



# Global Equity ETF Strategy

## Q1 2024 Performance Highlights (%)

Portfolio (gross)	5.98
Portfolio (net)	5.87
Style Index	8.20

## Annualized Performance<sup>1</sup> (%)

as of Mar 31, 2024

	1YR	3YR	5YR	10YR	Since Inception
Gross	11.78	4.25	9.31	8.22	9.62
Net	11.34	3.84	8.88	7.64	8.86
Style Index*	23.22	6.95	10.90	8.65	9.09

## Annual Performance (%)

	2017	2018	2019	2020	2021	2022	2023
Gross	22.04	-11.31	24.88	15.13	17.31	-10.01	9.00
Net	21.56	-11.67	24.40	14.67	16.85	-10.37	8.57
Style Index*	23.97	-9.41	26.60	16.25	18.54	-18.36	22.20

\* Style index is MSCI ACWI Index

<sup>1</sup>Returns greater than 1 year are annualized.

Inception date: 10/31/2010

### Richard Bernstein Advisors

RBA employs a macrodriven, top-down style to construct global tactical equity and asset allocation portfolios. The investment team uses quantitative indicators and the firm's macro-economic analysis to invest in global equity, fixed income asset classes, sub-asset classes and sectors using only US-listed ETFs. The firm currently has \$15.2 billion collectively under management and advisement as of 3/31/2024.

Investment Committee: Richard Bernstein; Dan Suzuki, CFA; Michael Contopoulos; Malvika Dhingra; Matthew Griswold, CFA; Lisa Kirschner; Matthew Poterba, CFA; Henry Timmons, CFA.

For investment minimums, please contact your financial advisor. Performance information included in this factsheet is as of current quarter-end and subject to change. Prior period returns may have been restated to conform to this presentation. All other information is as of the most recent quarter end. See disclosure at the end of the factsheet for further information.

**Past performance is no guarantee of future results.**

The Global Equity ETF Strategy underperformed its benchmark in 1Q24, posting a return of 5.98% compared to an 8.20% for its style index\*.

### Positioning

The underperformance was driven by the portfolio's underweight in US megacap growth stocks. The overweight in consumer staples, US aerospace and defense, small caps, China and emerging markets also detracted from performance. The portfolio's overweight in value stocks helped performance. The strategy held an average cash weight of 2.0% (2.0ppt overweight) which detracted from performance.

### Changes in Portfolio

While we remain concerned about the concentration of capital in US megacaps, the rest of the stock market presents an attractive landscape. Corporate profit recovery is in full swing and has begun broadening out. Liquidity remains ample and many segments of the stock market appear undervalued and overlooked. We increased exposure to non-China emerging markets (remaining overweight China) and trimmed our European and Japanese equity holdings. We are now broadly overweight emerging markets and non-megacap US stocks, with a tilt toward small caps and value. We also increased our exposure to US value stocks (those with cheaper valuations), where profit momentum is also improving.

### Outlook & Positioning

At RBA, we believe that we are at a major inflection point in macro fundamentals and market leadership, offering investors a once-in-a-generation opportunity to reposition portfolios. To put the magnitude of this opportunity into perspective, we have identified what we believe are the best trades of the past 50 years — those asset class, regional and sector allocation decisions that would have netted the greatest long-term outperformance. Each of these trades would have generated excess returns averaging 7-19% per year spanning periods of 8-22 years:

- 1. International stocks over US stocks (1967 – 1988):** The dominant US Nifty 50 large caps ceased to live up to lofty market expectations, giving way to international stock leadership, especially driven by the ascent of Japanese manufacturing efficiency.
- 2. US stocks over cash (1987 – 2000):** In the wake of the 1987 stock market crash, US stocks climbed a wall of worry until telecommunication and technology stocks took the reins beginning in the mid-1990s, while interest rates on cash continued to fall.
- 3. Energy stocks over the broad market (2000 – 2008):** The bookends of the bursting technology bubble and the financial crisis weighed on broad index returns, while strong emerging market growth caused energy demand to outstrip supply.
- 4. US stocks over cash (2009 – 2023):** Following the financial crisis, US stocks climbed another wall of worry. The prolonged period of low interest rates not only minimized cash returns but also boosted liquidity and investment demand for high growth technologies.

Chart 1: US vs. Int'l stocks

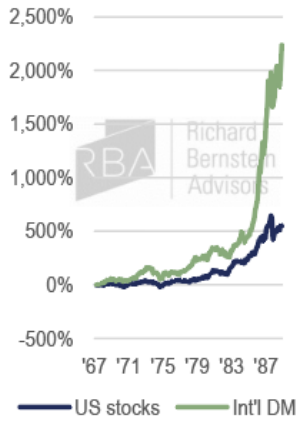


Chart 2: US stocks vs. cash

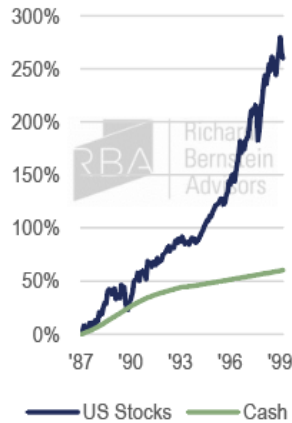


Chart 3: US stocks vs. Energy

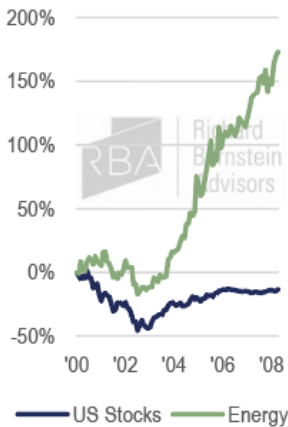
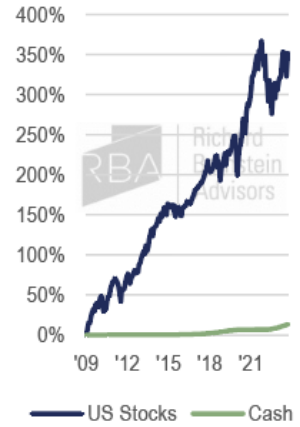


