

## AIA S&P 1500® (All Cap) Strategy

### QUARTERLY PORTFOLIO COMMENTARY (CASH FUNDED AFTER-TAX COMPOSITE)

US Equity markets moderated their growth in the fourth quarter with the S&P 500® and Dow Jones Industrial Average gaining 2.4% and 0.9%, respectively. The Fed continued to ease in line with market expectations, cutting rates by 25 basis points (bps) at both the November and December FOMC meetings, but indicating fewer rate cuts in 2025 due to persistent inflation and steady economic growth. The Federal Funds target rate ended the year at 4.25%–4.50%, a full 100bps lower than its 2024 peak. Annual US inflation continued to moderate from highs set in 2022, with a reading of 2.7% in November, and the unemployment rate held steady at 4.2%. United States GDP rose by an annualized rate of 2.8% in the third quarter of 2024, down from 3.0% in the second quarter. Within the S&P 500®, consumer discretionary (+14.2%), communication services (+8.8%), and financials (+7.0) were the top contributing sectors, while materials (-12.6%), healthcare (-10.4%), and real estate (-8.2%) were the largest detractors. Growth sharply outperformed value over the quarter, with the Russell 1000® Growth Index (+7.1%) vs. the Russell 1000® Value Index (-2.0%), and the Russell 1000® Index (+2.8%) outperformed the Russell 2000® Index (+0.3%).

During the quarter, the AIA S&P 1500® (All Cap) Strategy underperformed its benchmark before taxes and net of 0.30% fees by -0.46%. The strategy outperformed over the period on an after-tax and net-of-0.30%-fee basis by +0.08%. After-tax outperformance was relatively mild, due to limited opportunities to harvest losses after a year of strong equity market returns. Tax alpha was positive and added +0.54% during the period.

Year to date, the AIA S&P 1500® (All Cap) Strategy outperformed its benchmark, before taxes and net of 0.30% fees, by +0.06%. The strategy outperformed over the period, on an after-tax and net-of-0.30%-fee basis, by +2.12%. Tax alpha contributed +2.05% for the period.

The AIA S&P 1500® (All Cap) Strategy seeks to provide a pretax return similar to the performance of the S&P 1500® Index and seeks to outperform the benchmark on an after-tax basis by proactively realizing losses and deferring gains. AIA's managers use a multi-factor algorithm to select and weight stocks to align portfolio exposures, including sector and market capitalization, to the underlying index while incorporating tax management. Individual account performance may vary due to restrictions at the account level, such as security exclusions, capital gains budgets and other restrictions.

## AIA S&P 1500<sup>®</sup> (All Cap) Strategy – Annualized Returns (as of 12/31/2024)

AIA S&P 1500 <sup>®</sup> Cash Funded After-Tax Composite Pure Gross Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Pure Gross Return	Benchmark Return (S&P 1500 <sup>®</sup> )	Difference	Composite Pure Gross Return	Estimated Benchmark Return	Difference	
3 months	1.83%	2.22%	-0.39%	2.01%	1.86%	0.15%	0.54%
1 year	24.38%	23.95%	0.43%	24.69%	22.21%	2.48%	2.05%
3 years	8.69%	8.54%	0.15%	12.60%	6.92%	5.68%	5.53%
5 years	14.08%	14.13%	-0.05%	18.10%	12.37%	5.72%	5.77%
10 years	12.77%	12.79%	-0.03%	15.55%	11.19%	4.35%	4.38%
Since inception 09/01/2003	10.53%	10.76%	-0.23%	12.85%	9.53%	3.32%	3.55%

AIA S&P 1500 <sup>®</sup> Cash Funded After-Tax Composite Net 0.30% Returns	Pre-Tax			After-Tax			Tax Alpha
	Composite Net 0.30% Return	Benchmark Return (S&P 1500 <sup>®</sup> )	Difference	Composite Net 0.30% Return	Estimated Benchmark Return	Difference	
3 months	1.76%	2.22%	-0.46%	1.94%	1.86%	0.08%	0.54%
1 year	24.02%	23.95%	0.06%	24.32%	22.21%	2.12%	2.05%
3 years	8.36%	8.54%	-0.18%	12.27%	6.92%	5.35%	5.52%
5 years	13.74%	14.13%	-0.39%	17.75%	12.37%	5.37%	5.76%
10 years	12.43%	12.79%	-0.36%	15.20%	11.19%	4.01%	4.37%
Since inception 09/01/2003	10.20%	10.76%	-0.56%	12.52%	9.53%	2.99%	3.54%

