



# Portfolio Review

Prepared for:  
NCCU Endowment

March 24, 2023

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Section

1

# Firm Background

### Our Mission

We strive to serve our clients as a trusted solutions partner with investment excellence generated by diverse and entrepreneurial professionals.



### A Force Multiplier for Alpha and Diversity

211

Our multi-manager platform has funded over **211 strategies**, with over **63%** offered by diverse and / or woman owned firms

79%

Xponance proudly employs **43** professionals, more than **79%** of whom are diverse and / or women

### Investment Solutions Profile



Active Global Equities



Systematic Global Equities



U.S. Fixed Income



Xponance Alts Solutions



Aapryl: Empowering Portfolio Solutions

### Key Milestones & Highlights

- More than \$13.5 billion AUM<sup>1</sup>
- Rebranded to Xponance following strategic acquisitions
- Signatory of PRI
- 100% employee owned
- Initiated market pioneering multi-manager platform focused on emerging and diverse managers

FIS Group founded in 1996 by Tina Byles Williams

FIS GROUP

<sup>1</sup> As of December 31, 2022

# Xponance Overview

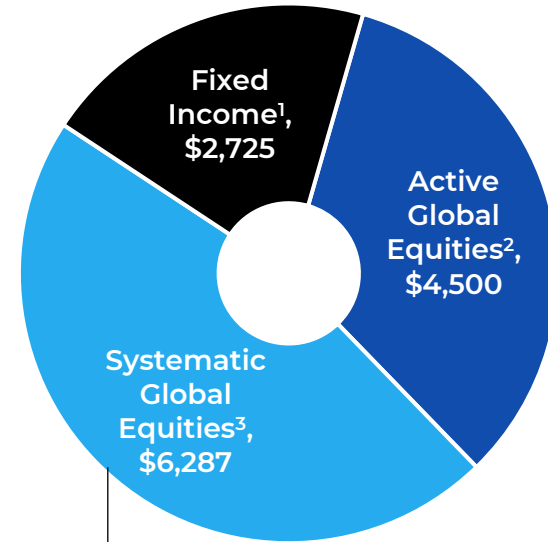
## Firm Background

- **Xponance** is derived from the word “exponent”, which means:
  - a zealous **champion for our clients**
  - **Higher level client engagement** with a broader array of solutions to meet their investment needs
- **Woman and diverse owned** investment manager founded in 1996 by Tina Byles Williams
- **Principles of Responsible Investing** (PRI) Signatory
- **Entrepreneurial culture** fostered by a strong commitment to investments and client service
- **Financial strength** to re-invest in the businesses
- **Alignment with client interests** through ownership by our professionals (ESOP)
- **Duty to serve and improve our communities**



## Assets Under Management & Advisement: \$13.5 Billion

All assets as of 12/31/22 (Asset details below in Millions)



Strategy Carveouts Included in Systematic Global Equities (\$mm)	
Active	\$415
Passive	\$5,872

Strategy Carveouts Included in Active Global Equities (\$mm)	
International Equity	\$1,044
EAFE	\$2,437
International Small Cap Equity	\$512
Emerging Markets Equity	\$257
Global Equity	\$484

<sup>1</sup>Fixed Income Assets include \$116 Million in Non-Discretionary assets as of 12/31/22.

<sup>2</sup>Active Global Equities Assets under management (“AUM”) are assets for which Xponance has full discretion to hire and terminate sub-advisors, \$4.3B as of 12/31/22. Assets under Advisement (“AUA”) for the Active Global Equities platform includes \$215.4M of non-discretionary assets as of 12/31/22. Additionally, the platform’s AUM includes directly managed non-fee-paying assets as of \$1.9M as of 12/31/22.

<sup>3</sup>Systematic Global Equities Assets includes \$323 Thousand in Non-Discretionary assets as of 12/31/22, which is defined as Assets under Advisement (“AUA”).

# Xponance Management Team

## Firm Background



**Tina Byles Williams**

CEO & CIO  
Chair of Management Committee



**McCullough Williams, III**

President & Chief  
Operating Officer



**Marquette Chester**

Senior Managing Director  
Head of Alternatives



**Sumali Sanyal, CFA®\***

Managing Director  
Senior Portfolio Manager,  
Systematic Global Equities



**Leonard J. Oremland**

Managing Director,  
Head of Distribution



**Lisa Hinds**

Managing Director,  
Client Engagement and  
Sustainability



**Charles L. Curry, Jr.**

Managing Director  
Senior Portfolio Manager,  
US Fixed Income



**Thomas Quinn, CFA®\***

Managing Director  
Senior Portfolio Manager,  
Tactical and Multi-Manager  
Strategies



**Genie Logue**

Chief Financial Officer



**Michelle Goss**

Director, Human Resources



**Shalonda Epps, CIPM®**

Director, Portfolio  
Operations and  
Reporting



**Cesar Gonzales, Jr., CMFC**

Director  
Manager Development and  
Client Portfolio Manager



**Shelley Simms, Esq.,  
IACCP®**

General Counsel & Chief  
Compliance Officer



**David Andrade**

Chief Technology Officer  
General Manager of Aapryl

# Investment Teams

## Firm Background

### Active Global Equities

### Systematic Global Equities

### U.S. Fixed Income

#### PORTFOLIO MANAGEMENT TEAM



**Tina Byles Williams**  
CIO, Lead Portfolio Manager and  
Chair of Investment Committee



**Sumali Sanyal, CFA®\***  
Managing Director  
Sr. Portfolio Manager,  
Systematic Global Equities



**Charles L. Curry, Jr.**  
Managing Director, Sr. Portfolio Manager,  
US Fixed Income



**Thomas Quinn, CFA®\***  
Managing Director  
Sr. Portfolio Manager,  
Tactical and Multi-Manager Strategies



**Cameron F. McLennan, CFA®\***  
Director, Sr. Portfolio Manager,  
Systematic Global Equities



**Noel McElreath, CFA®\***  
Director, Sr. Portfolio Manager,  
US Fixed Income



**Cesar Gonzales, Jr., CMFC**  
Director  
Manager Development and Client  
Portfolio Manager

#### INVESTMENT TEAM



**Tracy Cao, CFA®\***  
Vice President  
Team Lead Manager Research,  
Multi-Manager Strategies



**Bin Cheng, CFA®\***  
Vice President, Team Lead  
Quantitative Research Group



**John Gagliardi**  
Assistant Portfolio Manager,  
US Fixed Income



**Adam Choppin, CFA®\*, APFI**  
Vice President  
Assistant Portfolio Manager  
Multi-Manager Strategies



**Serena Li, CFA®\***  
Quantitative Analyst,  
Systematic Global Equities



**Corey Moore, CFA®\***  
Assistant Portfolio Manager,  
US Fixed Income



**Omaar Poitevian**  
Lead Manager Operations  
Research Specialist

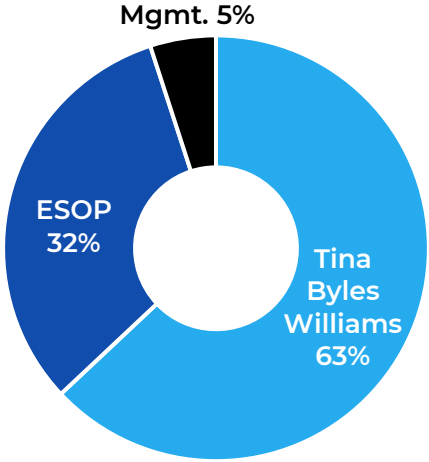


**Sharna Dobney**  
Junior Research Analyst

# Building Ownership and Stakeholder Accountability

## Current Ownership

Employee	Title	Ethnicity & Gender	Current Ownership
● Tina Byles Williams	CEO & CIO Founder	African American female	63%
● Employee Stock Ownership Plan (ESOP)	n/a	Majority Women & Diverse persons	32%
● Management	n/a	Women & Diverse persons	5%
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>100</b>



## Benefits

Client Interest Alignment

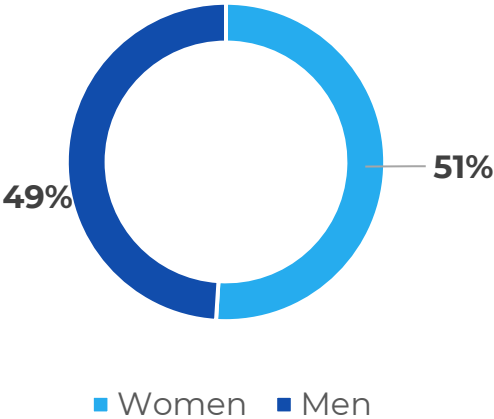
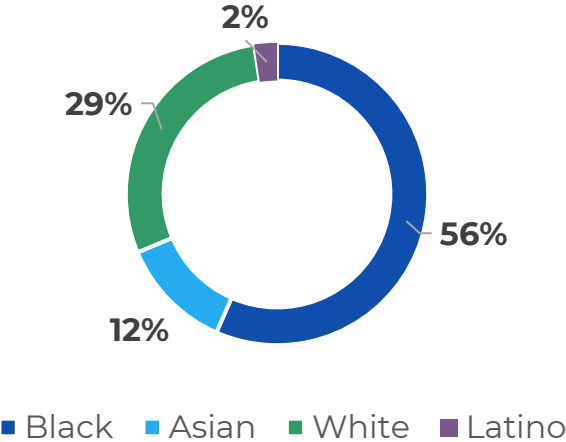
Accountability

Business Continuity

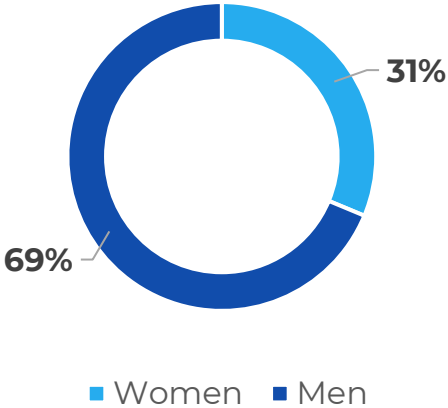
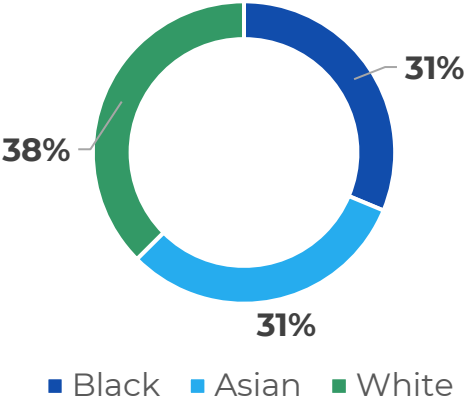


# Diversity Is Core to the Xponance Identity

## Firmwide Employees



## Investment Teams



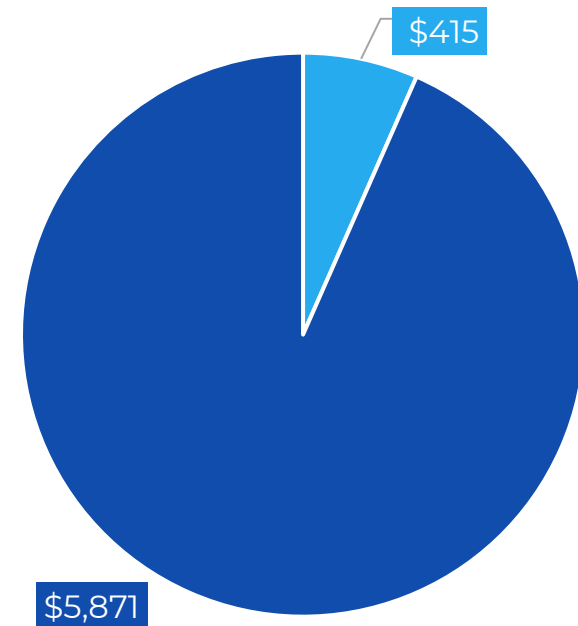
# Strategies & AUM At-A-Glance

As of 12/31/2022

Systematic Equities

Active Strategies	Inception Date	AUM (\$mm)
• Market Plus- Large Cap Core Equity	Jan 2002	\$321
• Quality Value	Oct 2012	\$0.07
• Equity Income	April 2021	\$12
• Optimized SMID Core	Nov 2007	\$0.73
• Optimized Small Cap Core	Dec 2013	\$0.14
• ESG Strategies	Oct 2020	\$81
Passive Strategies	Inception Date	AUM (\$mm)
• S&P 500 Index	Jan 2017	\$2,332
• S&P 500 Index Equal Weighted	July 2022	\$111
• S&P 500 Value Index	Sept 2022	\$52
• S&P 400 Index	Nov 2018	\$203
• Russell 1000 Index	July 2021	\$901
• Russell 1000 Growth Index	Oct 2018	\$1,743
• Russell 1000 Value Index	Mar 2018	\$10
• Russell 2000 Index	May 2018	\$112
• Russell 3000 Index	July 2022	\$318
• MSCI USA	July 2021	\$32
• MSCI World ex USA	July 2020	\$22
• FTSE RAFI US 1000	Sept 2022	\$4
• ESG Strategies	Oct 2020	\$31

**\$6.29B for 46 Clients**



■ Active Strategies (\$mm)  
■ Passive Strategies (\$mm)

# Representative Clients<sup>1</sup>

As of 12/31/2022

Firm Background

Blue Ridge Healthcare Hospitals, Inc.  
California State Teachers' Retirement System  
Chicago Transit Authority Healthcare and Retirement Trust  
Cook County Employees' and Officers' Annuity and Benefit Fund  
Edison International  
Employees Retirement System of the City of St. Louis  
Employers-ILA North Carolina Ports Pension Plan  
Exelon Corporation  
Fulton DeKalb Hospital Authority  
Georgia Stevedore Association – ILA Pension Fund  
Illinois Municipal Retirement Fund  
International Longshoremen's Association (AFL-CIO) Employer Benefit Funds, Southeast Florida Ports  
Lilly  
Maritime Association – ILA  
Massachusetts Pension Reserves Investment Management Board  
National Education Association  
New Orleans Employers' ILA Pension Fund

New York City Board of Education Retirement System  
New York City Firemen's Pension Fund  
New York City Police Pension Fund  
New York State Common Retirement Fund  
New York State Teachers' Retirement System  
Pennsylvania State Employees' Retirement System  
Police & Fire Retirement System City of Detroit  
PSEG Nuclear Decommissioning Trust  
Public School Retirement System of the City of St. Louis  
Retirement System City of Detroit  
St. Ignatius College Prep  
State Retirement System of Maryland  
State Universities' Retirement System of Illinois  
Teachers' Retirement System of the City of New York  
The Auto Club Group  
Transit Employees Retirement Plan



<sup>1</sup> Performance based data was not used in the selection of these clients. All active global equity clients are included, unless we are precluded from doing so. Certain US equity and US fixed income clients are listed based on their tenure with Xponance. Previously, the US equity and US fixed income clients were managed by Piedmont Investment Advisors, which was acquired by predecessor firm FIS Group in August 2018. This client list does not represent client approval or disapproval of Xponance or the investment services provided.

