



# Symmetry Research - Insights and Initiatives

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# Markets in Review

# 2022 YTD (9/30/2022) In Perspective

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## Synopsis

The first three quarters of 2022 has been a difficult period for investors – nowhere to hide

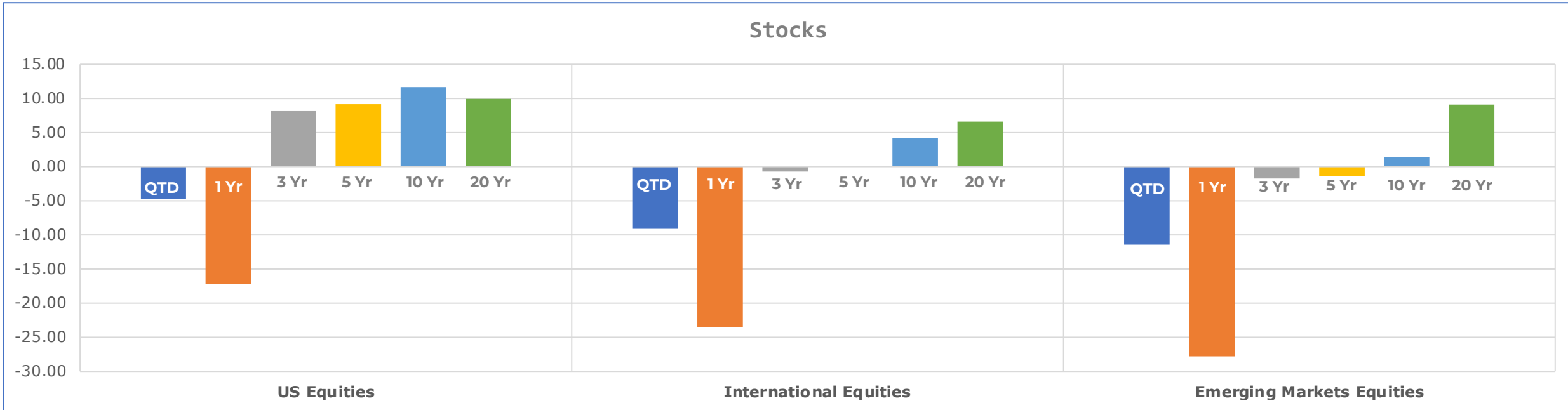
- Equities are down sharply.
  - MSCI USA IMI Index: **-18.93%**
  - SP 500 Index: **-23.87%**
  - MSCI ACWI: **-25.63%**
- Bond markets also continued to struggle and were firmly down for the quarter and the year.
  - SP US Aggregate Bond Index: **-13.45%**
- The Fed raised rates 5 times – target now at 300-325 bps up from 25 bps
  - Next mtg Nov 2, expect 375-400 bps
- Economic data was mixed
  - Signs the US economy is slowing – YoY GDP growth
  - Labor market still strong
  - Inflation high but signs of easing
- The UST yield curve is inverted (-39 bps)
  - 2-year UST 422 bps / 10-year UST 383 bps as of 9/30/2022
- The U.S. Dollar has surged
  - \$1.13/Euro to \$0.98/Euro as of 9/30/2022

Past performance does not guarantee future results.

*Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.*

# Global Markets-in-Review

Equities (as of 9/30/2022)



Source: Morningstar. As of 9/30/2022

U.S. Stocks represented by MSCI USA GR USD

International Stocks represented by MSCI World ex USA GR USD

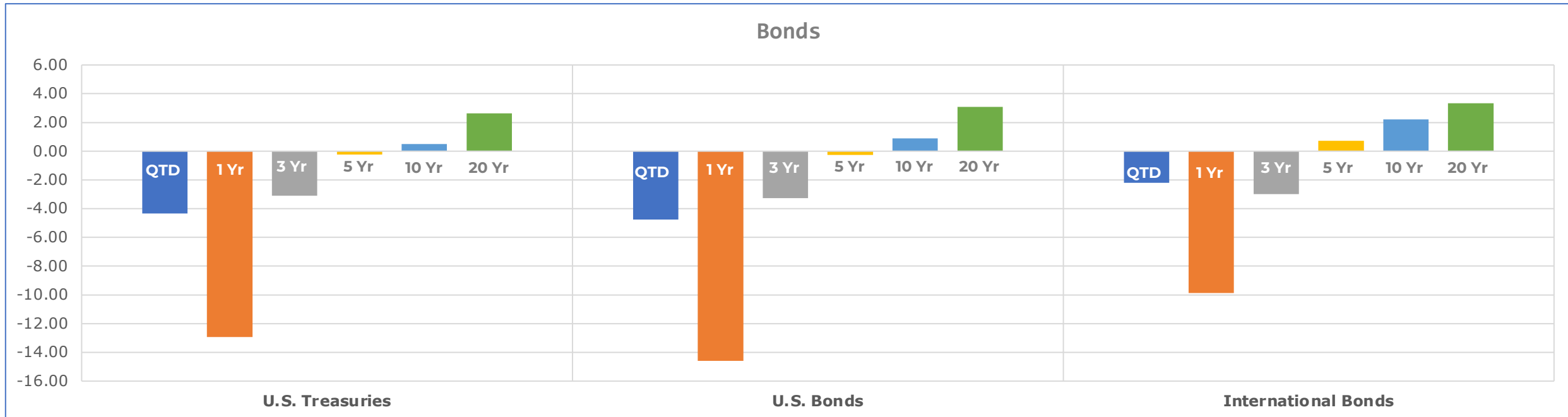
Emerging Markets represented by MSCI EM GR USD

