

Objective	<p>Provide a risk-controlled alternative to indexing</p> <p>Construct an optimized portfolio of companies to outperform the S&P 500 Index while maintaining benchmark characteristics</p> <p>Provide consistent excess returns in both up and down markets while minimizing the risk of underperformance</p>
Initial Universe	<p>Top 60% of the largest 3,000 U.S.-listed equities</p> <p>Reduced using liquidity and quality screens</p>
Fundamental Research	<p>Fundamental research carried out systematically using quantitative investment methodology</p> <p>Proprietary Total Composite Model ranks stocks based on valuation, earnings growth, earnings momentum, earnings consistency and trading momentum factors</p>
Portfolio Construction	<p>Optimize portfolio to overweight top 20%-ranked stocks and underweight or eliminate bottom 20%-ranked stocks</p> <p>Maintaining benchmark-like exposure to remainder of the universe</p> <p>Risk controls (relative to the benchmark): +/- 1% per security, +/- 1% per sector, +/- 1.5 % to 2% tracking error</p>
Sell Discipline	<p>Objective and disciplined</p> <p>Triggered by declining ranks</p>
Target Portfolio	<p>175 to 250 securities that are broadly diversified among all major economic sectors</p> <p>Style and sector neutral</p> <p>Style adherent</p> <p>Fully invested with minimal cash</p>