Richard Bernstein Advisors
Pactive® Approach to Investing

Quarterly Commentary

Q3-2024

Core Plus Total Return ETF Strategy

Q3 2024 Performance Highlights (%)

Portfolio (gross)	4.83
Portfolio (net)	4.72
Style Index*	5.20

Annualized Performance[1] (%)
as of Sep 30, 2024

	YTD	1Y	3Y	Since Inception
Gross	4.35	10.86	-1.93	-1.16
Net	4.04	10.43	-2.33	-1.55
Style Index*	4.45	11.57	-1.39	-1.43

Annual Performance (%)

	2021	2022	2023
Gross	0.73	-13.80	4.85
Net	0.32	-14.15	4.44
Style Index*	-1.54	-13.01	5.53

** Style index is Bloomberg US Aggregate Bond Index*
[1]Returns greater than 1 year are annualized.
*** Net of dividend taxes*
Inception date: 12/23/2020

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 $15.6 billion collectively under management and advisement as of 9/30/2024.

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 Core Plus Total Return ETF Strategy underperformed its benchmark in 3Q24, posting a return of 4.83% compared to a 5.20% for its style index*.

Positioning

The portfolio's overweight in collateralized loan obligations (CLOs) and underweight in investment-grade corporate bonds were the main drivers of underperformance. This was partially offset by the portfolio's overweight in long-term US Treasuries and mortgage-backed securities.

Changes in Portfolio

In September, RBA capitalized on the significant decline in Treasury yields by reducing exposure to long-term Treasuries in favor of short-term fixed-rate Treasuries. The portfolio is now underweight duration, awaiting either higher yields or more substantial evidence of slowing growth that would necessitate increasing our duration again.

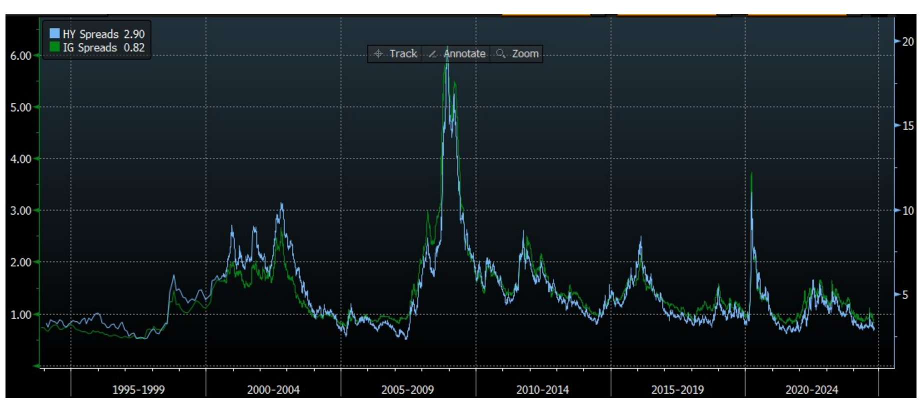
Outlook & Positioning

With earnings on the rise, job growth robust, and inflation stabilizing above 2%, interest rate risk is again a pressing concern for fixed-income investors. We think the prevailing notion that cutting interest rates leads to lower Treasury yields will continue to be tested. It's typically the economic slowdown prompting the cuts, rather than the cuts themselves, that results in declining yields. Investors should keep in mind that when the Federal Reserve eases monetary policy amid above-target inflation and full employment, the outcome can actually be higher yields.

Additionally, unexpected increases in yields can lead to greater rate volatility. Combined with tight spreads, this makes historically rich credit markets more susceptible to shocks. In this environment, we see an opportunity in CLOs (Collateralized Loan Obligations), which offer a buffer against tighter-than-expected policies while also providing attractive yields and spreads.

Currently, fixed income faces several challenges, notably tight spreads and rising risk-free rates. For this reason, we advocate for maintaining a high-quality portfolio that offers above-market yields while maintaining below market duration.

Chart 1: HY and IG Corporate Bond Spreads are near all-time lows



Source: Bloomberg

IMPORTANT DISCLOSURE

The performance was calculated by Richard Bernstein Advisors LLC (the "Adviser") for the Core Plus Total Return 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., fixed income and cash) that may change over time.

The Strategy has an inception date of December 23, 2020. The Strategy seeks to generate superior risk-adjusted returns as compared to the aggregate bond universe over a full market cycle by employing a top-down style to construct a global tactical asset allocation portfolio. Accounts in this Strategy obtain desired exposure via ETF vehicles.

The Strategy benchmark is 100% Bloomberg U.S. Aggregate Bond Index. The benchmark is rebalanced daily.

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 Fund to all of the risks of that ETF and, in general, subjects the Fund to a pro rata portion of the Fund's fees and expenses.

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