

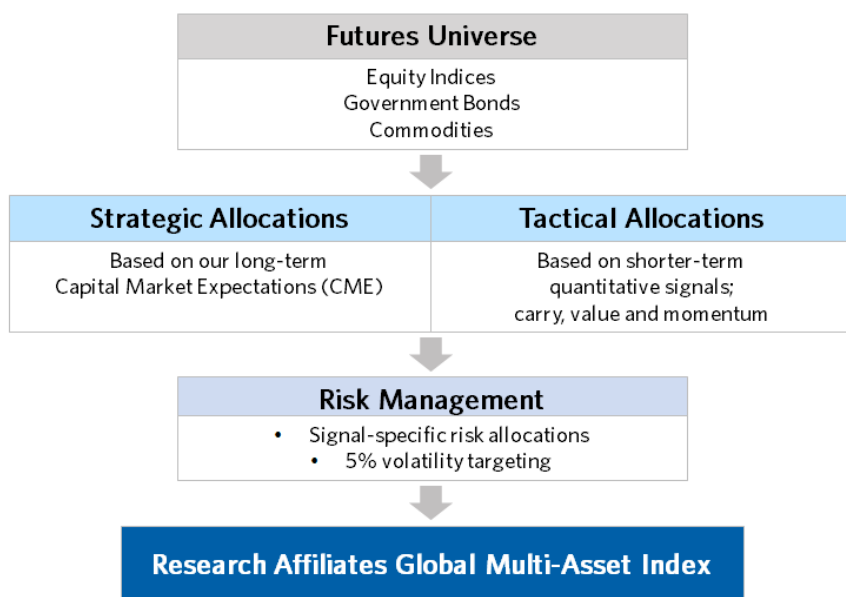
# Research Affiliates® Global Multi-Asset Index

## INDEX OVERVIEW

The Research Affiliates Global Multi-Asset Index provides diversified exposure to global equities, bonds and commodities through futures contracts, while utilizing a proprietary risk management process to manage volatility. Leveraging Research Affiliates' decades long experience forecasting returns across asset classes and deep expertise in multi-asset investing, this index utilizes systematic, rules-based signals to create a strategy that seeks to outperform based on where markets are expected to go, not where they've been.

- Strategic Asset Allocation using Research Affiliates' decades long experience in forecasting long-term asset class returns.
- Tactical Overlay to respond to the news and events that move markets in the short-term.
- Proprietary Risk Management process that aims to provide a consistent level of volatility.

## INDEX CONSTRUCTION PROCESS



## Expected Outcomes and Benefits

1. Global Allocation – Exposure to a diversified set of 22 global stock, bond and commodity futures contracts.
2. Forward Looking Strategic Asset Allocation – Uses proprietary long-term future expected return models to identify underpriced assets.
3. Tactical Adjustments – Uses carry, value and momentum signals to respond to short-term market forces that impact income, valuation and momentum.
4. Proprietary Two Step Risk Management Process – Proprietary risk controls focus on improving the risk/return tradeoff by reducing positions when market risk is significantly elevated.

*The foundation of the index is our Capital Market Expectation models - a set of forward looking models aimed at quantitatively measuring asset expected returns over the coming decade.*

Signatory of:

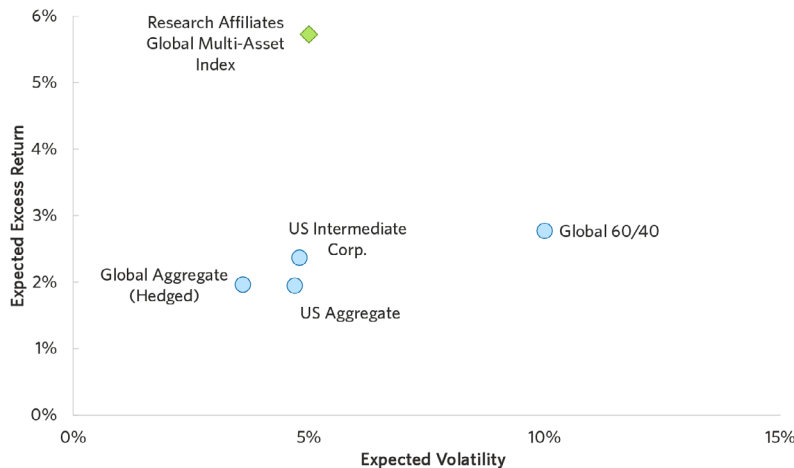


Our forecasting models are grounded upon a solid economic foundation. They reflect current market conditions rather than relying simply upon past returns. We use a “building block” approach to forecasting where we estimate key predictors of return for each asset within the index.

