

Strategy Highlight

Large Cap Quantitative Equity Strategy

Objective of the strategy:

The strategy seeks to provide long-term capital appreciation by investing in large cap companies (\$3 billion or more in market cap) with the most attractive earnings growth prospects and valuation characteristics within each sector.

Large Cap Quantitative Equity Strategy

Fundamental factor analysis

Sector-specific quantitative models

Active management

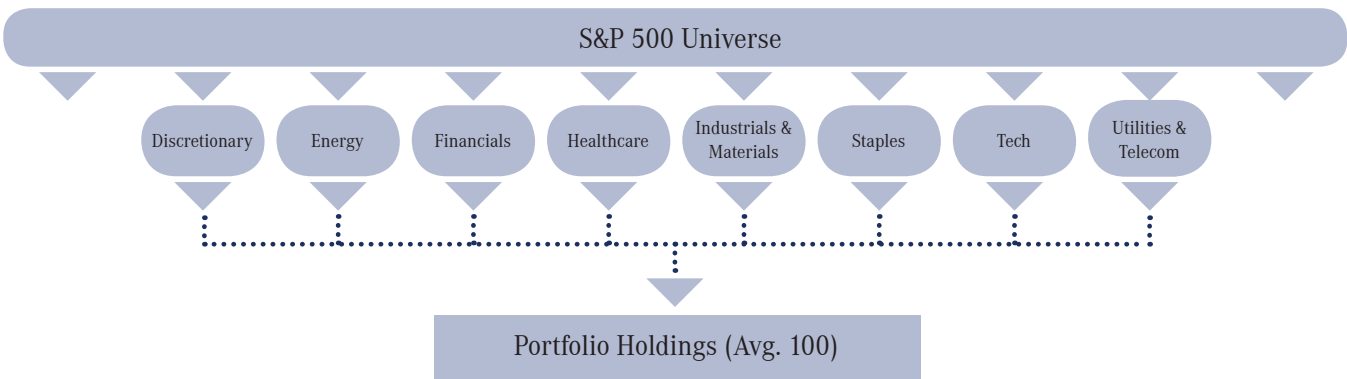
What principles have enabled the strategy to be successful?

Fundamental factor analysis - the team analyzed decades of factor data to determine which factors had the strongest relationship with stock returns. The specific company factors that were most important in driving stock prices in the past were used to develop quantitative models.

Sector-specific quantitative models - although many of the factors are important across sectors, the degree of importance varies by sector. Models have been developed for each of eight major industry sectors that weight the characteristics accordingly.

Active management - the strategy does not try to emulate the benchmark. The team believes that the models can build and maintain a portfolio that has higher return potential than the benchmark over time.

How is the investment process implemented?



Sector-specific quantitative models - evaluate securities within each of the eight major industry sectors. The securities with the best risk/return relationship are chosen for the portfolio.

Portfolio monitoring - the models are run continuously to ensure that stocks within the portfolio continue to have the desired characteristics, and to identify stocks that should be added to the portfolio. If fraud may be an issue, the team will expand their analysis to evaluate qualitative factors that could impact the accuracy of the data.

Past performance is no guarantee of future results. There is no guarantee this strategy will work for you.

Investment considerations

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

Quantitative funds generally have higher turnover and thus higher total transaction costs.