



# Coho Relative Value Equity

## MARCH 31, 2017

### Coho Partners at a glance

100% employee owned  
9 of 17 employees are owners

Boutique firm with sole focus  
Coho Relative Value Equity

\$6.7 billion in total firm assets  
\$3.5 billion discretionary  
\$3.2 billion model-based (UMA)

Client profile  
88% institutional/intermediary  
12% private wealth

### Investment philosophy

We firmly believe that the best way to create and sustain long-term wealth is to:

- Protect principal in down markets
- Generate competitive returns in all but the most speculative of up markets

### Investment process

An advantaged universe: Coho 250

We narrow our focus to a highly-selective universe of companies that have generally shown long-term growth in most economic environments.

In-depth research determines attractiveness

We execute thorough research on the Coho 250 and construct Dividend Discount Models (DDMs) for each company using realistic yet conservative assumptions.

Portfolio construction

Our buy/sell decisions are driven by the portfolio's risk return profile.

### Annualized gross performance (%) as of 3.31.17

Strategy/Index	QTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept*
Coho Relative Value Equity	4.85	11.43	9.30	13.07	10.20	9.42
S&P 500	6.07	17.17	10.37	13.30	7.51	5.11
S&P 500 Value	3.29	18.66	8.88	12.66	5.70	5.56

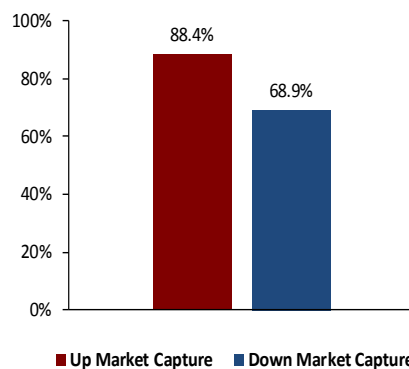
\*Inception date: 10.1.00. Performance for the Coho Relative Value Equity composite is gross of fees and does not reflect the payment of advisory fees and other expenses. Returns presented for periods less than one year are cumulative, returns for periods one year and greater are annualized. Past performance is not indicative of future results.  
Source: Advent/Axys

### Returns-based characteristics vs. S&P 500

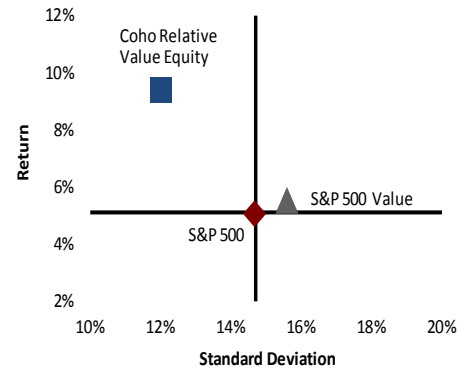
Excess Returns	2.70%
Standard Deviation	12.56%
Alpha (Jensen)	3.84%
Tracking Error	4.85%
Information Ratio	0.56
Sharpe Ratio	0.76
Beta	0.79

Data reflects 10 years annualized ending 3.31.17; Source: eVestment Alliance  
Market Proxy: S&P 500 Index; Risk Free Rate Proxy: 3 Month T-Bills

### Up/down market capture since inception



### Risk/reward comparison since inception



Data (monthly) for both exhibits since inception (10.1.00) through 3.31.17; Source: eVestment Alliance  
The Up Market/Down Market Capture Ratio is calculated by dividing the return of the portfolio during the up (or down) market periods by the return of the market for the same period.  
Market Proxy: S&P 500 Index

## We invest in two types of companies

### Demand Defensive

These companies are largely impervious to economic downturns and generally have more predictable earnings, dividends, and cash flows.

*Generally comprise between 40%-70% of the portfolio*

### Economically Sensitive

These companies exhibit stable growth with modestly greater economic cyclicality.

*Generally comprise between 30%-60% of the portfolio*

Portfolios contain 25 to 30 stocks with each security between 2% and 6% of the total. Cash is normally less than 5% of the portfolio.

