

# RAFI Fundamental Europe Index, 12/31/2018

## INDEX INFORMATION

Launch:

1/31/2017

Bloomberg Ticker:

RAFIEURT Index

The RAFI™ Fundamental Index methodology is built on the principles of contrarian investing and disciplined rebalancing. Security weights are determined by using fundamental measures of company size (adjusted sales, cash flow, dividends + buybacks, and book value) rather than price (market cap). By using a company's fundamental weight as the rebalancing anchor, the fundamental weighting approach rebalances out of securities whose prices have increased and into securities whose prices have fallen.

## PERFORMANCE SUMMARY

Index	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	10 Yr Vol	10 Yr Sharpe	10 Yr Tracking Error	10 Yr Info Ratio
RAFI Fundamental Europe Index	-10.9%	-10.1%	-10.1%	3.7%	4.6%	9.3%	14.8%	0.47	3.1%	0.12
MSCI Europe Index	-11.3%	-10.0%	-10.0%	1.0%	3.8%	8.9%	13.3%	0.49	N/A	N/A

Performance is based on data from FactSet. Returns reported in EUR.

Returns prior to index inception are simulated, please see disclosures for important information regarding simulated data.

## INDEX CHARACTERISTICS

Index	# of Securities	P/B	P/S	P/CF	Dividend Yield	WAMC*	Discount†	Median Historical Discount	Portfolio Turnover**
RAFI Fundamental Europe Index	350	1.2	0.7	4.9	4.5%	63.8	-21.5%	-19.3%	13.1%
MSCI Europe Index	439	1.6	1.0	6.8	3.9%	63.9	N/A	N/A	N/A

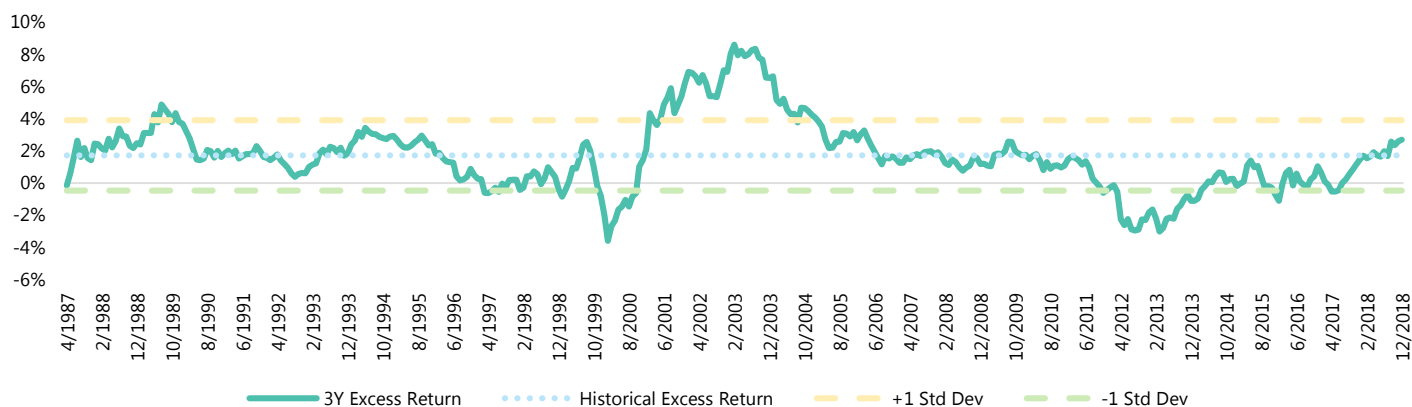
Portfolio characteristics are based on data from FactSet. MSCI Europe Index data is represented by the iShares MSCI Europe UCITS ETF.

Holdings prior to inception are simulated, please see disclosures for important information regarding simulated data.

\*WAMC represents the weighted average market capitalization of the portfolio in EUR billions. \*\*Turnover represents average annual turnover from 1984 to 2018. Turnover data prior to inception is simulated.

†Discount of the portfolio is measured by the geometric average of the quarterly discounts of price to equity, price to book, price to sales, price to cash flow, and dividend yield. Historical median calculation starts on 10/31/2007.

## ROLLING 3-YEAR EXCESS RETURN



Returns prior to index inception are simulated, please see disclosures for important information regarding simulated data. Return data in EUR begin on 5/31/1984.

## HOLDINGS

### Top Index Holdings

Name	Weight
1 Royal Dutch Shell	4.8
2 BP	3.2
3 Total	2.7
4 HSBC	2.6
5 Nestle	2.3
6 Novartis	2.0
7 Banco Santander	1.8
8 Roche Holding	1.5
9 Sanofi	1.5
10 Vodafone	1.4

### Top Benchmark Holdings

Name	Weight
1 Nestle	3.2
2 Royal Dutch Shell	3.2
3 Novartis	2.4
4 Roche Holding	2.2
5 HSBC	2.1
6 Unilever	1.8
7 Total	1.6
8 BP	1.6
9 SAP	1.3
10 Sanofi	1.3

