

RAFI Fundamental Index Series

Performance Commentary: Q3 2018

RAFI Fundamental Global Index 3.98% vs. FTSE All-World Index 4.36% (returns in USD)

The RAFI Fundamental Global Index underperformed its benchmark, the FTSE All World Index, by 38 bps for the quarter driven by continued headwinds in value (4.2% for MSCI ACWI Value vs 4.4% MSCI ACWI).

The biggest detractor to underperformance was an underweight to Amazon (-0.18 bps). Technology was a mixed bag with an underweight allocation resulting in the next two largest detractors from performance, Apple (-10 bps), and Microsoft (-9 bps), as well as the three biggest contributors, Facebook (17 bps), Tencent (13 bps), and Alibaba (5 bps). Regionally, an underweight to the United States was the biggest detractor of performance (-0.26 bps) which is not surprising considering the three largest detractors were all US companies.

From a sector perspective, the health care and financial sectors were the biggest detractors to return at -10 bps and -7 bps, respectively. Meanwhile, the Energy and Consumer Non-Cyclical sectors were modest contributors at 5 bps and 4 bps, respectively.

	RAFI Fundamental Global Index			FTSE All-World Index			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	3.99	100.00	100.00	4.36	-0.49	0.11	-0.37
Basic Materials	7.90	7.40	0.98	5.95	5.72	0.82	-0.06	0.01	-0.05
Consumer, Cyclical	12.40	12.26	2.13	14.02	13.83	2.81	0.02	-0.08	-0.06
Consumer, Non-Cyclical	8.41	8.56	2.47	9.05	8.85	2.09	0.01	0.03	0.04
Carrefour SA	0.05	0.07	18.35	0.02	0.02	18.35	0.01	--	0.01
Walgreens Boots Alliance	0.14	0.18	22.23	0.11	0.13	22.23	0.01	--	0.01
British American Tobacco	0.17	0.16	-7.56	0.25	0.23	-7.56	0.01	--	0.01
CVS Health Corporation	0.33	0.43	23.26	0.14	0.17	23.26	0.04	--	0.04
Energy	13.25	12.60	4.06	6.75	6.63	2.85	-0.10	0.15	0.05
ConocoPhillips	0.46	0.43	11.63	0.18	0.19	11.63	0.02	--	0.02
Public Joint-Stock Compar	0.21	0.22	16.82	0.05	0.06	16.82	0.02	--	0.02
Oil company LUKOIL PJS	0.22	0.23	15.10	--	--	--	0.02	--	0.02
Petroleo Brasileiro SA Spo	0.20	0.21	20.53	--	--	--	0.03	--	0.03
Financial	21.92	21.68	2.02	20.86	20.24	2.22	-0.03	-0.05	-0.07
Berkshire Hathaway Inc. C	--	--	--	0.27	0.29	13.46	-0.02	--	-0.02
Banco Santander S.A.	0.40	0.38	-5.04	0.19	0.17	-5.04	-0.02	--	-0.02
HSBC Holdings Plc	0.63	0.56	-5.90	0.41	0.37	-5.90	-0.02	--	-0.02
Barclays PLC	0.20	0.18	-9.05	0.09	0.08	-9.05	-0.01	--	-0.01
Health care	7.82	8.59	11.61	10.72	11.44	10.75	-0.17	0.07	-0.10
Illumina, Inc.	--	--	--	0.09	0.11	31.43	-0.02	--	-0.02
Johnson & Johnson	0.47	0.55	14.63	0.72	0.78	14.63	-0.02	--	-0.02
Biogen Inc.	0.05	0.06	21.73	0.13	0.15	21.73	-0.01	--	-0.01
Intuitive Surgical, Inc.	0.03	0.03	19.96	0.12	0.14	19.96	-0.01	--	-0.01
Industrial	8.92	9.09	5.32	8.62	8.74	6.17	0.01	-0.07	-0.07
Technology	10.36	10.66	7.80	17.94	18.44	6.43	-0.15	0.13	-0.02
Telecommunications	4.70	4.97	5.51	3.17	3.25	6.87	0.04	-0.06	-0.02
Utilities	4.32	4.20	0.14	2.91	2.85	0.45	-0.05	-0.01	-0.07

RAFI Fundamental Developed Index 4.12% vs. FTSE All-World Developed Index 4.91% (returns in USD)

The RAFI Fundamental Developed Index underperformed its benchmark, the FTSE AW Developed, by 79 bps for the quarter driven by continued headwinds in value (5.1% for MSCI World vs. 4.2% for MSCI World Value).