## Sector weights

Sector	Coho	S&P 500	S&P 500 Value
Health Care+	23.2%	13.9%	12.3%
Consumer Staples+	20.6%	9.3%	11.7%
Consumer Discretionary++	12.7%	12.3%	6.9%
Industrials++	11.5%	10.1%	8.7%
Financial Services++	11.1%	14.4%	26.5%
Energy+	8.6%	6.6%	11.4%
Information Technology++	7.4%	22.1%	7.2%
Materials++	0.0%	2.8%	3.5%
Real Estate++	0.0%	2.9%	1.8%
Telecommunications+	0.0%	2.4%	4.0%
Utilities+	0.0%	3.2%	6.0%
Cash Equivalents	4.9%	0.0%	0.0%

+ Demand Defensive Sectors ++ Economically Sensitive Sectors

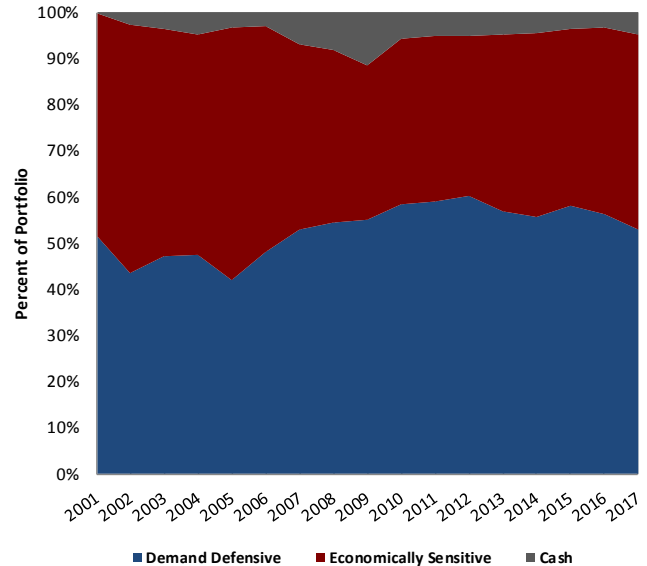
Sources: Advent/Axys and FactSet

## Top ten equity holdings

State Street Corporation	4.55%
Omnicom Group Inc.	4.47%
CVS Health Corporation	4.47%
Automatic Data Processing Inc.	4.27%
Illinois Tool Works Inc.	4.27%
UnitedHealth Group Inc.	4.25%
Dollar General Corp.	4.16%
Amgen Inc.	4.15%
Philip Morris International Inc.	4.10%
Abbott Laboratories	4.09%

Sources: Advent/Axys and FactSet

## Coho historical portfolio allocation



Sources: Advent/Axys and FactSet

## Portfolio characteristics

Name	Coho	S&P 500	S&P 500 Value
Equity Holdings	27	505	352
3-year Annualized Turnover	15.8%	N/A	N/A
Dividend Yield	2.4%	2.0%	2.4%
Dividend Growth (last 5 yrs)	13.3%	15.8%	14.6%
Earnings Growth (last 5 yrs)	6.9%	7.9%	4.1%
Earnings Growth (next 5 yrs)	10.9%	11.8%	10.0%
P/E (trailing 4 quarters)	19.2x	19.4x	17.3x
P/E (forward 4 quarters)	17.8x	18.2x	16.0x
Price/Book	3.5x	3.0x	2.0x
LT Debt/Capital	49.7%	44.7%	43.4%
5-Year Avg ROE	21.1%	18.9%	15.1%
Weighted Avg Market Cap	\$79.1 B	\$163.9 B	\$125.3 B
Median Market Cap	\$48.4 B	\$20.4 B	\$19.0 B
Beta (last 5 yrs)	0.92	1.01	1.02
Active Share	N/A	89.2%	89.0%

Sources: Advent/Axys and FactSet

## Coho Relative Value Equity Composite Important Disclosures

Coho Partners, Ltd. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Coho Partners, Ltd. is an independent investment management company not affiliated with any other entity and is a registered investment adviser under the Investment Advisers Act of 1940. Coho Partners, Ltd. manages assets for institutional employee benefit plans, endowments, foundations, corporations, eleemosynary organizations, individuals, trusts and estates.

This composite was created in October 2000. The name of the composite was changed from the Coho Tax Exempt Equity composite to the Coho Relative Value Equity composite on July 1, 2011. A complete list and description of the firm's Composites is available upon request.

Coho Partners, Ltd. has been verified on a firm-wide basis according to GIPS standards for the period 10.1.2000 through 12.31.2015. The Coho Relative Value Equity composite has received a Performance Examination for the period 10.1.2000 through 12.31.2015. The verification report is available upon request. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is also available upon request.

