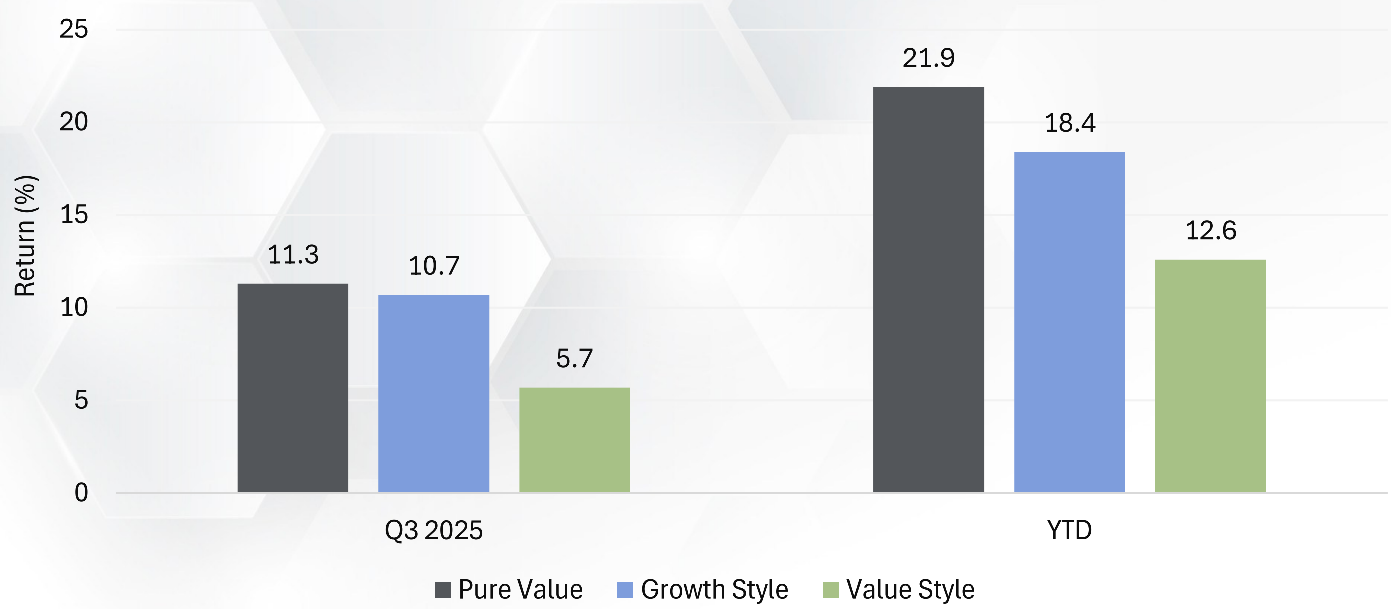
Q3 2025 US FACTOR & STYLE INDEX REPORT

September 2025

Pure Value beats both Value and Growth Styles in Q3



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Source: Wilshire Indexes. Data as of June 20, 2025.

US Pure Factors and Style: Q3 2025

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+5.0% Q3 LC Growth Style Outperforms LC Value Style	**0.0%** Q3 SC Growth Style Level with SC Value Style

Pure Factors Q3
Pure Value leads the way with Low Beta seriously lagging the Cap weighted benchmark (page 3)

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Absolute Performance

10.7% Q3 US Large Cap Growth Style	**8.6%** Q3 Large Cap Pure Quality
+5.7% Q3 US Large Cap Value Style	**11.3%** Q3 US Large Cap Pure Value

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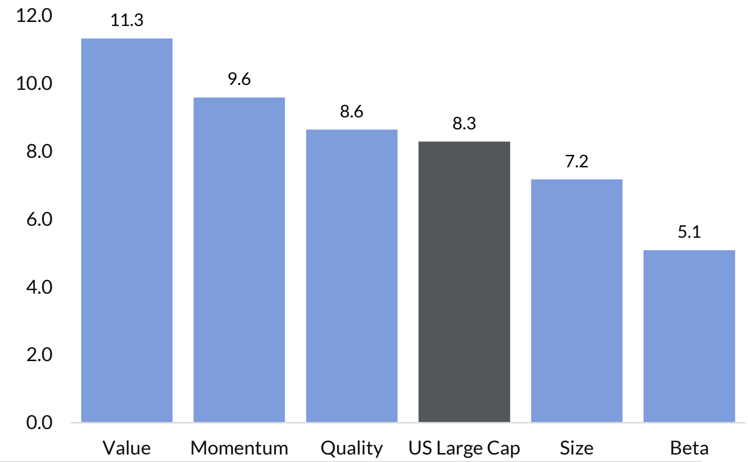
Source: Wilshire Indexes. Data as of June 30, 2025

US Pure Single Factors: Pure Value and Momentum strongly outperform US Large Cap in Q3

Chart 1: Q3 Pure Factor Performance (%, TR USD)



Pure Value posts a double digit Q3 return leading all other factors and the benchmark.

Momentum significantly outperformed, whilst Quality finished just ahead of US Large Cap

Size posted a more muted gain of 7.2%, while Beta lagged, up just 5.1% for the quarter.

