



ON THE REBOUND

As investors remember that markets are more than big tech, small value funds are reaping rewards

JOHN COUMARIANOS

TOP PERFORMERS

ERIC ROBERT HEYMAN & ROBERT OLSTEIN
OLSTEIN STRATEGIC OPPORTUNITIES

Small value stocks are in rebound mode. After lagging the Russell 1000 Growth index by more than 6.5 percentage points on an annualized basis for 10 years, the Russell 2000 Value index is up a blistering 21.2% against the large growth index's measly 1% return for the year to March 31.

The managers with the best three-year risk-adjusted returns in the Small Value category are Eric Robert Heyman and Robert Olstein, who run the \$139m Olstein Strategic Opportunities fund.

The fund has a compact portfolio of 38 stocks, with lower financials exposure than its average peer (16% versus 25%) and higher consumer cyclical (25% versus 14.5%).

While many small value managers, including Olstein and Heyman, own regional banks, the Olstein fund's top holding is asset management firm Invesco. Shares in the asset manager have risen more than 100% since October last year, when activist investor Nelson Peltz and his firm Trian Fund Management took an almost 10% stake in Invesco and announced plans to push for significant change, including acquisitions and mergers.

The fund's 17.22% annualized return through March puts it fourth among 121 funds in Morningstar's Small Value category. That performance is also seven percentage points ahead of its average competitor and nearly six percentage points ahead of the Russell 2000 Value index. ■

MOST ASSETS

JED FOGDALL, JOEL SCHNEIDER & MARC LEBLOND
DFA US SMALL VALUE



The managers running the most assets in the Small Value category are Jed Fogdall, Joel Schneider, and Marc Leblond of the \$15.5bn DFA US Small Value fund.

Their quantitatively run strategy has delivered a 9.91% annualized return for the three-year period through March. The performance lags both the Russell 2000 and Russell 2000 Value indices but places the fund ahead of 72 peers in the 121-fund category.

Over 15 years, the fund's 7.21% annualized return has handily beaten inflation, but lands the fund behind 58% of its small value peers and slightly behind the Russell 2000 Value index.

The fund's sector weightings mostly resemble those of its average peer except that it has almost no real estate exposure.

The average Small Value fund, by contrast, has around 7% of its portfolio in property.

Although its average market cap is higher than that of its average peer (\$3.6bn versus \$2.4bn), the fund has 29% of its assets in stocks Morningstar classifies as micro-caps. That's three times more than its average peer.

The 980-stock fund is highly diversified and has only one position taking up more than 1% of its assets – packaged food firm Darling Ingredients. Only 8% of the fund's assets are in its top-10 holdings. ■

1/21	3-YEAR RISK-ADJUSTED RANKING	N/A
0.98	MANAGER RATIO	N/A
\$138m	ASSETS UNDER MANAGEMENT	\$15.3bn
61.1%	3-YEAR TOTAL RETURN	32.8%
17.2%	3-YEAR ANNUALIZED RETURN	9.91%
0.11%	MARKET SHARE	11.9%



BEST OF THE REST



MOST INFLOWS AMERICAN CENTURY SMALL CAP VALUE

12-MONTH
INFLOWS
\$1.35bn

3-YEAR
TOTAL RETURNS
51.9%

BIGGEST ETF VANGUARD SMALL CAP VALUE INDEX

ASSETS UNDER
MANAGEMENT
\$23.2bn

3-YEAR
TOTAL RETURNS
36%

TOP TOTAL RETURNS ROYCE OPPORTUNITY

ASSETS UNDER
MANAGEMENT
\$2.12bn

3-YEAR
TOTAL RETURNS
66.5%

DATA TO END OF MARCH 2021 / SOURCE: CITYWIRE DISCOVERY AND MORNINGSTAR

Investors should consider the investment objectives, risks, and charges and expenses of the Fund, and should be read carefully before investing. A current prospectus may be obtained by calling (800) 799-2113 or visiting the Fund's website at www.olsteinfunds.com.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than performance quoted. Standardized and monthly performance can be obtained from the fund's website at <https://www.olsteinfunds.com/funds/olstein-strategic-opportunities-fund/performance>.

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The Citywire Manager Ratio is based on the Information Ratio, with both the manager's monthly results and the benchmark returns taken in the same currency as that specified for each sector. To receive a Manager Ratio, the manager must have been active against a benchmark at or before the beginning of the period and against the same benchmark at the end of the period under review. They must also have been active for 7/9 (77.8%) of the period, for example 28 months for the 36-month ratio or 46 months for the 60-month ratio. Where the number of active months is less than the period under review, the ratio is multiplied by actual months/potential months (e.g. 28/36 or 46/60). For the 36-month ratio only, a manager can be eligible if they have less than 28 months of performance (with a minimum of 24 months), provided the break in performance is at least 8 consecutive months in the period. For this Manager Ratio to be considered a Citywire Fund Manager Rating the manager must have previously received a Rating. If a manager does not meet these requirements, no Citywire Manager Ratio is produced. To be eligible to receive Citywire Fund Manager Rating, a manager must have been active against a benchmark for the 36 months in the first instance. The Information Ratio is defined as the Annualized Average Excess Return divided by the Tracking Error. It reflects how much 'added value' in terms of outperformance against the benchmark the fund delivers for each 'unit' of risk assumed (where risk is defined as not tracking the index i.e. not mirroring the index's return).

The Fund Manager Ratings are based on the Manager Ratio. The Citywire Rating is based on the ranking of managers by their Manager Ratios (across all sectors). The database is split into two pools based on those who have a positive Manager Ratio and those with a Manager Ratio of zero and below. Managers with a positive Manager Ratio are then split into four tiers. The top 10% receive an AAA rating, the next 20% receive an AA rating, 30% receive an A rating and the bottom 40% receive a + rating. Those managers with a Manager Ratio of zero or below do not receive a Citywire Rating.

Additional information on the publisher's manager rankings and methodologies can be found on their website at: <https://citywire.co.uk/funds-insider/news/citywire-fund-manager-ratings-frequently-asked-questions/a703353>. By clicking this link, you will leave the Olstein Fund website and be taken to a third-party website. We are not responsible for, nor can guarantee the accuracy of, any information contained on a third-party website.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. It is not possible to invest in an index.

A current fund prospectus along with standardized and monthly performance for the following funds referenced in this article can be obtained from their respective websites: Olstein Strategic Opportunities Fund, distributed by Compass Distributors, LLC (<https://www.olsteinfunds.com/funds/olstein-strategic-opportunities-fund/olstein-strategic-opportunities-fund-overview>), investment objective is long-term capital appreciation, expense ratio 1.55%; DFA US Small Value Fund, distributed by DFA Securities LLC (<https://us.dimensions.com/funds/us-small-cap-value>), investment objective is long-term capital appreciation, expense ratio 0.39% ; American Century Small Cap Value Fund, distributed by American Century Investment Services, Inc. (<https://www.americancentury.com/content/direct/en/products/all-funds/fund-list/small-cap-value.html>) investment objective is long-term capital growth, expense ratio 1.25%; Vanguard Small Cap Value Index ETF, distributed by Vanguard Marketing Corporation (<https://investor.vanguard.com/etf/profile/VBR>), investment objective seeks to track the performance of the CRSP US Small Cap Value Index which measures the investment return of small-capitalization value stocks, expense ratio of 0.07%; and Royce Opportunity Fund, distributed by Royce Fund Services, LLC (<https://www.royceinvest.com/funds/royce-opportunity-fund/rypnx>), investment objective is long-term growth of capital, expense ratio 1.23%. Current performance may be lower or higher than performance quoted.

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