AQR University

Managing Concentrated Positions with AQR Flex SMAs

John Huss
Principal, Portfolio Management

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AQR Flex SMAs

One solution for many problems

1. **Create a Better Core Equity Portfolio**
   Have your equities work harder for you—providing beta, excess returns, and tax benefits

2. **Reinvigorate Frozen Portfolios**
   Take an appreciated portfolio in-kind and add alpha and renew potential for tax benefits

3. **Enhance an Existing Model Portfolio**
   Use active long and short extensions on an existing model portfolio to increase investment returns and enhance tax efficiency

4. **Improve the Tax Efficiency of a Business Sale**
   Increase after tax wealth following the sale of a business by reducing the tax burden and enhancing investment returns

5. **Diversify Concentrated Stock**
   Quickly and tax efficiently rebalance a concentrated stock holding into a better diversified investment portfolio

6. **Migrate a Model Portfolio**
   Use active extensions on an existing model portfolio to achieve a tax efficient-migration from one model to another over time or apply tactical tilts within a model while enhancing investment returns

Source: AQR. Diversification does not eliminate the risk of experiencing investment losses.

Overview

Flex facilitates a tax-aware transition out of a concentrated position

- Concentrated stock positions can destroy wealth in expectation
- Flex SMAs can help **diversify** a concentrated stock position while **deferring** taxes
- Flex SMAs may provide **pre-tax alpha**
- Flex SMAs become a **source of liquidity** after the period of diversification

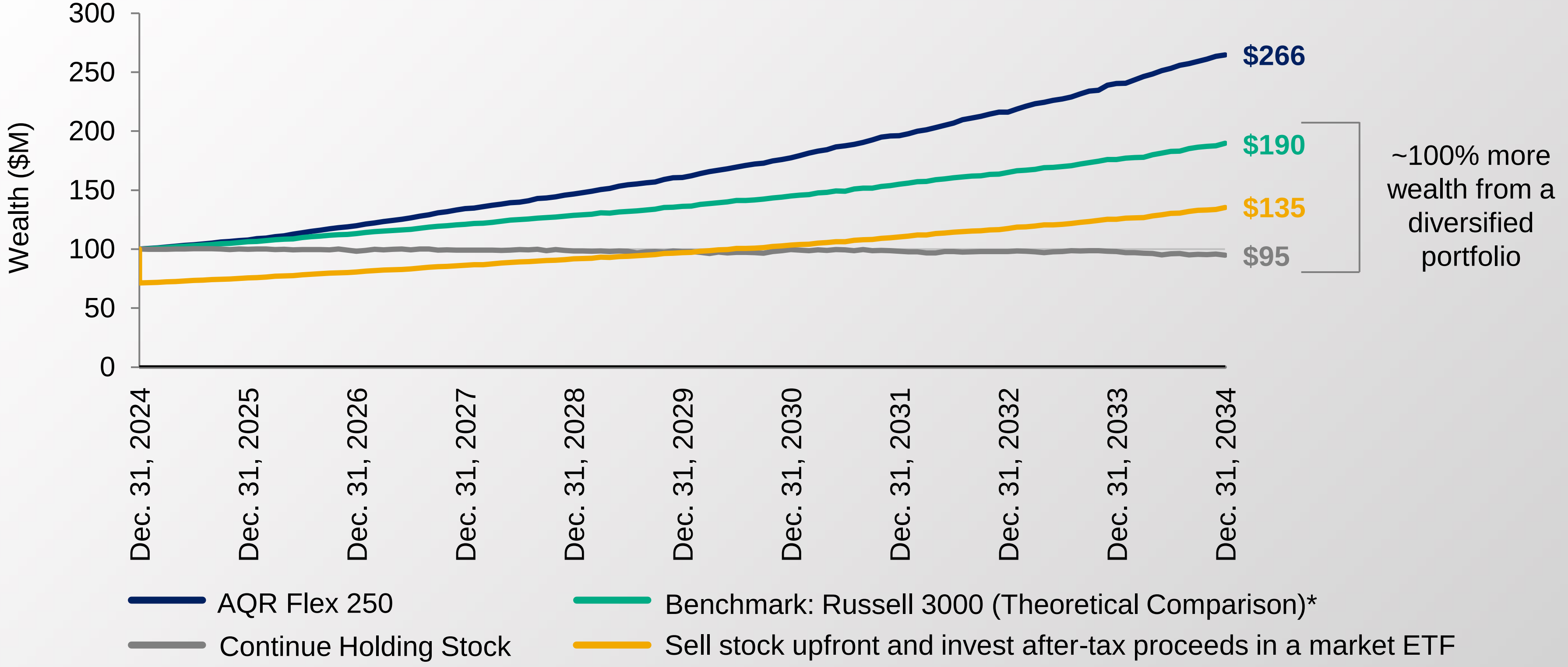
Source: AQR. Diversification does not eliminate the risk of experiencing investment losses.

Funding Flex 250 with a Single Stock

Flex may lead to improved wealth outcomes

As the concentrated stock is diversified, the portfolio returns increasingly benefit from the strategy's potential pre-tax alpha and market return and are less exposed to the idiosyncratic stock risk

