BostonPartners

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Pursuing better outcomes for investors

A closer look at our time-tested, Three Circle approach to investing

At Boston Partners, every strategy we manage—across all market capitalizations and geographies—is built on the same three principles: that stocks with low valuations, strong fundamentals, and positive business momentum, over time, tend to outperform those with high valuations, weak fundamentals, and negative momentum. In this paper, we'll take a closer look at why each of these characteristics is such a vital part of our process, how we bring them all together in an actively managed portfolio, and how this strategy has delivered better investment experiences for our clients.

Undervalued stocks have long been considered a reliable source of alpha

Eugene Fama and Kenneth French became household names in the investment industry, not to mention Nobel laureates, through their research into the equity market factors that command reliable premiums—the value factor being one of them. What Fama and French found was that investing in value stocks offered a statistically significant edge over buying stocks trading at higher multiples. This makes intuitive sense: The expectations for stocks with lower multiples are generally not as high as they are for stocks priced for continued rapid growth. Value stocks feature an inherent potential for multiple expansion, while growth stocks offer more or less the opposite: the constant risk of compressing multiples should investors reprice a company's growth prospects.

Not all value stocks represent a good value, however. Our own research has demonstrated the problems inherent in relying too heavily on price multiples as an investment criteria, with so-called "value traps" being one of the most prevalent embodiments of such risks. That's one reason we seek out companies that have more to offer beyond just being attractively priced.

Strong fundamentals are essential to outperformance

It wouldn't be an overstatement to say that vetting corporate fundamentals is the backbone of the entire active management enterprise. This, too, makes intuitive sense: Companies tend to have solid quantifiable fundamentals because they're well run and generating revenue, and it's hard to imagine a scenario where these qualities aren't highly desirable. Determining which particular metrics to focus on is another matter, as there are dozens of ways to gauge the health of a company, each of which carries its own nuances and idiosyncrasies.

We prefer to keep it as simple as possible. Our analysts typically seek to answer three questions when evaluating a company's fundamentals:

- **How does the business generate revenues?**
- **What is the underlying cost structure?**
- **How much cash does the business generate?**

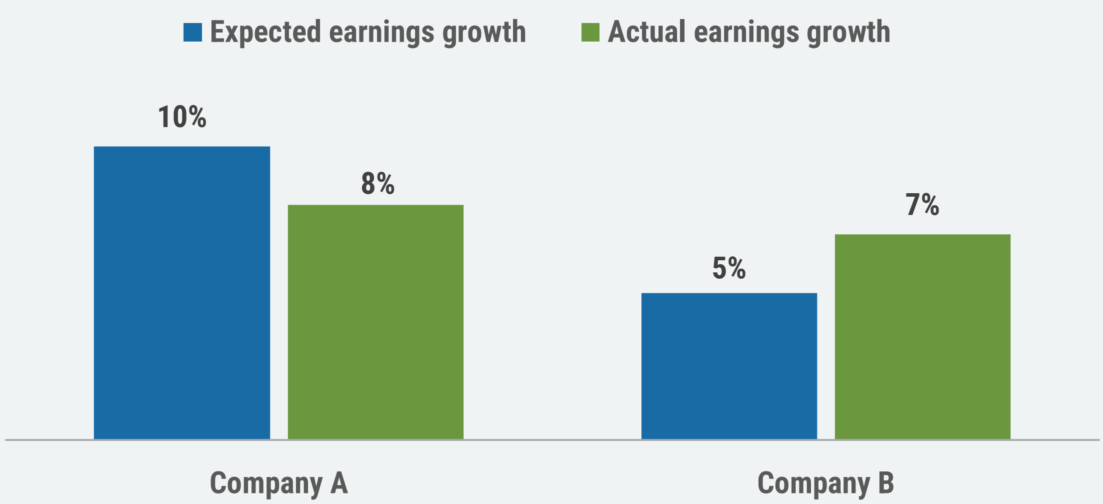
Once we have a better understanding of these key metrics, we can begin to evaluate how healthy a company is, both relative to its particular industry and to the market as a whole. Stocks that are attractively priced and fundamentally sound will typically make our short list for investment—but we also seek out companies with positive characteristics in a third, often underappreciated dimension: business momentum.

