



Richard Bernstein,
Chief Executive and Chief Investment Officer

Richard Bernstein Advisors

➤ *Independent investment advisor with a unique top-down, macro approach to investing with quantitative security selection.*

➤ *\$3.3B AUM/AUA as of 3/31/15*

➤ *Strategies include global asset allocation, global equity allocation, income, and promising undiscovered investment themes.*

➤ *Investment themes focus on disparities between fundamentals and sentiment.*

Valuation Normal for Mid-Cycle Period

Valuation is Normal for Mid-Cycle Period

Beauty is in the eye of the beholder. The same can be said for equity valuations. If one is bullish, one tends to say the stock market is undervalued. If one is bearish, then overvaluation will seem more likely. Being truly objective is the difficult part.

We have used the same valuation models for many years in an attempt to remain objective. Using a new-fangled valuation measure to support one's positive or negative view of the stock market seems to us a bit disingenuous. The efficacy of a model can only be tested in real time. Have you ever seen a bad backtest?

With that in mind, we present several valuation charts. Our conclusion remains that the market is valued as it would typically be for a mid-cycle period, i.e., roughly fairly valued.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

Although market capitalization to GDP looks expensive, market capitalization to corporate profits (a more meaningful measure) suggests the market is fairly valued.

Chart 1:

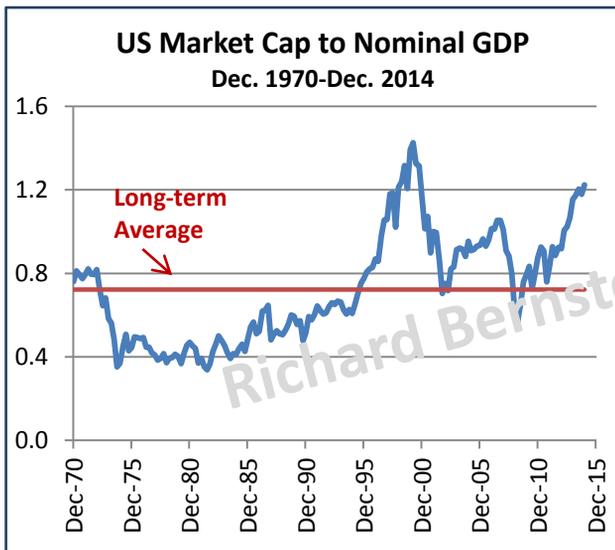
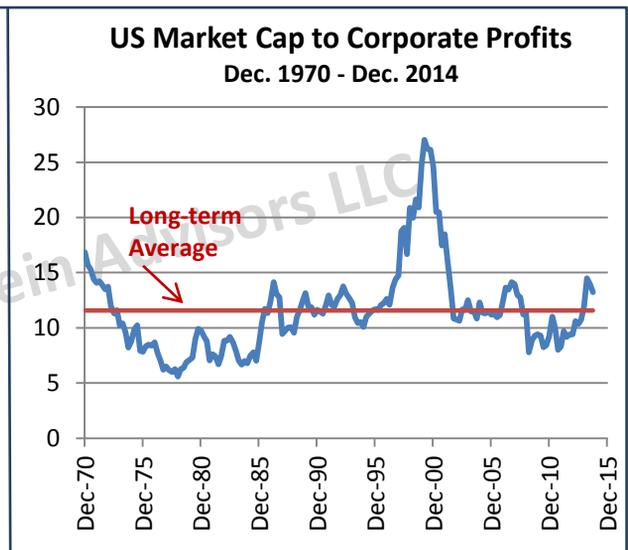


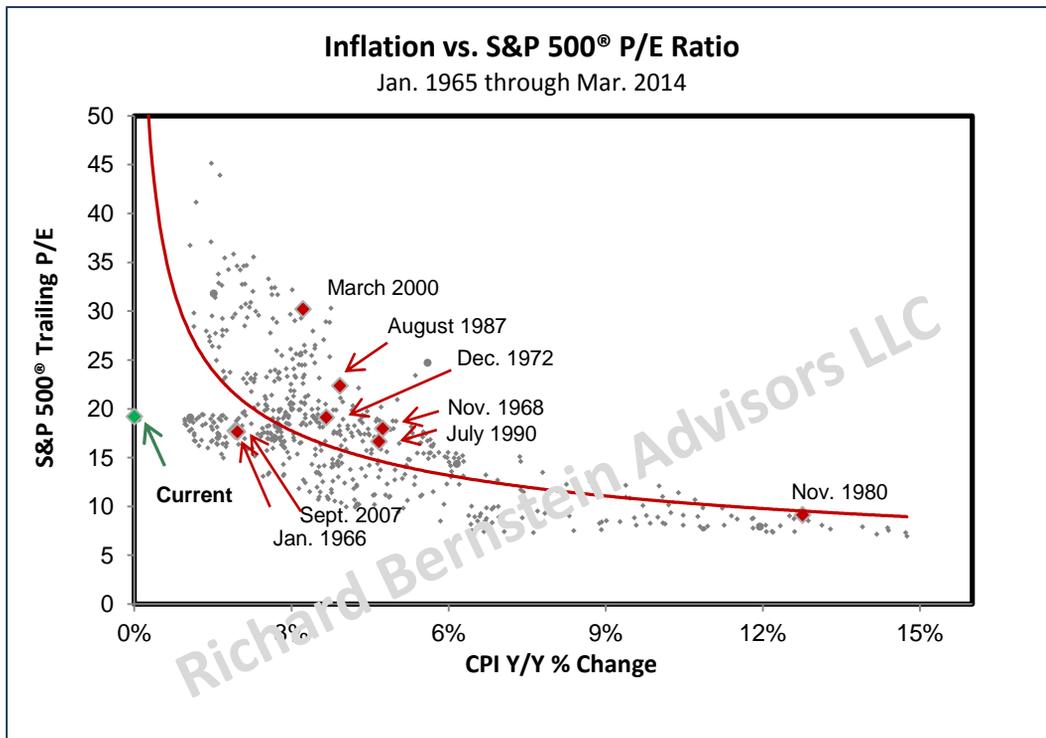
Chart 2:



Source: Richard Bernstein Advisors LLC, Bureau of Economic Analysis (BEA), Wilshire Associates, Bloomberg LLP
Corporate Profits are after tax, IVA and Ccadj.

