

Growth Recovers After Early Stumble; Investors Take on Increased Risk



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Main Points

Growth claimed the top spot on August's Factor performance board. The Growth trade stumbled out of the gate to start August but recovered ground to outperform value by +6%. Growth has now outperformed Value for eleven consecutive months due in large part to its Tech OW and Financials UW. However, the Growth trade faces pressures ahead. Following its +43% LTM return, Growth's NTM implied return is only +5%, which is the lowest among all factors (**Figure 7**). From a valuation composite perspective, Large Cap Growth trades nearly +3std above its historical valuation composite average (**Figure 9**). (Note: For reference, ~99.7% of values would be expected to fall within 3std in a normal dataset. Large Cap Growth's current valuation is at an extreme level.) Balancing all of this out is a lack of inflation, unprecedented Fed stimulus, and historically low interest rates. The options are not very exciting: expensive equities or low yields. Right now, most investors are making the choice to hold expensive equities. The party cannot go on forever, but Fed Chair Powell keeps extending last call.

With Large Cap Growth's dominance, it's easy to forget there are other factors. Momentum was the second best performing factor in August. We maintain our OW for now, but watch out for the Health Care OW heading into the presidential election. Low Volatility and Quality each provided unique datapoints in August. Low Volatility has the most defined dispersion among its deciles as the more volatile deciles outperformed lower volatility deciles (**Figure 32**). Within Quality, the lowest quality decile significantly outperformed the 9 higher quality deciles (**Figure 39**). Both datapoints suggest investors are increasingly comfortable taking on risk, which is broadly positive from a market sentiment and rally duration perspective.

Multifactor Pulse: We noticed a split forming in Tactical and Strategic ETF positioning. Tactical ETFs are positioned more aggressively: 15% Financials and only 5% Consumer Staples and 3% Utilities. Strategic ETFs are less aggressive: only 9% Financials and 9% Consumer Staples and 6% Utilities. Refer to page 5 for the full details.

Factor Roundup

- ▶ **Growth:** 11 consecutive months of outperformance over Value (**Figure 17**); Concerns about Growth's expensive valuation (**Figure 9**)
- ▶ **Momentum:** Blended EPS vs Russell 1000 remains strong (**Figure 49**); Top decile outperformance highlights momentum trend (**Figure 46**)
- ▶ **Large Caps:** Stronger fundamentals compared to Small Caps; Tech OW is a performance tailwind in current market (**Figure 28**)
- ▶ **Low Volatility:** Worst performing factor in August (**Figure 3**); Russell 1000 y/y approaching +1std, indicating potential selloff (**Figure 36**)
- ▶ **Quality:** Bottom quality decile outperformance suggest risk taking (**Figure 39**); HY-IG credit spread continues to compress (**Figure 43**)
- ▶ **MDR Factor Model Portfolios:** Growth portfolios continue to underperform due to Tech constraint; 2Q20 earnings impact returns

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U.S. Factor Ratings

12-18 Month Investment Horizon

Factor	Our View	Last Chg
Growth	OW	Dec-19
Low Volatility	OW	Aug-20
Momentum	OW	Dec-19
Size - Large	OW	Dec-19
Size - Small	N	Dec-19
Quality	N	Aug-20
Value	N	Dec-19

Source: MarketDesk Research

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Value continues to experience net inflows even as it underperforms. In contrast, Low Volatility is primarily experiencing net outflows as it underperforms. Between Value and Low Volatility, we prefer to take a position on Low Volatility.

MarketDesk Factor Ratings: The goal of this report is to simplify factor investing by focusing on the key drivers of risk and return. Below is a summary of our factor allocation views for the next 12 months. Up / down arrows indicate a positive (▲) or negative (▼) change in view since the prior monthly report.

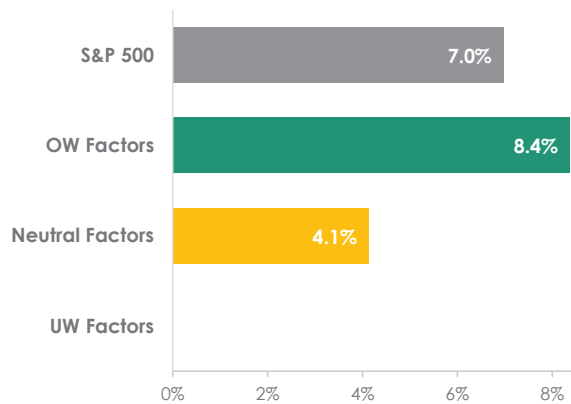
● Underweight (UW) ● Neutral (N) ● Overweight (OW)

Equity Factor	Allocation View				Performance (%)			Asset Flows (%)			Rationale
	Chg	UW	N	OW	1M	6M	1Y	1M	6M	1Y	
U.S. Factors – Core Areas											
Growth		•	•	●	10.2	36.4	44.0	-2.0	-0.4	0.3	Consistently outperforms among factor groupings; Watch out for Tech sector OW
Low Volatility		•	•	●	2.8	2.4	-1.2	-1.4	-12.3	-3.5	Blended EPS held up vs Russell 1000 during selloff; Offers second highest yield at second lowest valuation
Momentum		•	•	●	9.5	27.9	28.7	3.6	-5.0	-8.0	Blended EPS gap vs Russell 1000 holding steady during selloff; Health Care OW is a risk heading into 2020 election
Size - Large		•	•	●	7.0	19.2	21.9	-0.4	0.8	4.2	Less volatile blended EPS growth than Small Caps; Stronger fundamentals than small caps
Size - Small		•	●	•	5.5	7.0	5.9	0.1	0.4	2.4	Potential upgrade in near-term, but risk / reward not favorable after rally; U.S. exposure a plus amid U.S.-China tensions
Quality		•	●	•	6.9	18.1	20.2	-1.5	7.0	50.2	Similar sector exposure to S&P 500; Prefer to use Growth for broad market exposure
Value		•	●	•	4.1	2.1	0.8	0.3	1.1	5.7	Low valuations provide a buffer late cycle, but Value ETFs do not provide good "Value" exposure

Asset Flows = 5 largest ETFs for each category. Total net flows are divided by total beginning of period assets.

Figure 1: Performance of MDR Ratings – August 2020

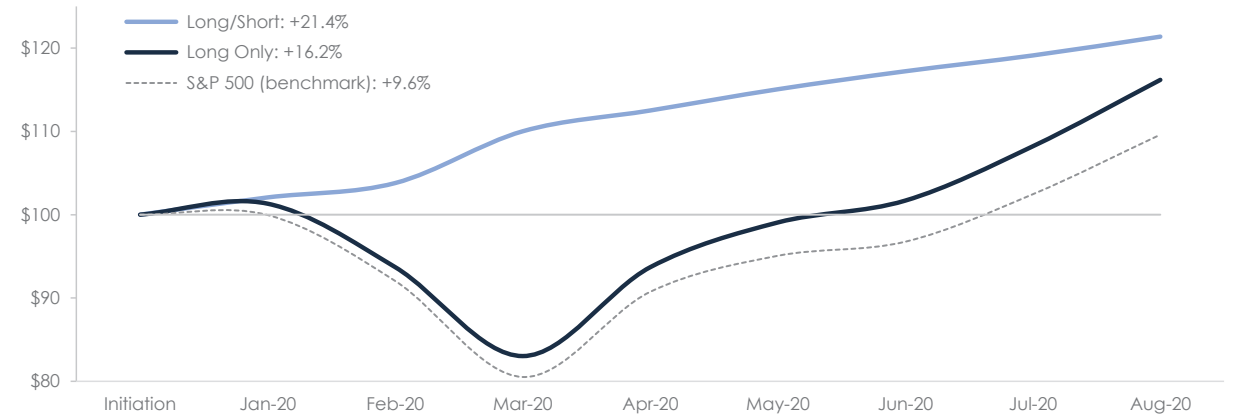
Average 1-month performance across factors by MDR rating.



Source: MarketDesk Research

Figure 2: Model Portfolios Performance

Based on equal weight total return data. Assumes long OW and short N & UW factors. Returns do not include borrowing costs.



Source: MarketDesk Research. Note: MDR Factor Ratings began on 12/31/2019.



The Growth trade stumbled out of the gate in August as Value jumped out to a quick lead. However, Growth recovered mid-August to finish the month +6% over Value.

Figure 3: U.S. Factor Total Returns

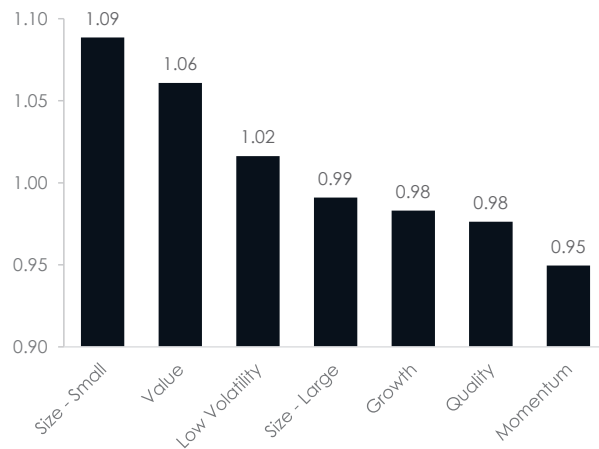
Monthly total returns over the past year by equity factor.

	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	YTD	1-Year
Value	3.6%	Growth 2.8%	High Beta 4.7%	High Beta 5.6%	Momentum 3.7%	Growth -6.6%	Growth -10.1%	High Beta 19.3%	High Beta 9.2%	High Beta 5.6%	Growth 7.8%	Growth 10.2%	Growth 30.0%	Growth 43.6%
High Beta	2.7%	Size - Small 2.7%	Quality 4.5%	Size - Large 2.9%	Low Volatility 3.0%	Momentum -7.2%	Quality -11.4%	Growth 14.7%	Growth 6.7%	Growth 4.3%	Low Volatility 7.4%	Momentum 9.5%	Momentum 22.9%	Momentum 28.2%
Low Volatility	2.2%	High Beta 2.4%	Growth 4.4%	Growth 2.9%	Growth 2.3%	Size - Large -7.9%	Momentum -11.6%	Size - Small 13.8%	Size - Small 6.6%	Momentum 4.3%	Momentum 7.0%	Size - Large 7.0%	Size - Large 9.4%	Size - Large 21.4%
Size - Small	2.0%	Size - Large 2.2%	Size - Small 4.1%	Quality 2.8%	Size - Large 0.0%	Quality -8.3%	Size - Large -12.5%	Size - Large 12.7%	Momentum 5.9%	Size - Small 3.4%	Size - Large 5.9%	High Beta 6.9%	Quality 7.3%	Quality 19.8%
Size - Large	2.0%	Quality 2.2%	Size - Large 3.6%	Size - Small 2.8%	Quality -0.7%	Size - Small -8.8%	Low Volatility -13.2%	Quality 12.3%	Quality 5.6%	Size - Large 1.8%	Quality 5.0%	Quality 6.9%	Low Volatility -4.7%	High Beta 10.6%
Quality	1.9%	Value 1.4%	Momentum 3.3%	Value 2.7%	Value -2.1%	High Beta -9.2%	Value -17.5%	Momentum 11.7%	Size - Large 4.8%	Quality 0.2%	Value 4.0%	Size - Small 5.5%	High Beta -4.9%	Size - Small 5.8%
Growth	0.1%	Momentum 0.6%	Value 3.1%	Low Volatility 1.7%	Size - Small -3.1%	Value -9.3%	Size - Small -21.5%	Value 11.2%	Value 3.5%	Low Volatility -0.4%	Size - Small 2.9%	Value 4.1%	Size - Small -5.6%	Value 0.6%
Momentum	-1.1%	Low Volatility -0.4%	Low Volatility 0.0%	Momentum 1.7%	High Beta -4.1%	Low Volatility -9.5%	High Beta -27.0%	Low Volatility 6.7%	Low Volatility 0.3%	Value -0.7%	High Beta 2.2%	Low Volatility 2.8%	Value -9.6%	Low Volatility -1.3%

Source: MarketDesk Research

Figure 4: Factor Betas

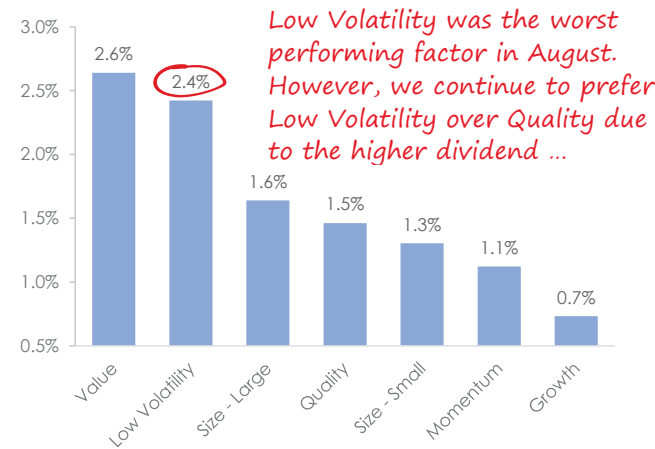
Beta is compared to the S&P 500 Index over the past 6-months.



Source: MarketDesk Research

Figure 5: Factor Dividend Yields

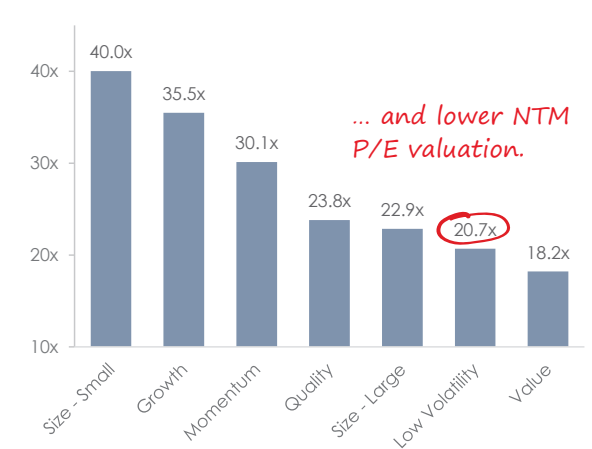
Latest dividend yield across major factors.



Source: MarketDesk Research

Figure 6: Factor Price to Earnings (NTM)

Current valuations across factors (next 12-months P/E).



