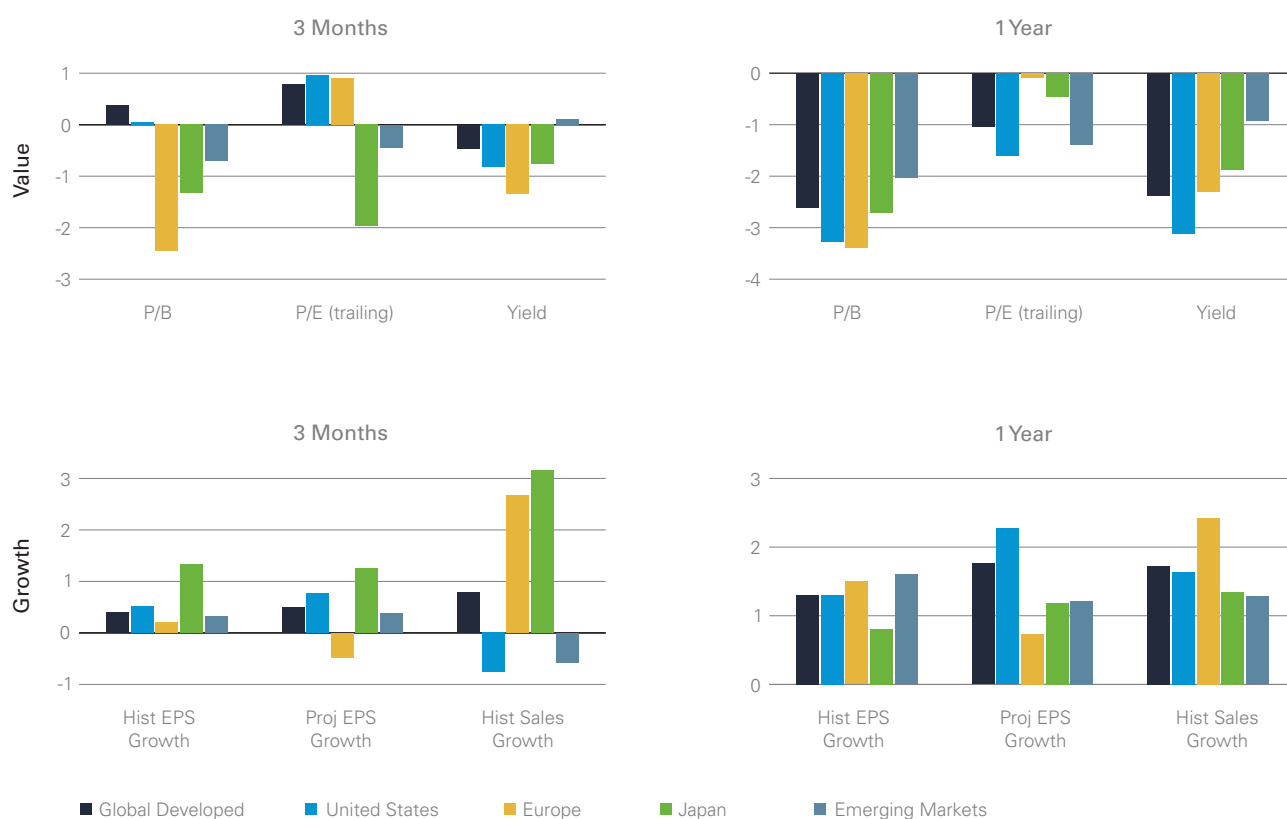
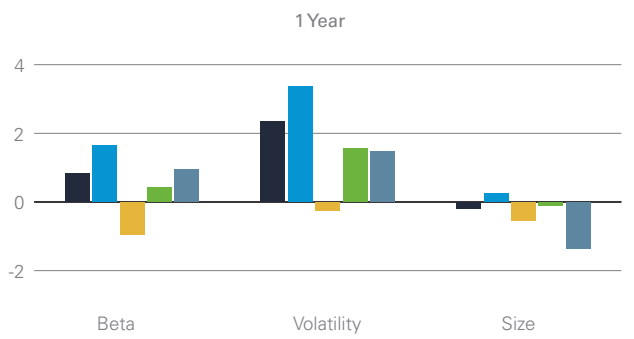
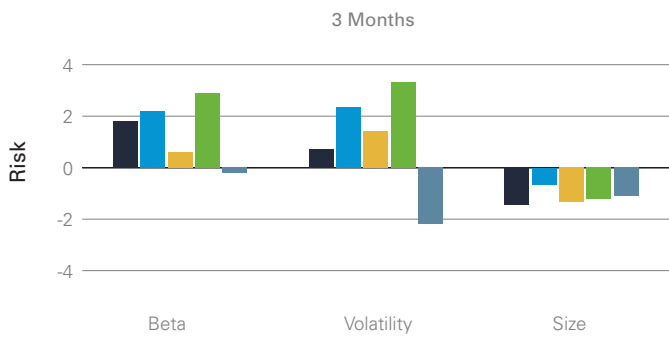
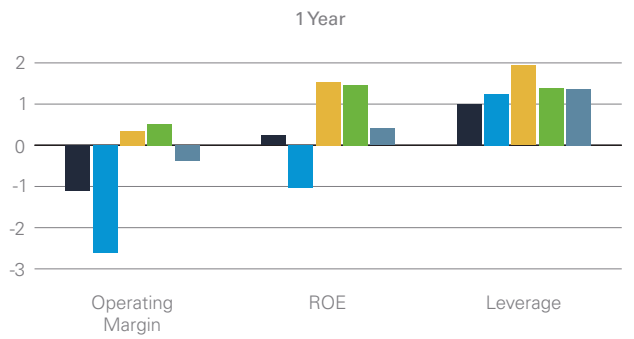
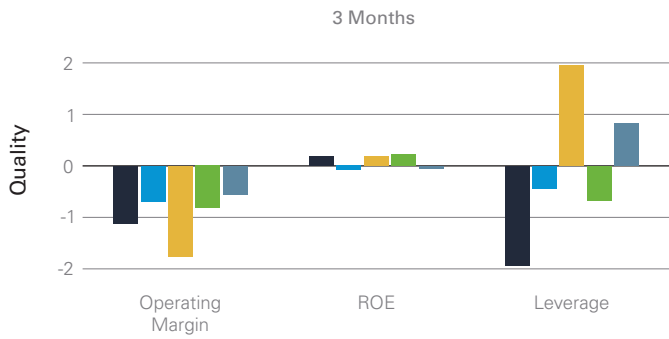
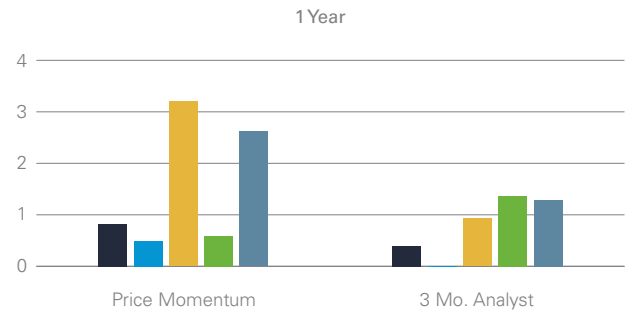
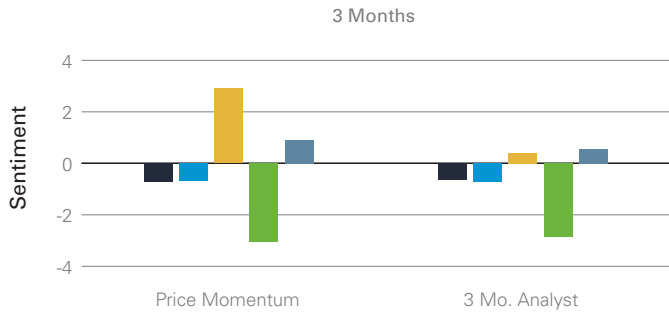


