ARISTOTLE
CAPITAL BOSTON

Small Cap Observations

December 31, 2025

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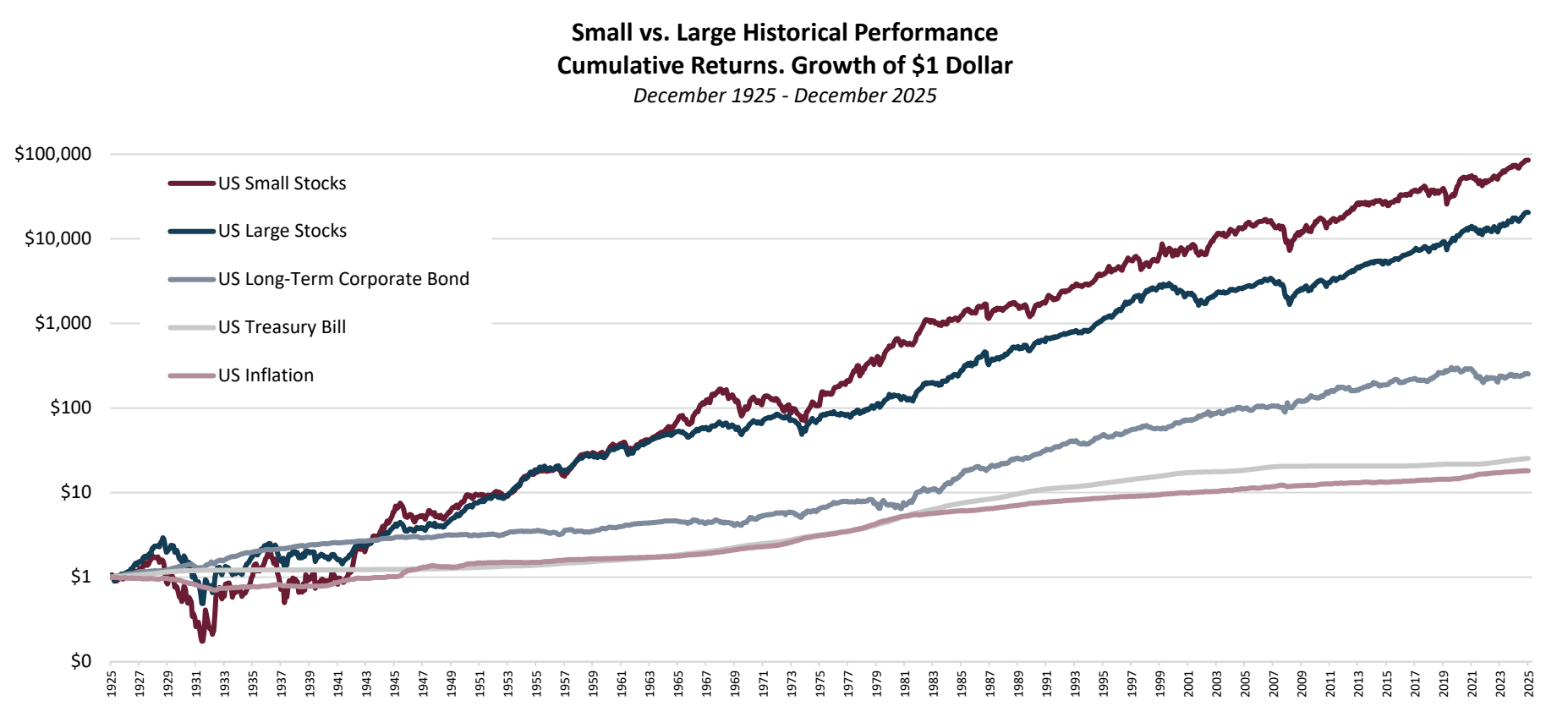
The Long-Term Case for Investing in Small Caps

As of December 31, 2025

Historically, Small Capitalization stocks have outperformed Large Capitalization stocks.

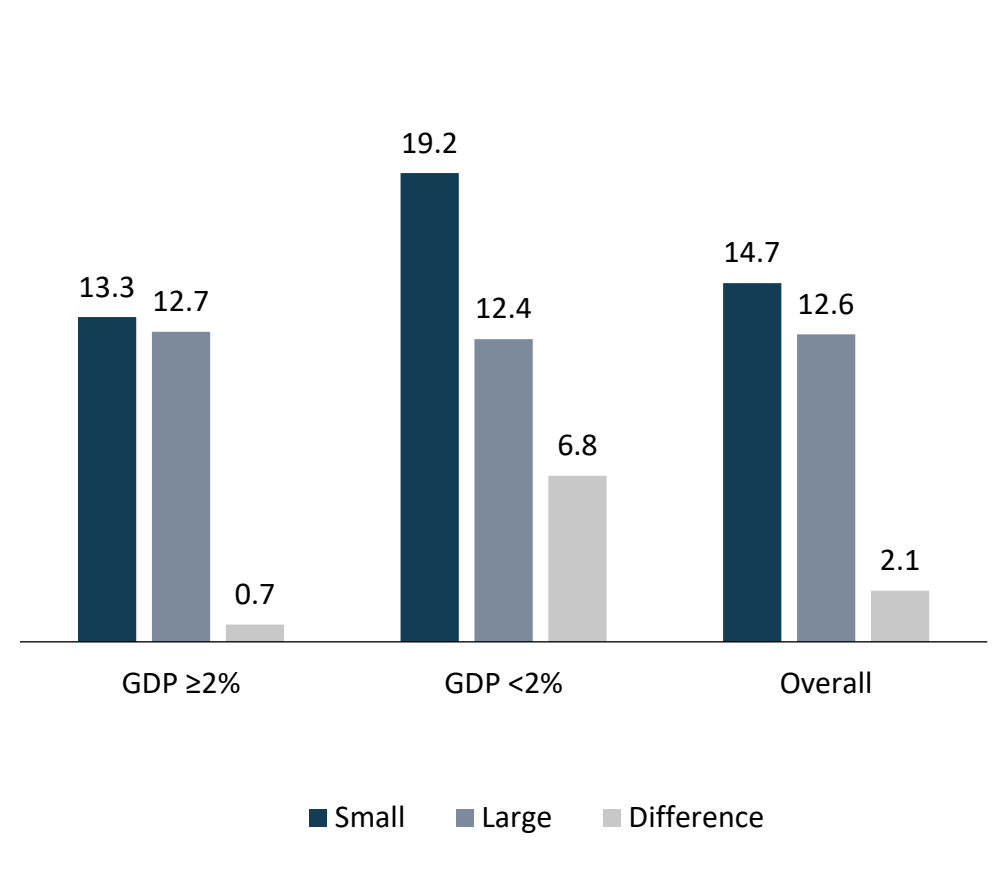


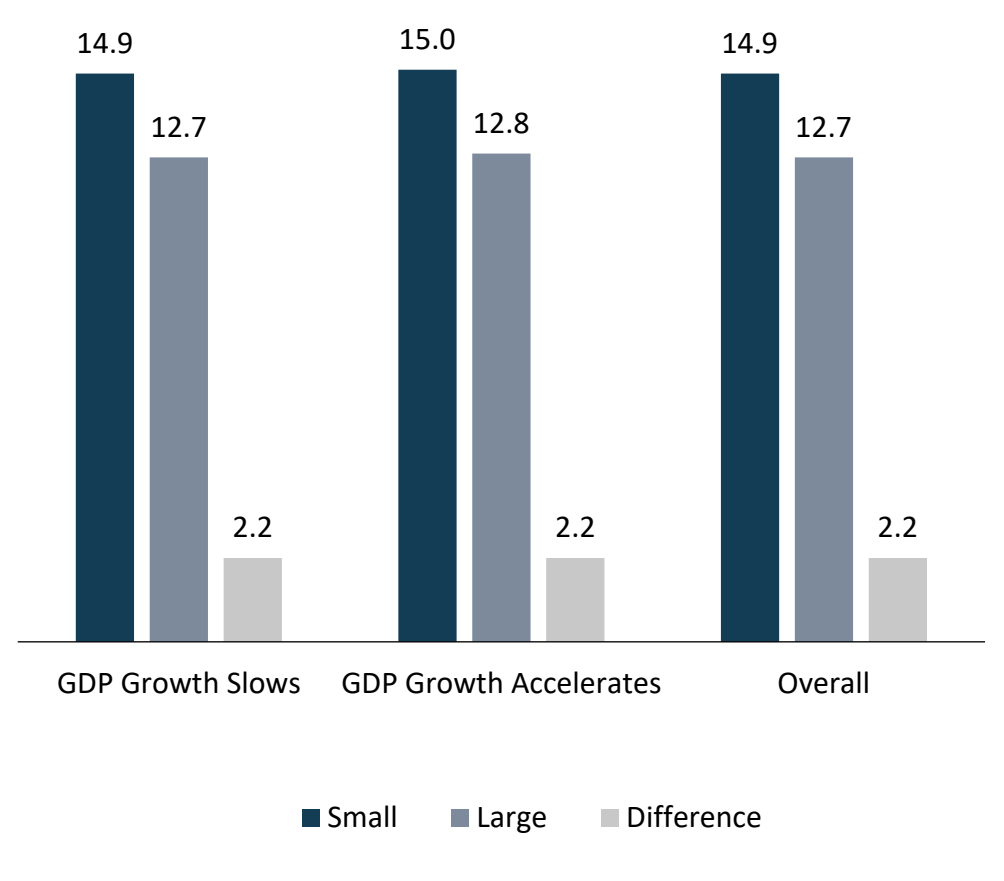
Source: Ibbotson.
Small Stocks—represented by the Ibbotson® Small Company Stock Index; Large Stocks—Ibbotson® Large Company Stock Index; Long-Term Corporate Bonds—20-year U.S. Corporate Bond; Treasury Bills—30-day U.S. Treasury Bill; Inflation—Consumer Price Index.

Behavior of Small Caps in Various Macroeconomic Environments

Small Caps in Various GDP Environments

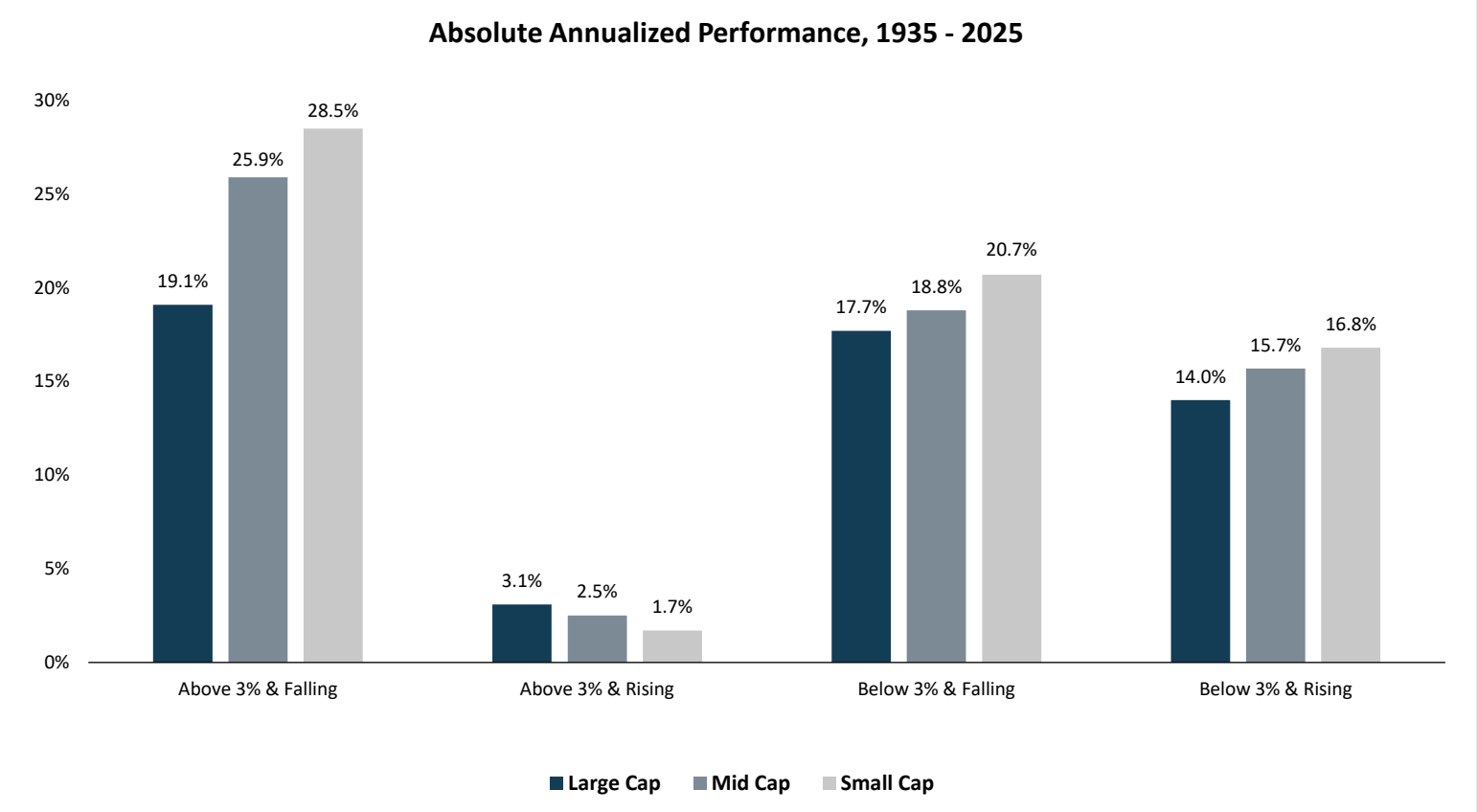
1925 - 2025





Sources: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies. 1925-Q4 2025. CRSP US Small Cap Index, CRSP US Large Cap Index.

Historical Analysis of Small Caps in Differing Inflationary Environments



Sources: Center for Research in Security Prices (CRSP), The University of Chicago Booth School of Business, Jefferies. CRSP US Small Cap Index, CRSP US Mid Cap Index, CRSP US Large Cap Index. Data as of 12/31/2025.

Small Cap Factor Performance During Stages of the Economic Cycle

Small Cap Factor Performance Across Cycles

As of December 31, 2025

High-Quality stocks have led both the Russell 2000 Index and Low-Quality peers in 100% late cycle regimes and Value has been the outperforming style during 90% of "Recovery" regimes since 1990.

Small cap factor group performance during phases of the economic cycle (Jan. 1990-Present)

Hit rate = % of periods in which style outperformed the equal-weighted Russell 2000 Index.

Quintile 1 vs. Index

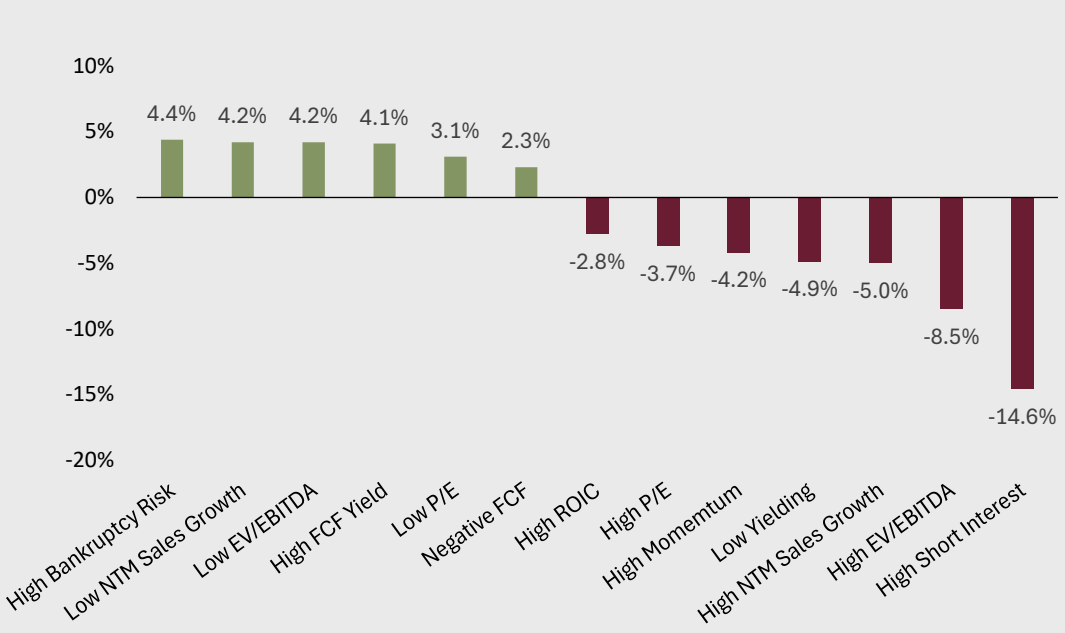
		Valuation	Quality	Liquidity	Growth	Risk	Momentum	Leverage	Cash Deployment	Size
Early Cycle	Median	12%	2%	-2%	2%	-1%	-2%	-1%	4%	-1%
	Hit Rate	90%	60%	40%	60%	50%	40%	50%	80%	30%
Mid Cycle	Median	7%	2%	2%	4%	7%	3%	1%	-5%	-4%
	Hit Rate	67%	78%	67%	78%	78%	78%	89%	22%	44%
Late Cycle	Median	0%	7%	0%	0%	-10%	0%	1%	6%	3%
	Hit Rate	44%	100%	56%	56%	11%	78%	67%	78%	89%
Recession	Median	1%	2%	2%	0%	-5%	3%	0%	1%	4%
	Hit Rate	50%	60%	60%	50%	40%	70%	50%	60%	70%

Sources: FactSet, BofA Global Research. Based on the Russell 2000 Index. Data as of 12/31/25. Please see important disclosures at the end of this document.

