Pioneer Equity Income SMA

Performance Analysis and Market Commentary | June 30, 2023

Investment Philosophy

We believe a diversified portfolio of sustainable companies that pay, sustain and increase dividends* over time can provide competitive performance with less risk.

Performance Review

	Quarter-to Date	Year-to-Date	1-Year	3-Year	5-Year	10-Year
Pioneer Equity Income SMA (Gross)	3.11%	4.04%	10.73%	13.07%	7.50%	10.25%
Pioneer Equity Income SMA (Net)	2.34%	2.50%	7.48%	9.76%	4.34%	7.01%
Russell 1000® Value Index (Benchmark)	4.07%	5.12%	11.54%	14.30%	8.11%	9.22%

Performance shown is based on the Pioneer Dividend Equity SMA composite. The percentage of composite assets represented by wrap fee portfolios for the periods shown is 0%. Due to rounding, figures may not total 100%. Gross of fee returns are presented before management and custodial fees, but after all transaction costs. Net returns are calculated by deducting the highest anticipated applicable annual wrap fee (3.00% on all assets) applied on a monthly basis from the gross composite monthly return. Gross and net returns are calculated in the same manner using the Time-Weighted Rate of Return method. The wrap fee includes all charges, transaction costs, portfolio management fees, custody fees, and other administrative fees. Actual fees and account minimums may vary. **Past performance is no guarantee of future results.**

On July 3, 2017, Amundi Asset Management acquired Pioneer Investments (the "prior firm", now Amundi US). Performance prior to July 3, 2017 occurred while members of the portfolio management team were affiliated with the prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm and the decision-making process has remained intact.

Market Review

- The second quarter of 2023 was almost a mirror image of the first quarter, with the S&P 500 (SPX) returning 8.74% as investors continued to pile into technology stocks—especially those connected with artificial intelligence—at increasingly higher valuations. The Nasdaq 100 Index had one of its best first half returns ever, posting a 39.3% return. Market breadth was exceedingly narrow with only 32% of stocks outperforming the SPX in the quarter, creating a significant headwind for valuation-disciplined active managers. Growth continued to outpace value by a wide margin, with the Russell 1000 Growth Index (RLG) returning 12.81% vs. 4.07% for the Russell 1000 Value Index (RLV). Within the RLG, stocks with the highest **price-to-earnings (P/E)** multiples performed the best. Stocks with P/Es of 35.3x and higher generated nearly twice the return of the overall Index.
- Though still below its peak in 2021, the SPX as of June 30, 2023 had recovered much of the losses incurred in 2022. The performance of the Index, however, was not indicative of the average stock. The S&P 500 Equal Weight Index (SPXEW) returned just 7.03% in the first half, compared with 16.89% for the SPX.

*Dividends are not guaranteed.

Index	1Q 2023	2Q2023	Year-to-Date
S&P 500® Index (SPX)	7.50%	8.74%	16.89%
Russell 1000® Value Index (RLV)	1.01%	4.07%	5.12%
Russell 1000® Growth Index (RLG)	14.37%	12.81%	29.02%
Most Expensive (P/E) Quintile* Stocks (RLG)	**22.83%**	**24.94%**	**52.02%**

Source: Morningstar. Data as of June 30, 2023. *Quintile 1 = highest quintiles stocks based on forward price-to-earnings for the relevant period. **Data is based on past performance, which is no guarantee of future results.** See additional index information on Page 4.

Performance Review

— Pioneer Equity Income SMA (the SMA) returned 3.11% (gross) and 2.34% (net) in the second quarter, underperforming the 4.07% return of the RLV, the SMA's benchmark. From a style perspective, non-dividend payers (9%) outstripped dividend payers (7%) for the quarter, which negatively affected the SMA, given our focus on dividend-paying stocks.

— Large-cap value stocks—a focus of the SMA—underperformed the large-cap growth stocks within the broader Russell 1000 Index (RUI) for the quarter. The RLV returned 4.07% versus 12.81% for the RLG.

— The SMA's underperformance relative to the benchmark was primarily due to weaker selection in communication services and financials. Our selection in health care aided comparisons, but not enough to outweigh the aforementioned headwinds. Sector allocation was an overall negative for the quarter driven by our underweight position in the communication services sector (11%), which was the best-performing sector for the period, in large part due to the strong performance of **Meta**, a company that does not fit our investment criteria as it does not pay a dividend.

— Security selection in health care was a large contributor for the quarter, driven by our position in **Eli Lilly**. Eli Lilly is a pharmaceutical company with products and research focused on diabetes, neurodegeneration, cancer, immunology and pain therapeutic areas. The company reported quarterly earnings that saw improved economics on its next-generation diabetes drug, as well as additional positive safety and efficacy results in its chronic weight management clinical trials. The company showed progress in advancements of its pipeline of drugs supported by strong research and development investments. **Sun Life Financial**, a provider of life and health insurance and asset management services, was a top contributor for the quarter, as the company reported better-than-expected results in their wealth management business, coupled with strong insurance sales and lower COVID morbidity claims. We believe Sun Life can benefit from rising rates and has maintained a strong capital position that may help provide good shareholder returns over the long term.

— On the negative side, **Northern Trust** and **Campbell Soup** were the top two detractors in the second quarter. Northern Trust, a financial company that provides asset servicing, investment management, and wealth management services, experienced higher funding costs pressure on its net interest margin due to a decline in deposits from non-interest-bearing accounts, as clients shifted to higher-yielding products. However, we believe Northern Trust has ample capital to ride through this uncertain economic environment. Campbell Soup, a packaged food company that manufactures soup, meals, and snack products, saw robust results in its snacking division, however, the soup and meal segment faced volume pressure on higher competition and increased promotional activity. We believe there are opportunities for Campbell Soup to see better results as it laps through the prior year's inventory rebuilding and executes its cost-saving initiatives.

