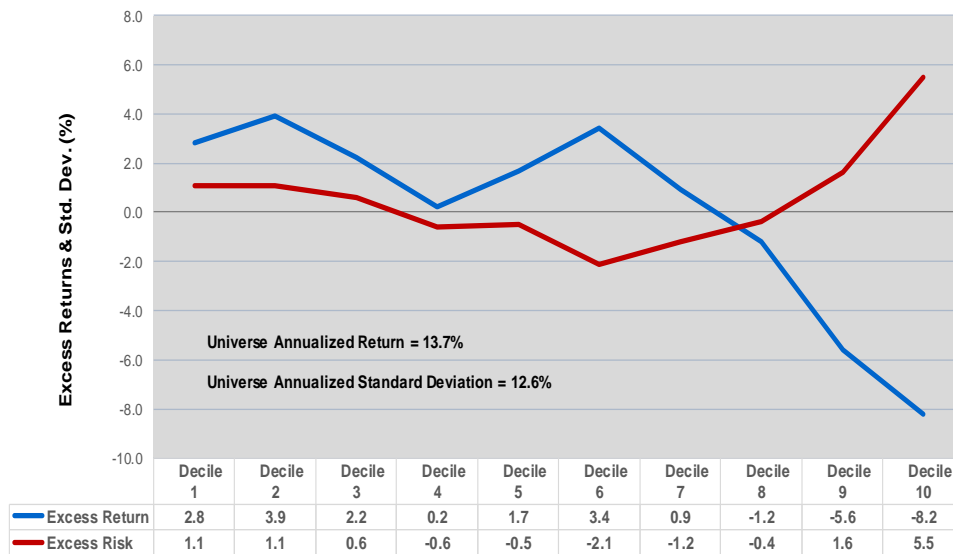


## Earnings Momentum Model (EMO)

Earnings Momentum was introduced in April 1996. As an improvement to the original Earnings Trend Analysis (SED), EMO makes an adjustment to the SED for the volatility of earnings. The EMO adjusts the earnings trend by a measure (standard error) of how well the curve fits the earnings series. EMO has shown improved performance over SED in both the top and bottom deciles. The Ford Universe is ranked from highest to lowest (100 to 1). A stock with a score of 70 or higher is considered a buy candidate, while one with a score of 30 or lower is a sell candidate.

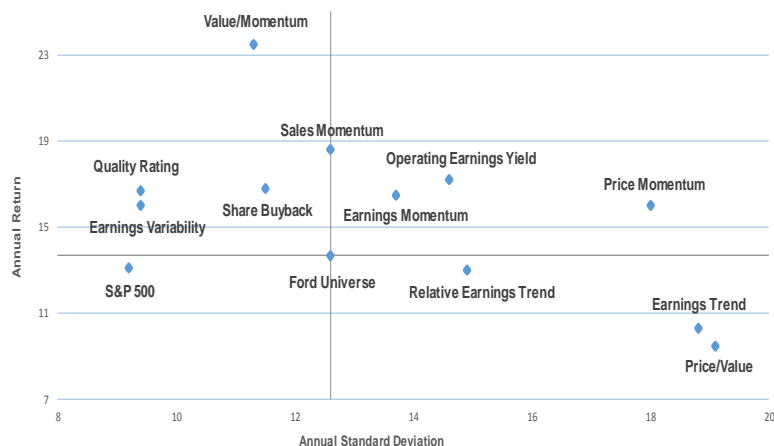
Ford's Earnings Trend (SED) analysis is a second derivative calculation, which measures the acceleration or deceleration in the change in earnings. The second derivative is calculated for a second order curve which best fits a company's trailing 12 month operating earnings per share for the past four quarters and an estimate for the current quarter. Ford's operating earnings series is adjusted for extraordinary items, cumulative accounting changes, sale of discontinued operations, and other major nonrecurring items.

### Ford Earnings Momentum Model (EMO) Decile Excess Returns & Std. Dev. (%) vs. Ford Universe 12/12 to 12/17



### Top Decile/Group Ford Stock Selection Models 12/12 to 12/17

| EMO Excess Return<br>Top Decile vs.<br>Ford Universe (%) |      |
|--|------|
| 2013   | 8.4  |
| 2014   | -4.3 |
| 2015   | 0.9  |
| 2016   | 0.9  |
| 2017   | 10.4 |



Performance is based on ranking the Ford Universe from best to worst for the model shown and dividing it into 10 equal-sized groups each month. The group returns represent equal-dollar investments in each stock each month, with monthly total returns linked to create annual and annualized results. Total returns, which sum month-end price changes and 1/12 of companies' indicated annual dividend rates, exclude transaction costs and management fees. The Ford Universe had 3955 companies at the end of 2017.

Quantitative model results are affected by market environment and are based on historical financial data. Certain material information for a company may not be reflected in models presented. The performance shown is based on large portfolios and may not be effective on every security. There is no assurance that future results will duplicate past results.

