EPOCH | Epoch Investment Partners, Inc.

JULY 2016

Quarterly Newsletter

IN THIS ISSUE

IN THE NEWS

- CEO and Co-CIO Bill Priest participated in Barron's Midyear Roundtable, where he updated the outlook he originally shared in the January 2016 Investment Roundtable.
  June 11, 2016

- Bill Priest was featured in Financial News where he discussed Epoch's European client base and its addition of a permanent presence in Europe.
  May 26, 2016

- Co-Chief Investment Officer David Pearl appeared on CNBC in a five part series to discuss investment opportunities in the current market environment.
  May 17, 2016
  Hunting for Value
  Energy
  Technology
  Media Stocks
  Three Hot Sectors

Spotlight On: Brexit's Economic and Financial Implications

A conversation with Kevin Hebner, Ph.D. — Managing Director, Global Investment Strategist

QUESTION. *As uncertainty has soared post-Brexit vote, why has the British pound taken the brunt of the impact?*

ANSWER. It is quite normal for currencies to be the main shock absorbers in mid-size economies. The U.K. is fortunate that it has a flexible exchange rate that will allow the economy to rebalance relatively quickly. By contrast, Eurozone countries, such as Italy, have underperformed dramatically since 1999, in good part because they are trapped inside the common currency.

The real effective exchange rate of the USD and GBP have diverged dramatically since the financial crisis of 2008. This trend has resumed recently and is likely to continue through the Brexit negotiations. On this side of the Atlantic, we are particularly worried that another leg up in the USD could have several negative consequences including excessively

Article continued on page 3

Quarterly Investment Update: *Brexit and its Contagion*

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

This update has two subjects — our capital markets outlook and our view of the implications of Brexit. The latter is inextricably tied to the former, so let us begin with Brexit.

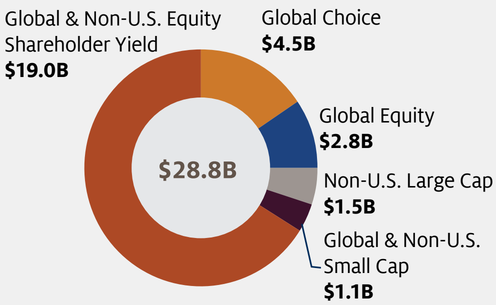
We analyze the potential impact of Brexit by examining three forms of contagion — financial, economic, and political (Figure 1). There should be little financial contagion from Brexit, as the central banks of the world are ready and willing to act. Thus,

Article continued on page 4

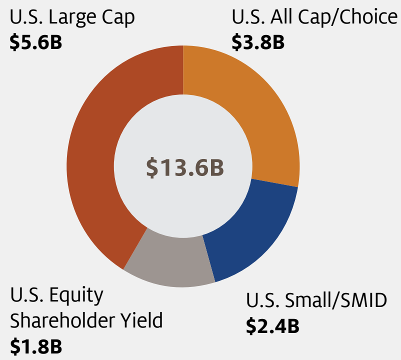
Firm Update

ASSETS UNDER MANAGEMENT $42.4B *As of June 30, 2016*

GLOBAL STRATEGIES



U.S. STRATEGIES



NEW INVESTMENT PROFESSIONALS

WAYNE LIN

MANAGING DIRECTOR, GLOBAL PORTFOLIO MANAGEMENT

Wayne is a member of the global portfolio management team focused on Epoch's product management and development capabilities. Prior to joining Epoch in 2016, Wayne was a portfolio manager at QS Investors and at Legg Mason Global Asset Allocation prior to its acquisition by QS. At Legg Mason, he helped to create and manage several multi-asset class products, including target-date funds, a real asset strategy, and a downside risk mitigation strategy. Wayne holds a BA in Economics from the University of Chicago and an MBA from Columbia Business School.

