

# AIA S&P 1500<sup>®</sup> (All Cap) Strategy Factsheet

Q1 | March 31, 2024

## Manager Overview

Natixis Investment Managers Solutions Direct Indexing provides fully customizable SMAs that seek to match index returns pre-tax while producing enhanced after-tax returns. These separately managed account portfolios can be customized for tax purposes, to align with investor values and concerns, or a combination of both. All accounts are actively managed to optimize tax loss harvesting while providing beta exposure to an index. This type of solution, which we have implemented since 2002, can help investors mitigate tax liability in their portfolios, minimize capital gains, and plan for future taxable events.

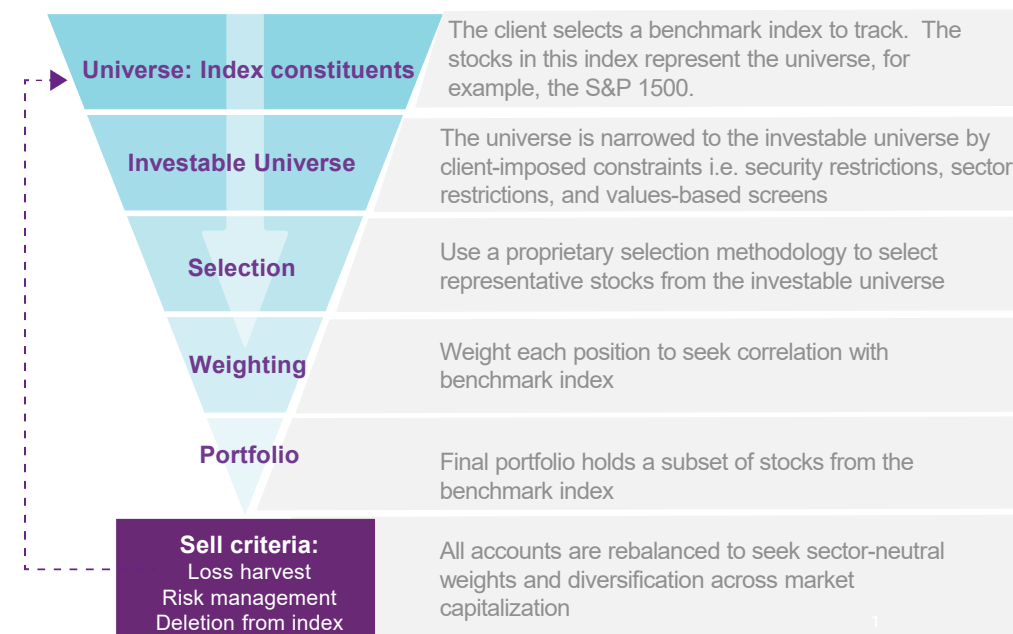
### Portfolio Team:

- **Kevin Maeda**, *Chief Investment Officer, Direct Indexing*; began investment career in 1994; BS, University of California, Berkeley; MBA, University of California, Los Angeles
- **Serena Stone, CFA<sup>®</sup>**, *Vice President, Portfolio Manager, Direct Indexing*; began investment career in 1999; BS, University of California, Los Angeles
- **Rosemary Ellis, CFP<sup>®</sup>**, *Associate Portfolio Manager, Direct Indexing*; began investment career in 2008; BA, Lafayette College
- **Benjamin Kerelian, CFA<sup>®</sup>**, *Assistant Vice President, Portfolio Manager, Direct Indexing*, began investment career in 2010; MS, University of San Francisco; BA, University of San Francisco

## Strategy Overview – Investment Philosophy

The strategy seeks to provide a pre-tax return similar to the S&P 1500<sup>®</sup> Index. Each separately managed account is unique and can incorporate existing holdings and stock restrictions. Key features include:

- Providing consistent and diversified exposure to the S&P 1500<sup>®</sup> Index
- Use a proprietary selection methodology to select representative stocks from the investable universe
- Delivering customization at the individual account level



## The Natixis Investment Managers Solutions Approach

Natixis Investment Managers Solutions<sup>1</sup> provides design, development and execution of portfolio strategies tailored to specific investment objectives and unique portfolio constraints. Fully integrated services combine investment expertise with portfolio analysis and construction capabilities to deliver a wide range of customized solutions.

