

# Intech® Global Minimum Volatility FactorPlus

Product summary for institutional investors only

## DRAW ON DIVERSIFICATION

Factor-based indexes naturally can be more diversified than their cap-weighted counterparts, and therefore may be more efficient. This represents a surprisingly advantageous starting point from which to construct the optimal portfolio to harness equity price volatility; our alpha source for over 30 years.

## ACCEPT A "COMPLEMENT"

We don't forecast individual stock returns; instead, we use volatility and correlations, attempting to improve diversification and capture a rebalancing premium. This fundamental difference has the potential to produce excess returns uncorrelated with those of conventional managers.

## BANK ON YOUR BENCHMARK

MSCI's minimum volatility indexes represent a known quantity upon which to build an active equity strategy. Intech's risk-managed approach offers an alpha-seeking objective relative to these benchmarks with the benefit of stable tracking error, potentially narrowing expectations for your defensive equity exposure.

## Overview

Intech® Minimum Volatility FactorPlus strategies offer equity exposure with tracking error sensitivity to minimum volatility indexes, while seeking to outperform these benchmarks over the long term.

**Investment Platform:** Defensive Equity

**Benchmark:** MSCI World Minimum Volatility (USD) Index

**Expected Tracking Error:** 2-4%

**Inception Date:** October 1, 2017

Expected tracking error is a long-term annualized forecast gross of fees. Do not consider or rely on it as a performance guarantee. Actual results may vary.

## Applications

These strategies may address a wide range of needs:

- Allow for higher equity exposure without increasing risk throughout a target-date glide path
- Reduce the 100% downside capture of cap-weighted passive strategies
- De-risk a well-funded plan while maintaining equity exposure
- Increase upside potential while maintaining active risk relative to plan-level defensive equity benchmark

# Philosophy and Process

## An Approach with Real Distinction

We adhere to an investment paradigm that's different than traditional financial economics embraced by most asset managers – both fundamental and quantitative. Our approach is linked to Modern Portfolio Theory, but we base our decision model on observations, not expectations. Our model inputs are observed stock price volatility and correlations. We don't rely on subjective forecasts of markets or individual stocks.

*Construct a portfolio more efficient than the benchmark by reweighting its constituents to the optimal proportions for a given risk-return objective.*

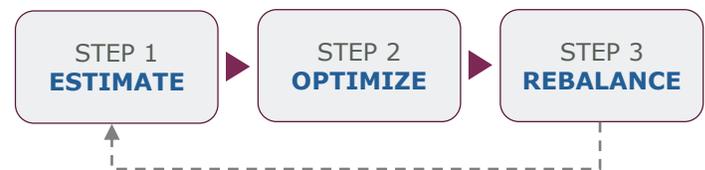
We believe:

- Equity volatility is an observable and accessible alpha source whether markets are up or down.
- Long-term stability in the distribution of capital allows persistent access to this opportunity.
- Harnessing volatility for risk-adjusted results requires advanced mathematics and programmatic trading systems.

## Straightforward Three-step Process

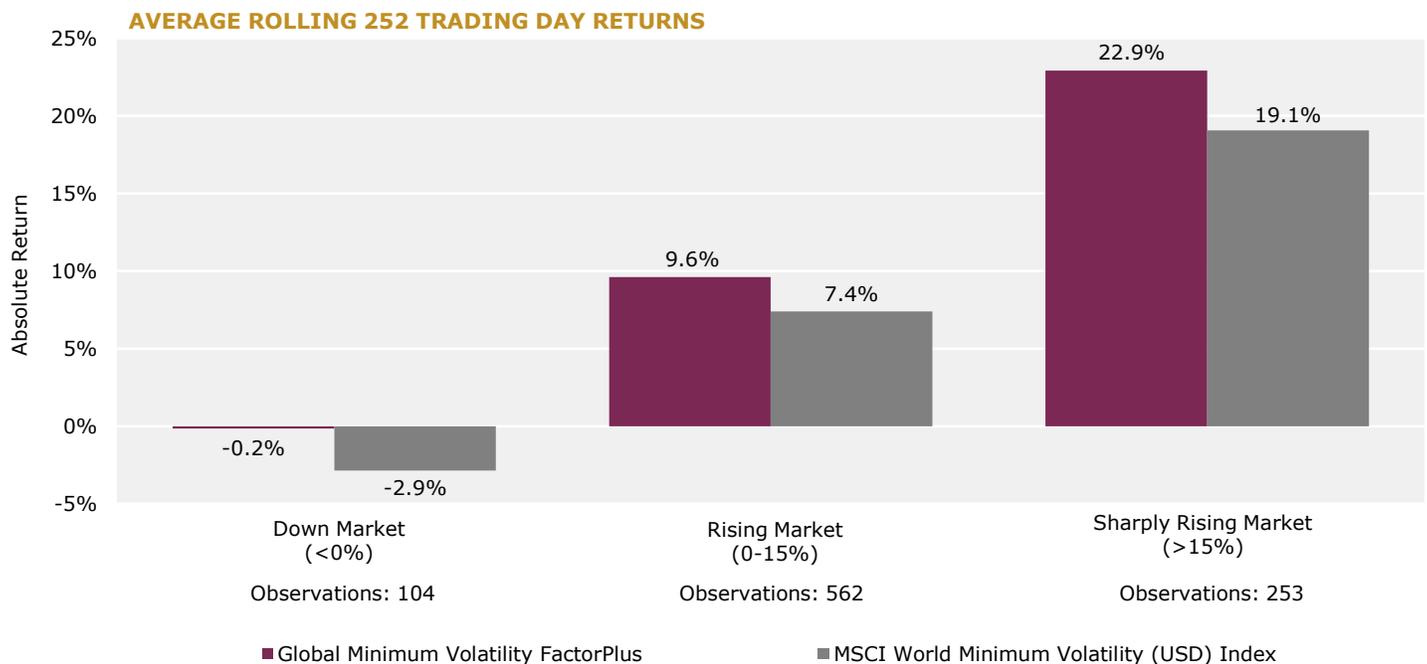
Our Princeton-based investment team applies our approach across a three-step process designed to deliver consistent results over time:

1. **Estimate** volatility and correlations of the stocks in a benchmark.
2. **Optimize** portfolio weights for diversification consistent with our clients' risk-return objectives.
3. **Rebalance** target weights actively and cost-efficiently – seeking trading profit, replenishing diversification, and compounding gains over time.



# Performance across different equity market environments

As of March 31, 2022



Performance includes the reinvestment of dividends and other earnings. Data presented gross of fees. Data presented reflects past performance, which is no guarantee of future results. Performance for other accounts may differ from the representative portfolio.

# Portfolio Results and Composition

As of March 31, 2022

## PERFORMANCE

	QTD	1 Year	Annualized			ITD (10/1/17)
			3 Years	5 Years	10 Years	
Gross of Fees	-5.45%	5.04%	9.80%	---	---	10.49%
MSCI World Minimum Volatility (USD) Index	-2.81%	10.09%	8.85%	---	---	8.99%
Difference (Gross-Index)	-2.64%	-5.05%	0.95%	---	---	1.50%
Net of Fees	-5.54%	4.65%	9.39%	---	---	10.08%

## RISK STATISTICS

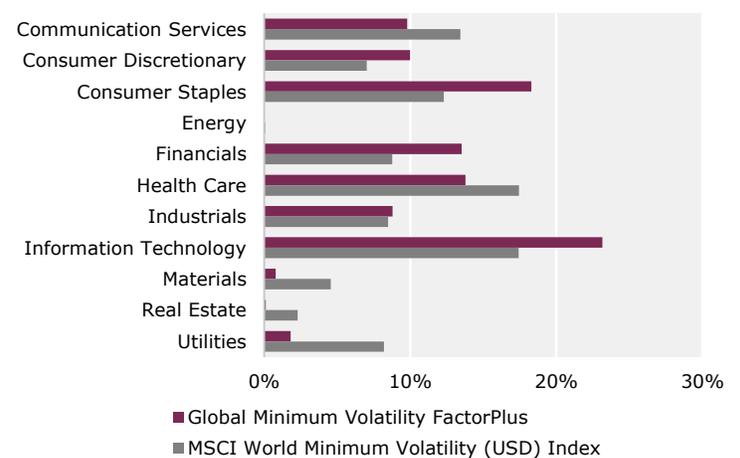
Annualized Since Inception

	Tracking Error	Information Ratio	Jensen's Alpha	Downside Capture	Standard Deviation	Sharpe Ratio
Gross of Fees	2.66%	0.57	1.20%	99.66%	12.74%	0.74
MSCI World Minimum Volatility (USD) Index	---	---	---	---	12.08%	0.65

## PORTFOLIO CHARACTERISTICS

Characteristics	Global Minimum Volatility FactorPlus	MSCI World Minimum Volatility (USD) Index
Number of Securities	124	291
Beta (3 Yr. Historical)	1.04	1.00
R-Squared (3 Yr. Historical)	0.96	1.00
Price/Earnings Ratio (LTM)	26.31	28.42
Dividend Yield (Current)	1.90%	1.95%
EPS Growth (5 Yr. Historical)	11.26%	10.41%
Price/Book Ratio	6.83	5.79
Weighted Average Market Cap	\$148.0 B	\$136.4 B
Weighted Median Market Cap	\$51.2 B	\$50.3 B
Overall ESG Score	6.68	6.6
Scope 1+2 Carbon Intensity	144	280

## SECTOR EXPOSURES



## PORTFOLIO MARKET CAPITALIZATION

Market Cap Range	Global Minimum Volatility FactorPlus	MSCI World Minimum Volatility (USD) Index
>\$500B	3.38%	2.68%
\$100B-\$500B	23.30%	26.08%
\$25B-\$100B	46.13%	47.19%
<\$25B	27.19%	24.05%
Total	100.00%	100.00%

