



AQR Stock Selection Strategies

2018 Update – As of September 30, 2018

Current Market Environment

Strong pro-growth sentiment in 2018

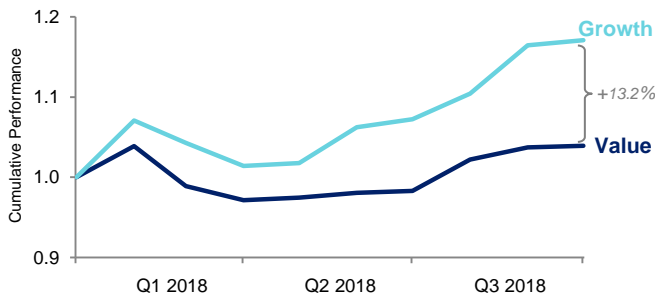
U.S. Equities have soared and overall market valuation levels are high

Growth has significantly outpaced value

- Across market caps
- Across geographies
- And within a variety of sectors

Russell 1000 Value vs Growth Performance

January 1, 2018-September 30, 2018

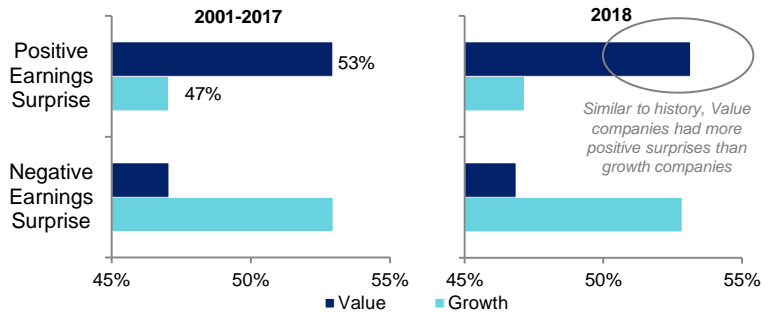


Source: Russell 1000 Indices on the left; AQR, IBES, Xpressfeed and Compustat on the right. The chart on the right shows the number of positive and negative earnings surprises for value and growth companies, defined by stocks that score positive on AQR's Hypothetical Global Valuation Theme ("Value") and negative on the same theme ("Growth"). Surprises are measured relative to the median earnings surprise in the universe reported during that quarter. The date range is limited due to availability of proprietary earnings surprise data. For illustrative purposes only and not representative of an actual portfolio AQR currently manages. Hypothetical data has inherent limitations, some of which are disclosed in the back. Past performance is not a guarantee of future returns.

Despite market participants rewarding growth ...

Fundamentals for value companies have been as strong as they historically have been

Number of Positive and Negative Earnings Surprises: Value vs. Growth, April 1, 2001- September 30, 2018



Strategy Performance

Fundamental investment themes have been challenged

Similar to 2017, expensive stocks significantly outperformed cheap ones

- This outperformance accelerated in 2018

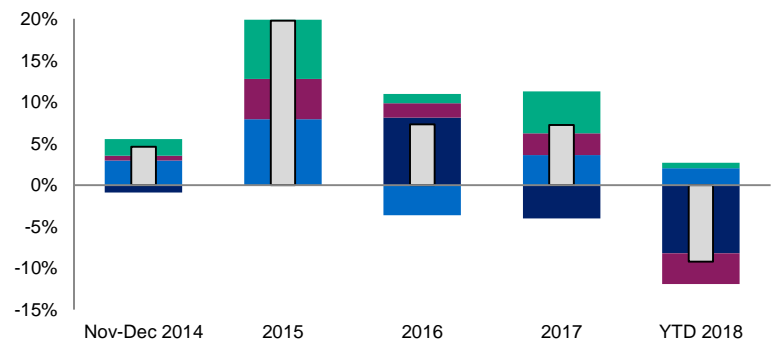
What is different versus 2017 is the mix of positively- and negatively-performing themes:

- Stocks favored by high-conviction investors underperformed
- The other investment themes did not make up for the losses

Value	Cheap
Momentum	Improving
Quality	Safe
Sentiment	Favored

The combination of fundamental investment themes tends to lead to strong long-term results

AQR Equity Market Neutral Strategy, November 1, 2014–September 30, 2018



Source: AQR. Contributions to gross returns for the Equity Market Neutral Composite from 11/01/2014–9/30/2018. Performance shown is for a representative account and was selected based on asset size and may not be fully representative of other equity market neutral portfolios AQR may manage. Performance figures herein represent unaudited estimates of realized and unrealized gains and losses prepared by AQR. Gross performance does not reflect the deduction of investment advisory fees. Attribution is subject to change at any time without notice. Diversification does not eliminate the risk of experiencing investment losses. This information is supplemental to the GIPS compliant presentation for the AQR Equity Market Neutral Composite. Please see important disclosures.

