

Russell 1000 Value Index Replication Strategy Q2 2020



June 30, 2020

Annualized Returns (%)

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception ¹
Gross of fees	14.24	-16.23	-8.83	-	-	-	-	-0.74
Net of fees	14.21	-16.27	-8.92	-	-	-	-	-0.82
Benchmark ²	14.29	-16.26	-8.84	-	-	-	-	-0.74

¹ Inception Date: February 7, 2018 ² Benchmark: Russell 1000 Value

Characteristics

	Portfolio Weight	Benchmark Weight
Excess return (gross since inception)	0.00%	-
Excess return (net since inception)	-0.08%	-
Holdings	839	839
P/E using FY1 est	18.7	18.7
P/E using FY2 est	15.5	15.4
Dividend yield	2.8%	2.8%
Historical 3 year EPS growth	15.4%	15.4%
Weighted average market cap	\$113,890mm	\$113,917mm

Sector Weights (%)

	Portfolio Weight	Benchmark Weight
Communication Services	9.33	9.33
Consumer Discretionary	6.99	6.98
Consumer Staples	8.11	8.12
Energy	5.30	5.28
Financials	18.50	18.52
Health Care	14.07	14.08
Industrials	12.34	12.34
Information Technology	10.23	10.22
Materials	4.48	4.48
Real Estate	4.74	4.75
Utilities	5.91	5.91

Top Ten Holdings (%)

	Portfolio Weight
Berkshire Hathaway Inc. Class B	2.46
Johnson & Johnson	2.27
JPMorgan Chase & Co.	2.01
Intel Corporation	1.80
Verizon Communications Inc.	1.61
AT&T Inc.	1.52
Walt Disney Company	1.43
Cisco Systems, Inc.	1.41
Exxon Mobil Corporation	1.34
Bank of America Corp	1.30

Portfolio Facts

Inception Date	2/7/2018
Assets in Strategy	\$7.3mm
Benchmark	Russell 1000 Value
Predicted tracking error	0-0.25% vs. b/m
No. of stocks	B/m
Sectors	B/m
Annual turnover	10-20%
Min. investment	\$10mm
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

Founded on a risk-aware philosophy and quantitative investment process, the goal of index strategies at Xponance is to replicate the returns of the client specified benchmark as closely as possible in a cost efficient way and with minimal tracking error. The Russell 1000 Value Index Strategy is managed on a fully replicated basis where the weight of each stock in the portfolio is in line with its weight in the benchmark. This portfolio holds cash at 0.25% or less. Portfolio managers have the ability to use ETFs to minimize non-equity exposure in the portfolio. The portfolio for this index strategy is constructed using full replication so that the tracking error of the portfolio is minimal, and the portfolio is self-rebalancing, allowing turnover to be in line with the benchmark and transaction costs to remain very low. The portfolio is compared and tracked versus the benchmark throughout each trading day to ensure that it reflects the index as closely as possible. Transactions resulting from benchmark changes or changes in cash levels are planned ahead of time and executed in a cost efficient manner. We use data from the index providers to construct and monitor our portfolios.

Distinguishing Attributes

- Structured and disciplined investment process
- Capabilities to customize index mandates
- Experienced investment team
- Corporate culture built on client service and diversity

Russell 1000 Value Index Strategy Composite

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	6.71	5 or fewer	26.45	26.35	26.54	N/A ²	N/A	N/A
2018 ³	4,026	4.90	5 or fewer	-7.21	-7.28	-7.25	N/A ²	N/A	N/A

¹ Benchmark: Russell 1000 Value Index

² 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.

³ Partial Period Performance Shown from 02/28/18-12/31/18

The annual composite dispersion presented is an asset-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the year. The 3-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

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®.

Russell 1000 Value Index Strategy Composite contains fully discretionary passive Russell 1000 Value accounts and for comparison purposes is measured against the Russell 1000 Value Index. The strategy is to replicate and track the return of the Russell 1000 Value. The Russell 1000 Value Index Strategy Composite was created on February 28, 2018. The Russell 1000 Value is an index composed of large- and mid-capitalization U.S. equities that exhibit value characteristics.

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. Xponance® 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 significant cash flow policy applies for all periods.

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 is as follows: First \$250mm: 5 bps; Next \$250mm: 3 bps; Over \$500mm: 2 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.