

EquityCompass Share Buyback Strategy

Actively managed strategy that holds equally weighted positions in the 30 most significant stock buyback announcements by U.S. companies.

EquityCompass Strategies

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Key Considerations

1. Our strategy focuses on the two drivers of excess returns identified in our empirical tests (recency of an announcement and size of the repurchase) to determine the significance of a buyback announcement.
2. Utilizes an adequate number of positions to help mitigate market impact while maintaining focus on drivers of excess returns (30 stocks).

Strategy Methodology

Determining the Universe

Only stocks that are members of the Russell 3000 Index as of the most recent year-end are considered for inclusion.

Identify Strategy Candidates

Only the companies that have announced the intention to buy back their common stock in the open market within the previous three calendar months are considered. On constitution date, the company must have a market-capitalization of at least \$500 million and annual share trading volume of at least 15 million shares in the previous year.

Setting the Strategy Constituents

The strategy candidates are determined using a two-factor model based upon:

1. Days since announcement (announcement date to constitution date) –
Lower is better
2. Significance of announcement (as a % of shares outstanding) –
Higher is better

The average ranking of each factor determines the overall composite rank. The 30 stocks with the highest overall composite score will form the Strategy. In the event of a tie (i.e., the 30th and 31st stock have the exact same composite rank), the stock with the highest market capitalization will be selected. The strategy holds equal weight positions in the 30 stocks.

Rebalancing

The strategy is reconstituted monthly on the last trading business day.

EquityCompass Share Buyback Strategy Members November 2017

Source: EquityCompass Strategies

Symbol	Company Name
ACM	AECOM
AEGN	Aegion Corp.
AWI	Armstrong World Industries Inc.
BXS	BancorpSouth Bank
SAM	Boston Beer Co Inc. (The)
CNX	CONSOL Energy Inc.
DVA	DaVita Inc.
DECK	Deckers Outdoor Corp.
DENN	Denny's Corp.
DSW	DSW Inc.
FFIV	F5 Networks Inc.
FTNT	Fortinet Inc.
GHL	Greenhill & Co Inc.
HCA	HCA Healthcare Inc.
HPE	Hewlett Packard Enterprise Co.
HUBB	Hubbell Inc.
LPNT	LifePoint Health Inc.
NSC	Norfolk Southern Corp.
PSX	Phillips 66
PINC	Premier Inc.
PRGS	Progress Software Corp.
SBH	Sally Beauty Holdings Inc.
TGNA	TEGNA Inc.
TBI	TrueBlue Inc.
UNFI	United Natural Foods Inc.
URBN	Urban Outfitters Inc.
VOYA	Voya Financial Inc.
WMT	Wal-Mart Stores Inc.
WOR	Worthington Industries Inc.
WYN	Wyndham Worldwide Corp.

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Strategy-Specific Risks: Any investment involves risks, including a possible loss of principal. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Rebalancing may cause tax consequences that should be discussed with your tax advisor.

Index Description(s): The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

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Additional Information Available Upon Request

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