Median Cumulative Wealth



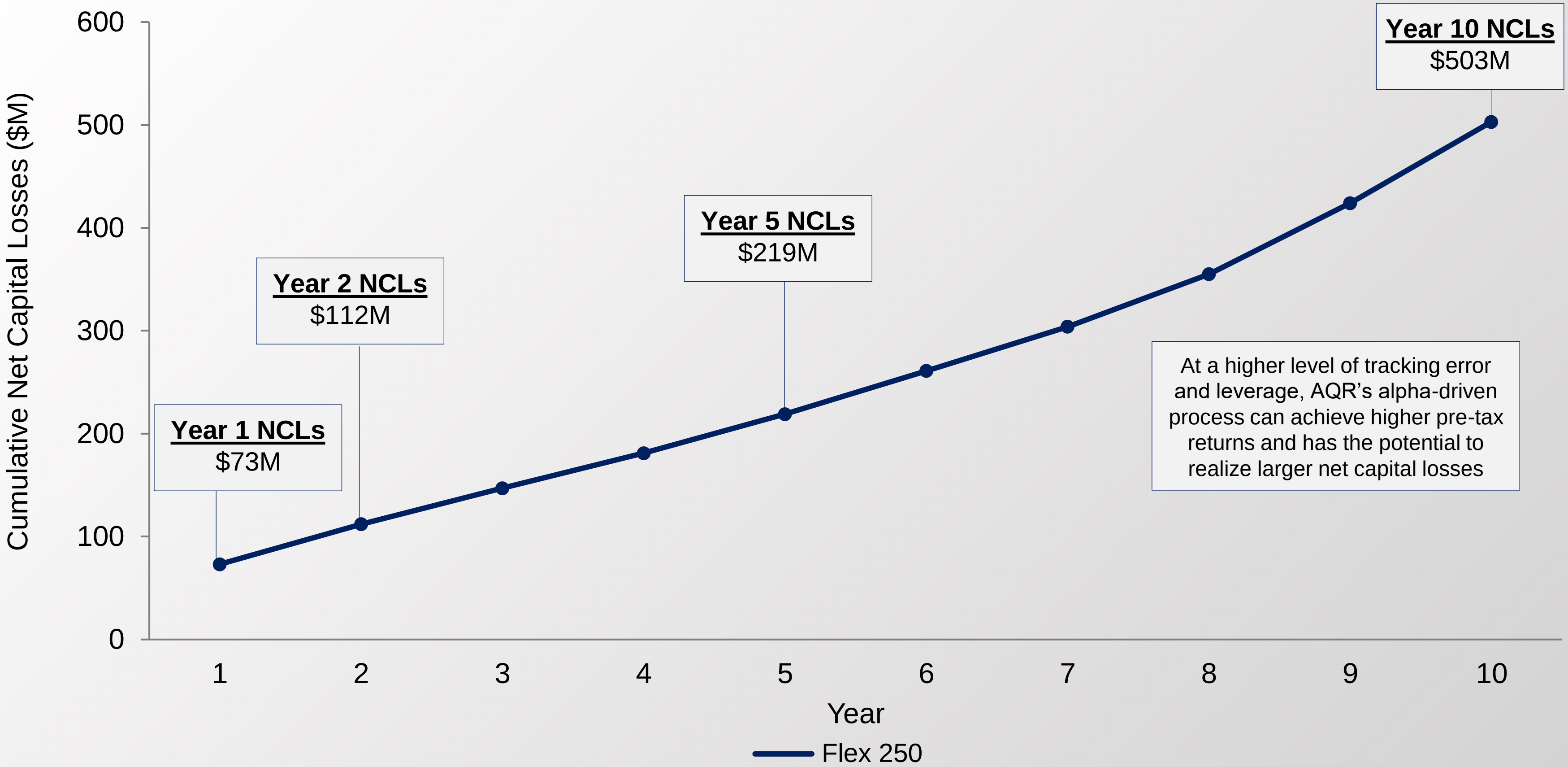
*For an investor holding a concentrated stock at zero basis, diversifying from that position and directly investing into an equivalent amount of a diversified passive benchmark-like holding is likely not possible. Source: AQR. Stock volatility is 40%. AQR does not currently run Flex 250, and there is no guarantee it will come to market or be profitable. Data is subject to change at any time without notice. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

The Impact of Tax-Aware Turnover

Larger extensions allow for more alpha and net capital losses

Hypothetical Average Cumulative Net Capital Losses (NCLs)

Assumes $100M Flex investment



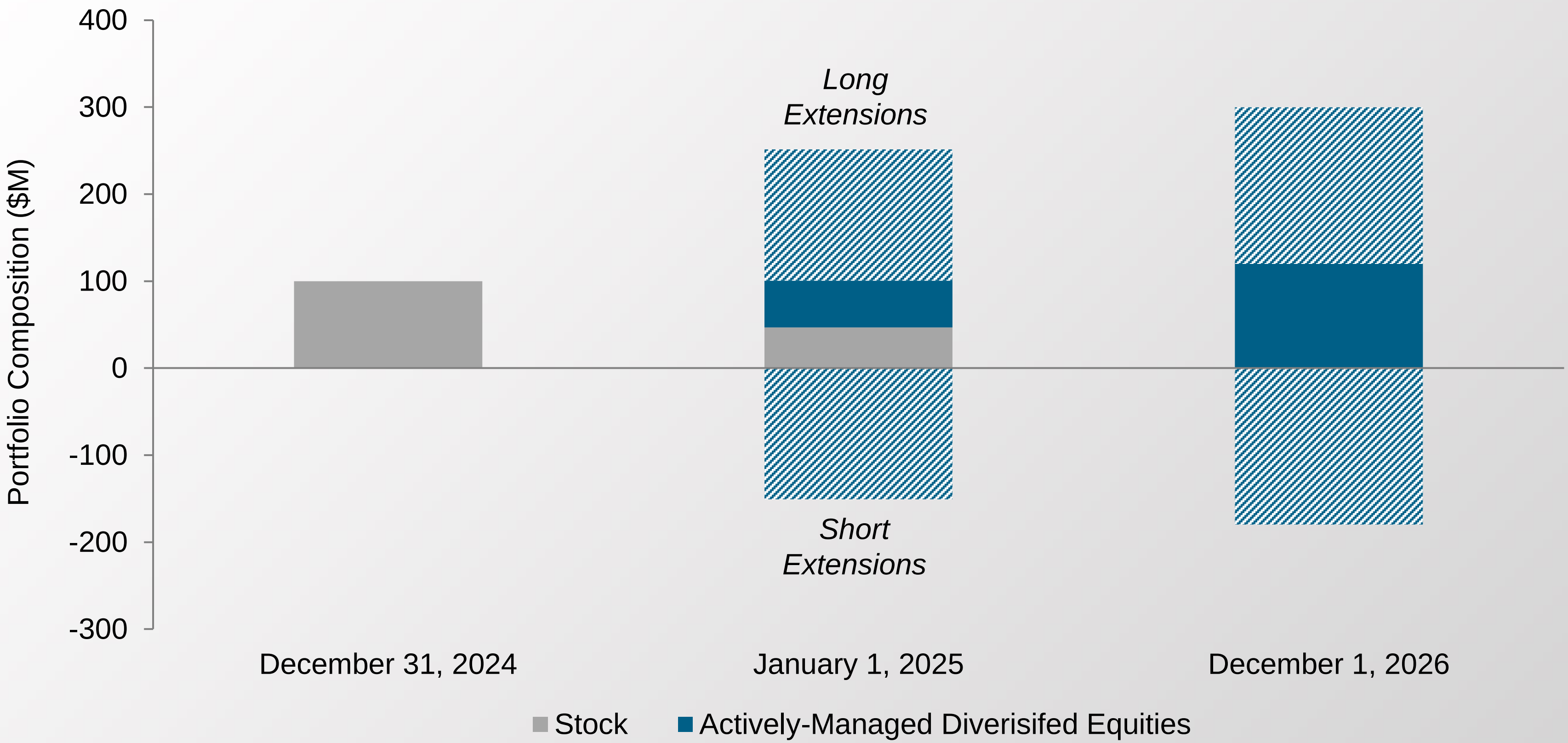
Source: AQR. Hypothetical data is calculated across 14 ten-year simulations starting each year from January 1, 2000 – January 1, 2013. Hypothetical AQR Flex 250 data is net of a 1.5% management fee per annum. AQR does not currently run Flex 250, there is no guarantee that it will come to market or be profitable. This material is intended for informational purposes only and should not be construed as legal or tax advice, nor is it intended to replace the advice of a qualified attorney or tax advisor. The recipient should conduct his or her own analysis and consult with professional advisors prior to making any investment decision. Changes in the assumptions may have a material impact on the information presented. Hypothetical data has inherent limitations, some of which are disclosed in the Disclosures. Please find a description of the investment universe and backtest construction in the Disclosures.