- \$66.5 billion in Assets<sup>2</sup>
- 33 investment professionals
- 20 years of solutions partnerships

Leadership:

**Marina Gross**, Head of Solutions

<sup>1</sup> A division of Natixis Advisors, LLC. Natixis Advisors, LLC is one of the independent asset managers affiliated with Natixis Investment Managers

<sup>2</sup> Assets under administration ("AUA") as of December 31, 2023. AUA, as reported, may include assets for which non-Regulatory AUM services are provided. Non-Regulatory AUM includes assets which do not fall within the SEC's definition of Regulatory AUM in Form ADV, Part 1.

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PERFORMANCE OVERVIEW (AS OF 3/31/24)

AIA S&P 1500® (All Cap) Strategy<sup>1</sup>

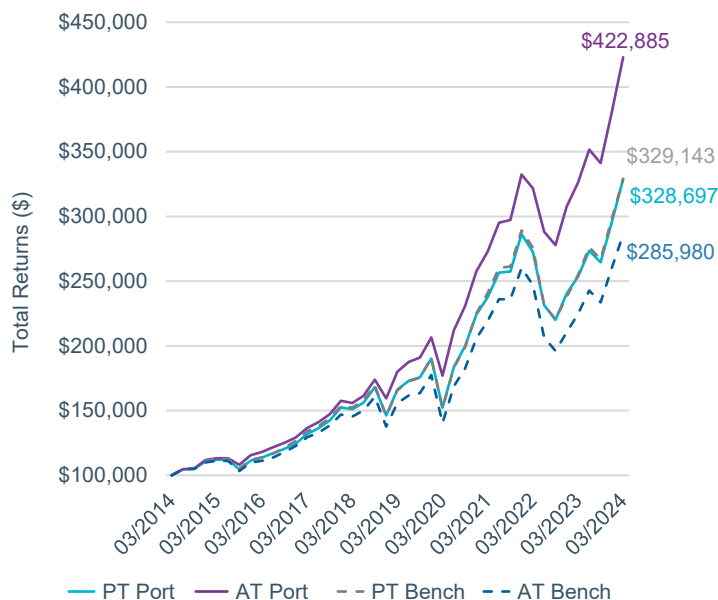
Period returns<sup>2</sup> (Gross %) – Maximum Federal and State Tax Rate

	AIA S&P 1500® Pre-Tax	S&P 1500® Index Pre-Tax	Pre-Tax Difference	AIA S&P 1500® After-Tax	S&P 1500® Index After-Tax	After-Tax Difference	Tax Alpha
3 months	11.22	10.31	0.91	11.13	9.92	1.21	0.31
YTD	11.22	10.31	0.91	11.13	9.92	1.21	0.31
1 Year	29.65	29.15	0.50	29.66	27.24	2.42	1.92
3 Years	11.42	10.99	0.44	15.73	9.26	6.47	6.03
5 Years	14.61	14.70	0.09	18.62	12.91	5.71	5.80
10 Years	12.64	12.65	0.02	15.51	11.08	4.43	4.45
Since Inception (9/2003)	10.33	10.54	0.21	12.72	9.33	3.39	3.60

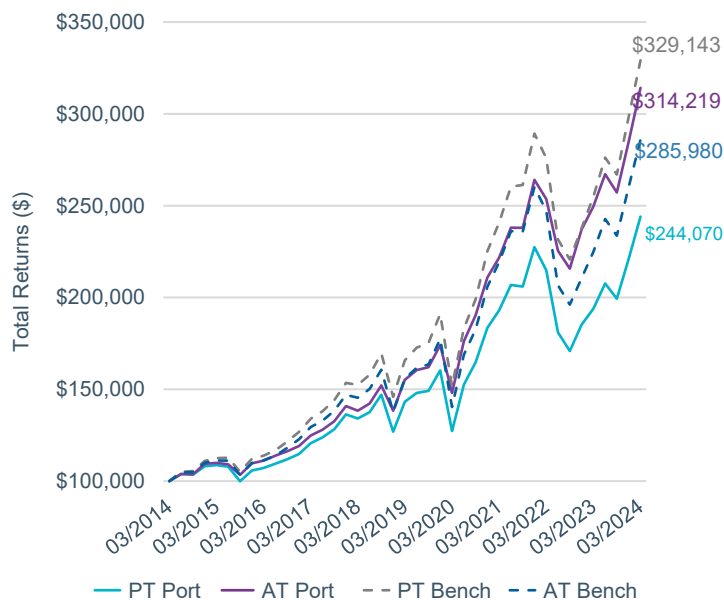
Period returns<sup>2</sup> (Net %)<sup>3</sup> – Maximum Federal and State Tax Rate

