

ARISTOTLE
CAPITAL BOSTON

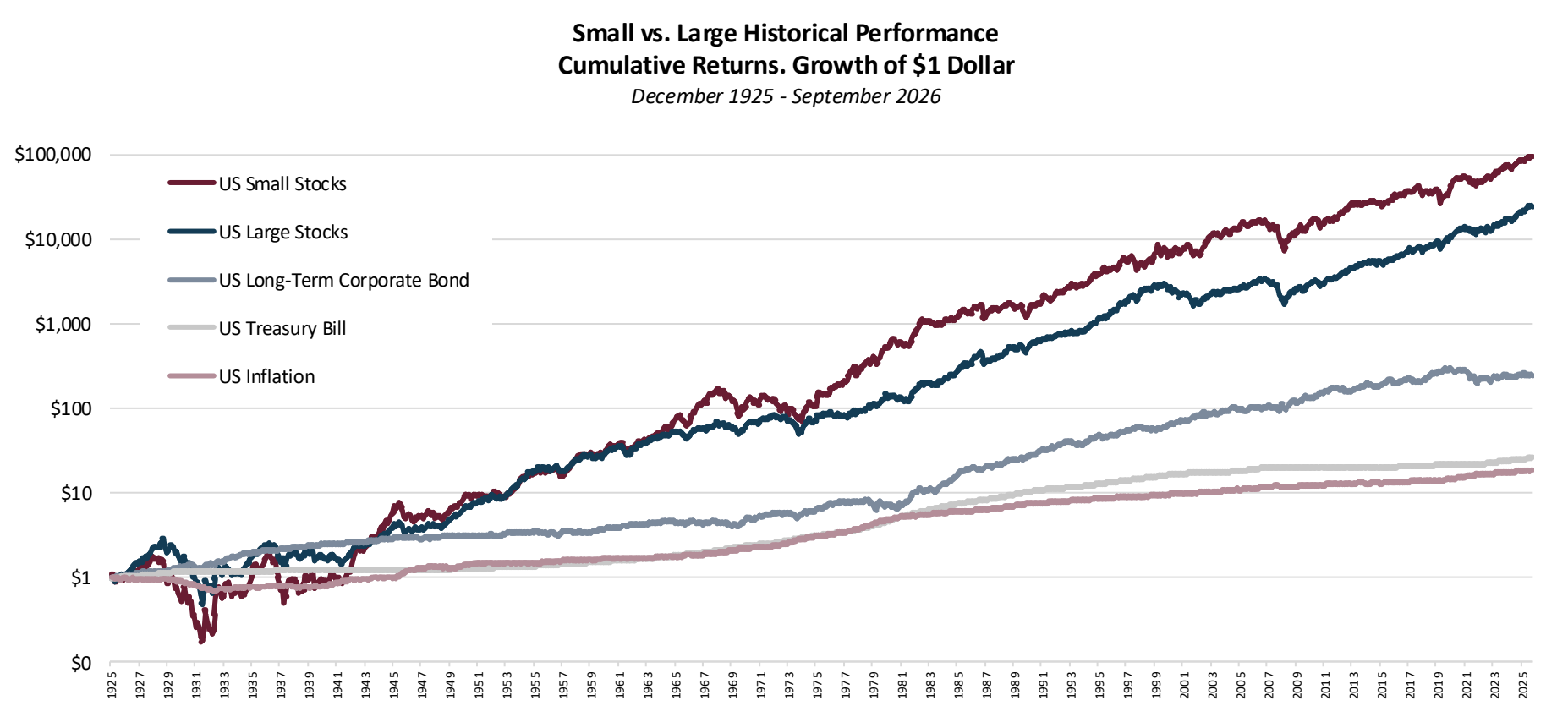
Small Cap Observations

September 30, 2026

The Long-Term Case for Investing in Small Caps

As of September 30, 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

Nominal GDP Growth vs. Russell 2000

% Trailing 12-month Return (1980-2026)

	Starting Level		
	Below 5%	Above 5%	All
Accelerating	17.7	12.8	14.8
Decelerating	-5.1	7.7	5.7
All	13.7	9.3	11.0

Nominal GDP Growth vs. Relative Performance of Small to Large Caps

(Russell 2000 minus the S&P 500)

% Relative 12-month Return (1980-2026)

	Starting Level		
	Below 5%	Above 5%	All
Accelerating	2.6	1.2	2.2
Decelerating	0.3	-5.1	-4.2
All	1.8	-3.8	-1.4

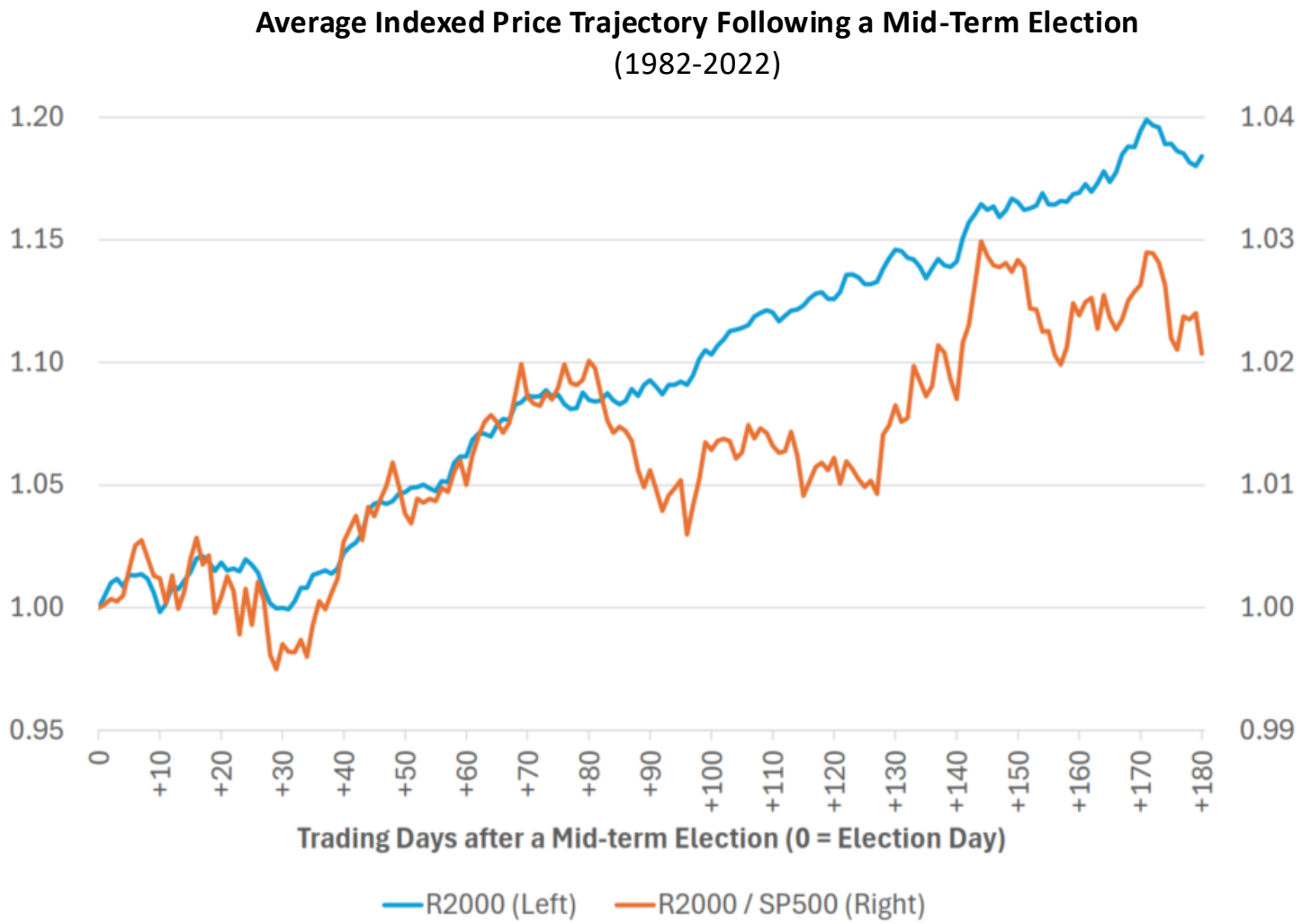
Sources: Furey Research Partners, FactSet; as of 9/30/2026.

Historical Analysis of Small Caps in Various Rate Hiking Environments

Cycle	12m before first hike	6m before first hike	3m before first hike	First hike to last hike	3m after last hike	6m after last hike	12m after last hike	3m after first hike	6m after first hike	12m after first hike
1983-84	59%	33%	16%	-6%	-0%	14%	15%	8%	-1%	-5%
1988-89	-15%	-18%	18%	20%	4%	0%	-2%	8%	6%	12%
1994-95	13%	10%	3%	-5%	7%	21%	28%	-3%	-6%	-4%
1999-00	0%	11%	15%	10%	1%	-5%	-2%	-7%	8%	13%
2004-06	32%	5%	0%	21%	2%	10%	17%	-3%	10%	8%
2015-18	1%	-9%	-2%	17%	15%	15%	24%	-6%	0%	19%
2022-23	-12%	-9%	-6%	-2%	-16%	0%	14%	-19%	-11%	-13%
Median	**1%**	**5%**	**3%**	**10%**	**2%**	**10%**	**15%**	**-3%**	**0%**	**8%**
Average	**11%**	**3%**	**6%**	**8%**	**2%**	**8%**	**13%**	**-3%**	**1%**	**4%**
1987 precedent	8%	16%	8%	6%	-37%	-19%	-15%	5%	-27%	-10%
1997 one-and-done	7%	2%	-1%	0%	12%	28%	36%	12%	28%	36%
Today (to 9/14/26)	21%	17%	-2%							

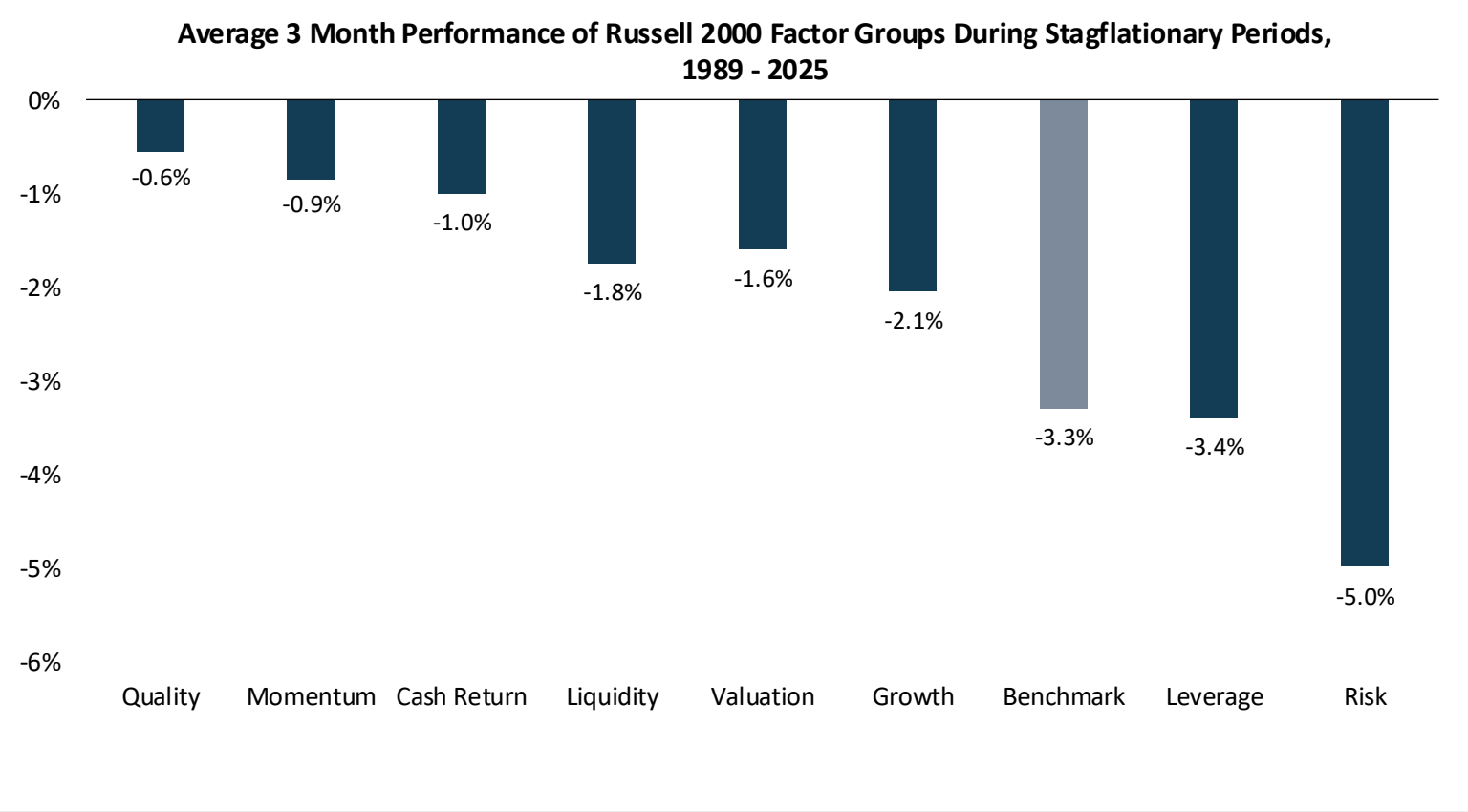
Sources: Furey Research Partners, FactSet; as of 9/30/2026.

Average Small Cap Performance After Mid-Term Elections



Source: Furey Research Partners, as of 9/30/2026.

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 Cap Factor Performance During Stages of the Economic Cycle

Small Cap Factor Performance Across Cycles

As of September 30, 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

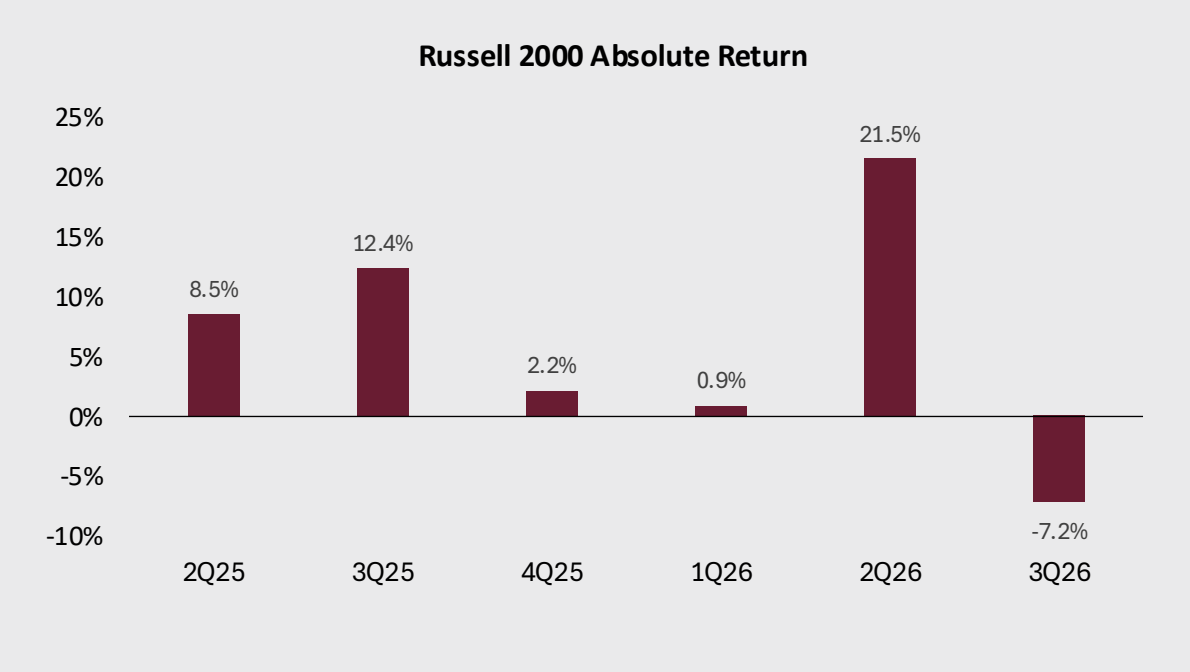
		Valuation	Quality	Liquidity	Growth	Risk	Momentum	Leverage	Cash Deployment	Size
Early Cycle	Median	12%	2%	-2%	2%	-1%	-2%	-1%	4%	-1%
	Hit Rate	90%	60%	40%	60%	50%	40%	50%	80%	30%
Mid Cycle	Median	7%	2%	2%	4%	7%	3%	1%	-5%	-4%
	Hit Rate	67%	78%	67%	78%	78%	78%	89%	22%	44%
Late Cycle	Median	0%	7%	0%	0%	-10%	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 9/30/26. Please see important disclosures at the end of this document.

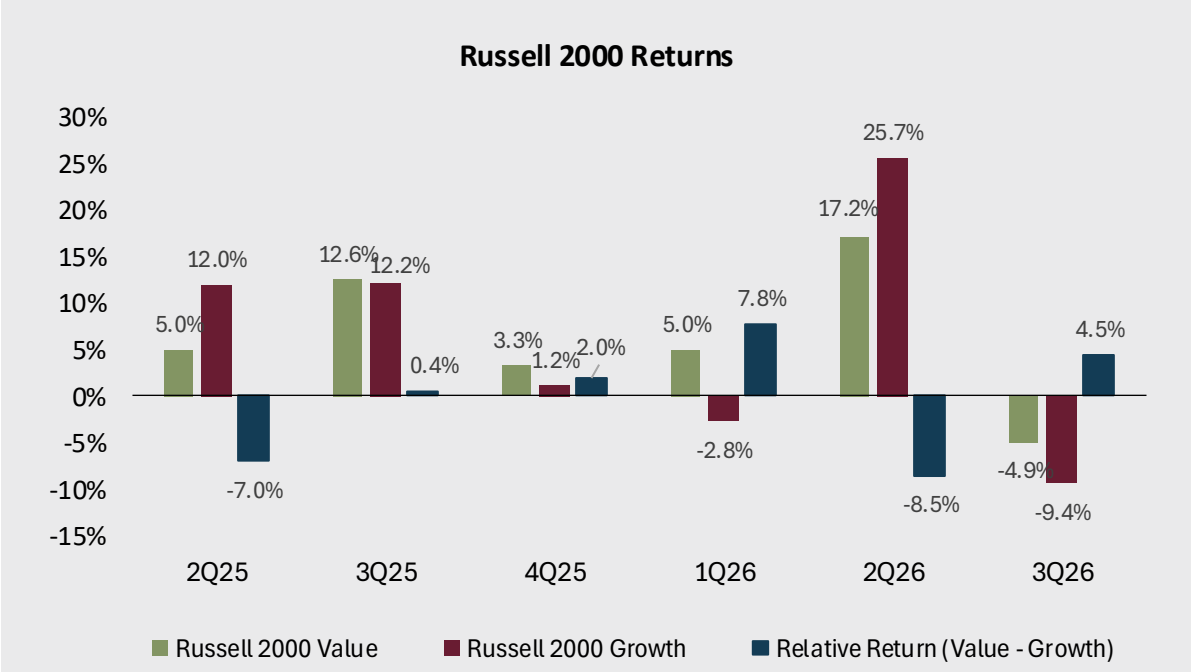
Recent History and Internal Analysis

Russell 2000 Returns

Small stalled after five straight positive quarters



Value has outperformed in four of the past six quarters



Source: Furey Research Partners, FactSet 6/30/2025 to 9/30/2026.