Source: MarketDesk Research

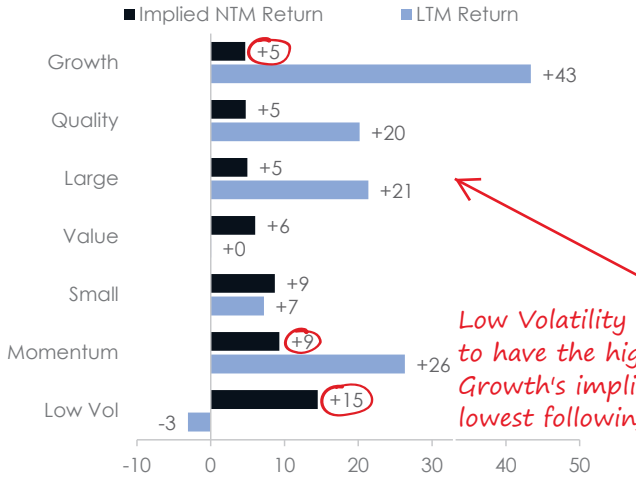


Growth and Momentum continue to exhibit superior blended EPS growth. Value is projected to improve to +12% EPS growth the NTM following -21% the LTM.

Large Cap Growth remains significantly overvalued vs its historical valuation composite. In a normally distributed dataset, we would expect ~99.7% of the values to lie within 3std. In our view, this highlights how overvalued the Large Cap Growth factor combo trades currently.

Figure 7: LTM Returns & Implied NTM Returns (%)

Implied next twelve month (NTM) returns are based on regression analysis using historical weekly data since 2000.

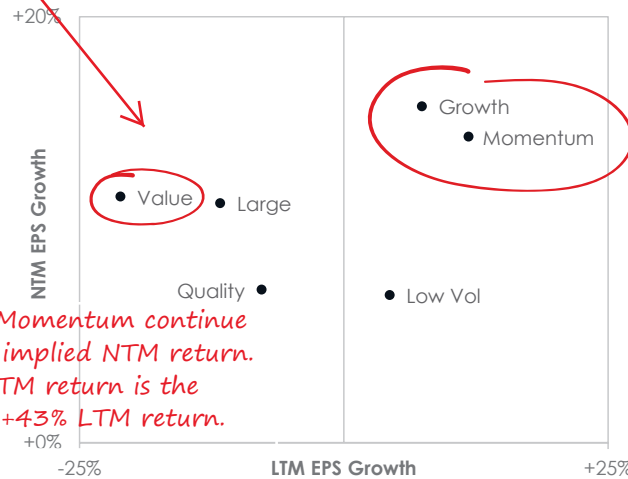


Low Volatility and Momentum continue to have the highest implied NTM return. Growth's implied NTM return is the lowest following its +43% LTM return.

Source: MarketDesk Research

Figure 8: Earnings Growth (LTM vs NTM EPS Growth)

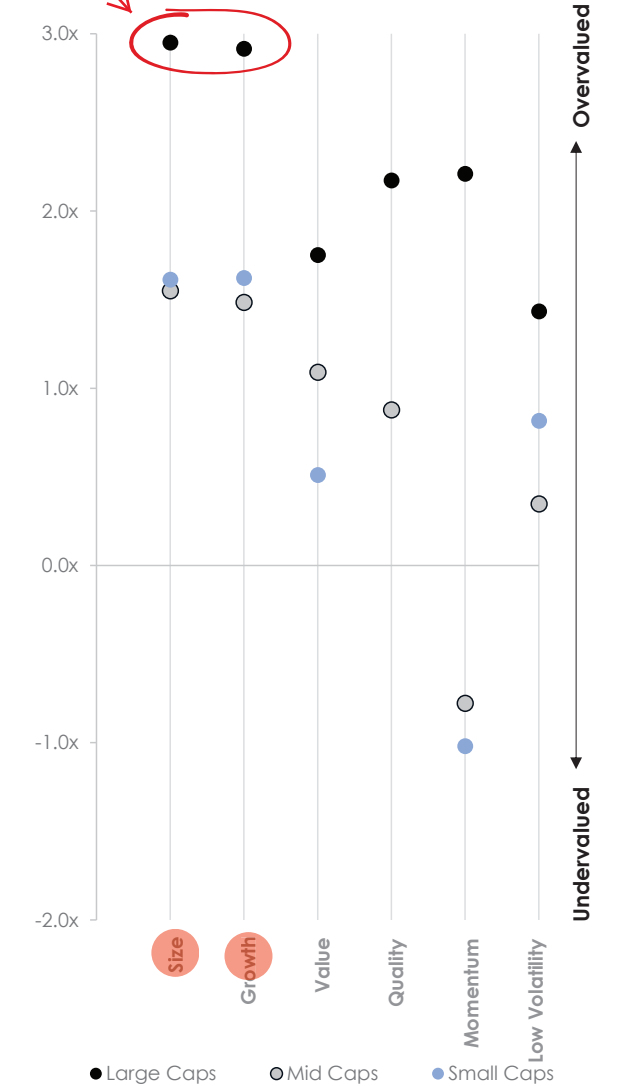
LTM vs NTM EPS growth is used to highlight earnings trends. NTM EPS Growth is based on consensus estimates.



Source: MarketDesk Research

Figure 9: Factor Valuation Composites

The analysis below looks at valuations across market caps for each factor. The Valuation Composite is measured as the average Z-score of the NTM P/E, LTM P/E, P/Book, EV/Sales, EV/EBITDA. Z-score is calculated as the current valuation - 5Y average / 5Y standard deviation.



Source: MarketDesk Research

Figure 10: Asset Flows – 1 Month & 6 Months

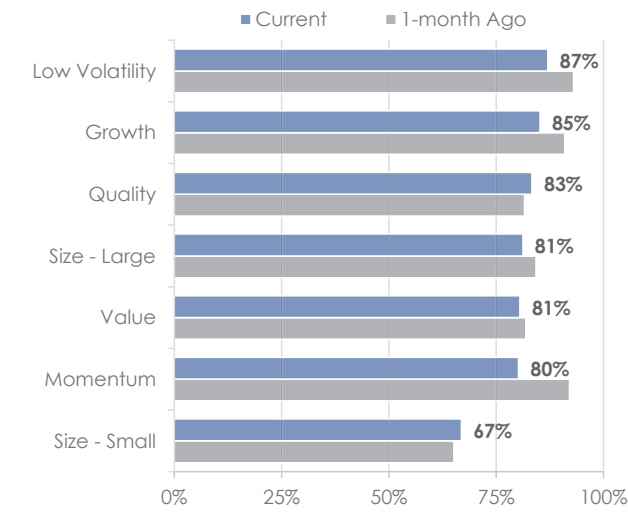
The analysis below uses the 5 largest ETFs for each factor. Total net flows are divided by beginning of period total assets.



Source: MarketDesk Research

Figure 11: % of Index Above 100dma

Technical strength measured as the % of companies within each factor trading above the 100 day moving average.



Source: MarketDesk Research

Value and Small Caps experienced net inflows over both the trailing 1-month and 6-month periods. The factors are underperforming their counterparts (Growth & Large Caps), but investors keep allocating.

MDR Multifactor Pulse

Proprietary Indicator

Tactical ETFs are positioned more aggressively than Strategic ETFs. Tactical ETFs have a higher weight to Financials and lower weights to Cons Stpls and Utilities. We attribute the weight differences to Tactical's shorter-term investment horizon vs Strategic's longer-term investment horizon. In our view, both investment styles are positioned appropriately. Fed stimulus is likely to keep pushing markets higher in the short-term. However, markets are overvalued vs long-term historical levels and disconnected from current economic reality.

The MDR Multifactor Pulse is a proprietary indicator built by MarketDesk Research to highlight portfolio shifts within the multifactor ETF universe. Multifactor ETFs use rules-based methodologies to offer investors diversified exposure across multiple investment factors. From a methodology perspective, multifactor ETFs can be classified as either tactical or strategic. Tactical multifactor ETFs take a near-term view and rotate opportunistically between factors on a relative basis. (Tactical ETFs: OMFL, OMFS, MFUS, DYNF, FEX, FNX, FYX, TUSA, RFFC.) Strategic multifactor ETFs use a long-term approach to select investment factors. (Strategic ETFs: SCIU, GSLC, FLQL, JHML, JPUS, ROUS, QUS, DEUS, USMF, LRGF.) The figures below highlight how tactical and strategic multifactor ETF portfolios are positioned. The data is calculated by pulling down holdings each month and analyzing factor and sector exposures.

Tactical ETFs (short-term)

Allocation	Current	m/m%	y/y%
Quality	21%	0.1%	-0.9%
Momentum	19%	0.1%	-0.4%
Volatility	19%	-0.2%	-2.4%
Growth	17%	0.0%	0.1%
Value	17%	0.0%	1.5%
Size	8%	0.0%	2.0%
Tech	17%	0.1%	-1.0%
Financials	15%	-0.3%	0.7%
Cons Disc	15%	0.8%	1.8%
Industrials	14%	0.5%	-0.7%
Health Care	11%	-0.6%	0.8%
Comm Svcs	6%	0.1%	-0.3%
Cons Stpls	5%	-0.1%	-0.6%
Materials	5%	0.0%	0.8%
Real Estate	5%	-0.1%	-0.8%
Energy	4%	-0.2%	0.2%
Utilities	3%	-0.2%	-1.0%

Figure 12: Tactical Factor Tilts

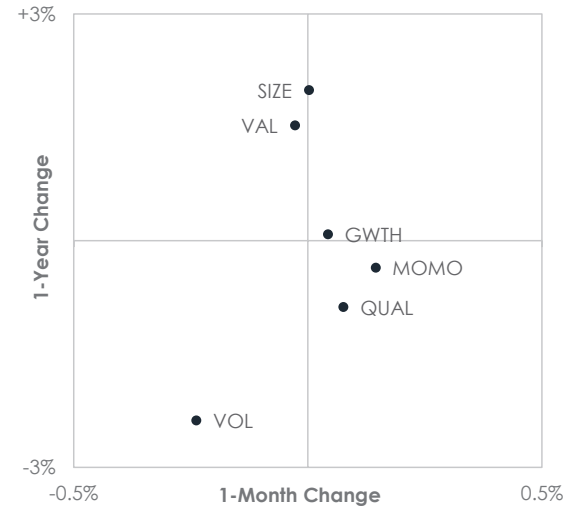
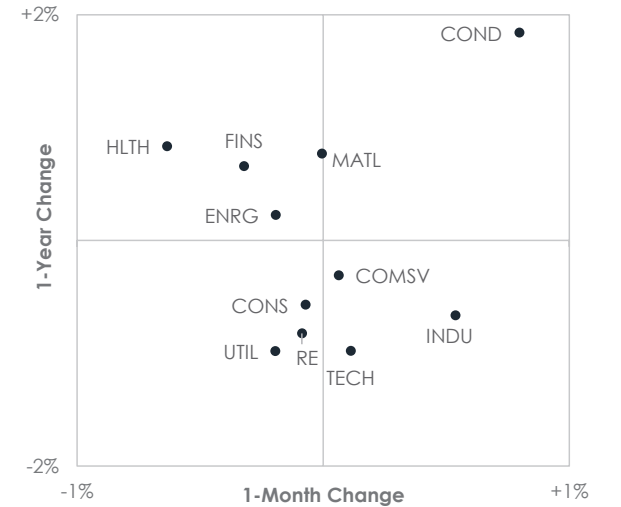


Figure 13: Tactical Sector Tilts



Strategic ETFs (long-term)

Allocation	Current	m/m%	y/y%
Quality	24%	0.0%	-0.6%
Volatility	24%	-0.1%	-0.3%
Momentum	22%	0.1%	1.8%
Growth	16%	0.1%	0.9%
Value	13%	-0.1%	-1.5%
Size	2%	0.0%	-0.3%
Tech	23%	0.4%	2.5%
Health Care	15%	-0.6%	2.6%
Cons Disc	11%	0.5%	-0.6%
Industrials	10%	0.3%	-0.4%
Financials	9%	-0.1%	-1.9%
Cons Stpls	9%	-0.1%	0.7%
Comm Svcs	7%	0.1%	0.5%
Utilities	6%	-0.4%	-1.4%
Materials	4%	0.0%	0.4%
Real Estate	4%	-0.1%	-1.3%
Energy	2%	-0.1%	-1.2%

Figure 14: Strategic Factor Tilts

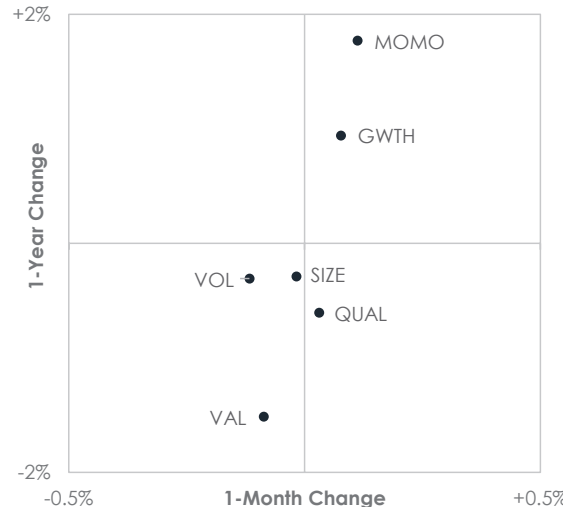
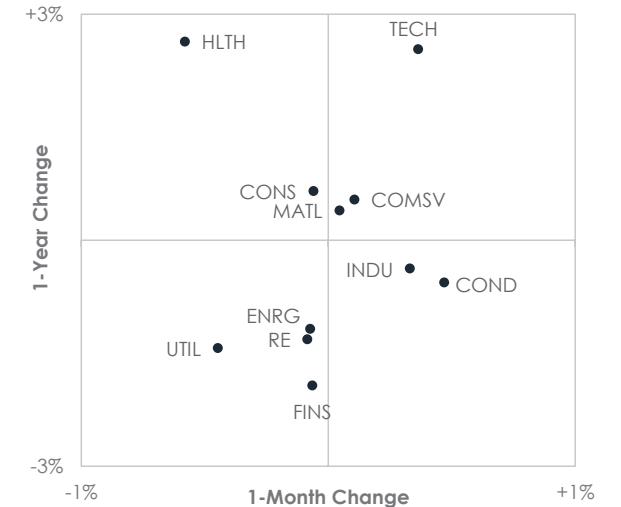


Figure 15: Strategic Sector Tilts



Source: MarketDesk Research

Style Factor

Value vs Growth

Growth and Value are often considered direct opposites, despite measuring different traits. Growth identifies companies experiencing above average growth rates, while Value identifies companies with below average valuations based on a variety of metrics. Not all Growth stocks are expensive, and not all Value stocks are low growth. Growth tends to underperform during rising inflation, because it depends more on future earnings.

FIGURE 16: Industries Ranked by Style

Growth is based on blended EPS Growth (LTM & NTM). Value is based on NTM P/E. Note: The far left column shows the 1-month change in each industry's rank.