Understanding a stock's momentum offers vital investment context

The third leg of our investment process focuses on momentum, which we consider in terms of two interconnected types. Fundamental momentum looks at a variety of quantitative metrics—revenue, sales, earnings, margins, and so on—and asks, are these measures getting better or worse? Catalyst-driven momentum has to do with events that directly impact the business—management or regulatory changes, new product developments, or industry consolidation, for example.

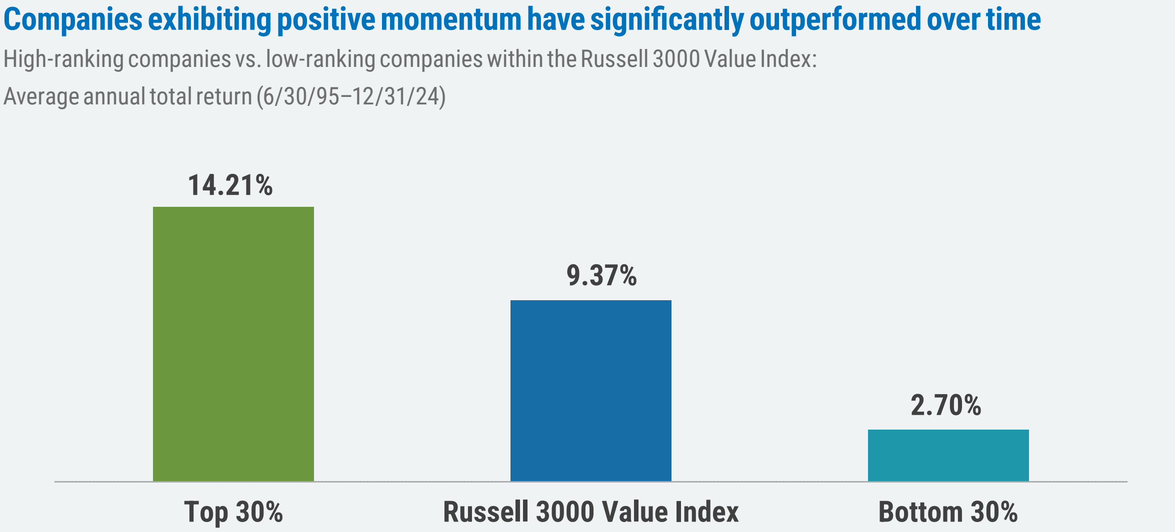
Momentum is a characteristic that we generally think about in relative terms—specifically, how a stock is positioned relative to Wall Street expectations, its peer group, and to performance trends. Take a hypothetical example of Companies A and B. On an absolute basis, at 8%, Company A's earnings growth results are higher than B's at 7%. But only Company B exhibits positive momentum versus expectations, and we've found that exceeding expectations is one factor that's been a meaningful driver of long-term outperformance over time.

Companies that beat earnings expectations often outperform those that miss forecasts



Source: Boston Partners. For illustrative purposes only.

This phenomenon has an abundance of evidence to support it. If we look at the performance of the broad stock market segmented out by momentum characteristics, the companies in the top 30% outperformed both the market and, not surprisingly, those companies in the bottom 30%—the latter by more than 1,000 basis points per year.