3Q26 was the Russell 2000's 3rd Worst Relative 3Q on Record

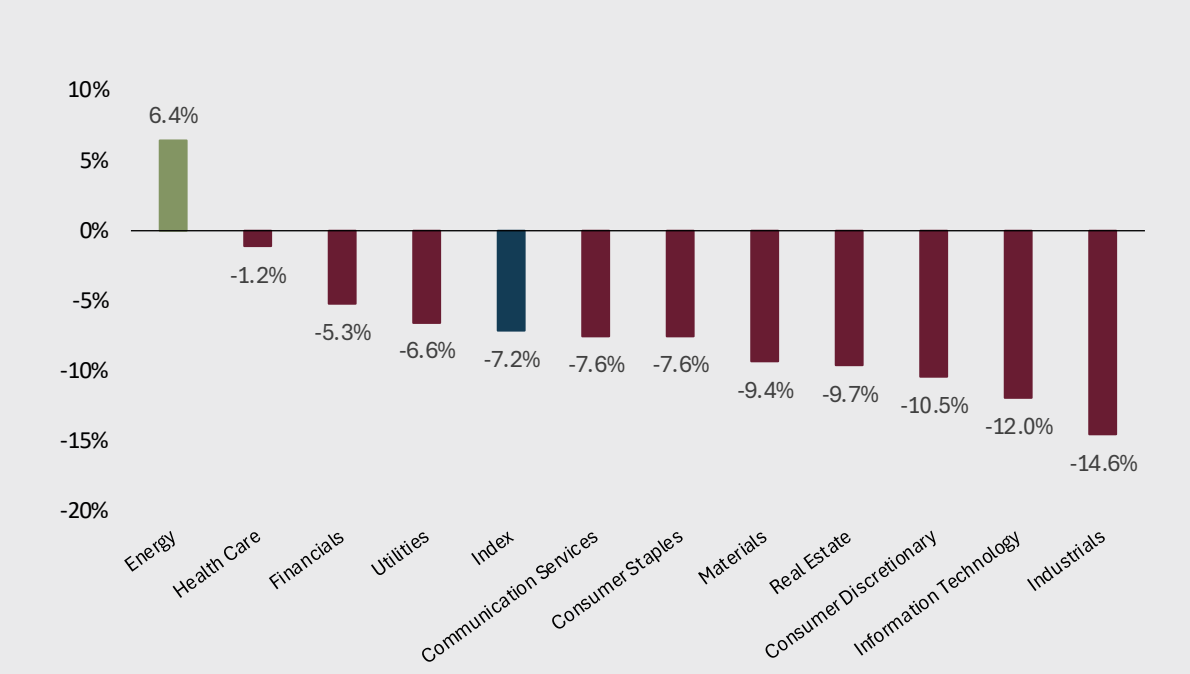
3Q26 was the Russell 2000's 3rd worst third quarter relative to the Russell 1000, only exceeded by 3Q90 and 3Q98.
In past similar quarters the Russell 2000 bounced back and delivered a better than average Q4 return.

	3rd Quarter Return (%)			4th Quarter Return (%)		
Quarter	Russell 1000	Russell 2000	Relative	Russell 1000	Russell 2000	Relative
3Q90	-14.6	-24.5	-9.9	9.5	5.1	-4.4
3Q98	-10.3	-20.1	-9.8	21.9	16.3	-5.6
3Q26	**1.8**	**-7.2**	**-8.9**	**TBD**	**TBD**	**TBD**
3Q14	0.7	-7.4	-8.0	4.9	9.7	4.8
3Q11	-14.7	-21.9	-7.2	11.8	15.5	3.7
3Q81	-11.2	-17.5	-6.3	7.5	10.2	2.7
3Q01	-15.2	-20.8	-5.6	11.1	21.1	10.0
3Q15	-6.8	-11.9	-5.1	6.5	3.6	-2.9
3Q07	2.0	-3.1	-5.0	-3.2	-4.6	-1.4
3Q86	-7.2	-12.2	-5.0	4.4	0.6	-3.8
3Q02	-16.9	-21.4	-4.5	8.2	6.2	-2.0
Top 10	**-8.4**	**-15.3**	**-6.9**	**8.3**	**8.4**	**0.1**
Overall	**1.4**	**0.4**	**-1.2**	**5.1**	**5.0**	**-0.1**

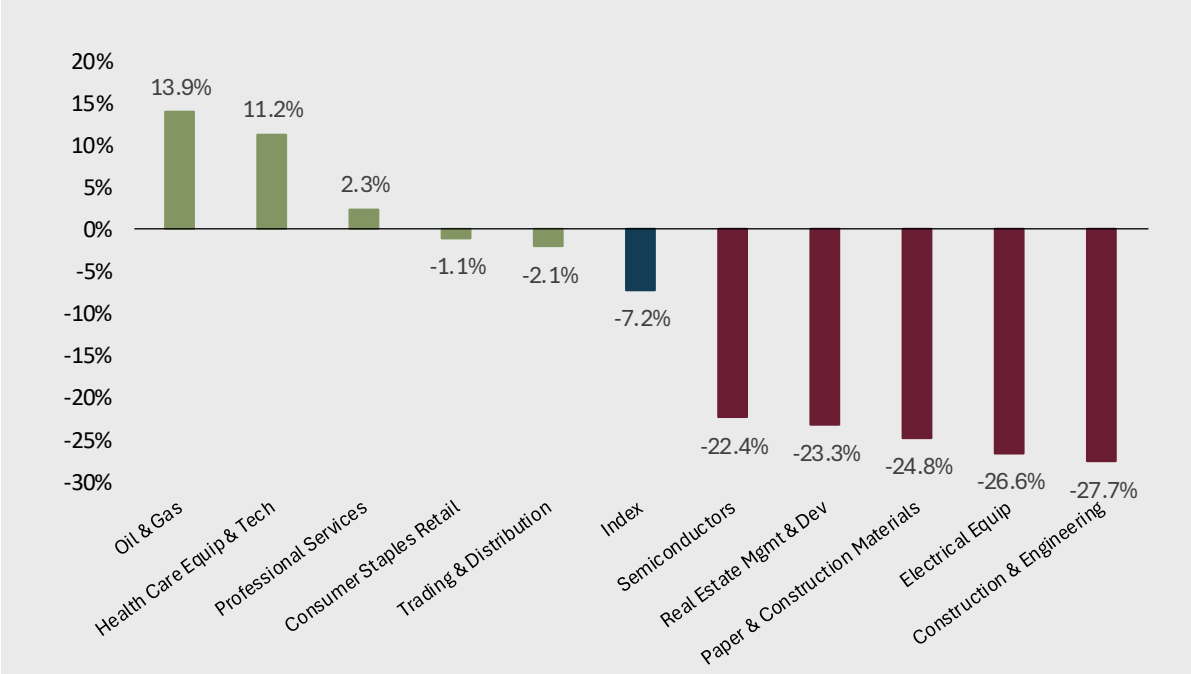
Source: Furey Research Partners, FactSet; as of 9/30/2026.

Russell 2000 Leadership 3Q26

Narrow sector leadership
Russell 2000 Absolute Return (%)

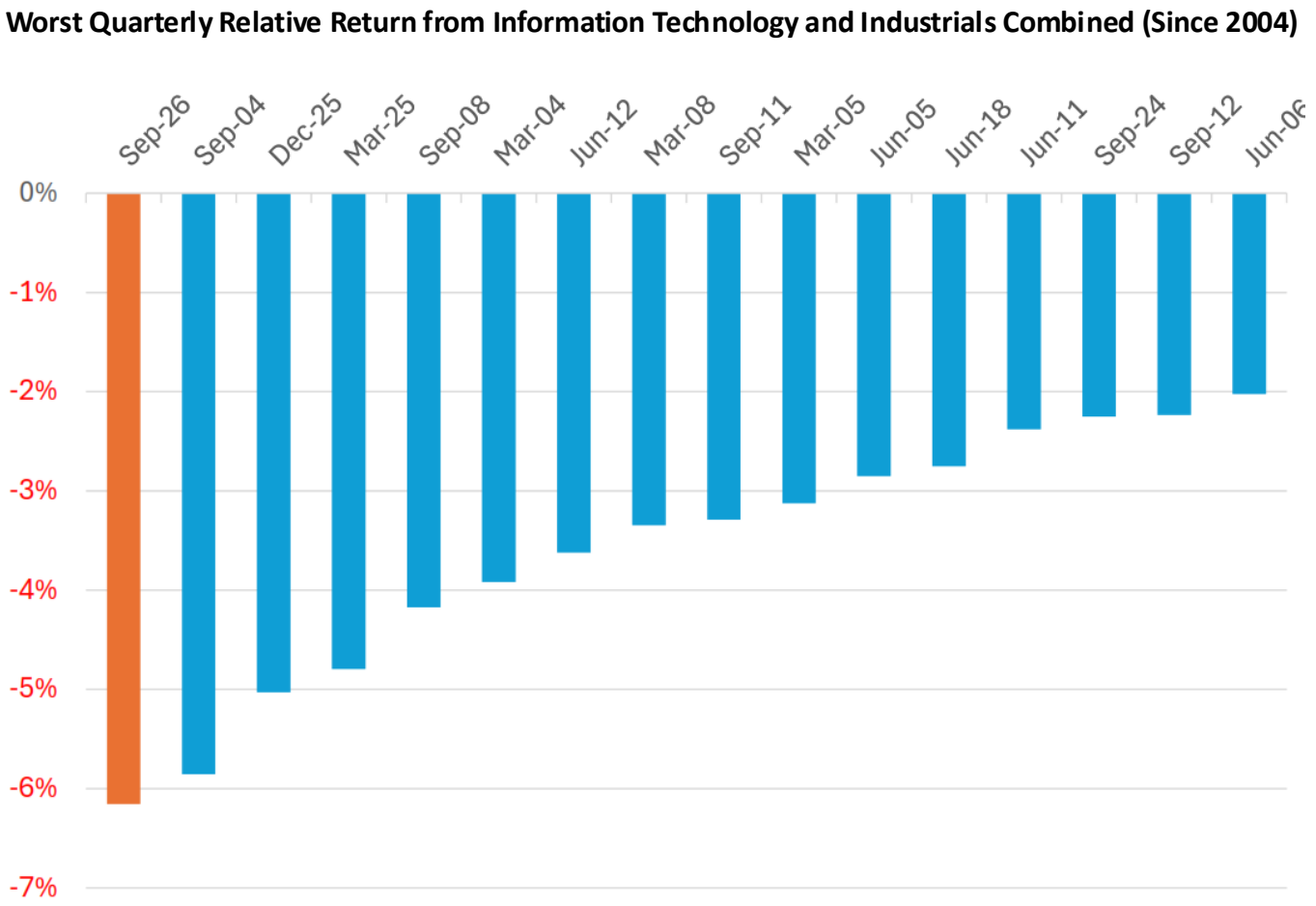


Five best and worst performing industries
Russell 2000 Absolute Return (%)



Source: Furey Research Partners, FactSet; Russell 2000 Index as of 9/30/2026. Sector and industry classifications are based on the Global Industry Classification Standard (GICS®), developed by MSCI and S&P Dow Jones Indices.

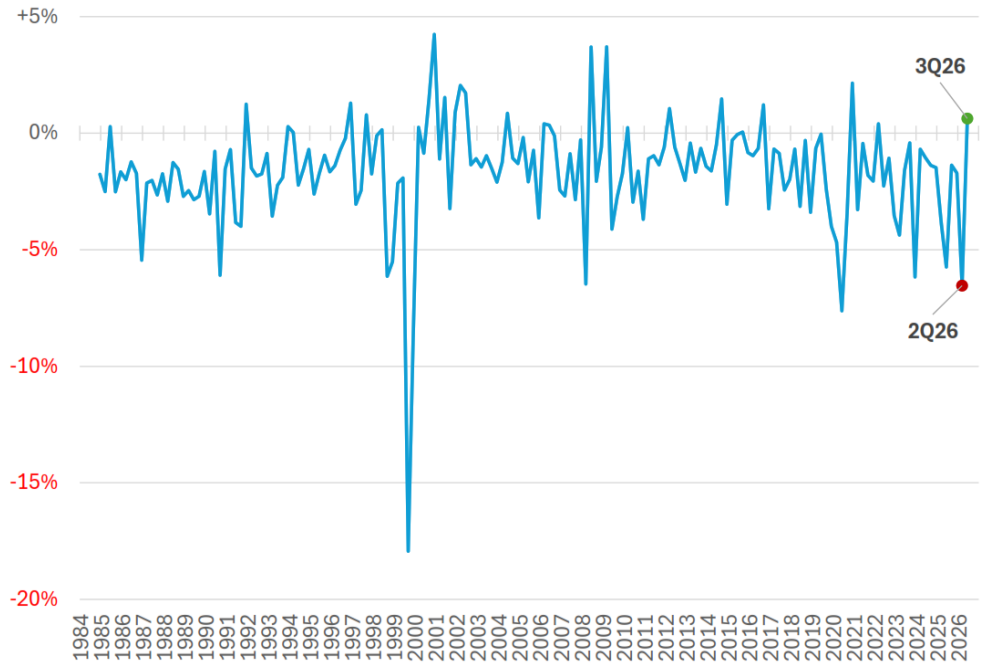
IT & Industrials Posted Worst Return Since 2004



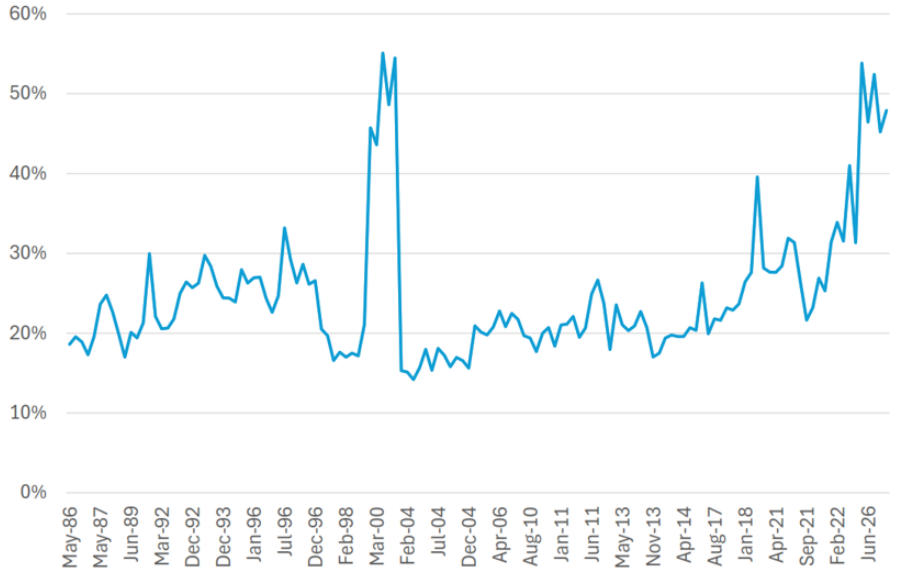
Source: Furey Research Partners, FactSet; Russell 2000 Index as of 9/30/2026.

3Q26 Market Broadened But Remains Concentrated

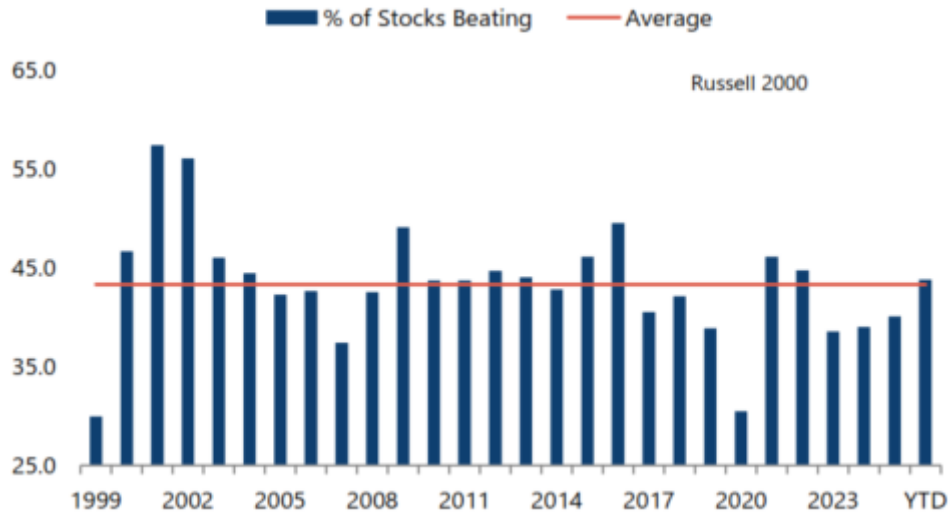
Russell 2000 Median Stock Return Less Index Return (quarterly)



Russell 2000 Top 50 Stock Concentration



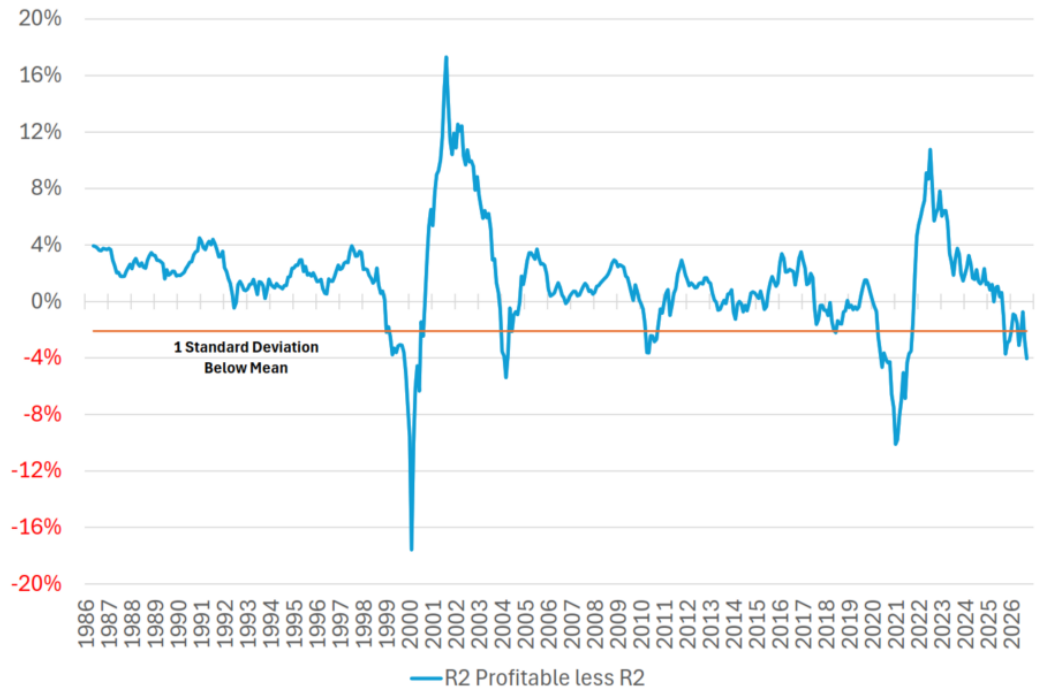
Russell 2000 Percent of Stocks Beating Expectations



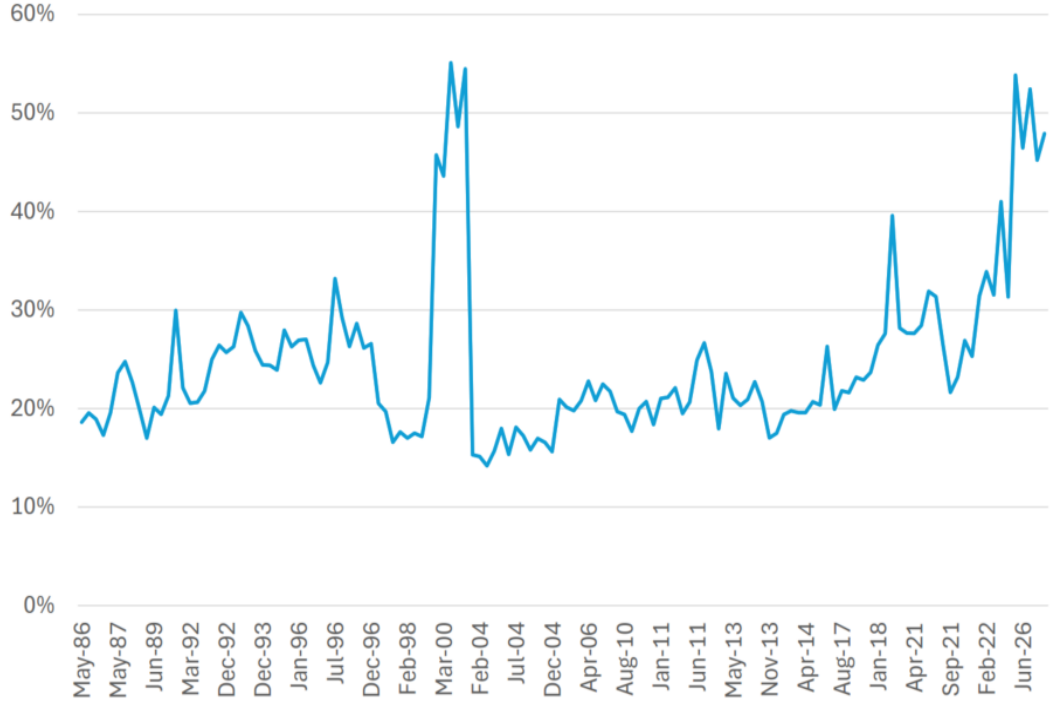
Source: (Left, Top Right) Furey Research Partners, FactSet; Russell 2000 Index as of 9/30/2026. (Bottom Right) Jefferies, FactSet as of 9/30/2026.

