

Optimized Small Cap Core

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	23.57	-17.28	-6.82	2.24	3.89	-	-	5.37
Net of fees	23.54	-17.32	-6.91	2.04	3.63	-	-	5.06
Benchmark ²	25.42	-12.98	-6.63	2.01	4.29	7.17	10.50	4.79

¹ Inception Date: December 31, 2013 ² Benchmark: Russell 2000

Characteristics

	Portfolio Weight	Benchmark Weight
Excess return (gross since inception)	0.58%	-
Excess return (net since inception)	0.27%	-
Information ratio (gross since inception)	0.15	-
Information ratio (net since inception)	0.07	-
Holdings	91	2,005
P/E using FY1 est	15.6	18.2
P/E using FY2 est	13.9	15.8
Dividend yield	1.8%	1.8%
Historical 3 year EPS growth	24.6%	16.9%
Weighted average market cap	\$2,485 mm	\$2,078 mm

Sector Weights (%)

	Portfolio Weight	Benchmark Weight
Communication Services	3.25	2.53
Consumer Discretionary	15.34	11.80
Consumer Staples	0.91	3.34
Energy	0.66	2.26
Financials	16.30	16.34
Health Care	22.89	20.63
Industrials	11.72	14.52
Information Technology	17.53	13.86
Materials	1.98	4.03
Real Estate	6.22	7.05
Utilities	3.20	3.63

Top Ten Holdings (%)

	Portfolio Weight
Perdoceo Education Corporation	2.17
BMC Stock Holdings, Inc.	2.14
Rexford Industrial Realty, Inc.	2.11
National General Holdings Corp.	2.09
Luminex Corp	2.04
Worthington Industries, Inc.	1.94
Wingstop, Inc.	1.92
Amkor Technology, Inc.	1.88
Stifel Financial Corp.	1.86
Valley National Bancorp	1.84

Portfolio Facts

Inception date	12/31/2013
Assets in strategy	\$0.09mm
Benchmark	Russell 2000
Predicted tracking error	3-5% vs. b/m
No. of stocks	<100
Sectors	B/m ±4%
Annual Turnover	100%
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. We utilize internally developed quantitative models for stock selection. These models are built using factors that reflect and measure fundamental drivers of growth, value, and momentum, and have also been shown to be consistent and predictive drivers of long-term excess returns. Our portfolio construction methods focus on maximizing exposure to these factors while controlling both ESG risk and portfolio active 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

Optimized Small Cap Core

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	0.11	5 or fewer	27.92	27.83	25.52	N/A ²	16.64	15.71
2018	4,026	0.18	5 or fewer	-9.18	-9.49	-11.01	N/A ²	14.55	15.79
2017	6,817	0.19	5 or fewer	10.40	10.08	14.65	N/A ²	12.66	13.91
2016	6,249	0.18	5 or fewer	19.96	19.54	21.31	N/A ²	14.17	15.76
2015	5,577	0.1	5 or fewer	-0.99	-1.33	-4.41	N/A ²	N/A	N/A
2014	2,542	0.1	5 or fewer	9.56	9.05	4.89	N/A ²	N/A	N/A

¹ Benchmark: Russell 2000

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.

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. 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®.

Optimized Small Cap Core Composite contains fully discretionary Small cap core equity accounts and for comparison purposes is measured against the Russell 2000 Index. The product typically has fewer than 100 holdings and a predicted tracking error target range of 5% - 8% vs. Russell 2000. The Optimized Small Cap Core Composite was created December 31, 2013.

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 \$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.