SIGNATURE RESOURCES CAPITAL MANAGEMENT

First Quarter 2019

QUARTER IN REVIEW

The first quarter of 2019 provided yet another example of why we think it generally is a good idea to be disciplined in our investment decisions through market tumult. Such discipline should include not only retaining investment exposures when the going gets rough. It, too, should include a thoughtful approach to portfolio rebalancing according to previously established long-term plans. Pushing our own wares here, of course, but we think being able to turn to a coach that is mindful of the sorts of mental challenges market volatility can present can make all the difference when it comes to finding long-term investment success.

Almost Broke Even

Surging from a December 24th low, the S&P 500 almost made it back to last-year's peak, bouncing more than 21% through the end of March. Though the first-quarter performance was the best since Q3 2009, the index still sits a few percent below the September 20, 2018 high. Considering the breadth of global drama that remains nearly every bit as exciting as it was in Q4, one might find fairly reasoned the idea that the rebound was unwarranted. Of course, finding the rebound without due support requires that one believes the Q4 decline to have been merited in the first place. Either way, we hope that investors stayed the course through the year-end plunge, thereby allowing the recovery to bring plans closer to back on track.

Concerns Remain Obvious

As is the norm, it's easy to support both cases. The United States has been injecting more than its fair share of uncertainty into global macroeconomic dynamics, with fears of potentially waning domestic growth compounded by disorderly trade negotiations, weakening faith in the Federal Reserve (well, at least its independence) and a not-small dose of political strain. The UK, meanwhile, dithers on the manner via which it'll leave the growth-challenged European Union, seeking to eat the cake it just chucked out the window. As we rapidly approach a slightly delayed deadline before a "hard", no-deal-in-place Brexit would otherwise occur, investors twitch with each note of improvement or further degradation in progress toward a solution.

Outlook No So Poor

Brexit's a drag, regardless the outcome. The UK will absorb the brunt, though knock-on effects will weight economies throughout Europe and beyond, the U.S. being no exception. Still, China, which had been a bit of a worry last year, has shifted policies toward a more growth-accommodative stance, lifting a bit of the gloom. Policy prescriptions in the EU and the U.S. helped, too, with the European Central bank shifting back toward a more accommodative stance, while the Federal Reserve reined in more hawkish expectations for policy moves as we head further into 2019. The reversal in policy stances may just prove sufficiently subtle to nudge more recently negative macroeconomic trends into a more fortunate direction. At least we imagine that's the intention—as likely do many others—which is perhaps all it'll take to make it so.

Figure 1: Year Summary

Overall Take		
↑	↑	Equity: Granted, equity markets were only retracing ground lost in the fourth quarter of 2018, and we've yet to recover all that was lost, but Q1 saw the best gain since Q3 2009
	↑	Fixed Income: Domestic bonds gained as much of the yield curve shifted lower in response to a more dovish outlook for longer-term interest rates

Equity			
↑	Domestic U.S. stocks showed their prior-quarter slide a head fake, overcoming earlier concerns about global growth and geopolitical tension	↑	International Not having fallen as much at the end of 2018, int'l markets rebounded not as strongly as the U.S., but turned in a fine quarter nonetheless

Directions and colors of arrows are indicative of the Investment Team's subjective interpretation of the quarter's market events and performance; green upward (red downward) and orange angled-upward (downward) arrows indicate relatively favorable (unfavorable) reviews in the aggregate. They are not indicative of any specific underlying data. SOURCE: SRCM