Quality Performance Challenged with High Concentration Over Last 18-Months

Russell 2000 Trailing 18-Month Annualized Relative Return



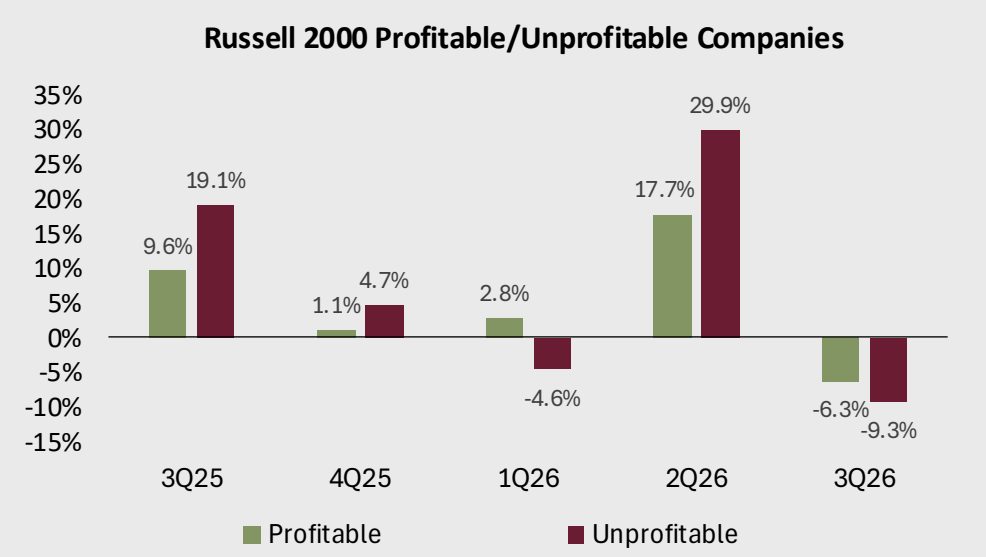
Russell 2000 Top 50 Stocks Contribution to Return



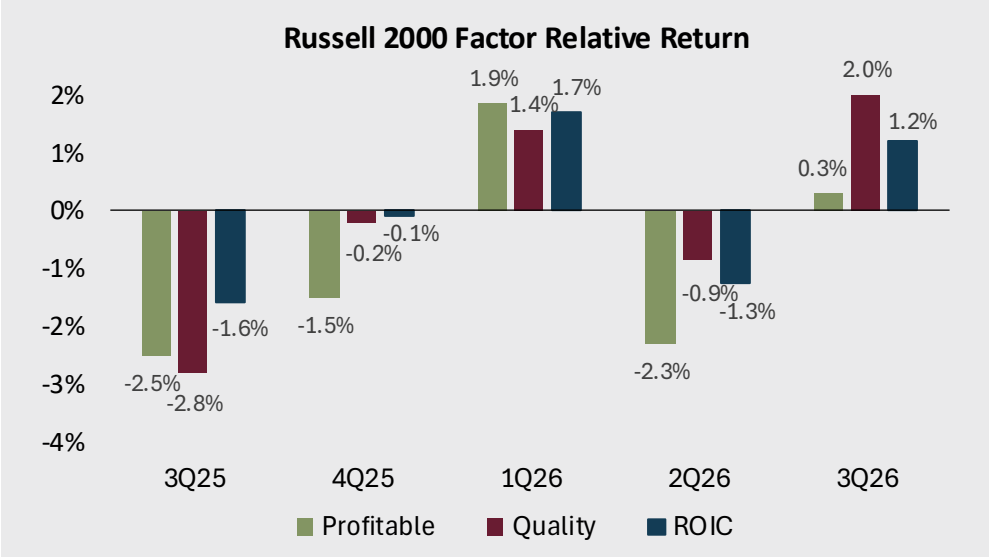
Source: Furey Research Partners, FactSet; Russell 2000 Index as of 9/30/2026.

Profitable vs. Unprofitable Companies and Factor Payoffs

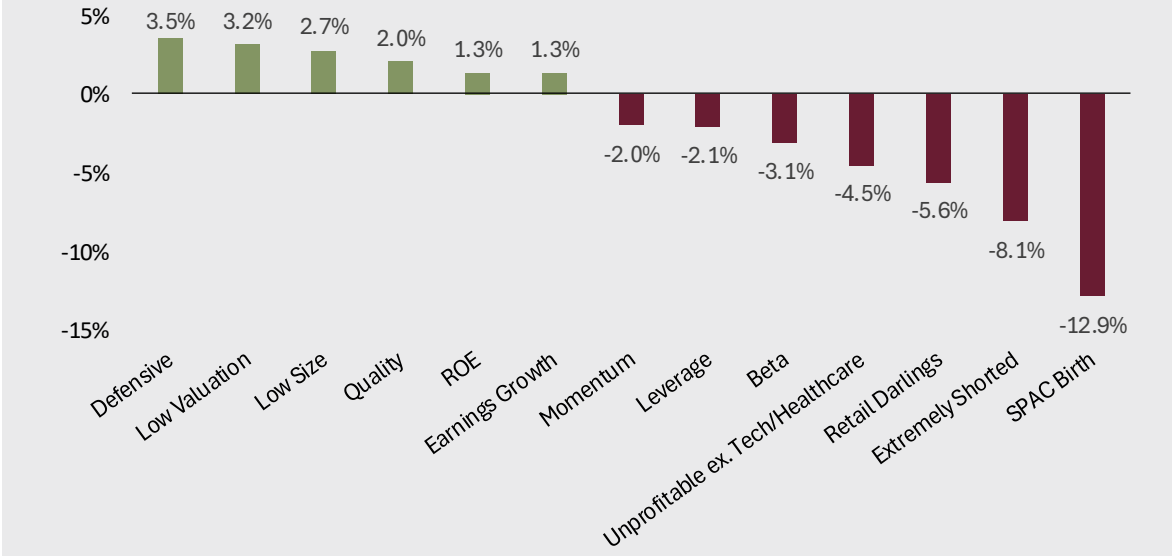
Profitable outperformed unprofitable companies in 3Q26



Quality and profitable factors had positive payoffs in 3Q26

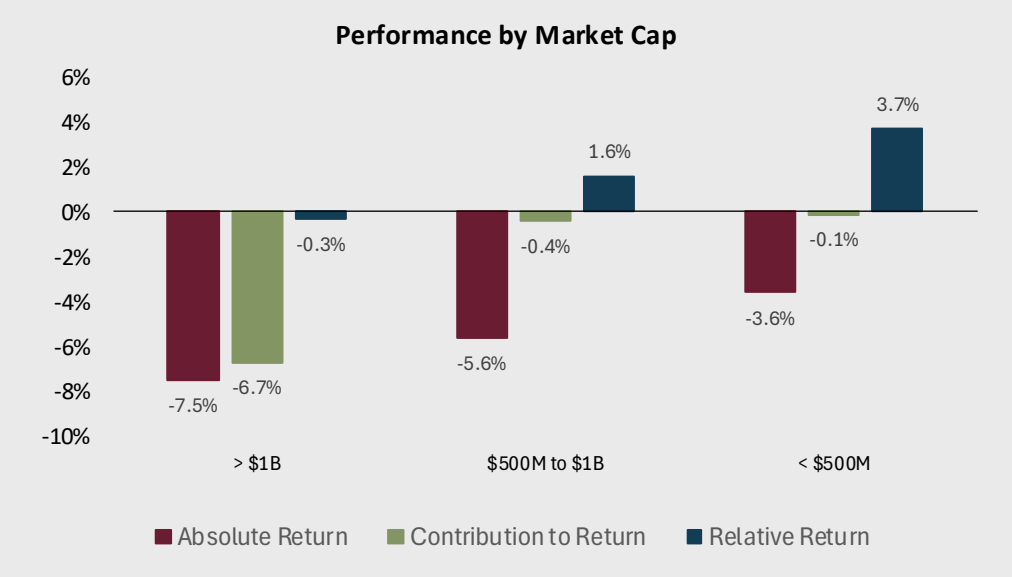


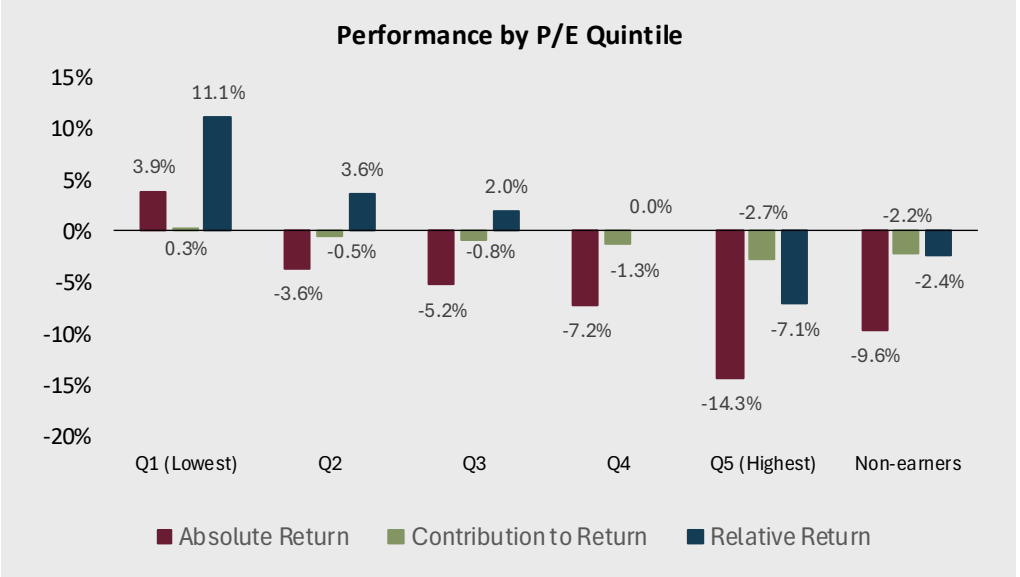
Factors were mixed though Quality and Profitable stocks outperformed

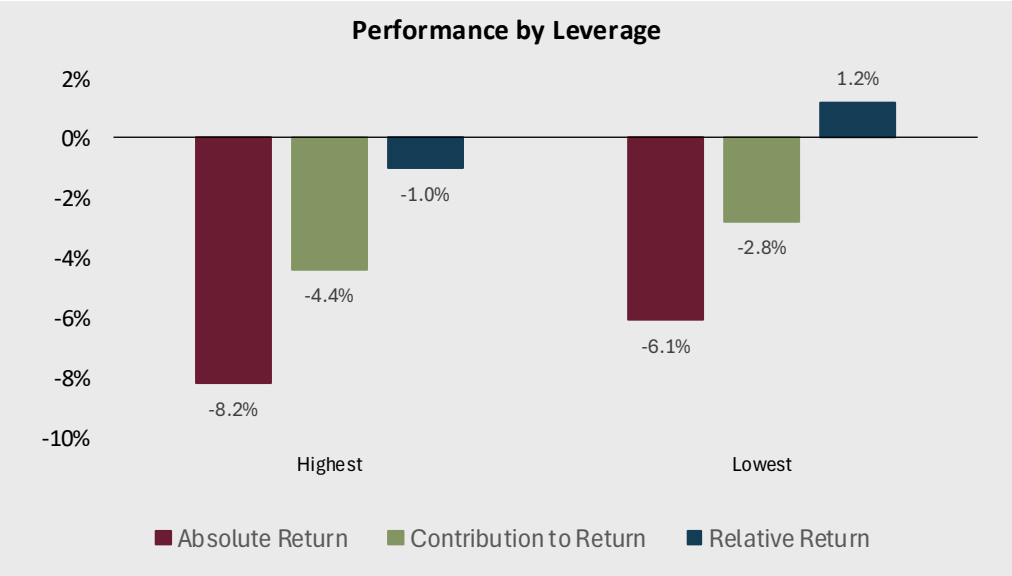


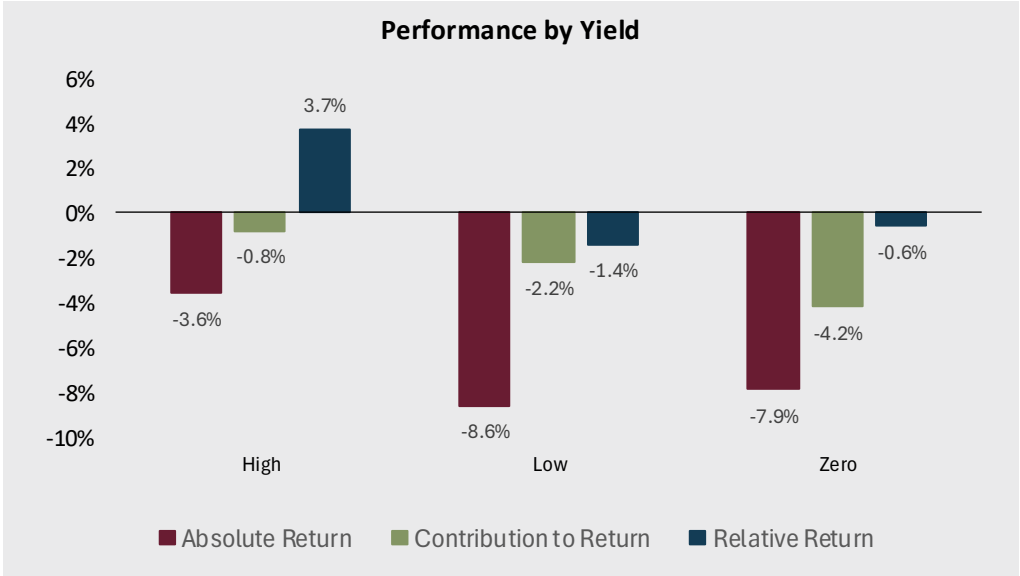
Source: Furey Research Partners, FactSet 6/30/2025 to 9/30/2026.

Russell 2000 Performance Breakdown 3Q26









Source: Jefferies, FactSet; Russell 2000 Index as of 9/30/2026.

Monthly Russell 2000 Payoffs

Composites	Long Term Average*	Monthly Payoffs									Q3 2026	YTD 2026
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
Value	12.64	-2.80	2.31	1.51	-3.23	-7.46	9.60	12.64	-3.15	2.26	11.76	11.69
Quality**	11.29	-2.82	2.82	1.78	-4.51	-6.53	5.16	9.07	-1.48	2.06	9.65	5.54
Margin	7.94	-3.29	4.78	2.50	-7.35	-9.07	9.90	10.21	-1.97	3.09	11.34	8.81
Accruals	5.61	-0.91	-2.05	-0.27	1.54	-0.22	-1.92	2.32	-1.44	-0.09	0.79	-3.03
Capital Usage	8.33	-1.05	2.40	1.75	-3.84	-4.92	6.29	9.99	-1.91	2.57	10.65	11.28
LowVariability	2.94	1.84	5.85	1.31	-4.50	-0.62	6.05	5.45	-3.59	1.28	3.15	13.07
LowLeverage	0.29	3.35	4.75	1.24	-4.67	-0.18	2.27	-3.22	3.19	2.59	2.55	9.31
LowVolatility	4.79	-3.25	7.04	3.00	-13.58	-10.04	8.48	15.23	-3.22	0.91	12.92	4.57

*Long Term Average is 1/1995 – 9/2026,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.

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 9/30/2026

Composites	Long Term Average*	2020	2021	2022	2023	2024	2025	2026 YTD Sep
Value	12.64	-15.78	37.81	43.68	20.28	-0.57	-4.36	11.69
Quality**	11.29	-29.99	28.30	45.20	16.63	-0.44	-8.45	5.54
Margin	7.94	-17.68	22.69	35.26	7.99	8.94	-2.98	8.81
Accruals	5.61	-9.29	7.38	9.78	5.23	-6.47	-3.39	-3.03
Capital Usage	8.33	-25.99	21.35	40.14	18.73	-3.18	-8.76	11.28
LowVariability	2.94	-19.76	9.29	22.98	5.39	3.95	-7.41	13.07
LowLeverage	0.29	-14.68	-22.36	6.49	8.55	3.12	6.29	9.31
LowVolatility	4.79	-30.35	19.57	54.15	-3.25	5.39	-13.42	4.57

**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 using Bloomberg data, 1/1995 to 9/2026.

Rolling 12-Month Payoffs to Quality and Value

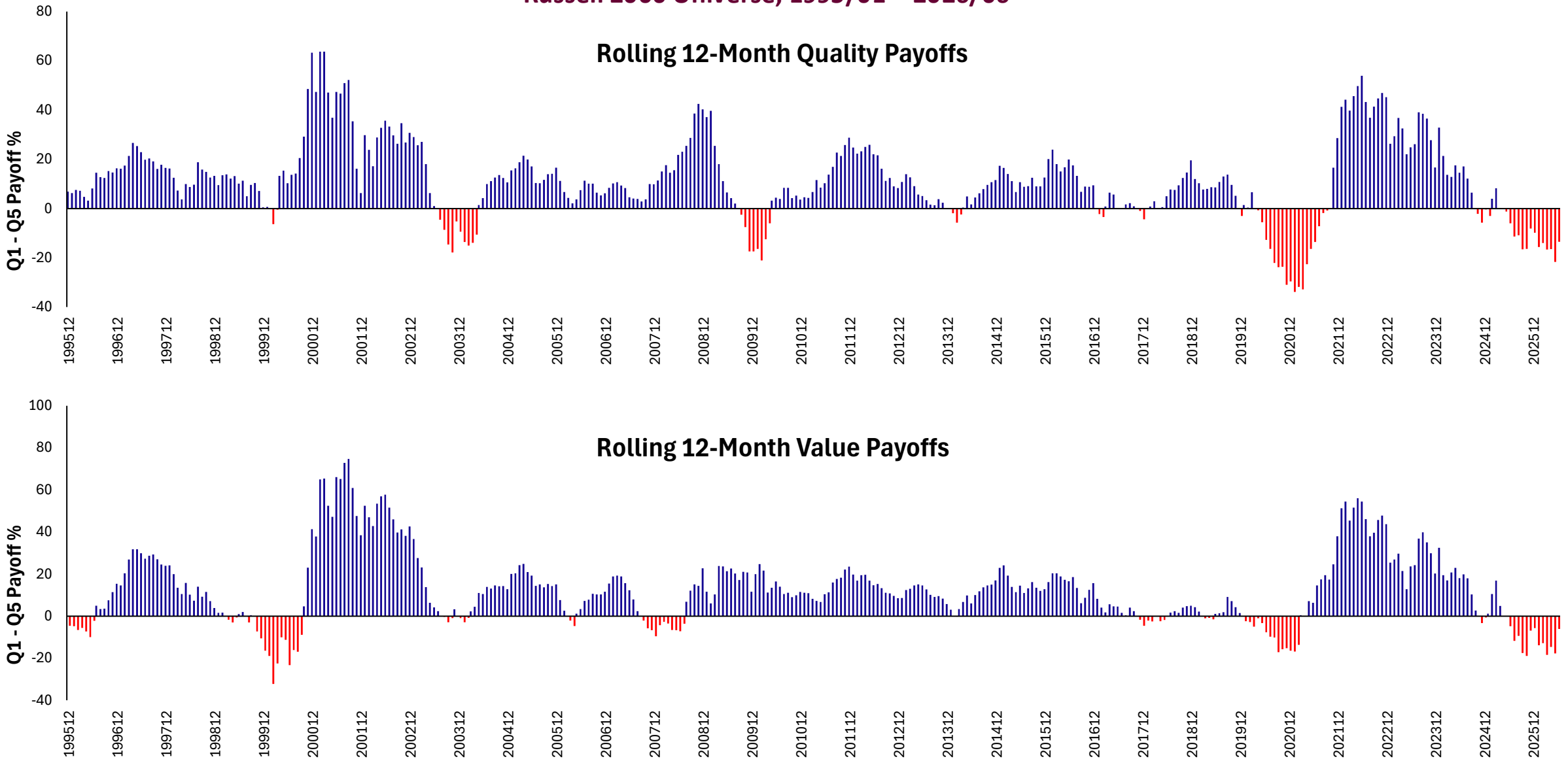
Russell 2000 Universe, 1995/01 – 2026/06



Source: Aristotle Capital Boston analysis using Bloomberg data over the years 1995/01 to 2026/06.

