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Report

Confluence® Style Analytics®

October 2026 Factor Performance Analysis

Value and Yield lead across regions

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Market background

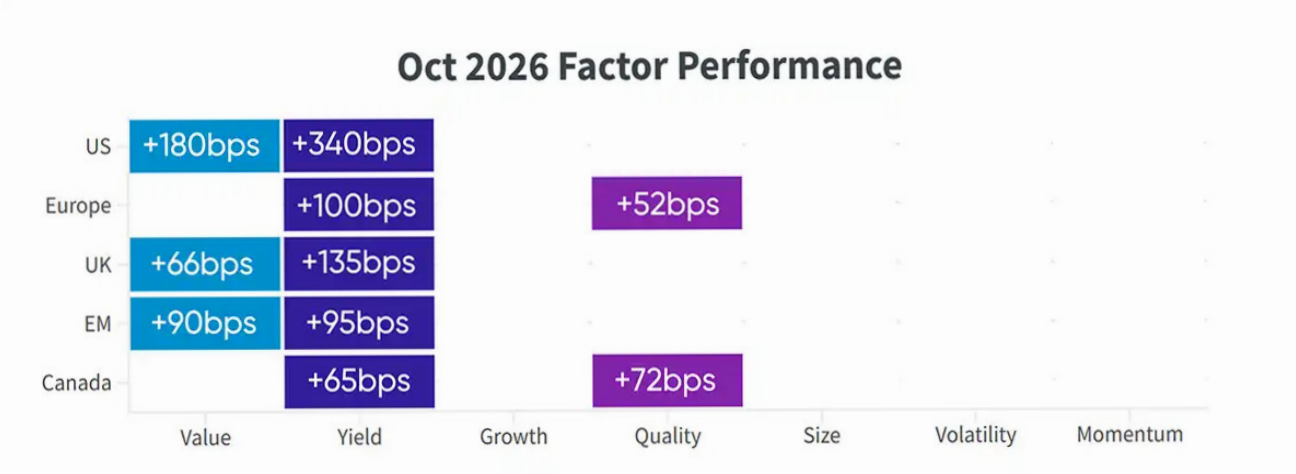
Across global equity markets, October showed a clear preference for Value and Yield. These themes outperformed in the U.S., Europe, the UK and Emerging Markets, while Canada combined Yield leadership with strength in Quality.

The pattern was most pronounced in the U.S., where Yield outperformed by 340 basis points and Value by 180 basis points. Value and Yield also led in Europe, the UK and Emerging Markets, indicating broad support for attractively valued and income-oriented stocks.

Quality performance was more selective. It added 52 basis points in both the U.S. and Europe and 72 basis points in Canada, while Growth, Volatility and Momentum generally lagged across the regional results.

Factor summary

- **US equities:** Value, Yield and Quality outperformed.
- **European equities:** Yield and Quality outperformed.
- **UK equities:** Value and Yield outperformed.
- **Emerging markets equities:** Value and Yield outperformed.
- **Canadian equities:** Yield and Quality outperformed.



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US equities

U.S. factor leadership in October was concentrated in Yield and Value, which outperformed the market by 340 and 180 basis points, respectively. Quality also added 52 basis points, while Growth, Volatility and Momentum lagged.

Within Value, Earnings Yield and Cash Flow Yield were the strongest subfactors, while Shareholder Yield led the income measures. Quality was supported by Sales Growth Stability and Earnings Growth Stability, suggesting that investors rewarded dependable fundamentals alongside valuation and income exposure.

US consumer inflation moderated in October, with the Consumer Price Index (CPI) rising 0.4% month over month, compared with a 0.6% increase in September. The unemployment rate edged down to 4.1% from 4.2% in September, coming in slightly below market expectations of 4.2%. Meanwhile, US manufacturing output grew by 0.3% in October 2026, marking a second consecutive month of growth.

Stocks with high dividend yield which contributed to the performance of U.S. equities in Oct include info consumer discretionary company Tesla Inc (13% in Sept) and tech company Microsoft Corp (1.8% in Oct). Additionally, companies with strong cashflow yield that contributed to the region's performance in Oct include health care company Merck & Co Inc (2.9%% in Oct) and consumer staples company Procter and Gamble Co (11.9% in Oct).

