

NDR U.S. Large-Cap Multi-Factor Stock Focus List

Fact Sheet as of 08/31/2023

To learn more about NDR's turnkey portfolios please contact investmentsolutions@ndr.com

Objective and Strategy

Identify long-term capital appreciation opportunities through undervalued and high quality large cap stocks.

A multi-factor model ranks stocks across a broad universe. Some factors the model accounts for include valuation, profitability and price momentum.

Key Facts

- Active stock selection
- Monthly rebalancing
- Last rebalance: 08/31/2023
- Approx. 40 holdings, equally weighted
- Domestic equity universe
- Large market cap range
- Sector allocation unconstrained
- Annual fees: 0.40% of assets

(see FEES detail below)

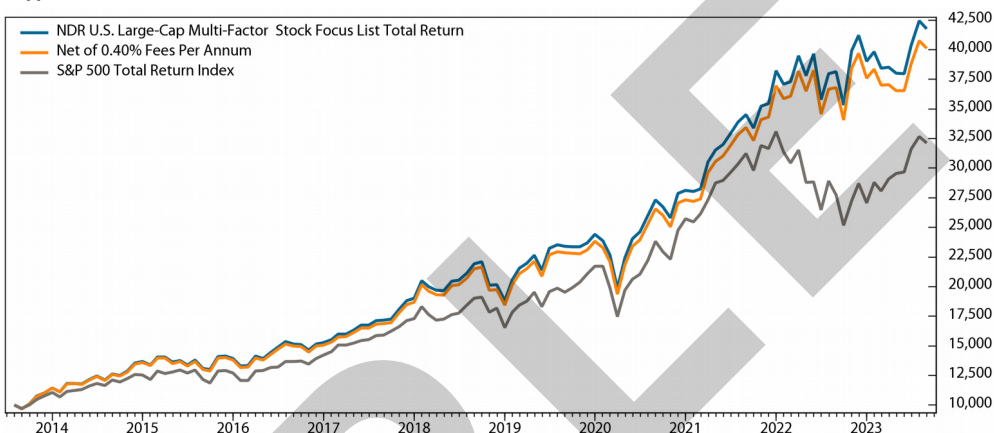
Profile

- Turnover: 277%
- Median Forward P/E: 22.3x
- Median Market Cap: \$77.2 billion
- Average Dividend Yield: 1.02%

Top 10 Holdings by Market Cap

1. Apple Inc
2. NVIDIA Corporation
3. Alphabet Inc -CL A
4. Meta Platforms Inc
5. Wal-Mart Inc
6. Mastercard Incorporated -CL A
7. Broadcom Inc
8. AbbVie Inc
9. Adobe Inc
10. Cisco Systems Inc

Hypothetical Growth of \$10,000 Investment



Annualized Performance (%)

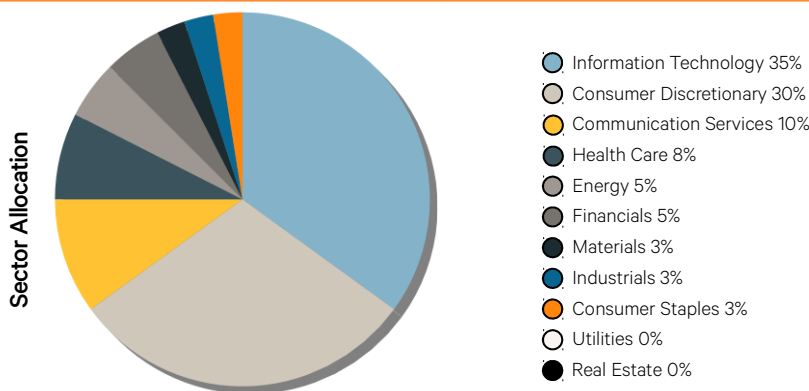
	1 Yr	3 Yr	5 Yr	10 Yr
NDR U.S. Large-Cap Multi-Factor Focus List Total Return	9.51	15.22	13.73	15.75
Net of 0.40% Fees Per Annum	9.07	14.76	13.28	15.29
S&P 500 Total Return Index	15.85	10.46	11.05	12.70

Performance data shown represents past performance, which is no guarantee of future results. Investment returns and principal values may fluctuate, therefore the value of the investment at redemption may be a gain or a loss.

