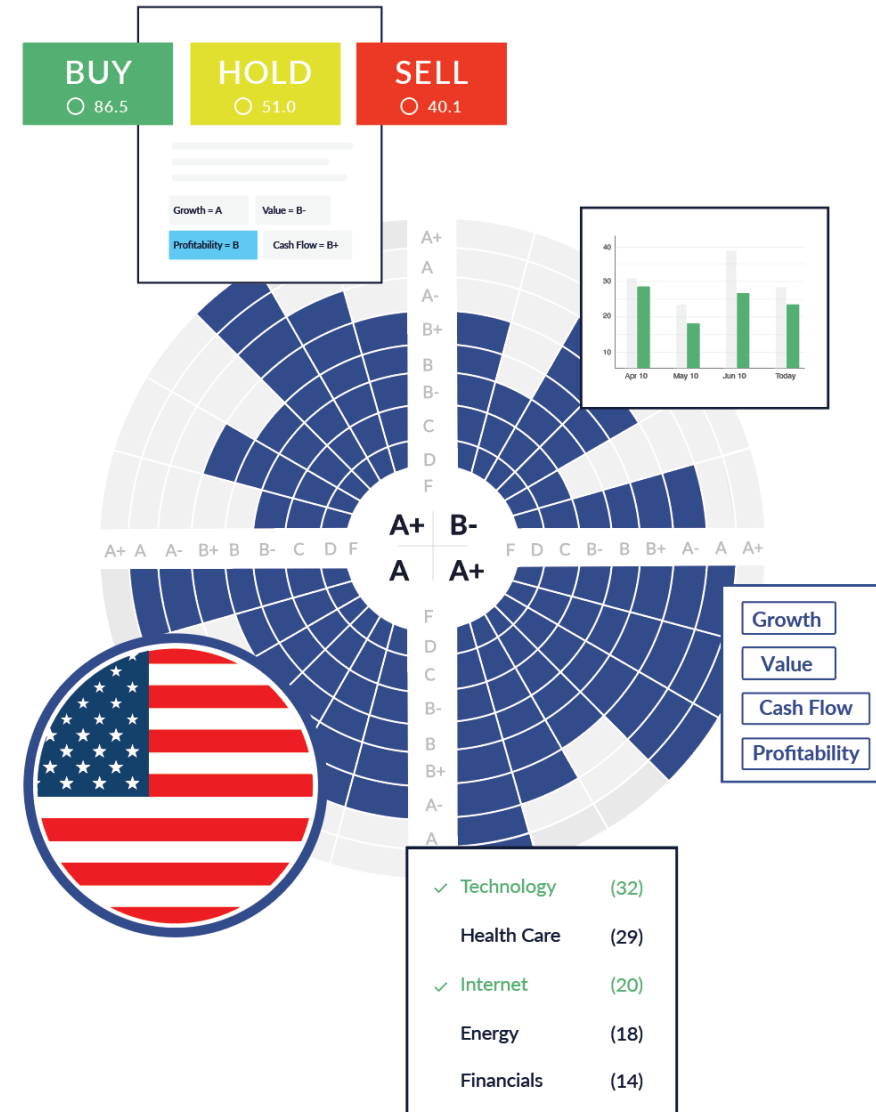




Finding Alpha in U.S. Equities with MarketGrader's GARP Ratings

Summary of Performance
United States 2008 – 2022



Overview of Analysis

Summary & Objective

MarketGrader's research team analyzed the performance of all ratings issued across all companies under coverage in its North American universe between January 1, 2008, and June 30, 2022. Ratings for companies listed in Canada and the U.S. were analyzed separately. The objective of the analysis was to determine whether MarketGrader's ratings in each country generate any 'alpha' for long-term investors.

Methodology

This analysis is based on semi-annual snapshots of MarketGrader's U.S. coverage, with the first snapshot of the equity universe taken on Dec. 31, 2007. On June 30, 2008, the next snapshot of the universe was taken, and individual company performance was measured for the first six-month period. Thereafter, the universe was tracked every six months with the most recent performance measurement taken on June 30, 2022. Using these semi-annual snapshots and the corresponding performance of the individual companies, equally weighted sample portfolios were constructed based on MarketGrader Grades. The portfolios were reconstituted and rebalanced (to equal-weight) semi-annually from each new universe snapshot. All performance figures are based on price-only returns.