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# Global Markets-in-Review

## Fixed Income (as of 9/30/2022)



**Source:** Morningstar. As of 9/30/2022

U.S. Treasuries represented by BBgBarc US Treasury TR USD

U.S. Bonds represented by BBgBarc US Agg Bond TR USD

International Bonds represented by BBgBarc Gbl Agg Ex USD TR Hdg USD

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# Summary

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## What This Means For Investors

Investors should expect the issues driving markets in the first three quarters of 2022, to continue impacting markets going forward:

- **elevated inflationary pressures**
- how the Federal Reserve responds with **rate increases** and implementing “quantitative tightening”
- data on **global economic growth**
- **midterm elections**

*Broad-based diversification across geographies, investment vehicles, asset classes, risk factors, etc. is in our opinion the best way to build a robust all-weather portfolio that allows investors to stay the course during the more turbulent periods and reap the long-term rewards markets have provided over time.*

# Our Philosophy: Evidence-Based Investing

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- Evidence-based, Best of Breed, Disciplined and Independent
  - Informed by academic research
- Core Principles
  - Transparent
  - Liquid
  - Cost Conscious
  - Broadly Diversified
  - Process Driven
  - Tax Aware
- Systematic Factors Drive Returns
  - Equity: Market, Size, Value, Quality, Investment, Momentum, Low-Vol, Liquidity
  - Debt: Maturity, Credit, Liquidity, Carry
  - Alternatives: Liquidity, Carry, Trend, Long/Short factors



# Factors



# What gives rise to a factor premium?

- Equity Risk Premium
  - Consider a US Treasury Bond and the US Equity Market
  - Assume both have an expected return of 6%
  - What happens ?
- Liquidity
  - Consider a liquid “on-the run” 5-year zero-coupon Treasury Bond and an illiquid off-the-run 5-year Treasury zero-coupon Treasury Bond
  - Assume both have an expected return of 4%
  - What happens ?

# US Equity Factors

(as of 9/30/2022)

Factor	YTD (not ann.)	Trailing 3-year	Trailing 5-year	Trailing 10- year	Since July 1963 (~ 59 years)		
					Ann. Return	Fraction of Months> 0	Ann. Volatility
MRP	-25.47	7.41	7.59	10.90	5.43	0.60	15.55
SmB	-0.16	1.75	-1.87	-0.85	2.18	0.52	10.47
HmL	18.86	-0.35	-3.59	-1.51	3.09	0.54	10.27
RmW	-1.62	5.80	4.94	2.19	2.99	0.56	7.67
CmA	12.47	3.94	1.51	0.20	3.19	0.53	7.06
UmD	12.30	1.36	3.01	2.01	6.70	0.63	14.51

Source and Data Definitions: Ken French Data Library at [https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html)

Fama French equity factors are as follows: MRP is the US market return in excess of the 30-day Treasury bill, SmB is the US market size factor, HmL is the US market value factor, RmW is the US market profitability factor, CmA is the US market Investment factor, and UmD is the US market momentum factor.

# Why Stick With Value?

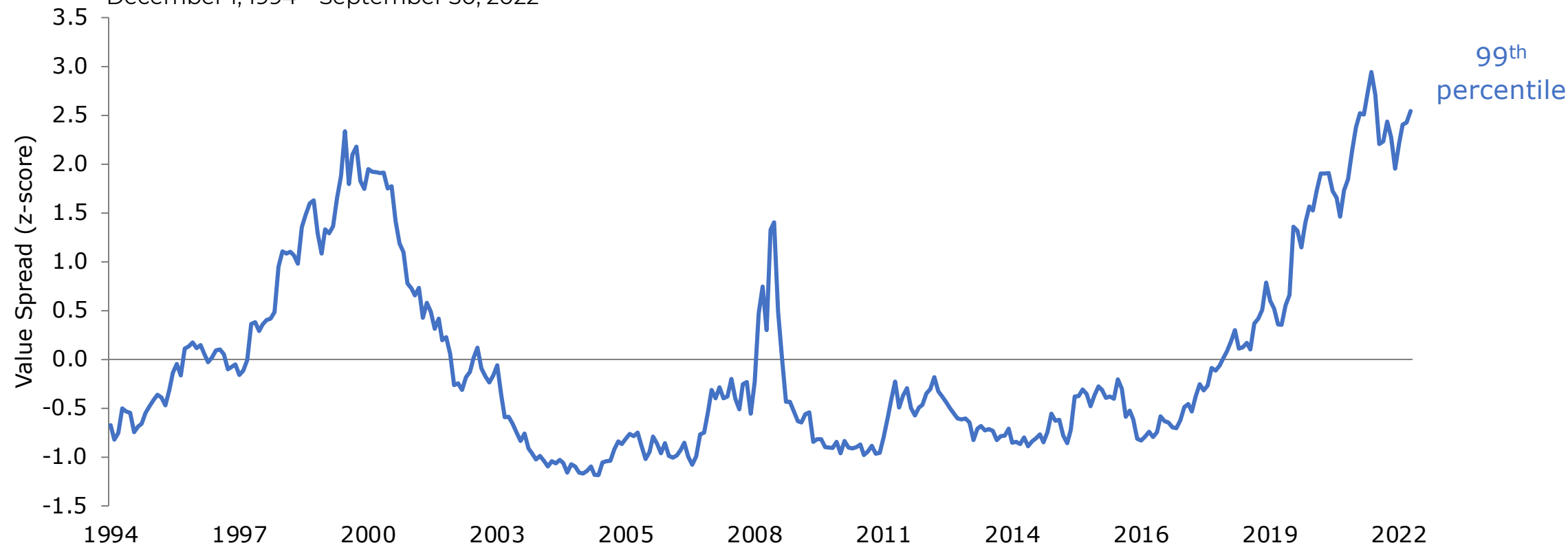
- Consistent with finance theory
  - Low price -> higher expected return
- Long-term data still supportive
- Found globally across geographies
- A multi-factor approach using value squares with intuition
  - we want to own companies ...
    - With lower risk
    - That are profitable
    - Are performing relatively well recently
    - *And are selling at a good price relative to their fundamentals*
- We believe the time for value investing is now