	AIA S&P 1500® Pre-Tax	S&P 1500® Index Pre-Tax	Pre-Tax Difference	AIA S&P 1500® After-Tax	S&P 1500® Index After-Tax	After-Tax Difference	Tax Alpha
3 months	10.41	10.31	0.11	10.33	9.92	0.41	0.31
YTD	10.41	10.31	0.11	10.33	9.92	0.41	0.31
1 Year	25.90	29.15	3.26	25.91	27.24	1.34	1.92
3 Years	8.15	10.99	2.83	12.34	9.26	3.08	5.92
5 Years	11.25	14.70	3.45	15.15	12.91	2.25	5.70
10 Years	9.33	12.65	3.32	12.13	11.08	1.05	4.37
Since Inception (9/2003)	7.09	10.54	3.45	9.41	9.33	0.08	3.53

Hypothetical growth of \$100,000 investment (Gross)



Hypothetical growth of \$100,000 investment (Net)<sup>3</sup>



**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

Gross performance does not take into account transaction costs, investment advisory fees, custody fees, or other expenses that were charged to clients' accounts or deductions for income taxes. The pure gross of fees returns are supplemental information. After-tax returns are only applicable to taxable accounts. The net performance reflects the deduction of investment advisory fees charged to client accounts, as well as transactional fees. Such fees will reduce investment performance over time. Indexes are not investments and do not incur fees and expenses and are not professionally managed. It is not possible to invest directly in an index.

<sup>1</sup> Please see the back page for important disclosures and performance information for the composite.

<sup>2</sup> Performance for less than one year is not annualized.

<sup>3</sup> Prior to 6/1/2009 net-of-fees performance reflects a deduction of a 2% annual wrap program fee, for the periods 6/1/2009 to 7/31/2018 2.18%, for the periods 8/1/2018 to 12/31/2019 2.50%, and 3% thereafter.

AIA S&P 1500® (All Cap) Strategy

Top 10 Holdings

Top 10 AIA Strategy Holdings %		Top 10 S&P 1500® Index Holdings %	
Security	Weight	Security	Weight
Microsoft Corporation	6.89	Microsoft Corporation	6.51
Apple Inc.	5.53	Apple Inc.	5.19
NVIDIA Corporation	4.90	NVIDIA Corporation	4.65
Amazon.com, Inc.	3.70	Amazon.com, Inc.	3.44
Meta Platforms Inc Class A	2.34	Meta Platforms Inc Class A	2.23
Alphabet Inc. Class A	1.99	Alphabet Inc. Class A	1.85
Berkshire Hathaway Inc. Class B	1.82	Berkshire Hathaway Inc. Class B	1.59
Alphabet Inc. Class C	1.68	Alphabet Inc. Class C	1.57
Eli Lilly and Company	1.56	Eli Lilly and Company	1.29
JPMorgan Chase & Co.	1.41	Broadcom Inc.	1.22

