

U.S. Large Cap Value Manager Analysis

## Washoe County 457 & 401a Plans

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**Purpose for this Manager Evaluation Report**

The purpose of this search is to evaluate options for the potential replacement of American Century Equity Income (AEUDX).

**Investment Options for this Manager Evaluation Report**

Firm Name	Strategy Name	Vehicle	Management Fee	Investment Minimum
Allspring Funds Management LLC Subadvisor: Cooke & Bieler LP	Allspring C&B Large Cap Value R6 (CBEJX)	MF	0.65%	No Minimum
Dodge & Cox	Dodge & Cox Stock Fund Class X (DOXGX) <sup>1</sup>	MF	0.41%	\$2,500
Massachusetts Financial Services Company	MFS Value R6 (MEIKX)	MF	0.43%	No Minimum
Vanguard Group Inc Subadvisor: Wellington Management, Vanguard Group	Vanguard Equity-Income Adm (VEIRX)	MF	0.19%	\$50,000
American Century Investment Management Inc	American Century Equity Income Fund R6 Class (AEUDX)	MF	0.58%	No Minimum

1. Dodge & Cox Stock Fund Class I (DODGX) will be used as a proxy for the X share class (DODGX) due to its longer performance and data history



### Definition and Characteristics

US Large Cap Value is typically defined as US-based companies with a market capitalization over \$5 billion that have lower price-to-book and price-to-earnings ratios and lower forecasted growth rates. The primary benchmark for strategies in this space is the Russell 1000 Value Index. The index contains those stocks with lower than average price-to-book and price-to-earnings ratios and lower 3-yr forecasted growth rates within the Russell 1000 on Russell's annual reconstitution day, typically calculated at the end of May. The Financials sector dominates the index, accounting for approximately 20% of the weight by market cap. The Healthcare, Industrials, Communication Services and Technology sectors also all have meaningful weights. The index contains over 700 individual names, but the largest companies by market cap dominate the index. The weighted average market cap of the index typically exceeds \$300 billion, while the median market cap is less than \$20 billion.

### Role within a Portfolio

The primary role of a US Large Cap Value strategy is to provide diversified exposure to the US stock market with a style tilt toward those names with attractive valuations. The value style factor has historically shown to perform well over long periods and stocks in the value category typically offer higher dividend rates. Active managers in the space typically look for mispricing in a stock's valuation relative to its future business prospects. Within the portfolio, a Large Cap Value strategy is usually paired with a Large Cap Growth strategy to provide additional diversification across different economic environments.

### Benchmark and Peer Group

This US Large Cap Value search report will use the following benchmark and peer group:

**Index – Russell 1000 Value:** Consists of the stocks in the Russell 1000 Index with lower than average forecasted growth rates and lower price-to-book and price-to-earnings ratios.

**Morningstar Category - Large Value:** Large Value portfolios invest primarily in big US companies that are less expensive or growing more slowly than other Large Cap stocks. Stocks in the top 70% of the capitalization of the US equity market are defined as Large Cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

# Investment Option Comparison

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm
<b>Firm Information</b>				
Year Founded	1/1/1949	1/1/1930	1/1/1924	1/1/1975
US Headquarters Location	Philadelphia, PA	San Francisco, CA	Boston, MA	Malvern, PA
Number of Major Global Offices	1	2	9	12
Year Began Managing Ext. Funds	1/1/1949	1/1/1930	1/1/1924	1/1/1975
Firm AUM (\$ M)	11,200	342,400	589,000	7,628,100
Ownership Type	Independent	Independent	Subsidiary	Mutual Company
Largest Owner (Name)	J. McNiff	Not Disclosed	SunLife Financial	Not Disclosed
Employee Ownership (%)	80	100	6	0
Qualify as Emerging Manager?	No	No	No	No
<b>Strategy Information</b>				
Inception Date	1/1/1977	1/4/1965	2/1/1989	3/31/1988
Open/Closed	Open	Open	Open	Open
Primary Benchmark	Russell 1000 Value	Russell 1000 Value	Russell 1000 Value	Russell 1000 Value
Secondary Benchmark	None	S&P 500	None	FTSE High Dividend Yield
Peer Universe	US Large Cap Value	US Large Cap Value	US Large Cap Value	US Large Cap Value
Outperformance Estimate (%)	1-3	1-3	1-2	1-2
Tracking Error Estimate (%)	3-6	3-5	2-4	2-4
Strategy AUM (\$ M)	3,585	119,400	94,400	53,400
Strategy AUM as % Firm Assets	32	34	16	1
Estimated Capacity (\$ M)	10, 000	150, 000	Limited Capacity	60, 000
Investment Approach - Primary	Bottom-up	Bottom-up	Bottom-up	Bottom-up
Investment Approach - Secondary	Fundamental	Fundamental	Fundamental	Hybrid

The source of data and figures provided is generally the respective managers. Certain data represents AndCo's view and could differ from the manager's interpretation. The most current AUM of each strategy may therefore differ from what is currently stated.



	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm
<b>Team Information</b>				
Decision Making Structure	Team	Committee	PM-Led	Multi-Manager
Number of Decision Makers	8	7	2	2
Names of Decision Makers	8 Person PM Team	7 Person Committee Team	N. Chitkara, K. Cannan	M. Hand, S. Hill
Date Began Managing Strategy	1988-2018	1993-2013	2006, 2019	2021, 2021
Date Began with Firm	1988-2018	1993-2009	1997, 2013	2004, 2019
Number of Products Managed by Team	6	5	3	18
Number of Investment Analysts	0	27	64	70
Investment Analyst Team Structure	Sector/Industry Specialists	Sector/Industry Specialists	Sector/Industry Specialists	Combination

**Portfolio Construction Information**

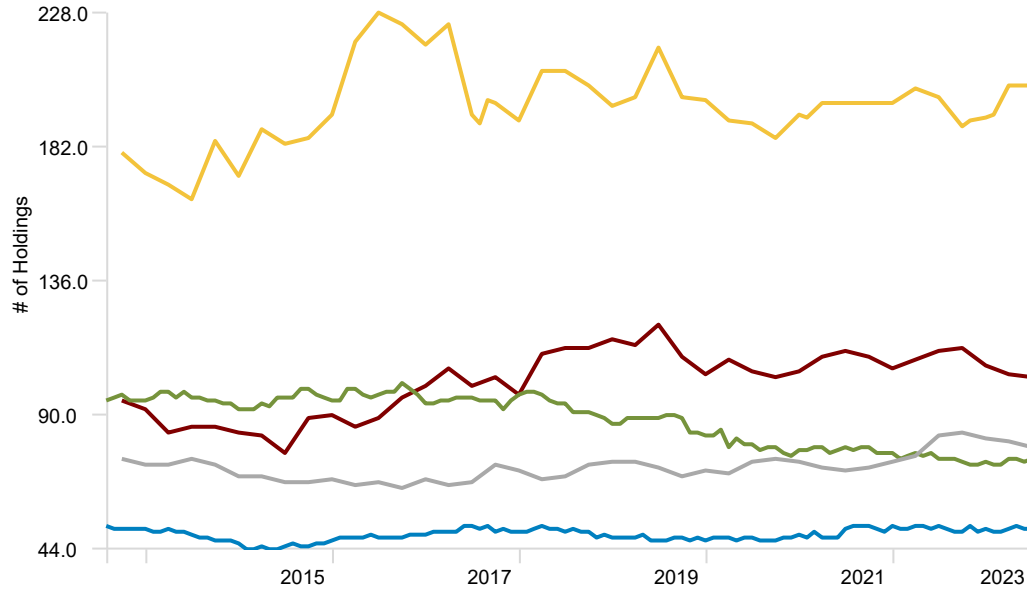
	Value	Value	Value	Value
Broad Style Category	Value	Value	Value	Value
Style Bias	Relative Value	Traditional Value	Relative Value	Dividend-Oriented
Sector Constraint Type	Absolute	None	None	Benchmark Relative
Sector Constraints (%)	35	None	None	+/-10
Typical Sector/s Overweight	Financials, Industrials	Technology	Industrials	Consumer Staples
Typical Sector/s Underweight	Energy, Real Estate, Utilities	Utilities, Real Estate	Energy	Real Estate
Typical Number of Holdings	40-50	60-90	75-100	160-220
Average Full Position Size (%)	2-3	1-3	1	2-3
Maximum Position Size (%)	5	5	5	5
Annual Typical Asset Turnover (%)	25-45	15-40	20-40	20-40
Annual Typical Name Turnover (%)	10-30	15-20	10-20	20-40
Maximum Cash Allocation (%)	10	10	2	None
Maximum Foreign Exposure (%)	25	20	10	25

The source of data and figures provided is generally the respective managers. Certain data represents AndCo's view and could differ from the manager's interpretation. The most current AUM of each strategy may therefore differ from what is currently stated.

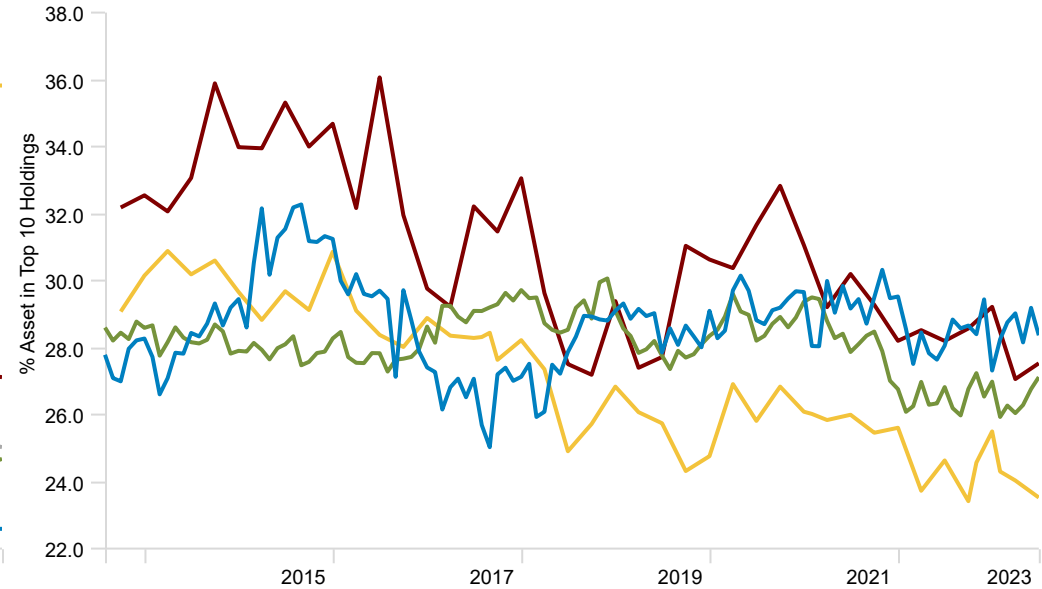


	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
<b>COMPOSITION</b>						
# of Holdings	51	79	75	203	103	844
% Asset in Top 10 Holdings	28.38	31.13	27.13	23.54	27.54	17.28
Asset Alloc Cash %	3.14	1.36	0.50	2.40	2.33	0.00
Asset Alloc Equity %	96.86	98.64	99.50	97.60	84.83	100.00
Asset Alloc Bond %	0.00	0.00	0.00	0.00	0.00	0.00
Asset Alloc Other %	0.00	0.00	0.00	0.00	12.84	0.00
<b>CHARACTERISTICS</b>						
Average Market Cap (mil)	36,074.35	85,372.68	97,291.55	86,473.57	78,561.14	67,788.70
P/E Ratio (TTM)	15.76	16.16	18.20	13.88	18.04	16.03
P/B Ratio (TTM)	2.04	2.01	2.82	2.43	2.76	2.24
LT Earn Growth	7.67	9.70	9.05	9.74	6.31	9.71
Dividend Yield	2.61	2.24	3.13	3.66	3.16	2.66
ROE % (TTM)	13.23	19.85	26.46	24.25	24.10	17.25
<b>GICS SECTORS %</b>						
Energy %	5.49	6.87	4.83	9.94	7.12	7.93
Materials %	0.00	1.59	3.75	3.45	4.38	4.84
Industrials %	10.16	10.88	16.13	10.21	11.17	13.47
Consumer Discretionary %	10.32	4.07	3.63	5.33	0.08	5.28
Consumer Staples %	6.63	2.68	7.43	13.83	15.91	8.36
Healthcare %	13.52	20.73	17.24	15.53	15.97	15.81
Financials %	30.09	23.96	24.87	19.01	12.36	20.08
Information Technology %	8.41	14.38	8.52	8.95	5.11	9.05
Communication Services %	8.76	12.25	3.59	2.15	2.60	5.10
Utilities %	1.49	0.58	7.40	7.39	7.52	5.17
Real Estate %	1.99	0.23	2.10	1.81	1.46	4.91
<b>MARKET CAPITALIZATION</b>						
Market Cap Giant %	12.27	14.29	12.26	29.86	18.71	21.14
Market Cap Large %	31.94	58.77	77.38	44.25	43.42	42.38
Market Cap Mid %	49.42	23.07	9.87	21.17	16.05	30.74
Market Cap Small %	2.49	2.09	0.00	2.29	4.40	5.71
Market Cap Micro %	0.74	0.00	0.00	0.03	0.50	0.04

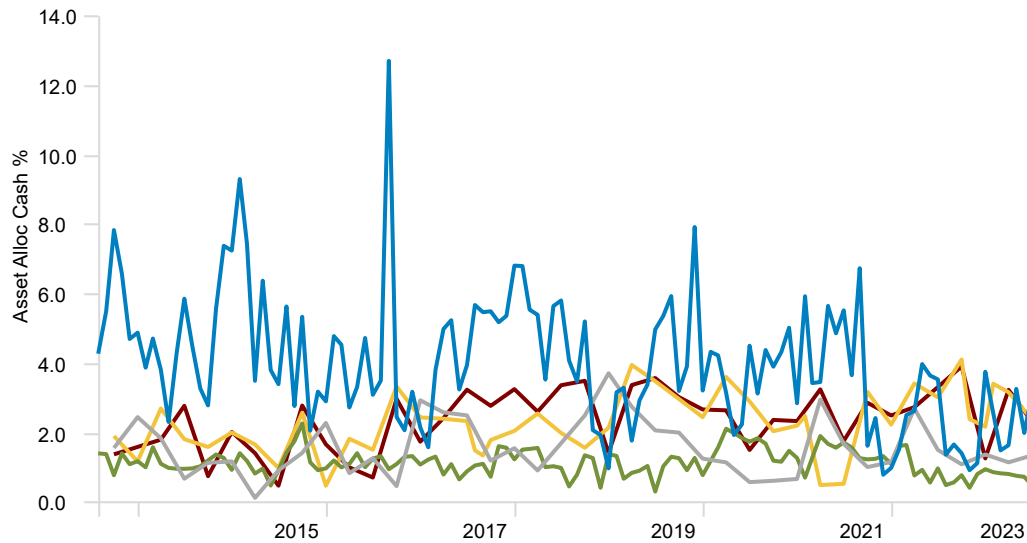
Historical Number of Holdings



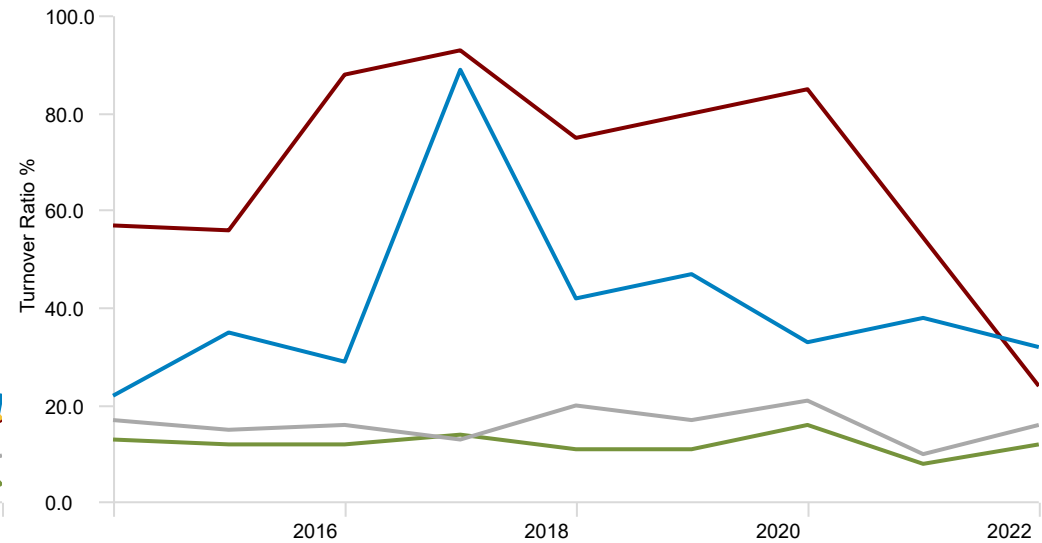
Historical Percentage of Assets in Top 10 Holdings