Funding Flex 250 with a Single Stock

Uses your concentrated stock position as collateral, then diversifies

Median Portfolio Composition Over Time*

Assumes $100M Flex investment



*Assumes stock volatility of 40%. Source: AQR. Stock volatility is 40%. AQR does not currently run Flex 250, and there is no guarantee it will come to market or be profitable. Data is subject to change at any time without notice. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

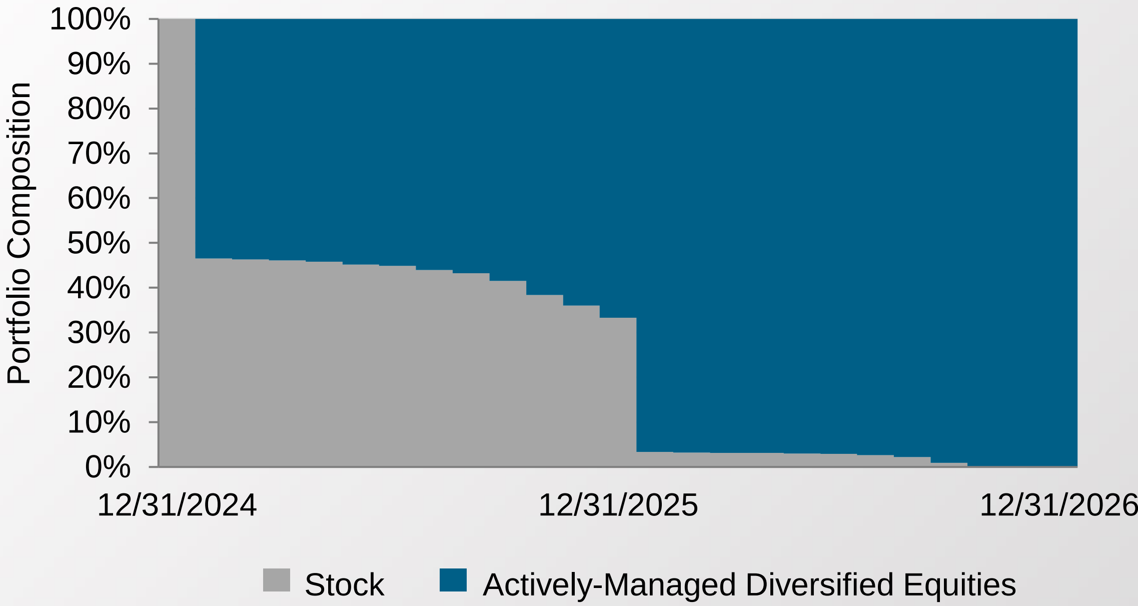
Funding Flex 250 with a Single Stock

Flex may diversify a concentrated position in 2 years

Investing in Flex 250 May Result In:

- Diversification of zero basis stock in **2 years** resulting in a diversified investment strategy that seeks to deliver pre-tax alpha
- On day 1, 53% of the stock may be sold, and the concentrated position may be immediately more than 50% diversified

Median Portfolio Composition Over Time*



Date	Stock	Diversified Equities
Jan 1, 2025	47%	53%
Dec 31, 2025	33%	67%
Jan 1, 2026	3%	97%
Dec 1, 2026	0%	100%

*Assumes stock volatility of 40%. Source: AQR. Stock volatility is 40%. AQR does not currently run Flex 250, and there is no guarantee it will come to market or be profitable. Data is subject to change at any time without notice. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