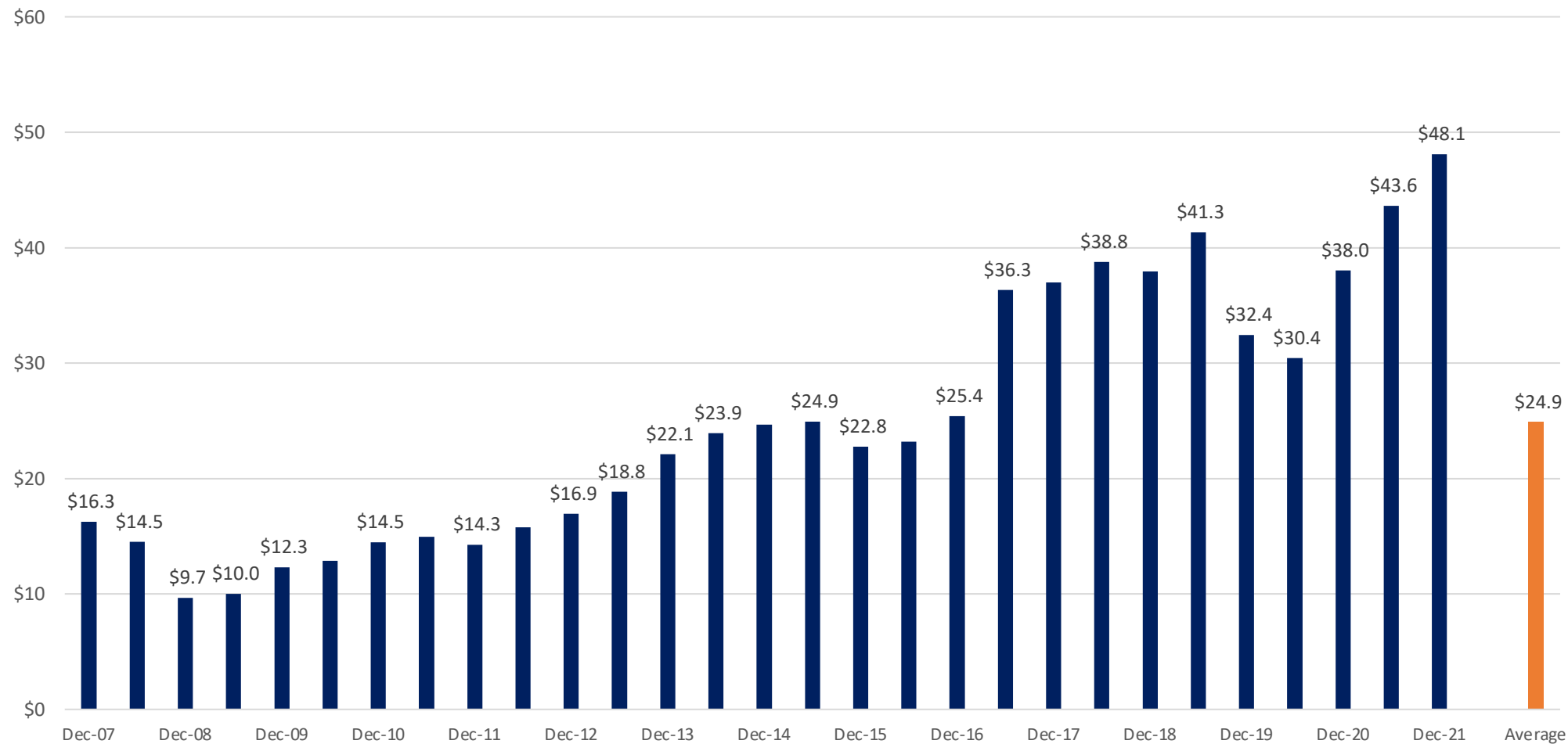
Underlying data and complete performance figures are available upon request.

MarketGrader's United States Universe – Overview

- In the highly efficient U.S. equity market, our analysis found that the MarketGrader signals are strongest when the universe is segmented by size.
- The aggregate market capitalization of the largest 3,000 companies in the U.S. equity universe was \$48.1 trillion on Dec. 31, 2021.
- Historically, 44% of the largest 3,000 companies in the U.S. have scored greater than 50 in MarketGrader's rating system. These companies have yielded annual alpha of 0.4% since 2008.
- MarketGrader's grades generated the most annual alpha in the market's mid cap segment, defined as the 500 smallest companies within the U.S. top 1,000 stocks by size.
- Annual alpha for companies in the mid cap segment with a MarketGrader Grade above 60 was 1.4% since 2008.
- In the market's small cap segment, defined as the 2,000 smallest companies within the largest 3,000 companies, the annual alpha generated by the companies with a MarketGrader Grade above 60 was 0.1%.
- The group of small cap stocks with the highest MarketGrader Grades (above 60) outperformed the companies with the worst Grades (below 40) by 2% annually since 2008.

