

JULEX CAPITAL

Smallcap risk premium & the value risk premium

Rob Brown, PhD, CFA

Julex Capital Advisory Board Member, Website www.robrownonline.com



40 Grove Street, Suite 140, Wellesley, MA 02482

Phone 781-489-5398

Email info@julexcapital.com

Web www.julexcapital.com

Rewarded risk premia

- Size . . . smallcap vs largecap
 - Value
 - Momentum, trending
 - Profitability
-
- Non-diversifiable risk . . . can't be diversified away
 - Some market participants want to get rid of this risk . . . while others are willing to accept it (for adequate compensation)

- **Size**
 - An extra reward for accepting the non-diversifiable risk of small companies
 - Holds globally . . . across geographies
 - Holds across time

- **Value**
 - An extra reward for accepting the non-diversifiable risk of slow (or no) growth companies
 - Holds globally . . . across geographies
 - Holds across time

Warning

Both (value and size) risk premia are incredibly episodic

Defined by potent . . . bull and bear markets . . . they work and then they don't

Value risk premium

Here in the U.S.

1926 through today

- Kenneth R. French data library . . . 1926 to present
- Dartmouth College
- https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html



- HOME
- BIOGRAPHY
- CURRICULUM VITAE
- WORKING PAPERS
- DATA LIBRARY
 - U.S. RESEARCH RETURNS
 - U.S. RESEARCH BREAKPOINTS
 - U.S. BOOK EQUITY DATA
 - INTERNATIONAL RESEARCH RETURNS
 - DEVELOPED MARKET FACTORS AND RETURNS
- CONSULTING RELATIONSHIPS
- FAMA / FRENCH FORUM
- CONTACT INFORMATION

Current Research Returns

June 2003 data were missing from the Developed Momentum Factor (Mom) [Daily] files since November 2022 and were restored in February 2023.

In November 2022, we began providing historical archives of US monthly Fama/French 3 factors and 5 factors files for all available previous data cuts. In December 2022, we began providing historical archives of the 2x3 bivariate portfolio sorts used to construct the factors for each July data cut.

| | March 2023 | Last 3 Months | Last 12 Months |
|----------------------------------------------------|------------|---------------|----------------|
| Fama/French 3 Research Factors | | | |
| Rm-Rf | 2.51 | 6.55 | -11.50 |
| SMB | -5.59 | 0.06 | -1.53 |
| HML | -9.01 | -14.14 | 1.52 |
| Fama/French 5 Research Factors (2x3) | | | |
| Rm-Rf | 2.51 | 6.55 | -11.50 |
| SMB | -7.01 | -2.56 | -0.26 |
| HML | -9.01 | -14.14 | 1.52 |
| RMW | 1.92 | 0.37 | 9.61 |
| CMA | -2.29 | -8.43 | 4.53 |
| Fama/French Research Portfolios | | | |
| Size and Book-to-Market Portfolios | | | |
| Small Value | -9.45 | -3.65 | -10.89 |
| Small Neutral | -3.49 | 5.82 | -5.21 |
| Small Growth | -3.44 | 7.39 | -11.90 |
| Big Value | -5.28 | -4.08 | -7.23 |
| Big Neutral | -1.06 | 0.32 | -6.92 |
| Big Growth | 6.74 | 13.14 | -9.27 |
| Size and Operating Profitability Portfolios | | | |

- How is “value” and “growth” defined
- Most retail industry products (ETFs and Mutual Funds) water down and dilute value/growth
- Takeaway . . . know what you’re buying