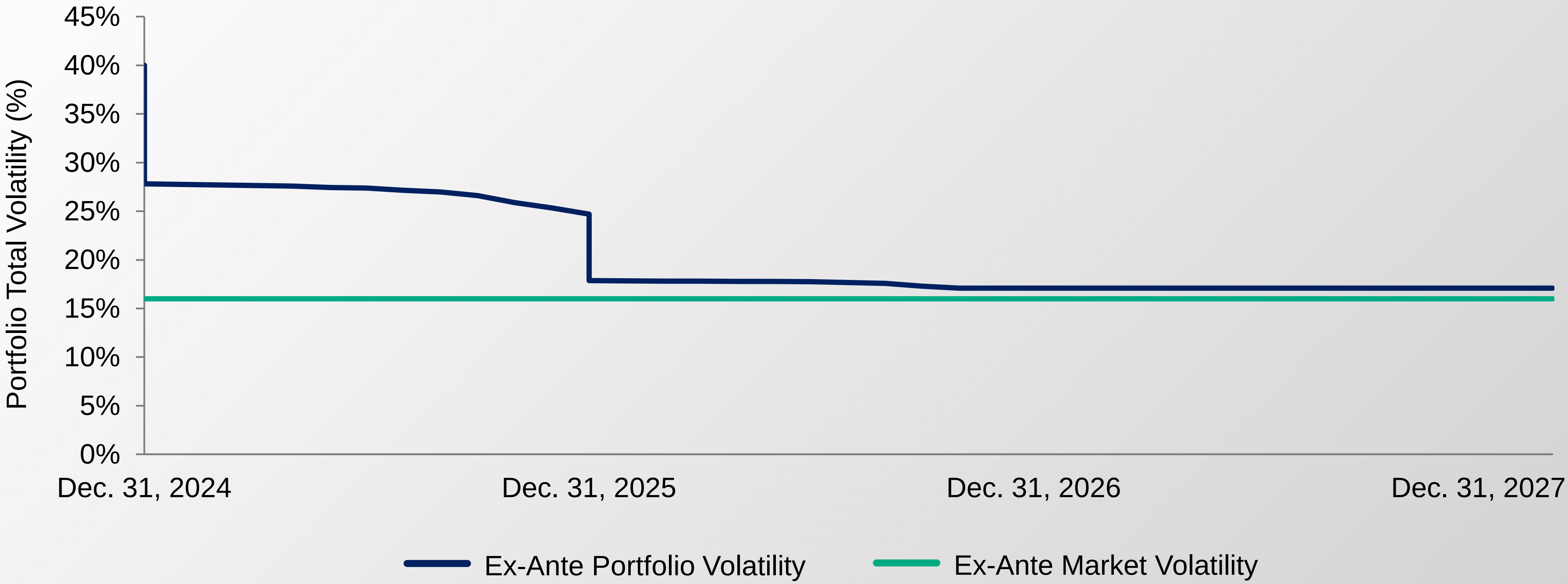
Funding Flex 250 with a Single Stock

Diversifying the client's single stock exposure may meaningfully reduce risk

Investing in Flex 250 May Lead to:

- On day 1, the portfolio's excess risk (above that of the market) may decrease by ~50%

Total Expected Portfolio Volatility By Year



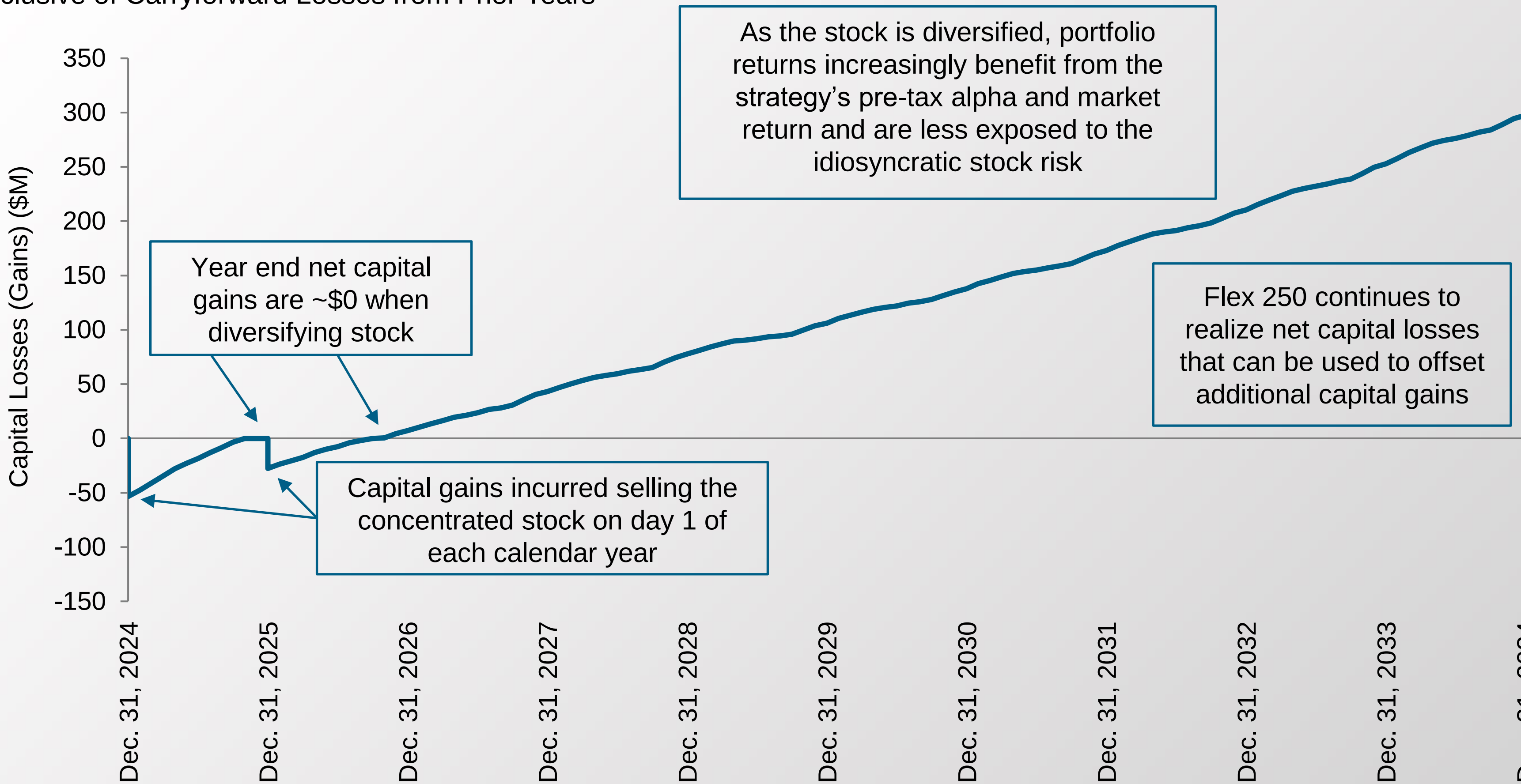
Source: AQR. Stock volatility is 40%. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. There is no guarantee, express or implied, that long-term return and/or volatility targets will be achieved. Realized returns and/or volatility may come in higher or lower than expected. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