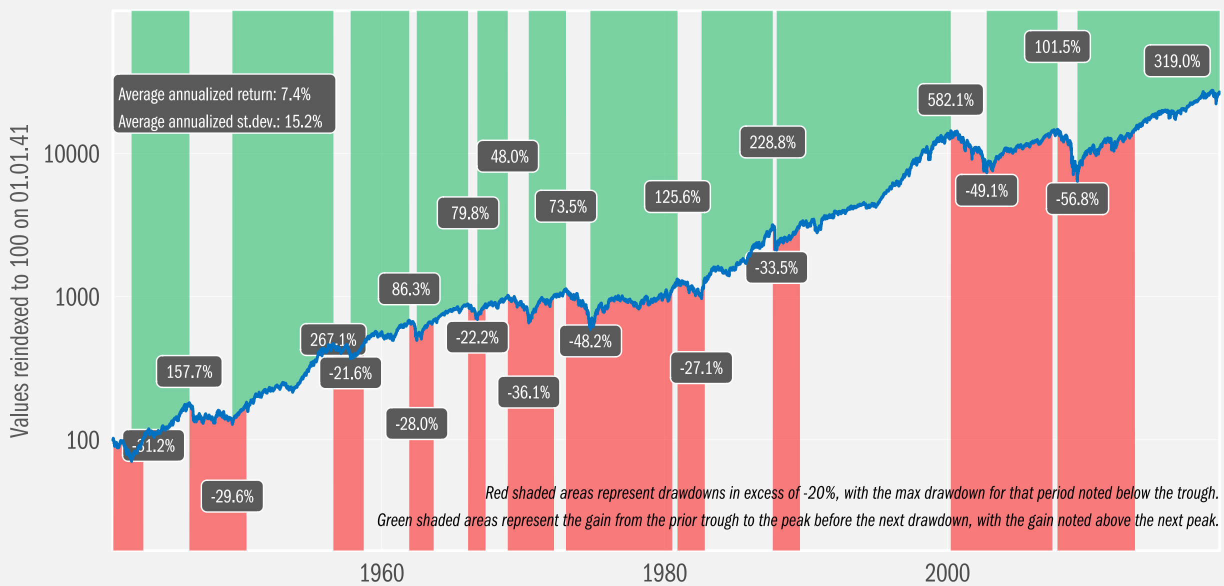
Equity Market Review

The U.S. stock market lifted off at the tail end of 2018, soaring 21% from its December 24 trough. Investors seemed to have thought differently about the potential for a more significant global growth slowdown as expectations for future central bank policy decisions shifted from less to not-less or even more accommodative for the remainder of 2019. As we noted last quarter, with global growth trends waning, investors were concerned that central bank decisions were missing the potential to overshoot recent efforts to maintain employment and restrain inflation. Further shifts, they worried, along with additional interest rate increases and other less-supportive decisions, might turn less-fast global growth into outright decline. A range of policy statements that amounted to "We get it! Foot off the brakes for now…maybe even a nudge on the gas…" seemed to ease those fears.

Read another way and allowing for some unlicensed psychological evaluation, investors seem to be willing to believe that the Federal Reserve and the European Central Bank will continue to support greater assumption of inherent risk in portfolios. And that was all that was needed for the equity outflows to reverse, continued weakness in growth trends being left aside.

Because the U.S. market failed to surpass a bear level trigger, representing a decline of 20% or more, we are free to note that the rally from March 9, 2009 lows remains among the longest in history (longest, that is, depending on how one measures such things). Even so, that the balloon has been aloft for so long doesn't worry us. The age of a market rally, or a business cycle for that matter, is not a thing to be trued up to a norm. In other words, there's no rule that says either gets "too" old and therefore soon must end. A look over the S&P 500 Index price data in Figure 2 shows no small amount of randomness to the depth of downturns, the extent of rallies and the tenures of both.

Figure 2: S&P 500 Historical Drawdowns and Gains



Logarithmic scale chosen for clarity of presentation. Daily price data (excludes the effects of dividends) from 01.01.41 to 03.29.19. Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Drawdown may be measured as the maximum loss from a prior peak value and/or the length of time the portfolio requires to return to breakeven after a prior peak. Standard deviation is a statistical metric that describes the variation of a set of data about its average. A higher number reflects more variation (or volatility). One cannot directly invest in an index. SOURCE: SRCM using data from Bloomberg

Couple things also a bit obvious from the chart. First, the market is volatile (hint: that's all the red). While it's risky, it's also has proved rather generous over time (lots of green there, too, and it ends much higher than it started). And this chart doesn't include the effects of dividend payments and their reinvestment (which we would then call a "total return" series). Doing so would increase the long-term return. Still, dividends don't greatly alter the depth of downturns. And we focus on that latter bit, because if one doesn't have the stomach to weather what should be seen as inevitable plunges (such as what we saw in Q4 2018), then one should seek to limit one's exposure to the market to a level at which such stomaching might prove more comfortable.

So that brings us back to the vee-shaped market of the past two quarters. Readers should ask themselves how they felt when they received their year-end statements. What reactions were first to mind? If sell and hide were among them, then we hope such actions were avoided. Either way, perhaps now might be a fine time to question whether the present level of exposure to equity market risk is appropriate, being careful to take into consideration the time horizon and intended uses for invested monies along with feelings toward potential losses along the way.