Rolling 12-Month Payoffs to Quality and Value

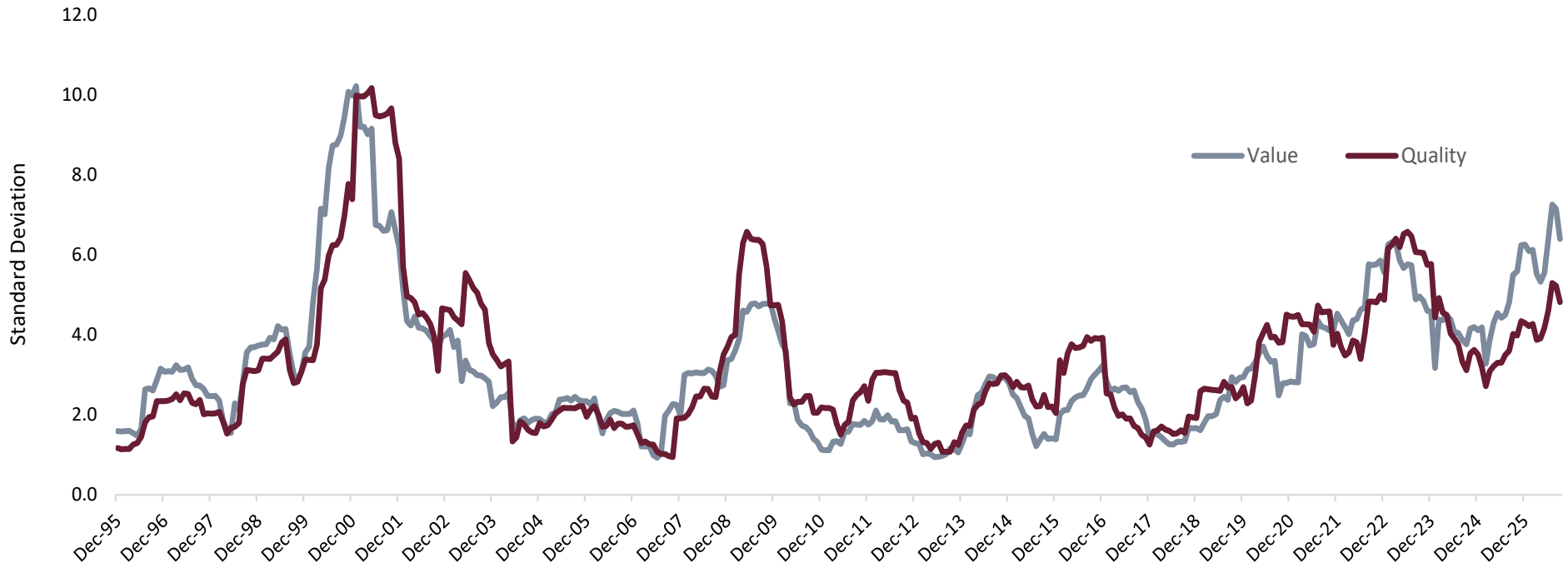
Russell 2000 Universe, 1995/01 – 2026/06



Source: Aristotle Capital Boston analysis using Bloomberg data over the years 1995/01 to 2026/06

Value and Quality Factor Volatility

Russell 2000 Index 12/1995 – 9/2026

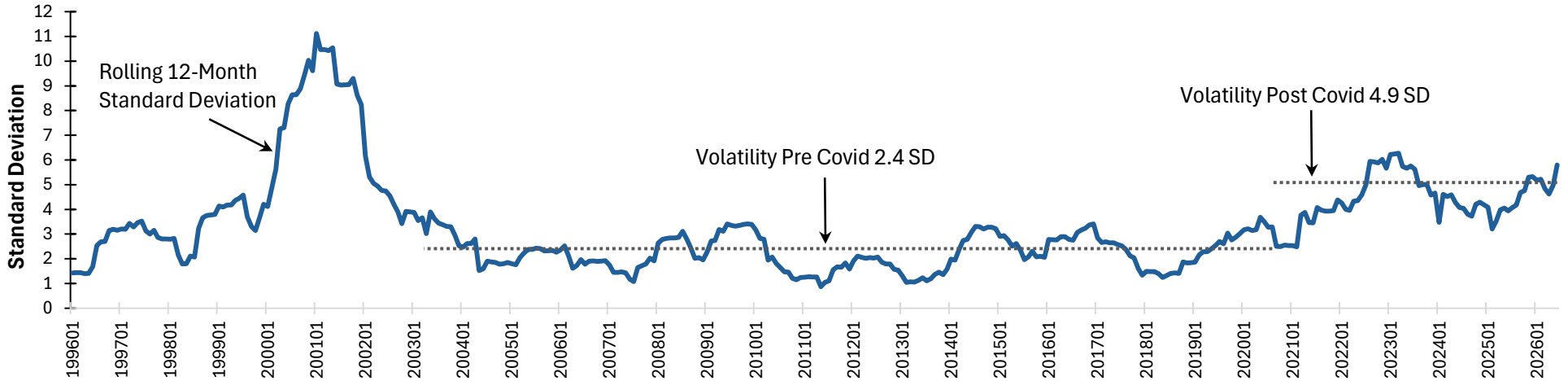


Volatility is standard deviation of rolling 12-month Q1-Q5 factor payoffs

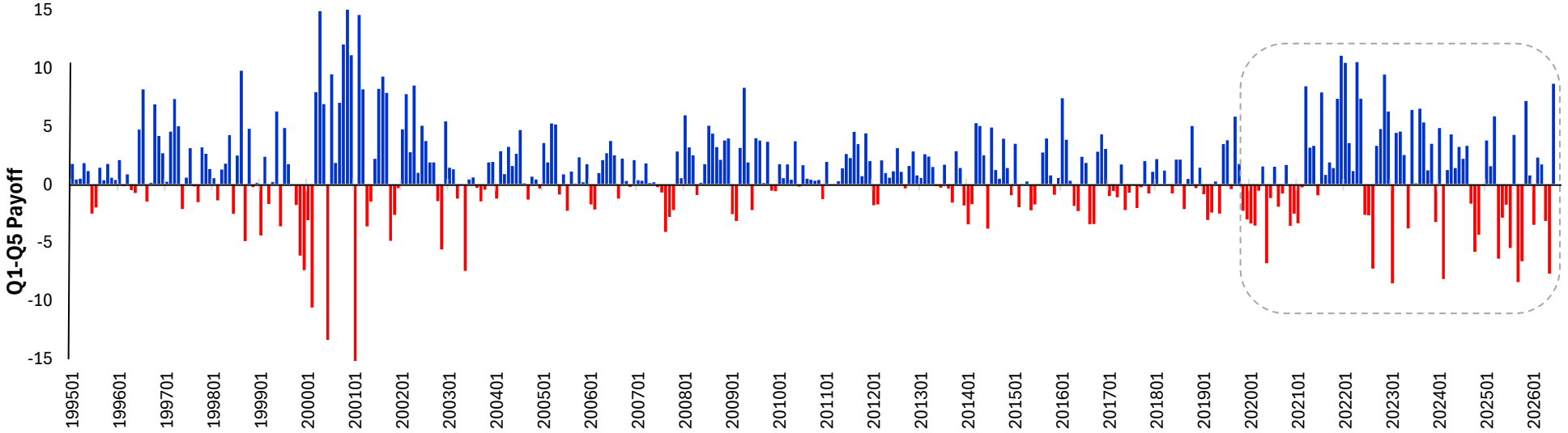
Source: Aristotle Capital Boston analysis, Bloomberg, 12/1995 to 9/2026.

Composite Value + Quality Factor Volatility and Payoffs

Russell 2000 Composite Value + Quality Q1-Q5 Payoff Volatility



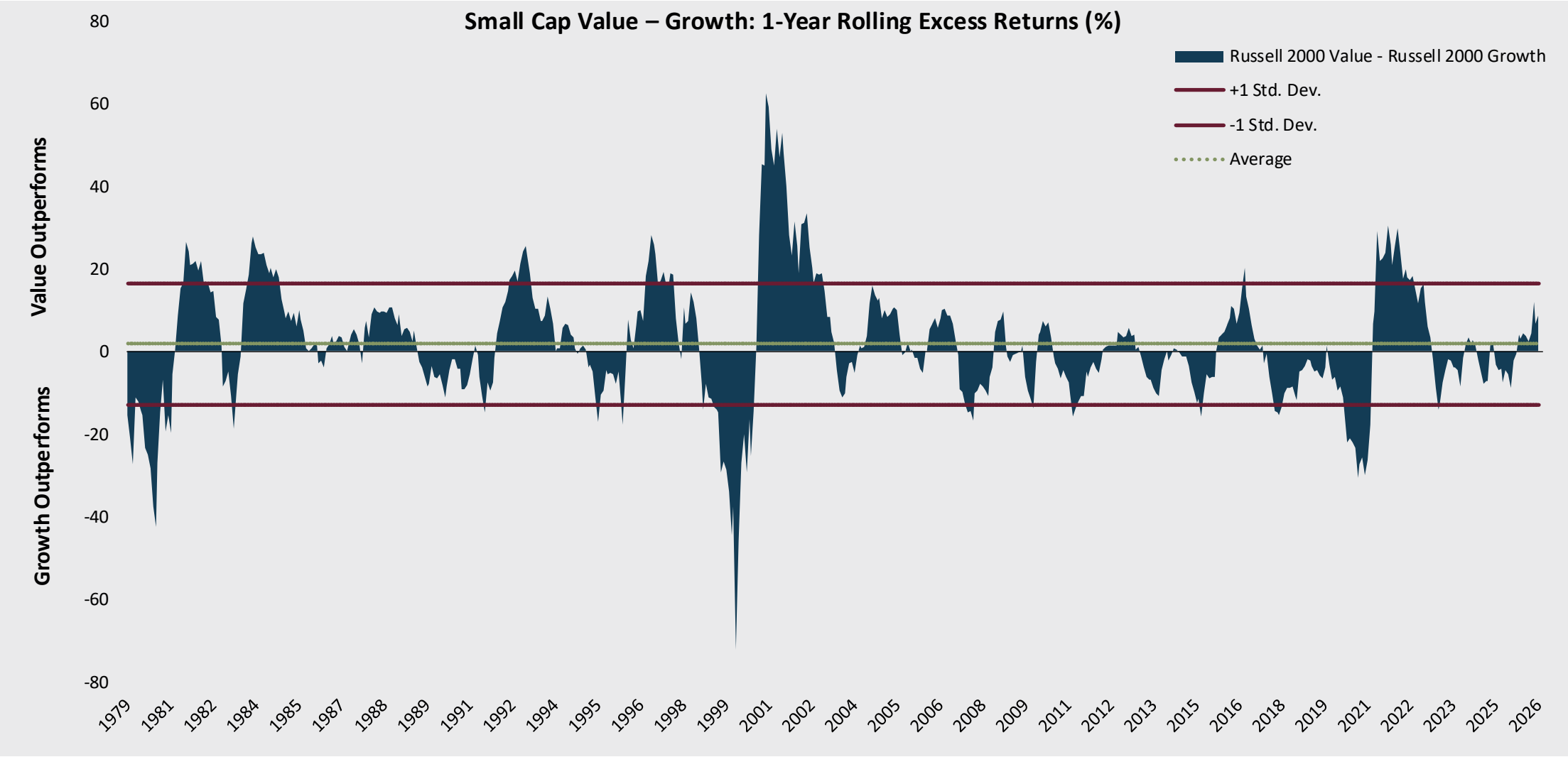
Russell 2000 Monthly Composite Value + Quality Q1-Q5 Payoffs



Source: Data from Bloomberg and Russell Investments with analysis by Aristotle Capital Boston over the period 1/1995 to 6/2026.

Swings in Style Between Growth and Value Remain Volatile

As of September 30, 2026

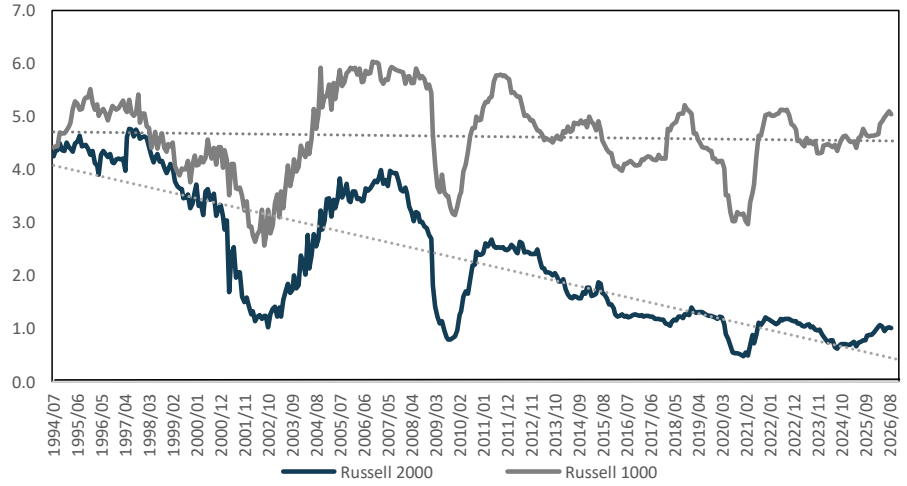


Source: eVestment. The 1-Year Rolling Excess Return represents the annualized return of the Russell 2000 Value Index over the trailing 1-year period minus the annualized return of the Russell 2000 Growth Index over the same period. Rolling periods are calculated monthly based on trailing 1-year return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

Quality of Index has Declined

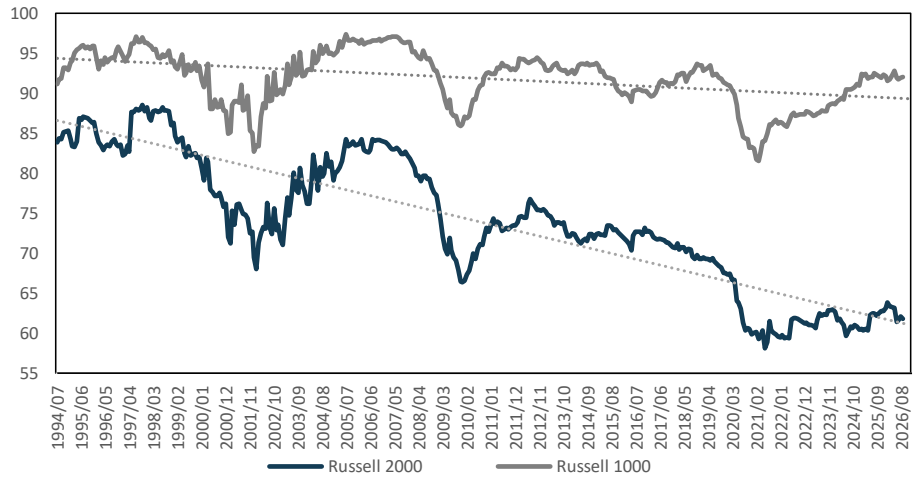
As of September 30, 2026

Median ROA Has Declined



Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments ®, July 1994 - Mar 2026

Percentage of Stocks in Index with Positive Earnings Have Declined

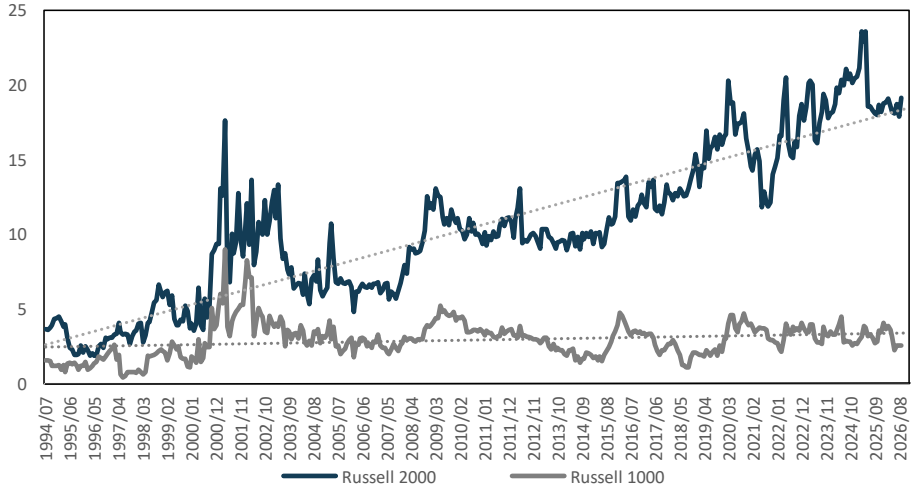


Stocks With Negative Net Income Underperform Stocks With Positive Net Income on Average

	Aveage Annualized Excess Returns	
	Russell 2000	Russell 1000
Positive Net Income	2.06	0.20
Negative Net Income	-5.12	-2.00

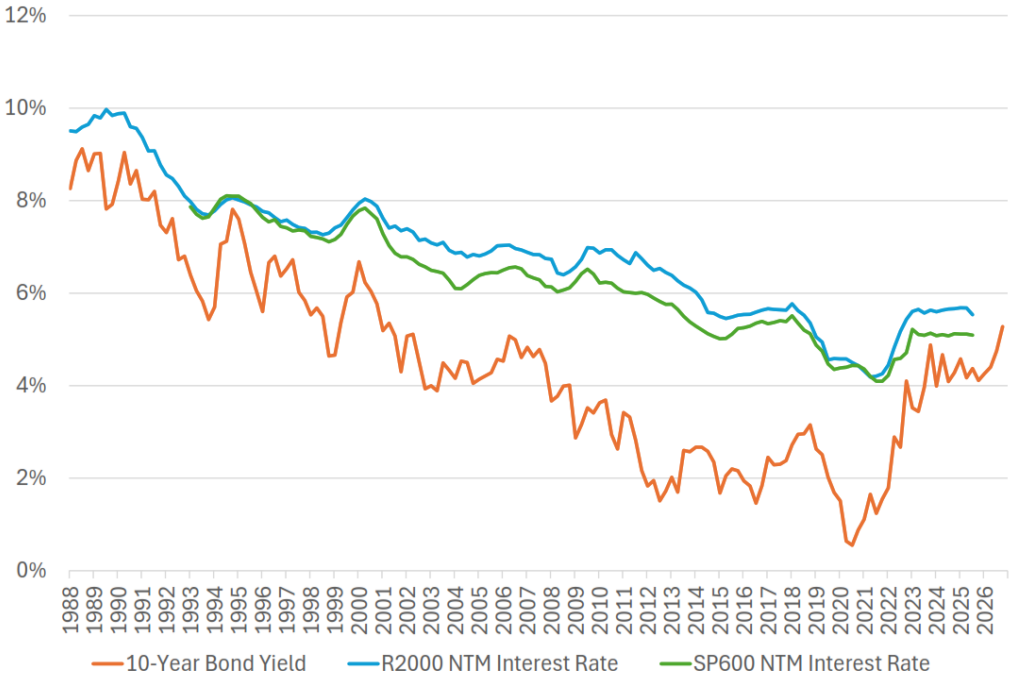
Source: Aristotle Boston analysis with data from Bloomberg and Russell Investments.
Data 7/1994 – 9/2026

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



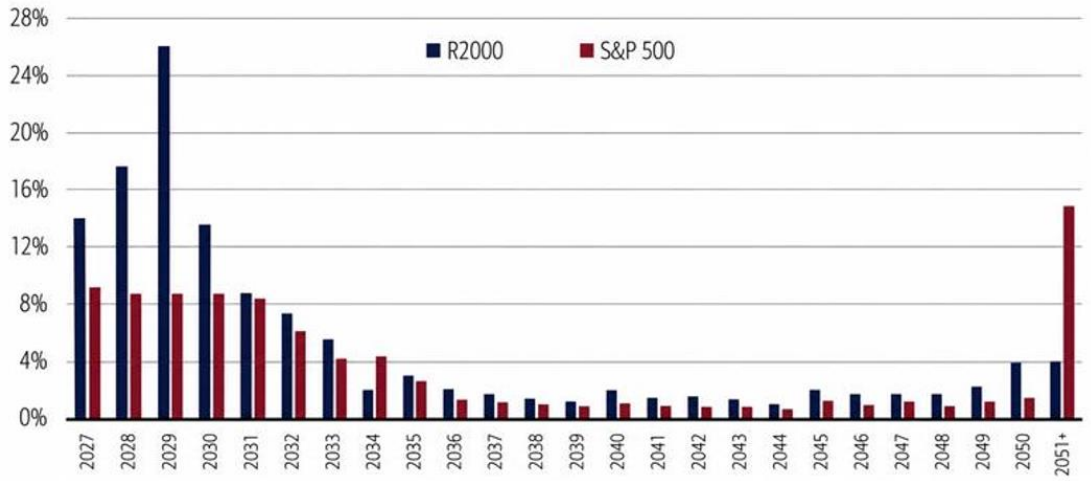
Small Cap Refinancing Risk

Bond yields vs. Interest Expense as a Percentage of Debt NTM
(Non-Financials)



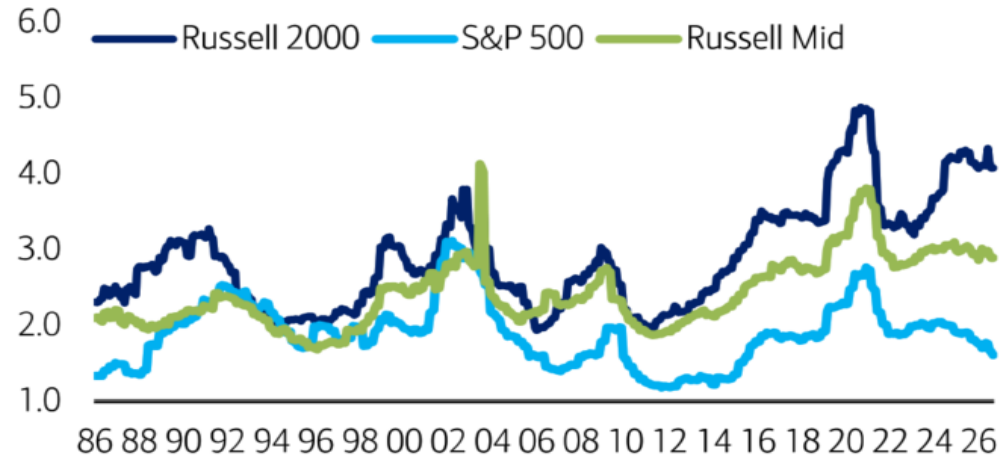
Bulk of small cap debt maturing in next 3-5 years

% of long-term fixed rate debt maturing by year, S&P 500 vs Russell 2000, 2027-2051+



Small cap leverage is historically elevated

Russell 2000, Russell Midcap and S&P 500 Non-Financials Net Debt/EBITDA (1/1/1986-9/30/2026)



Source: Bank of America, Furey Research Partners, FactSet; as of 9/30/2026.