Historical Cash Allocation



Historical Portfolio Turnover

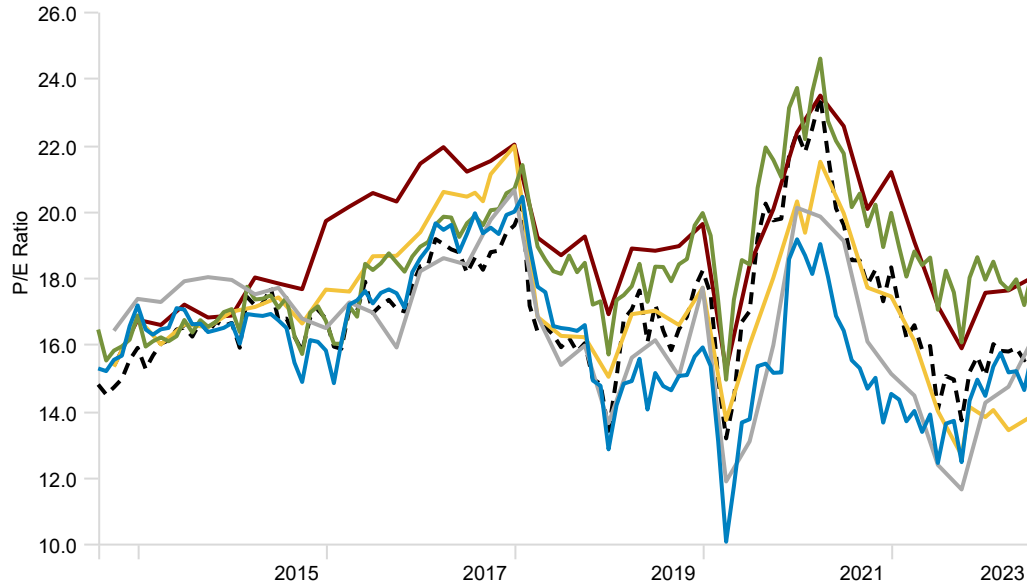


— Allspring C&B Large Cap Value R6      — Dodge & Cox Stock I  
— Vanguard Equity-Income Adm      — American Century Equity Income R6  
— MFS Value R6

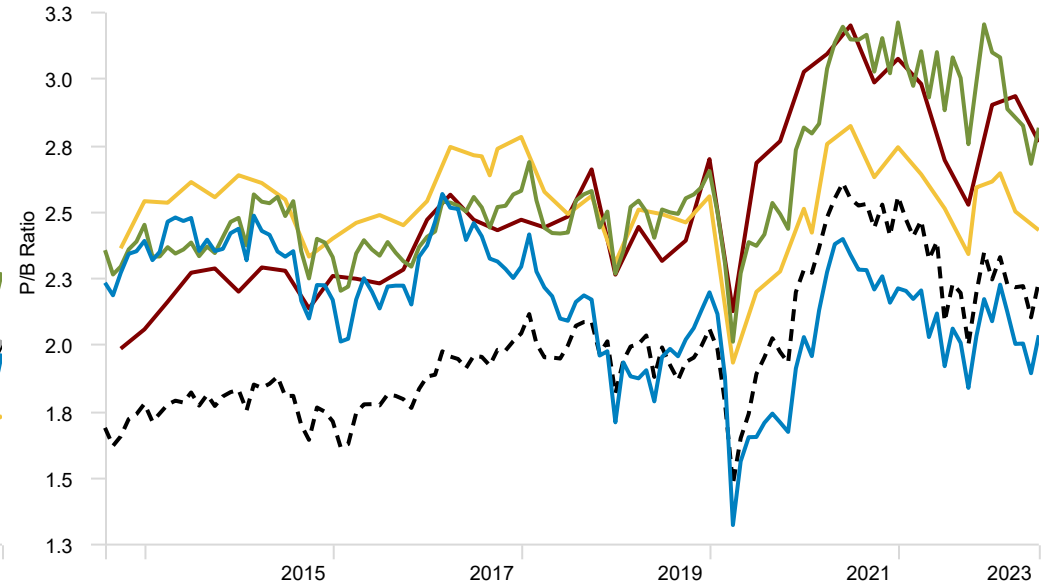




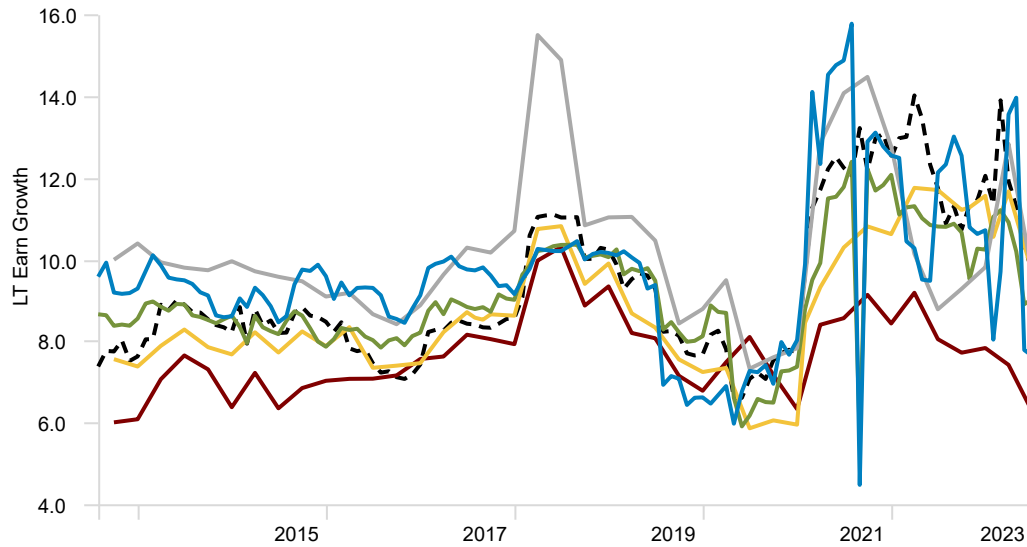
Historical P/E Ratio



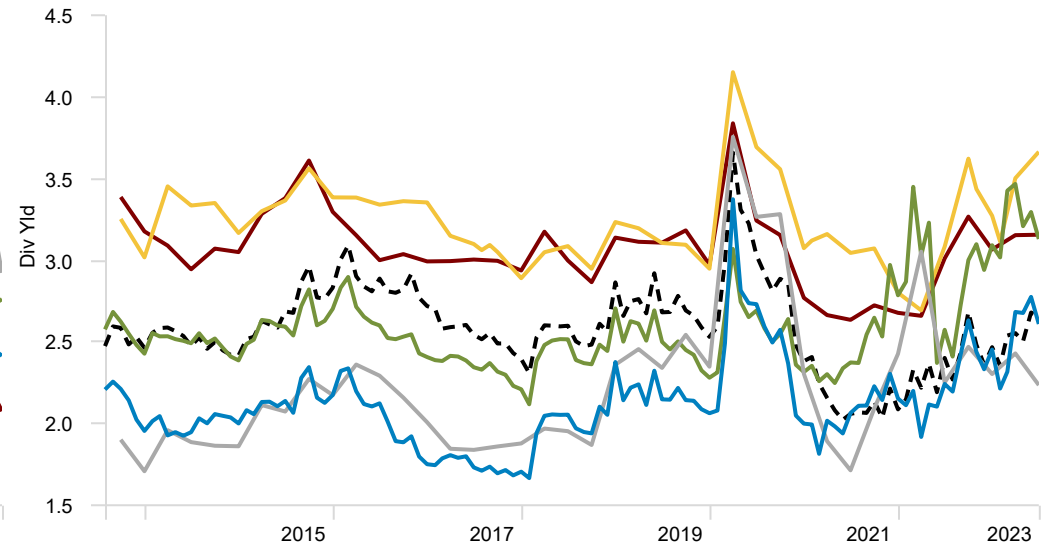
Historical P/B Ratio



Historical Earnings Growth



Historical Dividend Yield



— Allspring C&B Large Cap Value R6

— Dodge & Cox Stock I

— MFS Value R6

— Vanguard Equity-Income Adm

— American Century Equity Income R6

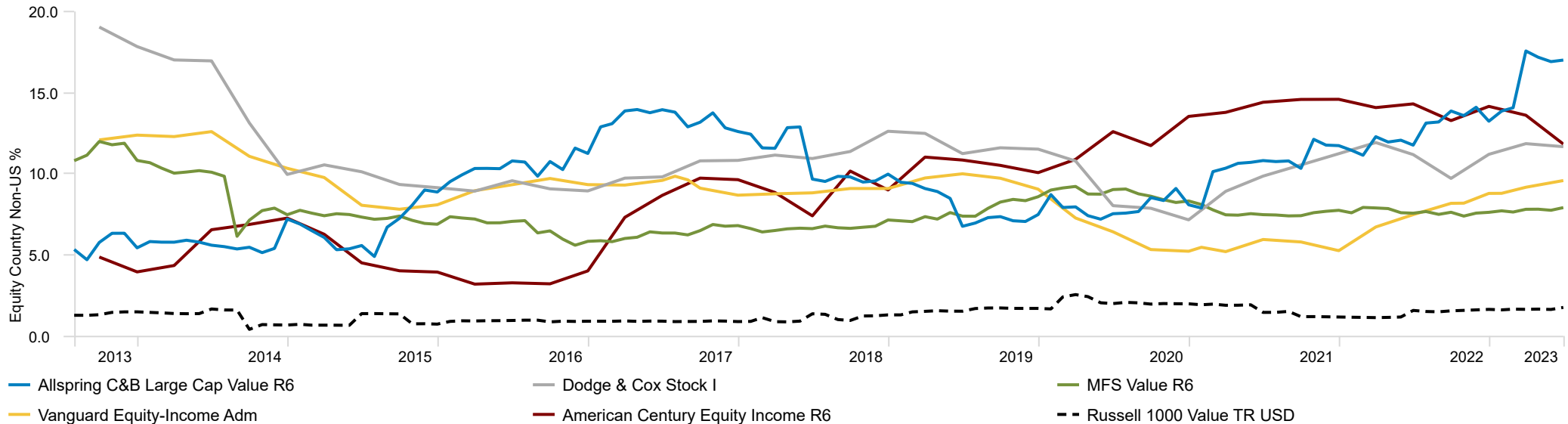
- - Russell 1000 Value TR USD



Current Portfolio Region Allocation

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Equity Country United States %	82.44	88.17	92.05	90.18	86.05	98.24
Equity Region North America %	93.03	88.17	92.67	92.76	86.05	98.25
Equity Region Latin America %	0.00	0.00	0.00	0.13	0.94	0.09
Equity Region United Kingdom %	4.77	2.65	2.11	2.85	2.42	1.05
Equity Region Europe dev %	2.21	8.13	5.22	4.26	10.59	0.57
Equity Region Europe emrg %	0.00	0.00	0.00	0.00	0.00	0.02
Equity Region Japan %	0.00	1.05	0.00	0.00	0.00	0.00
Equity Region Australasia %	0.00	0.00	0.00	0.00	0.00	0.00
Equity Region Asia dev %	0.00	0.00	0.00	0.00	0.00	0.00
Equity Region Asia emrg %	0.00	0.00	0.00	0.00	0.00	0.03
Equity Region Africa/Middle East %	0.00	0.00	0.00	0.00	0.00	0.00
Equity Region Developed %	100.00	100.00	100.00	99.98	99.06	99.89
Equity Region Emerging %	0.00	0.00	0.00	0.02	0.00	0.11

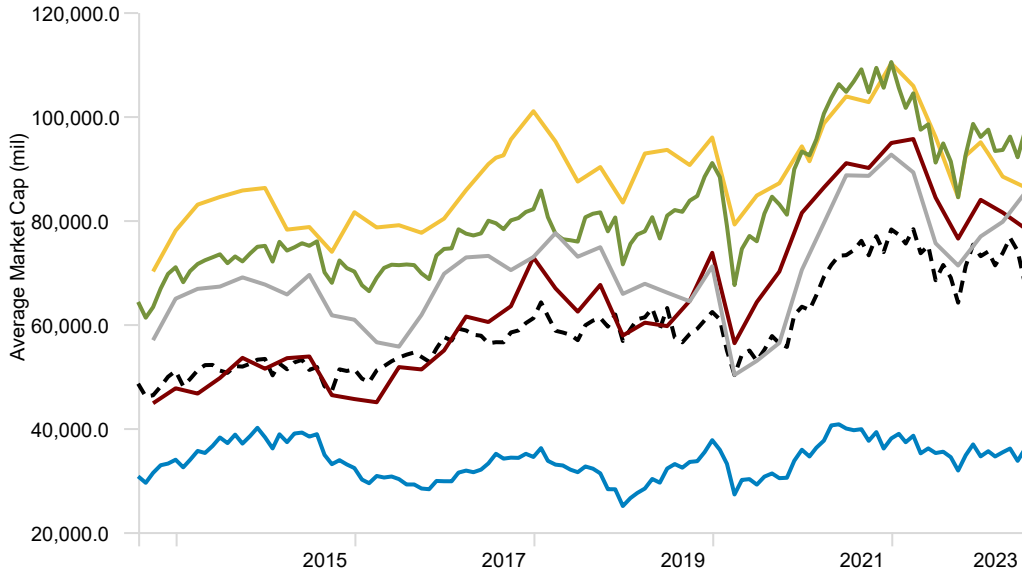
Historical Non-US Portfolio Exposure



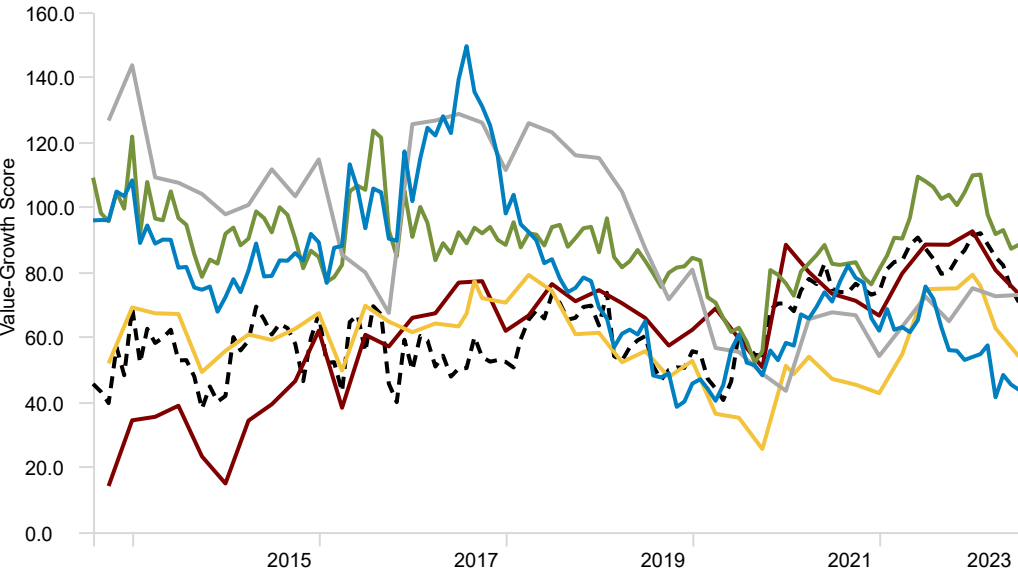
Style Allocation

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Equity Style Large Value %	26.12	29.82	33.01	36.38	23.94	31.37
Equity Style Large Core %	17.05	32.32	49.69	33.45	35.60	27.53
Equity Style Large Growth %	1.04	10.93	6.93	4.29	2.59	4.62
Equity Style Mid Value %	26.70	15.05	1.81	13.33	7.92	11.21
Equity Style Mid Core %	18.93	5.88	8.06	7.49	6.76	15.71
Equity Style Mid Growth %	3.79	2.13	0.00	0.35	1.37	3.78
Equity Style Small Value %	0.74	1.46	0.00	1.82	2.80	2.23
Equity Style Small Core %	2.49	0.63	0.00	0.47	2.09	2.68
Equity Style Small Growth %	0.00	0.00	0.00	0.03	0.01	0.82

