Richard Bernstein Advisors

Pactive® Approach to Investing

Quarterly Commentary

Global Equity ETF Strategy

Q3-2024

The Global Equity ETF Strategy outperformed its benchmark in 3Q24, posting a return of 6.78% compared to an 6.61% for its style index*.

Positioning

The portfolio's overweight in small cap, value, and high dividend-paying stocks, and the underweight in US mega cap growth stocks were the main drivers of performance. The underweight in information technology, and overweight in US aerospace & defensive stocks further contributed to performance. This was partially offset by the overweight in energy, and the allocation within emerging markets, in particular China. The strategy held an average cash weight of 1.9% (1.9ppt overweight) which detracted from performance.

Changes in Portfolio

During the quarter, RBA made several changes to the portfolio. In July, RBA further tilted its equity exposure toward the areas of the market that are likely to drive the ongoing acceleration in — and broadening out of — corporate profits. In addition to small cap exposure, RBA added to nominal growth beneficiaries such as energy, materials, and Canada, while reducing the exposure to Europe and Japan, where profit growth appears to be slowing. RBA significantly reduced the exposure to China, while keeping a sizeable overweight to emerging markets by increasing the holdings of non-China emerging markets. RBA also trimmed its underweight in the US information technology sector to reflect the potential benefits of a healthy cyclical backdrop and take advantage of the sector's recent pullback.

Outlook & Positioning

At RBA, we believe investors should mimic the one banker in a town with a thousand borrowers. This lack of competition allows the banker to set profitable interest rates on loans. Conversely, with many banks and one borrower, the borrower benefits from low rates due to oversupply. Valuation gauges the supply and demand of capital, influencing long-term returns. An expensive cost of capital reflects a banker facing many borrowers, while a cheap cost mirrors a borrower flooded with loan offers.

The US stock market has become a seller's market, as investors show minimal concern for valuation. While valuation matters to sellers and business owners, the rise of speculative investment strategies that overlook valuation is effectively granting "free" money to sellers.

Value investing is optimistic, assuming capitalism endures and companies will grow. It encourages seeking undervalued growth opportunities. Conversely, growth investing often adopts a pessimistic view, believing only a few companies can grow, leading to the neglect of valuation.

This belief that growth lacks defined value is recent. T. Rowe Price Jr., the father of growth investing, advocated buying growing companies at reasonable valuations.

The extreme valuation divergences between the few and the many, indicate a once-in-a-generation investment opportunity for investors. The last similar situation occurred during the Technology Bubble, where ignoring valuation led to missed opportunities for over a decade. From the Tech Bubble peak in March 2000, the S&P 500® Value Index outperformed the S&P 500® Growth Index over the subsequent 20 years. Only recently did growth regain an edge, underscoring the importance of timing and valuation in achieving long-term returns.

Q3 2024 Performance Highlights (%)

Portfolio (gross)	6.78
Portfolio (net)	6.67
Style Index*	6.61

Annualized Performance[1] (%)

as of Sep 30, 2024

	1YR	3YR	5YR	10YR	Since Inception
Gross	23.91	5.47	10.22	8.93	9.78
Net	23.42	5.05	9.79	8.38	9.04
Style Index*	31.76	8.08	12.18	9.38	9.47

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*

[1] Returns greater than 1 year are annualized.

*** Net of dividend taxes*

Inception date: 10/31/2010

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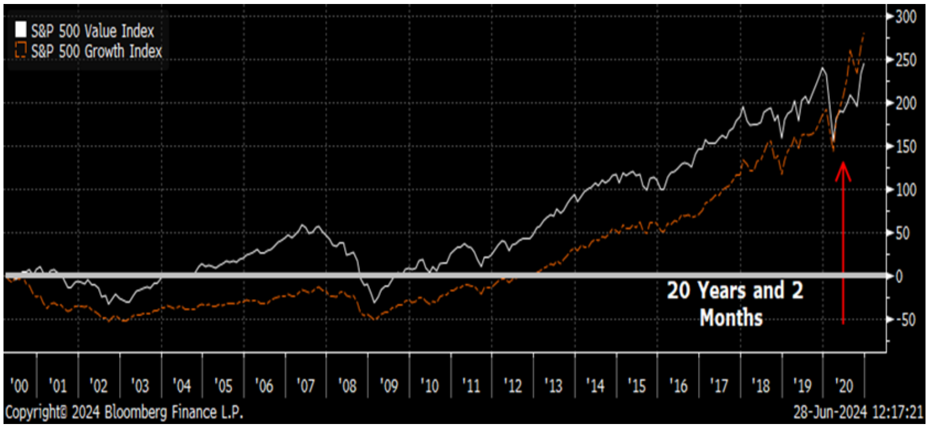
RBA employs a macrodriven, top-down style to construct global tactical equity and asset allocation portfolios. The investment team uses quantitative indicators and the firm's macro-economic analysis to invest in global equity, fixed income asset classes, sub-asset classes and sectors using only US-listed ETFs. The firm currently has $15.6 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.

