EPOCH | **Epoch Investment Partners, Inc.**

Advantage from Perspective

OCTOBER 2020

Quarterly Newsletter

IN THIS ISSUE

IN THE NEWS

- Epoch ESG Analyst Ravi Varghese was featured in a Greenbiz article, where he discussed the risks of climate change over the long term and the responsibility of the U.S. government to begin to work now in order to avoid catastrophic financial fallout, as has been seen with the current pandemic. — *August 24, 2020*

- Portfolio Manager John Tobin appeared on the CFA Institute's Take 15 to explain why he believes the death of dividends is greatly exaggerated and shares advice on how investment analysts can deal with the daily information overload. — *July 15, 2020*

Spotlight: *Focus on Profitability not Profits*

A conversation with Steven Bleiberg — Managing Director, Portfolio Manager

QUESTION. *Are growth in earnings and growth in profit the best measures of company success?*

ANSWER. Not necessarily. Management's goal is to grow the value of the business, not to grow earnings. That may seem like a distinction without a difference — doesn't growing the earnings mean you are growing the value of the business? That is certainly an understandable assumption, but it is wrong. Think about what it takes to generate growth: you have to invest capital in the business. Maybe you build a new factory, or maybe you design a new product. That capital is not free. We can easily observe the cost of debt capital, because you have to pay interest. But what about equity capital? Firms are not required to ever pay anything to shareholders, so what do we mean when we say

Article continued on page 3

Quarterly Investment Update — *MMT: Free Lunch or Road to Perdition?*

William W. Priest, CFA — Executive Chairman, Co-CIO and Portfolio Manager
Kevin Hebner, PhD — Managing Director, Global Investment Strategist

Proponents of modern monetary theory (MMT) assert that governments can and should fund their spending simply by printing money. From their perspective there is no limit to government debt issuance, provided two conditions are met: (1) The country controls its own printing presses and currency; and (2) Inflation remains benign. Under these circumstances, MMT acolytes envisage a complete convergence of fiscal and monetary policy, which should be used to finance "mission-oriented spending goals."

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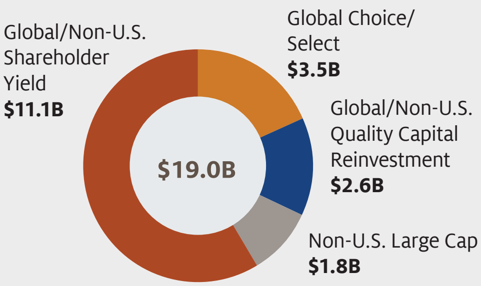
Firm Update

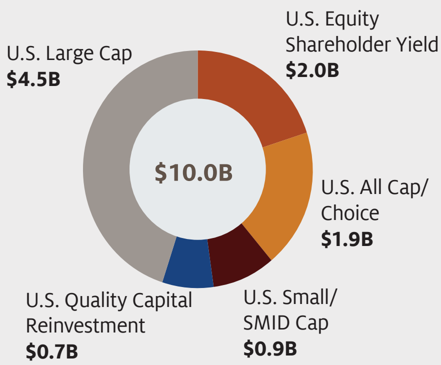
ASSETS UNDER MANAGEMENT $29.0B

As of September 30, 2020 in U.S. Dollars. Assets Under Advisement: $33.6B

GLOBAL STRATEGIES



U.S. STRATEGIES



Totals may not add due to rounding.

RECENT INSIGHTS

Election Campaign Enters Overdrive: Choppy Markets Ahead
Market volatility typically rises ahead of elections and if the race remains close we may see elevated uncertainty well beyond November 3. In our latest Insight piece, we look at the implications for taxes, regulation, health care, global trade, green infrastructure and antitrust issues, among others, all dependent on the outcomes of the presidential and congressional contests.
Read More

The Pandemic Accelerant: Digital Age Business Strategies
The last six months have been profoundly transformational, with the COVID-19 shock acting as an accelerant for the digitization of the economy. This radical transition is especially advantageous for asset-light business models. All companies will be acutely affected, although the biggest winners are platforms, with their economies of scale and low marginal costs. Read More

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Actively Speaking

On Epoch's Actively Speaking podcast we discuss a broad range of investment-related topics. The podcast is the latest step in our commitment to generating and sharing thought leadership with our clients and partners. Among the topics covered this quarter by host Steve Bleiberg and his guests:

The Pandemic Accelerant

The COVID-19 shock has acted as an accelerant for the digitization of the economy. This radical transition is especially advantageous for asset-light business models.

With Global Investment Strategist Kevin Hebner

COVID-19's Impact on the Airlines

The pandemic has brought air travel to a grinding halt in 2020, leaving many airlines struggling to adapt. But what about the aircraft manufacturers? What about their suppliers?

With Senior Research Analyst Chris Wolters

Data-Driven Investments

In the beginning of 2020, as COVID-19 infections began to surge globally, many investors were confronted by the same challenge, a severe lack of data. How has Epoch been utilizing data science and in-house data sets to visualize the ever-changing market environment and make informed portfolio decisions during this crisis?