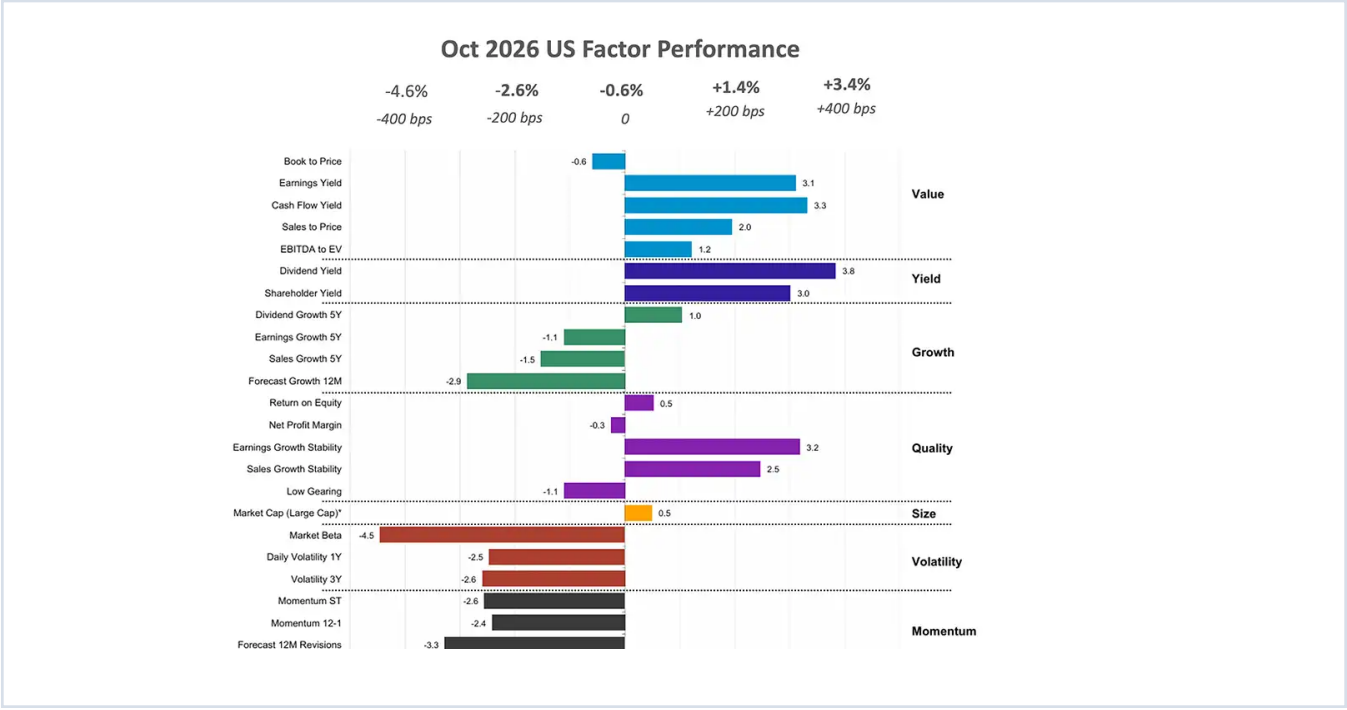


Figure 1: *Oct 2026 US Factor Performance (sector adjusted)*
Source: Confluence Style Analytics

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European equities

European equities recorded broad leadership from Value, Yield and Quality in October, outperforming by 72, 100 and 52 basis points, respectively. Growth, Volatility and Momentum underperformed, with Momentum the weakest factor group.

Cash Flow Yield and Earnings Yield led the Value measures, while Shareholder Yield was the strongest income subfactor. Quality was supported by Sales Growth Stability and Low Gearing, indicating a preference for stable businesses with stronger balance-sheet characteristics.

Euro Area inflation increased by 0.4% month over month in October 2026, following a 0.6% rise in September. The unemployment rate remained unchanged at 6.5% in September. Meanwhile, manufacturing production declined by 1.6% in September 2026 compared with the same month in the previous year, indicating continued weakness in the manufacturing sector.