## TOP-TEN PORTFOLIO HOLDINGS

Holdings
Broadridge Financial Solutions, Inc.
Church & Dwight Co., Inc.
Dollar General Corporation
Novartis AG
Procter & Gamble Company
Republic Services, Inc.
Target Corporation
Walmart Stores Inc.
Waste Management, Inc.
Zoetis, Inc. Class A
% of Portfolio: <b>28.1%</b>

Source: FactSet/Intech. Source for ESG data: MSCI. Carbon intensity reflects tons of carbon dioxide equivalent per million USD of total revenue. Performance and risk statistics reflect strategy composite. Portfolio characteristics, market capitalization, sector exposures, and/or country exposures reflect strategy representative portfolio. Periods of less than one year are not annualized. Data presented reflects past performance, which is no guarantee of future results. Performance includes the reinvestment of dividends and other earnings. Differences may not agree with input data due to rounding. Portfolio data is as of the date shown and may change at any time. Individual accounts may differ from the representative portfolio. See Presentation Notes for additional information. Defensive Equity strategies tend to underperform the index during periods of strong up markets and may not achieve the desired level of protection in down markets.

# About Intech®

Intech is a global quantitative asset manager investing on behalf of pension funds, governments, endowments, foundations, and other institutional investors worldwide. Having pioneered the application of Stochastic Portfolio Theory in 1987, Intech continues to seek distinctive alpha sources for clients in five continents. Today, Intech provides investment solutions encompassing ESG, absolute return, defensive equity, and traditional long-only strategies.

## Presentation Notes

Intech Investment Management LLC ("Intech") is a specialized global asset manager registered under the Investment Advisers Act of 1940 that applies advanced mathematics and systematic portfolio rebalancing to exploit a unique and reliable source of excess returns and risk control – stock price volatility. Effective March 31, 2022, Intech is majority owned by Intech Holdings, LLC, a Delaware limited liability company. **Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value.** In addition, the proprietary mathematical investment process used by Intech® may not achieve the desired results. Performance results reflect the reinvestment of dividends and other earnings. Portfolio performance results shown are time-weighted rates of return using daily valuation, include the effect of transaction costs (commissions, exchange fees, etc.), and are gross of non-reclaimable withholding taxes, if any. The composite includes all actual fee-paying accounts managed on a fully discretionary basis according to the investment strategy from inception date, including those no longer under management. Accounts meeting such criteria enter the composite upon the full first month under management. For periods of less than one year, performance is not annualized. Reporting currency is USD unless otherwise noted. Intech® claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list of composite descriptions and/or GIPS® reports that adhere to the GIPS standards, please contact Intech at [Finance@intechinvestments.com](mailto:Finance@intechinvestments.com). GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The gross performance results presented do not reflect the deduction of investment advisory fees. Returns will be reduced by such advisory fees and other contractual expenses as described in each client's individual contract.

The net performance results presented reflect the deduction of model investment advisory fees, and not the advisory fees actually charged to the accounts in the composite. Prior to December 31, 2004, the model advisory fees deducted reflect the maximum fixed fee in effect for each strategy. Beginning January 1, 2005, the model advisory fees deducted reflect the standard fee schedule in effect during the period shown, applied to each account in the composite on a monthly basis. Standard fee schedules are available upon request. Actual advisory fees paid may vary among clients invested in the same strategy, which may be higher or lower than the model advisory fees. Some accounts may utilize a performance-based fee.

Global Minimum Volatility FactorPlus Composite includes all fully discretionary separately managed portfolios invested in this strategy. The strategy pursues a systematic approach to construct a defensive portfolio of global large capitalization securities. The benchmark is the MSCI World Minimum Volatility (USD) Index. The objective is to outperform the benchmark over the full market cycle. The composite inception date is October 1, 2017, and the composite was created in October 2017.

The MSCI World Minimum Volatility (USD) Index aims to reflect the performance characteristics of a minimum variance strategy applied to the MSCI large and mid-cap equity universe across 23 Developed Markets countries. The index is calculated by optimizing the MSCI World Index, its parent index, 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 World Index.

The Index returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the index is fully invested, which includes the reinvestment of dividends and capital gains. The returns for the index do not include any transactions costs, management fees or other costs, and are gross of dividend tax withholdings unless otherwise noted. Composition of each separately managed account portfolio may differ from securities in the corresponding benchmark index. The index is used as a performance benchmark only, as Intech® does not attempt to replicate an index. The weightings of securities within the portfolio may differ significantly from the weighting within the index. The index is not available for direct investment; therefore, its performance does not reflect the expenses associated with the active management of an actual portfolio.

Investments are subject to certain risks, including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified for portfolios that include emerging markets.

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