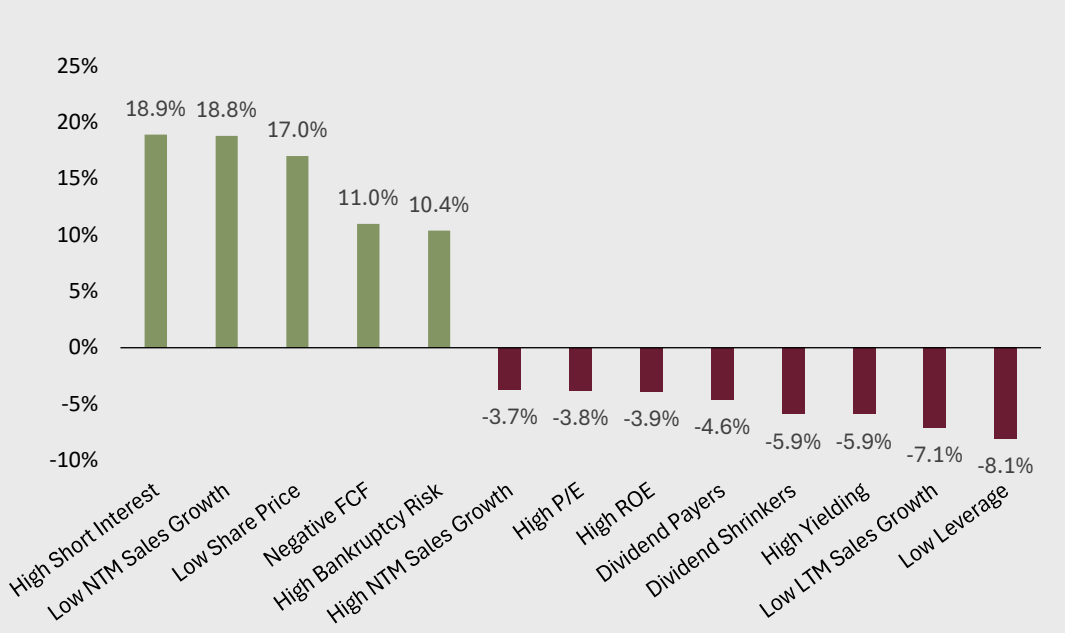
Recent History and Internal Analysis

Low Quality Factors Led in 2025

4Q25

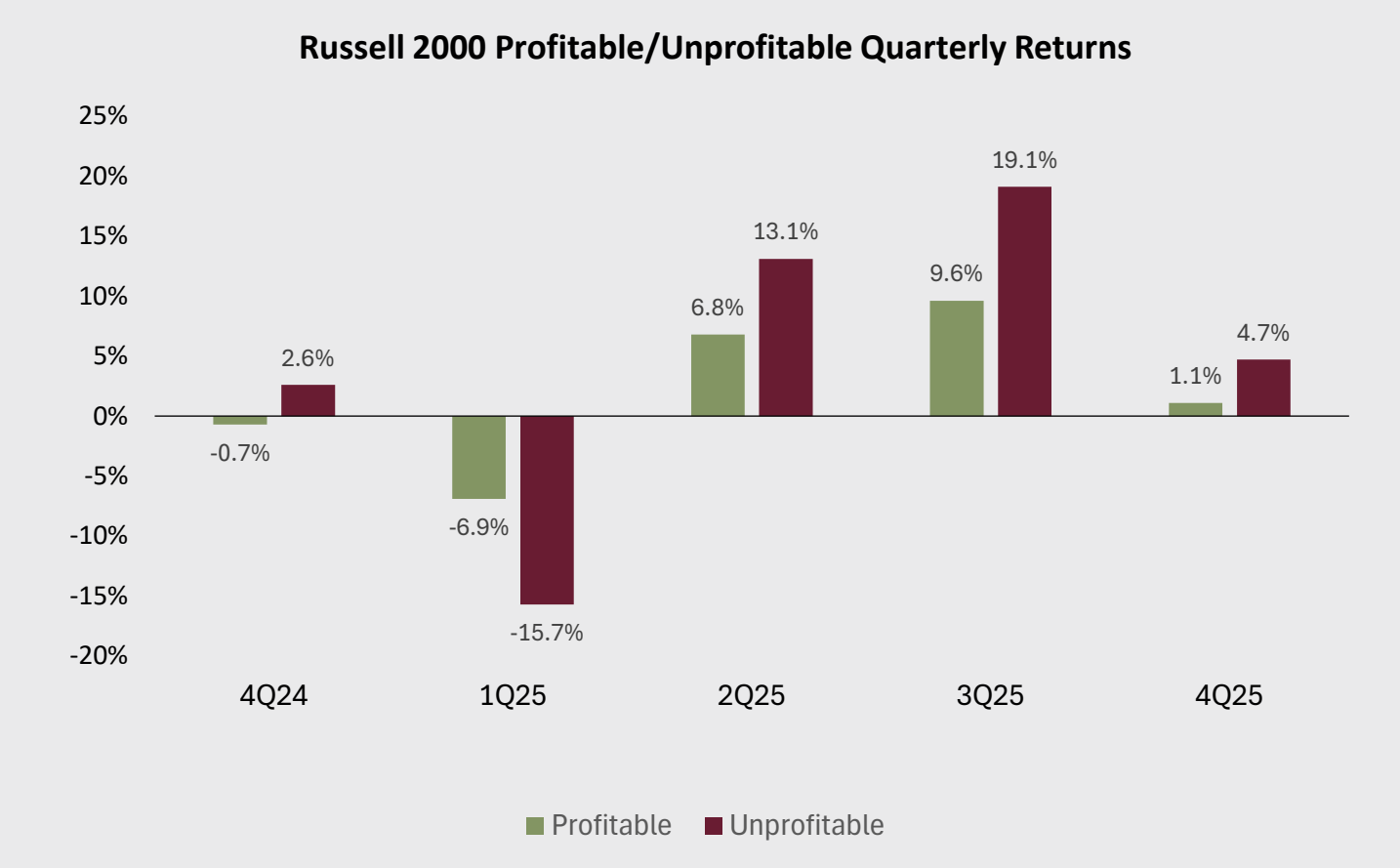


2025



Source: Furey Research Partners Q1, Q2, Q3, Q4 2025. Returns are relative to Russell 2000 Total Return.

Profitable vs. Unprofitable Companies



Source: FactSet 12/31/2024 to 12/31/2025.

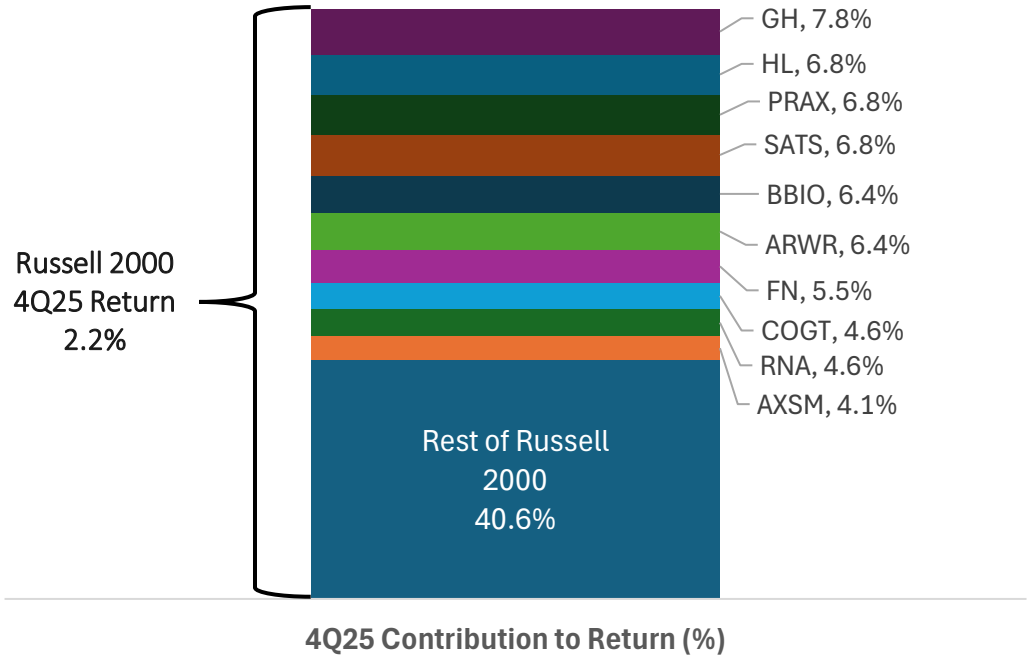
Russell 2000 Non-Earner Performance by Sector

	Russell 2000 Performance (%)								
	4Q25			Since April 8th			2025		
GICS Sector	Earners	Non-Earners	Overall	Earners	Non-Earners	Overall	Earners	Non-Earners	Overall
Communication Services	-7.8	14.7	4.4	13.4	106.8	53.2	-16.5	62.0	16.5
Consumer Discretionary	-4.4	-0.7	-3.7	30.3	45.0	31.4	-0.9	-5.1	-0.1
Consumer Staples	-3.7	-11.8	-4.4	3.8	-0.5	3.2	-3.6	-6.4	-3.8
Energy	2.7	-0.8	1.3	44.5	86.5	49.8	-1.8	19.2	1.5
Financials	1.6	0.1	1.5	27.0	41.2	27.7	7.2	22.6	8.0
Health Care	5.9	28.0	18.5	22.9	95.3	60.0	11.1	40.8	27.2
Industrials	-0.8	-8.8	-1.8	46.5	96.5	50.2	19.1	25.4	17.6
Information Technology	-1.5	-14.2	-4.6	47.8	102.8	55.2	6.8	28.9	9.6
Materials	6.3	-1.0	5.0	62.2	117.5	65.9	29.7	60.8	38.2
Real Estate	2.4	0.5	1.8	20.9	32.0	23.8	2.2	7.9	3.5
Utilities	3.2	-21.6	-1.6	14.5	62.1	16.3	14.3	0.0	15.1
Russell 2000 Index	**0.4**	**8.6**	**2.2**	**33.7**	**82.4**	**42.4**	**8.5**	**30.6**	**12.8**

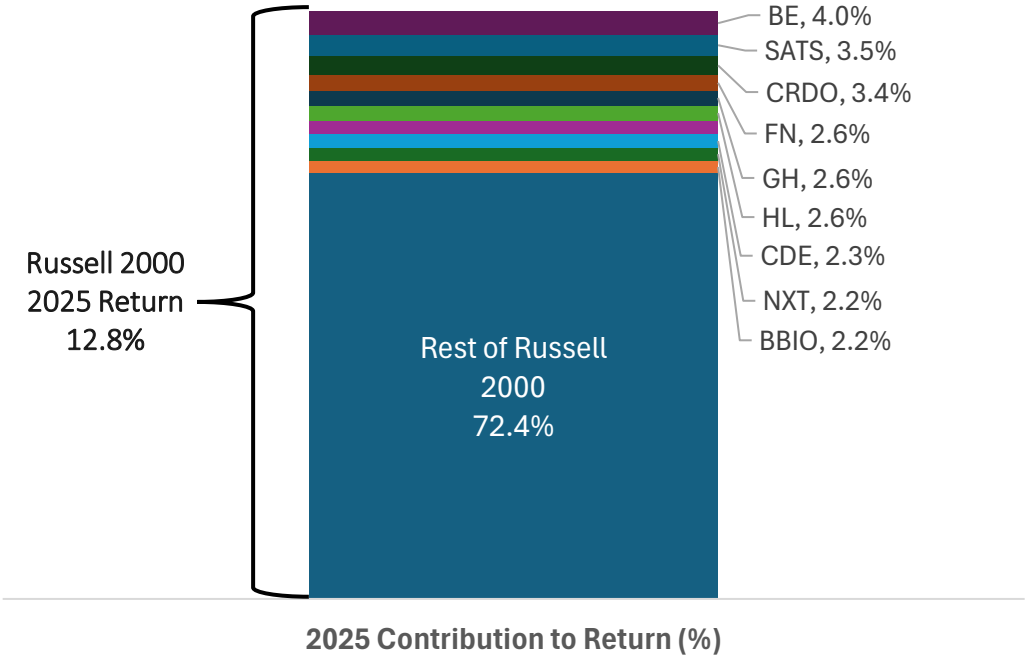
Source: FactSet; performance is through 12/31/2025.

Concentration of Russell 2000 Returns: Stocks

Ten stocks contributed almost three-fifths of the the Russell 2000's 4Q25 return



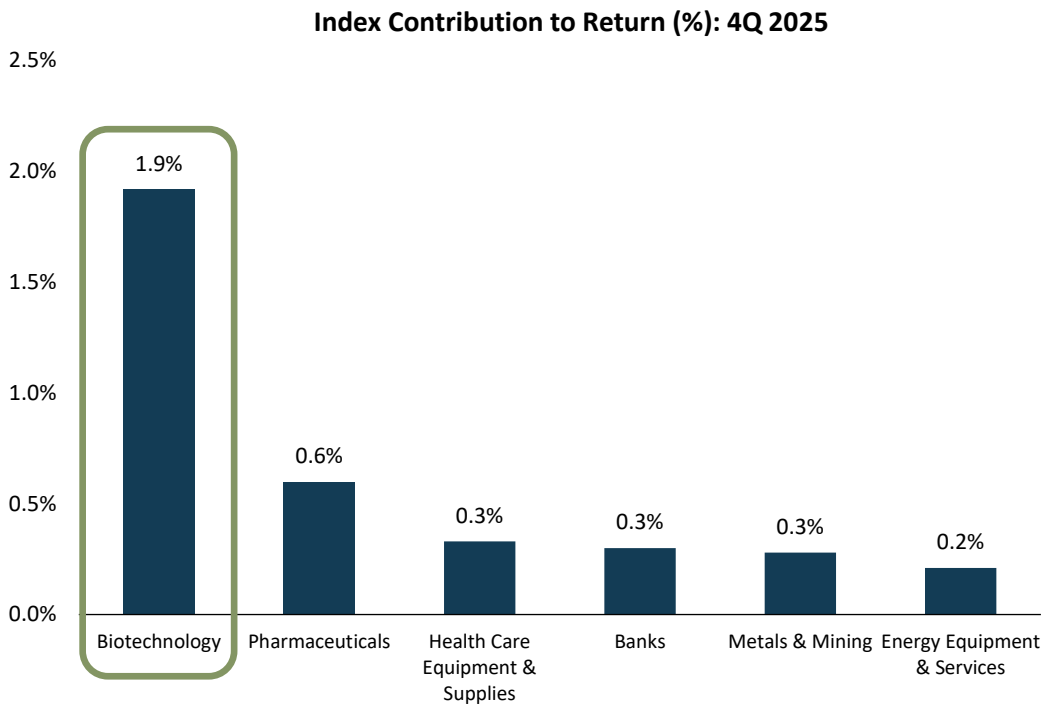
Over a quarter of the Russell 2000's 2025 return came from its top ten contributors



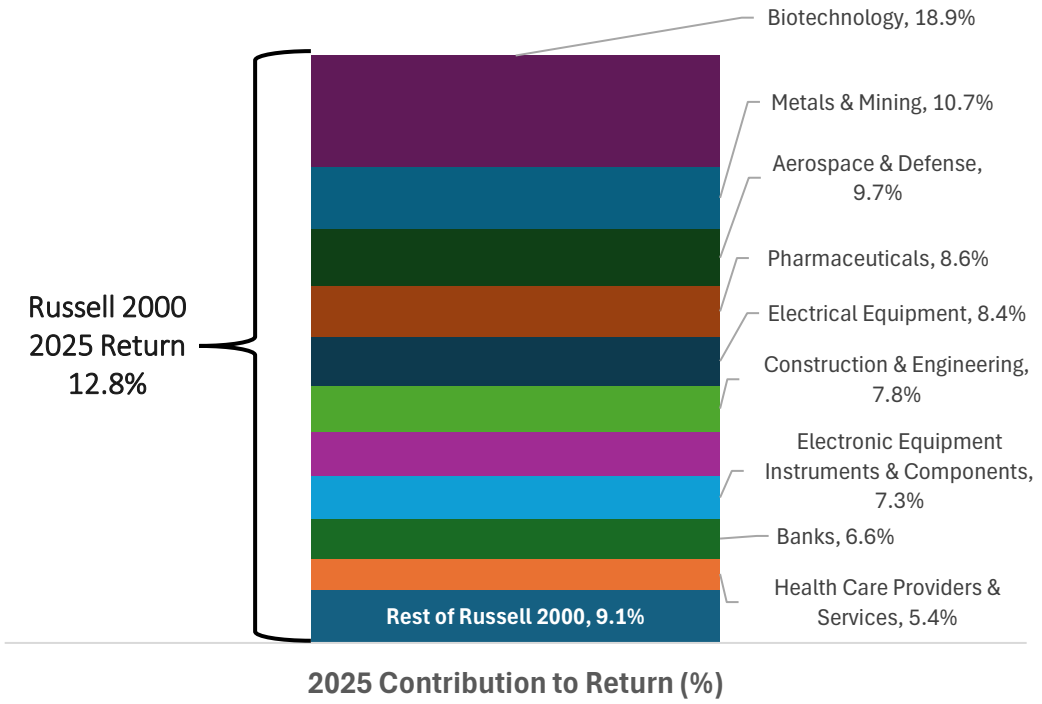
Source: FactSet; data as of 12/31/2025.

