Definitions and Calculation Methodologies

Definitions:

- **Active Share:** measure of the percentage of fund holdings that differ from an index

- **Compound Annual Growth Rate (CAGR):** measures the annual growth between two given years with the effect of compounding taken into account

- **Dividend Coverage Ratio:** inverse of dividend payout ratio; measures how many times net income covers dividend payments

- **Dividend Payout Ratio:** measures the percentage of net income that is paid out in dividends

- **Downside Capture Ratio:** statistical measure of a fund's overall performance relative to an index during down-markets

- **Margin of Safety:** buying stocks at a discount to estimated intrinsic value, plus often forgotten sources of risk

- **Price/Free Cash Flow:** valuation metric measuring the multiple of free cash flow at which a company trades

- **Return on Equity:** rate of return generated off the capital shareholders have provided to a company

- **Return on Invested Capital:** rate of return generated off the capital both shareholders and debtholders have provided to a company

- **Return on Tangible Assets:** rate of return generated off the tangible assets deployed by a company

- **Return on Tangible Common Equity:** rate of return generated off the capital common shareholders have provided to fund tangible assets

- **Standard Deviation:** statistical measure of the dispersion of a dataset relative to its mean

- **Turnover Ratio:** percentage of portfolio holdings that have been replaced in a given year

- **Upside Capture Ratio:** statistical measure of a fund's overall performance relative to an index during up-markets

Calculation Methodologies:

- **Compound Annual Growth Rate (CAGR):** ((ending balance / beginning balance) ^ (1/number of years)) - 1

- **Downside Capture Ratio:** (CAGR of product performance in down-markets) / (CAGR of Index Performance in Down Markets)

- **Return on Tangible Common Equity:** (net income – preferred dividends) / (average common shareholders' equity minus intangible assets)

- **Upside Capture Ratio:** (CAGR of product performance in up-markets) / (CAGR of index performance in up-markets)