Funding Flex 250 with a Single Stock

After the stock is diversified, Flex 250 continues to be an attractive holding

Median Cumulative Net Capital Gains (Losses)

Inclusive of Carryforward Losses from Prior Years



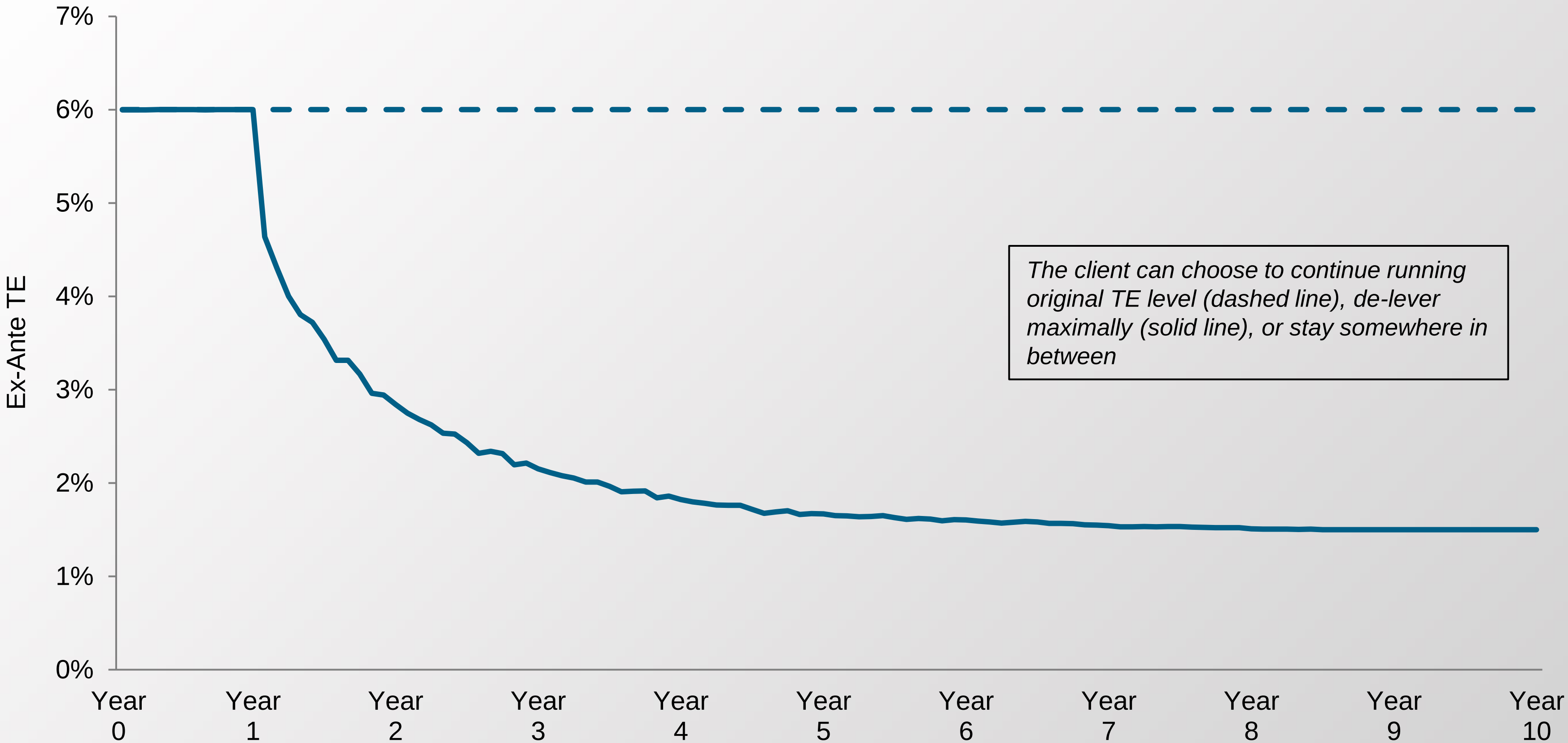
Source: AQR. Stock volatility is 40%. AQR does not currently run Flex 250, and there is no guarantee it will come to market or be profitable. Data is subject to change at any time without notice. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

Flex Can Evolve Along with Clients' Needs

Flexing down may result in substantial risk reduction in just a few quarters

Hypothetical Ex-Ante Tracking Error of Flex SMA

Average across 14 10-year simulations starting each January from 2000 – 2013 (net of fee)



Source: AQR. Analysis shows an investment into Flex 250, which is then levered down to Flex 145 after Year 1. Stats shows are ex-ante. AQR does not currently run Flex 250, and there is no guarantee that it will come to market or be profitable. Changing leverage, beta, and liquidating simultaneously may have different outcomes. Hypothetical data are averages across 14 ten-year simulations starting each year from January 1, 2000 to January 1, 2013. Please read the disclosures in the Appendix for a description of the investment universe and the methodology used to construct the backtest. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto.

