

Pioneer US Large Core Equity SMA

Performance Analysis and Market Commentary | June 30, 2023

Investment Philosophy

We believe investing in attractively valued, high quality, sustainable businesses that have high or improving ESG ratings can generate competitive returns over time with reduced risk.

Performance Review

	Quarter-to Date	Year-to-Date	1-Year	3-Year	5-Year	10-Year
Pioneer US Large Core Equity SMA (Gross)	8.28%	14.09%	15.38%	14.24%	13.96%	13.44%
Pioneer US Large Core Equity SMA (Net)	7.50%	12.43%	12.00%	10.89%	10.62%	10.12%
S&P 500® Index (Benchmark)	8.74%	16.89%	19.59%	14.60%	12.31%	12.86%

Performance shown is based on the Pioneer 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 Index (SPX) returning 8.74%, as investors continued to pile into technology stocks—especially those connected with artificial intelligence (AI)—at increasingly higher valuations. The Nasdaq 100 Index had one of its best first half returns ever, posting a 39.35% 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 in the second quarter, 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 had recovered much of the losses incurred in 2022. Its performance, however, was not indicative of the average stock. The S&P 500 Equal Weight Index returned just 7.03% in the first half, compared with 16.89% for the SPX.

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%

Source: Morningstar. Data as of June 30, 2023. Data is based on past performance, which is no guarantee of future results.

Performance Review

- Pioneer US Large Core Equity SMA (the SMA) returned 8.28% (gross) and 7.50% (net) in the second quarter, underperforming the 8.74% return of the its benchmark, the SPX. The SMA also underperformed the benchmark during the year-to-date period (YTD), returning 14.09% (gross) and 12.43% (net) versus the 16.89% for the Index.
- The SMA's underperformance in the second quarter and YTD was driven almost entirely by its exposure to banks and to a lesser degree, its underweight to mega-cap stocks that have outperformed in 2023 (after underperforming in 2022). Bank stocks have plummeted throughout the year due to the failure of four US regional banks and Credit Suisse, as well as perceived liquidity issues among regional banks more broadly, due to the impact from higher interest rates. We continue to maintain our positions in the sector, as we believe the banks we hold have more durable business models and diversified* depositor bases that are not subject to the same risks.
- Conversely, the SMA's exposure to information technology stocks, from a security selection and sector allocation perspective, was the largest contributor to relative results in both the quarter and YTD periods. The portfolio's semiconductor holdings, in particular, were the biggest contributors to returns. We have maintained conviction in semiconductors for some time, given their connection to AI and the potential tailwind from the re-shoring of semiconductor manufacturing to the US and Europe. We have reduced exposure to some semiconductor stocks on strength, but maintain an overweight to the space overall, especially those that we believe have most directly benefitted from the trend to AI. In addition, the SMA's security selection in materials helped relative performance, though our overweight to the sector detracted. We favor companies in materials that may benefit from the trend toward electrification and the transition to renewable energy, as we believe those trends can be long-term tailwinds for growth.
- From an individual security perspective, shares of regional banks hurt results the most in the second quarter and YTD. The fallout from the collapse of four US banks and Credit Suisse has caused banks and specifically regional banks to underperform. In our view, the situation is more under control and valuations remain attractive, especially for the "super-regional" banks that we favor in the portfolio. **Truist Financial** and **Citizens Financial Group** were the largest detractors from benchmark-relative returns in the second quarter and YTD, in the wake of this ongoing situation. We continue to maintain these positions, as we believe these high quality regional banks are not exposed to the same issues plaguing the failed banks. Truist and Citizens have gone through significant stress testing given their large size and status as systemically important banks in the US. In addition, we believe both have adequate capital reserves and robust liquidity and risk management platforms in place. These regional banks also have diverse deposit bases that consist primarily of traditional retail and small- to medium-sized business deposits that are not as risky, in our view.
- Semiconductor stocks with exposure to AI were the top contributors to benchmark-relative performance, including **NVIDIA**, which has been a key beneficiary of the accelerating trend toward AI technologies, as its chips and GPUs (graphic processing units) are critical components. We believe there are significant long-term growth prospects for companies exposed to this trend; however, given the rapid appreciation in the stock prices, we will continue to monitor the valuation and risk-reward of these holdings, consistent with our valuation discipline.

