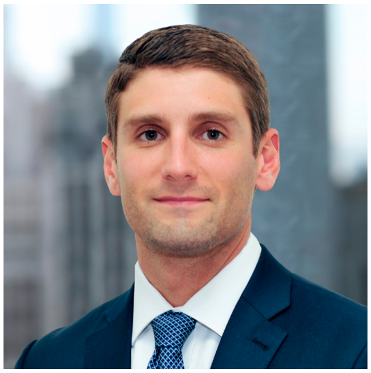

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Richard Bernstein Advisors LLC (RBA) is an investment manager focusing on longer-term investment strategies that combine top-down, macroeconomic analysis and quantitatively-driven portfolio construction. We strive to be the leading provider of innovative investment solutions for investors, and our competitive edge is our research-driven macro style of investing.

Our top-down macro approach differentiates our firm from the more common, traditional bottom-up approach of most asset managers. Our extensive array of macro indicators allows us to construct portfolios that are innovative, risk-controlled, and focused on overall portfolio construction instead of individual stock selection.

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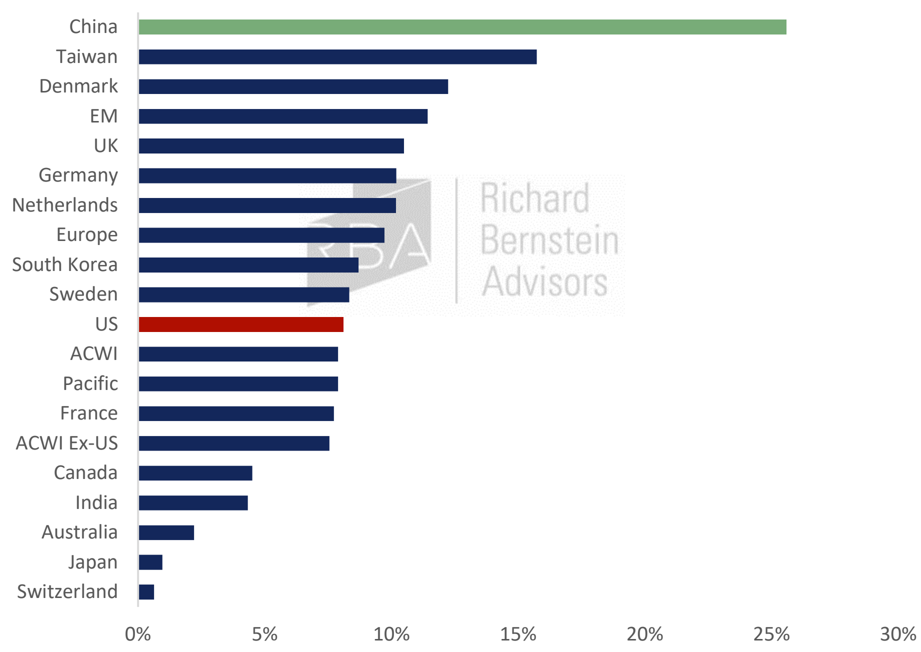
China's stealth rally

Although China has become one of the most polarizing stock markets in recent years, we believe there remain significant opportunities that investors should not write off. Many investors perceive China's economy is in shambles, is plagued by geopolitical tensions, and incorporates overbearing regulatory crackdowns. This perception has led to near-record underweights in Chinese equities among global investors and huge valuation discounts relative to other markets.

Perception versus Reality

Contrary to this bleak view, Chinese stocks have staged a remarkable comeback this year and are outperforming most major markets since January (Chart 1).

CHART 1:
Country and Region Returns (in USD)
(1/31/24 - 5/13/24)



Source: MSCI, Bloomberg Finance L.P. Gross total returns in USD are shown for major region aggregates and for the 15 largest countries in MSCI ACWI.

The reality is that there are numerous positive developments that help explain Chinese stocks' strong year-to-date performance:

1. **China's macroeconomic data has beaten expectations.** PMIs, GDP growth, and exports have come in better than expected, suggesting growth is more resilient than anticipated (Chart 2).

2. **China has pivoted away from restrictive policies toward a pro-growth and pro-markets stance.** Recent challenges resulting from restrictive policies such as Zero Covid, forced property deleveraging, and the regulatory crackdown on internet companies have given way to increasing accommodation. Since the start of the year, significant monetary easing and rate cuts have been accompanied by heavy pro-growth rhetoric. China's sovereign wealth fund directly intervened in markets, buying ETFs and stocks. And policymakers announced plans for shareholder-friendly reforms including stronger investor protections and more stringent capital markets supervision.

3. **Icy sentiment toward China has started to thaw.** A growing number of investors have begun to turn more constructive on Chinese stocks. Managers' underweight China positions appear to have troughed. And stronger price momentum has driven some net buying by faster-moving quant and hedge funds. Although sentiment is only just beginning to recover off deeply negative levels, sustained outperformance may force managers to add China exposure to limit the drag from their large underweights.