Growth Industries			
	EPS Growth	NTM P/E	
▲ 1	Specialty Telecom	239%	20.3x
▲ 3	Steel	154%	60.5x
▲ 1	Auto Parts	124%	42.0x
▲ 9	Medical Services	93%	107.6x
▲ 3	Precious Metals	84%	23.9x
-	Marine Shipping	83%	7.1x
-	Engineering/Construction	81%	15.2x
▲ 3	Automobiles	81%	104.8x
▲ 1	Auto Aftermarket	73%	32.7x
▲ 2	Biotech	58%	62.9x
▲ 3	Internet Retail	45%	94.6x
▲ 22	Oilfield Services/Equip	32%	6.3x
▲ 14	Forest Products	27%	21.1x

Value Industries			
	EPS Growth	NTM P/E	
▲ 1	Oil Refining	-9%	5.0x
▲ 3	Oilfield Services/Equip	32%	6.3x
▲ 1	Life/Health Insurance	2%	6.9x
▲ 9	Marine Shipping	83%	7.1x
▲ 3	Drugstore Chains	0%	8.1x
-	Hardware	-1%	8.6x
-	Major Telecom	-2%	10.7x
▲ 3	Medical Distributors	3%	11.1x
▲ 1	Broadcasting	-1%	11.2x
▲ 2	Homebuilding	11%	11.5x
▲ 3	Tobacco	3%	12.3x
▲ 22	Airlines	-112%	13.0x
▲ 14	Regional Banks	-7%	13.0x

Source: MarketDesk Research

Growth has now outperformed Value for eleven consecutive months. The last month Value outperformed Growth was September 2019.

Growth trades +4.3std above its historical valuation composite, while Value trades +2.3std above its historical valuation composite. The Growth / Value valuation gap continues to widen m/m.

FIGURE 17: Relative Monthly Returns (Value vs Growth)

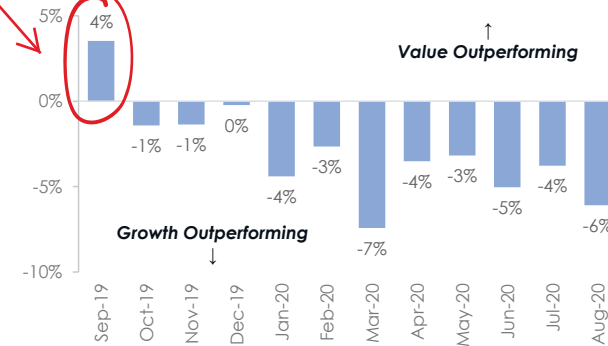
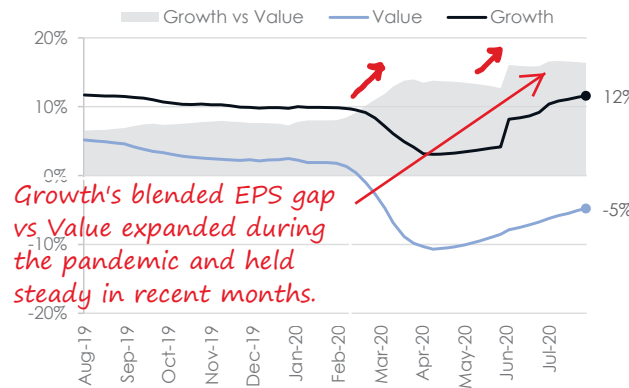


FIGURE 18: 1-Month Returns by Decile (1 = Higher Value/Growth)



FIGURE 19: Blended Earnings Growth (Average of LTM & NTM)



Growth's blended EPS gap vs Value expanded during the pandemic and held steady in recent months.

FIGURE 20: Relative Valuation Composite (Value vs Growth)

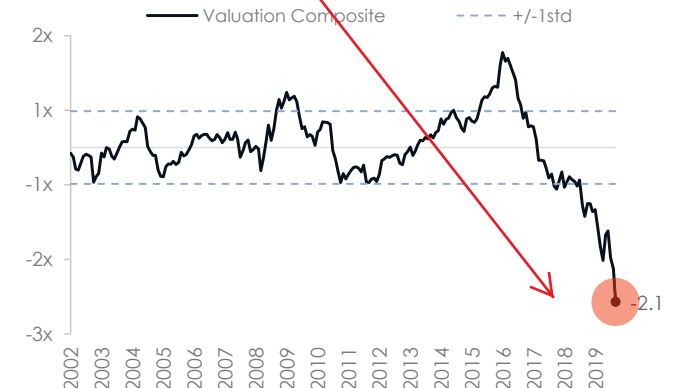
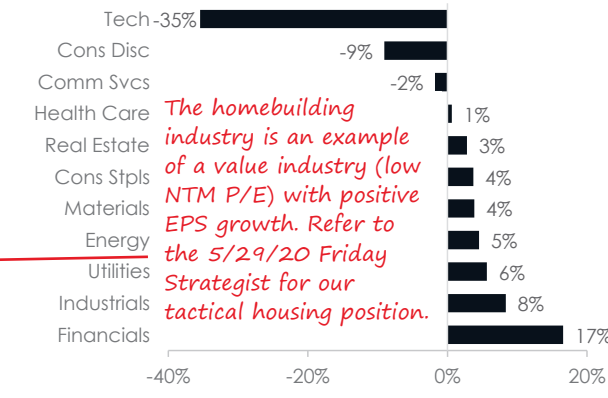
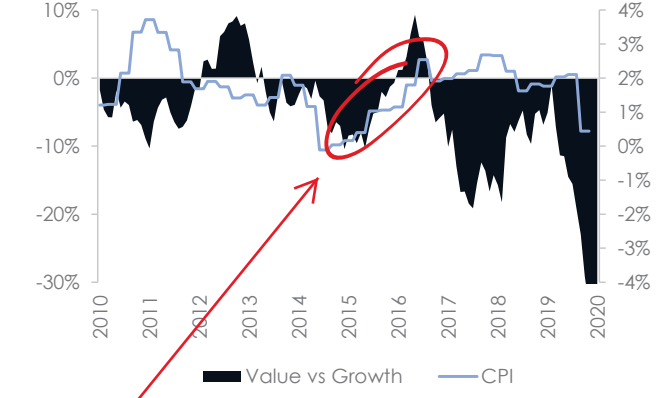


FIGURE 21: Sector Breakdown (Value vs Growth)



The homebuilding industry is an example of a value industry (low NTM P/E) with positive EPS growth. Refer to the 5/29/20 Friday Strategist for our tactical housing position.

FIGURE 22: Value Factor Outperformance & U.S. Inflation



If inflation picks up, history suggests Value could outperform. The question is whether inflation will pick up in the coming months and years. It should be noted Japan's central bank has been unsuccessful in spurring inflation.

Size Factor

Small vs Large

A U.S. ISM Manufacturing rebound historically signaled Small Cap outperformance. While ISM Manufacturing data rebounded the past few months, Small Caps have not. ISM Manufacturing is signaling m/m expansion, but that expansion is up from significantly weak levels.

The Size factor groups companies into Large-Cap, Mid-Cap, and Small-Cap based on market capitalization. Smaller companies tend to be more volatile with less mature business models and greater earnings volatility. However, smaller companies also tend to experience higher growth rates. Figure 29 compares the relative Small/Large performance gap against the U.S. ISM Manufacturing Index. Smaller companies tend to benefit from a rising ISM Manufacturing Index.

FIGURE 23: Industries Ranked by Size

The average industry size is based on weighted average market cap in USD billions. Note: the far left column shows the 1-month change in each industry's rank.

Large Cap Industries	Avg Mkt Cap	# Cos
- Telecom Equipmt	2,036	30
- Internet Retail	1,595	13
- Software	911	116
- Internet Software	698	51
▲ 4 Automobiles	394	9
▼ -1 Food Retail	356	9
▼ -1 Home Improvement	250	3
▼ -1 Pharma: Major	232	103
▼ -1 Major Telecom	228	5
- Household Durables	218	16
- Managed Care	190	8
- Major Banks	189	34
- Cable/Satellite	180	11

Small Cap Industries	Avg Mkt Cap	# Cos
- Pulp & Paper	0.9	8
- Marine Shipping	1.0	26
▼ -2 Oil & Gas Exploration	1.2	4
▲ 1 Books/Magazines	1.3	3
▲ 1 Textiles	1.5	2
▼ -1 Savings Banks	2.2	24
▲ 1 Metal Fabrication	2.5	14
- Personnel Services	3.4	15
▼ -3 Department Stores	4.5	4
- Home Furnishings	4.6	10
- Manufacturing	4.8	12
▲ 3 Aluminum	5.0	5
- Forest Products	5.5	5

Source: MarketDesk Research

FIGURE 24: Relative Monthly Returns (Small vs Large)

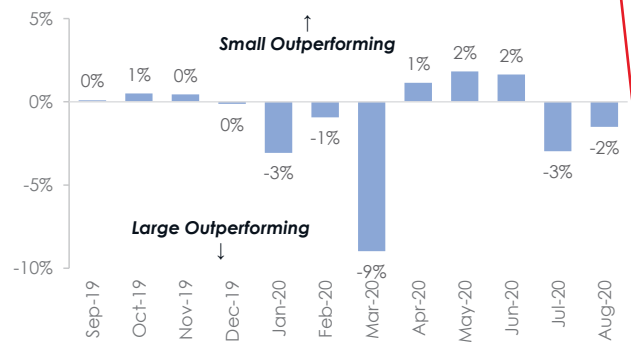
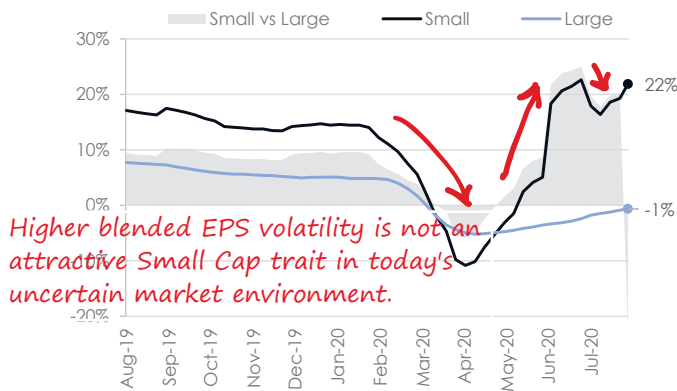
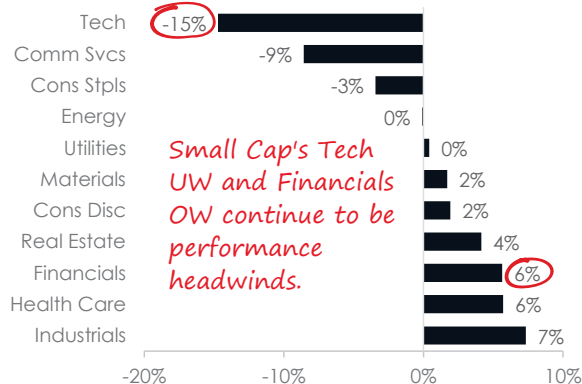


FIGURE 26: Blended Earnings Growth (Average of LTM & NTM)



Higher blended EPS volatility is not an attractive Small Cap trait in today's uncertain market environment.

FIGURE 28: Sector Breakdown (Small vs Large)



Small Cap's Tech UW and Financials OW continue to be performance headwinds.

FIGURE 25: 1-Month Returns by Decile (1 = Large / 10 = Small)

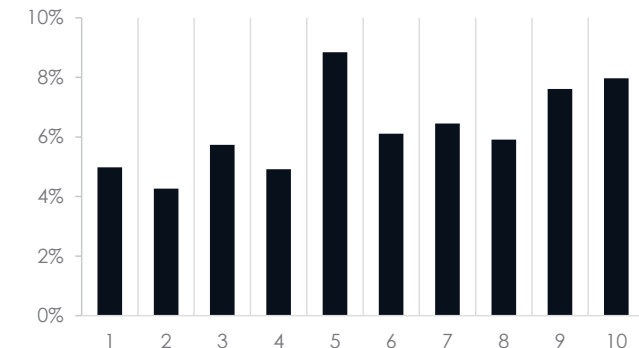


FIGURE 27: Relative Valuation Composite (Small vs Large)

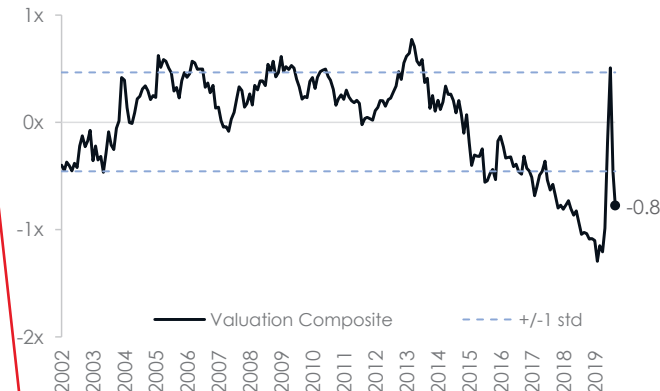
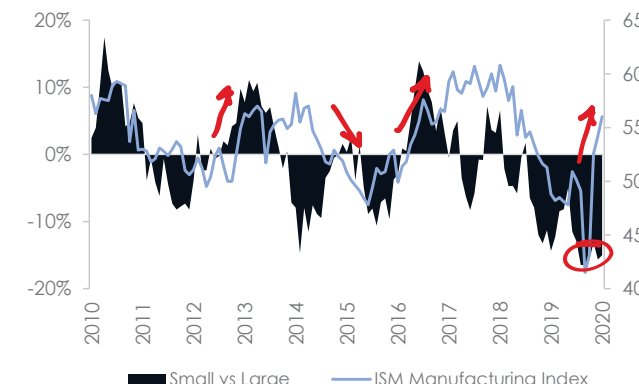


FIGURE 29: Size Factor Outperformance & U.S. ISM Manufacturing



Low Volatility Factor

vs Russell 1000

Low Volatility is a defensive factor that measures companies based on their movement relative to the overall market. Low Volatility companies generally move less than the market, which means the factor tends to outperform during market drawdowns. Figure 36 charts the year-over-year rolling return, which is important to monitor as recent outperformance can lead to future underperformance / drawdown risk.

FIGURE 30: Industries Ranked by Volatility

Below industries are ranked by 3-Year standard deviation of weekly industry returns. The 3-Year correlation is compared to the S&P 500.