- Materials holding **Martin Marietta Materials**, a supplier of aggregates and building materials, was also a top contributor to results in the quarter and YTD. We favor companies like Martin Marietta, as we believe they may benefit from the trend toward renewable energy infrastructure, given their significant market share in concrete and other building materials. Additionally, due to their status as an American company, they should experience an additional tailwind from the Biden Administration’s “Build Back Better” plan, which requires American materials to be used in the proposed infrastructure projects geared toward a green energy transition, such as solar and wind.

Top Relative Detractors and Contributors – Second Quarter 2023

Contributors	Detractors
— Martin Marietta Materials (MLM)	— Citizens Financial Group (CFG)
— Eli Lilly (LLY)	— Truist Financial (TFC)
— Adobe (ADBE)	— Estée Lauder (EL)
— Live Nation Entertainment (LYV)	— MSCI (MSCI)
— NVIDIA (NVDA)	— Nike (NKE)

Securities listed represent holdings of the portfolio or benchmark components that were not held in the portfolio as of quarter-end, shown in descending order from greatest to least, in terms of contribution to or deduction from the SMA’s performance relative to the benchmark. Data is of the representative account (Gross, USD) in the Pioneer SMA composite. Gross performance does not reflect the deduction of certain fees. The portfolio is actively managed and current portfolio information is subject to change. The holdings listed should not be considered recommendations to buy or sell any security.

Market Outlook and Positioning

- We are not sure when or if the long anticipated recession will occur, but we are currently finding value in cyclical areas of the market, such as materials, banks, and semiconductors. This modest cyclical tilt is the result of our valuation discipline, which favors stocks with what we believe have at least 2:1 upside potential to downside risk, as those stocks typically have increasingly attractive risk-reward profiles. With that in mind, we still believe that an overall balanced exposure to cyclical stocks, reasonably priced growth, and some defensive stocks, remains an appropriate approach in the current environment. By comparison, we seek to avoid equities of hyper-growth, unprofitable companies that are vulnerable to valuation compression if interest rates continue to rise. We also think low quality, distressed value stocks may underperform, especially those with excessive debt loads.
- As of the end of June, the portfolio’s largest overweight positions relative to the benchmark were in materials, information technology, and financials. In financials, we favor regional banks despite the challenges faced by the sector. We believe the banks we own are well positioned to gain market share from smaller competitors. In information technology and materials (as well as across other sectors), we are positioned to benefit from the trends toward artificial intelligence, electrification, and renewable energy, though we have reduced some semiconductor positions on strength. Notable underweight positions include the consumer sectors (staples and discretionary) and health care. In addition, the portfolio continues to have no exposure to real estate and utilities, which are typically more interest rate sensitive.

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

Price to Earnings (P/E) Ratio is the price of a stock divided by its earnings per share. **The Nasdaq 100 Index** is a stock market index made up of 101 equity securities by 100 of the largest non-financial companies listed on the Nasdaq stock exchange. **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. **The S&P 500 Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500 Index. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight. 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. **The portfolio generally excludes corporate issuers** that do not meet or exceed minimum ESG standards. Excluding specific issuers limits the universe of investments available to the portfolio, which may mean forgoing some investment opportunities available to portfolios without similar ESG standards.

Important Information

Amundi US is the US business of Amundi Asset Management group of companies. Investment advisory services are offered through Amundi Asset Management US, Inc. Not all Amundi products and services are available in all jurisdictions. The Amundi Asset Management logo used in this document only refers to a brand owned by Amundi and not to any service or product offered or manufactured by Amundi Asset Management SAS, headquartered in Paris.

Amundi US acts as a discretionary investment manager or non-discretionary model provider in a variety of separately managed account or wrap fee programs (each, an "SMA Program") sponsored by a third party investment adviser, broker-dealer or other financial services firm (a "Sponsor"). When acting as a discretionary investment manager, Amundi US is responsible for making and implementing all investment decisions in SMA Program accounts. When acting as a non-discretionary model provider, Amundi US's responsibility is limited to providing investment recommendations (in the form of model portfolios) to the SMA Program Sponsor who may or may not, in their sole discretion, utilize such recommendations in connection with its management of SMA Program accounts. In such "model-based" SMA Programs ("Model-Based Programs"), it is the Sponsor, and not Amundi US, which serves as the investment manager to, and has trading responsibility for, the Model-Based Program accounts.

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.