Concentration of Russell 2000 Returns: Industries

Biotechnology dominated providing 1.9% of the Index's 2.2% return during Q4



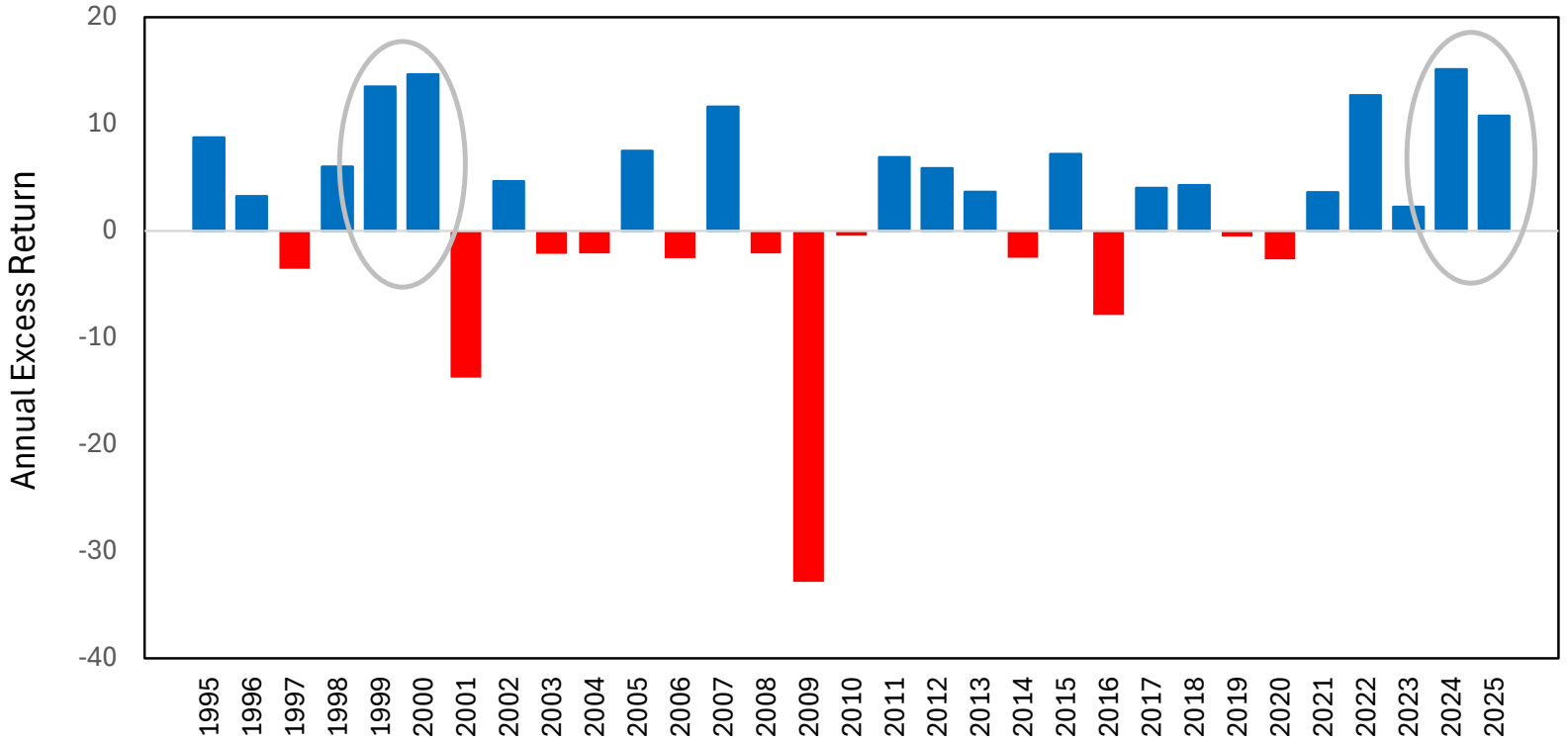
91% of the Russell 2000's 2025 return came from its top 10 industries



Source: FactSet; data as of 12/31/2025.

Annual Excess Returns in Russell 2000 to Top Quintile of Momentum

Payoff to High Momentum in 2024 and 2025 Was the Highest Since the Peak of the Tech Bubble in 1999 and 2000



Source: Aristotle Capital Boston analysis using Bloomberg data over the years 1995 to 2025

Monthly Russell Payoffs

Composites	Long Term Average*	Monthly Payoffs 2025												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025
Value	12.64	4.51	1.47	8.01	-6.51	-4.56	-1.65	-4.69	6.20	-10.01	-6.73	8.48	1.10	-4.36
Quality**	11.29	2.34	2.13	5.47	-3.97	-2.40	-2.82	-4.66	3.07	-6.97	-5.69	5.22	-0.16	-8.45
Margin	7.94	2.73	3.71	7.37	-1.11	-2.77	-3.46	-5.53	0.63	-7.00	-4.95	6.56	0.85	-2.98
Accruals	5.61	0.79	-1.48	-3.13	-1.14	1.35	0.72	-0.44	1.58	-0.23	-1.21	-0.12	-0.09	-3.39
Capital Usage	8.33	1.40	1.26	7.04	-4.89	-3.95	-0.77	-4.92	3.37	-6.99	-5.51	5.87	-0.66	-8.76
LowVariability	2.94	-0.60	0.66	2.33	-3.65	-3.89	-1.18	-2.25	0.08	-4.01	-1.27	6.58	-0.22	-7.41
LowLeverage	0.29	-3.77	-2.07	1.99	4.83	-0.81	1.63	-0.28	-4.01	5.25	3.65	-0.55	0.42	6.29
LowVolatility	4.79	1.77	6.69	10.06	-3.90	-8.83	-8.91	-5.96	0.54	-9.39	-7.21	9.76	1.96	-13.42

*Long Term Average is 1/1995 – 12/2025,annualized. Based on Russell 2000 Index.
**Quality is composed of Margin, Accruals, and Capital Usage Composites.
Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments. Year to date data is computed monthly.

Long Term Factor Performance vs. Recent Periods

Our research shows that **Quality and Value factors have paid off over the long-term**, however, over periods of severe stylistic swings, particularly calendar years 2020 and 2025, short-term payoffs can differ relative to historic norms.

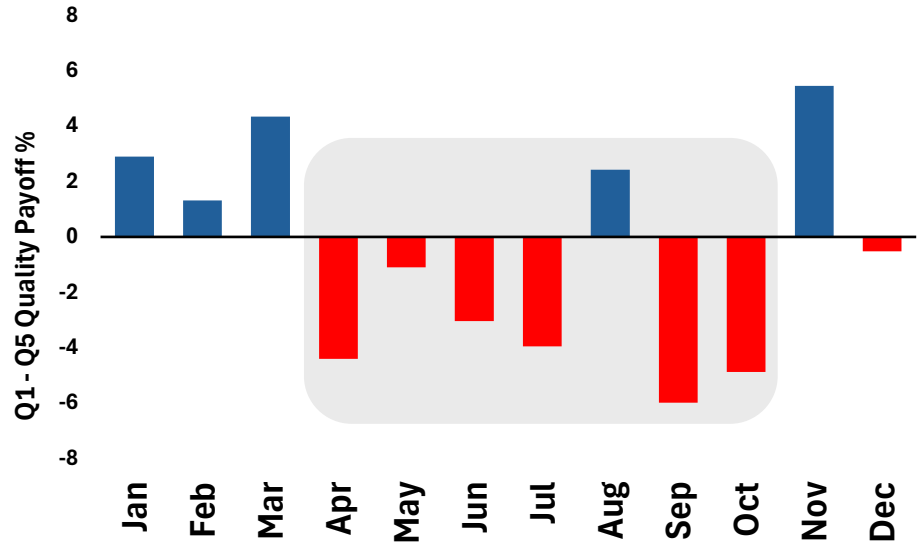
Russell 2000 Index, 1/1/2020 to 12/31/2025

Composites	Long Term Average*	2020	2021	2022	2023	2024	2025
Value	12.64	-15.78	37.81	43.68	20.28	-0.57	-4.36
Quality**	11.29	-29.99	28.30	45.20	16.63	-0.44	-8.45
Margin	7.94	-17.68	22.69	35.26	7.99	8.94	-2.98
Accruals	5.61	-9.29	7.38	9.78	5.23	-6.47	-3.39
Capital Usage	8.33	-25.99	21.35	40.14	18.73	-3.18	-8.76
LowVariability	2.94	-19.76	9.29	22.98	5.39	3.95	-7.41
LowLeverage	0.29	-14.68	-22.36	6.49	8.55	3.12	6.29
LowVolatility	4.79	-30.35	19.57	54.15	-3.25	5.39	-13.42

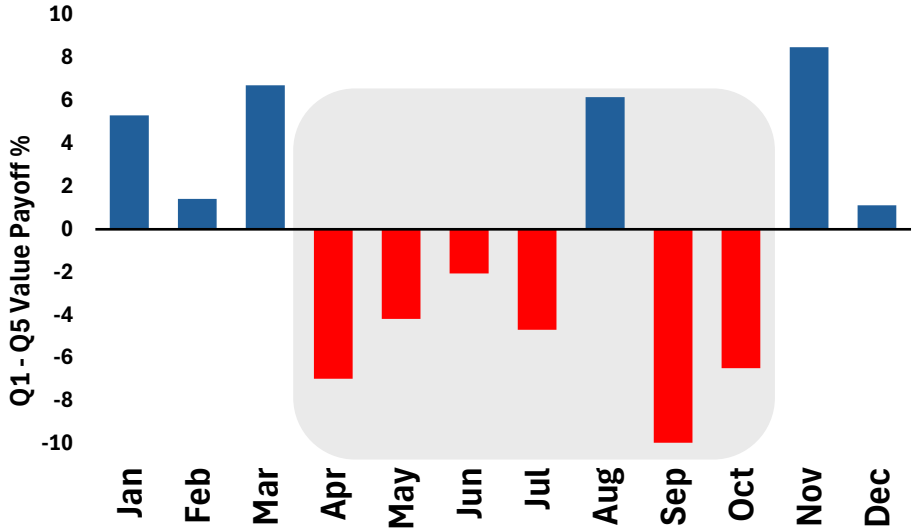
*Long Term Average is 1/1995 – 12/2025,annualized. Based on Russell 2000 Index.
**Quality is composed of Margin, Accruals, and Capital Usage Composites.
Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments. Year to date data is computed monthly.

2025: The Year of Low Quality and Expensive Stocks

Russell 2000



Low Quality Rallied in Apr to Oct



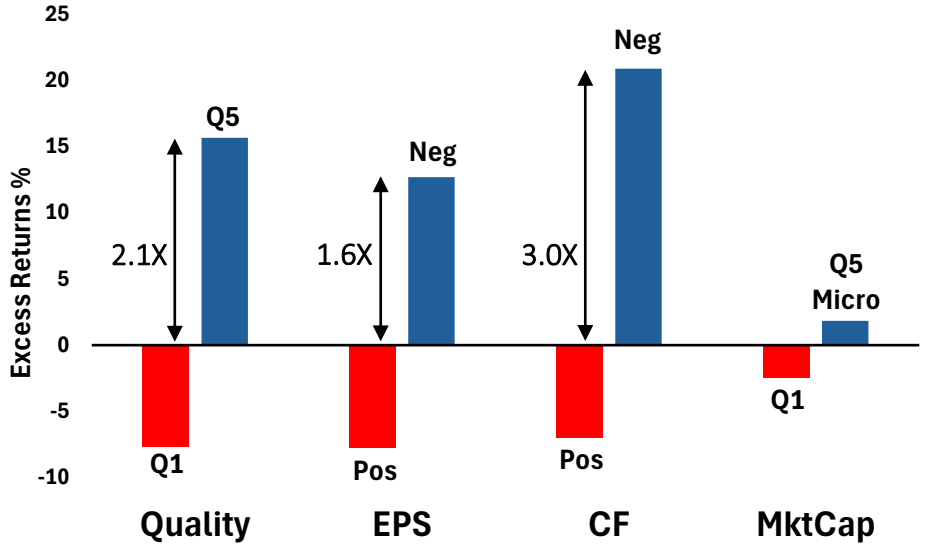
The Most Expensive Stocks Performed Best in Apr to Oct

Source: Aristotle Capital Boston analysis using Bloomberg data in the Russell 2000 universe. Quality consists of Margin, Low Accruals, and Capital Usage.

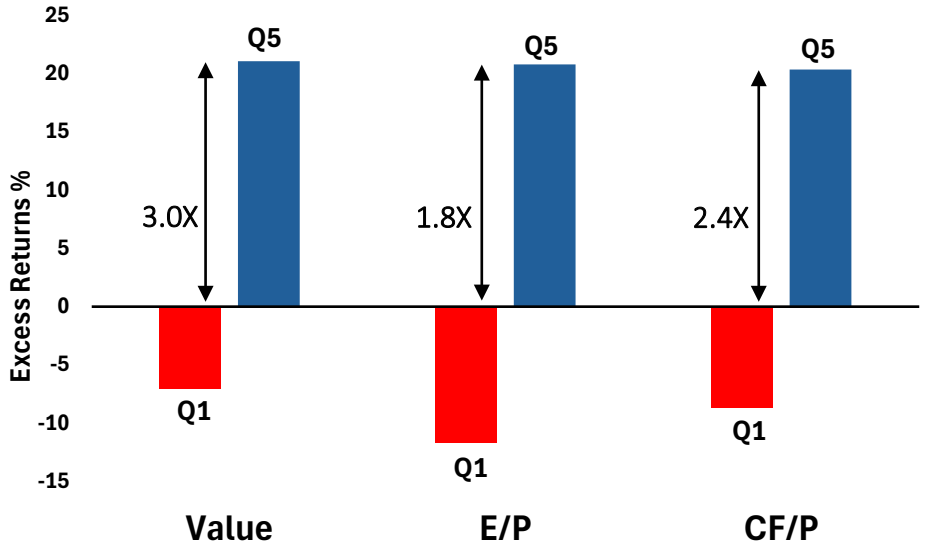
Low Quality, Non-Earners & Expensive Stocks Outperformed Apr to Oct 2025

Russell 2000

Lowest Quality and Non-Earners Outperformed High Quality and Positive Earners by at Least 1.6 Times



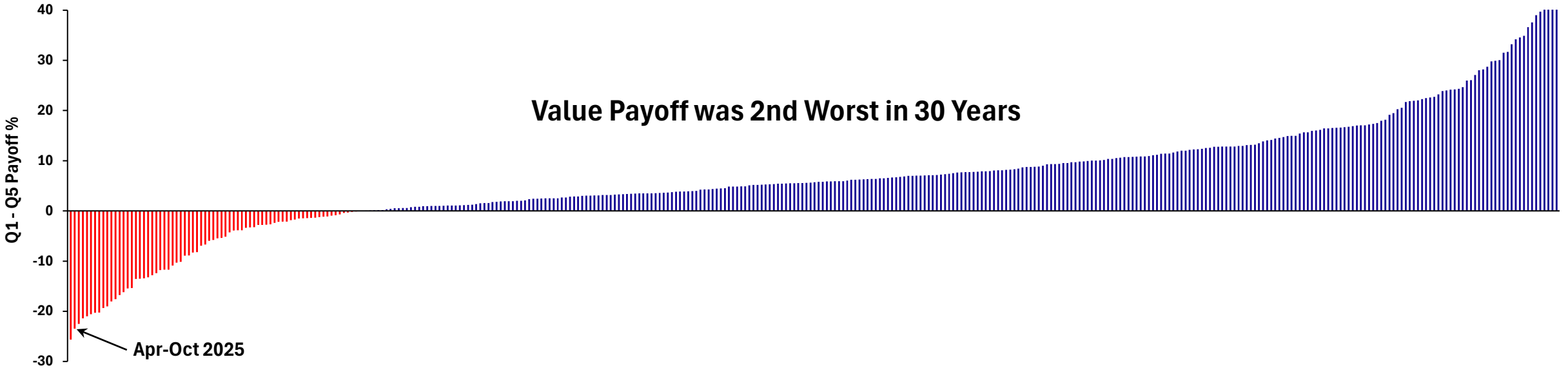
Expensive Stocks Outperformed Inexpensive Stocks by at Least 1.8 Times



Source: Aristotle Capital Boston analysis using Bloomberg data in the Russell 2000 universe. Quality consists of Margin, Low Accruals, and Capital Usage.

