EPOCH | Epoch Investment Partners, Inc.

APRIL 2016

Quarterly Newsletter

IN THIS ISSUE

IN THE NEWS

- Co-CIO David Pearl appeared on BNN's Money Talk to discuss recent market volatility and where he is finding attractive investment opportunities.
  Feb 24, 2016

- CEO and Co-CIO Bill Priest joined eight other investment industry experts for the Barron's 2016 Roundtable. He spoke about global growth expectations, the outlook for returns in equity markets and the threat of economic and political contagion.
  Jan 16, 2016


BARRON'S

Barron's 2016 Roundtable, Part 1: A World of Opportunities

Spotlight On: Low Volatility: Goal or Outcome?

A conversation with Eric Sappenfield — Managing Director, Portfolio Manager and Senior Research Analyst

QUESTION. *How can investors achieve lower volatility for their portfolios?*

ANSWER. It is natural for investors to want to control volatility, given the fact that the larger a portfolio's drawdown, the more extreme the upside return needs to be to get back to that point. For example, a 10% drop in portfolio value requires an 11% return to get back to the starting point, but a 50% drop requires 100% return to get back to even. As a result, there are many "low volatility" and "managed volatility" strategies in the marketplace today. These strategies serve a purpose, but we think it is important for investors to understand that there are different ways of achieving lower volatility. Strategies can either make lower volatility an investment guide or a consequence of the investment strategy and it is up to the investor to determine which approach fits better within their portfolio.

Article continued on page 3

Quarterly Investment Update: *Four More Years!*[1]

By William W. Priest, CFA — CEO, Co-CIO and Portfolio Manager

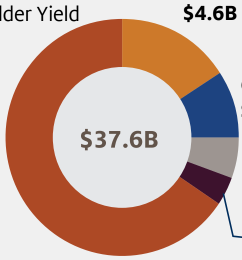
Are you better off than you were four years ago?[2] Equity investors certainly are. But that has little to do with the election cycle. The *peace and prosperity*[3] bestowed on shareholders is the result of a broad-based expansion of valuation multiples. But this *kinder, gentler*[4] market is unlikely to see a second term.

Article continued on page 4

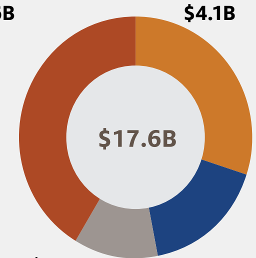
Firm Update

ASSETS UNDER MANAGEMENT $42.5B *As of March 31, 2016*

GLOBAL STRATEGIES



U.S. STRATEGIES



NEW INVESTMENT PROFESSIONALS

MICHAEL CAPUTO

MANAGING DIRECTOR, PORTFOLIO MANAGER AND SENIOR RESEARCH ANALYST

Michael is a portfolio manager for Epoch's U.S. Small Cap Value and U.S. SMID Cap Value strategies. Prior to joining Epoch in 2016, Michael spent over thirteen years at Cramer Rosenthal McGlynn, most recently as a portfolio manager and senior research analyst. Before Cramer Rosenthal McGlynn, Michael was a vice president in Corporate Finance at Morgan Stanley. Michael earned a BA from the University of Notre Dame and an MBA from the University of Pennsylvania Wharton Graduate School of Business.

KEVIN HEBNER, PHD

MANAGING DIRECTOR, GLOBAL PORTFOLIO MANAGEMENT

Kevin is a global investment strategist supporting the Co-CIOs Bill Priest and David Pearl. Prior to joining Epoch in 2016, Kevin served as a senior FX strategist at J.P. Morgan Securities. Before J.P. Morgan, Kevin worked as a global investment strategist at Third Wave Global Investors, Citigroup Asset Management and Credit Suisse Asset Management. Prior to Credit Suisse, Kevin worked at the Bank of Japan. In addition, Kevin was a visiting professor at Kyoto University. Kevin earned a BA in Economics from the University of Toronto and graduated from Queen's University with a PhD in Financial Economics and a MA in Economics.

