



Full year 2021

Value triumphs in 2021, defying risk-off bouts

Value rides reopening tailwinds in 2021

Value leadership persevered in most markets in 2021 despite strong Q4 rallies in Low Vol and Quality amid fears that Omicron and central-bank tightening may derail the global recovery.

Factor trends diverge across regions

Risk rotations had more staying power in EM, Asia Pac and Japan than elsewhere in 2021, despite Q4 market slumps. Most EM factors strongly outpaced DM peers.

The Value/Quality P/E gap remains wide globally

Even after long stretches of outperformance, Value, Size and Yield trade at deep discounts to their defensive peers, suggesting headroom for further expansion.

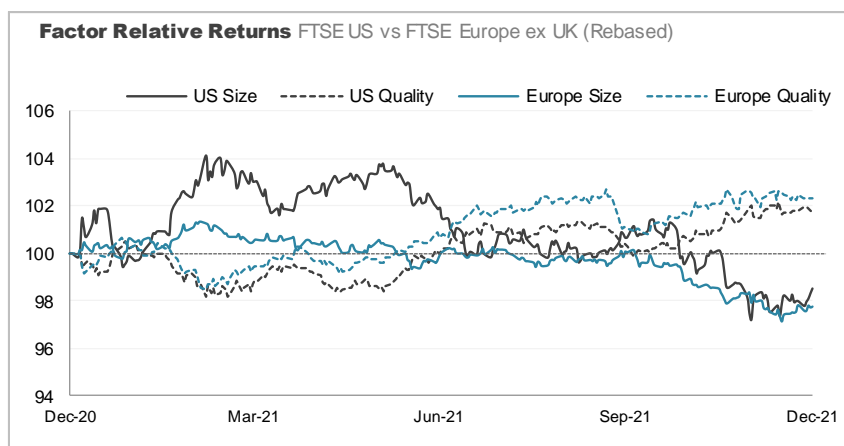
Year-end macro signals portend leadership shift

Fading worries about Omicron's economic impact and rising US bond yields gave cyclically sensitive Value an extra boost at year end.

TABLE OF CONTENTS

Global View	2
US	11
UK	19
Europe ex UK	27
Japan.....	35
Asia Pacific ex Japan	43
Emerging Markets	51
Appendix	59
Glossary	60

Regional Factor Indicator Performance Highlights



<p>+1.3% Japan Quality Q4 Outperformance</p> <p>-3.3% Q4 Size Underperformance</p>	<p>+1.8% UK Low Vol Q4 Outperformance</p> <p>-0.4% Q4 Size Underperformance</p>
<p>+0.9% Asia Pacific Low Vol Q4 Outperformance</p> <p>-0.9% Q4 Size Relative Return</p>	<p>+1.9% EM Low Vol Q4 Outperformance</p> <p>+0.2% Q4 Size Relative Return</p>

FOR PROFESSIONAL INVESTORS ONLY

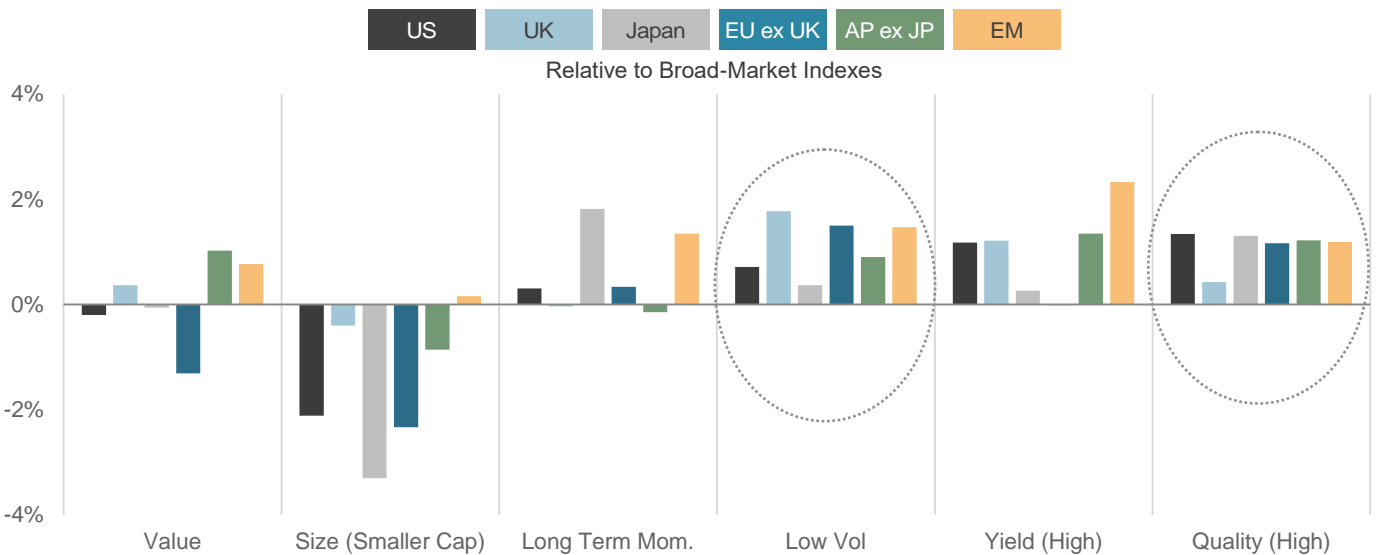
Source: FTSE Russell and Refinitiv. All data as of December 31, 2021. Equity market data based on FTSE Global Equity Index Series and FTSE Global Factor Index Series. Results shown for regional Factor Indicators represent hypothetical, historical performance. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

Important information: While the Factor Indicators use the same calculation methodology as the official FTSE Russell Factor Indexes, they differ in terms of the range of components incorporated into the calculation. Consequently, the Factor Indicator and official FTSE Russell factor index data may differ. Please see the FTSE Russell website for information about the official factor indexes and Appendices I and II of this report for further details on rules-based factors indicator calculations and construction methodology.

