



The Barron's 400

A Smart Beta Index for all Seasons

April 2025



Barron's 400 Index is a Smart Beta Measure of U.S. Mid Caps

Since its inception in January 1998, the Barron's 400 has returned to investors the performance of U.S. mid caps and more.

In the last 27 years, the Russell Mid Cap benchmark returned 1,032%, while the Barron's 400 had a cumulative total return of 1,586%, **beating the beta index by 584 percentage points.**

Unlike market cap weighted beta indexes, the equally weighted Barron's 400 Index avoids making large, concentrated size bets, while still successfully providing exposure to U.S. mid cap stocks, often considered the market's "sweet spot."

Cumulative Total Returns: Barron's 400 versus Russell Mid Cap
January 1998 Through March 2025



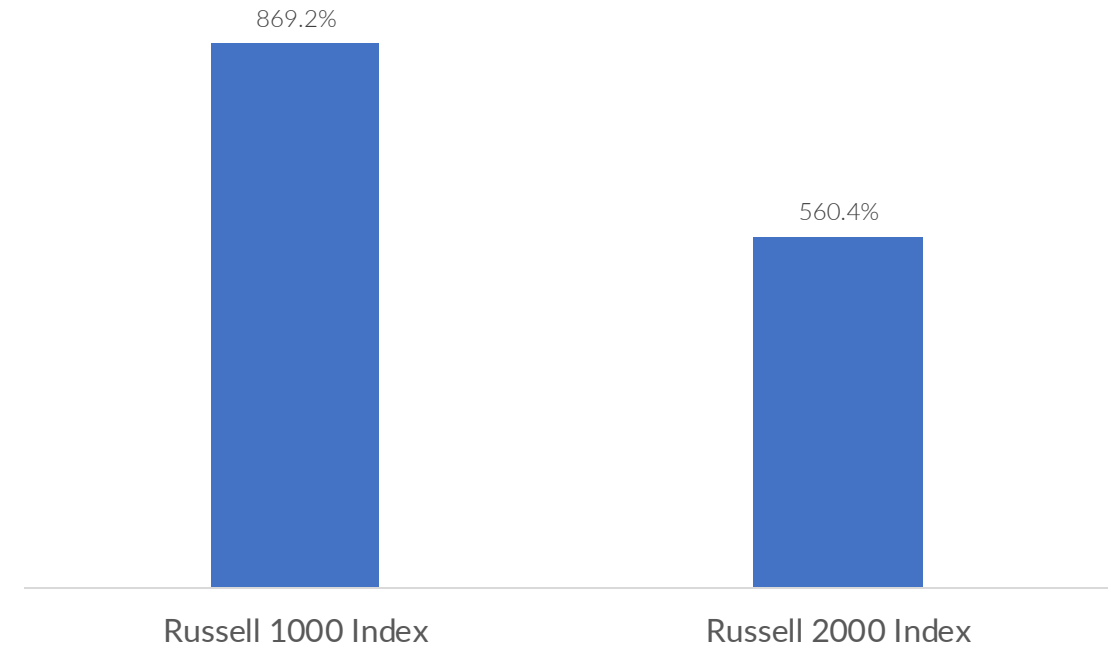
Source: FactSet & MarketGrader

The Role of 'Factors' in Equity Returns

Investors who have experienced multiple market cycles understand that factors play a fundamental role in equity returns over long time periods, with size and style considered the most significant factors in asset allocation frameworks.

In the last 27 years, an investor holding only large cap U.S. stocks would have earned a cumulative total return of 856 %, while a small cap U.S. investor only earned 560%, **a difference of 296 percentage points.**

US Equities: Large & Small Cap Cumulative Total Returns
January 1998 Through March 2025