Still a Near-Term Mixed Bag

Turning back to the latest quarter's results, gains were strong in a broad sense. But the details show continued divergence in performance, as U.S. stocks furthered gains relative to international stocks. The expanding gap added to questions regarding why one would invest outside of the U.S. at all.

Figure 3: Trailing Broad Equity-Market Performance

Best-performing index for each period is shaded in blue; worst-performing in grey. See index details at the end of this report

	3 Month	1 Year	3 Year	5 Year	10 Year
Global	12.29	1.89	10.58	6.33	12.27
World ex. U.S.	10.30	-4.96	7.94	2.66	9.20
World ex. U.S. Large-Cap	10.33	-3.67	8.39	2.43	8.59
World ex. U.S. Mid-Cap	10.24	-6.51	6.84	3.16	10.09
World ex. U.S. Small-Cap	10.26	-9.49	7.01	3.26	11.86
U.S.	14.13	8.80	13.51	10.45	15.73
U.S. Large-Cap	13.49	10.01	13.87	11.08	15.40
U.S. Mid-Cap	16.77	6.73	12.61	9.65	17.02
U.S. Small-Cap	15.24	3.28	12.20	7.45	16.55
Developed Markets	10.08	-4.57	7.30	2.61	9.41
Emerging Markets	9.67	-7.97	10.08	3.45	9.12

From 03.31.09 to 03.31.19. Total return data for are annualized for periods greater than 1 year. Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Hindsight being 20-20, we might offer applause to those who had chosen to avoid exposures outside of the States. Even so, we'd wonder what justification they used for such a stance. Sure, there's the behavioral bias that we agree is influential in maintaining client comfort and engagement with their investments. That bias is reflected in our portfolios, too. There are two counterpoints we like to offer, though, in support of our still meaningful exposure to non-U.S. stocks.

The first, reflected in Figure 4, is that fact that, while this particular period of outperformance has been pretty long, the U.S. hasn't always been top-of-the-heap. Developed markets outside of the U.S. have seen periods of relatively strong performance, versus our home-grown stocks. Emerging market stocks have impressed even further on occasision. Of course, currency shifts strongly influence relative performance. International stock performance, because it occurs in the currency of each particular market, must be translated back into dollars. When the dollar gains, versus a currency, the U.S.-dollar total return will be lower for stocks that trade in that other currency. The shorthand math is the local-currency return minus the dollar's change in value versus the other currency. The U.S. dollar has been on a relatively strong uptrend since the Financial Crisis, adding weight to non-U.S. equity market returns. While we would not be calling for any substantial shift in currency leadership, and though we generally consider currency influences to find balance over longer periods of time, we do think those pressures may moderate over the medium term.

With or without an easing of any currency pressures, there's another factor to consider: relative value. Just as each share of an individual stock can be seen as a stake in the assets of and in the long-term earnings potential of that company, so does a portfolio of stocks reflect a claim on the aggregate assets and earning potentials of the companies that comprise it. Further, as is the case with our bias toward Value stocks—not paying up for those assets or for future growth—we can apply the same sort of thinking to global equity markets.

U.S. stocks, as represented by the MSCI U.S. Investable Market 2500 Index, trade at a trailing price-to-earnings ratio[1] of 20.1. We can compare that value to the trailing price-to-earnings ratio of 15.4 for the rest of the world (as measured by the MSCI All Country World, ex. U.S., Investable Market Index) and see we are paying a bit more for future earnings expected from U.S. companies than we are for companies outside of the U.S. Now, we do not use such comparisons to suggest we should own more or less of a particular region, as valuation metrics tell us just about nothing about near- or even medium-term performance. Still, that gap offers a mental buffer that to us further substantiates meaningful exposure to non-U.S. stocks within our portfolios.

Figure 4: Rolling 5-Year Cumulative Total Return

While the U.S. equity market has found strong relative performance in recent years, such is not always the case.

From 03.31.95 to 03.31.19. Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

[1] The price-to-earnings (P/E) ratio is the ratio of the price paid for a share of stock to the trailing years-worth of the company's per-share earnings. The P/E offers a gauge of the relative value of that stock versus itself over time and versus other stocks. A higher (lower) level suggests relatively more (less) expensive shares.

Figure 5: Trailing Equity-Market Performance

The tables below display the relative performance of different indexes representing U.S. and international stock markets. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperform (underperform) the broader market are shaded in blue (grey) in depth according to their respective relative performance.