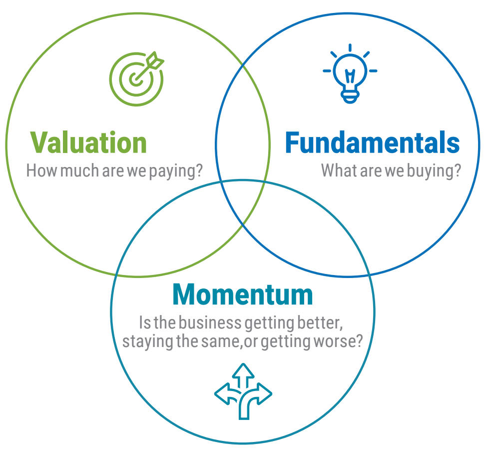


Boston Partners' proprietary momentum model assigns scores to securities based on quantitative factors related to business momentum and sentiment. Those securities receiving 1–3 rankings are considered to score in the top 30%; those receiving 8–10 rankings are in the bottom 30%. Rankings are observed on a monthly basis, and the number of securities in each tier will vary. Past performance does not guarantee future results. It is not possible to invest directly in an index; see last page for definitions.

Clearly, targeting companies that are beating expectations or benefiting from improving operating conditions offers a significant source of alpha for investors.

Leveraging quantitative analysis allows our portfolio construction process to be more efficient

Although at Boston Partners we consider ourselves first and foremost to be value managers, we begin our search for investments not by looking at any particular value-oriented benchmark index, but instead at the entire investable universe within our target geography and market cap—often up to 10,000 individual securities. Within those universes, we use a proprietary quantitative screening process to assign statistical rankings to each security for each of our three primary criteria: valuation, fundamentals, and momentum. Those securities that rank within the top 30% across all three dimensions become candidates for investment.



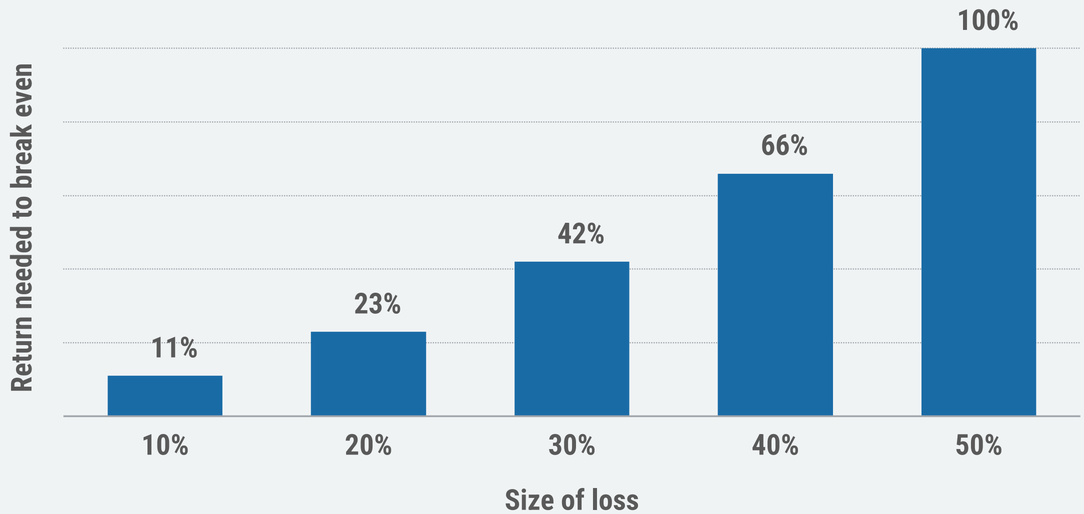
A question we often hear is, why would a fundamentals-driven manager make quantitative research an integral part of the investment process? Simply put, we view the insight our quantitative research team delivers as a tool—and quite a valuable one—that allows our fundamental analysts to use their time far more efficiently. With thousands of potential holdings available for inclusion in most of our portfolios, being able to distill an investment universe down to those securities that appear most attractive across our three main investment criteria allows our analysts to focus less on finding potential opportunities and more on vetting them.

Risk management is crucial to delivering a superior client experience

There's no shortage of asset managers that describe the ultimate purpose of their investment process in starkly analytic terms: seeking to eke out so many basis points of excess return over a benchmark, or delivering a certain Sharpe ratio over a full market cycle—the list goes on. At Boston Partners, we understand the point of what we do, the true underlying value, rests in delivering a better investment experience for clients. At the end of the day, genuine investment risk is not a statistical measure of volatility, variance, or estimated tracking error; it's a permanent impairment or loss of capital. That's the definition of risk that our clients ultimately care most about.