# Current Environment: Stock Selection

Extremely wide value spreads provide an attractive opportunity

## Hypothetical Value vs. Growth Spread

December 1, 1994 – September 30, 2022



Spreads are constructed using the Hypothetical AQR Value portfolio as described below, and are adjusted to be dollar-neutral, but not necessarily beta-neutral through time. Source: AQR. Hypothetical value composite includes five value measures: book-to-price, earnings-to-price, forecast earnings-to-price, sales-to-enterprise value, and cash flow-to-enterprise value; spreads are measured based on ratios. To construct industry-neutrality, the value spreads are constructed by comparing the aforementioned value measures within each industry, which are then aggregated up to represent an entire portfolio. Hypothetical data has inherent limitations, some of which are disclosed in the Appendix. Please see the Hypothetical AQR Developed Markets Valuation Theme Model Description in the Appendix. For illustrative purposes only and not representative of an actual portfolio AQR currently manages. Please read the Appendix for important disclosures. Past performance does not guarantee future results.



# Symmetry Performance Review

# Panoramic Funds



Calendar Quarters	Q3 2022	Q2 2022	Q1 2022	Q4 2021	YTD 2022	1-Year	2-Year	3-Year	Since-Inception <sup>1</sup>
Symmetry Panoramic Equity Funds	2022-07-01 to 2022-09-30	2022-04-01 to 2022-06-30	2022-01-01 to 2022-03-31	2021-10-01 to 2021-12-31	2022-01-01 to 2022-09-30	2021-10-01 to 2022-09-30	2020-10-01 to 2022-09-30	2019-10-01 to 2022-09-30	2018-11-13 to 2022-09-30
Symmetry Panoramic US Equity I	-4.16	-14.26	-4.04	9.69	-21.14	-13.49	8.04	5.62	6.58
MSCI US Broad Market GR USD	-4.46	-16.78	-5.26	9.29	-24.67	-17.67	4.43	7.83	8.78
<i>SPUSX-Parent</i>	<b>0.30</b>	<b>2.52</b>	<b>1.22</b>	<b>0.40</b>	<b>3.53</b>	<b>4.17</b>	<b>3.61</b>	<b>-2.21</b>	<b>-2.20</b>
Symmetry Panoramic International Eq I	-9.88	-13.60	-4.29	2.44	-25.48	-23.65	-2.29	-1.43	0.31
MSCI ACWI Ex USA IMI NR USD	-9.69	-14.28	-5.60	1.64	-26.92	-25.72	-3.58	-1.27	0.65
<i>SPILX-Parent</i>	<b>-0.20</b>	<b>0.68</b>	<b>1.31</b>	<b>0.80</b>	<b>1.44</b>	<b>2.07</b>	<b>1.29</b>	<b>-0.16</b>	<b>-0.35</b>
Symmetry Panoramic Global Equity I	-6.56	-13.92	-4.11	6.72	-22.87	-17.69	3.79	2.85	4.12
Symmetry Panoramic Tax-Managed Glb Eq I	-7.39	-13.56	-3.86	6.09	-23.03	-18.35	3.16	2.52	4.01
MSCI ACWI IMI NR USD	-6.64	-15.83	-5.47	6.10	-25.72	-21.18	0.80	3.64	4.98
<i>SPGEX-Parent</i>	<b>0.08</b>	<b>1.91</b>	<b>1.36</b>	<b>0.62</b>	<b>2.84</b>	<b>3.50</b>	<b>2.99</b>	<b>-0.79</b>	<b>-0.86</b>
<i>SPGTX-Parent</i>	<b>-0.75</b>	<b>2.28</b>	<b>1.61</b>	<b>-0.01</b>	<b>2.68</b>	<b>2.84</b>	<b>2.36</b>	<b>-1.13</b>	<b>-0.97</b>
<b>Symmetry Panoramic Fixed Income Funds</b>									
Symmetry Panoramic US Fixed Income I	-3.41	-2.86	-4.72	-0.54	-10.60	-11.08	-6.05	-2.41	-0.05
Bloomberg US Govt/Credit 1-5 Yr TR USD	-2.16	-1.14	-3.45	-0.72	-6.62	-7.29	-3.68	-0.90	0.81
<i>SPUBX-Parent</i>	<b>-1.25</b>	<b>-1.72</b>	<b>-1.27</b>	<b>0.18</b>	<b>-3.98</b>	<b>-3.79</b>	<b>-2.37</b>	<b>-1.51</b>	<b>-0.85</b>
Symmetry Panoramic Global Fixed Inc I	-3.82	-4.72	-5.58	-0.32	-13.48	-13.76	-7.72	-3.94	-0.65
Bloomberg Global Aggregate TR Hdg USD	-3.34	-4.30	-4.97	0.04	-12.09	-12.05	-6.49	-3.07	0.25
<i>SPGBX-Parent</i>	<b>-0.49</b>	<b>-0.42</b>	<b>-0.61</b>	<b>-0.37</b>	<b>-1.39</b>	<b>-1.70</b>	<b>-1.24</b>	<b>-0.87</b>	<b>-0.90</b>
Symmetry Panoramic Municipal Fxd Inc I	-1.81	-0.39	-2.56	-0.06	-4.70	-4.76	-2.51	-1.10	-0.13
S&P S/T National AMT Free Muni TR USD	-1.50	0.10	-2.55	0.03	-3.91	-3.88	-1.64	-0.20	0.74
<i>SPMFX-Parent</i>	<b>-0.31</b>	<b>-0.50</b>	<b>-0.01</b>	<b>-0.09</b>	<b>-0.87</b>	<b>-0.87</b>	<b>-0.87</b>	<b>-0.90</b>	<b>-0.87</b>
<b>Symmetry Panoramic Alternative Fund</b>									
Symmetry Panoramic Alternatives I	1.86	3.48	5.51	0.14	11.21	11.36	11.28	6.38	5.38
HFRI FOF: Conservative Index	0.26	-1.70	0.15	0.72	-1.30	-0.60	6.06	4.76	4.38
<i>SPATX-Parent</i>	<b>1.60</b>	<b>5.18</b>	<b>5.36</b>	<b>-0.57</b>	<b>12.51</b>	<b>11.96</b>	<b>5.21</b>	<b>1.62</b>	<b>0.99</b>