Chart 2: Returns Table (%, TR USD)

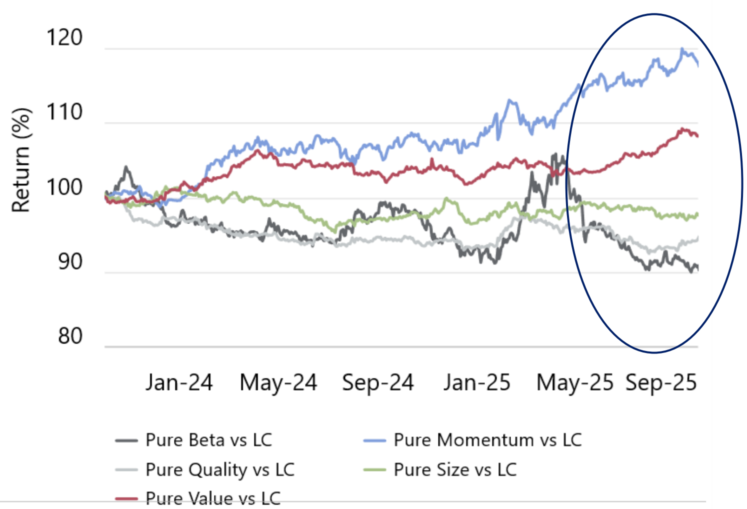
Returns	YTD	12M	3Y	5Y	10Y
US Large Cap	15.5	18.8	25.4	16.4	15.5
Pure Low Beta	12.3	9.8	18.0	11.1	12.9
Pure Momentum	27.6	31.3	31.8	18.5	18.6
Pure Quality	16.7	19.2	26.4	17.3	15.1
Pure Size	16.8	19.3	22.2	14.7	14.2
Pure Value	21.9	24.4	29.8	19.8	15.1

Only Low Beta failed to outperform US Large Cap YTD 2025.

Longer term, both Value & Quality have outperformed across 1, 3 and 5-year periods whilst Momentum outperformed over all periods.

Low Beta remains the weakest performer across all horizons.

Chart 3: Pure Factor Relative Return (%)



Value and Momentum continued to rise relative to US Large Cap through Q3.

Size and Quality showed little directional movement.

Low Beta further declined.

Source: Wilshire Indexes. Data as of September 30, 2025

Dissecting Pure Single Factors: Pure Value, Momentum and Size align with their targeted premiums in Q3

Chart 1: Factor Attribution Q3 2025

Pure Value, Pure Momentum and Pure Size excess returns are dominated by their targeted components. On the other hand Pure Low Beta's excess return is driven largely by a stock specific component.

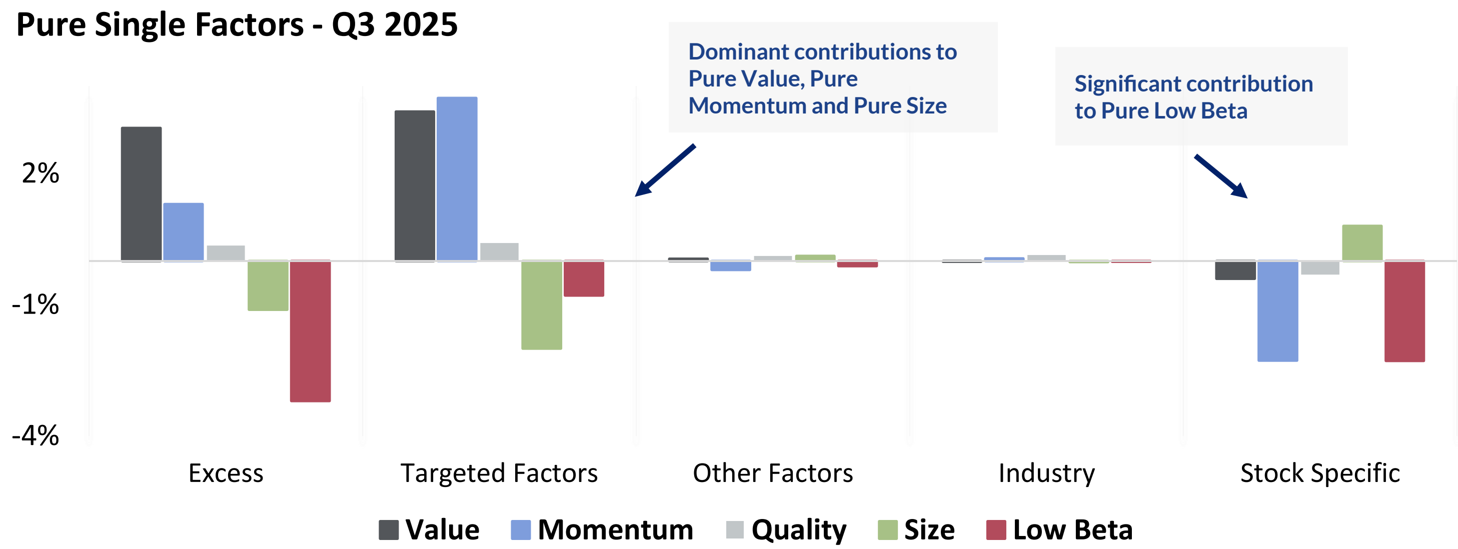


Chart 2: Factor Attribution - 3 Year

Return to targeted factors dominate other components for all pure factor indexes except for Pure Quality.

