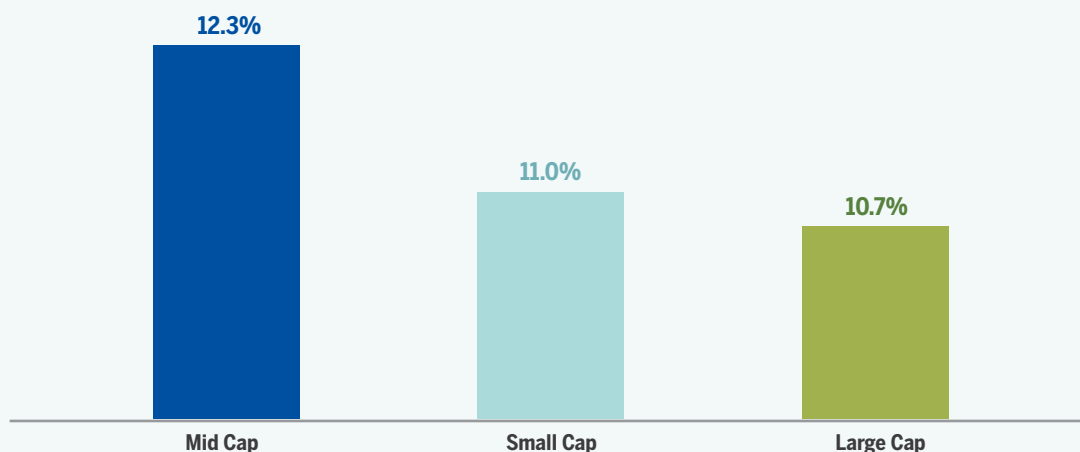


Best of Both Worlds?

Here is a riddle for you: what grows faster in middle age than in its youth? We believe the answer is mid cap stocks. Mid cap companies have historically produced enviable results relative to younger/smaller cap companies (as well as more mature larger cap companies).

Annualized Total Return 1990-2020



Source: Factset. Mid Cap is represented by the Russell Midcap Index; Small Cap is represented by the Russell 2000; Large Cap is represented by the S&P 500. The performance data quoted represents past performance, which is not an indication or a guarantee of future results

- U.S. mid cap equities have significantly outperformed both large and small caps over the past several decades. We believe this may be because mid cap stocks are in the “sweet spot.” They are beyond the perils of infancy because they may have more seasoned management teams and proven business models yet still are small enough to have more robust revenue growth than large caps.
- In our view, the middle of the equity capitalization spectrum is a fertile place for active managers compared to the large end when considering its higher active share (87% vs. 73%)¹ and scarcer analyst coverage (11 per stock vs. 21)². This has historically resulted in higher alpha.
- With mid cap stocks comprising less than one-eighth of U.S. mutual fund and ETF equity exposure, according to Morningstar data, investors may want to consider adding to what may potentially be an investing sweet spot.

¹ eVestment.

² FactSet.



The Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. The S&P 500® is an index of large company stocks considered to be representative of the U.S. stock market. Investors cannot invest directly in any index.

Active Share is a measure of the percentage of stock holdings in a portfolio that differs from the benchmark index.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its level of risk.

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