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The Timely Case for Quality and Value Stocks

December 2016

-
- Outperformance** ■ Quality and Value have outperformed the market over rolling 3-year periods on average by 13.4% and 13.2%, respectively.
- This is based on data since December 1994 for the S&P 500 Quality Index and since June 1995 for the S&P 500 Pure Value Index.
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- Consistency** ■ On a rolling 3-year basis, this outperformance has been consistent.
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- Opportunity** ■ **The periods when Quality and Value are out of favor have represented the best time to invest in these styles based on historic subsequent performance.**
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Source: Bloomberg

Data is as of 9/30/16 and is provided for illustrative purposes only. Market information shown (such as that of the S&P 500 Index, S&P 500 Quality Index and S&P 500 Pure Value Index) is inclusive of reinvestment of dividends and shows relative market performance for the periods indicated. Market index information shown is based on widely available information believed to be reliable; however, Barrow Street makes no guarantee or warranty hereby as to the completeness or accuracy of such data. Information herein should not be construed as an offer to sell, or a solicitation of an offer to buy, an interest in any funds or accounts managed by BSA or as a recommendation for or against any security or financial product. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

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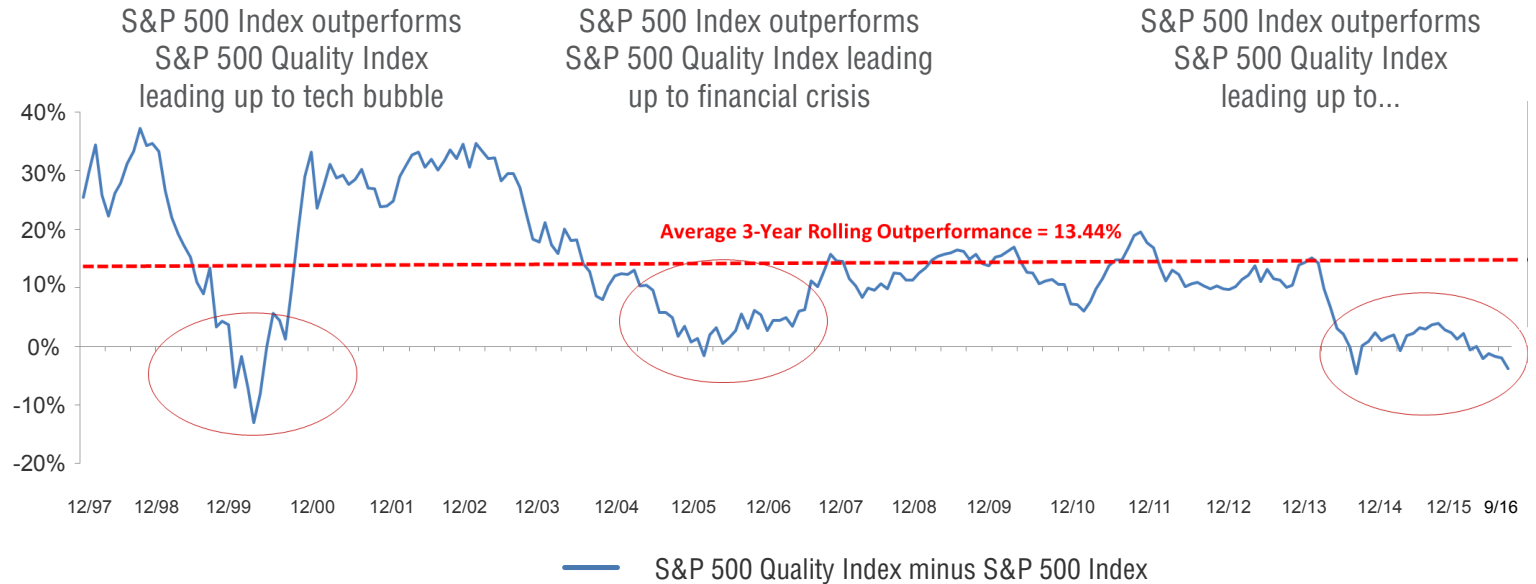
Historical Quality Overview

S&P 500 Quality Index: Designed to track high quality stocks in the S&P 500 using a quality score, which is calculated based on a blend of return on equity, financial leverage, and quality of earnings (accruals ratio)

Construction Methodology

Universe	■ Members of S&P 500
Constituent Selection	■ Top 100 eligible securities are selected for index by quality score. The score is based on a composite of each stock's return on equity, financial leverage, and accruals ratio
Weighting	■ Components are weighted by a product of quality score and the float-adjusted market cap