The consumer cyclical and health care sectors were the biggest detractors to return at -22 bps and -13 bps, respectively. The underperformance in consumer cyclicals was driven by an underweight to Amazon which detracted 19 bps. Similar to Global, underweights to Apple and Microsoft also detracted from performance (-10bps and -9bps respectively) while the underweight to Facebook proved to be the biggest contributor to excess return (19 bps).

Regionally, an overweight to the United Kingdom was the biggest detractor (-0.17 bps).

	RAFI Fundamental Developed Index			FTSE All-World Developed			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	4.12	100.00	100.00	4.92	-0.69	-0.11	-0.80
Basic Materials	7.24	6.70	0.01	5.59	5.32	-0.02	-0.07	-0.00	-0.07
Consumer, Cyclical	13.06	12.93	2.67	13.95	13.91	4.40	0.00	-0.22	-0.22
Amazon.com, Inc.	0.13	0.15	17.84	1.69	1.90	17.84	-0.19	--	-0.19
General Motors Company	0.27	0.23	-13.60	0.13	0.10	-13.60	-0.03	--	-0.03
Ford Motor Company	0.21	0.18	-15.25	0.11	0.08	-15.25	-0.02	--	-0.02
Toyota Motor Corp.	0.67	0.61	-2.13	0.40	0.37	-2.13	-0.02	--	-0.02
Consumer, Non-Cyclical	8.71	8.88	2.63	9.35	9.12	2.33	0.01	0.03	0.04
Carrefour SA	0.06	0.08	18.35	0.02	0.02	18.35	0.01	--	0.01
Walgreens Boots Alliance	0.16	0.21	22.23	0.12	0.14	22.23	0.01	--	0.01
British American Tobacco	0.19	0.18	-7.56	0.28	0.25	-7.56	0.01	--	0.01
CVS Health Corporation	0.38	0.49	23.26	0.16	0.19	23.26	0.04	--	0.04
Energy	12.95	12.09	2.50	6.54	6.32	1.26	-0.22	0.15	-0.08
Financial	21.22	21.07	2.39	20.09	19.48	2.52	-0.03	-0.03	-0.06
Health care	8.73	9.59	11.76	11.61	12.35	11.29	-0.17	0.04	-0.13
Illumina, Inc.	--	--	--	0.10	0.13	31.43	-0.03	--	-0.03
Johnson & Johnson	0.53	0.62	14.63	0.79	0.86	14.63	-0.02	--	-0.02
Biogen Inc.	0.06	0.07	21.73	0.15	0.17	21.73	-0.02	--	-0.02
Intuitive Surgical, Inc.	0.03	0.03	19.96	0.13	0.15	19.96	-0.01	--	-0.01
Industrial	9.51	9.68	5.43	9.08	9.16	6.47	0.01	-0.10	-0.09
Technology	9.74	10.07	8.84	17.87	18.41	7.50	-0.21	0.12	-0.09
Telecommunications	4.44	4.74	6.03	2.98	3.06	8.09	0.05	-0.09	-0.04
Telstra Corporation Limited	0.05	0.06	23.41	0.02	0.02	23.41	0.01	--	0.01
Telefonaktiebolaget LM Ericsson	0.16	0.17	14.57	0.06	0.06	14.57	0.01	--	0.01
CenturyLink, Inc.	0.14	0.16	16.57	0.04	0.05	16.57	0.01	--	0.01
QUALCOMM Incorporated	0.26	0.34	29.49	0.20	0.25	29.49	0.02	--	0.02
Utilities	4.40	4.27	0.53	2.95	2.88	0.66	-0.06	-0.01	-0.07

RAFI Fundamental US Index 6.88% vs. Russell 1000 Index 7.35% (returns in USD)

The RAFI Fundamental US Index underperformed its benchmark, the Russell 1000, by 47 bps for the quarter driven by continued headwinds in value (7.4% for Russell 1000 vs. 5.7% for Russell 1000 Value).

