

Pioneer Dividend Equity SMA

Performance Analysis and Market Commentary | December 31, 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

	Month-to-Date	Quarter-to-Date	1-Year	3-Year	5-Year	10-Year
Pioneer Dividend Equity SMA (Gross)	5.46%	8.35%	8.42%	8.42%	10.25%	9.26%
Pioneer Dividend Equity SMA (Net)	5.19%	7.55%	5.26%	5.26%	7.04%	6.08%
Russell 1000® Value Index (Benchmark)	5.54%	9.50%	11.46%	8.86%	10.91%	8.40%

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 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 (RLG) returning 14.16% compared with 9.50% for the Russell 1000 Value Index (RLV). Most of the so-called Magnificent Seven (Alphabet, Amazon, Apple, Microsoft, Meta Platforms, NVIDIA, and Tesla*) 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 Alphabet, Amazon, Apple, Microsoft, Meta Platforms, or Tesla.

Performance Review

- Pioneer Dividend Equity SMA returned 8.35% gross and 7.55% net for the fourth quarter of 2023, underperforming the 9.50% return of the RLV, the SMA's benchmark.
- Underperformance was mainly driven by two factors. One was our overweight position in stocks with lower price-to-earnings (P/E) ratios and subsequent underweight more expensive, higher P/E stocks. The RLV averaged 9.5% across all P/E quintiles versus low to moderate P/E stocks (9.7x-13.2x), which returned 5.0%, and high PE stocks (23.4x and larger), which returned 15.7%. Our security selection was also a headwind to results for the quarter, due to our selection in consumer discretionary and industrials. On the positive side, selection in financials and consumer staples aided comparisons for the period, but not enough to outweigh the aforementioned headwinds.
- Large-cap value stocks—a focus of the SMA—underperformed large-cap growth stocks within the broader Russell 1000 Index (RUI) for the quarter. The RLV returned 9.50% versus 14.16% for the RLG.
- Stocks that detracted from relative performance included energy companies **Exxon Mobil** and **Coterra Energy**. Crude oil prices declined on the back of global economic concerns, reversing earlier advances, pulling down share prices of oil producers like Exxon and Coterra. Exxon Mobil is an integrated oil and gas company, with businesses in exploration, production, refining and marketing. In our view, we continue to see value in the company with its diversified* portfolio, strong operation, and continued focus on return of capital. Coterra Energy has operations in the Pennsylvania, Texas, New Mexico and Oklahoma, and in our view, has top-tier acreage with attractive cash flow generation and yield.
- At the stock level, **Wells Fargo**, a financial services company, reported better-than-expected net interest income and increased growth guidance for the year. With its low-cost deposits and strong capital level, we see opportunities for Wells Fargo to improve return on equity over time, in our view. **Target**, a general merchandise and food retailer, also contributed for the quarter as it saw margins improve on better inventory management and lower freight costs. We see opportunities for margin recovery as management executes its efficiency plans, while the focus on new assortments and value offerings could help to drive better traffic. Target has increased dividends** for 52 consecutive years.

Top Relative Detractors and Contributors – Fourth Quarter 2023

Relative Contributors	Average % of Portfolio	Relative Detractors	Average % of Portfolio
— Wells Fargo (WFC)	3.4%	— Exxon Mobil (XOM)	4.1%
— Target (TGT)	1.5%	— Coterra Energy (CTRA)	2.1%
— PNC Financial Services (PNC)	1.6%	— Intel (INTC)	0.0%
— Materion (MTRN)	1.4%	— Sanofi (SNY)	1.6%
— Berkshire Hathaway (BRK)	0.0%	— McCormick & Company (MKC)	0.9%

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.

*Diversification does not assure a profit or protect against loss.

**Dividends are not guaranteed.

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. We tend to agree with what has emerged as a consensus opinion, namely that interest rates and inflation have both, for now, peaked and may drift down over the next year. On the other hand, the extent to which the peaking may be attributable to a softer economy is a subject of debate. The answer to that could have significant meaning for corporate earnings and potentially share price performance in the coming year.
- Despite a strong but highly volatile 2023 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. A mild recession, in our view, is more likely than a “soft landing.” While expectations are for market volatility to remain high over the coming months, we believe 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 consumer discretionary, energy, and financials. 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 sector.

Performance Attribution: Additional Information

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.

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.

Important Information

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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.