Historical Average Market Capitalization



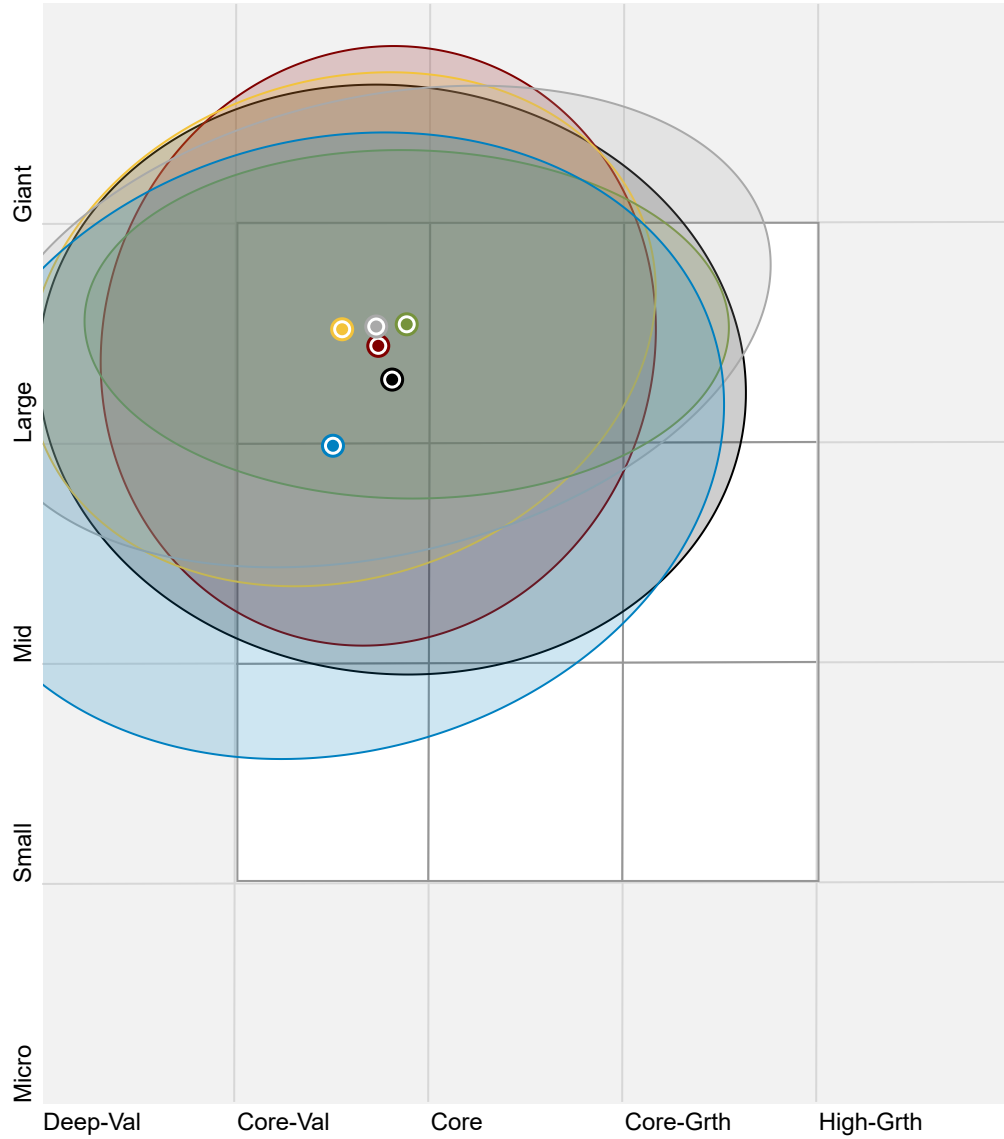
Historical Value - Growth Score



— Allspring C&B Large Cap Value R6     
 — Dodge & Cox Stock I     
 — MFS Value R6  
— Vanguard Equity-Income Adm     
 — American Century Equity Income R6     
 - - Russell 1000 Value TR USD

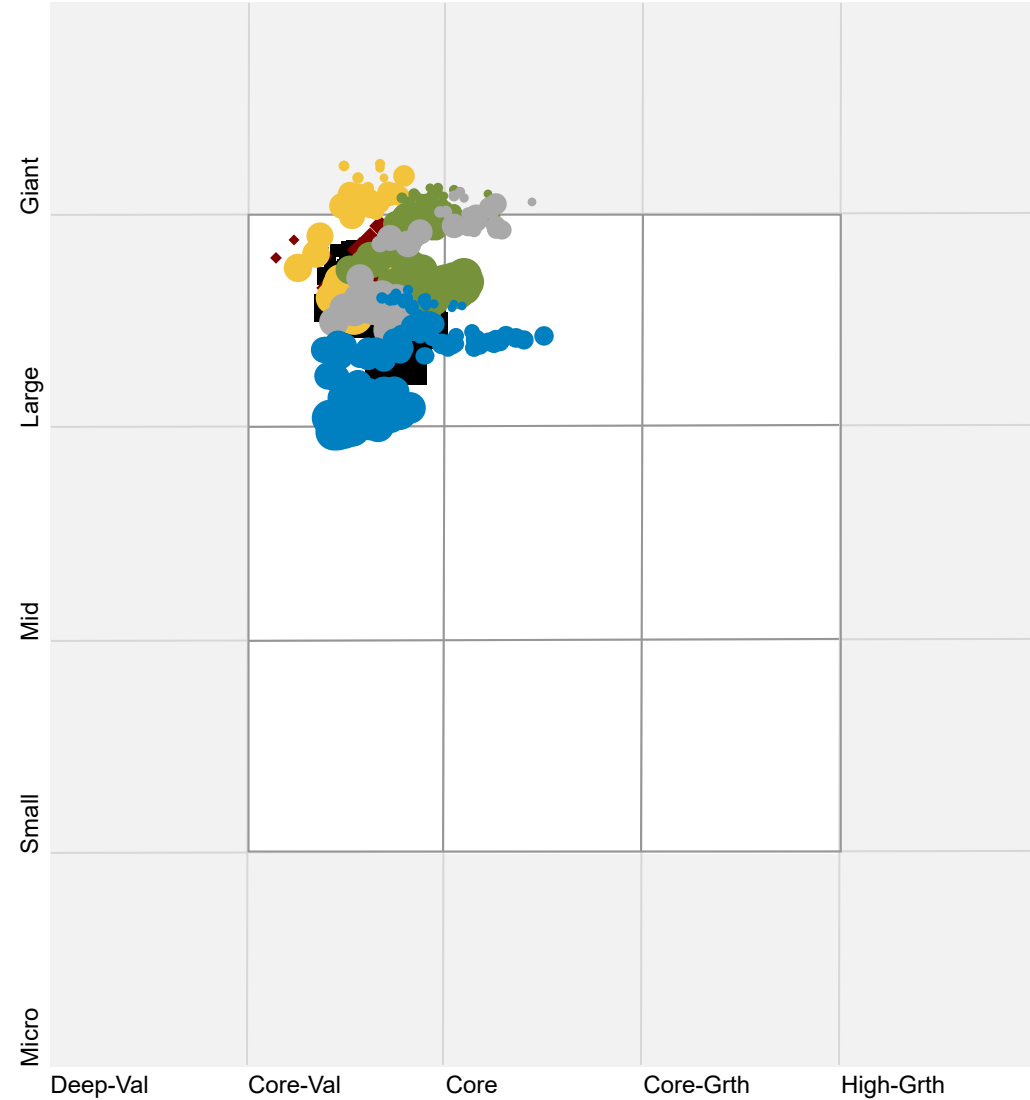


Current Portfolio Holdings-Style Map



Historical Holdings-Based Style Trail

Time Period: 10/31/2013 to 9/30/2023



● Allspring C&B Large Cap Value R6

● Dodge & Cox Stock I

● MFS Value R6

● Vanguard Equity-Income Adm

◆ American Century Equity Income R6

■ Russell 1000 Value TR USD



# Quantitative Review

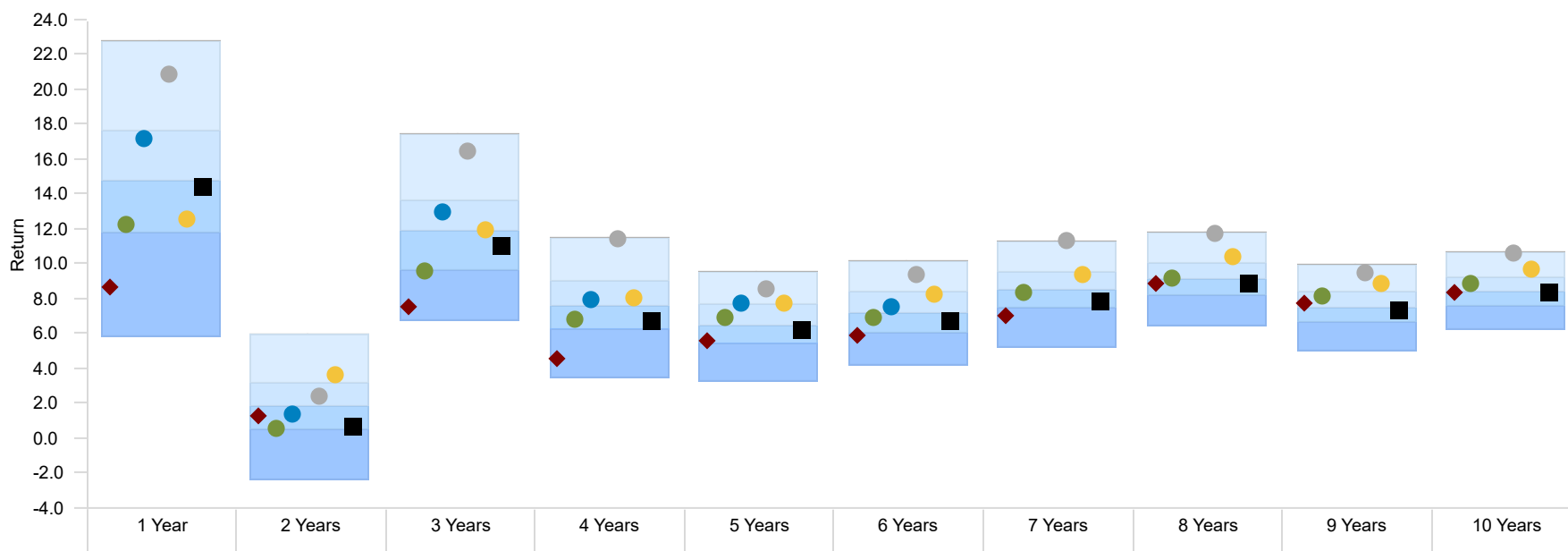
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Returns are Net of Fees.

Performance data shown prior to fund's inception date represents extended performance of an older share class of the same strategy.



Peer Group (5-95%): Funds - U.S. - Large Value

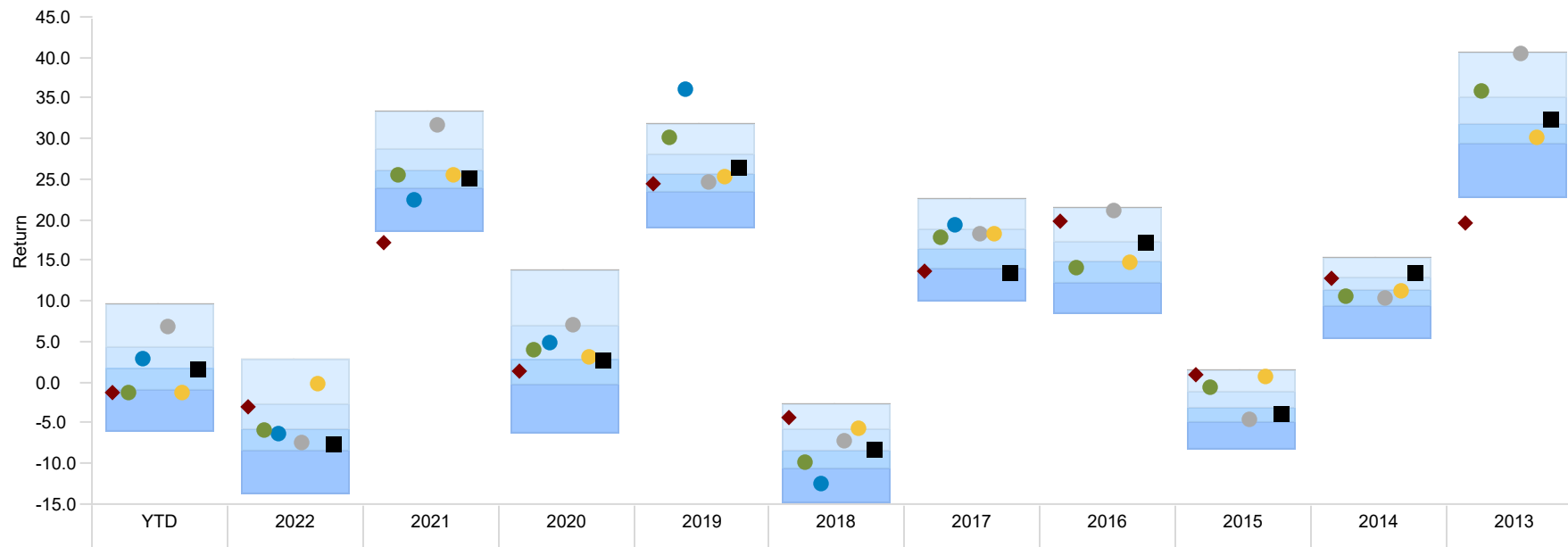


	1 Year	Rank	2 Years	Rank	3 Years	Rank	4 Years	Rank	5 Years	Rank	6 Years	Rank	7 Years	Rank	8 Years	Rank	9 Years	Rank	10 Years	Rank
Allspring C&B Large Cap Value R6	17.22	29	1.41	59	13.00	34	7.96	43	7.79	24	7.60	41								
Dodge & Cox Stock I	20.88	11	2.50	36	16.47	8	11.44	6	8.61	13	9.44	12	11.40	4	11.78	6	9.57	8	10.64	5
MFS Value R6	12.30	72	0.56	74	9.60	77	6.83	64	6.97	38	7.00	56	8.41	52	9.27	44	8.17	30	8.89	34
Vanguard Equity-Income Adm	12.64	70	3.67	19	12.02	48	8.12	39	7.80	24	8.28	27	9.45	27	10.41	20	8.95	15	9.70	16
American Century Equity Income R6	8.69	91	1.31	61	7.54	92	4.59	90	5.67	71	5.97	78	7.11	81	8.94	55	7.75	42	8.38	52
Russell 1000 Value TR USD	14.44	53	0.71	72	11.05	61	6.79	65	6.23	56	6.76	60	7.92	66	8.92	56	7.35	55	8.45	50