EVENTS & ANNOUCEMENTS

- Co-CIOs Bill Priest and David Pearl discussed their outlook for the capital markets in our quarterly webcast. *Thursday, April 7, 2016*

  Replay and transcript will be available shortly on *www.eipny.com*.

- PwC has performed an independent assessment of Epoch's internal control environment for the period of July 1, 2015 –December 31, 2015. PwC tested the suitability of the design and operating effectiveness of key controls pursuant to the American Institute of Certified Public Accountants (AICPA) standards. Epoch issued its SSAE 16 report in March 2016 with no exceptions noted.

EPOCH GOES TO LONDON

Epoch is pleased to announce our permanent presence in London, which affirms our commitment to serving European investors. Our new London office will house one of our newest team members, business development and consultant relations professional, Stephen Millar.

STEPHEN MILLAR

MANAGING DIRECTOR, CLIENT RELATIONS, U.K. AND EUROPE

Stephen is responsible for leading Epoch's business development and consultant relations in the U.K. and Europe. Prior to joining Epoch in 2015, Stephen spent five years at the Norwegian global equity manager SKAGEN Funds, where he oversaw their U.K. business. Before SKAGEN, Stephen spent five years at T. Rowe Price where he was responsible for their U.K. and Irish businesses as well as EMEA consultant relations. Previously, Stephen was a director in the institutional business development group at Insight Investment, a U.K. asset manager. Stephen began his career in the industry at Schroder Investment Management. Stephen holds a BA (Honors) in Economics and an MSc in Finance from the University of Strathclyde in Glasgow, U.K.

QUESTION. *How can strategies that make lower volatility a goal go about achieving that goal?*

ANSWER. In general, there are two basic categories into which managed volatility strategies fall. The first is limiting holdings to those the manager believes will have low volatility, usually based on their volatility over some trailing time period. This assumes that past volatility patterns will persist for some length of time into the future. While frequently true, there can be exceptions. Energy, for example, was the second-least volatile sector in S&P 500 as of June 30, 2014. By September 30, 2014, due to plunging oil prices, the sector's trailing twelve-month volatility ranked at the top of the list. This type of approach may also rule out large swaths of potential investments, when what really matters in the end is the volatility of the portfolio, not of each underlying stock. In some cases, stocks with higher volatility may even be beneficial to the diversification of a portfolio if they have low correlation to other stocks in the portfolio.

The second type of approach is one that applies a tactical asset allocation strategy to lower the portfolio's equity exposure in periods of higher volatility. Usually, these strategies use some form of rules-based approach, reducing equity exposure in a predetermined way when market volatility rises, and raising it when market volatility falls. Once again, the past may not reflect the future. For example, many of these strategies were designed around the volatility patterns of the Great Financial Crisis (GFC) (2007 to 2009), which saw a huge spike in volatility in 2008, followed by heightened volatility in March of 2009. From the day that the VIX index first closed above 50 until the low point of the bear market, stocks fell another 35% — in other words, there was still time to avoid a large part of the decline. However, in other bear markets, like the one from 2000 to 2002, the VIX index never rose anywhere close to the peak levels of the GFC. There was one brief spike in volatility in the wake of the 9/11 attacks, but volatility did not pick up again until the bear market had almost reached its bottom – i.e., after it was too late for an investor to avoid a significant loss. Thus, a rule designed around the 2008 to 2009 environment (e.g. VIX hits above 50) would probably not work very well in an environment that more closely resembles 2000 to 2002, because volatility behaved very differently in the two time periods.

QUESTION. *What about strategies, like Shareholder Yield, where lower volatility is a consequence of a focus on fundamentals?*

ANSWER. Strategies that focus on investment fundamentals first can also achieve low volatility as an outcome of their process. The basis of this belief is our perspective into the reliability of the components of equity returns — P/E expansion (or contraction), changes in earnings per share (EPS) and dividends. Over the life of the S&P 500, P/Es have swung widely between expansion and contraction. EPS, though, has been more consistent and, in most rolling 10-year periods, positive. Earnings are a proxy for cash flows, albeit an imperfect one. Thus, companies that have consistent growth in cash flows should have consistent and less volatile growth in EPS, all else being equal.