The Coho Relative Value Equity composite includes all discretionary, fee-paying, non-wrap separately managed institutional and high net worth equity portfolios of at least \$1 million managed for at least one full month. Portfolios may be excluded from the composite due to investment restrictions, frequent or significant cash requirements, legacy positions, or other situations that may prevent the portfolio from being managed in accordance with the model strategy. The strategy for all portfolios included in the Coho Relative Value Equity composite is to invest only in selective equity securities while maintaining a diligent focus on preserving capital and maximizing client returns.

The composite returns reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. "Gross of fees" performance returns are presented net of actual trading expenses. No other fees are deducted. "Net of fees" performance returns are calculated net of actual trading expenses and management fees. No other fees are deducted. The maximum management fee charged to portfolios in this composite is 1.00% annually, pro-rated on a quarterly basis. All returns are expressed in U.S. dollars.

Year End	Calendar Year Performance Results (%)					3 Year Standard Deviation (%)			Composite	UMA	Firm	Total	
	Composite		S&P 500	(1) S&P 500 Value	Composite Dispersion	Composite	S&P 500	S&P 500 Value	Number of Portfolios	Assets (\$M)	Assets (\$M)	Assets (\$M)	Assets (\$M)
	Gross	Net											
2016	10.18	9.70	11.96	17.40	0.42	9.83	10.74	10.88	171	1,709.4	2,515.6	3,245.4	5,761.0
2015	0.31	-0.13	1.38	-3.13	0.44	9.77	10.47	10.59	130	1,163.1	1,805.8	2,497.0	4,302.8
2014	15.00	14.51	13.69	12.36	0.27	8.23	8.97	9.46	122	1,091.1	407.0	1,973.5	2,380.5
2013	31.89	31.34	32.39	31.99	0.54	9.90	11.94	12.97	83	574.7	150.2	1,386.8	1,537.0
2012	13.51	13.04	16.00	17.68	0.53	12.72	15.09	15.76	48	294.5	43.9	942.9	986.8
2011	10.82	10.39	2.11	-0.48	0.32	15.43	18.71	21.10	37	288.4	18.4	688.3	706.7
2010	16.03	15.47	15.06	15.10	0.58	NA	NA	NA	14	75.7	12.1	445.2	457.3
2009	18.36	17.82	26.46	21.18	1.09	NA	NA	NA	12	50.2	14.0	337.8	351.8
2008	-16.97	-17.34	-37.03	-39.22	0.93	NA	NA	NA	11	28.1	NA	248.2	248.2
2007	5.29	4.80	5.48	1.99	1.06	NA	NA	NA	11	36.3	NA	282.3	282.3
2006	17.16	16.58	15.80	20.80	0.89	NA	NA	NA	12	47.7	NA	257.2	257.2
2005	0.50	0.10	4.88	5.82	1.25	NA	NA	NA	11	33.2	NA	179.4	179.4
2004	15.37	14.91	10.92	15.71	1.12	NA	NA	NA	11	36.2	NA	119.4	119.4
2003	23.94	23.61	28.68	31.79	1.99	NA	NA	NA	12	44.3	NA	89.6	89.6
2002	-13.19	-13.39	-22.10	-20.85	0.64	NA	NA	NA	9	30.4	NA	72.2	72.2
2001	1.89	1.44	-11.90	-11.71	1.66	NA	NA	NA	7	33.3	NA	75.0	75.0
4Q00	11.66	11.52	-7.83	1.63	0.72	NA	NA	NA	<5	10.4	NA	22.0	22.0

Source: Advent/Axys

Total assets and UMA assets are supplemental information to the Annual Disclosure Presentation.

(1) Effective 1.1.2017, the S&P 500 Value Index retroactively replaced the Russell 1000 Value Index as the strategy's secondary benchmark because the average market capitalization and sector emphasis of the S&P 500 Value Index more closely align with those of the strategy. The S&P 500 Index has been the strategy's primary benchmark since its inception and that remains unchanged.

Composite dispersion, which represents the consistency of performance of individual portfolio returns within the composite, is measured using standard deviation across asset-weighted portfolios for the preceding twelve months. Past performance is no guarantee of future results.



### Contact us for more information about the Coho Relative Value Equity strategy

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