Bull and bear markets for the value risk premium since 1926

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return |
|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|-------------------|
| -52 | 5.25 | Feb 1927 | May 1932 | 16.1 | 32 | -13.1 |
| 78 | 0.25 | May 1932 | Aug 1932 | 42.3 | 100 | 902.9 |
| -38 | 0.33 | Aug 1932 | Dec 1932 | 13.2 | 0 | -76.4 |
| 94 | 0.67 | Dec 1932 | Aug 1933 | 33.0 | 75 | 170.7 |
| -50 | 1.58 | Aug 1933 | Mar 1935 | 23.6 | 26 | -35.5 |
| 86 | 2.00 | Mar 1935 | Mar 1937 | 15.4 | 71 | 36.3 |
| -46 | 2.42 | Mar 1937 | Aug 1939 | 15.4 | 34 | -22.5 |
| 2376 | 49.25 | Aug 1939 | Nov 1988 | 10.6 | 54 | 6.7 |
| -28 | 3.08 | Nov 1988 | Dec 1991 | 5.7 | 38 | -10.1 |
| 49 | 6.42 | Dec 1991 | May 1998 | 8.3 | 57 | 6.4 |
| -33 | 1.58 | May 1998 | Dec 1999 | 10.2 | 26 | -22.4 |
| 162 | 7.00 | Dec 1999 | Dec 2006 | 11.2 | 69 | 14.7 |
| -37 | 2.17 | Dec 2006 | Feb 2009 | 16.1 | 27 | -19.0 |
| 28 | 0.58 | Feb 2009 | Sep 2009 | 11.8 | 86 | 51.7 |
| -58 | 11.00 | Sep 2009 | Sep 2020 | 11.0 | 40 | -7.7 |
| ? | ? | Sep 2020 | ? | ? | ? | ? |

Median BULL market

86 2.00 11.8 71 36.3

Median BEAR market

-42 2.29 14.3 29 -20.7

Bull and bear markets are defined as moves of at least 26.92992% using month-end stock index total returns

Author: Rob Brown, PhD, CFA at www.robrownonline.com. Statistics based on data provided by the Kenneth R. French Data Library at Dartmouth College and are current as of May 29, 2023

This information in this presentation is for the purpose of information exchange. No representation or warranty is made to the reasonableness of the assumptions made. Investment advice offered through Integrated Wealth Concepts LLC (a Registered Investment Adviser), d/b/a Integrated Financial Partners, Inc.

16 bull or bear markets over the last 97 years

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return |
|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|-------------------|
| -52 | 5.25 | Feb 1927 | May 1932 | 16.1 | 32 | -13.1 |
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**Currently up
+42%**

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|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|-------------------|
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| |
|--------------------|
| Median BULL market |
|--------------------|

| |
|----|
| 86 |
|----|

| |
|------|
| 2.00 |
|------|

| |
|------|
| 11.8 |
|------|

| |
|----|
| 71 |
|----|

| |
|------|
| 36.3 |
|------|

| |
|--------------------|
| Median BEAR market |
|--------------------|

| |
|-----|
| -42 |
|-----|

| |
|------|
| 2.29 |
|------|

| |
|------|
| 14.3 |
|------|

| |
|----|
| 29 |
|----|

| |
|-------|
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Median BULL market

| | | | | | | | |
|--|----|------|--|--|------|----|------|
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|--|----|------|--|--|------|----|------|

Median BEAR market

| | | | | | | | |
|--|-----|------|--|--|------|----|-------|
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| | | | | | | | |
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Size risk premium

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- BUT This problem is nowhere as severe as with value/growth
- Takeaway . . . know what you’re buying

Bull markets for the U.S. small cap risk premium since 1926

| | Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BULL market |
|--------------------|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| | 63 | 0.67 | Dec 1931 | Aug 1932 | 43.0 | 50 | 107.9 |
| | 143 | 1.17 | Feb 1933 | Apr 1934 | 56.2 | 71 | 114.3 |
| | 95 | 1.75 | Jun 1935 | Mar 1937 | 21.1 | 76 | 46.3 |
| | 262 | 6.75 | Aug 1939 | May 1946 | 20.7 | 64 | 21.0 |
| | 228 | 14.75 | Apr 1954 | Jan 1969 | 10.1 | 55 | 8.4 |
| | 274 | 8.58 | Dec 1974 | Jul 1983 | 12.5 | 70 | 16.6 |
| | 38 | 3.17 | Dec 1990 | Feb 1994 | 11.5 | 66 | 10.8 |
| | 64 | 0.92 | Mar 1999 | Feb 2000 | 27.5 | 82 | 71.3 |
| | 156 | 5.83 | May 2000 | Mar 2006 | 13.7 | 60 | 17.5 |
| | 31 | 2.08 | Feb 2009 | Mar 2011 | 11.9 | 68 | 13.9 |
| | 45 | 0.42 | Sep 2020 | Feb 2021 | 14.2 | 100 | 144.5 |
| Median BULL market | 95 | 2.08 | | | 14.2 | 68 | 21.0 |
| Mean BULL market | 127 | 4.19 | | | 22.0 | 69 | 52.0 |