Dividends have been even more consistent over the same time frame. If you look closer at the history of dividend paying companies, you see that in the 40+ years between 1973 and 2015, companies that paid a consistent dividend had considerably less volatility, as measured by standard deviation, than those that either paid no dividend or cut their dividend. Better still, companies that grew their dividends were even less volatile than those that paid a consistent dividend. As an added bonus, dividend paying companies outperformed their non-paying or cutting counterparts as well.

Thus, we believe that an approach which, like our Shareholder Yield strategies, sets out to achieve an attractive real return, gathered from the most reliable components, cash flow growth and dividends (along with share buybacks and debt reduction) should see an outcome of lower volatility.

QUESTION. *Is focusing on fundamentals Enough?*

ANSWER. At Epoch, we integrate risk management into portfolio construction process. It is one reason why a member of the Risk Management team is named Portfolio Manager on each of our strategies. It is not enough to have the right investments (through a focus on fundamentals), you have to put them together in the right way too. What the right mix is, of course, differs from one strategy to the next. For Shareholder Yield, as we seek to minimize the risk per unit of return sought, we want to be sure that no particular stock is overly important to the portfolio's growth or its income generation. Thus, we restrict individual holdings so that no one holding is larger than 2.5% of the portfolio. In addition, no stock can contribute more than 3% of the portfolio's income or 5% of its cash flow growth. Finally, the portfolio usually holds around 100 stocks to give us plenty of room for diversification.

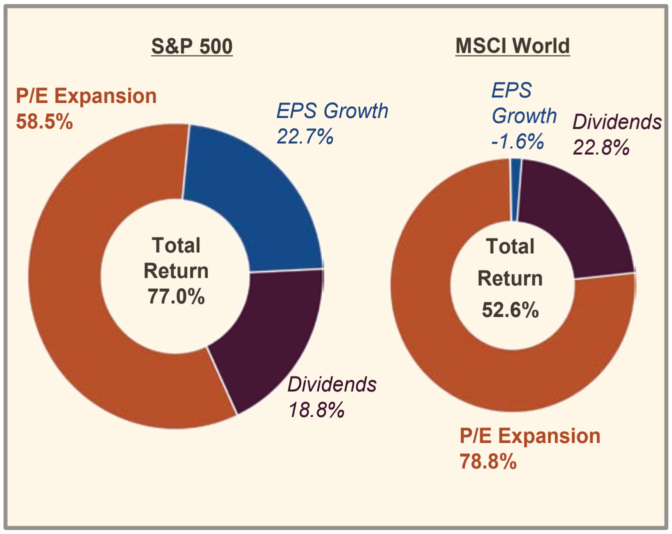
Ultimately, we believe that portfolios which focus on investment fundamentals and are properly constructed can achieve lower volatility as an added benefit to its investors.

Eric Sappenfield leads Epoch's Shareholder Yield strategies. Prior to joining Epoch in 2006, he was a research analyst at Spear, Leeds & Kellogg where he was responsible for credit/risk assessment. Previously, he was a senior analyst at Steinberg, Priest & Sloane Capital Management, LLC focusing on high yield bonds and equities of leveraged companies. Eric's additional experience includes senior analytical roles at The Carlyle Group, Travelers, and Bankers Trust. Eric holds a BA degree from Stanford University and an MBA from UCLA Anderson School of Management.

Quarterly Investment Update: *Four More Years!* (cont'd)

Equity returns from January 2012 through December 2015 can only be understood by examining the components of those returns — earnings, dividends, and P/E ratios. Figure 1 shows the four-year cumulative returns for the S&P 500 and the MSCI World Indices. The former rose 77%, while the latter gained nearly 53%.

