

# PERIODIC TABLE OF FACTORS

Equity factor return cycles over time – quality outperforms over the long term.

There's a fundamental truth about equity factors: no single factor consistently outperforms its benchmark every year. And while these are just the factors we believe to be the most compensated for the risks they take, the same is true among a number of factors. As evidenced below, history suggests that factors may be subject to cyclicality, which must be a key consideration when taking a factor-based approach to achieve your objectives.

## TOP/BOTTOM PERFORMERS

FACTOR	SINGLE-YEAR		15-YEAR RANKING
	TOP	BOTTOM	
Quality	0	0	1st
Low Volatility	5	3	2nd
Size	1	0	3rd
Dividend Yield	3	4	4th
Momentum	3	3	5th
Value	3	5	6th

## CALENDAR YEAR RETURNS

Northern Trust's proprietary quality score has outperformed over the long term and demonstrates the benefits of investing in high quality stocks.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annualized 15-Year Return
Highest	MOMENTUM 17.8%	DIVIDEND YIELD 23.3%	MOMENTUM 18.3%	LOW VOLATILITY 26.4%	VALUE 79.5%	SIZE 28.0%	LOW VOLATILITY 12.1%	VALUE 21.3%	VALUE 46.5%	LOW VOLATILITY 18.8%	LOW VOLATILITY 3.7%	DIVIDEND YIELD 24.9%	MOMENTUM 25.1%	LOW VOLATILITY 0.7%	DIVIDEND YIELD 29.3%	QUALITY 10.4%
	QUALITY 13.0%	LOW VOLATILITY 18.0%	LOW VOLATILITY 2.7%	QUALITY 36.3%	SIZE 62.8%	MOMENTUM 25.2%	DIVIDEND YIELD 8.8%	SIZE 18.5%	MOMENTUM 43.4%	DIVIDEND YIELD 18.6%	MOMENTUM 0.8%	VALUE 24.2%	QUALITY 21.9%	MOMENTUM 4.8%	SIZE 28.7%	LOW VOLATILITY 10.3%
	VALUE 12.4%	VALUE 16.9%	QUALITY 2.1%	DIVIDEND YIELD 38.3%	DIVIDEND YIELD 47.9%	VALUE 23.4%	QUALITY 3.6%	QUALITY 17.3%	QUALITY 39.7%	QUALITY 12.6%	QUALITY 3.8%	SIZE 17.1%	SIZE 17.6%	DIVIDEND YIELD 7.1%	MOMENTUM 27.6%	SIZE 9.6%
	SIZE 10.2%	QUALITY 16.5%	SIZE 0.7%	SIZE 42.3%	QUALITY 44.5%	DIVIDEND YIELD 20.8%	MOMENTUM 2.0%	MOMENTUM 15.7%	SIZE 37.7%	SIZE 9.4%	VALUE 4.7%	QUALITY 14.4%	LOW VOLATILITY 16.4%	QUALITY 9.0%	QUALITY 27.2%	DIVIDEND YIELD 9.3%
	LOW VOLATILITY 6.5%	SIZE 14.0%	DIVIDEND YIELD 10.5%	MOMENTUM 46.8%	MOMENTUM 3.5%	QUALITY 20.3%	SIZE 3.1%	DIVIDEND YIELD 15.2%	LOW VOLATILITY 27.4%	VALUE 8.5%	SIZE 4.9%	LOW VOLATILITY 12.9%	VALUE 14.0%	SIZE 10.2%	LOW VOLATILITY 27.0%	MOMENTUM 8.9%
Lowest	DIVIDEND YIELD 6.1%	MOMENTUM 10.6%	VALUE 12.4%	VALUE 48.0%	LOW VOLATILITY 19.7%	LOW VOLATILITY 16.4%	VALUE 5.1%	LOW VOLATILITY 13.1%	DIVIDEND YIELD 25.4%	MOMENTUM 7.2%	DIVIDEND YIELD 6.1%	MOMENTUM 6.0%	DIVIDEND YIELD 12.1%	VALUE 14.8%	VALUE 25.9%	VALUE 8.7%
	<b>Russell 1000® Index</b>															
	6.3%	15.5%	5.8%	37.6%	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	12.1%	21.7%	4.8%	31.4%	9.1%

Source: Northern Trust Quantitative Research, Compustat, Barra. Data as of December 31, 2019.

Factor returns are defined as the equally weighted top or bottom 20% of the Russell 1000® Index. Ranking is based on exposure to factor as defined by Barra (Value, Momentum, Volatility, Size), Northern Trust (Quality) and Dividend Yield.

Past performance is no guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

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