Richard Bernstein Advisors

The Leaders In Pactive® Management

Quarterly Commentary

Q1-2023

Global Equity ETF Strategy

Q1 2023 Performance Highlights (%)

Portfolio (gross)	3.34
Portfolio (net)	3.24
Style Index	7.31

Annualized Performance (%)

as of Mar. 31, 2023

	1YR	3YR	5YR	10YR	Since Inception
Gross	-3.81	14.74	6.67	9.06	9.45
Net	-4.20	14.29	6.25	8.40	8.67
Style Index*	-7.44	15.36	6.92	8.05	8.03

Annual Performance (%)

	2016	2017	2018	2019	2020	2021	2022
Gross	13.68	22.04	-11.31	24.88	15.13	17.31	-10.01
Net	12.89	21.56	-11.67	24.40	14.67	16.85	-10.37
Style Index*	7.86	23.97	-9.41	26.60	16.25	18.54	-18.36

** Style index is MSCI ACWI Index*
*** Net of dividend taxes*
Inception date:10/31/2010

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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 $15.7 billion collectively under management and advisement as of 3/31/2023.

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 1Q23, posting a return of 3.34% compared to a 7.31% for its style index.*

Positioning

The main detractors include the underweights in technology, consumer discretionary and communication services stocks, and the overweights in health care, consumer staples and utilities stocks. The underweight in financials helped relative performance. The strategy held an average cash weight of 2.0% (2.0ppt overweight) which detracted from performance.

Changes in Portfolio

There were no changes made to the portfolio in 1Q23.

Outlook & Positioning

The critical factor in determining whether this stock market rally is indeed the beginning of a new bull market is whether corporate profit fundamentals are about to improve. Without some improvement in corporate profit fundamentals, history suggests it will be difficult for the rally — particularly with leadership coming from the more economically sensitive sectors of the market — to continue. Given the vastness of the global economy, there is always a mix of both positive and negative data points to support one's optimistic or pessimistic view of the world. But the preponderance of the data suggests that corporate profits growth is not only slowing, but contracting (i.e. a corporate profits recession), in a growing number of regions and sectors of the world.

Additionally, this profits recession is somewhat unique in that global central banks continue to tighten monetary policy in the face of declining profits. The broad-based tightening of liquidity driven by central banks and commercial banks makes it even tougher for corporate profits to rebound anytime soon. Historically, a backdrop of weakening profit trends and tightening liquidity suggests caution with respect to portfolio risk.

Rather than despair at the difficult macro backdrop, investors should balance near-term caution with increasing long-term optimism. Market volatility typically signals a change in market leadership. In our view, the excitement over the technology, innovation and disruption that drove the leadership of the last cycle resulted in a major misallocation of capital. While all eyes remain laser-focused on every piece of news coming from that past leadership, the big opportunities of the coming cycle will be born out of areas of the market that have been left for dead and are starved for capital.

When the profit outlook begins to improve, we expect the next cycle's winners to be very different from where most portfolios are currently positioned. While out-of-favor investments in international stocks, small cap stocks and value stocks all face certain cyclical challenges, their secular outlook looks increasingly bright.

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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