With Epoch's Systematic Strategies Team

Actively Speaking is available on:

Apple Podcast
Click to Listen

Google Play
Click to Listen

Spotify
Click to Listen

Epoch's Website
Click to Listen

ANNOUNCEMENTS AND EVENTS

- Epoch's Quarterly Capital Markets webcast was held on October 6, 2020. Bill Priest and Investment Strategist Kevin Hebner were joined by Portfolio Manager John Tobin to discuss:
  - The potential impact of the U.S. election
  - How COVID-19 has acted as an accelerant for the transition from "atoms" to "bits"
  - An update on how dividends are behaving in the current market

  Listen to the Replay

- On July 29, 2020, the portfolio managers of the Sharholder Yield strategy Kera Van Valen, John Tobin, Mike Welhoelter and Bill Priest held a special webinar to discuss the strategy and how it has fared in an environment where there has been uncertainty around dividends and dividend-paying stocks have struggled.
  Listen to the Replay

there is a cost associated with equity capital? The best way to think about it is that it is an opportunity cost. Let me give you an example. If management grows a firm's earnings from $100 million to $110 million, is that proof of a good job? The right answer is "it depends." You need to know what it took to generate that additional $10 million in earnings. If it required an investment of $50 million in capital to build a new factory, then the additional $10 million represents a 20% return on the capital that was invested. That is a good return. But if the $10 million is the result of a $200 million investment, then it represents just a 5% return. Shareholders would have been better off if the company had given them the $200 million and let them invest it elsewhere, because they could likely have done better, even if all they did was buy an equity index fund. That's what I mean by opportunity cost. Yes, the firm grew its earnings, but the shareholders lost the opportunity to do something else with that money that more often than not would have generated a better return. In that sense, the firm destroyed value for the shareholders.

QUESTION. *So if growth in profit is not a good measure, what is a better measure?*

ANSWER. To answer your question with one word, I would say that it's not profit growth that matters, it's profitability. When you say the word "profitability" people tend to think in terms of profit margins (that is, profits relative to sales), but as the example I just gave illustrated, a truer measure of profitability is the spread between a company's return on investment and its cost of capital. If you earn a positive spread, you are increasing the value of the company. If you earn a negative spread, you are destroying value. It's no different than if you go out personally and borrow money at a 5% interest rate and then invest it in something that generates a 10% return; you are growing your wealth. Whereas if you borrow at 10% and only earn 5%, you are destroying your wealth. In a larger sense, earning more than your cost of capital really means that the providers of your capital earned a better return than they would expect to earn on a comparably risky investment. That's what the cost of capital represents.

QUESTION. *Is profitability different from "quality?"*

ANSWER. Profitability is one element within the broader concept of "quality." Quality is often thought of as a collection of statistics: high ROE, low debt-to-equity ratios, low earnings volatility. Quality, however, means a lot more than what can be measured with statistics alone. It describes a company that is doing what it is supposed to do and doing it well: earning a good return on investment compared to the firm's cost of capital, as we have been discussing. But it also means that the company has some kind of sustainable competitive advantage that will enable it to continue to earn a high return on invested capital (ROIC) in the future. Furthermore, quality means that management is achieving that high ROIC by allocating the firm's cash flow intelligently: reinvesting when the firm has the chance to continue to earn a premium over its cost of capital, and returning any additional cash flow to shareholders when there are no further opportunities to earn high returns. It is true that companies that are doing this will often exhibit the characteristics mentioned above (high ROE, etc.). But it is also true that some companies with those characteristics are not what we would call quality companies. Virtually all good basketball players are tall; that doesn't mean that everyone who is tall is a good basketball player. Similarly, having high ROE, low leverage and low earnings volatility doesn't necessarily mean a company is doing a good job as we define it.

QUESTION. *How does profitability affect valuation?*

ANSWER. ROIC plays an often-overlooked role in driving valuation metrics. We believe that the higher a firm's ROIC, the less it needs to reinvest in order to achieve a given level of profit growth. The three variables are tied together in this way: reinvestment rate x ROIC = growth in profit. Two companies may have the same earnings and the same growth rate, but if one earns a higher ROIC than the other, the first company can achieve that growth with less reinvestment, leaving more free cash flow for the shareholders. And if the value of a business is driven by the cash flow it generates for its owners, the company with the higher ROIC is worth more than the company with the lower ROIC, even with the same earnings and the same growth rate. That means the company with the higher ROIC will have a higher P/E ratio and a higher PEG ratio when both companies are priced fairly. We believe investors who compare firms on these metrics without understanding the role of ROIC will be misled.

Steven is a portfolio manager and is involved with the design and development of investment strategies. He is also a contributor to Epoch's thought leadership. Prior to joining Epoch in 2014, Steven served as a portfolio manager at Legg Mason responsible for managing $7.5B in various asset allocation-based funds, including Target Risk, Target Date and Dynamic Risk Management. Prior to that, he was the head of investment strategy at Citigroup Asset Management and a portfolio manager at Credit Suisse Asset Management. Steven is an author (with co-authors Bill Priest and Michael Welhoelter) of Winning at Active Management: The Essential Roles of Culture, Philosophy and Technology. Steven holds an AB from Harvard and an MS from the Sloan School of Management at MIT with a concentration in finance.

A key implication of MMT is that, once COVID-19 is finally brought under control, there will be no debt "hangover" and no painful period of austerity. Moreover, we can keep spending and racking up deficits until the unemployment rate falls back to 4% and the output gap has closed. That sounds awfully enticing, like we've finally discovered the philosopher's stone and are now capable of transforming lead into gold. And it's easy to see why MMT has become so popular with politicians. What ambitious government wouldn't want to dodge difficult macro trade-offs and be freed from binding financial constraints?

"We have let our imaginations become far too limited, and it's holding us back:... There are limits. However, the limits are not in our government's ability to spend money, or in the deficit, but in inflationary pressures and resources within the real economy. MMT distinguishes the real limits from the delusional and unnecessary self-imposed constraints."

