ARISTOTLE
CAPITAL BOSTON

Small Cap Observations

March 31, 2026

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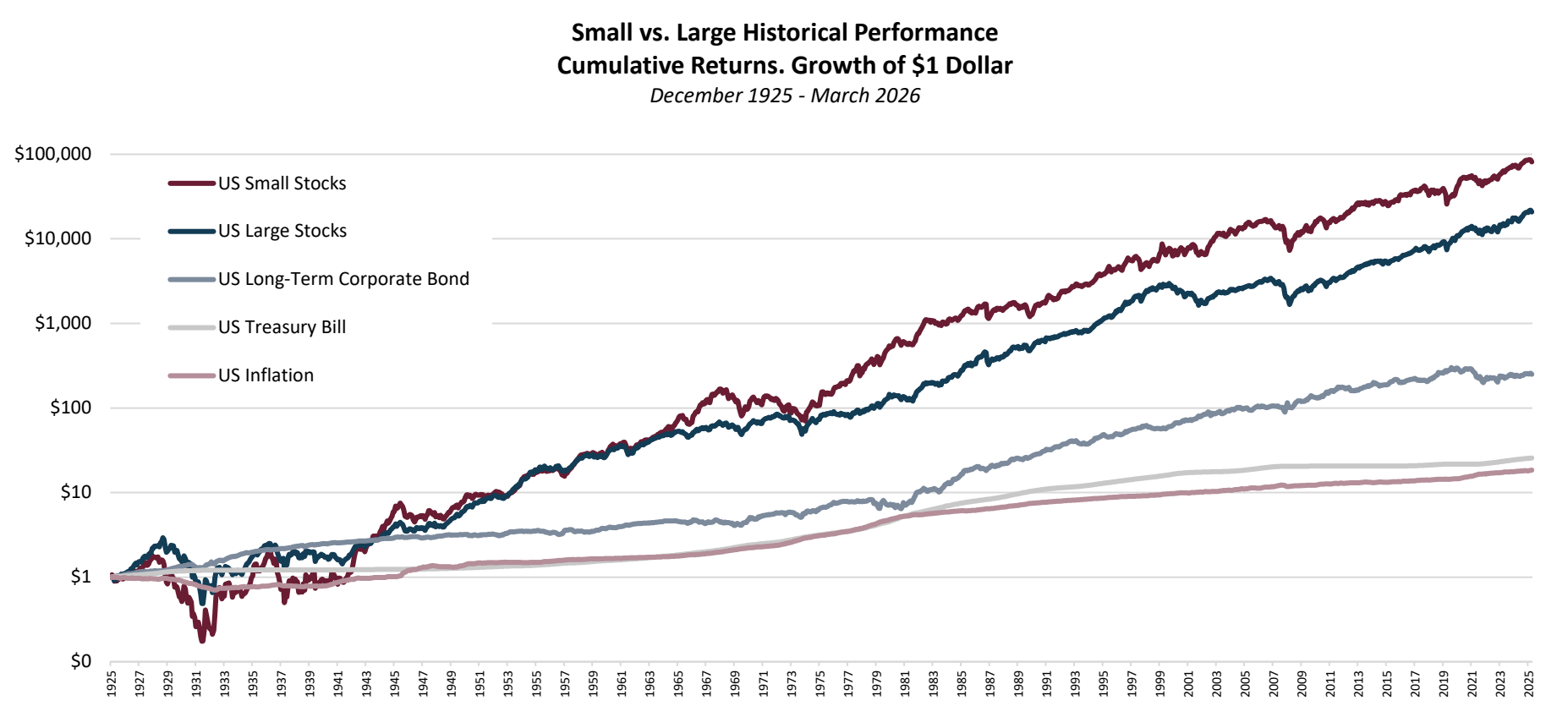
The Long-Term Case for Investing in Small Caps

As of March 31, 2026

Historically, Small Capitalization stocks have outperformed Large Capitalization stocks.

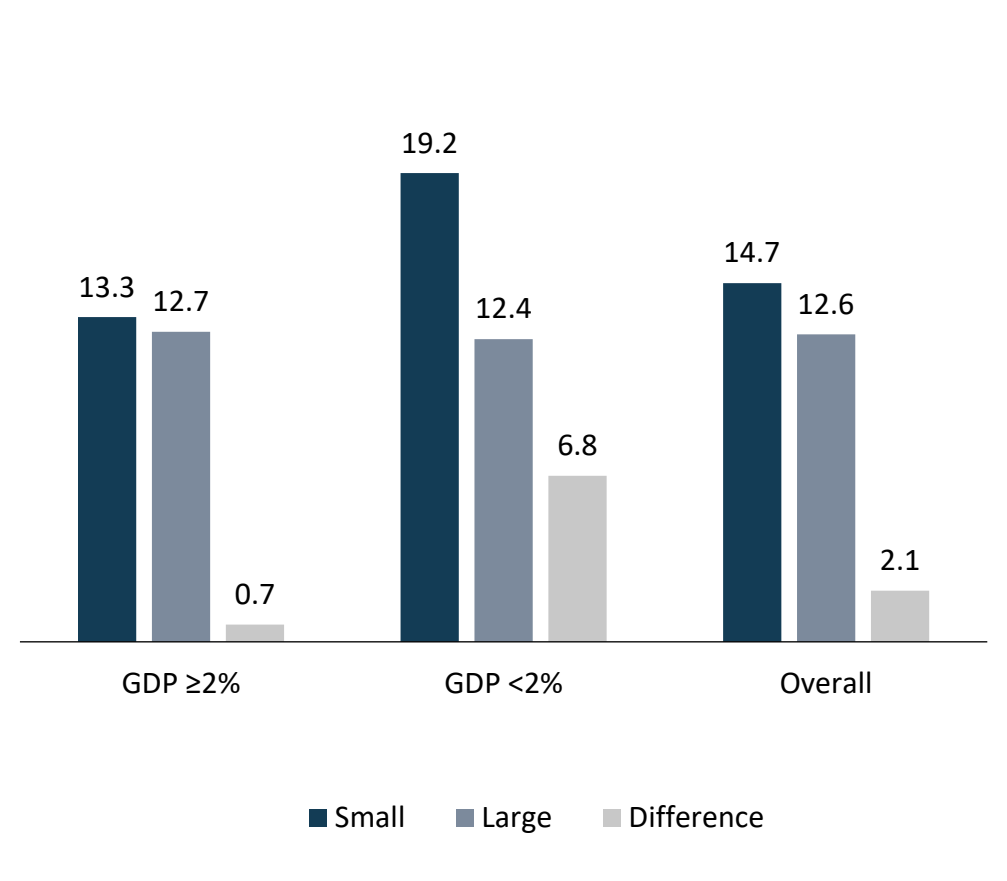


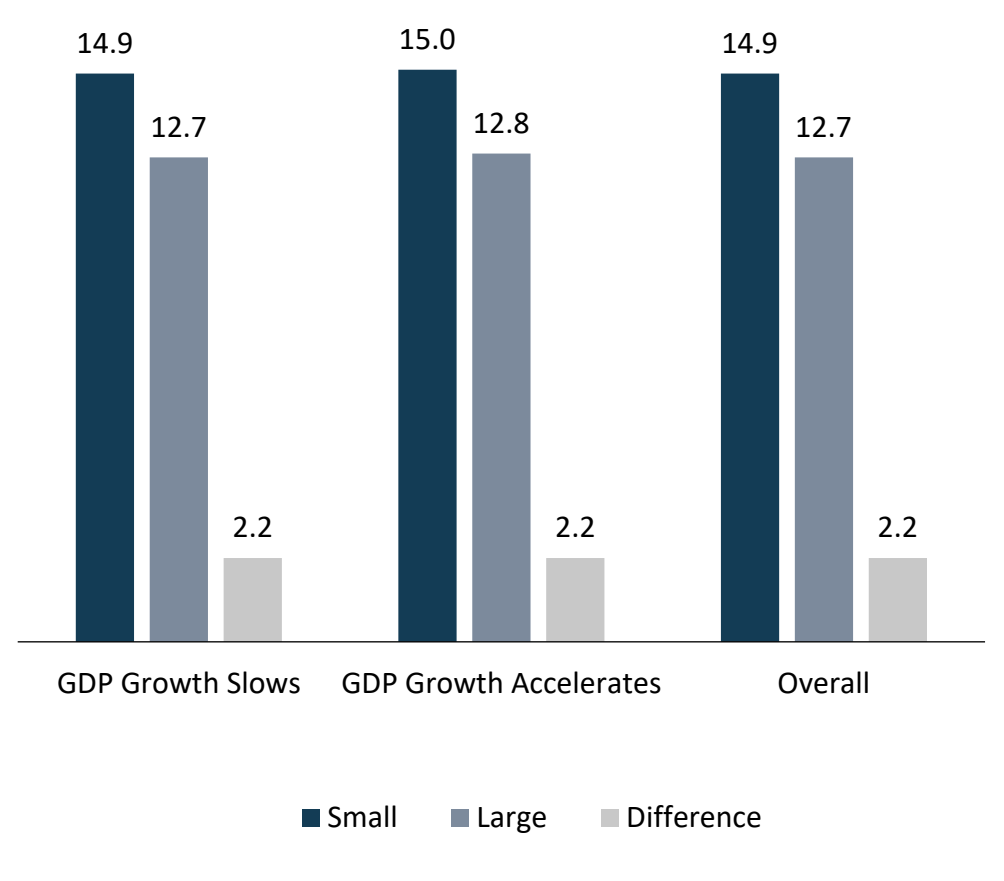
Source: Ibbotson.
Small Stocks—represented by the Ibbotson® Small Company Stock Index; Large Stocks—Ibbotson® Large Company Stock Index; Long-Term Corporate Bonds—20-year U.S. Corporate Bond; Treasury Bills—30-day U.S. Treasury Bill; Inflation—Consumer Price Index.

Behavior of Small Caps in Various Macroeconomic Environments

Small Caps in Various GDP Environments

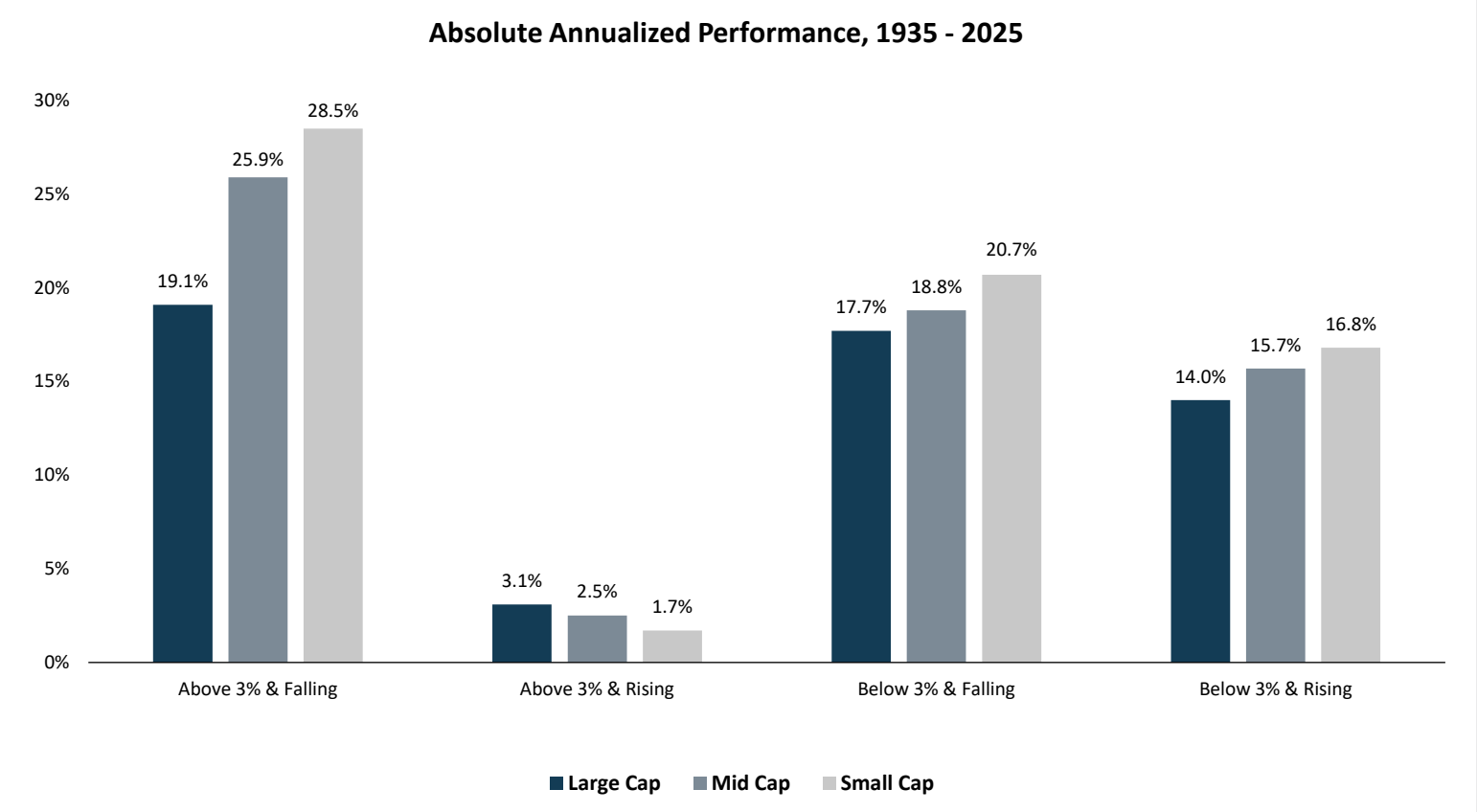
1925 - 2025





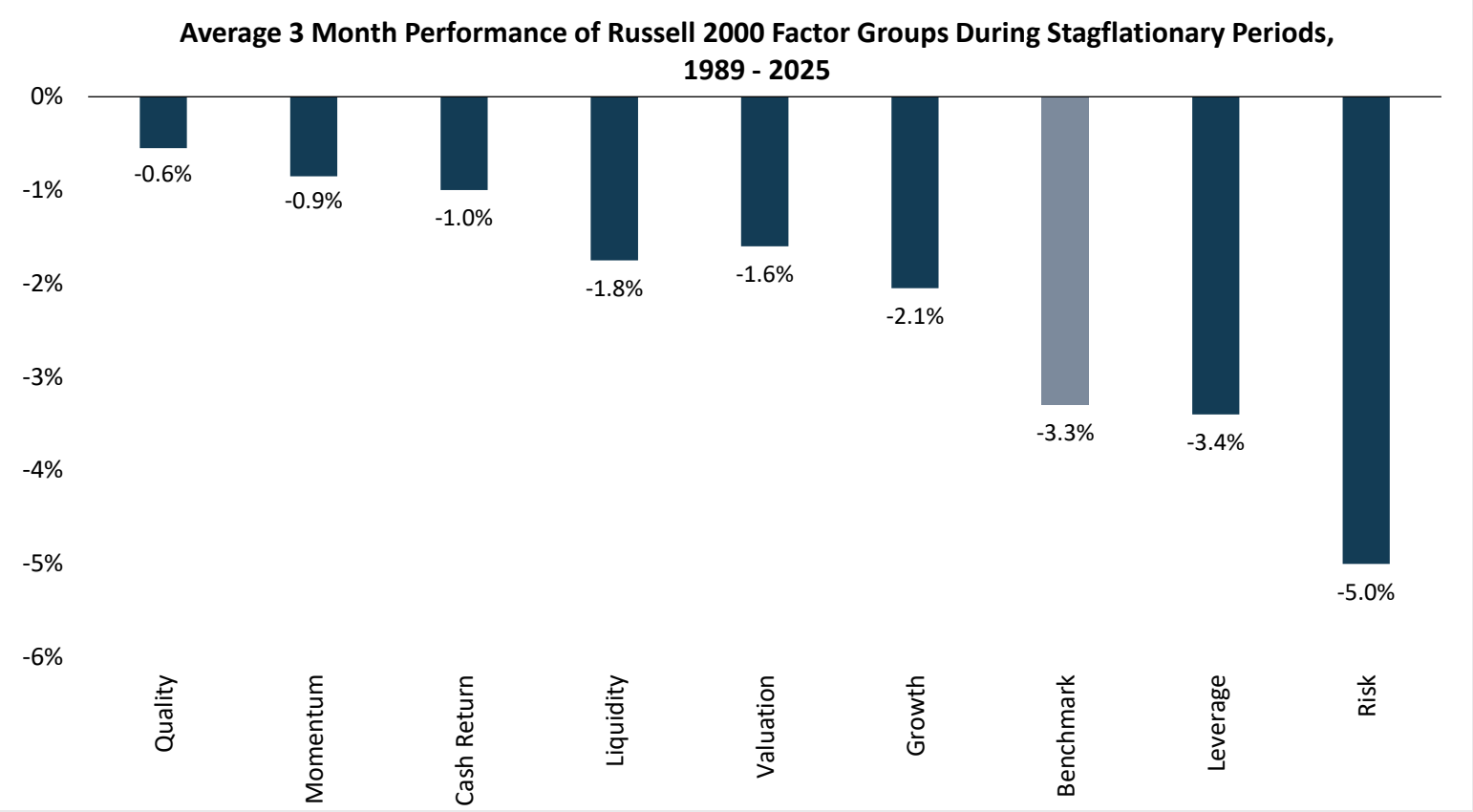
Sources: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies. 1925-Q4 2025. CRSP US Small Cap Index, CRSP US Large Cap Index.