Past performance does not guarantee future results.

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# Alternatives Fund - SPATX

- Fund of AQR Funds
  - AQR Diversified Arbitrage Fund
    - Convertible arb, merger arb, SPAC arb
    - Down **3.73%** YTD thru 9/30/2022
  - AQR Managed Futures Strategy Fund
    - Trend following in multiple markets using over 100 liquid futures across four major global asset classes: equities, fixed, commodities, foreign exchange.
    - Up **40.99%** YTD thru 9/30/2022
  - AQR Style Premia Alternatives Fund
    - Long/short alternatives portfolio to capture factor returns (value, momentum, carry, defensive, and trend) across global major asset classes
    - Up **11.21%** YTD thru 9/30/2022
  - Alternative Risk Premia Fund
    - Long/short alternatives portfolio to capture factor returns in global major asset classes
    - Up **17.41%** YTD thru 9/30/2022
- Very low equity market exposure
- 3+ year track record (top decile of US multi-strategy universe)

Past performance does not guarantee future results. There can be no assurance that a manager's strategy will be successful. The overall performance of the fund is dependent not only on investment performance but also on the underlying managers ability to allocate assets.

# Multi-Factor Axiom SMAs

(Trailing 1-year: Inception 10/01/2021 thru 9/30/2022)

SMA	Gross Composite	Net Composite	Benchmark
Global	-11.26	-11.54	MSCI ACWI -20.66
xUS	-11.51	-11.63	MSCI ACWI xUSA -25.17
US	-12.00	-12.12	SP 500 TR -15.47

Strategies hold individual securities to achieve multi-factor tilts. Strategies can be customized to client preference and are low turnover to allow for tax-loss harvesting overlay.

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Net returns reflect the deduction of all fees and expenses incurred by investors.

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# US Sector Momentum ETF Models

	YTD 9/30/2022	Trailing 1-year	Trailing 3-year	Since Inception 5/31/2018
Gross Composite	-5.01	3.32	15.86	14.31
Net Composite	-5.80	2.26	14.77	13.14
SP 500 TR	-23.87	-15.47	8.15	10.07

Strategy rebalanced quarterly to top performing sectors based on momentum.  
 Current Allocation: 33% Utilities, 33% Energy, 17% Cons. Staples, 17% Health Care

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**PANORAMIC**  
MUTUAL FUNDS

