Confidence must be earned

Pioneer Fundamental Growth SMA

Performance Analysis and Market Commentary | December 31, 2022

Investment Philosophy

We believe that a focused portfolio of companies that can generate high returns on growth capital, possess sustainable competitive advantages, capitalize on secular growth opportunities and trade at a discount to intrinsic value, can produce attractive risk-adjusted returns over a full market cycle.

Performance Review

	3-Month	1-Year	3-Year	5-Year	10-Year
Pioneer Fundamental Growth SMA (Gross)	8.11%	-19.89%	8.54%	11.66%	14.15%
Pioneer Fundamental Growth SMA (Net)	7.32%	-22.31%	5.34%	8.38%	10.80%
Russell 1000® Growth Index (Benchmark)	2.20%	-29.14%	7.79%	10.96%	14.10%

Performance shown is based on the Pioneer Fundamental Growth 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

— In 2022, the S&P 500 Index (SPX) plummeted by 18.11%, the third-largest annual decline for the SPX in the past 48 years (only 2002 and 2008 were worse). The main culprit was inflation, which, as measured by the Consumer Price Index, rose to a 40-year high of 9.1% in June before subsiding as the US Federal Reserve (Fed) aggressively raised interest rates in response to the spiking inflation readouts. The corresponding decline in equity valuations (which typically have had an inverse correlation with interest rates) punished the performance of stocks over the past year, especially shares of companies with above average **price-to-earnings (P/E)** multiples. The most expensive quintile of stocks in the SPX (34.5x P/E and above) returned -40% for the past 12 months. The cheapest P/E quintile stocks (3.6–12.5x), meanwhile, generated a positive return of just under 9%. Among the worst performers over the past year were the mega-cap technology stocks that had fared well during the COVID-19 pandemic in a stay-at-home environment. The four largest stocks in the SPX—Apple, Microsoft, Alphabet, and Amazon.com—all fell by well over 20%, creating a favorable environment for active managers whose portfolios were underweight to those stocks. Only two sectors in the SPX managed to eke out positive returns for the year: energy and utilities. Meanwhile, consumer discretionary, communication services, and information technology were the worst performers in the SPX, each declining by between 28% and 39% for the 12 months ended December 31, 2022.

— Despite a difficult year overall, stocks managed to generate positive returns in the fourth quarter of 2022, with the SPX rebounding and returning 7.56%, due to declining inflation and investors' optimism that interest rates may have peaked. Energy, financials, industrials, and materials were the top-performing sectors in the SPX for the fourth quarter, while communication services and information technology continued to lag the rest of the market. December's returns were negative, however, with declines across every sector.

— From a style perspective, value trounced growth in 2022. The Russell 1000 Value Index (RLV) returned -7.54% for the 12 months ended December 31, 2022, while the Russell 1000 Growth Index (RLG) returned -29.14% over the same period, as investors favored low-P/E stocks and energy stocks, which have greater representation in the RLV Index than in the RLG Index. Value stocks also outperformed over the past month and in the fourth quarter.

	December 2022	Fourth Quarter	Year-to-Date 2022
S&P 500® Index (SPX)	-5.76%	7.56%	-18.11%
Russell 1000® Value Index (RLV)	-4.03%	12.42%	-7.54%
Russell 1000® Growth Index (RLG)	-7.66%	2.20%	-29.14%

Source: Morningstar. Data as of December 31, 2022. **Data is based on past performance, which is no guarantee of future results**.

Performance Review

— Pioneer Fundamental Growth SMA returned 8.11% (gross) and 7.32% (net) in the fourth quarter, outperforming the 2.20% return of the its benchmark, the RLG. For the full 12-month period ended December 31, 2022, consistent with our valuation-disciplined approach to growth investing, the SMA outperformed the RLG returning -19.89% (gross) and -22.31% (net), while the benchmark returned -29.14% over the same period.

— Sector allocation results benefited the SMA's 2022 relative results, due to portfolio overweights to the outperforming energy and financials sectors. Allocation results did not have a meaningful impact on the SMA's relative returns in the fourth quarter.

— While the SMA's relative returns benefited from having no exposure to high-(P/E) stocks, such as Tesla, which underperformed for both the calendar year and the quarter, security selection results were the main driver of the Fund's relative outperformance.

— Much of the SMA's relative outperformance in the fourth quarter derived from lack of exposure to certain stocks, rather than from stocks held in the portfolio. For example, shares of benchmark component **Tesla** dropped by more than 50% in the fourth quarter, due to the market's concerns regarding slowing economic growth and Elon Musk's preoccupation with owning Twitter. The portfolio had no exposure to Tesla, for valuation reasons, and due concerns about increased competition for the company in the electric vehicle market. Not owning Tesla was the single biggest positive contributor to the SMA's fourth-quarter outperformance of the benchmark. The same was true with regard to the portfolio's benchmark-relative outperformance in the month of December.