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 1/1/1935-12/31/2025.

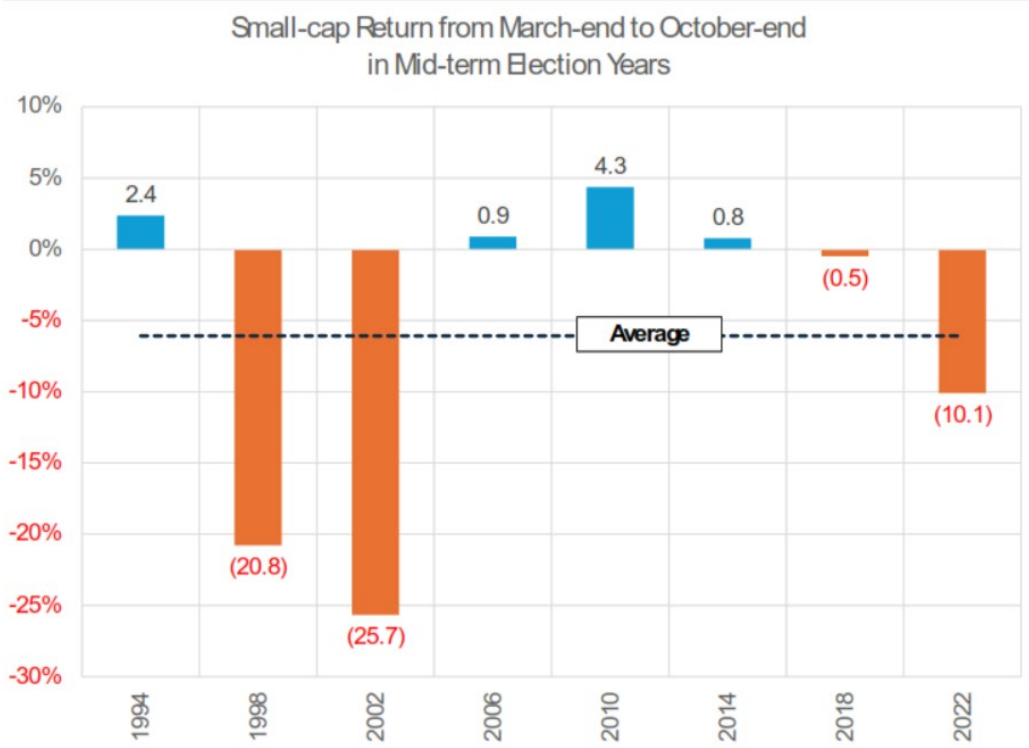
When Stagflation Risks Increase, Quality Factors Have Shown the Greatest Resilience



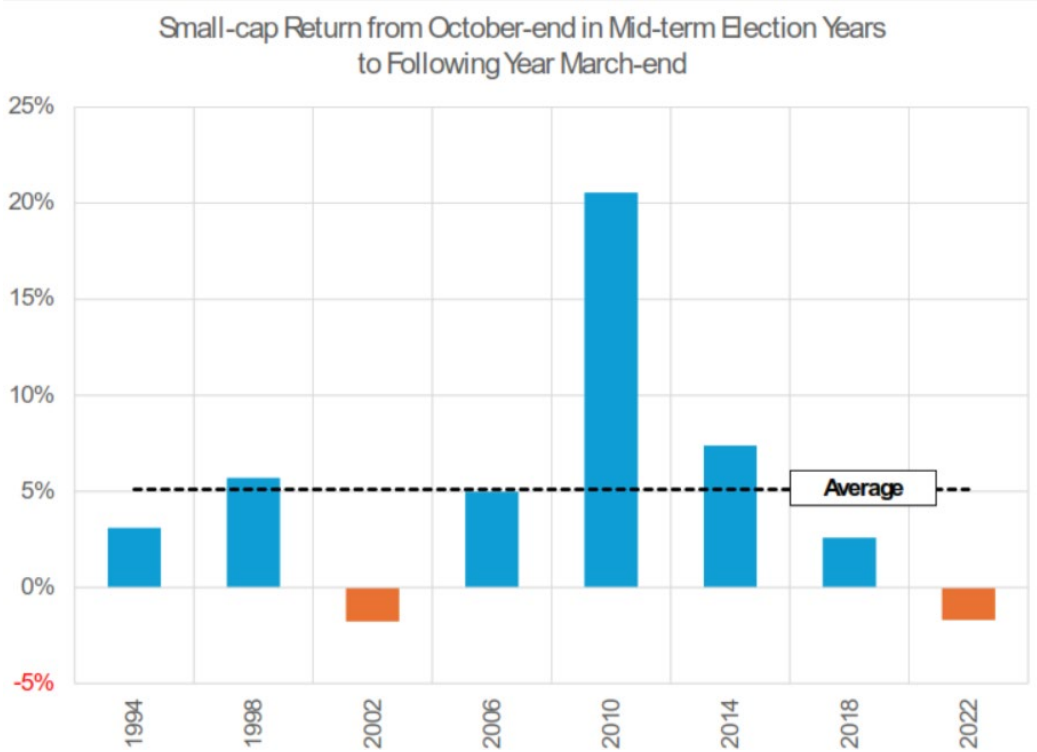
Sources: BofA Global Research; FactSet. Stagflationary periods are defined as incidences of above-trend CPI inflation coupled with below-trend real GDP growth. Data 1/1/1989-12/31/2025.

Small Caps Before & After Mid-Term Elections

April-October returns in mid-election years can be challenging



Post-Election returns typically improve



Source: Furey Research Partners; FactSet as of 3/31/2026.

Small Cap Factor Performance During Stages of the Economic Cycle

Small Cap Factor Performance Across Cycles

As of March 31, 2026

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

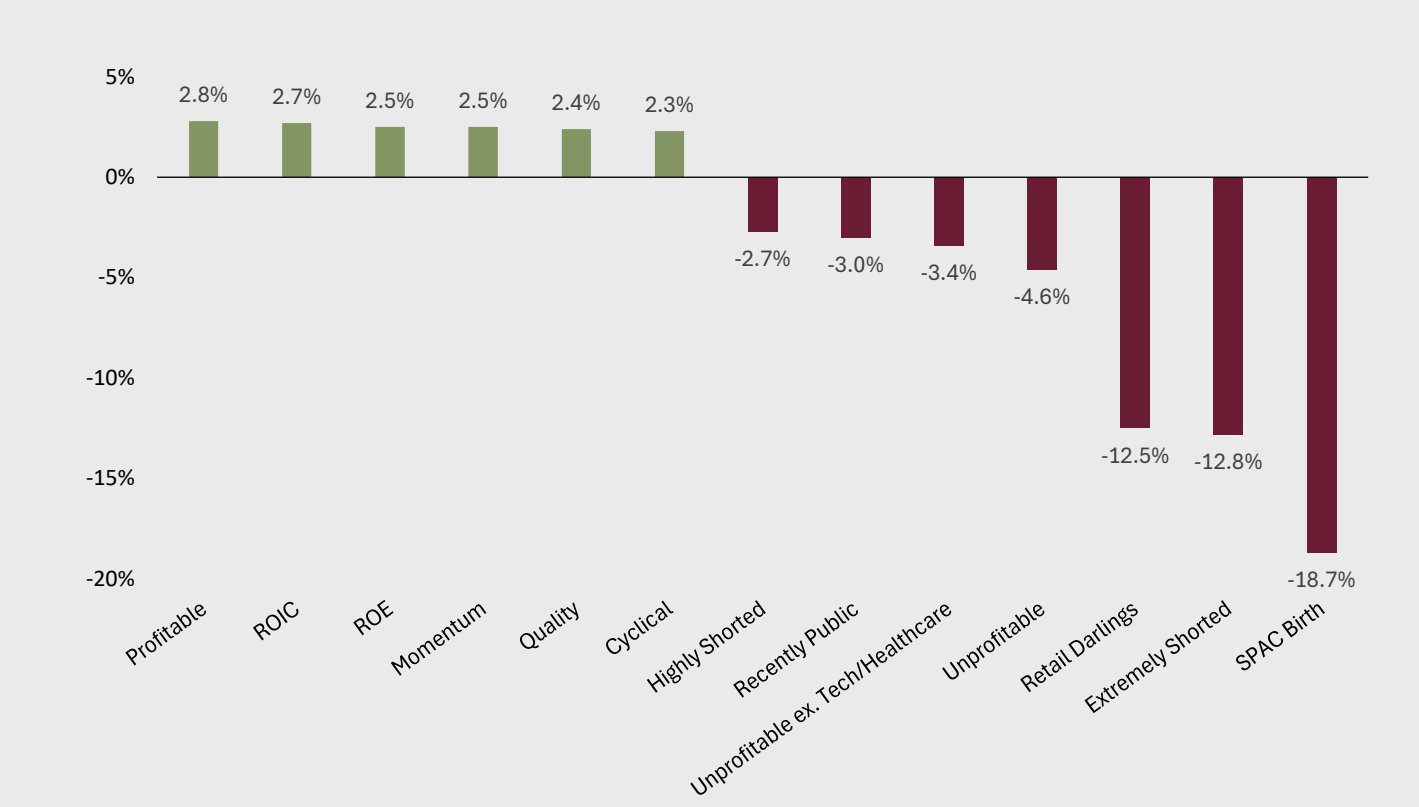
Quintile 1 vs. Index

		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%
Downturn	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 3/31/26. Please see important disclosures at the end of this document.

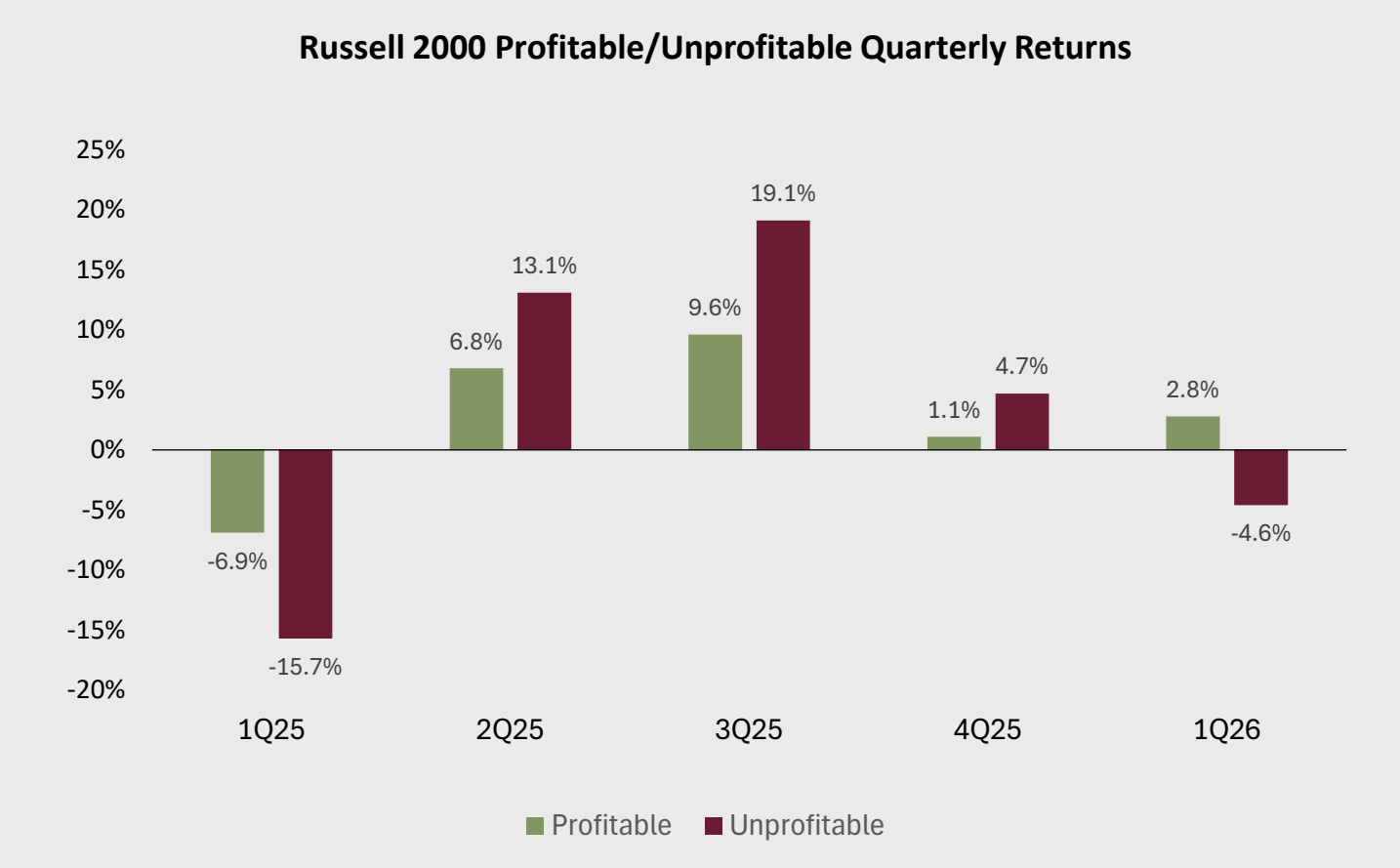
Recent History and Internal Analysis

Quality Factors Led During 1Q26 Despite a Soft March



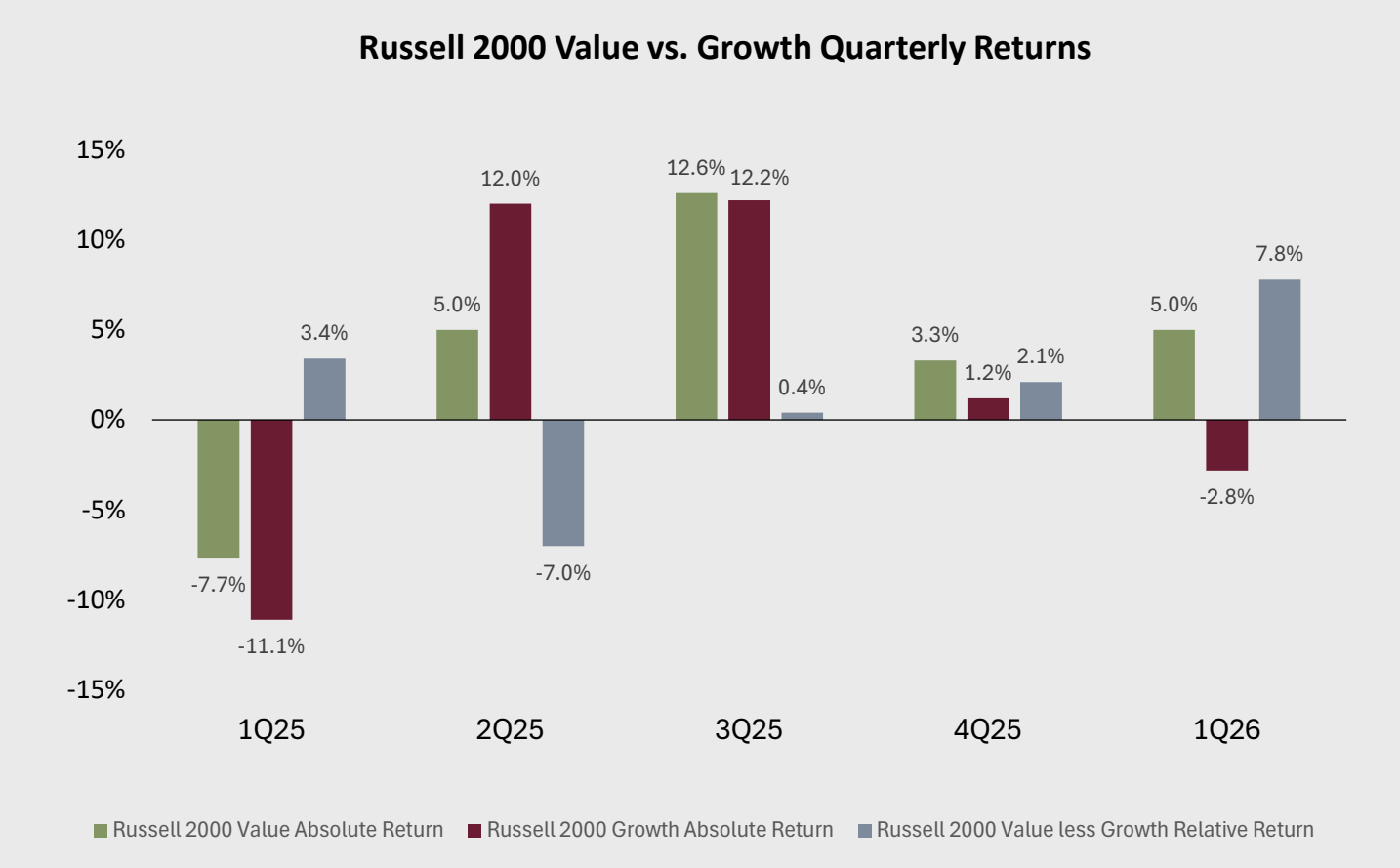
Source: Furey Research Partners, FactSet; Russell 2000 Index as of 3/31/26.