FIGURE 1: CUMULATIVE CONTRIBUTION TO RETURN 2012 -2015



Source: Standard & Poor's; MSCI; Epoch Investment Partners; December 2015.

Look closely at the composition of returns for both indices. P/E expansion accounted for nearly 60% of the gain in the S&P 500 and almost 80% of the rise in the MSCI World Index! That is an amazing outcome considering earnings did not grow in the MSCI World Index.

Think of the contributions from the three drivers of returns this way (Table I):

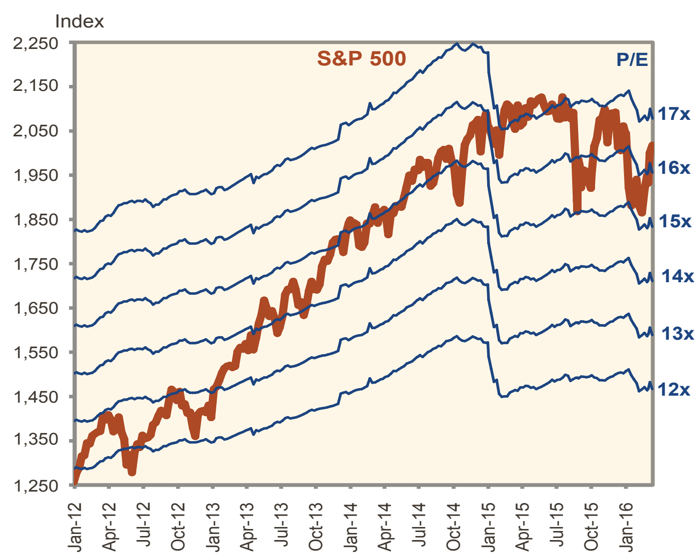
TABLE 1: CONTRIBUTIONS FROM THE THREE DRIVERS OF RETURNS

	S&P 500 (%)	MSCI World (%)
P/E Expansion	45.1	41.4
EPS Growth	17.4	(0.8)
Dividends	14.5	12.0
Total	**77.0**	**52.6**

If it were not for the earnings recovery in the U.S., imagine what the negative number for earnings in the MSCI World Index would be. No wonder the U.S. stock market was the place to be over the past four years.

Let us take a closer look at P/E expansion. In Figure 2, we show the P/E ratio for the S&P 500 based on the next twelve-month earnings forecast. The power of QE's effect on valuation metrics is highly visible. Forward earnings multiples on the S&P 500 rose from 12x in January of 2012 to 17x in the summer of 2015 before falling in Q3 as the Chinese stock market swooned and the earnings debacle about to befall the energy industry began to unfold. If we include the first quarter of 2016, the forward P/E on the S&P 500 recovered and approached its old high but remains below the peak touched in mid-2015.

FIGURE 2: S&P 500 NEXT TWELVE MONTHS EARNINGS MULTIPLES



Source: Standard & Poor's, Yardeni Research, Epoch Investment Partners; March 2016

The likelihood of four more years of P/E multiple expansion in the stock market of the magnitude we experienced over this period, well over 35%, is near zero in our estimation. It would require a P/E multiple increase of one-third from current levels to nearly 22x. While not impossible, that would be unlikely in a world characterized by low real growth and low interest rates.

QE is over in the U.S. and the U.K. and it has lost its influence on valuation measures in the euro zone and Japan, in our view. Recall also that China has accounted for 45% of global GDP growth over the past five years. China's growth rate, while still positive, will likely decline significantly from its recent past, lowering global growth expectations. So there will be no valuation help from these sources.

We expect a positive but low rate of return for equities over the next few years. Indeed, if we had to pick a number for the coming year it would be in the plus 5%-to-7% area and that assumes P/E multiples stay where they are. Our 5%-to-7% range reflects the sum of the current dividend yield of about 2% and an earnings growth rate assumption of 3% to 5%. The latter estimate assumes corporate profit margins hold steady and revenues rise at a rate equal to nominal GDP. With rising unit labor costs, the margin outlook could well prove optimistic.