EVENTS

- Co-CIOs Bill Priest and David Pearl discuss their outlook for the capital markets in our quarterly webcast.
  Thursday, July 21, 2016 *Register Here*

  Replay and transcript will be available shortly on *www.eipny.com*
- Bill Priest was joined by Global Investment Strategist Kevin Hebner in our webcast *Implications for Investors following Britain's Vote.*
  Friday, June 24, 2016
  www.eipny.com/epoch_insights/webcasts

RECENT INSIGHTS

The Capital Reinvestment Strategy
June 30, 2016

This whitepaper discusses why investors should pay more attention to Return on Invested Capital than growth in earnings and how Epoch capitalizes on this inefficiency in our Global Equity Capital Reinvestment Strategy.

Read More

Brexit Vote: Potential Game Changer for the U.K. and Europe
June 22, 2016

Ahead of the June 23 vote, we explored the near-term and medium-term implications of a vote by the U.K. to leave the European Union.

Read More

The Case for Trade Remains Overwhelming
May 17, 2016

With international trade moving to center stage in the U.S. political debate, we discuss why there is still a strong case to be made for more open global trade.

Read More

Have We Hit an Inflection Point?
May 3, 2016

In light of slow global growth we evaluate the potential upside in equity markets and whether we may have hit an inflection point in their trajectory.

Read More

What Would Negative Interest Rates Mean for U.S. Equity Markets?
April 29, 2016

As more countries implement Negative Interest Rate Policies (NIRP) we look at the possibility that the U.S. would follow in that direction and what the implications would be if it did.

Read More

tightening financial conditions, damaging export prospects and creating yet another headwind for S&P 500 earnings growth.

QUESTION. *Why have U.K. equities performed so well since June 23?*

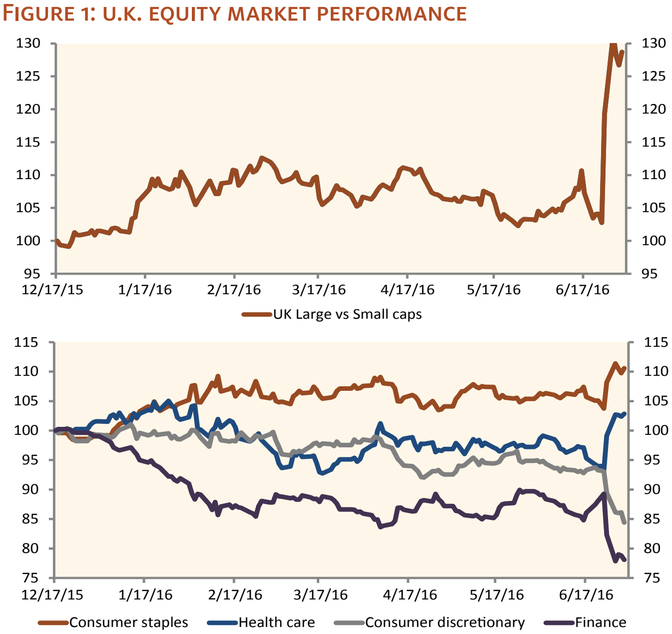
ANSWER. One reason is the GBP weakness discussed above. A similar reaction occurred since September 1992 when the U.K. was forced out of the European Exchange Rate Mechanism. In that instance, the GBP fell 15%, while the equity market climbed over 10% by year-end. One counterintuitive result this time around is that during June, in local currency terms, the U.K. was by far the best-performing major equity market (although it was down significantly in USD).

A second reason for the strength of U.K. equities is that bond yields have plummeted, as markets anticipate an aggressive policy response from central bankers. During the last week of June bond yields breached historic lows in the U.K., U.S. and Japan, with markets already pricing in at least one rate cut by the Bank of England. In 1992 the BoE cut multiple times, from 10.0% in September 1992 to 6.0% by January 1993. However, today's central bankers have far fewer bullets, given rates are already sitting at the historical low of 0.50%.