Flex in the Long Run

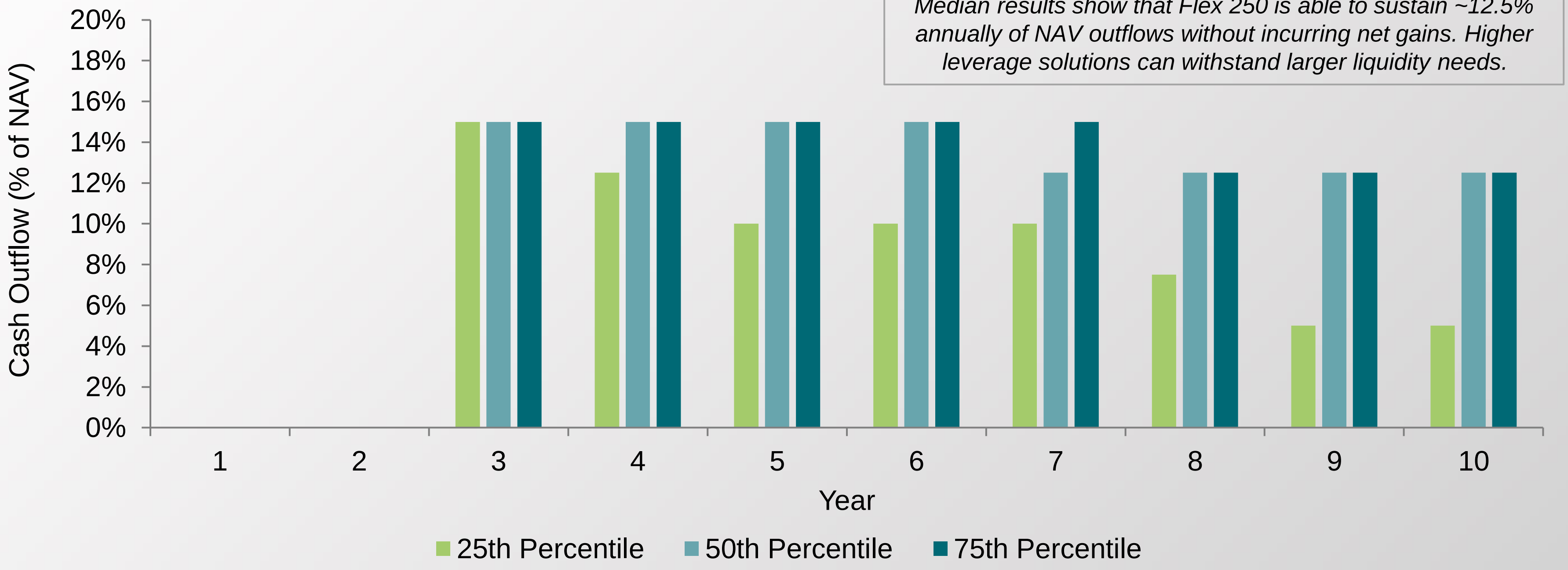
If desired, annual outflows may occur without realizing net gains

- Clients may seek the option of liquidity as investment opportunities evolve over time
- Flex's inherent liquidity may allow for quick, repeated, tax-efficient liquidity
- Outflows do not compromise the ability to deliver pre-tax alpha

Hypothetical Annual Cash Outflow of Flex 250

25th Percentile, Median, and 75th Percentile across 14 10-year simulations starting each January from 2000 – 2013 (net of fee)

Median results show that Flex 250 is able to sustain ~12.5% annually of NAV outflows without incurring net gains. Higher leverage solutions can withstand larger liquidity needs.



Source: AQR. AQR does not currently run Flex 250, and there is no guarantee it will come to market or be profitable. Data is subject to change at any time without notice. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in calculating return or other statistics have been stated or fully considered. Flex 250 data is net of a 1.5% management fee per annum. Please see more information on assumptions in the appendix. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Diversification does not eliminate the risk of experiencing investment losses. Please read important disclosures in the Appendix.

Beyond Investment

Building partnerships through education and insights

- Educating on topics such as investment strategy, portfolio construction and asset allocation
- Sharing ideas and solutions through research, thought leadership and investor materials
- Providing comprehensive after-tax reporting
- Providing advisors with access to a Flex SMAs Portfolio
- Performing custom client analyses
- Convening AQR's founders, portfolio management and research teams for events and learning sessions

Source: AQR.

Appendix

Summary Statistics

Hypothetical Average Annual Net Capital Loss

Year	Hypothetical Average Annual Net Capital Loss				
	Direct Indexing	Flex 145	Flex 200	Flex 250	Flex 300
Average					
Year 1	17%	32%	53%	73%	94%
Year 2	7%	15%	25%	34%	45%
Year 3	4%	11%	18%	26%	36%
Year 4	2%	8%	14%	21%	29%
Year 5	2%	7%	13%	19%	27%
Year 6	1%	6%	12%	19%	26%
Year 7	1%	6%	11%	18%	25%
Year 8	1%	6%	11%	18%	26%
Year 9	1%	6%	12%	19%	28%
Year 10	0%	5%	11%	18%	26%

Source: AQR. AQR does not currently run a Direct Indexing, Flex 250, and Flex 300, and there is no guarantee that they will come to market or be profitable. Hypothetical data is calculated across 14 ten-year simulations starting each year from January 1, 2000 to January 1, 2013. Hypothetical Direct Indexing, AQR Flex 145, AQR Flex 200, AQR Flex 250, and Flex 300 data is net of a 0.25%, 0.4%, 1.0%, 1.5%, and 2.0% management fee per annum, respectively. Changes in the assumptions may have a material impact on the information presented. Please read the disclosures in the Appendix for a description of the investment universe and methodology used to construct each backtest. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Please read important disclosures in the Appendix.

Summary Statistics

Hypothetical Average Cumulative Net Capital Loss

Year	Hypothetical Average Cumulative Net Capital Loss				
	Direct Indexing	Flex 145	Flex 200	Flex 250	Flex 300
Average					
Year 1	17%	32%	53%	73%	94%
Year 2	23%	47%	80%	112%	147%
Year 3	27%	60%	102%	147%	197%
Year 4	30%	70%	123%	181%	248%
Year 5	32%	80%	145%	219%	305%
Year 6	34%	90%	168%	261%	370%
Year 7	36%	100%	192%	304%	439%
Year 8	37%	112%	219%	355%	523%
Year 9	38%	125%	255%	424%	635%
Year 10	39%	140%	296%	503%	766%

Source: AQR. AQR does not currently run a Direct Indexing, Flex 250, and Flex 300, and there is no guarantee that they will come to market or be profitable. Hypothetical data is calculated across 14 ten-year simulations starting each year from January 1, 2000 to January 1, 2013. Hypothetical Direct Indexing, AQR Flex 145, AQR Flex 200, AQR Flex 250, and Flex 300 data is net of a 0.25%, 0.4%, 1.0%, 1.5%, and 2.0% management fee per annum, respectively. Changes in the assumptions may have a material impact on the information presented. Please read the disclosures in the Appendix for a description of the investment universe and methodology used to construct each backtest. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix hereto. Please read important disclosures in the Appendix.