Our number is well below the 9.8% average return for the S&P 500 over the last 85 years but is similar to the past if we consider "real" returns — equity returns after taking inflation into account. Inflation has averaged about 3% over most of the historical return periods whereas today it is barely over 1%. Nevertheless, real returns may still turn out to be lower than historical levels — somewhere between 4% and 6%. However, real returns of this magnitude would be absolutely terrific compared to bonds, which are likely to generate returns that are barely positive. (Indeed, six countries now have negative sovereign bond yields.)

The problem with our forecast (and that of any other forecast) is that it is often a single-point estimate within a wide range of possibilities. A better question is to ask the forecaster (including us) is this one: "what is the confidence interval surrounding your estimate?" That is, if I wanted the mid-point expected rate of return to fall within a range that captured 95% of the possibilities, what would that range be?

Let us define a confidence interval utilizing a statistical term: standard deviation. A two-standard-deviation range would encompass 95% of the possibilities. If we use the historical VIX number as the measure of the standard-deviation (about 17.5 percentage points), our forecast would be 5%–7% plus or minus 35 percentage points! This is not what investors want to hear, but it is the right perspective. If one wanted a range that encompassed only two-thirds of the possibilities, it would be 5%–7% plus or minus 17 percentage points.

What this framework highlights is the interaction of two elements — the mean return expectation and the range of outcomes. It also introduces a third element, that of the "holding period." It cannot be a short-term one. Indeed, a minimum holding period for equity ownership needs to be in the three-to-five year range. It is the only way one can capture the compounding effect generated by the average return to offset the annual volatility inherent in equities and reflected in our range of return outcome possibilities.

To summarize, we doubt the outsized absolute returns of the past four years will be repeated. The broad-based expansion of valuations, which lifted profitable and unprofitable companies alike, is in the past. The quantitative easing that fueled the expansion is finished in the U.S. and U.K., at least for the moment. And while the euro zone and Japan may continue to pursue highly accommodative monetary policies, their influence on equity valuations has waned.

Equities, however, should have positive real returns that are substantially better than bonds as long as the global economy does not slide from its current low-inflation state to outright deflation. We expect single-digit equity returns, most of which will be "real" returns (after inflation) accompanied by volatility measures similar to the past. These returns will be driven more by events in the real economy rather than monetary policy actions.

This should be an environment where active managers focused on company fundamentals stage a comeback. Operating cash flow, the parent of earnings and dividends, will dominate the sources of equity returns going forward. With this *return to normalcy,*[5] free-cash-flow growth will determine the equity winners, not higher valuation metrics.

That might fall short of putting *a chicken in every pot,*[6] but it's *not just peanuts.*[7]

1 Four More Years - Richard Nixon, 1972
2 Are you better off than you were four years ago? - Ronald Reagan, 1980
3 Peace and prosperity - Dwight Eisenhower, 1956
4 Kinder, gentler nation - George Bush, 1988
5 A return to normalcy - Warren G. Harding, 1920
6 A chicken in every pot and a car in every garage - Herbert Hoover, 1928
7 Not just peanuts, Jimmy Carter, 1976