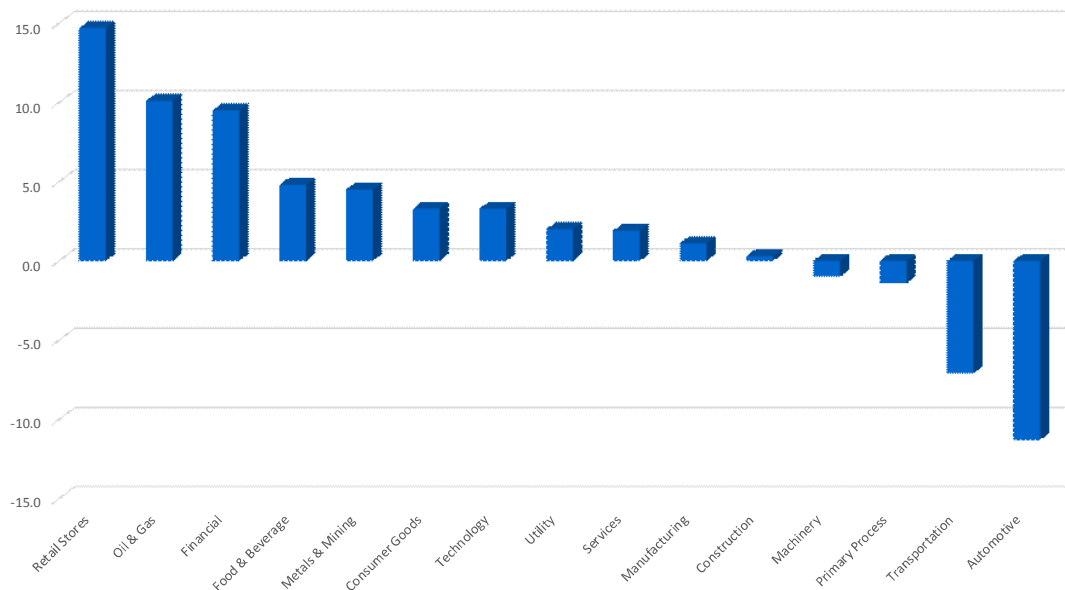
## EMO Decile Performance on Capitalization Sectors

Average Annual Returns (%) 12/12-12/17

| Deciles                   | 1    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | Cap Univ. |
|---------------------------|------|------|------|------|------|------|------|------|------|------|-----------|
| <b>Large Cap</b>          | 16.3 | 17.0 | 15.9 | 14.6 | 14.5 | 15.9 | 15.4 | 12.1 | 11.8 | 7.8  | 14.1      |
| <b>Standard Deviation</b> | 11.1 | 10.5 | 10.6 | 10.7 | 10.1 | 9.9  | 10.4 | 9.9  | 10.7 | 13.4 | 10.3      |
| <b>Mid Cap</b>            | 16.5 | 18.1 | 17.8 | 14.9 | 15.8 | 16.4 | 14.9 | 11.7 | 9.9  | 11.2 | 14.8      |
| <b>Standard Deviation</b> | 14.1 | 14.5 | 14.3 | 13.4 | 13.9 | 12.9 | 13.6 | 13.6 | 14.9 | 17.5 | 13.7      |
| <b>Small Cap</b>          | 16.0 | 21.8 | 13.3 | 14.1 | 13.8 | 19.5 | 15.9 | 12.3 | 6.6  | 11.6 | 14.6      |
| <b>Standard Deviation</b> | 16.6 | 18.5 | 16.8 | 15.6 | 15.6 | 14.2 | 14.7 | 16.0 | 17.8 | 21.4 | 15.9      |

Large, Mid and Small Cap constituents include the top 1000, second 1000, and third 1000 companies in the Ford universe of stocks when ranked by market capitalization.

## EMO Top Decile Annual Excess Return by Industry Group 12/12 - 12/17



## Correlation Coefficients 12/12 - 12/17 Ford Proprietary Models

|                                | PVA   | OEY   | EMO   | PRM   | VMO   | SHB   | QTY   | SMO   | SED   | SDR   | EDV   |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Price/Value (PVA)              | 1.000 | 0.890 | 0.864 | 0.854 | 0.792 | 0.771 | 0.397 | 0.767 | 0.880 | 0.883 | 0.614 |
| Operating Earnings Yield (OEY) | 0.890 | 1.000 | 0.911 | 0.830 | 0.929 | 0.918 | 0.604 | 0.856 | 0.831 | 0.903 | 0.798 |
| Earnings Momentum (EMO)        | 0.864 | 0.911 | 1.000 | 0.924 | 0.938 | 0.910 | 0.592 | 0.941 | 0.925 | 0.964 | 0.848 |
| Price Momentum (PRM)           | 0.854 | 0.830 | 0.924 | 1.000 | 0.856 | 0.799 | 0.515 | 0.878 | 0.936 | 0.920 | 0.736 |
| Value/Momentum (VMO)           | 0.792 | 0.929 | 0.938 | 0.856 | 1.000 | 0.939 | 0.681 | 0.927 | 0.830 | 0.902 | 0.901 |
| Share Buyback (SHB)            | 0.771 | 0.918 | 0.910 | 0.799 | 0.939 | 1.000 | 0.721 | 0.874 | 0.785 | 0.867 | 0.912 |
| Quality Rating (QTY)           | 0.397 | 0.604 | 0.592 | 0.515 | 0.681 | 0.721 | 1.000 | 0.591 | 0.422 | 0.547 | 0.799 |
| Sales Momentum (SMO)           | 0.767 | 0.856 | 0.941 | 0.878 | 0.927 | 0.874 | 0.591 | 1.000 | 0.867 | 0.909 | 0.873 |
| Earnings Trend (SED)           | 0.880 | 0.831 | 0.925 | 0.936 | 0.830 | 0.785 | 0.422 | 0.867 | 1.000 | 0.947 | 0.676 |
| Relative Earnings Trend (SDR)  | 0.883 | 0.903 | 0.964 | 0.920 | 0.902 | 0.867 | 0.547 | 0.909 | 0.947 | 1.000 | 0.784 |
| Earnings Variability (EDV)     | 0.614 | 0.798 | 0.848 | 0.736 | 0.901 | 0.912 | 0.799 | 0.873 | 0.676 | 0.784 | 1.000 |