QUESTION. *Which U.K. equity sectors have outperformed and which are likely to struggle as Brexit negotiations proceed?*

ANSWER. Since the referendum was approved by the U.K. parliament on December 17, 2015 and, more specifically, during the last week of June, there have been two key trends (Figure 1). First, large caps have dramatically outperformed, primarily because their businesses and earnings are more global in nature than more domestically-oriented small caps. Second, defensive sectors have significantly outperformed cyclical sectors. Financials are particularly worrisome given the gale-force headwind they face from record low interest rates. Overall, it seems likely that both of these trends will continue over coming quarters.

FIGURE 1: U.K. EQUITY MARKET PERFORMANCE



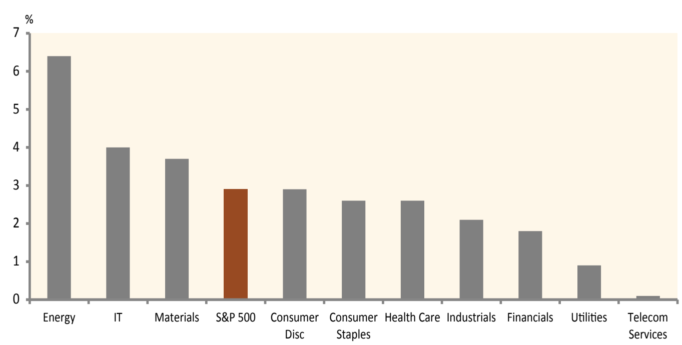
Source: Bloomberg

At Epoch we continue to focus on high quality U.K. companies, those exhibiting strong fundamentals and the ability to continue to grow their free cash flow. We also emphasize "global champions," companies domiciled in the U.K., but derive much of their revenue from outside of the U.K. and Europe.

QUESTION. *What does all of this mean for the outlook of the U.S. equity market?*

ANSWER. Probably less than many commentators have posited. For a start, there should be little impact on earnings because the U.K. accounts for only 4% of U.S. exports and about 3% of S&P 500 revenues (Figure 2). However, there are three risks to this benign view: first, weakness in the U.K. and Europe results in a resurgent USD; second, both the U.K. and Europe experience an uncertainty-driven recession; and third, heightened risks cause equity markets globally to derate. While these issues are not to be ignored lightly, we expect they will be fully offset by lower interest rates and unorthodox responses from today's hyper-active central bankers. Not to disappoint, the governor of the BoE, Mark Carney, concluded a speech on June 30 by emphasizing that "monetary policy easing will likely be required over the summer." Further, during coming months we expect additional unorthodox measures from the ECB and BoJ, with "helicopter money" becoming increasingly likely.

FIGURE 2: S&P 500 EXPOSURE TO THE U.K. (% OF REVENUES)



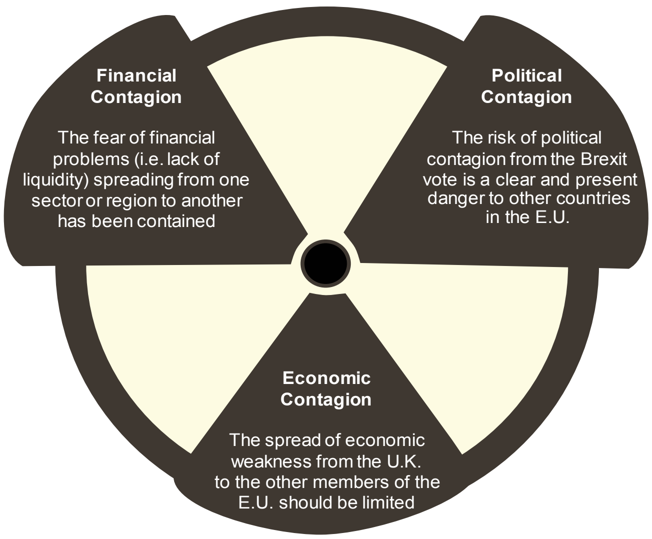
Source: Bloomberg

Kevin Hebner is a global investment strategist supporting 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.

