

## Understanding the Portfolio Characteristics Shown in Our Quarterly Performance Report

On page 2 of our quarterly performance report, we highlight several key portfolio characteristics that help explain the composition and behavior of our strategies. Some of these terms may be familiar, while others benefit from additional context. Below, we define each metric and offer brief commentary on *If you have further questions, please don't hesitate to reach out.*

### **Annual Portfolio Turnover (Trailing 12 Months)**

Represents the percentage of portfolio holdings replaced during the past 12 months. Calculated by taking the lesser of total purchases or sales and dividing by average monthly net assets. A higher turnover suggests more active trading, while a lower figure reflects a longer-term, buy-and-hold approach.

### **Weighted Median Market Capitalization**

The market capitalization of the median holding when all securities are weighted by portfolio allocation, expressed in billions of dollars. Market capitalization reflects the total market value of a company's outstanding shares—essentially what investors believe the company is worth.

### **Dividend Yield**

The weighted average dividend yield of all holdings, showing annual dividend income as a percentage of current stock price. This metric provides insight into the portfolio's income generation potential.

### **Price-to-Earnings (P/E) Ratio (Trailing 12 Months)**

The weighted average ratio of price to earnings per share over the past year. A lower P/E may indicate relative value, while a higher P/E may signal higher expected growth.

### **Earnings Growth (3- to 5-Year Estimate)**

The weighted average of analyst forecasts for annual earnings growth over the next three to five years. It helps assess the portfolio's exposure to companies with potential for future profit expansion.

### **Price-to-Book (P/B) Ratio**

The weighted average ratio of stock price to book value per share. Book value

represents a company's net worth—what would remain for shareholders if assets were sold and liabilities paid. Lower P/B ratios can suggest value opportunities; higher ratios may reflect strong growth expectations.

### **Beta (Since Inception vs. Russell 1000 Value)**

Measures the portfolio's sensitivity to market movements relative to the Russell 1000 Value Index. A beta below 1 indicates lower volatility than the benchmark; a beta above 1 indicates greater volatility.

### **Standard Deviation (Trailing 3 Years)**

A statistical measure of return volatility—the average degree to which returns deviate from their mean over the past three years. Higher standard deviation implies greater uncertainty (and potential range) of outcomes.

### **Sharpe Ratio**

A risk-adjusted performance measure that divides excess return (portfolio return minus the risk-free rate) by standard deviation. A higher Sharpe ratio indicates more efficient risk-taking and superior risk-adjusted returns.

### **Upside Capture**

The percentage of benchmark gains captured during periods when the benchmark posted positive returns. Higher upside capture reflects strong participation in rising markets.

### **Downside Capture**

The percentage of benchmark losses experienced during periods when the benchmark declined. A figure below 100% indicates defensive characteristics and a measure of downside protection during market stress.