Global equity markets retreated over 2% in October, as volatility escalated with increased anxiety over US elections and a resurgence of COVID-19 in Europe and the United States. October began on a positive note, with favorable corporate earnings sending stocks up over 4% by mid-month only to sell-off by more than 7% in the last two weeks. The feared second wave of the COVID-19 virus has washed over Europe and the United States, with infection rates approaching and exceeding previous high levels in many areas. China was the leading major market for the month, rallying over 5%. The market has reached an aggregate capitalization of over \$10 trillion in October, as over \$140 billion of outside capital has flown into the China market in 2020. Despite weakness in their currencies, Australia and New Zealand were the only two developed markets with a positive return in the month, benefiting from their trading relationships with China. European markets bore the brunt of the decline as the imposition of new restrictions weighed on their economic outlook which was already lagging the rest of the world's recovery since March. Germany, in particular, sold off more than 10% as its GDP growth during the recovery has lagged France, Italy, and Spain by over 8%. US equities fell largely in line with developed markets indices. Emerging markets, helped by China, rose in October and their return has now eclipsed developed markets by over 2% in the past one-year period.

Sector leadership continued to evolve as communication services and utilities, for a second straight month, were the leading sectors. Energy stocks continue to be the worst sector for yet another month and have fallen over 45% for the year. Health care and information technology stocks also lagged, but remain among the year's leaders. Despite the challenging markets, higher beta and more volatile stocks outperformed. Factor performance across regions also showed meaningful differences. Value measures worked well in the United States, but lagged in Europe and Japan and were mixed in emerging markets. Growth worked well in emerging markets and Japan, but lagged in the United States and Europe. Sentiment measures continue to be rewarded in emerging markets, but were mixed in Europe and Japan and lagged in the United States. Quality generally lagged throughout the markets.