When adjusting for inflation, the S&P 500®'s PE ratio seems conservative relative to history.

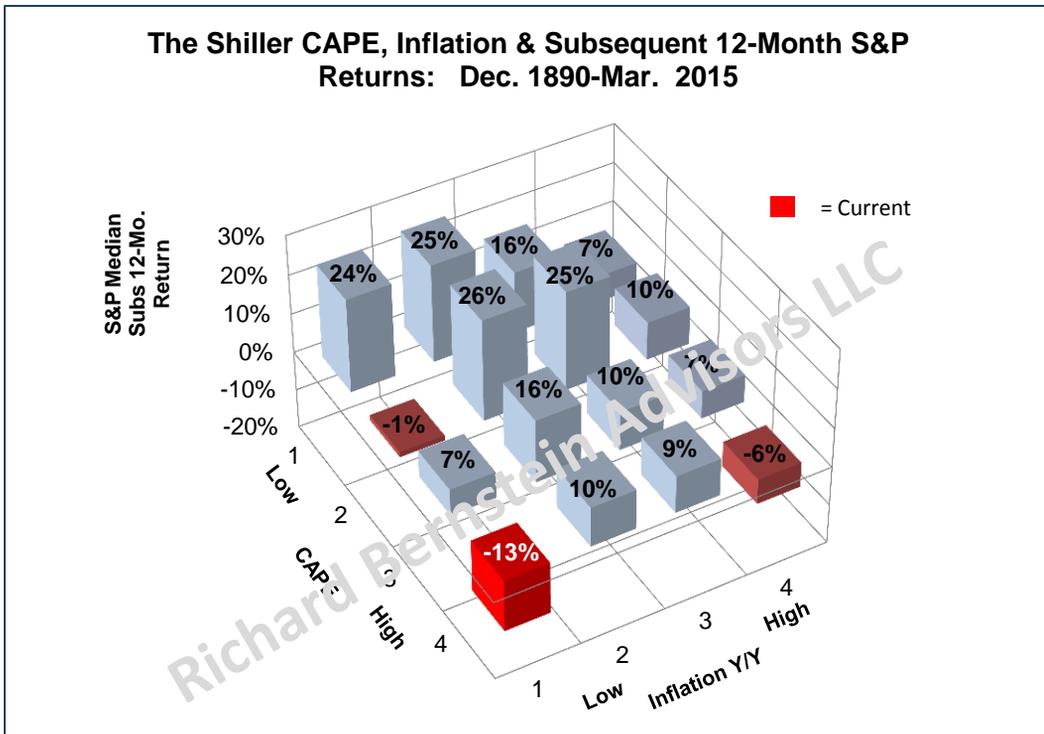
Chart 3:



Source: Richard Bernstein Advisors LLC, Standard & Poor's, BLS
For Index descriptors, see "Index Descriptions" at end of document.

Admittedly, the Shiller PE, even when adjusted for inflation, is giving bearish signals.

Chart 4:



Source: Richard Bernstein Advisors LLC, Robert Shiller, Standard and Poors, Bloomberg LP.

Our models, when taken in totality, seem to indicate that the market’s valuation is roughly fair, which seems typical of a mid-cycle environment. The models do not suggest gloom and doom lies immediately ahead. Our portfolios are positioned accordingly.



Uncertainty = OpportunitySM

INDEX DESCRIPTIONS:

The following descriptions, while believed to be accurate, are in some cases abbreviated versions of more detailed or comprehensive definitions available from the sponsors or originators of the respective indices. Anyone interested in such further details is free to consult each such sponsor's or originator's website.

The past performance of an index is not a guarantee of future results.

Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. **Indices are not actively managed and investors cannot invest directly in the indices.**

S&P 500®: Standard & Poor's (S&P) 500® Index. The S&P 500® Index is an unmanaged, capitalization-weighted index designed to measure the performance of the broad US economy through changes in the aggregate market value of 500 stocks representing all major industries.



Uncertainty = Opportunity®

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About Richard Bernstein Advisors:

Richard Bernstein Advisors LLC is an independent investment adviser. RBA partners with several firms including Eaton Vance Corporation and First Trust Portfolios LP, and currently has \$3.2 billion collectively under management and advisement as of February 28, 2015. RBA acts as sub-advisor for the Eaton Vance Richard Bernstein Equity Strategy Fund, the Eaton Vance Richard Bernstein All-Asset Strategy Fund and the Eaton Vance Richard Bernstein Market Opportunities Strategy Fund and also offers income and unique theme-oriented unit trusts through First Trust. RBA is also the index provider for the First Trust RBA American Industrial Renaissance™ ETF and the First Trust RBA Quality Income ETF. Additionally, RBA runs ETF asset allocation SMA portfolios at UBS, Merrill Lynch, Morgan Stanley Smith Barney and on select RIA platforms. RBA's investment insights as well as further information about the firm and products can be found at www.RBAdvisors.com.