

The **MDR Factor Model Portfolios** are quantitatively managed across four core areas (Quality, Value, Growth and Income) for both the Russell 1000 and Russell 2000 universes. The goal is to achieve superior risk adjusted returns over well-known factor ETFs. The models incorporate two important risk controls. First, the quantitative process removes companies with weak financial health metrics. Second, all portfolios have a sector weight limit of 20%. While the sector constraint can create significant sector exposure differences, we believe it is an important risk control. Portfolio changes are published on a monthly basis. The below descriptions provide additional information on each factor model portfolio.

[See Latest Factor Models](#)
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Summary of MDR Factor Model Performance"

Model Portfolios	Performance			vs Benchmark			# of New Holdings	Commentary
	1-Month	6-Month	1-Year	1-Month	6-Month	1-Year		
Russell 1000 Universe – Large Cap Model Portfolios								
Large Cap Quality	-2.6%	33.8%	20.8%	+0.6%	+5.6%	+8.6%	34	Turnover attributed to internal model change (scores companies with low debt higher)
Large Cap Value	-3.2%	39.4%	16.7%	-0.7%	+18.8%	+21.9%	11	
Large Cap Growth	-1.9%	41.2%	17.9%	+2.8%	-3.3%	-19.3%	2	Benefitted this month from 20% sector cap (i.e. lower Tech exposure)
Large Cap Income	-1.6%	26.4%	-14.7%	+1.3%	-1.2%	-3.5%	20	
Russell 2000 Universe – Small Cap Model Portfolios								
Small Cap Quality	-2.1%	51.7%	13.9%	+1.2%	+19.9%	+13.5%	25	Turnover attributed to internal model change (scores companies with low debt higher)
Small Cap Value	-3.5%	46.2%	18.7%	+1.2%	+23.9%	+33.7%	14	
Small Cap Growth	-2.5%	37.9%	9.6%	-0.4%	-2.6%	-6.2%	6	
Small Cap Income	-3.7%	26.3%	-19.0%	+1.3%	+23.2%	-0.3%	25	

Note: Portfolios are updated each month-end. Performance is based on total returns across equal-weighted portfolios. Returns prior to March 2020 are quantitatively back tested. Past performance doesn't guarantee future results.

MDR Quality Portfolios

- **Goal:** Highlight quality companies with superior financial strength
- **Quant Screen:** U.S. companies with positive sales and EPS growth over the past three years (e.g. indicates company is growing). Companies are assigned a quality ranking based on key balance sheet and income statement metrics. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares U.S. Quality Factor ETF (ticker: QUAL)
- **Small Cap Benchmark:** iShares Russell 2000 ETF (ticker: IWM)

MDR Value Portfolios

- **Goal:** Highlight companies temporarily trading below their long-term valuation average
- **Quant Screen:** U.S. companies with positive sales and EPS growth over the past three years (e.g. indicates company is growing). Companies are ranked based on how they trade relative to their historical valuation levels. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares Russell 1000 Value ETF (ticker: IWD)
- **Small Cap Benchmark:** iShares Russell 2000 Value ETF (ticker: IWN)

MDR Growth Portfolios

- **Goal:** Highlight quality companies growing faster than their peers
- **Quant Screen:** U.S. companies with a forecasted EPS growth rate above the benchmark over the next two years. Companies are ranked based on their growth rate. The top 50 companies are equal-weighted.
- **Large Cap Benchmark:** iShares Russell 1000 Growth ETF (ticker: IWF)
- **Small Cap Benchmark:** iShares Russell 2000 Growth ETF (ticker: IWO)

MDR Income Portfolios

- **Goal:** Highlight companies with the potential for above average income generation
- **Quant Screen:** U.S. companies with a dividend yield greater than 3.5%. Remaining companies are assigned a quality ranking based on key balance sheet and income statement metrics. The top 50 companies (based on the quality score) are equal-weighted.
- **Large Cap Benchmark:** SPDR Russell 1000 Yield Focus ETF (ticker: ONEY)
- **Small Cap Benchmark:** Russell 2000 Dividend Growers ETF (ticker: SMDV)

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