## Factor Returns<sup>1</sup> (%)





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

		1 Month	3 Months	1 Year	5 Years
Global Market Returns (%) <sup>2</sup>	Global	-2.11	0.71	4.67	8.40
	Large Cap	-2.41	0.48	5.40	8.70
	Small Cap	-0.31	2.13	0.31	6.54
	Emerging Markets	2.04	2.51	6.93	8.31
	United States	-2.66	0.37	9.71	11.71

## Global Developed Factor Returns (%)<sup>1</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	2.25	0.37	-2.61	-0.56
	P/E (trailing)	0.62	0.79	-1.03	0.24
	Yield	0.07	-0.46	-2.37	-0.29
Growth	Hist. EPS Growth	-1.15	0.39	1.30	0.39
	Proj. EPS Growth	0.92	0.49	1.76	0.40
	Hist. Sales Growth	-1.16	0.78	1.73	0.47
Sentiment	Price Momentum	-3.15	-0.71	0.82	0.12
	3 Mo. Analyst Up/Down	1.09	-0.66	0.39	0.19
Quality	Operating Margin	-1.81	-1.12	-1.10	-0.06
	ROE	-0.87	0.19	0.24	0.22
	Leverage	-0.33	-1.94	1.00	0.47
Risk	Beta	2.63	1.81	0.82	0.10
	Volatility	3.70	0.70	2.34	0.06
	Size	-0.05	-1.45	-0.18	0.07

## US Factor Returns (%)<sup>1</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	6.10	0.04	-3.28	-0.77
	P/E (trailing)	4.12	0.96	-1.61	0.18
	Yield	0.07	-0.82	-3.11	-0.63
Growth	Hist. EPS Growth	-1.13	0.51	1.30	0.29
	Proj. EPS Growth	0.45	0.77	2.27	0.39
	Hist. Sales Growth	-3.04	-0.76	1.64	0.43
Sentiment	Price Momentum	-3.25	-0.68	0.49	-0.06
	3 Mo. Analyst Up/Down	-1.60	-0.73	0.01	0.08
Quality	Operating Margin	-0.36	-0.69	-2.60	-0.54
	ROE	-0.81	-0.08	-1.03	-0.10
	Leverage	0.92	-0.44	1.24	0.49
Risk	Beta	0.94	2.19	1.66	0.08
	Volatility	1.54	2.35	3.37	0.23
	Size	-0.92	-0.65	0.25	0.10

## Europe Markets Factor Returns (%)<sup>1</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-0.46	-2.45	-3.38	-0.61
	P/E (trailing)	-1.21	0.90	-0.08	0.48
	Yield	0.56	-1.35	-2.30	-0.15
Growth	Hist. EPS Growth	-1.88	0.21	1.50	0.49
	Proj. EPS Growth	-0.12	-0.48	0.73	0.13
	Hist. Sales Growth	0.95	2.67	2.42	0.66
Sentiment	Price Momentum	0.51	2.91	3.20	1.14
	3 Mo. Analyst Up/Down	1.11	0.39	0.93	0.54
Quality	Operating Margin	-0.84	-1.76	0.35	0.48
	ROE	-1.63	0.18	1.54	0.65
	Leverage	1.59	1.96	1.94	0.69
Risk	Beta	1.14	0.59	-0.95	-0.40
	Volatility	4.25	1.40	-0.25	-0.31
	Size	-1.10	-1.34	-0.54	-0.11

As of 31 October 2020

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

## Japan Factor Returns (%)<sup>1</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-0.82	-1.33	-2.70	-0.67
	P/E (trailing)	-0.94	-1.97	-0.45	0.23
	Yield	-0.31	-0.76	-1.87	0.03
Growth	Hist. EPS Growth	-0.78	1.34	0.81	0.20
	Proj. EPS Growth	3.39	1.26	1.19	0.41
	Hist. Sales Growth	0.67	3.15	1.35	0.35
Sentiment	Price Momentum	0.17	-3.05	0.59	-0.30
	3 Mo. Analyst Up/Down	-1.55	-2.84	1.37	-0.25
Quality	Operating Margin	1.41	-0.82	0.52	0.20
	ROE	1.31	0.22	1.47	0.58
	Leverage	-0.45	-0.67	1.39	0.58
Risk	Beta	2.31	2.89	0.43	0.05
	Volatility	1.62	3.33	1.55	0.31
	Size	0.75	-1.22	-0.09	-0.38

## Emerging Markets Factor Returns (%)<sup>1</sup>

		1 Month	3 Months	1 Year	5 Years
Value	P/B	-0.74	-0.70	-2.02	-0.10
	P/E (trailing)	1.26	-0.44	-1.38	0.46
	Yield	0.92	0.11	-0.93	0.62
Growth	Hist. EPS Growth	0.76	0.33	1.60	0.31
	Proj. EPS Growth	0.36	0.38	1.22	0.42
	Hist. Sales Growth	1.15	-0.57	1.28	-0.01
Sentiment	Price Momentum	2.06	0.90	2.62	1.02
	3 Mo. Analyst Up/Down	1.37	0.55	1.29	0.55
Quality	Operating Margin	-1.12	-0.56	-0.38	0.01
	ROE	0.78	-0.05	0.41	0.46
	Leverage	0.13	0.82	1.37	0.15
Risk	Beta	1.12	-0.20	0.95	0.64
	Volatility	-1.59	-2.19	1.48	0.27
	Size	-0.29	-1.11	-1.36	-0.15

## 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 31 October 2020 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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