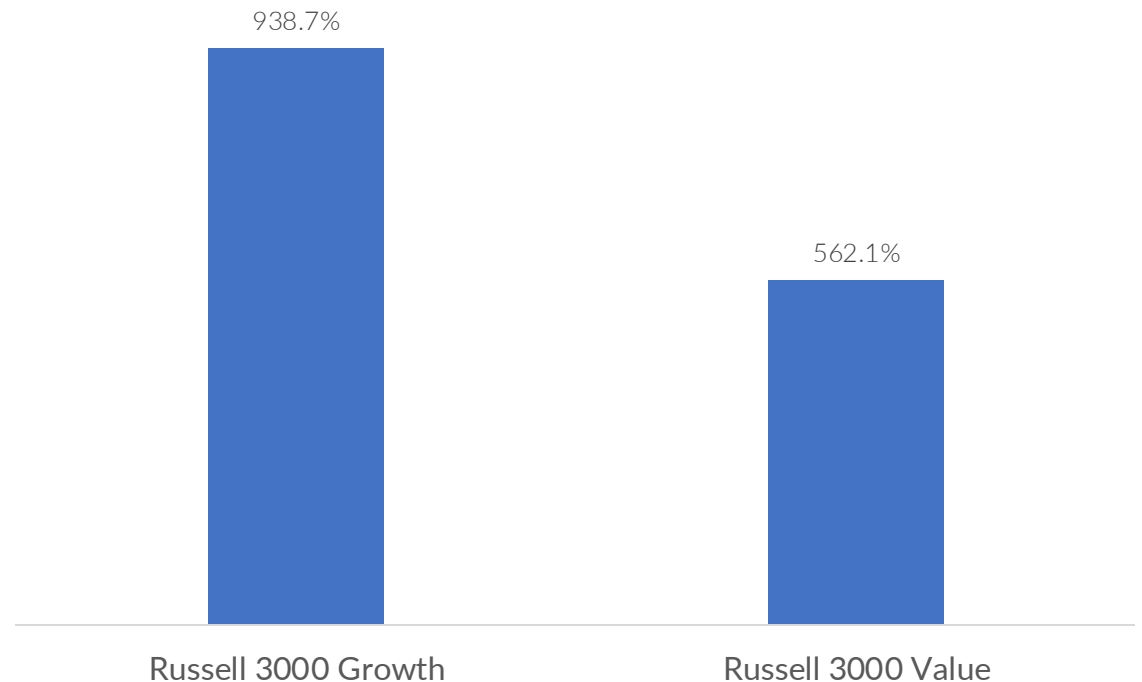
Source: FactSet & MarketGrader

The Role of 'Factors' in Equity Returns

An even greater disparity occurred in the last 27 years between growth and value factors.

Since January 1998, an investor in the Russell 3000 Growth Index experienced a cumulative total return of 938%, while an investor in the Russell 3000 Value Index earned a cumulative total return of only 562%, a **difference of 376 percentage points**.

US Equities: Growth & Value Cumulative Total Returns
January 1998 Through March 2025



Source: FactSet & MarketGrader

The Role of 'Factors' in Equity Returns

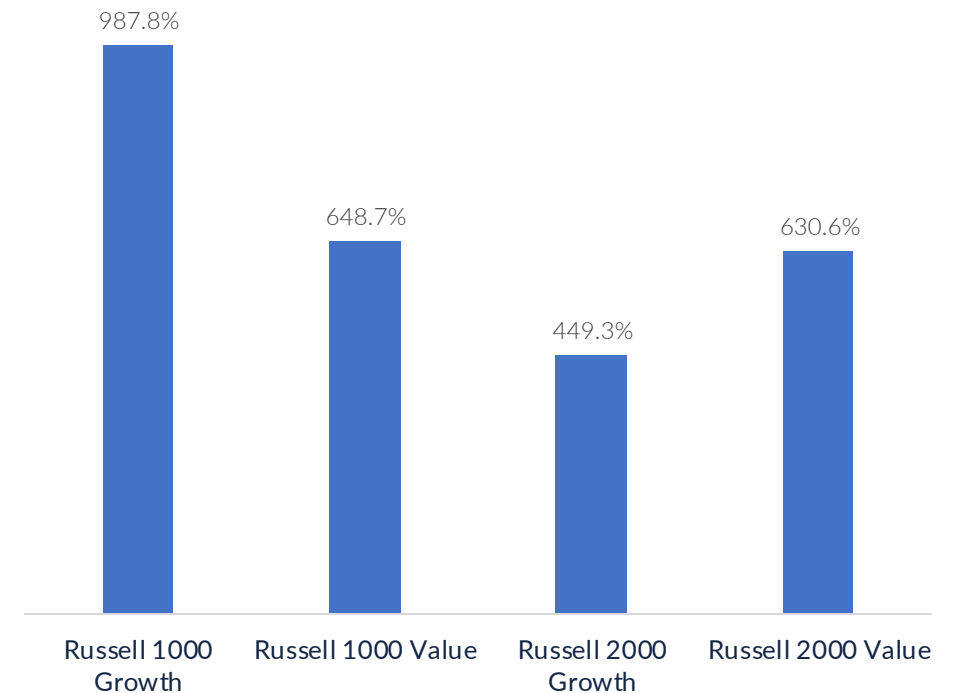
It is no surprise that in the last 27 years the extreme ends of the combined size and style factors have generated extraordinary disparities in investor returns.