— A position in oilfield services giant **Schlumberger** (up by 49%) was the top positive contributor to the SMA's relative returns among stocks held in the portfolio during the fourth quarter. The stock outperformed after the company reported better-than-expected earnings, driven by international well construction. With rising demand for its services due to years of underinvestment in oil and gas, and given the global need for energy security highlighted by the Ukraine conflict, we believe Schlumberger is well-positioned to potentially benefit from what we anticipate will be a multi-year energy capital-expenditure cycle.

— The SMA's position in off-price retailer **Ross Stores** (up by 38%) was another positive contributor to relative performance this quarter, as the shares outperformed after the company surpassed earnings expectations. We believe Ross could be poised to benefit from a slowing economy, particularly as customers become more budget conscious. In addition, we anticipate Ross may have opportunities to purchase excess apparel from full-priced retailers at attractive prices, and then resell the inventory in its stores.

— On the negative side, six of the top 10 detractors from the SMA's benchmark-relative performance in the fourth quarter were stocks the portfolio did not hold, because they did not meet our strict investment requirements. Specialty pharmaceutical manufacturer **AbbVie**, for example, is poised for an earnings decline over the next couple of years, in our view, due to a sizeable patent expiration. This quarter, however, investors apparently found the company's below-average P/E multiple attractive as interest rates increased, and lack of exposure to the stock detracted from the SMA's relative returns. However, current expectations are that the company is unlikely to have meaningful new-product offerings until at least 2025. We view AbbVie's potential lack of secular growth as a disqualifier for inclusion in the portfolio.

— With regard to detractors held in the portfolio, a position in **PayPal** was a drag on the SMA's relative performance this quarter, as the stock declined by 17%, due to concerns that a weakening economy may lead to a decrease in e-commerce spending. While consumer spending may decline in the near term, we believe the company's strong competitive position in payments could enable PayPal to continue benefiting from the shift to a cashless society. In addition, the company has renewed its focus on profitability, which we believe may help mitigate any deceleration in top-line growth.

Top Relative Contributors and Detractors – Fourth Quarter of 2022

Contributors	Detractors
— Tesla (TSLA)	— PayPal (PYPL)
— Schlumberger (SLB)	— AbbVie (ABBV)
— Apple (AAPL)	— Broadcom (AVGO)
— Ross Stores (ROST)	— Nike (NKE)
— Mastercard (MA)	— Caterpillar (CAT)

Securities listed represent holdings of the portfolio or benchmark components that were not held in the portfolio as of quarter-end, shown in descending in order from greatest to least, in terms of contribution to or detraction from the SMA's performance relative to the benchmark. Data is of the representative account (Gross, USD) in the Pioneer Fundamental Growth 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.

New Additions and Deletions

— There were no additions to, or deletions from, the portfolio during the fourth quarter.

Market Outlook and Positioning

— We expect economic growth to slow over the next several months, due to the effects of higher interest rates and increased weakness in the labor market as employers streamline headcounts.

— While inflation has started to decline, the Fed seems likely to maintain interest rates at an elevated level for an extended period in order to prevent inflation from rebounding. Near term, we expect the Fed to continue raising interest rates through the first quarter of 2023.

— In 2022, the decline in the performance of 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.

— We remain cautious, as we believe current earnings estimates are too high. A mild recession, in our view, is more likely than a "soft landing," in which economic growth slows yet remains positive as inflation is brought under control. In either scenario, we believe corporate earnings estimates will likely decline as companies take a more cautious approach to 2023, given the economic uncertainty.

— By mid-2023, if the market adequately discounts a potential recession, we anticipate becoming more bullish. While expectations are for market volatility to remain high in 2023, we think the market may look forward to an earnings recovery as the year progresses, and end the year higher than where it started.

— We have remained highly selective with respect to the stocks that we add to the portfolio, and have continued to avoid investing in what we view as speculative and unprofitable companies that could easily remain out of favor for a protracted period.

— At the sector level, the SMA is overweight versus the benchmark to financials and health care, and underweight to information technology. The underweight to information technology owes primarily to the portfolio's limited exposure to Apple—for position-size-limit as well as valuation reasons. With that said, we have reduced the size of the SMA's underweight to information technology over the past couple of quarters, as we believe valuations in the sector have become more attractive.

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 may invest** in fewer than 40 securities and, as a result, its performance may be more volatile than the performance of other portfolios holding more securities**. Investing in foreign and/or emerging markets securities** involves risks relating to interest rates, currency exchange rates, economic, and political conditions.

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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