Strategy Performance as of March 31, 2016

U.S. STRATEGIES IN USD		Annualized Returns						Risk Statistics — Since Inception					
		QTD	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**	**0.2**	**(3.1)**	**10.6**	**9.7**	**7.7**	**7.7**	***14.1***	***0.4***	-	-	-	-
	Epoch Net Return	**0.1**	**(3.4)**	**10.3**	**9.3**	**7.3**	**7.2**	-	-	-	-	-	-
	Russell 1000	1.2	0.5	11.5	11.4	7.1	6.1	*15.0*	*0.3*	***0.3***	***2.1***	***0.9***	***0.9***
	Russell 1000 Value	1.6	(1.5)	9.4	10.2	5.7	6.2	*15.2*	*0.3*	***0.3***	***2.2***	***0.9***	***0.9***
	S&P 500	1.3	1.8	11.8	11.6	7.0	5.8	*14.8*	*0.3*	***0.4***	***2.4***	***0.9***	***0.9***
U.S. ALL CAP VALUE *Inception date:* 7/31/1994	**Epoch Gross Return**	**(1.1)**	**(4.4)**	**11.5**	**10.0**	**7.5**	**11.5**	***13.6***	***0.7***	-	-	-	-
	Epoch Net Return	**(1.2)**	**(4.9)**	**10.9**	**9.4**	**6.9**	**10.7**	-	-	-	-	-	-
	Russell 3000	1.0	(0.3)	11.1	11.0	6.9	9.3	*15.3*	*0.4*	***0.3***	***3.9***	***0.8***	***0.8***
	Russell 3000 Value	1.6	(2.1)	9.1	10.0	5.6	*9.4*	*14.9*	*0.5*	***0.3***	***3.7***	***0.8***	***0.8***
U.S. SMALL CAP VALUE *Inception date:* 12/31/2002	**Epoch Gross Return**	**0.1**	**(6.5)**	**8.2**	**9.1**	**7.1**	**10.2**	***16.8***	***0.5***	-	-	-	-
	Epoch Net Return	**0.0**	**(6.9)**	**7.8**	**8.6**	**6.5**	**9.5**	-	-	-	-	-	-
	Russell 2000	(1.5)	(9.8)	6.8	7.2	5.3	*9.8*	*18.9*	*0.5*	***0.1***	***1.7***	***0.9***	***0.9***
	Russell 2000 Value	1.7	(7.7)	5.7	6.7	4.4	*9.4*	*18.7*	*0.4*	***0.1***	***2.1***	***0.8***	***0.9***
U.S. SMID CAP VALUE *Inception date:* 8/31/2006	**Epoch Gross Return**	**1.0**	**(5.0)**	**9.1**	**9.3**		**7.9**	***18.2***	***0.4***	-	-	-	-
	Epoch Net Return	**0.9**	**(5.4)**	**8.7**	**8.9**		**7.5**	-	-	-	-	-	-
	Russell 2500	0.4	(7.3)	8.2	8.6		*7.3*	*19.1*	*0.3*	***0.2***	***1.0***	***0.9***	***1.0***
	Russell 2500 Value	3.3	(5.2)	7.2	8.3		6.2	*19.0*	*0.3*	***0.3***	***2.1***	***0.9***	***0.9***
U.S. CHOICE *Inception date:* 4/30/2005	**Epoch Gross Return**	**(2.6)**	**(4.2)**	**12.4**	**11.0**	**7.9**	**8.8**	***15.7***	***0.5***	-	-	-	-
	Epoch Net Return	**(2.7)**	**(4.6)**	**12.0**	**10.5**	**7.5**	**8.3**	-	-	-	-	-	-
	Russell 3000	1.0	(0.3)	11.1	11.0	6.9	7.8	*15.2*	*0.4*	***0.2***	***1.0***	***1.0***	***0.9***
U.S. EQUITY SHAREHOLDER YIELD *Inception date:* 6/30/2012	**Epoch Gross Return**	**7.6**	**6.7**	**12.8**			**14.8**	***9.3***	***1.6***	-	-	-	-
	Epoch Net Return	**7.5**	**6.4**	**12.5**			**14.4**	-	-	-	-	-	-
	Russell 1000 Value	1.6	(1.5)	9.4			13.1	*10.7*	*1.2*	***0.3***	***4.4***	***0.8***	***0.8***