Low Vol Industries	3Yr Correl	3Yr Std
- Food: Specialty/Candy	0.70	2.4%
- Household Durables	0.70	2.6%
- Pharma: Major	0.74	2.7%
- Food: Meat/Fish/Dairy	0.54	2.8%
- Major Telecom	0.72	2.8%
- Food Products	0.63	2.8%
- Beverages: Non-Alcoholic	0.83	3.0%
- Software	0.85	3.1%
- Alt Power Generation	0.76	3.1%
- Discount Stores	0.55	3.2%
- I.T. Services	0.91	3.3%
- Insurance Brokers	0.87	3.3%
▲ 2 Recreational Products	0.71	3.3%

High Vol Industries	3Yr Correl	3Yr Std
- Oil & Gas Exploration	0.45	10.9%
- Airlines	0.77	7.0%
- Aluminum	0.75	6.9%
- Department Stores	0.67	6.7%
- Home Furnishings	0.78	6.4%
▼ -1 Automobiles	0.70	6.3%
▲ 1 Oilfield Services/Equip	0.71	6.2%
- Food Distributors	0.77	6.2%
▼ -1 Hotels/Cruiselines	0.80	6.1%
▲ 1 Textiles	0.73	6.0%
- Oil & Gas Production	0.66	6.0%
- Homebuilding	0.72	5.9%
▼ -1 Casinos/Gaming	0.81	5.9%

Source: MarketDesk Research

It was an all out cyclical rally in August, with Volatility showing the strongest performance dispersion by decile. We would attribute this to 2Q20 earnings coming in stronger than forecasted. In our view, it is unlikely high volatility will experience another strong rally vs low volatility in the coming months.

FIGURE 31: Relative Monthly Returns (SPLV vs Russell 1000)

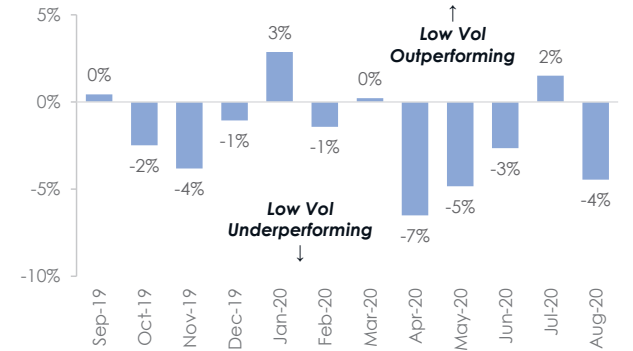


FIGURE 32: 1-Month Returns by Decile (1 = Low / 10 = High Vol)

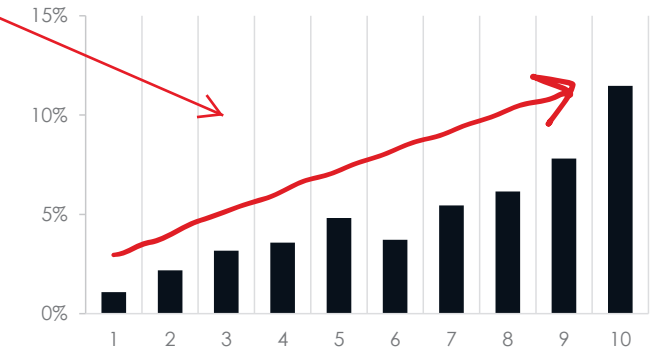
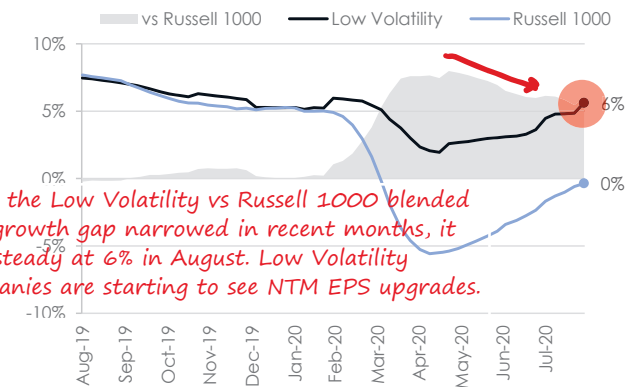
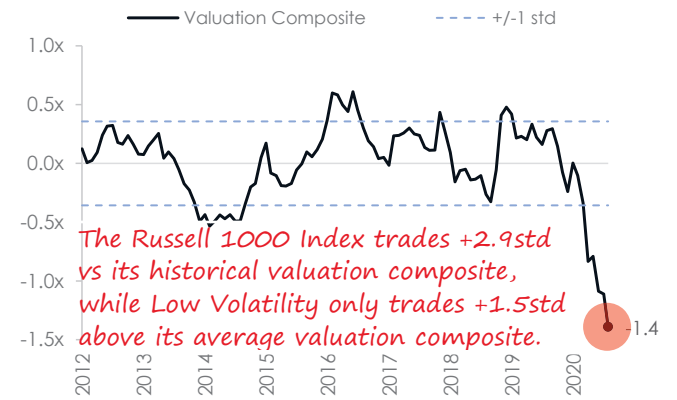


FIGURE 33: Blended Earnings Growth (Average of LTM & NTM)



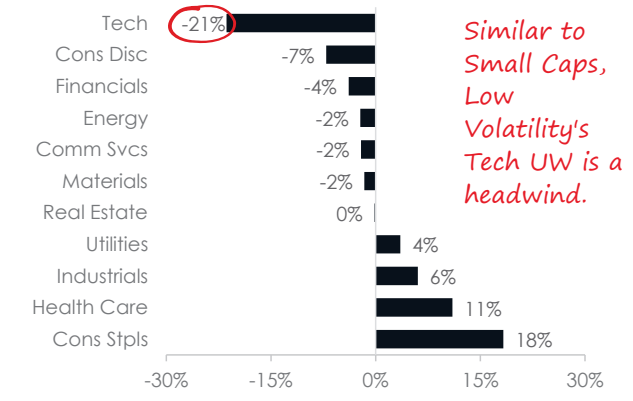
While the Low Volatility vs Russell 1000 blended EPS growth gap narrowed in recent months, it held steady at 6% in August. Low Volatility companies are starting to see NTM EPS upgrades.

FIGURE 34: Relative Valuation Composite (SPLV vs Russell 1000)



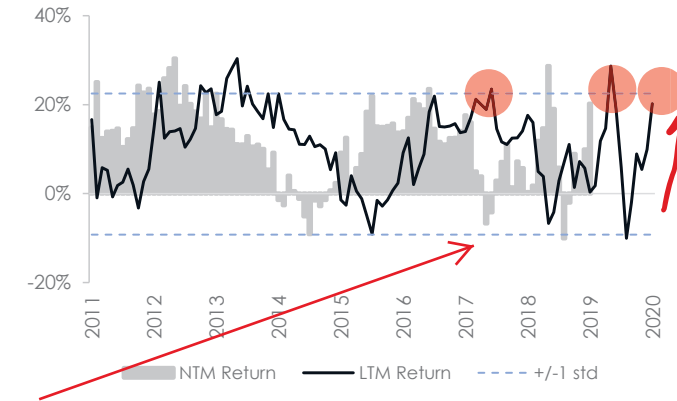
The Russell 1000 Index trades +2.9std vs its historical valuation composite, while Low Volatility only trades +1.5std above its average valuation composite.

FIGURE 35: Sector Breakdown (SPLV vs Russell 1000)



Similar to Small Caps, Low Volatility's Tech UW is a headwind.

FIGURE 36: Russell 1000 Rolling Returns (y/y%)



The Russell 1000's rolling y/y return is approaching +1std, which has historically represented a ceiling on performance.

Quality Factor

vs Russell 1000

The Quality factor highlights companies with strong fundamentals, such as higher profitability, low debt, and stable earnings growth. Due to their strong fundamentals, higher quality companies are viewed as better able to weather economic downturns. Figure 43 charts the gap between high-yield (HY) and investment grade (IG) OAS spreads. A wider HY OAS spread indicates investors are more concerned about debt defaults and lower quality companies.

FIGURE 37: Industries Ranked by MDR Quality Score

Below industries are ranked by the MDR Quality Score which takes into consideration debt to capital, return on assets, return on equity, operating and net margins.

High Quality Industries	This Month	Last Month
- Railroads	8.7	8.7
- Home Improvement	8.0	8.0
- Insurance Brokers	7.1	7.1
- Airlines	7.0	6.9
- Investment Managers	6.9	6.9
▲ 10 Discount Stores	6.9	6.3
▲ 1 Tools & Hardware	6.9	6.7
▼ -2 Beverages: Non-Alcoholic	6.8	6.8
▼ -2 Hotels/Cruiselines	6.8	6.8
▼ -1 Household Durables	6.5	6.6
▲ 2 Chemicals: Diversified	6.5	6.4
▼ -1 Electric Utilities	6.4	6.4
▼ -1 Cable/Satellite	6.4	6.4

Low Quality Industries	This Month	Last Month
- Biotech	1.8	1.8
- Pharma: Major	2.0	1.9
- Oil & Gas Exploration	2.2	2.2
▼ -2 Newspapers	2.8	3.2
- Oilfield Services/Equip	2.9	2.9
▲ 2 Books/Magazines	3.3	2.8
▼ -4 Wireless	3.6	3.6
▲ 1 Pharma: Generic	3.6	3.2
- Internet Retail	3.7	3.5
- Telecom Equip	3.7	3.5
▼ -1 Software	3.8	3.8
▼ -27 Textiles	3.9	5.0
▲ 5 Precious Metals	3.9	3.3

Source: MarketDesk Research

The lowest quality decile materially outperformed the 9 higher quality deciles in August. Again, we are inclined to attribute this to improved corporate commentary and better than forecasted 2Q20 earnings. In our view, it will be difficult for lower quality names to sustain the August rally.

FIGURE 38: Relative Monthly Returns (QUAL vs Russell 1000)

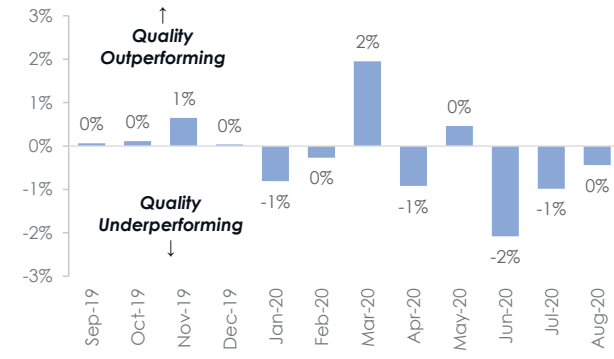


FIGURE 39: 1-Month Returns by Decile (1 = High / 10 = Low Qual)

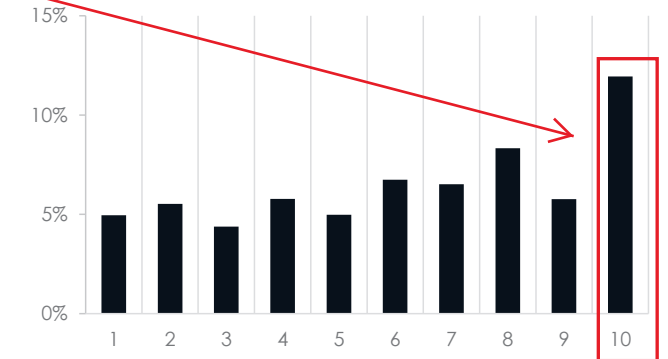


FIGURE 40: Blended Earnings Growth (Average of LTM & NTM)

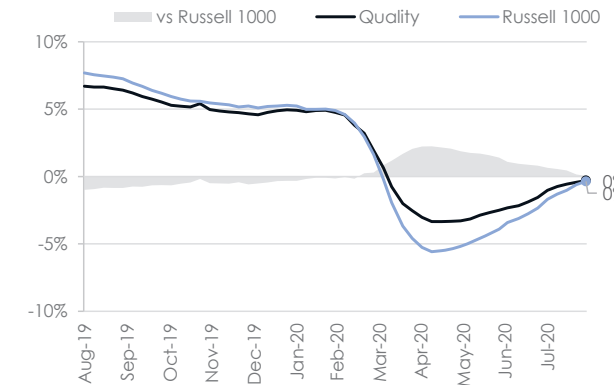


FIGURE 41: Relative Valuation Composite (QUAL vs Russell 1000)

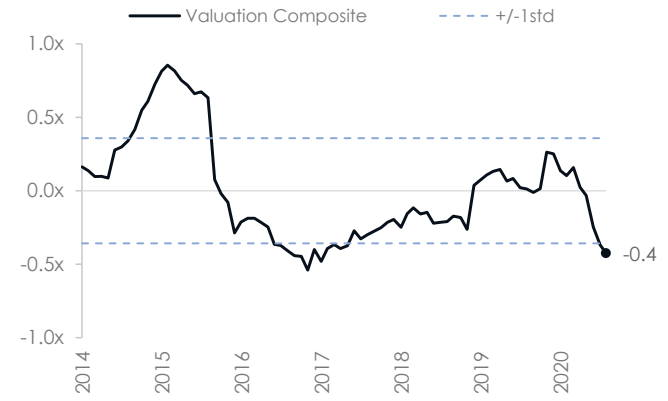


FIGURE 42: Sector Breakdown (QUAL vs Russell 1000)

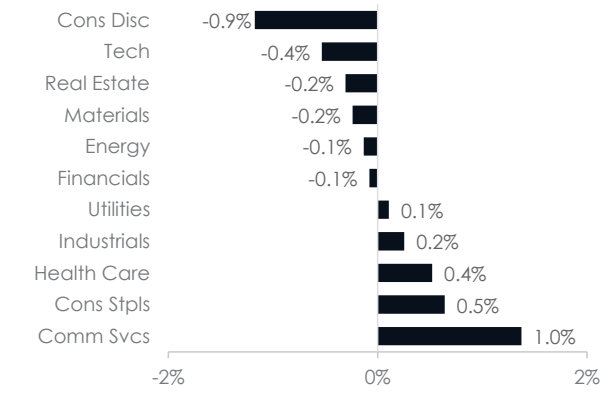
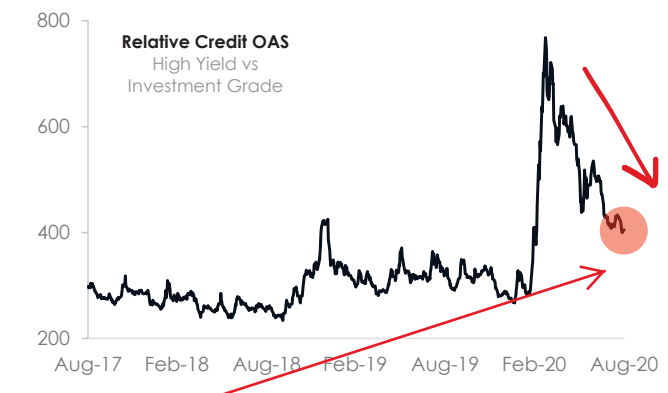


FIGURE 43: Relative Credit Option Adjusted Spread (HY vs IG)



The HY-IG credit spread compressed further in August signaling investors are growing more comfortable with taking on increased risk.

Momentum Factor

vs Russell 1000

The Momentum factor analyzes companies based on recent price performance. Stronger performance tends to mean higher momentum. Due to its intense focus on recent price performance, Momentum exposure can change drastically. Therefore, it is important to understand what factors are embedded in Momentum at any one time. Figure 50 charts the relative performance of the top 3 momentum sectors by weight against the bottom 3 momentum sectors by weight.

