EPOCH | Epoch Investment Partners, Inc.

OCTOBER 2016

Quarterly Newsletter

IN THIS ISSUE

IN THE NEWS

- Portfolio Manager Bill Booth appeared on BNN's Money Talk where he discussed potential market reactions to upcoming elections and Europe's outlook post Brexit.
  September 16, 2016

- Portfolio Manager Eric Sappenfield participated in the Barron's Income Roundtable, discussing the market backdrop for dividend paying stocks.
  August 6, 2016

- Epoch CEO and Co-CIO Bill Priest was interviewed by Kim Parlee about global growth, Brexit and his newly released book *Winning at Active Management*, which was co-authored by Epoch portfolio managers Steven Bleiberg and Michael Welhoelter.
  July 27, 2016

Part I: Active vs. Passive Investing
Part II: The Ongoing Impact of Brexit
Part III: The New Reality for Mature Economies

Spotlight On: Smaller U.S. Companies in the Current Environment

A conversation with Michael Caputo — Managing Director, Portfolio Manager and Senior Research Analyst

QUESTION. *As a portfolio manager on a small-cap strategy, how would you describe the current environment for these companies relative to both their non-U.S. counterparts and domestic large caps?*

ANSWER. Small cap stocks have had a good run so far this year, with the Russell 2000 Index up 11.5% year-to-date as of September 30. The Russell 2000 Value Index has done even better and is up 15.5%. This was largely driven by its higher weighting in utilities and REITS, two of the strongest sectors this year, and a lower weighting in healthcare,

Article continued on page 3

Quarterly Investment Update: *Watch the Closing Doors*

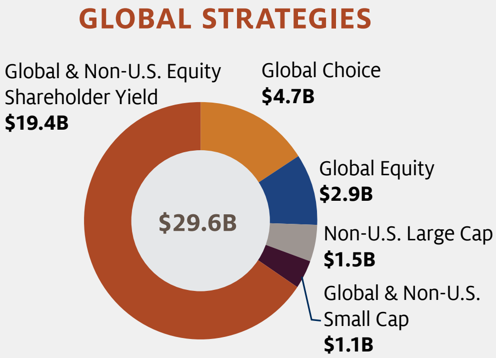
By William W. Priest, CFA — CEO, Co-CIO and Portfolio Manager

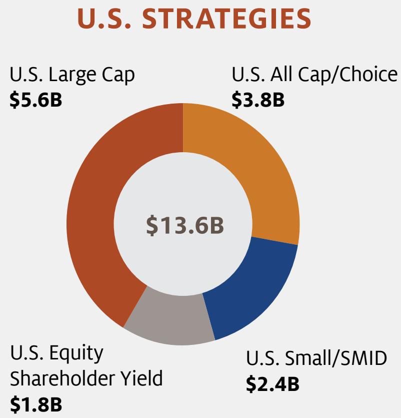
Anyone who has experienced the unique pleasure known as the New York City subway system realizes that when you hear those words — watch the closing doors — your opportunity to catch a ride is about to end. Today, we are hearing an increasing number of leaders in finance and politics telling investors the doors are closing fast on their opportunity to ride the QE (quantitative easing) train.

Article continued on page 4

Firm Update

ASSETS UNDER MANAGEMENT $43.2B *As of September 30, 2016*





RECENT INSIGHTS *(available on www.eipny.com)*

Free Cash Flow Works
October 2016

Epoch's investment philosophy can be summarized by saying that it is the ability to generate free cash flow that makes a company worth something, and the allocation of the free cash flow that determines whether the value of the business rises or falls. In this paper, Bill Priest, David Pearl and Steve Bleiberg focus their attention on the first half of the statement, and ask two questions: 1) Why does free cash flow matter more than earnings in determining the value of a business, and 2) do free-cash-flow metrics help investors identify stocks that outperform the market? Read More

Is Japan Investable Through a Cash Flow Prism?
October 2016

In this paper, CEO and Co-CIO Bill Priest and Investment Strategist Kevin Hebner examine recent trends regarding Japanese corporate governance, buybacks, dividend policies, cash levels, cross-shareholdings and M&A activity to show the impressive changes that are occurring. They discuss whether these changes make Japanese companies more investable through a cash flow prism and identify the most promising sectors for cash-flow focused investors. Read More