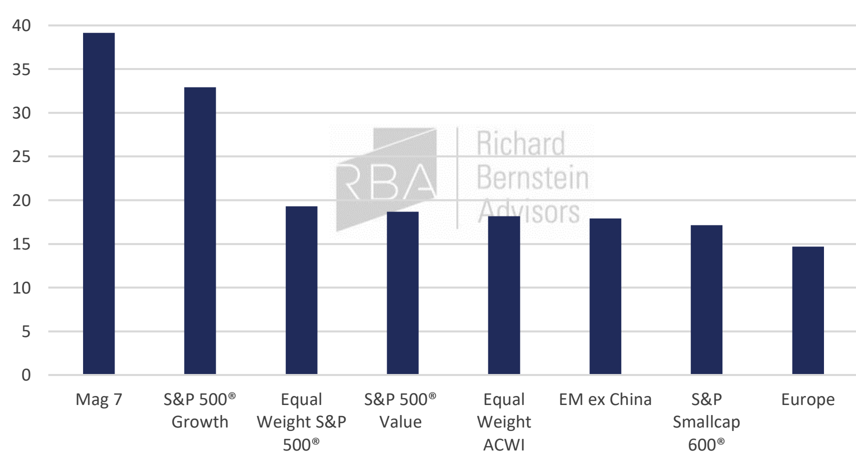
Chart 1: S&P 500® Value vs. Growth (March 2000 – December 2020)



Source: Richard Bernstein Advisors LLC, Bloomberg Finance L.P.

Valuation still matters, and we aim to be the one banker in a town with a thousand borrowers to capitalize on the market's skewed valuations by tilting toward the areas of the market with attractive valuations and improving profit fundamentals. Currently, that includes US small caps, deep cyclical sectors like Industrials, Materials and Energy, and non-China emerging markets.

Chart 2: PE Ratios (as of 9/30/2024)



Source: Bloomberg Finance L.P.

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. Prior to July 1, 2016, net returns are calculated using the actual investment management fee of the Global Equity Strategy Composite. The Composite includes all fully discretionary accounts that invest in global equities.

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.

Nothing contained herein constitutes tax, legal, insurance or investment advice, or the recommendation of or an offer to sell, or the solicitation of an offer to buy or invest in any investment product, vehicle, service or instrument. Such an offer or solicitation may only be made by delivery to a prospective investor of formal offering materials, including subscription or account documents or forms, which include detailed discussions of the terms of the respective product, vehicle, service or instrument, including the principal risk factors that might impact such a purchase or investment, and which should be reviewed carefully by any such investor before making the decision to invest. RBA information may include statements concerning financial market trends and/or individual stocks, and are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Historic market trends are not reliable indicators of actual future market behavior or future performance of any particular investment which may differ materially, and should not be relied upon as such. The investment strategy and broad themes discussed herein may be inappropriate for investors depending on their specific investment objectives and financial situation. Information contained in the material has been obtained from sources believed to be reliable, but not guaranteed. You should note that the materials are provided "as is" without any express or implied warranties. **Past performance is not a guarantee of future results.** All investments involve a degree of risk, including the risk of loss. No part of RBA's materials may be reproduced in any form, or referred to in any other publication, without express written permission from RBA. Links to appearances and articles by employees of Richard Bernstein Advisors, whether in the press, on television or otherwise, are provided for informational purposes only and in no way should be considered a recommendation of any particular investment product, vehicle, service or instrument or the rendering of investment advice, which must always be evaluated by a prospective investor in consultation with his or her own financial adviser and in light of his or her own circumstances, including the investor's investment horizon, appetite for risk, and ability to withstand a potential loss of some or all of an investment's value. Graphs, charts, and tables are provided for illustrative purposes only. Investing is subject to market risks. Investors acknowledge and accept the potential loss of some or all of an investment's value. Views represented are subject to change at the sole discretion of Richard Bernstein Advisors LLC. Richard Bernstein Advisors LLC does not undertake to advise you of any changes in the views expressed herein.

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