

CORE SATELLITE STRATEGY

Quarterly commentary

FOURTH QUARTER 2022

U.S. equity investment option review

Large-cap value category

LargeCap Value III, co-subadvised by Westwood Management and Barrow Hanley

During the quarter, LargeCap Value III outperformed the Russell 1000 Value Index and ranked in the third quartile of the Morningstar Large Value peer group. Returns for the one-year period also outperformed the index and the peer ranking landed in the second quartile of the Morningstar peer group. To obtain standardized performance, please visit **LargeCap Value III Inst Fund**.

Over the quarter, Barrow Hanley outperformed the index due to strong stock selection in the materials and energy sectors. Westwood underperformed the index due to poor stock selection in the industrials and health care sectors.

Over the year, Barrow Hanley outperformed the index due to strong stock selection in the consumer discretionary, financials, and health care sectors. Westwood outpaced the index driven by positive stock selection in the health care and consumer discretionary sectors.

At the end of the quarter, the approximate weight to each of the sub-advisors and advisor was Westwood 41.2%, Barrow Hanley 41.9%, and Principal Global Investors 16.9%.

Large-cap growth category

LargeCap Growth I, co-subadvised by T. Rowe Price and Brown Advisory

LargeCap Growth I outperformed the Russell 1000 Growth Index for the quarter and ranked in the second quartile of the Morningstar Large Growth peer group. Results for the one-year period underperformed the index and ranked in the bottom half of the peer group. To obtain standardized performance information, please visit **LargeCap Growth I Inst Fund**.

For the quarter, Brown outperformed the index due to positive sector positioning in the consumer discretionary and health care sectors, along with positive stock selection in information technology. T. Rowe underperformed the index due to poor sector positioning in the industrials and consumer discretionary sectors.

Over the one-year period, Brown underperformed the index due to poor stock selection in the health care and information technology sectors. T. Rowe also underperformed the index due to poor sector positioning within the communication services sector.

At the end of the quarter, the approximate weight to each manager was T. Rowe Price 42.5%, Brown Advisory 43.1%, and Principal Global Investors 14.4%.

All data sourced to Factset and Morningstar, unless footnoted. Due to rounding figures may not add up to 100%.

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Mid-cap value category

MidCap Value I, co-subadvised by Victory Capital Management and LA Capital Management

This core-satellite investment outperformed the Russell Midcap Value Index for the quarter and ranked in the second quartile of the Morningstar Mid-Cap Value peer group. Returns for the one-year period outpaced the index and ranked in the second quartile of the peer group. To obtain standardized performance information, please visit **MidCap Value I Inst Fund**.

During the quarter, Victory outperformed the index primarily due to strong stock selection in the industrials and information technology sectors. LA Capital underperformed the index due to poor stock selection in the consumer staples and consumer discretionary sectors.

Over the past 12-months, Victory outperformed the benchmark due to strong stock selection in the financials and information technology sectors. LA Capital outperformed the index due to positive sector positioning in the energy and real estate sectors.

At the end of the quarter, the approximate weight to each of the sub-advisors and advisor was Victory 67.6%, LA Capital 19.6% and Principal Global Investors 12.8%.

Mid-cap growth category

MidCap Growth III, co-subadvised by Baird Investment Management and Eagle Asset Management

MidCap Growth III underperformed the Russell Mid Cap Growth index for the quarter and ranked in the third quartile of the peer group. One-year returns underperformed the index and the peer ranking landed in the top half of the peer group. To obtain standardized performance information, please visit **MidCap Growth III Inst Fund**.

For the quarter, Baird underperformed primarily due to poor stock selection in the industrials sector. Eagle underperformed the index due to poor stock selection within the information technology sector.

For the one-year period, Baird underperformed primarily due to negative selection within industrials and health care names. Eagle outpaced the index over the 12-month period due to strong positioning in the communication services sector.

At the end of the quarter, the approximate weight to each manager was Baird 42.5%, Eagle Asset Management 42.3%, and Principal Global Investors 15.1%.

Small-cap value category

SmallCap Value II, co-subadvised by Vaughan Nelson and Hotchkis & Wiley

SmallCap Value II outperformed the Russell 2000 Value index for the quarter and landed in the second half of the Morningstar Small Value peer group. One-year performance outperformed the benchmark and landed in the second quartile of the peer group. To obtain standardized performance information, please visit **SmallCap Value Fund II**.

For the quarter, Vaughan Nelson contributed negatively to performance due to stock selection in the industrials sector. Hotchkis & Wiley outperformed for the quarter due to positive stock selection in the financials sector.

For the one-year period, Vaughan Nelson contributed to performance due to strong stock selection within the information technology and communication services sectors. Hotchkis & Wiley outperformed due to strong sector positioning in the energy and health care sectors and favorable stock selection in the financials sector.