U.S. Equity Universe – On Dec. 2021 Total Market Capitalization of Largest 3,000 Companies was \$48.1 trillion

US 3K Equity Universe: Biannual Total Market Capitalization in USD Trillions, January 2008 through June 2022

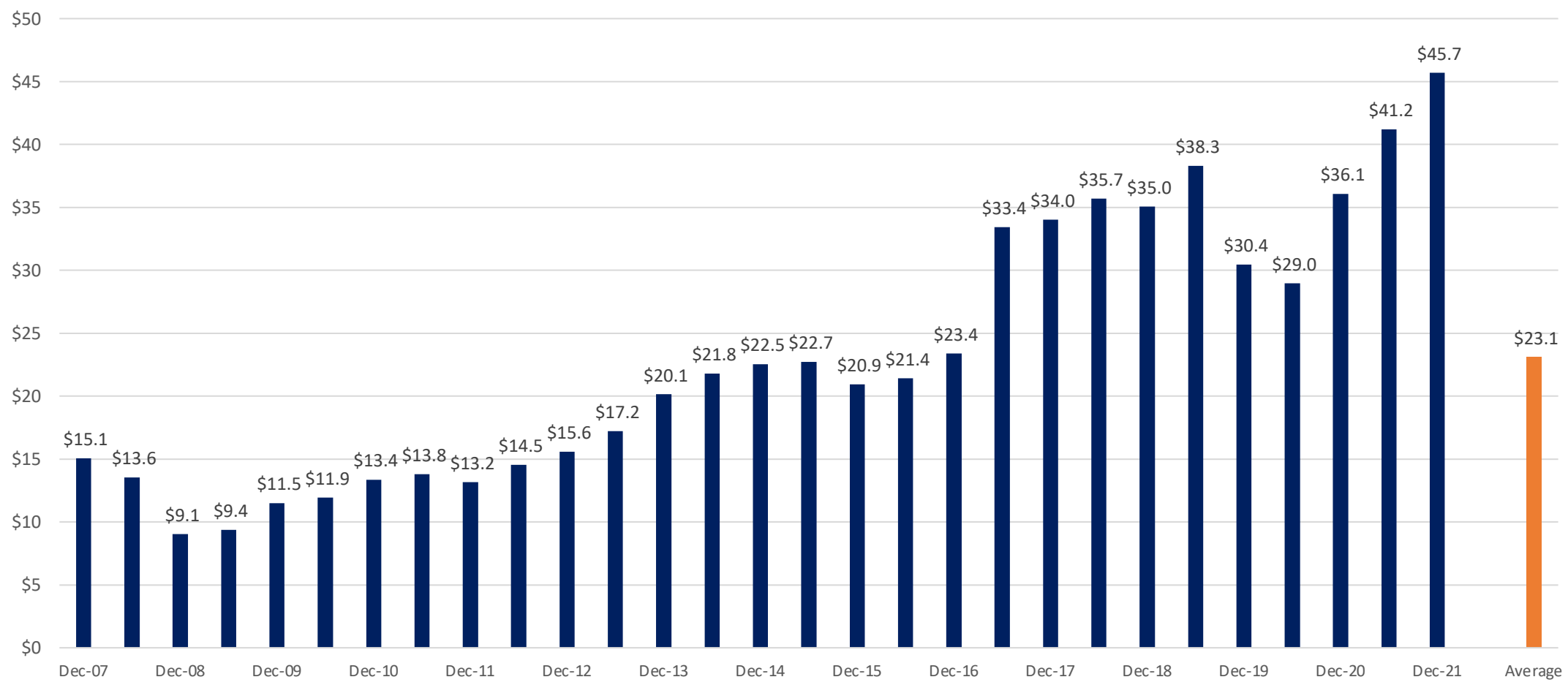


For the Broad U.S. Equity Universe, Stock Selection Based on MG Grade Results in 0.4% Annual Alpha