- Allspring C&B Large Cap Value R6
- Dodge & Cox Stock I
- MFS Value R6
- Vanguard Equity-Income Adm
- ◆ American Century Equity Income R6
- Russell 1000 Value TR USD



Peer Group (5-95%): Funds - U.S. - Large Value



	YTD	Rank	2022	Rank	2021	Rank	2020	Rank	2019	Rank	2018	Rank	2017	Rank	2016	Rank	2015	Rank	2014	Rank	2013	Rank
Allspring C&B Large Cap Value R6	3.08	33	-6.20	54	22.60	83	5.07	35	36.23	1	-12.33	86	19.52	18								
Dodge & Cox Stock I	6.98	11	-7.22	64	31.73	9	7.16	25	24.83	63	-7.07	36	18.33	29	21.28	6	-4.49	71	10.40	64	40.55	5
MFS Value R6	-1.14	77	-5.80	51	25.55	57	4.03	42	30.18	10	-9.78	69	17.86	34	14.25	59	-0.42	15	10.68	60	35.95	20
Vanguard Equity-Income Adm	-1.12	77	0.00	11	25.64	56	3.13	48	25.35	55	-5.65	23	18.49	27	14.82	53	0.86	7	11.38	49	30.19	68
American Century Equity Income R6	-1.21	78	-2.90	26	17.27	97	1.43	63	24.64	64	-4.17	12	13.83	77	19.88	10	0.94	7	12.84	26	19.69	98
Russell 1000 Value TR USD	1.79	49	-7.54	67	25.16	61	2.80	51	26.54	39	-8.27	48	13.66	79	17.34	26	-3.83	62	13.45	18	32.53	43

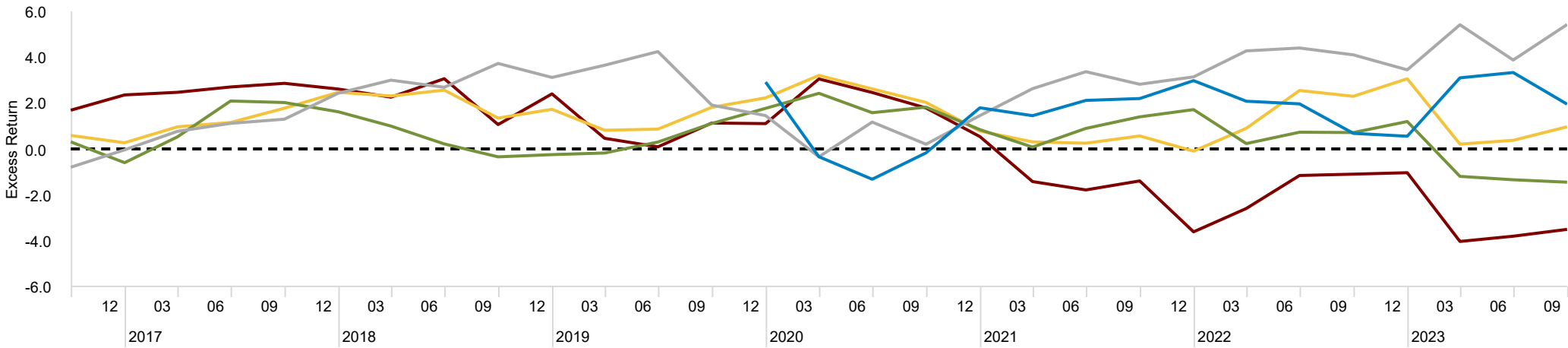
- Allspring C&B Large Cap Value R6
- Dodge & Cox Stock I
- MFS Value R6
- Vanguard Equity-Income Adm
- ◆ American Century Equity Income R6
- Russell 1000 Value TR USD



**Rolling Excess Returns**

Time Period: 10/1/2013 to 9/30/2023

Rolling Window: 3 Years 3 Months shift Calculation Benchmark: Russell 1000 Value TR USD

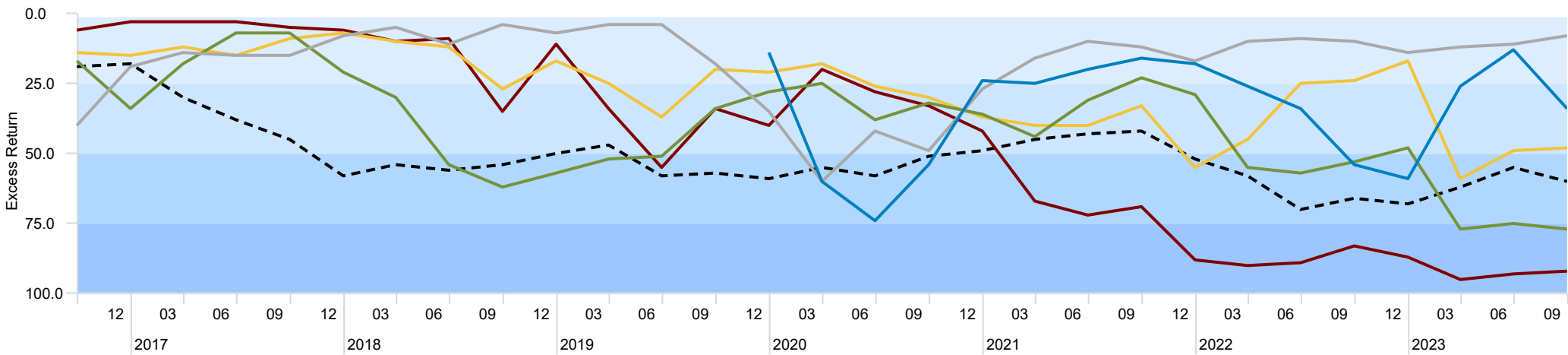


**Rolling Excess Return Rankings**

Time Period: 10/1/2013 to 9/30/2023

Rolling Window: 3 Years 3 Months shift Calculation Benchmark: Russell 1000 Value TR USD

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



Allspring C&B Large Cap Value R6  
Vanguard Equity-Income Adm

Dodge & Cox Stock I  
American Century Equity Income R6

MFS Value R6  
Russell 1000 Value TR USD

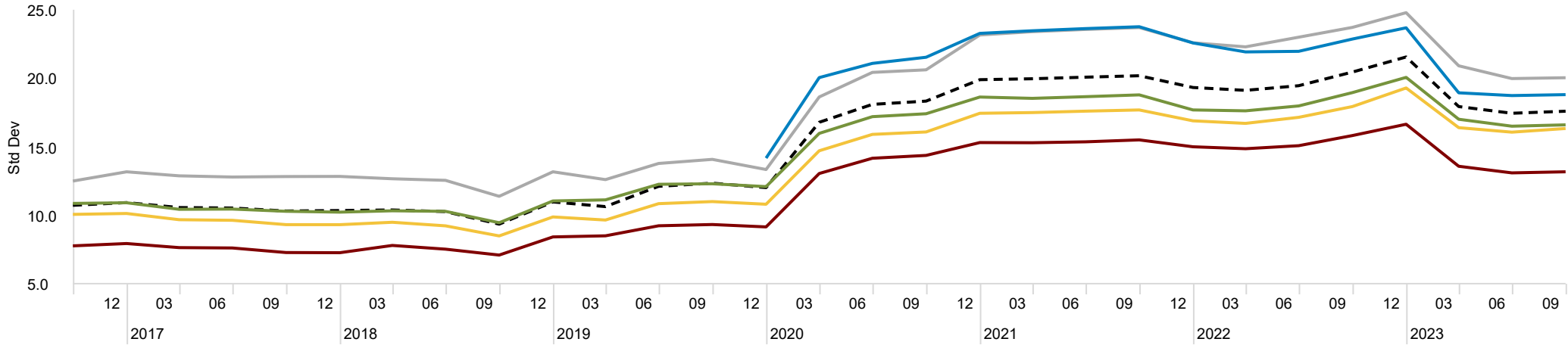




**Rolling Standard Deviation**

Time Period: 10/1/2013 to 9/30/2023

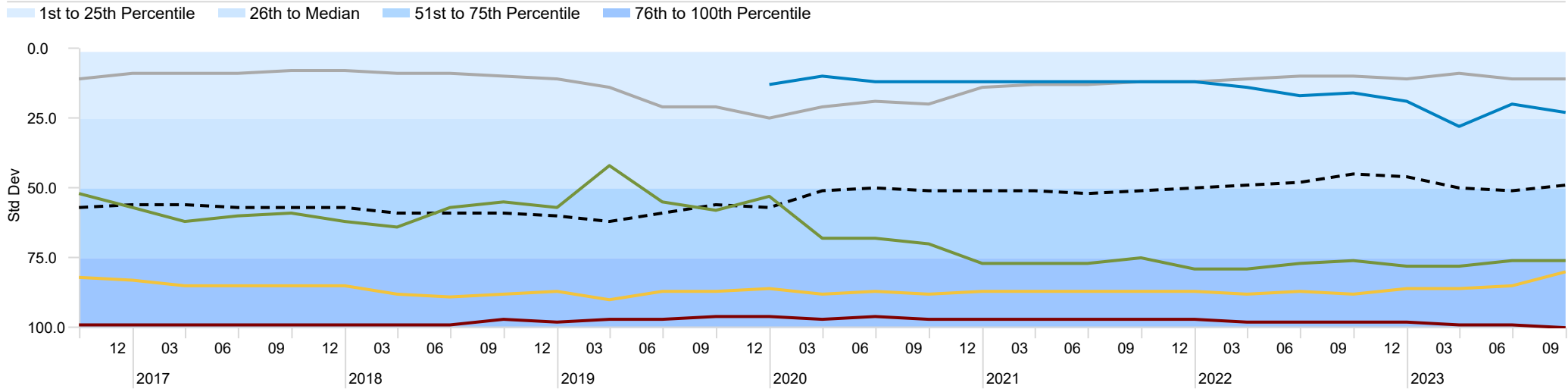
Rolling Window: 3 Years 3 Months shift



**Rolling Standard Deviation Rankings**

Time Period: 10/1/2013 to 9/30/2023

Rolling Window: 3 Years 3 Months shift



— Allspring C&B Large Cap Value R6  
— Vanguard Equity-Income Adm

— Dodge & Cox Stock I  
— American Century Equity Income R6

— MFS Value R6  
- - Russell 1000 Value TR USD



**Correlation Matrix**

Time Period: 10/1/2018 to 9/30/2023

	1	2	3	4	5	6
1 Allspring C&B Large Cap Value R6	1.00					
2 Dodge & Cox Stock I	0.97	1.00				
3 MFS Value R6	0.97	0.96	1.00			
4 Vanguard Equity-Income Adm	0.96	0.96	0.99	1.00		
5 American Century Equity Income R6	0.96	0.94	0.99	0.98	1.00	
6 Russell 1000 Value TR USD	0.98	0.98	0.99	0.99	0.98	1.00

**Correlation Matrix (Excess Returns vs. Russell 1000 Value TR USD)**

Time Period: 10/1/2018 to 9/30/2023

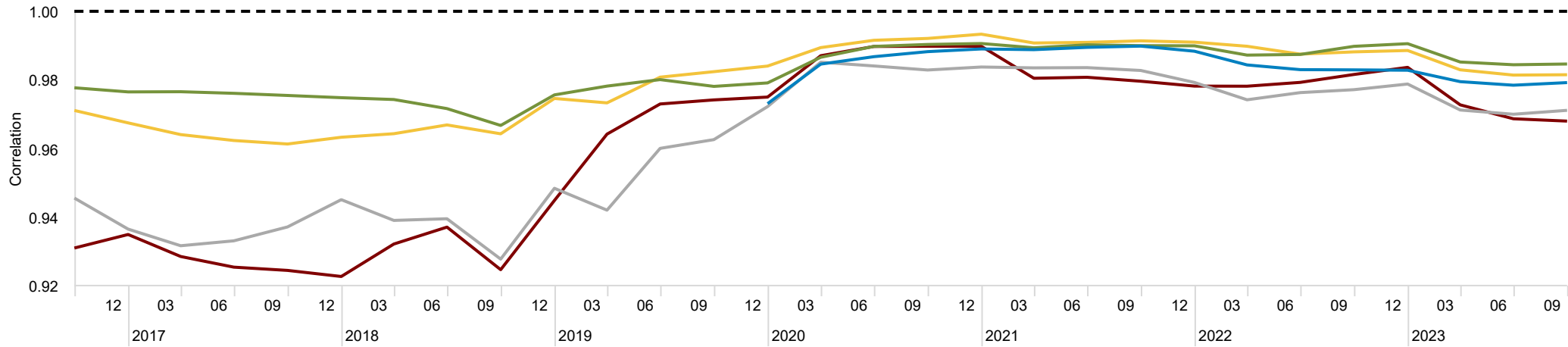
Calculation Benchmark: Russell 1000 Value TR USD

		1	2	3	4	5	6
1 Allspring C&B Large Cap Value R6	Russell 1000 Value TR USD	1.00					
2 Dodge & Cox Stock I	Russell 1000 Value TR USD	0.40	1.00				
3 MFS Value R6	Russell 1000 Value TR USD	-0.33	-0.47	1.00			
4 Vanguard Equity-Income Adm	Russell 1000 Value TR USD	-0.45	-0.34	0.58	1.00		
5 American Century Equity Income R6	Russell 1000 Value TR USD	-0.43	-0.57	0.66	0.71	1.00	
6 Russell 1000 Value TR USD	Russell 1000 Value TR USD						1.00