An investor in Large Cap Growth would have earned a cumulative return of 988%, whereas an investor at the opposite end of the factor spectrum, Small Cap Value, would have earned 631%, a difference of 357 percentage points.

To complicate the picture even further, Small Cap Growth was the worst performer among the combined size and style exposures, showing that size played a larger role in performance than did style.

Looking ahead, though, **can an investor looking ahead have any certainty about which combination might do best in the future?**

U.S. Equities: Size & Style Cumulative Returns
January 1998 Through March 2025



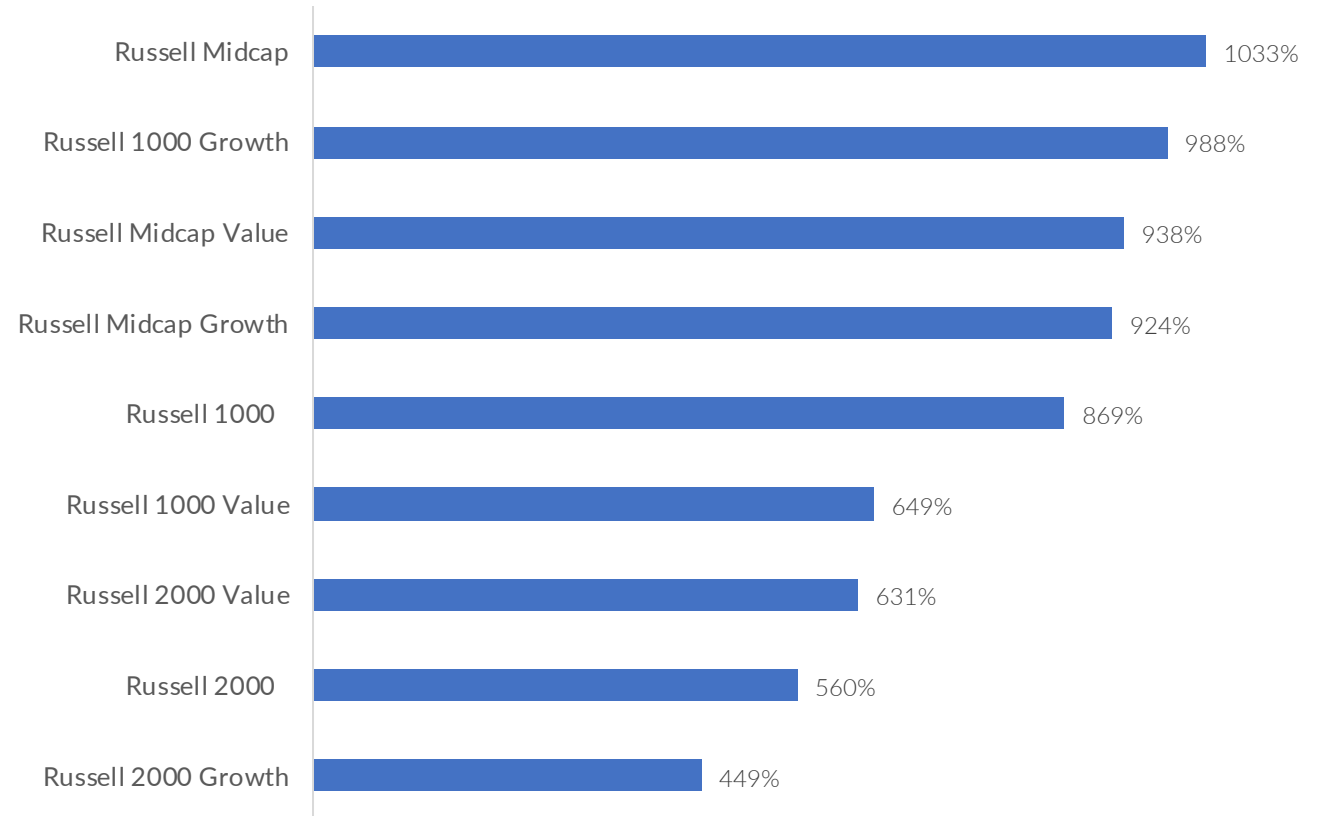
Source: Bloomberg

The Role of 'Factors' in Equity Returns

When looking at the returns of all possible size and style combinations in the last 27 years, including those for mid caps, an investor's active bet in the "right" or "wrong" factor combination would have resulted in significantly different returns over a long period of time.

Is there a better approach to passive investing that combines the best attributes of all factors without the need to predict which combination will win in the future?