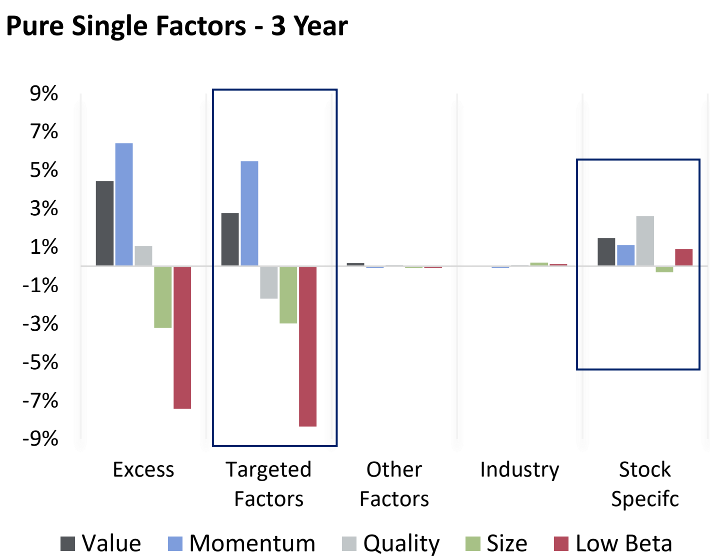


Chart 3: Correlation of Excess Return - 5 Year

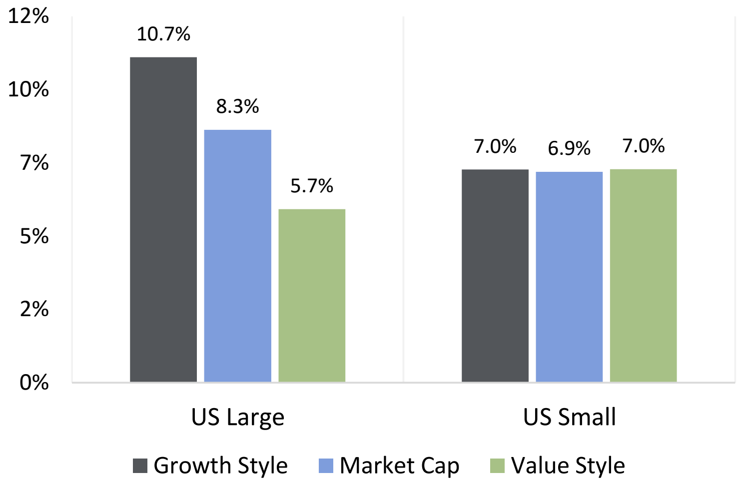
Off-diagonal correlations are small in magnitude except the negative one between Value & Momentum and positive one between Quality & Size.

	Low Beta	Momen-tum	Quality	Size	Value
Low Beta	1.00	-0.02	0.11	-0.03	-0.08
Momen-tum	-0.02	1.00	-0.02	0.11	-0.26
Quality	0.11	-0.02	1.00	0.20	0.09
Size	-0.03	0.11	0.20	1.00	0.09
Value	-0.08	-0.26	0.09	0.12	1.00

Source: Wilshire Indexes. Data as of September 30, 2025

US Style Performance: LC Growth beats LC Value whilst SC Growth ends all square with SC Value in Q3

Chart 1: Q3 Style Performance (%, TR USD)



Large Cap: Growth outperformed both Market Cap and Value in Q3.

Small Cap: Value, Growth and Market Cap posted almost identical Q3 returns of around 7%.

Large caps outperformed small caps by 1.4%.

Chart 2: Returns Table (%, TR USD)

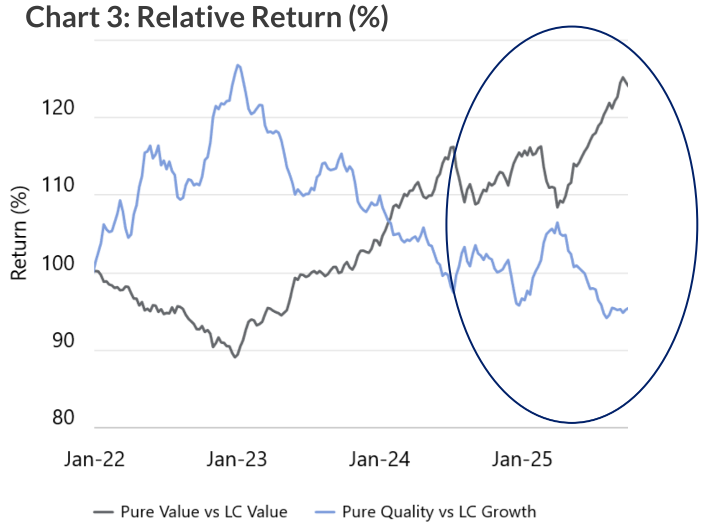
Returns	YTD	12M	3Y	5Y	10Y
US Large Cap	15.5	18.8	25.4	16.4	15.5
US Large Cap Growth	18.4	26.9	33.1	18.1	18.6
US Large Cap Value	12.6	10.8	17.8	14.4	12.2
US Small Cap	6.8	7.9	16.2	12.7	10.7
US Small Cap Growth	6.7	9.3	16.6	9.2	11.0
US Small Cap Value	7.1	6.6	15.8	16.1	10.3

Large Cap: Growth outperformed Value over all periods.

Small Cap: Value/Growth leadership is mixed over these horizons indicating no long term trend.

Large caps outperformed small caps across all horizons.

Chart 3: Relative Return (%)



Pure Quality further slipped against Growth in Q3.

Pure Value continues to outpace Value Style in Q3 with relative spread growing steadily over the quarter.

Source: Wilshire Indexes. Data as of September 30, 2025

Growth vs Pure Quality: Growth performance boosted by non-targeted exposures in Q3

Absolute Performance: **10.7%** Q3 2025 US LC Growth Style | **8.6%** Q3 2025 LC Pure Quality

Chart 1: Q3 2025 Exposures: Growth is strong on large cap, momentum, high beta and negative value but weak on targeted factors. Pure Quality displays positive exposure on ROE, (low) Leverage and Low Accruals.

