

Small-Cap Quality Stocks: Stronger ROA by Sector, Better Performance

- **Stronger ROA, Stronger Performance in most Sectors:** Companies in the Russell 2000 with higher return on assets (ROA) performed better in 10 out of 11 sectors over the past 5 years.
- **Outperformance of over 10%:** Companies with higher ROA outperformed those with lower ROA by an average annualized return of over 10%.

Stronger Profitability – Superior Performance
Average Annualized 5-Year Return by Sector



Source: Bloomberg, data as of 3/31/2019. Index: Russell 2000. Lower ROA: Defined as companies with ROA that is below the average for the sector. ROA (Return on Assets): Indicator of how profitable a company is relative to its Total assets, in percentage. Calculated as (Trailing 12M Net Income/ Average Total Assets) x 100. Higher ROA: Defined as companies with ROA that is above the average for the sector. Past performance does not guarantee future results. The referenced index is shown for general market comparisons and is not meant to represent the Fund. Investors cannot directly invest in an index.



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Small-Cap Dividends, Value and Growth: Performance Cycles

- Performance:** Small-cap Dividends have outperformed Value, Growth and the Russell 2000 in 3 out of the 4 prior calendar years. Growth has provided strong returns during 2019 year-to-date (YTD).
- Valuations and Yield:** Dividends and Value provide more yield and are cheaper relative to Growth and the Russell 2000 based on forward P/E.

Calendar Year Return Comparison

	2015	2016	2017	2018	2019 YTD
Russell 2000	2.1%	36.2%	22.1%	-9.3%	17.1%
Dividends	-1.4%	31.7%	14.6%	-9.3%	14.6%
Value	-4.4%	21.3%	7.8%	-11.0%	11.9%
Growth	-7.9%	11.3%	5.1%	-12.8%	8.7%

Forward P/E

	2019	2018	2017	2016	2015
Russell 2000	22.3	1.5%	1.5%	1.5%	1.5%
Dividends	18.2	2.6%	2.6%	2.6%	2.6%
Value	15.7	2.9%	2.9%	2.9%	2.9%
Growth	35.7	0.7%	0.7%	0.7%	0.7%

Source: Bloomberg, data as of 3/31/2019. Russell 2000, Russell 2000 Dividend Growth Total Return, Value, Russell 2000 Total Return, Growth, Russell 2000 Growth Index, Forward P/E. Price divided by total base quote average. It is impossible to predict forward P/E and actual results may vary. Returns are in USD. Past performance is no guarantee of future results. The referenced indices are shown for general market comparison and are not meant to represent the Fund. Investors should directly invest in an asset and understand that returns do not reflect any fees, expenses or sales charges.

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Small-Cap Quality Stocks, Strong Performers

Stronger Profitability, Stronger Interest? Comparison in the Russell 2000 with the strongest average return on assets (ROA) in the past 5 years were among the best performers.

- Comparison by Return on Assets (ROA):**
 - 1st quartile companies generated an average of nearly 6% annualized return for the past 5 years.
 - 4th quartile companies by ROA generated a negative annualized return for the past 5 years.

Strong ROA - Strong Performance

ROA - Average Annualized 5-Year Return by Quartile

Source: Bloomberg, data as of 3/31/2019. ROA (Return on Assets) is a measure of a company's profitability as a ratio to its total assets. It is calculated as Operating Income divided by Total Assets. ROA is a key financial metric used by investors to compare the performance of different companies. The referenced index is shown for general market comparison and are not meant to represent the Fund. Investors should directly invest in an asset and understand that returns do not reflect any fees, expenses or sales charges.

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OUSM Has Delivered Higher Quality, Less Risk and More Income

OUSM Has Delivered:

- More Profitability:** OUSM has higher return on assets in 10 out of 11 sectors.
- Less Volatility:** OUSM has lower volatility on average in 10 out of 11 sectors.
- More Income:** OUSM has higher dividend yield in 9 out of 11 sectors.

Sector	ROA		Volatility		Yield	
	OUSM	Russell 2000	OUSM	Russell 2000	OUSM	Russell 2000
Industrials	11.8%	6.2%	36.8%	35.5%	2.6%	0.9%
Information Technology	9.7%	0.1%	31.8%	43.2%	1.7%	0.3%
Financials	11.9%	2.8%	29.8%	28.1%	3.5%	2.9%
Consumer Discretionary	10.8%	6.7%	33.8%	43.1%	3.1%	0.9%
Materials	7.8%	7.0%	27.9%	38.2%	2.5%	1.6%
Utilities	3.4%	2.8%	28.1%	24.4%	2.8%	2.9%
Consumer Staples	10.3%	3.4%	28.5%	34.1%	2.7%	1.2%
Health Care	5.5%	-16.2%	35.5%	34.6%	3.5%	0.7%
Communication Services	5.4%	3.2%	30.3%	40.9%	3.5%	1.7%
Energy	5.9%	2.3%	40.1%	50.1%	4.3%	1.3%
Total OUSM	8.8%	1.3%	34.8%	34.8%	3.1%	4.4%
Average	6.7%	6.6%	35.2%	34.7%	2.6%	1.3%

Source: Bloomberg, data as of 3/31/2019. ROA (Return on Assets) is a measure of a company's profitability as a ratio to its total assets. It is calculated as Operating Income divided by Total Assets. ROA is a key financial metric used by investors to compare the performance of different companies. The referenced index is shown for general market comparison and are not meant to represent the Fund. Investors should directly invest in an asset and understand that returns do not reflect any fees, expenses or sales charges.

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Concentration in a particular industry or sector will subject the Funds to loss due to adverse occurrences that may affect that industry or sector. The Funds may use derivatives which may involve risks different from, or greater than, those associated with more traditional investments. The Funds' emphasis on dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the market. Also, a company may reduce or eliminate its dividend after the Funds' purchase of such a company's securities. Returns on investments in foreign securities could be more volatile than, or trail the returns on, investments in U.S. securities. Exposures to foreign securities entail special risks, including political, diplomatic, economic, foreign market and trading risks. In addition, the Funds' investments in securities denominated in other currencies could decline due to changes in local currency relative to the value of the U.S. dollar, which may affect the Funds' returns. See the prospectus for specific risks regarding the Funds.

The securities of small capitalization companies are often more volatile and less liquid than the stocks of larger companies and may be more affected than other types of securities during market downturns. Compared to larger companies, small capitalization companies may have a shorter history of operations, and may have limited product lines, markets or financial resources.

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