Outlook Going Forward

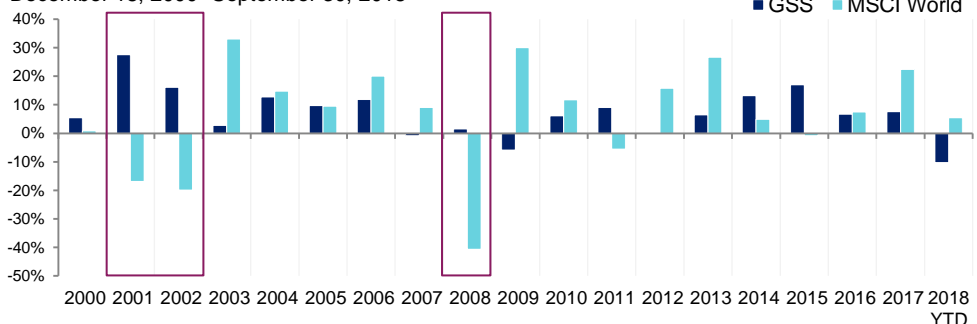
Fundamentals drive market returns

Strategy recovery can take many forms

- Does not depend on a value comeback
- Conversely, a value recovery may not lead to a strategy recovery

The case for market-neutral strategies remains strong

AQR Global Stock Selection Strategy (GSS) Gross Performance vs. MSCI World



Source: AQR. Gross returns in USD for the AQR Global Stock Selection Strategy since inception (12/18/2000 – 9/30/2018). Gross performance does not reflect the deduction of investment advisory fees. Past performance is not a guarantee of future returns. This information is subject to the GIPS compliant presentation for the AQR Global Stock Selection Composite. Please see important disclosures.

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Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index.

Hypothetical AQR Global Valuation Theme Backtest Description

The AQR Global Valuation Theme Backtest utilizes the full set of underlying factors that compose the Valuation theme within AQR's Global Stock Selection strategy to evaluate stocks and create a long-short, market-neutral and industry-neutral equity portfolio based exclusively on these signals. The Valuation Theme is designed to capture the tendency for relatively cheap assets to outperform relatively expensive ones. Backtest returns are gross of advisory fees and transaction costs from January 30, 2004 – September 30, 2018. The backtest utilizes a monthly rebalancing schedule and targets 7% annual volatility. The investment universe includes a broad subset of liquid tradeable large and mid cap stocks within global developed markets, similar to the MSCI World Index. The risk model used is the Barra Developed Equity Risk Model (BIMDEV_noCURR_301L).

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The index is unmanaged, includes the reinvestment of dividends and cannot be purchased directly by investors.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index is unmanaged and cannot be purchased directly by investors.

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Gross performance results do not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. For example, assume that \$1 million is invested in an account with the Firm, and this account achieves a 10% compounded annualized return, gross of fees, for five years. At the end of five years that account would grow to \$1,610,510 before the deduction of management fees. Assuming management fees of 1.00% per year are deducted monthly from the account, the value of the account at the end of five years would be \$1,532,886 and the annualized rate of return would be 8.92%. For a 10-year period, the ending dollar values before and after fees would be \$2,593,742 and \$2,349,739, respectively. AQR's asset based fees may range up to 2.85% of assets under management, and are generally billed monthly or quarterly at the commencement of the calendar month or quarter during which AQR will perform the services to which the fees relate. Where applicable, performance fees are generally equal to 20% of net realized and unrealized profits each year, after restoration of any losses carried forward from prior years. In addition, AQR funds incur expenses (including start-up, legal, accounting, audit, administrative and regulatory expenses) and may have redemption or withdrawal charges up to 2% based on gross redemption or withdrawal proceeds. Please refer to AQR's ADV Part 2A for more information on fees. Consultants supplied with gross results are to use this data in accordance with SEC, CFTC, NFA or the applicable jurisdiction's guidelines.

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