Quarterly Investment Update: *Brexit and its Contagion* (cont'd)

Brexit does not present a liquidity concern. Also, although we expect there will be some economic contagion, this should be visible early and capital markets should quickly present value it. We expect, however, that Brexit will contribute to political contagion, the impact of which will have a wide reach, most notably in Europe.

FIGURE 1: THE THREE TYPES OF CONTAGION



Prime Minister David Cameron led his country into an unnecessary debacle. Ever greater unity has been a cornerstone of the E.U. since its formation over 60 years ago. Even though the E.U. was a monetary rather than a fiscal union, its goal and soul were directed toward the unification of Europe. We are witnessing a hiatus of this objective at best and its genuine unwinding at worst. The combination of the travails of the euro, the tide of immigration, and high unemployment have led to a "loss of patience, prudence, and memory," as one writer recently said. The English economy has been doing well, but this is likely to change. Uncertainty will rise sharply (there is no "*Leave*" plan), and capital spending projects will be placed on hold or even cancelled as corporate capital allocators adopt a wait-and-see approach. Scotland voted 62% to 38% to *Remain* and will likely try to leave Great Britain in order to seek E.U. membership. Similarly, Northern Ireland voted 56% *Remain* to 44% *Leave*, and it, too, likely will seek greater independence.

There are undoubtedly many reasons for the 52% *Leave* vote, including the perception by *Leave* voters that globalization is a dark, controlling "bogeyman" characterized by unfair capitalism with tax havens for the rich and no growth in working class wages. Other factors include high immigration, a large hangover from the Global Financial Crisis of 2008, and an expensive and deadly war in Iraq that had no visible purpose or positive outcome.

But the uncertainty surrounding Brexit will negatively impact investment spending plans and commitments. Furthermore, if Britain actually reverses trade agreements and sends workers home, there will be fewer people in the British workforce and, inevitably, lower consumption. A disavowal of trade agreements would reduce the economic benefits of trade, espoused so elegantly in 1820 by David Ricardo, an Englishman, in his treatise on the Law of Comparative Advantage. The "win-win" of trade will become a "lose-lose" if trade agreements are rolled back.

I have always believed the adage that "in the short run politics determine economics, but in the long run economics determine politics." At the moment, however, social concerns regarding income disparity, job displacement attributable to improved technology, and a perceived disinclination of immigrants to assimilate into their adopted cultures are affecting politics, not just in the U.K. but elsewhere.

How does Brexit impact our views of global investment? We believe both interest rates and real GDP growth will be "lower for longer." We have been in the "secular stagnation" camp for some time, believing that the sum of growth in the work force and growth in productivity, the sole determinants of GDP, was unlikely to exceed 2% in the developed world. While emerging markets may have grown faster, their underdeveloped capital markets, the reduction in the wage arbitrage between the developing and developed worlds, and the benefits that manufacturers now expect to gain from being closer to buyers suggest that economic growth will slow for emerging market countries as well. Brexit will not help any of these negative trends.

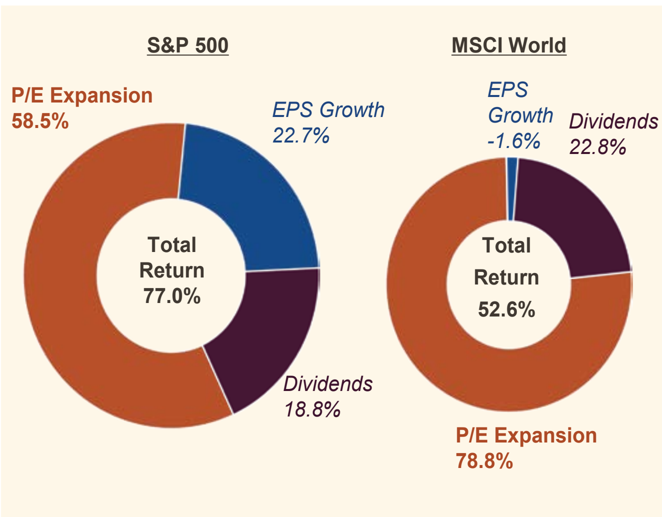
Furthermore, we are entering a "capital light" world, which is evidenced by the reduction of investment spending by corporations. Manufacturing's contribution to economies throughout the world is declining. Meanwhile, technology and services have become increasingly important to global GDP. Capital goods have become cheaper. As a result, targeted levels of investment can be achieved with less spending and borrowing, resulting in a correlative reduction in capital investment.