The consumer cyclical and energy sectors were the biggest detractors to return at -27 bps and -24 bps, respectively. Meanwhile, the financial and consumer non-cyclical sectors were the biggest contributors to excess return at 12 bps and 8 bps, respectively. From a stock level perspective, the biggest detractors were Amazon (-24 bps), General Electric (-14 bps), and Chevron Corporation (-12 bps). Facebook (33 bps), Pfizer (9 bps), and CVS Health (9 bps) were the largest contributors to returns.

	RAFI Fundamental US Index			Russell 1000			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	6.88	100.00	100.00	7.42	-0.74	0.20	-0.54
Basic Materials	3.93	3.62	0.04	3.40	3.19	0.54	-0.03	-0.02	-0.05
Consumer, Cyclical	13.97	13.87	4.82	14.50	14.49	6.81	0.00	-0.27	-0.27
Amazon.com, Inc.	0.27	0.30	17.84	2.68	2.96	17.84	-0.24	--	-0.24
General Motors Company	0.55	0.45	-13.60	0.20	0.16	-13.60	-0.07	--	-0.07
Ford Motor Company	0.44	0.36	-15.25	0.17	0.13	-15.25	-0.06	--	-0.06
Twenty-First Century Fox,	0.51	0.44	-6.39	0.20	0.18	-6.39	-0.04	--	-0.04
Consumer, Non-Cyclical	7.30	7.71	7.06	6.76	6.59	5.75	-0.01	0.10	0.08
Zillow Group, Inc. Class C	--	--	--	0.03	0.02	-25.08	0.01	--	0.01
Fluor Corporation	0.12	0.13	19.54	0.03	0.03	19.54	0.01	--	0.01
Walgreens Boots Alliance	0.33	0.41	22.23	0.20	0.22	22.23	0.02	--	0.02
CVS Health Corporation	0.77	0.97	23.26	0.25	0.29	23.26	0.09	--	0.09
Energy	12.57	11.37	2.19	6.13	5.80	0.89	-0.40	0.15	-0.24
Chevron Corporation	2.17	1.97	-2.36	0.93	0.85	-2.36	-0.12	--	-0.12
Exxon Mobil Corporation	2.73	2.77	3.83	1.36	1.31	3.83	-0.05	--	-0.05
Schlumberger NV	0.58	0.49	-8.38	0.36	0.31	-8.38	-0.03	--	-0.03
Phillips 66	0.72	0.63	1.06	0.18	0.17	1.06	-0.03	--	-0.03
Financial	18.37	17.75	4.18	17.77	17.02	3.44	-0.02	0.14	0.12
Public Storage	0.07	0.06	-10.27	0.13	0.11	-10.27	0.01	--	0.01
S&P Global, Inc.	0.09	0.08	-3.93	0.20	0.18	-3.93	0.01	--	0.01
E*TRADE Financial Corpor	--	--	--	0.06	0.05	-14.34	0.01	--	0.01
Charles Schwab Corporatic	0.09	0.08	-3.57	0.24	0.21	-3.57	0.02	--	0.02
Health care	11.03	12.03	15.05	13.21	14.04	14.05	-0.13	0.10	-0.02
Industrial	8.86	9.12	8.36	8.53	8.72	10.15	0.01	-0.15	-0.14
Technology	16.26	16.52	10.40	24.38	24.87	9.40	-0.16	0.14	-0.02
Telecommunications	3.82	4.18	11.10	2.46	2.54	11.16	0.05	-0.00	0.05
Utilities	3.89	3.82	2.50	2.87	2.75	2.42	-0.06	0.00	-0.05

RAFI Fundamental Developed ex US Index 1.46% vs. FTSE All-World Developed ex US Index 1.35% (returns in USD)

The RAFI Fundamental Developed ex US Index slightly outperformed its benchmark, the FTSE All-World Developed ex US, by 11 bps for the quarter, despite value underperforming the market (1.4% for MSCI World ex USA vs. 1.2% for MSCI World ex USA Value).