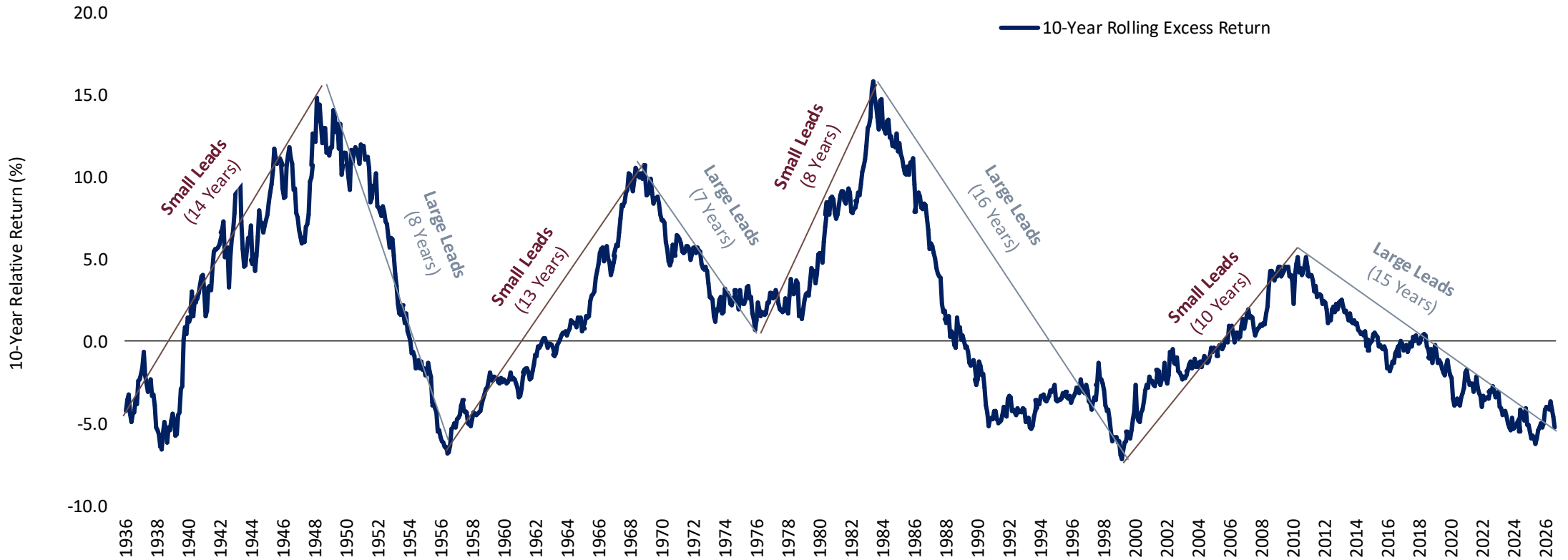
Why Small Caps Now?

Small vs. Large Potential Reversion to Historical Norms

As of September 30, 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.

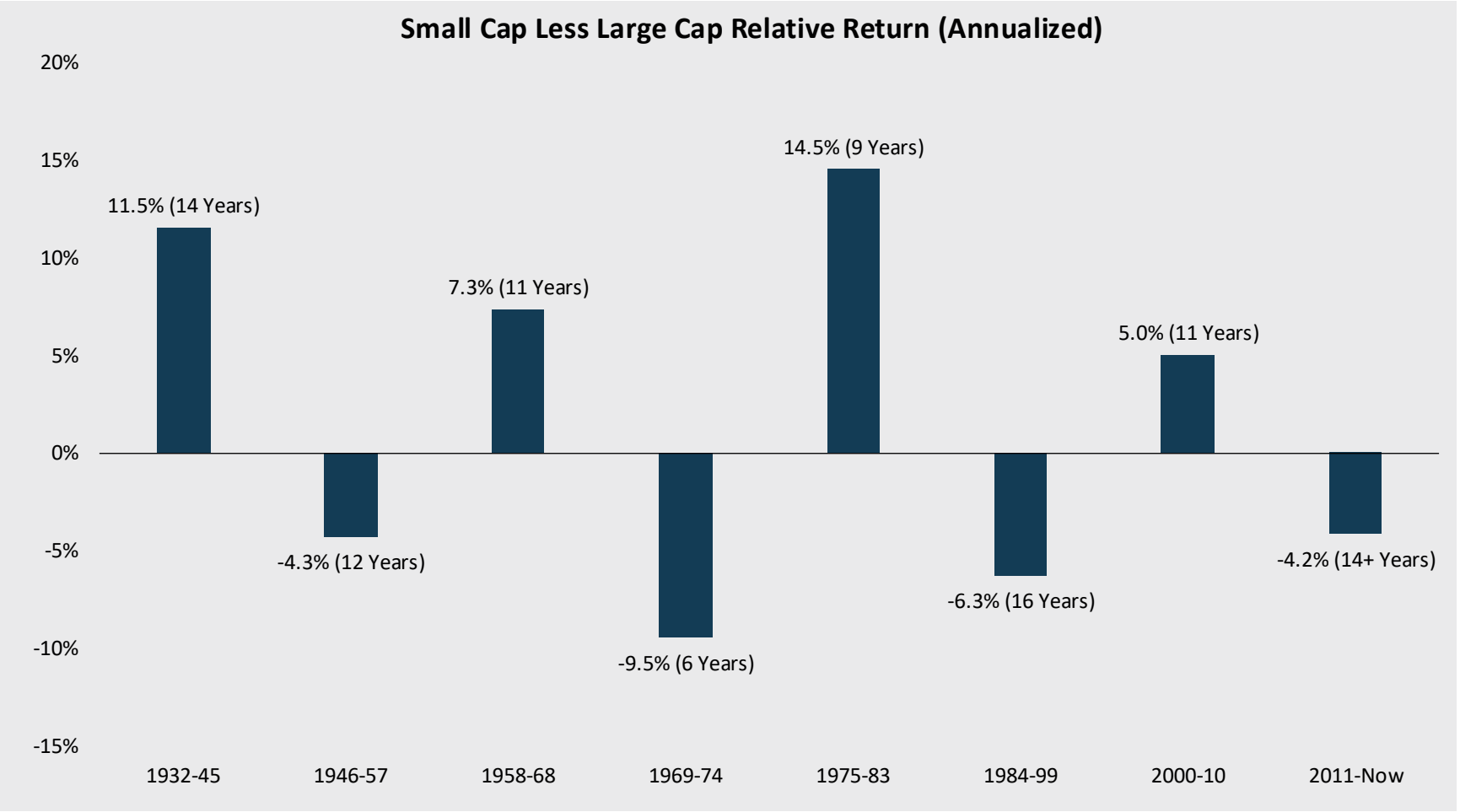
Rolling 10-Year Excess Return US Small Cap Stocks vs. US Large Cap Stocks 1935-September 30, 2026



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 September 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.

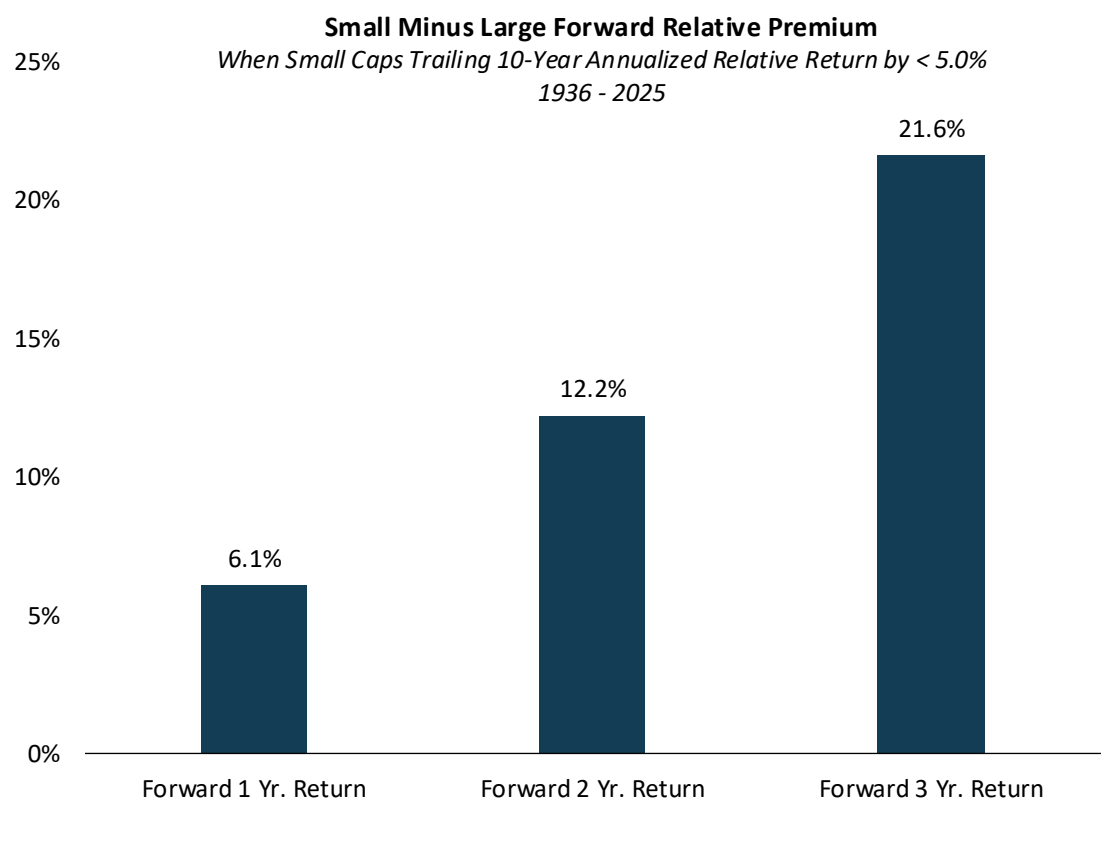
Small Caps Have Lagged By 4.2% in the Current Large Cap Cycle

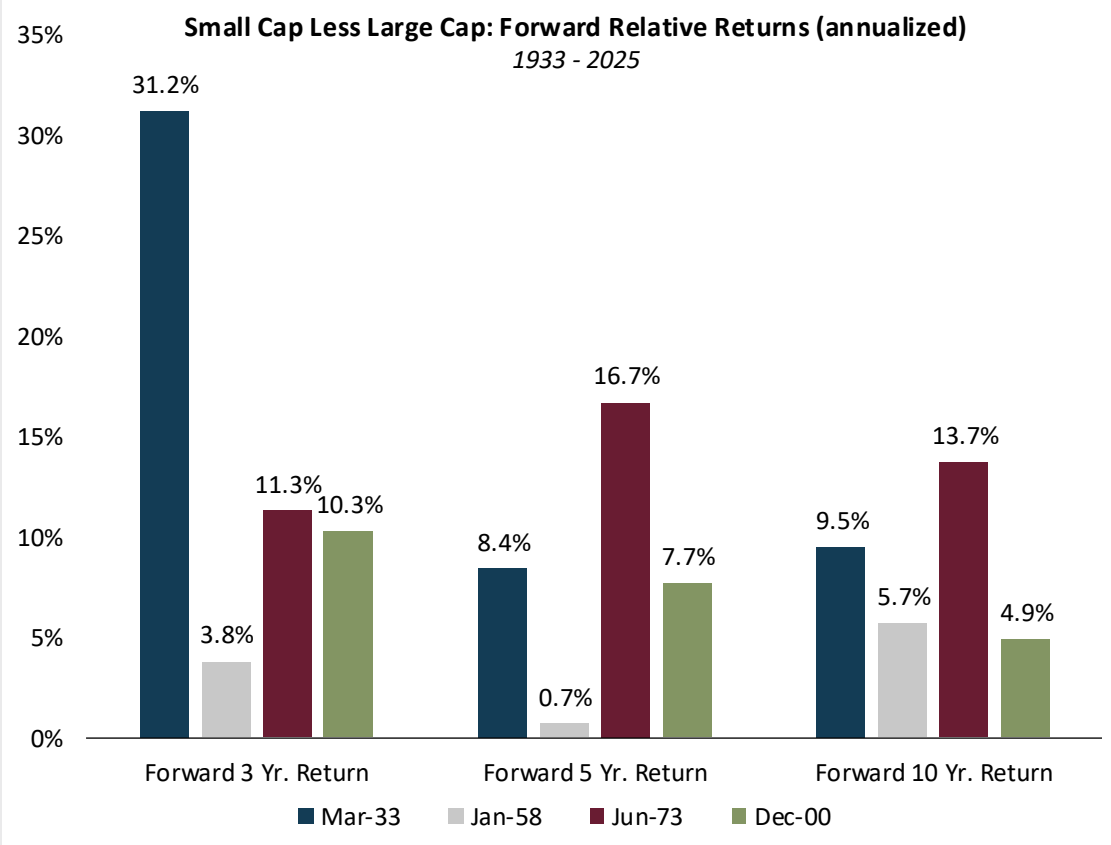
As of September 30, 2026



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

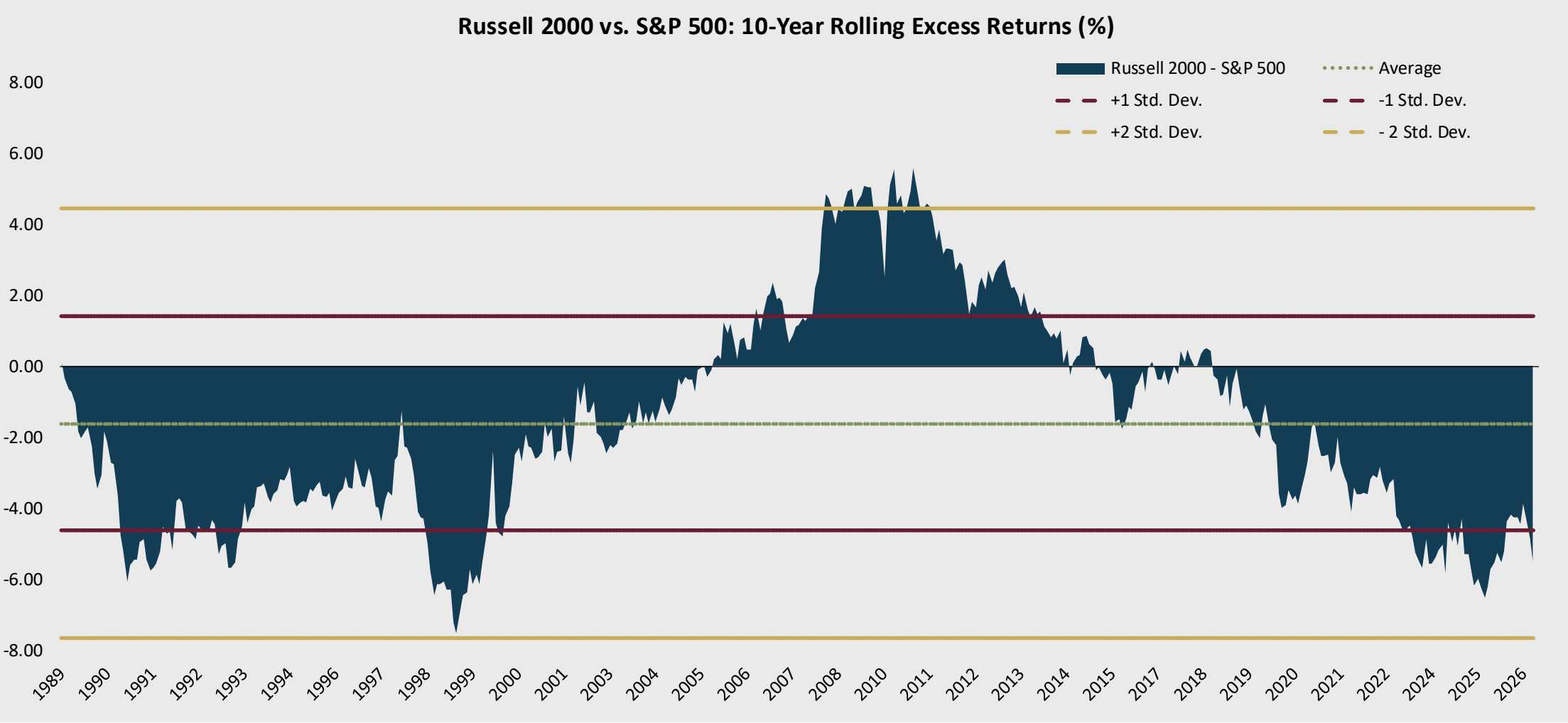




Source: [Left chart]: Furey Research Partners; FactSet. Based on the annualized returns of the Russell 2000 and S&P 500 indices from 1979 to December 2025. [Right chart]: Furey Research Partners; FactSet. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson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

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

As of September 30, 2026



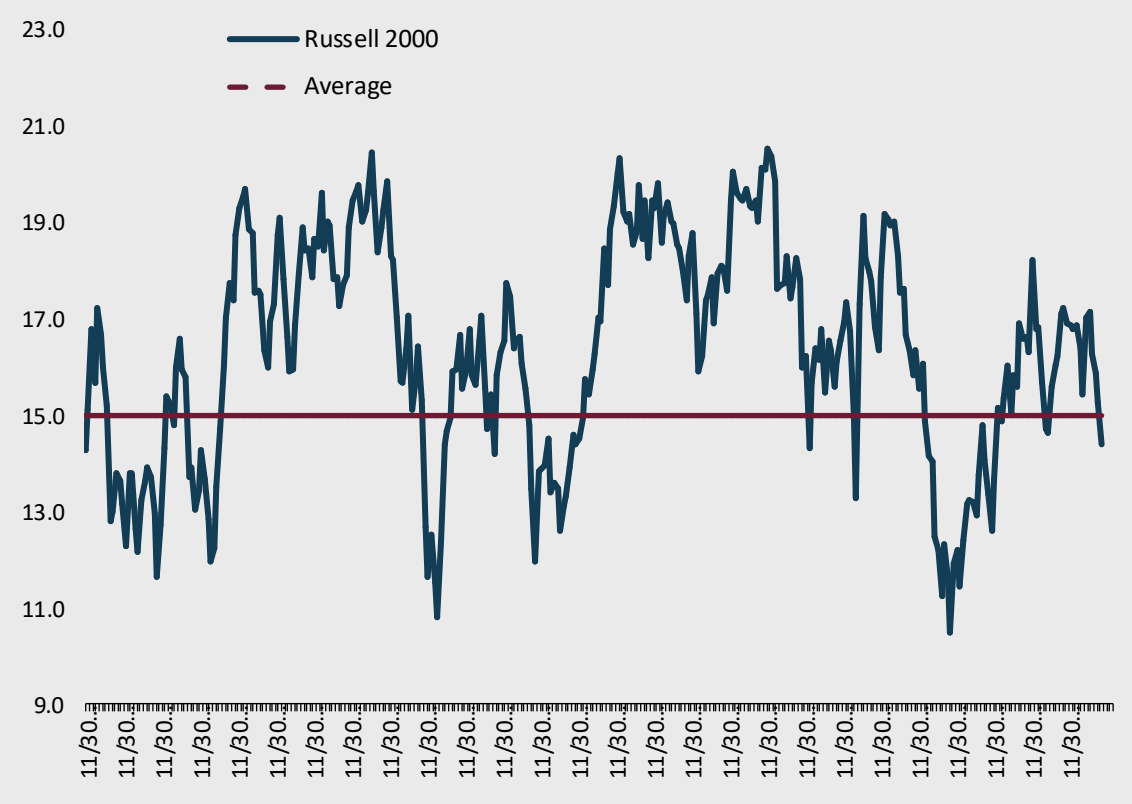
Source: eVestment. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these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

