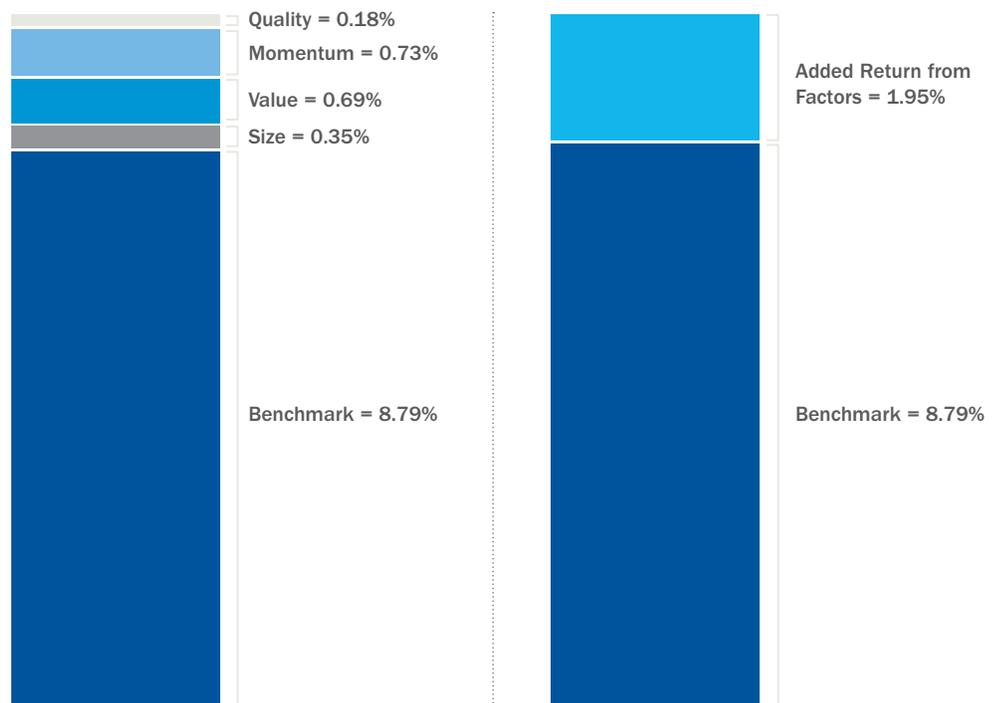


Do Factors Add Returns Beyond Beta?

Certain “factors” have been found to help deliver higher-than-market returns and lower portfolio risk. PMC quantitative research determined that the size, value, momentum, and quality factors together generated a return of nearly 2% in excess of the benchmark, on an annualized basis.

Contributions of Various Factors*

- **Quality:** The tendency for higher quality companies (more profitable and safer) to outperform lower quality companies.
- **Momentum:** The tendency for assets that have performed well over the past year to continue to perform well over the near-term.
- **Value:** The tendency for cheap assets to outperform expensive assets.
- **Size:** The tendency for smaller capitalization stocks within a universe to outperform larger capitalization stocks.
- **Benchmark:** Russell 1000® Index measures the performance of the Large Cap segment of the US equity universe.



For more information on PMC Factor-Enhanced Quantitative Portfolios:

- Understand factor-based investing and earn CE credit ([presentation series](#))
- View the full suite of PMC Quantitative Portfolios ([brochure](#))
- Contact your [Regional Consultant](#)

* Source: Envestnet | PMC Quantitative Research Group. Chart above depicts annualized attribution for the PMC Factor-Enhanced Index: All Cap V+M+Q Portfolio from January 1996 to September 2017.

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

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