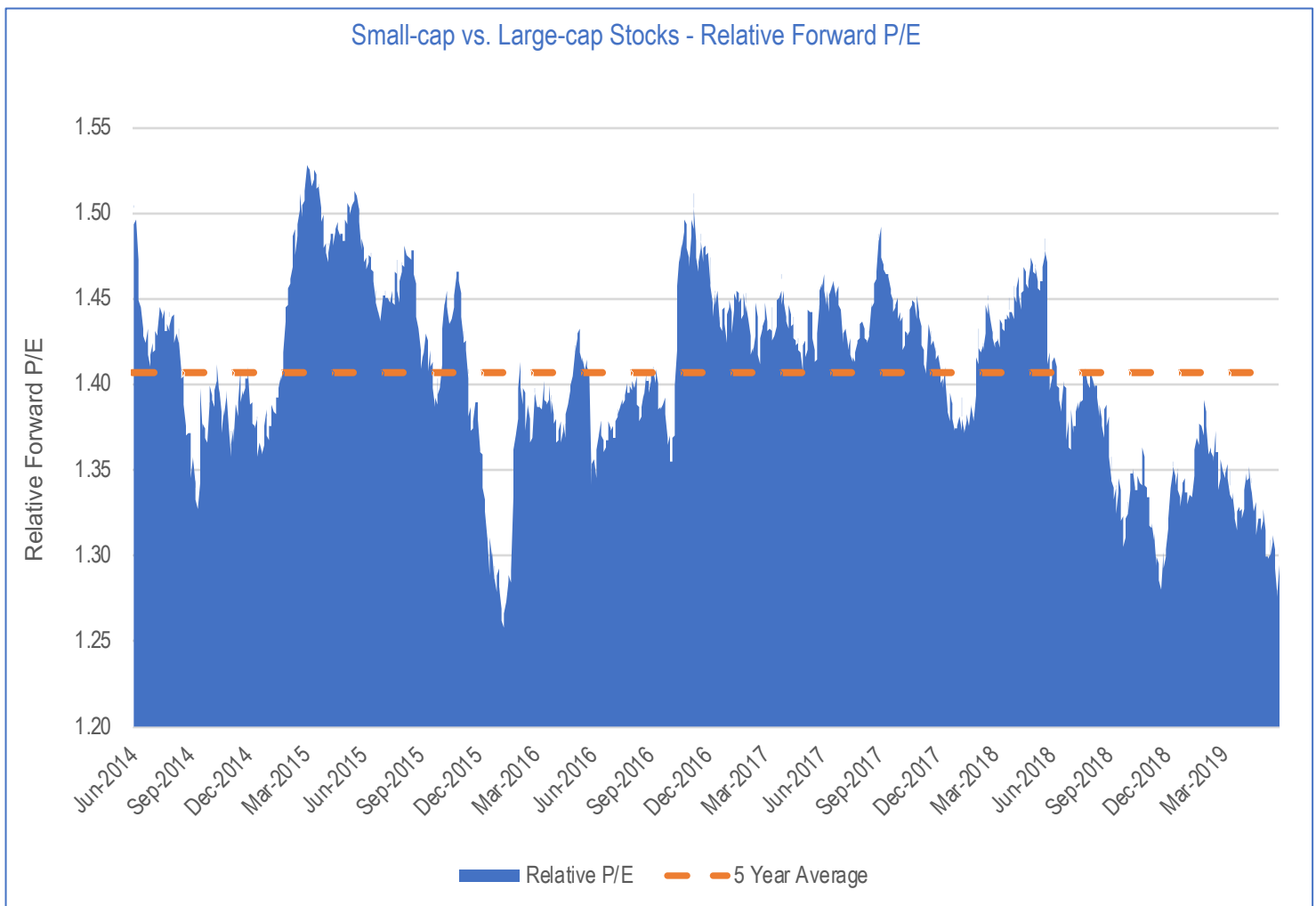


Small-Cap Stocks, Cheap and Less Exposed to Trade Wars

- **Small-Cap stocks have returned nearly 17% year to date.**
- **They appear attractive compared to large-caps.** The relative forward P/E between small-caps and large-caps is below the 5 year average.
- **Less exposed to trade tensions:** Small-cap revenue is more domestic in focus than large cap stocks.



Source: Bloomberg, Data as of 6/30/2019. **Small-cap stocks:** Russell 2000 Index. **Large-cap stocks:** S&P 500. **Forward P/E:** Price divided by next 12 month estimated values. Past performance is no guarantee of future results. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. It is impossible to predict forward P/E and actual results may vary.



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Related Content: U.S. Small Caps

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U.S. & China: Trade War Data

- U.S. Trade deficit vs. China: Over \$400 billion.
- U.S. Imports from China account for over 4% of China's GDP.
- U.S. Exports to China account for less than 1% of U.S. GDP.

Trade Data (Figures in \$ millions)

Imports	\$339,503
Exports	\$120,341
Deficit	-\$419,162

GDP Data (Figures in \$ billions)

U.S. GDP	\$20,501
China GDP	\$13,089

Approximate % of GDP

U.S. Imports from China as % of China GDP	4.12%
U.S. Exports to China % of U.S. GDP	0.59%

Source: U.S. Census Bureau, data as of 12/31/2018. U.S. GDP, China GDP data from Bloomberg, as of 12/31/2018. For informational purposes only. Not meant to represent the Fund.

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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 6/30/2018. 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 (Net Income / 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 comparison and is not meant to represent the Fund. Investors cannot directly invest in an index.

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[Small-Cap Quality Stocks: Stronger ROA](#)

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Small-Caps have Beat Large-Caps 65% of the Time

- Small-caps have outperformed large caps over the past 20 years. The Russell 2000 has returned over 6% on an annualized basis vs. just over 6% for the S&P 500.
- Less exposed to trade wars: Small-cap companies have less revenue from international sources.

Performance Comparison: Small-caps vs. Large-caps
Small-caps Outperform 65% of the Time

Last 20 Years - Outperform?

	Small-cap	Large-cap
Number of times	13	7
Percent of the time	65%	35%

Source: Bloomberg, data as of 6/30/2018. Small-caps represented by Russell 2000 Index. Large-caps represented by S&P 500 Index. Past performance does not guarantee future results. The referenced indices are shown for general market comparison and are not meant to represent the Fund. Investors cannot directly invest in an index and unmanaged index returns do not reflect dry fee, 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.

Past performance does not guarantee future results. Shares are bought and sold at market price (not NAV), are not individually redeemable, and owners of Shares may acquire those Shares from the Funds and tender those shares for redemption to the Funds in Creation Unit aggregations only, consisting of 50,000 Shares. Brokerage commissions will reduce returns. The market price of Shares can be at, below, or above NAV. Brokerage commissions will reduce returns. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded Shares at other times.

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