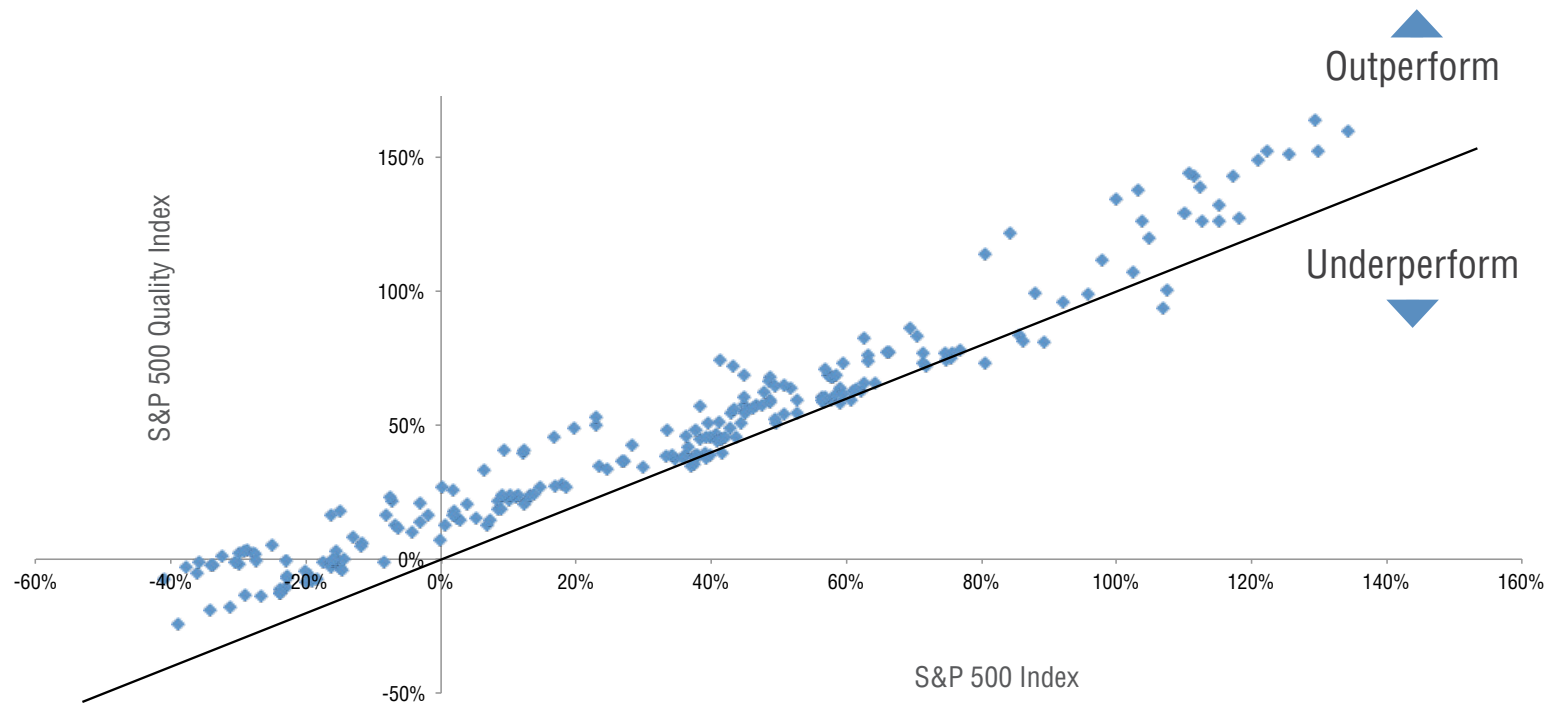
S&P 500 Quality Index – S&P 500 Index Relative Rolling 3-Year Returns (12/94 – 9/16)



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S&P 500 Quality Index Returns Outperform the S&P 500 Index in 93% of 3-Year Rolling Periods (12/94 – 9/16, measured monthly)



Source: Bloomberg

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S&P 500 Quality Index NAV/S&P 500 Index NAV Relative Wealth Chart (12/94 – 9/16)