Disclosures

Explanation of Simulation Construction

Using data from 2000 to form 14 10-year investment horizon experiences

14 Observations of 10 Year Investments

Simulation 1	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Simulation 2	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
-										
-										
Simulation 12	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Simulation 13	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Simulation 14	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**

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The realized tax benefits associated with the tax-aware strategy may be less than expected or may not materialize due to the economic performance of the strategy, an investor's particular circumstances, prospective or retroactive changes in applicable tax law, and/or a successful challenge by the IRS. In the case of an IRS challenge, penalties may apply.

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Request ID: 387657

Description of Backtest Construction
For Flex SMA

Source: AQR, Bloomberg, XpressFeed, Barra.
Benchmark / Universe: US All Cap (Roughly Russell 1000/3000, T-Bills, or 50/50 Russell 1000/3000 / T-Bills).
Methodology:
We construct 14 10-year investment simulations using monthly data, each with a different starting year from January 2000 through January 2013.

- January 2000 – December 2009
- January 2001– December 2010
- January 2002– December 2011
- January 2003– December 2012
- January 2004– December 2013
- January 2005– December 2014
- January 2006– December 2015
- January 2007– December 2016
- January 2008– December 2017
- January 2009– December 2018
- January 2010– December 2019
- January 2011– December 2020
- January 2012– December 2021
- January 2013– December 2022

Assumptions are as follows:

TE	Fee (Per Annum)
Benchmark ETF	0.0% mgmt. fee
Direct Indexing 1.0%	0.25% mgmt. fee
AQR Flex 1% and 1.5%	0.40% mgmt. fee
4.0%	1.0% mgmt. fee
6.0%	1.5% mgmt. fee
8.0%	2.0% mgmt.. fee

Tax benefits are not reinvested unless otherwise stated.

Returns are net of fees, financing, and transaction costs. Current tax rates applied to the backtest period. Results are pre-liquidation unless otherwise stated.

The following tax rates were used: For short-term capital gains and losses, and for ordinary income and deductions, the highest U.S. federal marginal income tax rate is 37.0% plus the 3.8% net investment income tax, for a combined rate of 40.8%. For long-term capital gains and qualified dividend income, the highest U.S. federal marginal tax rate is 20% plus the 3.8% net investment income tax for a combined rate of 23.8%.

The tax benefit calculation assumes short-term losses offset long-term gains from other investments unrelated to the investor’s investment in the fund. Actual tax benefits achieved may vary and could be lower or higher than reported due to the investor's specific tax circumstances.

The Strategy uses numerous investment ideas to evaluate and form a view on the attractiveness of all stocks within the selected universe. This view is used to determine which stocks the Strategy buys and which it shorts. The Strategy will buy stocks, which relative to their peers: Exhibit stronger fundamentals (“quality”), are attractively valued (“value”), are appreciating more rapidly (“momentum”), and are favored by sophisticated investors (“sentiment”).

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GIPS Compliance: AQR claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AQR has been independently verified for the period August 1, 1998 through December 31, 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation.

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Composite Characteristics: New accounts that fit a composite definition are added at the start of the first full calendar month after the assets come under management, or after it is deemed that the investment decisions made by the investment advisor fully reflect the intended investment strategy of the portfolio. A composite will exclude terminated accounts after the last full calendar month performance measurement period that the assets were under management. The composite will continue to include the performance results for all periods prior to termination. For periods beginning July 1, 2010 through February 28, 2015, AQR defined a significant cash flow as an external cash flow within a portfolio of 50%. Additional information is available upon request.

Other discretionary portfolios that trade similar securities and/or strategies as those portfolios included in this composite, but do not meet this composite’s strategy criteria, are excluded from this composite and reside in one or more separate composites, which are available upon request.

Calculation Methodology: All portfolios are valued daily, weekly, intra-monthly or monthly as defined by Firm policy. The Modified Dietz calculation methodology is used when calculating monthly and intra-month returns. Mutual funds and UCITS are valued daily and performance is calculated on a daily basis. Gross of fees returns are calculated gross of management and performance fees, administrative and custodial costs, and net of transaction costs beginning January 1, 2010. Prior to January 1, 2010, gross of fees returns are gross of management and performance fees, and net of administrative, custodial, and transaction costs. Additional information regarding fees and the calculation of gross and net performance is available upon request.

The dispersion measure is the equal-weighted standard deviation of accounts in a composite for the entire year and is calculated using gross returns. Dispersion is not considered meaningful for periods shorter than one year or for periods during which a composite contains five or fewer accounts for the full period. The three-year annualized ex-post standard deviation measure is calculated using gross returns and is inapplicable when 36 monthly returns are not available.

Returns are calculated net of all withholding taxes on foreign dividends. Accruals for fixed income and equity securities are included in calculations. AQR’s management or advisory fees are described in Part 2A of its Form ADV. In addition, AQR funds may have a redemption charge up to 2.00% based on gross redemption proceeds that may be charged upon early withdrawals. Consultants supplied with gross results are to use this data in accordance with SEC, CFTC and NFA guidelines.

Past performance is not an indication of future performance.

GIPS Report Performance Disclosures

AQR Capital Management, LLC
Flex 145 All Cap Equity - formerly Flexible SMA - Beta 1 Low TE US All Cap Equity - formerly Enhanced Direct Indexing - Tax Aware US All Cap Equity Composite
9/1/2022 – 12/31/2022

Year	Gross Return %	Net Return %	Benchmark * Return %	Number of Portfolios	Composite 3-Yr StDev %	Benchmark * 3-Yr StDev %	Composite Assets ($M)	Total Firm Assets ($M)
2022	-2.19	-2.31	-2.76	1	N/A	N/A	27.83	93,980.30

*Russell 3000 Total Return Index
Net Return calculated based on 0.40%‡ management fee per annum

Composite Description: Flex 145 All Cap Equity - formerly Flexible SMA - Beta 1 Low TE US All Cap Equity - formerly Enhanced Direct Indexing - Tax Aware US All Cap Equity Composite (the "Composite") was created in August 2022. The investment objective of the Composite strategy (the "Strategy") is to outperform the Benchmark over a full market cycle. The Strategy will target a long-term average annualized tracking error of 1.50% and targets a beta of 1 to the Benchmark. The Strategy pursues its investment objective by overweighting and underweighting U.S. securities relative to the Benchmark, or "selling short" U.S. securities as determined by utilizing a set of valuation, momentum, economic and other signals to generate an investment portfolio. Portfolios are managed in a tax efficient manner. The Composite is denominated in USD.