Secular Stagnation: "2% is the New 4%" for U.S. Growth
September 2016

Over the last two years Lawrence Summers has been an energetic proponent of the secular stagnation thesis. This framework posits that the increased propensity to save and the decreased predilection to invest acts as a drag on demand, reducing both growth and inflation, and pulling down real interest rates. In this paper, Investment Strategist Kevin Hebner joins co-CIOs Bill Priest and David Pearl to explore the underlying components of Mr. Summers' thesis and its investment implications. Read More

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EVENTS

- Co-CIOs Bill Priest and David Pearl were joined by Investment Strategist Kevin Hebner to discuss their outlook for the capital markets in our quarterly webcast.
  Thursday, October 6, 2016

  Replay and presentation available on *www.eipny.com*
- Bill Priest appeared at the Barron's Art of Successful Investing Conference
  Saturday, October 15, 2016
  http://www.barrons-aosi.com/

Winning at Active Management: *The essential roles of culture, philosophy and technology*

Bill Priest, along with PMs Steve Bleiberg and Mike Welhoelter recently authored a book that explores the active versus passive management debate. It discusses how a strong organizational culture and an investment philosophy that drives the firm are crucial for success in active management. The book also looks at the disruptive impact of technology in asset management and how Epoch seeks to harness its power.

Read the book summary

one of the worst-performing sectors this year. For reference, the Russell 1000 is up around 7.9% and the S&P 500 is up around 7.8% year to date. That being said, we feel that small caps still have room to run. When you look back over the last five years, small-cap performance is behind larger caps. For the five-year period ending September 30, 2016, the Russell 2000 has returned 15.8% as compared to the Russell 1000, which has returned 16.4%. Smaller companies generally have a better growth profile than larger, more mature, companies and yet, when you adjust for the larger number of companies that are not earning money in the small-cap universe (think biotech companies developing new drugs), the price you are paying for that growth is similar to what you are paying for large-cap stocks. Additionally, small-cap companies in the United States tend to derive more of their revenues domestically. While the U.S. economy is not robust, growth is likely to be better than in most other places around the world. U.S. employment and wages have been improving and real disposable income is growing. So, despite recent strong performance, we are still positive on the outlook for U.S. small-cap stocks.

QUESTION. *One of Epoch's central tenets is the importance of analyzing a company's free cash flow generation and allocation. Is there a difference in the way this is done in small caps?*

ANSWER. Epoch's investment philosophy centers around free cash flow — its generation and its allocation. We analyze free cash flow generation for small-cap companies in the same way we do for large-cap companies. Where we see a difference between large-cap and small-cap companies is in the way they typically use that free cash flow. Larger companies are more mature, so they often have fewer growth opportunities relative to small-cap companies. Large cap companies will, therefore, typically give back more of their free cash flow to shareholders through dividends and share buybacks. Small companies, on the other hand, often have more opportunities to reinvest in the growth of their business. Thus, with small cap companies the focus is often on the success of their reinvestment. Epoch believes that companies should only reinvest, either in internal projects or acquisitions, if they can earn a return on invested capital on the project that is greater than their cost of capital. If they cannot, then we look for management teams to return that free cash to shareholders even in small-cap companies.

QUESTION. *Would you agree that the small cap space remains inefficient?*

ANSWER. Definitely. There is nothing more exciting for us than finding companies that have little to no coverage from the sell-side community. As of 2014, more than 100 companies in the Russell 2000 Index (5%) had no sell-side coverage at all. Nearly half of the companies in the Index are covered by less than five sell-side analysts. To put the coverage into perspective, of the companies in the Russell 1000 Index, less than 1% have no coverage and less than 8% were covered by five analysts or less. Even when companies are covered, sell-side firms are not usually dedicating the resources to really dig into what will drive earnings and free cash flow growth for many small companies. We come to work every day trying to uncover those hidden or underfollowed companies where we think the market is either mispricing the stock or misunderstanding the underlying value in the company.

