

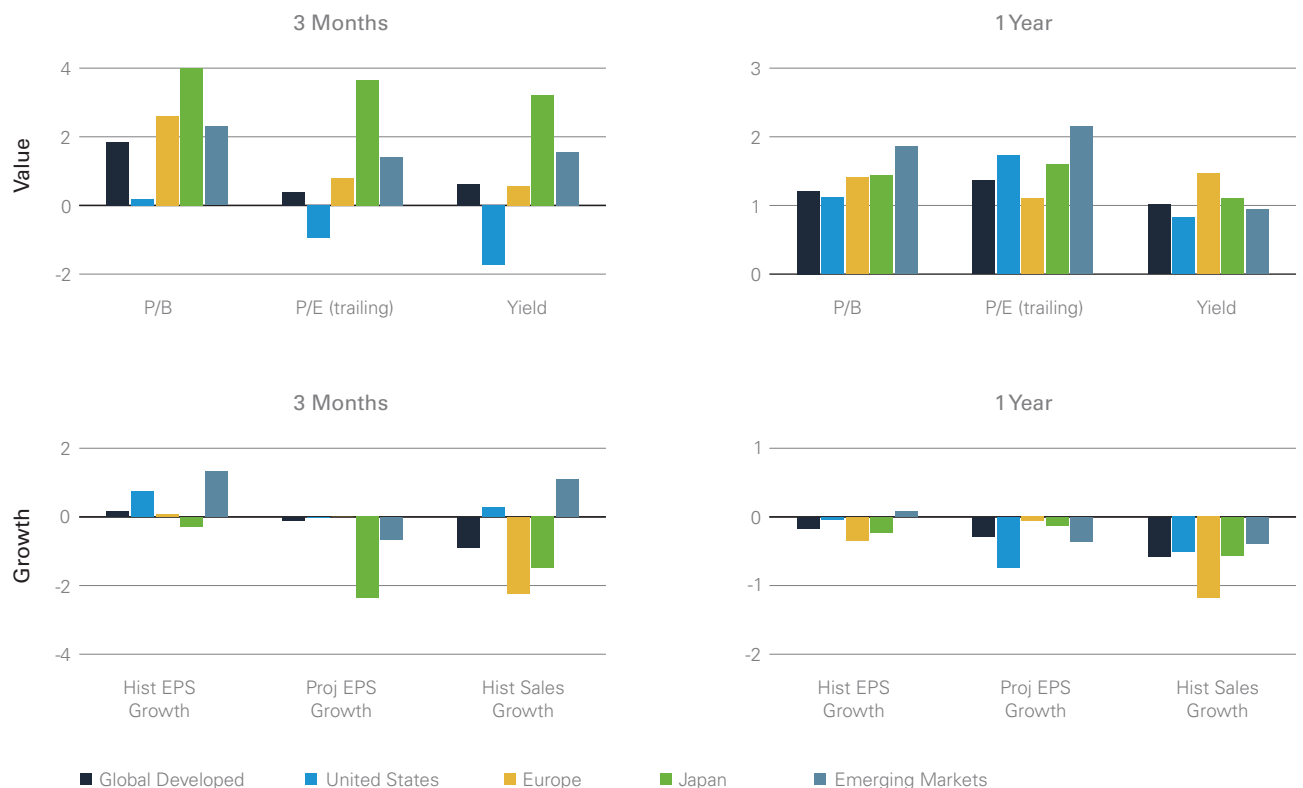
Global equity markets continued their seesaw pattern with the broad indices falling more than 2.7% in February (MSCI ACWI, S&P BMI, as of 28 February 2023). We believe that markets continued to struggle with central bank policy as higher-for-longer sentiment took over after the January PPI and personal consumption index both escalated in January. Wage inflation remains entrenched, thwarting central bank efforts to curb inflation through higher interest rates. The US dollar strengthened after four months of declines and gold and oil prices both fell. Inversion in the US and European yield curves became more pronounced and fixed income sold off.