Whereas QE was absolutely essential in 2008, it no longer drives the essential components of growth — workforce expansion and productivity gains. Financial assets have soared in value (see Figure 2) over the past few years but growth in the real economy (Figure 3) has not come close to forecasts by the IMF.

Slow growth and fear of deflation have caused monetary policymakers to attempt to prop up inflated asset prices in the hope that real economic growth will follow. History suggests, however, that long periods of negative real rates coincide with periods of anemic growth. Importantly, low rates encourage capital misallocation, as recent increased M&A activity may suggest. Excessive money printing has also increased correlations among and within asset classes. One variable, capitalization rates (think P/E ratios), explains more than 50% of stock market returns over the past four years as illustrated in Figure 2. In other words, beta has been the single dominant driver of returns over this period. QE effectively lowered the range of returns within an asset class, thereby reducing potential rewards from active management. The recent surge of interest in passive investing is partly explained by this effect of QE.

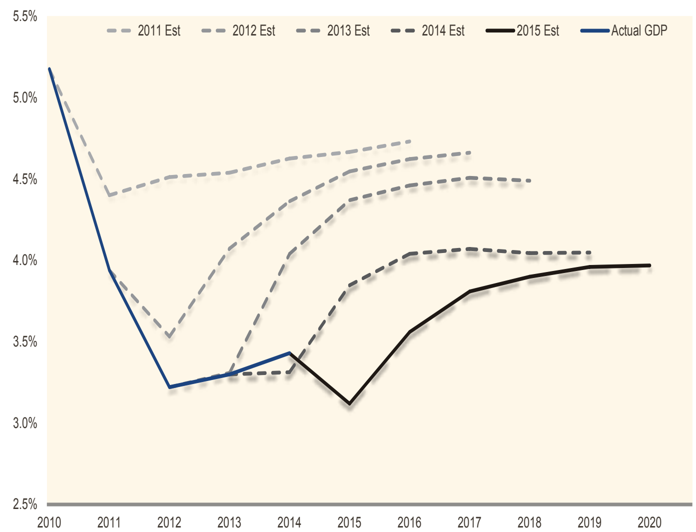
Nevertheless, companies whose managements have a history of wise capital allocation will provide superior returns in the end. Cash flow drives a company's value and the astute allocation of cash maximizes that value. Identifying companies that have these characteristics demands research, analysis and human judgment, and that requires an active management effort.

FIGURE 2: CUMULATIVE CONTRIBUTION TO RETURN 2012 -2015



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

FIGURE 3: THE GLOBAL PROBLEM IS A LACK OF GROWTH



Source: IMF World Economic Outlook; October 2015.