**Rolling Correlation**

Time Period: 10/1/2013 to 9/30/2023

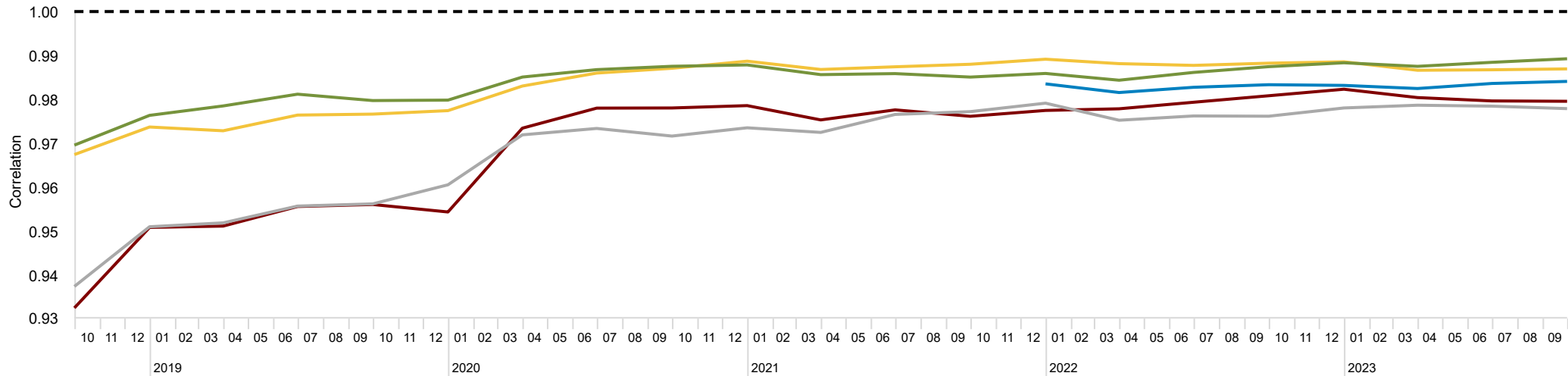
Rolling Window: 3 Years 3 Months shift



**Rolling Correlation**

Time Period: 10/1/2013 to 9/30/2023

Rolling Window: 5 Years 3 Months shift



Allspring C&B Large Cap Value R6

Dodge & Cox Stock I

MFS Value R6

Vanguard Equity-Income Adm

American Century Equity Income R6

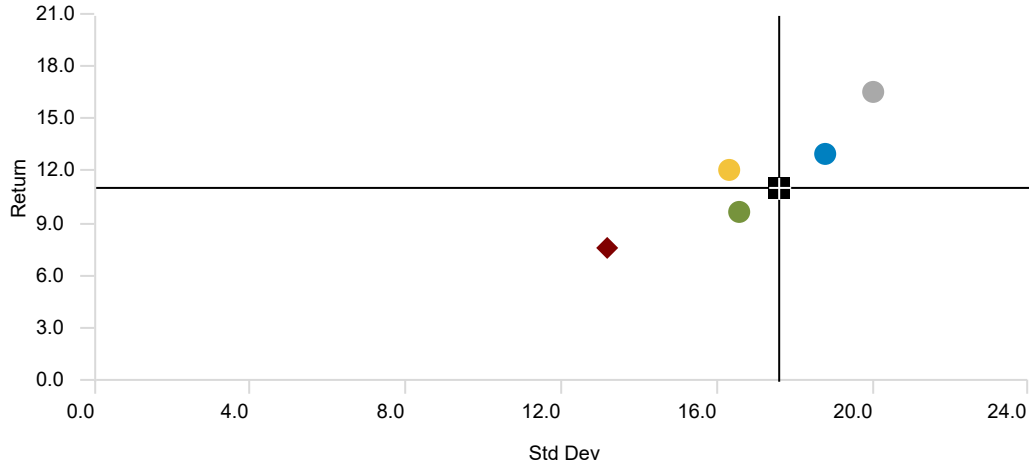
Russell 1000 Value TR USD



**Risk-Reward: 3-Year**

Time Period: 10/1/2020 to 9/30/2023

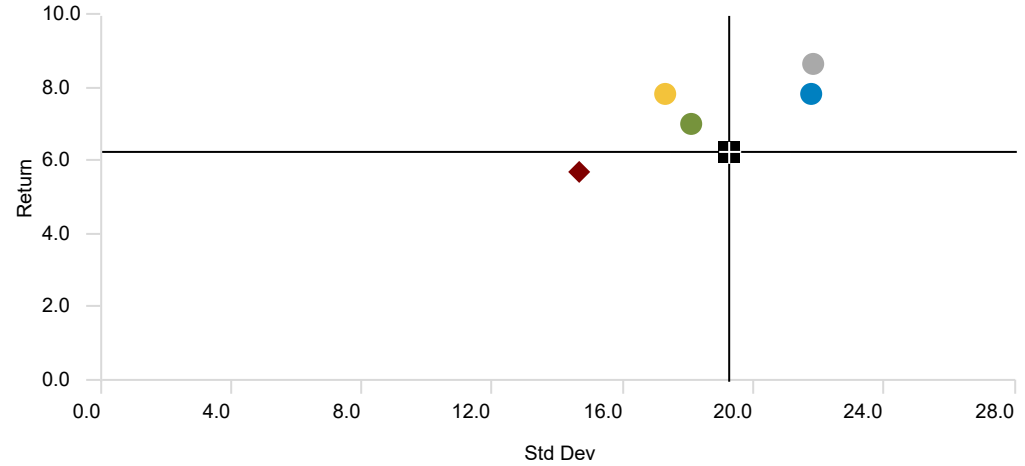
Calculation Benchmark: Russell 1000 Value TR USD



**Risk-Reward: 5-Year**

Time Period: 10/1/2018 to 9/30/2023

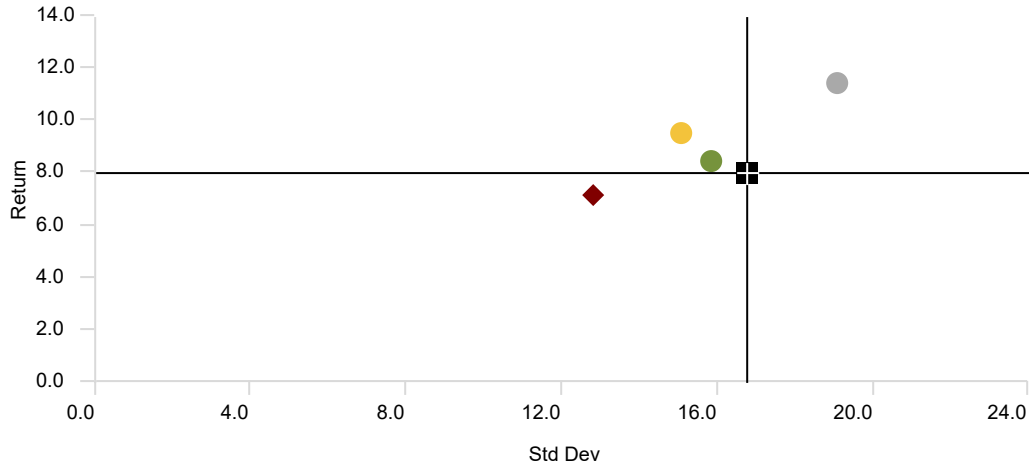
Calculation Benchmark: Russell 1000 Value TR USD



**Risk-Reward: 7-Year**

Time Period: 10/1/2016 to 9/30/2023

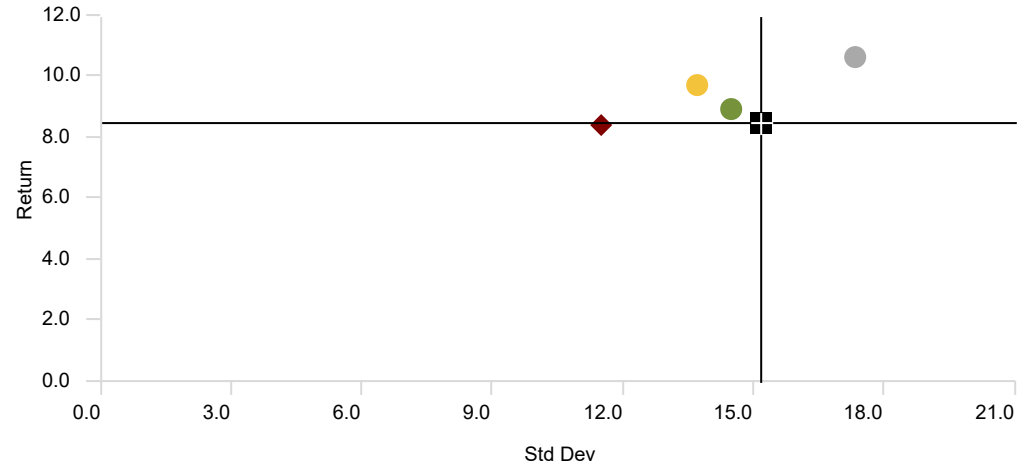
Calculation Benchmark: Russell 1000 Value TR USD



**Risk-Reward: 10-Year**

Time Period: 10/1/2013 to 9/30/2023

Calculation Benchmark: Russell 1000 Value TR USD



● Allspring C&B Large Cap Value R6

● Dodge & Cox Stock I

● MFS Value R6

● Vanguard Equity-Income Adm

◆ American Century Equity Income R6

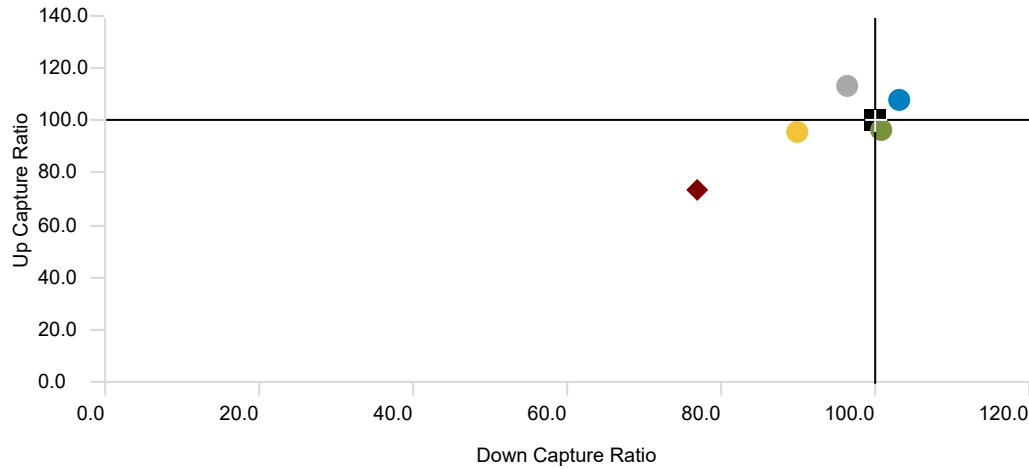
■ Russell 1000 Value TR USD



**Up and Down Market Capture: 3-Year**

Time Period: 10/1/2020 to 9/30/2023

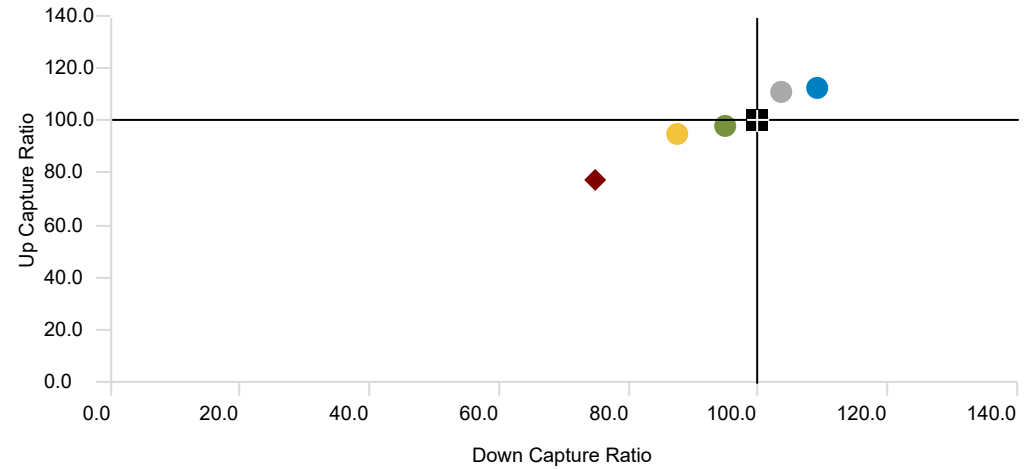
Calculation Benchmark: Russell 1000 Value TR USD



**Up and Down Market Capture: 5-Year**

Time Period: 10/1/2018 to 9/30/2023

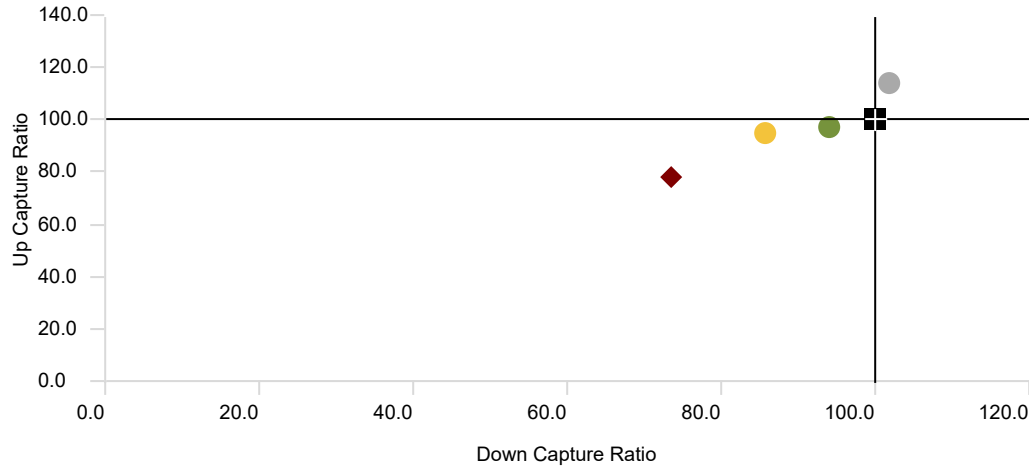
Calculation Benchmark: Russell 1000 Value TR USD



**Up and Down Market Capture: 7-Year**

Time Period: 10/1/2016 to 9/30/2023

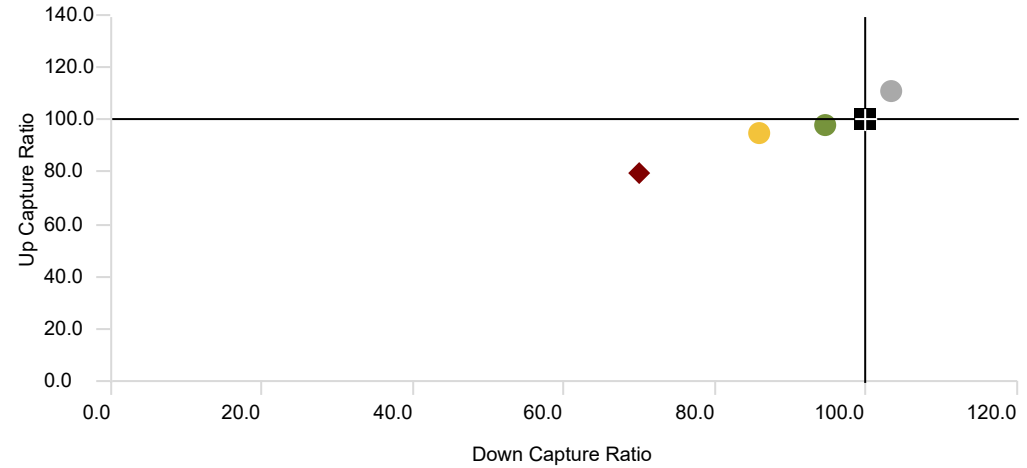
Calculation Benchmark: Russell 1000 Value TR USD