# Community Engagement

## Firm Background



**A Good Measure  
FOUNDATION™**  
An Xponance® Foundation

- As a leading advocate for diversity and inclusion, Xponance is committed to active community service and volunteerism
- The firm's **"A Good Measure Foundation"**, and our employee-owners, actively support non-profit partners that serve under-resourced and marginalized communities, foster financial literacy, and educate youth to build leadership skills. These partners include:

## Girls Who Invest

- Hosting intern in Durham office who will work with the fixed income team
- 2022 is year 2 of Black Girls Who Invest, in partnership with Penn Towne Links Chapter



## Emerging Leaders Program

- Provide coaching and mentorship to Bronx high school students on entrepreneurship and careers in financial services

### Panelist Names:

Xponance	JP Morgan Chase		
Kila Weaver	Ellen Wood	Phil Hart	Maggie Williams
Adam Chopping	Matt Schmidt	Chris Carter	Paul Trethaway
Elisha Jennings	Bridget Farrell	Karen Coyle	Mateusz Chrobok
	Michael Yuan		

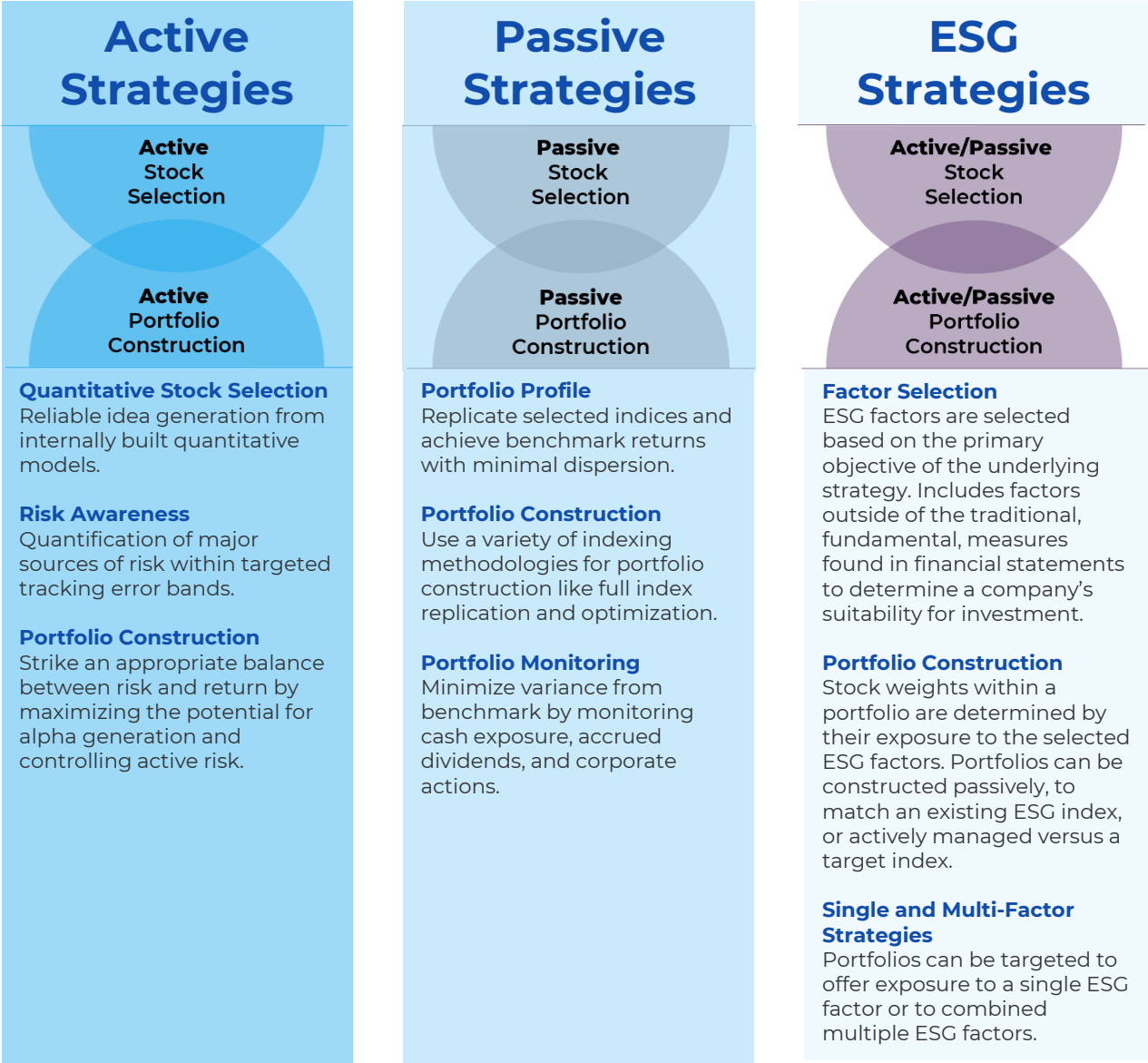
### Intro Comments:

- Name
- Role
- College and Major
- What you wanted to be when you were in 10th Grade

## Philabundance & Food Bank of Central and Eastern North Carolina

- Volunteer opportunities for our teams to serve organizations addressing food insecurity





# ESG Initiatives – Systematic Global Equities

Signatory of:



Xponance became a PRI Signatory on May 7<sup>th</sup>, 2021.

## ESG Data Sources



**As You Sow** is a non-profit leader in shareholder advocacy. Under an exclusive agreement with As You Sow, their **Racial Justice and Workplace Equity Scores** are used to create strategies focused on DEI issues.



**ESG Risk Ratings** from **Sustainalytics** measure a company's exposure to material ESG risks and how well a company is managing those risks. These ratings are used in all our active strategies.

The Carbon Underground 200™

**The Carbon Underground 200** from **FFI Solutions** identifies the top global publicly-owned coal, oil, and gas reserves owners ranked by the carbon emissions embedded in their reserves.

## ESG Strategies

**Factor Selection**



**Portfolio Construction**



**Single or Multi-Factor Strategies**

PASSIVE

IMPLEMENTATION

ACTIVE

*Both Portfolio Managers on the Systematic Global Equities Platform have obtained the CFA Institute Certificate in ESG Investing. This certification offers both practical application and technical knowledge in the fast-growing field of ESG investing.*

Section

2

# Portfolio in Action

### Performance (%)

	Gross of Fees	Net of Fees	S&P 500	Gross Excess Returns	Net Excess Returns
<b>2023</b>					
YTD as of 2/28/23	0.53	0.46	3.69	-3.16	-3.23
<b>2022</b>					
4Q 2022	10.47	10.35	7.56	2.91	2.79
3Q 2022	-5.13	-5.23	-4.88	-0.25	-0.35
2Q 2022	-12.26	-12.36	-16.10	3.84	3.74
1Q 2022	-4.80	-4.90	-4.60	-0.20	-0.30
<b>Annualized Trailing Periods as of 2/28/23</b>					
Trailing 1-Year	-3.94	-4.37	-7.69	3.75	3.32
Trailing 3-Year	11.86	11.35	12.15	-0.29	-0.80
Trailing 5-Year	8.26	7.78	9.82	-1.56	-2.04
Trailing 7-Year	8.26	7.78	9.82	-1.56	-2.04
Since Inception*	10.92	10.43	11.47	-0.55	-1.04

\*Inception Date 7/31/2013

### Equity Assets

<b>Value on Funding Date (7/31/2013)</b>	<b>\$</b>	<b>3,052,845</b>
Contributions since Inception	\$	4,904,132
Withdrawals since Inception	\$	(488,262)
<b>Growth in Assets Since Inception</b>	<b>\$</b>	<b>3,067,696</b>
<b>Current Value (2/28/2023)</b>	<b>\$</b>	<b>10,536,411</b>

\*Inception Date 7/31/2013

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. A complete list of firm composites and performance results is available upon request. Please refer to the GIPS® reports for additional performance information which are included in Section 5.

Note: On 07/31/13, the account moved to 50% Equity Income and 50% Strategic Core

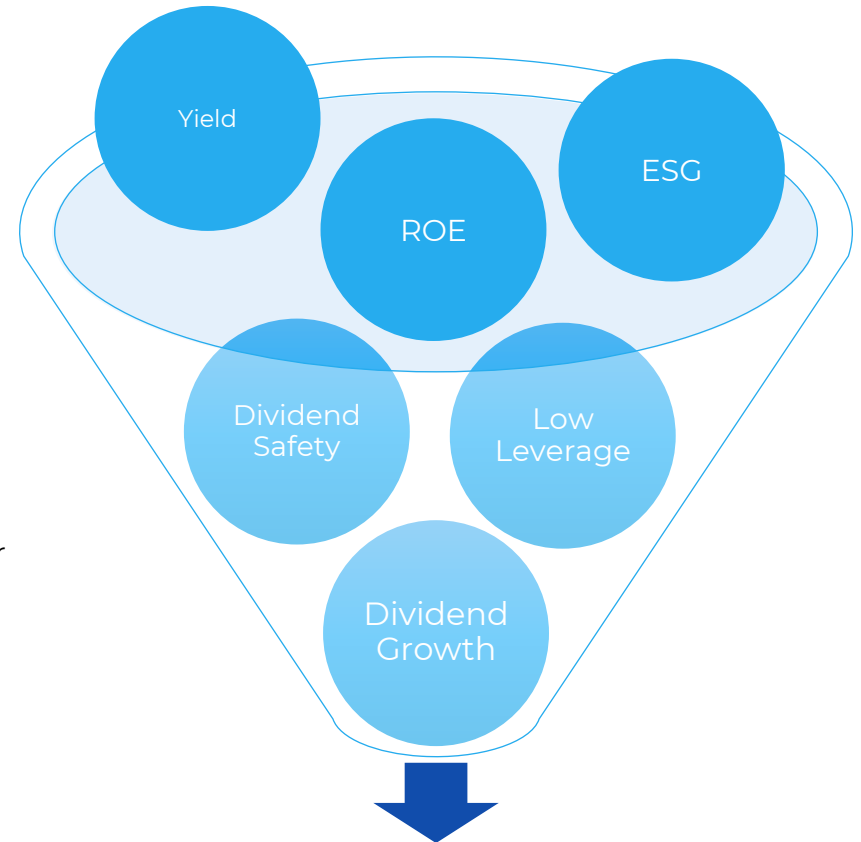
On 02/26/19, the account was 89% Equity Income and 11% Strategic Core

On 03/29/19, the account became 100% Equity Income per Board's vote



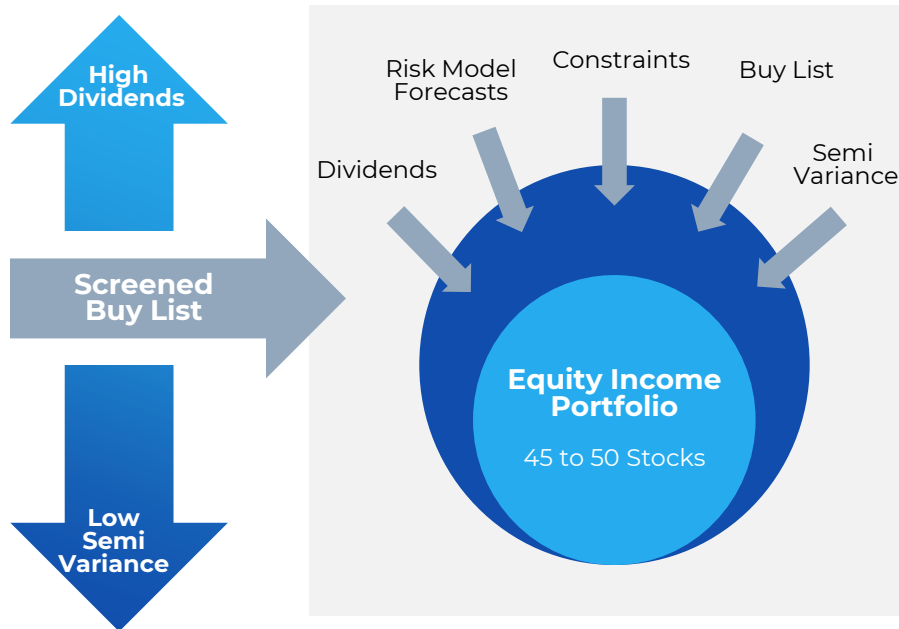
## Security Selection

- **Strong Current Dividend Yield** – Include only those stocks that pay dividends and have an emphasis on creating value for shareholders
- **High Quality with Stable Balance Sheet & Low Leverage:** Avoid stocks with high debt/equity ratio
- **Strong Profitability** – Focus on stocks with strong Return-on-Equity (ROE)
- **Dividend Security & Coverage** – Only include stocks with sufficient Free Cash Flow to sustain and/or grow dividends
- **Dividend Growth & Strong Track-Record of Growing Dividends** – Only include stocks that have raised their dividends at least once over the last 5 years and avoid those that have cut dividends anytime over the last 5 years.
- **ESG** – Have a better ESG footprint than the benchmark and avoid stocks with severely negative ESG scores



**Portfolio Construction:  
Risk Management &  
Optimization**

### Optimization Achieves the Desired Trade-offs Between Risk and Return



- We use an optimizer to build a portfolio from the buy list stocks, subject to targeted parameters for:
  - Tracking error
  - Beta
  - Active position sizes
  - Cash
  - GICS Sectors & Industries
  - Number of Holdings
  - Other client guidelines and/or restrictions
- Quarterly Rebalancing
  - Annual Turnover 50%

Section

3

# Investment Proposal

- The current Equity Income strategy is a large cap strategy oriented primarily towards owning names that pay dividends, have strong balance sheets, and high profitability.
- The market regime has shifted to become more inflationary in the post-pandemic era. We have also experienced a corresponding rise in interest rates after more than a decade of a low-interest rate environment after the great financial crisis of 2008.
- Given the change in the market environment, we propose the creation of a more diversified portfolio by increasing the exposure to smaller names that have a higher probability of outperformance in an inflationary environment.
- We are proposing two options - (1) 60% Equity Income and 40% SMID; or (2) 60% Market Plus and 40% SMID
- We discuss the rationale for these options in the following slides

# Equity Income, Market Plus, Optimized SMID

Investment Proposal

	Equity Income	Market Plus	Optimized SMID
<b>Inception Date</b>	09/30/2012	12/31/2001	10/31/2007
<b>Assets in Strategy</b>	\$12 Million	\$321 million	\$0.73 million
<b>Benchmark</b>	S&P 500	S&P 500	Russell 2500
<b>Predicted Tracking Error</b>	4% to 7% vs. benchmark	1% to 2% vs. benchmark	3% to 5% vs. benchmark
<b>No. of Stocks</b>	45-50	100-175	85-100
<b>Sector Weights</b>	Benchmark $\pm$ 5%	Benchmark $\pm$ 2%	Benchmark $\pm$ 4%
<b>Annual Turnover</b>	50% to 60%	70% to 80%	100% to 110%
<b>Stock Selection Methodology</b>	Buy Screen Focused on Dividend Growth, Dividend Coverage, Low Leverage, Profitability	Machine Learning Stock Selection Models Focused on Reasonable Valuations, Strong Earnings Growth, High Quality	Machine Learning Stock Selection Models Focused on Reasonable Valuation, Strong Earnings Growth, High Quality

# Correlation of Equity Income with Dividends

S&P 500 Index	2014	2015	2016	2017	2018	2019	2020	2021	2022	02/28/23
<b>DIVIDEND PAYERS</b>	13.54	-0.85	13.75	20.20	-5.75	31.83	14.84	31.24	-11.11	1.87
<b>NO DIVIDEND</b>	<u>14.95</u>	<u>14.28</u>	<u>2.64</u>	<u>30.00</u>	<u>1.51</u>	<u>29.84</u>	<u>30.98</u>	<u>21.63</u>	<u>-39.03</u>	<u>11.25</u>
<b>S&amp;P 500</b>	13.70	1.38	11.96	21.83	-4.38	31.49	18.40	28.70	-18.11	3.69
<b>Dividend versus No Dividend</b>	<b>-1.41</b>	<b>-15.14</b>	<b>11.11</b>	<b>-9.80</b>	<b>-7.26</b>	<b>1.99</b>	<b>-16.15</b>	<b>9.62</b>	<b>27.92</b>	<b>-9.38</b>
<b>Equity Income Return</b>	13.59	1.69	16.62	20.93	-5.83	26.99	8.88	29.57	-12.44	0.53
<b>Equity Income versus S&amp;P 500</b>	<b>-0.11</b>	<b>0.31</b>	<b>4.66</b>	<b>-0.90</b>	<b>-1.44</b>	<b>-4.50</b>	<b>-9.52</b>	<b>0.86</b>	<b>5.67</b>	<b>-3.16</b>
<b>S&amp;P 500 Weight - Average</b>										
<b>DIVIDEND PAYERS</b>	85.65	84.25	82.99	82.17	79.92	80.45	75.55	74.00	77.76	79.43
<b>NO DIVIDEND</b>	<u>14.35</u>	<u>15.75</u>	<u>17.01</u>	<u>17.83</u>	<u>20.08</u>	<u>19.55</u>	<u>24.45</u>	<u>26.00</u>	<u>22.24</u>	<u>20.57</u>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: FactSet

- The Equity Income Strategy is highly correlated with the performance of the dividend factor
- The exposure of the benchmark to dividend paying companies has decreased over time

Dividend Yield - Interest Rate Periods				
Rising Rate Periods		10yr rate		Dividend Yield
Start	End	Start	End	
Sep-1998	Jan-2000	4.42	6.67	-2.1%
May-2003	Jun-2006	3.37	5.14	-3.0%
Dec-2008	Dec-2009	2.21	3.84	-1.1%
Jul-2012	Dec-2013	1.47	3.03	-1.5%
Jul-2016	Oct-2018	1.45	3.14	-0.2%
Jul-2020	Dec-2022	0.53	3.88	-3.2%
<b>Average Monthly Return - Rising Rates</b>				<b>-0.1%</b>

Falling Rate Periods		10yr rate		Dividend Yield
Start	End	Start	End	
Jan-2000	May-2003	6.67	3.37	2.9%
Jun-2006	Dec-2008	5.14	2.21	-1.4%
Dec-2009	Jul-2012	3.84	1.47	0.1%
Dec-2013	Jul-2016	3.00	1.45	0.5%
Oct-2018	Jul-2020	3.14	0.54	-3.4%
<b>Avg Monthly Return - Falling Rates</b>				<b>0.0%</b>

Source: FactSet, Qontigo, Bloomberg

- The Dividend Yield factor tends to underperform in rising rate environments. 23

S&P 500 and Russell 2500 - Interest Rate Periods					
Rising Rate Periods		10yr rate		S&P 500	Russell 2500
Start	End	Start	End		
Sep-1998	Jan-2000	4.42	6.67	39.4%	42.4%
May-2003	Jun-2006	3.37	5.14	39.2%	72.5%
Dec-2008	Dec-2009	2.21	3.84	26.5%	34.4%
Jul-2012	Dec-2013	1.47	3.03	38.3%	49.9%
Jul-2016	Oct-2018	1.45	3.14	35.3%	31.1%
Jul-2020	Dec-2022	0.53	3.88	28.8%	30.1%
<b>Average Monthly Return - Rising Rates</b>				1.3%	1.6%