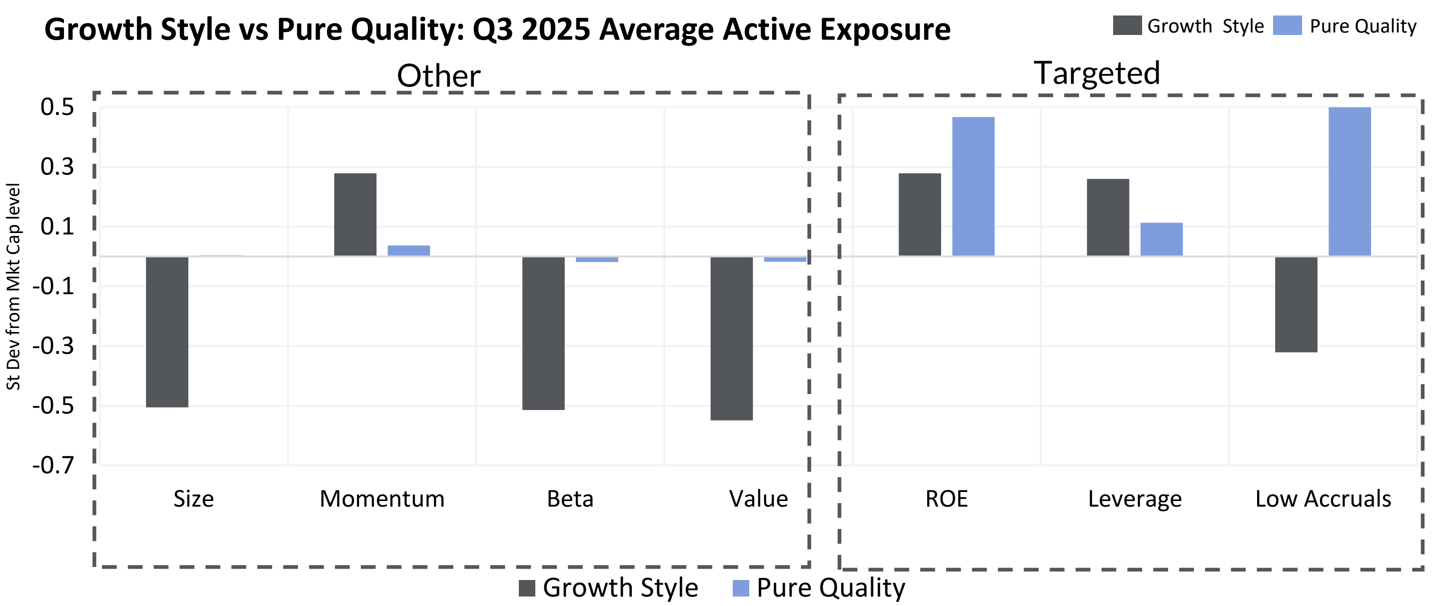
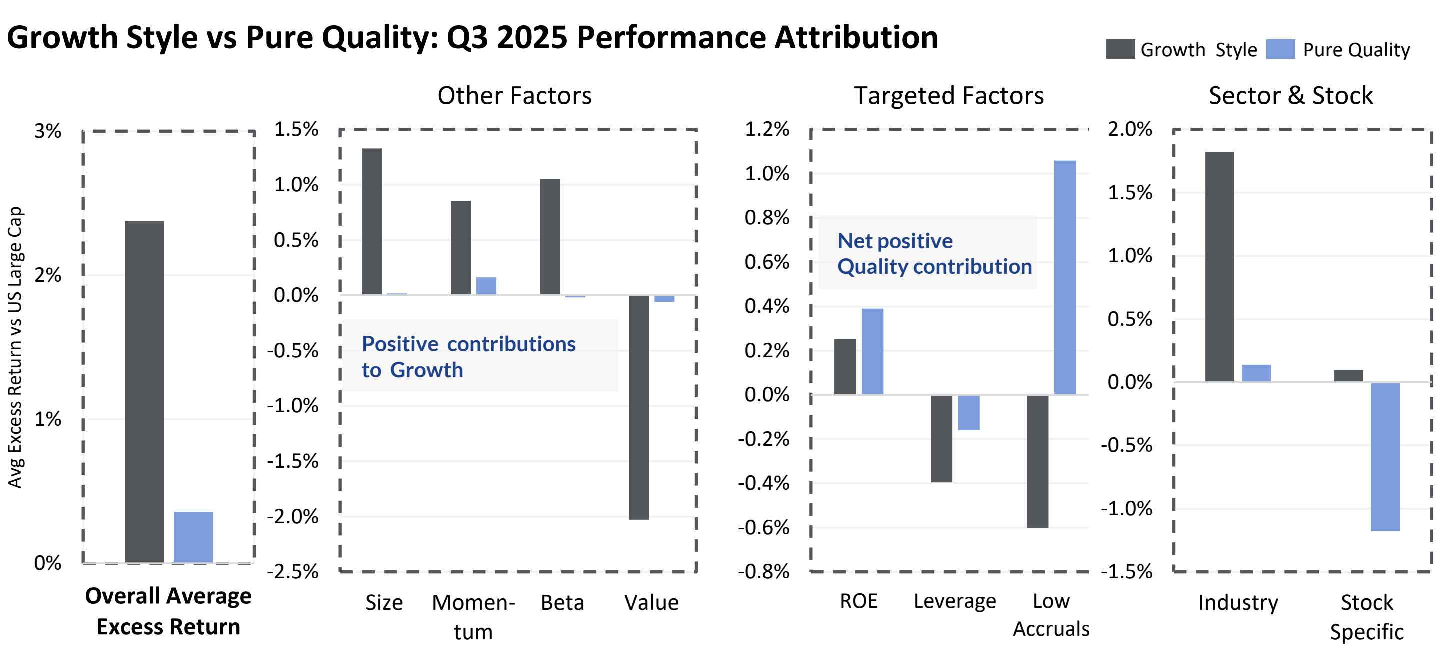


Chart 2: Q3 2025 Attribution: Growth's outperformance arises mostly from positive contributions from non-targeted and industry exposures, despite a negative contribution from Value. Pure Quality's small positive excess return results from targeted factors with a deleterious stock specific component.