We believe that in order to provide better outcomes for clients, our portfolios must exhibit as high a degree of consistency in their performance as possible—as we like to say, to win by not losing. Consider the asymmetry involved in breaking even after a loss. Because any losses diminish the asset base, the return needed to offset a decline must be larger than the loss—and the bigger the loss, the bigger the gain required.

The return needed to break even increases exponentially relative to the loss



Source: Boston Partners. For illustrative purposes only.

The picture doesn't get any rosier when viewed through the lens of time. Assuming a hypothetical 10% annual gain during up markets, it would take nearly four years to recoup the losses suffered after a 30% sell off. That's a massive missed opportunity: Those four years of lost time can spell the difference between achieving or missing a long-term investment goal. This law of investing physics—the need to minimize capital impairment and losses—serves as a constant guide for our company and informs a large part of why we adhere to the investment principles we do.

A rigorous sell discipline is a vital to mitigating downside risk

Knowing when to buy a stock is, naturally, only half the battle. Exiting a position at the right time is essential to locking in profits (when an investment thesis comes together) and to avoiding value traps (when a company's situation takes a turn for the worse). Our process for selling stocks is based on the same three pillars we use to screen for potential investments: If a stock has appreciated to its price target, if its business fundamentals weaken, or if its business momentum reverses, we exit the position.

One noteworthy factor here is that we will not sell a held security simply because it has become too expensive to buy. Price changes can occur quickly, and it's often the case that we'll continue to hold a company in our portfolios that represented an attractive valuation when we initially bought it, but due to price appreciation no longer appears as compelling in terms of valuation criteria. As long as the security continues to exhibit solid fundamentals and has positive momentum working in its favor, we'll be inclined to hold it. Occasionally, these types of securities—the "holds" in our portfolios—no longer meet third-party criteria of value stocks. But that's not to suggest we're any less keenly attentive to valuation as both a buy and sell metric.

We employ multiple checks and balances to help buffer against capital losses

Our first defense against potentially incurring capital losses is ultimately our three-pillared investment approach. By understanding valuation risk, we seek to avoid overpaying for an investment; looking at balance sheet risk helps us gauge the solvency risk of the business; and studying earnings risk informs our view of the sustainability of a company's cash flows over time. But beyond these three pillars, we also employ a broad system of checks and balances to help guard against capital losses:

- **Analysts set price targets for all owned stocks**
  We seek to own securities that not only meet our three base investment criteria, but also offer more upside return potential than downside risk. It's another important way we seek to tilt the odds of a better investment outcome in our favor.
- **Portfolio managers engage with our analysts in an ongoing feedback loop**
  Our portfolio managers are in constant dialogue with analysts, monitoring for any material changes in a holding's outlook and its underlying investment thesis, as well as staying informed of any changes in the relative opportunity set.
- **Ongoing quantitative analysis helps ensure we stay true to our discipline**
  We build our portfolios through bottom-up security selection based on three critical factors: valuation, fundamentals, and momentum. But it's just as important to continue to monitor individual securities for these characteristics after we've invested in them—not to mention scrutinizing portfolios as a whole. Our ongoing quantitative analysis provides a comprehensive picture of each portfolio, helps identify any unintended risks that may have crept in, and enables our portfolio managers to adjust accordingly as market conditions change.
- **Ensure our portfolios are well diversified—always**
  The future is unknowable and there are a host of factors that can affect stock prices in unexpected ways. We've found the most effective way to manage this reality is by maintaining a broad-based allocation across sectors, industries, and companies that meet our valuation, fundamentals, and momentum criteria. Experience shows that successfully doing so has greatly contributed to consistency in our results.