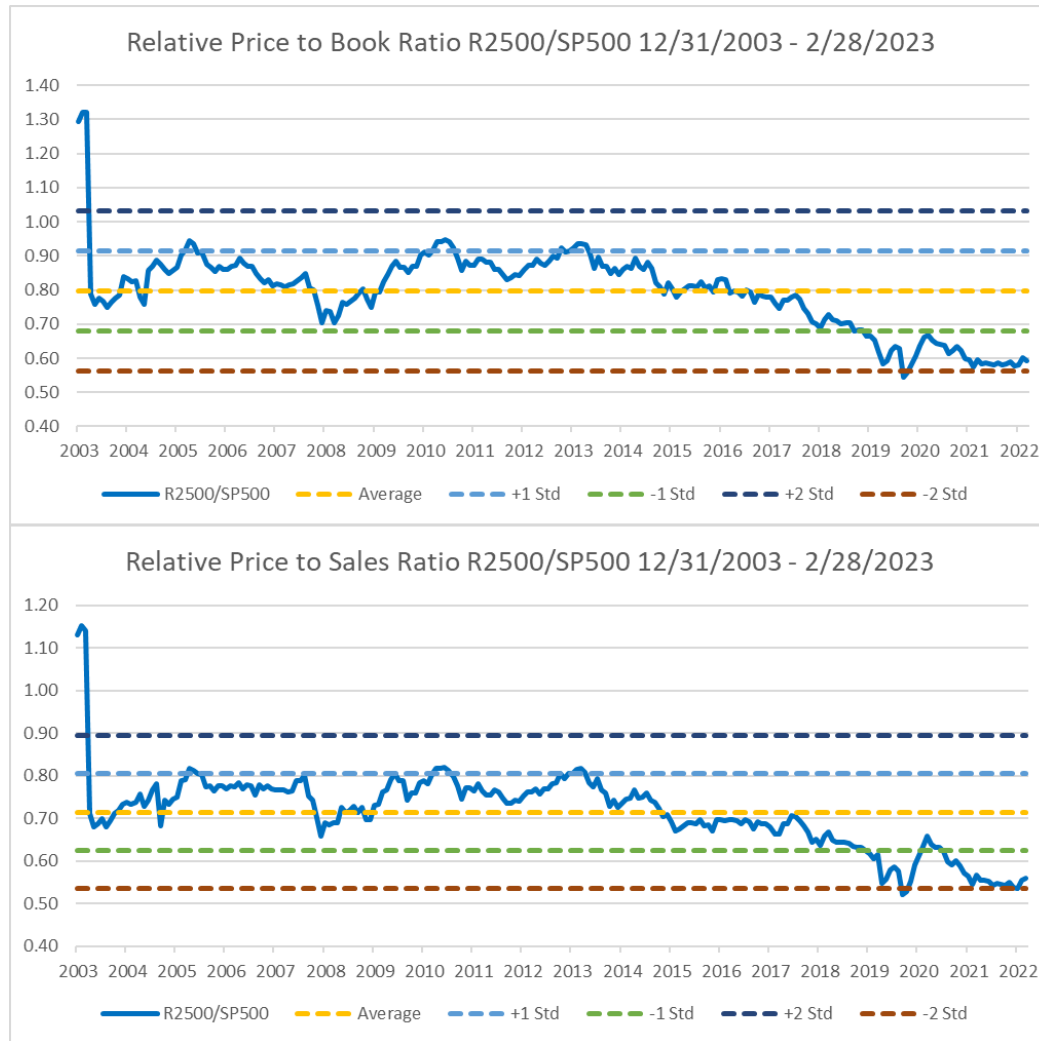
Falling Rate Periods		10yr rate		S&P 500	Russell 2500
Start	End	Start	End		
Jan-2000	May-2003	6.67	3.37	-27.5%	1.9%
Jun-2006	Dec-2008	5.14	2.21	-25.1%	-30.0%
Dec-2009	Jul-2012	3.84	1.47	30.4%	32.9%
Dec-2013	Jul-2016	3.00	1.45	24.1%	13.7%
Oct-2018	Jul-2020	3.14	0.54	25.0%	7.2%
<b>Avg Monthly Return - Falling Rates</b>				0.6%	0.5%

Source: FactSet, Bloomberg

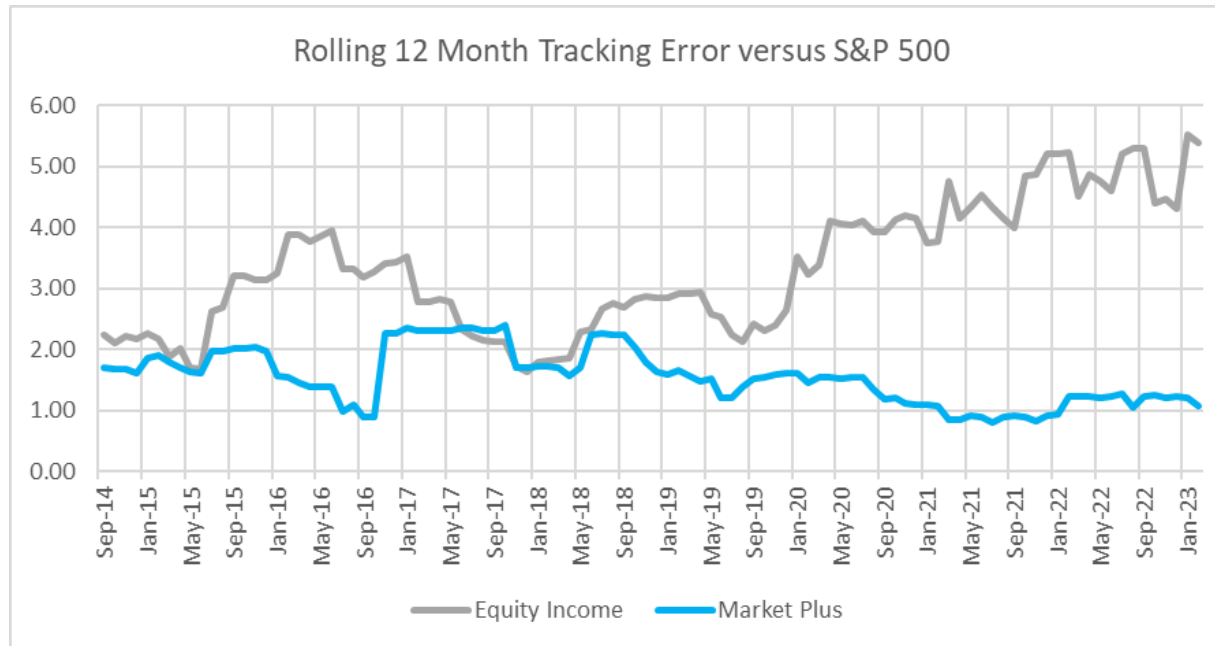
- Small/Mid cap (SMID) companies perform better than large cap companies in rising rate environments.



# Why add exposure to SMID cap names?



- **SMID cap stocks are significantly undervalued versus large cap**



- Tracking Error is a measure of volatility of excess returns versus the benchmark (S&P 500)
- The Market Plus strategy is more diversified and less volatile when compared to the Equity Income Strategy

Performance Summary						Versus Equity Income	
Calendar Year	Equity Income	Market Plus	SMID	60/40	60/40	60/40	60/40
				Equity Income/SMID	Market Plus/SMID	Equity Income/SMID	Market Plus/SMID
2014	13.6%	16.9%	11.2%	12.7%	14.6%	-0.9%	1.0%
2015	1.7%	2.1%	-2.0%	0.3%	0.5%	-1.4%	-1.2%
2016	16.6%	12.8%	17.5%	17.0%	14.7%	0.4%	-1.9%
2017	20.9%	25.6%	23.5%	22.0%	24.8%	1.1%	3.9%
2018	-5.8%	-6.5%	-8.0%	-6.6%	-7.0%	-0.8%	-1.2%
2019	27.0%	28.8%	36.7%	30.9%	32.0%	3.9%	5.0%
2020	8.9%	14.3%	4.1%	7.2%	10.3%	-1.7%	1.4%
2021	29.6%	29.5%	34.6%	31.7%	31.6%	2.1%	2.0%
2022	-12.4%	-19.5%	-8.6%	-10.8%	-15.2%	1.7%	-2.8%
YTD (02/28/23)	0.5%	3.9%	7.7%	3.4%	5.4%	2.9%	4.9%
<b>Cumulative (annualized)</b>	<b>11.1%</b>	<b>11.5%</b>	<b>12.4%</b>	<b>11.7%</b>	<b>11.9%</b>	<b>0.6%</b>	<b>0.8%</b>

- A combination of Equity Income and SMID or Market Plus and SMID result in better performance and a more diversified exposure to the equity market.

- Given the large cap and dividend growth orientation of the current strategy, we recommend diversifying the exposure of the portfolio to increase the potential for return generation.
- As a first step, we recommend moving 40% of the current portfolio's exposure to SMID to take advantage of an inflationary and rising rate environment.
- An optional second step would be to move the remaining 60% of the portfolio to a more diversified large cap strategy like Market Plus which has the potential to adapt to changes in style and factor performance and get exposure to outperforming companies regardless of their dividend orientation.
- We therefore request that you choose one of the two proposed options -
  - 60% Equity Income and 40% SMID; or**
  - 60% Market Plus and 40% SMID**

Section

4

**Appendix**

---

# Market Plus

### Market Plus can serve as an Anchor Strategy in a Plan's Asset Allocation

#### Strategy At-A-Glance

Inception Date	December 31, 2001
Strategy AUM as of 12/31/22	\$321M
Capitalization	Large Cap Core
Holdings	100 – 175 stocks
Expected Tracking Error	1% to 2% vs. S&P 500
Economic Sector Range	±2% pts of S&P 500

- Targets middle ground between active and passive strategies
- Goal of converting majority of tracking error into excess return
- Seek to Outperform benchmark while maintaining comparable volatility
- Deliver through a consistent and systematic process
- Capacity to manage significant capital at low fees

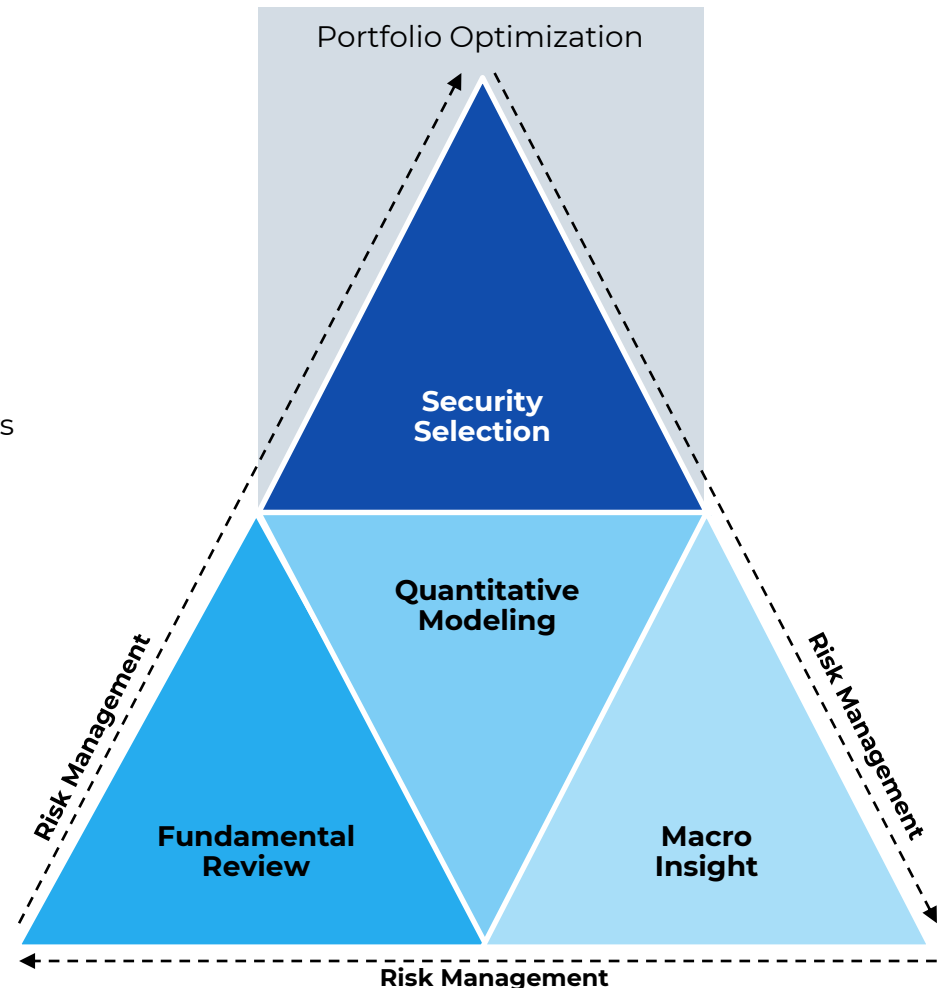
# Xponance's Risk Aware Philosophy

Market Plus

Our **investment philosophy** focuses on striking an appropriate balance between risk and return in our management of clients' portfolios.

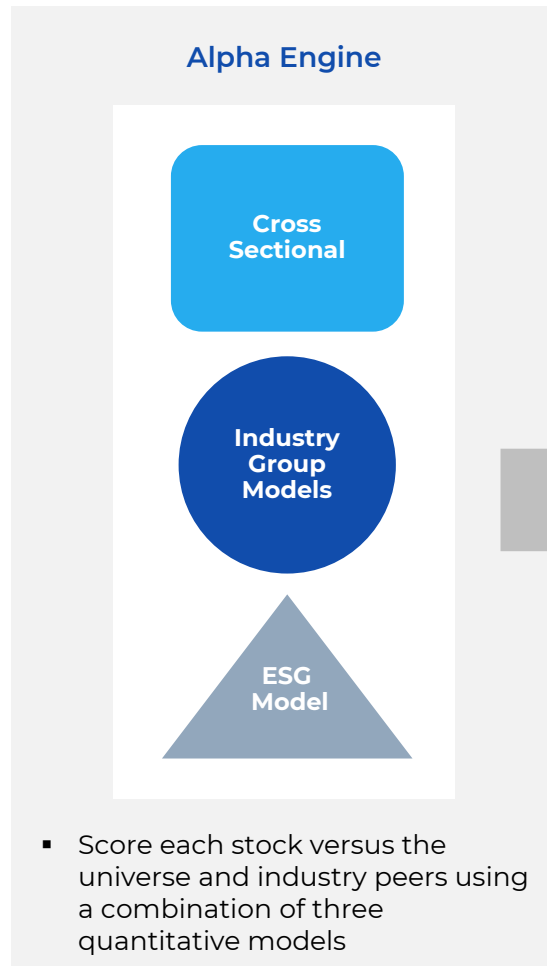
The elements of this philosophy include:

- Emphasis on security selection
- Quantification of major sources of risk
- Diversification as a means of managing common factor risk without reducing expected returns
- Controlling tracking error while gaining exposure to the factors in our quantitative models