April – October Among the Worst Periods for Quality and Value

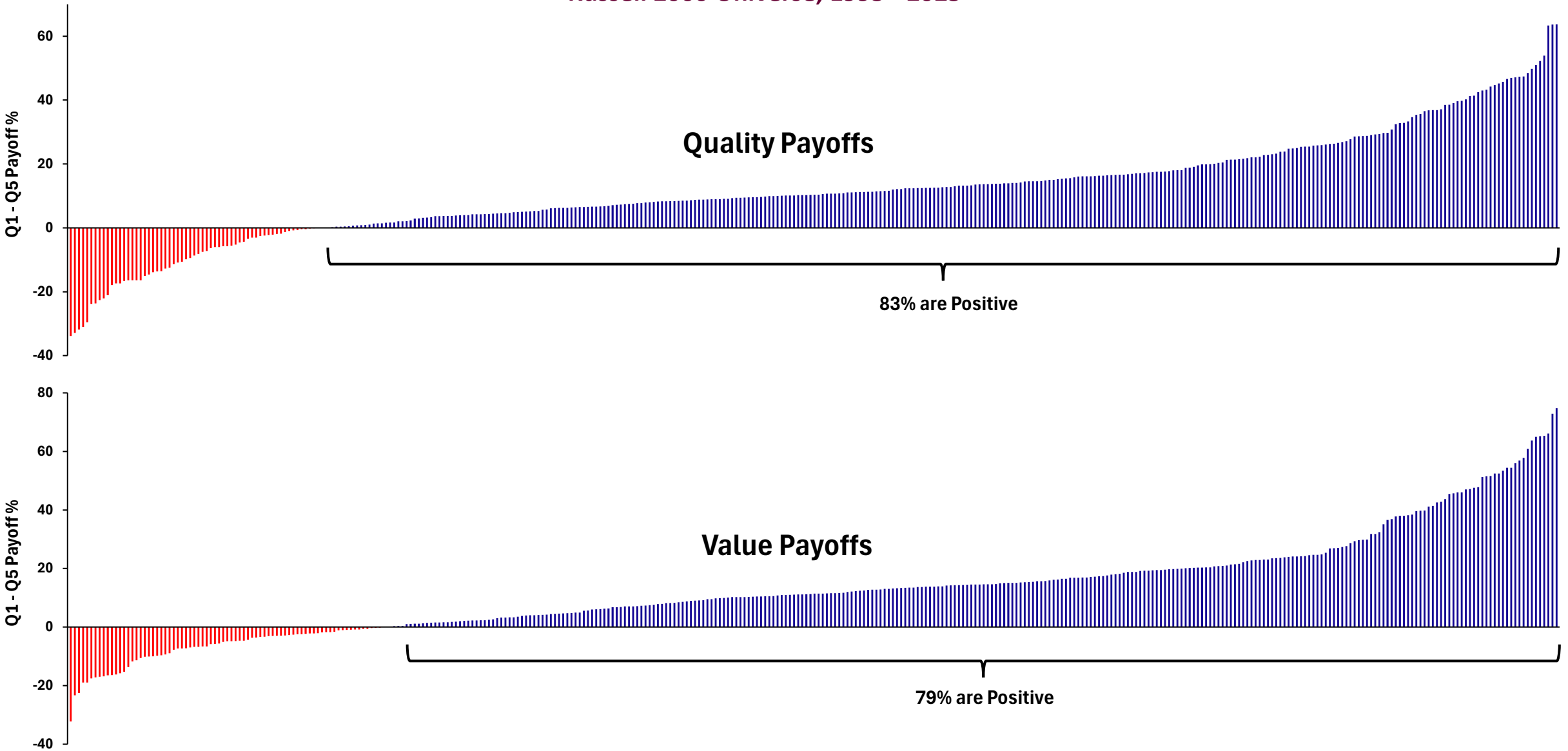
Russell 2000



Source: Aristotle Capital Boston analysis using Bloomberg data in the Russell 2000 universe. Quality consists of Margin, Low Accruals, and Capital Usage. Payoffs are rolling seven-month Q1 – Q5 payoffs over the 1996 to 2025 period..

Rolling 12-Month Payoffs to Quality and Value

Russell 2000 Universe, 1995 - 2025



Source: Aristotle Capital Boston analysis using Bloomberg data over the years 1995 to 2025

Russell 2000 Performance by Market Cap Quintile

As of December 31, 2025

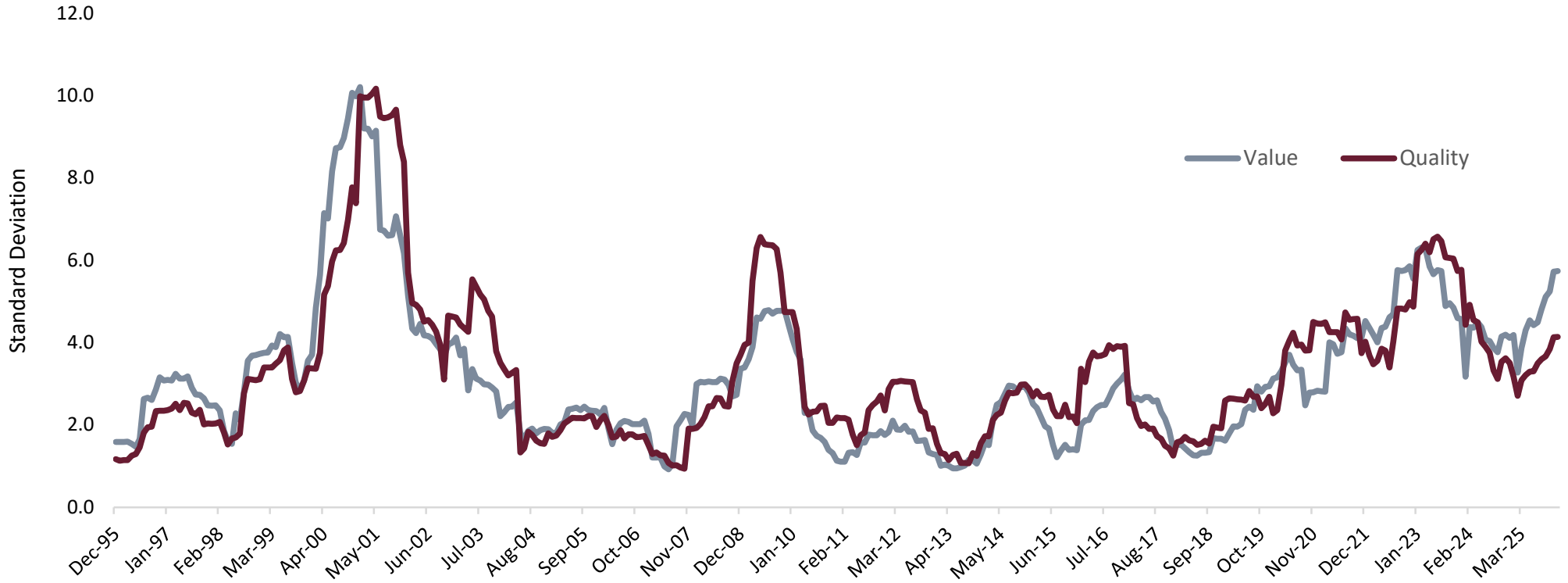
Performance was strongest amongst the smallest 60% of Russell 2000 Index constituents and weakest amongst the largest quintile of companies.

Size Quintile	Absolute	Contribution	Relative
1 (Largest)	1.17	0.69	-1.02
2	2.91	0.64	0.72
3	5.52	0.59	3.33
4	3.85	0.20	1.66
5 (Smallest)	3.53	0.06	1.34

Source: Jefferies; data as of 12/31/2025.

Value and Quality Factor Volatility

Russell 2000 Index 12/1995 – 12/2025

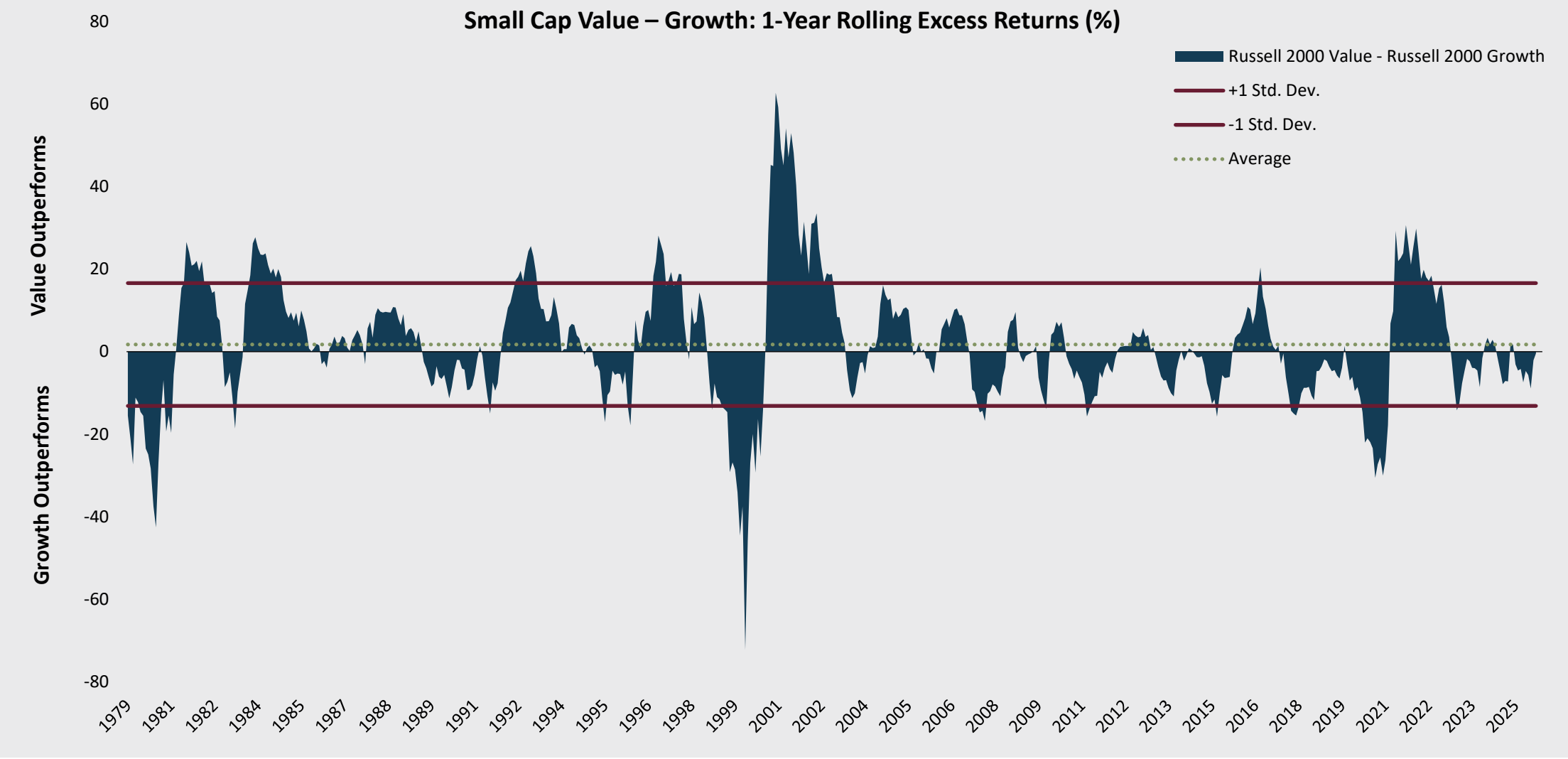


Volatility is standard deviation of rolling 12-month Q1-Q5 factor payoffs

Source: Aristotle Capital Boston analysis, Bloomberg. Data, in the Russell 2000 Index. Volatility is standard deviation of rolling 12-month Q1-Q5 factor payoffs. Q1 – Q5 = Quintile 1 minus Quintile 5. Please see important disclosures at the end of this document.

Swings in Style Between Growth and Value Remain Volatile

As of December 31, 2025

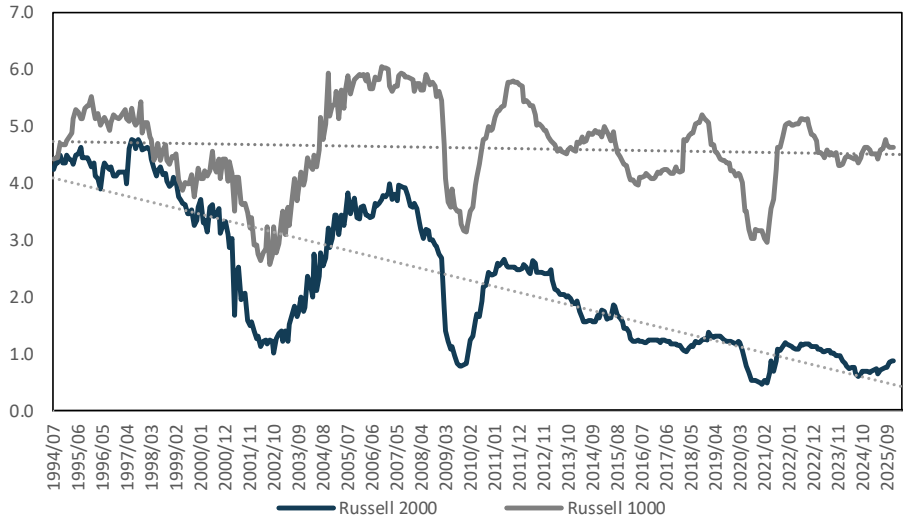


Source: eVestment. The 1-Year Rolling Excess Return represents the annualized return of the Russell 2000 Value Index over the trailing 1-year period minus the annualized return of the Russell 2000 Growth Index over the same period. Rolling periods are calculated monthly based on trailing 1-year return data from 1979 to December 2025.

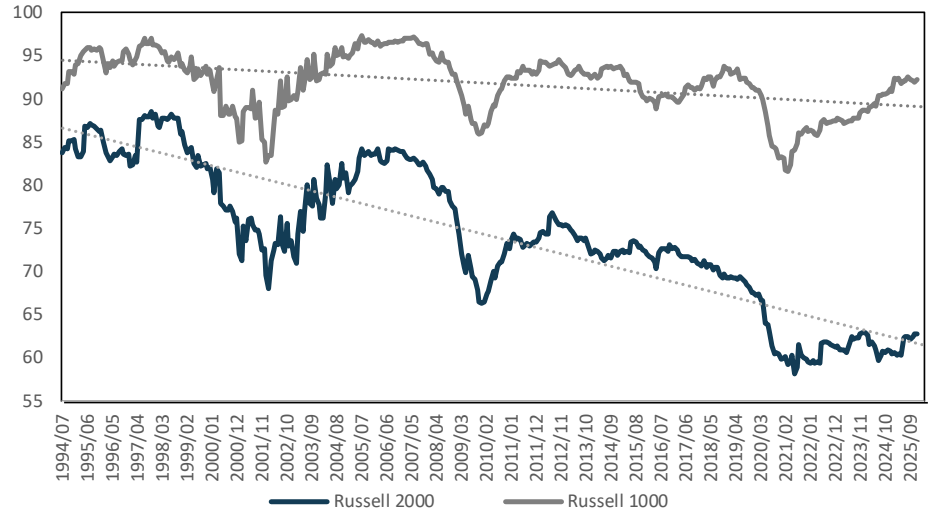
Quality of Index has Declined

As of December 31, 2025

Median ROA Has Declined



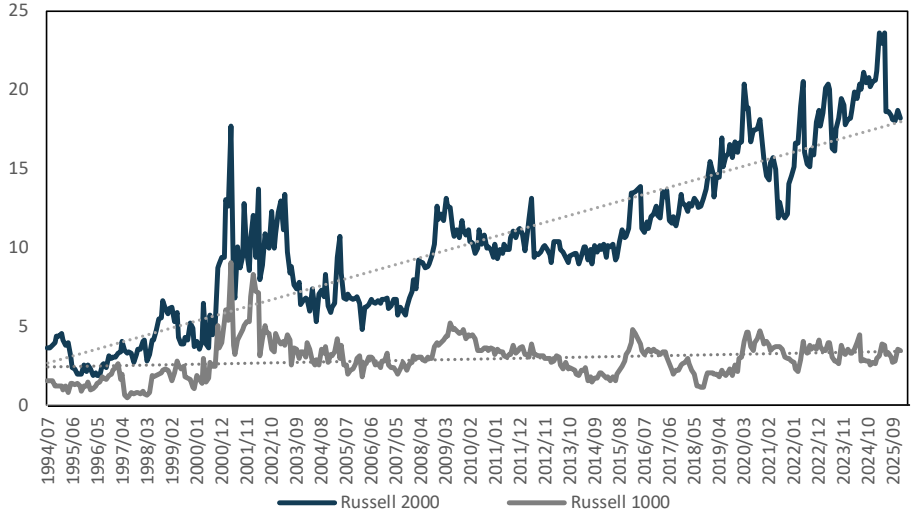
Percentage of Stocks in Index with Positive Earnings Have Declined



Stocks With Negative Net Income Underperform Stocks With Positive Net Income on Average

	Average Annualized Excess Returns	
	Russell 2000	Russell 1000
Positive Net Income	2.06	0.21
Negative Net Income	-5.19	-1.98

Percentage of Stocks in Index with Altman-Z Below 0.5 Has Increased

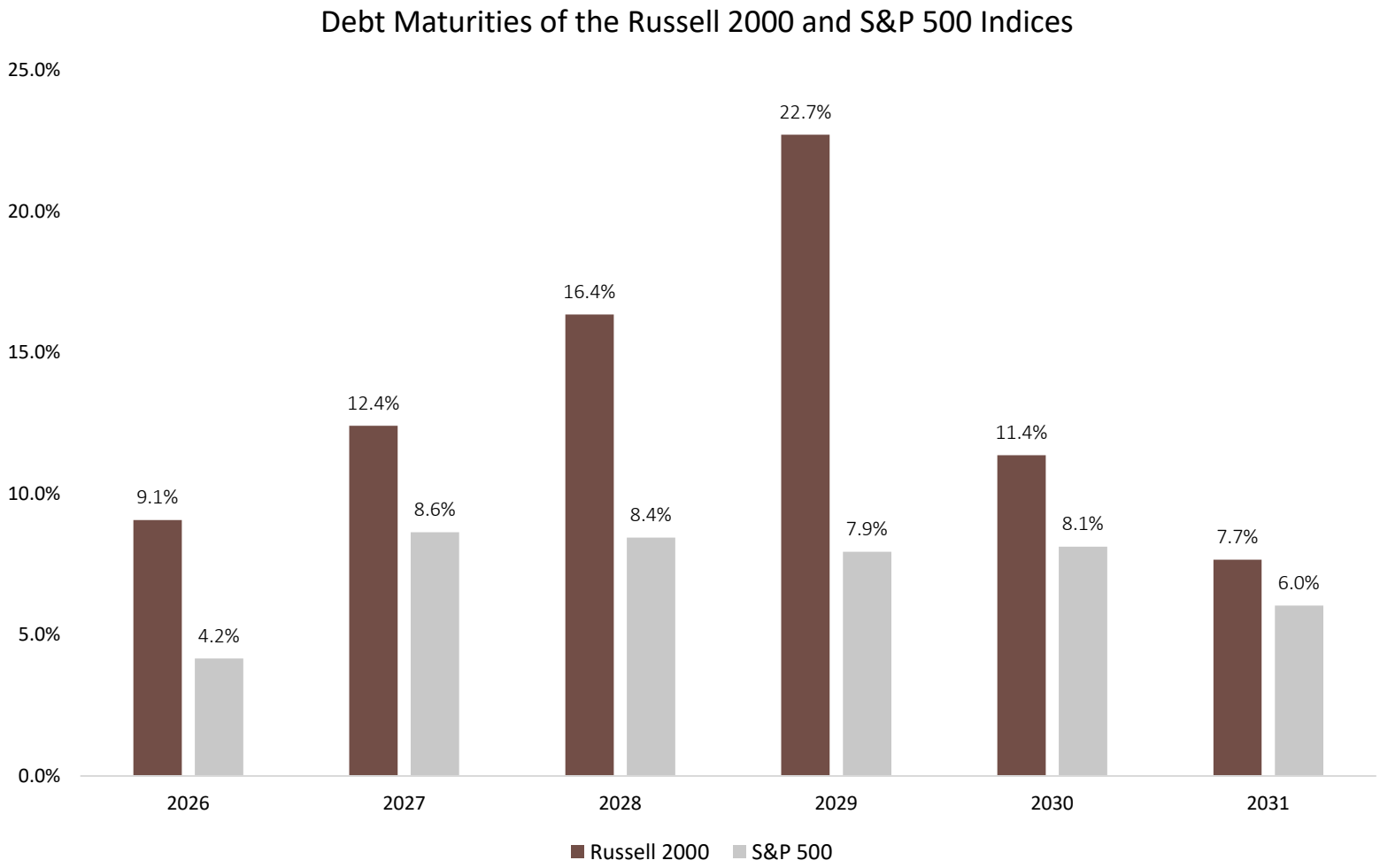


Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments. Data from 7/1994 to 12/2025.