Small Caps are Cheap on an Absolute and Relative Basis

As of September 30, 2026

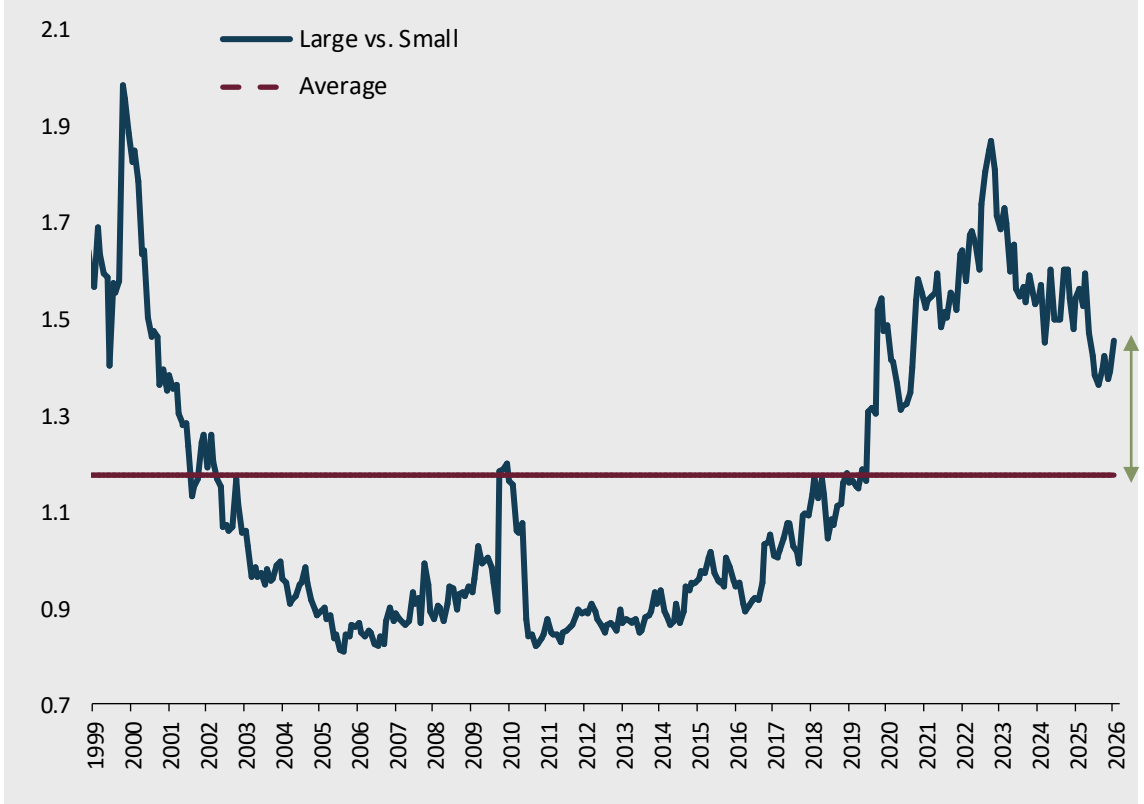
Small cap forward P/E of 14x is below the long-term average of 15x

Russell 2000 Forward P/E



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

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



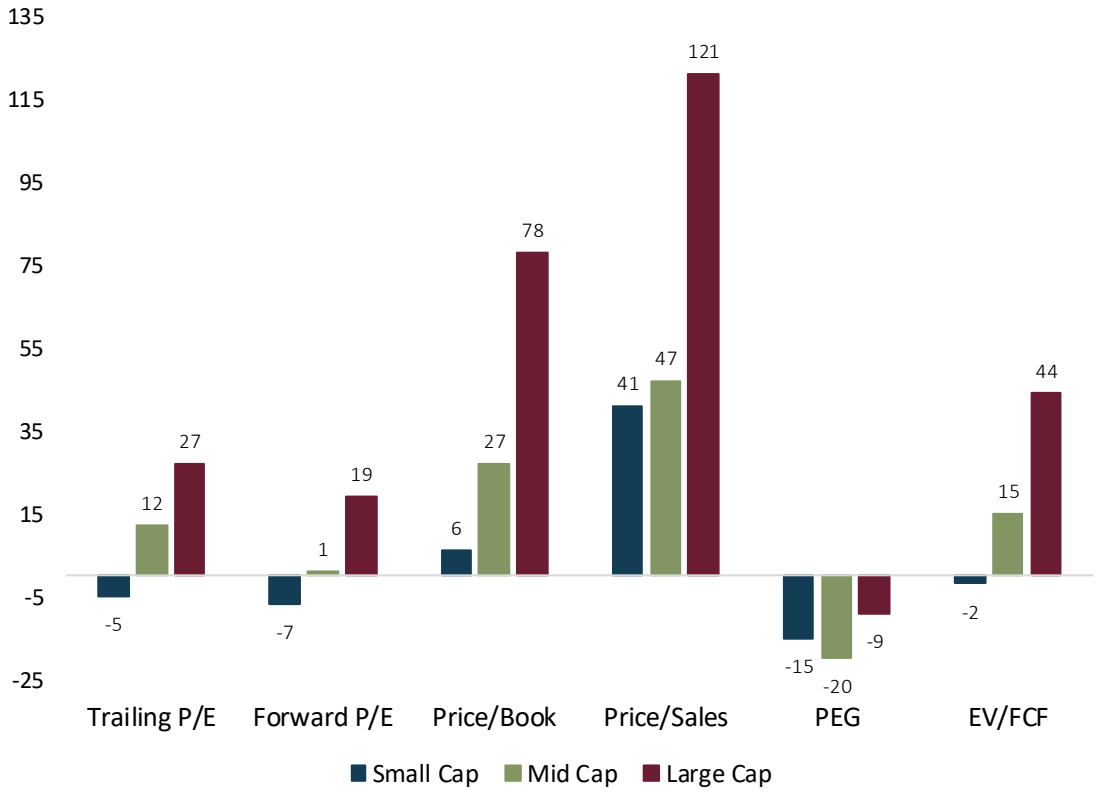
Source: [Left chart]: FactSet. Based on forward 12-month earnings. 9/30/1999 – 9/30/2026. [Right chart]: FactSet. Based on trailing 12-month earnings. 9/30/1999 – 9/30/2026.

Small Caps Cheap vs. History and Up Cap

As of September 30, 2026

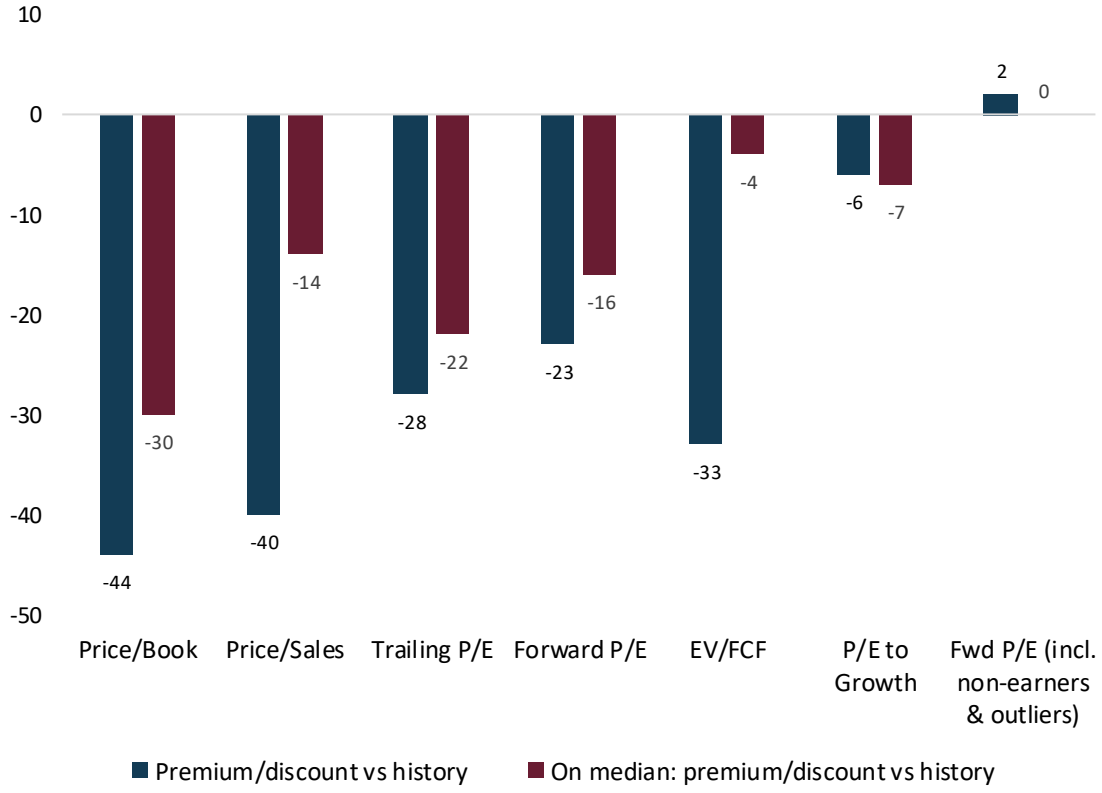
Small caps are less expensive vs. history than large caps across five of six metrics

Russell 2000, Russell Midcap and Russell 1000: Valuation premium vs history, 1/31/1985-9/30/2026 (%)



Small vs large: cheap vs. history across six of seven metrics

Russell 2000 vs. Russell 1000 valuations premium vs history, 1/31/1985-9/30/2026 (%)



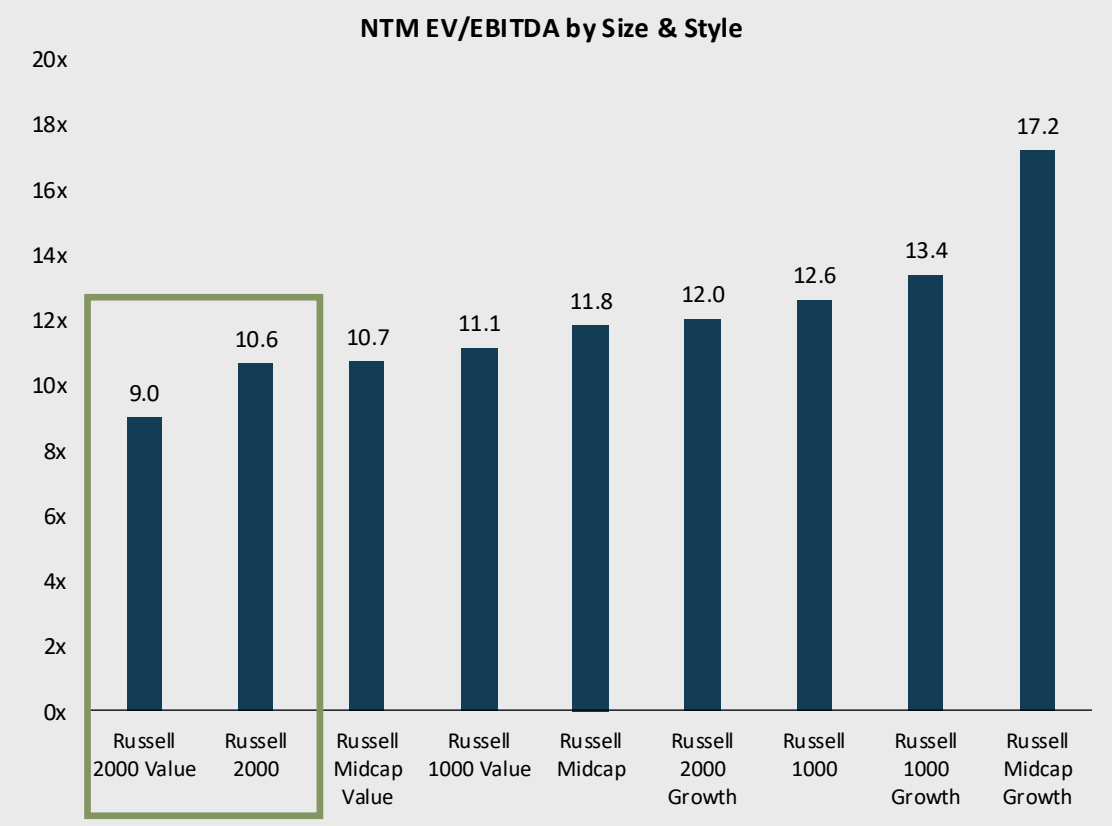
Source: BofA Global Research; FactSet as of 9/30/2026.

Small Cap Value and Core Remain Cheap Relative to Style Peers

As of September 30, 2026

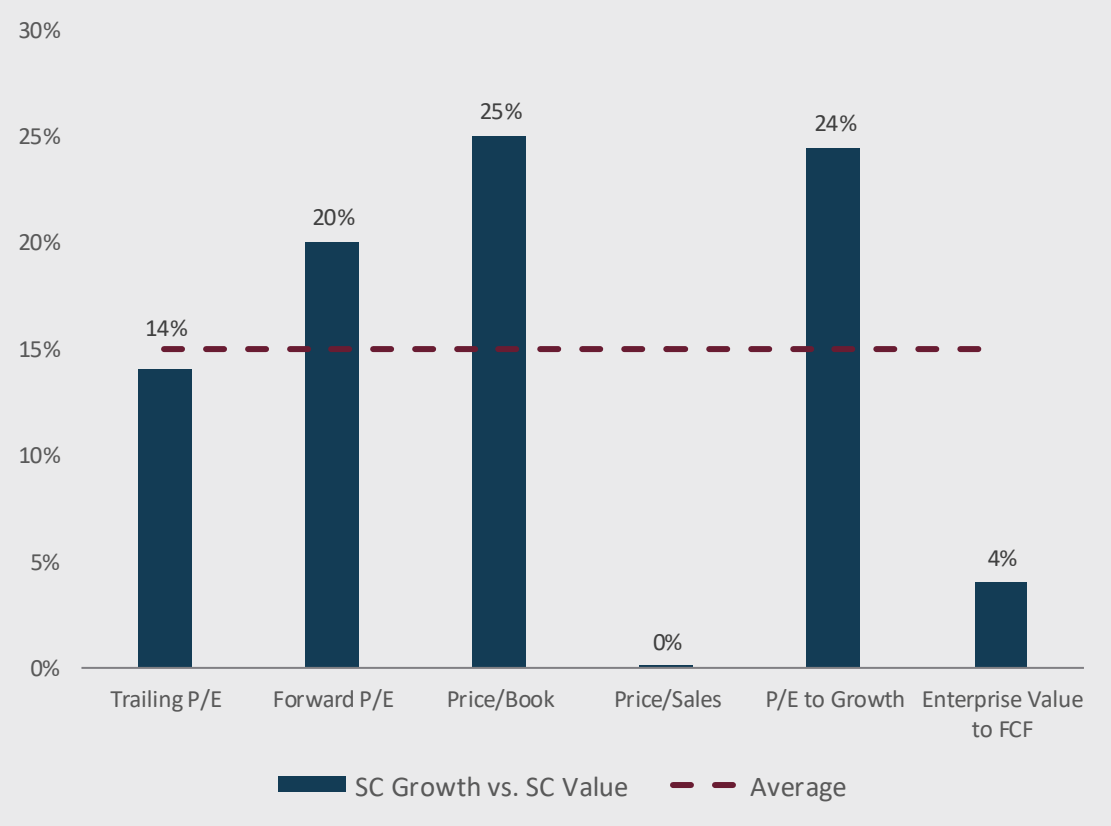
Small Cap Value and Core remain cheap vs. size & style peers

EV/EBITDA (NTM) by size & style as of September 30, 2026



Small cap Growth is historically expensive vs. Value across all metrics

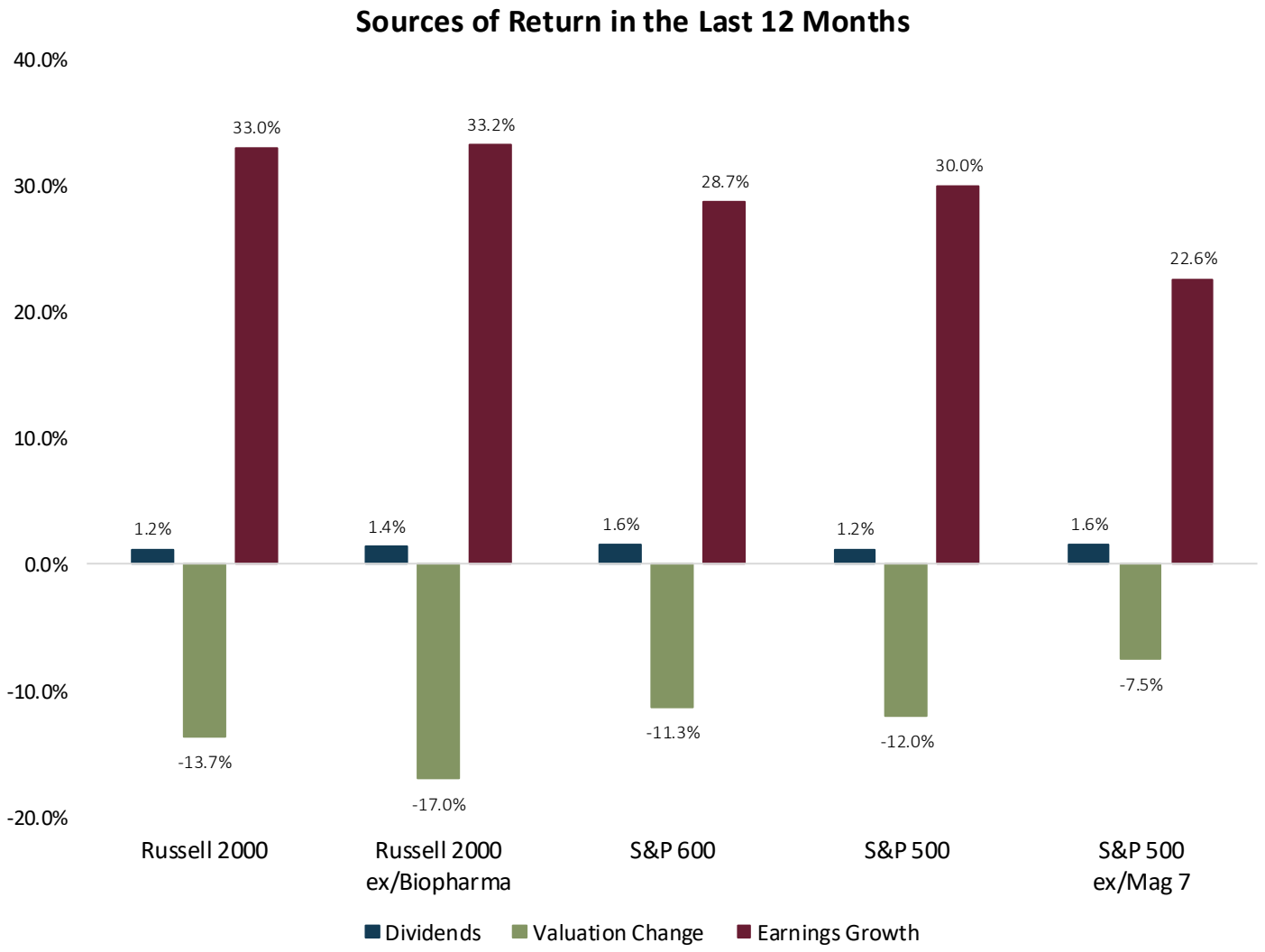
Relative premium to the historical average multiple for Russell 2000 Growth vs. Russell 2000 Value



Source: [Left chart] 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. [Right chart]: BofA Global Research; FactSet. Based on historical multiples, 1/31/1985-9/30/2026.

