



Objective:	Long-Term Growth	Process:	Quantitative
Asset Class:	Global Equity	Implementation:	ETFs
Holdings:	10	Style Box:	Multi-Cap Blend
Inception:	June 2007	Structure:	SMA ⁴

Description:

This strategy seeks to participate in the long-term growth potential of risk markets globally through low-cost index funds representing 10 broad asset markets worldwide. Portfolio weightings among the 10 sectors are rebalanced quarterly using a quantitative discipline to systematically over-weight sectors that demonstrate relative price strength, while reducing sectors that exhibit relative weakness. The strategy seeks to exploit momentum effects among the major asset classes, while maintaining a strategic commitment to global risk markets in aggregate.

Process:

At the end of each calendar quarter in March, June, September and December, the 10 equity market sectors in the strategy's investment universe are ranked according to trailing 12-month performance. The three top-performing sectors receive an over-weight allocation for the subsequent quarterly holding period. The three bottom-performing sectors are under-weighted for the subsequent holding period, while four sectors receive a neutral weight each quarter. This re-weighting discipline is repeated every three months.

The 10 asset markets are: Domestic Large Value, Domestic Large Growth, Domestic Mid-Cap, Domestic Small-Cap, International Equity, Emerging Markets, International Small-Cap, Global Natural Resources, Real Estate and High-Yield Credit.

Role in Portfolio:

The discipline of tilting the sector weightings in this strategy toward relative strength incorporates a momentum effect into the portfolio to exploit the historical tendency for price momentum to persist in the asset markets over short-term periods of a few months. This strategy can serve as a core position for investors seeking global diversification within the equity portion of their portfolio.

⁴ The acronym SMA refers to "Separately Managed Account."

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