The Case for Active SC Management: Refinancing Risk

Small cap stocks have a relatively larger share of debt coming due in the next 5 years.

As interest rates have increased since much of this debt was issued, refinancing will be more expensive and difficult for non- or low-earning stocks.



Source: Bloomberg, 12/31/2025.

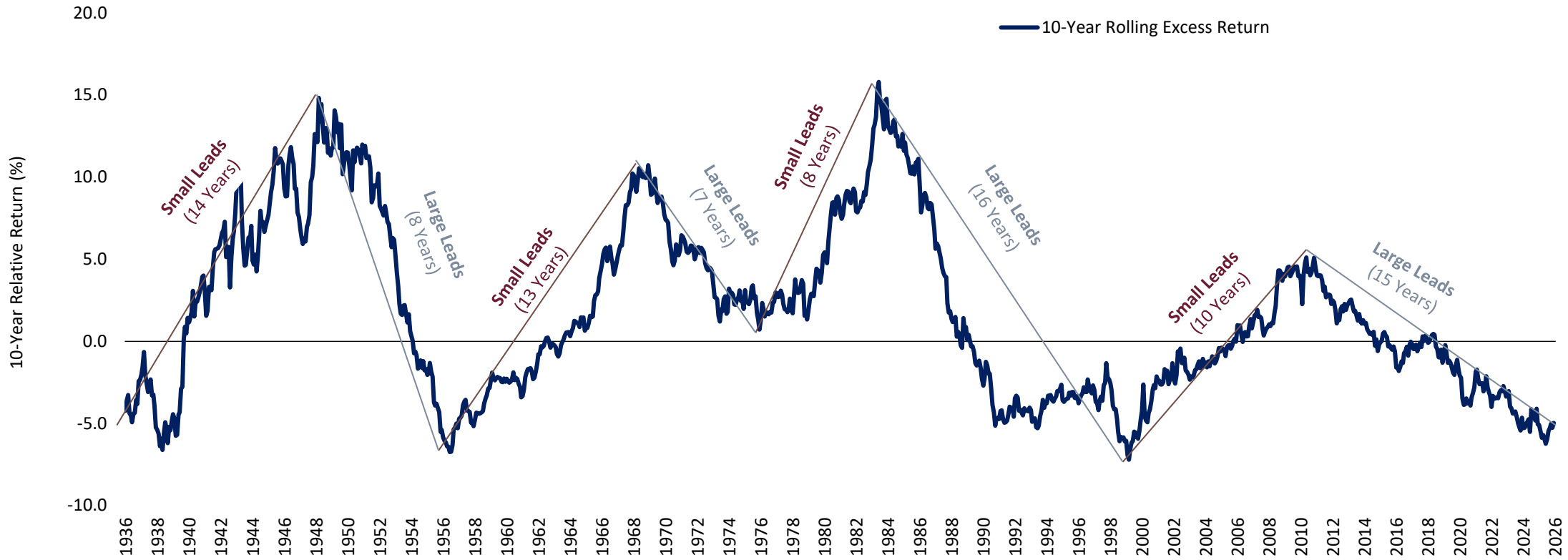
Why Small Caps Now?

Small vs. Large Potential Reversion to Historical Norms

As of December 31, 2025

We believe the latest large-cap cycle is growing old as large caps have outperformed small caps for the better half of the last decade plus. A reversion to the mean positions' small caps well relative to large caps moving forward.

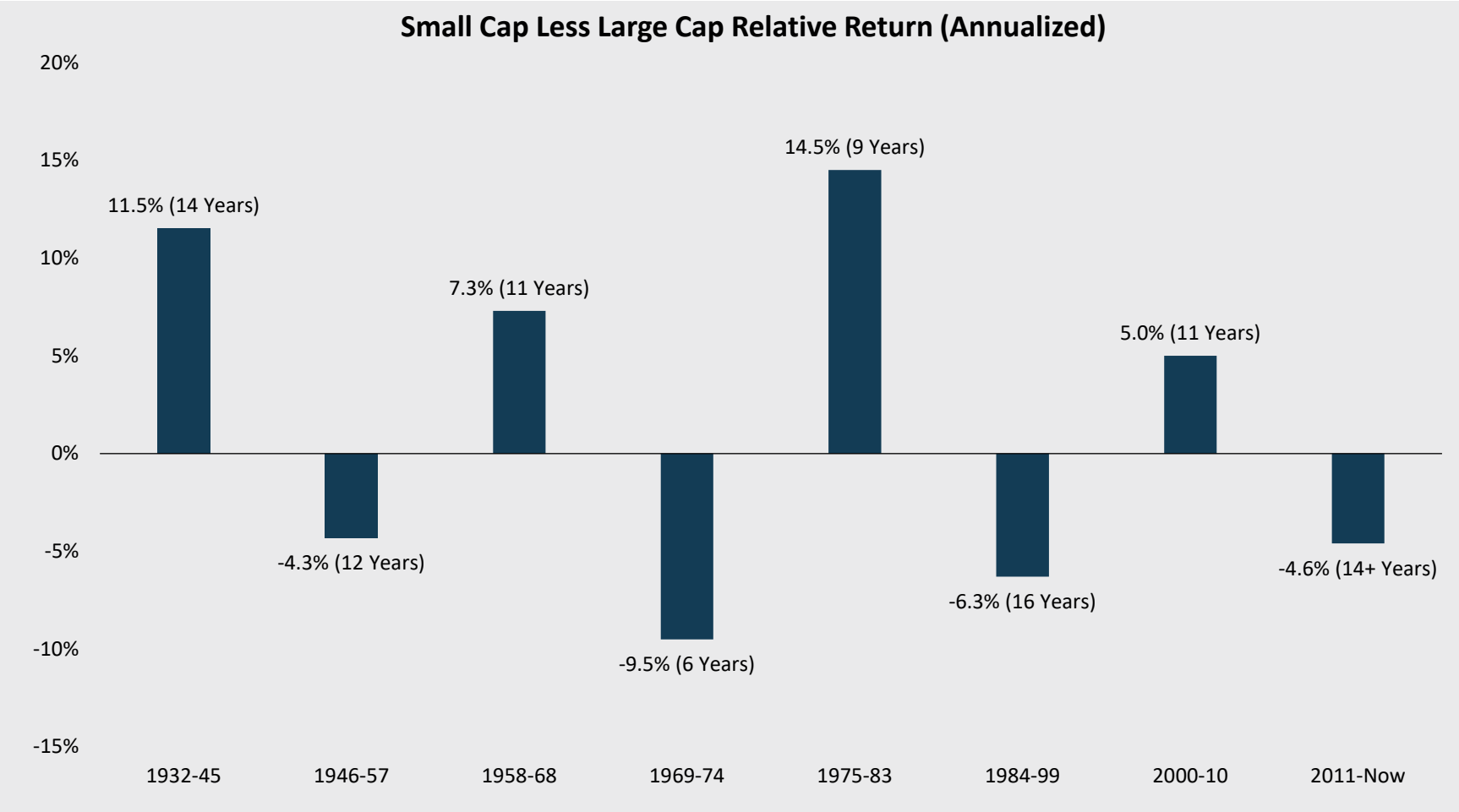
Rolling 10-Year Excess Return US Small Cap Stocks vs. US Large Cap Stocks 1935-December 31, 2025



Source: eVestment. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the Russell 1000 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to December 2025. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices. Cycles are defined by peak to trough inflection points in 10-year rolling excess returns. Length in years are rounded to nearest whole number.

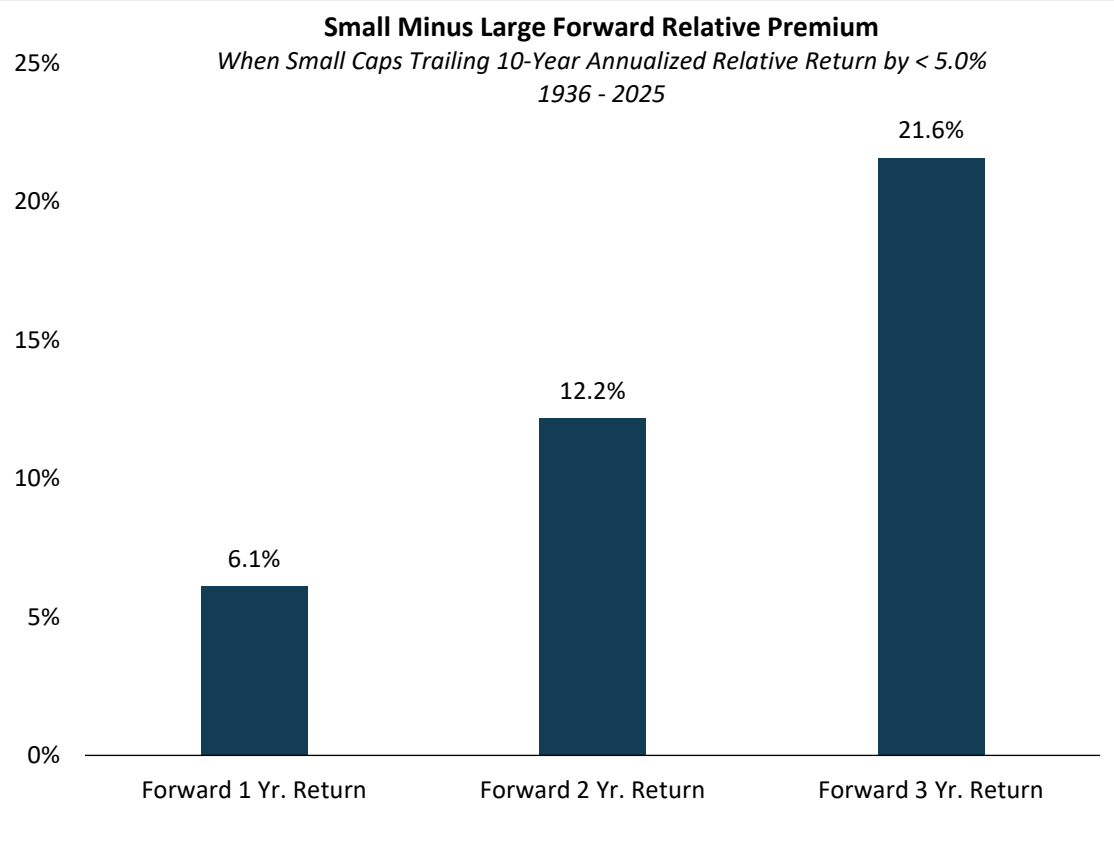
Small Caps Have Lagged By 4.6% in the Current Large Cap Cycle

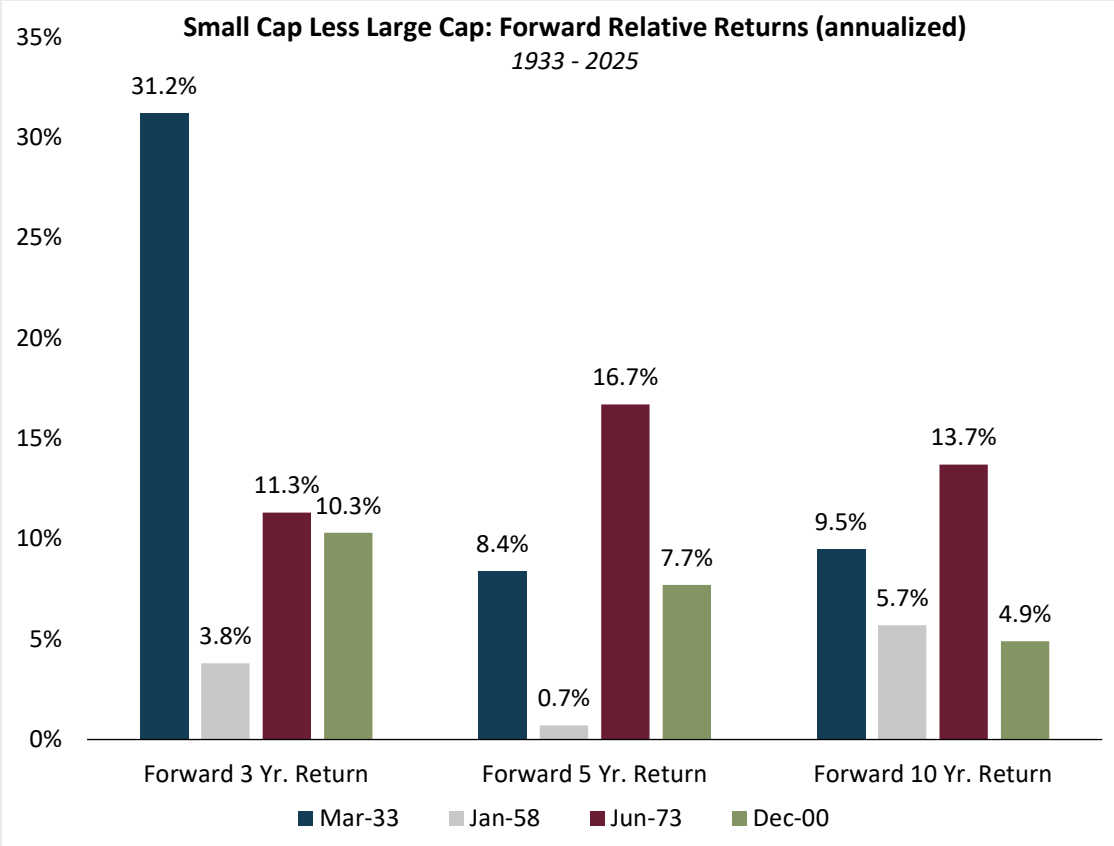
As of December 31, 2025



Sources: Furey Research Partners, FactSet. Based on annualized returns for the Russell 2000 and S&P 500 indices from 1979 to December 2025. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

Trailing Performance History Suggests We May Be at an Inflection Point

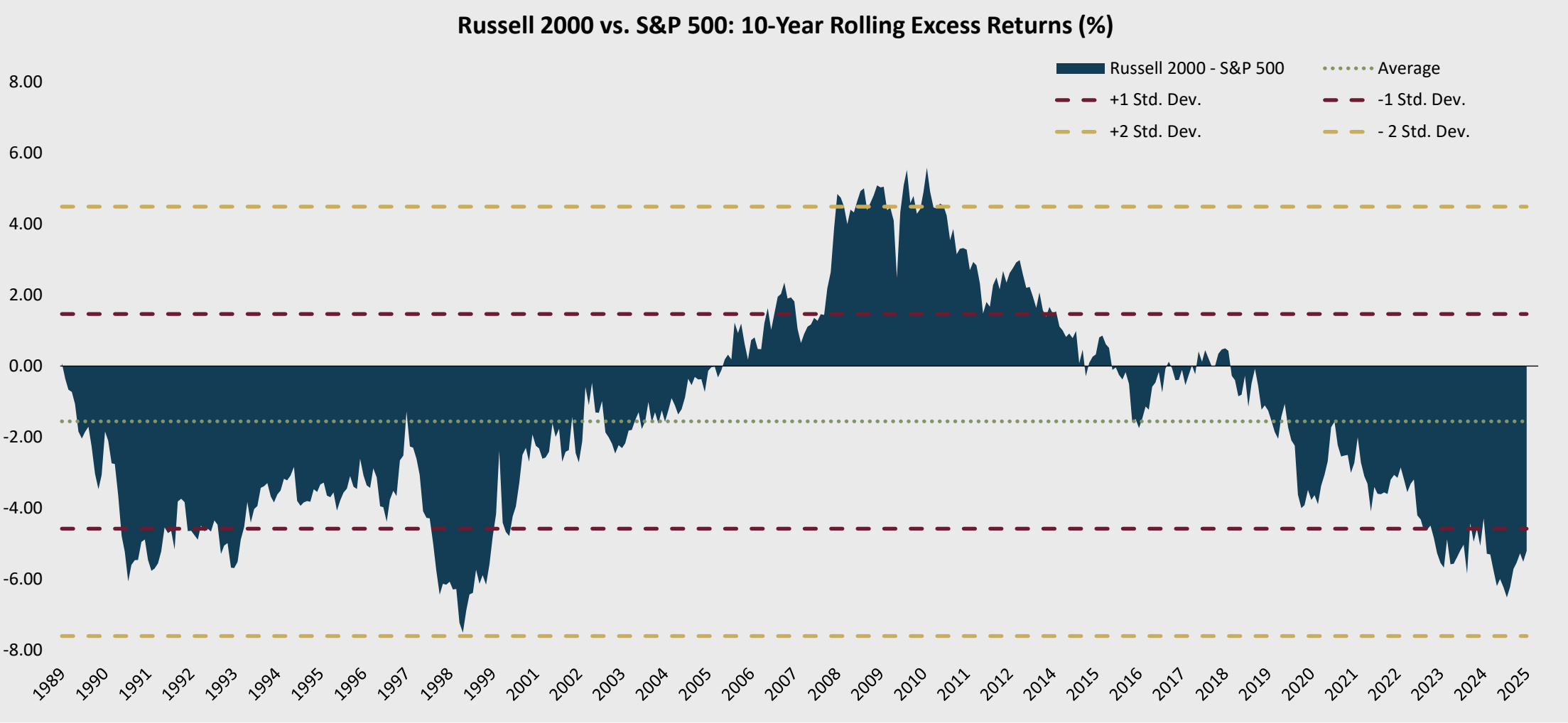




Source: [Left chart]: Furey Research Partners; FactSet. Based on the annualized returns of the Russell 2000 and S&P 500 indices from 1979 to December 2025. [Right chart]: Furey Research Partners; FactSet. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

The Last Time Large Caps Outperformed Small Caps by this Margin was in 1999

As of December 31, 2025



Source: eVestment. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to December 2025.