FIGURE 44: Industries by 3-Month Momentum

Below industries are ranked as "high" or "low" Momentum based on their 3-month returns. Note: the far left column shows the 1-month change in each industry's rank.

High Momentum	3mo Return	1Y Return
- Automobiles	139.9%	278.9%
▲ 2 Telecom Equipmt	59.4%	132.8%
▲ 2 Air Freight/Couriers	56.2%	35.7%
▲ 6 Electronics Stores	43.1%	72.4%
▲ 3 Internet Retail	41.7%	97.5%
▲ 5 Electronics/Appliances	39.2%	21.4%
▲ 6 Aluminum	37.7%	-7.4%
▼ -6 Forest Products	31.7%	51.6%
▲ 6 Office Equipment	27.6%	3.2%
▼ -7 Homebuilding	25.7%	29.5%
▼ -4 Tools & Hardware	24.8%	15.6%
▲ 5 Electronic Components	23.8%	19.3%
▼ -1 Building Products	23.5%	21.9%

Low Momentum	3mo Return	1Y Return
- Books/Magazines	-16.5%	-51.6%
▼ -5 Oil Refining	-15.3%	-39.0%
▼ -6 Textiles	-13.6%	-34.4%
▲ 1 Integrated Oil	-10.0%	-35.8%
▼ -1 Coal	-8.7%	-68.6%
▲ 1 Oil & Gas Pipelines	-8.6%	-38.5%
▼ -13 Drugstore Chains	-7.1%	-7.4%
▲ 6 Marine Shipping	-6.4%	-31.4%
▼ -4 Gas Utilities	-4.7%	-19.0%
▲ 6 Savings Banks	-4.3%	-28.2%
▼ -11 Managed Care	-1.0%	27.8%
▼ -17 Electric Utilities	-0.5%	-5.3%
▼ -3 Food: Meat/Fish/Dairy	-0.4%	-16.0%

Source: MarketDesk Research

In contrast to Quality, the top Momentum decile materially outperformed the 9 lower momentum deciles. Momentum continues to drive the market higher.

FIGURE 45: Relative Monthly Returns (MTUM vs Russell 1000)

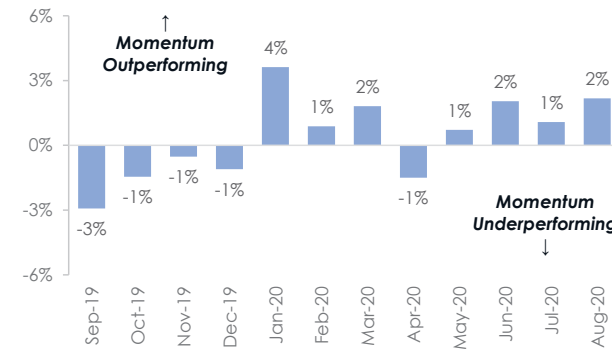


FIGURE 46: 1-Month Returns by Decile (1 = High / 10 = Low)

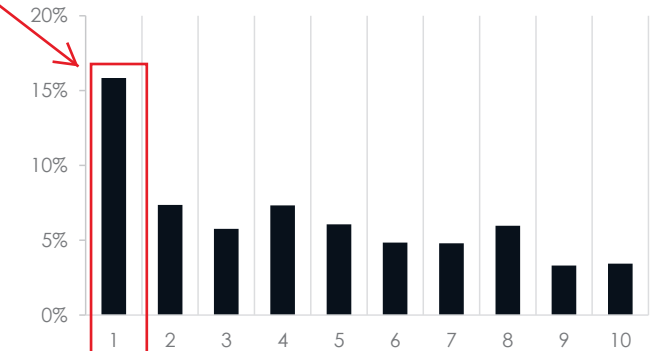
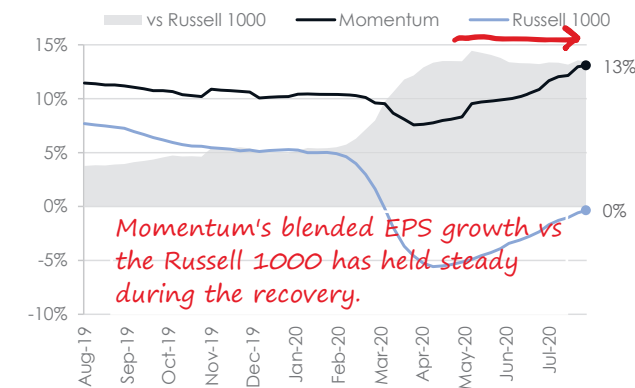


FIGURE 47: Blended Earnings Growth (Average of LTM & NTM)



Momentum's blended EPS growth vs the Russell 1000 has held steady during the recovery.

FIGURE 48: Relative Valuation Composite (MTUM vs Russell 1000)

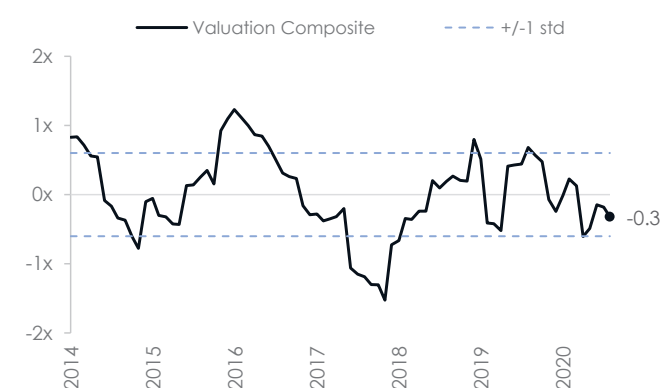


FIGURE 49: Sector Breakdown (MTUM vs Russell 1000)

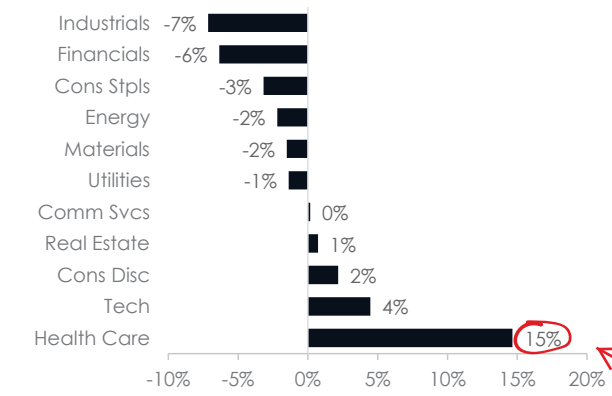
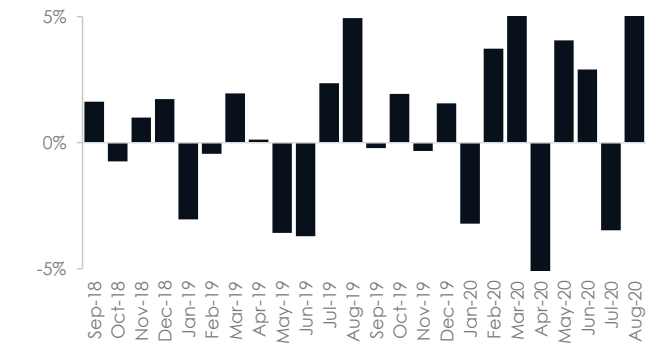


FIGURE 50: 1M Returns of Top 3 Sectors vs Bottom 3 Sectors

The analysis below is a gauge of U.S. equity momentum. 1-month return of the top vs bottom 3 sectors (ranked by the previous 3-month returns).



One item to watch out for -- Momentum is dramatically OW Health Care. If the 2016 election is a guide, the 2020 presidential election could pressure Health Care and Momentum.

MDR Factor Model Portfolios

Performance Summary

September 1, 2020

The **MDR Factor Model Portfolios** are quantitatively managed across four core areas (Quality, Value, Growth and Income) for both the Russell 1000 and Russell 2000 universes. The goal is to achieve superior risk adjusted returns over well-known factor ETFs. The models incorporate two important risk controls. First, the quantitative process removes companies with weak financial health metrics. Second, all portfolios have a sector weight limit of 20%. While the sector constraint can create significant sector exposure differences, we believe it is an important risk control. Portfolio changes are published on a monthly basis. The below descriptions provide additional information on each factor model portfolio.

FIGURE 51: Summary of MDR Factor Model Performance

Model Portfolios	Absolute Performance			vs Benchmark			# of New Holdings	Commentary
	1-Month	6-Month	1-Year	1-Month	6-Month	1-Year		
Russell 1000 Universe — Large Cap Model Portfolios								
Large Cap Quality (p.12)	4.7%	21.9%	25.5%	-1.1%	+5.0%	+8.0%	16	
Large Cap Value (p.13)	5.0%	17.0%	28.2%	+1.0%	+14.9%	+27.4%	21	Higher turnover as model continues to find quality companies at attractive valuations
Large Cap Growth (p.14)	6.7%	21.4%	24.1%	-3.5%	-14.9%	-19.9%	11	Underperformance due to 20% sector cap (i.e. Tech exposure)
Large Cap Income (p.15)	4.0%	-4.2%	-10.1%	-1.2%	-3.1%	-7.4%	6	
Russell 2000 Universe — Small Cap Model Portfolios								
Small Cap Quality (p.16)	3.4%	18.6%	17.4%	-2.1%	+11.6%	+11.5%	15	Investors preferred lower quality companies as markets reached all-time highs
Small Cap Value (p.17)	1.5%	18.1%	33.5%	-3.8%	+21.9%	+39.8%	23	2Q20 earnings impact relative performance
Small Cap Growth (p.18)	2.6%	12.6%	17.1%	-3.2%	-2.8%	-0.2%	21	
Small Cap Income (p.19)	3.5%	-9.7%	-10.8%	+0.1%	-3.2%	+0.4%	7	

Note: Portfolios are updated each month-end. Performance is based on total returns across equal-weighted portfolios. Returns prior to March 2020 are quantitatively back tested. Past performance doesn't guarantee future results.

MDR Quality Portfolios

- **Goal:** Highlight quality companies with superior financial strength
- **Quant Screen:** U.S. companies with positive sales and EPS growth over the past three years (e.g. indicates company is growing). Companies are assigned a quality ranking based on key balance sheet and income statement metrics. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares U.S. Quality Factor ETF (ticker: QUAL)
- **Small Cap Benchmark:** iShares Russell 2000 ETF (ticker: IWM)

MDR Growth Portfolios

- **Goal:** Highlight quality companies growing faster than their peers
- **Quant Screen:** U.S. companies with a forecasted EPS growth rate above the benchmark over the next two years. Companies are ranked based on their growth rate. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares Russell 1000 Growth ETF (ticker: IWF)
- **Small Cap Benchmark:** iShares Russell 2000 Growth ETF (ticker: IWO)

MDR Value Portfolios

- **Goal:** Highlight companies temporarily trading below their long-term valuation average
- **Quant Screen:** U.S. companies with positive sales and EPS growth over the past three years (e.g. indicates company is growing). Companies are ranked based on how they trade relative to their historical valuation levels. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares Russell 1000 Value ETF (ticker: IWD)
- **Small Cap Benchmark:** iShares Russell 2000 Value ETF (ticker: IWN)

MDR Income Portfolios

- **Goal:** Highlight companies with the potential for above average income generation
- **Quant Screen:** U.S. companies with a dividend yield greater than 3.5%. Remaining companies are assigned a quality ranking based on key balance sheet and income statement metrics. The top 50 companies (based on the quality score) are equal-weighted.
- **Large Cap Benchmark:** SPDR Russell 1000 Yield Focus ETF (ticker: ONEY)
- **Small Cap Benchmark:** Russell 2000 Dividend Growers ETF (ticker: SMDV)

MDR Large Cap Quality

Russell 1000 Universe

Monthly Report

September 1, 2020

FIGURE 52: Performance & Key Statistics

Benchmark: iShares U.S. Quality Factor ETF (ticker: QUAL)

Performance	Portfolio	Benchmark	Relative
YTD	14.5%	8.2%	+6.2%
1-Month	4.7%	5.8%	-1.1%
3-Month	13.6%	11.3%	+2.3%
6-Month	21.9%	16.9%	+5.0%
1-Year	25.5%	17.5%	+8.0%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$143.8 B	\$159.3 B	-\$15.5 B
Dividend Yield	1.4%	1.5%	-0.1%
NTM P/E	28.2x	23.2x	+5.0x

FIGURE 53: Sector Composition

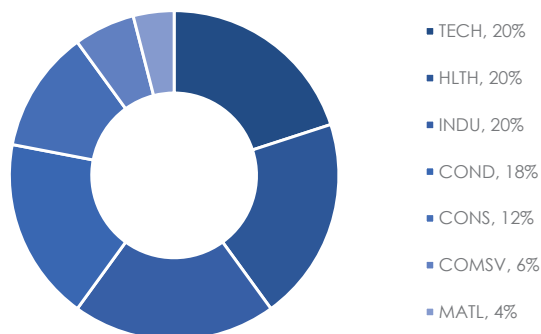


FIGURE 54: Relative Monthly Total Returns (%)

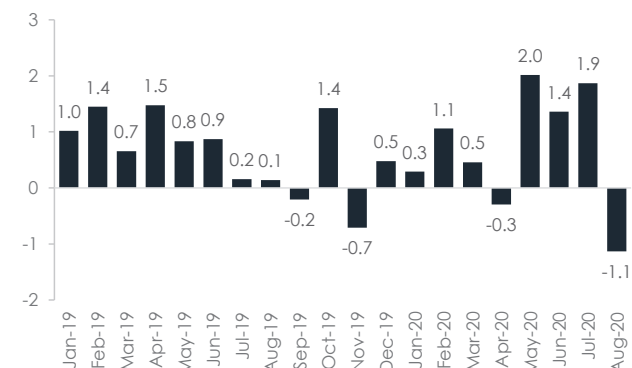


FIGURE 55: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
AAPL	Apple Inc.	Tech	\$2,206.9	15
MSFT	Microsoft Corporation	Tech	\$1,706.7	15
V	Visa Inc. Class A	Tech	\$357.4	15
HD	Home Depot, Inc.	Cons Disc	\$306.8	15
INTC	Intel Corporation	Tech	\$216.7	15
MRK	Merck & Co., Inc.	Health Care	\$215.7	15
PEP	PepsiCo, Inc.	Cons Stpls	\$193.9	15
PM	Philip Morris International Inc.	Cons Stpls	\$124.3	15
UNP	Union Pacific Corporation	Industrials	\$130.6	15
LLY	Eli Lilly and Company	Health Care	\$141.9	15
TXN	Texas Instruments Incorporated	Tech	\$130.2	15
LMT	Lockheed Martin Corporation	Industrials	\$109.1	15
MMM	3M Company	Industrials	\$93.9	NEW
SPGI	S&P Global, Inc.	Financials	\$88.3	15
ZTS	Zoetis, Inc. Class A	Health Care	\$76.1	7
CL	Colgate-Palmolive Company	Cons Stpls	\$68.0	15
BIIB	Biogen Inc.	Health Care	\$45.5	4
ITW	Illinois Tool Works Inc.	Industrials	\$62.5	NEW
AMAT	Applied Materials, Inc.	Tech	\$56.3	NEW
KMB	Kimberly-Clark Corporation	Cons Stpls	\$53.8	7
SHW	Sherwin-Williams Company	Materials	\$61.1	6
MCO	Moody's Corporation	Financials	\$55.3	15
ILMN	Illumina, Inc.	Health Care	\$52.2	NEW
ROP	Roper Technologies, Inc.	Industrials	\$44.7	NEW
ORLY	O'Reilly Automotive, Inc.	Cons Disc	\$34.5	15