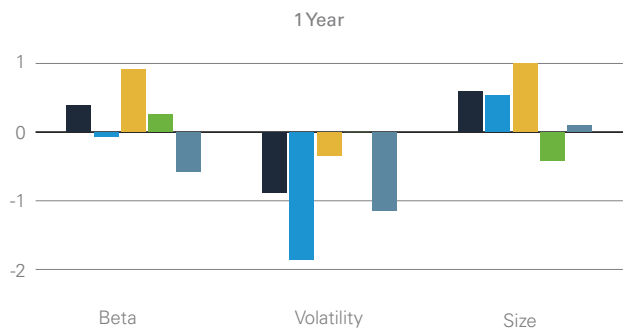
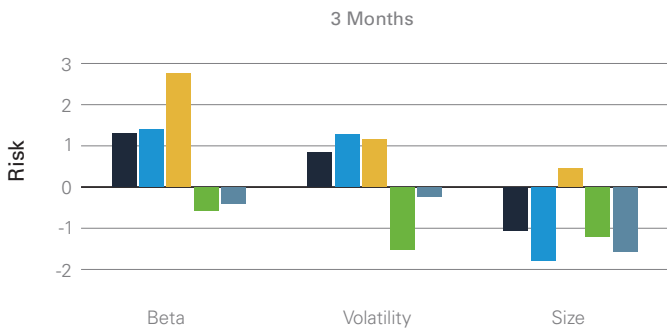
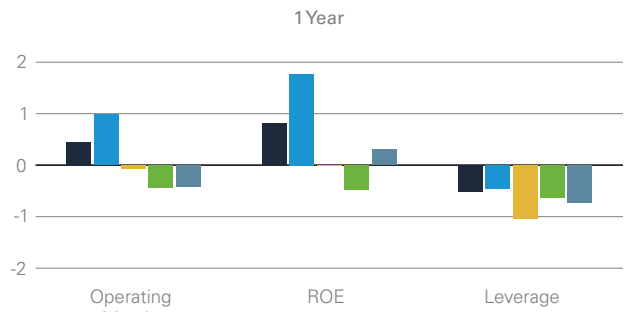
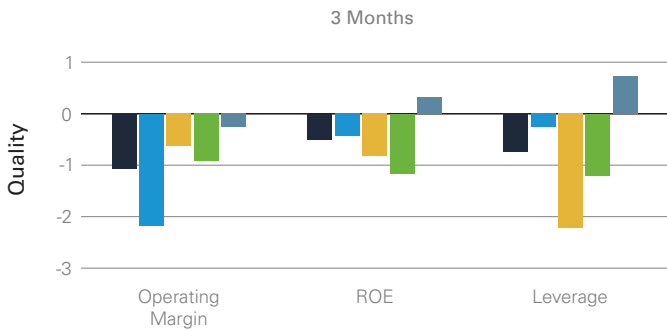
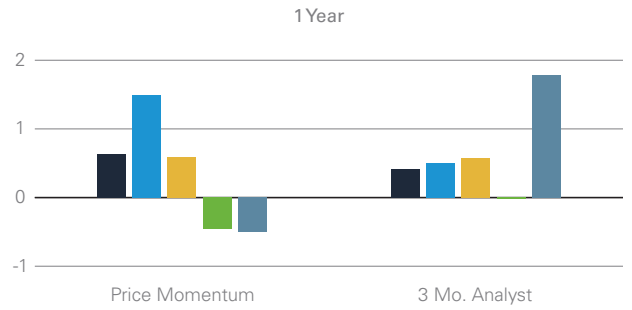
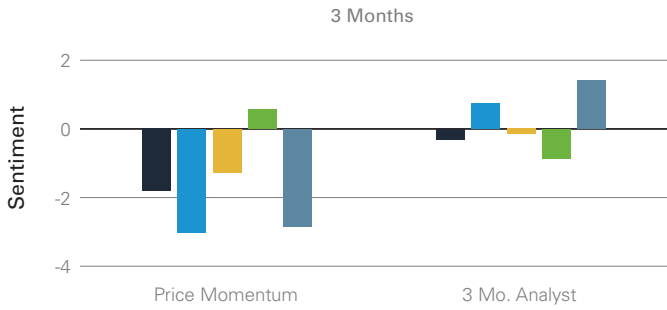
European markets outperformed with the major markets finishing in flat-to-positive territory even accounting for the strong US dollar. We believe that this is, in large part, due to comparatively lower valuations, and the reemergence of China after the lifting of zero-COVID policies and their consumer demand for cars and luxury goods from Europe. Positive interest rates in Europe have also started to benefit the financial sector. Asian markets sold off in the month. Kazuo Ueda, the new Bank of Japan governor, reiterated the loose monetary policies of the previous administration, sending the yen into a sharp decline. China retreated as the reopening of China is proving to be uneven with foreign travel remaining depressed and the real estate loan overhang resuming prominence. Increased geopolitical tensions with the West also tempered investor enthusiasm. The decline in oil and commodity prices adversely impacted mid-East and energy-dominated markets causing them to lag for the month.