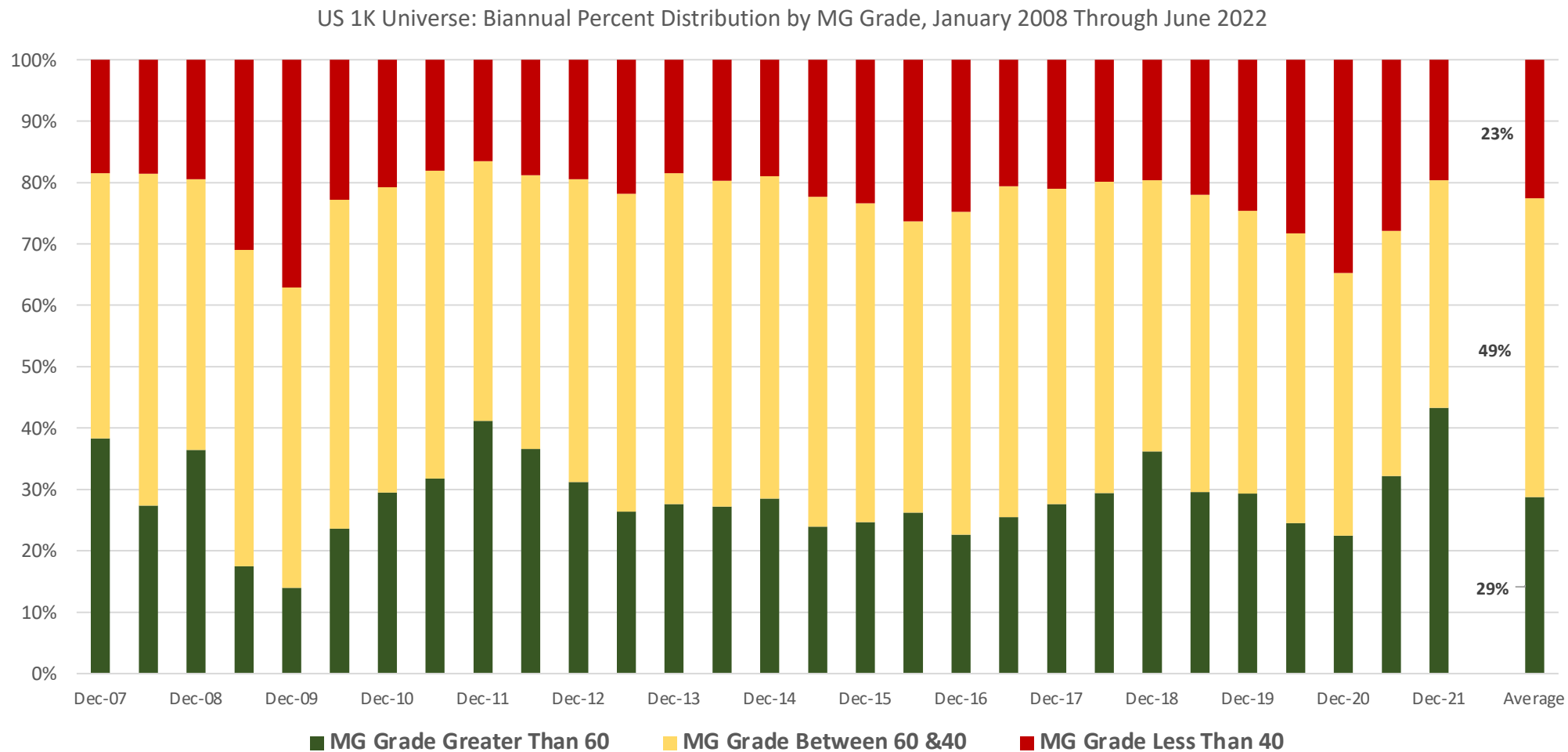
	January 2008 Through June 2022			
Universe	Average Count	Cumulative Return	Annual Return	Annual Alpha
Largest 3000	3000	148.0%	6.5%	
MarketGrader Grade \geq 50	1331	160.1%	6.8%	0.4%
MarketGrader Grade $<$ 50	1669	122.7%	5.7%	-0.8%

U.S. Equity Universe – On Dec. 2021 Total Market Capitalization of Largest 1,000 Companies was \$45.7 trillion

US 1K Equity Universe: Biannual Total Market Capitalization in USD Trillions, January 2008 through June 2022



Historically Only 29% of U.S. Large Cap Universe Has Received a MarketGrader 'BUY' Rating (Grade > 60)