Selected Risk Statistics

	Beta	Upside Capture	Downside Capture	Maximum Drawdown
NDR U.S. Large-Cap Multi-Factor Focus List Total Return	0.90	98.36	81.02	-18.73% <small>(12/31/2019-04/01/2020)</small>
Net of 0.40% Fees Per Annum	0.90	97.13	81.72	-18.81% <small>(12/31/2019-04/01/2020)</small>
S&P 500 Total Return Index	1.00	100.00	100.00	-23.93% <small>(12/31/2021-10/01/2022)</small>

Portfolio Composition %



Style Box

	Value	Blend	Growth
Large	27.5%	32.5%	40.0%
Mid	0.0%	0.0%	0.0%
Small	0.0%	0.0%	0.0%

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Current Focus List

Ticker	Company Name	Sector	Industry	Score	Price	Mkt Cap (bil\$)	Div Yield	New
BKNG	Booking Holdings Inc	Consumer Discretionary	Hotels, Restaurants & Leisure	82.5	3105	111	0.00	
MPC	Marathon Petroleum Corporation	Energy	Oil, Gas & Consumable Fuels	81.5	143	57	2.08	
NUE	Nucor Corporation	Materials	Metals & Mining	81.3	172	43	1.23	
MCHP	Microchip Technology Inc	Information Technology	Semiconductors & Semi Equip	80.9	82	45	2.07	
GOOGL	Alphabet Inc -CL A	Communication Services	Interactive Media & Services	80.9	136	808	0.00	
VRSK	VERISK ANALYTICS INC	Industrials	Professional Services	80.4	242	35	0.57	
ABNB	Airbnb Inc COM CL A	Consumer Discretionary	Hotels, Restaurants & Leisure	79.9	132	56	0.00	
FTNT	Fortinet Inc	Information Technology	Software	79.7	60	47	0.00	
ADBE	Adobe Inc	Information Technology	Software	79.6	559	255	0.00	
AVGO	Broadcom Inc	Information Technology	Semiconductors & Semi Equip	79.6	923	381	2.16	
LEN	Lennar Corporation -CL A	Consumer Discretionary	Household Durables	79.5	119	30	1.32	
AAPL	Apple Inc	Information Technology	Hardware, Storage, Peripherals	79.2	188	2937	0.54	
AMAT	Applied Materials Inc	Information Technology	Semiconductors & Semi Equip	78.9	153	128	0.89	✓
ABBV	AbbVie Inc	Health Care	Biotechnology	78.9	147	259	4.04	✓
ORLY	O'Reilly Automotive Inc	Consumer Discretionary	Specialty Retail	78.7	940	57	0.00	
LRCX	Lam Research Corporation	Information Technology	Semiconductors & Semi Equip	78.6	702	93	1.21	
META	Meta Platforms Inc	Communication Services	Interactive Media & Services	78.3	296	658	0.00	
VMW	VMware Inc -CL A	Information Technology	Software	78.2	169	73	0.00	
COP	ConocoPhillips	Energy	Oil, Gas & Consumable Fuels	78.0	119	143	3.90	
ROST	Ross Stores Inc	Consumer Discretionary	Specialty Retail	77.8	122	41	1.13	
MELI	MercadoLibre Inc	Consumer Discretionary	Broadline Retail	77.7	1372	69	0.00	✓
CSCO	Cisco Systems Inc	Information Technology	Communications Equipment	77.5	57	234	2.80	
TJX	TJX Companies Inc	Consumer Discretionary	Specialty Retail	77.1	92	106	1.50	
MSCI	MSCI Inc	Financials	Capital Markets	75.8	544	43	1.04	✓
NVDA	NVIDIA Corporation	Information Technology	Semiconductors & Semi Equip	75.4	494	1219	0.03	✓
LOW	Lowe's Cos Inc	Consumer Discretionary	Specialty Retail	75.3	230	133	1.97	
INTU	Intuit Inc	Information Technology	Software	75.1	542	152	0.69	✓
YUM	Yum! Brands Inc	Consumer Discretionary	Hotels, Restaurants & Leisure	75.1	129	36	1.87	
DASH	DoorDash Inc -CL A	Consumer Discretionary	Hotels, Restaurants & Leisure	74.9	84	31	0.00	✓
SNPS	Synopsys Inc	Information Technology	Software	74.9	459	70	0.00	
ADSK	AUTODESK INC	Information Technology	Software	74.7	222	47	0.00	✓
HLT	Hilton Worldwide Holdings Inc	Consumer Discretionary	Hotels, Restaurants & Leisure	74.6	149	39	0.41	
EA	Electronic Arts Inc	Communication Services	Entertainment	74.6	120	33	0.63	✓
MA	Mastercard Incorporated -CL A	Financials	Financial Services	74.3	413	386	0.57	
ISRG	Intuitive Surgical Inc	Health Care	Health Care Equipment & Supplies	74.1	313	110	0.00	
CMCSA	Comcast Corporation -CL A	Communication Services	Media	74.1	47	192	2.55	
EBAY	eBay Inc	Consumer Discretionary	Broadline Retail	73.8	45	24	2.29	✓
WMT	Wal-Mart Inc	Consumer Staples	Consumer Staples Dist & Retail	73.7	163	438	1.44	
WDAY	Workday Inc -Class A	Information Technology	Software	73.5	245	51	0.00	✓
CI	Cigna Group	Health Care	Health Care Providers & Services	73.3	276	82	1.76	