The result: consistent outperformance and better client outcomes

There's little value to an investment approach that works only in theory. At Boston Partners, we're proud to report that our approach has delivered competitive results in practice: Our investment strategies have a track record of outperformance over the long term.

Outperformance across strategies since inception (%)

Boston Partners strategies available in UCITS	Inception date	
Large Cap Value vs. Russell 1000 Value Index	6/1/1995	1.23
Premium Equity vs. Russell 3000 Value Index	6/1/1995	2.58
Mid Cap Value vs. Russell Midcap Value Index	5/1/1995	1.54
Global Equity vs. MSCI World Value Index-Net	7/1/2008	1.69

Boston Partners strategies available in separate accounts	Inception date	
Small Cap Value vs. Russell 2000 Value Index	7/1/1995	2.00
International Equity vs. MSCI EAFE Value Index-Net	7/1/2008	1.13
Long/Short Equity vs. S&P 500 Index	8/1/1997	1.31

Data as of December 31, 2024. Source: Boston Partners. The green bars reflect the average annual excess return (net of fees) versus the indexes shown since each strategy's inception. Past performance does not guarantee future results. It is not possible to invest directly in an index; see last page for definitions.

In our industry, we often say that past performance does not guarantee future results, but we believe the consistency of our strategies' performance is very much a testament to the durability of our investment philosophy. To lean on a metaphor, we swing for singles and doubles, and work hard to avoid striking out. As the results show, generating those kinds of small wins consistently over time can lead to significant outperformance. More importantly, we feel it leads to the kind of investment results our clients have come to expect: one with less volatility, a greater degree of consistency, and ultimately a higher likelihood of achieving investors' goals.

Annualized total returns % (as of 12/31/24)

	Inception date	1YR	3YR	5YR	10YR	Since inception
Large Cap Value Gross of fees	6/1/95	16.29	8.66	11.52	9.96	10.98
Net of fees		15.92	8.32	11.17	9.62	10.60
Russell 1000 Value Index		14.37	5.63	8.68	8.49	9.37
Premium Equity Gross of fees	6/1/95	10.90	7.32	10.56	10.24	12.54
Net of fees		10.16	6.60	9.86	9.57	11.95
Russell 3000 Value Index		13.98	5.41	8.60	8.40	9.37
Mid Cap Value Gross of fees	5/1/95	11.26	7.04	10.84	10.16	12.88
Net of fees		10.93	6.72	10.50	9.80	12.27
Russell Midcap Value Index		13.07	3.88	8.59	8.10	10.73
Small Cap Value Gross of fees	7/1/95	14.12	5.94	9.24	8.76	12.25
Net of fees		13.33	5.22	8.51	7.99	11.39
Russell 2000 Value Index		8.05	1.94	7.29	7.14	9.39
Global Equity Gross of fees	7/1/08	8.22	6.87	9.76	8.54	8.44
Net of fees		7.65	6.30	9.16	7.85	7.69
MSCI World Value Index - Net		11.47	5.13	6.97	6.65	6.00
MSCI World - Net		18.67	6.34	11.17	9.95	8.10
International Equity Gross of fees	7/1/08	0.58	5.02	6.87	5.80	4.97
Net of fees		-0.12	4.29	6.12	5.04	4.20
MSCI EAFE Value Index - Net		5.68	5.88	5.09	4.31	3.07
MSCI EAFE - Net		3.82	1.65	4.73	5.20	3.64
Long/Short Equity Gross of fees	8/1/97	14.62	13.00	13.36	9.28	12.38
Net of fees		13.10	11.59	12.08	8.09	10.14
S&P 500 Index		25.02	8.94	14.53	13.10	8.83

Performance for periods less than one year is cumulative. Composite returns are asset weighted. Past performance does not guarantee future results. Account composition is subject to change and information contained in this publication may not be representative of the current account. Boston Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Boston Partners has been independently verified for the periods 1995 through 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Contact information for obtaining GIPS compliant reports for this and other strategies can be found at bostonpartners.com. The verification and performance examination reports are available upon request. GIPS is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of content contained herein.

