

Optimized SMID Cap Core Portfolio Review

Q4 2024

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

Period	Composite Gross of Fees	Composite Net of Fees	Russell 2500
Q4 2024	-2.62	-2.73	0.62

- **Stock selection was the main contributor to underperformance this quarter.**
- **Alpha model quintiles displayed an inverted return pattern, with high-ranked (Q1) stocks underperforming both low-ranked (Q5) stocks and the Russell 2500 Index. This reflected market expectations that lower-quality companies would benefit most from the pro-growth, deregulation policies of the incoming administration.**
- **Such periods are typically short-lived, as initial post-election equity euphoria began fading in December amid rising inflation concerns.**

Sector Attribution

Q4 2024 Sector Attribution

	Optimized SMID Cap Core			Russell 2500			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Health Care	16.35	1.81	0.33	12.27	-6.31	-0.76	-0.30	1.37	1.07
Utilities	0.62	-4.58	-0.03	2.50	-1.98	-0.05	0.09	0.08	0.16
Consumer Staples	2.28	15.04	0.06	3.37	3.85	0.12	0.00	0.16	0.16
Communication Services	4.80	3.01	0.05	3.00	0.45	0.02	0.01	0.15	0.16
Real Estate	2.90	-12.27	-0.38	6.90	-5.65	-0.40	0.25	-0.21	0.04
Energy	3.67	5.62	0.22	4.98	4.92	0.28	-0.02	0.06	0.03
Materials	9.06	-7.65	-0.40	5.90	-5.99	-0.31	-0.22	-0.16	-0.38
Consumer Discretionary	9.71	-4.90	-0.55	12.37	-1.04	-0.18	0.01	-0.42	-0.41
Financials	13.40	-1.49	-0.27	17.49	6.57	1.07	-0.24	-1.02	-1.26
Information Technology	14.53	-2.50	-0.38	12.02	6.85	0.69	0.12	-1.41	-1.29
Industrials	22.36	-6.41	-1.26	19.18	0.61	0.15	0.05	-1.57	-1.52
[Cash]	0.32	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	100.00	-2.62	-2.62	100.00	0.63	0.63	-0.26	-2.98	-3.24

Source: Xponance, FactSet

Positive Contributors

Health Care – Exelixis Inc. (+28.3%) and Natera Inc. (+24.7%), both overweight holdings were large contributors to this sector's strong performance. Better-than-expected (BTE) earnings, driven by strong revenue growth and higher selling prices of their oncology drugs and testing devices, drove the strong results this quarter.

Negative Contributors

Industrials – Overweight holding JELD-WEN Holdings (-48.2%) was down sharply after reporting weaker than expected (WTE) earnings results and cutting forward guidance. The global manufacturer of buildings products faced the headwinds of weak macroeconomic conditions and shift in demand to entry level products. The company is implementing cost-cutting measures to improve profitability and position itself for a potential market recovery in 2025.

Information Technology – Overweight exposure to this outperforming sector helped performance. This was more than offset by negative stock selection impact due to the combined effect of several underperforming overweight holdings, Clear Secure (-16%), Arrow Electronics (-14.8%) and Bentley Systems (-8%) along with the combined negative impact of strong performance of outperforming, lower quality, benchmark stocks that we did not own. Market rotation, valuation concerns and macro-economic uncertainty overshadowed the positive reports from each of these companies.

Financials – Underweight exposure to this outperforming sector hurt performance. Investor optimism about potential regulatory easing under President-elect Donald Trump's administration contributed to positive sentiment, anticipating benefits from deregulation and increased mergers and acquisitions activity. This provided a performance tailwind, for smaller, lower quality companies in the sector most likely to benefit from these trends versus higher quality overweight holdings such as Axos Financial (-20.3%) and Navient Corp. (-13.9%).

Risk Factor Attribution

Risk Attribution Analysis – Axioma Risk Model

Cash	Industries	Risk Factors	Stock Selection	Total
0.00	-0.90	0.06	-2.40	-3.24

Risk Factors	Ave Exposure (std dev)	Return (%)	Impact (%)
Profitability	0.19	0.80	0.15
Market Sensitivity	-0.07	0.43	0.10
Liquidity	0.05	1.48	0.10
Exchange Rate Sensitivity	0.03	3.77	0.09
Medium-Term Momentum	0.06	1.04	0.02
Growth	0.01	2.45	0.02
Volatility	-0.04	0.36	0.01
MidCap	-0.01	-0.37	0.00
Dividend Yield	0.01	-1.43	-0.03
Size	0.02	-2.64	-0.05
Value	0.19	-0.41	-0.09
Leverage	0.16	-0.59	-0.10
Earnings Yield	0.19	-0.77	-0.15
Total			0.06

Source: Axioma, FactSet

Risk factor positioning had a modest positive impact on performance.

Market dynamics during this period favored smaller companies with growth and momentum characteristics, while higher-quality, reasonably valued, and less volatile companies underperformed. These themes were especially

pronounced after the Presidential election, as Trump's policies were viewed as broadly supportive of the market and companies with these traits.

The strategy's core positioning contributed positively through exposures to Profitability, Market Sensitivity (beta), Liquidity, and Exchange Rate Sensitivity. However, these gains were largely offset by overweight exposures to underperforming factors such as Value (Earnings Yield, Value B/P), Leverage, and Size. Overall, the negative impact of stock selection outweighed the positive contribution from risk factor allocation.