- **Yield:** Steady state return expected from holding index assets (e.g. current yield for bonds and dividend yield for stocks).
- **Growth:** Return from the expected growth, reflecting increased prices from growing cash flows (e.g. GDP growth).
- **Valuation Change:** Return assessing the fair value of each asset (whether the asset is cheap or expensive and assuming mean reversion).
- **Diversification Return:** Return from holding and rebalancing a diversified set of assets.
- **Tactical Alpha:** Additional return expected from making short-term tactical allocation adjustments.

These building blocks form the core of our 10-year index forecast. To learn more about our forecast methodology, please visit: [Research Affiliates Capital Market Expectations Methodology](#).

### EXPECTED 10-YEAR EXCESS RETURN FORECAST:



RESEARCH AFFILIATES GLOBAL MULTI-ASSET INDEX				
<b>Expected 10-Year Nominal Return</b>	<b>8.6%</b>			
Yield	6.4%			
Growth	0.9%			
Valuation Change	0.5%			
Diversification Return	0.2%			
Tactical Alpha	0.6%			
<b>Expected 10-Year Return on Cash</b>	<b>3.3%</b>			
<b>Expected 10-Year Excess Return</b>	<b>5.3%</b>			
Expected Volatility	5.0%			
Expected Sharpe Ratio	1.06			
<b>Cumulative Probability of Forecasted Excess Return</b>				
95%	75%	50%	25%	5%
6.6%	5.9%	5.3%	4.8%	4.0%

Source: Research Affiliates, LLC, as of December 31, 2023, based in USD.

**Note:** All data presented herein are forward-looking estimates based on simulated portfolios computed by Research Affiliates, LLC, and do not reflect the performance of any product or strategy. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time, and speak only as of the date they are made. Research Affiliates, LLC assumes no duty to and does not undertake to update forward-looking statements. The data are based upon reasonable beliefs of Research Affiliates, LLC, but are not a guarantee of future performance. Actual results may differ materially.

### FUTURES UNIVERSE

#### Equity Index Futures

- Australia (ASX SPI 200 Index)
- France (CAC40 Index)
- Italy (FTSE/MIB Index)
- Japan (Nikkei 225 Index)
- United Kingdom (FTSE 100 Index)
- United States (S&P 500 Index)

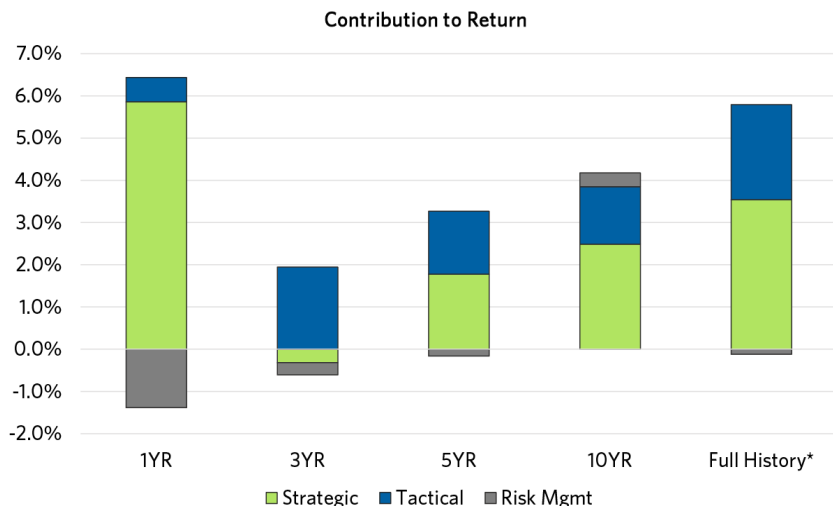
#### 10-Year Govt. Bond Futures

- Australia
- Germany
- Italy
- Japan
- United Kingdom
- United States

#### Commodity Futures

- Brent Oil
- Corn
- Gold
- Gasoil
- Gasoline
- Heating Oil
- Kansas Wheat
- Silver
- Soybean Meal
- Soybeans

## CONTRIBUTION TO EXCESS RETURN: STRATEGIC, TACTICAL & RISK MANAGEMENT



Source: Research Affiliates, LLC, as of December 31, 2023, based in USD.