The composite includes designated retail separately managed, fully discretionary, fee-paying accounts under management with a similar investment mandate. Monthly composite returns are calculated using weights equal to beginning values adjusted for time-weighted cash flows. Quarterly and yearly returns are derived from linking monthly returns. Additional information is available upon request.

Composite account returns will be reduced by any fees and expenses incurred in the management of the account. Gross composite returns are calculated by deducting commissions and transaction costs charged to accounts in a composite. Net composite returns also reflect the deduction of management fees, which may include performance-based fees, and are calculated by deducting actual fees charged to the accounts in a composite. Fees are applied to gross returns at month end. Actual fees may vary depending on the applicable fee schedule and account size. Additional information regarding policies for valuing accounts, calculating performance, and preparing compliant reports is available upon request. Investment advisory fees are listed herein and are fully described in Boston Partners' Form ADV, Part 2.

Investment risks

Investing involves risk, including the potential loss of principal. Small- and mid-cap companies tend to be more volatile and may fluctuate in value more than the broader stock market. Illiquid securities may be difficult to value or to sell. Investments in undervalued or out of favor stocks may not appreciate and could decline further. Higher rates of portfolio turnover may result in higher costs and capital gains. Options and derivatives may be more sensitive to changes in market conditions. Foreign investors may have taxes withheld. The strategy may participate in Initial Public Offerings (IPOs), depending on availability and prevailing market conditions. IPOs may have a significant positive effect on performance, and such results should not be expected for future performance periods.

Investment advisory fees, which are more fully described in Boston Partners' Form ADV, Part 2, are as follows. Large Cap Value: 70 basis points ("bp") on the first $10 million in assets; 50 bp on the next $40 million; 40 bp on the next $50 million; 30 bp thereafter. Premium Equity: 80 bp on the first $25 million in assets; 60 bp on the next $25 million; 50 bp on the next $50 million; 40 bp thereafter. Mid Cap Value: 80 bp on the first $25 million in assets; 60 bp thereafter. Small Cap Value: 100 bp on the first $25 million in assets; 80 bp thereafter. Global Equity and International Equity: 75 bp on the first $25 million; 65 bp on the next $25 million; 55 bp on the next $50 million; 50 bp thereafter. Long/Short Equity: 100 bp on total assets under management; plus 20% profit participation.

Index definitions

The Large Cap Value strategy's benchmark is the Russell 1000 Value Index, which tracks the performance of those large-cap U.S. equities in the Russell 1000 Index with value style characteristics. The Premium Equity strategy's benchmark is the Russell 3000 Value Index, which tracks the performance of those U.S. equities in the Russell 3000 Index with value style characteristics. The Mid Cap Value strategy's benchmark is the Russell Midcap Value Index, which tracks the performance of the 800 smallest companies in the Russell 1000 Index with value style characteristics. The Small Cap Value strategy's benchmark is the Russell 2000 Value Index, which tracks the performance of those small-cap U.S. equities in the Russell 2000 Index with value style characteristics. The Global Equity strategy's benchmark is the MSCI World Index – Net, which tracks the performance of large- and mid-cap equities traded in developed markets. The MSCI World Value Index – Net tracks the performance of large- and mid-cap equities with value style characteristics traded in developed markets. Net return (NR) denotes the reinvestment of dividends after taxes. The International Equity strategy's benchmark is the MSCI EAFE Index – Net, which tracks the performance of large- and mid-cap equities traded in developed markets. The MSCI EAFE Value Index – Net tracks the performance of large- and mid-cap equities with value style characteristics traded across global developed markets, excluding the United States and Canada. Net return denotes the reinvestment of dividends after taxes. The Long/Short Equity strategy's benchmark is the S&P 500 Index, which tracks the performance of the 500 largest companies traded in the United States. Benchmarks are provided to show how the composite's returns compare to a broad-based index of securities; index performance does not reflect costs, fees, or other expenses. It is not possible to invest directly in an index.

