Pioneer SMA

Performance Analysis and Market Commentary | December 31, 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

	Month-to-Date	Quarter-to-Date	1-Year	3-Year	5-Year	10-Year
Pioneer SMA (Gross)	7.06%	14.15%	30.01%	10.86%	17.68%	13.08%
Pioneer SMA (Net)	6.79%	13.30%	26.22%	7.63%	14.25%	9.79%
S&P 500® Index (Benchmark)	4.54%	11.69%	26.29%	10.00%	15.69%	12.03%

Performance shown is based on the Pioneer SMA composite. The percentage of composite assets represented by wrap fee portfolios is 100% beginning with the annual period ending 2022. Effective May 1, 2022, discretionary wrap fee portfolios are included in composite performance results. Each discretionary relationship is included in the composite as one account. Prior to May 1, 2022, the composite included only institutional accounts and the performance results are those of the US Large Cap Core Equity composite. 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 S&P 500 Index (SPX) jumped 11.69% in the fourth quarter of 2023 on the back of slowing inflation and indications from the Federal Reserve (Fed) that it would cut interest rates in 2024. Growth continued to lead value, with the Russell 1000 Growth Index (the RLG) returning 14.16% compared with 9.50% for the Russell 1000 Value Index (the RLV). Most of the so-called Magnificent Seven (Apple, Alphabet, Microsoft, Amazon.com, Meta Platforms, Tesla and NVIDIA)* continued to perform well, but the market showed signs of broadening; the S&P 500 Equal Weight Index eked out a slightly higher return than the capitalization weighted SPX.
- For the year, the SPX gained 26.29% as inflation receded and a much feared recession failed to materialize. Returns were driven in large part by the Magnificent Seven, nearly all of which rose more than 50%. The average stock, as represented by the S&P 500 Equal Weight Index, returned a more modest 13.87%.

*As of December 31, 2023, the Portfolio did not own Meta Platforms or Tesla. Alphabet, Amazon, Apple, Microsoft, and NVIDIA are holdings in the portfolio.
See glossary of frequently used terms for definitions.

Total Return	4Q 2023	Year-to-Date
S&P 500® Index (SPX)	11.69%	26.29%
Russell 1000® Value Index (RLV)	9.50%	11.46%
Russell 1000® Growth Index (RLG)	14.16%	42.68%

Source: Morningstar. Data as of December 31, 2023. **Data is based on past performance, which is no guarantee of future results.** See additional index information on Page 4.

Performance Review

- Pioneer SMA returned 14.15% (gross) and 13.30% (net) in the fourth quarter, significantly outperforming the 11.69% return of the SPX, the Portfolio's benchmark. In addition, the SMA outperformed in the year-to-date period, returning 30.01% (gross) and 26.22% (net) compared to the 26.29% return for the SPX.
- Overall, 2023 was a strong year for the SMA, as it handily outperformed the SPX. The largest contributors to returns for the year were the Portfolio's underweights in defensive sectors, such as consumer staples and utilities, which have significantly underperformed the SPX. The Portfolio also benefitted from an overweight and security selection in the top-performing SPX sector, information technology, as well as security selection in health care where the Portfolio's exposure to pharmaceuticals aided results. Within information technology, the Portfolio's semiconductor holdings, in particular, were significant contributors to returns. We have maintained conviction in semiconductors for some time given their connection to artificial intelligence (AI) and the potential tailwind from the reshoring of semiconductor manufacturing to the US and Europe.
- The Portfolio's strong results in 2023, especially after underperforming meaningfully in the first half of the year, is a testament to the disciplined, risk-reward focus of the Portfolio. For example, throughout 2022 and early 2023, the Portfolio built positions in semiconductor stocks given their exposure to AI, a theme that the portfolio has favored for years, and what we viewed as attractive valuations. This conviction paid off as semiconductors rose broadly in 2023, as investors flocked to stocks with exposure to AI. As the valuations became more challenging in the second half of the year, we reduced some of our positions, as the risk-reward profile was not as attractive. Another area that demonstrated the Portfolio's disciplined approach is its exposure to banks. Going into 2023, we had a preference for regional banks, which underperformed broadly due to the liquidity crisis in the US banking sector. However, in our view, the sell-off in these stocks went too far; therefore, we continued to build our positions, despite the negative market sentiment. This discipline paid off in the second half of the year as bank stocks, and in particular regional banks, were among the top performers in the SPX for the fourth quarter.
- Overall, though, the Portfolio's exposure to banks did hurt Portfolio results for the full year, despite the bounce back in the fourth quarter. In addition, the Portfolio's lack of exposure to some mega-cap growth stocks, such as Meta Platforms, that outperformed in 2023 (after underperforming in 2022), detracted from returns.
- For the quarter, the outperformance was driven entirely by security selection, consistent with the Portfolio's bottom up, fundamental investment approach. More specifically, stock selection in the financials and consumer discretionary sectors were the largest contributors. The Portfolio's underweight to the healthcare sector was also a significant contributor. We have selectively invested in the health-care sector, but have not found attractive risk-reward opportunities recently. This tailwind in the quarter was partially offset by an overweight to the underperforming materials sectors. We continue to favor stocks in the materials space, such as copper miners and building materials suppliers, given their exposure to key themes like electrification and the green energy transition.
- From an individual security perspective, Planet Fitness and Truist Financial were the top two contributors to relative returns in the quarter.
- Shares of **Planet Fitness**, an operator of fitness franchises in the US, rebounded in the fourth quarter after previously declining due to the abrupt ousting of the CEO in September. This move shocked investors and caused the stock to fall more than 16%. However, since that time, the stock has recovered as the company has tweaked the franchisee model to reduce costs and spur growth. We continue to hold the shares, and believe that the company will overcome any short-term issues that could arise from this leadership transition.
- **Truist Financial,** a leading US regional bank, outperformed in the period as regional banks rebounded from declines earlier in the year. We believe the stock remains undervalued given its strong capital position relative to peers and the ability to return capital to shareholders in the form of dividends* and buybacks. We also believe Truist has a competitive advantage in middle market corporate lending, and is financially sound with a tier 1 capital ratio.**