Source: Wilshire Indexes. Data as of September 30, 2025.

Value Style vs Pure Value: Value Style underperforms, despite positive contributions from all valuation measures in Q3

Absolute Performance: **+5.7%** Q3 2025 US LC Value Style | **+11.3%** Q3 2025 LC Pure Value

Chart 1: Q3 2025 Exposures: Value Style is positive on all valuation, low beta and size exposures, but is negative on momentum and quality. Pure Value exhibits exposure only to valuation measures.

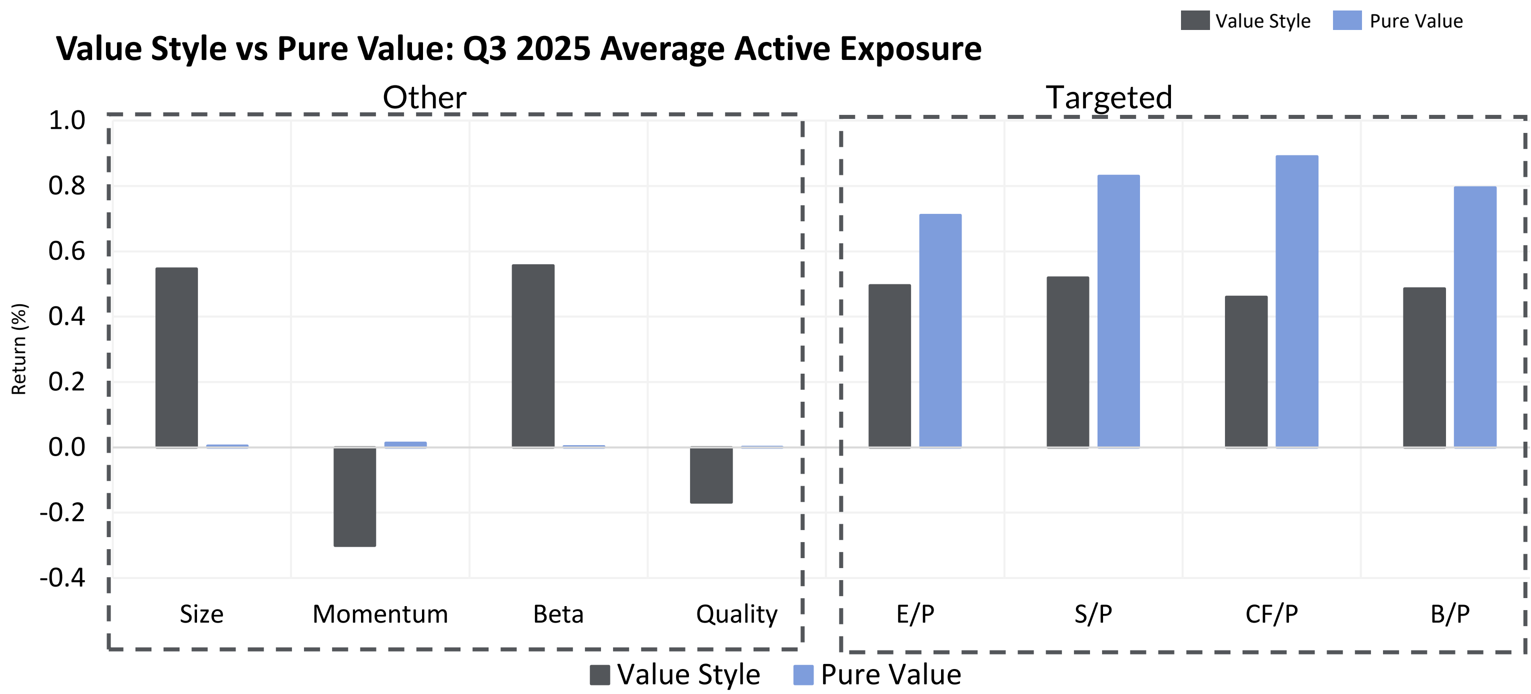
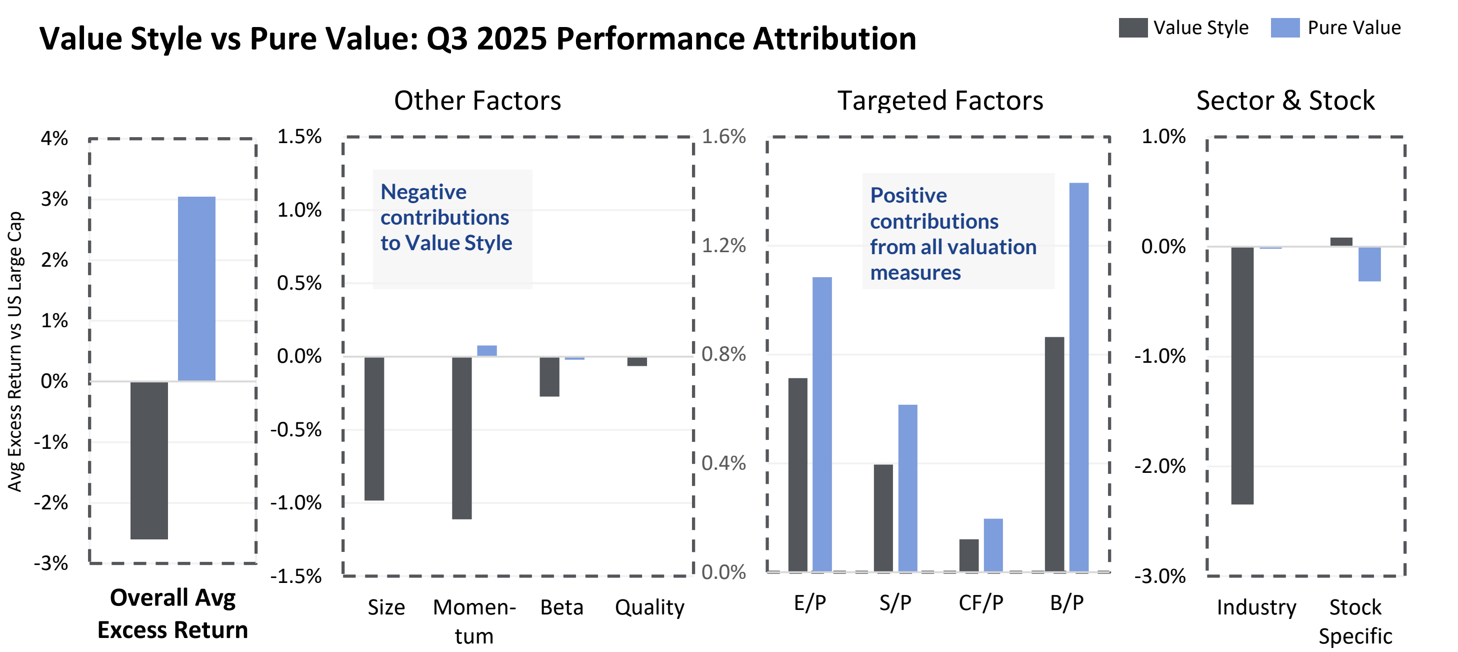