Line Trending Up = Outperformance
Line Trending Down = Underperformance

Source: Bloomberg

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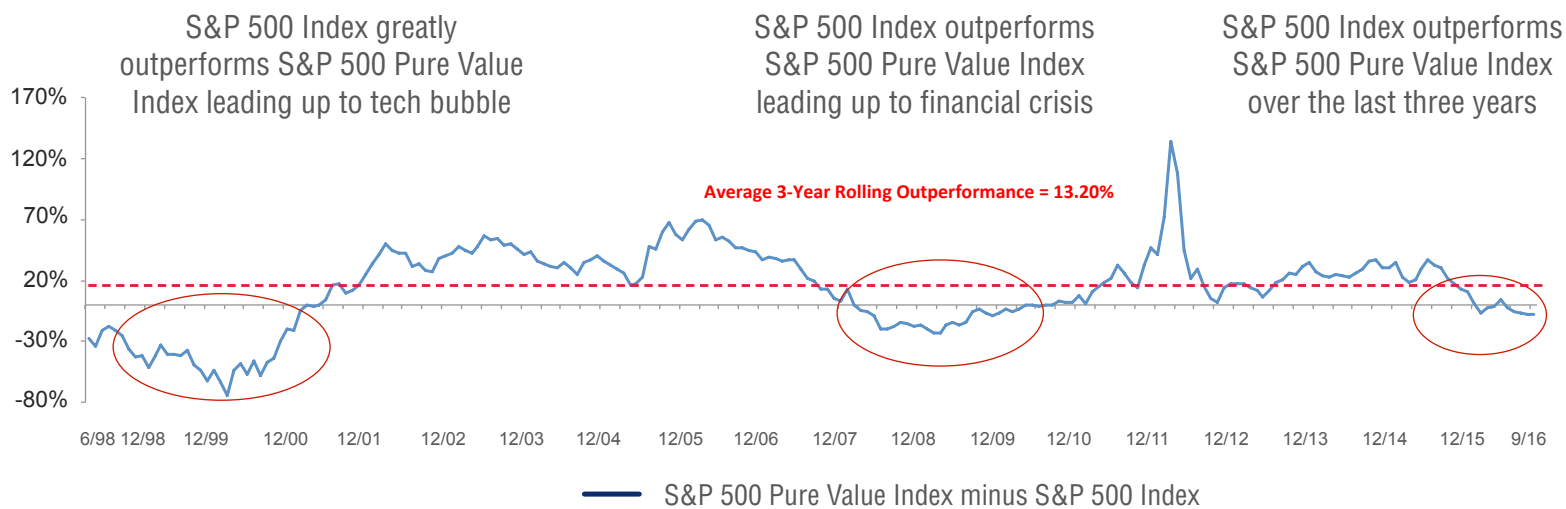
Historical Value Overview

S&P 500 Pure Value Index: Designed to track stocks in the S&P 500 that exhibit the strongest value characteristics using a style attractiveness-weighting scheme

Construction Methodology

Universe	■ Members of S&P 500 with strongest value characteristics
Constituent Selection	■ Securities are selected for index by a value score. The score is based on a composite of each stock's ratio of price to book value, price to earnings, and sales to price
Weighting	■ Components are weighted according to their value score

S&P 500 Pure Value Index – S&P 500 Index Relative Rolling 3-Year Returns (6/95 – 9/16)