— Stephanie Kelton, "The Deficit Myth: Modern Monetary Theory and the Birth of the People's Economy," June 2020

Before this year's crisis, this perspective was viewed as quite arcane and eccentric, but it's important for investors to understand because, while not yet explicitly acknowledged by policymakers, we already live in an MMT world. Almost to the dollar, the Fed has monetized the unexpected U.S. Treasury issuance resulting from COVID-19. Further, the Fed has adopted a yield curve control policy (so far just implicit, but likely to be made explicit during the next year or two) and is constantly badgering the Trump administration to increase fiscal spending. One consequence is that MMT expectations have been a key driver of the equity market's resilience over the last six months. Moreover, investors remain confident that any economic weakness over coming quarters, possibly due to a second wave, will be met with additional fiscal stimulus and an immediate 1:1 ramp up of QE purchases by the Fed.

"Unfortunately because of the crisis, we have actually taken a number of steps which are heading into new territory—and so we've done some version of MMT to some extent to deal with this crisis."

— Robert Kaplan, President of the Dallas Reserve Bank, June 15, 2020

Monetary policy does not operate in a political vacuum and MMT advocates are well represented on both sides of the aisle, with the pandemic creating a natural catalyst for ambitious fiscal policies to be embraced. For example, Joe Biden has campaigned on promises of greater public spending on education, health care, the environment and infrastructure, while President Trump is calling for additional fiscal stimulus and yet another round of tax cuts. Whoever wins on November 3, we can be confident in predicting more deficits, more debt, and more monetization, which raises the question of when the bill will come due and who will pay for it. Given this year's extraordinary and unprecedented policy response, the consensus view has evolved and now conjectures the answer is nobody, so that we can keep enjoying this proverbial "free lunch" ad infinitum. Could it really be that simple?

MANAGING INFLATION RISKS: THE CRITICAL CHALLENGE

MMT advocates, such as Kelton, do acknowledge one practical limit on their spending plans, acceding that every economy has a "speed limit" where the output gap is closed, the labor market becomes too tight and inflation begins to accelerate. From there, MMT bravely assumes that the inflationary consequences of fiscal policies can be forecasted accurately and that, well before the economy reaches the inflation tipping point, our wise and benevolent policymakers will proactively hike taxes, by the exact right amount and at the exact right time, to pull us back from the brink.

Unfortunately, there are a multitude of ways this could go wrong including: (1) reasonable people could disagree on the size of the output gap and the risk of inflation accelerating, especially given there is no one, universally agreed upon model of the economy; (2) given that policy lags are famously long and variable, it is easy to misjudge and either hike taxes by too little, thereby allowing inflation to soar, or too aggressively, and with that inducing a severe recession; or (3) partisan differences could well come into play, providing incentives to delay policy tightening, especially if there is a pet project under consideration or an election on the horizon.

Moreover, the historical track record of countercyclical tax policy should provide us with little to no confidence that this would work. Rather, it is more likely that bond markets would take fright as they see the fiasco unfolding, pushing the economy into a painful and prolonged recession. The role of bond vigilantes is especially critical, and perilous, given the record-high levels of government and corporate debt that already exist and would assuredly become even more extreme in an MMT world.

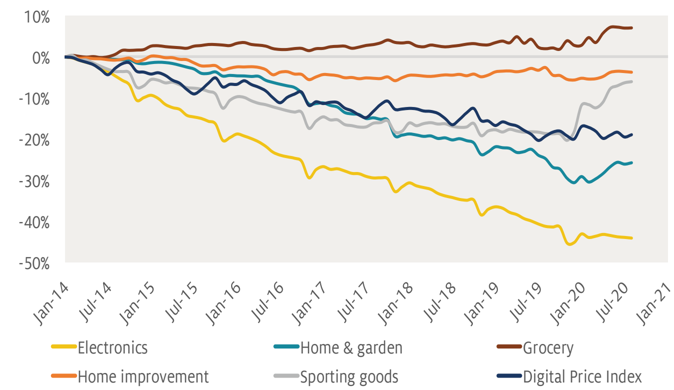
A SHORT-, MEDIUM- AND LONG-TERM VIEW ON INFLATION

Regardless of our skepticism and apprehension, MMT is already in play, which means investors need to understand its implications and risks. As Kelton emphasizes, "Managing the inflation risk is the critical challenge. More than any other economic approach MMT places inflation at the center of the debate." Given that entirely appropriate frame of reference, we now provide three different perspectives on the inflation outlook.

Starting with the short term, our August white paper provided five examples to illustrate how the pandemic has accelerated the digitization of the economy. All five digital trends are inherently disinflationary, but so far, we only have anecdotal evidence regarding telehealth, e-fitness, work from home and ed-tech. Fortunately, the fifth example, e-commerce has been around for much longer, so that we now have hard data on its disinflationary impact (Figure 1). Of the 18 different categories represented in the overall Digital Price Index, all but two (groceries and flowers & related gifts) have exhibited negative price trends since the series' inception in 2014. By contrast, the conventional Consumer Price Index has risen by 10% during this period.[1]

1. Although, the DPI and CPI are not directly comparable because the DPI's scope is narrower, excluding items such as energy, transportation and rent.