Cumulative Total Returns by Size & Style
January 1999 Through March 2025

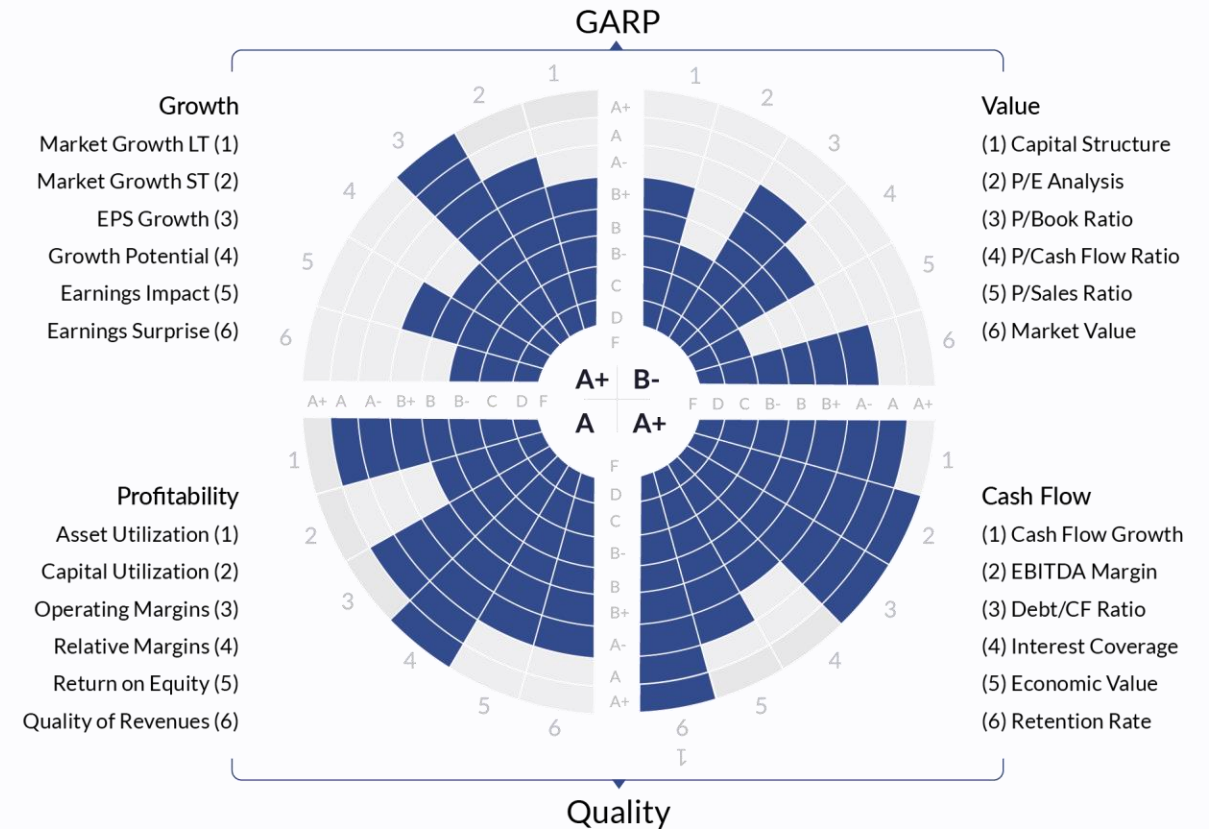


Source: FactSet & MarketGrader

Is There a Better Approach?

We believe there is a better approach to investing in U.S. equities that does not require outsized bets on any given factor, while staying fully invested and earning the market return, at a minimum.

The Barron's 400 Index seeks to straddle the divide between large and small, growth and value, and active and passive with a simple, transparent methodology.



Is There a Better Approach?

1. Large vs. Small

The Barron's 400 Index selects companies across all size segments of the U.S. market by focusing on company quality, not size. It equally weights the index constituents to avoid concentration risk in large cap stocks. Based on its combination of company selection based on quality and its equally weighted methodology, B400 falls squarely within the U.S. mid cap category.

2. Growth vs. Value

MarketGrader's 'GARP + Quality' score, which combines six Growth Indicators, six Value Indicators, and 12 Quality Indicators (six apiece in two categories we label 'Profitability' and 'Cash Flow'), goes beyond selecting growth or value stocks. It rewards companies with sustainable growth that are profitable, prolific cash flow generators, and that trade at a reasonable valuation. These scores drive the selection of B400's constituents

3. Active vs. Passive

B400's selection process combines the transparency of a rules-based index methodology, with a twice-a-year rebalance schedule that ensures only the highest scoring companies are kept in the index. It also ensures profit-taking by returning to equal weight at each rebalance.