The Past Year has been Earnings Driven

As of September 30, 2026

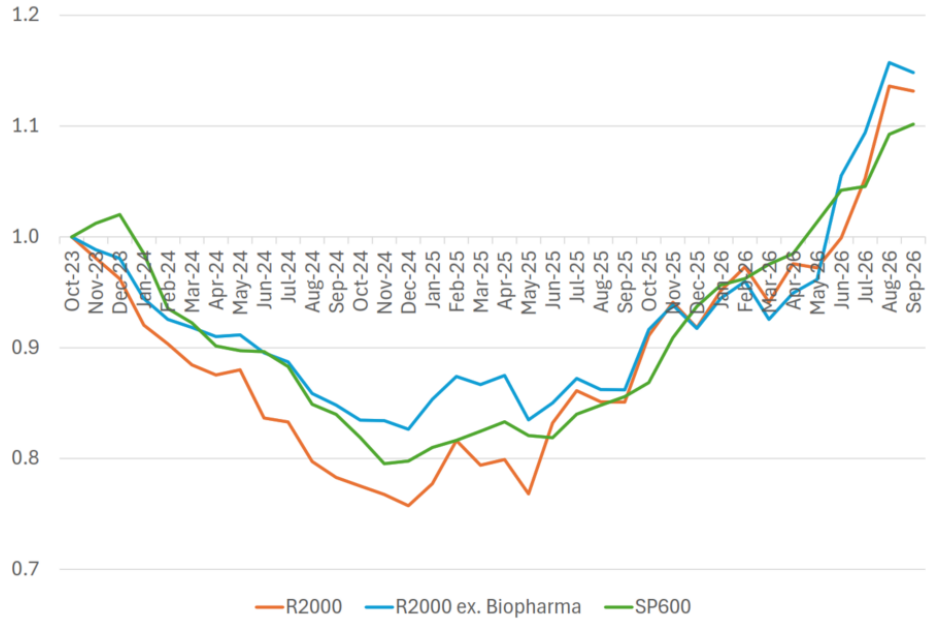


Source: Furey Research Partners; FactSet as of 9/30/2026.

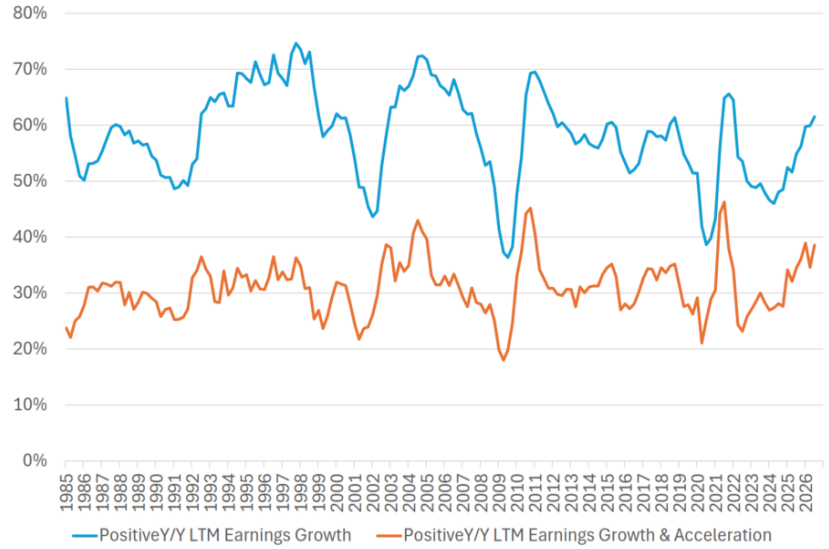
Small Cap Earnings and Sales Growth Have Improved

Small cap earnings have turned and begun accelerating with a greater percentage of the Russell 2000 posting positive year-over-year LTM earnings and sales growth figures.

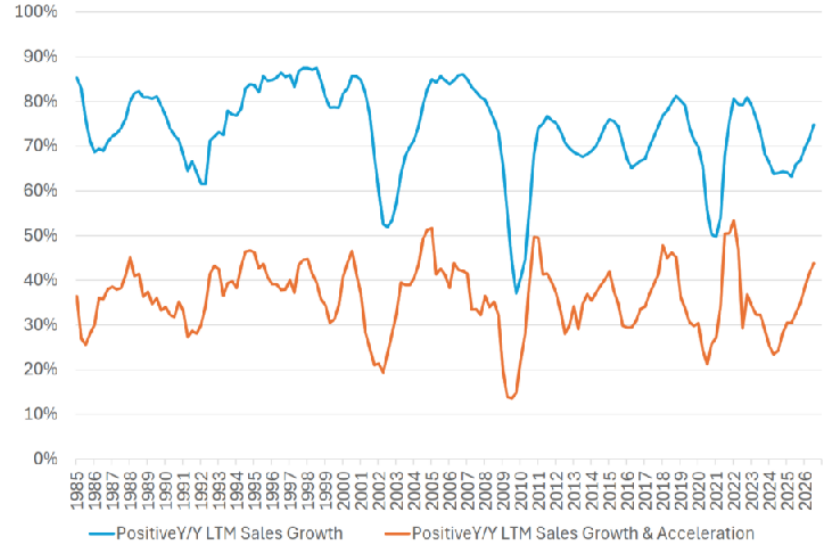
Indexed Russell 2000 and S&P 600 Indexed Earnings (LTM)



Percent of Russell 2000 with Positive Earnings Growth & Acceleration



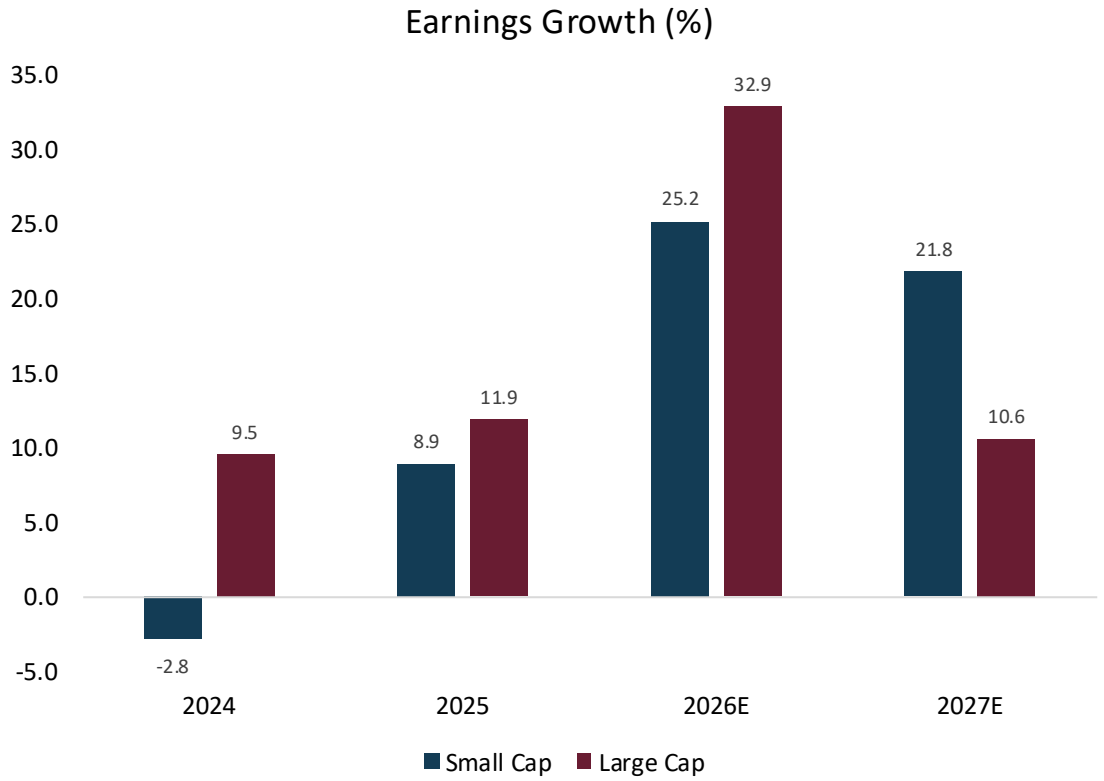
Percent of Russell 2000 with Positive Sales Growth & Acceleration

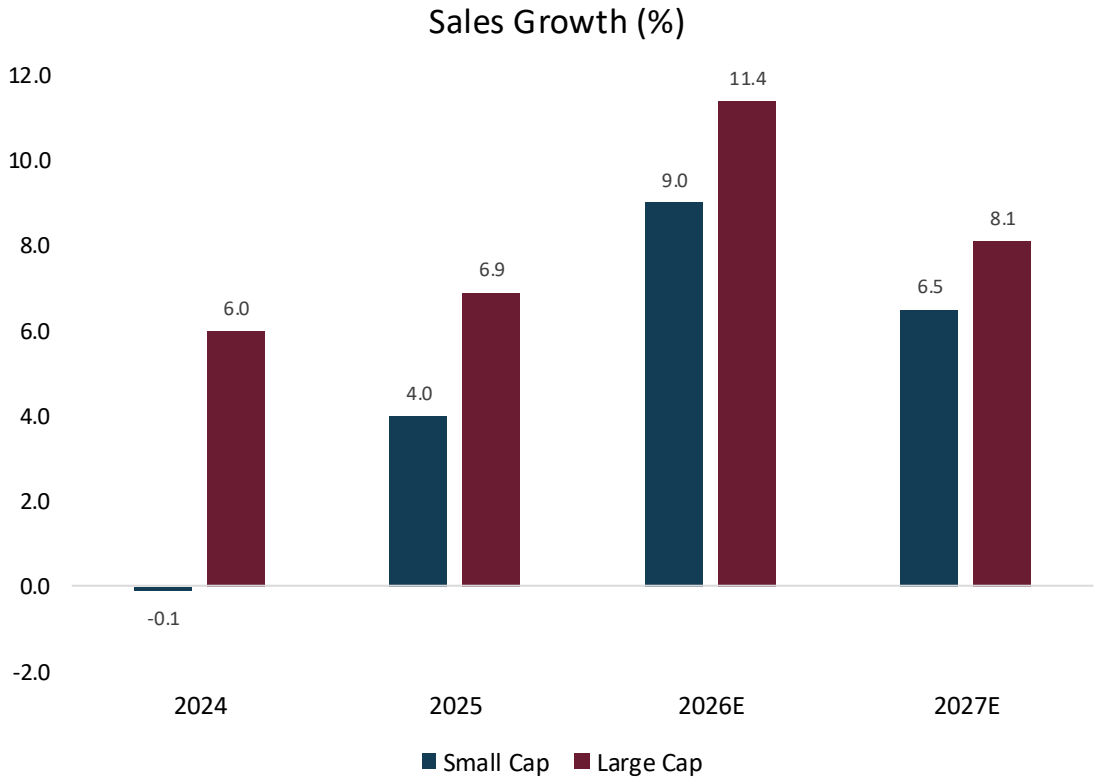


Source: Furey Research Partners as of 9/30/2026.

Small Cap Earnings and Sales Growth Expectations

As of September 30, 2026



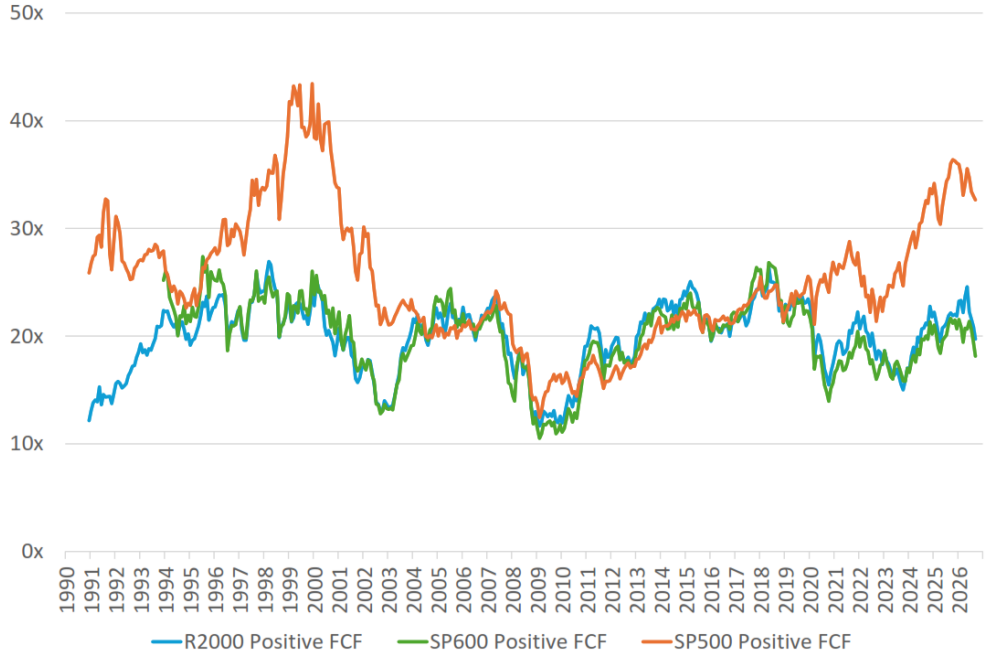


Source: Furey Research Partners as of 9/30/2026.

Small Cap Free Cash Flow is Attractively Priced

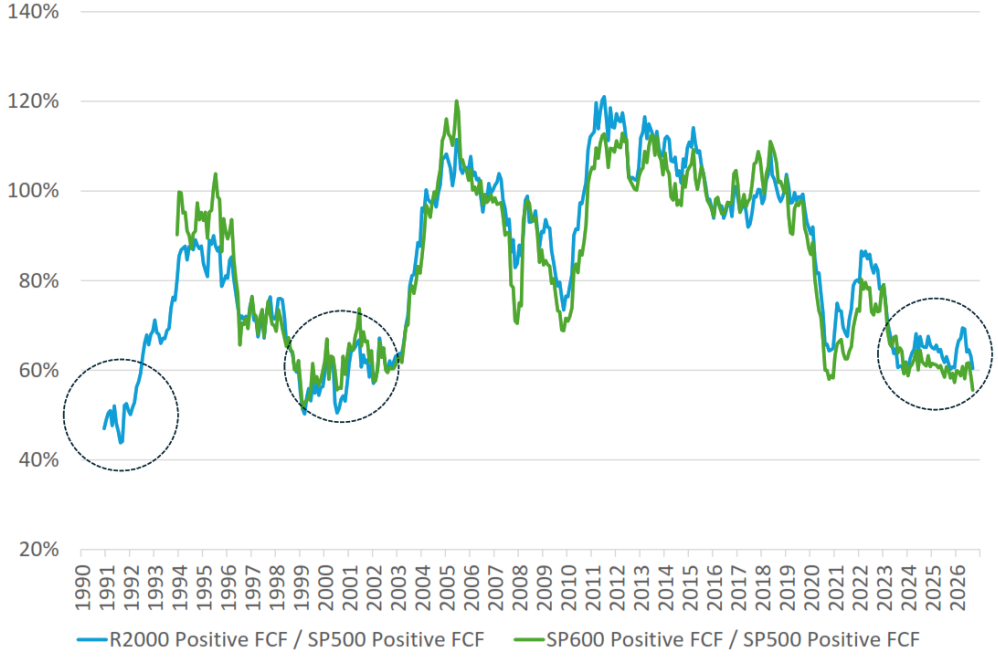
Small cap free cash flow is one of the few areas that is not expensive

Enterprise Value/Free Cash Flow LTM (Non-Financials)



Small cap free cash flow is at a big discount to large cap free cash flow

Relative Enterprise Value/Free Cash Flow LTM (Non-Financials)

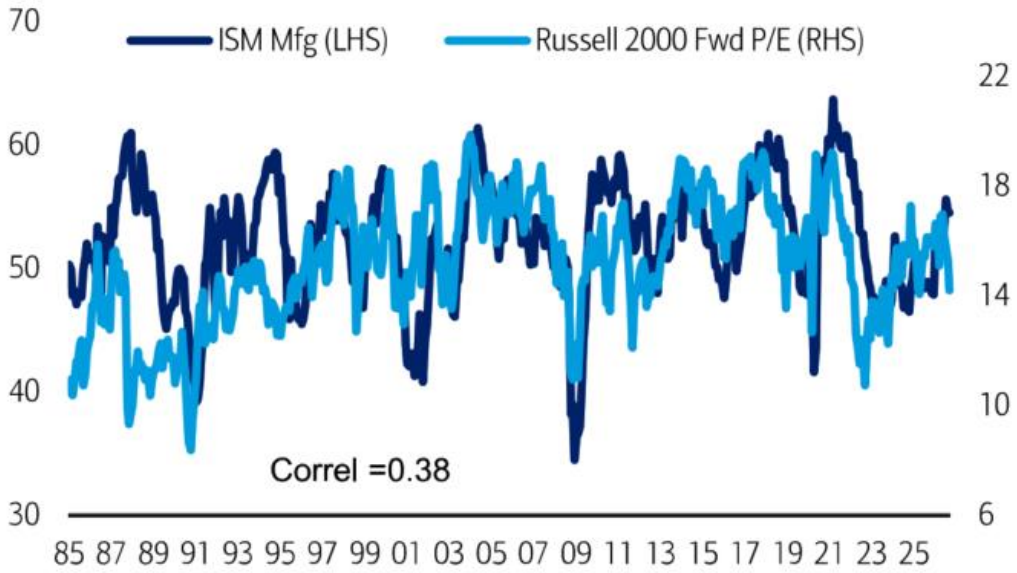


Source: Furey Research Partners, FactSet; Russell 2000 Index and S&P 600 Index as of 9/30/2026.

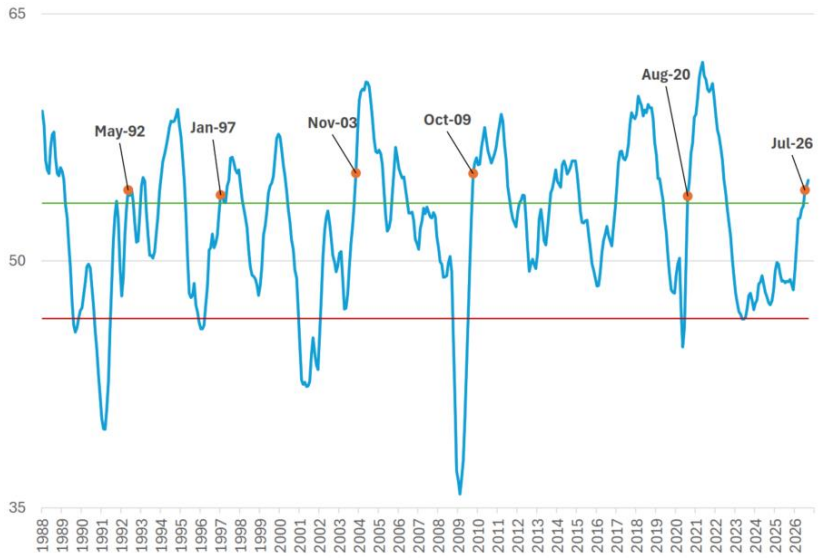
Manufacturing Benefits Domestic Small Caps

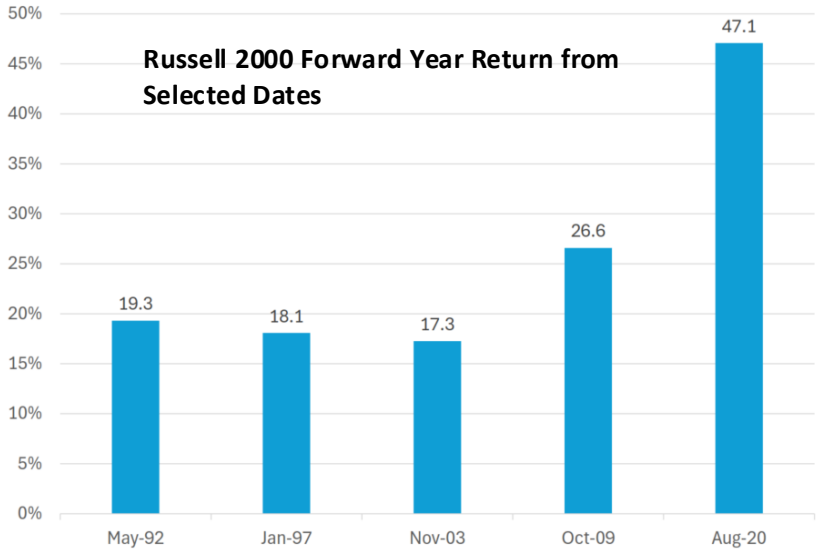
Small cap valuations are highly correlated with ISM manufacturing. Historically when ISM Manufacturing PMI rises above 53 on a 3-month moving average, the Russell 2000 experienced a strong next 12-months.

