ENVESTNET® PMC™

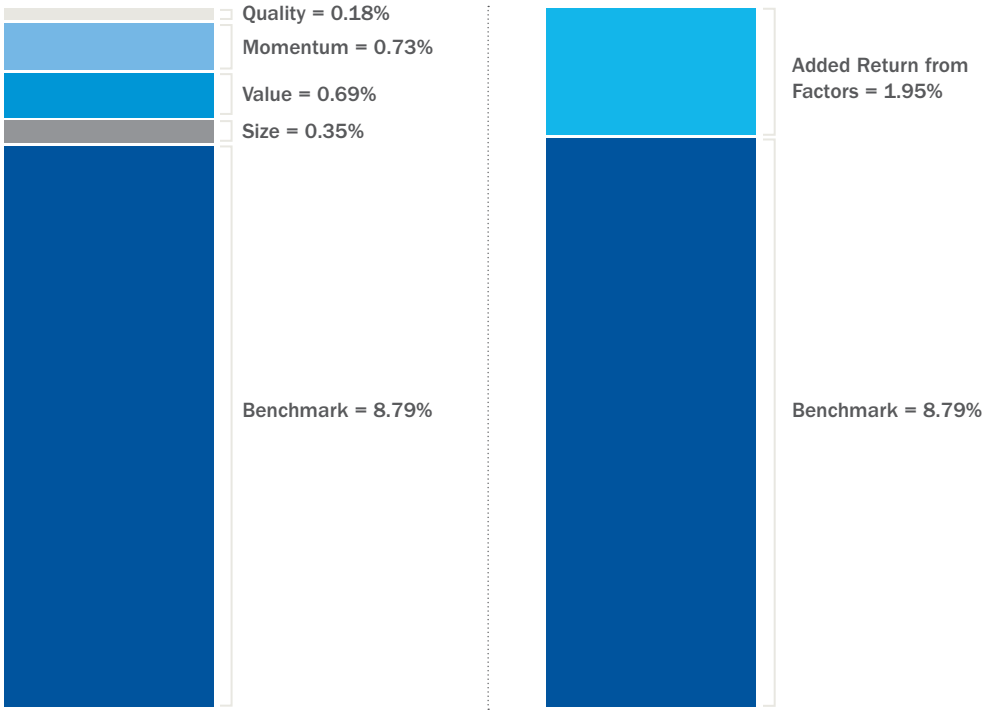
Q | R | G
Quantitative Research Group

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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