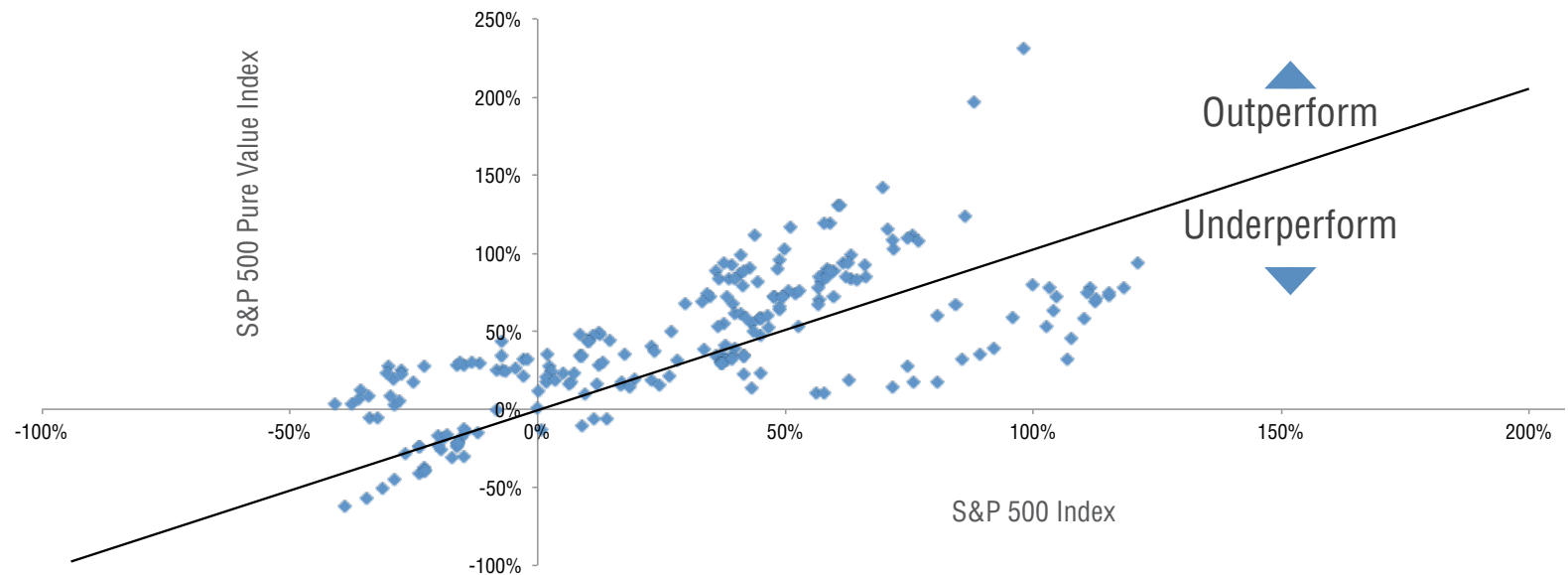


Source: Bloomberg

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S&P 500 Pure Value Index Returns Outperform the S&P 500 Index in 67% of 3-Year Rolling Periods (6/95 – 9/16, measured monthly)

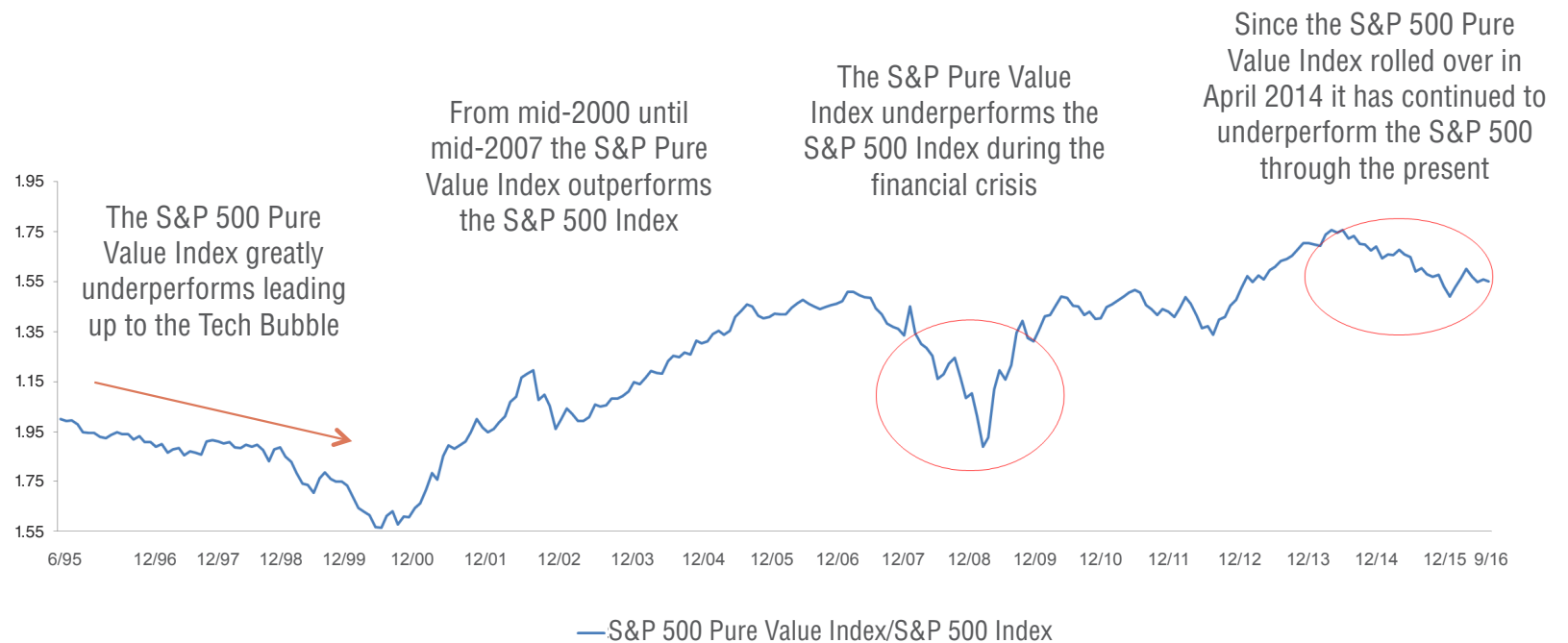


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Historical Relative Value Returns

S&P 500 Pure Value Index NAV/S&P 500 Index NAV Relative Wealth Chart (6/95 – 9/16)



Line Trending Up = Outperformance
Line Trending Down = Underperformance

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