**Objective**  
Seeks positive absolute return over a complete economic and market cycle.

**Universe**  
- Invest in exchange-traded funds and exchange-traded notes  
- Equity markets will include both developed and emerging markets  
- Bond exposure in developed markets only  
- Commodity exposure will focus on energy, precious metals, industrial metals and agriculture/livestock

**Team**  
- Manages over $23 billion in assets  
- Average of 21 years investment experience  
- Focused discipline: Concentration on the things that work well based on current market conditions.  
- Team-based approach: Our experienced, long-tenured investment professionals believe in the power of collaboration.

**Philosophy**  
Our philosophy is based on the idea that understanding, managing and allocating risk is fundamental to a properly constructed portfolio. The team uses an absolute return strategy, investing in equities, bonds and commodities, to help meet the objective of positive absolute return over a complete economic cycle.

**Process**  
The investment team selects the appropriate assets for the strategy, allocates them based on their proprietary risk management and portfolio construction techniques and then applies a process of active positioning in an effort to improve expected returns.

**Investment process overview**

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<th>Step 1: Strategic allocation</th>
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| - Assets selected with low correlations reflecting differing behavior through economic cycle  
- Risk balanced within and across asset classes to construct the strategic allocation | - Markets analyzed considering the following factors: Valuation, economic environment and investor positioning  
- Valuation seeks to determine if assets are attractively priced relative to fundamentals  
- Economic environment assessment measures impact of environment on asset prices  
- Investor positioning takes advantage of behavioral biases shown in short- and long-term price changes | - Attempts to control the frequency, depth, and duration of portfolio losses  
- Seeks to balance the risk contribution from various markets using signal generation results |
Step 1  Strategic allocation
The team begins the process by selecting representative exposures for each asset class (equity, fixed income and commodity markets) from a universe of 30 assets. The selection process evaluates the theoretical case for long-term excess returns relative to cash and reviews the expected correlation across and within the asset classes to balance the expected risk for each exposure. Proprietary estimates for risk and correlation are used by the management team to create an optimized portfolio. The team re-estimates the risk contributed by each asset and re-optimizes the portfolio monthly or when new assets are introduced to the fund.

Step 2  Tactical signal generation
The management team applies a fundamental and consistent approach to analyzing markets and considers the following factors: Valuation, Economic Environment, and Investor Positioning. These concepts and factors have been rigorously tested through quantitative analysis. The Valuation phase seeks to determine whether assets are attractively priced relative to fundamentals. The Economic Environment assessment considers the current position of the economic cycle. Lastly, Investor Positioning assesses the impact of historic price movements on likely future returns.

Step 3  Portfolio construction
Through the portfolio construction process, the team attempts to control the frequency, depth, and duration of portfolio losses and balance the risk contribution from the various markets. Utilizing the results of the signal generation, the team is able to assign a numerical rating between +1 and -1 to each asset. The signal is then mapped to allocation ranges that are inversely proportionate to volatility. Upon completion of signal mapping for each asset, the team calculates the estimated risk of the portfolio and scales the positions accordingly in order to construct the portfolio.

At a glance
- Target return of cash +6-8%
- Total target volatility of 8-10%
- Balances risk contribution from the various markets
- Assigns rating of -1 to +1 to each asset based on signal generation
- Signals mapped to allocation ranges inversely proportional to volatility

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