U.S. Stocks

3-Month Period ended 03.31.19		Value	Growth	1-Year Period ended 03.31.19		Value	Growth
All Stocks	14.1%	11.7%	16.6%	All Stocks	8.8%	6.2%	11.3%
Large	13.5%	11.1%	16.0%	Large	10.0%	7.7%	12.2%
Mid	16.8%	14.5%	18.9%	Mid	6.7%	3.0%	10.4%
Small	15.2%	12.9%	17.6%	Small	3.3%	0.8%	5.8%

International Stocks

3-Month Period ended 03.31.19		Value	Growth	1-Year Period ended 03.31.19		Value	Growth
All Stocks	10.3%	8.4%	12.2%	All Stocks	-5.0%	-6.0%	-4.0%
Large	10.3%	8.1%	12.8%	Large	-3.7%	-5.5%	-1.7%
Mid	10.2%	9.6%	10.6%	Mid	-6.5%	-5.3%	-7.2%
Small	10.3%	9.0%	11.6%	Small	-9.5%	-9.4%	-9.6%

From 03.31.18 to 03.31.19. Data are total returns for the period shown. Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

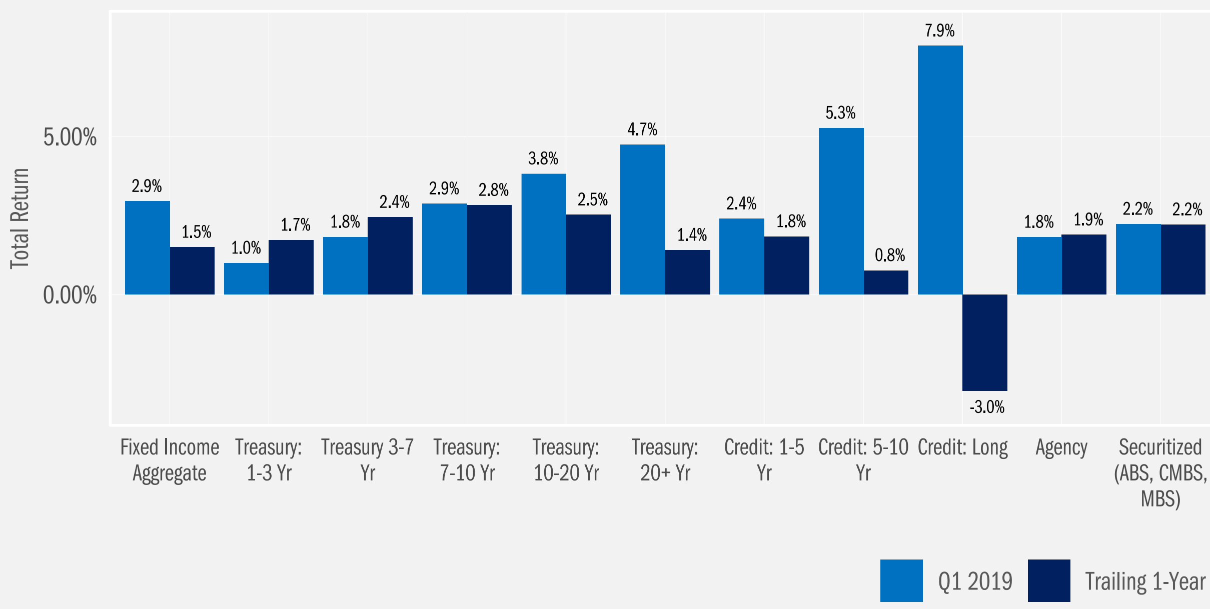
Speaking of relative value, while less-expensive stocks remained in the running in the performance race of the prior quarter, they still trailed their growthier cousins both here and abroad. We wrote extensively on this underperformance last quarter. The gist of those notes is that such underperformance has been seen before and yet does not limit our enthusiasm for the value tilts we have incorporated into our portfolios.

Conversely, the Size factor saw a bit of a rebound last quarter, at least here in the U.S. Though small- and mid-cap stocks still trail big companies over the prior year, Q1 gains for the former group narrowed that gap. Littler stocks outside the U.S. had a tougher go in Q1 and for the prior twelve months, though they're not as far behind the large-caps.