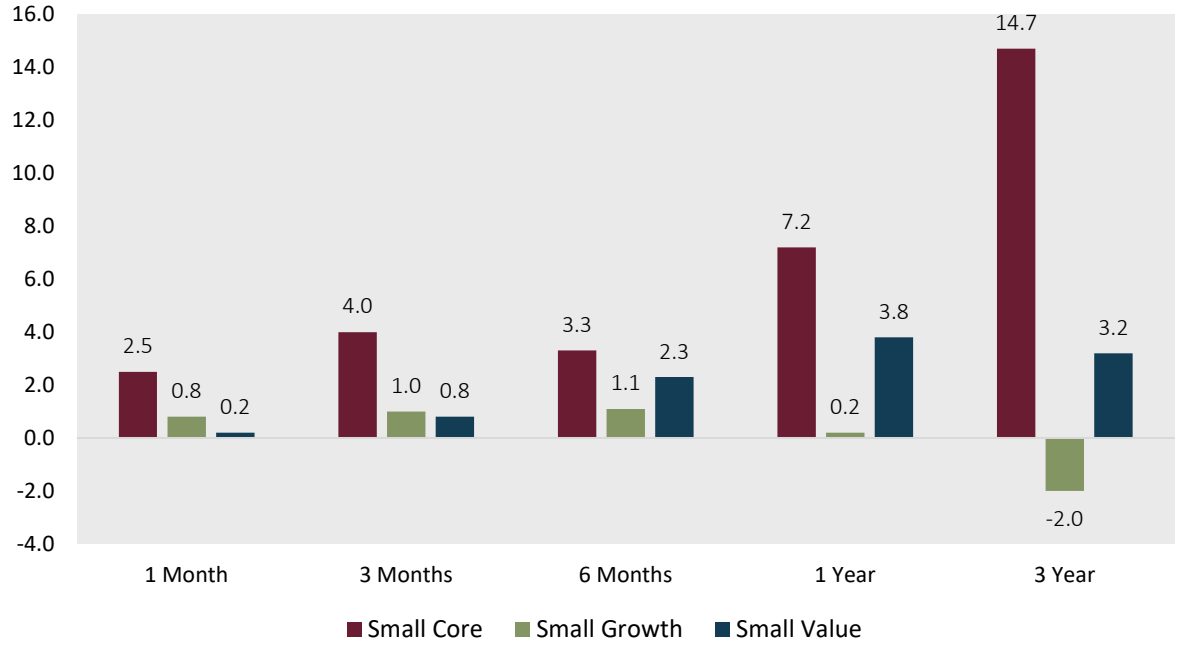
Better Times Tend to Follow Small Active Underperformance

As of December 31, 2025

Small Cap Active Manager vs. Russell 2000 Underperformance Cycles (2000-2025)

Core		Growth		Value	
9 Month Period End	Avg Alpha	9 Month Period End	Avg Alpha	9 Month Period End	Avg Alpha
12/31/2025	**-10.0**	**12/31/2025**	**-8.1**	**12/31/2025**	**-4.3**
2/29/2000	-10.1	7/31/2003	-5.7	11/30/2008	-6.7
1/31/2021	-8.0	8/31/2008	-5.7	9/30/2006	-5.4
6/30/2020	-6.0	10/31/2022	-4.1	12/31/2016	-5.2
7/31/2003	-4.8	7/31/2024	-4.1	1/31/2017	-4.6
7/31/2024	-3.6	1/31/2004	-3.6	12/31/2000	-4.4
Worst 9 Month Average	**-6.5**		**-4.6**		**-5.3**

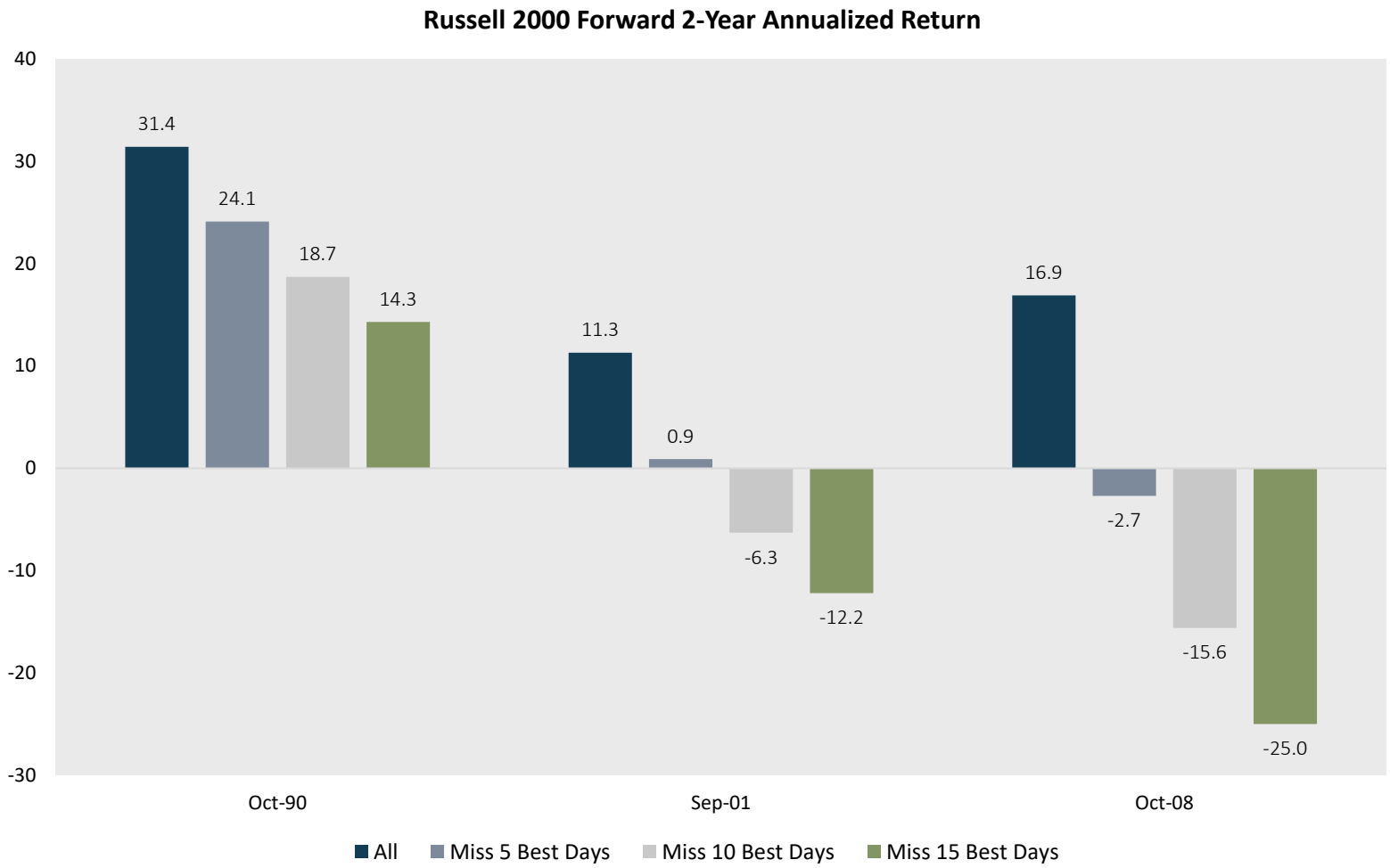
Subsequent Alpha After Worst 9 Month Period for Active Managers (%) (2000-2025)



Source: Jefferies Research Services; FTSE Russell; Lipper Analytical Services; FactSet as of 12/31/2025. Worst 9-month average is the average of the worst 9-month relative return periods for each group of small cap managers: core, growth, and value.

The Key is to Stay Invested

As of December 31, 2025



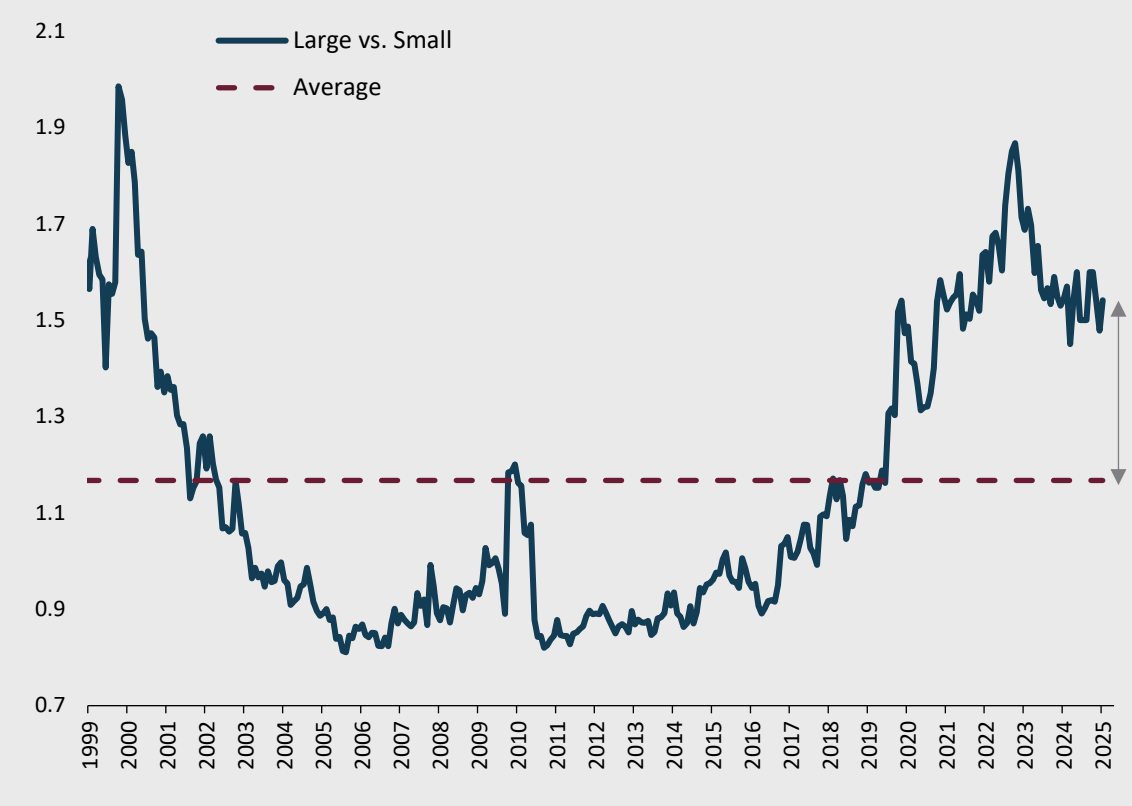
Source: Furey Research Partners. Rolling forward two-year returns calculated daily, as of 12/31/2025.

Small Caps and Value are Historically Cheap Relative to Large Caps and Growth

As of December 31, 2025

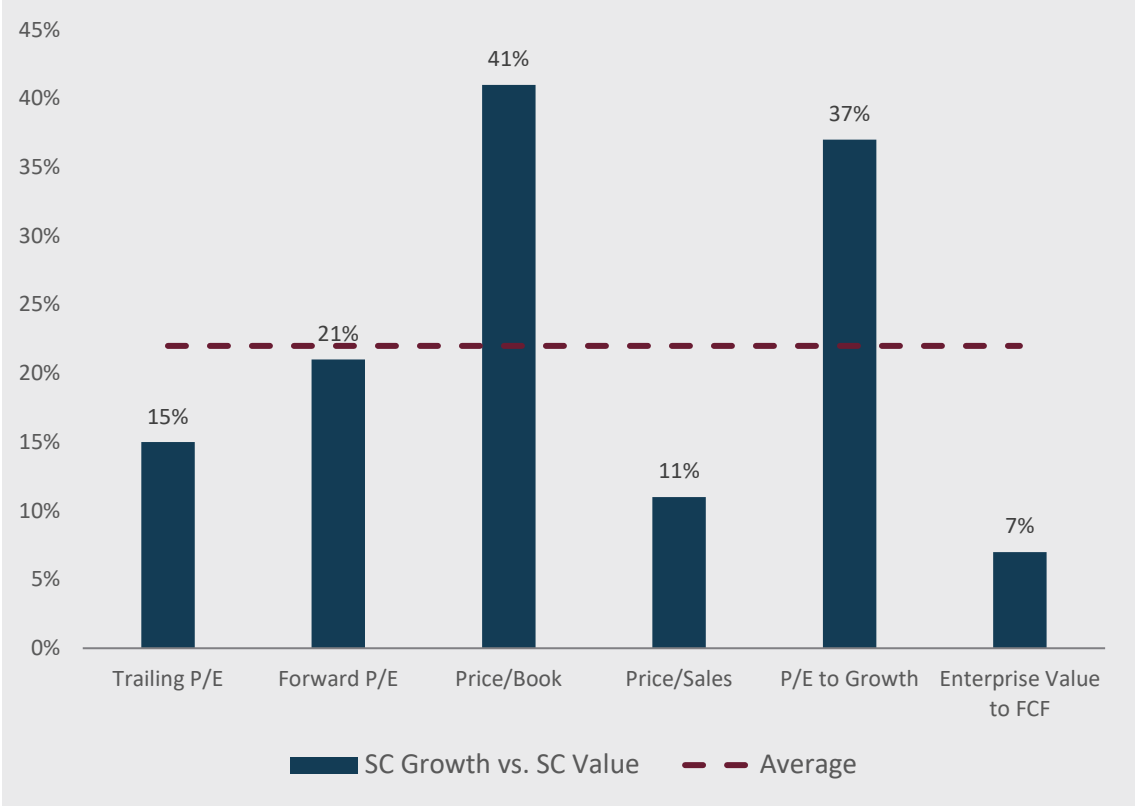
Large caps trade at a premium to small caps not seen since 01'

Relative P/E (LTM) Russell 1000 vs. Russell 2000



Small cap Growth is historically expensive vs. Value on all six metrics

Relative premium to the historical average multiple for Russell 2000 Growth vs. Russell 2000 Value



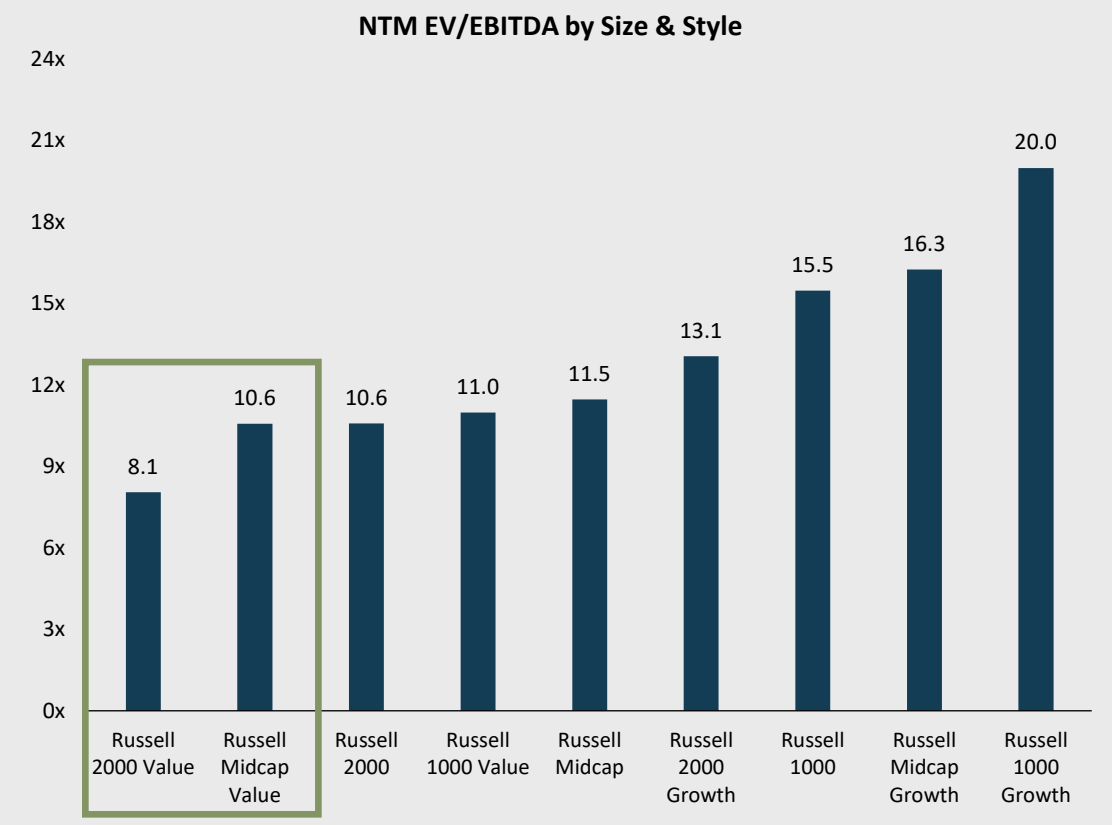
Source: [Left chart]: FactSet. Based on trailing 12-month earnings. 9/30/1999 – 12/31/2025. [Right chart]: BofA Global Research; FactSet. Based on historical multiples, 1985-12/31/2025.

