

RAFI Fundamental US Index, 12/31/2018

INDEX INFORMATION

Launch:

1/31/2017

Bloomberg Ticker:

RAFIUST 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 US Index	-13.5%	-7.0%	-7.0%	8.6%	7.4%	13.6%	14.6%	0.90	2.7%	0.11
Russell 1000 Index	-13.8%	-4.8%	-4.8%	9.1%	8.2%	13.3%	13.8%	0.94	N/A	N/A

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

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 US Index	477	2.0	1.2	9.2	2.8%	146.3	-27.2%	-22.3%	12.4%
Russell 1000 Index	983	2.8	2.0	12.1	2.1%	166.2	N/A	N/A	N/A

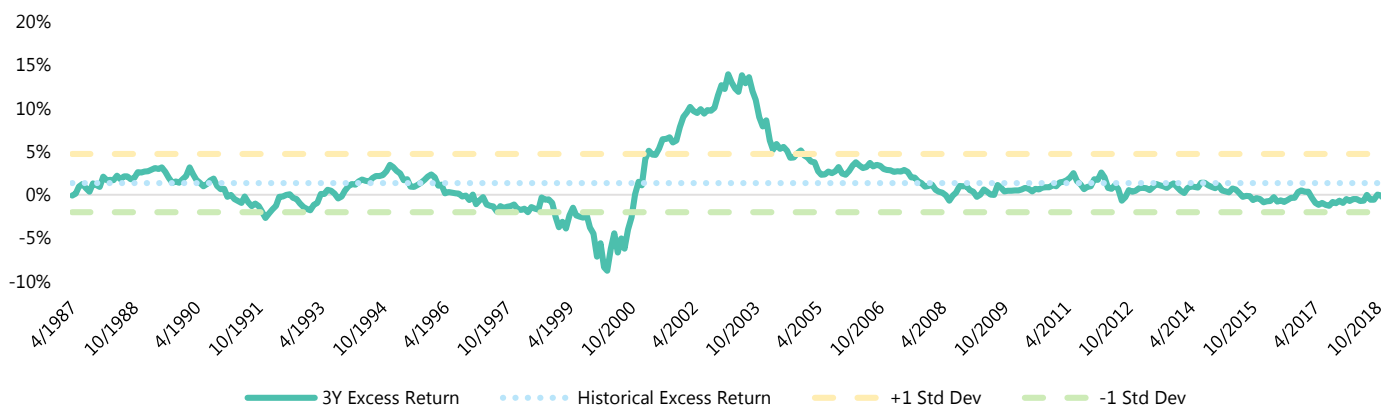
Portfolio characteristics are based on data from FactSet.

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 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 monthly discounts of price to equity, price to book, price to sales, price to cash flow, and dividend yield. Historical median calculation starts on 11/30/1984.

ROLLING 3-YEAR EXCESS RETURN



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

HOLDINGS

Top Index Holdings

Name	Weight
1 Apple	3.0
2 Exxon Mobil	2.8
3 Chevron	2.2
4 Microsoft	2.0
5 AT&T	1.9
6 Berkshire Hathaway	1.8
7 Pfizer	1.7
8 JPMorgan Chase	1.7
9 Wal-Mart	1.5
10 Procter & Gamble	1.4

Top Benchmark Holdings

Name	Weight
1 Microsoft	3.3
2 Apple	3.2
3 Alphabet	2.7
4 Amazon	2.6
5 Berkshire Hathaway	1.7
6 Johnson & Johnson	1.5
7 JPMorgan Chase	1.4
8 Facebook, Inc. Class A	1.3
9 Exxon Mobil	1.2
10 Pfizer	1.1

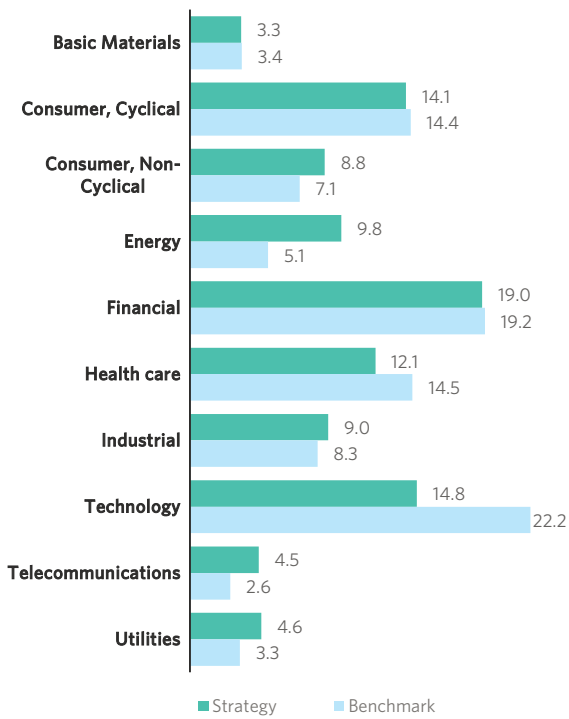
Top Active Holdings

Name	Weight
1 Exxon Mobil	1.6
2 Chevron	1.3
3 AT&T	1.0
4 Wal-Mart	0.9
5 General Electric	0.8
1 Amazon	-2.4
2 Alphabet	-1.6
3 Microsoft	-1.3
4 Facebook, Inc. Class A	-1.1
5 Visa	-0.6

Security data derived from FactSet.

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	3.33	3.37	-2.18	0.00	-0.05	-0.05
Consumer, Cyclical	14.06	14.37	1.97	0.01	0.39	0.39
Consumer, Non-Cyclical	8.73	7.13	6.88	0.09	0.04	0.13
Energy	9.82	5.09	-9.73	-0.53	0.20	-0.33
Financial	19.06	19.21	0.27	-0.01	-0.26	-0.27
Health care	12.13	14.48	7.25	-0.09	0.29	0.20
Industrial	9.03	8.31	-4.48	-0.02	-0.07	-0.08
Technology	14.77	22.17	-3.61	0.25	-0.07	0.18
Telecommunications	4.46	2.62	3.77	0.08	-0.05	0.03
Utilities	4.61	3.25	14.46	0.19	-0.05	0.14
Excess Return						0.35

Portfolio characteristics and securities data derived from FactSet. The attribution has been normalized to match the return of the strategy, as presented in the performance table on the previous page.

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