Author: Rob Brown, PhD, CFA at www.robrownonline.com. Statistics based on data provided by the Kenneth R. French Data Library at Dartmouth College and are current as of May 29, 2023

Small cap risk premium is the return differential between the top 30% and the bottom 30% of the entire U.S. stock market as based on the price-to-book ratio (market cap weighted)

Indices are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results

Bull and bear markets are defined as moves of at least 26.92993% using month-end stock index total returns. This information in this presentation is for the purpose of information exchange. No representation or warranty is made to the reasonableness of the assumptions made. Investment advice offered through Integrated Wealth Concepts LLC (a Registered Investment Adviser), d/b/a Integrated Financial Partners, Inc.

11 bull markets over the last 97 years

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BULL market |
|--------------------------------------------------|----------------------|------------|----------|--------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------|
| 63 | 0.67 | Dec 1931 | Aug 1932 | 43.0 | 50 | 107.9 |
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| 31 | 2.08 | Feb 2009 | Mar 2011 | 11.9 | 68 | 13.9 |
| 45 | 0.42 | Sep 2020 | Feb 2021 | 14.2 | 100 | 144.5 |

Typical bull market

| | Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BULL market |
|--------------------|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| Median BULL market | 95 | 2.08 | | | 14.2 | 68 | 21.0 |
| Mean BULL market | 127 | 4.19 | | | 22.0 | 69 | 52.0 |

Bear markets

Bear markets for the U.S. small cap risk premium since 1926

| | Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|--------------------|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| | -64 | 3.58 | May 1928 | Dec 1931 | 16.2 | 28 | -24.6 |
| | -37 | 0.50 | Aug 1932 | Feb 1933 | 17.8 | 17 | -60.6 |
| | -29 | 1.17 | Apr 1934 | Jun 1935 | 20.8 | 36 | -25.2 |
| | -50 | 2.42 | Mar 1937 | Aug 1939 | 20.2 | 34 | -24.8 |
| | -36 | 7.92 | May 1946 | Apr 1954 | 8.4 | 37 | -5.5 |
| | -58 | 5.92 | Jan 1969 | Dec 1974 | 15.7 | 35 | -13.8 |
| | -60 | 7.42 | Jul 1983 | Dec 1990 | 8.9 | 30 | -11.5 |
| | -49 | 5.08 | Feb 1994 | Mar 1999 | 11.7 | 31 | -12.3 |
| | -30 | 0.25 | Feb 2000 | May 2000 | 18.2 | 0 | -75.9 |
| | -26 | 2.92 | Mar 2006 | Feb 2009 | 9.1 | 31 | -9.6 |
| | -39 | 9.50 | Mar 2011 | Sep 2020 | 10.8 | 47 | -5.1 |
| | ? | ? | Feb 2021 | ? | ? | ? | ? |
| Median BEAR market | -39 | 3.58 | | | 15.7 | 31 | -13.8 |
| Mean BEAR market | -43 | 4.24 | | | 14.4 | 30 | -24.4 |

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12 bear markets over the last 97 years

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|-----------------------------------------------------|----------------------|------------|----------|--------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------|
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**12 bear markets
over the last 97
years**