Quantitative Model Performance

Alpha Model Attribution

Alpha Model Quintile	Optimized SMID Cap Core			Russell 2500			Attribution Analysis		
	Average Weight	Total Return	Contrib. To Return	Average Weight	Total Return	Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Q1 (High)	96.16	-2.31	-2.38	27.68	-0.62	-0.06	-0.81	-1.63	-2.44
Q2	2.75	-5.92	-0.17	24.46	-1.51	-0.36	0.45	-0.17	0.28
Q3	0.62	-10.85	-0.02	20.16	-0.05	0.04	0.12	-0.14	-0.02
Q4	0.12	-4.12	-0.05	16.71	0.93	0.02	-0.05	-0.04	-0.09
Q5 (Low)	--	--	--	10.93	9.99	0.99	-0.96	0.00	-0.96

Source: Xponance, FactSet

The return pattern across alpha model quintiles was inverted, with high-ranked (Q1) stocks underperforming both low-ranked (Q5) stocks and the Russell 2500 Index. The strategy's relative exposure—overweighting underperforming Q1 stocks and underweighting outperforming lower-ranked quintiles—resulted in a significant negative allocation effect.

The strong performance of lower-ranked stocks was driven by greater exposure to outperforming sectors such as Financials, Industrials, Consumer Discretionary, and Information Technology. Market expectations favored lower-quality companies, anticipated to benefit from pro-growth, deregulation policies of the incoming administration. Smaller-cap financial firms, often burdened by high compliance costs, stood to gain disproportionately from reduced regulation, improved profitability, greater operational flexibility, and increased merger and acquisition potential.

These conditions were short-lived, as initial post-election euphoria faded in December amid rising inflation concerns and a sharp market decline, leading to improved relative performance of higher-quality stocks. However, negative stock selection within high-ranked stocks further compounded the performance headwinds created by the market environment.

Trailing period performance as of 12/31/2024

(%)	QTD	CYTD	1- Year	3- Years	5- Years	10- Years	Since Inception	Inception Date
Composite Gross	-2.62	12.34	12.34	9.10	12.71	12.51	11.23	10/31/07
Composite Net	-2.73	11.82	11.82	8.54	12.11	12.01	10.82	
Index ¹	0.62	12.00	12.00	2.39	8.77	8.85	8.32	

¹Benchmark: Russell 2500

Past performance is not indicative of future results. Periods greater than 1 year are annualized. The U.S. Dollar is the currency used to express performance.

Investments in public equities involve risks, including the loss of principal invested. This strategy's returns may fluctuate in response to one or more of many factors, that include financial condition of individual companies; the business market in which individual companies compete; industry market conditions; interest rates; general economic environments; portfolio management activities; and data or modeling risk where proprietary models are used in the management of the strategy.

Gross of fee returns are presented before management fees, but after custodial fees and transaction costs and include the reinvestment of all income. Since August 1, 2018, net of fee returns reflects a model annual management fee of 0.60%, applied monthly. Net of fee returns are calculated by deducting the model management fee from the monthly gross of fee returns. Performance-based fees are not applicable. Prior to August 1, 2018, net of fee returns reflects the deduction of actual management fees (including performance-based fees if applicable) from the monthly gross of fee returns. Actual management fees incurred by clients may vary. The composite include zero commission accounts.

The standard management fee schedule for the composite is as follows: First \$50mm: 65 bps; Next \$50mm: 55 bps; Over \$100mm: 45 bps. Fees are charged to clients on a quarterly basis. Fees are calculated as a percentage of assets under management and vary based upon the type of product and the total amount of assets under management. The percentage fee is expressed terms of basis points ("BPS") for our products. One hundred basis points equal 1%. All fees are negotiable.

Xponance claims compliance with the Global Investment Performance Standards (GIPS®). To obtain GIPS-compliant performance information for the firm's strategies and products, please contact info@xponance.com.

The firm maintains a complete list and description of composites and limited distribution pooled fund(s) which is available upon request. Please refer to the GIPS® report for additional performance information which is included on the next page of this presentation.

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Annual Disclosure Presentation

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

Composite inception date: October 31, 2007.

¹ Benchmark: Russell 2500

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

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Xponance is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Our registration as an investment adviser does not imply any level of skill or training and the information in this report has not been approved or verified by the SEC or by any state securities authority.

Total firm assets presented through, and including, Calendar Year 2019 represent total firm assets for PIA, prior to April 1, 2020, this composite was managed by legacy firm PIA. Total firm assets presented post April 1, 2020 represent the total firm assets of Xponance®

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

Results are based on fully discretionary accounts under management. Accounts that are no longer with the firm are included through the last full measurement period such accounts were managed in the composite's style. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance.

Gross of fee returns are presented before management fees, but after custodial fees and transaction costs and include the reinvestment of all income. Since August 1, 2018, net of fee returns reflects a model annual management fee of 0.60%, applied monthly. Net of fee returns are calculated by deducting the model management fee from the monthly gross of fee returns. Performance-based fees are not applicable. Prior to August 1, 2018, net of fee returns reflects the deduction of actual management fees (including performance-based fees if applicable) from the monthly gross of fee returns. Actual management fees incurred by clients may vary. The composite include zero commission accounts.

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The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

Internal dispersion presented is an equal-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented.

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