The Energy sector was the main driver to outperformance, contributing 13 bps with an overweight allocation to Total contributing almost half of the outperformance (5 bps) having posted returns of 7.62% during the quarter.

Technology contributed modestly to outperformance (8 bps) while the Telecommunications sector slightly detracted (-7 bps). The largest contributor at the stock level was Medtronic (7 bps).

From a region perspective, the overweight to Japan contributed 21 bps to excess returns, but the returns were spread amongst a number of names and not dominated by one or two individual stocks.

	RAFI Fundamental Developed ex US Index			FTSE All-World Developed x US			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	1.47	100.00	100.00	1.35	-0.02	0.14	0.12
Basic Materials	10.48	9.88	0.06	9.29	9.10	-0.35	-0.02	0.04	0.02
Consumer, Cyclical	12.28	12.09	0.31	12.39	12.31	0.06	0.00	0.03	0.03
Consumer, Non-Cyclical	10.29	10.27	-0.54	13.03	12.77	-0.42	0.04	-0.01	0.03
Energy	12.33	11.95	2.88	6.85	6.87	2.02	0.03	0.10	0.13
Royal Dutch Shell Plc Clas	--	--	--	0.79	0.76	-0.75	0.02	--	0.02
Enbridge Inc.	0.15	0.15	-8.45	0.36	0.32	-8.45	0.02	--	0.02
Idemitsu Kosan Co., Ltd.	0.07	0.11	49.57	0.03	0.04	49.57	0.02	--	0.02
Total SA	1.72	1.76	7.62	0.90	0.94	7.62	0.05	--	0.05
Financial	24.14	24.53	1.06	24.31	24.21	1.25	-0.00	-0.04	-0.04
Health care	6.58	7.13	6.52	9.27	9.72	5.64	-0.11	0.06	-0.05
Lonza Group AG	--	--	--	0.12	0.15	29.24	-0.03	--	-0.03
Roche Holding Ltd Genuss	0.58	0.69	9.58	0.91	0.98	9.58	-0.02	--	-0.02
Teva Pharmaceutical Indus	0.32	0.31	-7.56	0.13	0.12	-7.56	-0.02	--	-0.02
Novartis AG	0.80	0.95	13.97	0.97	1.09	13.97	-0.02	--	-0.02
Industrial	10.28	10.37	2.86	10.58	10.70	2.74	-0.01	0.01	0.01
Technology	3.52	3.55	1.93	7.53	7.54	0.64	0.03	0.04	0.08
STMicroelectronics NV	0.05	0.04	-18.24	--	--	--	-0.01	--	-0.01
Tokyo Electron Ltd.	0.06	0.05	-18.02	0.16	0.12	-18.02	0.02	--	0.02
ASML Holding NV	0.11	0.10	-5.68	0.47	0.44	-5.68	0.03	--	0.03
SK hynix Inc	--	--	--	0.24	0.20	-14.30	0.04	--	0.04
Telecommunications	5.07	5.32	2.34	3.61	3.74	4.82	0.06	-0.13	-0.07
Vodafone Group Plc	0.74	0.67	-11.61	0.38	0.33	-11.61	-0.05	--	-0.05
SoftBank Group Corp.	0.26	0.40	40.57	0.36	0.50	40.57	-0.03	--	-0.03
Telefonica SA	0.48	0.46	-6.82	0.23	0.21	-6.82	-0.02	--	-0.02
Telecom Italia S.p.A.	0.11	0.09	-18.37	0.05	0.04	-18.37	-0.01	--	-0.01
Utilities	5.04	4.89	-0.81	3.14	3.05	-1.54	-0.05	0.04	-0.01

RAFI Fundamental Europe Index 0.64% vs. FTSE All-World Developed Europe Index 0.28% (returns in USD)

The RAFI Fundamental Europe Index underperformed its benchmark, the FTSE AW Developed Europe, by 19 bps for the quarter. In Europe, value underperformed the market (0.8% for MSCI Europe vs. 0.4% for MSCI Europe Value), providing headwinds for returns.