Top Relative Detractors and Contributors – Second Quarter

Relative Contributors	Relative Detractors
— Eli Lilly (LLY)	— Meta Platforms (META)
— Sun Life Financial (SLF)	— Northern Trust Corporation (NTRS)
— Gorman-Rupp (GRC)	— Berkshire Hathaway (BRK)
— Cardinal Health (CAH)	— Campbell Soup Company (CPB)
— KLA Corporation (KLAC)	— Alexandria Real Estate Equities (ARE)

Securities listed above are holdings of the portfolio, or benchmark components that were not held in the portfolio, and the percentage of the portfolio's invested assets they represented as of quarter-end, shown in descending order from greatest to least, in terms of contribution to or detraction from the SMA's performance relative to the benchmark. See Page 4 for more information about performance attribution. *Stock was in the portfolio during the quarter, but sold prior to quarter-end.

Market Outlook and Positioning

— We believe the recent dislocations in the regional banking sector could cause further tightening in financial conditions over the coming months as banks tighten their lending standards to preserve liquidity. That in turn could lead the Federal Reserve (Fed) to scale back further rate increases, although we think hopes for rate cuts later in the year may prove to be premature. If the Fed does cut rates, we think it would be the result of greater-than-expected economic weakness, which would likely be detrimental to corporate earnings. The stock market tends to react negatively in such an environment.

— Most economic indicators have continued to point to much slower growth over the next several quarters. The interest-rate increases over the past year are just starting to affect the real economy, and while we believe inflation has probably peaked—and could decline from here—margin contraction is likely to continue to hurt corporate earnings. In addition, persistent labor market strength may lead the Fed to keep interest rates at an elevated level for an extended period, in order to prevent inflation from rebounding.

— Despite a strong but highly volatile start to the year for equities, particularly for growth stocks, we remain cautious that the rebound may be little more than a bear market rally driven by the more speculative parts of the market, and by the recent resurgence in the share prices of mega-cap technology stocks. In 2022, the decline in equities was driven by a contraction in P/E multiples as interest rates increased. In our view, the next phase of the market, whether up or down, will be earnings driven, and we believe earnings estimates for the next 12 months have remained too high.

— A mild recession, in our view, is more likely than a "soft landing." In either scenario, we believe corporate earnings estimates will likely decline as companies take a more cautious approach to 2023, given the economic uncertainty. In mid-2023, if the market adequately discounts a potential recession, we anticipate becoming more constructive. While expectations are for market volatility to remain high in 2023, we think the market may look forward to an earnings recovery in 2024 and end the year higher than where it started.

— The SMA currently has benchmark-relative overweight exposures to the cyclical sectors that we expect to do well during an economic recovery, including materials, industrials, and consumer discretionary. Designed to balance the SMA's cyclical positioning, given the uncertain trajectory of the economic recovery, we also have maintained portfolio exposures to the more defensive areas of the market, such as the consumer staples, real estate, and health care sectors—with a slight underweight in the latter.

Additional Information

Performance Attribution: This performance attribution seeks to identify and quantify the drivers of portfolio performance relative to that of its benchmark. Using FactSet software, we create hypothetical subportfolios by segmenting the portfolio and its benchmark, then measure the value (weight) and returns of those hypothetical subportfolios. This lets us measure the performance impact of a decision to overweight or underweight a portfolio segment. It also lets us measure the performance impact of a specific security selection within each segment.

Terms and Definitions

The Russell 1000® Growth Index measures the performance of the large-capitalization growth sector of the US equity market. The Russell 1000® Value Index measure the performance of the large-capitalization value sectors of the US equity market. The S&P 500® Index measures the performance of the broad US stock market. Indices are unmanaged and their returns assume reinvestment of dividends and do not reflect any fees or expenses. It is not possible to invest directly in an index.

A Word About Risk

The market prices of securities may go up or down, sometimes rapidly or unpredictably, due to general market conditions, such as real or perceived adverse economic, political, or regulatory conditions, recessions, inflation, changes in interest or currency rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues or adverse investor sentiment. **Investing in foreign and/or emerging markets securities** involves risks relating to interest rates, currency exchange rates, economic, and political conditions. **The portfolio invests in REIT securities,** the value of which can fall for a variety of reasons, such as declines in rental income, fluctuating interest rates, poor property management, environmental liabilities, uninsured damage, increased competition, or changes in real estate tax laws.

Important Information

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Performance shown is past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

There is no guarantee that the portfolio will continue to hold any particular security and securities are held in varying percentages. Holdings are subject to change since the portfolio is actively managed. Holdings are intended to illustrate the composition and characteristics of the SMA for separately managed accounts. Across client portfolios, there may be variations in holdings, characteristics and performance information as dictated by reasons such as diversification needs, specific client guidelines, account size, cash flows, the timing and terms of execution of trades, and differing tax situations.

The Model Portfolio/SMA securities holdings information provided is intended solely for your use in evaluating the Model Portfolio/SMA portfolio(s). Under no circumstances does the information contained within constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation to buy, hold or sell securities.

Separately managed account programs may require a minimum asset level and, depending on specific investment objectives and financial position, may not be appropriate for all investors. Actual fees and account minimums may vary.

The investment strategies described are those of Amundi US. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

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