PanoramicFunds.com

	One-Week	Month-to-Date	Quarter-to-Date	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Inception
	2022-09-25 to 2022-09-30	2022-09-01 to 2022-09-30	2022-07-01 to 2022-09-30	2022-01-01 to 2022-09-30	2021-10-01 to 2022-09-30	2019-10-01 to 2022-09-30	2017-10-01 to 2022-09-30	2012-10-01 to 2022-09-30	2002-01-01 to 2022-09-30
Symmetry Panoramic 0-100	-0.50%	-2.92%	-3.36%	-10.54%	-11.00%	-2.44%	-0.19%	0.12%	1.49%
Symmetry Panoramic 10-90	-0.68%	-3.54%	-3.65%	-11.92%	-11.67%	-1.75%	0.20%	0.88%	2.32%
Symmetry Panoramic 20-80	-0.85%	-4.15%	-3.92%	-13.14%	-12.22%	-1.04%	0.66%	1.64%	3.12%
Symmetry Panoramic 30-70	-1.02%	-4.76%	-4.20%	-14.35%	-12.79%	-0.39%	1.07%	2.38%	3.85%
Symmetry Panoramic 40-60	-1.20%	-5.38%	-4.49%	-15.64%	-13.45%	0.18%	1.43%	3.09%	4.53%
Symmetry Panoramic 50-50	-1.37%	-6.00%	-4.77%	-16.81%	-14.03%	0.77%	1.80%	3.79%	5.17%
Symmetry Panoramic 60-40	-1.62%	-6.71%	-5.16%	-18.64%	-15.27%	0.92%	2.07%	4.48%	5.75%
Symmetry Panoramic 70-30	-1.79%	-7.32%	-5.43%	-19.66%	-15.74%	1.51%	2.40%	5.15%	6.27%
Symmetry Panoramic 80-20	-1.95%	-7.92%	-5.70%	-20.63%	-16.19%	2.07%	2.70%	5.80%	6.73%
Symmetry Panoramic 90-10	-2.12%	-8.52%	-5.96%	-21.56%	-16.62%	2.61%	2.96%	6.43%	7.13%
Symmetry Panoramic 100-0	-2.26%	-9.01%	-6.18%	-22.32%	-16.98%	3.02%	3.15%	6.91%	7.44%
S&P 500	-2.88%	-9.21%	-4.88%	-23.87%	-15.47%	8.16%	9.24%	11.70%	7.74%
MSCI ACWI	-2.48%	-9.57%	-6.82%	-25.63%	-20.66%	3.75%	4.44%	7.28%	6.16%
MSCI ACWI IMI	-2.40%	-9.65%	-6.64%	-25.72%	-21.18%	3.64%	4.17%	7.25%	6.47%
MSCI EAFE	-1.35%	-9.35%	-9.36%	-27.09%	-25.13%	-1.83%	-0.84%	3.67%	4.50%
MSCI Emerging Markets	-3.26%	-11.72%	-11.57%	-27.16%	-28.11%	-2.07%	-1.81%	1.05%	7.58%
MSCI USA Value	-2.80%	-8.20%	-5.74%	-17.39%	-9.19%	4.43%	5.51%	9.37%	6.65%
MSCI USA Quality	-2.70%	-9.55%	-7.38%	-29.23%	-21.40%	7.36%	10.36%	12.34%	8.73%
MSCI USA Momentum	-1.82%	-6.02%	-3.03%	-26.34%	-23.57%	4.49%	7.97%	12.58%	9.62%
Russell 2000	-0.82%	-9.58%	-2.19%	-25.10%	-23.50%	4.29%	3.56%	8.55%	7.50%
Barclays Global Aggregate ex-USD	-0.71%	-2.87%	-3.09%	-12.79%	-12.89%	-4.06%	0.17%	-N/A	-N/A
Barclays US Aggregate Bond	-0.99%	-4.32%	-4.75%	-14.61%	-14.60%	-3.25%	-0.27%	0.89%	3.38%

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# Concluding Thoughts

- Difficult time to be an advisor and an investor
  - Long-term view is needed
  - Is diversification failing?
- Caution against panic/ going to cash
  - Real return on cash is approaching negative double digits
- Lower equity valuations suggest higher expected returns going forward
- As a result of downturn in fixed income markets, expected returns are higher going forward
- Consider decreasing risk if necessary
- Consider diversifying into alternatives

# Research Agenda

- Adding/ vetting New Managers
- Tax Efficiency
  - Revised Multi-Factor SMA offerings
    - Robust portfolios w/ lower minimums
  - Long/Short Strategies
- Dynamic Risk Strategies
- Traditionally “Private” Asset Exposures
  - CLOs and other private credit, REITS, Insurance-linked products, Variance risk premium strategies

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Thank You

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“Scrappy,” the Symmetry bull is a symbol of our firm’s belief in the long-term power of markets.

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Diversification seeks to reduce volatility by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Rebalancing assets can have tax consequences. If you sell assets in a taxable account you may have to pay tax on any gain resulting from the sale. Please consult your tax advisor.