Key European stocks with cash flow yield factor that outperformed in the month of Oct include financials company Allianz SE (+3.4% in Oct) and health care company Sanofi SA (8.0% in Oct). Leading the market through earnings growth in Oct include info tech company SAP Se (11.8% in Oct) and Utilities Enel SPA (4.7% in Oct).

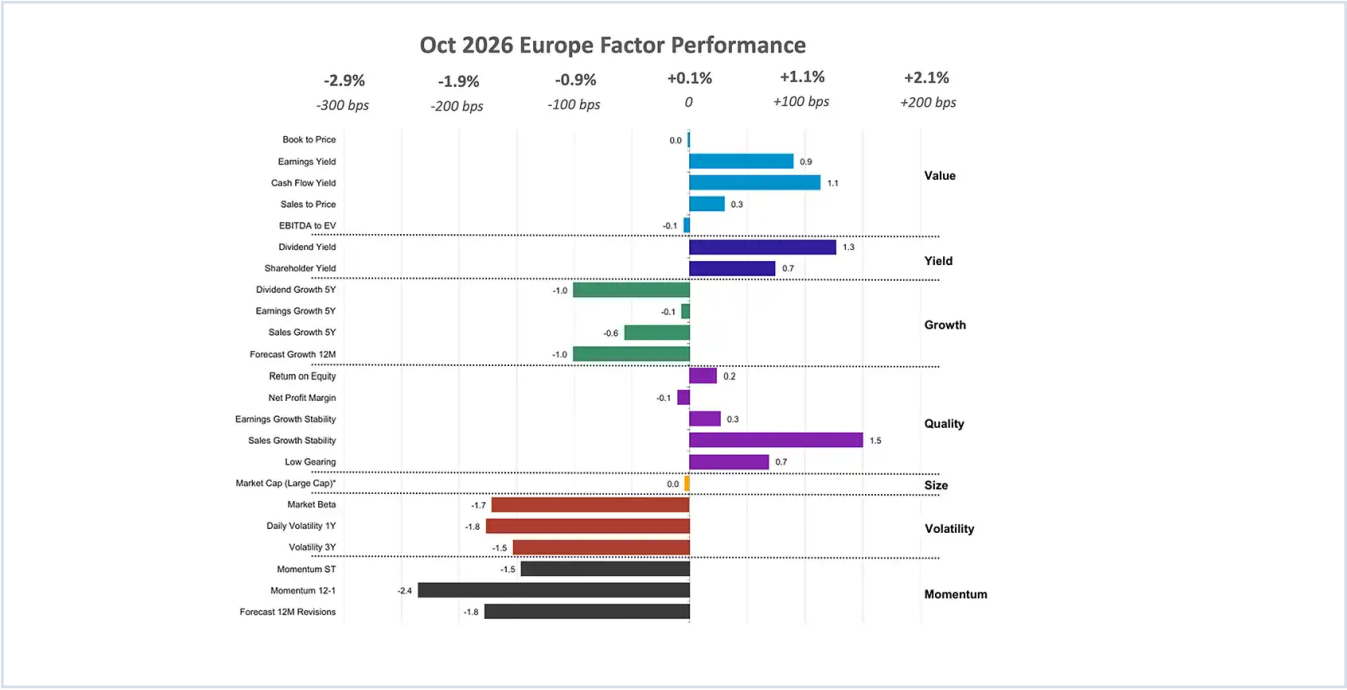


Figure 2: *Oct 2026 Europe Factor Performance (country and sector adjusted)*
Source: Confluence Style Analytics

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UK equities

UK factor performance was led by Yield and Value, which outperformed the market by 135 and 66 basis points. Other broad factor groups did not outperform, leaving leadership relatively concentrated in income and valuation characteristics.

Cash Flow Yield was the strongest Value subfactor, while Shareholder Yield led within Yield. Quality was mixed, although Sales Growth Stability and Low Gearing were positive, partly offsetting weakness in Return on Equity and Net Profit Margin.

UK consumer prices increased by 0.4% month over month in September 2026, exceeding market expectations of a 0.3% rise. The unemployment rate edged down to 4.6% in the three months to September 2026. Meanwhile, industrial production grew by 0.3% month over month in September, indicating a modest improvement in the UK's industrial sector.

