Factor Review
Q3 2020

The Factor Review provides an analysis of several of the most robust risk factors explaining stock returns, as identified through several decades of academic research. We strive to harvest the premia associated with these factors in the Factor-Enhanced Series of Quantitative Portfolios.

Factor Definitions
• **Size:** The tendency for smaller capitalization stocks within a universe to outperform large capitalization stocks.
• **Value:** The tendency for cheap assets to outperform expensive assets.
• **Momentum:** The tendency for assets that have performed well over the past year to continue to perform well over the near term.
• **Quality:** The tendency for higher quality companies—those that are more profitable and safer—to outperform lower quality companies.
• **Low Volatility:** The tendency for low volatility assets to outperform high volatility assets.

Factor returns are calculated by constructing market-neutral long/short portfolios for each factor. Factor returns are therefore independent of the market’s return.

<table>
<thead>
<tr>
<th>Category</th>
<th>Factor Performance: Three Months ended 9/30/2020</th>
<th>Factor Performance: One Year ended 9/30/2020</th>
<th>Factor Performance: Three Years (annual.) ended 9/30/2020</th>
<th>Factor Performance: Five Years (annual.) ended 9/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Size</td>
<td>Value</td>
<td>Momentum</td>
<td>Quality</td>
</tr>
<tr>
<td>U.S. Large Cap</td>
<td>-2.9%</td>
<td>-7.7%</td>
<td>4.1%</td>
<td>0.6%</td>
</tr>
<tr>
<td>U.S. Small Cap</td>
<td>-1.7%</td>
<td>-1.1%</td>
<td>5.0%</td>
<td>-3.8%</td>
</tr>
<tr>
<td>U.S. All Cap</td>
<td>-4.3%</td>
<td>-4.1%</td>
<td>4.0%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Int’l. Developed Mkts. ADR</td>
<td>5.2%</td>
<td>-6.3%</td>
<td>8.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Emerging Markets ADR</td>
<td>3.9%</td>
<td>-4.8%</td>
<td>9.3%</td>
<td>-4.8%</td>
</tr>
</tbody>
</table>

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Source: Envestnet Quantitative Research Group (QRG)

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