

## AIA S&P Global 500 (Large Cap) Strategy

QUARTERLY PORTFOLIO COMMENTARY (CASH FUNDED AFTER-TAX COMPOSITE)



Global equity markets fell (MSCI World: -1.8%) during the quarter, as strong returns from both international developed (MSCI EAFE: 6.9%) and emerging markets (MSCI EM: 2.9%) were offset by negative returns in US markets (S&P 500®: -4.3%) 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. United States 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. The MSCI All Country World Index fell (-1.3%) in the first quarter, and the best-performing sectors were energy (+9.3%), utilities (+6.7%), and financials (+6.1%). The worst-performing sectors were information technology (-11.7%), consumer discretionary (-7.6%), and communication services (-2.0%). The Europe Ex UK, United Kingdom, and Emerging Markets showed strength, while the United States and Middle East experienced declines.

During the quarter, the AIA S&P Global 500 (Large Cap) Strategy outperformed its benchmark before taxes and net-of-0.35% fee by 0.39%. The strategy outperformed over the period on an after-tax net-of-0.35%-fee basis by 1.06%. During the quarter, equity market dispersion and volatility provided significant opportunity for loss harvesting, enhancing after-tax returns. Tax alpha was positive and added +0.66% during the period.

The AIA S&P Global 500 (Large Cap) Strategy seeks to provide a pretax return similar to the performance of the market-cap blended benchmark composed of the S&P 500® and S&P ADR indexes. The strategy 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 restrictions at the account level, such as security exclusions, capital gains budgets and other restrictions.

## AIA S&P Global 500 (Large Cap) Strategy – Annualized Returns (as of 3/31/2025)

AIA S&P Global 500 Cash Funded After-Tax Composite Pure Gross Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Pure Gross Return	Benchmark Return (500® + International 700 ADR)	Difference	Composite Pure Gross Return	Estimated Benchmark Return	Difference	
3 months	-2.53%	-3.01%	0.48%	-2.20%	-3.34%	1.14%	0.66%
1 year	7.37%	8.12%	-0.75%	7.66%	6.61%	1.05%	1.80%
3 years	8.99%	9.00%	0.00%	12.23%	7.42%	4.81%	4.81%
5 years	17.82%	18.09%	-0.27%	20.30%	16.36%	3.94%	4.21%
10 years	11.18%	11.33%	-0.14%	14.85%	9.82%	5.03%	5.18%
Since inception 08/01/2006	9.21%	9.12%	0.09%	11.65%	7.99%	3.66%	3.57%

AIA S&P Global 500 Cash Funded After-Tax Composite Net 0.35% Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Net 0.35% Return	Benchmark Return (500® + International 700 ADR)	Difference	Composite Net 0.35% Return	Estimated Benchmark Return	Difference	
3 months	-2.62%	-3.01%	0.39%	-2.28%	-3.34%	1.06%	0.66%
1 year	7.00%	8.12%	-1.13%	7.29%	6.61%	0.67%	1.80%
3 years	8.62%	9.00%	-0.38%	11.84%	7.42%	4.42%	4.80%
5 years	17.42%	18.09%	-0.67%	19.89%	16.36%	3.53%	4.20%
10 years	10.80%	11.33%	-0.53%	14.45%	9.82%	4.64%	5.16%
Since inception 08/01/2006	8.83%	9.12%	-0.29%	11.26%	7.99%	3.27%	3.56%

AIA S&P Global 500 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 (500® + International 700 ADR)	Difference	Composite Net Bundled Fee Return	Estimated Benchmark Return	Difference	
3 months	-3.27%	-3.01%	-0.26%	-2.93%	-3.34%	0.41%	0.66%
1 year	4.21%	8.12%	-3.91%	4.49%	6.61%	-2.12%	1.79%
3 years	5.79%	9.00%	-3.21%	8.94%	7.42%	1.52%	4.73%
5 years	14.38%	18.09%	-3.71%	16.80%	16.36%	0.43%	4.14%
10 years	7.92%	11.33%	-3.41%	11.49%	9.82%	1.67%	5.08%
Since inception 08/01/2006	5.99%	9.12%	-3.12%	8.37%	7.99%	0.38%	3.50%

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

## AIA S&P Global 500 Strategy (Large Cap) – Market Cap Allocations (as of 3/31/2025)

Market cap size	Percentage of total portfolio
Large (>10B)	100.00%
Mid (2.5B to 10B)	0.00%
Small (<2.5B)	0.00%

**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 benchmark is a blended between the S&P 500® Index and the S&P ADR Index. S&P 500® Index is a widely recognized measure of US stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors. It also measures the performance of the large-cap segment of the US equities market. 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® 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® companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000® 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® companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® 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® represents approximately 92% of the US market. The Russell 1000® 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® Index is an unmanaged index that measures the performance of the small-cap segment of the US equity universe.

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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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**NIM-05052025-sdewa7yy**  
**Exp. 8/15/25**  
**P-AIASPG503-0325**