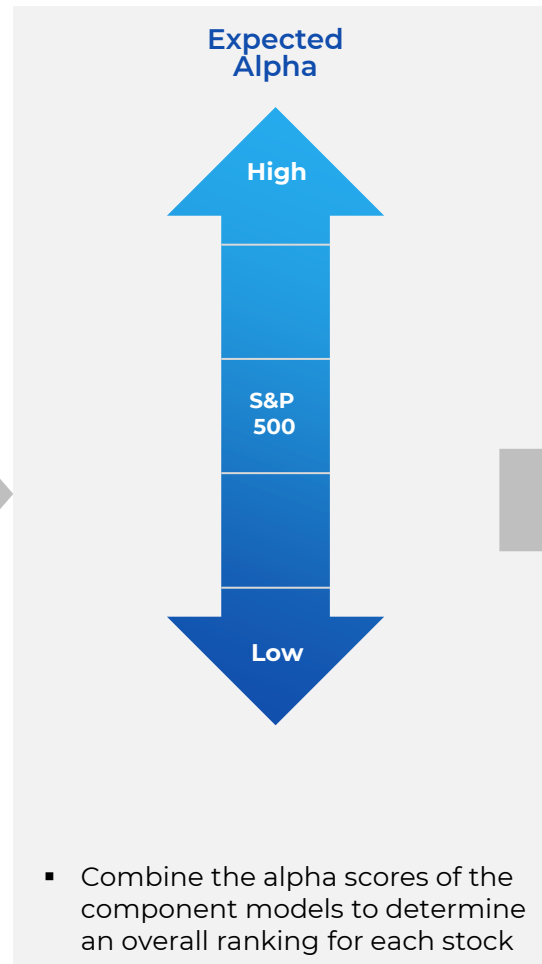




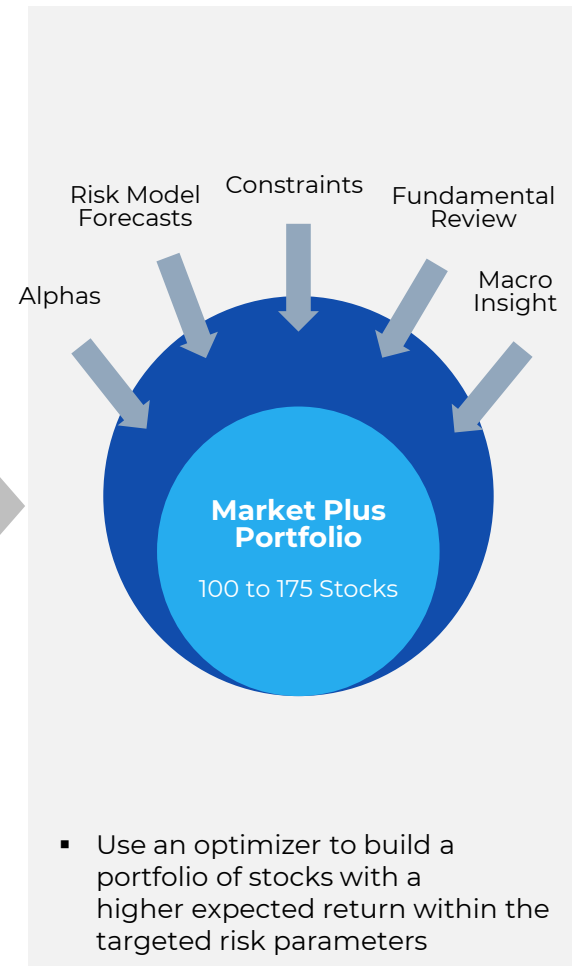
## Score Stocks on Multiple Dimensions



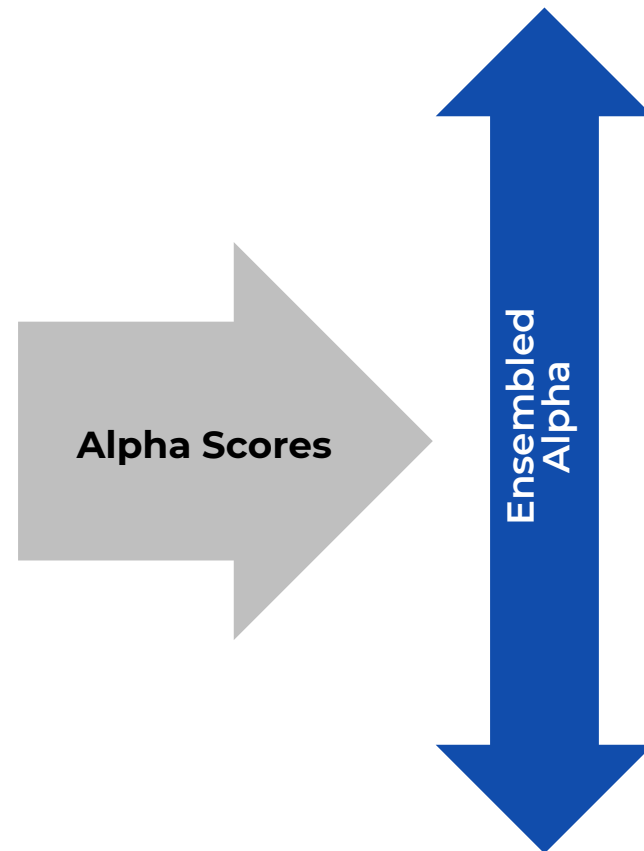
## Rank Stocks Based on Combined Alpha Score



## Construct the Optimal Portfolio



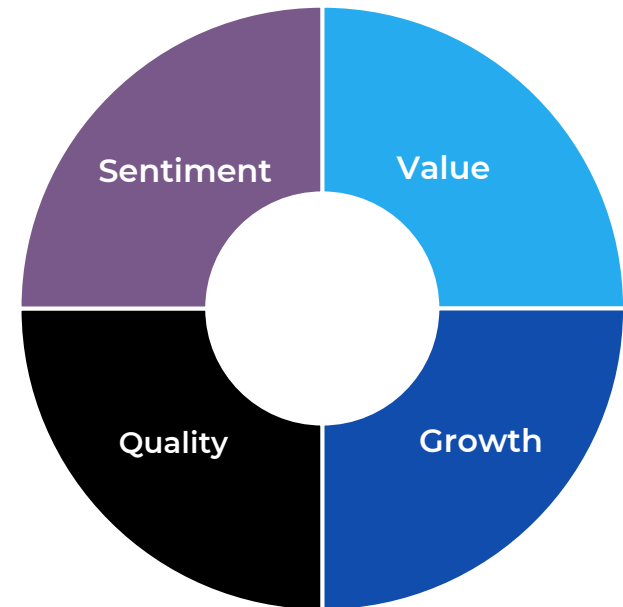
Dynamic Model Ranks Stocks in the Universe Using 3 Equally Weighted Dimensions: Size, Style, Time



## Model Highlights

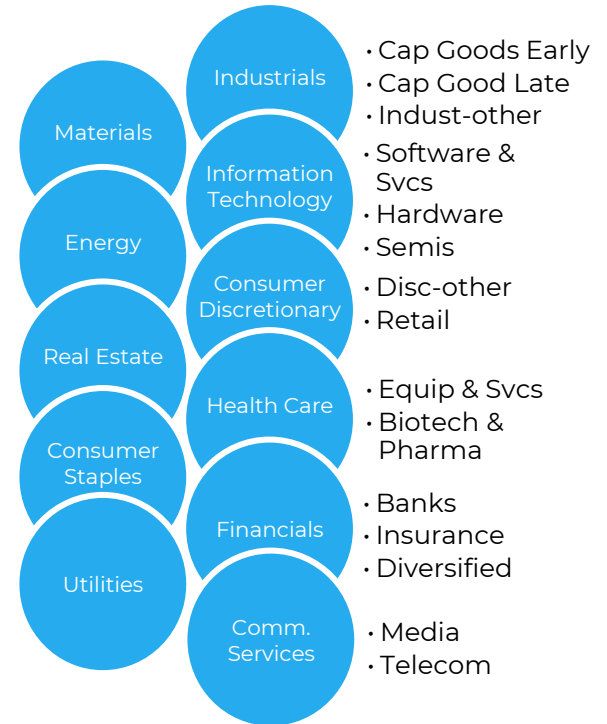
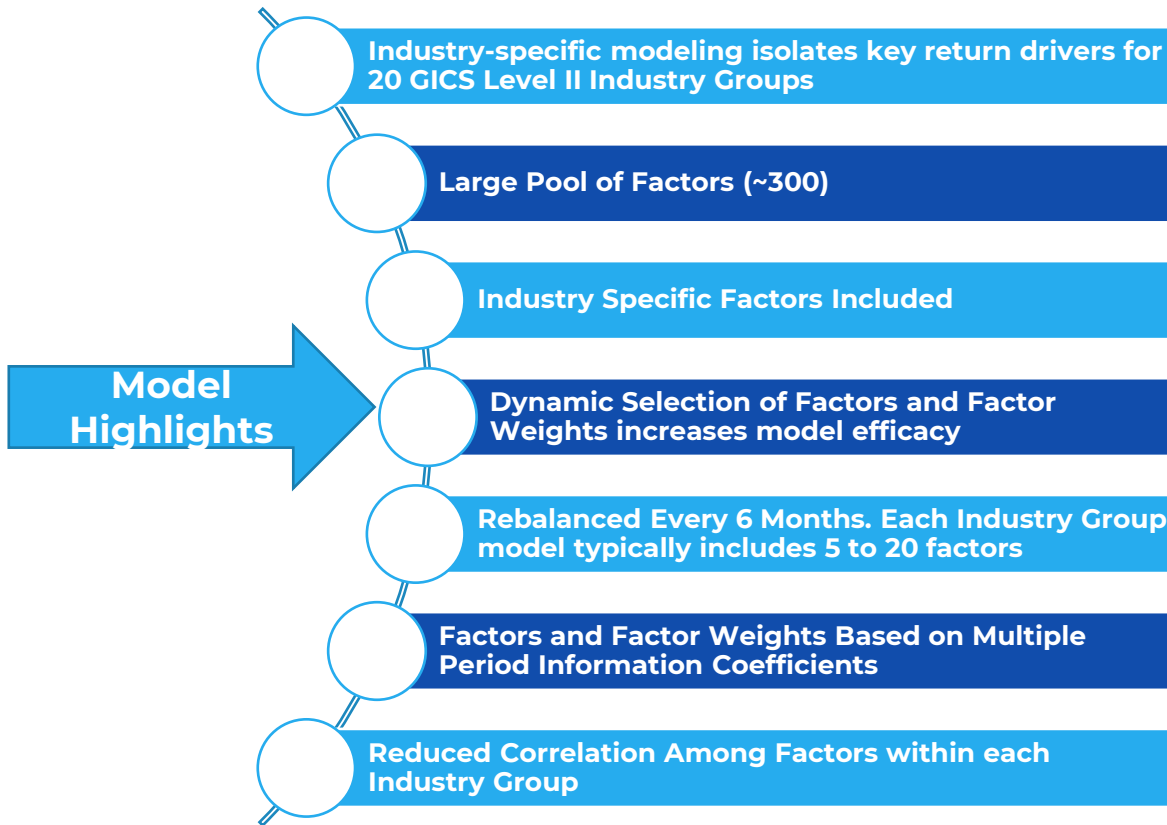
- Over 25 factors across the three dimensions of Size, Style, and Time produce a ranked list of securities using ensembled alpha scores
- Factors are in 4 categories – Value, Growth, Quality, Sentiment
- Dynamic Factor Selection and Factor Weights are determined using machine learning algorithms
- Machine learning algorithms allow incorporation of non-linear relationships between factors
- Model is recalibrated on a quarterly basis
- Flexible framework that allows addition of new factors over time

### FACTOR CATEGORIES



# Industry Group Model

## Reduces Volatility and Increases Excess Return



# Industry Group Model

Market Plus

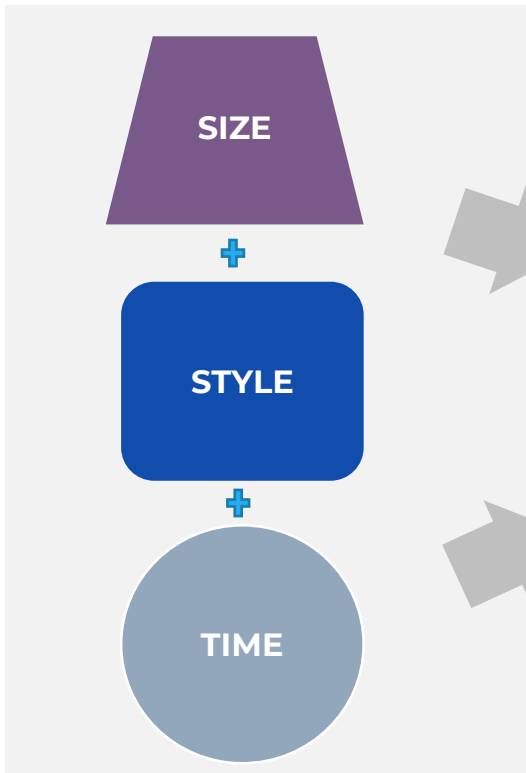
## Model Ranks Stocks in the Universe Using ~300 Factors Across 20 Industry Groups

Sectors and Subsectors	Energy	Materials	Industrials			Consumer Discretionary		Staples	Health Care		Financials			REITS	Technology			Comm. Svcs.		Utilities
			Cap Goods Early	Cap Goods Late	Indust - other	Disc - other	Retail		Equip & Svcs	Biotech & Pharma	Banks	Ins.	Dvsfd		Software & Svcs	Electrical Equip.	Semis	Media	Telecom	
<b>VALUATION:</b>																				
Book/Price	○	-	-	○	-	-	○	-	-	-	○	○	-	-	-	-	-	-	-	-
Cash Flow	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Earnings/Price	-	-	-	-	-	-	-	○	○	-	○	○	○	-	○	-	-	-	-	-
Enterprise Value	○	○	-	-	○	-	○	○	○	-	-	-	-	-	-	-	○	-	-	○
FFO/Price	-	-	-	-	-	-	-	-	-	-	-	-	○	-	-	-	-	-	-	-
Insider Transactions	-	○	○	○	○	-	-	-	○	○	○	-	-	-	○	-	-	-	-	-
PEG	-	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue/Price	○	-	○	○	-	-	○	-	○	○	○	-	-	-	-	-	○	-	-	-
<b>QUALITY:</b>																				
Capex/Depreciation	-	-	○	○	-	-	○	○	-	-	-	-	-	-	-	-	-	-	-	-
Cash/Assets	-	○	-	-	-	-	○	-	-	-	-	○	-	-	-	-	-	-	-	-
Change in Shares Outstanding	-	-	-	-	-	-	○	-	-	-	-	-	○	-	-	-	-	○	-	-
Coverage (analysts)	-	-	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt	-	○	○	○	○	-	○	-	○	-	-	○	○	-	-	-	-	-	○	○
Dividend Growth	-	○	-	-	○	-	-	-	-	-	-	-	-	-	-	-	-	○	○	-
EPS Estimate Dispersion	○	-	-	-	○	○	-	-	○	○	○	○	-	○	○	○	-	-	-	-
Gross Margin	-	-	○	-	-	-	-	○	-	-	-	-	-	○	-	-	-	-	-	-
Inventory Turnover	-	-	-	-	-	○	○	○	-	-	-	-	-	-	-	-	-	○	-	-
R&D/Sales	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvestment Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	○	○	-	-	-	-
Return on Assets (ROA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	○	○	-
Return on Invested Capital (ROIC)	-	-	-	-	-	-	-	-	-	-	-	○	-	○	-	-	-	-	-	-
<b>GROWTH/MOMENTUM:</b>																				
%Change Shorts	○	-	-	-	-	○	-	-	○	-	○	-	-	-	○	○	-	○	-	○
1YrSalesGrowth	○	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Momentum	-	-	-	-	-	○	-	-	○	-	-	-	-	-	-	-	-	-	-	○
EPS CAGR	○	○	-	-	-	-	-	-	-	-	-	-	-	-	○	-	-	-	-	-
EPS Estimate Revision	-	-	-	-	-	○	-	○	-	○	-	-	-	○	○	-	-	○	○	○
OPTEI (Earnings + Insider)	-	-	○	-	○	-	-	-	○	○	-	-	○	○	-	-	-	-	-	-
Relative Strength	-	-	-	-	-	○	-	-	-	-	-	○	-	-	-	-	-	○	○	○
Reversal (Price)	-	○	-	-	-	-	-	-	○	-	○	○	-	-	-	-	-	-	-	-

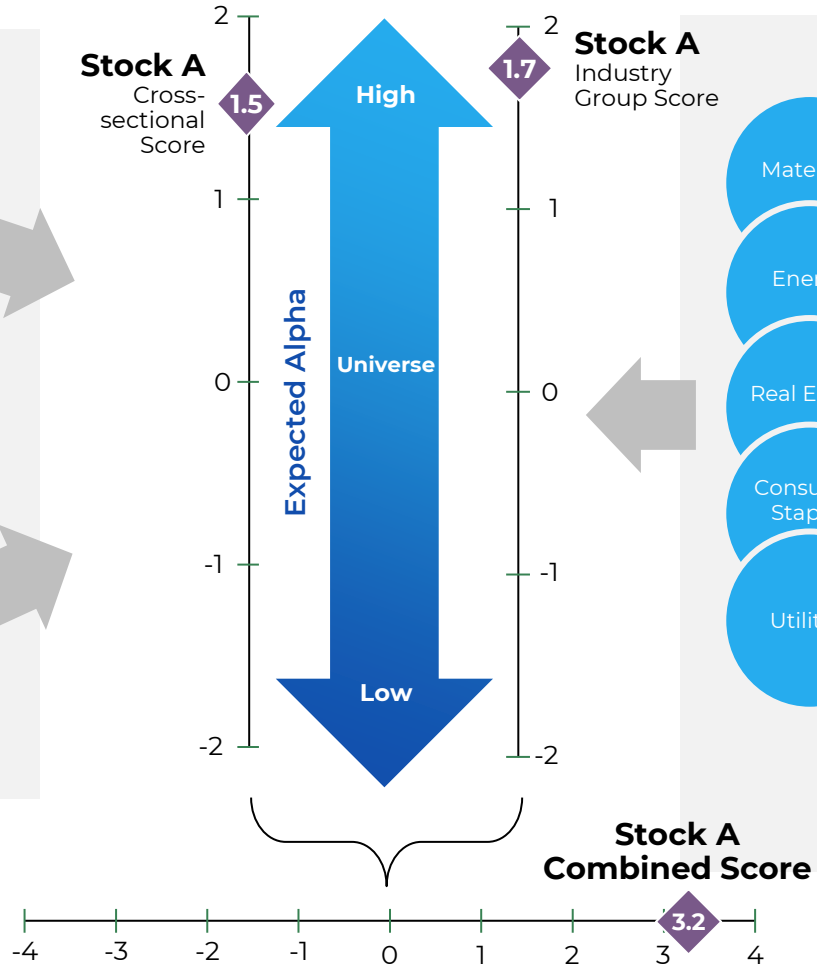
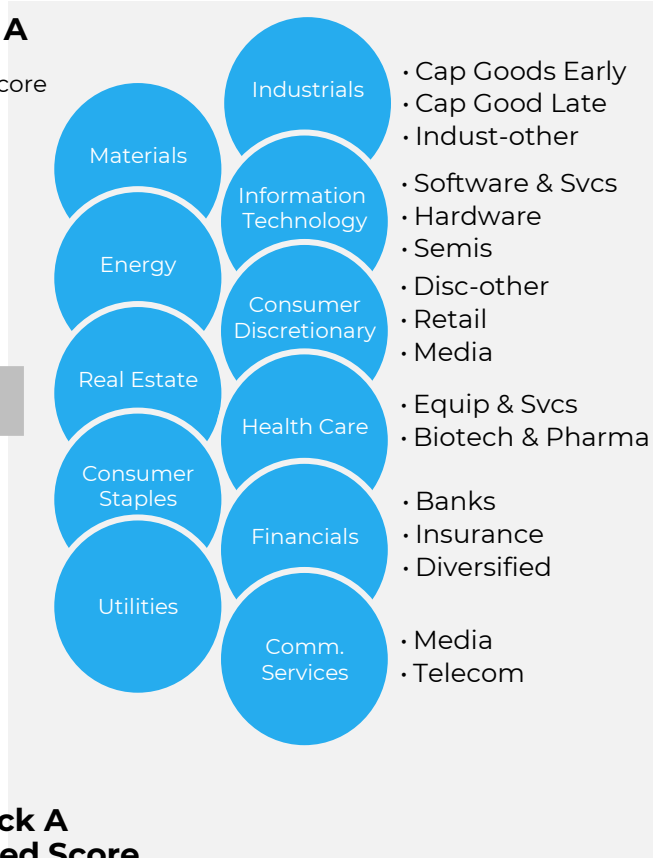
Source: Xpounce  
As of September 30, 2022