Fixed Income Market Review

While stocks were on a tear during the past quarter, U.S. bond markets were not without their own fervor. With the Federal Reserve effectively reining in expectations for future interest rate target hikes, with growth pressures limiting concerns about future inflation, and with U.S. yields remaining the more generous among developed-market offerings (attracting flows from investors around the world), bond yields sank on the quarter. Bond prices generally move inversely to yields, so gains were had all around during the first three months of 2019, with total return rising along with maturity.

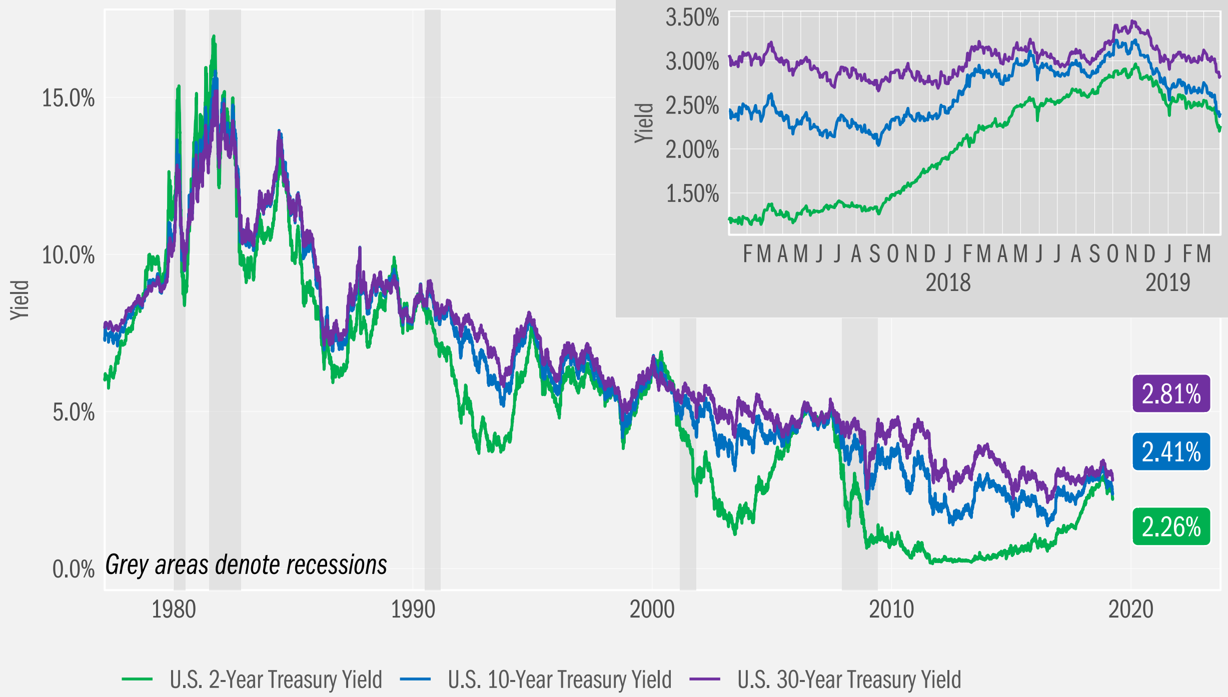
Figure 6: Bloomberg Barclays U.S. Aggregate Bond Index and Sub-Index Performance



From 12.31.18 to 03.31.19. The Bloomberg Barclays U.S Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

There was a deeper story in yield movement during the quarter, however. The yield curve generally looks like a half-rainbow, arching up and out to the right. This shape expresses the increased risk investors expect to endure by purchasing bonds with longer time horizons until maturity. Sometimes, however, investors express a willingness to accept a lower yield on longer-term bonds that they do for shorter-term bonds. During such periods, the yield curve "inverts", with the inversion showing up in longer-term yields that are lower than shorter-term bonds. In Figure 8, we see the inversion as of the close of the quarter across bonds with 1 year to 10 years until maturity.