Chart 2: Q3 2025 Attribution: Value Style's underperformance is driven mostly by non-targeted and industrial components. Pure Value's outperformance arises from positive contributions from all valuation measures.



Source: Wilshire Indexes. Data as of September 30, 2025.

Wilshire Indexes

Q3 2025 Factor Insights: Customizing Factor Indexes

Customizing Factor Indexes

Avoiding “one size fits all” in factor investing

Investors come in all shapes and sizes, and often an “off-the-shelf” factor product will not satisfy their unique requirements. In this insights report, we examine how factor indexes can be customized to suit investor preferences.

We work through an example of the customization process with the FT Wilshire US Large Cap Index representing both the benchmark and the universe eligible of stocks.

Designing Factor Indexes: Three Core Principles

Factor Selection

Some investors select factors they expect to outperform over a given period. Others seek completion portfolios that add exposure to factors missing from their overall holdings. Still others may opt for beta neutrality to maintain full participation in rising markets.

Control of Unrewarded Risk

Active industry and country weights are known to drive active risk. Yet research shows no long-term return premium for taking on these exposures. Therefore it would seem prudent to neutralize or at least limit them.

Targeting Levels of Factor Exposure

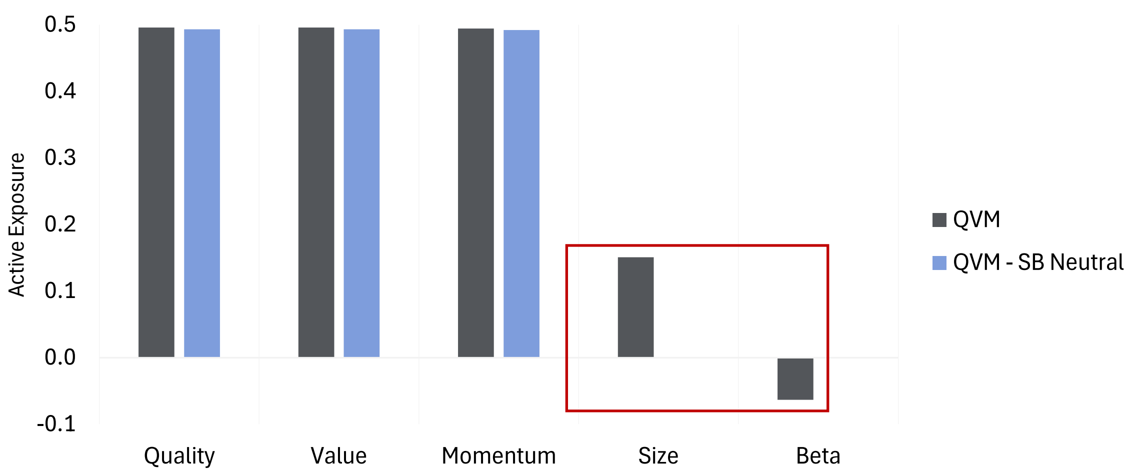
Investors differ in their appetite for active risk. Some accept higher tracking error to capture greater returns from factor tilts. Others prefer a keeping their factor index closer to the benchmark. Both views are valid, raising the question of how to accommodate them in index design.