The biggest detractors from returns came from the health care and industrial sectors (-11 bps and 10 bps respectively) driven by a lack of exposure to health care stock Lonza Group (which returned 29.24% during the quarter and detracted 6 bps from returns), as well as underweights to Roche Holding (-4 bps), Novartis (-3 bps), and industrial stock Safran (-3 bps).

Outside of the health care and industrial sectors, overweights to Vodafone and a lack of exposure to Wirecard detracted from performance (-9 bps and -7 bps respectively).

Regionally, the UK and Switzerland were the two biggest detractors which can be attributed to the aforementioned negative contributions from Lonza Group (Switzerland) and Vodafone (UK)

Energy continued to be a bright spot, adding 18 bps to excess return driven largely by an overweight to Total which was up 7.62% for the quarter and contributed 10 bps to performance.

	RAFI Fundamental Europe Index			FTSE All-World Developed Europe			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	0.59	100.00	100.00	0.81	-0.18	-0.04	-0.22
Basic Materials	10.10	9.46	-1.52	9.49	9.29	-0.75	-0.01	-0.07	-0.08
Consumer, Cyclical	9.63	9.55	-0.26	10.87	10.84	-1.16	0.02	0.09	0.11
Industria de Diseno Textil,	0.18	0.18	-11.23	0.39	0.34	-11.23	0.02	--	0.02
Paddy Power Betfair plc	--	--	--	0.10	0.07	-22.04	0.02	--	0.02
Zalando SE	--	--	--	0.08	0.06	-30.36	0.03	--	0.03
Volkswagen AG Pref	0.88	0.89	6.04	0.33	0.34	6.04	0.03	--	0.03
Consumer, Non-Cyclical	11.82	12.09	0.03	16.21	15.89	0.24	0.02	-0.02	-0.00
Energy	16.91	16.40	3.15	8.24	8.45	3.19	0.18	-0.01	0.18
Royal Dutch Shell Plc Clas	--	--	--	1.45	1.40	-0.75	0.02	--	0.02
BP p.l.c.	3.92	3.72	2.07	1.61	1.60	2.07	0.03	--	0.03
Eni S.p.A.	1.48	1.45	4.48	0.50	0.50	4.48	0.03	--	0.03
Total SA	3.18	3.25	7.62	1.66	1.74	7.62	0.10	--	0.10
Financial	22.50	22.79	-0.18	21.32	21.13	0.04	-0.01	-0.05	-0.05
Health care	7.61	8.38	5.68	12.07	12.62	4.98	-0.17	0.05	-0.11
Lonza Group AG	--	--	--	0.21	0.27	29.24	-0.06	--	-0.06
Roche Holding Ltd Genuss	1.06	1.28	9.58	1.67	1.80	9.58	-0.04	--	-0.04
Novartis AG	1.46	1.74	13.97	1.78	2.00	13.97	-0.03	--	-0.03
Shire PLC	0.18	0.24	7.18	0.55	0.58	7.18	-0.02	--	-0.02
Industrial	7.24	7.42	1.25	9.10	9.21	2.27	-0.03	-0.07	-0.10
Safran S.A.	0.21	0.23	15.40	0.42	0.48	15.40	-0.03	--	-0.03
Airbus SE	0.27	0.27	7.34	0.70	0.74	7.34	-0.03	--	-0.03
Ryanair Holdings Plc	0.12	0.10	-17.32	--	--	--	-0.02	--	-0.02
DSV A/S	--	--	--	0.16	0.18	12.58	-0.02	--	-0.02
Technology	1.86	1.88	1.15	5.08	5.21	1.82	-0.03	-0.01	-0.05
Telecommunications	6.04	6.04	-2.74	3.84	3.73	-2.68	-0.08	-0.01	-0.09
Utilities	6.29	5.98	-1.58	3.78	3.63	-2.52	-0.08	0.06	-0.02

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RAFI Fundamental Emerging Markets Index 2.92% vs. FTSE All-World Emerging Index -0.64% (returns in USD)

The RAFI Fundamental Emerging Markets Index outperformed its benchmark, the FTSE AW Emerging, by 356 bps for the quarter. Value bounced back strongly after underperforming last quarter (-0.9% for MSCI Emerging Markets vs 3.7% for MSCI EM Value).