Profitable vs. Unprofitable Companies



Source: FactSet 3/31/2025 to 3/31/2026.

Value has Outperformed in 4 of the Last 5 Quarters



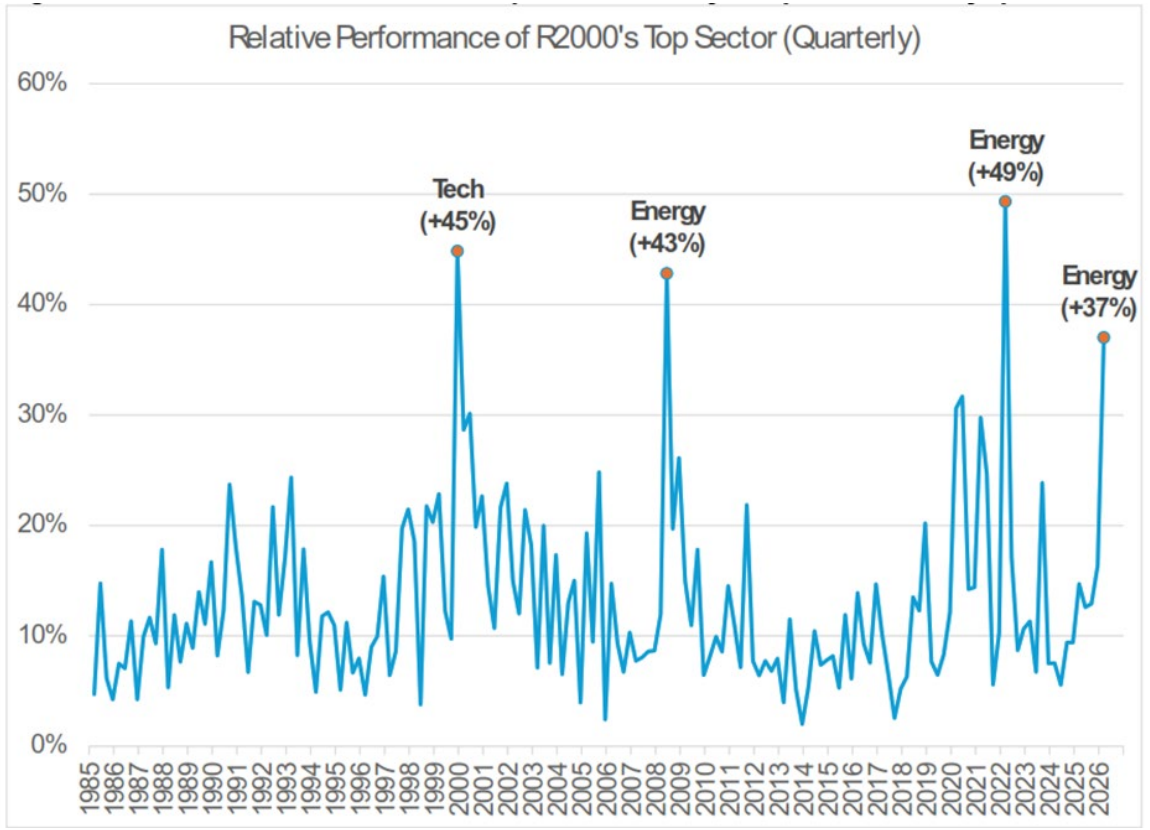
Source: FactSet 3/31/2025 to 3/31/2026.

Narrow Market Performance in 1Q26

Energy outperformed by almost 37%!

GICS Sector	Russell 2000 Performance Absolute Return (%) 2025	Jan-26	Feb-26	Mar-26	1Q26
Energy	1.5	17.2	9.8	6.9	37.6
Materials	38.6	9.5	9.3	-11.4	6.1
Industrials	17.9	13.7	0.5	-8.3	4.7
Consumer Staples	-3.9	8.2	4.3	-9.0	2.7
Utilities	15.4	5.9	0.3	-4.0	2.0
Index	**12.8**	**5.4**	**0.8**	**-5.0**	**0.9**
Real Estate	3.6	2.9	4.1	-6.7	0.0
Communication Services	16.0	0.9	-2.9	1.6	-0.5
Financials	7.9	4.3	-3.2	-2.0	-1.0
Consumer Discretionary	-0.6	2.2	2.0	-8.3	-4.4
Health Care	27.2	0.0	-1.1	-3.5	-4.6
Information Technology	9.7	1.7	0.7	-7.2	-5.0

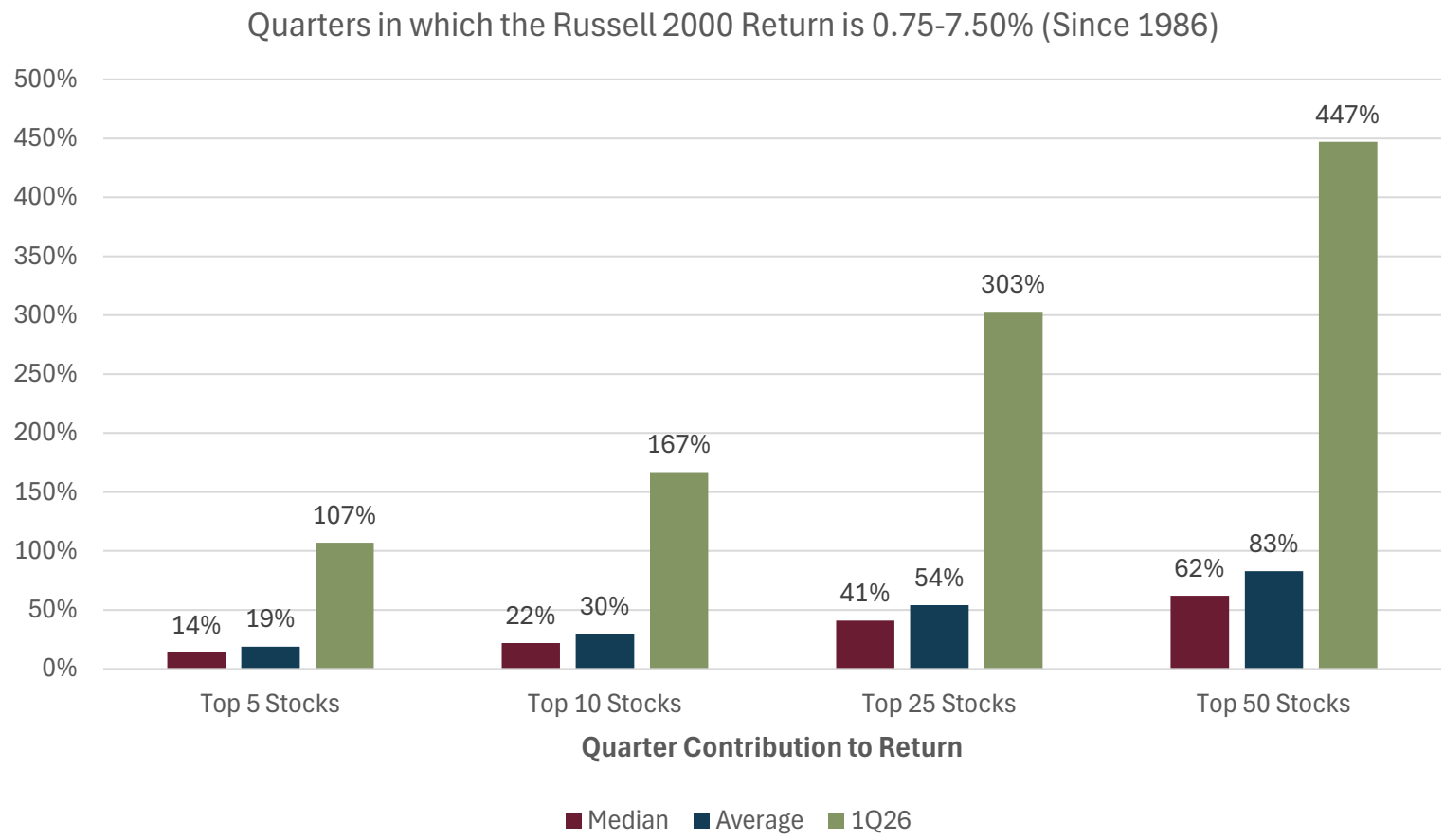
It was the fourth best relative performance by a top sector in any quarter since 1985



Source: Furey Research Partners, FactSet; as of 3/31/26.

Russell 2000 Return Concentration

Top 50 stocks amounted to more than 400% of the Russell 2000 Index 1Q26 total return

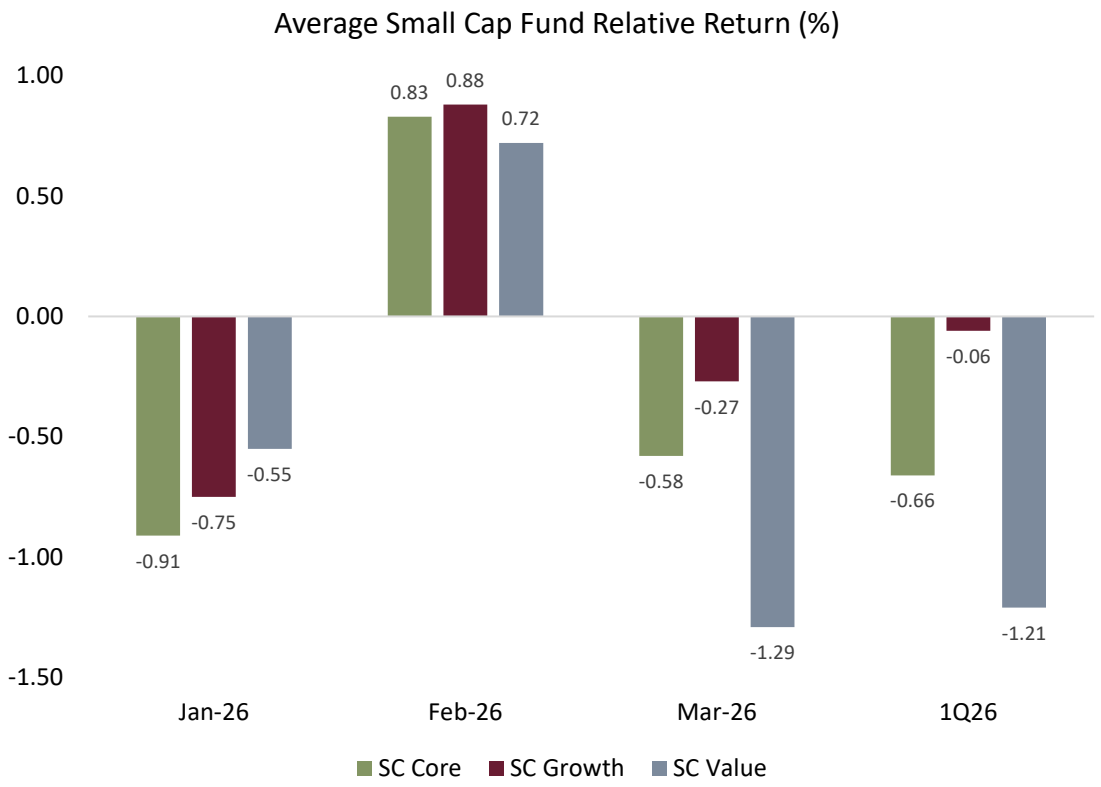


Source: Furey Research Partners, FactSet; as of 3/31/2026.

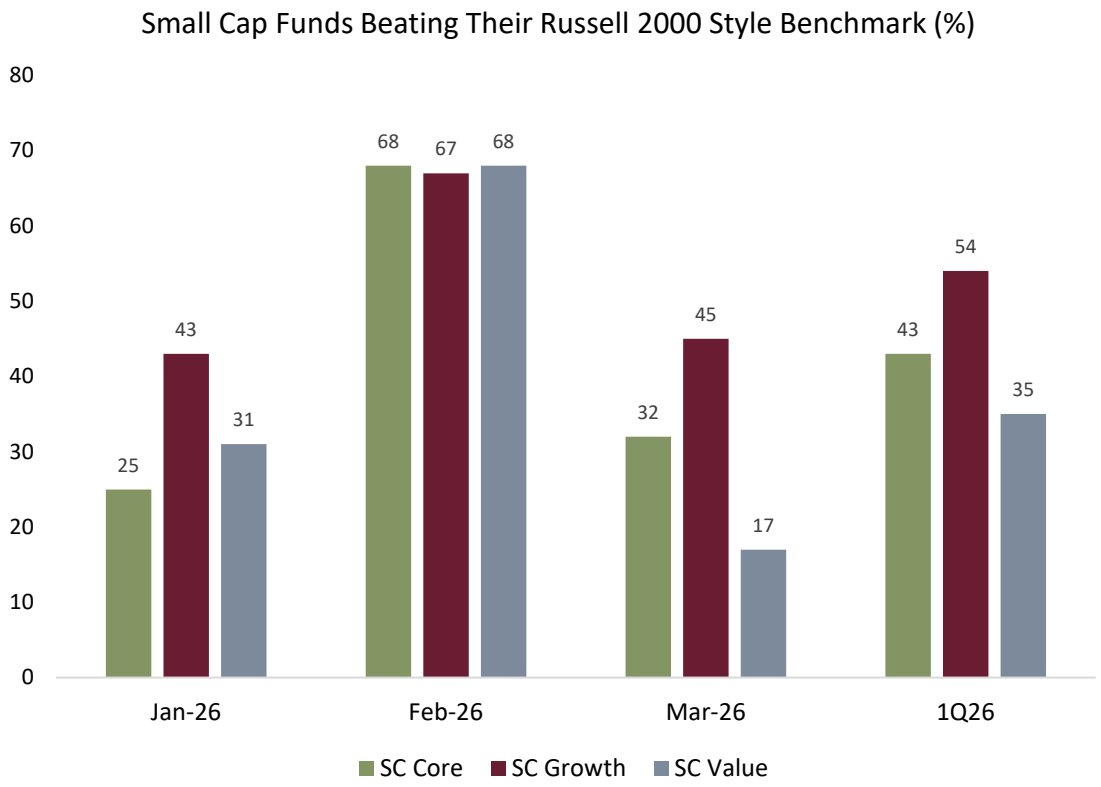
Small Cap Fund Performance Across Styles

As of March 31, 2026

Quality led but the average fund across all styles underperformed



Less than half of Core and Value funds are outperforming



Source: Furey Research Partners; Morningstar; FactSet as of 3/31/2026. The funds' small cap styles are determined by their Morningstar category.

The Russell 2000 Officially Reached Correction Territory on 3/23/26

Current Correction

Start Date	End Date	Next High	Type of Correction	# of Trading Days for R2 to Reach -10%	# of Trading Days for R2 to Full Correct	# of Trading Days for R2 to Next High	% Decline to Trough	% Stocks <-20% Below 52Wk High
01/22/26	03/30/26	NA	Normal	40	46	NA	-11.2	57.6

Russell 2000 Normal Bull Market Corrections

Start Date	End Date	Next High	Type of Correction	# of Trading Days for R2 to Reach -10%	# of Trading Days for R2 to Full Correct	# of Trading Days for R2 to Next High	% Decline to Trough	% Stocks <-20% Below 52Wk High
10/05/79	10/23/79	12/31/79	Normal	3	12	46	-15.4	NA
11/28/80	12/11/80	03/19/81	Normal	9	9	67	-10.0	NA
07/03/86	09/16/86	02/04/87	Normal	18	51	98	-15.0	60.2
03/03/92	06/25/92	11/25/92	Normal	74	80	107	-12.2	57.9
03/18/94	06/28/94	05/15/95	Normal	22	69	222	-11.8	57.5
06/05/96	07/24/96	01/07/97	Normal	25	34	115	-15.4	55.1
10/13/97	01/12/98	03/11/98	Normal	61	62	40	-11.6	46.2
04/05/04	08/12/04	11/09/04	Normal	24	89	62	-14.7	55.0
12/28/04	04/28/05	07/08/05	Normal	75	84	49	-12.2	54.9
05/05/06	07/21/06	11/14/06	Normal	24	53	81	-14.1	58.1
07/13/07	08/15/07	10/09/07	Normal	15	23	38	-12.2	60.6
04/23/10	07/06/10	12/01/10	Norm/Deep	10	50	104	-20.5	66.4
03/26/12	06/04/12	09/13/12	Normal	37	48	71	-12.9	59.0
09/14/12	11/15/12	01/02/13	Normal	41	42	31	-11.0	50.8
07/03/14	10/13/14	12/26/14	Normal	62	70	52	-13.1	56.4
			Average	**33**	**52**	**79**	**-13.5**	**56.8**
			Median	**24**	**51**	**67**	**-12.9**	**57.5**

Source: Furey Research Partners, FactSet; as of 3/31/2026. Start dates refer to index peaks, end dates refer to index troughs, and next high refers to the following index peak. A normal market correction is defined as a decline of 10-20% from a recent peak in a major market index. A deep market correction, often called a bear market, refers to a decline exceeding 20%.