Chart 4: US stocks vs. cash



Source: Richard Bernstein Advisors LLC, Bloomberg, MSCI, S&P, ICE BofA

Note: International developed market stock performance prior to 1970 is based on local currency monthly price returns weighted as follows: UK FTSE All-Share Index (40%); Germany DAX Index (15%); Japan Topix Index (15%); Australia ASX All Ordinaries Index (15%); Canada S&P/Toronto Stock Exchange Composite Index (15%). For comparability, we also use S&P 500® price returns prior to 1970. From 1970, all returns are based on total returns in USD, with international developed market returns based on the MSCI EAFE index. Cash returns are based on the ICE BofA US 3-month Treasury Bill Index. Energy returns are based on the S&P 500® Energy Index.

In many ways, each of these unique periods can be characterized by the rise of American exceptionalism. Beginning with the ascension of the US Nifty 50 stocks in the 1950s and 1960s, followed by the Tech and Telecom bubble of the 1990s, to the so-called Magnificent 7 leading today's markets, a certain group of US companies becomes so dominant that they come to be perceived as the only stocks worth owning. Each time that became the pervasive sentiment, it generally signaled that the next big investment opportunities lay elsewhere.

Chart 5: S&P 500® vs. International Developed Markets relative total return index ratio



Source: Richard Bernstein Advisors LLC, Bloomberg, MSCI, S&P

Note: International developed market stock performance prior to 1970 is based on local currency monthly price returns weighted as follows: UK FTSE All-Share Index (40%); Germany DAX Index (15%); Japan Topix Index (15%); Australia ASX All Ordinaries Index (15%); Canada S&P/Toronto Stock Exchange Composite Index (15%). For comparability, we also use S&P 500® price returns prior to 1970. From 1970, all returns are based on total returns in USD, with international developed market returns based on the MSCI EAFE index.

Market leadership tends to change in response to structural shifts in the macroeconomic fundamentals. The global economy is currently undergoing major inflections across inflation, interest rates, globalization, corporate profitability, demographics and government balance sheets. When coupled with the prevailing bifurcation of sentiment and record market concentration, the current juncture may offer investors a once-in-a-generation opportunity to rebalance portfolios.

**IMPORTANT DISCLOSURE**

The performance was calculated by Richard Bernstein Advisors LLC (the "Adviser") for the Global Equity ETF Strategy ("Strategy") as described below. The Strategy's asset allocation recommendations are subject to guideline allocation limitations at the major asset class level (i.e., equity and cash) that may change over time.

The Strategy has an inception date of October 31, 2010. The Strategy seeks risk-adjusted long-term growth by employing a top-down style to construct a global tactical equity portfolio. Accounts in this Strategy obtain desired exposure via ETF vehicles.

The Strategy represents the global equity composite return from November 1, 2010 until June 30, 2016 and thereafter represents the composite returns of the Global Equity ETF strategy maintained by RBA. The Global Equity ETF strategy is presented after June 30, 2016.

The benchmark is MSCI ACWI USD Net. The firm's complete list of composite returns are available upon request.

Past performance is no guarantee of future results. Performance is shown in USD and includes reinvestment of dividends and other earnings. Results are shown on a "gross" and "net" basis. Gross-of-fee returns are reduced by actual trading costs incurred and platform fees but are before deduction of any advisory or other fees. Net performance is shown net of a model annual advisory fee of 0.40% deducted on a monthly basis, the highest fee charged by the Adviser. Taxes have not been deducted.

Index and portfolio data herein have been supplied by outside sources, including, Richard Bernstein Advisors LLC, and are believed to be reliable as of the date indicated. The source for ETF returns is Richard Bernstein Advisors LLC. The source for risk measures is Morningstar.

**About Risk:** Any investment is subject to risk. ETFs are subject to risks similar to those of stocks, such as market risk, and investors who have their funds invested in accordance with the model portfolio may experience losses. Additionally, fixed income (bond) ETFs are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. Foreign investments may be subject to greater risk than domestic investments. Investments in foreign instruments or currencies can involve greater risk and volatility than U.S. investments because of adverse market, economic, political, regulatory, geopolitical or other conditions. In emerging countries, these risks may be more significant. The value of commodities investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, including weather, embargoes, tariffs, or health, political, international and regulatory developments. An imbalance in supply and demand in the income market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. As interest rates rise, the value of certain income investments is likely to decline. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of non-payment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. Smaller companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than larger, established companies. Derivatives instruments can be used to take both long and short positions, be highly volatile, result in economic leverage (which can magnify losses), and involve risks in addition to the risks of the underlying instrument on which the derivative is based, such as counterparty, correlation and liquidity risk. If a counterparty is unable to honor its commitments, the value may decline and/or the portfolio could experience delays in the return of collateral or other assets held by the counterparty. Investing in an exchange-traded fund (ETF) exposes the Strategy to all of the risks of that ETF and, in general, subjects the Strategy to a pro rata portion of the Strategy's fees and expenses.

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