Symmetry Partners' investment approach seeks enhanced returns by overweighting assets that exhibit characteristics that tend to be in accordance with one or more "factors" identified in academic research as historically associated with higher returns. Please be advised that adding these factors may not ensure increased return over a market weighted investment and may lead to underperformance relative to the benchmark over the investor's time horizon. The factors Symmetry seeks to capture may change over time at its discretion. Currently, the major factors in equity markets used by Symmetry and some associated academic research are: the market risk premium (Sharpe, William F. "Capital Asset Prices: A Theory of Market Equilibrium under Conditions of Risk." *The Journal of Finance*, Vol. 19, No. 3 (Sept. 1964), 425-442.), value (Fama, Eugene and Ken French. "Common risk factors in the returns on stocks and bonds." *Journal of Financial Economics*, 33, (1993), 3-56.), small (Banz, Rolf W. "The Relationship Between Return and Market Value of Common Stocks." *Journal of Financial Economics*, 9 (1981), 3-18.), profitability (Novy-Marx, Robert. "The Other Side of Value: The Cross Profitability Premium." *Journal of Financial Economics*, 108(1), (2013), 1-28. ), quality (Asness, Clifford S.; Andrea Frazzini; and Lasse H. Pedersen. "Quality Minus Junk." Working Paper.), momentum (Jegadeesh, Narasimhan and Sheridan Titman. "Returns to Buying Winners and Selling Losers: Implications for Stock Market Efficiency." *The Journal of Finance*, Vol. 48, No. 1, (March 1993), 65-91), and minimum volatility (Ang, Andrew, Robert J. Hodrick, Yuhang Xing and Xiaoyan Zhang. "The Cross-Section of Volatility and Expected Returns." *The Journal of Finance*, Vol. 61, No. 1 (Feb. 2006), pp. 259-299.) On the bond side, Symmetry primarily seeks to capture maturity and credit risk premiums (Ilmanen, Antti. *Expected Returns: An Investor's Guide to Harvesting Market Rewards*. WileyFinance, 2011, p157-158 and 183-185.).

Higher potential return generally involves greater risk, short term volatility is not uncommon when investing in various types of funds including but not limited to: sector, emerging markets, small and mid-cap funds. International investing involves special risks such as currency fluctuation, lower liquidity, political and economic uncertainties, and differences in accounting standards. Risks of foreign investing are generally intensified for investments in emerging markets. Risks for emerging markets include risks relating to the relatively smaller size and lesser liquidity of these markets, high inflation rates and adverse political developments. Risks for investing in international equity include foreign currency risk, as well as, fluctuation due to economic or political actions of foreign governments and/or less regulated or liquid markets. Risks for smaller companies include business risks, significant stock price fluctuation and illiquidity. Investing in real estate entails certain risks, including changes in: the economy, supply and demand, laws, tenant turnover, interest rates (including periods of high interest rates), availability of mortgage funds, operation expenses and cost of insurance. Some real estate investments offer limited liquidity options. Investing in higher-yielding, lower-rated bonds has a greater risk of price fluctuation and loss of principal income than U.S. government securities, such as U.S. Treasury bond and bills. Treasuries and government securities are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risks associated with an investment in the fund.

*Market Events Risk.* Financial markets are subject to periods of high volatility, depressed valuations, decreased liquidity and heightened uncertainty, such as what was experienced during the financial crisis that occurred in and around 2008 and more recently in connection with the coronavirus disease 2019 (COVID-19) pandemic. Market conditions such as this are an inevitable part of investing in capital markets and may continue, recur, worsen or spread. Markets may be volatile and values of individual securities and other investments may decline significantly in response to adverse issuer, political, regulatory, market, economic, public health, or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity. Changes in the financial condition of a single issuer may impact a market as a whole. Changes in value may be temporary or may last for extended periods. Geopolitical risks, including terrorism, tensions or open conflict between nations, or political or economic dysfunction within some nations that are major players on the world stage or major producers of oil, may lead to overall instability in world economies and markets generally and have led, and may in the future lead, to increased market volatility and may have adverse long-term effects. Similarly, environmental and public health risks, such as natural disasters or epidemics (such as COVID-19), or widespread fear that such events may occur, may impact markets adversely and cause market volatility in both the short- and long-term. Governments and central banks may take steps to support financial markets, including by keeping interest rates at historically low levels. This and other governmental intervention may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. Governments and central banks also may reduce market support activities. Such reduction, including interest rate increases, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of securities in which the Fund invests. Governmental policy and legislative changes also may contribute to decreased liquidity and increased volatility in the financial markets.

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## Periodic Table of Asset Class and Sector Returns Disclosure

Past performance is no guarantee of future results. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. The index performance includes the reinvestment of dividends of the underlying securities. Actual performance for client accounts may differ materially from the index portfolios. As with any investment strategy, there is a potential for profit as well as the possibility of loss. All Index information provided by Morningstar Direct. Data is from sources believed to be reliable but cannot be guaranteed or warranted.

**60/40 Blend:** The 60/40 Blend consists of 60% MSCI ACWI IMI and 40% Bloomberg Barclays Global Aggregate Bond Index.

**MSCI ACWI IMI NR (All Country World Investable Market Index)** captures large and mid cap representation across 24 Developed Markets (DM) and 21 Emerging Markets (EM) countries. With 2,424 constituents, the index covers approximately 85% of the global investable equity opportunity set. Total return is calculated reinvesting gross dividends. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the entire dividend distributed to individuals residing in the country of the company but does not include tax credits.

**Bloomberg Barclays Global Aggregate Bond USD Hedged Index** is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging issuers. This index is currency hedged to the US dollar.

**US Aggregate Bond - Barclays US Agg Bond TR USD:** The U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976. Index provided by Morningstar Direct.