ISM Manufacturing vs. Russell 2000 Forward P/E



ISM Manufacturing PMI (3mo Moving Average)

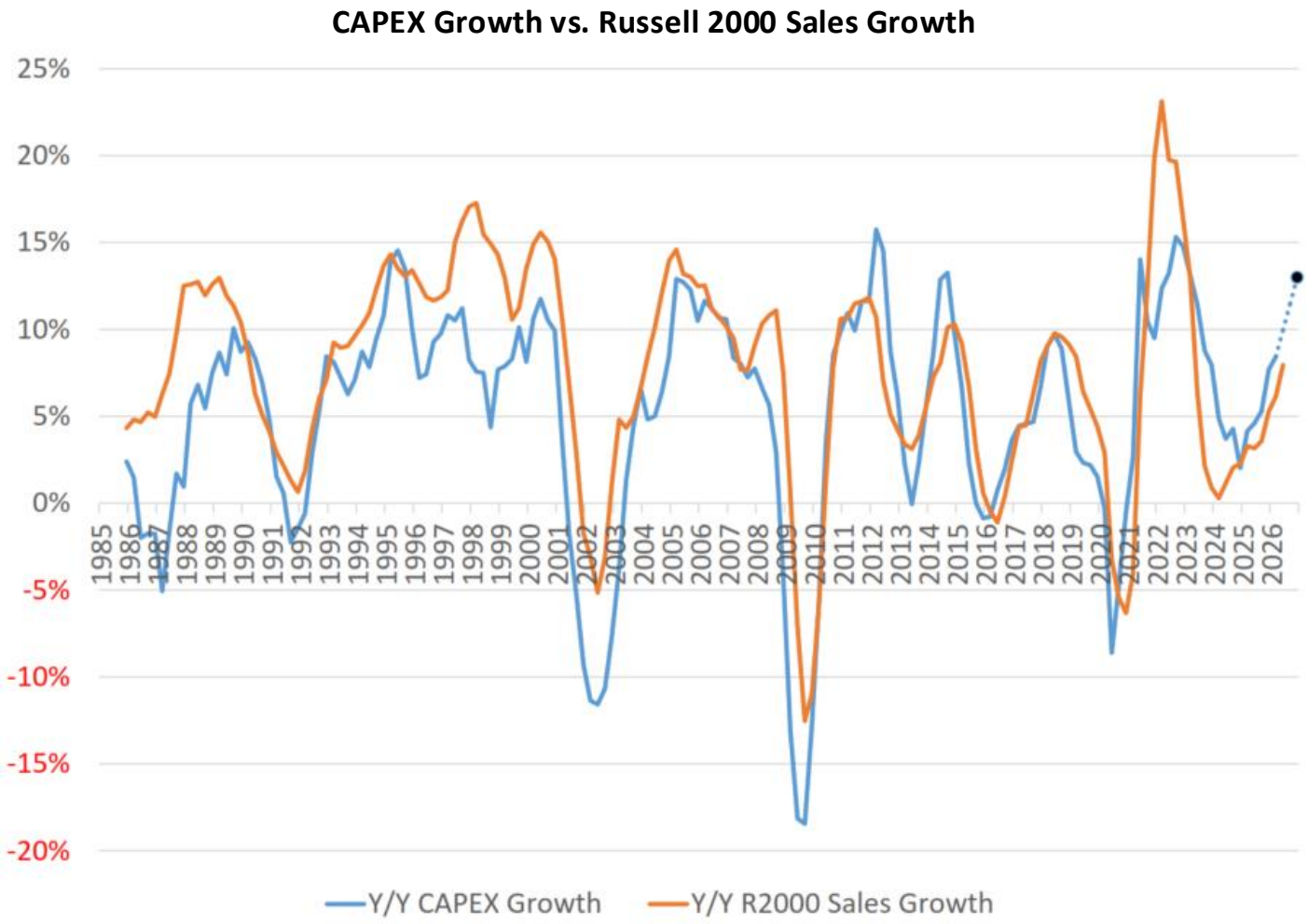




Source: (L) Bank of America US Equity & US Quant Strategy as of 9/30/2026. (R) Furey Research Partners as of 9/30/2026.

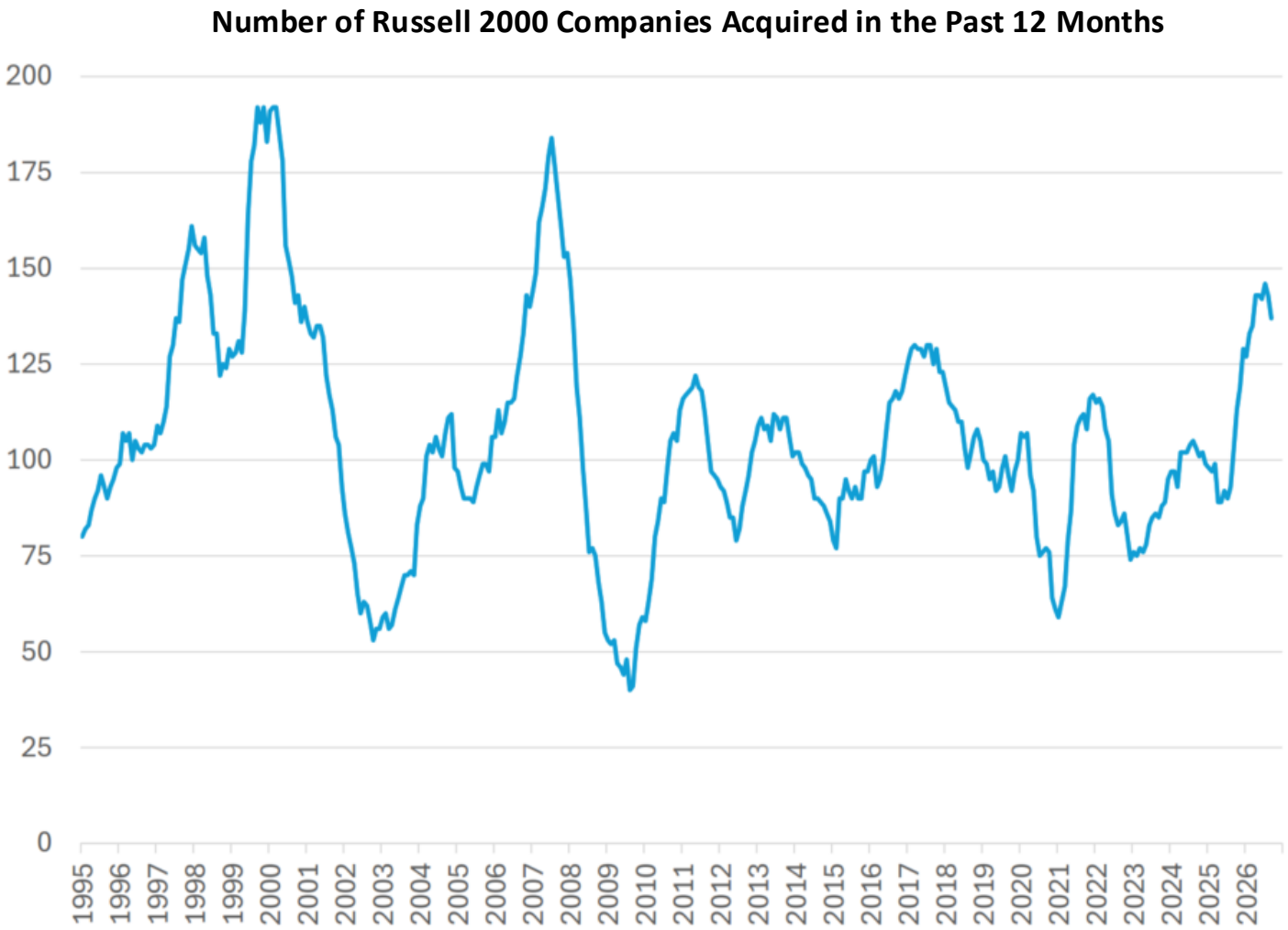
Capex Cycle Expected to Continue through 2027

Small cap sales growth is highly correlated with US capex growth



Source: Furey Research Partners, as of 9/30/2026.

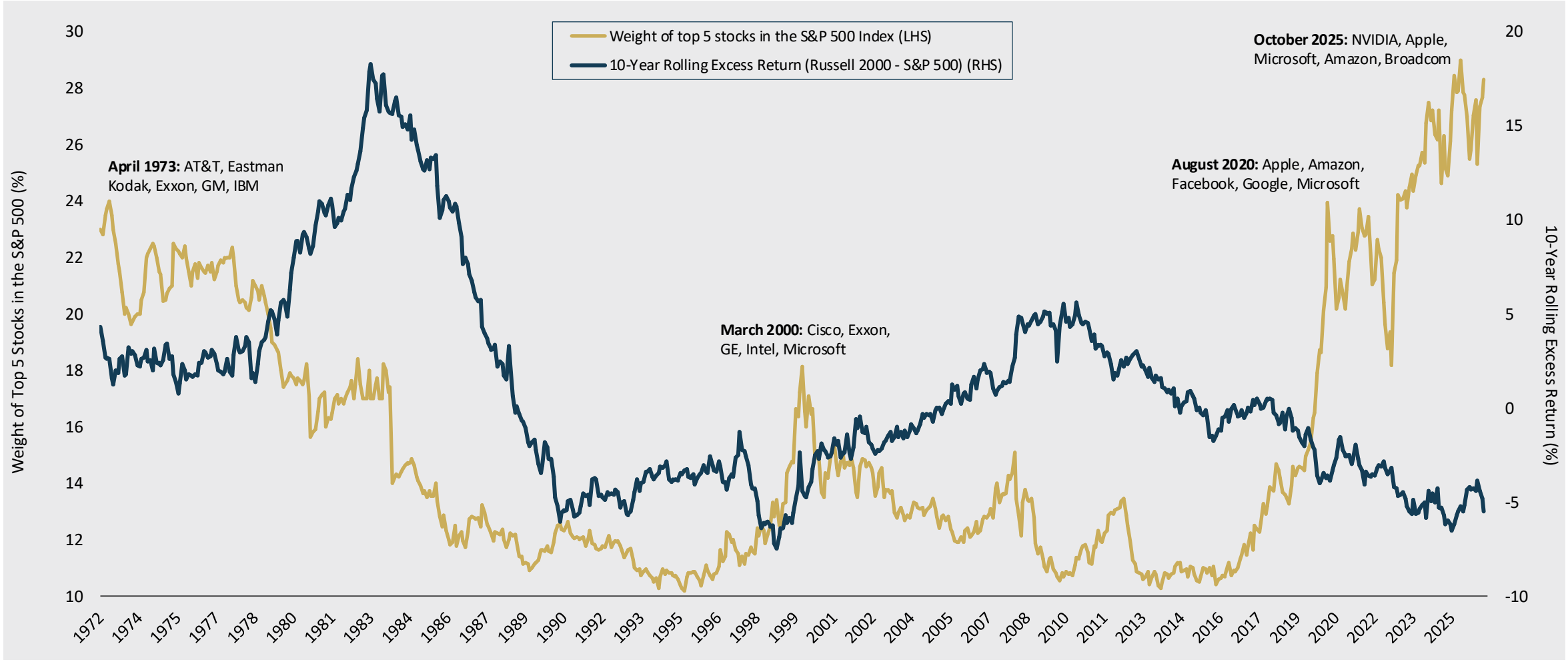
Small Cap M&A is Accelerating



Source: Furey Research Partners, as of 9/30/2026.

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

As of September 30, 2026

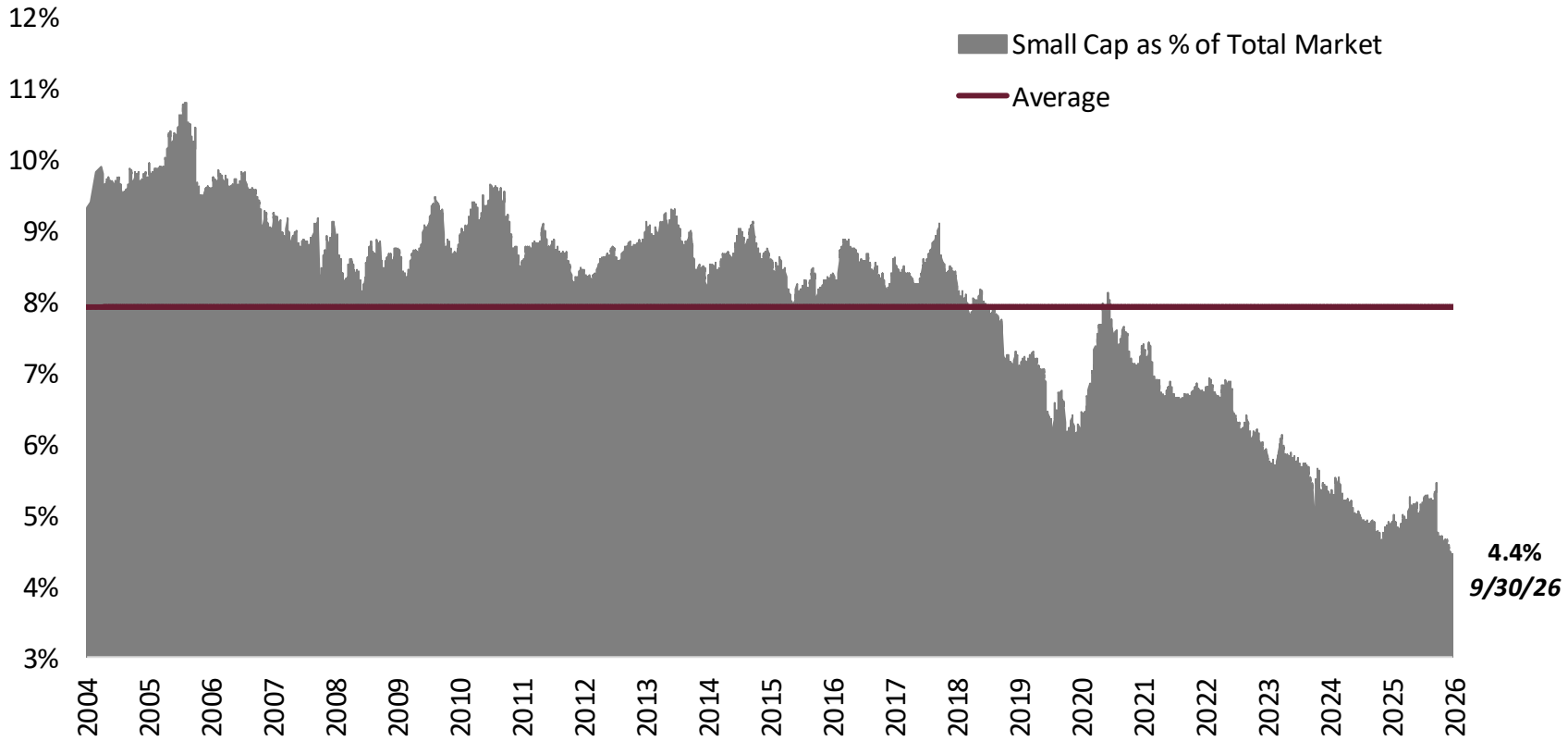


Sources: eVestment; FactSet; Furey Research Partners. The 10-Year Rolling Excess Return represents the annualized return of the Russell 2000 Index over the trailing 10-year period minus the annualized return of the S&P 500 Index over the same period. Rolling periods are calculated monthly based on trailing 10-year return data for these indices from 1979 to September 2026. 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 is at a Multi-Decade Low

As of September 30, 2026

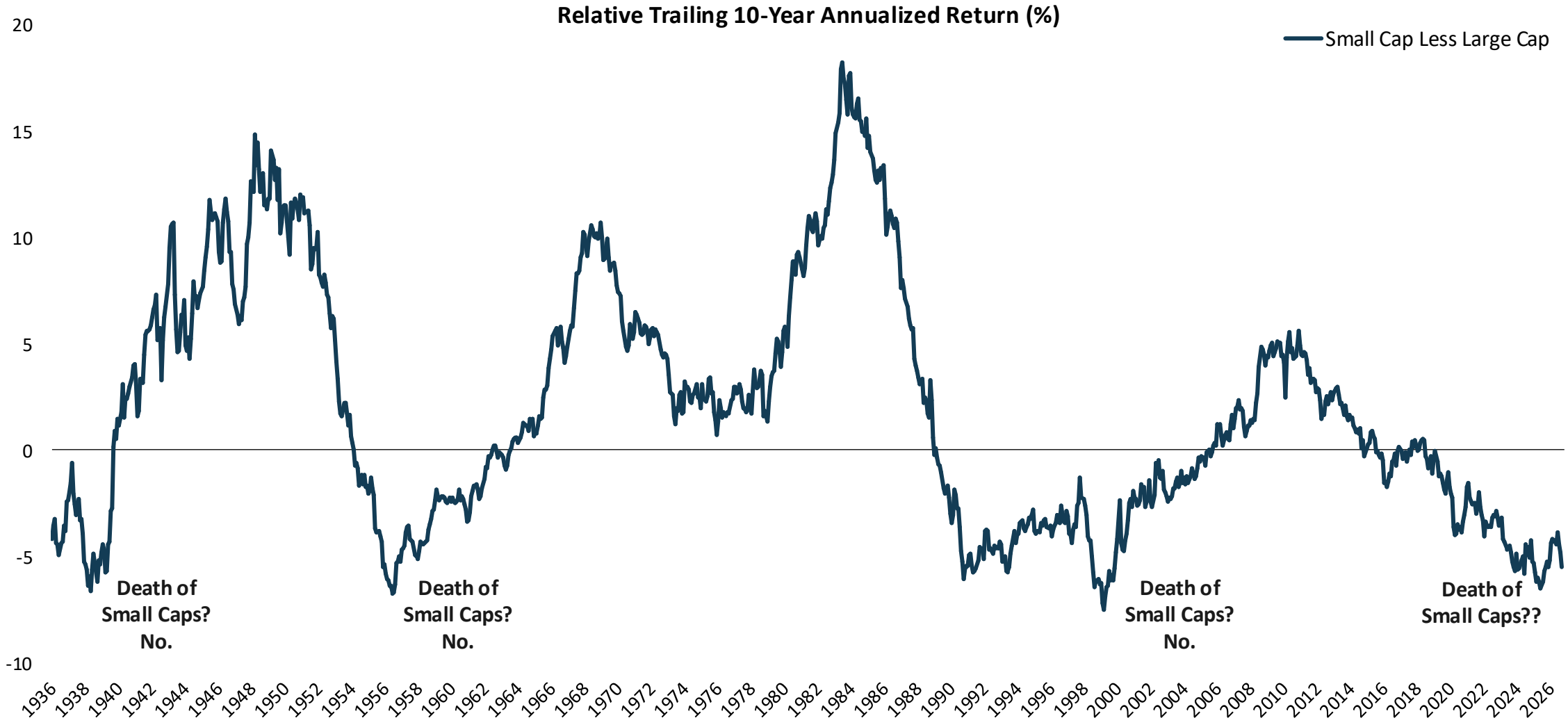
Russell 2000 Total Market Cap / Russell 3000 Total Market Cap (%)
9/30/2004 – 9/30/2026



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 September 30, 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 September 2026. Historical returns prior to 1979 represent the Ibbotson SBBI US Small Cap Stocks and the Ibbotson SBBI US Large Cap Stocks indices.

Disclosure Notes

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Past performance is not indicative of future results. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will be profitable, or that the investment recommendations or decisions Aristotle Boston makes in the future will be profitable or equal the performance of the securities discussed herein. There is no assurance that any securities, sectors or industries discussed herein will be included in or excluded from an account's portfolio. Recommendations made in the last 12 months are available upon request.

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 19-24: 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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