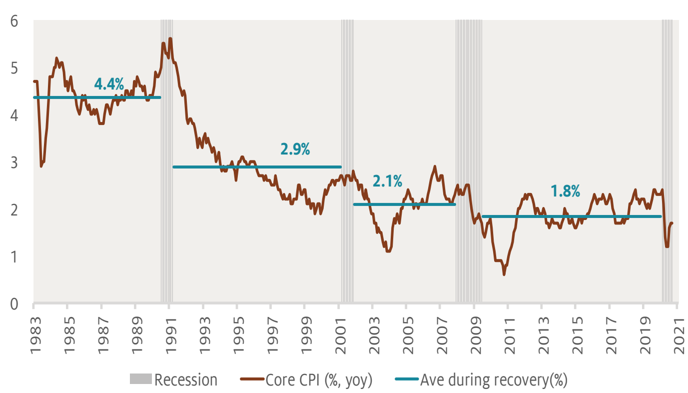
FIGURE 1: THE DIGITIZATION OF THE ECONOMY IS INHERENTLY DISINFLATIONARY



Source: Adobe Analytics, A. Goolsbee (U Chicago), P. Klenow (Stanford), Epoch Investment Partners Note: This chart shows 5 of the 18 product categories, plus an overall Digital Price Index

Next, turning to the medium term, there has been a clear decline in inflation over the last four decades (Figure 2). Moreover, forward-looking metrics tell the same story, with inflation expected to remain benign for the foreseeable future, with only a small probability of a breakout above and beyond 2%. While there are a number of factors behind this secular trend, including demographics, globalization and the success of inflation-targeting central banks, we believe the most important reason is the rising prominence of digital technologies that, as discussed above, are inherently and profoundly disinflationary.

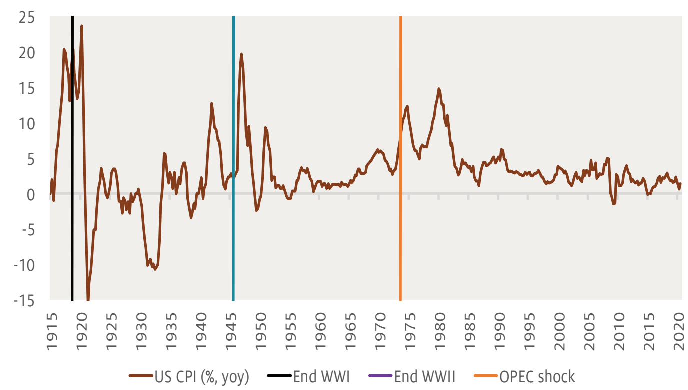
FIGURE 2: SINCE THE EARLY 1980S, A STEPWISE DECLINE IN CORE INFLATION HAS FOLLOWED EACH RECESSION



Source: Bloomberg, NBER, Epoch Investment Partners

The above two charts help us to understand why MMT has become the new orthodoxy, embraced by policymakers and politicians from both sides of the aisle. Rising inflation is the Achilles heel of MMT, but it has been tame for decades now, and our base case features benign inflation, lower for longer interest rates and an enduring world of yield starvation. That said, it strikes us as ahistorical and dangerously naïve for policymakers to willfully dismiss the risk of an inflationary spike. Taking a longer-term perspective, it is clear that inflation shocks are a regular, if infrequent occurrence (Figure 3). Moreover, in such a scenario, the damage inflicted on an economy that has followed the tenets of MMT and maxed out on debt would be severe indeed.

FIGURE 3: THERE HAVE BEEN THREE DISTINCT PERIODS OF EXCESSIVE INFLATION OVER THE LAST CENTURY



Source: Bloomberg, Epoch Investment Partners

CONCLUSION AND INVESTMENT IMPLICATIONS

While not yet explicitly acknowledged by policy makers, we already live in an MMT world. One consequence is that expectations of government debt monetization have been a key driver of the equity market's resilience over the last six months. Moreover, investors remain confident that any economic weakness over coming quarters will be met with additional fiscal largess and an immediate 1:1 ramp up of QE purchases by the Fed. Moreover, we can be confident that, regardless of who wins on November 3, there will be more deficits, more debt and more monetization by the Fed.

Rising inflation is the Achilles heel of MMT, but it has been tame for decades now, partially because of the rising prominence of digital technologies which are inherently and profoundly disinflationary. Consequently, our base case features benign inflation, lower for longer interest rates and a continued world of yield starvation.

There are numerous implications for investors, but we will just conclude with two here. First, turbo charged by lower for longer interest rates, we expect long duration digital platforms to comprise the vast majority of S&P 500 market cap by the end of the decade, with tech, health care and communications the most promising sectors. Second, in a world of yield starvation, with central banks holding policy rates at or close to zero for the foreseeable future, the best — really, the only — alternative for investors who seek income is a diversified portfolio of high-quality equities paying attractive, growing dividends supported by underlying, growing cash flow.