Large Cap Value

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	14.67	14.31	11.46	16.54	16.51	85	0.11	22,177	94,056
2022	-3.78	-4.08	-7.54	22.40	21.25	88	0.08	20,609	88,117
2021	31.03	30.63	25.16	20.30	19.06	92	0.13	22,719	96,320
2020	2.59	2.27	2.80	20.91	19.62	105	0.27	20,676	77,120
2019	24.18	23.79	26.54	12.48	11.85	133	0.29	25,320	89,368
2018	-8.70	-8.99	-8.27	12.16	10.82	142	0.19	22,415	81,550
2017	20.07	19.71	13.66	11.57	10.20	141	0.33	25,415	99,241
2016	14.74	14.40	17.34	11.95	10.77	156	0.23	25,275	87,222
2015	-4.08	-4.37	-3.83	11.28	10.68	167	0.16	24,629	78,363
2014	11.85	11.49	13.45	9.83	9.20	151	0.11	25,244	73,250

Premium Equity

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	13.18	12.42	11.66	16.37	16.69	20	0.16	2,617	94,056
2022	-1.53	-2.18	-7.98	22.21	21.53	31	0.08	2,780	88,117
2021	26.81	26.05	25.37	20.43	19.34	32	0.06	4,442	96,320
2020	5.38	4.78	2.87	21.45	19.95	30	0.32	3,586	77,120
2019	28.88	28.12	26.26	13.35	12.01	37	0.12	4,125	89,368
2018	-11.06	-11.60	-8.58	12.58	11.06	36	0.11	3,731	81,550
2017	18.91	18.22	13.19	11.47	10.33	35	0.17	4,349	99,241
2016	15.73	15.08	18.40	12.30	10.97	35	0.10	3,444	87,222
2015	1.71	1.15	-4.13	11.46	10.74	35	0.09	3,290	78,363
2014	13.22	12.65	12.70	9.92	9.36	29	0.14	3,130	73,250

Mid Cap Value

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	17.62	17.27	12.71	18.61	19.31	32	0.09	27,671	94,056
2022	-6.28	-6.57	-12.03	23.89	24.44	33	0.07	25,020	88,117
2021	28.03	27.63	28.34	21.73	21.95	33	0.09	28,031	96,320
2020	6.55	6.18	4.96	22.45	22.62	36	0.05	18,926	77,120
2019	31.26	30.80	27.06	13.25	12.79	40	0.04	20,096	89,368
2018	-14.03	-14.33	-12.29	13.26	11.96	41	0.16	15,999	81,550
2017	16.55	16.16	13.34	11.56	10.33	36	0.09	20,946	99,241
2016	16.29	15.90	20.00	12.45	11.30	35	0.09	18,493	87,222
2015	2.84	2.49	-4.78	10.97	10.71	37	0.01	15,310	78,363
2014	14.37	14.00	14.75	10.27	9.81	29	0.12	11,599	73,250

International Equity

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	20.13	19.29	18.24	16.75	16.61	6	0.12	3,493	94,056
2022	-4.12	-4.80	-14.45	21.95	19.96	4	n/a	2,567	88,117
2021	14.09	13.29	11.26	19.47	16.92	4	n/a	2,674	96,320
2020	5.46	4.74	7.82	19.90	17.90	4	n/a	2,358	77,120
2019	16.69	15.86	22.01	11.41	10.81	4	n/a	1,818	89,368
2018	-18.07	-18.67	-13.79	11.98	11.24	6	0.05	1,424	81,550
2017	26.38	25.48	25.03	11.31	11.83	5	0.10	1,163	99,241
2016	0.76	0.01	1.51	11.81	12.48	3	n/a	603	87,222
2015	3.54	2.77	-0.39	11.07	12.47	1	n/a	261	78,363
2014	-3.65	-4.37	-4.49	11.77	12.99	2	n/a	33	73,250