Figure 7: U.S. Treasury Yields



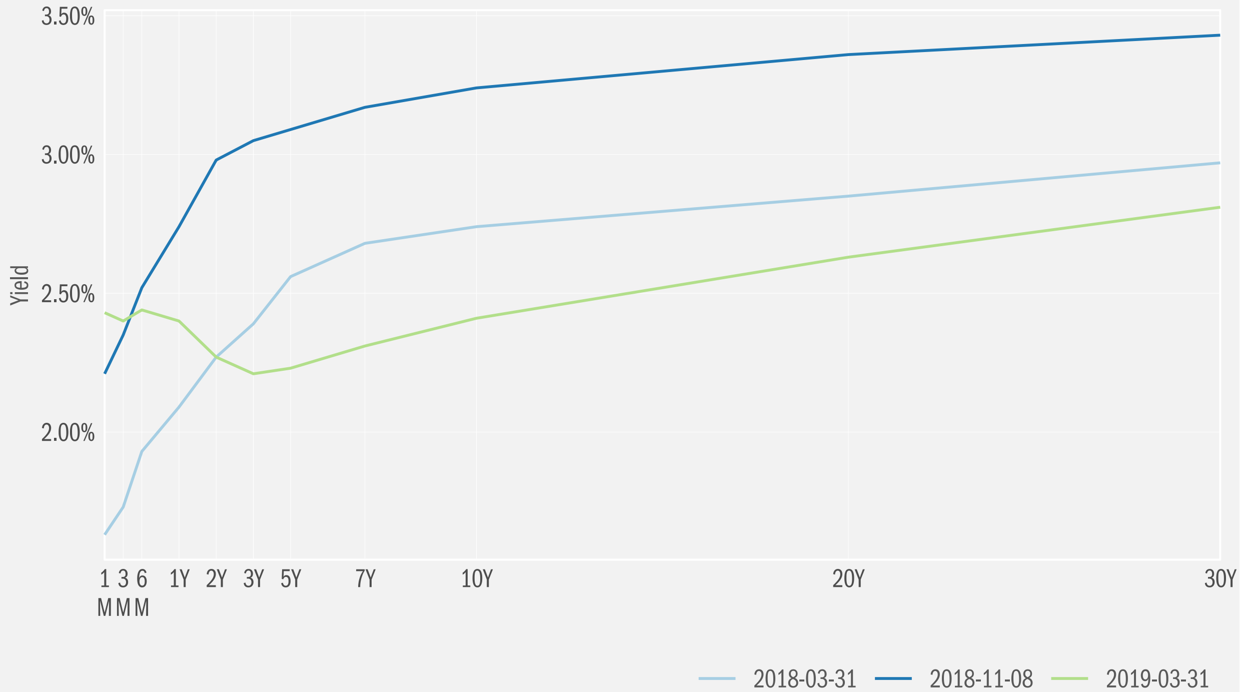
From 02.15.77 to 03.29.19. SOURCE: Bloomberg

There are a range of forces that could be cause for this shape. Included among them is the Federal Reserve's having signaled that rate hikes were likely to be on hold for the rest of the year. Some of that statement requires a good bit of reading between the lines, and the pause itself may not have been cause for the inversion. But the Fed's renewed dovishness (bias toward less restrictive monetary policy), coupled with waning domestic growth, had folks fearing a recession may be around the corner. Those expectations for slower future growth and the likely weaker inflation that may come with it, along with corollary expectations that the Fed might at some point down the line actually have to lower rates in response to potentially weaker employment and inflation trends also may be behind the kink in the curve.

An additional assumption regarding forces at work involves the already-mentioned strong demand for U.S. bonds. As global buyers seek incremental yield, they've been gobbling up U.S. Treasuries. That might not in itself be a cause for the inversion. But, the fact that the U.S. Treasury has been issuing substantially more bill and bonds of shorter durations, the excess supply at the front end of the curve may have supported yields there as longer-term yields otherwise fell.

The upshot with regard to near- and medium-term outcomes is that, while the yield curve may be read as expressing a macroeconomic situation that's somewhat tenuous, there's a hefty dose of other factors that leaves us to believe reading the tea leaves of the yield curve on its own probably isn't the best idea at the present (or, if we're being candid, ever…).

Figure 8: U.S. Yield Curve



As of 03.31.19. SOURCE: SRCM using data from Bloomberg

SRCM Portfolio Context

Broadly speaking, the decision to underweight global equities in our SRCM portfolios benefitted benchmark-relative performance. This relatively positive positioning generally was offset by broadly weaker performance of the underlying tilts to our equity portfolios. Most portfolios outperformed the benchmark from an equity standpoint. The exceptions to that trend were the two most aggressively tilted portfolios, for which the U.S. bias is smaller and factor tilts are stronger, where equity-related underperformance was modest.

From a fixed income perspective, the portfolios largely maintained stronger tilts toward duration than the benchmark, which improved relative performance, while the portfolios also gained on a benchmark-relative basis from positioning within the credit space.