QUESTION. *Small-cap companies are generally considered to be more volatile than large caps. What do you do to try and mitigate this volatility in a portfolio?*

ANSWER. We believe that diversification helps mitigate the volatility that may be inherent in small-cap stocks. We own more companies, with less concentrated position sizes, in our small-cap strategy than we do in our larger-cap strategies. For example, we typically own approximately 75 companies in our small cap strategy, and our average position is only a little over 1% of the portfolio compared to 40 to 60 holdings and average position size of nearly 2% for our large cap strategy. Different dynamics are at work in different industries and the specific attributes of the companies we own don't all play out at the same time, so having a larger number of smaller positions helps mitigate some of that individual stock volatility. Our small-cap strategy is also well diversified across industries to try to mitigate some of the industry specific or macro factors that may affect stocks in a given industry at any given time.

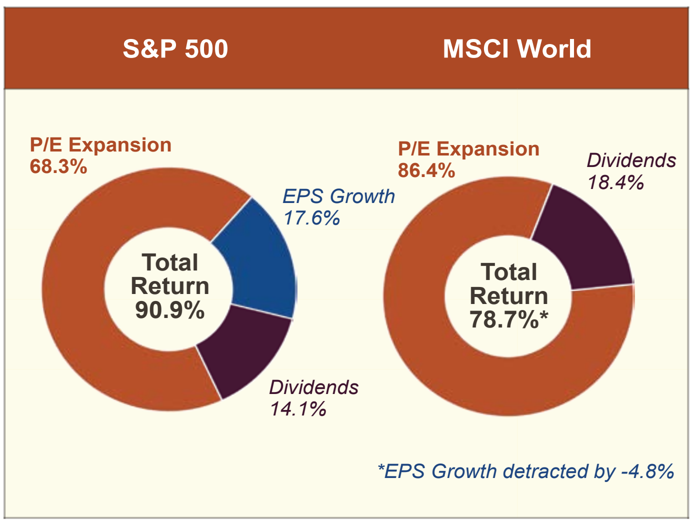
In addition, as is the case with all Epoch strategies, we have a member of our risk management team as a named PM on our small cap strategy. Risk management is integrated into the portfolio construction process and includes elements like diversification across economic drivers of return, inverse risk weighting of holdings, liquidity considerations and Barra risk model factor measures.

Michael Caputo 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.

Quarterly Investment Update: *Watch the Closing Doors* (cont'd)

Quantitative easing has had unprecedented sway over capital markets for nearly five years. Figure 1 below displays the contribution of the three drivers of total return (dividends, earnings, and changes in PE ratios) over this 57 month period of time. If you had told me in January 2012 that the MSCI World Index would climb nearly 80% over the next 57 months without any earnings growth, I would have said that the outcome was highly unlikely if not impossible. But that is precisely what happened. With respect to the S&P 500, the impact of PE multiple expansion was almost as large as that for the MSCI World, but earnings did grow in the U.S. over this time period. Hence, PE multiple expansion explains "only" two-thirds of the 91% rise in the S&P 500 as shown in Figure 1.

FIGURE 1: CUMULATIVE CONTRIBUTION TO RETURN: JANUARY 2012 THROUGH SEPTEMBER 2016

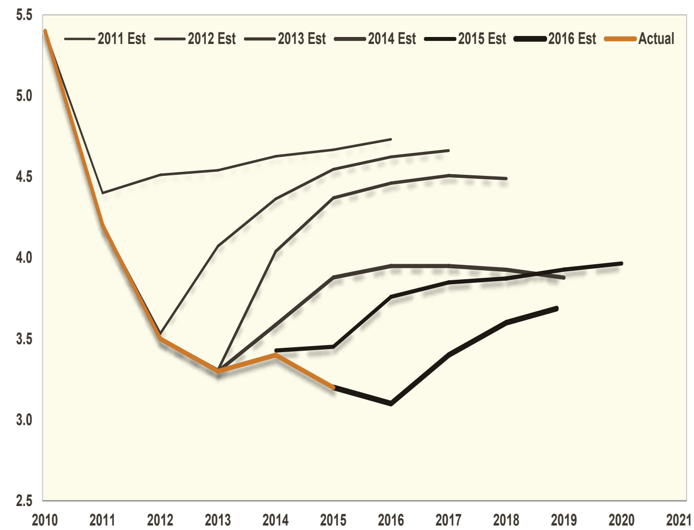


Source: Bloomberg, FactSet, MSCI, Epoch Investment Partners; October 2016

We do not know if PE ratios will fall from here, but we are convinced the big re-rating is over. Each successive round of QE in the U.S. and Europe has had a steadily smaller impact on financial markets. Even more importantly, it has not had the effect on real GDP growth that its proponents had sought. It helped to solve a severe liquidity problem in 2008/2009, preventing financial contagion from causing a global systemic meltdown, but its effect on real growth has clearly been less than what policy makers desired.