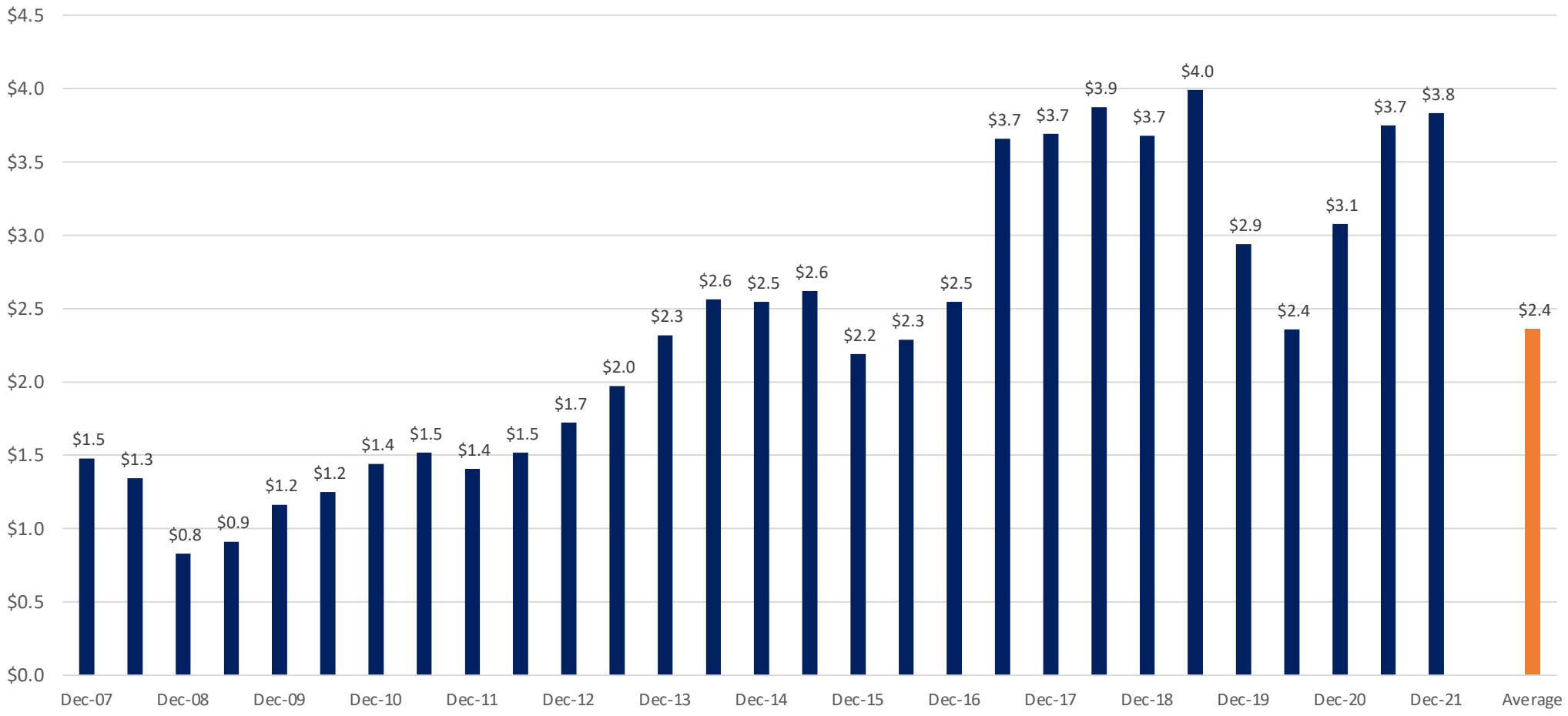


For the Large Cap U.S. Equity Universe, Stock Selection Based on MG Grade Results in 1.0% Annual Alpha

	January 2008 Through June 2022			
Universe	Average Count	Cumulative Return	Annual Return	Annual Alpha
Largest 1000	1000	130.9%	5.9%	
MG Grade Greater than 60	288	163.1%	6.9%	1.0%
MG Grade Between 60 and 40	486	137.1%	6.1%	0.2%
MG Grade Less Than 40	226	77.3%	4.0%	-1.9%

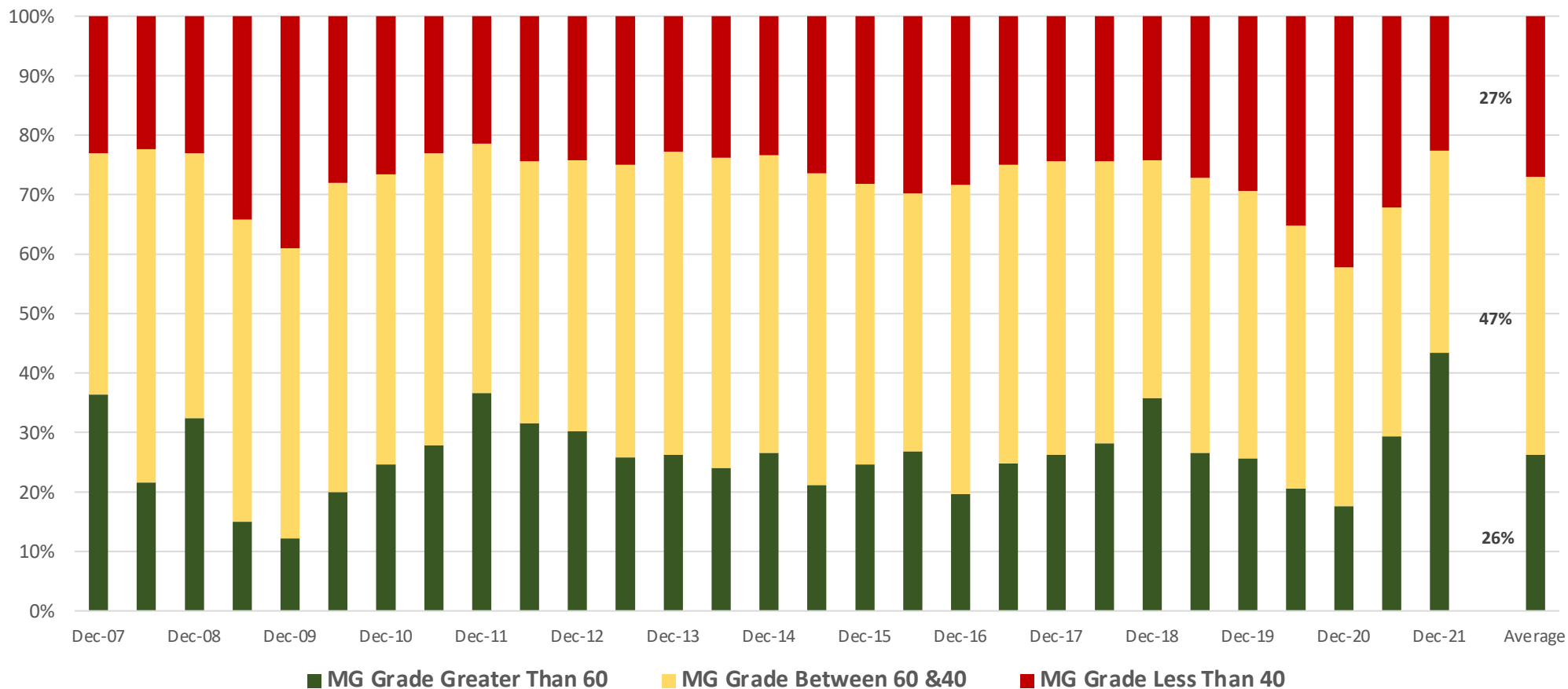
U.S. Mid Caps – On Dec. 2021 the 500 Smallest Stocks in the Top 1000 Had a Total Market Cap of \$3.8 trillion