Stock Selection strategies primarily do not utilize leverage as part of the Strategy's active investment strategy, and primarily do not use derivatives for leverage. For portfolio management purposes, the Strategy may use equity index futures, swaps, and/or currency forwards to equitize flows or for security-specific implementation efficiency to minimize transaction costs. In certain cases, the Strategy may also use derivatives as a tool for implementing country- or currency-specific overlay views. For these portfolios, the currency forwards and country-level equity index futures are implemented with the intention of expressing an active investment strategy. However, for strategies that do not explicitly trade country and currency selection models, derivatives typically represent only a more efficient means of gaining and managing risk exposures.

Benchmark: The Composite benchmark is the Russell 3000 Total Return Index (the "Benchmark"). The Benchmark is a market-capitalization-weighted equity index of the 3,000 largest U.S. traded stocks that represents 98% of the U.S. stock market

Fees: Composite net of fees returns are calculated by deducting the maximum model management or advisory fee AQR could charge from the composite monthly gross returns. AQR's asset-based fees for portfolios within the Composite may range up to 0.40%‡ of assets under management and are generally billed monthly or quarterly at the commencement of the calendar month or quarter during which AQR will perform the services to which the fees relate. Composite assets may have been exposed to the impact of performance fees.

‡ AQR retroactively revised the Composite's model management fee from 0.375% to 0.40% per annum in November 2023.

Past performance is not an indication of future performance.

GIPS Report Performance Disclosures

AQR Capital Management, LLC
Flex 200 All Cap Equity - formerly Flexible SMA - Beta 1 Conservative TE US All Cap Equity Composite
8/1/2023 - Present*

**No performance is shown as the Composite incepted August 2023*

Composite Description: Flex 200 All Cap Equity - formerly Flexible SMA - Beta 1 Conservative TE US All Cap Equity Composite (the “Composite”) was created in July 2023. The investment objective of the Composite strategy (the "Strategy") is to outperform the Benchmark over a full market cycle. The Strategy will target a long-term average annualized tracking error of 4% and targets a beta of 1 to the Benchmark. The Strategy pursues its investment objective by overweighting and underweighting U.S. securities relative to the Benchmark, or "selling short" U.S. securities as determined by utilizing a set of valuation, momentum, economic and other signals to generate an investment portfolio. Portfolios are managed in a tax efficient manner. The Composite is denominated in USD.

Stock Selection strategies primarily do not utilize leverage as part of the Strategy’s active investment strategy, and primarily do not use derivatives for leverage. For portfolio management purposes, the Strategy may use equity index futures, swaps, and/or currency forwards to equitize flows or for security-specific implementation efficiency to minimize transaction costs. In certain cases, the Strategy may also use derivatives as a tool for implementing country- or currency-specific overlay views. For these portfolios, the currency forwards and country-level equity index futures are implemented with the intention of expressing an active investment strategy. However, for strategies that do not explicitly trade country and currency selection models, derivatives typically represent only a more efficient means of gaining and managing risk exposures.

Benchmark: The Composite benchmark is the Russell 3000 Total Return Index (the “Benchmark”). The Benchmark is a market-capitalization-weighted equity index of the 3,000 largest U.S. traded stocks that represents 98% of the U.S. stock market

Fees: Composite net of fees returns are calculated by deducting the maximum model management or advisory fee AQR could charge from the composite monthly gross returns. AQR’s asset-based fees for portfolios within the Composite may range up to 1.00% of assets under management and are generally billed monthly or quarterly at the commencement of the calendar month or quarter during which AQR will perform the services to which the fees relate. Composite assets may have been exposed to the impact of performance fees.

Past performance is not an indication of future performance.

GIPS Report Performance Disclosures

AQR Capital Management, LLC
Flex 225 All Cap Equity - formerly Flexible SMA - Beta 1 Moderate TE US All Cap Equity Composite
3/1/2023 - Present*

**No performance is shown as the Composite incepted March 2023*

Composite Description: Flex 225 All Cap Equity - formerly Flexible SMA - Beta 1 Moderate TE US All Cap Equity Composite (the “Composite”) was created in February 2023. The investment objective of the Composite strategy (the "Strategy") is to outperform the Benchmark over a full market cycle. The Strategy will target a long-term average annualized tracking error of 6% and targets a beta of 1 to the Benchmark. The Strategy pursues its investment objective by overweighting and underweighting U.S. securities relative to the Benchmark, or "selling short" U.S. securities as determined by utilizing a set of valuation, momentum, economic and other signals to generate an investment portfolio. Portfolios are managed in a tax efficient manner. The Composite is denominated in USD.

Stock Selection strategies primarily do not utilize leverage as part of the Strategy’s active investment strategy, and primarily do not use derivatives for leverage. For portfolio management purposes, the Strategy may use equity index futures, swaps, and/or currency forwards to equitize flows or for security-specific implementation efficiency to minimize transaction costs. In certain cases, the Strategy may also use derivatives as a tool for implementing country- or currency-specific overlay views. For these portfolios, the currency forwards and country-level equity index futures are implemented with the intention of expressing an active investment strategy. However, for strategies that do not explicitly trade country and currency selection models, derivatives typically represent only a more efficient means of gaining and managing risk exposures.

Benchmark: The Composite benchmark is the Russell 3000 Total Return Index (the “Benchmark”). The Benchmark is a market-capitalization-weighted equity index of the 3,000 largest U.S. traded stocks that represents 98% of the U.S. stock market

Fees: Composite net of fees returns are calculated by deducting the maximum model management or advisory fee AQR could charge from the composite monthly gross returns. AQR’s asset-based fees for portfolios within the Composite may range up to 1.50% of assets under management and are generally billed monthly or quarterly at the commencement of the calendar month or quarter during which AQR will perform the services to which the fees relate. Composite assets may have been exposed to the impact of performance fees.

Past performance is not an indication of future performance.

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