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
EBAY	eBay Inc.	Cons Disc	\$38.3	NEW
PAYX	Paychex, Inc.	Tech	\$27.4	15
VRSK	Verisk Analytics Inc	Industrials	\$30.3	3
MSCI	MSCI Inc. Class A	Financials	\$31.2	15
KLAC	KLA Corporation	Tech	\$31.9	15
RMD	ResMed Inc.	Health Care	\$26.2	2
HSY	Hershey Company	Cons Stpls	\$21.9	NEW
IDXX	IDEXX Laboratories, Inc.	Health Care	\$33.3	2
CLX	Clorox Company	Cons Stpls	\$28.2	NEW
ROK	Rockwell Automation, Inc.	Industrials	\$26.7	NEW
XLNX	Xilinx, Inc.	Tech	\$25.4	2
ALXN	Alexion Pharmaceuticals, Inc.	Health Care	\$25.0	NEW
CDNS	Cadence Design Systems, Inc.	Tech	\$30.9	4
MTD	Mettler-Toledo International Inc.	Health Care	\$23.3	NEW
DPZ	Domino's Pizza, Inc.	Cons Disc	\$16.1	NEW
LW	Lamb Weston Holdings, Inc.	Cons Stpls	\$9.1	NEW
WAT	Waters Corporation	Health Care	\$13.4	NEW
ALLE	Allegion PLC	Industrials	\$9.5	2
LII	Lennox International Inc.	Industrials	\$10.7	2
CABO	Cable One, Inc.	Comm Svcs	\$11.1	NEW
BWXT	BWX Technologies, Inc.	Industrials	\$5.3	2
SMG	Scotts Miracle-Gro Company Class A	Materials	\$9.4	2
MTCH	Match Group, Inc.	Comm Svcs	\$29.0	2
CHH	Choice Hotels International, Inc.	Cons Disc	\$5.5	NEW
SCCO	Southern Copper Corporation	Materials	\$37.2	2

Source: MarketDesk Research

MDR Large Cap Value

Russell 1000 Universe

September 1, 2020

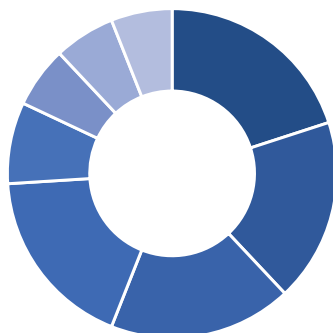
FIGURE 56: Performance & Key Statistics

Benchmark: iShares Russell 1000 Value ETF (ticker: IWD)

Performance	Portfolio	Benchmark	Relative
YTD	7.9%	-9.4%	+17.3%
1-Month	5.0%	4.1%	+1.0%
3-Month	14.9%	7.5%	+7.5%
6-Month	17.0%	2.1%	+14.9%
1-Year	28.2%	0.7%	+27.4%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$77.9 B	\$43.8 B	+\$34.0 B
Dividend Yield	1.4%	2.6%	-1.2%
NTM P/E	41.5x	18.1x	+23.4x

FIGURE 57: Sector Composition



- INDU, 20%
- TECH, 18%
- COND, 18%
- HLTH, 18%
- FINS, 8%
- COMSV, 6%
- CONS, 6%
- MATL, 6%

FIGURE 58: Relative Monthly Total Returns (%)

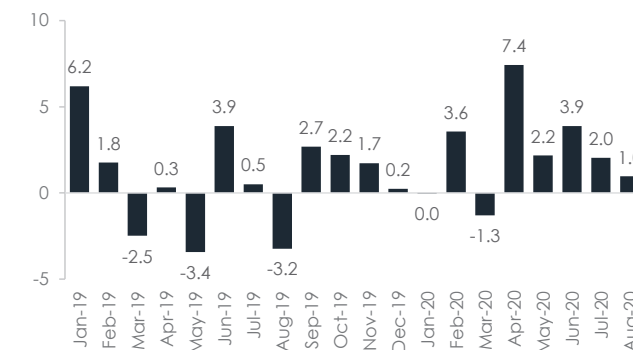


FIGURE 59: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
HRC	Hill-Rom Holdings, Inc.	Health Care	\$6.2	2
SFM	Sprouts Farmers Markets, Inc.	Cons Stpls	\$2.8	2
FLIR	FLIR Systems, Inc.	Tech	\$4.8	3
INTC	Intel Corporation	Tech	\$216.7	2
VRTX	Vertex Pharmaceuticals Incorporated	Health Care	\$72.7	NEW
WWE	World Wrestling Entertainment, Inc. Clas	Comm Svcs	\$2.1	5
CW	Curtiss-Wright Corporation	Industrials	\$4.3	NEW
NATI	National Instruments Corporation	Tech	\$4.7	NEW
DOX	Amdocs Limited	Tech	\$8.1	4
BWXT	BWX Technologies, Inc.	Industrials	\$5.3	3
MO	Altria Group Inc	Cons Stpls	\$81.3	2
ANET	Arista Networks, Inc.	Tech	\$17.0	5
ALXN	Alexion Pharmaceuticals, Inc.	Health Care	\$25.0	5
HLF	Herbalife Nutrition Ltd.	Cons Stpls	\$7.3	8
NFLX	Netflix, Inc.	Comm Svcs	\$233.5	5
CAH	Cardinal Health, Inc.	Health Care	\$14.8	4
LMT	Lockheed Martin Corporation	Industrials	\$109.1	4
PTC	PTC Inc.	Tech	\$10.6	NEW
BIIB	Biogen Inc.	Health Care	\$45.5	5
WDAY	Workday, Inc. Class A	Tech	\$42.4	11
CACI	CACI International Inc Class A	Tech	\$5.9	3
W	Wayfair, Inc. Class A	Cons Disc	\$20.3	NEW
PODD	Insulet Corporation	Health Care	\$14.3	4
VMI	Valmont Industries, Inc.	Industrials	\$2.7	4
AZPN	Aspen Technology, Inc.	Tech	\$8.6	5

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
MMM	3M Company	Industrials	\$93.9	4
ABC	AmerisourceBergen Corporation	Health Care	\$19.8	NEW
MSM	MSC Industrial Direct Co., Inc. Class A	Industrials	\$3.0	2
NEWR	New Relic, Inc.	Tech	\$3.7	NEW
AYI	Acuity Brands, Inc.	Industrials	\$4.3	5
MRK	Merck & Co., Inc.	Health Care	\$215.7	NEW
PM	Philip Morris International Inc.	Cons Stpls	\$124.3	5
DGX	Quest Diagnostics Incorporated	Health Care	\$14.9	NEW
PHM	PulteGroup, Inc.	Cons Disc	\$12.0	2
ABMD	ABIOMED, Inc.	Health Care	\$13.9	NEW
FLO	Flowers Foods, Inc.	Cons Stpls	\$5.2	3
TSLA	Tesla Inc	Cons Disc	\$464.3	2
RGLD	Royal Gold, Inc.	Materials	\$8.9	NEW
AVY	Avery Dennison Corporation	Materials	\$9.6	4
LEN	Lennar Corporation Class A	Cons Disc	\$22.8	NEW
EBAY	eBay Inc.	Cons Disc	\$38.3	NEW
EA	Electronic Arts Inc.	Comm Svcs	\$40.3	NEW
NUS	Nu Skin Enterprises, Inc. Class A	Cons Stpls	\$2.4	NEW
RHI	Robert Half International Inc.	Industrials	\$6.1	NEW
OSK	Oshkosh Corp	Industrials	\$5.2	NEW
DHI	D.R. Horton, Inc.	Cons Disc	\$26.0	4
EMR	Emerson Electric Co.	Industrials	\$41.5	NEW
AMZN	Amazon.com, Inc.	Cons Disc	\$1,728.6	NEW
NVR	NVR, Inc.	Cons Disc	\$15.4	NEW
WSM	Williams-Sonoma, Inc.	Cons Disc	\$6.8	NEW

Source: MarketDesk Research

MDR Large Cap Growth

Russell 1000 Universe

September 1, 2020

FIGURE 60: Performance & Key Statistics

Benchmark: iShares Russell 1000 Growth ETF (ticker: IWF)

Performance	Portfolio	Benchmark	Relative
YTD	10.2%	30.2%	-20.0%
1-Month	6.7%	10.2%	-3.5%
3-Month	16.6%	23.9%	-7.2%
6-Month	21.4%	36.3%	-14.9%
1-Year	24.1%	43.9%	-19.9%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$98.4 B	\$144.5 B	-\$46.1 B
Dividend Yield	1.0%	0.7%	+0.2%
NTM P/E	30.5x	32.4x	-2.0x

FIGURE 61: Sector Composition

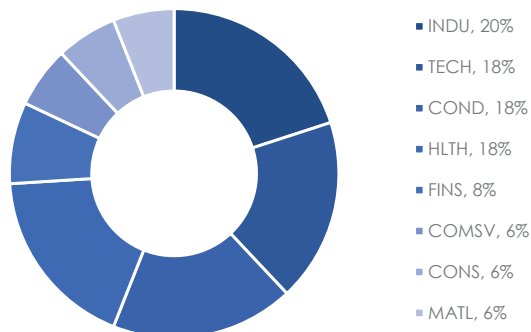


FIGURE 62: Relative Monthly Total Returns (%)

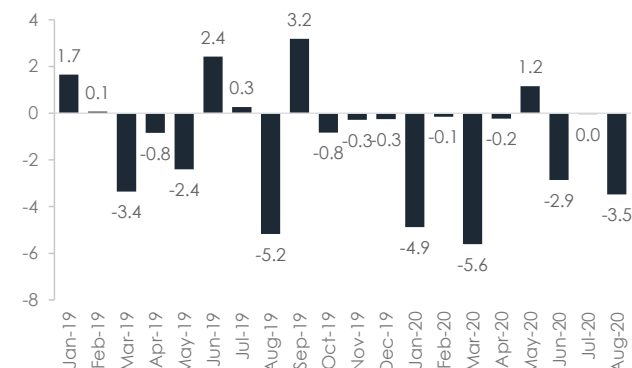


FIGURE 63: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
GOOG	Alphabet Inc. Class C	Comm Svcs	\$1,034.8	15
AMZN	Amazon.com, Inc.	Cons Disc	\$2.8	15
MTD	Mettler-Toledo International Inc.	Health Care	\$4.8	15
SHW	Sherwin-Williams Company	Materials	\$216.7	15
ORLY	O'Reilly Automotive, Inc.	Cons Disc	\$72.7	2
CMG	Chipotle Mexican Grill, Inc.	Cons Disc	\$2.1	15
GWW	W.W. Grainger, Inc.	Industrials	\$4.3	15
MCK	McKesson Corporation	Health Care	\$4.7	15
TMO	Thermo Fisher Scientific Inc.	Health Care	\$8.1	NEW
CACI	CACI International Inc Class A	Tech	\$5.3	8
ROP	Roper Technologies, Inc.	Industrials	\$81.3	NEW
DPZ	Domino's Pizza, Inc.	Cons Disc	\$17.0	2
CMI	Cummins Inc.	Industrials	\$25.0	15
KLAC	KLA Corporation	Tech	\$7.3	4
CSGP	CoStar Group, Inc.	Industrials	\$233.5	15
COO	Cooper Companies, Inc.	Health Care	\$14.8	5
SPGI	S&P Global, Inc.	Financials	\$109.1	5
ADBE	Adobe Inc.	Tech	\$10.6	15
TDY	Teledyne Technologies Incorporated	Industrials	\$45.5	NEW
FDS	FactSet Research Systems Inc.	Financials	\$42.4	2
NVDA	NVIDIA Corporation	Tech	\$5.9	5
ULTA	Ulta Beauty Inc	Cons Disc	\$20.3	NEW
SNA	Snap-on Incorporated	Industrials	\$14.3	2
LII	Lennox International Inc.	Industrials	\$2.7	14
APD	Air Products and Chemicals, Inc.	Materials	\$8.6	2

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
FB	Facebook, Inc. Class A	Comm Svcs	\$93.9	NEW
COST	Costco Wholesale Corporation	Cons Stpls	\$19.8	3
ANET	Arista Networks, Inc.	Tech	\$3.0	5
DG	Dollar General Corporation	Cons Disc	\$3.7	4
FICO	Fair Isaac Corporation	Tech	\$4.3	4
DGX	Quest Diagnostics Incorporated	Health Care	\$215.7	2
MCO	Moody's Corporation	Financials	\$124.3	NEW
WAT	Waters Corporation	Health Care	\$14.9	4
MMM	3M Company	Industrials	\$12.0	2
UNP	Union Pacific Corporation	Industrials	\$13.9	5
CTAS	Cintas Corporation	Industrials	\$5.2	5
LOW	Lowe's Companies, Inc.	Cons Disc	\$464.3	3
SYK	Stryker Corporation	Health Care	\$8.9	NEW
NFLX	Nefflix, Inc.	Comm Svcs	\$9.6	5
JNJ	Johnson & Johnson	Health Care	\$22.8	4
ABC	AmerisourceBergen Corporation	Health Care	\$38.3	4
ACN	Accenture Plc Class A	Tech	\$40.3	2
MCD	McDonald's Corporation	Cons Disc	\$2.4	NEW
MSCI	MSCI Inc. Class A	Financials	\$6.1	4
CLX	Clorox Company	Cons Stpls	\$5.2	5
MKSI	MKS Instruments, Inc.	Tech	\$26.0	NEW
ARW	Arrow Electronics, Inc.	Tech	\$41.5	NEW
TGT	Target Corporation	Cons Disc	\$1,728.6	NEW
KMB	Kimberly-Clark Corporation	Cons Stpls	\$15.4	5
RS	Reliance Steel & Aluminum Co.	Materials	\$6.8	2