GLOBAL AND INTERNATIONAL STRATEGIES IN USD

Strategy		Annualized Returns						Risk Statistics — Since Inception					
		QTD	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**	**6.1**	**2.1**	**8.1**	**9.1**	**7.5**	**8.1**	***13.0***	***0.5***	-	-	-	-
	Epoch Net Return	**6.0**	**1.6**	**7.7**	**8.7**	**7.0**	**7.6**	-	-	-	-	-	-
	MSCI World (Net)	(0.3)	(3.5)	6.8	6.5	4.3	4.8	*16.3*	*0.2*	***0.5***	***4.1***	***0.8***	***0.9***
GLOBAL CHOICE *Inception date:* 9/30/2005	**Epoch Gross Return**	**(2.1)**	**(5.7)**	**7.6**	**8.0**	**7.1**	**8.5**	***15.1***	***0.5***	-	-	-	-
	Epoch Net Return	**(2.2)**	**(6.3)**	**7.0**	**7.4**	**6.4**	**7.8**	-	-	-	-	-	-
	MSCI World (Net)	(0.3)	(3.5)	6.8	6.5	4.3	5.0	*16.2*	*0.2*	***0.6***	***4.0***	***0.9***	***0.9***
GLOBAL ABSOLUTE RETURN *Inception date:* 12/31/2001	**Epoch Gross Return**	**(5.0)**	**(13.7)**	**4.3**	**5.7**	**5.8**	**9.4**	***12.8***	***0.6***	-	-	-	-
	Epoch Net Return	**(5.3)**	**(14.8)**	**2.9**	**4.3**	**4.5**	**8.0**	-	-	-	-	-	-
	MSCI World (Net)	(0.3)	(3.5)	6.8	6.5	4.3	5.6	*15.6*	*0.3*	***0.5***	***5.3***	***0.7***	***0.7***
	Barclays Capital U.S. Aggregate	3.0	2.0	2.5	3.8	4.9	4.9	*3.4*	*1.0*	***0.3***	***11.2***	***(0.2)***	***0.0***
NON-U.S. EQUITY *Inception date:* 8/31/2008	**Epoch Gross Return**	**(3.0)**	**(4.7)**	**4.1**	**3.1**		**3.3**	***18.9***	***0.2***	-	-	-	-
	Epoch Net Return	**(3.1)**	**(5.2)**	**3.7**	**2.7**		**3.0**	-	-	-	-	-	-
	MSCI EAFE (Net)	(3.0)	(8.3)	2.2	2.3		1.6	*20.1*	*0.1*	***0.6***	***1.7***	***0.9***	***1.0***
INTERNATIONAL SMALL CAP *Inception date:* 1/31/2005	**Epoch Gross Return**	**(3.5)**	**0.5**	**5.4**	**3.5**	**5.1**	**8.1**	***19.4***	***0.4***	-	-	-	-
	Epoch Net Return	**(3.6)**	**(0.2)**	**4.6**	**2.8**	**4.3**	**7.3**	-	-	-	-	-	-
	MSCI World ex USA Small Cap (Net)	0.6	2.0	5.5	3.8	3.1	5.7	*19.4*	*0.2*	***0.6***	***2.5***	***1.0***	***1.0***
GLOBAL SMALL CAP *Inception date:* 12/31/2002	**Epoch Gross Return**	**(0.4)**	**(2.4)**	**7.5**	**6.4**	**7.0**	**11.3**	***15.7***	***0.6***	-	-	-	-
	Epoch Net Return	**(0.5)**	**(2.5)**	**7.3**	**6.1**	**6.6**	**10.7**	-	-	-	-	-	-
	MSCI World Small Cap (Net)	0.7	(3.9)	7.0	6.4	4.9	11.2	*17.9*	*0.6*	***0.0***	***1.6***	***0.8***	***0.9***

EPOCH | Epoch Investment Partners, Inc.

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 claims compliance with the Global Investment Performance Standards (GIPS®).