Monthly Russell 2000 Payoffs

Composites	Long Term Average*	Monthly Payoffs Jan	Feb	Mar	YTD 2026
Value	12.64	-2.80	2.31	1.51	1.02
Quality**	11.29	-2.82	2.82	1.78	1.77
Margin	7.94	-3.29	4.78	2.50	4.00
Accruals	5.61	-0.91	-2.05	-0.27	-3.23
Capital Usage	8.33	-1.05	2.40	1.75	3.10
LowVariability	2.94	1.84	5.85	1.31	8.99
LowLeverage	0.29	3.35	4.75	1.24	9.33
LowVolatility	4.79	-3.25	7.04	3.00	6.79

*Long Term Average is 1/1995 – 3/2026,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.

Russell 2000 Performance by Market Cap & Sales Growth Quintile

As of March 31, 2026

Performance was strongest amongst the largest 60-80% of Russell 2000 Index constituents and weakest amongst the smallest quintile of companies.

Market Cap Quintile	Absolute	Contribution	Relative
1 (Largest)	0.56	0.31	-0.32
2	1.79	0.40	0.91
3	2.66	0.29	1.78
4	-1.27	-0.05	-2.15
5 (Smallest)	-3.97	-0.07	-4.86

Performance was strongest amongst Russell 2000 Index constituents without and with the worst quintile of companies and weakest amongst the best quintile of companies.

Sales Growth Quintile	Absolute	Contribution	Relative
1 (Best)	-3.54	-0.83	-4.42
2	0.87	0.19	-0.01
3	3.03	0.46	2.15
4	1.95	0.30	1.07
5 (Worst)	4.50	0.55	3.62
N/A	5.85	0.21	4.97

Source: Jefferies; data as of 3/31/2026.

Russell 2000 Performance by ROE Quintile, Leverage & Price

As of March 31, 2026

Performance was strongest amongst the highest 60-80% of Russell 2000 Index constituents and weakest amongst the lowest quintile of companies.

ROE Quintile	Absolute	Contribution	Relative
1 (Highest)	-0.89	-0.22	-1.78
2	3.57	0.72	2.69
3	4.61	0.83	3.73
4	0.05	0.00	-0.84
5 (Lowest)	-3.88	-0.46	-4.77

Performance was stronger amongst the highest levered Russell 2000 Index constituents and weaker amongst the lowest levered companies.

Leverage	Absolute	Contribution	Relative
Highest	1.34	0.65	0.46
Lowest	0.37	0.23	-0.51

Performance was stronger amongst the high priced Russell 2000 Index constituents and weaker amongst the low priced companies.

Price	Absolute	Contribution	Relative
High	1.67	1.16	0.79
Low	-1.65	-0.28	-2.53

Source: Jefferies; data as of 3/31/2026.

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 3/31/2026

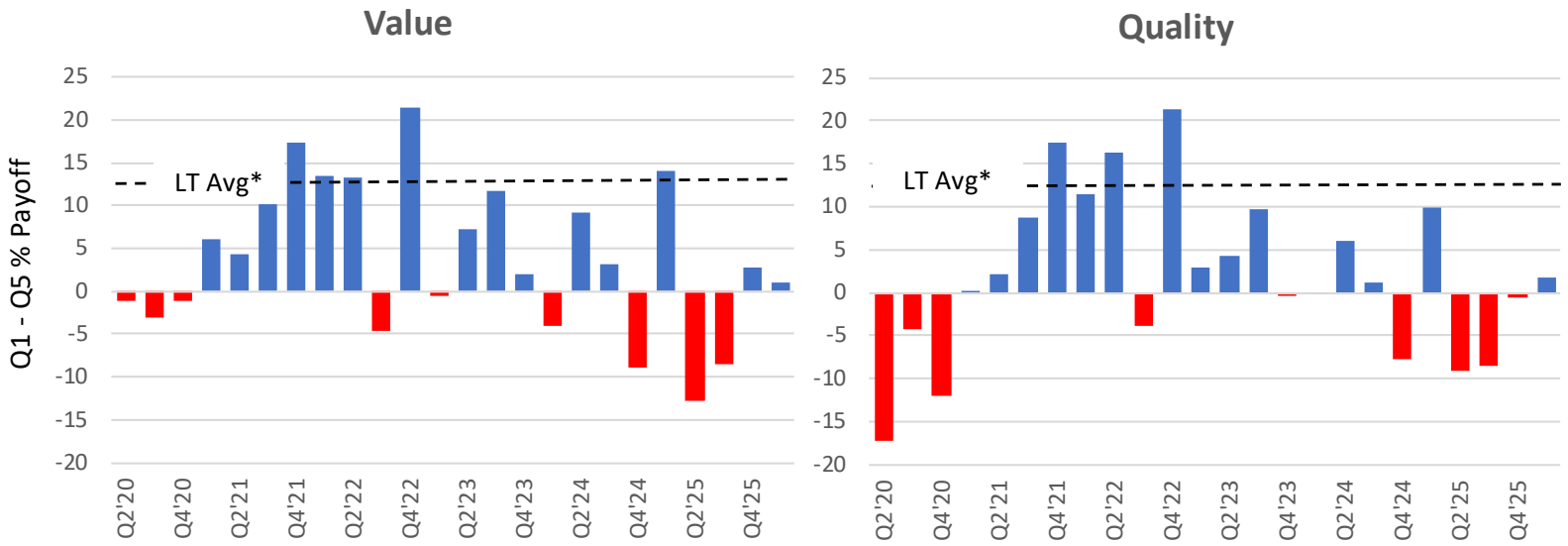
Composites	Long Term Average*	2020	2021	2022	2023	2024	2025	2026 YTD Mar
Value	12.64	-15.78	37.81	43.68	20.28	-0.57	-4.36	1.02
Quality**	11.29	-29.99	28.30	45.20	16.63	-0.44	-8.45	1.77
Margin	7.94	-17.68	22.69	35.26	7.99	8.94	-2.98	4.00
Accruals	5.61	-9.29	7.38	9.78	5.23	-6.47	-3.39	-3.23
Capital Usage	8.33	-25.99	21.35	40.14	18.73	-3.18	-8.76	3.10
LowVariability	2.94	-19.76	9.29	22.98	5.39	3.95	-7.41	8.99
LowLeverage	0.29	-14.68	-22.36	6.49	8.55	3.12	6.29	9.33
LowVolatility	4.79	-30.35	19.57	54.15	-3.25	5.39	-13.42	6.79

**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 Capital Boston analysis, Bloomberg.

Quarterly Quintile 1 Minus Quintile 5 Payoffs to Value and Quality

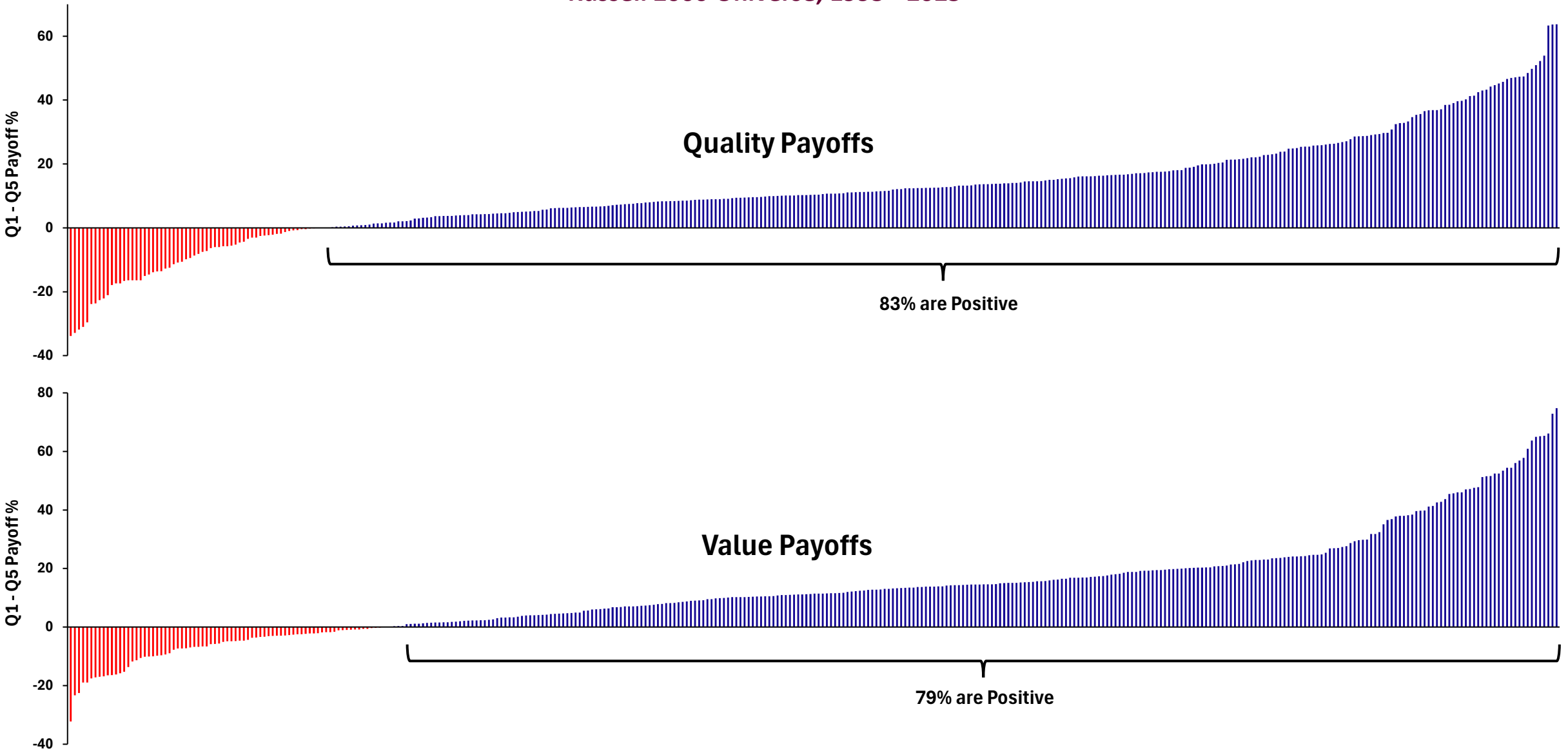
Russell 2000 Index 4/1/2020 – 3/31/2026



*Source: Aristotle Capital Boston analysis, Bloomberg. *Long Term Average is calculated from 01/1995 – 12/2025, annualized, in the Russell 2000 Small-Cap Index.*

Rolling 12-Month Payoffs to Quality and Value

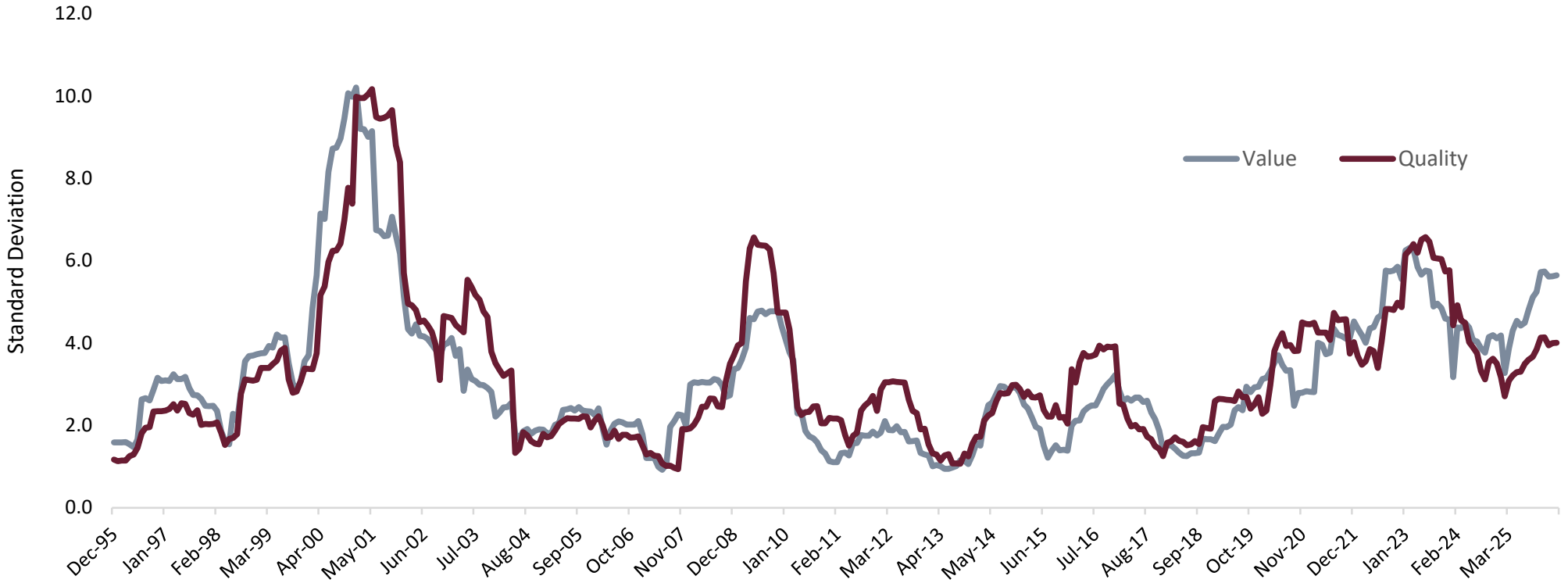
Russell 2000 Universe, 1995 - 2025



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

Value and Quality Factor Volatility

Russell 2000 Index 12/1995 – 3/2026

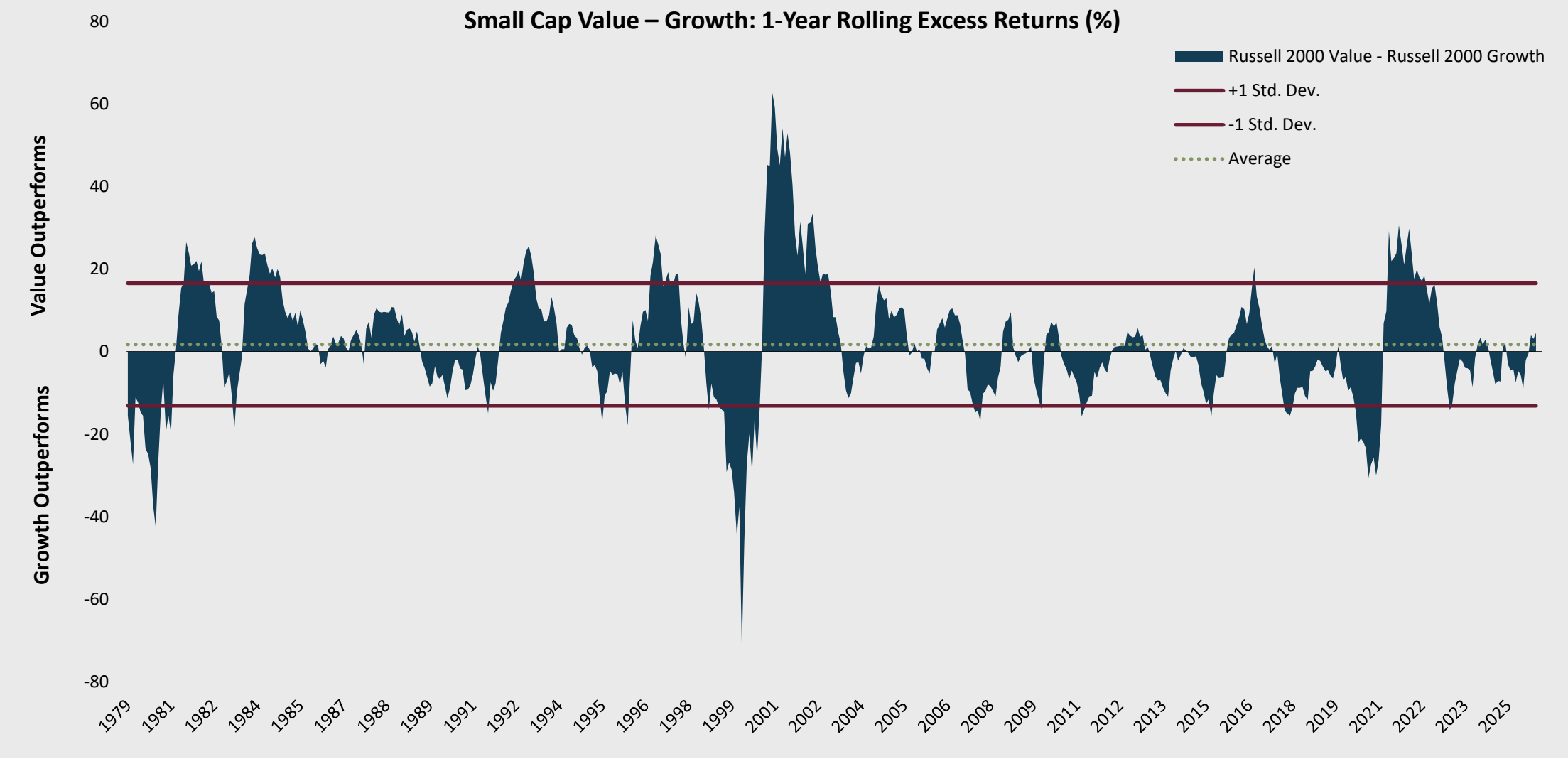


Volatility is standard deviation of rolling 12-month Q1-Q5 factor payoffs

Source: Aristotle Capital Boston analysis, Bloomberg, in the Russell 2000 Small-Cap Index.