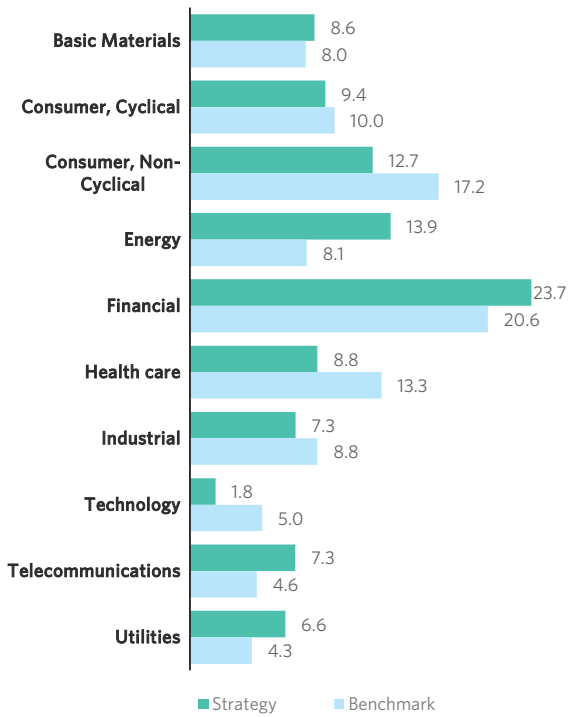
### Top Active Holdings

Name	Weight
1 Royal Dutch Shell	1.7
2 BP	1.6
3 Total	1.1
4 Banco Santander	0.9
5 Vodafone	0.8
1 Nestle	-0.9
2 Unilever	-0.8
3 Roche Holding	-0.7
4 SAP	-0.7
5 Novo Nordisk	-0.7

Security data derived from FactSet. Benchmark holdings are represented by the iShares MSCI Europe UCITS ETF.

## SECTOR BREAKDOWN

### Sector Weights as of 12/31/2018



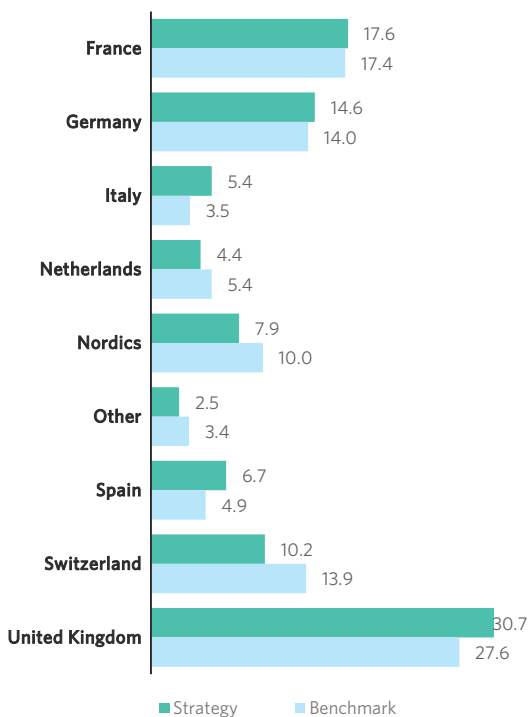
### Q4 Sector Attribution

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Basic Materials	8.48	8.07	-5.34	-0.02	-0.09	-0.11
Consumer, Cyclical	9.09	9.96	-3.39	0.03	0.01	0.04
Consumer, Non-Cyclical	12.64	17.21	2.93	-0.16	-0.07	-0.24
Energy	14.56	8.03	-3.51	-0.26	0.04	-0.22
Financial	23.08	20.43	-1.68	-0.06	0.14	0.08
Health care	9.24	13.80	7.46	-0.24	0.19	-0.05
Industrial	7.10	8.77	-4.53	0.08	0.01	0.09
Technology	1.72	4.96	-7.38	0.24	-0.02	0.21
Telecommunications	7.35	4.58	14.38	0.38	-0.06	0.32
Utilities	6.72	4.18	12.09	0.31	-0.09	0.22
<b>Excess Return</b>						<b>0.34</b>

Portfolio characteristics and securities data derived from FactSet. The attribution has been normalized in EUR to match the return of the strategy, as presented in the performance table on the previous page. Benchmark holdings represented by the iShares MSCI Europe UCITS ETF.

## REGION BREAKDOWN

### Region Weights as of 12/31/2018



### Q4 Region Attribution

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
France	17.48	17.13	-1.81	-0.01	0.02	0.01
Germany	14.10	13.90	-2.01	0.00	0.13	0.13
Italy	5.34	3.48	1.00	0.03	-0.02	0.00
Netherlands	4.53	5.38	0.08	0.00	-0.01	-0.01
Nordics	8.00	9.92	-0.21	0.00	0.00	0.00
Other	2.43	3.23	-5.67	0.04	-0.01	0.03
Spain	6.58	4.82	6.32	0.06	0.14	0.20
Switzerland	10.27	13.81	5.30	-0.14	0.15	0.01
United Kingdom	31.27	28.32	0.68	0.03	-0.07	-0.04
<b>Excess Return</b>						<b>0.34</b>

Portfolio characteristics and securities data derived from FactSet. The attribution has been normalized in EUR to match the return of the strategy, as presented in the performance table on the previous page. Benchmark holdings represented by the iShares MSCI Europe UCITS ETF.

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