Deletions: ONEOK Inc (OKE), Gartner Inc (IT), Align Technology Inc (ALGN), Altria Group Inc (MO), Cheniere Energy Inc (LNG), Boeing Company (BA) Yum China Holdings Inc (YUMC), Kimberly-Clark Corp (KMB), McKesson Corporation (MCK), Southern Copper Corporation (SCCO), Trade Desk Inc -CL A (TTD)

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Risk Measure Definitions

- **Alpha:** A relative measure of a strategy's return compared to the S&P 500 Total Return Index. An alpha greater than zero means the strategy's return has been above the S&P 500 Total Return Index, an alpha of zero indicates that the strategy's return has been in line with the S&P 500 Total Return Index, and an alpha less than zero implies that the strategy's return has been below the S&P 500 Total Return Index
- **Beta:** A relative measure of a strategy's risk against the S&P 500 Total Return Index. A beta greater than one means the strategy is theoretically more volatile than the S&P 500 Total Return Index, a beta of one indicates that the strategy moves equally with the S&P 500 Total Return Index, and a beta less than one implies that the strategy theoretically is less volatile than the S&P 500 Total Return Index.
- **Downside Capture:** measures whether the strategy has outperformed the benchmark during periods of benchmark weakness. The ratio takes the strategy's monthly return during months when the benchmark had a negative return and divides it by the benchmark return during that same month. A downside capture ratio under 100 indicates that a strategy has generally outperformed the benchmark during periods of negative returns for the benchmark.
- **Downside Deviation:** A statistical measure of dispersion focused on downside risk. Like standard deviation, only using negative returns.
- **Information Ratio:** measures the expected active return of the portfolio divided by the amount of portfolio risk relative to the benchmark. The higher the information ratio, the higher the active return of the portfolio, given the amount of portfolio risk.
- **Maximum Drawdown:** The largest peak to trough percentage decline for a strategy.
- **Sharpe Ratio:** A risk-adjusted performance measure for a unit of risk. It is calculated by dividing the difference between a strategy's return and the risk-free rate (measured as 3-month U.S. Treasury bills) by the standard deviation of the strategy's return.
- **Standard Deviation:** A statistical measure of dispersion about an average, which depicts how widely returns varied over a certain period of time. When a strategy has a high standard deviation, the predicted range of performance is wide, implying greater volatility.
- **Upside Capture:** measures whether the strategy has outperformed the benchmark during periods of benchmark strength. The ratio takes the strategy's monthly return during months when the benchmark had a positive return and divides it by the benchmark return during that same month. An upside capture ratio over 100 that a strategy has generally outperformed the benchmark during periods of positive returns for the benchmark.

Risk Measures (%)

Last 5 Years	Risk Measures (%)		S&P 500 Total Return Index
	Gross	Net of 0.4% Fees Per Annum	
Alpha	4.07	3.64	0.00
Beta	0.90	0.90	1.00
Downside Capture	81.02	81.72	100.00
Downside Deviation	8.39	8.44	9.41
Information Ratio	0.47	0.40	N/A
Sharpe Ratio	0.96	0.93	0.75
Standard Deviation	14.70	14.68	14.86
Upside Capture	98.36	97.13	100.00
Max Drawdown	-18.7 (12/31/2019-02/28/2020)	-18.8 (12/31/2019-02/28/2020)	-23.9 (12/31/2021-08/31/2022)

Stock Selection Factors

- **Free Cash Flow / Enterprise Value:** Operating cash flow less cash dividends plus capital expenditures divided by market value of equity plus debt plus preferred stock minus cash and cash equivalents. A higher number is typically a sign of undervaluation.
- **Accruals Ratio:** Net income minus (cash flow from operating activities plus cash flow from investing activities) divided by total assets. The accruals ratio measures the non-cash portion of the earnings. Lower levels have historically been positive for a stock.
- **Operating Cash Flow / Assets:** A higher ratio indicates that the company is more efficient in using its assets, which tends to lead to higher returns.
- **52-Week - 4-Week Momentum:** The difference between the 52- and four-week price rates of change. As a technical factor, it can be used in either a trend-following or a contrarian way depending on the universe and macro environment.
- **Shareholder Yield:** Trailing 12-month net stock repurchases, cash dividends, and net debt reduction divided by market cap. A higher number indicates greater shareholder value per share, which normally leads to higher stock returns.

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