# We Systematically Combine the Model Results to Rank the Universe

## Cross-Sectional Model Combination of 3 Dimensions



## Industry Group Model Industry Specific Factors Across 20 Groups

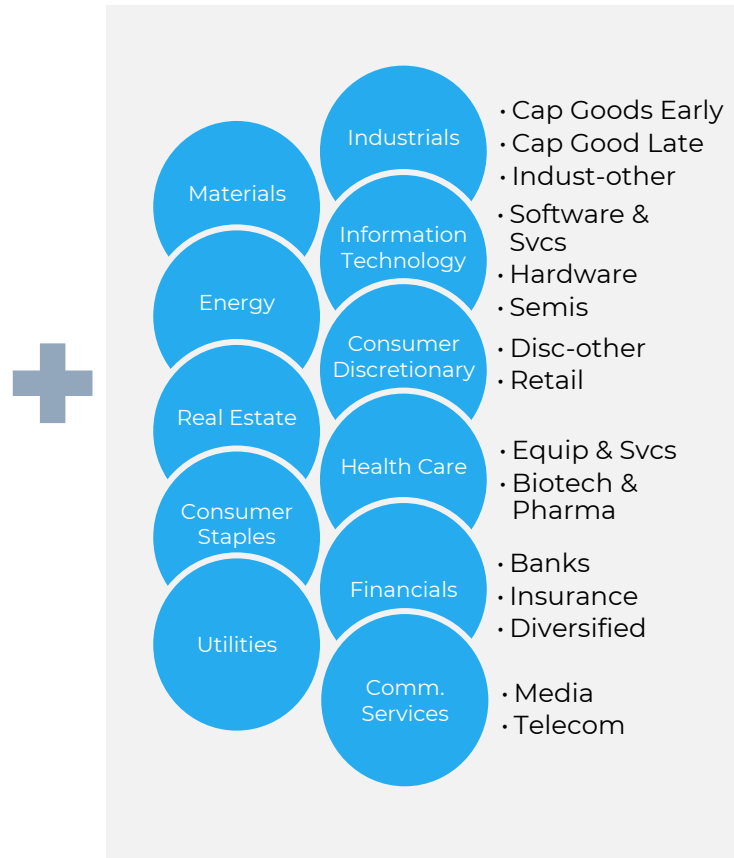
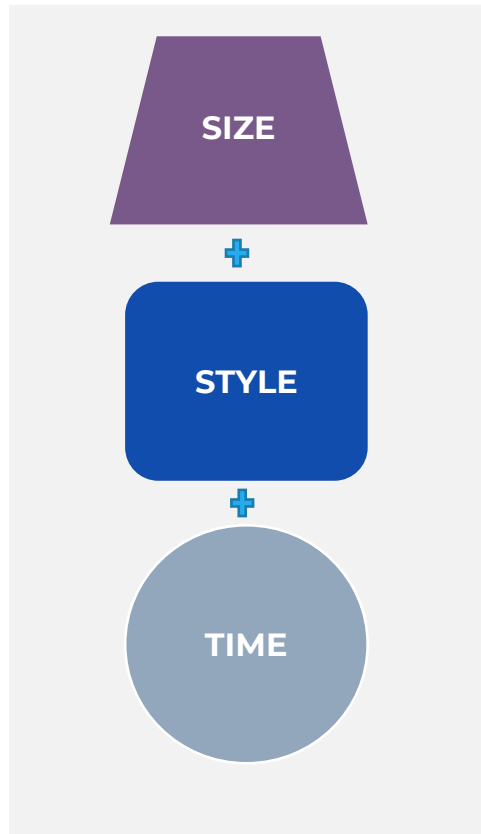


# Combination of Cross Sectional, Industry Group, and ESG Models

Market Plus

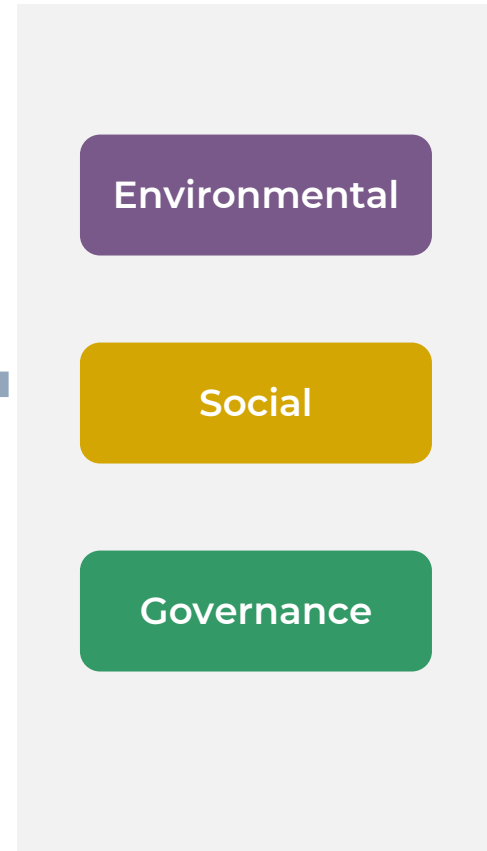
## Combination of Cross Sectional and Industry Group Models

Combined Alpha = 80%

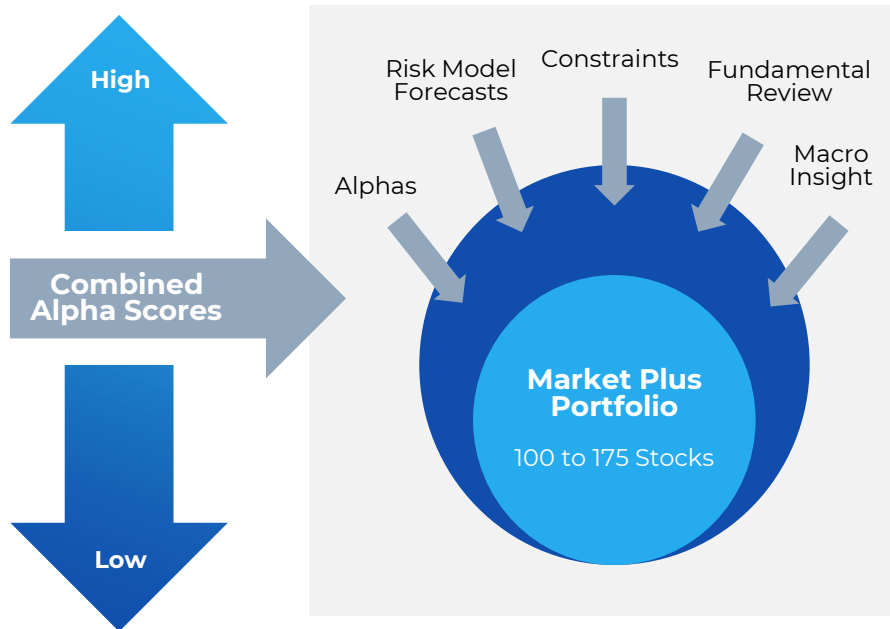


## ESG Model

ESG Alpha = 20%



## Optimization Achieves the Desired Trade-offs Between Risk and Return



- We use an optimizer to build a portfolio of higher-ranked stocks, subject to targeted parameters for:
  - Tracking error
  - Beta
  - Active position sizes
  - Cash
  - GICS Sectors & Industries
  - Number of Holdings
  - Other client guidelines and/or restrictions
- Monthly Rebalancing
  - We rebalance every month to ensure that the portfolio remains refreshed with highly ranked stocks



### Top 10 Holdings

	Portfolio Weight	Benchmark Weight
Apple Inc.	6.27	6.05
Microsoft Corporation	5.63	5.56
Alphabet Inc. Class A	2.48	1.64
Amazon.com, Inc.	2.07	2.32
Berkshire Hathaway Inc. Class B	1.82	1.73
JPMorgan Chase & Co.	1.78	1.22
UnitedHealth Group Incorporated	1.61	1.54
Johnson & Johnson	1.48	1.44
Exxon Mobil Corporation	1.41	1.41
Home Depot, Inc.	1.31	1.01
<b>Top 10 Total</b>	<b>25.87</b>	<b>23.93</b>

### Sector Weights

	Portfolio Weight	Benchmark Weight
Information Technology	25.97	25.74
Health Care	15.53	15.82
Financials	11.56	11.66
Consumer Discretionary	9.46	9.80
Industrials	8.83	8.65
Communication Services	7.37	7.28
Consumer Staples	6.21	7.20
Energy	5.14	5.23
Utilities	3.02	3.18
Materials	2.20	2.73
Real Estate	4.21	2.71
Cash	0.50	--
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Risk Characteristics

	Portfolio	S&P500
Total Risk	21.30	21.35
Predicted Tracking Error	0.79	--
% Stock Specific Risk	84.82%	
% Common Factor Risk	15.18%	
Predicted Beta	1.00	1.00
Risk Factor Exposures		
Dividend Yield	0.08	0.05
Earnings Yield	0.05	0.02
Exchange Rate Sensitivity	0.06	0.06
Growth	-0.01	-0.03
Leverage	-0.05	-0.00
Liquidity	-0.06	-0.07
Market Sensitivity	-0.09	-0.09
Medium-Term Momentum	0.03	0.02
MidCap	0.03	0.04
Profitability	0.08	0.06
Size	0.14	0.13
Value	-0.04	-0.04
Volatility	-0.06	-0.05

### Fundamental Characteristics

	Portfolio	S&P500
# of Securities	160	503
Market Capitalization	427,690	417,490
P/E using FY1 Est	16.0	16.9
P/E using FY2 Est	15.8	16.6
Price to Book	3.6	3.6
Dividend Yield	1.7	1.7
Hist 3Yr EPS Growth	18.9	18.5
ESG Risk Score	20.6	21.6

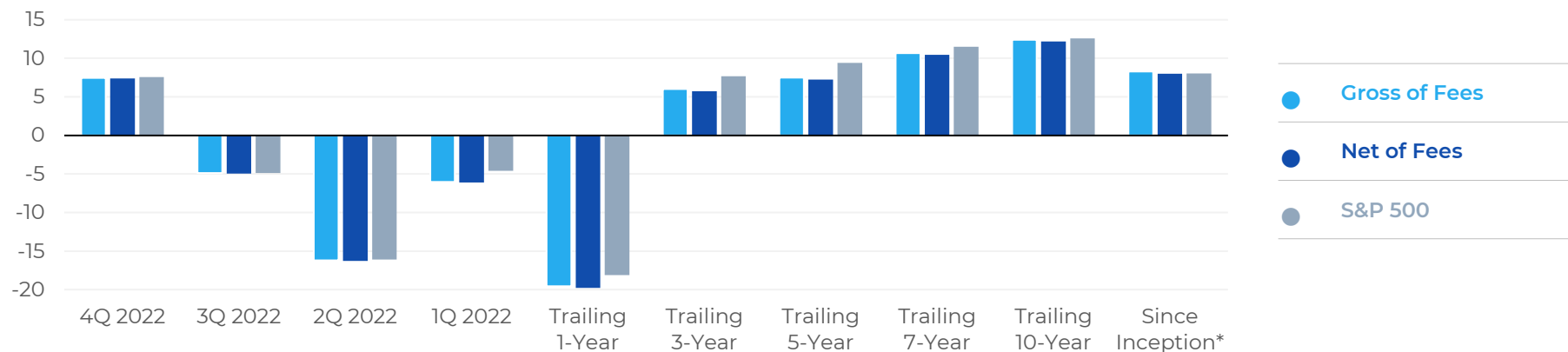
# Annualized Performance As of 12/31/2022

Market Plus

## Annualized Returns (%)

	Composite Gross of Fees	Composite Net of Fees	S&P 500	Excess Returns Gross of Fees	Excess Returns Net of Fees
4Q 2022	7.46	7.37	7.56	-0.10	-0.19
3Q 2022	-4.89	-4.95	-4.88	-0.01	-0.07
2Q 2022	-16.22	-16.28	-16.10	-0.12	-0.18
1Q 2022	-6.04	-6.10	-4.60	-1.44	-1.50
<b>Annualized as of 12/31/2022</b>					
Trailing 1-Year	-19.55	-19.79	-18.11	-1.44	-1.68
Trailing 3-Year	6.00	5.73	7.66	-1.66	-1.93
Trailing 5-Year	7.48	7.23	9.42	-1.94	-2.19
Trailing 7-Year	10.67	10.44	11.48	-0.81	-1.04
Trailing 10-Year	12.39	12.17	12.56	-0.17	-0.39
Since Inception*	8.27	8.00	8.02	0.25	-0.02

Date of Inception 12/31/2001



\*Inception date is 12/31/2001

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. A complete list of firm composites and performance results is available upon request. Please refer to the GIPS® reports for additional performance information which are included in Section 5.

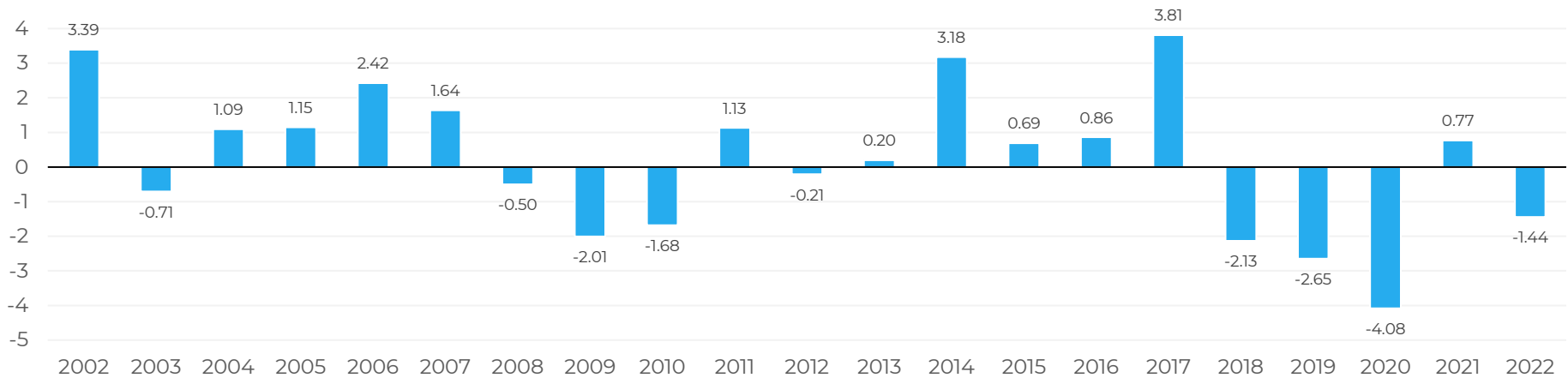
# Calendar Year Performance

Market Plus

## Calendar Year Returns (%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross of Fees	-18.67	27.97	11.97	6.06	18.21	7.13	-37.5	24.45	13.38	3.24	15.79	32.59	16.87	2.07	12.82	25.64	-6.51	28.84	14.32	29.48	-19.55
Net of Fees	-19.16	27.33	11.54	5.76	17.92	6.89	-37.66	24.19	13.18	3.02	15.59	32.38	16.67	1.91	12.65	25.41	-6.69	28.58	14.07	29.19	-19.79
S&P 500	-22.06	28.68	10.88	4.91	15.79	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	31.49	18.40	28.71	-18.11
<i>Relative Performance Gross of Fees</i>	3.39	-0.71	1.09	1.15	2.42	1.64	-0.50	-2.01	-1.68	1.13	-0.21	0.20	3.18	0.69	0.86	3.81	-2.13	-2.65	-4.08	0.77	-1.44

## Relative Performance Gross of Fees (%)



\*Inception date is 12/31/2001

This information is supplemental to performance presented on page 42.

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. A complete list of firm composites and performance results is available upon request. Please refer to the GIPS® reports for additional performance information which are included in Section 5.