US Mid Cap Equity Universe: Biannual Total Market Capitalization in USD Trillions, January 2008 through June 2022



Historically Only 26% of U.S. Mid Cap Universe Has Received a MarketGrader 'BUY' Rating (Grade > 60)

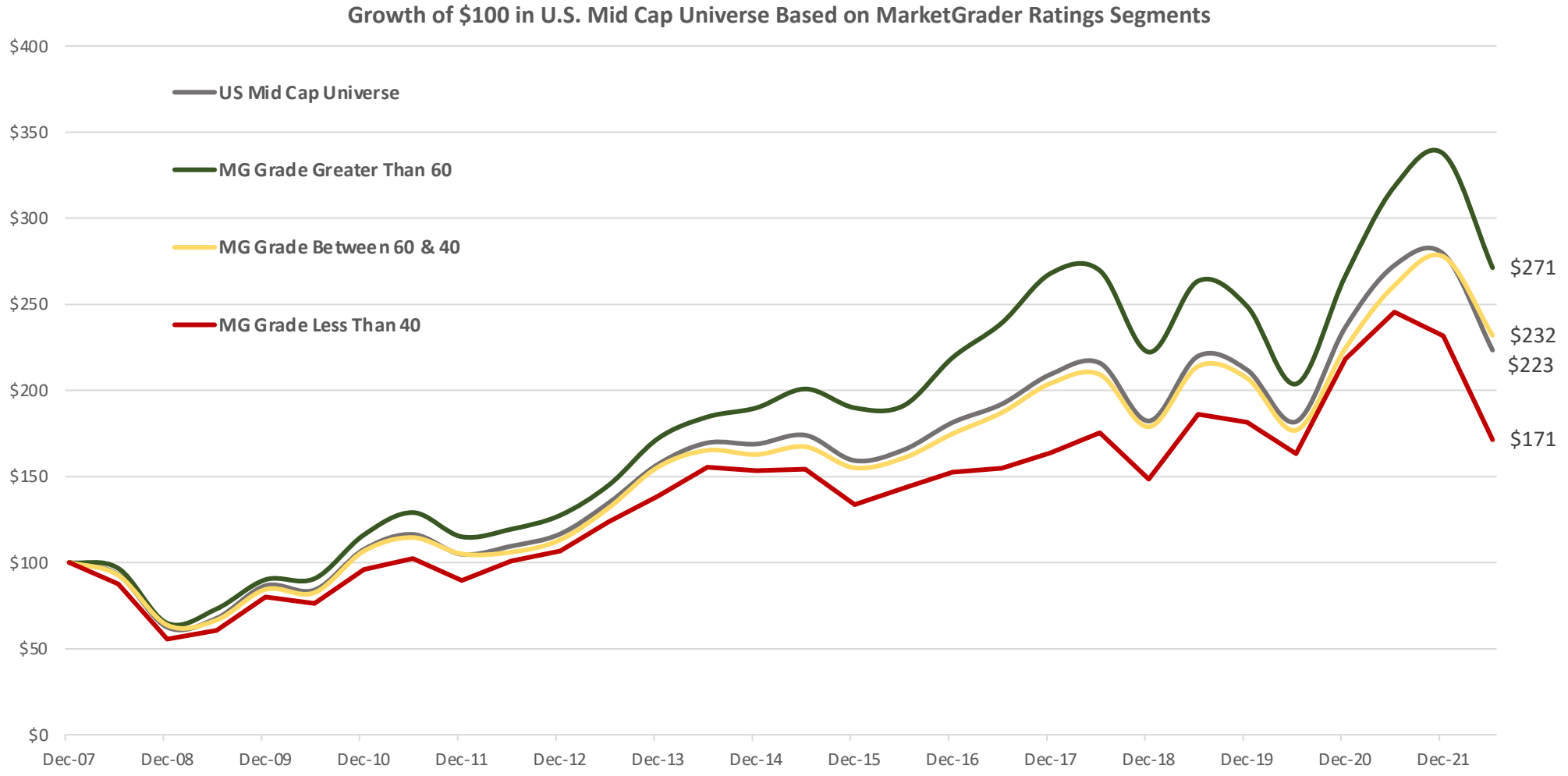
US Mid Cap Universe: Biannual Percent Distribution by MG Grade, January 2008 Through June 2022