2. Composite Structure — 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 is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in large-capitalization U.S. companies. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting-based metrics such as P/E or P/B. As long-term-oriented conviction investors, the portfolio consists of approximately 40-60 securities which provides concentration with diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 1000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it accretively among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
U.S. All Cap Value	June 2004	Russell 3000; Russell 3000 Value	U.S. All Cap Value is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in large-, medium- and small-capitalization U.S. companies. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting-based metrics such as P/E or P/B. As long-term-oriented conviction investors, the portfolio consists of approximately 50-60 securities which provides concentration with diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 3000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it accretively among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs. 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 is a value-oriented equity portfolio managed by Epoch for long-term appreciation through investment in small-capitalization U.S. companies. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting-based metrics such as P/E or P/B. As long-term-oriented conviction investors, the portfolio consists of approximately 60-90 securities which provides concentration with diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 2000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it accretively among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
U.S. SMID Cap Value	September 2006	Russell 2500; Russell 2500 Value	U.S. SMID Cap Value is a value equity portfolio managed by Epoch for long-term appreciation through investment in small and mid-capitalization U.S. companies. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting-based metrics such as P/E or P/B. As long-term-oriented conviction investors, the portfolio consists of approximately 60-90 securities which provides concentration with diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 2500 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it accretively among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
U.S. Choice	May 2005	Russell 3000	U.S. Choice is a value equity portfolio managed by Epoch for long-term appreciation through investment in businesses that reflect the high conviction ideas of all of Epoch's U.S. strategies. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting-based metrics such as P/E or P/B. As long-term-oriented conviction investors, the portfolio consists of approximately 20-35 securities which provides concentration with diversification, and typically limits the market capitalization of the securities in the portfolio to that of the Russell 3000 at time of purchase. The companies are selected based on their ability to generate free cash flow and to allocate it accretively among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
U.S. Equity Shareholder Yield	July 2012	Russell 1000 Value	U.S. Equity Shareholder Yield Composite contains fully discretionary diversified portfolios of U.S. equity securities managed by Epoch for above average income and long-term capital appreciation. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 75-120 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among dividends, share repurchases, debt pay downs, internal reinvestment opportunities and/or acquisitions.
Non-U.S. Equity	August 2008	MSCI EAFE Index (Net)	Non-U.S. Equity pursues long-term capital appreciation by investing in a portfolio of approximately 60-80 stocks primarily from developed markets outside the U.S. As fundamental investors with a long-term orientation, Epoch selects companies based on their ability to generate free cash flow and allocate it effectively for the benefit of shareholders.

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 is a diversified portfolio of global equity securities managed by Epoch for above average income and long-term capital appreciation. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 90-120 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among dividends, share repurchases, debt pay downs, internal reinvestment opportunities and/or acquisitions.
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 is a concentrated portfolio of global equity securities managed by Epoch for longer term capital appreciation. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 25-35 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
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 is a concentrated portfolio of global equity securities managed by Epoch for longer term capital appreciation. Cash is actively used to limit loss exposure. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 25-35 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
International Small Cap	February 2005	MSCI World ex-USA Small Cap (Net)	Effective 7/1/2009, performance information for these composites is shown comparative to the MSCI World ex-USA Small Cap (Net) respectively, on a current and retrospective basis. The benchmark previous to 7/1/2009 was the S&P EPAC Small Cap Index.	International Small Cap is a diversified portfolio of non-U.S. small cap stocks managed by Epoch for long term capital appreciation. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 125-175 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.
Global Small Cap	June 2004	MSCI World Small Cap (Net)	Effective 7/1/2009, performance information for these composites is shown comparative to the MSCI World Small Cap (Net) respectively, on a current and retrospective basis. The benchmark previous to 7/1/2009 was the S&P Developed Small Cap Index.	Global Small Cap is a diversified portfolio of global small cap stocks managed by Epoch for long term capital appreciation. Epoch employs a research process focused on free-cash-flow generation as opposed to traditional accounting based metrics such as P/E or P/B. The portfolio consists of approximately 150-200 securities which are selected on the expectation they will generate excess free cash flow and whose management will allocate it prudently among internal reinvestment opportunities, acquisitions, dividends, share repurchases and/or debt pay downs.

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 Ashland Partners & Company LLP from June 21, 2004 through December 31, 2015. 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