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# Optimized SMID Cap Core

# Value Proposition: “Sweet Spot” of Consistent Returns

As of 12/31/2022

SMID Core

Data as of 12/31/2022	Market Tranche					
	Largest 1	2	3	4	5	Smallest 6
# Stocks	200	300	500	500	500	960
% of Russell 3000	71%	16%	8%	3%	1%	1%
Annualized Return since 1992	9.8%	10.6%	10.5%	10.4%	10.0%	6.4%
Batting Average vs. Eqwt R3000						
Rolling 12-Month Returns	53%	66%	69%	70%	58%	25%
Rolling 3-Year Returns	59%	70%	76%	81%	61%	20%
Rolling 5-Year Returns	59%	67%	87%	87%	61%	13%
Analysis Period: 12/31/1991 to 12/31/2022						

## Insight:

- A compelling “Sweet Spot” exists within market tranches 3 and 4
- Captures true SMID exposure
- Leverages high-reward aspects of small-cap investing with the degree of stability that medium-size companies provide.

\*Inception date is 10/31/2007

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. Please refer to the GIPS® reports for additional performance information which are included in Section 5.

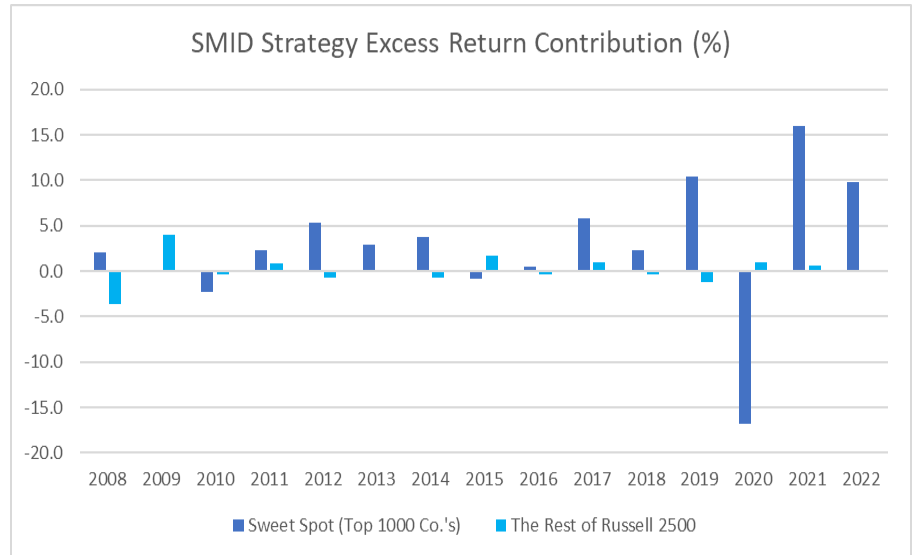
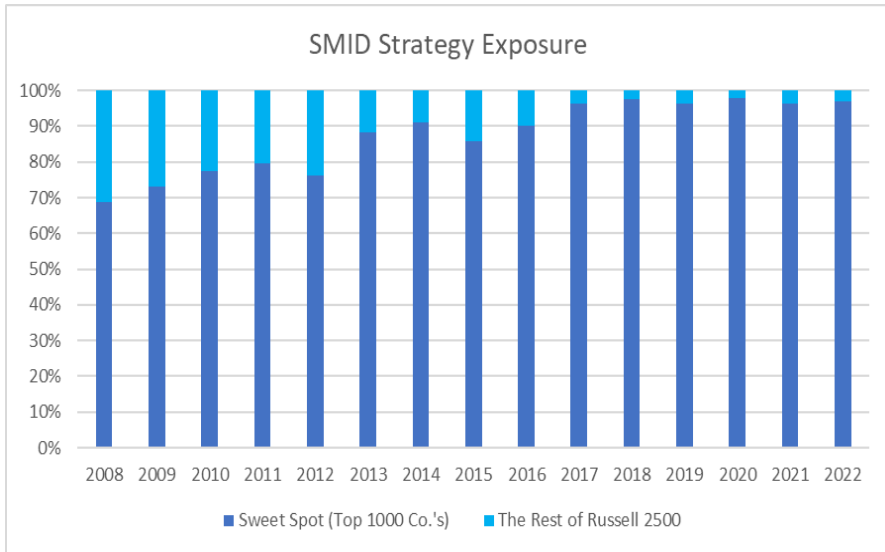
The Russell 3000 Index is a market cap-weighted stock index, maintained by FTSE Russell, that seeks to represent the investable U.S. stock market. It measures the performance of the 3,000 largest equities, capturing 98% of the total listed equity market. The Russell 2500 index is a subset of the Russell 3000 and is comprised of the stocks ranked between 501 and 3,000 (inclusive) within the Russell 3000 at each annual index reconstitution. The “Eqwt Russell 2500” is a hypothetical universe, of our own design, that includes all members of the Russell 2500 index, weighted equally rather than by market capitalization. Data shown on this page related to the “Eqwt Russell 2500” is for illustrative purposes only and reflects neither an actual client portfolio nor any commercially available index. Since index results do not represent actual trading and may not accurately reflect the impact material economic and market factors, it is unknown what effect these factors might have had on any performance.

All market tranche returns are equal weighted.

# “Sweet Spot” Performance Impact As of 12/31/2022

Focusing on the “Sweet Spot” has provided a performance tail wind

Russell 2500 Returns (annualized) -12/31/07 to 12/31/22			
Period	Russell 2500	Sweet Spot (Top 1000 Co.'s)	The Rest of Russell 2500
1 year	-18.4%	-17.2%	-23.8%
3 years	5.0%	5.5%	3.0%
5 years	5.9%	6.4%	3.7%
10 Years	10.0%	10.3%	8.7%
Full Period	8.1%	8.3%	7.3%

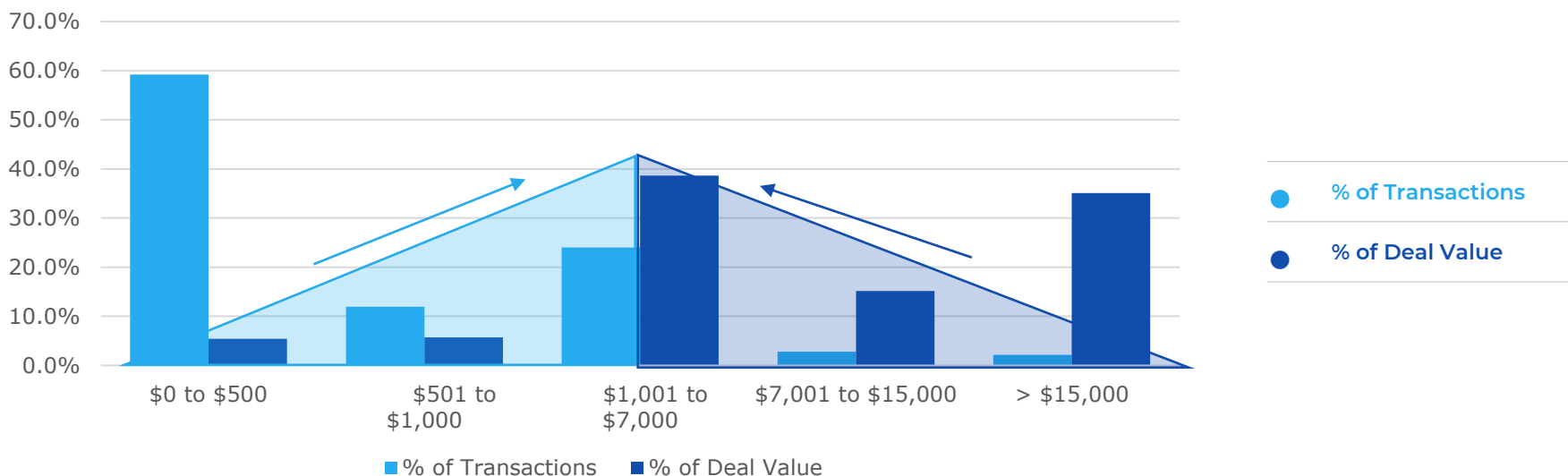


# Value Proposition: High M&A Activity – A Tale of Two Tails

As of 12/31/2022

## The “Sweet Spot” proves to be a popular fishing hole

Merger and Acquisition Transactions and Values (\$mm)



Capitalization Range (\$MM)	% of Transactions	% of Deal Value
\$0 to \$500	59.2%	5.3%
\$501 to \$1,000	11.7%	5.6%
\$1,001 to \$7,000	23.9%	38.1%
\$7,001 to \$15,000	2.9%	15.7%
> \$15,000	2.2%	35.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# M&A Activity In Practice - Most Recent Five Years

M&A activity has had a consistent positive performance impact

Merger and Acquisition Activity			
Year	Holdings Acquired (#)	Performance Impact*	
2018	2	0.59	
2019	2	2.02	
2020	1	0.37	
2021	4	1.47	
2022	1	0.16	

## Acquired Company Detail

Year	Ticker	Name	Industry
2018	DST	DST Systems, Inc	Technology Services
2018	LQ	La Quinta Holdings, Inc.	Consumer Services
2019	WCG	WellCare Health Plans, Inc.	Health Services
2019	MDCO	Medicines Company	Health Technology
2020	HDS	HD Supply Holdings, Inc.	Distribution Services
2021	PBCT	People's United Financial, Inc.	Finance
2021	PRAH	PRA Health Sciences, Inc.	Commercial Services
2021	FBC	Flagstar Bancorp, Inc.	Finance
2021	CLDR	Cloudera, Inc.	Technology Services
2022	ACI	Albertsons Companies, Inc. Class A	Food & Staples Retailing

Source: Factset

\* Combined calendar year active performance contribution of acquired holdings versus the Russell 2500 index. The Russell 2500 is a capitalization-weighted index comprised of the stocks ranked 501-3000 in the Russell 3000, by market capitalization. It is reconstituted each June and is intended to represent the investable midcap to small cap segment of the U.S. stock market.



# Value Proposition: SMID Adds a Layer of Quality

As of 12/31/2022

SMID Core

	Russell 2000	Top 1000 of Russell 2500	Rest of Russell 2500
# Stocks	1950	1000	1448
Profitable Companies	58.9%	78.7%	50.1%
Median ROE	5.4%	11.1%	0.7%
Median Operating Margin	7.9%	12.8%	4.9%
Liquidity	5.1 days	0.4 days	7.3 days

- The “Sweet Spot” allows investors to reap the returns of small-cap investing while offsetting some of the risk
- Adding a layer of medium-sized companies improves the quality of the blended group
- Improves liquidity for investors when compared with smaller names
- Decreases vulnerability to business downturns and macroeconomic slowdowns

# Optimized SMID Core

SMID Core

- Xponance's Optimized SMID (small-to-midcap) Core product is driven by our quantitative algorithms.
- This is a concentrated portfolio with less than 100 names and offers high excess return potential.
- This product seeks to generate alpha within the "Sweet Spot" by identifying companies that are changing for the better:
  - Rising earnings estimate revisions
  - Reasonable valuation based on fundamentals
  - Attractive versus their peers
  - Relatively lower ESG risk

## Portfolio Characteristics

Benchmark	Russell 2500
Predicted Tracking Error	3 - 5% vs. Russell 2500
Stock Specific Risk	> 50%
Active Share	> 85
Number of Stocks	< 100
Active Position Limit	Benchmark + 2.25%
Sectors	Benchmark +/- 4%
Cash	< 1%
Market Cap Range	\$1B - \$8B
Annual Turnover	80 - 120%
ESG Risk	Less than Benchmark



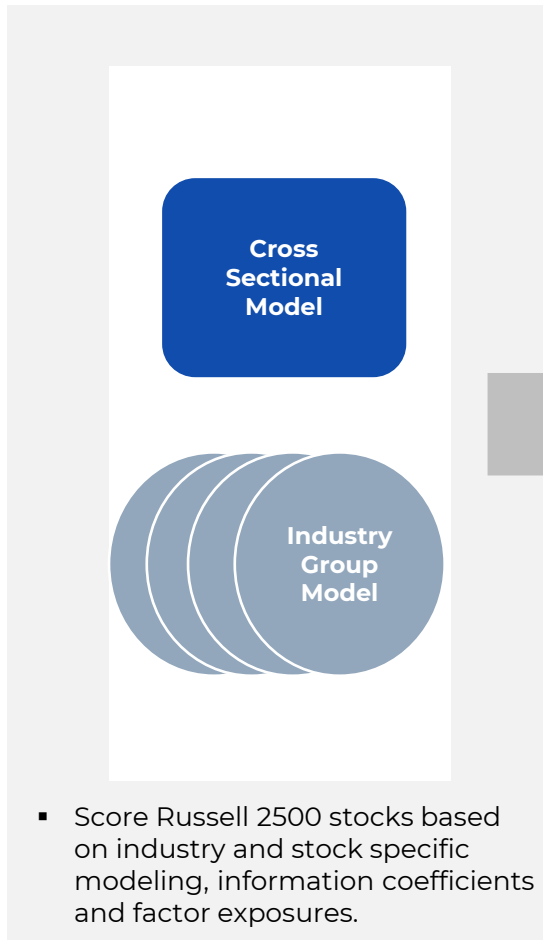
The Russell 2500 is a capitalization-weighted index comprised of the stocks ranked 501-3000 in the Russell 3000, by market capitalization. It is reconstituted each June and is intended to represent the investable midcap to smallcap segment of the U.S. stock market.

# Our Alpha Engine Consists of Three Models That Rank Stocks

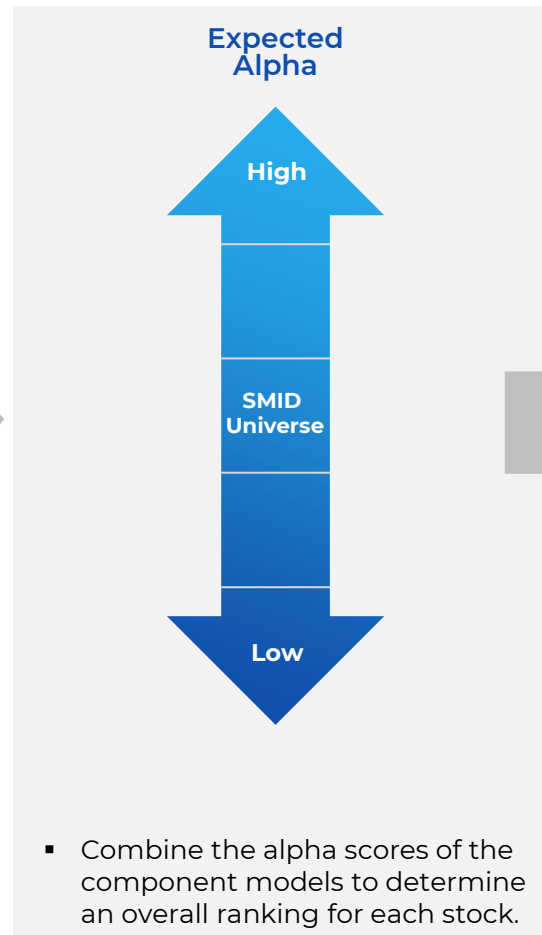
SMID Core

Stocks with higher expected alphas exhibit the following characteristics - attractive profile versus industry peers, strong and improving cash flow, and earnings growing faster than expectations.