**And we're
currently in one**

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| -64 | 3.58 | May 1928 | Dec 1931 | 16.2 | 28 | -24.6 |
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| -39 | 9.50 | Mar 2011 | Sep 2020 | 10.8 | 47 | -5.1 |
| ? | ? | Feb 2021 | ? | ? | ? | ? |

Typical bear market

| | Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|--|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
|--|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|

Median BEAR market

-39

3.58

15.7

31

-13.8

Mean BEAR market

-43

4.24

14.4

30

-24.4

| Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| -36 | 7.92 | May 1946 | Apr 1954 | 8.4 | 37 | -5.5 |
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| ? | ? | Feb 2021 | ? | ? | ? | ? |

Currently down -28%

Median BEAR market

| | | | | | | |
|-----|------|--|--|------|----|-------|
| -39 | 3.58 | | | 15.7 | 31 | -13.8 |
|-----|------|--|--|------|----|-------|

Mean BEAR market

| | | | | | | |
|-----|------|--|--|------|----|-------|
| -43 | 4.24 | | | 14.4 | 30 | -24.4 |
|-----|------|--|--|------|----|-------|

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| | -60 | 7.42 | Jul 1983 | Dec 1990 | 8.9 | 30 | -11.5 |
| | -49 | 5.08 | Feb 1994 | Mar 1999 | 11.7 | 31 | -12.3 |
| | -30 | 0.25 | Feb 2000 | May 2000 | 18.2 | 0 | -75.9 |
| | -26 | 2.92 | Mar 2006 | Feb 2009 | 9.1 | 31 | -9.6 |
| | -39 | 9.50 | Mar 2011 | Sep 2020 | 10.8 | 47 | -5.1 |
| | ? | ? | Feb 2021 | ? | ? | ? | ? |

Currently down -28%

| | | | | | | | |
|--------------------|-----|------|--|--|------|----|-------|
| Median BEAR market | -39 | 3.58 | | | 15.7 | 31 | -13.8 |
| Mean BEAR market | -43 | 4.24 | | | 14.4 | 30 | -24.4 |

| | Cumulative percentage return, unannualized | Duration in years | Start date | End date | Volatility, annualized standard deviation of monthly returns | Percentage of monthly returns that were POSITIVE | Annualized return during BEAR market |
|--|--------------------------------------------|-------------------|------------|----------|--------------------------------------------------------------|--------------------------------------------------|--------------------------------------|
| | -36 | 7.92 | May 1946 | Apr 1954 | 8.4 | 37 | -5.5 |
| | -58 | 5.92 | Jan 1969 | Dec 1974 | 15.7 | 35 | -13.8 |
| | -60 | 7.42 | Jul 1983 | Dec 1990 | 8.9 | 30 | -11.5 |
| | -49 | 5.08 | Feb 1994 | Mar 1999 | 11.7 | 31 | -12.3 |
| | -30 | 0.25 | Feb 2000 | May 2000 | 18.2 | 0 | -75.9 |
| | -26 | 2.92 | Mar 2006 | Feb 2009 | 9.1 | 31 | -9.6 |
| | -39 | 9.50 | Mar 2011 | Sep 2020 | 10.8 | 47 | -5.1 |
| | ? | ? | Feb 2021 | ? | ? | ? | ? |

Currently down -28%

| | | | | | | | |
|--------------------|-----|------|--|--|------|----|-------|
| Median BEAR market | -39 | 3.58 | | | 15.7 | 31 | -13.8 |
| Mean BEAR market | -43 | 4.24 | | | 14.4 | 30 | -24.4 |

Julex Capital offers several relevant and appealing portfolios

- Concentrated MultiCap Value
- Concentrated ESG Years 21 and Greater
- Concentrated High Dividend Years 21 and Greater

For more information contact



Jeff Megar, CFA
Email jeff.megar@julexcapital.com
Office 781-772-1378



Liam Flaherty
Email liam.flaherty@julexcapital.com
Office 781-489-5398

History of U.S. economic growth, what's normal

Friday

June 16th

11:00 a.m. EASTERN

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