According to MSCI and S&P, the emerging markets fell approximately 6% in February, lagging developed markets by 3%. Small-cap stocks outperformed during the period. Sector dispersion was relatively narrow in February with information technology and industrials leading in the month with minor losses. Real estate, utility, and material stocks fell 5%.

Factor performance settled into a more conventional pattern in February after the extremes in January. Sentiment factors turned positive and valuation was also favored, notably defensive measures such as price to cash flow and dividend yield. Risk measures were not rewarded, except in Japan. Quality measures were rewarded broadly with Japan again the contrarian market. Higher interest rates are showing an impact as lower leverage companies have outperformed for a third-straight month (except Japan).

Factor Returns¹ (%)





■ Global Developed ■ United States ■ Europe ■ Japan ■ Emerging Markets

		1 Month	3 Months	1 Year	5 Years
Global Market Returns (%)²	Global	-2.76	0.50	-7.85	5.94
	Large Cap	-2.80	0.06	-8.19	6.15
	Small Cap	-2.53	3.11	-5.82	4.66
	Emerging Markets	-5.57	-0.36	-13.40	-0.73
	United States	-2.44	-2.28	-7.69	9.82

Global Developed Factor Returns (%)¹

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-0.18	1.86	1.21	0.12
	P/E (trailing)	2.63	0.40	1.36	0.42
	Yield	0.83	0.63	1.01	0.24
Growth	Hist. EPS Growth	0.86	0.17	-0.17	0.11
	Proj. EPS Growth	0.82	-0.11	-0.28	0.11
	Hist. Sales Growth	-0.35	-0.89	-0.58	0.32
Sentiment	Price Momentum	3.10	-1.81	0.64	0.12
	3 Mo. Analyst Up/Down	0.60	-0.30	0.41	0.46
Quality	Operating Margin	0.96	-1.07	0.45	0.10
	ROE	2.38	-0.50	0.81	0.43
	Leverage	-1.41	-0.75	-0.52	-0.25
Risk	Beta	-0.26	1.31	0.39	0.70
	Volatility	-1.55	0.84	-0.88	0.06
	Size	1.54	-1.06	0.59	0.41

US Factor Returns (%)¹

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-2.03	0.19	1.12	0.24
	P/E (trailing)	4.69	-0.96	1.73	0.59
	Yield	-0.47	-1.72	0.83	0.23
Growth	Hist. EPS Growth	1.97	0.75	-0.04	0.16
	Proj. EPS Growth	-0.78	-0.01	-0.74	-0.17
	Hist. Sales Growth	1.38	0.27	-0.51	-0.01
Sentiment	Price Momentum	3.58	-3.02	1.49	0.19
	3 Mo. Analyst Up/Down	2.34	0.73	0.50	0.35
Quality	Operating Margin	2.94	-2.17	0.99	-0.02
	ROE	3.93	-0.43	1.77	0.54
	Leverage	-0.88	-0.26	-0.45	-0.37
Risk	Beta	-2.31	1.40	-0.07	0.77
	Volatility	-5.93	1.27	-1.85	-0.05
	Size	1.86	-1.78	0.53	0.12

Europe Markets Factor Returns (%)¹

		1 Month	3 Months	1 Year	5 Years
Value	P/B	0.85	2.60	1.41	0.43
	P/E (trailing)	1.99	0.81	1.10	0.71
	Yield	1.04	0.57	1.47	0.42
Growth	Hist. EPS Growth	0.71	0.08	-0.34	0.23
	Proj. EPS Growth	0.93	0.00	-0.06	-0.16
	Hist. Sales Growth	-2.07	-2.23	-1.18	0.26
Sentiment	Price Momentum	2.74	-1.27	0.59	0.46
	3 Mo. Analyst Up/Down	0.37	-0.15	0.58	0.60
Quality	Operating Margin	0.81	-0.63	-0.06	0.48
	ROE	1.22	-0.82	-0.01	0.65
	Leverage	-2.01	-2.22	-1.04	-0.09
Risk	Beta	0.99	2.76	0.91	0.50
	Volatility	0.38	1.16	-0.34	-0.47
	Size	0.23	0.45	1.00	0.16

