13.17%	0.40%	4.43%
Since inception 04/01/2017	8.02%	11.70%	-3.68%	11.75%	10.49%	1.26%	4.94%

<sup>1</sup> The assumed model bundled fee used is 3.0% and has been retroactively applied since inception.

## AIA S&P Global 1500 (All Cap) Strategy – Market Cap Allocations (as of 12/31/2023)

Market cap size	Percentage of total portfolio
Large (>10B)	95.28%
Mid (2.5B to 10B)	3.94%
Small (<2.5B)	0.78%

**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.** As portfolios are actively managed, holdings are subject to change. The securities discussed herein do not represent all of the securities purchased, sold or recommended. The reader should not assume that an investment in these securities was or will be profitable. A complete list of all past recommendations made within the immediately preceding 12-month period is available upon request.

S&P 1500<sup>®</sup> Composite Index is an investable US equity benchmark. The S&P Composite 1500<sup>®</sup> combines three leading indices, the S&P 500<sup>®</sup>, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of the US market capitalization. It is designed for investors seeking to replicate the performance of the US equity market or benchmark against a representative universe of tradable stocks. Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. Russell 1000<sup>®</sup> Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000<sup>®</sup> Value Index is an unmanaged index that measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000<sup>®</sup> companies with lower price-to-book ratios.

and lower expected growth values. The Russell 1000<sup>®</sup> Index measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000<sup>®</sup> Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000<sup>®</sup> represents approximately 92% of the US market. The Russell 1000<sup>®</sup> Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected. Russell 2000<sup>®</sup> Index is an unmanaged index that measures the performance of the small-cap segment of the US equity universe.

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AIA encompasses the direct indexing capabilities offered through Natixis Investment Managers Solutions. Natixis Investment Managers Solutions is a division of Natixis Advisors, LLC ("Natixis Advisors"). Natixis Advisors is an SEC registered investment adviser and an indirect subsidiary of Natixis Investment Managers, LLC. Prior to August 2021, AIA was a division of Natixis Advisors. A complete list of composite descriptions, as well as additional information regarding the firm's policies and procedures for valuing portfolios, calculating performance, and preparing compliant presentations, is available upon request. The AIA S&P Global Cash Funded After-Tax Composite includes all fully discretionary, taxable, fee-paying portfolios that invest in the AIA S&P Global which have initially been funded with cash. This strategy seeks to gain broad market exposure to the US and international equity markets through the use of US stocks and US listed American Depositary Receipts. This strategy invests in a subset of securities from within either the S&P 500<sup>®</sup> or S&P 1500<sup>®</sup> and the S&P ADR indexes. The AIA S&P Global Cash Funded After-Tax Composite is a sub-composite of the AIA S&P Global Pre-Tax Composite. The composite was created in November 2007. The benchmark used is the Custom S&P Global Index defined as the capitalization weighted blend of the S&P 500<sup>®</sup> and the S&P ADR, indexes representing large-cap US stocks and non-US stocks, respectively. The custom index is rebalanced daily and calculated by S&P. As of year-end 2021, the S&P 500<sup>®</sup> represented 86% of the blend and the S&P ADR represented 14% of the blend. Benchmark weights for historical time periods are available upon request. Performance is expressed in US dollars. All results are time-weighted total returns that include the reinvestment of income and dividends. Returns are presented net of non-reclaimable withholding taxes. Management fees vary on asset size and are negotiated by the sponsor. The standard fee schedule is as follows: 0.35% on the first \$5 million; 0.25% on the next \$5 million; 0.20% on the next \$10 million; 0.17% on the next \$30 million; 0.16% thereafter. Net-of-fees returns assume a model bundled fee which is inclusive of custody, advisor, transaction, and investment management fees. The model fee is deducted 1/12th per month from the gross composite return. The assumed model bundled fee used is 3.0% and has been retroactively applied since inception. Pure gross-of-fees returns are supplemental information and do not reflect the deduction of transaction costs or fees that are included within bundled fees. Effective January 2006, accounts with significant cash withdrawals are temporarily removed from the composite during the month that the withdrawal was taken. Currently, significant cash withdrawals are defined as cash withdrawals that are greater than 10% of an account's market value. Details related to the policy and the threshold for defining significant cash withdrawals historically are available upon request. The after-tax returns shown are subject to the limitations of the specific calculation methodology applied. Since the client's actual circumstances and tax rates determined after the fact may differ from the anticipated tax rates used in this process, the reported returns may not equal the actual after-tax returns for specific clients. After-tax returns are calculated using the maximum federal and state tax rates for dividends, short-term capital gains and long-term capital gains.

Tax alpha is the benefit of loss harvesting, which is assumed to be used to offset gains inside or outside the portfolio in the period they are incurred, and thus credited to the portfolio returns. The after-tax benchmark is an estimate based upon the average capital gain realization rate and dividend yield of the index. The maximum federal and state tax rates for dividends and capital gains are utilized in the after-tax calculations.

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