At the end of the quarter, the approximate weight to each manager was Vaughan Nelson 46.8%, Hotchkis & Wiley 45.9%, and Principal Global Investors 7.3%.

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Small-cap growth category

SmallCap Growth I, co-subadvised by Alliance Bernstein, Emerald Advisers, and Brown Advisory

SmallCap Growth I outperformed the Russell 2000 Growth for the quarter and ranked in the second quartile of the Morningstar Small Growth peer group. One-year returns underperformed the benchmark, with a peer ranking in the third quartile of the peer group. To obtain standardized performance information, please visit **SmallCap Growth I Inst Fund**.

For the quarter, Alliance Bernstein underperformed the Russell 2000 Growth index due to poor stock selection in the health care and information technology sectors. Emerald outperformed the index due to strong stock selection within the health care and information technology sectors. Brown

outperformed the index due to positive stock selection in the health care and information technology sectors.

In the one-year period, Alliance Bernstein underperformed the index due to poor stock selection within the health care and industrials sectors. Emerald contributed to results due to positive stock selection within the health care and information technology sectors. Brown outperformed the index due to strong stock selection within the information technology sector.

At the end of the quarter, the approximate weight to each manager was Alliance Bernstein 35.4%, Brown 32.9%, Emerald 24.8%, and Principal Global Investors 6.9%.

International equity investment option review

Foreign large value category

Overseas, co-subadvised by Causeway Capital and Barrow Hanley

Overseas outperformed the MSCI EAFE Value Index for the quarter and ranked in the first quartile of the Morningstar Foreign Large Value peer group. One-year returns outperformed the index, landing in the first quartile of the peer group. To obtain standardized performance information, please visit **Overseas Inst Fund**.

For the quarter, Causeway outperformed the index due to positive stock selection within the financials and industrials sectors. Barrow Hanley underperformed the index driven by poor stock selection in the energy sector.

For the one-year period, Causeway underperformed the index due to negative sector positioning in the information technology sector. Barrow Hanley outperformed the index due to strong stock selection in the industrials and financials sectors.

At the end of the quarter, the approximate weight to each of the sub-advisors and advisor were Barrow Hanley 43.5%, Causeway 43.6%, and Principal Global Investors 12.9%.

Fixed income investment option review

High yield bond category

High Income, co-subadvised by Post Advisory, Polen Capital, and Insight Investment

High Income underperformed the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index for the quarter and ranked in the bottom half of the Morningstar High Yield Bond peer group. One-year returns outperformed the index, ranking in the bottom half of the peer group. To obtain standardized performance information, please visit **High Income Inst Fund**.

For the quarter, Polen underperformed the index mainly due to issuer selection within industrial names. Post underperformed the index, selection within industrial names

was a negative contributor. Insight performed similarly the index for the period.

For the year, Polen outperformed the index due to strong selection within financial institutions names. Post also outperformed the index due to positive selection within industrials. Insight performed similarly to the index for the period.

At the end of the quarter, the approximate weight to each manager was Insight 44.6%, Polen 14.8% and Post Advisory 40.5%.

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Information pertaining to the investment option's index (benchmark) is available in the prospectus or the investment option fact sheet. All references to the peer group are based on its Morningstar® category.

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Small-Cap and Mid-Cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.

International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

High yield investment options are subject to greater credit risk and volatility that is associated with high yield bonds.

Investment options investing in securities of companies outside the U.S. are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

Investment options that focus on a particular sector may experience greater volatility than investment options with a broader investment strategy. They are not intended to serve as a complete investment program by themselves.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

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Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Neither the principal of bond investment options nor their yields are guaranteed by the U.S. or any other government entity. Concentrating investments in natural resources industries can be affected by events relating to those industries, such as variations in the commodities markets, weather, disease, embargoes, international, political and economic developments, the success of exploration projects, tax and other government regulations and other factors. Investment in derivatives entails specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. REIT securities are subject to risk factors associated with the real estate industry and tax factors of REIT registration. An MLP that invests in a particular industry (e. g., oil and gas) may be harmed by detrimental economic events within that industry. As partnerships, MLPs may be subject to less regulation (and less protection for investors) under state laws than corporations. In addition, MLPs may be subject to state taxation in certain jurisdictions, which may reduce the amount of income paid by an MLP to its investors.

The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the investment adviser and/or sub-advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations; and the inability to close out certain hedged positions to avoid adverse tax consequences.

Bloomberg U.S. Corp High Yld 2% Issuer Capped Index is an unmanaged index comprised of fixed rate, non-investment grade debt securities that are dollar denominated. The index limits the maximum exposure to any one issuer to 2%.

MSCI EAFE Value Index is a subset of the MSCI EAFE Index, which is an unmanaged index that measures the stock returns of companies in developed economies outside of North America. The MSCI EAFE Value Index consists of securities classified by MSCI as most representing the value style.

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

Russell Midcap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap index having lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

Russell 2000 Value Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values.

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