Strategy Performance as of September 30, 2020

U.S. STRATEGIES IN USD		Annualized Returns							Risk Statistics — Since Inception					
		QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Incept.	*Std Dev.*	*Sharpe Ratio*	*Inform. Ratio*	*Alpha*	*Beta*	*R^2*
U.S. VALUE *Inception date:* 7/31/2001	**Epoch Gross Return**	**7.16**	**-5.12**	**3.49**	**6.84**	**10.05**	**11.08**	**8.19**	***14.81%***	***0.46***				
	Epoch Net Return	**7.09**	**-5.32**	**3.21**	**6.52**	**9.72**	**10.72**	**7.71**						
	Russell 1000	9.47	6.40	16.01	12.38	14.09	13.76	7.86	*15.01%*	*0.43*	***0.07***	***0.01***	***0.94***	***0.91***
	Russell 1000 Value	5.59	-11.58	-5.03	2.63	7.66	9.95	6.37	*15.24%*	*0.33*	***0.34***	***0.02***	***0.91***	***0.88***
	S&P 500	8.93	5.57	15.15	12.28	14.15	13.74	7.61	*14.78%*	*0.42*	***0.12***	***0.01***	***0.95***	***0.90***
U.S. ALL CAP VALUE *Inception date:* 7/31/1994	**Epoch Gross Return**	**7.60**	**-5.18**	**2.47**	**6.48**	**10.29**	**11.62**	**11.32**	***14.37%***	***0.62***				
	Epoch Net Return	**7.46**	**-5.58**	**1.90**	**5.91**	**9.71**	**11.04**	**10.57**						
	Russell 3000	9.21	5.41	15.00	11.65	13.69	13.48	10.02	*15.25%*	*0.50*	***0.20***	***0.03***	***0.85***	***0.82***
	Russell 3000 Value	5.42	-12.23	-5.67	2.11	7.43	9.75	*8.95*	*14.99%*	*0.44*	***0.36***	***0.03***	***0.86***	***0.81***
U.S. SMALL CAP VALUE *Inception date:* 12/31/2002	**Epoch Gross Return**	**5.59**	**-9.39**	**-2.00**	**1.33**	**6.02**	**9.54**	**9.23**	***17.76%***	***0.45***				
	Epoch Net Return	**5.54**	**-9.55**	**-2.23**	**1.00**	**5.65**	**9.12**	**8.63**						
	Russell 2000	4.93	-8.69	0.39	1.77	8.00	9.85	*9.48*	*19.15%*	*0.43*	***-0.05***	***0.01***	***0.89***	***0.92***
	Russell 2000 Value	2.56	-21.54	-14.88	-5.13	4.11	7.09	*7.85*	*19.25%*	*0.34*	***0.22***	***0.02***	***0.87***	***0.89***
U.S. SMID CAP VALUE *Inception date:* 8/31/2006	**Epoch Gross Return**	**4.95**	**-8.29**	**-1.16**	**1.30**	**6.08**	**9.42**	**7.39**	***18.73%***	***0.34***				
	Epoch Net Return	**4.92**	**-8.47**	**-1.43**	**0.96**	**5.70**	**9.01**	**6.95**						
	Russell 2500	5.88	-5.82	2.22	4.45	8.97	10.81	*7.90*	*19.06%*	*0.36*	***-0.14***	***0.00***	***0.96***	***0.96***
	Russell 2500 Value	3.54	-18.39	-12.62	-2.69	4.65	8.01	5.42	*19.16%*	*0.23*	***0.40***	***0.02***	***0.94***	***0.93***
U.S. CHOICE *Inception date:* 4/30/2005	**Epoch Gross Return**	**6.69**	**-4.66**	**4.05**	**6.26**	**9.62**	**11.48**	**9.01**	***16.28%***	***0.48***				
	Epoch Net Return	**6.67**	**-4.75**	**3.90**	**6.00**	**9.29**	**11.11**	**8.57**						
	Russell 3000	9.21	5.41	15.00	11.65	13.69	13.48	9.46	*15.22%*	*0.54*	***-0.11***	***-0.01***	***1.03***	***0.94***
U.S. EQUITY SHAREHOLDER YIELD *Inception date:* 6/30/2012	**Epoch Gross Return**	**5.08**	**-9.75**	**-5.44**	**4.36**	**8.94**	**-**	**10.55**	***11.54%***	***0.85***				
	Epoch Net Return	**4.98**	**-10.00**	**-5.78**	**4.02**	**8.61**	**-**	**10.19**						
	Russell 1000 Value	5.59	-11.58	-5.03	2.63	7.66	-	9.66	*13.41%*	*0.67*	***0.18***	***0.03***	***0.80***	***0.88***
U.S. QUALITY CAPITAL REINVESTMENT *Inception date:* 1/1/2018	**Epoch Gross Return**	**9.31**	**12.51**	**22.34**	**-**	**-**	**-**	**13.86**	***19.30%***	***0.63***				
	Epoch Net Return	**9.16**	**12.11**	**21.74**	**-**	**-**	**-**	**13.26**						
	Russell 3000	9.21	5.41	15.00	-	-	-	10.28	*18.94%*	*0.45*	***0.89***	***0.03***	***1.00***	***0.96***