British stock with strong cashflow yield that outperformed this month include energy company BP Plc (+15% in Oct) and industrials Bae Systems (7.5% in Oct). Stocks that led the region's shareholder yield in Oct include consumer staples company British American Tobacco Plc (13.8% in Oct) and industrials company Relx Plc (20.8% in Oct).

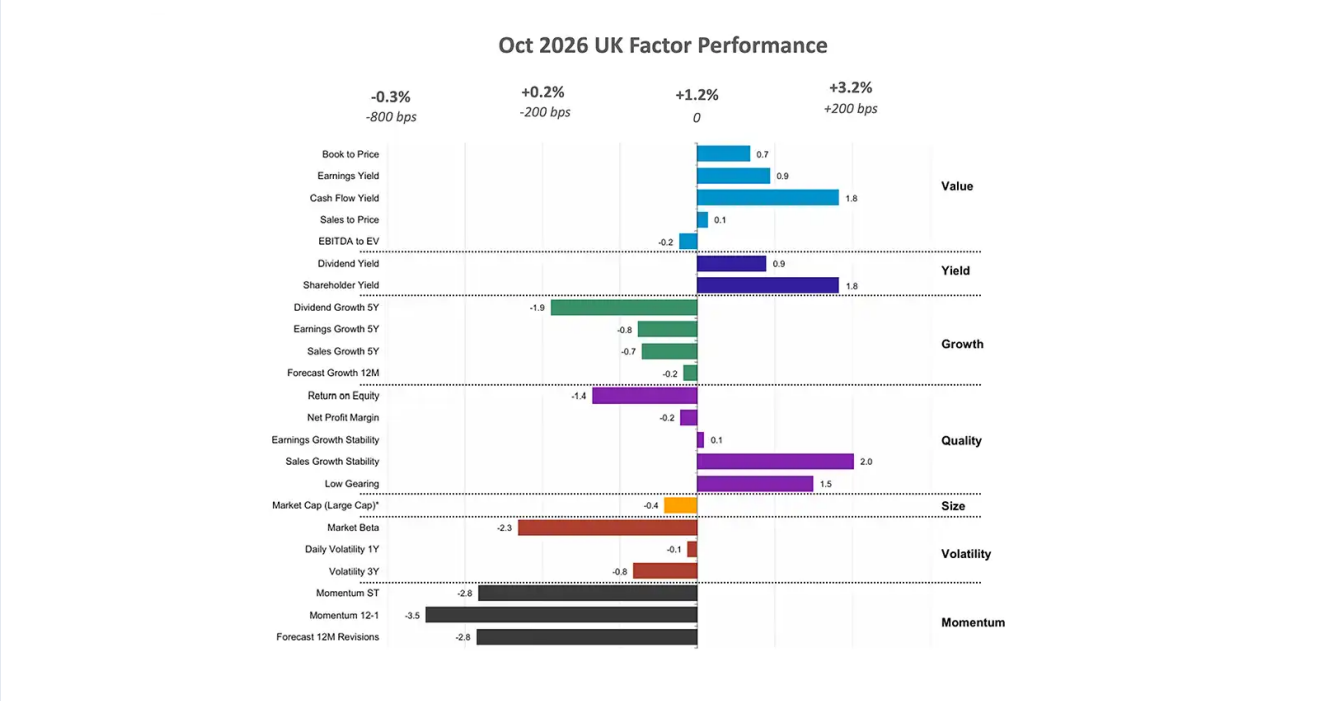


Figure 3: *Oct 2026 UK Factor Performance (sector adjusted)*
Source: Confluence Style Analytics

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Emerging markets equities

Emerging Markets declined in absolute terms in October, but Value and Yield outperformed the market by 90 and 95 basis points. This defensive relative leadership indicates that valuation and income characteristics offered some protection during a weak month for the region.

Cash Flow Yield, Book to Price and Earnings Yield were the strongest Value measures, while Dividend Yield and Shareholder Yield also contributed positively. Quality subfactors were broadly positive, led by Sales Growth Stability and Return on Equity.

In Mexico, the Consumer Price Index (CPI) increased by 0.65% month over month in October 2026, while the unemployment rate declined to 2.8% in September from 3.0% in August. In India, the headline inflation rate rose to 6.09% in October 2026, up from 5.54% in the previous month. Meanwhile, the unemployment rate edged down to 4.9% in October from 5.0% in September, indicating a slight improvement in labor market conditions.

