

# Core Value – Large Cap

## Q2 2020

June 30, 2020

### Annualized Returns (%)

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception <sup>1</sup>
Gross of fees	16.03	-9.31	-1.08	6.76	9.04	10.93	-	12.22
Net of fees	15.94	-9.51	-1.52	6.29	8.56	10.42	-	11.59
Benchmark <sup>2</sup>	20.54	-3.08	7.51	10.73	10.73	12.13	13.99	12.71
SP500V <sup>3</sup>	13.15	-15.52	-4.50	3.74	5.98	7.93	10.88	9.40

<sup>1</sup> Inception Date: September 30, 2012 <sup>2</sup> Benchmark: S&P 500 <sup>3</sup> SP500V = S&P 500 Value

### Characteristics

	Portfolio Weight	Benchmark Weight
Excess return (gross since inception)	-0.49%	-
Excess return (net since inception)	-1.12%	-
Information ratio (gross since inception)	-0.16	-
Information ratio (net since inception)	-0.38	-
Holdings	50	505
P/E using FY1 est	19.5	23.4
P/E using FY2 est	16.8	19.3
Dividend yield	2.9%	1.9%
Historical 3 year EPS growth	16.9%	24.0%
Weighted average market cap	\$330,606mm	\$388,002mm

### Sector Weights (%)

	Portfolio Weight	Benchmark Weight
Communication Services	6.11	10.78
Consumer Discretionary	10.40	10.83
Consumer Staples	12.14	6.97
Energy	2.30	2.83
Financials	6.28	10.08
Health Care	15.58	14.63
Industrials	9.96	7.99
Information Technology	31.08	27.46
Materials	3.30	2.52
Real Estate	2.85	2.84
Utilities	-	3.07

### Top Ten Holdings (%)

	Portfolio Weight
Microsoft Corporation	9.25
Apple Inc.	5.84
Pfizer Inc.	3.54
Procter & Gamble Company	3.24
Johnson & Johnson	3.05
Paychex, Inc.	3.01
Target Corporation	2.92
Public Storage	2.85
Broadcom Inc.	2.74
Gilead Sciences, Inc.	2.48

### Portfolio Facts

Inception date	9/30/2012
Assets in strategy	\$9mm
Benchmark	S&P 500
Predicted tracking error	2-4% vs. b/m
No. of stocks	40-50
Sectors	No constraints
Annual Turnover	50-60%
Min. investment	\$5mm
Vehicle(s) available	Separately managed

Portfolio characteristics are subject to change, and current holdings may differ. Past performance is not an indication of future results. A complete list of firm composites and performance results is available upon request. Additional disclosures are found at the end of this presentation. Statistics shown are supplemental information to the GIPS compliant presentation at the end of this presentation. Results represent preliminary data which is subject to change.

### Portfolio Management



#### Sumali Sanyal, CFA

Managing Director, Senior Portfolio Manager, Systematic Global Equities



#### Cameron F. McLennan, CFA

Director, Portfolio Manager, Systematic Global Equities

### About Xponance®

Xponance® is a multi-strategy investment firm offering strategies across equity and fixed income. We are independent and employee owned by women and diverse professionals, whose common passion is to do the right thing for our clients and each other. Xponance® is the successor firm representing the integration of two great legacy firms, FIS Group, Inc. and Piedmont Investment Advisors, LLC.

### Investment Philosophy & Process

Our investment philosophy focuses on striking an appropriate balance between risk and return in our management of clients' portfolios while taking ESG factors into consideration. 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 and controlling tracking error. This strategy is designed to deliver a stable return stream by focusing on high quality stocks that have strong cash flow and have a demonstrated willingness to increase return of capital to investors. The investment process seeks to identify companies that have a consistent dividend and earnings growth profile, are highly profitable, are disciplined in capital allocation, have low semi-variance or downside volatility, and have low ESG risk.

### Distinguishing Attributes

- Proven quantitative stock selection models
- Focused on achieving optimal risk-return tradeoffs
- ESG factors taken into consideration
- Structured and disciplined investment process
- Experienced investment team
- Corporate culture built on client service and diversity

## Core Value – Large Cap

### Annual Disclosure Presentation

Year End	Total Firm Assets (\$mm)	Composite Assets			Annualized Performance Results (%)				3 Year Ex-Post Standard Deviation (%)	
		USD (\$mm)	Number of Accounts	Bundled Fee (%)	Composite Gross	Composite Net	Benchmark <sup>1</sup>	Composite Dispersion	Composite	Benchmark <sup>1</sup>
2019	5,411	10.0	5 or fewer	0	26.99	26.43	31.49	N/A <sup>2</sup>	11.47	11.93
2018	4,026	6.2	5 or fewer	0	-5.81	-6.21	-4.38	N/A <sup>2</sup>	10.55	10.80
2017	6,817	7.0	5 or fewer	0	20.94	20.39	21.83	N/A <sup>2</sup>	9.68	9.92
2016	6,249	6.0	5 or fewer	0	16.60	16.09	11.96	N/A <sup>2</sup>	10.36	10.59
2015	5,577	5.0	6	0	1.61	1.16	1.38	0.33	10.32	10.47
2014	2,542	4.0	6	0	13.48	12.97	13.69	0.36	N/A <sup>2</sup>	N/A <sup>2</sup>
2013	2,731	3.63	6	0	38.42 <sup>4</sup>	37.01	32.3	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2012 <sup>3</sup>	3,425	0.13	5 or fewer	100	0.04 <sup>4</sup>	-0.40	-0.38	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup> Benchmark: S&P 500 <sup>2</sup> The internal dispersion is not presented for those periods marked “N/A” because the composite did not have at least six portfolios for the entire annual period

<sup>3</sup> Results shown for the year 2012 represent partial period performance from October 1, 2012 through December 31, 2012.

<sup>4</sup> Gross of fees Performance for the period September 30, 2012 to September 30, 2013 is supplemental information. During that period, one account in the composite had a bundled fee. The net performance for that period is reduced by the total bundled fee, which is comprised of the custodial fee and transactions costs, plus Piedmont’s management fee. Standard deviation is not shown for the composite prior to 2015 because 36 calendar monthly returns are not available.

The 3-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Standard deviation is not required for periods prior to 2011.

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, 2019. A copy of the verification reports is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

On August 31, 2018, FIS Group, Inc. (“FIS Group”) acquired Piedmont Investment Advisors, Inc.’s (“PIA”) predecessor, Piedmont Investment Advisors, LLC. Xponance® 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 complete list of composite 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®.

**Core Value – 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 Core Value product was created on September 30, 2012.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Piedmont maintains a significant cash flow policy. A significant cash flow has been 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. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule for the composite is as follows: First \$50mm: 45 bps; Next \$50mm: 40 bps; Over \$100mm: 30 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.

Effective April 1, 2016, Composite name was changed from Growth & Income to Core Value.