As of 28 February 2023

Source: Lazard, I/B/E/S, Standard & Poor's, WorldScope

Japan Factor Returns (%)¹

		1 Month	3 Months	1 Year	5 Years
Value	P/B	5.39	4.00	1.44	0.38
	P/E (trailing)	5.24	3.65	1.60	0.80
	Yield	4.39	3.22	1.10	0.65
Growth	Hist. EPS Growth	-0.12	-0.29	-0.23	0.35
	Proj. EPS Growth	-1.65	-2.36	-0.13	0.33
	Hist. Sales Growth	-1.50	-1.49	-0.56	0.33
Sentiment	Price Momentum	2.46	0.56	-0.46	-0.60
	3 Mo. Analyst Up/Down	0.20	-0.86	-0.02	0.02
Quality	Operating Margin	-0.78	-0.92	-0.43	0.29
	ROE	-1.24	-1.16	-0.47	0.16
	Leverage	-1.57	-1.20	-0.63	-0.25
Risk	Beta	0.92	-0.58	0.26	0.29
	Volatility	-1.29	-1.51	0.00	-0.01
	Size	-1.15	-1.20	-0.41	0.13

Emerging Markets Factor Returns (%)¹

		1 Month	3 Months	1 Year	5 Years
Value	P/B	0.28	2.30	1.86	0.38
	P/E (trailing)	3.03	1.42	2.15	0.53
	Yield	3.58	1.55	0.94	0.50
Growth	Hist. EPS Growth	1.37	1.33	0.08	0.19
	Proj. EPS Growth	-0.78	-0.65	-0.36	0.01
	Hist. Sales Growth	-1.14	1.10	-0.39	-0.38
Sentiment	Price Momentum	3.58	-2.84	-0.50	0.67
	3 Mo. Analyst Up/Down	2.34	1.40	1.78	0.84
Quality	Operating Margin	0.50	-0.26	-0.42	-0.16
	ROE	2.58	0.32	0.30	0.19
	Leverage	1.50	0.73	-0.73	-0.05
Risk	Beta	-2.31	-0.39	-0.57	0.53
	Volatility	-5.93	-0.22	-1.14	-0.19
	Size	-3.06	-1.57	0.10	-0.27

Notes

- Factor performance is based on a universe of developed market and emerging market stocks with a market capitalization of \$200mm or greater (approximately 6,000 companies). Factor returns reflect the return differential, computed monthly, for an equal weighted composite of stocks ranked in the top and bottom 20% (quintile) for each measure shown. For example, each month the aggregate return for stocks ranking in the bottom 20% in terms of operating margins is subtracted from the aggregate return for stocks ranking in the top 20%. The difference is the return displayed. The monthly differences are averaged for longer time periods.
The calculation for P/B, P/E and leverage reflect the performance difference between the lowest quintile less the highest quintile. For all other measures, the difference reflects the difference between the highest quintile less the lowest quintile. P/B is calculated as current market price divided by book value. P/E is calculated as current market price divided 1 year trailing earnings. Yield is calculated as most recent dividend by current market price. Historic EPS Growth is calculated as a 5 year trailing earnings per share growth. Projected EPS growth is calculated as IBES analyst forecasted 3-5 year growth in earnings per share. Historic Sales Growth is calculated on a 5 year trailing growth in sales revenue. Price momentum is calculated as the 12 month change in USD price. 3 Mo. Analyst Up/Down is calculated as the change in the average EPS estimate over the past three months. Operating margin is calculated as net operating income divided by total revenue. ROE is calculated as the net income divided by shareholder's equity. Leverage is calculated as outstanding debt divided by shareholder's equity. Beta is calculated against local market indices for periods up to 36 months. Volatility is calculated on a trailing 270 day average of USD based price returns. Size is market capitalization as calculated according to MSCI.
- Market return data is as of 28 February 2023 and is based on the following indices: Global – S&P Global BMI; Large Cap – S&P Global LargeMidCap; Small Cap – S&P Global SmallCap; Emerging Markets – S&P Emerging BMI; US – S&P 500

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