In Figure 2, we show five-year forecasts from the IMF, which are updated semi-annually. Every update has forced a lowering of both the level and growth rate of real GDP. (For example, this month's update lowered the 2016 forecast for U.S. growth to 1.6%, down dramatically from April's 2.4% projection.) QE has proven to be inadequate as the answer to the policy outcomes sought.

FIGURE 2: WORLD REAL GDP GROWTH ESTIMATES CONTINUE TO BE REVISED DOWN



Source: IMF World Economic Outlook; October 2016

For the U.S., this unorthodox monetary policy is being slowly unwound. Janet Yellen essentially warned investors to watch the closing doors in August when she said the case for a rate hike had strengthened. Other FOMC members have joined the chorus for higher rates given that job creation looks solid, wage growth is rising, and some components of inflation are ticking up. Although we hear talk of "helicopter money" and "digital" dollars, we also hear much talk of fiscal stimulus. Fiscal headwinds are becoming tailwinds and both presidential candidates are supportive. In addition, the drag effects of the energy recession are dissipating and home ownership is starting to rise again.

Employment is strong. We just saw a record high employment-to-population ratio for people over 65 and the percentage of millennials (25-34) employed as a ratio of total work force is rising. Wage growth is solid, but unlikely to accelerate dramatically. The most recent ISM numbers suggest further growth ahead as well. A consumption-based recovery, modest though it may be, does seem to have taken hold in the U.S.

Commercial banks are also calling for an end to QE for the obvious reason that they can't make money in a suppressed interest rate environment. They have recently taken the argument further. Commerzbank CEO Martin Blessing stated that negative rates cause uncertainty and lead to wrong investment decisions. Nobuyuki Hirano, president of Mitsubishi UFJ Financial Group, took an even more aggressive tone, lambasting the Bank of Japan's negative interest rate policy as putting banking stability at risk.

MIND THE GAP

Perhaps the final nail in the coffin for QE in the U.S. and Europe (although clearly not in Japan) is that the issue has become political, with ultra-low rates seen as one of the causes of the widening gap between rich and poor. Donald Trump has made it a campaign issue, contributing to his populist appeal and calling for Janet Yellen's head if he is elected. German Finance Minister Wolfgang Schäuble routinely criticizes ECB policy as being unreasonable and damaging to savers. More recently he has linked ECB policy to the rise of the right-wing, anti-immigration party Alternative for Germany (AfD).

Just this week, British Prime Minister Theresa May promised to "make capitalism operate more fairly for workers" and let it be known she believed the Bank of England's low-rate policy had "bad side effects," widening the divide between those with assets and those without, and between London and the rest of the country. And this is not coming from a populist demagogue — Britain's Tory PM is an Oxford-educated woman who worked at the Bank of England.

At the margin, we believe interest rates are more likely to rise than fall but only marginally so. But it is at the margin that "stuff" happens. The outlook for the financial sector has stopped being negative with respect to further interest rate reductions. As far as earnings expectations go, improvement is modest at best but a change in sentiment may be upon us. Put another way, the drivers of secular stagnation remain in place, but the negative sentiment indicators on cyclical industries and financial sectors may be touching bottom.

THIS TRAIN IS OUT OF SERVICE

We often note that equity returns can be broken down into three components: valuations (with PE being the most common measure), earnings (in the long run a proxy for free cash flow) and dividends. With the valuation component unlikely to contribute to returns, we believe investors will need to focus on the other two components. In other words, company fundamentals will matter much more than they have over the past five years. This cannot happen too soon for active investors!