Emerging Markets equities that outperformed in Oct, captured by the book to price factor include financials company Industrial and Commercial Bank of China (8.4% in Oct); and Bank of China Ltd (6.14% in Oct).

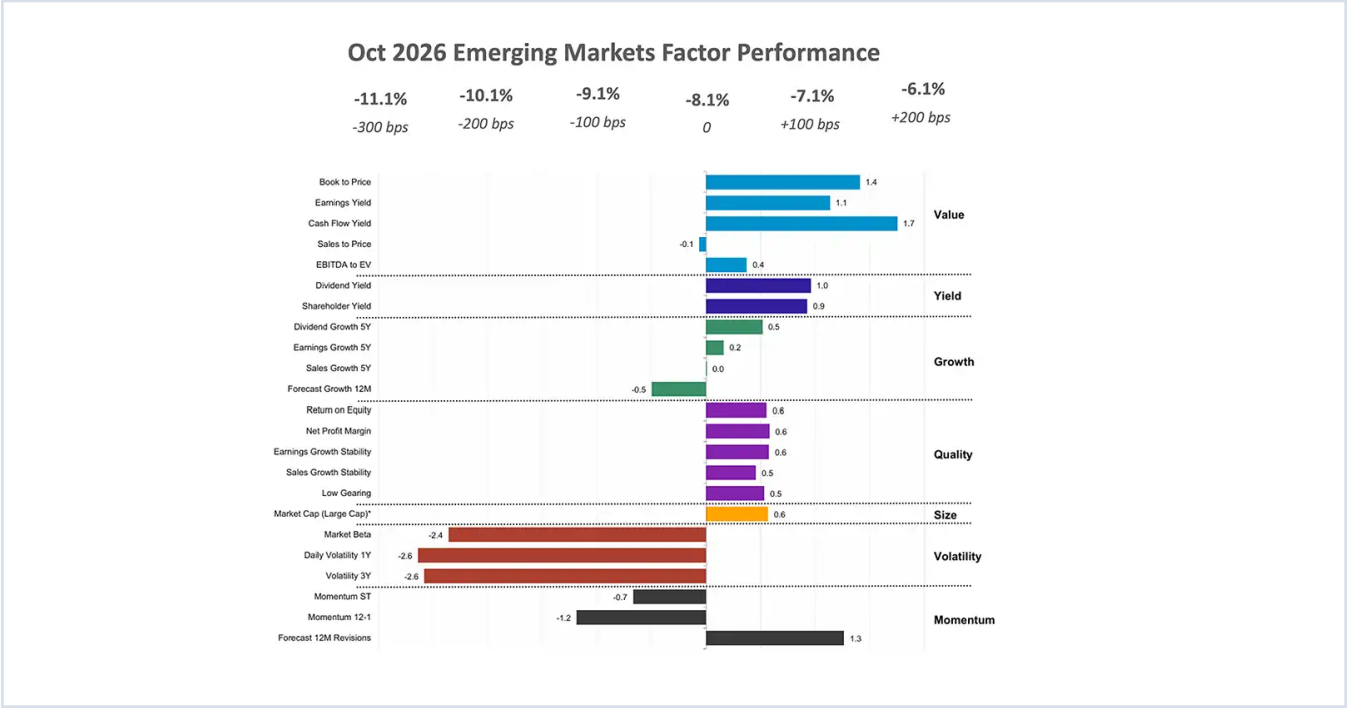


Figure 4: *Oct 2026 Emerging Factor Performance (country and sector adjusted)*
Source: Confluence Style Analytics

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Canadian equities

Canadian equities showed a different October profile from the other regions. Yield and Quality outperformed by 65 and 72 basis points, while Value, Growth, Volatility and Momentum did not produce broad factor-level outperformance.

Shareholder Yield was the strongest income subfactor. Within Quality, Net Profit Margin delivered the largest positive result, supported by Return on Equity, Sales Growth Stability and Low Gearing.