**3-Month T-Bill - Citi Treasury Bill 3 Mon USD:** Citigroup 3-month Treasury-Bill Index provided by Morningstar Direct.

**US Credit Bond - Citi USBIG Credit 1-5 Yr:** Citigroup US Broad Investment-Grade Credit Index provided by Morningstar Direct.

**US Gov't Bond - Citi USBIG Treasury/Govt Spnsd 1-5 Yr:** Citigroup US Broad Investment-Grade Treasury/Government Sponsored Index provided by Morningstar Direct.

**World Bond - Citi WGBI 1-3 Yr Hdg USD:** Citigroup World Government - Bond Currency-Hedged Index provided by Morningstar Direct.  
**US REIT - DJ US Select REIT TR USD:** Measures U.S. publicly traded Real Estate Investment Trusts. Index provided by Morningstar Direct.

**Emerging Markets - MSCI EM NR USD:** Gross dividends reinvested (in US dollars). A free float-adjusted market cap index that is designed to measure equity market performance in the global emerging markets. Index provided by Morningstar Direct.

**US Growth - MSCI US IMI Growth GR USD:** The MSCI Investable Market Growth Index captures large, mid and small cap securities exhibiting overall growth style characteristics in the US. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

**US Value - MSCI US Investable Market Value GR USD:** The MSCI US Investable Market Value Index represents the value companies of the MSCI US Investable Market 2500 Index. (The MSCI US Investable Market 2500 Index represents the investable universe of companies in the US equity market. This index targets for inclusion 2,500 companies and represents, as of February 28, 2003, approximately 98% of the capitalization of the US equity market. The MSCI US Investable Market 2500 Index is the aggregation of the MSCI US Large Cap 300, Mid Cap 450 and Small Cap 1750 Indices.) The MSCI US Investable Market Value Index is a subset of the MSCI US Investable Market 2500 Index. Index provided by Morningstar Direct.

**US Small Cap - MSCI US Small Cap 1750 GR USD:** The MSCI US Small Cap 1750 Index represents the universe of small capitalization companies in the US equity market. This index targets for inclusion 1,750 companies and represents, as of October 29, 2004, approximately 12% of the capitalization of the US equity market. Index provided by Morningstar Direct.

**Int'l Markets - MSCI World ex US USD:** The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries\*--excluding the United States. With 1,022 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**S&P 500 - S&P 500 TR USD:** Index of 500 large-cap companies traded on major US exchanges, provided by Morningstar Direct.

**Commodities - Bloomberg Commodity TR USD:** The Bloomberg Commodity Total Return Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (3 Month) U.S. Treasury Bills.

**Alternatives - HFRI FOF: Conservative Index:** FOFs (Fund of Funds) classified as 'Conservative' exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more 'conservative' strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

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## Factors Over Time Disclosure

Factors are sources of expected returns. Symmetry searches for factors that have been shown historically to deliver higher returns over time. Symmetry Partners' investment approach seeks enhanced returns by overweighting assets that exhibit characteristics that tend to be in accordance with one or more "factors" identified in academic research as historically associated with higher returns. Please be advised that adding these factors may not ensure increased return over a market weighted investment and may lead to underperformance relative to the benchmark over the investor's time horizon.

Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.

All indexes have certain limitations. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance. Actual performance for client accounts may differ materially from the index portfolios.

Value = MSCI USA Value Index: MSCI USA Value Index captures large and mid-cap US securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 322 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI USA Index.

Quality = MSCI USA Quality Index: MSCI USA Quality Index is based on the MSCI USA Index, its parent index, which includes large and mid-cap stocks in the US equity market. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.

Momentum = MSCI USA Momentum Index: MSCI USA Momentum Index is based on MSCI USA Index, its parent index, which captures large and mid-cap stocks of the US market. It is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum, while maintaining reasonably high trading liquidity, investment capacity and moderate index turnover.

Small-Cap = MSCI USA Small Cap Index: MSCI USA Small Cap Index is designed to measure the performance of the small cap segment of the US equity market. With 1,864 constituents, the index represents approximately 14% of the free float-adjusted market capitalization in the US.

Multi-Factor = MSCI USA Diversified Multiple-Factor Index: MSCI USA Diversified Multiple-Factor Index is based on a traditional market cap weighted parent index, the MSCI USA Index, which includes US large and mid-cap stocks. The index aims to maximize exposure to four factors – Value, Momentum, Quality and Low Size -- while maintaining a risk profile similar to that of the underlying parent index.

Min-Volatility = MSCI USA Minimum Volatility Index: MSCI USA Minimum Volatility Index aims to reflect the performance characteristics of a minimum variance strategy applied to the large and mid-cap USA equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.

MSCI USA = MSCI USA GR USD: which is designed to measure the performance of the large and mid cap segments of the US market. With 622 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the developed equity market (as defined by MSCI) equity performance, excluding the U.S. and Canada.

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## The Power of Factors & Diversification - Stocks Disclosure

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Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.

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**Multi-Factor = MSCI USA Diversified Multiple-Factor Index:** MSCI USA Diversified Multiple-Factor Index is based on a traditional market cap weighted parent index, the MSCI USA Index, which includes US large and mid-cap stocks. The index aims to maximize exposure to four factors – Value, Momentum, Quality and Low Size -- while maintaining a risk profile similar to that of the underlying parent index.