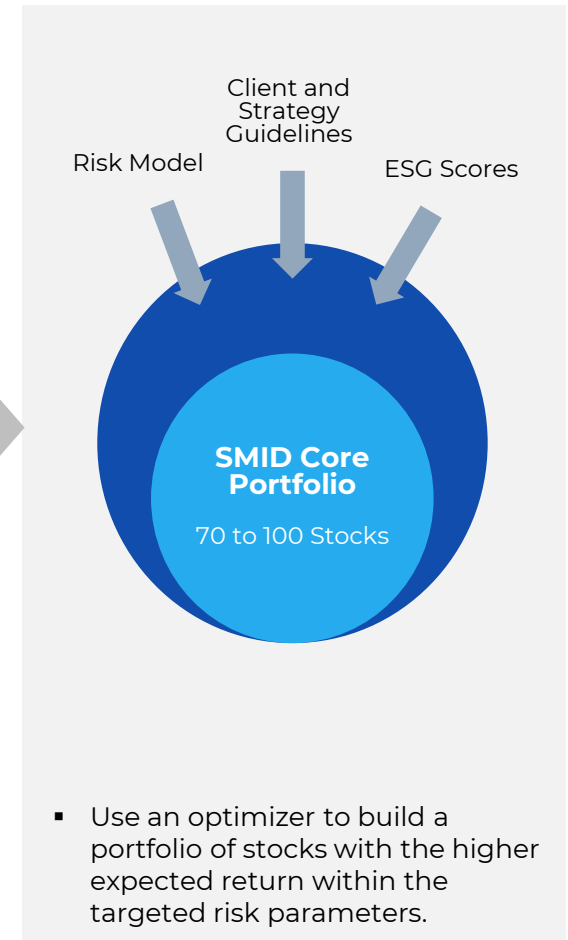
## Score Stocks on Multiple Dimensions



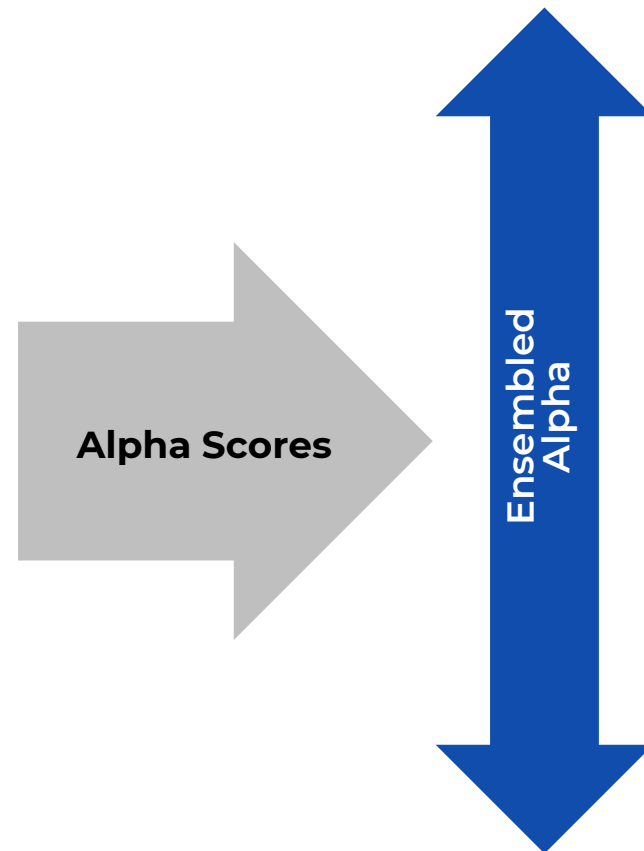
## Rank Stocks Based on Combined Alpha Score



## Construct the Optimal Portfolio



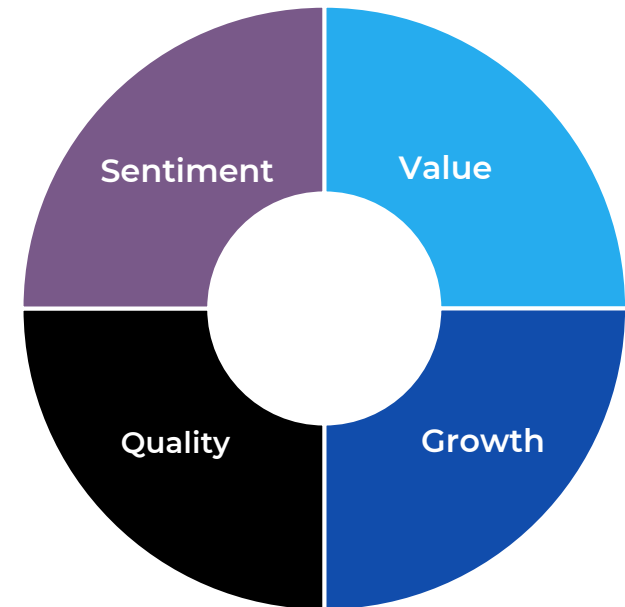
Dynamic Model Ranks Stocks in the Universe Using 3 Equally Weighted Dimensions: Size, Style, Time



## Model Highlights

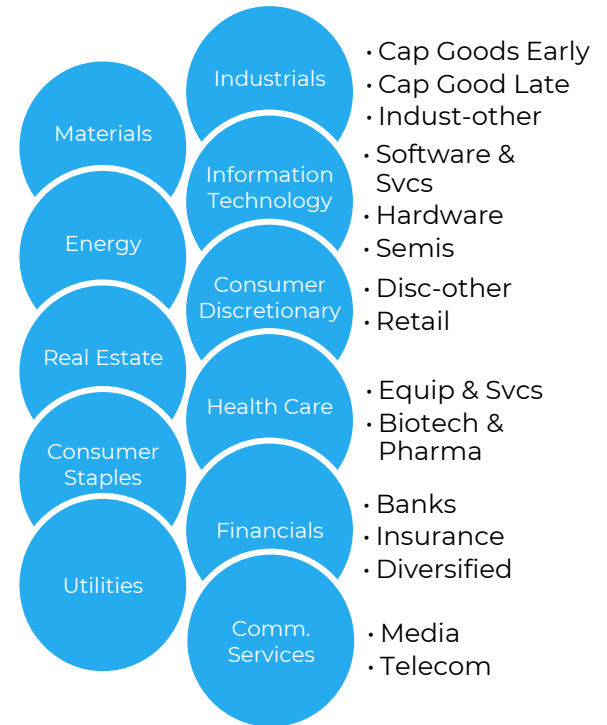
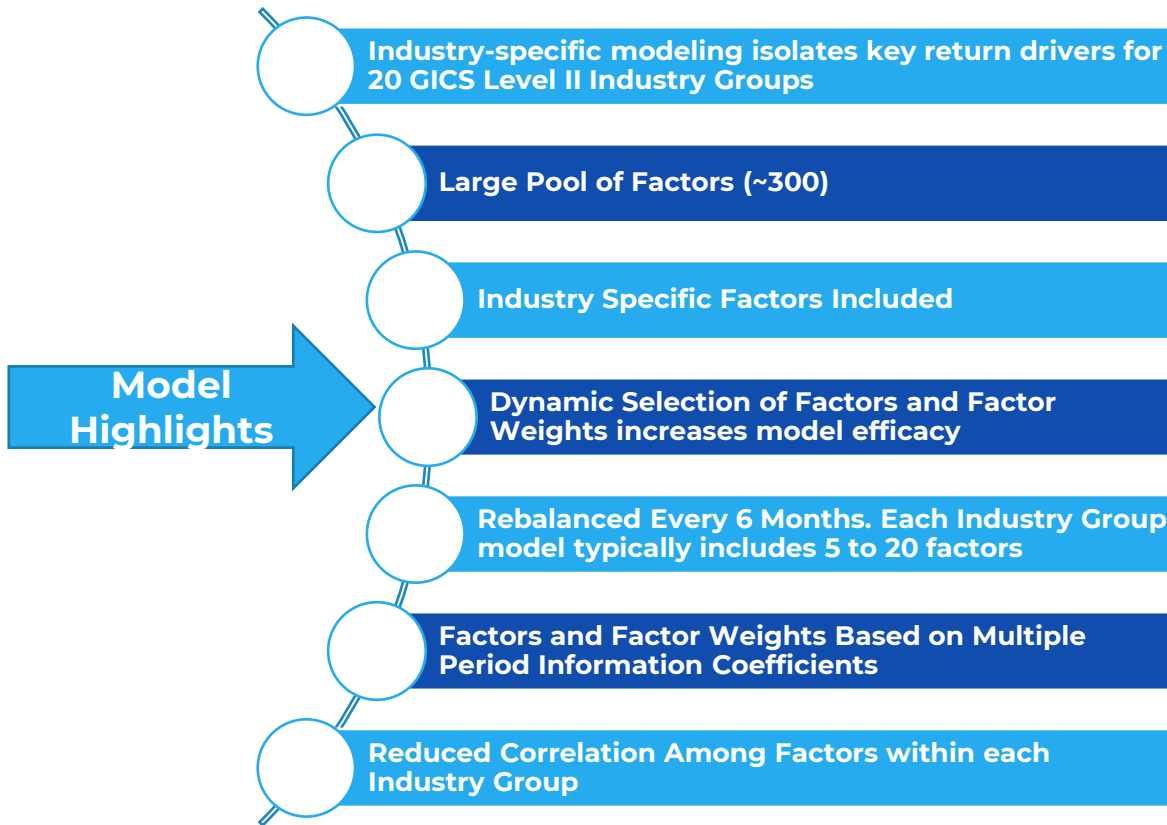
- Over 25 factors across the three dimensions of Size, Style, and Time produce a ranked list of securities using ensembled alpha scores
- Factors are in 4 categories – Value, Growth, Quality, Sentiment
- Dynamic Factor Selection and Factor Weights are determined using machine learning algorithms
- Machine learning algorithms allow incorporation of non-linear relationships between factors
- Model is recalibrated on a quarterly basis
- Flexible framework that allows addition of new factors over time

## FACTOR CATEGORIES



# Industry Group Model

## Reduces Volatility and Increases Excess Return



# Industry Group Model

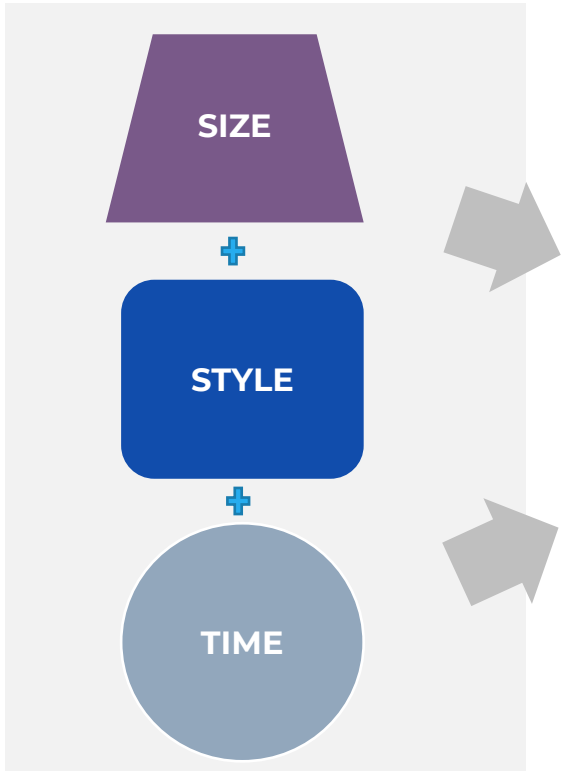
SMID Core

## Model Ranks Stocks in the Universe Using 60 Factors Across 20 Industry Groups

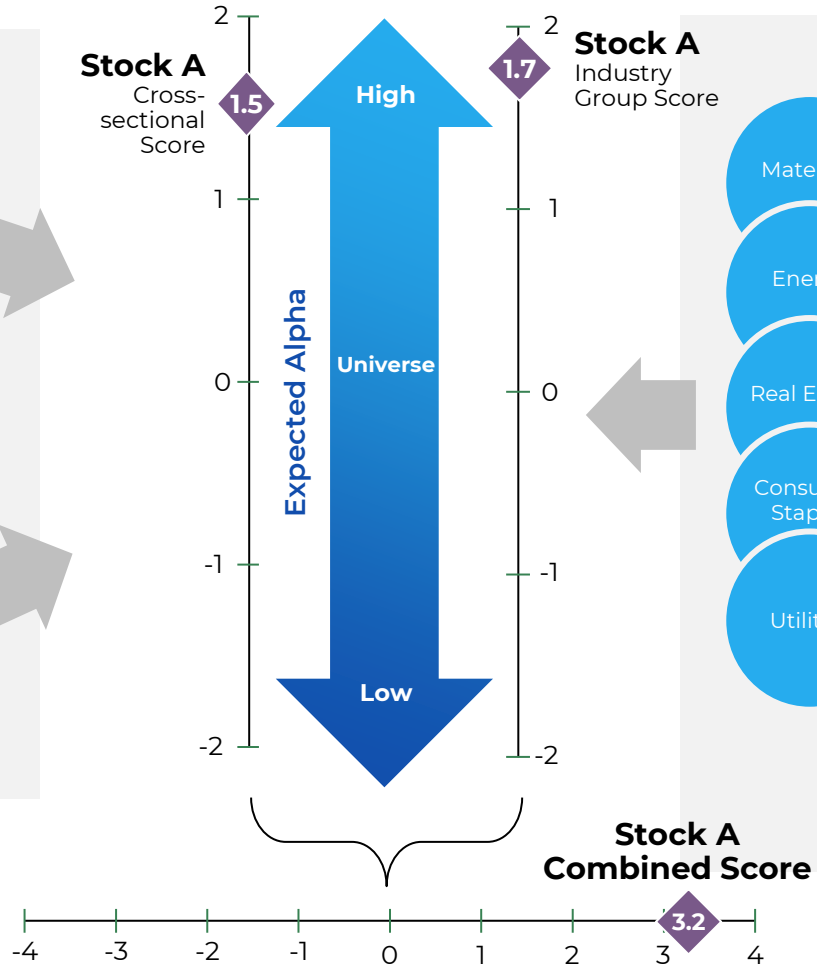
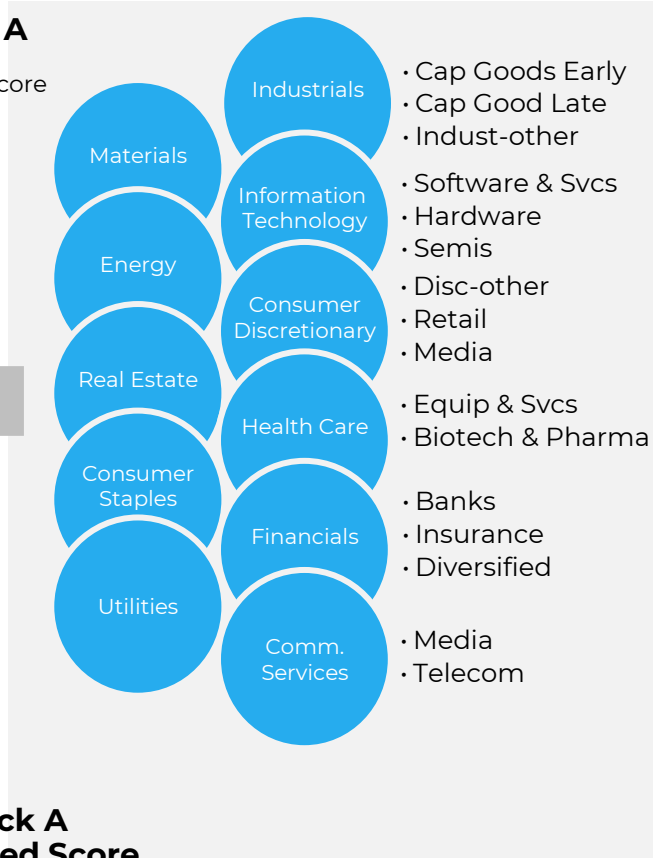
Sectors and Subsectors	Energy	Materials	Industrials			Consumer Discretionary		Staples	Health Care		Financials				Technology			Comm. Services		Utilities
			Cap Goods	Cap Goods	Indust other	Disc other	Retail		Equip & Svcs	Biotech &	Banks	Ins.	Dvsfd	REITS	Software & Svcs	Electrical Equip.	Semis	Media	Telecom	
<b>VALUATION:</b>																				
Book/Price	○	-	-	○	-	-	-	-	-	-	○	○	○	-	-	-	-	-	-	-
Cash Flow	○	-	-	○	○	-	○	-	-	○	○	○	○	-	-	○	-	-	○	○
Earnings/Price	-	-	-	-	-	-	-	○	○	○	○	○	○	○	○	-	-	-	-	-
Enterprise Value	○	○	-	-	○	-	-	○	○	○	-	-	-	-	-	○	○	-	-	○
FFO/Price	-	-	-	-	-	-	-	-	-	-	-	-	○	○	-	-	-	-	-	-
Insider Transactions	-	○	○	○	○	-	-	-	○	○	○	○	-	○	○	-	-	-	-	-
PEG	-	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue/Price	○	-	○	○	-	-	-	-	○	○	○	○	-	-	-	-	○	○	-	-
<b>QUALITY:</b>																				
Capex/Depreciation	-	-	○	○	-	-	○	○	○	-	-	-	-	-	-	-	-	-	-	-
Cash/Assets	-	○	-	-	-	-	-	-	-	-	-	○	○	-	-	-	-	-	-	-
Change in Shares Outstanding	-	-	-	-	-	-	-	○	-	-	-	-	○	○	-	-	-	○	-	-
Coverage (analysts)	-	-	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt	-	○	○	○	○	-	-	-	○	○	-	-	○	○	○	-	-	-	○	○
Dividend Growth	-	○	-	-	○	-	-	○	-	-	-	-	-	-	-	-	-	○	○	-
EPS Estimate Dispersion	○	-	-	-	○	○	-	-	○	○	○	○	○	○	○	○	○	○	-	-
Gross Margin	-	-	○	-	-	-	-	○	○	-	-	-	-	-	○	○	-	-	-	-
Inventory Turnover	-	-	-	-	-	○	-	○	○	-	-	-	-	-	-	-	-	○	-	-
R&D/Sales	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinvestment Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	○	○	○	-	-	-	-
Return on Assets (ROA)	-	-	-	-	-	-	-	○	-	-	-	-	-	-	-	-	-	○	○	-
Return on Invested Capital (ROIC)	-	-	-	-	-	-	-	-	-	-	-	○	○	○	○	-	-	-	-	-
<b>GROWTH/MOMENTUM:</b>																				
%Change Shorts	○	-	-	-	-	○	-	○	○	○	○	○	-	-	○	○	○	○	-	○
1YrSalesGrowth	○	○	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Momentum	-	-	-	-	-	○	-	-	○	○	-	-	-	-	-	-	-	-	-	○
EPS CAGR	○	○	-	-	-	-	-	-	-	-	-	-	-	-	○	○	-	-	-	-
EPS Estimate Revision	-	-	-	-	-	○	-	○	○	○	○	-	-	○	○	○	○	○	○	○
OPTEI (Earnings + Insider)	-	-	○	-	○	-	-	-	○	○	○	-	-	○	○	-	-	-	-	-
Relative Strength	-	-	-	-	-	○	-	○	-	-	-	○	○	-	-	-	-	○	○	○
Reversal (Price)	-	○	-	-	-	-	-	-	○	○	○	○	-	-	-	-	-	-	-	-