The outperformance was driven by the consumer cyclical and energy sectors which contributed 122 bps and 97 bps respectively. Within consumer cyclicals, underweights to Alibaba (38 bps) and Naspers (30 bps) accounted for over half the outperformance within the sector. Performance within the energy sector was dominated by Petrobras (27 bps) and LUKOIL (20 bps).

Outside of the consumer cyclical and energy sectors, an underweight to technology firm Tencent accounted for almost 1/3 of the outperformance, which fell over 17% during the quarter.

The underweight to Taiwan Semiconductor Manufacturing Co (which was up ~ 20% during the quarter) was the largest detractor from performance.

Regionally, the underweight to China accounted for 293 bps of excess returns driven largely by underweights to Ali Baba and Tencent.

	RAFI Fundamental Emerging Markets Index			FTSE All-World Emerging			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	3.00	100.00	100.00	-0.77	2.15	1.63	3.78
Basic Materials	13.01	12.85	5.12	9.22	9.68	5.54	0.21	-0.05	0.16
Consumer, Cyclical	7.28	7.03	-4.84	14.60	13.06	-11.12	0.74	0.48	1.22
TAL Education Group Spor	--	--	--	0.23	0.19	-30.14	0.07	--	0.07
JD.com, Inc. Sponsored AI	0.19	0.13	-33.02	0.69	0.47	-33.02	0.17	--	0.17
Naspers Limited Class N	0.27	0.24	-15.01	2.42	2.09	-15.01	0.30	--	0.30
Alibaba Group Holding Ltd.	0.85	0.71	-11.19	4.46	4.09	-11.19	0.38	--	0.38
Consumer, Non-Cyclical	5.97	6.03	0.70	6.32	6.25	-1.19	0.01	0.12	0.12
Energy	15.76	16.68	14.15	8.71	9.74	13.89	0.91	0.05	0.97
China Petroleum & Chemic	1.44	1.58	14.82	0.51	0.58	14.82	0.15	--	0.15
Public Joint-Stock Compar	1.81	1.97	16.82	0.53	0.60	16.82	0.22	--	0.22
Oil company LUKOIL PJSK	2.14	2.12	15.10	--	--	--	0.30	--	0.30
Petroleo Brasileiro SA Spo	1.70	1.86	20.53	--	--	--	0.35	--	0.35
Financial	27.26	26.40	-0.28	27.93	27.72	0.26	-0.01	-0.16	-0.16
Ping An Insurance (Group)	0.42	0.44	11.44	1.03	1.16	11.44	-0.08	--	-0.08
First Abu Dhabi Bank P.J.S	--	--	--	0.20	0.24	17.70	-0.04	--	-0.04
Alpha Bank AE	0.17	0.10	-35.64	0.07	0.05	-35.64	-0.03	--	-0.03
HDFC Bank Limited Spons	0.32	0.29	-10.40	--	--	--	-0.03	--	-0.03
Health care	0.77	0.81	-0.36	2.60	2.54	-11.04	0.19	0.10	0.29
Industrial	4.36	4.54	3.62	4.48	4.58	0.61	0.00	0.14	0.14
Technology	15.17	15.24	2.68	18.58	18.75	-2.97	0.09	0.85	0.94
Telecommunications	6.68	6.79	2.72	4.95	5.15	0.26	0.02	0.16	0.18
Utilities	3.73	3.63	-3.52	2.60	2.52	-1.79	-0.01	-0.07	-0.08
Korea Electric Power Corp	0.55	0.56	-7.85	--	--	--	-0.05	--	-0.05
Energy Absolute Public Cc	--	--	--	0.04	0.06	50.93	-0.02	--	-0.02
Companhia Energetica de	0.22	0.21	-5.51	0.04	0.04	-5.51	-0.01	--	-0.01
Korea Gas Corporation	0.17	0.15	-5.00	--	--	--	-0.01	--	-0.01

RAFI Fundamental UK All Company Index -2.22% vs. FTSE All Share Index -2.03% (returns in GBP)

The RAFI Fundamental UK All Company Index underperformed its benchmark, the FTSE All-Share, by 19 bps for the quarter. In the UK, value underperformed the market this quarter (-1.6% for MSCI UK vs. -2.9% MSCI UK Value), providing a tailwind for returns.