**Up and Down Market Capture: 10-Year**

Time Period: 10/1/2013 to 9/30/2023

Calculation Benchmark: Russell 1000 Value TR USD



● Allspring C&B Large Cap Value R6

● Dodge & Cox Stock I

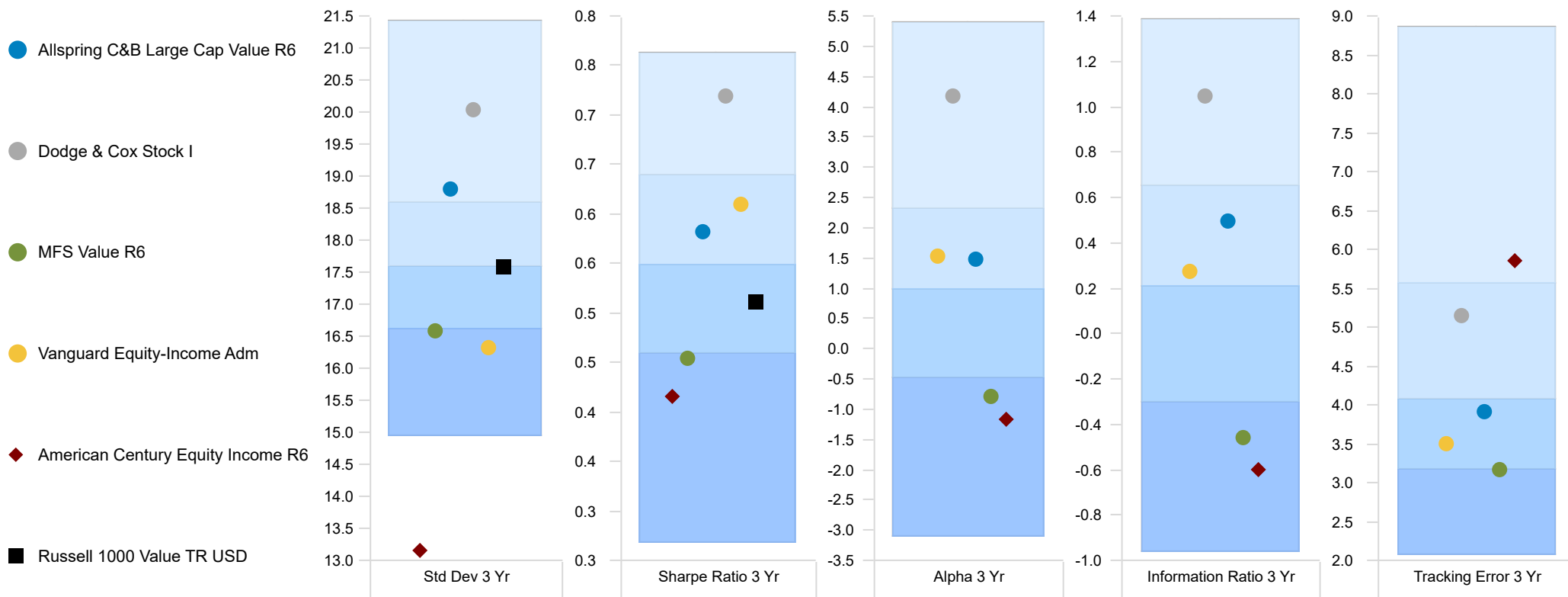
● MFS Value R6

● Vanguard Equity-Income Adm

◆ American Century Equity Income R6

■ Russell 1000 Value TR USD

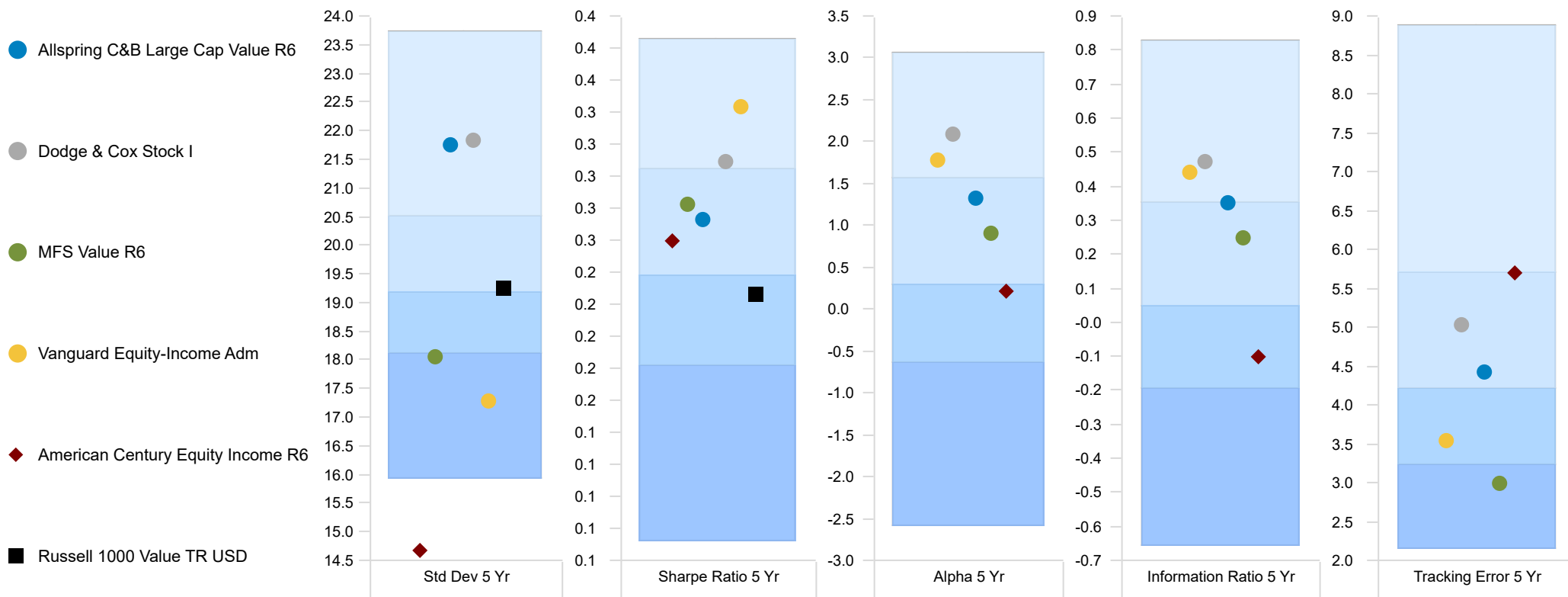




Time Period: 10/1/2020 to 9/30/2023

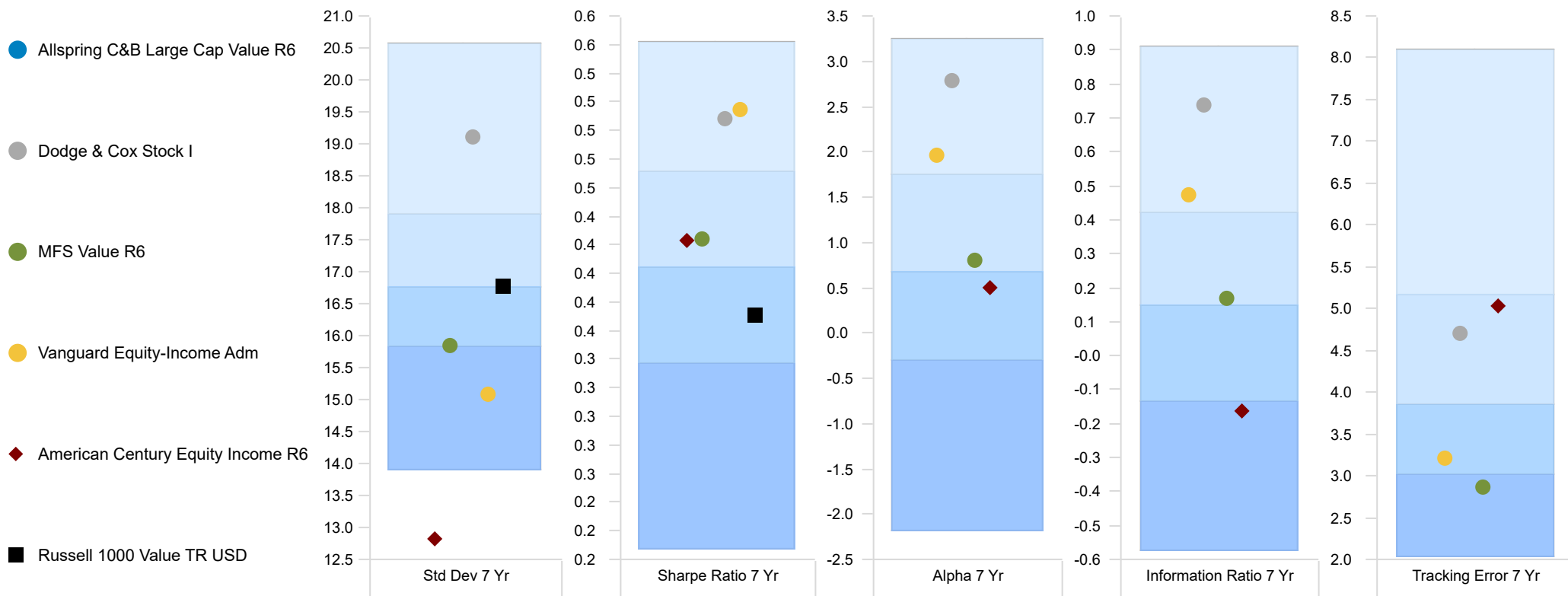
	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
Allspring C&B Large Cap Value R6	18.81	23	0.58	42	1.50	39	0.50	33	3.92	56
Dodge & Cox Stock I	20.04	11	0.72	10	4.19	9	1.05	12	5.15	31
MFS Value R6	16.60	76	0.45	77	-0.78	79	-0.46	82	3.17	76
Vanguard Equity-Income Adm	16.33	80	0.61	33	1.54	38	0.28	46	3.51	66
American Century Equity Income R6	13.17	100	0.42	82	-1.16	82	-0.60	87	5.87	23
Russell 1000 Value TR USD	17.59	49	0.51	62	0.00	66			0.00	100





Time Period: 10/1/2018 to 9/30/2023

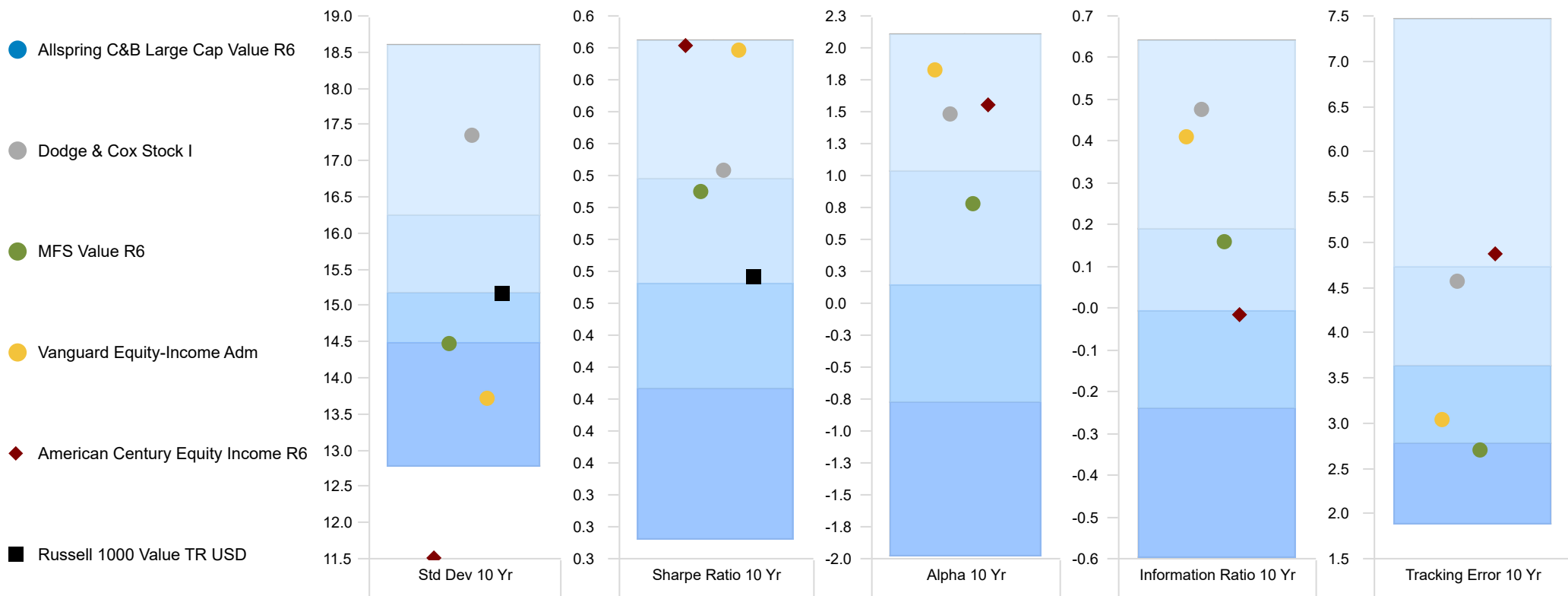
	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
Allspring C&B Large Cap Value R6	21.76	16	0.27	36	1.34	29	0.35	25	4.42	46
Dodge & Cox Stock I	21.84	15	0.31	24	2.09	16	0.47	17	5.03	34
MFS Value R6	18.08	76	0.28	32	0.91	37	0.25	34	2.99	81
Vanguard Equity-Income Adm	17.30	87	0.34	13	1.79	22	0.44	19	3.55	70
American Century Equity Income R6	14.69	98	0.26	41	0.22	54	-0.10	66	5.71	25
Russell 1000 Value TR USD	19.27	49	0.23	57	0.00	60	0.00		0.00	100



Time Period: 10/1/2016 to 9/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
Allspring C&B Large Cap Value R6										
Dodge & Cox Stock I	19.12	15	0.51	14	2.80	10	0.74	11	4.71	34
MFS Value R6	15.85	75	0.42	40	0.80	47	0.17	48	2.88	78
Vanguard Equity-Income Adm	15.08	87	0.52	13	1.98	20	0.47	22	3.23	69
American Century Equity Income R6	12.83	99	0.42	42	0.51	55	-0.16	78	5.04	27
Russell 1000 Value TR USD	16.77	50	0.37	64	0.00	69	0.00		0.00	100





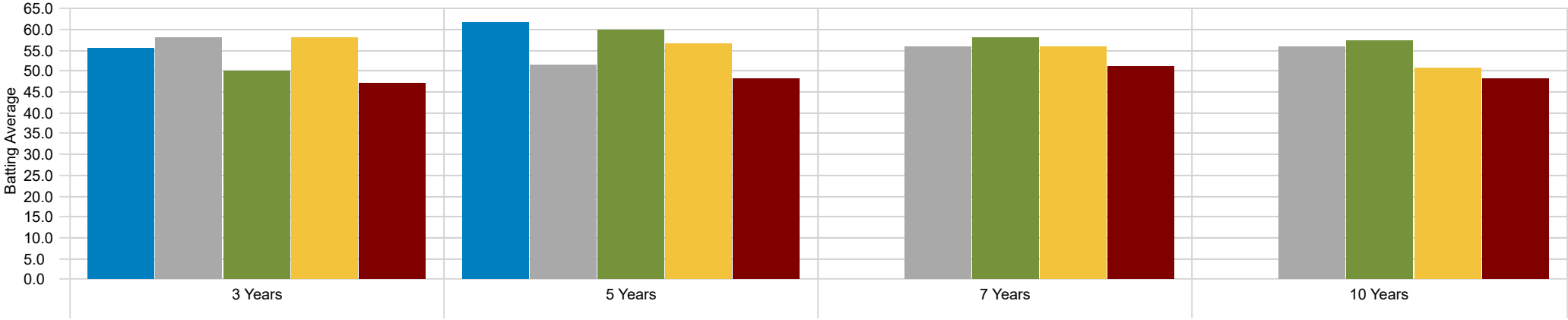
Time Period: 10/1/2013 to 9/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
Allspring C&B Large Cap Value R6										
Dodge & Cox Stock I	17.35	11	0.54	24	1.49	17	0.48	11	4.58	29
MFS Value R6	14.49	74	0.53	28	0.78	32	0.16	28	2.71	79
Vanguard Equity-Income Adm	13.73	88	0.62	7	1.83	10	0.41	13	3.04	68
American Century Equity Income R6	11.52	99	0.62	6	1.56	15	-0.01	52	4.88	23
Russell 1000 Value TR USD	15.17	50	0.48	47	0.00	54			0.00	100