Small-Cap Value and Mid-Cap Value Remain Cheap Relative to Style Peers

As of December 31, 2025

Small-Cap and Mid-Cap Value remain cheap vs. size & style peers

EV/EBITDA (NTM) by size & style as of December 31, 2025



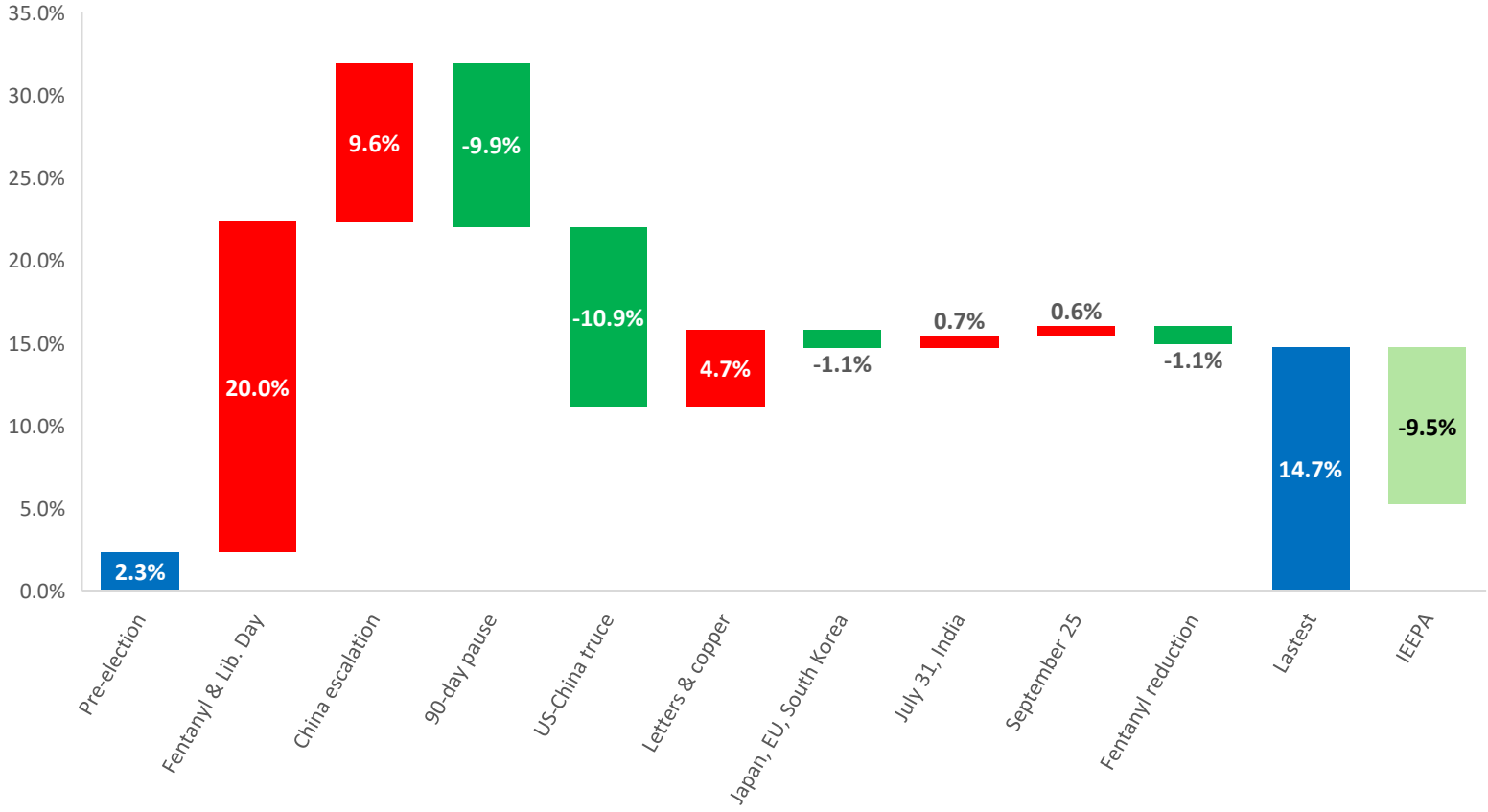
Source: FactSet. NTM EV/EBITDA refers to the value of the next twelve months (NTM) enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Values are determined across the index constituents.

Lower Tariffs would be a Relative Benefit to Small Caps

As of December 31, 2025

Economists estimate the effective tariff rate stands at 14.7%, of which 9.5% is due to IEEPA actions

Evolution of theoretical US effective tariff rate



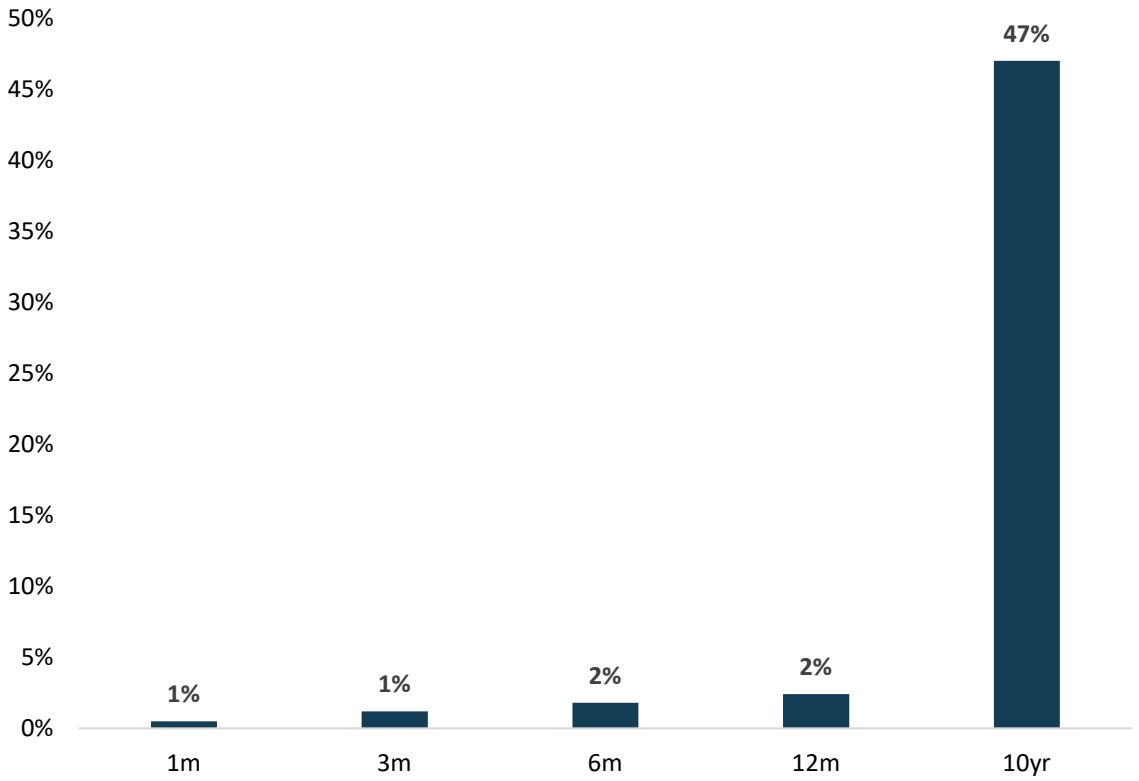
Source: BofA Global Research; Haver as of 12/2/2025. Note: 90-day pause includes the electronics exemption. US-China truce includes UK deal. July 31, India includes Vietnam and Indonesia deals. IEEPA ruling assumes fentanyl/reciprocal tariffs are deemed invalid and trade deals are reneged upon.

Valuation Impact over Short and Long Time Periods

As of November 30, 2025

Valuations have the highest explanatory power over long-term (ten-year) returns

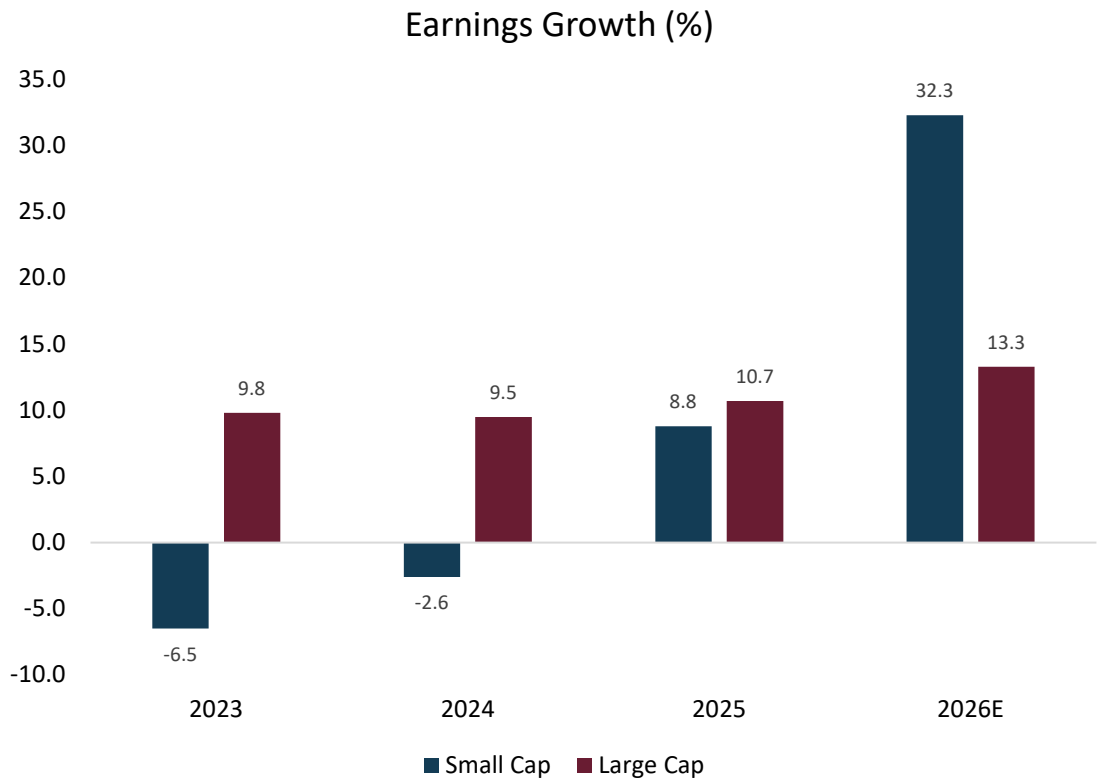
R^2 of relative forward P/E vs subsequent return spread over various time horizons (since 1985): Russell 2000 vs Russell 1000, as of 11/30/2025

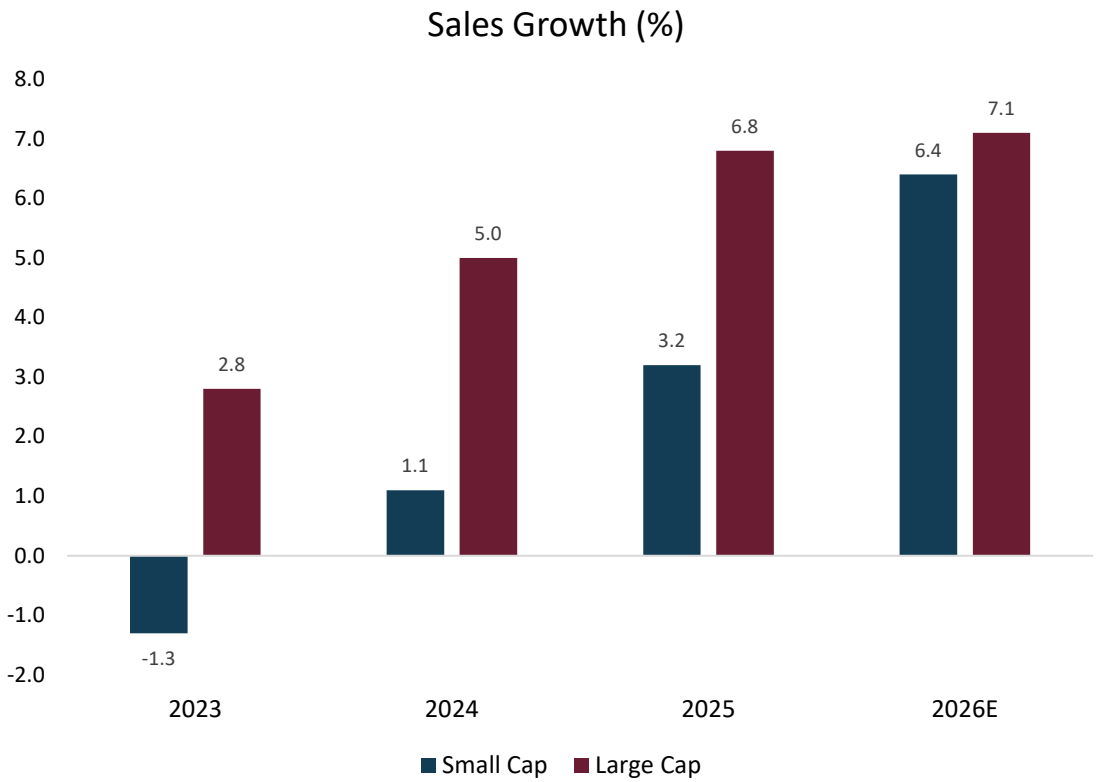


Note: Represents the relationship between the relative forward PE for the Russell 2000 vs the Russell 1000 (since 1985) and subsequent rolling returns differential.
Source: BofA US Equity & Quant Strategy; FactSet as of 11/30/2025.

Small Cap Earnings and Sales Growth Expectations

As of December 31, 2025



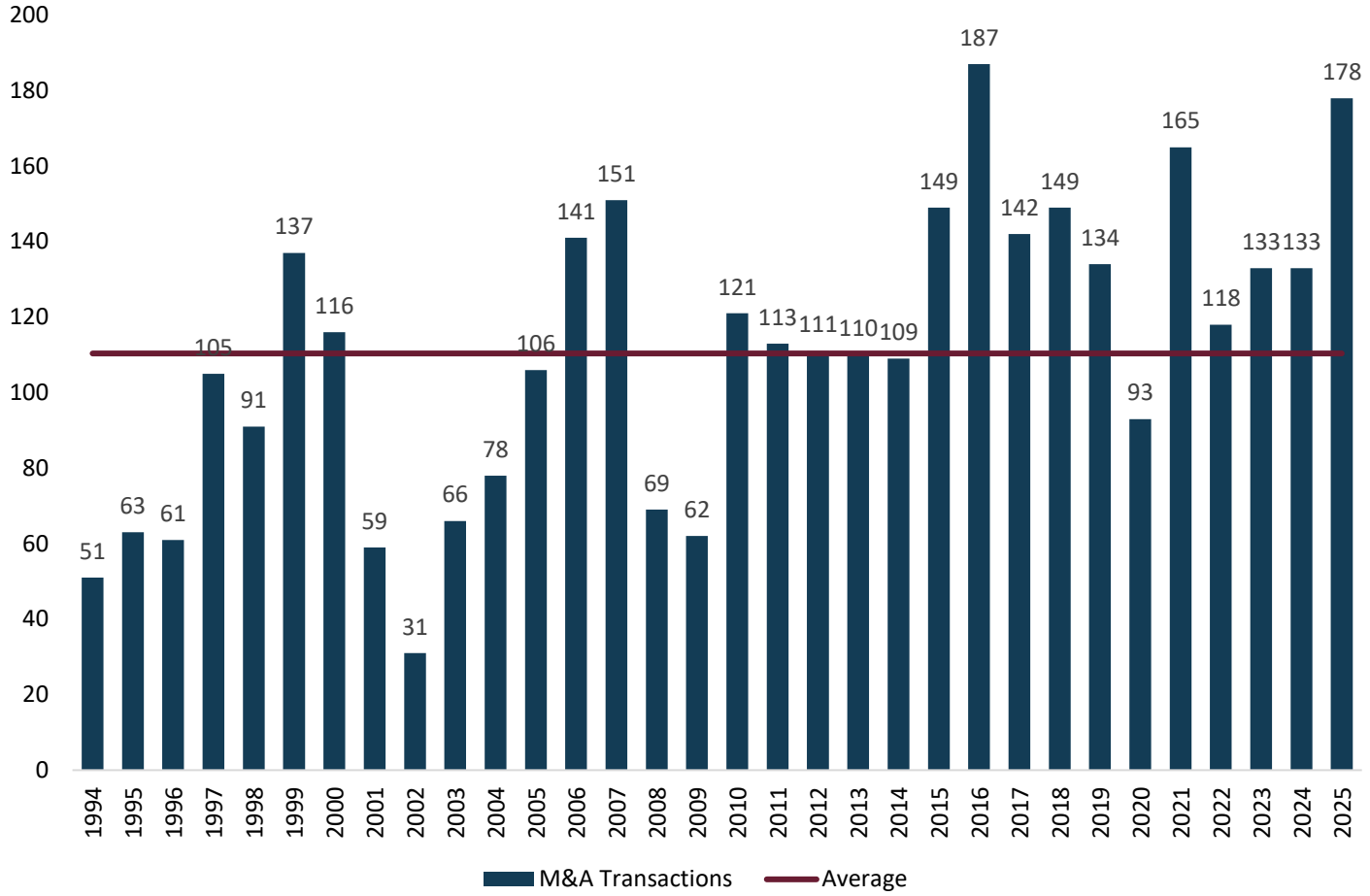


Source: Furey Research Partners as of 12/31/2025.