Source: MarketDesk Research

MDR Large Cap Income

Russell 1000 Universe

Monthly Report

September 1, 2020

FIGURE 64: Performance & Key Statistics

Benchmark: SPDR Russell 1000 Yield Focus ETF (ticker: ONEY)

Performance	Portfolio	Benchmark	Relative
YTD	-17.5%	-15.9%	-1.6%
1-Month	4.0%	5.2%	-1.2%
3-Month	9.9%	10.3%	-0.4%
6-Month	-4.2%	-1.1%	-3.1%
1-Year	-10.1%	-2.7%	-7.4%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$35.7 B	\$13.0 B	+\$22.7 B
Dividend Yield	5.0%	3.7%	+1.3%
NTM P/E	27.5x	20.4x	+7.1x

FIGURE 65: Sector Composition

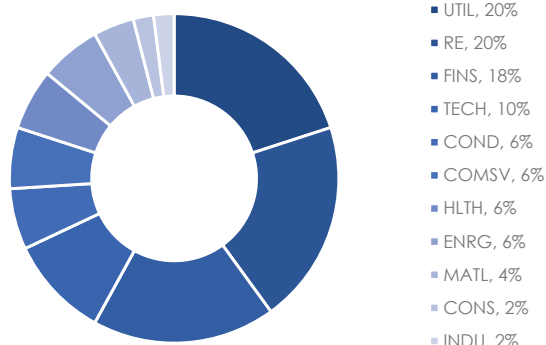


FIGURE 66: Relative Monthly Total Returns (%)

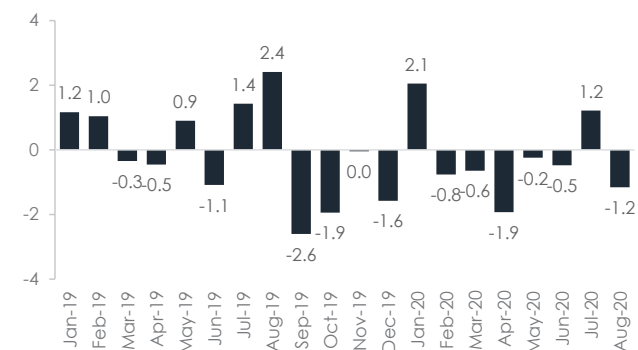


FIGURE 67: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
VZ	Verizon Communications Inc.	Comm Svcs	\$245.3	15
PFE	Pfizer Inc.	Health Care	\$210.0	15
PM	Philip Morris International Inc.	Cons Stpls	\$124.3	15
ABBV	AbbVie, Inc.	Health Care	\$169.0	15
IBM	International Business Machines Corpora	Tech	\$109.8	15
GILD	Gilead Sciences, Inc.	Health Care	\$83.7	3
MMM	3M Company	Industrials	\$93.9	15
SO	Southern Company	Utilities	\$55.1	15
SPG	Simon Property Group, Inc.	Real Estate	\$20.8	15
PSA	Public Storage	Real Estate	\$37.1	15
OKE	ONEOK, Inc.	Energy	\$12.2	15
PPL	PPL Corporation	Utilities	\$21.2	15
NTAP	NetApp, Inc.	Tech	\$10.5	4
VNO	Vornado Realty Trust	Real Estate	\$6.8	15
WU	Western Union Company	Tech	\$9.7	15
FRT	Federal Realty Investment Trust	Real Estate	\$6.0	15
GLPI	Gaming and Leisure Properties, Inc.	Real Estate	\$7.9	15
AIV	Apartment Investment & Management	Real Estate	\$5.4	15
DEI	Douglas Emmett, Inc	Real Estate	\$4.9	15
LSI	Life Storage, Inc.	Real Estate	\$4.9	4
HBI	Hanesbrands Inc.	Cons Disc	\$5.3	15
EV	Eaton Vance Corp.	Financials	\$4.7	15
COR	CoreSite Realty Corporation	Real Estate	\$5.2	3
LAZ	Lazard Ltd Class A	Financials	\$3.6	15
WRI	Weingarten Realty Investors	Real Estate	\$2.2	2

Ticker	Company Name	Sector	Market Cap (\$B)	Months in Screen
WYND	Wyndham Destinations, Inc.	Cons Disc	\$2.5	15
OMF	OneMain Holdings, Inc.	Financials	\$3.9	15
EVR	Evercore Inc Class A	Financials	\$2.5	15
COP	ConocoPhillips	Energy	\$40.6	15
LYB	LyondellBasell Industries NV	Materials	\$21.9	15
OMC	Omnicom Group Inc	Comm Svcs	\$11.6	15
CF	CF Industries Holdings, Inc.	Materials	\$7.0	15
CMA	Comerica Incorporated	Financials	\$5.5	15
STWD	Starwood Property Trust, Inc.	Financials	\$4.4	15
LEG	Leggett & Platt, Incorporated	Cons Disc	\$5.4	15
NFG	National Fuel Gas Company	Utilities	\$4.2	15
SC	Santander Consumer USA Holdings, Inc.	Financials	\$5.4	15
NAVI	Navient Corp	Financials	\$1.8	2
AVGO	Broadcom Inc.	Tech	\$139.6	15
DUK	Duke Energy Corporation	Utilities	\$59.1	15
AEP	American Electric Power Company, Inc.	Utilities	\$39.1	NEW
KMI	Kinder Morgan Inc Class P	Energy	\$31.3	15
HPQ	HP Inc.	Tech	\$28.0	15
PEG	Public Service Enterprise Group Inc	Utilities	\$26.4	2
FE	FirstEnergy Corp.	Utilities	\$15.5	2
EIX	Edison International	Utilities	\$19.8	NEW
ETR	Entergy Corporation	Utilities	\$19.8	NEW
EVERG	Evergy, Inc.	Utilities	\$12.1	NEW
FNF	Fidelity National Financial, Inc. - FNF Gro	Financials	\$9.6	NEW
IPG	Interpublic Group of Companies, Inc.	Comm Svcs	\$6.9	NEW

Source: MarketDesk Research

MDR Small Cap Quality

Russell 2000 Universe

Monthly Report

September 1, 2020

FIGURE 68: Performance & Key Statistics

Benchmark: iShares Russell 2000 ETF (ticker: IWM)

Performance	Portfolio	Benchmark	Relative
YTD	9.2%	-5.5%	+14.7%
1-Month	3.4%	5.5%	-2.1%
3-Month	16.1%	12.3%	+3.9%
6-Month	18.6%	7.0%	+11.6%
1-Year	17.4%	5.9%	+11.5%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$3.4 B	\$20.9 B	-\$17.5 B
Dividend Yield	0.6%	1.3%	-0.7%
NTM P/E	30.5x	40.0x	-9.5x

FIGURE 69: Sector Composition

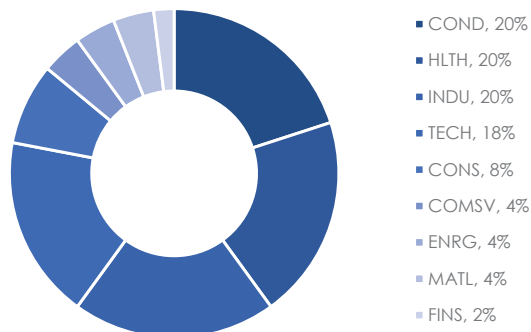


FIGURE 70: Relative Monthly Total Returns (%)

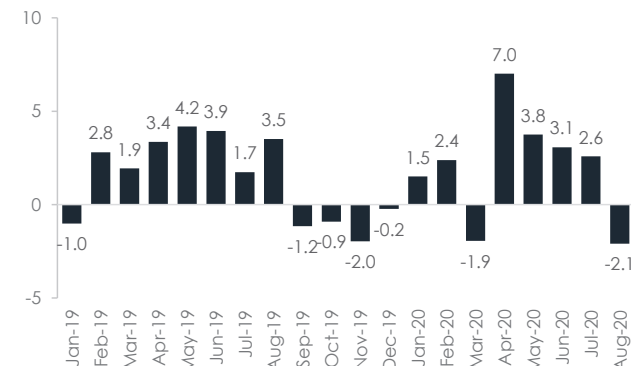


FIGURE 71: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
WING	Wingstop, Inc.	Cons Disc	\$4,836	15
EVTC	EVERTEC, Inc.	Tech	\$2,517	NEW
WW	WW International, Inc.	Cons Disc	\$1,597	15
NRC	National Research Corporation	Health Care	\$1,413	15
WINA	Winmark Corporation	Cons Disc	\$576	15
GNRC	Generac Holdings Inc.	Industrials	\$11,929	2
TREX	Trex Company, Inc.	Industrials	\$8,652	15
ENPH	Enphase Energy, Inc.	Tech	\$9,732	15
QLYS	Qualys, Inc.	Tech	\$4,166	15
JBT	John Bean Technologies Corporation	Industrials	\$3,252	15
NSP	Insperty, Inc.	Industrials	\$2,614	15
LGND	Ligand Pharmaceuticals Incorporated	Health Care	\$1,640	15
AIN	Albany International Corp. Class A	Industrials	\$1,594	NEW
CROX	Crocs, Inc.	Cons Disc	\$2,692	15
YETI	YETI Holdings, Inc.	Cons Disc	\$4,471	15
LGIH	LGI Homes, Inc.	Cons Disc	\$2,806	4
CORT	Corcept Therapeutics Incorporated.	Health Care	\$1,468	4
WHD	Cactus, Inc. Class A	Energy	\$1,049	15
FF	FutureFuel Corp.	Materials	\$529	NEW
ZYXI	Zynex, Inc.	Health Care	\$514	NEW
HAE	Haemonetics Corporation	Health Care	\$4,546	NEW
MSA	MSA Safety, Inc.	Industrials	\$4,897	4
DECK	Deckers Outdoor Corporation	Cons Disc	\$5,713	15
EXPO	Exponent, Inc.	Industrials	\$4,153	15
BLD	TopBuild Corp.	Cons Disc	\$5,088	4

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
POWI	Power Integrations, Inc.	Tech	\$3,346	15
TNET	TriNet Group, Inc.	Industrials	\$4,565	NEW
LCII	LCI Industries	Cons Disc	\$2,858	NEW
BLDR	Builders FirstSource, Inc.	Industrials	\$3,574	NEW
FSS	Federal Signal Corporation	Industrials	\$1,941	NEW
IBP	Installed Building Products, Inc.	Cons Disc	\$2,587	2
ATRI	Atrion Corporation	Health Care	\$1,155	15
MED	Medifast, Inc.	Cons Stpls	\$1,914	NEW
CRVL	CorVel Corporation	Health Care	\$1,489	NEW
FIZZ	National Beverage Corp.	Cons Stpls	\$3,792	4
TTGT	TechTarget, Inc.	Comm Svcs	\$1,093	15
BOOM	DMC Global Inc.	Energy	\$523	15
IMXI	International Money Express, Inc.	Tech	\$644	3
AMED	Amedisys, Inc.	Health Care	\$7,854	2
FCFS	FirstCash, Inc.	Financials	\$2,476	15
MMS	MAXIMUS, Inc.	Tech	\$4,755	15
SAM	Boston Beer Company, Inc. Class A	Cons Stpls	\$8,733	NEW
BCPC	Balchem Corporation	Materials	\$3,160	NEW
GMED	Globus Medical Inc Class A	Health Care	\$4,257	15
LANC	Lancaster Colony Corporation	Cons Stpls	\$4,892	15
MEDP	Medpace Holdings, Inc.	Health Care	\$4,596	15
CARG	CarGurus, Inc. Class A	Comm Svcs	\$2,267	2
BMI	Badger Meter, Inc.	Tech	\$1,796	NEW
DIOD	Diodes Incorporated	Tech	\$2,532	NEW
PRGS	Progress Software Corporation	Tech	\$1,706	4

Source: MarketDesk Research

MDR Small Cap Value

Russell 2000 Universe

Monthly Report

September 1, 2020

FIGURE 72: Performance & Key Statistics

Benchmark: iShares Russell 2000 Value ETF (ticker: IWN)

Performance	Portfolio	Benchmark	Relative
YTD	5.2%	-17.7%	+22.9%
1-Month	1.5%	5.4%	-3.8%
3-Month	12.9%	10.6%	+2.3%
6-Month	18.1%	-3.8%	+21.9%
1-Year	33.5%	-6.3%	+39.8%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$2.5 B	\$5.7 B	-\$3.3 B
Dividend Yield	0.5%	2.1%	-1.6%
NTM P/E	22.9x	23.2x	-0.4x

FIGURE 73: Sector Composition

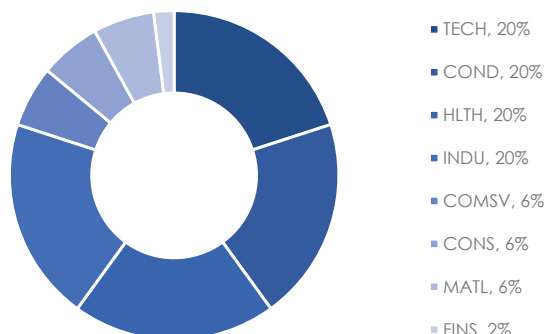


FIGURE 74: Relative Monthly Total Returns (%)

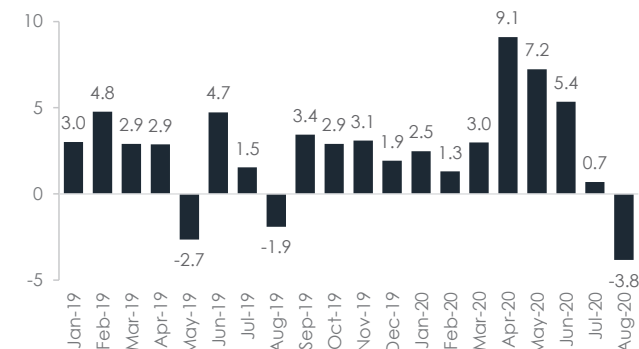


FIGURE 75: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
STRA	Strategic Education, Inc.	Cons Disc	\$2,504	4
FCFS	FirstCash, Inc.	Financials	\$2,476	7
MUSA	Murphy USA, Inc.	Cons Disc	\$3,935	5
AIN	Albany International Corp. Class A	Industrials	\$1,594	9
LGND	Ligand Pharmaceuticals Incorporated	Health Care	\$1,640	NEW
MGPI	MGP Ingredients, Inc.	Cons Stpls	\$601	4
AMPH	Amphastar Pharmaceuticals Inc	Health Care	\$968	5
BEAT	BioTelemetry, Inc.	Health Care	\$1,353	15
UEIC	Universal Electronics Inc.	Cons Disc	\$572	4
CARG	CarGurus, Inc. Class A	Comm Svcs	\$2,267	4
NSP	Insperty, Inc.	Industrials	\$2,614	NEW
PLUS	ePlus inc.	Tech	\$1,040	NEW
EVBG	Everbridge, Inc.	Tech	\$5,140	4
OMCL	Omniceil, Inc.	Health Care	\$2,851	NEW
HAE	Haemonetics Corporation	Health Care	\$4,546	4
EBS	Emergent BioSolutions Inc.	Health Care	\$6,036	2
EVER	EverQuote, Inc. Class A	Comm Svcs	\$672	4
GPI	Group 1 Automotive, Inc.	Cons Disc	\$1,578	NEW
FCN	FTI Consulting, Inc.	Industrials	\$4,200	NEW
TNC	Tennant Company	Industrials	\$1,227	2
SPAR	Shyft Group, Inc.	Industrials	\$710	4
AVAV	AeroVironment, Inc.	Industrials	\$1,841	3
WW	WW International, Inc.	Cons Disc	\$1,597	NEW
QLYS	Qualys, Inc.	Tech	\$4,166	4
GRBK	Green Brick Partners, Inc.	Cons Disc	\$721	NEW