Batting Average

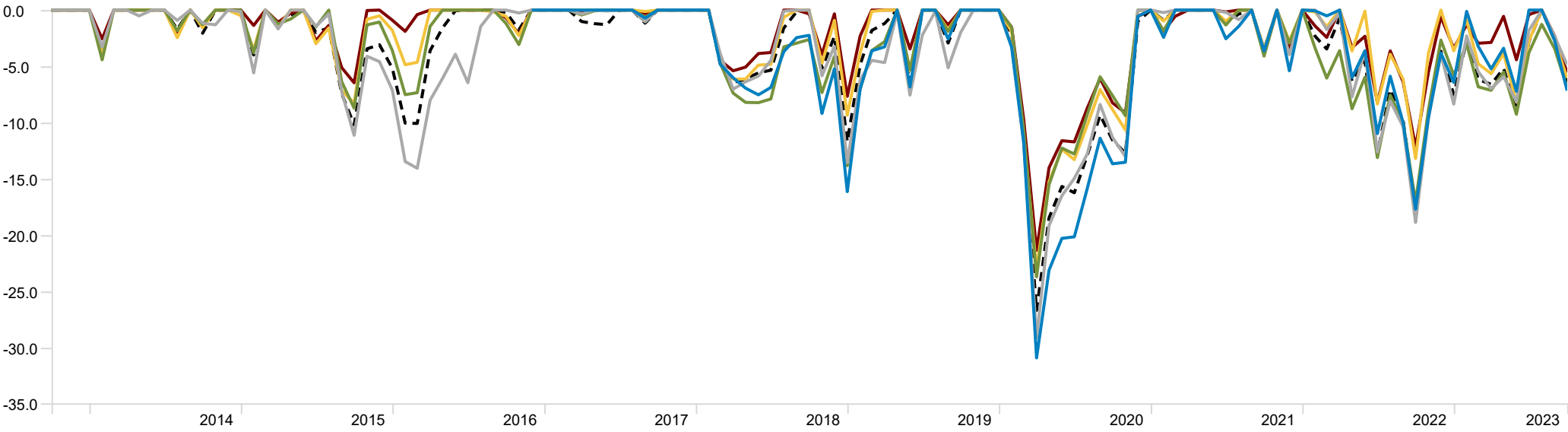
Source Data: Monthly Return Calculation Benchmark: Russell 1000 Value TR USD



Drawdown

Time Period: 10/1/2013 to 9/30/2023

Source Data: Monthly Return



- Allspring C&B Large Cap Value R6
- Dodge & Cox Stock I
- MFS Value R6
- Vanguard Equity-Income Adm
- American Century Equity Income R6
- - Russell 1000 Value TR USD



**MPT Statistics: 3-Year**

Time Period: 10/1/2020 to 9/30/2023 Calculation Benchmark: Russell 1000 Value TR USD

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Return	13.00	16.47	9.60	12.02	7.54	11.05
Excess Return	1.95	5.42	-1.45	0.97	-3.51	0.00
Std Dev	18.81	20.04	16.60	16.33	13.17	17.59
Beta	1.05	1.11	0.93	0.91	0.73	1.00
Tracking Error	3.92	5.15	3.17	3.51	5.87	0.00
Sharpe Ratio	0.58	0.72	0.45	0.61	0.42	0.51
Alpha	1.50	4.19	-0.78	1.54	-1.16	0.00
Information Ratio	0.50	1.05	-0.46	0.28	-0.60	
Batting Average	55.56	58.33	50.00	58.33	47.22	100.00
Up Capture Ratio	107.93	113.48	96.07	95.91	73.60	100.00
Down Capture Ratio	103.01	96.21	100.71	89.74	76.85	100.00

**MPT Statistics: 5-Year**

Time Period: 10/1/2018 to 9/30/2023 Calculation Benchmark: Russell 1000 Value TR USD

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Return	7.79	8.61	6.97	7.80	5.67	6.23
Excess Return	1.56	2.38	0.74	1.57	-0.56	0.00
Std Dev	21.76	21.84	18.08	17.30	14.69	19.27
Beta	1.11	1.11	0.93	0.89	0.75	1.00
Tracking Error	4.42	5.03	2.99	3.55	5.71	0.00
Sharpe Ratio	0.27	0.31	0.28	0.34	0.26	0.23
Alpha	1.34	2.09	0.91	1.79	0.22	0.00
Information Ratio	0.35	0.47	0.25	0.44	-0.10	
Batting Average	61.67	51.67	60.00	56.67	48.33	100.00
Up Capture Ratio	112.80	110.67	98.09	94.58	77.35	100.00
Down Capture Ratio	109.29	103.66	94.84	87.45	74.74	100.00

**MPT Statistics: 7-Year**

Time Period: 10/1/2016 to 9/30/2023 Calculation Benchmark: Russell 1000 Value TR USD

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Return		11.40	8.41	9.45	7.11	7.92
Excess Return		3.48	0.49	1.53	-0.81	0.00
Std Dev		19.12	15.85	15.08	12.83	16.77
Beta		1.11	0.93	0.89	0.75	1.00
Tracking Error		4.71	2.88	3.23	5.04	0.00
Sharpe Ratio		0.51	0.42	0.52	0.42	0.37
Alpha		2.80	0.80	1.98	0.51	0.00
Information Ratio		0.74	0.17	0.47	-0.16	
Batting Average		55.95	58.33	55.95	51.19	100.00
Up Capture Ratio		113.73	97.25	94.95	77.77	100.00
Down Capture Ratio		101.83	93.85	85.65	73.52	100.00

**MPT Statistics: 10-Year**

Time Period: 10/1/2013 to 9/30/2023 Calculation Benchmark: Russell 1000 Value TR USD

	Allspring C&B Large Cap Value R6	Dodge & Cox Stock I	MFS Value R6	Vanguard Equity-Income Adm	American Century Equity Income R6	Russell 1000 Value TR USD
Return		10.64	8.89	9.70	8.38	8.45
Excess Return		2.20	0.44	1.25	-0.07	0.00
Std Dev		17.35	14.49	13.73	11.52	15.17
Beta		1.11	0.94	0.89	0.74	1.00
Tracking Error		4.58	2.71	3.04	4.88	0.00
Sharpe Ratio		0.54	0.53	0.62	0.62	0.48
Alpha		1.49	0.78	1.83	1.56	0.00
Information Ratio		0.48	0.16	0.41	-0.01	
Batting Average		55.83	57.50	50.83	48.33	100.00
Up Capture Ratio		110.75	98.03	95.07	79.21	100.00
Down Capture Ratio		103.40	94.70	85.83	69.99	100.00

# Investment Option Narratives

**Firm Overview**

Cooke & Bieler (C&B), founded in 1949, is an independently owned institutional investment management firm headquartered in Philadelphia. The firm has been independently owned since 2001, when C&B partners completed a management-led buyout of the firm from Old Mutual. Approximately 80% of the firm's equity is owned by 13 employee partners and 20% is owned by one passive outside partner. Ownership is evenly distributed with no internal partner owning more than 15%. The firm is narrowly focused, with a single investment philosophy focused on domestic value equity, which is used to construct six overlapping strategies. Firm assets under management are over \$10 billion. The firm is institutionally focused, with approximately 95% of its AUM managed for institutional clients.

**Team Overview**

C&B's eight-member investment team utilizes a flat structure whereby investment professionals serve a dual role of PM and Analyst with dedicated industry/sector responsibilities. While the environment is highly collaborative, each analyst on the investment team makes final decisions for their assigned industries and there is no overarching CIO or lead portfolio manager for a given strategy. C&B's "career analyst" model consists of individuals who are each responsible for making buy and sell decisions for the various portfolios. The benefits of such a structure are the mitigation of key person risk, built in succession planning and complete transparency across the team. Due to the structure of the team, there is no information loss between analysts and PMs as can occur at competing firms. The team is made up of James O'Neil (joined in 1988), Michael Meyer (1993), Mehul Trivedi (1998), Ed O'Connor (2002), Steve Lyons (2006), Bill Weber (2010), Andy Armstrong (2014) and Wesley Lim (2018). The team has historically had extremely low levels of turnover aside from planned retirements.

**Strategy Overview**

C&B's investment philosophy is based on three ideas: 1) Fundamentals drive stock price; 2) Capital preservation improves returns; and 3) Culture shapes investment decisions. The team will only invest in a company with good business fundamentals, a strong balance sheet, and an attractive price, and will not overlook any of these components during the investment process. The approach has not meaningfully changed in over 50 years. Promising buy candidates are subjected to a rigorous fundamental evaluation (business quality assessment) which includes an assessment of the company's long term financial and operating strategies, competitive positioning, and management talent. The research process for a new idea can incorporate anywhere from a few months to a few years' worth of in-depth individual research and collaboration with the team. An accountability statement is created for every stock during the research process, in which the analyst documents thesis drivers along with forward looking expectations for each as well as intrinsic value targets. Generally, C&B will purchase a stock only if the difference between its market price and its intrinsic value allows for at least 40% appreciation potential based on a 10-year discounted cash flow model. Portfolios are constructed based on the bottom-up recommendations of individual stocks by each analyst, by design, such that the individual with the greatest knowledge of a stock is making the decision.

The portfolio will typically hold 40-50 stocks. Positions are typically initiated at 1.5% and grow as conviction is built. Individual holdings are capped at 5% at cost, though weights in a given security are seldom higher than 4%. As such, holdings are fairly equally weighted across the portfolio. The maximum allocation to a single sector is 35% and 20% to a single industry, and there are no sector minimums. Turnover is moderate at 25-45% annually.

**Expectations**

C&B portfolios tend to do well when high quality stocks outperform, which have historically been during periods of market or economic stress when investors seek quality. Similarly, the firm's "high quality, low risk" investment approach tends to lag during very strong up markets as well as during a rapid decline in interest rates, which tends to benefit low quality companies more than high quality companies. Additionally, LCV will consistently carry lower price ratios than the index, and we expect the portfolio to outperform when value outperforms growth. Patient investors have been rewarded over time, as periods of significant underperformance (2012, 2018) have typically been followed by periods of significant outperformance (2013, 2019). The up/down capture ratio is expected to be approximately 100/90 over the long term and we expect the strategy to generate outperformance of 1-3% over a full market cycle.

We expect tracking error to be consistently above the category average, in the range of 3-6%. This expectation is driven by limited sector constraints, a lower average market cap relative to the benchmark, and an avoidance of cyclical businesses.

**Points to Consider**

While downside protection has been a hallmark of the strategy for most of its history, market dynamics since 2018 have diminished the downside protection historically provided by the high-quality stocks that C&B generally invests in. The team is still investing in the same high-quality stocks at a valuation discount, however the performance patterns of those stocks has been an aberration. Performance has remained strong overall, despite this change in dynamics. We expect return patterns to normalize over time as quality stocks revert to historical return patterns.

C&B allows a higher exposure to non-US markets than most peers in the US LCV category. The strategy can purchase up to 25% in non-US equities via ADRs, though exposure has averaged about 10%. Clients should be aware that this portfolio could have some overlap with international strategies and the exposure could also weigh on performance if international markets underperform US markets. The team does not tactically allocate to non-US markets and investments are based solely on bottom-up fundamental analysis of individual companies. Non-US stocks in the LCV portfolio are generally large global companies with a strong US presence.

**Recommendation Summary**

Cooke & Bieler Large Cap Value is a strong candidate for clients seeking a traditional value manager. The flat team structure and firm culture was established at the onset of the organization's history and has been entrenched ever since. These aspects have helped the firm maintain an extremely stable and experienced investment team over time. The decision-making structure is uncommon in that each analyst makes the final buy and sell decisions for their assigned industries. The eight team members are evenly distributed by age and decision-making authority is broadly distributed to each member, so key-person risk is negated as succession planning and diversity of thought is built into the team structure. We are continually impressed with the stock level knowledge and team collaboration. The high-quality, low-risk philosophy with a strict valuation requirement has been in place for over half of a century and has consistently produced alpha over the long-term. The firm has a long, established history of capital preservation combined with adequate market participation, a risk profile that allows us to endorse this as a stand-alone large cap value option for clients who are able to tolerate a higher-than-average tracking error.

## Firm Overview

Established in 1930, Dodge & Cox (D&C) is one of the oldest investment management firms in the country. In its early years, the firm managed assets exclusively for individuals and families but began to work with institutional clients in the 1960s.

D&C is an independent investment firm owned entirely by its active employees and operates out of a single investment office in San Francisco. D&C's independence allows it to make business decisions that they believe to be in the long-term best interest of their clients. D&C manages more than \$325 billion in client assets within three primary broad asset classes: US Equity, International Equity and US Fixed Income.

## Team Overview

The seven-member U.S. Equity Investment Policy Committee (IPC) makes all decisions on the Dodge & Cox Stock strategy. The IPC is comprised of senior portfolio managers and analysts and is led by VP Philippe Barret. Other members of the IPC include CIO David Hoefft, Director of Research Steven Voorhis, as well as Senior Analysts, Kathleen McCarthy, Karol Marcin, Benjamin Garosi and Karim Fakhry. The average D&C tenure of the IPC members is more than 20 years. The IPC attempts to reach consensus on the merits of a particular recommendation. Each member has the opportunity to provide his or her input equally. The firm's global equity team comprises more than 30 portfolio managers and industry analysts.

## Strategy Overview

Dodge & Cox's philosophy is built on traditional valuation investment principles that have been employed since the founding of the firm. The firm believes if the team conducts intense, bottom-up company research and builds a diversified portfolio of stocks trading at a substantial discount to their long-term profit opportunities, investors will gain a solid premium over a three- to five-year period.

The process begins with the industry analysts' idea generation, which can come from a variety of sources including, but not limited to: industry conferences, news, industry publications, valuation screens, annual reports and company management teams. For stocks of interest, research analysts will build cash flow, balance sheet and income statement models forecasted out three-to-five years. To assist with model forecasting, analysts visit each company and meet with the management teams. In addition, he/she talks with competitors, customers and suppliers to develop a 360-degree assessment of the company. The investment process is collegial/collaborative so analysts and portfolio managers are engaged in communication throughout. Prior to presenting a stock to the IPC, analysts vet stock ideas within one of four super sector committees (Tech/Media/Telecom, Health Care/Consumer, Finance/REIT and Industrials/Materials/Energy). The IPC has final decision-making authority on buys and sells and on final portfolio construction. Sales typically occur when stock prices reflect a more optimistic outlook than D&C's expectations or due to deteriorating long-term fundamentals.