AIA S&P 1500 <sup>®</sup> Cash Funded After-Tax Composite Net Bundled Fee Returns <sup>1</sup>	Pre-Tax			After-Tax			Tax Alpha
	Composite Net Bundled Fee Return	Benchmark Return (S&P 1500 <sup>®</sup> )	Difference	Composite Net Bundled Fee Return	Estimated Benchmark Return	Difference	
3 months	1.08%	2.22%	-1.15%	1.25%	1.86%	-0.60%	0.54%
1 year	20.77%	23.95%	-3.19%	21.06%	22.21%	-1.14%	2.04%
3 years	5.49%	8.54%	-3.05%	9.30%	6.92%	2.38%	5.43%
5 years	10.74%	14.13%	-3.40%	14.64%	12.37%	2.27%	5.67%
10 years	9.46%	12.79%	-3.33%	12.17%	11.19%	0.97%	4.30%
Since inception 09/01/2003	7.28%	10.76%	-3.48%	9.54%	9.53%	0.01%	3.49%

<sup>1</sup> The assumed model bundled fee used is 3.0% and has been retroactively applied since inception.

Performance data shown represents past performance and is no guarantee of future results.

## AIA S&P 1500® (All Cap) Strategy – Market Cap Allocations (as of 12/31/2024)

Market cap size	Percentage of total portfolio	S&P 1500®
Large (>10B)	95.53%	94.19%
Mid (2.5B to 10B)	4.14%	4.96%
Small (<2.5B)	0.33%	0.85%

As portfolios are actively managed, holdings are subject to change. The securities discussed herein do not represent all of the securities purchased, sold or recommended. The reader should not assume that an investment in these securities was or will be profitable. A complete list of all past recommendations made within the immediately preceding 12-month period is available upon request.

The **S&P 1500® Composite Index** is an investable US equity benchmark. The S&P Composite 1500® combines three leading indices: the S&P 500®, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of the US market capitalization. It is designed for investors seeking to replicate the performance of the US equity market or benchmark against a representative universe of tradable stocks. The **Russell 1000® Growth Index** is an unmanaged index that measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 1000® Value Index** is an unmanaged index that measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The **Russell 1000® Index** measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® represents approximately 92% of the US market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected. The **Russell 2000® Index** is an unmanaged index that measures the performance of the small-cap segment of the US equity universe.

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AIA encompasses the direct indexing capabilities offered through Natixis Investment Managers Solutions. Natixis Investment Managers Solutions is a division of Natixis Advisors, LLC ("Natixis Advisors"). Natixis Advisors is an SEC-registered investment adviser and an indirect subsidiary of Natixis Investment Managers, LLC. Prior to August 2021, AIA was a division of Natixis Advisors. A complete list of composite descriptions, as well as additional information regarding the firm's policies and procedures for valuing portfolios, calculating performance, and preparing compliant presentations, is available upon request. The AIA S&P 1500® Cash Funded After-Tax Composite includes all fully discretionary, taxable, fee-paying portfolios that invest in the AIA S&P 1500® which have initially been funded with cash. This strategy seeks to track the S&P 1500® Index on a pre-tax basis by investing in a subset of securities from within the index, while utilizing loss harvesting and tax management techniques to outperform on an after-tax basis. • The AIA S&P 1500® Cash Funded After-Tax Composite is a sub-composite of the AIA S&P 1500® Pre-Tax Composite. The composite was created in November 2007. The benchmark used is the S&P 1500®, an index representing large, mid, and small-cap US stocks. Performance is expressed in US dollars. All results are time-weighted total returns that include the reinvestment of income and dividends. Returns are presented net of non-reclaimable withholding taxes. Management fees vary on asset size and are negotiated by the sponsor. The standard fee schedule is as follows: 0.30% on the first \$5 million; 0.20% on the next \$5 million; 0.15% on the next \$10 million; 0.12% on the next \$30 million; 0.11% thereafter. Net-of-fees returns assume a model bundled fee which is inclusive of custody, advisor, transaction, and investment management fees. The model fee is deducted 1/12th per month from the gross composite return. The assumed model bundled fee used is 3.0% and has been retroactively applied since inception. Pure gross-of-fees returns are supplemental information and do not reflect the deduction of transaction costs or fees that are included within bundled fees. Effective January 2006, accounts with significant cash withdrawals are temporarily removed from the composite during the month that the withdrawal was taken. Currently, significant cash withdrawals are defined as cash withdrawals that are greater than 10% of an account's market value. Details related to the policy and the threshold for defining significant cash withdrawals historically are available upon request. The after-tax returns shown are subject to the limitations of the specific calculation methodology applied. Since the client's actual circumstances and tax rates determined after the fact may differ from the anticipated tax rates used in this process, the reported returns may not equal the actual after-tax returns for specific clients. After-tax returns are calculated using the maximum federal and state tax rates for dividends, short-term capital gains and long-term capital gains.

Tax alpha is the benefit of loss harvesting, which is assumed to be used to offset gains inside or outside the portfolio in the period they are incurred, and thus credited to the portfolio returns. The after-tax benchmark is an estimate based upon the average capital gain realization rate and dividend yield of the index. The maximum federal and state tax rates for dividends and capital gains are utilized in the after-tax calculations.

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