Global View – Factor Indicator Performance & Industry Weights

Q4 2021 Relative Returns (LC, %) – Recovery Worries Trigger Flight to Safety

The Value rally faltered and Size nose-dived in most markets in Q4 as fresh virus outbreaks, fading economic indicators and hawkish central-bank pivots spurred strong rebounds in less volatile, growth-heavy Quality and Low Vol factors.

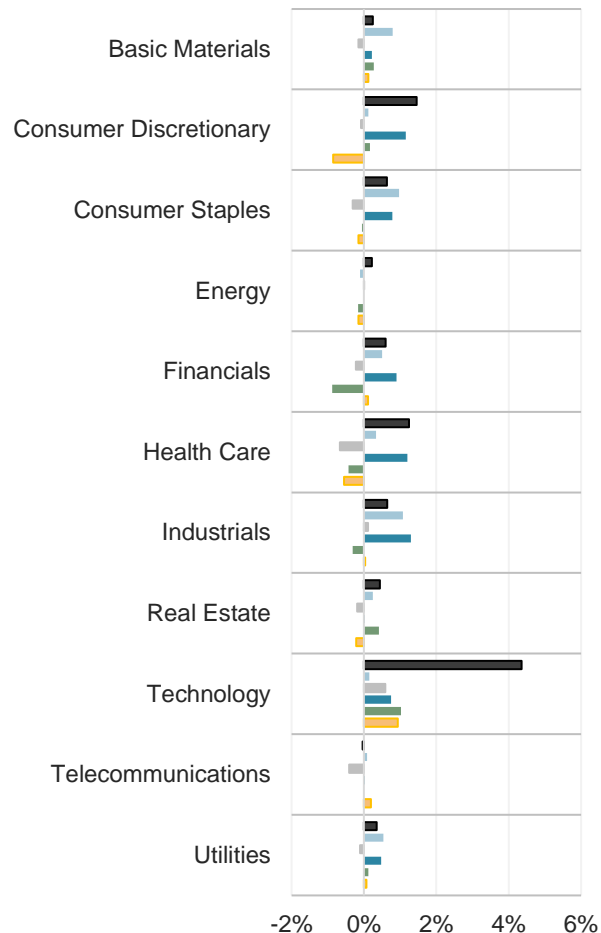
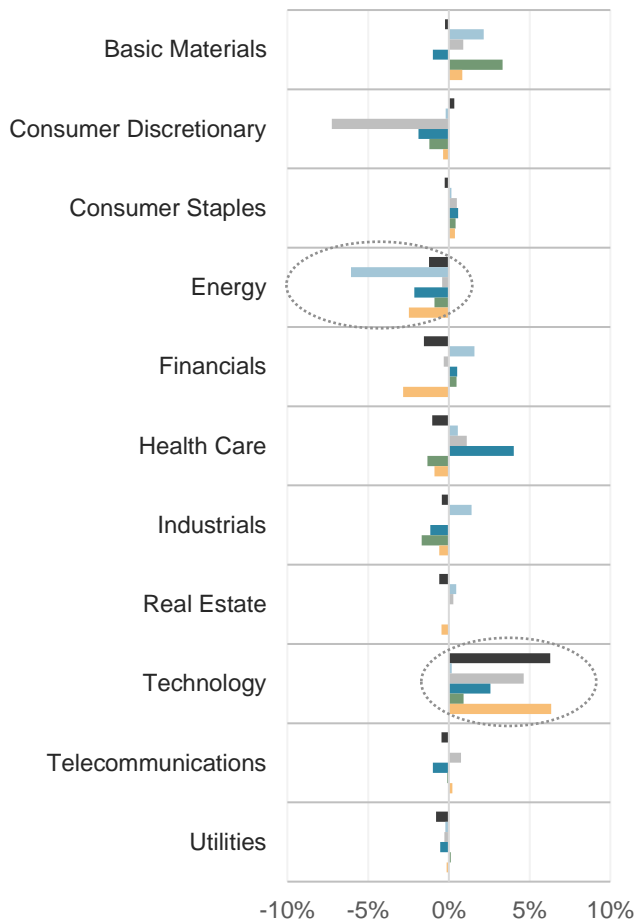


Relative Quality factor exposures (LHS) vs industry-weighted contributions to total Q4 2021 index returns: Quality is significantly overweight Tech (especially in the US and EM) and underweight Energy (particularly in the UK).



Quality – Dec 2021 Relative Industry Weights

Q4 2021 – Contributions to Total Benchmark Returns (%)



Source: FTSE Russell and Refinitiv. All data as of September 30, 2021. Results shown for regional Factor Indicators represent hypothetical, historical performance, at Tilt 1, based on FTSE Global Equity Index Series and the FTSE Global Factor Index Series. Past performance is no guarantee of future results. Please see the Appendices I and II and end for important disclosures and information on factor calculations. For professional investors only.