Strategy Performance as of June 30, 2016

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**	**0.6**	**0.8**	**(2.1)**	**9.2**	**9.6**	**7.8**	**7.6**	**14.0**	**0.4**	-	-	-	-
	Epoch Net Return	**0.6**	**0.6**	**(2.4)**	**8.8**	**9.3**	**7.4**	**7.1**	-	-	-	-	-	-
	Russell 1000	2.5	3.7	2.9	11.5	11.9	7.5	6.2	14.9	0.3	**0.3**	**2.0**	**0.9**	**0.9**
	Russell 1000 Value	4.6	6.3	2.9	9.9	11.4	6.1	6.4	15.1	0.3	**0.2**	**2.0**	**0.9**	**0.9**
	S&P 500	2.5	3.8	4.0	11.7	12.1	7.4	5.9	14.7	0.3	**0.4**	**2.3**	**0.9**	**0.9**
U.S. ALL CAP VALUE *Inception date:* 7/31/1994	**Epoch Gross Return**	**0.5**	**(0.6)**	**(4.0)**	**9.8**	**9.9**	**7.7**	**11.4**	**13.6**	**0.7**	-	-	-	-
	Epoch Net Return	**0.4**	**(0.9)**	**(4.5)**	**9.2**	**9.3**	**7.1**	**10.6**	-	-	-	-	-	-
	Russell 3000	2.6	3.6	2.1	11.1	11.6	7.4	9.3	15.2	0.4	**0.3**	**3.8**	**0.8**	**0.8**
	Russell 3000 Value	4.6	6.3	2.4	9.6	11.1	6.0	9.5	14.8	0.5	**0.3**	**3.5**	**0.8**	**0.8**
U.S. SMALL CAP VALUE *Inception date:* 12/31/2002	**Epoch Gross Return**	**3.2**	**3.4**	**(4.3)**	**8.0**	**9.5**	**7.8**	**10.3**	**16.7**	**0.5**	-	-	-	-
	Epoch Net Return	**3.1**	**3.2**	**(4.7)**	**7.5**	**9.0**	**7.3**	**9.6**	-	-	-	-	-	-
	Russell 2000	3.8	2.2	(6.7)	7.1	8.4	6.2	9.9	18.7	0.5	**0.1**	**1.6**	**0.9**	**0.9**
	Russell 2000 Value	4.3	6.1	(2.6)	6.4	8.1	5.2	9.5	18.5	0.4	**0.1**	**2.1**	**0.8**	**0.9**
U.S. SMID CAP VALUE *Inception date:* 8/31/2006	**Epoch Gross Return**	**3.4**	**4.5**	**(2.6)**	**8.8**	**10.0**		**8.1**	**18.0**	**0.4**	-	-	-	-
	Epoch Net Return	**3.3**	**4.3**	**(3.0)**	**8.4**	**9.6**		**7.6**	-	-	-	-	-	-
	Russell 2500	3.6	4.0	(3.7)	8.6	9.5		7.5	18.9	0.4	**0.2**	**1.0**	**0.9**	**1.0**
	Russell 2500 Value	4.4	7.8	0.2	8.1	9.6		6.5	18.7	0.3	**0.3**	**2.0**	**0.9**	**0.9**
U.S. CHOICE *Inception date:* 4/30/2005	**Epoch Gross Return**	**(1.2)**	**(3.8)**	**(6.1)**	**10.0**	**10.0**	**7.9**	**8.5**	**15.6**	**0.5**	-	-	-	-
	Epoch Net Return	**(1.3)**	**(4.0)**	**(6.5)**	**9.6**	**9.5**	**7.5**	**8.0**	-	-	-	-	-	-
	Russell 3000	2.6	3.6	2.1	11.1	11.6	7.4	7.9	15.0	0.4	**0.1**	**0.7**	**1.0**	**0.9**
U.S. EQUITY SHAREHOLDER YIELD *Inception date:* 6/30/2012	**Epoch Gross Return**	**5.3**	**13.3**	**15.6**	**13.7**			**15.3**	**9.2**	**1.7**	-	-	-	-
	Epoch Net Return	**5.2**	**13.2**	**15.3**	**13.4**			**14.9**	-	-	-	-	-	-
	Russell 1000 Value	4.6	6.3	2.9	9.9			13.5	10.4	1.3	**0.3**	**4.7**	**0.8**	**0.7**