Past performance is not indicative of future results. Individual client portfolios may maintain exposures different from, sometimes materially so, the models for which performance is discussed above. Actual portfolio performance thus may differ from that discussion.

Worried. Not Worried.

Reaching back to the bond market discussion, commentators have had a bit of a freak out with regard to the inversion, because one can point to an inversion before every recession in modern times. Now, the time between inversion and recession has been as little as a quarter and as long as two years. And the connection doesn't seem to fit some other important markets around the world.

To some extent then, suggesting an inversion precedes every recession is akin to suggesting a sunset follows every sunrise. At least we have math that can tell us how long each day will last. In the case of business cycles, we have no such math. Are the features of today's investable markets worth concern? Of course…but in our view no more or less than at any time in the past. Is a recession coming? Yes. When? No idea.

Where such discussions remain of concern, we will remind readers of the value of reaching out to an advisor to discuss the potential implications of a range of future macroeconomic and investment scenarios both on invested savings and the role they play in longer-term financial plans.

Important Information

Investing involves risks including the possible loss of principal. Past performance is not indicative of future results.

One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Asset classes and their respective indexes mentioned in this report include the following:

Domestic (U.S.) fixed income (Fixed Income Aggregate): The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

Global equity (stocks): The MSCI ACWI Investable Market Index (IMI) captures large-, mid- and small-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set. May be referred to as “global”, “global equity” and/or “global stocks”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International equity (stocks): The MSCI ACWI ex USA Investable Market Index (IMI) captures large-, mid- and small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 99% of the global equity opportunity set outside the U.S. May be referred to as “World ex. U.S.”, “international equity”, “international stocks” and/or “All Stocks” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International large-cap equity (stocks): The MSCI ACWI ex USA Large Cap Index captures large-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country. May be referred to as international large-cap stocks, “World ex. U.S. Large-Cap”, and/or “Large” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International mid-cap equity (stocks): The MSCI ACWI ex USA Mid Cap Index captures mid-cap representation across 22 of 23 Developed Markets (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country. May be referred to as international mid-cap stocks, “World ex. U.S. Mid-Cap”, and/or “Mid” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International small-cap equity (stocks): The MSCI ACWI ex. USA Small Cap Index captures small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S. May be referred to as international small-cap stocks, “World ex. U.S. Small-Cap”, and/or “Small” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Developed markets equity (stocks): The MSCI EAFE Investable Market Index (IMI), is an equity index which captures large-, mid- and small-cap representation across Developed Markets countries around the world, excluding the United States and Canada. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as “Developed Markets”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Emerging markets (EM) equity (stocks): The MSCI Emerging Markets Investable Market Index captures large, mid and small cap representation across 24 Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as “Emerging Markets”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Domestic (U.S.) equity: The MSCI US Investable Market 2500 Index is designed to measure the performance of the large-, mid- and small-cap segment of the U.S. equity market. The index represents approximately 99% of the free float-adjusted market capitalization in the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “All Stocks” in a section specifically describing only U.S. stocks.

Domestic (U.S.) large-cap equity: The MSCI US Large Cap 300 Index is designed to measure the performance of the large-cap segment of the U.S. equity market. The index represents approximately 71% of the free float-adjusted market capitalization in the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Large" in a section specifically describing only U.S. stocks.

Domestic (U.S.) mid-cap equity: The MSCI US Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the U.S. equity market and designed to measure the performance of the mid-cap segment. The index represents approximately 16% of the free float-adjusted market capitalization of the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Mid" in a section specifically describing only U.S. stocks.

Domestic (U.S.) small-cap equity: The MSCI US Small Cap 1750 Index is comprised of the remaining smallest 1,750 companies in the U.S. Investable Market 2500 Index of the U.S. equity market and designed to measure the performance of the small-cap segment. The index represents approximately 11.5% of the free float-adjusted market capitalization of the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Small" in a section specifically describing only U.S. stocks.

MSCI Value and Growth Indexes: The value investment style characteristics for MSCI index construction are defined using the following variables: book value to price, 12-month forward earnings to price and dividend yield. The growth investment style characteristics are defined using the following variables: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend. The objective of the MSCI Value and Growth Indexes design is to divide constituents of an underlying market capitalization index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying index. The market capitalization of each constituent should be fully represented in the combination of the value index and the growth index, and, at the same time, should not be double-counted. One security may, however, be represented in both the value index and the growth index at a partial weight.

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