*Dividends are not guaranteed. **The tier 1 capital ratio is the ratio of a bank's core equity capital to its total risk-weighted assets.
See glossary of frequently used terms for definitions.

Performance Review (cont'd)

- Two of the largest detractors to returns were BJ's Wholesale Club and Chevron.
- **BJ's Wholesale Club**, a membership only wholesale club chain, underperformed during the period as the company reported disappointing Q3 results. BJ's reported a surprise dip in fiscal third-quarter same-store sales and cut its full-year outlook, citing "shifts in consumer behavior" driven by the broader economic environment. We continue to own BJ's shares, as we believe near-term economic weakness does not alter the long-term competitive position and financial strength of the company.
- Shares of **Chevron**, an integrated energy company, underperformed during the period as global energy prices fell broadly. Chevron also reported weak results for the third quarter, citing lower-than-expected price realizations and higher-than-expected operating costs. We continue to own the shares particularly due to its shareholder friendly policies, including a strong dividend program and recently announced $75 billion share buyback program.

Top Relative Detractors and Contributors – Fourth Quarter 2023

Relative Contributors	Average % of Portfolio	Relative Detractors	Average % of Portfolio
— Planet Fitness (PLNT)	2.1%	— Chevron (CVX)	3.4%
— Truist Financial (TFC)	3.3%	— BJ's Wholesale Club (BJ)	2.4%
— Citizens Financial Group (CFG)	3.5%	— Teck Resources (TECK)	2.5%
— Martin Marietta Materials (MLM)	4.7%	— Broadcom (AVGO)	0.0%
— Exxon Mobil (XOM)	--	— EOG Resources (EOG)	1.2%

Securities listed above are holdings of the Portfolio, or benchmark components that were not held in the Portfolio, and the average percentage of the Portfolio's invested assets they represented for the quarterly period, shown in descending order from greatest to least, in terms of contribution to or detraction from the Portfolio's performance relative to the benchmark. See Page 4 for more information about performance attribution.

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 banks, materials, and to a lesser extent 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 have attractive risk-reward profiles, in our view. With this in mind, we believe maintaining a balanced portfolio including cyclical stocks, reasonably priced growth, and some defensive stocks remains the best approach in the current environment. By comparison, we are avoiding equities of hyper-growth, unprofitable companies that we believe 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 December, the portfolio's largest overweight positions relative to the benchmark were in the financials and materials sectors. In financials, we continue to favor regional banks, but have also added exposure to some larger banks and financial services companies with exposure to capital markets. We have reduced our information technology position, and particularly our semiconductor positions given their strong performance. However, we continue to favor technology stocks that we believe could benefit from the trend towards AI, including some semiconductor stocks. In materials, we maintain a preference for stocks that have benefitted from the trend towards electrification and the green energy transition.

- Notable underweight positions include the consumer sectors (staples and discretionary) and health care, though we have added to the Portfolio's exposure to pharmaceuticals more recently. Finally, the Portfolio continues to have no exposure to real estate and utilities, which are interest rate sensitive, historically.

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. **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.

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