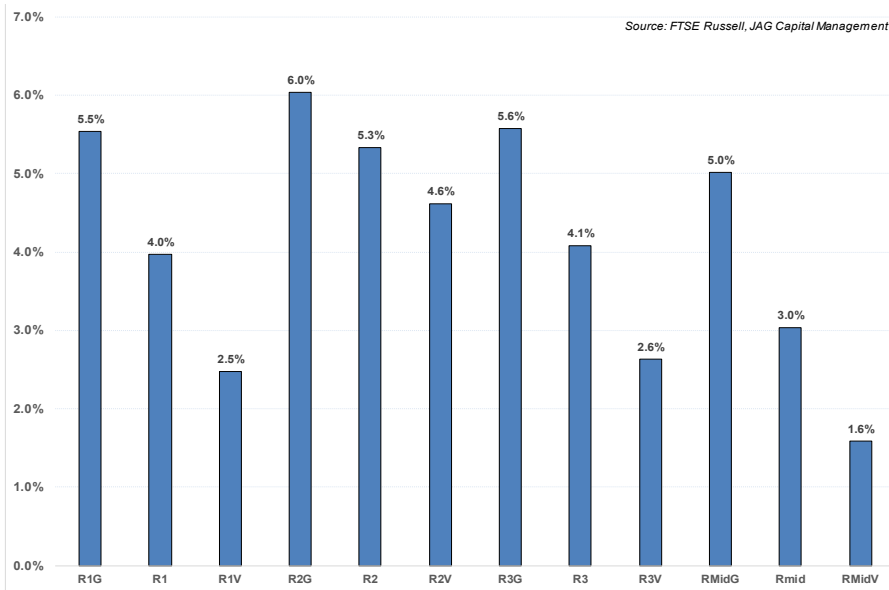


## Timely Insights from JAG's Research Team

Total reading time = 2 minutes

### Russell Index Performance: 6/30/2017 - 9/29/2017



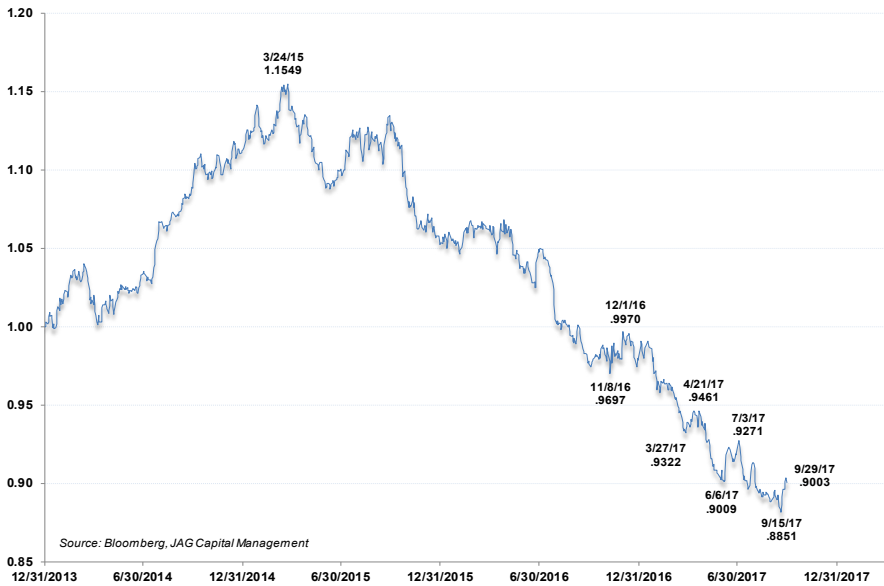
Stocks rallied across the board during the 3rd quarter. Growth outperformed Value among all three of the Russell size categories, continuing a long string of strong relative performance for growth stocks. Interestingly, small-caps beat out large-caps in all styles, and the Russell 2000 Growth Index was tops among all the Russell indices for the quarter.

### RS 2000 / RS 1000



Here is a longer-term view of the relative performance relationship between big-cap and small-cap stocks. When the blue line is rising, small caps are outperforming their larger brethren. The blue line heads south during periods of small cap underperformance. As you can see in the chart, small caps lurched to a multi-year low in relative performance in early 2016 during the last deflation scare. Since then, they have been acquitting themselves well. Between late August and the end of the quarter, small cap stocks ramped by more than 10%, more than doubling the returns of large caps. Some market bears have noted that the market is too dominated by a small number of mega-cap stocks, but this data presents evidence the bull market is broadening to include smaller stocks. We see this as a confirmation of our bullish stance on equities into year end.

## High Tax Rate Index / Low Tax Rate Index



How likely is it that we will see substantive corporate tax reform by 2018? We keep an eye on Bloomberg's High Tax Rate and Low Tax Rate indices to give us some clues. This chart shows the relative performance between shares of companies with higher effective tax rates to those with lower tax burdens. When the blue line is heading up, high tax rate companies are outperforming. When the blue line is moving down, low tax rate companies are leading. Companies with low tax rates have been outperforming for most of the last two years. This trend remains intact, but if you squint you can see that higher tax rate companies may be finally making a stand. The most recent bottom in relative performance coincides with the emergence of the first detailed plans for corporate tax reform. That said, the market is clearly not "sold" that real reform is forthcoming. We will keep watching.

### Disclosures

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Market Index performance statistics are provided by Advent Axys via benchmark data from FT Interactive Data and are presented for the time frame noted. Individuals cannot invest directly in an index. PAST PERFORMANCE SHOULD NOT BE CONSIDERED INDICATIVE OF FUTURE PERFORMANCE. ANY INVESTMENT CONTAINS RISK INCLUDING THE RISK OF TOTAL LOSS.

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