Overview

Intech® low volatility strategies help you control funded status volatility by seeking upside equity market participation and downside protection. We construct these strategies irrespective of a low-volatility anomaly or factor; instead, we focus on low-volatility outcomes.

Investment Platform: Defensive

Benchmark: MSCI All Country World ex USA Index

Expected Risk Reduction: Up to 55%

Expected risk reduction includes an effort to manage risk relative to a benchmark index, which should not be confused with and does not imply low investment risk or the ability to control risk. It is a long-term annualized forecast gross of fees. Do not consider or rely on it as a performance guarantee. Actual results may vary.

Applications

These strategies may address a wide range of needs:

• Allow for higher equity exposure without increasing risk throughout a target-date glide path
• Reduce the 100% downside capture of cap-weighted passive strategies
• De-risk a well-funded plan while maintaining equity exposure
• Increase equity exposure without increasing equity risk budget
• Avoid index arbitrage and limitations inherent in minimum volatility indexes
Philosophy and Process

An Approach with Real Distinction

We adhere to a different investment paradigm than the traditional financial economics embraced by most asset managers—both fundamental and quantitative.

Our approach is linked to Modern Portfolio Theory, but we base our decision model on observations, not expectations. Our model inputs are observed stock price volatility and correlations. We don’t rely on subjective forecasts of markets, factors, or company performance.

Straightforward Three-step Process

Our Princeton-based investment team applies our approach across a three-step process designed to deliver consistent results over time:

1. **Estimate** volatility and correlations of the stocks in a benchmark.
2. **Optimize** portfolio weights for diversification consistent with our clients’ risk-return objectives.
3. **Rebalance** target weights actively and cost-efficiently—seeking trading profit, replenishing diversification, and compounding gains over time.

### Defensive Equity Leadership

| #7 / | LOW VOLATILITY INSTITUTIONAL QUANTITATIVE MANAGER BY AUM |
| 12 / | LARGEST NUMBER OF FUNDED LOW VOLATILITY EQUITY STRATEGIES |
| $10 / | BILLION IN LOW VOLATILITY EQUITY ASSETS UNDER MANAGEMENT |
| 7+ / | YEARS GENERATING LOW VOLATILITY EQUITY RESULTS FOR INSTITUTIONS |

Assets under management, ranks, and the number of strategies are based on data reported to the eVestment Alliance databases as of March 31, 2019, and included all active equity strategies where the primary investment approach is equal to “quantitative” and are included in the “eA Low Volatility Equity” universe. This group included 46 managers. Information is current as of the date shown and may change at any time.

About Intech®

Intech® is a specialized global asset management firm that harnesses stock price volatility as a source of excess return and a key to risk control. Founded in 1987 in Princeton, NJ by pioneering mathematician Dr. E. Robert Fernholz, Intech® serves institutional investors across five continents, delivering relative return, low volatility, adaptive volatility and absolute return investment solutions.

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Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal and fluctuation of value. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. Low volatility strategies tend to underperform the index during periods of strong up markets and may not achieve the desired level of protection in down markets.

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