



Objective:	Long-Term Growth	Process:	Quantitative
Asset Class:	International Equity	Implementation:	ETFs
Holdings:	5	Style Box:	Multi-Cap Blend
Inception:	Dec. 2016	Structure:	SMA ⁶

Description:

The International Focus strategy delivers broad exposure to the global equity markets, excluding the United States. The strategy seeks to capture a return premium relative to common international equity benchmarks through disciplined exposure to three market factors that have demonstrated a long-term history of producing attractive risk-reward characteristics: value, momentum and low market capitalization. The portfolio model is strategically diversified across five ETFs that provide broad exposure to international stocks and emerging markets. Two of the five ETFs use a quantitative discipline to overweight securities that exhibit characteristics of value such as low price-to-book, low price-to-earnings or low price-to-sales. Two ETFs apply a quantitative process to overweight securities that demonstrate recent price momentum. The fifth ETF focuses on small-cap and mid-cap companies outside the United States.

Process:

Systematic adjustments to tilt the portfolio toward characteristics of value, momentum and low market capitalization occur within the five ETFs that comprise the portfolio model. The strategy includes two ETFs for developed international markets – one designed to emphasize value stocks and one that focuses on momentum; and two ETFs for emerging markets – one for value and one for momentum. The fifth ETF offers broad exposure to small-cap and mid-cap stocks across both developed and emerging markets. The strategy maintains flexibility to shift the relative weightings among these five ETFs in response to market conditions, but changes are expected to be modest, and infrequent.

Role in Portfolio:

The International Focus strategy participates in the long-term growth of the global equity markets, excluding the United States. It can be used as a complement to domestic portfolio strategies to enhance the diversification of a portfolio's risk market exposure. By systematically overweighting securities that exhibit characteristics of value, momentum and low market capitalization, the strategy seeks to capture a return premium relative to common international equity benchmarks over time. Since the systematic adjustments that maintain the strategy's factor tilts occur within each ETF, rather than at the portfolio level, the strategy may be relatively tax efficient.

⁶ The acronym SMA refers to "Separately Managed Account."

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