GLOBAL & INTERNATIONAL STRATEGIES IN USD

Strategy		Annualized Returns							Risk Statistics — Since Inception					
		QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Incept.	Std Dev.	Sharpe Ratio	Inform. Ratio	Alpha	Beta	R^2
GLOBAL EQUITY SHAREHOLDER YIELD *Inception date:* 12/31/2005	**Epoch Gross Return**	**5.05**	**-10.95**	**-5.24**	**0.95**	**5.30**	**7.54**	**6.80**	***13.00%***	***0.43***				
	Epoch Net Return	**4.94**	**-11.22**	**-5.62**	**0.54**	**4.88**	**7.12**	**6.32**						
	MSCI World (Net)	7.93	1.70	10.41	7.74	10.48	9.37	6.51	*15.66%*	*0.34*	***0.05***	***0.02***	***0.78***	***0.88***
GLOBAL CHOICE *Inception date:* 9/30/2005	**Epoch Gross Return**	**10.31**	**-1.05**	**7.89**	**6.80**	**9.66**	**9.79**	**8.93**	***15.05%***	***0.51***				
	Epoch Net Return	**10.12**	**-1.54**	**7.20**	**6.14**	**9.01**	**9.17**	**8.22**						
	MSCI World (Net)	7.93	1.70	10.41	7.74	10.48	9.37	6.61	*15.57%*	*0.35*	***0.44***	***0.03***	***0.91***	***0.89***
GLOBAL SELECT *Inception date:* 4/30/2012	**Epoch Gross Return**	**7.10**	**7.13**	**16.91**	**15.24**	**12.77**	**-**	**9.78**	***11.25%***	***0.81***				
	Epoch Net Return	**7.03**	**6.93**	**16.13**	**14.79**	**12.39**	**-**	**9.45**						
	MSCI ACWI (Net)	8.13	1.37	10.44	7.12	10.30	-	8.83	*13.07%*	*0.62*	***0.14***	***0.03***	***0.74***	***0.74***
GLOBAL QUALITY CAPITAL REINVESTMENT *Inception date:* 6/30/2013	**Epoch Gross Return**	**7.96**	**12.34**	**21.08**	**12.67**	**13.55**	**-**	**11.93**	***12.74%***	***0.87***				
	Epoch Net Return	**7.83**	**11.98**	**20.59**	**12.21**	**13.07**	**-**	**11.31**						
	MSCI World (Net)	7.93	1.70	10.41	7.74	10.48	-	9.22	*13.25%*	*0.64*	***0.74***	***0.03***	***0.92***	***0.92***
GLOBAL ABSOLUTE RETURN *Inception date:* 12/31/2001	**Epoch Gross Return**	**6.80**	**4.37**	**10.91**	**9.73**	**10.02**	**9.44**	**9.93**	***12.26%***	***0.70***				
	Epoch Net Return	**6.55**	**3.64**	**9.77**	**8.60**	**8.85**	**8.15**	**8.55**						
	MSCI World (Net)	7.93	1.70	10.41	7.74	10.48	9.37	6.74	*15.20%*	*0.36*	***0.42***	***0.05***	***0.70***	***0.75***
	BarCap U.S. Aggregate	0.62	6.79	6.98	5.24	4.18	3.64	4.67	*3.39%*	*0.99*	***0.41***	***0.11***	***-0.11***	***0.00***
EMERGING MARKETS *Inception date:* 12/31/2017	**Epoch Gross Return**	**9.84**	**-1.36**	**11.40**	**-**	**-**	**-**	**2.54**	***18.03%***	***0.05***				
	Epoch Net Return	**9.71**	**-1.70**	**10.91**	**-**	**-**	**-**	**2.10**						
	MSCI EM Index (Net)	9.56	-1.16	10.54	-	-	-	0.00	*19.30%*	*-0.09*	***0.88***	***0.02***	***0.93***	***0.98***
NON-U.S. EQUITY CHOICE *Inception date:* 10/1/2015	**Epoch Gross Return**	**7.47**	**-2.92**	**6.94**	**2.43**	**6.50**	**-**	**6.50**	**14.62%**	**0.37**				
	Epoch Net Return	7.36	-3.23	6.50	2.00	6.05	-	6.05						
	MSCI EAFE (Net)	4.80	-7.09	0.49	0.62	5.26	-	5.26	13.89%	0.30	**0.33**	**0.01**	**1.02**	**0.94**
NON-U.S. QUALITY CAPITAL REINVESTMENT *Inception date:* 12/31/2019	**Epoch Gross Return**	**8.80**	**10.62**	**-**	**-**	**-**	**-**	**10.62**	**-**	**-**				
	Epoch Net Return	8.67	10.24	-	-	-	-	10.24						
	MSCI ACWI ex-USA (Net)	4.92	-7.13	-	-	-	-	-7.13	6.42%	-0.26	-	-	-	-

EPOCH

Advantage from Perspective

DISCLOSURES

1. Presentation of the Firm — Epoch Investment Partners, Inc. is a wholly owned subsidiary of The Toronto Dominion Bank. Epoch Investment Partners, Inc. ("Epoch") became a registered investment adviser under the Investment Advisers Act of 1940 in June 2004. Performance from April 2001 through May 2004 is for Epoch's investment team and accounts while at a prior firm. Performance from July 1994 through March 2001 is for Bill Priest and the accounts while at a different prior firm. For both time periods, Bill or the investment team were the only individuals responsible for selecting the securities to buy and sell. Epoch has the books and records supporting the performance of this track record and will provide these records upon request. Epoch Investment Partners, Inc. claims compliance with the Global Investment Performance Standards (GIPS®)

2. Epoch's composites include all tax-exempt and taxable portfolios above $500,000 in size and are generally managed relative to an applicable market index. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Where indicated, the changes to benchmarks or composites, noted below, were made to present a more representative and insightful comparison to the investment strategies. Also noted below, are the composite descriptions for each strategy offered at Epoch Investment Partners, Inc.

