

AIA S&P 600[®] (Small Cap) Strategy

QUARTERLY PORTFOLIO COMMENTARY (CASH FUNDED AFTER-TAX COMPOSITE)

US Equity markets fell in the first quarter, with the S&P 500[®] and Dow Jones Industrial Average shedding -4.3% and -0.9%, respectively. Notably, the tech-heavy Nasdaq Composite entered correction territory, falling -10.3% in the quarter as markets continue to digest the tariff-driven volatility. The Fed held rates steady, maintaining the 4.25%–4.50% range at both the January and March Federal open Market Committee (FOMC) meetings. Although inflation expectations rose, annual US inflation continued to moderate, with a reading of 2.8% in February, while the unemployment rate came in at 4.2% in March. US (Gross Domestic Product) GDP rose by an annualized rate of 2.4% in the fourth quarter of 2024, down slightly from 2.8% in the third quarter. The Atlanta Fed's GDPNow model estimates a 2.8% contraction in first quarter GDP, based on data available through the end of March. Within the S&P 500[®], energy (+9.9%), healthcare (+6.4%), and consumer staples (+5.0) were the top contributing sectors, while consumer discretionary (-13.9%), information technology (-12.7%), and communication services (-6.3%) were the largest detractors. During the quarter, value (Russell 1000[®] Value, +2.1%) sharply outperformed growth (Russell 1000[®] Growth, -10.0%) and large-cap stocks (Russell 1000[®] Index, -4.5%) held up better than small-cap stocks (Russell 2000[®], -9.5%).

During the quarter, AIA S&P 600[®] Strategy outperformed its benchmark before taxes and net-of-0.35% fees by 0.81%. The strategy significantly outperformed over the period on an after-tax and net-of-0.35%-fee basis by +4.12%. During the quarter, equity market dispersion and volatility provided significant opportunity for loss harvesting, enhancing after-tax returns. Tax alpha was positive and added +3.32% during the period

The AIA S&P 600[®] Strategy seeks to provide a pretax return similar to the performance of the S&P 600[®] Index and seeks to outperform the benchmark on an after-tax basis by proactively realizing losses and deferring gains. AIA's managers use a multi-factor algorithm to select and weight stocks to align portfolio exposures, including sector and market capitalization, to the underlying index while incorporating tax management. Individual account performance may vary due to account-level restrictions, such as security exclusions, capital gains budgets and other restrictions.

AIA S&P 600[®] (Small Cap) Strategy– Annualized Returns (as of 3/31/2025)

AIA S&P 600 [®] Cash Funded After-Tax Composite Pure Gross Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Pure Gross Return	Benchmark Return (S&P 600 [®])	Difference	Composite Pure Gross Return	Estimated Benchmark Return	Difference	
3 months	-8.04%	-8.93%	0.89%	-5.31%	-9.52%	4.21%	3.32%
1 year	-0.41%	-3.38%	2.97%	2.90%	-6.13%	9.03%	6.06%
3 years annualized	2.99%	0.71%	2.29%	8.24%	-2.01%	10.24%	7.95%
5 years annualized	15.41%	15.09%	0.32%	19.01%	11.73%	7.28%	6.96%
Since inception 05/01/2016	8.73%	8.73%	0.00%	13.81%	5.65%	8.15%	8.15%

AIA S&P 600 [®] Cash Funded After-Tax Composite Net 0.35% Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Net 0.35% Return	Benchmark Return (S&P 600 [®])	Difference	Composite Net 0.35% Return	Estimated Benchmark Return	Difference	
3 months	-8.12%	-8.93%	0.81%	-5.39%	-9.52%	4.12%	3.32%
1 year	-0.76%	-3.38%	2.62%	2.54%	-6.13%	8.67%	6.05%
3 years annualized	2.63%	0.71%	1.93%	7.86%	-2.01%	9.87%	7.94%
5 years annualized	15.01%	15.09%	-0.08%	18.60%	11.73%	6.87%	6.95%
Since inception 05/01/2016	8.35%	8.73%	-0.38%	13.41%	5.65%	7.76%	8.14%

AIA S&P 600 [®] Cash Funded After-Tax Composite Net Bundled Fee Returns ¹	Pre-Tax			After-Tax			Tax Alpha
	Composite Net Bundled Fee Return	Benchmark Return (S&P 600 [®])	Difference	Composite Net Bundled Fee Return	Estimated Benchmark Return	Difference	
3 months	-8.75%	-8.93%	0.18%	-6.03%	-9.52%	3.49%	3.31%
1 year	-3.37%	-3.38%	0.02%	-0.14%	-6.13%	5.99%	5.97%
3 years annualized	-0.05%	0.71%	-0.76%	5.05%	-2.01%	7.05%	7.81%
5 years annualized	12.03%	15.09%	-3.06%	15.53%	11.73%	3.80%	6.86%
Since inception 05/01/2016	5.53%	8.73%	-3.20%	10.47%	5.65%	4.82%	8.02%

¹ Net-of-fees performance reflects the deduction of an annual wrap program fee of 3%. This fee has been retroactively applied since inception.

AIA S&P 600[®] (Small Cap) Strategy – Market Cap Allocations (as of 3/31/2025)

Market- cap size	Percentage of total portfolio	S&P 600 [®] Index
Large (>10B)	1.11%	0.84%
Mid (2.5B to 10B)	67.40%	60.12%
Small (<2.5B)	31.48%	39.04%

Performance data shown represents past performance and is no guarantee 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.

The S&P Small Cap 600 covers approximately 3% of the domestic equities market. Measuring the small-cap segment of the market that is typically renowned for poor trading liquidity and financial instability, the index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable.

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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.

The Atlanta Fed GDPNow model is a tool that estimates the growth of the U.S. economy in real-time. It uses current economic data to predict the official GDP growth rate before it is released by the government.

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