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
PRGS	Progress Software Corporation	Tech	\$1,706	NEW
MYRG	MYR Group Inc.	Industrials	\$648	2
OSIS	OSI Systems, Inc.	Tech	\$1,424	NEW
MANT	ManTech International Corporation Clas	Tech	\$2,032	NEW
MED	Medifast, Inc.	Cons Stpls	\$1,914	3
TPH	TRI Pointe Group Inc	Cons Disc	\$2,200	NEW
MITK	Mitek Systems, Inc.	Tech	\$524	2
EME	EMCOR Group, Inc.	Industrials	\$4,118	NEW
ACIA	Acacia Communications, Inc.	Tech	\$2,837	NEW
CROX	Crocs, Inc.	Cons Disc	\$2,692	NEW
TDOC	Teladoc Health, Inc.	Health Care	\$17,520	2
CMC	Commercial Metals Company	Materials	\$2,485	4
AAXN	Axon Enterprise Inc	Industrials	\$5,439	2
ONTO	Onto Innovation, Inc.	Tech	\$1,525	15
HZO	MarineMax, Inc.	Cons Disc	\$636	NEW
CORE	Core-Mark Holding Company, Inc.	Cons Disc	\$1,507	NEW
ACLS	Axcelis Technologies, Inc.	Tech	\$791	2
STAA	STAAR Surgical Company	Health Care	\$2,196	4
BRC	Brady Corporation Class A	Industrials	\$2,270	NEW
HMSY	HMS Holdings Corp.	Health Care	\$2,469	NEW
CORT	Corcept Therapeutics Incorporated.	Health Care	\$1,468	NEW
QNST	QuinStreet, Inc.	Comm Svcs	\$692	NEW
BCC	Boise Cascade Co.	Materials	\$1,795	4
IPAR	Inter Parfums, Inc.	Cons Stpls	\$1,409	NEW
LPX	Louisiana-Pacific Corporation	Materials	\$3,699	NEW

Source: MarketDesk Research

MDR Small Cap Growth

Russell 2000 Universe

Monthly Report

September 1, 2020

FIGURE 76: Performance & Key Statistics

Benchmark: iShares Russell 2000 Growth ETF (ticker: IWO)

Performance	Portfolio	Benchmark	Relative
YTD	-0.3%	6.1%	-6.4%
1-Month	2.6%	5.8%	-3.2%
3-Month	12.7%	13.8%	-1.1%
6-Month	12.6%	15.4%	-2.8%
1-Year	17.1%	17.3%	-0.2%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$2.5 B	\$8.6 B	-\$6.1 B
Dividend Yield	0.9%	0.7%	+0.2%
NTM P/E	22.2x	28.0x	-5.8x

FIGURE 77: Sector Composition

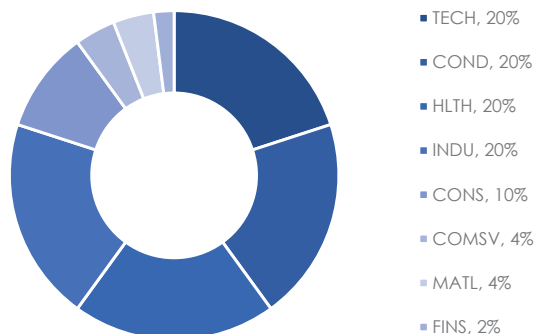


FIGURE 78: Relative Monthly Total Returns (%)

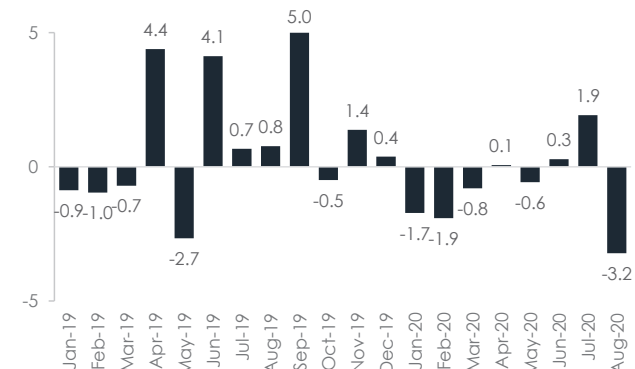


FIGURE 79: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
LAD	Lithia Motors, Inc. Class A	Cons Disc	\$5,587	NEW
SAM	Boston Beer Company, Inc. Class A	Cons Stpls	\$2,476	NEW
QDEL	Quidel Corporation	Health Care	\$3,935	4
ABG	Asbury Automotive Group, Inc.	Cons Disc	\$1,594	NEW
MED	Medifast, Inc.	Cons Stpls	\$1,640	15
LGIH	LGI Homes, Inc.	Cons Disc	\$601	15
LCII	LCI Industries	Cons Disc	\$968	NEW
SYNA	Synaptics Incorporated	Tech	\$1,353	7
LITE	Lumentum Holdings, Inc.	Tech	\$572	8
AMED	Amedisys, Inc.	Health Care	\$2,267	NEW
LHCG	LHC Group, Inc.	Health Care	\$2,614	NEW
MDC	M.D.C. Holdings, Inc.	Cons Disc	\$1,040	NEW
PATK	Patrick Industries, Inc.	Industrials	\$5,140	7
ASGN	ASGN Inc	Industrials	\$2,851	3
PLXS	Plexus Corp.	Tech	\$4,546	3
FN	Fabrinet	Tech	\$6,036	NEW
SAH	Sonic Automotive, Inc. Class A	Cons Disc	\$672	3
AAN	Aaron's, Inc.	Cons Disc	\$1,578	4
WGO	Winnebago Industries, Inc.	Cons Disc	\$4,200	7
JBT	John Bean Technologies Corporation	Industrials	\$1,227	2
IPHI	Inphi Corporation	Tech	\$710	15
VC	Visteon Corporation	Cons Disc	\$1,841	5
KBH	KB Home	Cons Disc	\$1,597	NEW
AIT	Applied Industrial Technologies, Inc.	Industrials	\$4,166	NEW
NSP	Insperty, Inc.	Industrials	\$721	4

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
TTEK	Tetra Tech, Inc.	Industrials	\$1,706	3
LNN	Lindsay Corporation	Industrials	\$648	3
FCFS	FirstCash, Inc.	Financials	\$1,424	3
ADUS	Addus HomeCare Corporation	Health Care	\$2,032	6
FIZZ	National Beverage Corp.	Cons Stpls	\$1,914	7
JJSF	J & J Snack Foods Corp.	Cons Stpls	\$2,200	NEW
OMCL	Omniceil, Inc.	Health Care	\$524	NEW
PRGS	Progress Software Corporation	Tech	\$4,118	NEW
QLYS	Qualys, Inc.	Tech	\$2,837	4
BJ	BJ's Wholesale Club Holdings, Inc.	Cons Stpls	\$2,692	NEW
BRC	Brady Corporation Class A	Industrials	\$17,520	3
SCSC	ScanSource, Inc.	Tech	\$2,485	NEW
KFRC	Kforce Inc.	Industrials	\$5,439	3
IDCC	InterDigital, Inc.	Tech	\$1,525	2
BMCH	BMC Stock Holdings, Inc.	Industrials	\$636	2
EVTC	EVERTEC, Inc.	Tech	\$1,507	NEW
CMC	Commercial Metals Company	Materials	\$791	NEW
GMED	Globus Medical Inc Class A	Health Care	\$2,196	4
PDCO	Patterson Companies, Inc.	Health Care	\$2,270	NEW
OMI	Owens & Minor, Inc.	Health Care	\$2,469	NEW
HMSY	HMS Holdings Corp.	Health Care	\$1,468	3
NEOG	Neogen Corporation	Health Care	\$692	NEW
CARG	CarGurus, Inc. Class A	Comm Svcs	\$1,795	NEW
MYE	Myers Industries, Inc.	Materials	\$1,409	3
QNST	QuinStreet, Inc.	Comm Svcs	\$3,699	3

Source: MarketDesk Research

MDR Small Cap Income

Russell 2000 Universe

Monthly Report

September 1, 2020

FIGURE 80: Performance & Key Statistics

Benchmark: Russell 2000 Dividend Growers ETF (ticker: SMDV)

Performance	Portfolio	Benchmark	Relative
YTD	-22.2%	-18.4%	-3.9%
1-Month	3.5%	3.5%	+0.1%
3-Month	10.4%	0.9%	+9.5%
6-Month	-9.7%	-6.5%	-3.2%
1-Year	-10.8%	-11.2%	+0.4%

Key Statistics	Portfolio	Benchmark	Relative
Avg Market Cap	\$1.8 B	\$8.1 B	-\$6.4 B
Dividend Yield	6.5%	2.5%	+4.0%
NTM P/E	19.2x	17.5x	+1.8x

FIGURE 81: Sector Composition

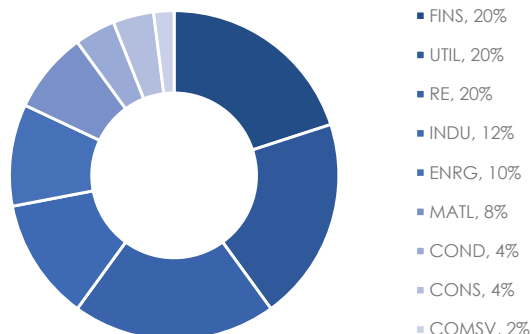


FIGURE 82: Relative Monthly Total Returns (%)

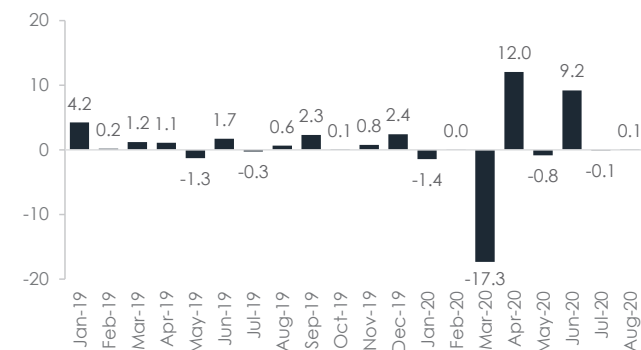


FIGURE 83: Stocks in Portfolio

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
NHI	National Health Investors, Inc.	Real Estate	\$2,779	15
LXP	Lexington Realty Trust	Real Estate	\$3,147	15
TRTN	Triton International Ltd. Class A	Industrials	\$2,477	15
APAM	Artisan Partners Asset Management, Inc	Financials	\$2,375	15
ALX	Alexander's, Inc.	Real Estate	\$1,303	15
BFS	Saul Centers, Inc.	Real Estate	\$650	15
BXMT	Blackstone Mortgage Trust, Inc. Class A	Financials	\$3,475	15
CCOI	Cogent Communications Holdings Inc	Comm Svcs	\$3,181	NEW
PDM	Piedmont Office Realty Trust, Inc. Class	Real Estate	\$1,929	15
ARES	Ares Management Corporation	Financials	\$5,793	15
FHI	Federated Hermes, Inc. Class B	Financials	\$2,395	15
ARI	Apollo Commercial Real Estate Finance	Financials	\$1,320	15
FCPT	Four Corners Property Trust, Inc.	Real Estate	\$1,776	15
CLI	Mack-Cali Realty Corporation	Real Estate	\$1,146	4
RWT	Redwood Trust, Inc.	Financials	\$797	15
LTC	LTC Properties, Inc.	Real Estate	\$1,432	2
NYMT	New York Mortgage Trust, Inc.	Financials	\$997	3
ILPT	Industrial Logistics Properties Trust	Real Estate	\$1,407	NEW
IRT	Independence Realty Trust, Inc.	Real Estate	\$1,109	NEW
SFL	SFL Corporation Limited	Energy	\$1,048	15
HEES	H&E Equipment Services, Inc.	Industrials	\$728	15
KREF	KKR Real Estate Finance Trust Inc.	Financials	\$1,081	15
RC	Ready Capital Corporation	Financials	\$561	15
BKH	Black Hills Corporation	Utilities	\$3,519	4
NWE	NorthWestern Corporation	Utilities	\$2,612	15

Ticker	Company Name	Sector	Market Cap (\$M)	Months in Screen
AVA	Avista Corporation	Utilities	\$2,503	4
VGR	Vector Group Ltd.	Cons Stpls	\$1,544	15
LADR	Ladder Capital Corp. Class A	Financials	\$857	3
BLMN	Bloomin' Brands, Inc.	Cons Disc	\$1,255	15
SWM	Schweitzer-Mauduit International, Inc.	Materials	\$951	15
RCII	Rent-A-Center Inc	Cons Disc	\$1,652	15
UTL	Unitil Corporation	Utilities	\$633	15
CVI	CVR Energy, Inc.	Energy	\$1,678	15
DHT	DHT Holdings, Inc.	Energy	\$904	15
AROC	Archrock Inc.	Energy	\$1,003	NEW
CMRE	Costamare Inc.	Industrials	\$605	15
POR	Portland General Electric Company	Utilities	\$3,415	15
ALE	ALLETE, Inc.	Utilities	\$2,799	15
OTTR	Otter Tail Corporation	Utilities	\$1,588	NEW
CMP	Compass Minerals International, Inc.	Materials	\$1,932	15
SCS	Steelcase Inc. Class A	Industrials	\$920	15
HNI	HNI Corporation	Industrials	\$1,359	3
BGS	B&G Foods, Inc.	Cons Stpls	\$1,998	15
DK	Delek US Holdings Inc	Energy	\$1,159	3
GEF	Greif Class A	Materials	\$1,877	15
NP	Neenah Inc	Materials	\$744	3
ACCO	ACCO Brands Corporation	Industrials	\$612	NEW
SR	Spire Inc.	Utilities	\$2,997	NEW
NJR	New Jersey Resources Corporation	Utilities	\$2,891	4
NWN	Northwest Natural Holding Co.	Utilities	\$1,561	15

Source: MarketDesk Research

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