For the Mid Cap U.S. Equity Universe, Stock Selection Based on MG Grade Results in 1.4% Annual Alpha

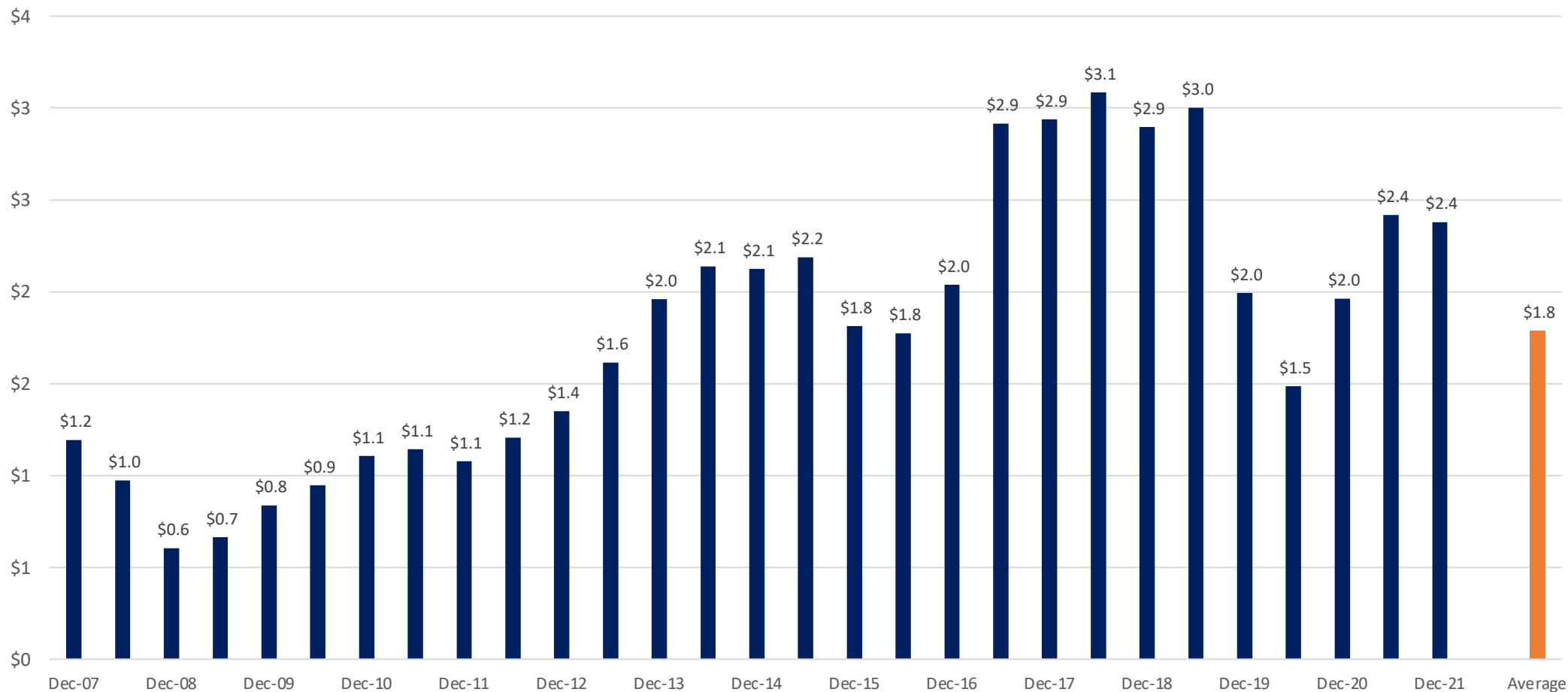
	January 2008 Through June 2022			
Universe	Average Count	Cumulative Return	Annual Return	Annual Alpha
Mid Cap	500	123.4%	5.7%	
MG Grade Greater than 60	131	171.2%	7.1%	1.4%
MG Grade Between 60 and 40	234	131.9%	6.0%	0.3%
MG Grade Less Than 40	135	71.4%	3.8%	-1.9%

Investment in Mid Cap 'BUYs' Resulted in 100% Outperformance to 'SELLs' and 48% to the Mid Cap Segment

