Richard Bernstein Advisors

The Leaders In Pactive® Management

Quarterly Commentary

Q1-2024

Global Moderate ETF Strategy

Q1 2024 Performance Highlights (%)

Portfolio (gross)	2.92
Portfolio (net)	2.82
Style Index	3.75

Annualized Performance[1] (%)

as of Mar 31, 2024

	1YR	3YR	5YR	10YR	Since Inception
Gross	5.77	1.02	5.15	5.22	6.68
Net	5.35	0.62	4.73	4.53	5.88
Style Index*	12.30	2.67	6.01	5.34	6.32

Annual Performance (%)

	2017	2018	2019	2020	2021	2022	2023
Gross	16.23	-6.57	15.90	12.68	8.26	-10.84	6.49
Net	15.06	-7.08	15.44	12.24	7.83	-11.20	6.06
Style Index*	13.21	-4.52	17.16	12.58	8.31	-14.69	13.74

** 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*

[1]Returns greater than 1 year are annualized.

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 $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 Moderate ETF Strategy underperformed its benchmark in 1Q24, posting a return of 2.92% compared to a 3.75% return for its style index*.

Equity Positioning

The Strategy was overweight equity over the period, holding an average weight of 52.0% (2.0ppt overweight) in 1Q24. The equity sleeve posted a return of 5.93%, underperforming the 8.20% return of its benchmark, the MSCI ACWI Index**. While the overweight in equities overall helped performance, the sleeve underperformed due to the portfolio's underweight in US megacap growth stocks. The overweight in US aerospace and defense, small caps, China and the emerging markets also detracted from performance. The portfolio's overweight in value stocks helped performance.

Fixed-Income Positioning

The Strategy was underweight fixed income during 1Q24, holding an average weight of 43.6% (1.4ppt underweight). The fixed income sleeve underperformed the -0.78% return of its benchmark, the Bloomberg US Aggregate Bond Index. While the underweight in fixed income overall helped performance, the sleeve underperformed due to the portfolio's yield curve steepener position. This was partially offset by the overweight in AAA CLOs. The strategy was underweight cash, holding an average weight of 2.0%.

Commodities Positioning

The 2.4% average weight in gold was a significant contributor to performance this quarter.

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.

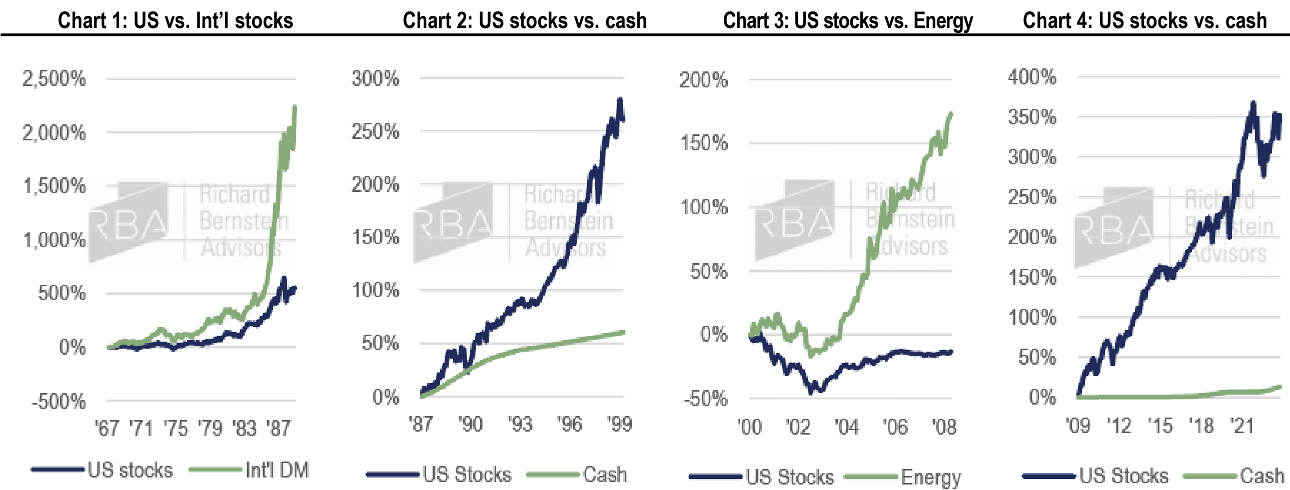
Outlook & Positioning

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.

©2024 RBA24-070

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.



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.

©2024 RBA24-070

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.

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,
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 Richard Bernstein, 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. 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.

Investment products:

Are Not FDIC Insured	May Lose Value	Not Bank Guaranteed

website: RBAdvisors.com **phone:** 212-692-4088 **twitter:** @RBAdvisors
©2024 RBA24-070

RBA Richard Bernstein Advisors