Swings in Style Between Growth and Value Remain Volatile

As of March 31, 2026

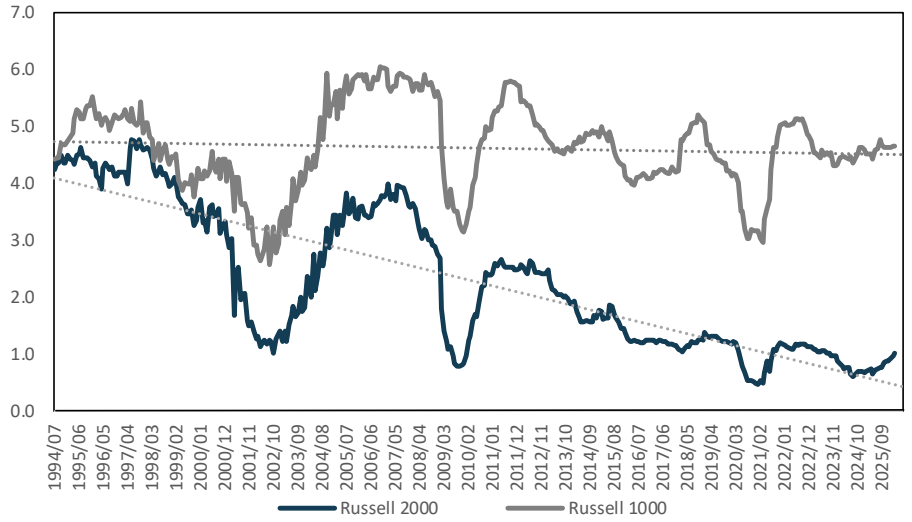


Source: eVestment. The 1-Year Rolling Excess Return represents the annualized return of the Russell 2000 Value Index over the trailing 1-year period minus the annualized return of the Russell 2000 Growth Index over the same period. Rolling periods are calculated monthly based on trailing 1-year return data from 1979 to March 2026.

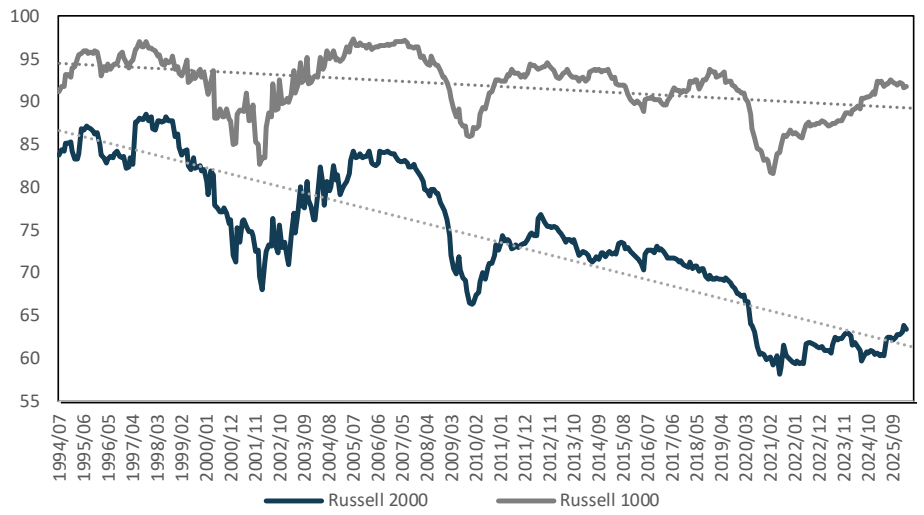
Quality of Index has Declined

As of March 31, 2026

Median ROA Has Declined



Percentage of Stocks in Index with Positive Earnings Have Declined

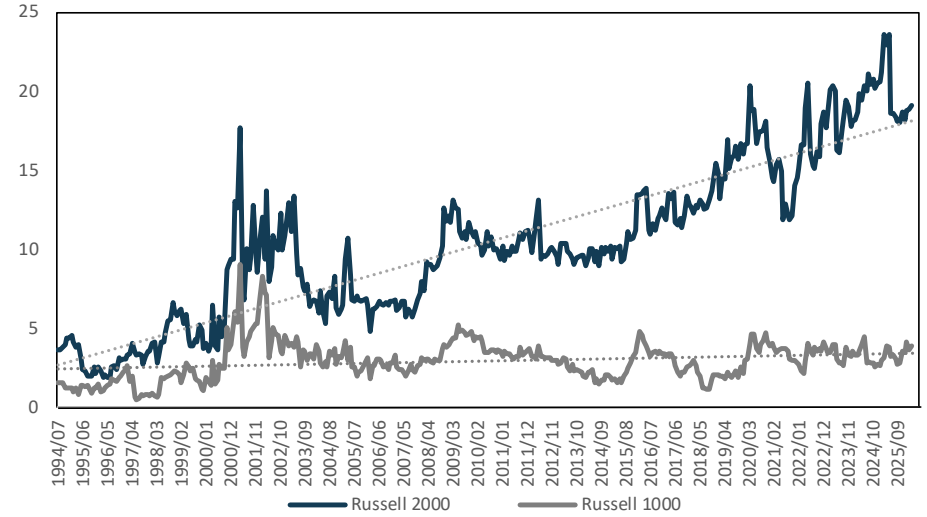


Stocks With Negative Net Income Underperform Stocks With Positive Net Income on Average

	Average Annualized Excess Returns	
	Russell 2000	Russell 1000
Positive Net Income	2.12	0.22
Negative Net Income	-5.26	-2.24

Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments. Data 7/1994 – 3/2026

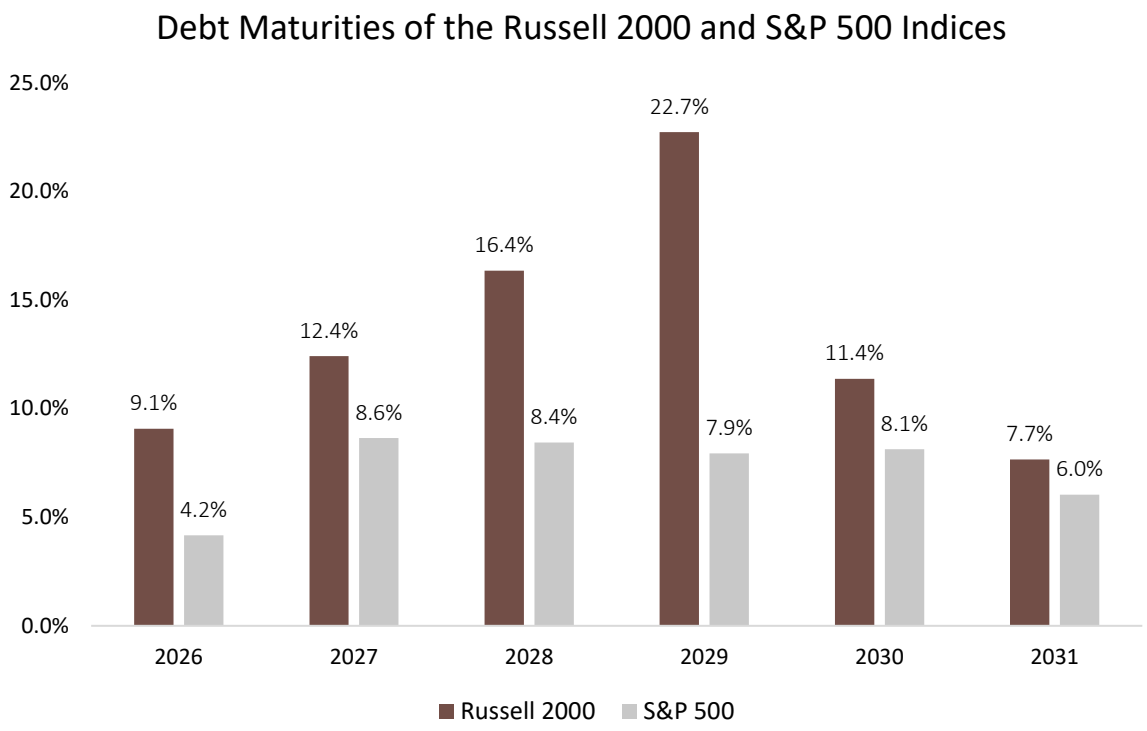
Percentage of Stocks in Index with Altman-Z Below 0.5 Has Increased



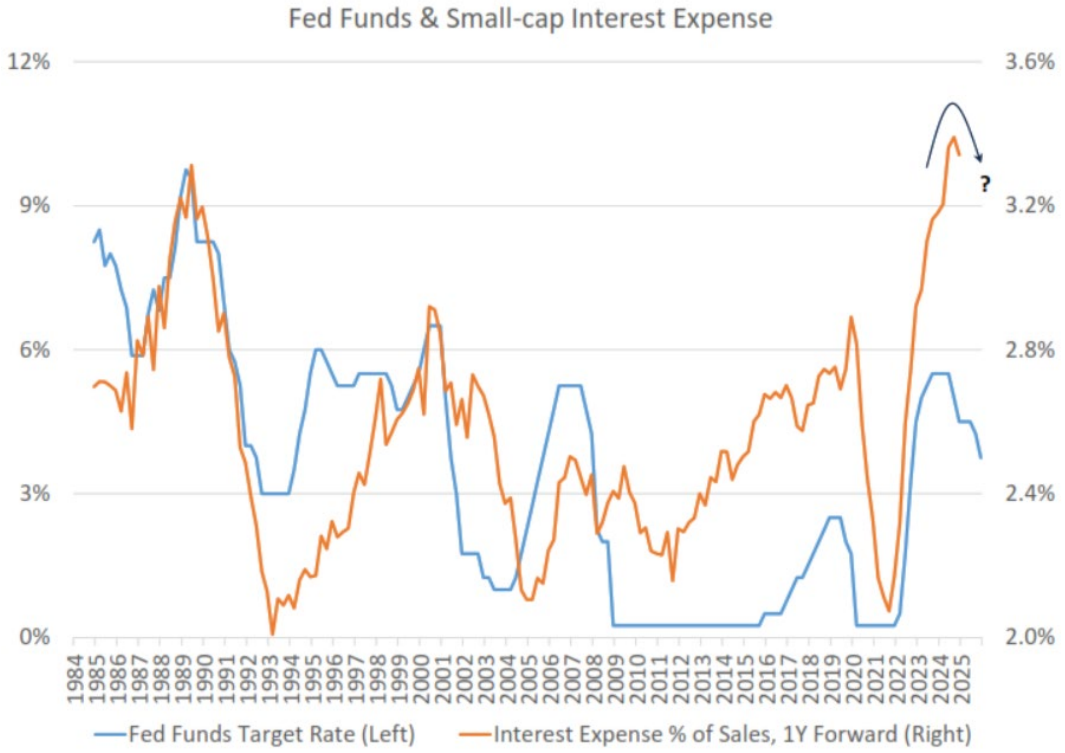
The Case for Active SC Management: Refinancing Risk

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.



Has interest expense finally peaked?



Source: [Left] Bloomberg, 12/31/2025. [Right] Furey Research Partners; FactSet as of 12/31/2025.

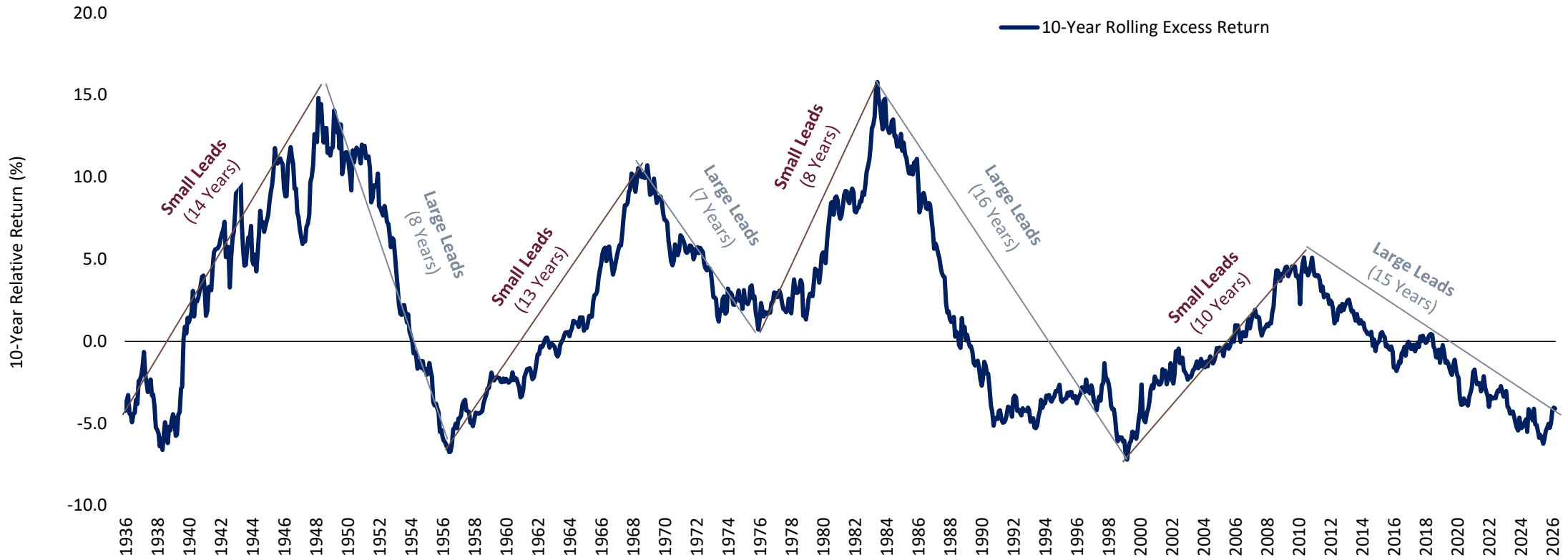
Why Small Caps Now?