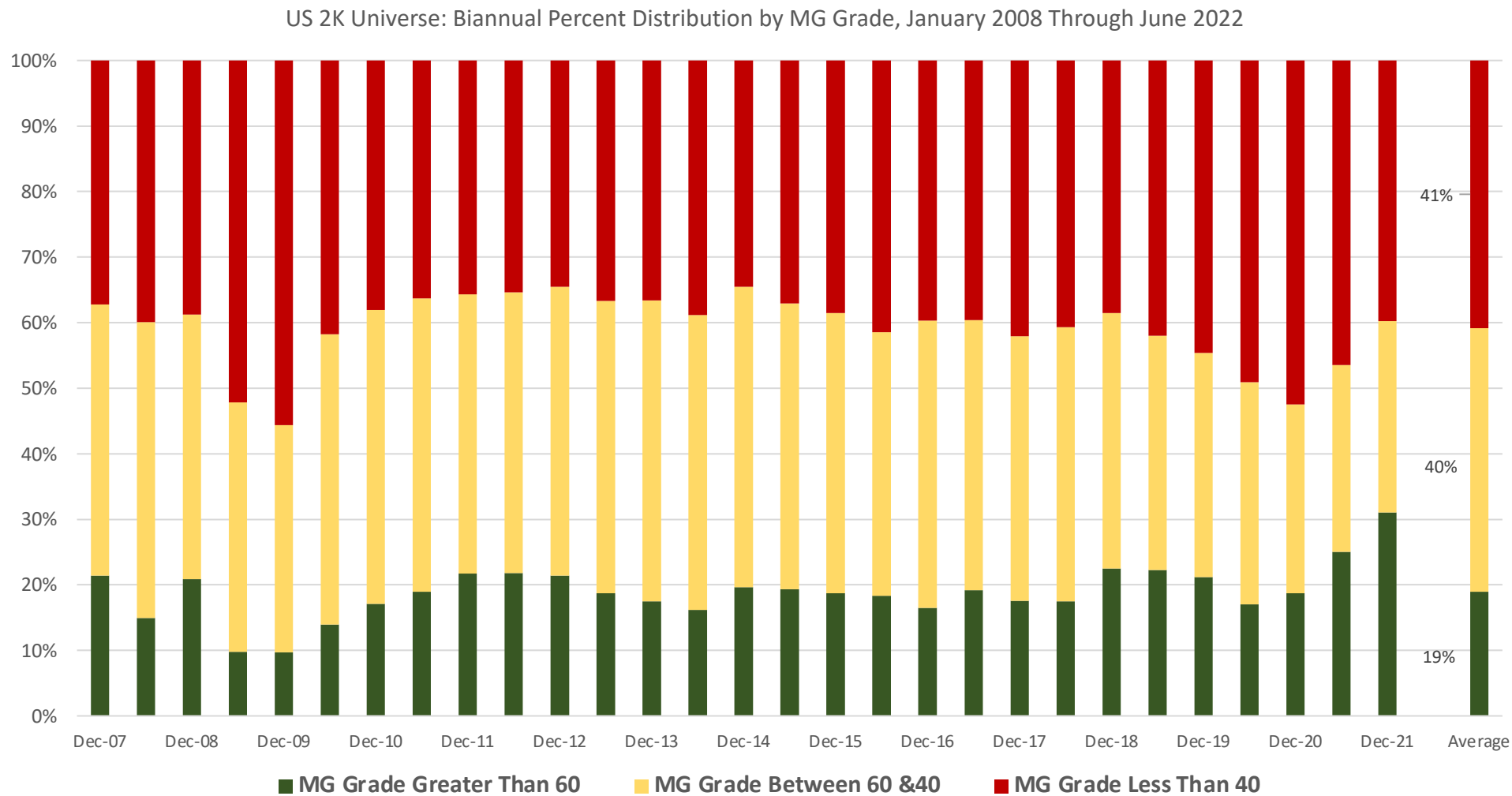


U.S. Small Cap Universe – On Dec. 2021 the Smallest 2000 Companies Had a Total Market Cap of \$2.4 trillion

US 2K Equity Universe: Biannual Total Market Capitalization in USD Trillions, January 2008 Through June 2022



Historically Only 19% of U.S. Small Cap Universe Has Received a MarketGrader 'BUY' Rating (Grade > 60)



In the Small Cap U.S. Equity Universe, Stock Selection Based on Grade Helps Investors Avoid Underperformers

	January 2008 Through June 2022			
Universe	Average Count	Cumulative Return	Annual Return	Annual Alpha
Smallest 2000	2000	153.1%	6.6%	
MG Grade Greater than 60	378	155.9%	6.7%	0.1%
MG Grade Between 60 and 40	805	180.4%	7.4%	0.8%
MG Grade Less Than 40	817	95.8%	4.7%	-1.9%