\* Full History represents the period 1/3/2005 - 11/30/2023. The Research Affiliates Global Multi-Asset Index was launched on 11/24/2023. Index performance prior to launch is simulated. Past simulated performance is not indicative of future results and does not represent actual performance of an investment product based on an index. No allowance has been made for trading costs, management fees, or other costs associated with asset management, as the information provided relates only to the index itself. Actual investment results will differ.

### OUR FORECASTING TOOL



#### Asset Allocation Interactive

Estimates of long-term expected returns for 130+ assets and model portfolios across five currencies with the ability to create, save, and blend customized portfolios.

Visit [researchaffiliates.com/aai](https://researchaffiliates.com/aai).

### RELATED RESEARCH

**“Harnessing Volatility Targeting in Multi-Asset Portfolios”**

Masturzo, Polychronopoulos

**“Breaking Bad Trends”**

Goulding, Harvey, Mazzoleni

### RESEARCH AFFILIATES

## At a Glance

**US\$139B\***

in assets managed worldwide using investment strategies developed by Research Affiliates.

## 400+ articles published

Important recognitions\*\* include:

#### Graham & Dodd Awards

“What Is Quality?”

“Reports of Value’s Death May Be Greatly Exaggerated”

#### William F. Sharpe Indexing Achievement Award

“Fundamental Indexation”

“Rebalancing and the Value Effect”

#### Bernstein Fabozzi/Jacobs Levy Award

“Alice’s Adventures in Factorland: Three Blunders That Plague Factor Investing”

“A Study of Low-Volatility Portfolio Construction Methods”

## 2002

Founded by Rob Arnott and based in Newport Beach, California.

### FIRM LEADERSHIP

Average of **40 years** in industry experience.



**Rob Arnott**  
Partner, Chair



**Chris Brightman, CFA**  
Partner, Chief Executive Officer & Chief Investment Officer



**Katrina Sherrerd, PhD, CFA**  
Partner, Vice Chair



**Campbell Harvey, PhD**  
Partner, Director of Research



**Jim Masturzo, CFA**  
Partner, CIO Multi-Asset Strategies

\*As of December 31, 2023

\*\*Research Affiliates, LLC and its affiliates did not pay fees to be considered for the awards mentioned herein.

## IMPORTANT INFORMATION

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The Index is an excess return index which, among other calculation elements that reduce index performance, does not allocate to any interest-bearing cash rate allocations. Because of this, an excess return version of an index will have lower performance than a total return version of the same index, especially in high interest rate environments.

The Index rebalances daily to meet its 5% volatility control level, and aims to further reduce risk when markets are volatile. While this can lessen the impact of market downturns, it may also limit upside potential.

The Index performance information reflects a 0.50% per annum deduction rate which will have a negative impact on performance.

Past performance of an index is not indicative of future results. Performance information of the Index represents simulated performance or performance based on combined simulated Index data (prior to Index launch of 11/24/23) and live Index data (post-Index launch). Indexes are unmanaged and cannot be invested in directly. Past simulated performance is no guarantee of future performance and does not represent actual performance of an investment product based on an index. No allowance has been made for trading costs, management fees, or other costs associated with asset management, as the information provided relates only to the index itself. Performance data includes reinvestment of all dividends and income. Actual investment results will differ. The simulated data may have under- or over-compensated for the impact, if any, of certain market factors. Simulated returns may not reflect the impact that material economic and market factors might have had on an investor's decision making. Simulated data is subject to the fact that it is designed with the benefit of hindsight. Simulated returns carry the risk that actual performance is not as depicted due to inaccurate predictive modeling. Simulated returns cannot predict how an investment strategy will perform in the future. Investors may experience loss of all or some of their investment.

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