COMPOSITE	CREATION DATE	CURRENT BENCHMARK	COMPOSITE DESCRIPTION
U.S. Value	June 2004	Russell 1000; Russell 1000 Value; S&P 500	U.S. Value pursues long-term capital appreciation by investing in 40-60 large capitalization U.S. companies. As fundamental investors with a long-term orientation, we select companies based on their ability to generate free cash flow and allocate it intelligently for the benefit of shareholders. Our bottom-up security selection process is balanced with diversification and risk control measures that should result in below-average portfolio volatility.
U.S. All Cap Value	June 2004	Russell 3000; Russell 3000 Value	U.S. All Cap Value pursues long-term capital appreciation by investing in a portfolio of 50-60 stocks across a broad range of market capitalizations. As fundamental investors with a long-term orientation, we select companies based on their ability to generate free cash flow and allocate it intelligently for the benefit of shareholders. Our bottom-up security selection process is balanced with diversification and risk control measures that should result in below-average portfolio volatility. Effective 7/1/06, the U.S. All Cap Value Composite has been redefined to reflect only those discretionary accounts managed by the All Cap Value Team and following the respective All Cap Value model. As a result, all accounts which are not managed by the All Cap Value Team and have specified client risk preferences have been removed.
U.S. Small Cap Value	June 2004	Russell 2000; Russell 2000 Value	U.S. Small Cap Value pursues long-term capital appreciation by investing in a portfolio of 60-90 small-capitalization U.S. companies. As fundamental investors with a long-term orientation, we select companies based on their ability to generate free cash flow and allocate it intelligently for the benefit of shareholders. Our bottom-up security selection process balances investing in our convictions with diversification and rigorous risk control. We limit the market capitalization of the securities in the portfolio to that of the Russell 2000 Index at time of purchase.
U.S. SMID Cap Value	September 2006	Russell 2500; Russell 2500 Value	U.S. SMID Cap Value pursues long-term capital appreciation by investing in a portfolio of 60-90 small- and mid-capitalization U.S. companies. As fundamental investors with a long-term orientation, we select companies based on their ability to generate free cash flow and allocate it intelligently for the benefit of shareholders. Our bottom-up security selection process is balanced with diversification and risk control measures that should result in below-average portfolio volatility. We limit the market capitalization of the securities in the portfolio to that of the Russell 2500 Index at time of purchase.
U.S. Choice	May 2005	Russell 3000	U.S. Choice pursues long-term capital appreciation by investing in a concentrated portfolio of leading U.S. companies we believe have superior risk-reward profiles. Our bottom-up security selection and risk management process leads to a portfolio of 20-35 stocks. The portfolio reflects the highest-conviction ideas of our investment team as appropriate for a concentrated portfolio. Companies are selected based on their ability to generate free cash flow and allocate it intelligently to benefit shareholders.
U.S. Equity Shareholder Yield	July 2012	Russell 1000 Value	U.S. Equity Shareholder Yield pursues attractive total returns with an above-average level of income by investing in a diversified portfolio of U.S. companies with strong and growing free cash flow. Companies in the portfolio possess managements that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The portfolio generally holds between 75 and 120 stocks, with risk controls to diversify the sources of shareholder yield and minimize volatility.
U.S. Equity Capital Reinvestment	December 2017	Russell 3000	U.S. Equity Capital Reinvestment focuses on companies that reinvest in their businesses to grow free cash flow. We seek companies that are good capital allocators, and that use capital effectively to fund internal projects or to make acquisitions. Our research indicates that companies that make investments, internally or externally, that generate a marginal return on invested capital that exceeds their marginal cost of capital will increase in value. U.S. Equity Capital Reinvestment pursues attractive total returns by investing in a diversified portfolio of these companies with persistent, high return on invested capital (ROIC) which is achieved through their allocation to the growth-oriented uses of free cash flow, namely investment in internal projects and acquisitions. The portfolio generally holds between 90 and 130 stocks, with risk controls to diversify the sources of growth and reduce volatility.
Global Select	March 2012	MSCI All Country World (Net)	Global Select Composite is a concentrated global strategy of companies selected based on their ability to generate free cash flow and allocate it intelligently to create shareholder value. Our portfolio construction framework and stock selection process incorporates a blend of bottom-up opportunities with top-down macroeconomic insights, leading to a portfolio of up to 15 high-conviction holdings while minimizing unintended risk and reducing volatility.
Global Equity Capital Reinvestment	June 2013	MSCI World Index (Net)	Global Equity Capital Reinvestment focuses on companies that reinvest in their businesses to grow free cash flow. We seek companies that are good capital allocators, and that use capital effectively to fund internal projects or to make acquisitions. Our research indicates that companies that make investments, internally or externally, that generate a marginal return on invested capital that exceeds their marginal cost of capital will increase in value. Global Equity Capital Reinvestment pursues attractive total returns by investing in a diversified portfolio of these companies with persistent, high return on invested capital (ROIC) which is achieved through their allocation to the growth-oriented uses of free cash flow, namely investment in internal projects and acquisitions. The portfolio generally holds between 90 and 130 stocks from equity markets worldwide, with risk controls to diversify the sources of growth and reduce volatility.
Emerging Markets Equity	December 2017	MSCI EM (Emerging Markets) (Net)	Emerging Markets Equity pursues long-term capital appreciation by investing in a portfolio of 60-80 securities of companies located in emerging and frontier markets. Our strategy offers investors access to companies with high return potential in the world's fastest growing markets. We select companies based on their ability to generate free cash flow and allocate it intelligently for the benefit of shareholders. Our security selection process is balanced with diversification and risk control measures that should result in below-average portfolio volatility.
Non-U.S. Equity Choice	January 2017	MSCI EAFE Index (Net)	Non-U.S. Equity Choice pursues long-term capital appreciation by investing in a concentrated portfolio of 30-50 stocks outside the U.S. that possess superior risk-return profiles. Companies are selected for their ability to generate free cash flow and allocate it intelligently to benefit shareholders. The strategy employs a portfolio construction process designed to reduce the volatility of returns. The portfolio management team has latitude to invest across geographies and market capitalizations regardless of the composition of its benchmark, the MSCI EAFE Index.
Non-U.S. Quality Capital Reinvestment	December 2019	MSCI All Country World (ex-USA) (Net)	Non – U.S. Quality Capital Reinvestment pursues attractive total returns by investing in a diversified portfolio of companies that reinvest to drive future growth and have a high return on invested capital (ROIC). Companies in the portfolio are those that the investment team believes will have high and persistent ROIC, driven by sustainable competitive advantages or effective barriers to entry. The portfolio generally holds between 75 and 100 stocks from equity markets outside the U.S., with risk controls to diversify the sources of growth and reduce volatility.

