

Yield Advantage Differentiated Income

Q2 2020



June 30, 2020

Annualized Returns (%)

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	Since Inception ¹
Gross of fees	5.61	-6.05	-4.10	1.37	2.61	3.38	5.99
Net of fees	5.55	-6.14	-4.28	1.20	2.40	3.16	5.46
Benchmark ²	2.90	6.14	8.74	5.32	4.30	3.96	5.72

¹ Inception Date: September 30, 1991 ² Bloomberg Barclays U.S. Aggregate Index

Characteristics

Average Duration	5.68
Weighted Average Life	6.99
Average Yield	5.99
Average Weighted Coupon	3.25
Average Quality (Moody's)	A

Sector Weights (%)

	Portfolio Weight	Benchmark Weight
Cash	1.75	0.00
U.S. Treasury	4.48	37.18
Govt-Related	15.54	1.40
Corporate Credit	25.44	32.00
Securitized	52.79	29.50

Duration Distribution (%)

	Portfolio Weight	Benchmark Weight
0-1 Year	39.7	4.1
1-3 Years	10.3	35.2
3-5 Years	7.4	23.0
Over 5 Years	42.6	36.7

Distinguishing Attributes

- Significantly enhanced credit diversification
- Can offer returns greater than similarly rated debt instruments
- Enhanced income derived from optionality, curve relationships and issue size (illiquidity premium)
- Wisdom of experienced investment team
- Corporate culture built on client service and diversity

*Total product assets shown above may include accounts that are not reflected in the GIPS composite performance.

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.

The information provided on this page should be considered supplemental. For complete performance data, please see the Xponance® Yield Advantage Differentiated Income disclosures on the last page.

Portfolio Team



Charles L. Curry, Jr.
Managing Director, Sr.
Portfolio Manager, U.S.
Fixed Income



Randolph Lestyk
Director, Portfolio
Manager, U.S. Fixed Income



John Gagliardi
Fixed Income Associate

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 Objective

The Differentiated Income product is a total return strategy that strives to achieve high income yield and potential long-term capital appreciation.

Investment Strategy

Compared to traditional investment grade strategies, this product seeks to maximize risk-adjusted return via investment grade securities. Significant yield advantage is achieved through bespoke credit, smaller size securitized deals as well as securities with embedded options. Securities utilized include IG corporates, FRNs, CLOs, Agency step-up/range accruals as well as MBS/CMBS. Structure vs Credit risk is contemplated given the nature of these securities.

The strategy is sector agnostic and portfolios are constructed from a fundamental/quantitative framework in concert with an overall macro protocol that underpins all the Yield Advantage products.

Yield Advantage Differentiated Income

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	Composite Gross	Composite Net	Benchmark ¹	Composite Dispersion	Composite	Benchmark ¹
2019	5,411	363.7	5 or fewer	9.34	9.13	8.72	N/A ²	1.84	2.87
2018	4,026	328.6	5 or fewer	-0.39	-0.57	0.01	N/A ²	1.95	2.84
2017	6,817	301.6	5 or fewer	5.15	4.97	3.54	N/A ²	2.10	2.78
2016	6,249	200.4	5 or fewer	6.74	6.49	2.65	N/A ²	2.52	2.98
2015	N/A	188.3	5 or fewer	0.10	-0.15	0.55	N/A ²	2.90	2.88
2014	N/A	180.8	5 or fewer	9.28	9.01	5.97	N/A ²	2.75	2.63
2013	N/A	218.6	5 or fewer	1.16	0.92	-2.03	N/A ²	2.69	2.71
2012	N/A	216.9	5 or fewer	10.36	10.10	4.22	N/A ²	2.25	2.38
2011	N/A	150.9	5 or fewer	4.78	4.56	7.84	N/A ²	3.37	2.78
2010	N/A	148.6	5 or fewer	10.96	10.72	6.54	N/A ²	5.66	4.17

¹ Benchmark: Bloomberg Barclays U.S. Aggregate Index ²The 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.

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®.

Yield Advantage Differentiated Income Composite contains all fee paying and non-fee-paying portfolios managed according to its investment strategy on a fully discretionary basis. The Composite consists of investment quality securities where credit risk is minimized through an emphasis on treasuries, agencies, high quality corporates, asset-backed and mortgage-backed securities and is measured against the Bloomberg Barclays US Aggregate Index. The Tactical Fixed Income Composite was created on September 30, 1991.

Performance presented prior to 10/01/16 occurred while the Portfolio Management Team was affiliated with a prior firm where the members of the Portfolio Management Team were the only individuals responsible for selecting the securities to buy and sell.

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. 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: 40 bps; Next \$25mm: 30 bps; Next \$25mm: 25 bps; Over \$100mm: 20 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 in terms of basis points ("BPS") for our products. One hundred basis points equal 1%. All fees are negotiable.

Effective September 1, 2019 Composite name was changed from Yield Advantage Tactical Income to Yield Advantage Differentiated Income