# We Systematically Combine the Model Results to Rank the Universe

## Cross-Sectional Model Combination of 3 Dimensions

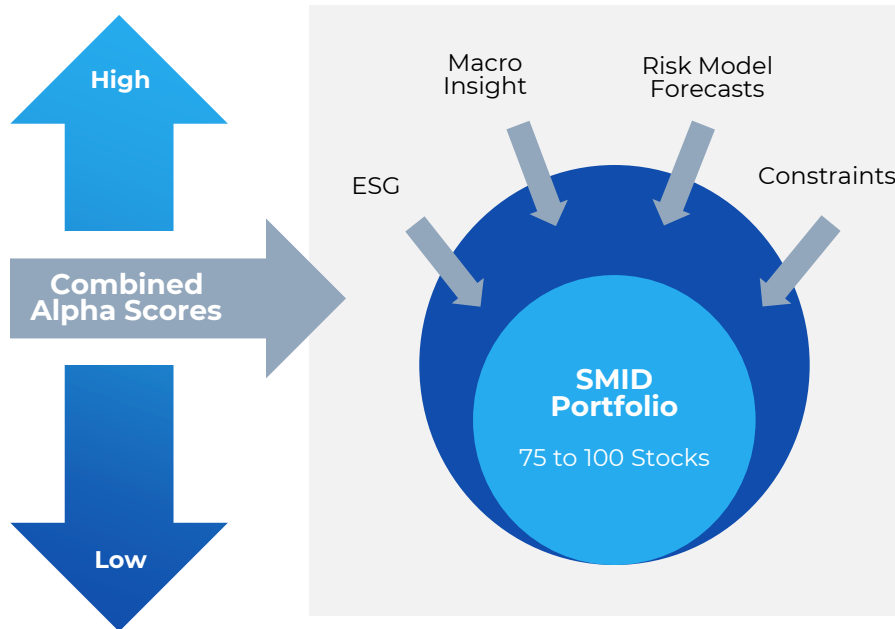


## Industry Group Model Industry Specific Factors Across 20 Groups





## Optimization Achieves the Desired Trade-offs Between Risk and Return



- We use an optimizer to build a portfolio of higher ranked stocks, subject to targeted parameters for:
  - Tracking error
  - Beta
  - Active position sizes
  - Cash
  - GICS Sectors & Industries
  - ESG Scores
  - Number of Holdings
  - Other client guidelines and/or restrictions
- Monthly Rebalancing
  - We rebalance every month to ensure that the portfolio remains refreshed with highly ranked stocks

### Top 10 Holdings

	Portfolio Weight	Benchmark Weight
Builders FirstSource, Inc.	2.62	0.18
Alkermes Plc	2.48	0.08
United Therapeutics Corporation	2.47	0.24
Vistra Corp.	2.43	0.18
Iridium Communications Inc.	2.38	0.12
Graphic Packaging Holding Company	2.38	0.13
Bruker Corporation	2.34	0.14
Allison Transmission Holdings, Inc.	2.28	0.07
Jabil Inc.	2.27	0.17
Air Lease Corporation Class A	2.22	0.08
<b>Top 10 Total</b>	<b>23.87</b>	<b>1.40</b>

### Sector Weights

	Portfolio Weight	Benchmark Weight
Industrials	16.29	17.99
Financials	12.02	16.09
Information Technology	17.30	13.66
Health Care	17.02	12.90
Consumer Discretionary	10.94	11.29
Real Estate	4.14	7.96
Materials	4.29	5.79
Energy	3.20	5.29
Consumer Staples	5.52	3.39
Utilities	4.00	3.12
Communication Services	3.98	2.53
Cash	1.31	--
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Risk Characteristics

	Portfolio	Russell 2500
Total Risk	23.06	24.15
Predicted Tracking Error	4.23	--
% Stock Specific Risk	62.82%	
% Common Factor Risk	37.18%	
Predicted Beta	0.94	1.00
Risk Factor Exposures		
Dividend Yield	-0.00	-0.05
Earnings Yield	0.20	0.00
Exchange Rate Sensitivity	-0.25	-0.35
Growth	-0.02	-0.04
Leverage	0.19	0.01
Liquidity	0.47	0.42
Market Sensitivity	0.09	0.17
Medium-Term Momentum	0.21	0.09
MidCap	0.62	0.59
Profitability	-0.06	-0.26
Size	-0.69	-0.74
Value	0.45	0.27
Volatility	0.18	0.25

### Fundamental Characteristics

	Portfolio	Russell 2500
# of Securities	84	2,448
Market Capitalization	6,112	5,948
P/E using FY1 Est	9.4	12.4
P/E using FY2 Est	9.9	12.6
Price to Book	1.8	2.1
Dividend Yield	1.6	1.5
Hist 3Yr EPS Growth	26.8	19.4
ESG Risk Score	23.1	24.3

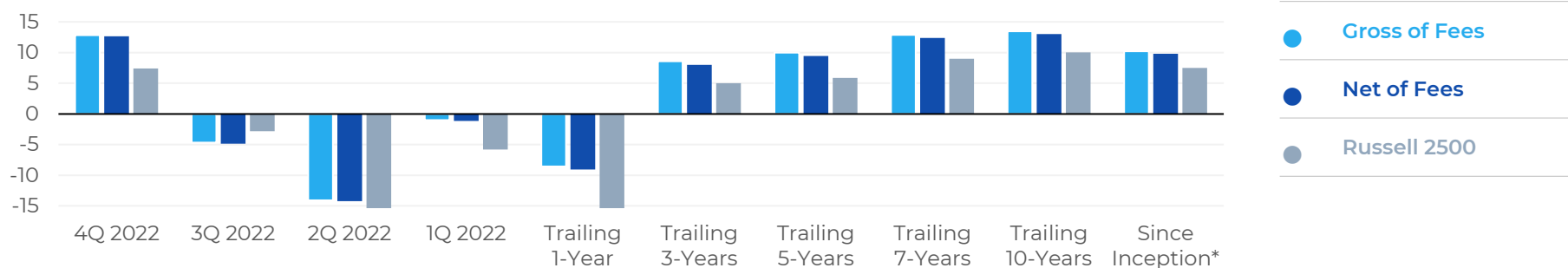
# Annualized Performance As of 12/31/2022

SMID Core

## Annualized Returns (%)

	Composite Gross of Fees	Composite Net of Fees	Russell 2500	Excess Returns Gross of Fees	Excess Returns Net of Fees
4Q 2022	12.82	12.66	7.43	5.39	5.23
3Q 2022	-4.69	-4.83	-2.82	-1.87	-2.01
2Q 2022	-14.09	-14.21	-16.98	2.89	2.77
1Q 2022	-1.02	-1.16	-5.82	4.80	4.66
<b>Annualized as of 12/31/2022</b>					
Trailing 1-Year	-8.57	-9.08	-18.37	9.80	9.29
Trailing 3-Years	8.60	7.98	5.00	3.60	2.98
Trailing 5-Years	9.99	9.47	5.89	4.10	3.58
Trailing 7-Years	12.88	12.38	9.00	3.88	3.38
Trailing 10-Years	13.48	13.01	10.03	3.45	2.98
Since Inception*	10.23	9.83	7.51	2.72	2.32

Date of Inception 10/31/2007



\*Inception date is 10/31/2007

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. A complete list of firm composites and performance results is available upon request. Please refer to the GIPS® reports for additional performance information which are included in Section 5.

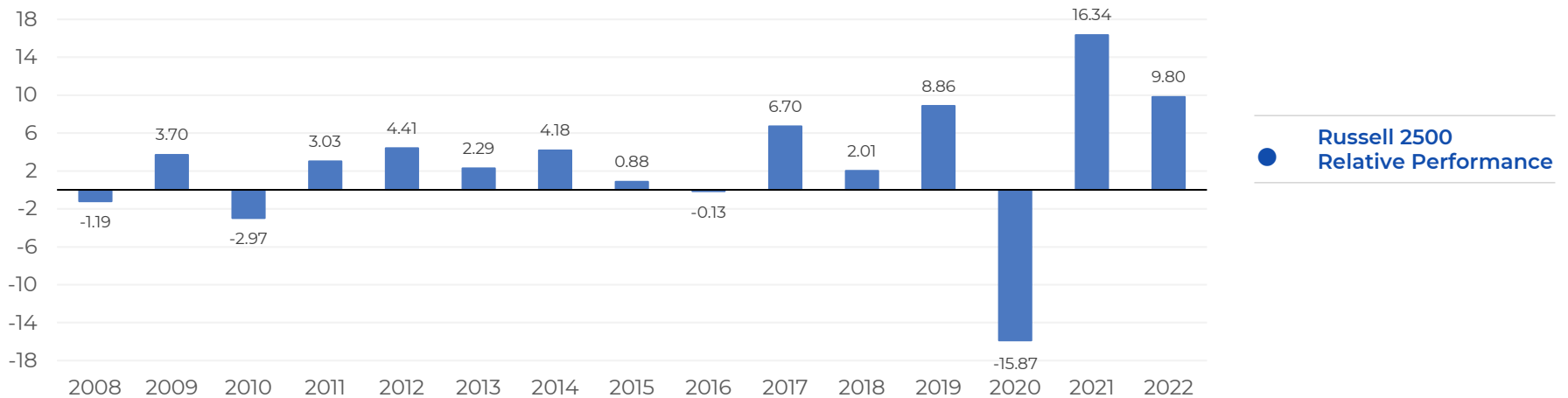
# Calendar Year Performance

SMID Core

## Calendar Year Returns (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross of Fees	-37.98	38.09	23.74	0.52	22.29	39.09	11.25	-2.02	17.46	23.51	-7.99	36.63	4.12	34.52	-8.57
Net of Fees	-38.13	37.75	23.46	0.28	21.99	38.62	10.87	-2.33	17.04	23.01	-8.22	36.03	3.53	33.76	-9.08
Russell 2500	-36.79	34.39	26.71	-2.51	17.88	36.8	7.07	-2.90	17.59	16.81	-10.00	27.77	19.99	18.18	-18.37
<i>Relative Performance Gross of Fees</i>	-1.19	3.70	-2.97	3.03	4.41	2.29	4.18	0.88	-0.13	6.70	2.01	8.86	-15.87	16.34	9.80

## Relative Performance Gross of Fees (%)



\*Inception date is 10/31/2007

This information is supplemental to performance presented on page 59.

Past performance is not an indication of future results. Results for the period are time weighted. Returns are presented gross and net of management fees and include the reinvestment of all income. A complete list of firm composites and performance results is available upon request. Please refer to the GIPS® reports for additional performance information which are included on Slide 36. Please refer to the GIPS® reports for additional performance information which are included in Section 5.

# Global Investment Performance Standards (‘GIPS®’) Reports\*

\*GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

## Annual Disclosure Presentation

Year End	Performance Results (%)			3-Yr Annualized Ex-Post Standard Deviation (%)		Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$mm)	Total Firm Assets (\$mm)	Bundled (%)
	Composite Gross TWR	Composite Net TWR	Benchmark <sup>1</sup>	Composite Gross	Benchmark <sup>1</sup>					
2021 <sup>2</sup>	14.92	14.57	15.08	N/A	N/A	Five or Fewer	N/A	10	14,866	0

Composite inception date: April 30, 2021

<sup>1</sup> Benchmark: S&P 500

<sup>2</sup> Results shown for the year 2021 represent partial period performance from May 1, 2021 through December 31, 2021.

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, 2021. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 pool fund(s) descriptions, which is available upon request.

**Equity Income – Large Cap Composite** contains fully discretionary equity income accounts and for comparison purposes is measured against the S&P 500 Index. The product typically has between 35 and 45 holdings and a current yield that is greater than the S&P 500. The Equity Income composite was created on April 30, 2021.

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 composite maintains a significant cash flow policy. Effective 9/30/2022, a significant cash flow has been defined as any client requested cash flow that would impede the firm's ability to implement the composite strategy. We will remove the assets from the account the day we raise cash or transfer the assets into the account after trading is complete; therefore, the assets will be moved or held in a temporary account and the member account will remain in the composite. Prior to 9/30/2022 the significant cash flow was defined as any client requested cash withdrawal where we must execute trades to generate the requested cash. We will remove the cash from the account the day we raise the cash; therefore, significant cash flows out of an account will be treated as a temporary account and the member account will remain in the composite.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. During the period September 30, 2012 to September 30, 2013, net of performance was calculated by reducing the gross of fees performance by the entire bundled fee of 1.50%, which is comprised of the custodial fee and transaction costs, plus Piedmont's management fee. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The management fee schedule for the composite is as follows: First \$50mm: 40 bps; Next \$50mm: 35 bps; Over \$100mm: 25 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.

The three-year annualized standard deviation measure is not presented because 36 monthly returns are not available.

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.

## Market Plus | Style: Large Cap Core Equity

### Annual Disclosure Presentation

Year End	Performance Results (%)			3-Yr Annualized Ex-Post Standard Deviation (%)		Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$mm)	Total Firm Assets (\$mm)
	Composite Gross TWR	Composite Net TWR	Benchmark <sup>1</sup>	Composite Gross	Benchmark <sup>1</sup>				
2021	29.49	29.19	28.71	17.59	17.17	17	0.01	951	14,866
2020	14.32	14.07	18.40	18.83	18.53	14	0.01	1,000	12,493
2019	28.84	28.57	31.49	12.29	11.93	12	0.01	1,095	5,411
2018	-6.51	-6.69	-4.38	11.29	10.80	9	0.02	799	4,026
2017	25.64	25.41	21.83	10.14	9.92	6	0.01	733	6,817
2016	12.82	12.65	11.96	10.83	10.59	Five or fewer	N/A	543	6,249
2015	2.07	1.91	1.38	10.23	10.47	Five or fewer	N/A	439	5,577
2014	16.87	16.67	13.69	9.32	8.97	Five or fewer	N/A	430	2,542
2013	32.59	32.38	32.39	12.25	11.94	Five or fewer	N/A	378	2,731
2012	15.79	15.59	16.00	15.55	15.30	Five or fewer	N/A	340	3,425

Composite inception date: December 31, 2001.

<sup>1</sup> Benchmark: S&P 500

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, 2021. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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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®.

**Market Plus Composite** contains fully discretionary low tracking error large cap core equity accounts and for comparison purposes is measured against the S&P 500 Index. The product typically has 100-175 holdings and a predicted tracking error range of 1% - 2% vs. S&P 500. The Market Plus Composite was created December 31, 2001.

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 composite maintains a significant cash flow policy. Effective 9/30/2022, a significant cash flow has been defined as any client requested cash flow that would impede the firm's ability to implement the composite strategy. We will remove the assets from the account the day we raise cash or transfer the assets into the account after trading is complete; therefore, the assets will be moved or held in a temporary account and the member account will remain in the composite. Prior to 9/30/2022 the significant cash flow was defined as any client requested cash withdrawal where we must execute trades to generate the requested cash. We will remove the cash from the account the day we raise the cash; therefore, significant cash flows out of an account will be treated as a temporary account and the member account will remain in the composite.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Prior to June 30, 2004, net of fee performance was calculated using a dollar-weighted average fee. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The management fee schedule is as follows: First \$50mm: 35 bps; Next \$50mm: 30 bps; Over \$100mm: 25bps

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.

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.

## Optimized SMID Cap Core

### Annual Disclosure Presentation

Year End	Performance Results (%)			3-Yr Annualized Ex-Post Standard Deviation (%)			Composite Assets (\$mm)	Total Firm Assets (\$mm)
	Composite Gross TWR	Composite Net TWR	Benchmark <sup>1</sup>	Composite Gross	Benchmark <sup>1</sup>	Number of Portfolios		
2021	34.52	33.76	18.18	22.09	22.48	Five or fewer	0.80	14,866
2020	4.12	3.53	19.99	24.18	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
2013	39.09	38.62	36.80	15.75	15.63	Five or fewer	0.2	2,731
2012	22.29	21.99	17.88	18.80	19.24	Five or fewer	0.2	3,425

Composite inception date: October 31, 2007.

<sup>1</sup> 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, 2021. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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 pool fund(s) descriptions, which is available upon request.

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 composite maintains a significant cash flow policy. Effective 9/30/2022, a significant cash flow has been defined as any client requested cash flow that would impede the firm's ability to implement the composite strategy. We will remove the assets from the account the day we raise cash or transfer the assets into the account after trading is complete; therefore, the assets will be moved or held in a temporary account and the member account will remain in the composite. Prior to 9/30/2022 the significant cash flow was defined as any client requested cash withdrawal where we must execute trades to generate the requested cash. We will remove the cash from the account the day we raise the cash; therefore, significant cash flows out of an account will be treated as a temporary account and the member account will remain in the composite.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Since August 1, 2018, net of fee performance results reflects a model annual management fee of 0.60%, applied monthly. Net returns are calculated by deducting the model management fee from the monthly gross composite return. Prior to August 1, 2018, net of fee performance results reflects the deduction of actual management fees. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The management fee schedule for the composite is as follows: First \$50mm: 60 bps; Next \$50mm: 50 bps; Over \$100mm: 40bps

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.

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.