Strategy Performance as of September 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**	**5.0**	**5.8**	**11.8**	**8.9**	**14.6**	**7.7**	**7.8**	***13.9***	***0.5***	-	-	-	-
	Epoch Net Return	**4.9**	**5.5**	**11.5**	**8.5**	**14.3**	**7.3**	**7.3**	-	-	-	-	-	-
	Russell 1000	4.0	7.9	14.9	10.8	16.4	7.4	6.3	*14.8*	*0.3*	***0.3***	***2.1***	***0.9***	***0.9***
	Russell 1000 Value	3.5	10.0	16.2	9.7	16.2	5.9	6.6	*15.0*	*0.3*	***0.2***	***2.1***	***0.9***	***0.9***
	S&P 500	3.9	7.8	15.4	11.2	16.4	7.2	6.0	*14.6*	*0.3*	***0.4***	***2.3***	***0.9***	***0.9***
U.S. ALL CAP VALUE *Inception date:* 7/31/1994	**Epoch Gross Return**	**5.0**	**4.4**	**10.6**	**9.0**	**15.5**	**7.8**	**11.5**	***13.5***	***0.7***	-	-	-	-
	Epoch Net Return	**4.9**	**4.0**	**10.0**	**8.5**	**15.0**	**7.2**	**10.7**	-	-	-	-	-	-
	Russell 3000	4.4	8.2	15.0	10.4	16.4	7.4	9.4	*15.1*	*0.5*	***0.3***	***3.8***	***0.8***	***0.8***
	Russell 3000 Value	3.9	10.4	16.4	9.5	16.1	5.8	*9.6*	*14.7*	*0.5*	***0.3***	***3.5***	***0.8***	***0.8***
U.S. SMALL CAP VALUE *Inception date:* 12/31/2002	**Epoch Gross Return**	**6.1**	**9.7**	**10.9**	**7.1**	**15.4**	**8.1**	**10.5**	***16.5***	***0.6***	-	-	-	-
	Epoch Net Return	**6.0**	**9.4**	**10.4**	**6.7**	**14.9**	**7.5**	**9.9**	-	-	-	-	-	-
	Russell 2000	9.0	11.5	15.5	6.7	15.8	7.1	*10.4*	*18.6*	*0.5*	***0.0***	***1.5***	***0.8***	***0.9***
	Russell 2000 Value	8.9	15.5	18.8	6.8	15.4	5.8	*10.0*	*18.4*	*0.5*	***0.1***	***1.9***	***0.8***	***0.9***
U.S. SMID CAP VALUE *Inception date:* 8/31/2006	**Epoch Gross Return**	**4.9**	**9.6**	**11.0**	**7.7**	**16.0**	**8.4**	**8.4**	***17.8***	***0.4***	-	-	-	-
	Epoch Net Return	**4.8**	**9.2**	**10.5**	**7.2**	**15.5**	**7.9**	**7.9**	-	-	-	-	-	-
	Russell 2500	6.6	10.8	14.4	7.8	16.3	7.9	*8.0*	*18.7*	*0.4*	***0.1***	***0.8***	***0.9***	***1.0***
	Russell 2500 Value	6.2	14.5	17.7	8.1	16.3	6.9	7.0	*18.5*	*0.3*	***0.3***	***1.9***	***0.9***	***0.9***
U.S. CHOICE *Inception date:* 4/30/2005	**Epoch Gross Return**	**5.0**	**1.0**	**9.3**	**8.8**	**15.1**	**7.7**	**8.8**	***15.5***	***0.5***	-	-	-	-
	Epoch Net Return	**4.9**	**0.7**	**8.9**	**8.4**	**14.6**	**7.3**	**8.3**	-	-	-	-	-	-
	Russell 3000	4.4	8.2	15.0	10.4	16.4	7.4	8.1	*14.9*	*0.5*	***0.2***	***0.7***	***1.0***	***0.9***
U.S. EQUITY SHAREHOLDER YIELD *Inception date:* 6/30/2012	**Epoch Gross Return**	**(0.5)**	**12.7**	**18.0**	**12.0**			**14.2**	***9.0***	***1.6***	-	-	-	-
	Epoch Net Return	**(0.6)**	**12.5**	**17.7**	**11.7**			**13.8**	-	-	-	-	-	-
	Russell 1000 Value	3.5	10.0	16.2	9.7			13.6	*10.1*	*1.3*	***0.1***	***3.6***	***0.8***	***0.7***