Factor Selection: The importance of on *and* off target exposures

Factor Selection

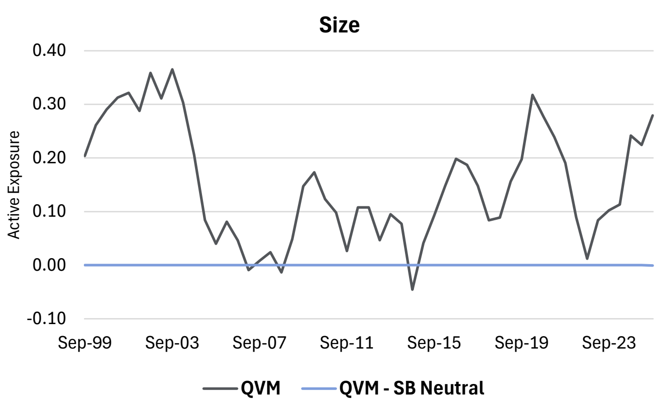
Suppose an investor has sufficient exposure to Size and Low Beta in their broader portfolio but wishes to increase exposure to Value, Momentum, and Quality. Exhibit 1 shows the average factor exposures of two indexes, each with 0.5 units of exposure to the targeted factors. The first, QVM, does not control off-target exposures to Size and Low Beta, while the second, QVM—SB Neutral, neutralizes them.

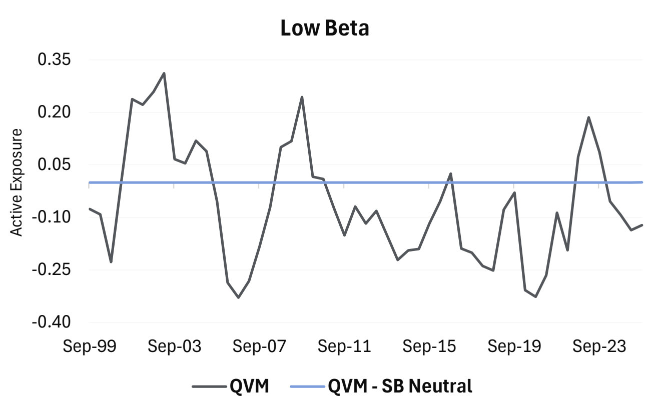
Exhibit 1: Average Active Factor Exposures — off target control (Sep 1999— Sep 2025)



Although, on average the off target exposures appear to be small, Exhibit 2 shows that they can be significant and highly variable through time. The lesson here is that, while meaningful exposure to targeted factors is essential, it is equally important to neutralize or at least control undesired factor exposure.

Exhibit 2: Size and Low Beta exposures through time





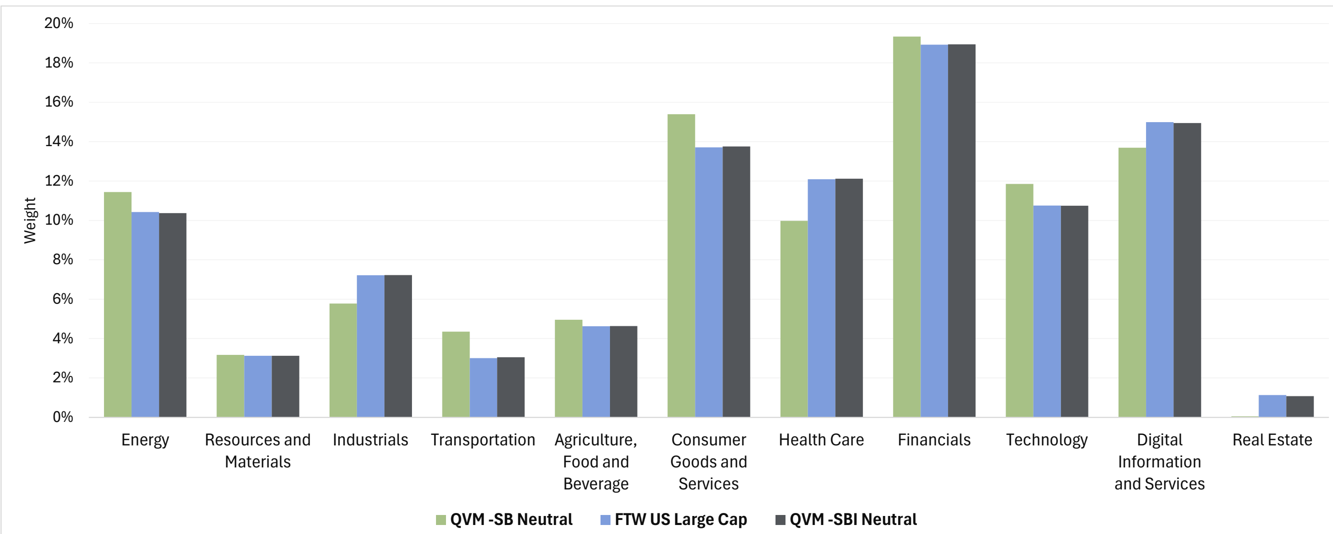
Source: Wilshire Indexes. Data as of September 30, 2025.

Control of Unrewarded Risk: The effect of industry neutralization

Control of Unrewarded Risk

Exhibit 3 shows the average industry weights of the benchmark alongside those of the QVM—SB Neutral index and a new index, QVM—SBI Neutral, which further neutralizes any active industry weights.

Exhibit 3: Average Industry Exposure (Sep 1999—Sep 2025)



Weight differences directly impact active risk, as demonstrated in Exhibit 4. Tracking error is reduced once the unwanted exposures to Size and Low Beta are neutralized, and further reduced when active industry weights are also neutralized.

Exhibit 4: Annualized Excess Return and Tracking Error (Sep 1999—Sep 2025)

	QVM		QVM - SB Neutral		QVM - SBI Neutral
Excess Return	2.00%		2.12%		2.34%
Tracking Error	4.07%	→	3.77%	→	3.56%
Information Ratio	0.49	→	0.56	→	0.66

Note also the improvement in the Information Ratio, that is, the ratio of excess return to tracking error. This indicates that the industry neutralized index more efficiently captures the Quality, Value and Momentum factor premia.