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**	**2.5**	**8.8**	**6.3**	**8.5**	**8.8**	**7.8**	**8.1**	***12.9***	***0.5***	-	-	-	-
	Epoch Net Return	**2.4**	**8.6**	**5.8**	**8.1**	**8.4**	**7.3**	**7.6**	-	-	-	-	-	-
	MSCI World (Net)	1.0	0.7	(2.8)	6.9	6.6	4.4	4.8	*16.2*	*0.2*	***0.6***	***4.2***	***0.8***	***0.9***
GLOBAL CHOICE *Inception date:* 9/30/2005	**Epoch Gross Return**	**(0.2)**	**(2.3)**	**(6.0)**	**6.2**	**7.5**	**7.4**	**8.3**	***14.9***	***0.5***	-	-	-	-
	Epoch Net Return	**(0.4)**	**(2.6)**	**(6.6)**	**5.6**	**6.9**	**6.7**	**7.6**	-	-	-	-	-	-
	MSCI World (Net)	1.0	0.7	(2.8)	6.9	6.6	4.4	5.0	*16.0*	*0.2*	***0.6***	***3.8***	***0.9***	***0.9***
GLOBAL ABSOLUTE RETURN *Inception date:* 12/31/2001	**Epoch Gross Return**	**0.4**	**(4.6)**	**(12.7)**	**3.3**	**5.5**	**5.8**	**9.3**	***12.7***	***0.6***	-	-	-	-
	Epoch Net Return	**0.1**	**(5.2)**	**(13.8)**	**1.9**	**4.1**	**4.5**	**7.8**	-	-	-	-	-	-
	MSCI World (Net)	1.0	0.7	(2.8)	6.9	6.6	4.4	5.6	*15.4*	*0.3*	***0.5***	***5.2***	***0.7***	***0.7***
	Barclays Capital U.S. Aggregate	2.2	5.3	6.0	4.1	3.8	5.1	4.9	*3.4*	*1.1*	***0.3***	***11.2***	***(0.2)***	***0.0***
NON-U.S. EQUITY *Inception date:* 8/31/2008	**Epoch Gross Return**	**(1.8)**	**(4.5)**	**(8.2)**	**3.6**	**2.2**		**3.0**	***18.7***	***0.2***	-	-	-	-
	Epoch Net Return	**(1.9)**	**(4.7)**	**(8.6)**	**3.1**	**1.9**		**2.7**	-	-	-	-	-	-
	MSCI EAFE (Net)	(1.5)	(4.4)	(10.2)	2.1	1.7		1.3	*19.8*	*0.1*	***0.6***	***1.6***	***0.9***	***1.0***
INTERNATIONAL SMALL CAP *Inception date:* 1/31/2005	**Epoch Gross Return**	**(3.2)**	**(6.4)**	**(7.5)**	**4.4**	**2.9**	**4.8**	**7.6**	***19.3***	***0.3***	-	-	-	-
	Epoch Net Return	**(3.3)**	**(6.7)**	**(8.2)**	**3.7**	**2.2**	**4.0**	**6.8**	-	-	-	-	-	-
	MSCI World ex USA Small Cap (Net)	(1.3)	(0.7)	(3.3)	6.3	3.6	3.3	5.4	*19.3*	*0.2*	***0.5***	***2.3***	***1.0***	***0.9***
GLOBAL SMALL CAP *Inception date:* 12/31/2002	**Epoch Gross Return**	**0.4**	**(0.0)**	**(4.4)**	**6.8**	**6.5**	**7.2**	**11.1**	***15.6***	***0.6***	-	-	-	-
	Epoch Net Return	**0.4**	**(0.1)**	**(4.6)**	**6.6**	**6.2**	**6.8**	**10.5**	-	-	-	-	-	-
	MSCI World Small Cap (Net)	1.6	2.3	(3.8)	7.6	6.8	5.6	11.1	*17.7*	*0.6*	***(0.0)***	***1.4***	***0.8***	***0.9***

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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 March 31, 2016. 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