**Min-Volatility = MSCI USA Minimum Volatility Index:** MSCI USA Minimum Volatility Index aims to reflect the performance characteristics of a minimum variance strategy applied to the large and mid-cap USA equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI USA Index.

**MSCI USA = MSCI USA GR USD:** which is designed to measure the performance of the large and mid cap segments of the US market. With 622 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

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## The Power of Factors & Diversification - Bonds Disclosure

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1 Mon USD = FTSE Treasury Bill 1-Month Index: The FTSE 1-Month T-Bill Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one month. The Index reflects no deduction for fees, expenses or taxes.

1-3Y US Trsy TR USD = BofAML US Treasuries 1-3 Yr TR USD Index: BofAML US Treasuries 1-3 Yr TR USD Index is an unmanaged index tracking short-term government securities with maturities between 1 and 2.99 years. The index is produced by Bank of America Merrill Lynch, Pierce, Fenner & Smith, Inc.

5-10Y US Trsy TR USD = BofAML US Treasuries 5-10 Yr TR USD Index: BofAML US Treasuries 5-10 Yr TR USD Index is an unmanaged index which includes U.S. Treasury securities with maturities of 3 to 4.99 years. The index is produced by Bank of America Merrill Lynch, Pierce, Fenner & Smith, Inc.

15+Y US Trsy TR USD = BofAML US Treasuries 15+ Yr TR USD Index: BofAML US Treasuries 15+ Yr TR USD Index is an unmanaged index which includes U.S. Treasury securities with maturities of 15+ years. The index is produced by Bank of America Merrill Lynch, Pierce, Fenner & Smith, Inc.

AAA US Corporate TR USD = BofAML US Corporate AAA TR USD Index: BofAML US Corporate AAA TR USD Index represents the BofA Merrill Lynch US Corporate AAA Index value, a subset of the BofA Merrill Lynch US Corporate Master Index tracking the performance of US dollar denominated investment grade rated corporate debt publically issued in the US domestic market. This subset includes all securities with a given investment grade rating AAA.

BBB US Corporate TR USD = BofAML US Corps BBB TR USD Index: BofAML US Corps BBB TR USD Index represents the BofA Merrill Lynch US Corporate BBB Index value, a subset of the BofA Merrill Lynch US Corporate Master Index tracking the performance of US dollar denominated investment grade rated corporate debt publically issued in the US domestic market. This subset includes all securities with a given investment grade rating BBB.

BB US High Yield TR USD = BofAML US High Yield BB TR USD Index: BofAML US High Yield BB TR USD Index represents the BofA Merrill Lynch US Corporate BB Index value, a subset of the BofA Merrill Lynch US High Yield Master II Index tracking the performance of US dollar denominated below investment grade rated corporate debt publically issued in the US domestic market. This subset includes all securities with a given investment grade rating BB.

US Agg Bond TR USD = BBgBarc US Agg Bond TR USD: US Agg Bond BBgBarc US Agg Bond TR USD is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

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## Index Disclosure & Definitions

All indexes have certain limitations. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurring of which would have the effect of decreasing historical performance results. Actual performance for client accounts may differ materially from index portfolios.

**MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the developed equity market (as defined by MSCI) equity performance, excluding the U.S. and Canada. The Index consists of developed market country indexes.

**S&P 500 Index:** Widely regarded as the best single gauge of the U.S. equities market, this market capitalization-weighted index includes a representative sample of 500 leading companies in leading industries of the U.S. economy and provides over 80% coverage of U.S. equities.

**MSCI ACWI IMI GR USD:** Captures large, mid and small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 8,649 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set.

**MSCI Emerging Index:** The MSCI Emerging Markets Index captures large and mid cap representation across 26 Emerging Markets (EM) countries\*. With 1,194 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI World Ex USA Index:** The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries\*--excluding the United States. With 1,012 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg Barclays Global Aggregate ex-US (hedged) Index:** The index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities.

**Bloomberg Barclays US Treasury TR:** U.S. Treasury Inflation Protected Securities Index provided by Morningstar Direct. The index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rate investment grade, and have \$250 million or more of outstanding face value.

# Performance Disclosure for AQR Slide on Value Spreads

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- **PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE PERFORMANCE.** Diversification does not eliminate the risk of experiencing investment losses.
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- There is a risk of substantial loss associated with trading commodities, futures, options and leverage. Before investing carefully consider your financial position and risk tolerance to determine if the proposed trading style is appropriate. Investors should realize that when engaging in leverage, trading futures, commodities and/or granting/writing options one could lose the full balance of their account. It is also possible to lose more than the initial deposit when engaging in leverage, trading futures and/or granting/writing options. All funds committed should be purely risk capital.
- **Hypothetical AQR U.S., International Large Cap, Emerging Large Cap and Developed Industry Neutral / Dollar Neutral Value Spreads Description:**
- Hypothetical value composite includes five value measures: book-to-price, earnings-to-price, forecast earnings-to-price, sales-to-enterprise value and cash flow-to-enterprise value; spreads are measured based on ratios. To construct industry-neutrality, the value spreads are constructed by comparing the aforementioned value measures within each industry, which are then aggregated up to represent an entire portfolio.