Small vs. Large Potential Reversion to Historical Norms

As of March 31, 2026

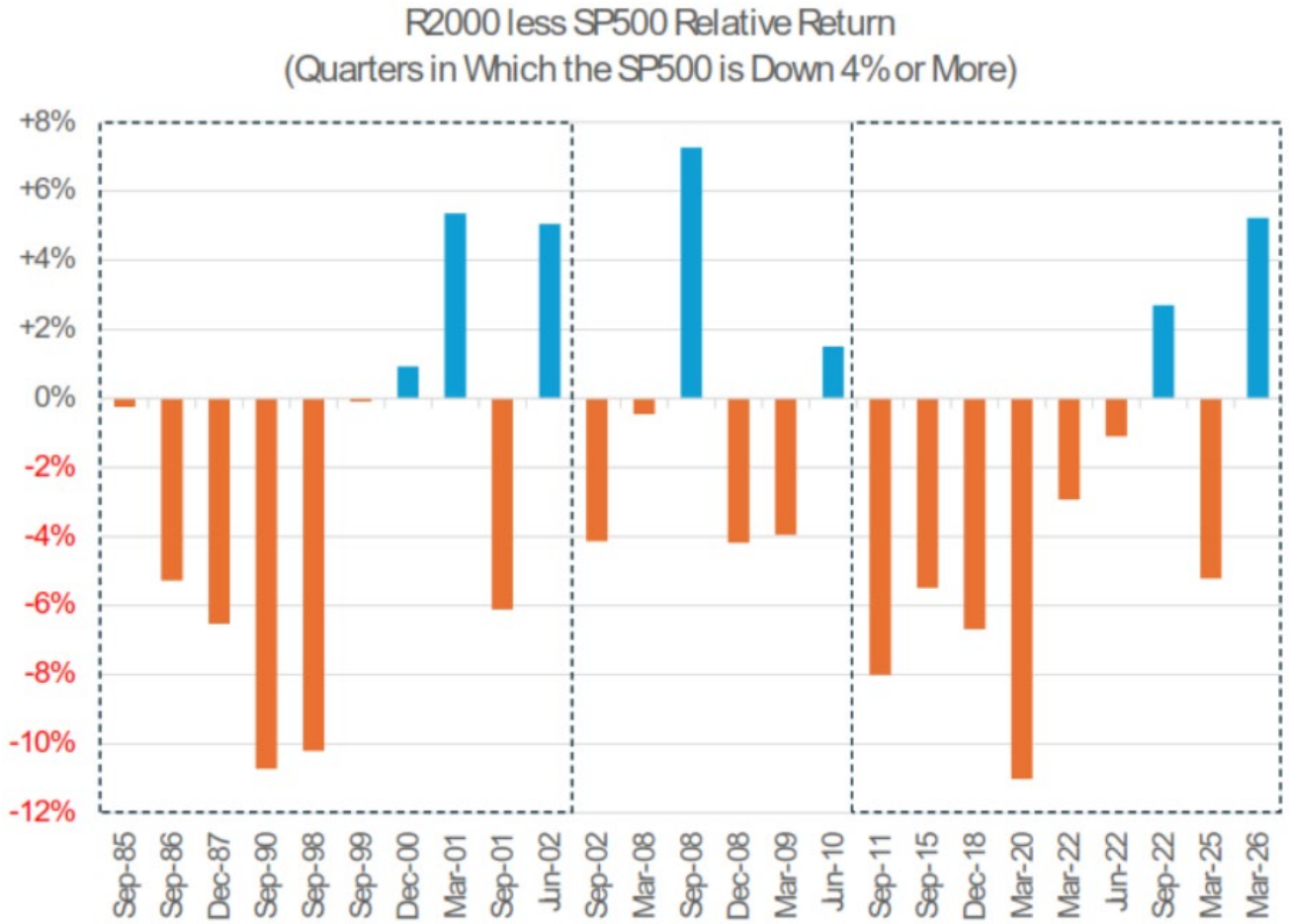
We believe the latest large-cap cycle is growing old as large caps have outperformed small caps for the better half of the last decade plus. A reversion to the mean positions' small caps well relative to large caps moving forward.

Rolling 10-Year Excess Return US Small Cap Stocks vs. US Large Cap Stocks 1935-March 31, 2026



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 March 2026. 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.

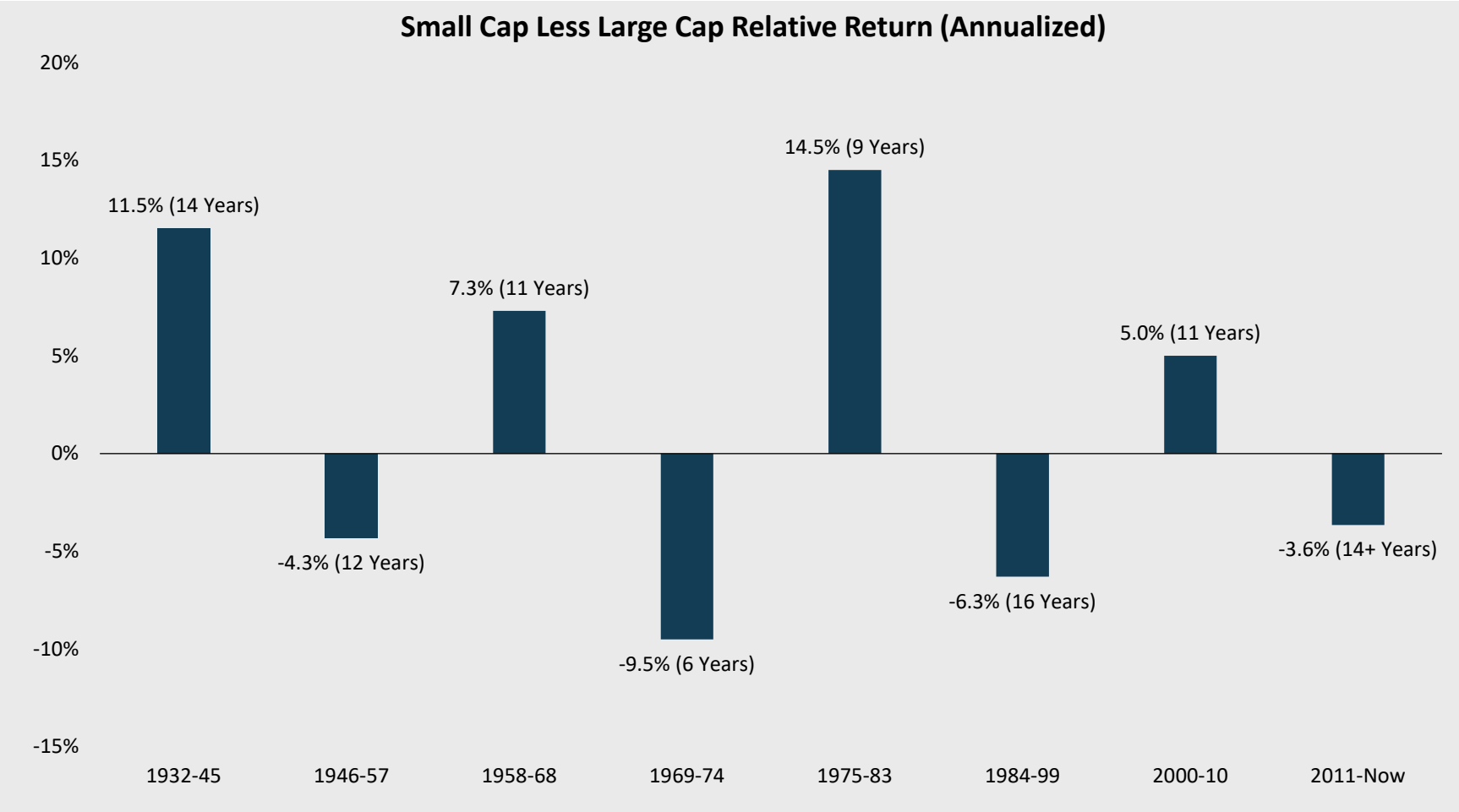
Similar Relative Return Pattern at the End of the Last Large Cap Cycle



Source: FactSet; Data 9/30/1985-3/31/2026.

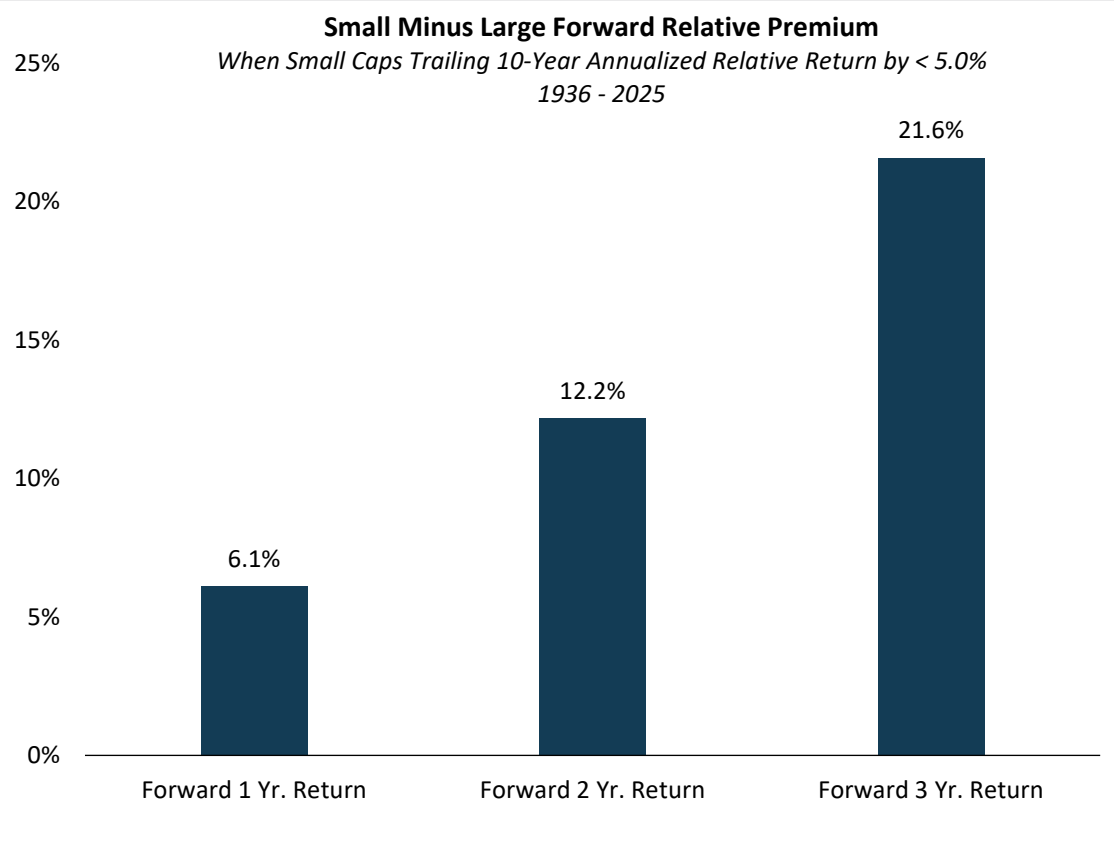
Small Caps Have Lagged By 3.6% in the Current Large Cap Cycle

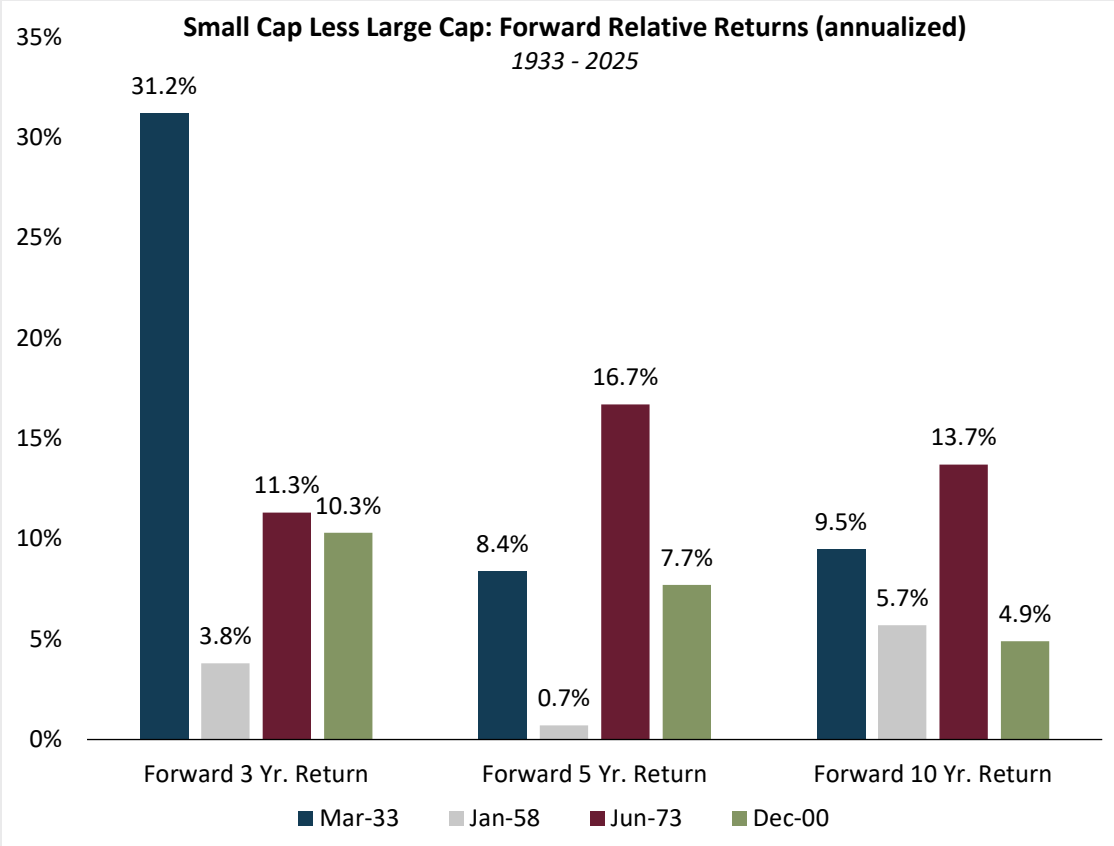
As of March 31, 2026



Sources: FactSet. Based on annualized returns for the Russell 2000 and S&P 500 indices from 1979 to March 2026. 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

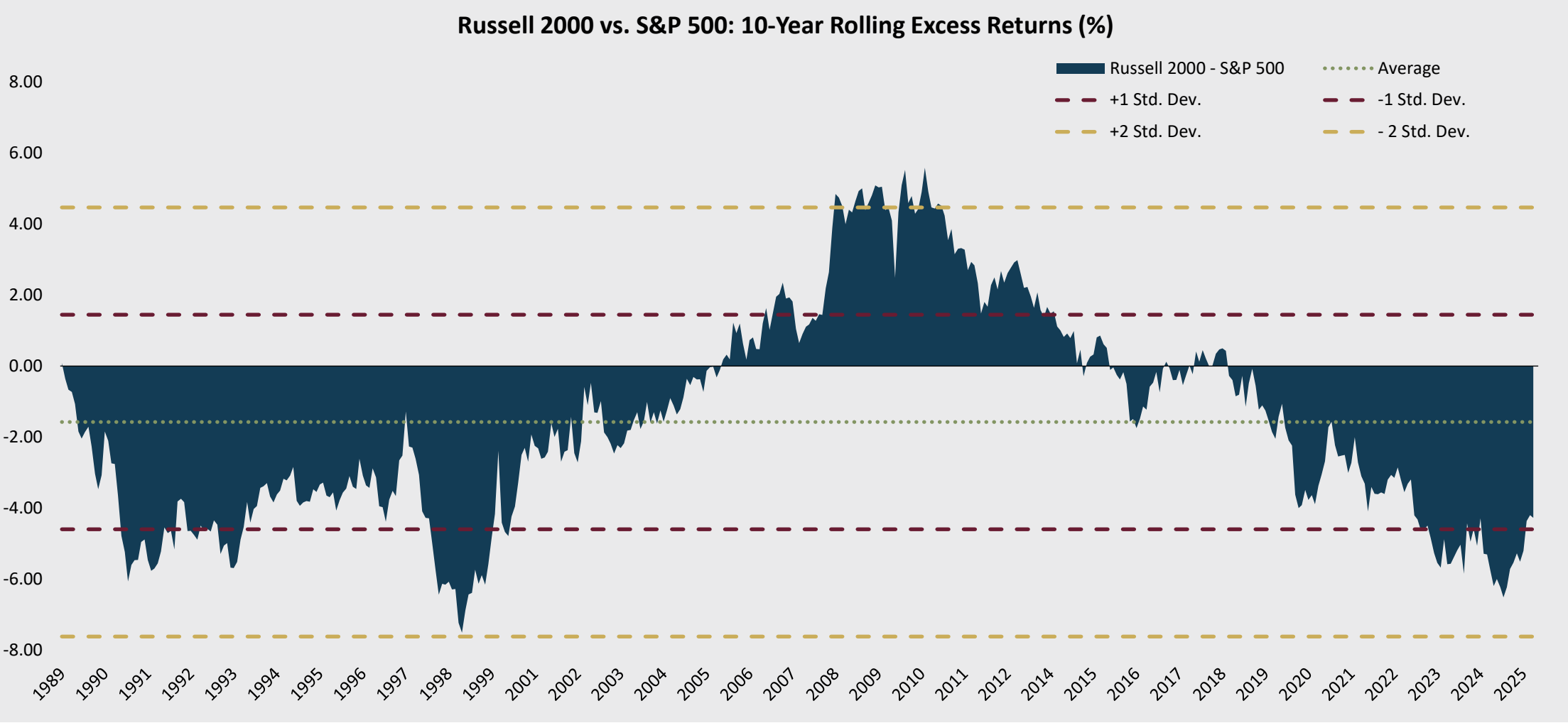




Source: [Left chart]: Furey Research Partners; FactSet. Based on the annualized returns of the Russell 2000 and S&P 500 indices from 1979 to December 2025. [Right chart]: Furey Research Partners; FactSet. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson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