The fund typically holds 60-90 stocks, with cash below 5% in most market conditions. Average annual portfolio turnover is low, typically 15-20%. The strategy is broadly diversified relative to the S&P 500 Index sectors, although typically maintains a pro-cyclical tilt and is underweight the yield-oriented sectors (Utilities, REITs).

## Expectations

The strategy has maintained a pro-cyclical bias with a beta of approximately 1.1 over the past decade. As such, the approach tends to underperform during strong market sell-offs, such as 2008, as well as yield-oriented market environments, such as 2011. Conversely, D&C Stock typically outperforms during strong market recoveries such as 2009 or 2012, or when value-oriented stocks are leading the market, such as 2016.

The fund's non U.S. exposure ranges from the mid-single digits to 20%. As such, weak non-U.S. equity markets may provide a headwind to performance. The firm does not have a specific target for tracking error, which has fallen in the 4% range over the past decade, near the top quartile of the peer group.

## Points to Consider

In 2004, the strategy closed due to heavy inflows, prior to AUM peaking near \$125 billion in 2007. At that time, the firm was finding more opportunities in the mid cap areas of the market and dealing with significant inflows. The strategy has experienced net outflows over the past several years and reopened in 2019 at approximately \$100 billion in AUM. The IPC is finding more opportunities in mega caps and the firm's ability to take advantage of mid cap opportunities may be limited going forward.

The firm developed a reputation for being deeper value in the late 1990s, when the IPC stuck to its value-orientation through the technology bubble. However, the approach is well diversified across value themes. The IPC organizes its portfolio holdings into four main categories: deep value or turnaround, cyclical or asset plays, compounders and above average growers. Depending on allocation to these categories, the strategy may fluctuate between deeper value and core value, however the IPC has remained true to their value orientation such that overall valuation measures are below those of the index.

Chairman and CIO Charles Pohl and Director of Research Bryan Cameron both departed in the first half of 2022. We do not believe there is cause for concern given D&C's committee approach to investment management and gradual transition to experienced successors. In anticipation of their departure from the US Equity committee, Global Industry Analyst Karim Fakhry (43 years old, 15+ years at D&C) was added to the committee in January 2021.

## Recommendation Summary

We believe D&C Stock possesses several key differentiators and recommend the strategy as a stand-alone large cap value offering for both participant-directed accounts and plan sponsor-directed accounts. First, management has adhered to same long-term, value oriented process since the fund's inception in 1965. Second, we like the firm's structure and focus. D&C is 100% employee-owned and the firm manages three equity strategies (Stock, International and Global) that follow the same investment philosophy. Third, the IPC's experience and tenure is a testament to the firm's collegial culture. Most of D&C's employees spend their entire careers at the firm and employee turnover is low (sub 5%) relative to peers. While we expect D&C Stock to generate solid excess returns over the long-term, we acknowledge the strategy's higher beta profile and recommend the strategy only for clients that can be patient during periods of risk-aversion, when the approach typically lags.

## Firm Overview

MFS' investment management history dates back to 1924. MFS began managing tax-exempt capital in 1970. Headquartered in Boston, MFS has been a majority-owned subsidiary of Sun Life of Canada since 1982. The firm maintains considerable autonomy in managing its day-to-day business. Up to 22% of MFS' common stock is available for ownership by senior management, investment professionals and other key employees. MFS has nine offices around the world. Total firm assets under management (AUM) are over \$500 billion across a plethora of equity, fixed income and balanced/blended strategies. The client mix is about 50/50 institutional/retail.

## Team Overview

Nevin Chitkara and Katherine Cannan have managed MFS Value since 2006 and 2019, respectively. They are jointly responsible for portfolio decisions. Chitkara joined MFS as a research analyst in 1997 and previously covered U.S. media, cellular telephone, and paper & packaging industries, as well as Northern European stocks and Pan-European media and utility companies. Cannan possesses over 10 years of research experience and joined MFS in 2013. She has covered multiple industries during her tenure with MFS, including energy, technology and telecommunications.

MFS' global equity research platform consists of more than 60 fundamental equity analysts organized into eight global sector teams and located around the world. The global sector analyst teams support all MFS investment strategies. More than 25 analysts are dedicated to U.S. equity research. Each analyst is a specialist, covering approximately two different industries on average in a particular region. The platform also comprises more than 40 fixed income and quantitative research analysts.

## Strategy Overview

The MFS Value team believes that stock prices often overreact to short-term events, thus providing opportunities for long-term investors. Their ideal holding is a high-quality company with above-average rates of free cash flow growth that is trading below intrinsic value. The portfolio managers employ a bottom-up, fundamental research process that seeks to invest in undervalued companies that possess sustainable, durable franchises, generate significant free cash flow, have strong balance sheets and management teams that are good stewards of capital.

The investment universe for MFS Value comprises those stocks in the Russell 1000 Index in addition to their global multi-national peers. Of that universe, approximately 250-350 companies meet the team's quality metrics, which mostly comprises U.S.-based companies with market capitalizations greater than \$5 billion. The portfolio managers work closely with MFS' global industry analysts throughout the research process, including accompanying them on company visits, working through their financial models and valuation framework. Research analysts generate a large majority of ideas that make their way into the fund. The portfolio managers consider current valuations relative to a company's history, its peers and overall market in constructing a portfolio of 75-100 stocks. A change to relative valuations or a breakdown in a company's quality dimensions are the primary reasons stocks are sold. Annual turnover ranges from 10-30%. Sector allocations are driven by the firm's bottom-up process with a 25% cap at the industry level. The fund has tended to be overweight Consumer Staples and Industrials stocks, and underweight Energy and Utilities, relative to the Russell 1000 Value Index.

## Expectations

MFS Value's quality bias contributes to its outperformance during periods of risk-aversion, as measured by high yield spreads widening. The strategy performed well through the 2008 downturn, as well as during the market sell-off from the third quarter of 2014 through the first quarter of 2016.

The strategy typically lags during lower quality rallies, led by companies with low profitability or those with highly levered balance sheets, such as the market rebound in 2009, or the second half of 2016. Additionally, MFS Value tends to be underweight mid and small cap stocks relative to the benchmark, which hurt relative performance in 2010.

## Points to Consider

MFS soft-closed this strategy to new separate accounts in the third quarter of 2013, however recently reopened with limited capacity. The MFS Value team managed nearly \$108 billion in large cap value assets at the end of 2021 including the equity sleeve of the firm's Total Return strategy. While this is a year-end peak for the strategy, the increase in AUM has been due entirely to capital appreciation rather than net inflows. Since the soft closure in 2013, the strategy has had net outflows of more than \$10 billion. In addition, MFS has confirmed the portfolio has an improved liquidity profile considering market conditions.

Steve Gorham, who was a PM on MFS Value since 2002, stepped off of the strategy at the end of 2020. Katherine Cannan, previously a research analyst on the strategy, was added as a PM effective December 31, 2019, giving her a full year to get up to speed with Gorham still involved. Chitkara remains on the strategy, and has moved to being completely focused on MFS Value. He transitioned off of two MFS balanced portfolios at the end of 2020. The announcement exemplifies the firm's proactive approach to succession planning and we remain confident in the strategy.

## Recommendation Summary

We recommend MFS Value as a core large cap value option for AndCo clients. The strategy's portfolio managers are supported by robust, integrated global research platform that fosters a culture of collaboration. The expense ratio for the R6 share is below 50 basis points and competitive relative to other institutionally priced large cap value options. The strategy is ideal for clients seeking a high-quality, diversified large cap value strategy with modest tracking error and high performance consistency over rolling three-year periods. Over the long-term, the approach has outperformed the Russell 1000 Value Index while exhibiting below average volatility. Given the strategy will tend to lag during low-quality rallies, clients may benefit pairing the strategy with an approach that exhibits greater cyclicality and up-market capture.



## Firm Overview

Founded in 1975 and headquartered in Malvern, PA, The Vanguard Group (Vanguard) is structured as a mutual company, owned by the Vanguard funds and its investors. Vanguard's fund family comprises more than 170 member funds with more than \$7 trillion in assets across a broad array of investment categories including passive equities, active equities, bond funds, balanced funds, money market and stable value strategies. The firm's Portfolio Review Department (PRD), comprises more than 70 investment professionals who oversee the firm's more than \$500 billion in externally managed funds.

## Team Overview

Vanguard Equity Income follows a multi-manager approach with approximately 35% of the fund managed by the firm's Quantitative Equity Group (QEG), and 65% overseen by Wellington Management. Vanguard's QEG comprises more than 20 investment professionals dedicated to modeling, fund management and analysis. QEG oversees more than \$30 billion in active equities. Sharon Hill joined the firm in 2019 and has advised the fund since 2021 after nearly two decades with Macquarie's quantitative team. Portfolio decisions are driven by the team's quantitative model.

Wellington Management, headquartered in Boston, oversees more than \$1 trillion in assets. The firm's equity-income team, based in Radnor, PA comprises eight portfolio managers and analysts, who are supported by close to 50 centralized global industry analysts. Lead PM Matt Hand joined Wellington in 2004 and co-managed this fund from October 2021 through June 2022 when Hand became the sole decision maker on the portfolio.

Vanguard Equity Income seeks to provide investors over the long term with a source of dividend income and stock market exposure with below average volatility. The philosophy is based on the belief that dividend income is a more stable source of total return than capital appreciation. The fund's multi-manager structure combines Vanguard's quantitative approach with Wellington's fundamental, bottom-up investment process.

Vanguard QEG follows a risk-controlled investment process that emphasizes valuation, quality, growth, sentiment, and management decisions. It is managed on a sector neutral basis relative to the FTSE High Dividend Yield Index with a growth tilt. The Vanguard sleeve typically holds 100-130 stocks with turnover in the 40-50% range.

Wellington follows a bottom-up, contrarian approach that emphasizes high-quality companies in out-of-favor industries. Areas of opportunity include misunderstood negative events, consolidating industry structures, low but improving returns on capital or new management teams. Wellington will typically hold 60-75 stocks, with 20-30% annual turnover and sector weights that remain within 10% of the benchmark. The Wellington portfolio targets a dividend yield that is consistently higher than the S&P 500 Index.

## Expectations

Vanguard Equity Income's emphasis on higher quality companies with above average yields has resulted in a lower volatility portfolio relative the Russell 1000 Value Index. The strategy has generated most of its alpha in risk-off market environments, such as 2008, which favored dividend-paying stocks. The fund's beta has ranged from 0.8-0.9 over the past decade.

The strategy generally lags in strong up-markets, such as 2013 and 2019, given its long term upside/downside capture ratio of approximately 93/80. Additionally, Vanguard Equity Income tends to overweight mega-cap companies, which detracts from relative performance during markets led by smaller-cap stocks.

The fund's tracking error relative to the Russell 1000 Value Index is typically 2-4%. It is generally overweight consumer staples companies and underweight real estate stocks. Wellington may own up to 20% in non U.S. stocks, which has historically resulted in the fund holding 5-10% in foreign equities.

## Points to Consider

James Stetler, Co-PM of the Vanguard QEG sleeve of Equity Income, retired in July 2021 after 39 years with Vanguard. Shortly after, remaining Co-PM Binbin Guo announced his own retirement in September of 2021 after 14 years with the firm. Sharon Hill, Ph.D., Senior PM and head of Income Investment Team for the Quantitative Equity Group, was added to the strategy and became the sole PM upon Guo's departure. Given the Vanguard sleeve of Equity Income is quantitatively managed and the PM role is implementation-focused, we don't believe there will be any significant impact to the strategy, however we will be watching for additional turnover and any strategy changes.

The prior Lead PM of the Wellington-managed portion of the portfolio, Mike Reckmeyer, retired in June 2022. Matt Hand, who had been on the team since 2004, was added as a PM and took over as the sole decision maker after Reckmeyer retired. Wellington had been preparing for this retirement for over three years, and was grooming Hand to take over. With Hand at the helm, the strategy maintaining its philosophy, process and supporting analyst team, we do not expect notable changes to the strategy as decision making changes hands. We have met with Hand and believe him to be a strong successor to Reckmeyer.

We recommend Vanguard Equity Income as a conservative large cap value option. We like the fund's multi-manager approach, which combines two distinct and complementary investment processes. Wellington's fundamental, high-quality investment approach has provided strong down market protection and pairs nicely with Vanguard's quantitative, lower tracking error approach, which has generated more favorable upside participation. Both strategies have generated strong track records on a stand-alone basis. The fund's expense ratio is among the lowest in its category. The strategy is ideal for clients looking to add a low volatility, income-oriented option to their portfolios. Given the strategy may struggle in rising rate market environments, clients may want to pair Vanguard Equity Income with an approach that exhibits greater cyclicality and up-market capture.

**Alpha** - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta.

**Batting Average** – A measure of a manager's ability to consistently beat the market. It is calculated by dividing the number of months in which the manager beat or matched an index by the total number of months in the period.

**Best Quarter**- This is the highest quarterly (3 month) return of the investment since its inception.

**Beta** - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.

**Down Period Percent** - Number of months below 0 divided by the total number of months.

**Downmarket Capture Ratio** - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance.

**Downside Std Dev** - This measures only deviations below a specified benchmark.

**Excess Return**- This is a measure of an investment's return in excess of a benchmark.

**Information Ratio** - This calculates the value-added contribution of the manager and is derived by dividing the excess rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.

**Longest Down-Streak Return** - Return for the longest series of negative monthly returns.

**Longest Down-Streak # of Periods** - Longest series of negative monthly returns.

**Longest Up-Streak Return** - Return for the longest series of positive monthly returns.

**Longest Up-Streak** - Longest series of positive monthly returns.

**Kurtosis** - Kurtosis indicates the peakedness of a distribution. For normal distribution, Kurtosis is 3.

**Max Drawdown** - The peak to trough decline during a specific record period of an investment or fund. It is usually quoted as the percentage between the peak to the trough.

**Max Drawdown # of Periods** - This is the number of months that encompasses the max drawdown for an investment.

**R-Squared** - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.

**Return** - Compounded rate of return for the period.

**Sharpe Ratio** - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.

**Skewness** - Skewness reflects the degree of asymmetry of a distribution. If the distribution has a longer left tail, the function has negative skewness. Otherwise, it has positive skewness. A normal distribution

is symmetric with skewness 0.

**Sortino Ratio** - The Sortino Ratio is similar to Sharpe Ratio except it uses downside risk (Downside Deviation) in the denominator. It was developed in early 1980's by Frank Sortino. Since upside variability is not necessarily a bad thing, Sortino ratio is sometimes more preferable than Sharpe ratio.

**Standard Deviation** - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

**Tracking Error** - This is a measure of the standard deviation of a portfolio's excess returns versus its designated market benchmark.

**Treynor Ratio** - Similar to Sharpe Ratio, Treynor Ratio is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and risk. Unlike Sharpe Ratio, Treynor Ratio utilizes "market" risk (beta) instead of total risk (standard deviation). Good performance efficiency is measured by a high ratio.

**Up period Percent** - Number of months above 0 divided by the total number of months.

**Upmarket Capture Ratio** - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

**Value-Growth Score** - Morningstar assigns an Overall Value score and an Overall Growth score to each stock within a fund. Morningstar then calculates a net value-core-growth score for each stock by subtracting the stock's Overall Value score from its Overall Growth score. Once this is done, these raw scores are rescaled to range between -100 to 400 in order to fit within the Morningstar Style Box. Scores below 67 are classified as value, scores above 233 are classified as growth, and scores between 67 and 233 fit within the core boundaries.

**Worst Quarter** - This is the lowest quarterly (3 month) return of the investment since its inception.

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