The financial and telecommunications sectors were the biggest detractors to return at -37 bps and -18 bps, respectively. Meanwhile, energy was the biggest contributors to excess return at 41 bps. The underperformance in financials was driven by an overweight to large banks and in particular Barclays (-8 bps), Standard Chartered (-6 bps) and HSBC (-6bps). An overweight to Vodafone drove the underperformance in the telecommunications sector, detracting 20bps from excess returns.

The overweight to energy resulted in 41 bps of outperformance of which the majority of the outperformance can be attributed to overweights to BP (27 bps) and Royal Dutch Shell (16 bps).

	RAFI Fundamental UK All Company Index			FTSE All Share			Attribution Analysis		
	Port. Beginning Weight	Port. Ending Weight	Port. Total Return	Bench. Beginning Weight	Bench. Ending Weight	Bench. Total Return	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	100.00	-2.25	100.00	100.00	-2.04	0.06	-0.27	-0.21
Basic Materials	11.07	10.12	-3.92	9.84	9.51	-3.93	-0.02	0.01	-0.01
Consumer, Cyclical	8.80	9.11	-3.02	10.11	10.00	-2.76	0.00	-0.03	-0.02
Consumer, Non-Cyclical	12.68	13.14	-2.48	17.08	17.50	-2.39	0.02	-0.01	0.01
Energy	23.29	23.07	1.60	14.24	14.53	0.96	0.27	0.14	0.41
Petrofac Limited	0.16	0.16	11.13	0.06	0.07	11.13	0.01	--	0.01
John Wood Group PLC	0.29	0.34	22.81	0.17	0.21	22.81	0.03	--	0.03
Royal Dutch Shell Plc Clas	11.28	11.09	0.46	4.92	4.99	0.46	0.16	--	0.16
BP p.l.c.	11.05	11.01	2.07	4.60	4.74	2.07	0.27	--	0.27
Financial	21.82	21.35	-4.92	26.49	26.17	-3.09	0.05	-0.42	-0.37
Barclays PLC	2.34	2.19	-9.05	1.31	1.21	-9.05	-0.08	--	-0.08
Standard Chartered PLC	1.65	1.55	-8.63	0.76	0.71	-8.63	-0.06	--	-0.06
HSBC Holdings Plc	7.23	6.94	-5.90	5.81	5.54	-5.90	-0.06	--	-0.06
Hargreaves Lansdown plc	0.05	0.05	13.47	0.21	0.24	13.47	-0.03	--	-0.03
Health care	6.66	7.32	5.36	8.73	9.26	4.35	-0.12	0.06	-0.06
Industrial	6.11	6.15	-3.23	6.16	6.08	-3.17	-0.00	-0.00	-0.01
Technology	0.55	0.45	-2.94	1.64	1.49	-5.33	0.04	0.01	0.05
Sage Group plc	0.18	0.18	-7.86	0.28	0.26	-7.86	0.01	--	0.01
Sophos Group Plc	--	--	--	0.08	0.07	-24.13	0.02	--	0.02
Rightmove plc	--	--	--	0.19	0.17	-12.39	0.02	--	0.02
Playtech plc	--	--	--	0.09	0.06	-34.65	0.03	--	0.03
Telecommunications	5.05	5.12	-7.46	2.97	2.81	-6.20	-0.10	-0.07	-0.18
Vodafone Group Plc	3.86	3.70	-11.61	2.00	1.81	-11.61	-0.20	--	-0.20
Inmarsat plc	0.12	0.14	-9.09	0.10	0.09	-9.09	-0.00	--	-0.00
Spirent Communications p	0.01	0.01	16.48	0.03	0.03	16.48	-0.00	--	-0.00
Vitec Group plc	--	--	--	0.02	0.03	6.43	-0.00	--	-0.00
Utilities	3.98	4.17	-5.41	2.74	2.63	-6.29	-0.08	0.04	-0.04

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