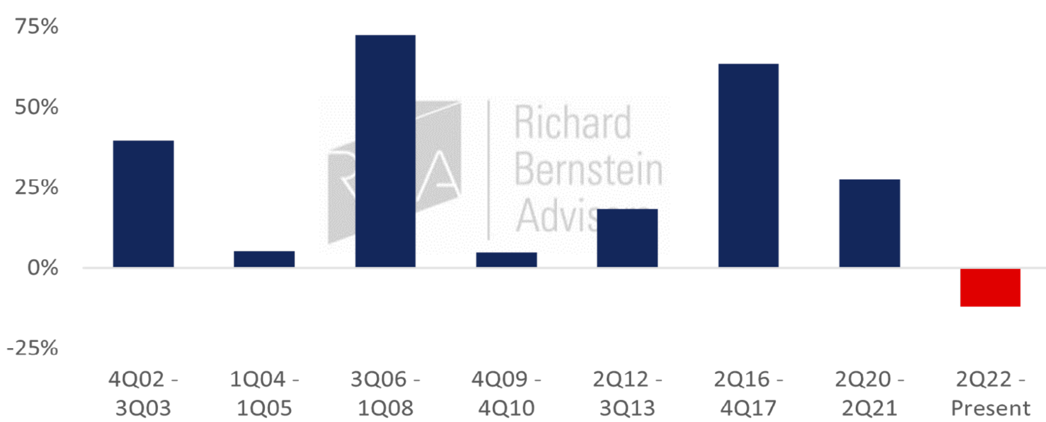
CHART 2:
Citi Economic Surprise Index for China
(5/16/23 - 5/14/24)

Source: Bloomberg Finance L.P.

Markets may be catching back up to fundamentals

Historically, Chinese stocks perform well when their earnings are accelerating, but this was not the case during the latest acceleration (Chart 3). The recent earnings recovery stands out as abnormal relative to accelerations in the prior two decades, and last year's deteriorating investor sentiment may explain a lot of the weak 2023 performance. If accelerating Chinese earnings and policymakers' continued easing drives a sustained improvement in sentiment, the near-record discounts on Chinese stocks may diminish in 2024 as the market catches up to improving fundamentals.

CHART 3:
MSCI China Performance during China EPS Accelerations
(2002 - Present)



Source: Richard Bernstein Advisors LLC, MSCI, Bloomberg Finance L.P. "2Q22 - Present" cycle includes performance through 5/13/24.

Looking Ahead

Despite negative headlines, reality paints a different picture. Focusing on China's fundamentals reveals a resilient economy with accelerating corporate profits, more decisive policy action, and tepid improvements in sentiment. Investors' enormous underweight to Chinese stocks this year despite it being one of the best-performing markets during 2024 has likely dragged on their performance. We continue to look beyond the perception of the Chinese market, staying anchored in fundamentals rather than swayed by headlines.

INDEX DESCRIPTIONS:

The following descriptions, while believed to be accurate, are in some cases abbreviated versions of more detailed or comprehensive definitions available from the sponsors or originators of the respective indices. Anyone interested in such further details is free to consult each such sponsor's or originator's website.

The past performance of an index is not a guarantee of future results.

Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. **Indices are not actively managed and investors cannot invest directly in the indices.**

ACWI®: MSCI All Country World Index. The MSCI ACWI® Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of global developed and emerging markets.

ACWI Ex-US®: MSCI ACWI® Excluding United States Index. The MSCI ACWI® Excluding United States Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of global developed and emerging markets excluding the United States.

Europe: MSCI Europe Index: The MSCI Europe Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Europe developed markets.

EM: MSCI Emerging Markets Index: The MSCI Emerging Markets Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of global emerging markets.

Pacific: MSCI Pacific Index: The MSCI Pacific Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of developed markets in the Pacific region.

US: MSCI USA Index: The MSCI USA Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of the United States.

UK: MSCI United Kingdom (UK) Index: The MSCI United Kingdom Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of the United Kingdom.

Japan: MSCI Japan Index: The MSCI Japan Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Japa**n.**

China: MSCI China Index: The MSCI China Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of China.

Taiwan: MSCI Taiwan Index: The MSCI Taiwan Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Taiwan.

Denmark: MSCI Denmark Index: The MSCI Denmark Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Denmark.

Germany: MSCI Germany Index: The MSCI Germany Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Germany.

Netherlands: MSCI Netherlands Index: The MSCI Netherlands Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of the Netherlands.

Korea: MSCI Korea Index: The MSCI Korea Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of South Korea.

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India: MSCI India Index: The MSCI India Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of India.

Australia: MSCI Australia Index: The MSCI Australia Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Australia.

Switzerland: MSCI Switzerland Index: The MSCI Switzerland Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the equity-market performance of Switzerland

About Richard Bernstein Advisors

Richard Bernstein Advisors LLC is an investment manager focusing on long-only, global equity and asset allocation investment strategies. RBA runs ETF asset allocation SMA portfolios at leading wirehouses, independent broker/dealers, TAMPS and on select RIA platforms. Additionally, RBA partners with several firms including Eaton Vance Corporation and First Trust Portfolios LP, and currently has $15.2 billion collectively under management and advisement as of March 31, 2024. RBA acts as sub-advisor for the Eaton Vance Richard Bernstein Equity Strategy Fund, the Eaton Vance Richard Bernstein All-Asset Strategy Fund and also offers income and unique theme-oriented unit trusts through First Trust. RBA is also the index provider for the First Trust RBA American Industrial Renaissance® ETF. RBA's investment insights as well as further information about the firm and products can be found at **www.RBAdvisors.com**.