Small Cap Value

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	17.23	16.44	14.65	19.99	21.75	18	0.14	1,516	94,056
2022	-11.12	-11.72	-14.48	28.13	27.27	19	0.21	1,527	88,117
2021	26.90	26.12	28.27	26.66	25.00	19	0.23	1,772	96,320
2020	3.12	2.41	4.63	27.43	26.12	18	0.52	1,518	77,120
2019	31.15	30.22	22.39	15.31	15.68	20	0.34	1,555	89,368
2018	-15.69	-16.27	-12.86	14.79	15.76	20	0.24	1,308	81,550
2017	11.29	10.49	7.84	13.46	13.97	20	0.14	1,442	99,241
2016	25.63	24.69	31.74	14.71	15.50	19	0.21	1,242	87,222
2015	-3.77	-4.53	-7.47	13.03	13.45	19	0.19	1,023	78,363
2014	4.76	3.93	4.22	12.36	12.79	18	0.26	1,147	73,250

Long/Short Equity

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	16.06	14.32	26.29	15.86	17.29	2	n/a	178	94,056
2022	8.47	7.45	-18.11	17.89	20.87	2	n/a	179	88,117
2021	35.18	33.92	28.71	16.63	17.17	2	n/a	169	96,320
2020	-4.03	-4.94	18.40	12.81	18.53	2	n/a	169	77,120
2019	11.75	10.70	31.49	9.53	11.93	2	n/a	311	89,368
2018	-13.34	-14.22	-4.38	9.81	10.80	2	n/a	515	81,550
2017	5.41	4.30	21.83	9.09	9.92	2	n/a	1,100	99,241
2016	25.71	24.03	11.96	9.68	10.77	2	n/a	1,100	87,222
2015	1.15	0.17	1.38	8.41	10.47	2	n/a	687	78,363
2014	7.16	6.04	13.69	6.77	8.98	2	n/a	958	73,250

Global Equity

	Total returns (%)			3 YR standard dev. (%)		Composite			
	Composite gross of fees	Composite net of fees	Benchmark	Composite	Benchmark	# of accounts	Dispersion (%)	Total assets ($M)	Firm assets ($M)
2023	15.21	14.59	23.79	16.88	16.75	10	0.07	1,638	94,056
2022	-2.10	-2.62	-18.14	22.82	20.43	9	0.05	1,416	88,117
2021	23.27	22.63	21.82	20.35	17.06	10	0.10	1,626	96,320
2020	5.88	5.23	15.90	20.80	18.27	11	0.28	1,583	77,120
2019	20.07	19.27	27.67	11.28	11.14	9	0.15	1,675	89,368
2018	-12.50	-13.10	-8.71	11.02	10.38	9	0.09	1,472	81,550
2017	21.53	20.67	22.40	10.49	10.23	8	0.11	1,532	99,241
2016	9.47	8.65	7.51	11.28	10.94	4	n/a	699	87,222
2015	1.89	1.11	-0.87	10.76	10.80	3	n/a	438	78,363
2014	5.54	4.74	4.94	10.48	10.22	1	n/a	27	73,250

Past performance is not an indication of future results. Performance is calculated in USD. The measurement of composite dispersion is calculated by the weighted average standard deviation of the annual gross-of-fee returns within the composite. Dispersion in composites with less than five accounts included for the entire year is not considered meaningful and is denoted with "n/a."

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Key terms

Alpha measures the excess risk-adjusted return of a portfolio relative to a benchmark index. A **market cycle** is the period from a market's peak, through the subsequent low, to the next market peak. **Sharpe ratio** measures a portfolio's total return per unit of risk. The higher the ratio, the better the portfolio's historical risk-adjusted performance. **Tracking error** measures the variation between the performance over time of a portfolio versus an index. **Variance** is a statistical measure of how much a data set tends to deviate from its mean value.

Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments; foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability; value stocks may decline in price; growth stocks may be more susceptible to earnings disappointments; the securities of small companies are subject to higher volatility than those of larger, more established companies.

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