Animal Spirits Are Back

As of December 31, 2025

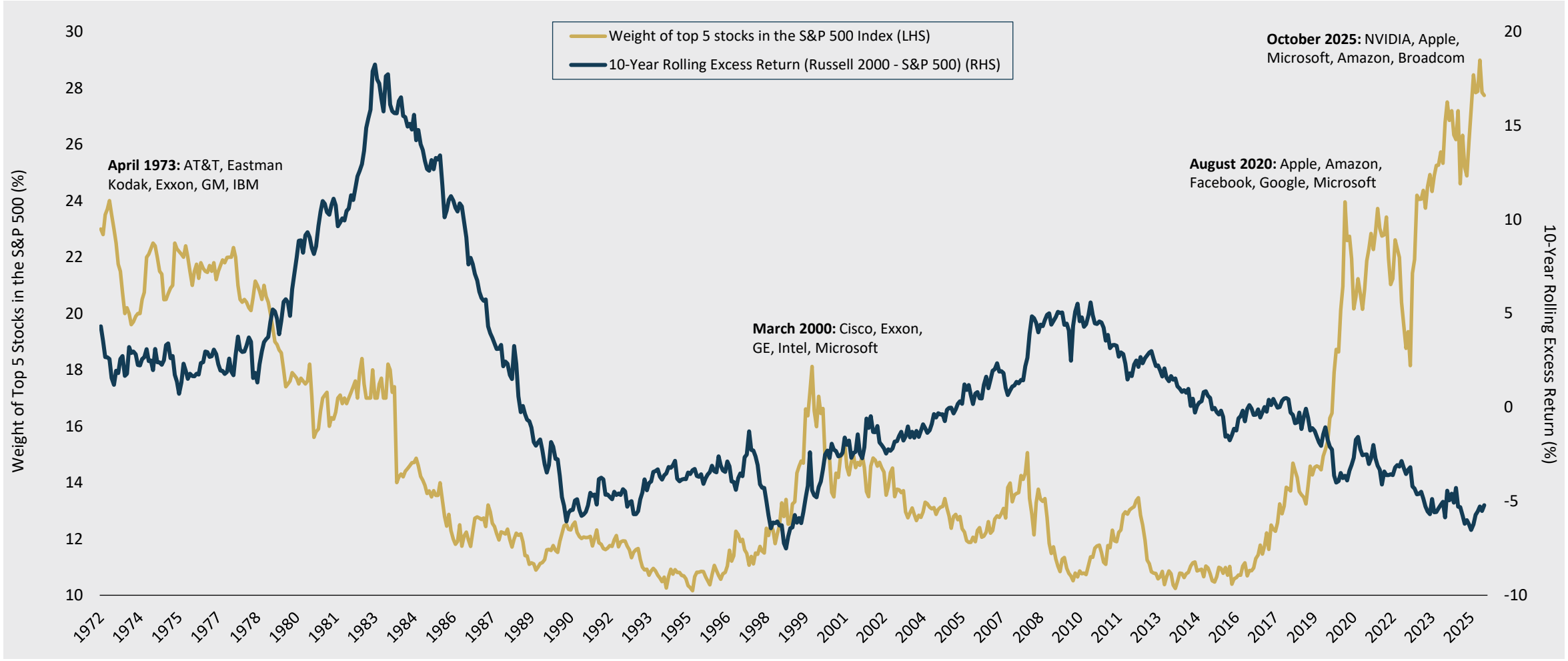
2025 saw the second highest historical volume of M&A transactions and accelerating deal activity tends to be good for small caps



Source: Jefferies; FTSE Russell; FactSet; Bloomberg as of 12/31/2025.

Large-Cap Cycles Typically Peak at Market Tops Crowded with Mega Caps

As of December 31, 2025

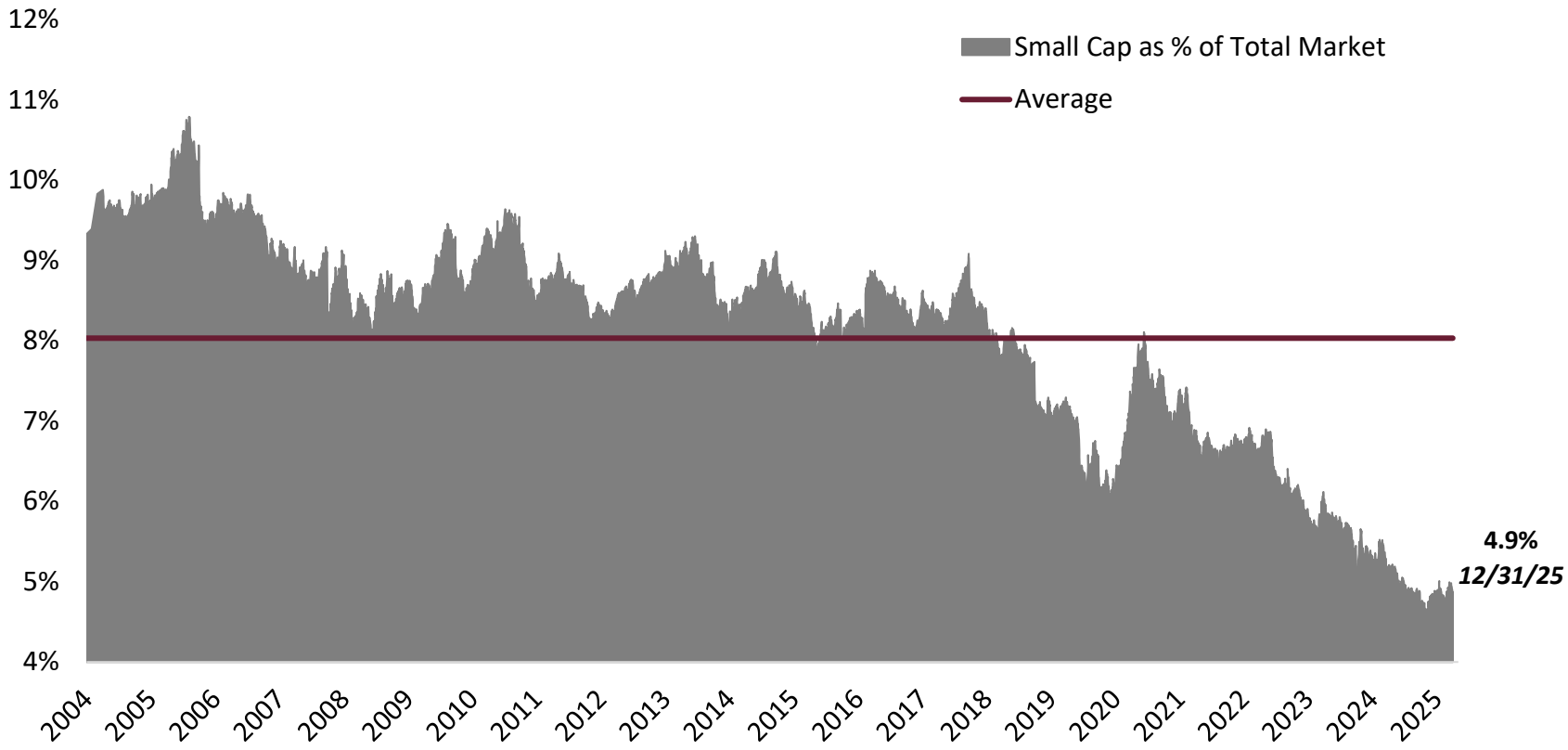


Sources: eVestment; FactSet; Furey Research Partners. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to December 2025. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

Small Cap's Total Market Cap as a % of the Russell 3000 Sits Near 20-Year Low

As of December 31, 2025

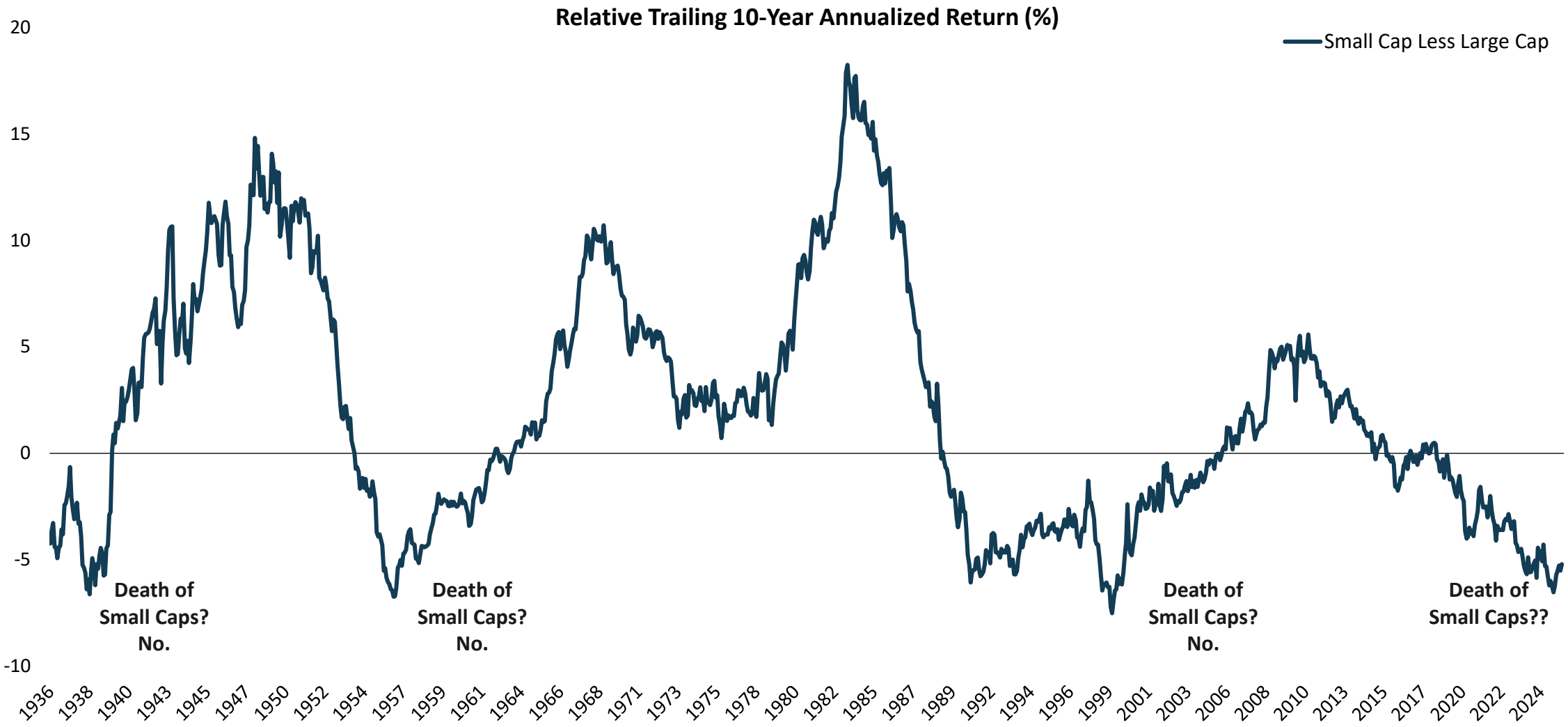
Russell 2000 Total Market Cap / Russell 3000 Total Market Cap (%)
9/30/2004 – 12/31/2025



Source: Bloomberg. The ratio represents the total market capitalization of the Russell 2000 Index as a percentage of the total market capitalization of the Russell 3000 Index.

History Doesn’t Repeat But It Often Rhymes

As of December 31, 2025



Source: Furey Research Partners; FactSet Quote by Mark Twain. The Relative Trailing 10-Year Annualized Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Trailing periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to December 2025. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

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Differing historical time periods are selected throughout the presentation as we believe specific periods provide the most informative historical analog for the concepts presented.

The Russell 2000® Index measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 5% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Growth® Index measures the performance of the small cap companies located in the United States that also exhibit a growth probability. The Russell 2000 Value® Index measures the performance of the small cap companies located in the United States that also exhibit a value probability. The Russell Midcap Index is a market capitalization-weighted index comprised of 800 publicly traded U.S. companies with market caps of between $2 and $10 billion. The 800 companies in the Russell Midcap Index are the 800 smallest of the 1,000 companies that comprise Russell 1000 Index. The Russell Midcap Growth® Index measures the performance of the mid cap companies located in the United States that also exhibit a growth probability. The Russell Midcap Value® Index measures the performance of the mid cap companies located in the United States that also exhibit a value probability. The Russell 1000 Index is a subset of the Russell 3000® Index. It includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 Growth® Index measures the performance of the large cap companies located in the United States that also exhibit a growth probability. The Russell 1000 Value® Index measures the performance of the large cap companies located in the United States that also exhibit a value probability. The S&P 500® Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices. The S&P SmallCap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The CRSP U.S. Large Cap Index measures the performance of U.S. companies that comprise the top 85% of investable market capitalization and are traded on NYSE, NYSE Market, NASDAQ or ARCA. The CRSP U.S. Mid Cap Index measures the performance of U.S. companies that fall in the top 70-85% of investable market capitalization. It includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA. The CRSP U.S. Small Cap Index measures the performance of U.S. companies that fall in the bottom 2-15% of investable market capitalization. It includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA. The volatility (beta) of the portfolios may be greater or less than the benchmarks. It is not possible to invest directly in these indices.

BofA factor groupings on slide 7 – the universe and the factors are rebalanced monthly using month-end data on slide. FactSet is used as the source of all data. A factor's return is calculated as the equal-weighted total return of the top quintile of stocks within the universe by that factor for Quintile 1. Factor data is also compared to the total return of the equal-weighted Russell 2000 as the benchmark return. Performance results do not reflect actual transactions and no assurances can be given about future performance. Valuation factors included in calculation include Book/Price, EBITDA/EV, Free Cash Flow Yield, Earnings/Price, Sales/Price and Sales/EV. Quality factors included in the calculation include: Return on Equity, Return on Assets, Cash Flow return on Invested Capital, Free Cash Flow Return on Assets, and Earners/Non-earnings. Liquidity factors included in the calculation include: 3-month average daily volume, 1-month trading volume and market capitalization. Growth factors included in the calculation include: Sales Growth Trailing 5 Year, EPS Growth Trailing 5 Year, Year over year change in Trailing EPA, Operating Margin, EPS Estimate Revision and Operating Margin Expansion. Risk factors included in the calculation include: 5 Year Beta, Price Volatility, EPS Estimate Dispersion and 5 Year EPS Variability. Momentum factors included in the calculation included: various moving average ratios and price changes over various durations. Leverage factors included in the calculation included: Net Debt/Equity, Net Debt/Market Cap, and Net Debt/EBITA. Cash Deployment Factors included in the calculation included: Dividend Growth, Dividend Payers/Non-payers, Dividend Yield and Share Repurchases. BofA stages of the economic cycle (Early, Mid, Late, Recession) on are determined using a combination of the following macroeconomic or top-down variables: Earnings Revision Ratio, ISM PMI, Inflation, GDP Forecast, Leading Economic Indicators Index, US Capacity Utilization, 10-year US Treasury Bond Yield and the High Yield Corporate Bond Credit Spread.

Factor Composite Definitions on slides 15-17: Value Composite consists of Earnings/Price, Free Cash Flow/Price, Sales/Price, Book/Price. Quality Composite consists of Margin, Accrual and Capital Usage sub-composites Margin sub-composite consists of Net Profit Margin, Operating Margin, Gross Margin, Return on Assets. Accruals sub-composite consists of Total Accruals, Short Term Accruals, and Cash Flow Accruals. Capital Usage sub-composite consists of Share Buybacks, Capital Expenditures, and Retained Earnings/Total Assets. Low Variability Composite consists of variability in Net Income, Cash Flow and Sales. Low Volatility Composite consists of Beta and Price Volatility.

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