The Last Time Large Caps Outperformed Small Caps by this Margin was in 2000

As of March 31, 2026



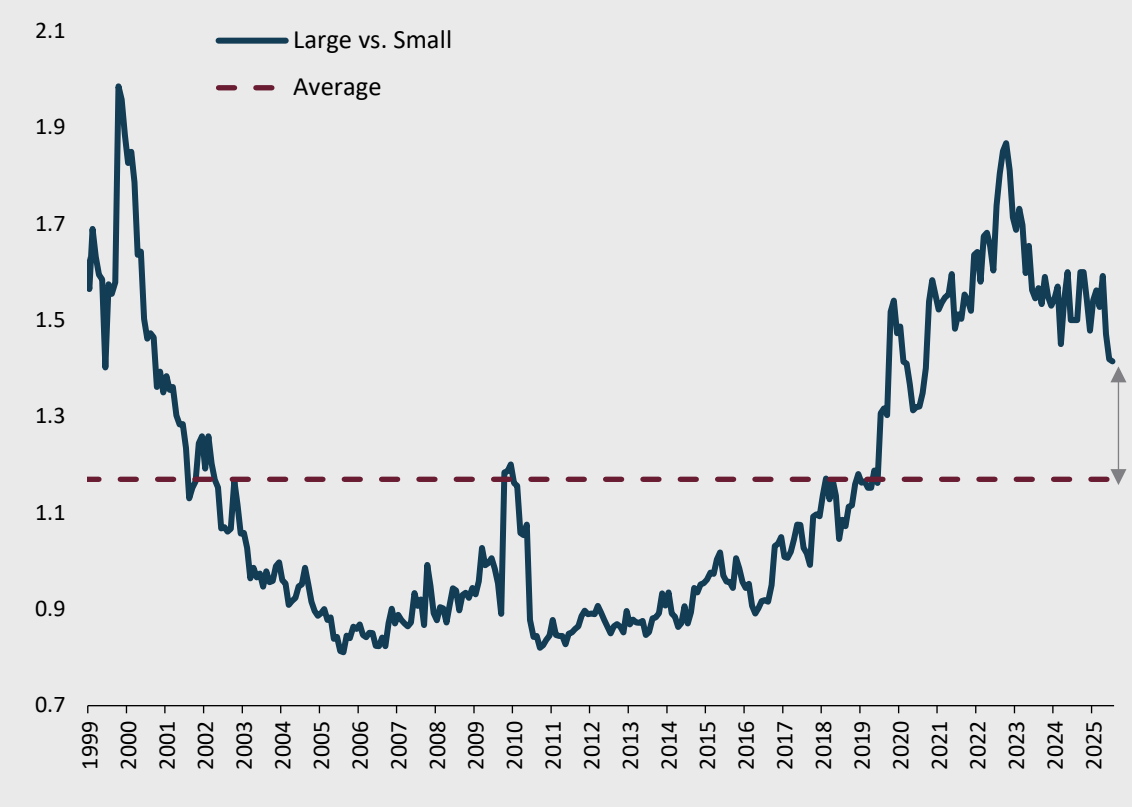
Source: eVestment. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to March 2026.

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

As of March 31, 2026

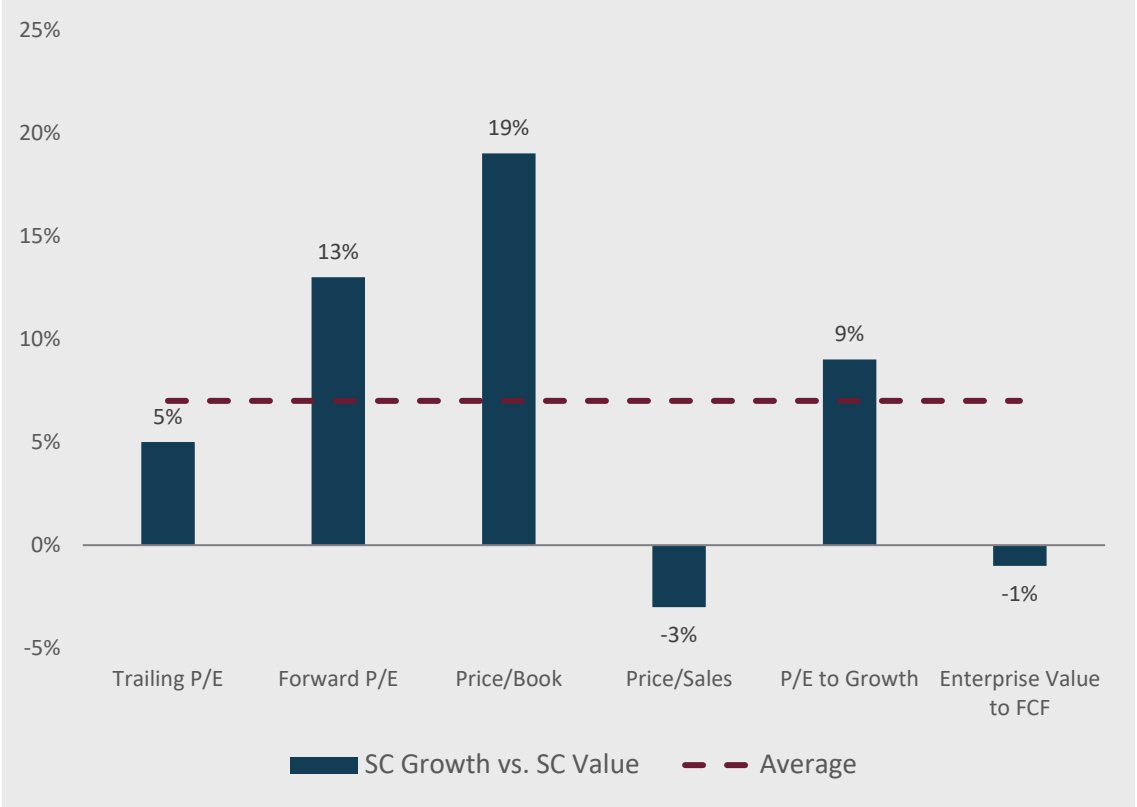
Large caps have been trading at a premium to small caps since 2020

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



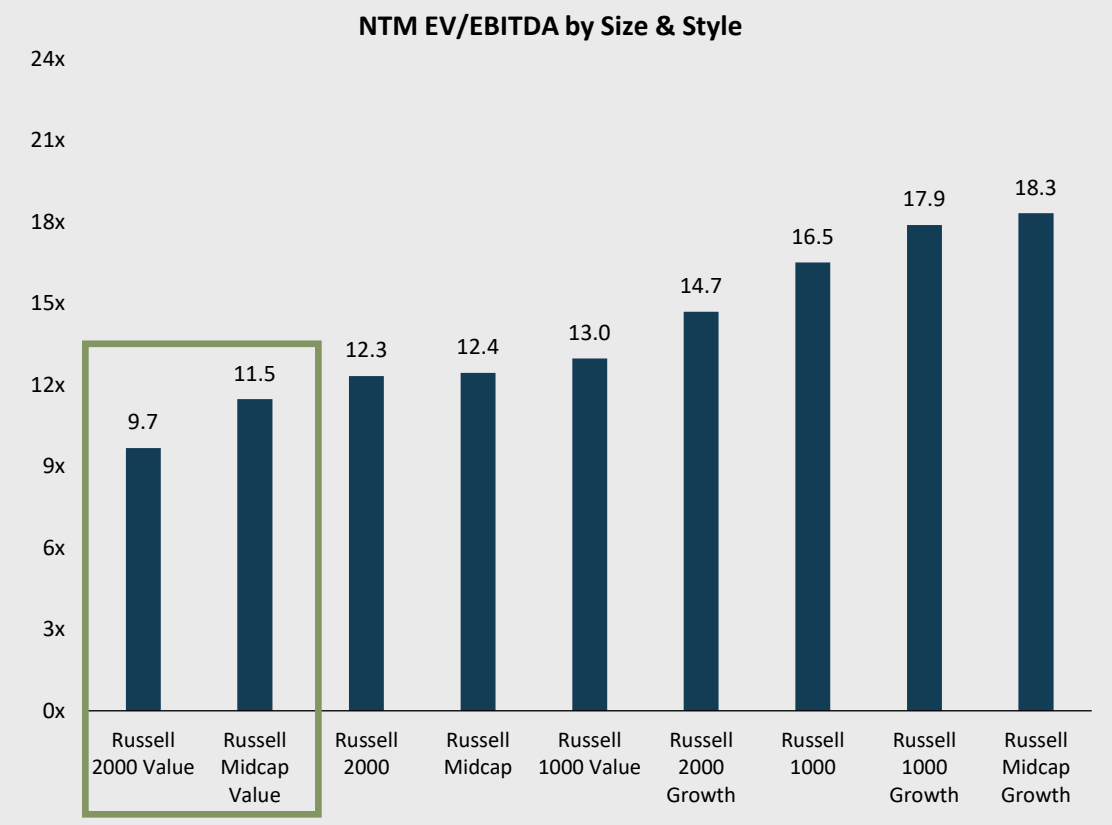
Source: [Left chart]: FactSet. Based on trailing 12-month earnings. 9/30/1999 – 3/31/2026. [Right chart]: BofA Global Research; FactSet. Based on historical multiples, 1985-12/31/2025.

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

As of March 31, 2026

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

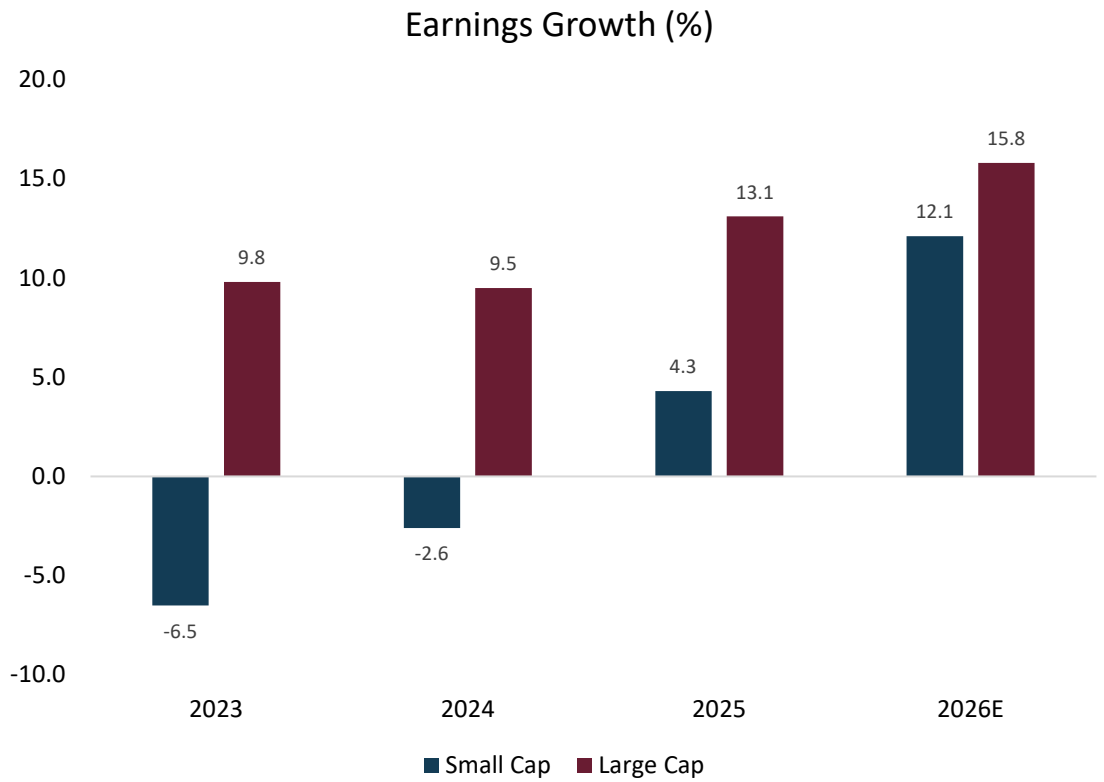
EV/EBITDA (NTM) by size & style as of March 31, 2026

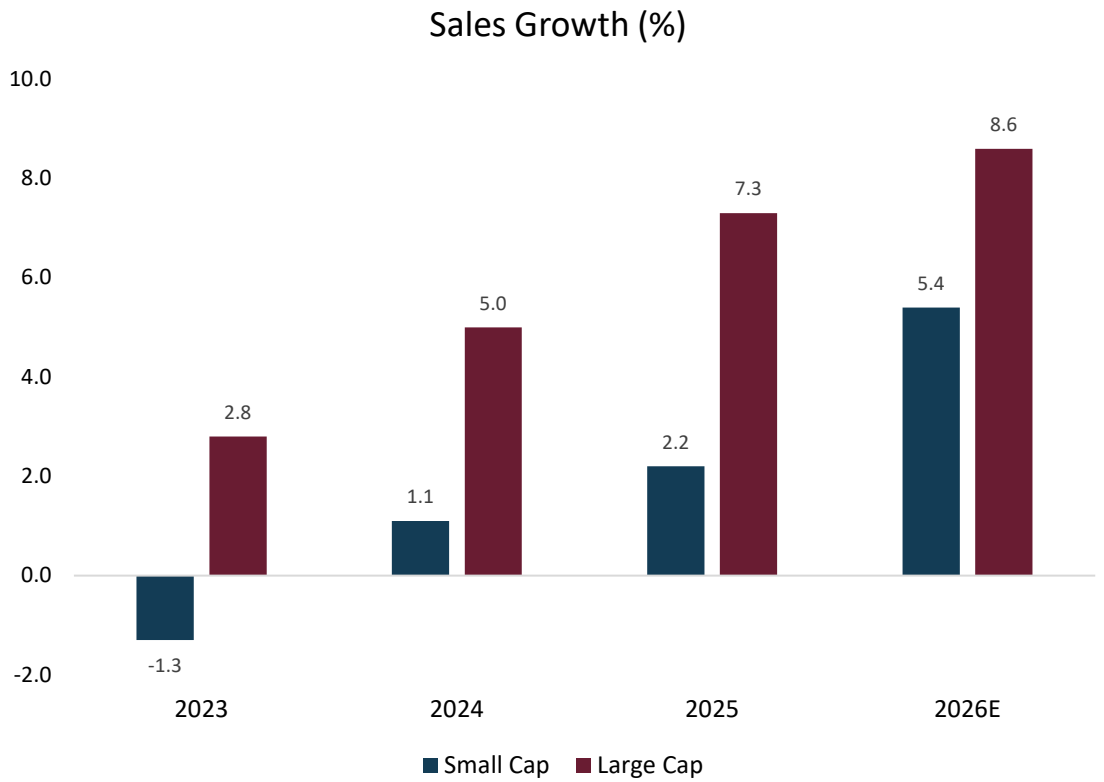


Source: FactSet. NTM EV/EBITDA refers to the value of the next twelve months (NTM) enterprise value (EV) to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Values are determined across the index constituents.

Small Cap Earnings and Sales Growth Expectations

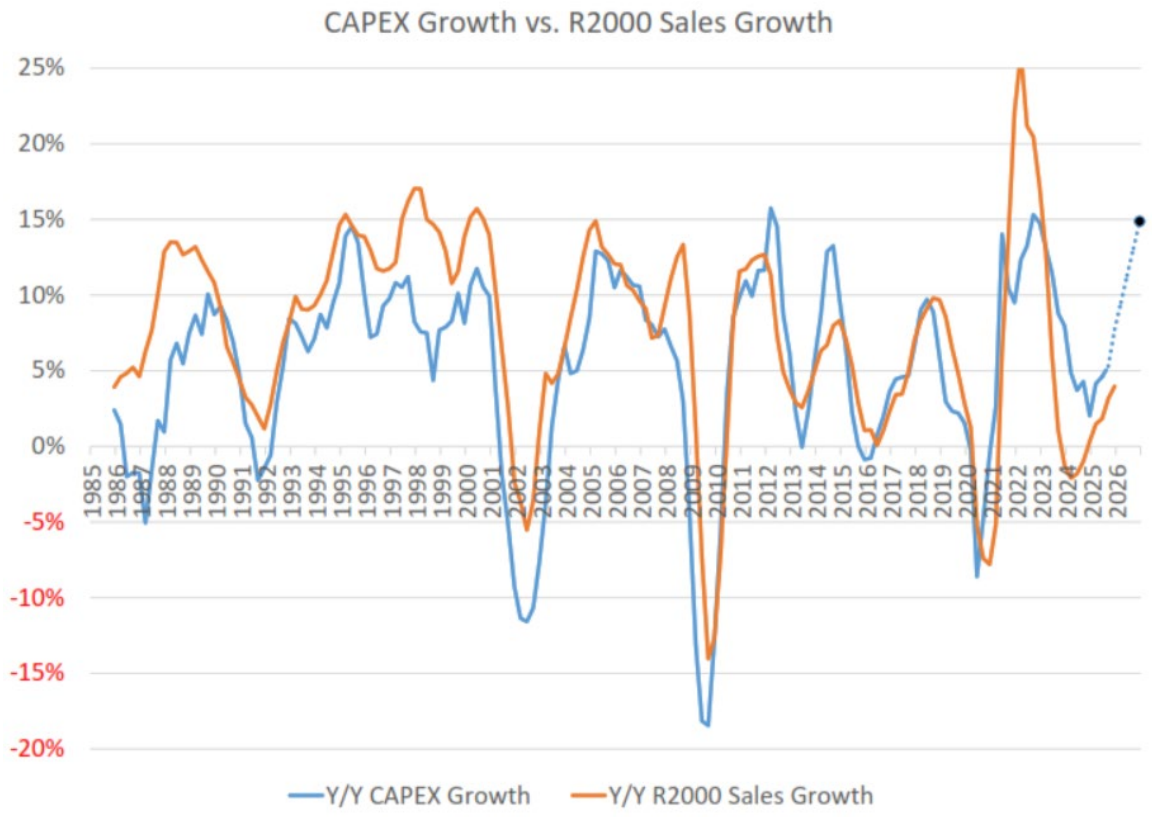
As of March 31, 2026





Source: Jefferies Research Services as of 3/31/2026.