COMPOSITE	CREATION DATE	CURRENT BENCHMARK	PREVIOUS BENCHMARK HISTORY	COMPOSITE DESCRIPTION
Global Equity Shareholder Yield	January 2006	MSCI World (Net)	Effective 7/1/2009, performance information for these composites is shown comparative to the MSCI World (Net) indices, respectively, on a current and retrospective basis. The benchmark previous to 7/1/2009 was the S&P Developed BMI Index.	Global Equity Shareholder Yield pursues attractive total returns with an above-average level of income by investing in a diversified portfolio of global companies with strong and growing free cash flow. Companies in the portfolio possess managements that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction — the key components of shareholder yield. The portfolio generally holds between 90 and 120 stocks from equity markets worldwide, with risk controls to diversify the sources of shareholder yield and minimize volatility.
Global Choice	October 2005	MSCI World (Net)	Effective 1/2009, the benchmark was changed for the Global Absolute Return and Global Choice composites from the MSCI World (Gross) Index to the MSCI World (Net) Index because it is more representative of the firm's accounting methodology with regards to foreign withholding tax treatment.	Global Choice pursues long-term capital appreciation by investing in a concentrated portfolio of global businesses we believe have superior risk-reward profiles. Our bottom-up security selection and risk management process leads to a portfolio of 25-35 stocks. The portfolio reflects the highest-conviction ideas of our investment team as appropriate for a concentrated portfolio. Companies are selected based on their ability to generate free cash flow and allocate it intelligently to benefit shareholders.
Global Absolute Return	June 2004	Barclays Capital U.S. Aggregrate and MSCI World (Net)	Effective 5/2015, the S&P 500 Index has been removed as a benchmark as it is no longer being used for comparative purposes. Effective 1/2009, the benchmark was changed for the Global Absolute Return and Global Choice composites from the MSCI World (Gross) Index to the MSCI World (Net) Index because it is more representative of the firm's accounting methodology with regards to foreign withholding tax treatment.	Global Absolute Return targets attractive returns over time without assuming a high degree of capital risk by constructing a concentrated portfolio of global businesses we believe have superior risk-reward profiles. The portfolio consists of 25-35 securities reflecting the highest-conviction ideas of our investment team as appropriate for a concentrated portfolio. Companies are selected based on their ability to generate free cash flow and allocate it intelligently to benefit shareholders. Portfolio risk exposure is managed through the ability to allocate to cash using quantitative and qualitative asset allocation inputs to lessen the likelihood of loss of capital.

3. Risk Statistics Source — The composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire period. Sharpe ratio is a measure of absolute risk adjusted return developed by Professor William Sharpe. It divides the excess return of an account above cash returns by the Standard Deviation of the excess return to determine the reward per unit of risk. Information Ratio is a measure of relative risk-adjusted return. It is determined by dividing excess return by Tracking Error. Alpha is a measurement of the expected residual return adjusted for the account Beta. Beta is a quantitative measure of the volatility of the account relative to the account benchmark. R-squared is a measure of how closely an account's performance correlates with the performance of the account benchmark, ranging from 0, indicating no correlation, to 1, indicating perfect correlation. Composite-level risk statistics are calculated using monthly rates-of-return. Statistics calculated using a sample of less than 36 months can be considered a less reliable estimate of the characteristic's true value.

4. Benchmark Source — Russell Investments; MSCI Inc.; Standard & Poor's; and Barclays Capital are the source and owners of the index data contained herein (and all trademarks related thereto), which may not be redistributed. Reference to an index does not imply that the portfolio will achieve returns, volatility or other results similar to the index. The composition of the indices are provided for your information only and may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Indices are unmanaged. The figures for each index reflects the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns except for the MSCI (Net) indices where net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Investors cannot invest directly in indices.

5. Total Return Methodology — Valuations are computed and performance is reported in U.S. dollars. Composite returns are presented gross and net of management fees and include the reinvestment of all income. Gross-of-fees returns are presented before management fees but after all trading expenses. Net performance reflects the gross-of-fees return reduced by the investment management fee and performance-based fee (where applicable) incurred. Effective 1/2008, net performance is calculated by deducting the actual investment management fee incurred by each portfolio in the composite. Prior to 1/2008, net-of-fee returns reflect the deduction of the highest annual management fee, calculated on a monthly basis. Returns include the effect of foreign currency exchange rates. Composite and benchmark (international indices) returns are presented net of non-reclaimable withholding taxes. Periods over one year are annualized. Internal dispersion is calculated using an asset-weighted standard deviation of annual gross returns of those accounts that were included in the composite for the entire year. Internal dispersion figures that are not meaningful due to the limited number of accounts in the composite are annotated by N/A. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not indicative of future results. An account could incur losses as well as gains.

6. Significant Cash Flow Policy — Effective January 1, 2008, Epoch does not apply a significant cash flow policy as all accounts are valued daily. From January 1, 2006 to December 31, 2007, Epoch defined a significant cash flow as one in excess of 25% of the portfolio market value. Prior to January 1, 2006 Epoch's policy required the temporary removal of any portfolio incurring a client initiated significant cash flow of 10% or greater of portfolio market value. Additional information regarding the Epoch's historical treatment of significant cash flows is available upon request.

7. To receive a complete list and description of Epoch's composites, GIPS® firm-wide verification or composite examination reports by ACA Compliance Group from June 21, 2004 through March 31, 2020 and/or other presentations that adhere to the GIPS® standards, contact us at 212-303-7200, write to Epoch Investment Partners Inc., 399 Park Avenue, New York, NY 10022, or send an email to info@eipny.com.