Focus on Consistency

B400's approach is focused on consistency rather than market timing. To use a baseball analogy, B400 focuses on consistently hitting singles and doubles to drive in runs, rather than swinging for the fences trying to hit home runs with each at-bat.

This means that although B400 won't always rank 1st in returns relative to size and style benchmarks, in the long run it does outperform them. We illustrate this in the tables below, which show B400's performance rank vs. the size, style and market benchmarks in the last 27+ years.

Rank	Since Inception: 27.25 Years Ending March 2005	Return
1	Barron's 400	1,586%
2	Russell Mid Cap	1,033%
3	Russell 1000 Growth	988%
4	Russell Mid Cap Value	938%
5	Russell Mid Cap Growth	924%
6	Russell 1000	869%
7	Russell 1000 Value	649%
8	Russell 2000 Value	631%
9	Russell 2000	560%
10	Russell 2000 Growth	449%

Source: FactSet & MarketGrader

Rank	All Live 17.25 Years Ending March 2005	Return
1	Russell 1000 Growth	641%
2	Russell 1000	414%
3	Russell Midcap Growth	385%
4	Barron's 400	357%
5	Russell Mid Cap	325%
6	Russell Midcap Value	270%
7	Russell 2000 Growth	252%
8	Russell 1000 Value	236%
9	Russell 2000	218%
10	Russell 2000 Value	185%

Focus on Consistency

The last 15 years have been mostly low interest rate, or "easy money" years, which has benefitted large cap growth stocks much more than small companies or value stocks as too many dollars in financial markets have chased returns by extending "duration." This trend began to reverse when monetary policy began to normalize in 2022. Despite this trend, B400 has held up very well thanks to its focus on growth at a reasonable price (GARP).

Rank	15 Years Ending March 2005	Return
1	Russell 1000 Growth	745%
2	Russell 1000	527%
3	Russell Midcap Growth	462%
4	Barron's 400	427%
5	Russell Mid Cap	393%
6	Russell 1000 Value	342%
7	Russell Midcap Value	335%
8	Russell 2000 Growth	305%
9	Russell 2000	263%
10	Russell 2000 Value	225%

Rank	10 Years Ending March 2005	Return
1	Russell 1000 Growth	309%
2	Russell 1000	216%
3	Russell Midcap Growth	163%
4	Barron's 400	145%
5	Russell Mid Cap	133%
6	Russell 1000 Value	132%
7	Russell Midcap Value	108%
8	Russell 2000 Growth	88%
9	Russell 2000	84%
10	Russell 2000 Value	80%

Source: FactSet & MarketGrader

Focus on Consistency

In recent years, while Value has begun to reverse its long-term underperformance, B400 has remained near the top of the size & style benchmark matrix thanks to its focus on company fundamentals when selecting its constituents (Growth, Value, Profitability, and Cash Flow indicators).

Rank	5 Years Ending March 2005	Return
1	Russell 1000 Growth	150%
2	Barron's 400	142%
3	Russell 1000	133%
4	Russell Midcap Value	116%
5	Russell Mid Cap	113%
6	Russell 1000 Value	111%
7	Russell 2000 Value	104%
8	Russell Midcap Growth	100%
9	Russell 2000	86%
10	Russell 2000 Growth	73%

Rank	3 Years Ending March 2005	Return
1	Russell 1000 Growth	33%
2	Russell 1000	28%
3	Barron's 400	23%
4	Russell 1000 Value	21%
5	Russell Midcap Growth	20%
6	Russell Mid Cap	15%
7	Russell Midcap Value	12%
8	Russell 2000 Growth	6%
9	Russell 2000	2%
10	Russell 2000 Value	0%

Source: FactSet & MarketGrader

Focus on Consistency

And while Large Cap Growth has been, on average, the #1 exposure in U.S. equities across the time periods we have analyzed, Barron's 400 has ranked as the #3 overall exposure across all periods. Importantly, investors following B400 have not had to make any size or style bets to achieve these above average returns.

Rank	Size/Style Category	Average Historical Rank
1	Russell 1000 Growth	1.3
2	Russell 1000	2.8
3	Barron's 400	3.0
4	Russell Midcap Growth	4.5
5	Russell Mid Cap	4.7
6	Russell Midcap Value	5.8
7	Russell 1000 Value	6.2
8	Russell 2000 Growth	8.5
9	Russell 2000	9.0
10	Russell 2000 Value	9.2