



Global Moderate ETF Strategy

Q2 2023 Performance

Highlights (%)

Portfolio (gross)	-0.03
Portfolio (net)	-0.13
Style Index	2.77

Annualized Performance (%)

as of Jun 30, 2023

	1YR	3YR	5YR	10YR	Since Inception
Gross	4.18	3.86	4.02	5.76	6.61
Net	3.76	3.44	3.61	5.00	5.78
Style Index*	8.01	3.82	4.84	5.35	5.94

Annual Performance (%)

	2017	2018	2019	2020	2021	2022
Gross	16.23	-6.57	15.90	12.68	8.26	-10.84
Net	15.06	-7.08	15.44	12.24	7.83	-11.20
Style Index*	13.21	-4.52	17.16	12.58	8.31	-14.69

* Style index is 50% MSCI ACWI Index net of dividend taxes, 45% Bloomberg US Aggregate Bond Index and 5% Bloomberg 1-3 month T-Bill Index.

** Net of dividend taxes
Inception date: 9/30/2011

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 \$16.2 billion collectively under management and advisement as of 6/30/2023.

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 Moderate ETF Strategy underperformed its benchmark in 2023, posting a return of -0.03% compared to a 2.77% return for its style index*.

Equity Positioning

The Strategy was underweight equity over the period, holding an average weight of 45.2% (4.8ppt underweight) in 2023. The equity sleeve posted a return of 1.32%, underperforming the 6.18% return of its benchmark, the MSCI ACWI Index**. The underperformance was primarily driven by the underweight in US technology, and overweights in defensive sectors and China. Underweights to US communication services and US consumer discretionary also detracted from performance.

Fixed-Income Positioning

The Strategy was overweight fixed income during 2023, holding an average weight of 50.4% (5.4ppt overweight). The fixed income sleeve slightly underperformed the -0.84% return of its benchmark, the Bloomberg US Aggregate Bond Index. The portfolio's overweight in long-term US Treasury bonds detracted from performance as interest rates rose but was largely offset by the overweight in high quality floating rate bonds and loans. The strategy was underweight cash, holding an average weight of 2.0%.

Commodities Positioning

The 2.5% average weight in gold was a slight detractor to performance this quarter.

Changes in Portfolio

Against the backdrop of a deepening earnings recession and ongoing tightening of liquidity, we further reduced our portfolio's cyclicality. Specifically, we lowered our exposure to stocks in the energy and materials sectors and increased exposure to Europe, China, and broader emerging markets. Additionally, we replaced our market capitalization-weighted technology exposure with equal weighted technology exposure.

Outlook & Positioning

Our portfolios aim to minimize risk and enhance diversification through holding less exposure to the US megacap growth stocks that dominate markets today. Additionally, we seek to mitigate cyclical risk by prioritizing companies with stable earnings. Perhaps the most pervasive risk facing investors today is that owning most market-capitalization-weighted indices creates a false perception of diversification. Currently, seven stocks account for over a quarter of the value of the S&P 500®, while three sectors make up half of the index's value. To achieve true diversification, proactive measures are necessary to shift away from these areas of concentration.

History has consistently reminded investors that the most crowded and expensive investments are the riskiest parts of the market. With a handful of stocks dominating market performance and leading to extreme market concentration in Tech-related companies, we maintain steadfast in not chasing after such investments. We view the continued dominance of this narrow leadership as unsustainable. If earnings growth recovers in the coming year, we would anticipate a classic rotation from expensive growth stocks to economically sensitive (cyclical) investments that offer superior growth at a fraction of the cost. On the other hand, if earnings growth weakens further, we anticipate investors will seek more defensive investments as their appetite for high multiples diminishes.

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Another lesson from history is that the risk of market drawdowns is greater when profit fundamentals are weakening, particularly for lower quality and more cyclical investments. With the world having entered into an earnings recession this year, we have prioritized quality and reduced our exposure to cyclical assets. While certain economic signals provide some cause for optimism regarding future growth, the backdrop of central bank tightening, stricter bank lending standards, and the persistent weakening of important leading indicators heighten the risks to the growth outlook. But once our models confirm that an earnings recovery is underway, there should still be ample opportunity for investment, especially in an environment where the most cyclical assets appear historically undervalued and overlooked.

IMPORTANT DISCLOSURE

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

The Strategy has an inception date of September 30, 2011. The Strategy seeks risk-adjusted long-term growth for a moderate risk tolerance 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 returns represents the all-asset composite return from October 1, 2011 until March 31, 2018 and thereafter represents the composite returns of the Global Moderate ETF strategy maintained by RBA. The Global Moderate ETF strategy is presented after March 31, 2018.

The benchmark is composed as follows: 50% MSCI ACWI USD Net, 45% Bloomberg US Aggregate Index Unhedged USD, and 5% Bloomberg US Treasury Bills: 1-3 Months Index Unhedged. The benchmark is rebalanced daily. The firm's complete list of composite returns is 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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