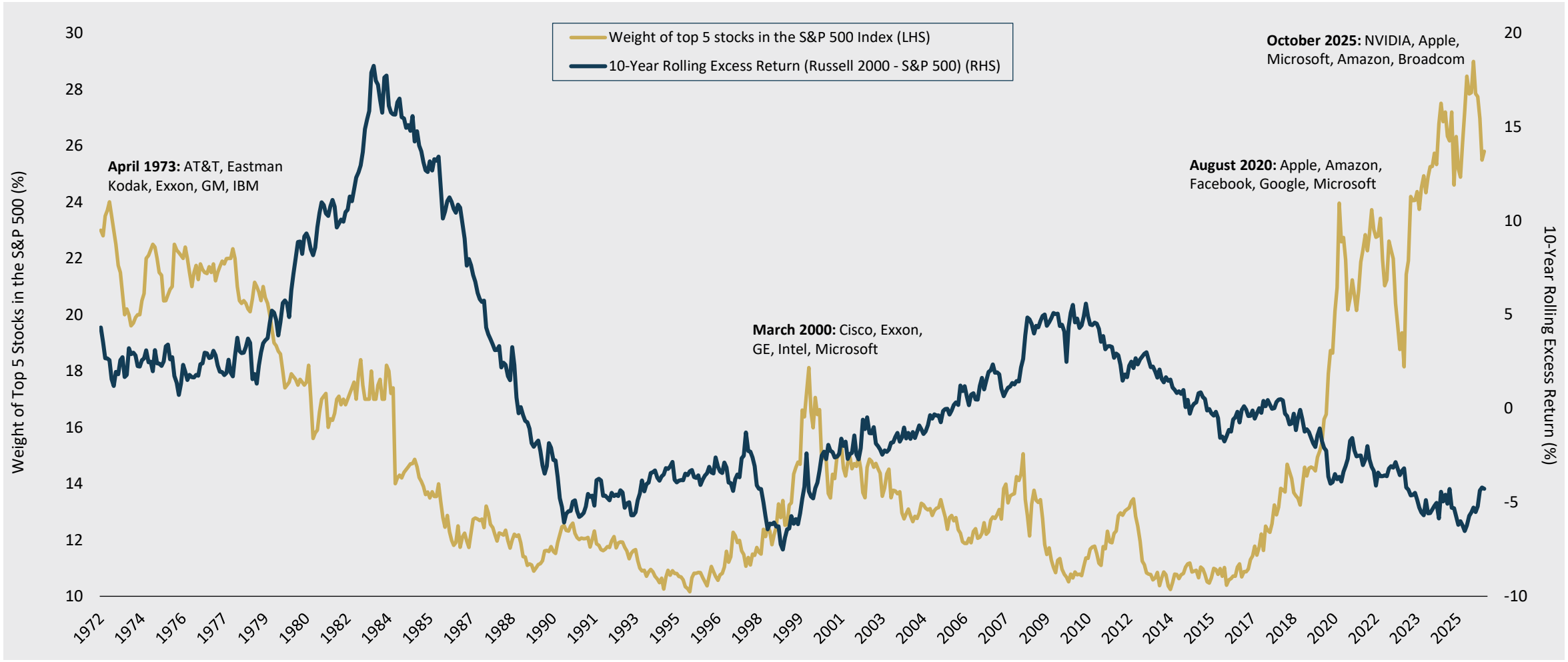
Capex Cycle is Expected to Continue in 2026



Source: Furey Research Partners; FactSet as of 3/31/2026. Capex is for Non-Farm Nonfinancial Corporate Businesses.

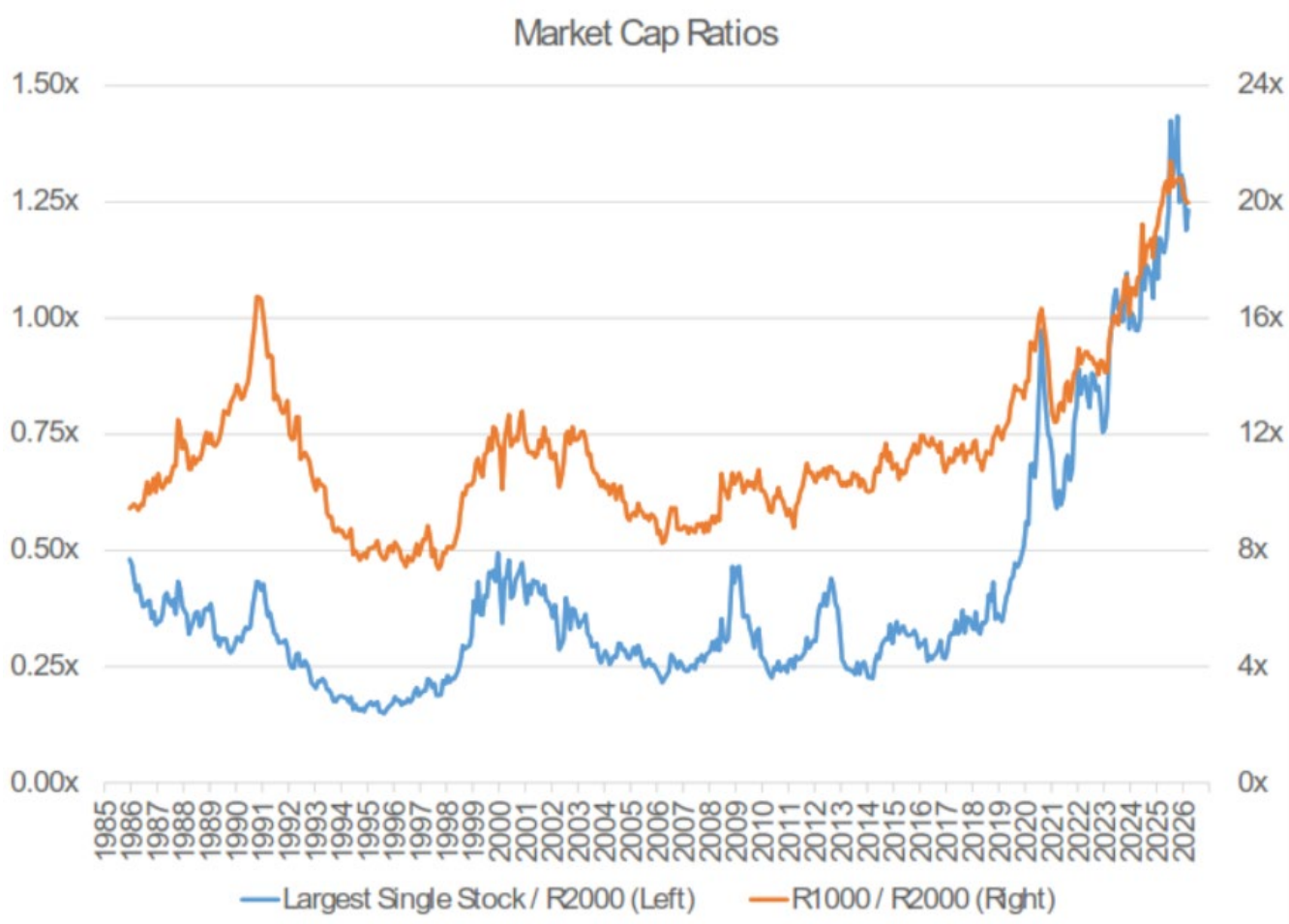
Large-Cap Cycles Typically Peak at Market Tops Crowded with Mega Caps

As of March 31, 2026



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 March 2026. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

NVIDIA is Worth More than the Entire Small Cap Universe

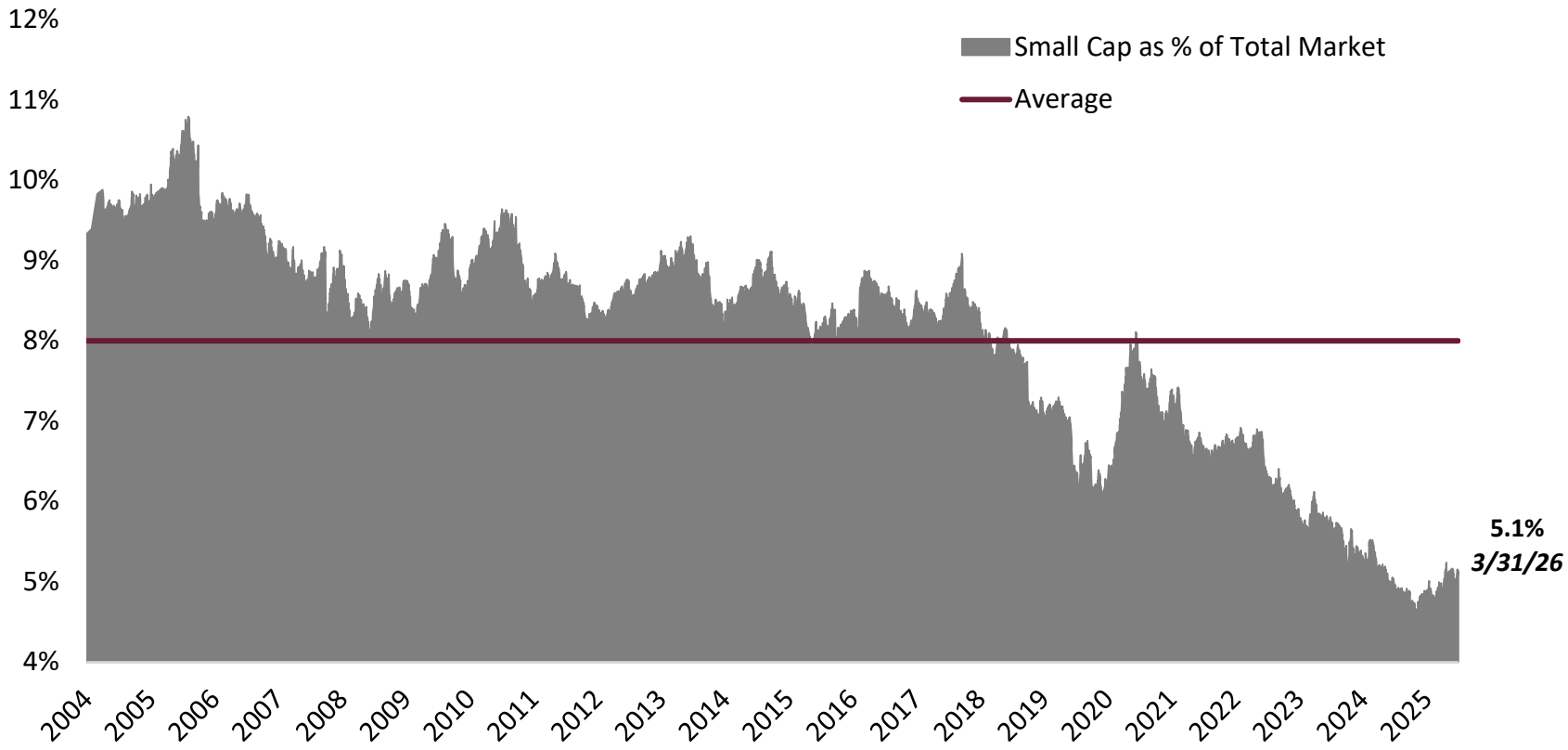


Source: Furey Research Partners; FactSet as of 3/31/2026.

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

As of March 31, 2026

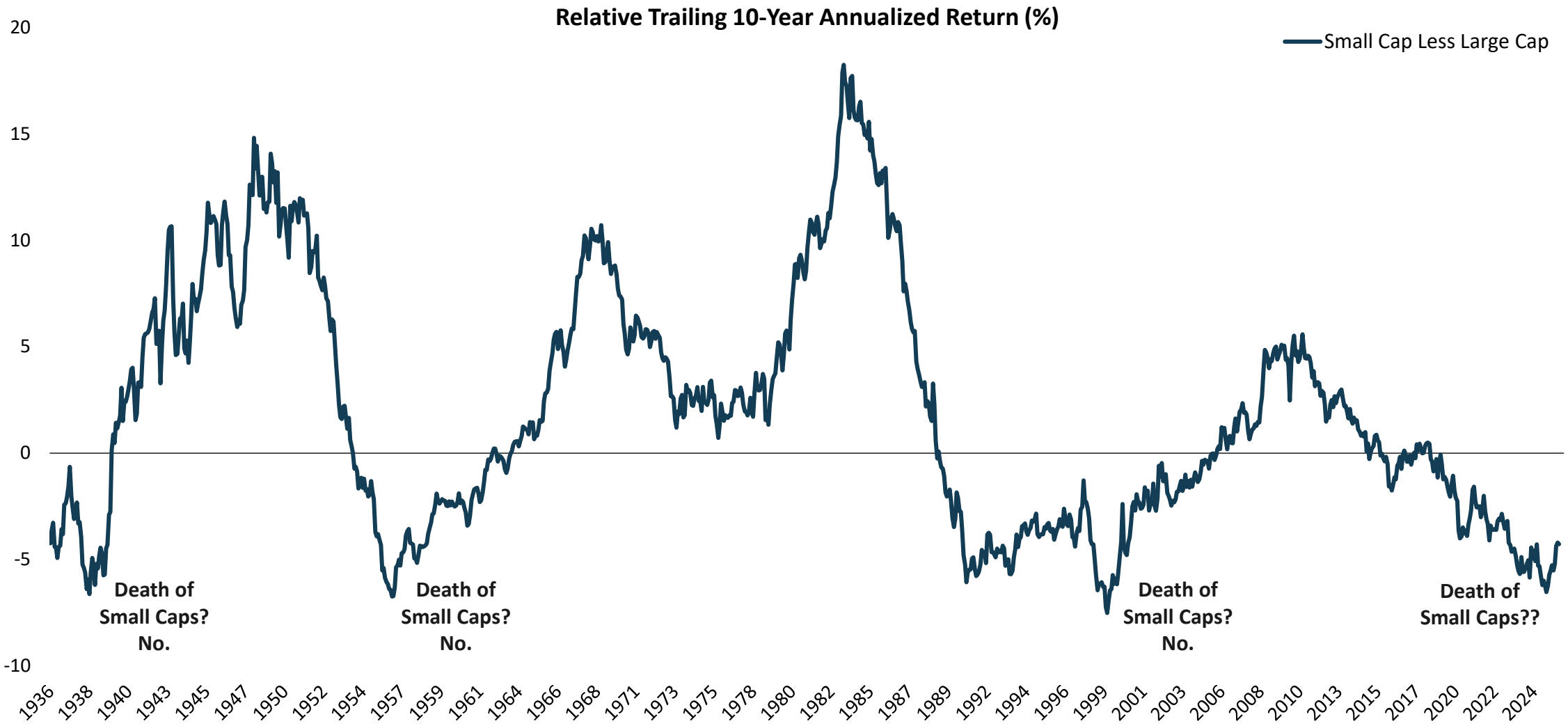
Russell 2000 Total Market Cap / Russell 3000 Total Market Cap (%)
9/30/2004 – 3/31/2026



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 March 31, 2026



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 March 2026. 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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All investments carry a certain degree of risk, including the possible loss of principal. Investments are also subject to political, market, currency and regulatory risks or economic developments. International investments involve special risks that may in particular cause a loss in principal, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. While large-capitalization companies may have more stable prices than smaller, less established companies, they are still subject to equity securities risk. In addition, large-capitalization equity security prices may not rise as much as prices of equity securities of small-capitalization companies. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid. Value stocks can perform differently from the market as a whole and other types of stocks. The material is provided for informational and/or educational purposes only and is not intended to be and should not be construed as investment, legal or tax advice and/or a legal opinion. Investors should consult their financial and tax adviser before making investments. The opinions referenced are as of the date of publication, may be modified due to changes in the market or economic conditions, and may not necessarily come to pass. Information and data presented has been developed internally and/or obtained from sources believed to be reliable. Aristotle Boston does not guarantee the accuracy, adequacy or completeness of such information.

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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 9 – 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 18, 21-23: 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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