Canada's monthly inflation rate edged up to 0.2% in October 2026, compared with 0.1% in September, but remained below market expectations of a 0.4% increase. The unemployment rate rose to 6.7% in October from 6.5% in the previous month, reaching its highest level since April and exceeding expectations that it would remain unchanged. Meanwhile, industrial production remained flat in August 2026 compared with the previous month, indicating no month-over-month growth.

Stocks with strong net profit margin in the region include financials companies Royal Bank of Canada (+3.8 % in Oct) and Brookfield Asset Management Ltd (+9.90% in Oct). High shareholder yield that contributed to the region's performance include financials company The Toronto Dominion Bank (6.5% in Oct) and energy company Suncor Energy Inc (17.1% in Oct).

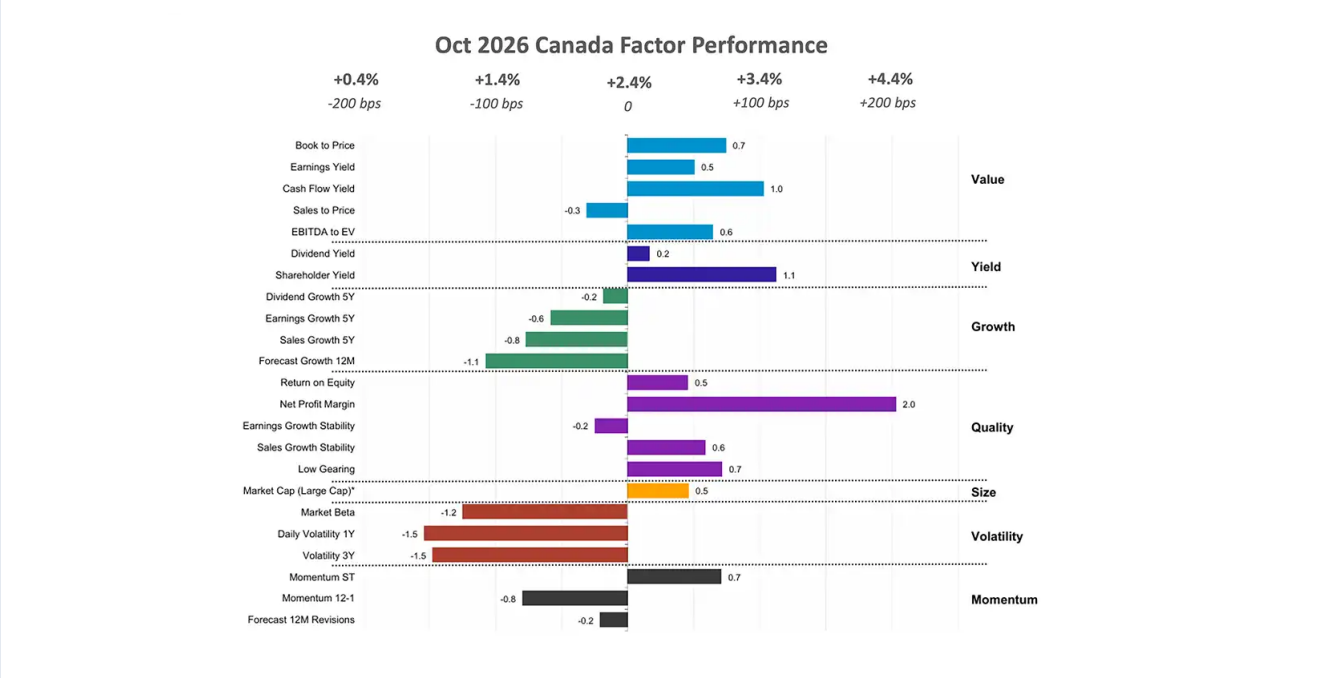


Figure 5: *Oct 2026 Canada Factor Performance (sector adjusted)*
Source: Confluence Style Analytics

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Appendix: How to read the charts

Each factor's performance is based on the relative performance of its top 50% of stocks by market cap, compared to the overall market. The Size factor uses the top 70% of stocks, as the only exception.

For example, for the book-to-price factor, we determine the period's performance of the basket of stocks with the highest book-to-price values, relative to the total market. Each factor is analyzed independently, market and fundamental data are adjusted to enable sector-average (within each country) relative data to be used, and the performance measurement isolates the factor's contribution to return.

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