GLOBAL & INTERNATIONAL STRATEGIES IN USD

Strategy		QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Incept.	Std Dev.	Sharpe Ratio	Inform. Ratio	Alpha	Beta	R^2
		Annualized Returns							**Risk Statistics — Since Inception**					
GLOBAL EQUITY SHAREHOLDER YIELD *Inception date:* 12/31/2005	**Epoch Gross Return**	**(0.0)**	**8.8**	**11.3**	**6.2**	**11.1**	**7.0**	**7.9**	***12.8***	***0.5***	-	-	-	-
	Epoch Net Return	**(0.1)**	**8.5**	**10.9**	**5.8**	**10.7**	**6.5**	**7.4**	-	-	-	-	-	-
	MSCI World (Net)	4.9	5.6	11.4	5.8	11.6	4.5	5.2	*16.0*	*0.3*	***0.5***	***3.8***	***0.7***	***0.9***
GLOBAL CHOICE *Inception date:* 9/30/2005	**Epoch Gross Return**	**3.1**	**0.8**	**6.9**	**4.5**	**11.4**	**6.8**	**8.4**	***14.8***	***0.5***	-	-	-	-
	Epoch Net Return	**3.0**	**0.3**	**6.3**	**3.9**	**10.8**	**6.1**	**7.7**	-	-	-	-	-	-
	MSCI World (Net)	4.9	5.6	11.4	5.8	11.6	4.5	5.3	*15.9*	*0.3*	***0.6***	***3.6***	***0.9***	***0.9***
GLOBAL ABSOLUTE RETURN *Inception date:* 12/31/2001	**Epoch Gross Return**	**4.0**	**(0.7)**	**3.0**	**2.0**	**9.5**	**5.9**	**9.4**	***12.6***	***0.6***	-	-	-	-
	Epoch Net Return	**3.7**	**(1.6)**	**1.8**	**0.7**	**8.1**	**4.6**	**8.0**	-	-	-	-	-	-
	MSCI World (Net)	4.9	5.6	11.4	5.8	11.6	4.5	5.8	*15.3*	*0.3*	***0.5***	***5.1***	***0.7***	***0.7***
	Barclays Capital U.S. Aggregate	0.5	5.8	5.2	4.0	3.1	4.8	4.9	*3.4*	*1.1*	***0.3***	***11.3***	***(0.2)***	***0.0***
NON-U.S. EQUITY *Inception date:* 8/31/2008	**Epoch Gross Return**	**4.0**	**(0.6)**	**5.5**	**1.2**	**7.5**		**3.4**	***18.4***	***0.2***	-	-	-	-
	Epoch Net Return	**3.9**	**(0.9)**	**5.1**	**0.8**	**7.1**		**3.1**	-	-	-	-	-	-
	MSCI EAFE (Net)	6.4	1.7	6.5	0.5	7.4		2.1	*19.6*	*0.1*	***0.5***	***1.4***	***0.9***	***1.0***
INTERNATIONAL SMALL CAP *Inception date:* 1/31/2005	**Epoch Gross Return**	**7.3**	**0.5**	**7.3**	**2.6**	**9.8**	**5.3**	**8.1**	***19.2***	***0.4***	-	-	-	-
	Epoch Net Return	**7.1**	**(0.1)**	**6.6**	**1.9**	**9.0**	**4.6**	**7.3**	-	-	-	-	-	-
	MSCI World ex USA Small Cap (Net)	8.0	7.3	13.5	4.2	9.7	4.1	6.0	*19.2*	*0.2*	***0.5***	***2.2***	***1.0***	***1.0***
GLOBAL SMALL CAP *Inception date:* 12/31/2002	**Epoch Gross Return**	**5.6**	**5.6**	**9.1**	**5.1**	**12.7**	**7.5**	**11.3**	***15.5***	***0.6***	-	-	-	-
	Epoch Net Return	**5.6**	**5.5**	**8.9**	**4.9**	**12.5**	**7.2**	**10.8**	-	-	-	-	-	-
	MSCI World Small Cap (Net)	7.2	9.7	14.3	6.2	13.4	6.3	11.5	*17.6*	*0.6*	***(0.0)***	***1.4***	***0.8***	***0.9***

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 June 30, 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