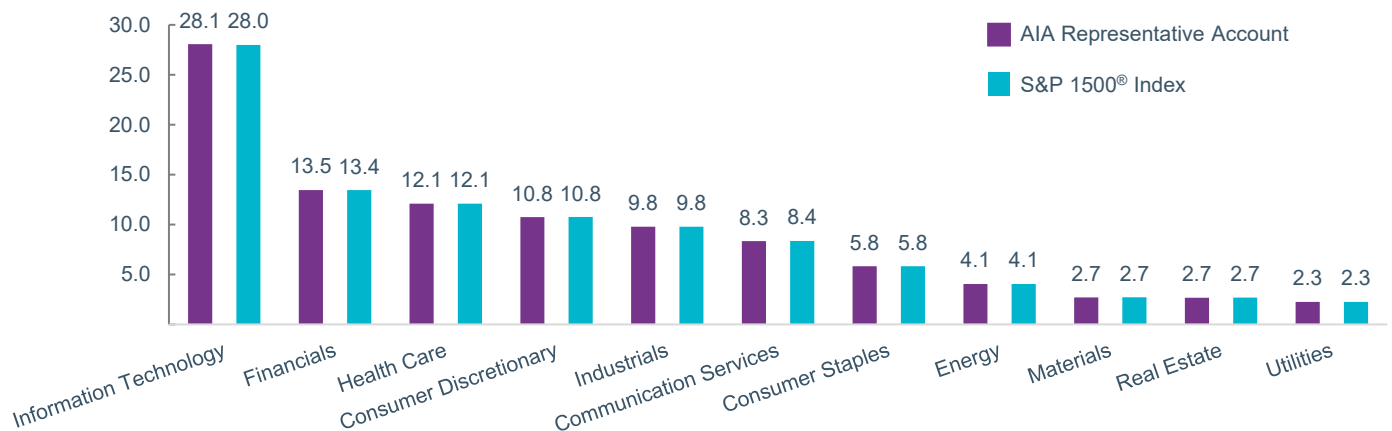
Portfolio Characteristics

	Strategy	S&P 1500® Index
Number of holdings (excluding cash)	200.00	1506.00
Weighted average market cap (\$ billions)	767.76	711.57
Price/earnings ratio (forward 12 months)	20.73	20.35
Price/book ratio	4.07	3.95
Average dividend yield %	1.46	1.44
EPS growth rate (3-5 year estimate) %	12.14	13.65

Market Cap Allocations %

Market cap size	Strategy	S&P 1500® Index
Large (> 10B)	94.74%	93.10%
Mid (2.5B to 10B)	4.44%	5.68%
Small (<2.5B)	0.82%	1.22%

Sector Allocations %



Source: FactSet

Holdings and characteristics for the above hypothetical representative account are presented for illustrative purposes only and do not represent an actual client account. There can be no assurance that client accounts will contain the securities listed. References to these securities should not be considered a recommendation or investment advice to buy or sell any security shown. There can be no assurance the securities will be profitable in the future. A complete list of all recommendations made within the last 12 months in this style is available upon request. Client portfolios are constructed by applying a proprietary selection methodology that seeks to replicate the sector exposure of the S&P 1500® Index. Price/earnings ratio is the price of a stock divided by its earnings per share. Price/book ratio is the ratio of a stock's price to its book value per share. The projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate. The characteristics shown are for illustrative purposes only.

PERFORMANCE OVERVIEW (AS OF CALENDAR YEAR END)

AIA S&P 1500® (All Cap) Strategy

Calendar year returns (Gross %) – Maximum Federal and State Tax Rate

	AIA S&P 1500® Pre-Tax	S&P 1500® Index Pre-Tax	Pre-Tax Difference	AIA S&P 1500® After-Tax	S&P 1500® Index After-Tax	After-Tax Difference	Tax Alpha
2014	12.83	13.08	-0.26	14.13	11.79	2.34	2.60
2015	0.74	1.01	-0.27	3.32	-0.13	3.45	3.73
2016	11.82	13.03	-1.21	11.84	11.73	0.10	1.31
2017	22.41	21.13	1.28	21.88	19.70	2.19	0.91
2018	-4.04	-4.96	0.92	1.20	-6.32	7.52	6.60
2019	30.02	30.90	-0.88	29.57	28.87	0.69	1.58
2020	17.91	17.92	-0.01	24.77	16.05	8.71	8.72
2021	27.65	28.45	-0.80	28.96	26.33	2.63	3.42
2022	-16.03	-17.78	1.75	-7.46	-19.06	11.61	9.86
2023	22.92	25.47	-2.54	23.72	23.58	0.14	2.68

Calendar year returns (Net %) – Maximum Federal and State Tax Rate

	AIA S&P 1500® Pre-Tax	S&P 1500® Index Pre-Tax	Pre-Tax Difference	AIA S&P 1500® After-Tax	S&P 1500® Index After-Tax	After-Tax Difference	Tax Alpha
2014	9.52	13.08	-3.56	10.79	11.79	-1.00	2.56
2015	-2.24	1.01	-3.25	0.27	-0.13	0.40	3.66
2016	8.54	13.03	-4.49	8.56	11.73	-3.18	1.31
2017	18.84	21.13	-2.29	18.34	19.70	-1.36	0.92
2018	-6.89	-4.96	-1.93	-1.79	-6.32	4.53	6.46
2019	26.25	30.90	-4.65	25.81	28.87	-3.06	1.59
2020	14.46	17.92	-3.46	21.13	16.05	5.08	8.54
2021	23.95	28.45	-4.50	25.22	26.33	-1.11	3.39
2022	-18.56	-17.78	-0.78	-10.22	-19.06	8.85	9.62
2023	19.35	25.47	-6.12	20.12	23.58	-3.46	2.66

**Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.**

AIA encompasses the direct indexing capabilities offered through Natixis Investment Managers Solutions. Natixis Investment Managers Solutions is a division of Natixis Advisors, LLC ("Natixis Advisors"). Natixis Advisors is an SEC registered investment adviser and an indirect subsidiary of Natixis Investment Managers, LLC. Prior to August 2021, AIA was a division of Natixis Advisors. A complete list of composite descriptions, as well as additional information regarding the firm's policies and procedures for valuing portfolios, calculating performance, and preparing compliant presentations, is available upon request. The AIA S&P 1500® Cash Funded After-Tax Composite includes all fully discretionary, taxable, fee-paying portfolios that invest in the AIA S&P 1500® which have initially been funded with cash. This strategy seeks to track the S&P 1500® Index on a pre-tax basis by investing in a subset of securities from within the index, while utilizing loss harvesting and tax management techniques to outperform on an after-tax basis.

The AIA S&P 1500® Cash Funded After-Tax Composite is a sub-composite of the AIA S&P 1500® Pre-Tax Composite. The composite was created in November 2007. The benchmark used is the S&P 1500®, an index representing large, mid, and small-cap US stocks. Performance is expressed in US dollars. All results are time-weighted total returns that include the reinvestment of income and dividends. Returns are presented net of non-reclaimable withholding taxes. Management fees vary on asset size and are negotiated by the sponsor. The standard fee schedule is as follows: 0.30% on the first \$5 million; 0.20% on the next \$5 million; 0.15% on the next \$10 million; 0.12% on the next \$30 million; 0.11% thereafter. Net-of-fees returns assume a model bundled fee which is inclusive of custody, advisor, transaction, and investment management fees. The model fee is deducted 1/12th per month from the gross composite return. The assumed model bundled fee used is 3.0% and has been retroactively applied since inception. Pure gross-of-fees returns are supplemental information and do not reflect the deduction of transaction costs or fees that are included within bundled fees. Effective January 2006, accounts with significant cash withdrawals are temporarily removed from the composite during the month that the withdrawal was taken. Currently, significant cash withdrawals are defined as cash withdrawals that are greater than 10% of an account's market value. Details related to the policy and the threshold for defining significant cash withdrawals historically are available upon request. The after-tax returns shown are subject to the limitations of the specific calculation methodology applied. Since the client's actual circumstances and tax rates determined after the fact may differ from the anticipated tax rates used in this process, the reported returns may not equal the actual after-tax returns for specific clients. After-tax returns are calculated using the maximum federal and state tax rates for dividends, short-term capital gains and long-term capital gains.

Tax alpha is the benefit of loss harvesting, which is assumed to be used to offset gains inside or outside the portfolio in the period they are incurred, and thus credited to the portfolio returns. The after-tax benchmark is an estimate based upon the average capital gain realization rate and dividend yield of the index. The maximum federal and state tax rates for dividends and capital gains are utilized in the after-tax calculations.

**Investment Risks:** All securities are subject to risk, including possible loss of principal. Please read the risks associated with each investment prior to investing. Detailed discussions of each investment's risks are included in Part 2A of each firm's respective Form ADV. The investments highlighted in this presentation may be subject to certain additional risks. The views and opinions expressed may change based on market and other conditions. This material is provided for informational purposes only and should not be construed as investment advice. There can be no assurance that developments will transpire as forecasted. Actual results may vary.

Natixis Advisors, LLC provides discretionary advisory services through its division Natixis Investment Managers Solutions. Discretionary advisory services are generally provided with the assistance of model portfolio providers, some of which are affiliates of Natixis Investment Managers. Natixis Distribution, LLC is a limited purpose broker-dealer and the distributor of various registered investment companies for which advisory services are provided by affiliates of Natixis Investment Managers.

Natixis Distribution, LLC and Natixis Advisors, LLC are located at 888 Boylston Street, Boston, Suite 800, MA 02199-8197. 800-862-4863.  
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