Source: Wilshire Indexes. Data as of September 30, 2025.

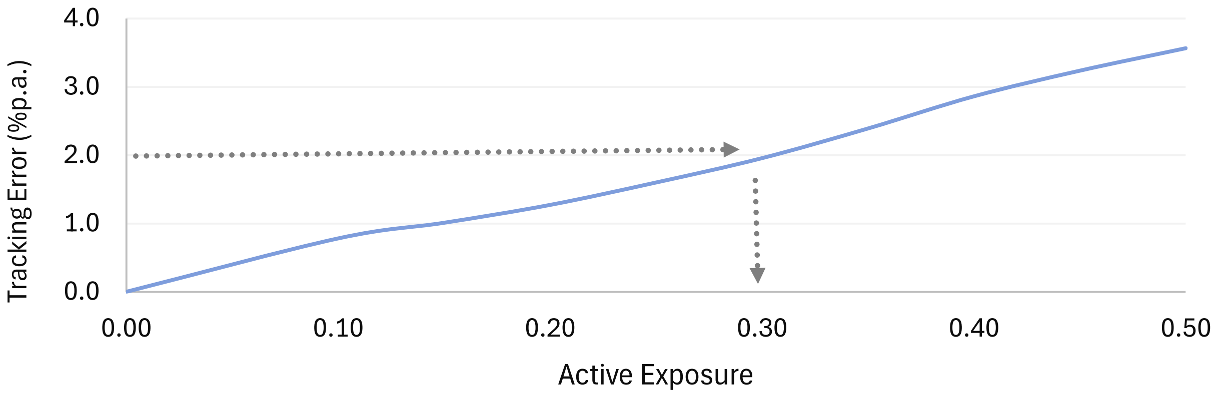
Exposure Targeting: The relationship between tracking error & active factor exposure

Targeting Appropriate Levels of Factor Exposure

The final step is to define the desired level of factor exposure. This is typically specified through a tracking error target. How should this be achieved?

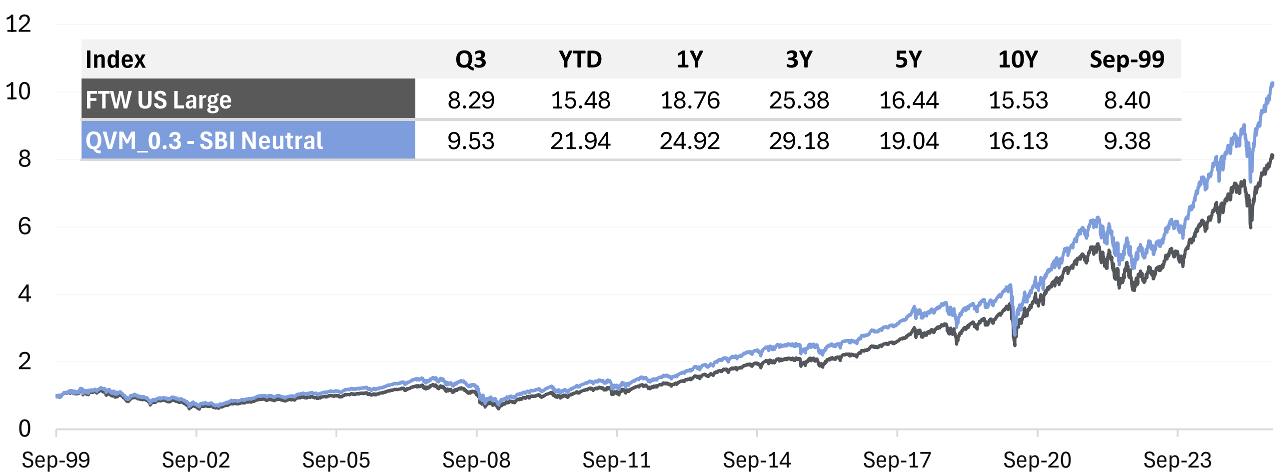
The answer lies in the direct relationship between tracking error and factor exposure. Exhibit 5, illustrates how tracking error changes with the magnitude of exposure to Quality, Momentum, and Value.

Exhibit 5: Tracking Error versus Active Factor Exposure



This almost linear relationship can be used to identify the precise levels of active exposure that achieve the desired level of tracking error. For example an investor wanting a tracking error of 2% per annum would target approximately 0.3 units of active exposure. The performance outcome of such a customized index is displayed in Exhibit 6.

Exhibit 6: Performance of QVM_0.3—SBI Neutral vs FTW Large Cap



Index	Q3	YTD	1Y	3Y	5Y	10Y	Sep-99
FTW US Large	8.29	15.48	18.76	25.38	16.44	15.53	8.40
QVM_0.3 - SBI Neutral	9.53	21.94	24.92	29.18	19.04	16.13	9.38

Source: Wilshire Indexes. Data as of September 30, 2025.

Customizing Factor Indexes: Conclusions

Customizing Factor Indexes: Summary

We have presented an example of how a multifactor index can be created to suit an investor's preferences.

There are **three essential** ingredients:

1. Control desired **and** undesired factor exposure
2. Control of unrewarded risk
3. Precise exposure targeting

Other customization options

- ✓ Constraints to improve implementation properties:
  Control max stock weights, active share, diversification and turnover.

- ✓ Advanced factor targeting:
  For example, setting factor exposures so that they contribute equally to active risk.

Important Information