



# Intech® Global Enhanced Index ex Australia

Product summary for institutional investors only

## TAP A RELIABLE ALPHA SOURCE

Equity price volatility is ubiquitous and has been our source of excess return and a key to risk control for over 30 years. Our clients can reduce their dependence on traditional alpha sources like “undiscovered” value, earnings “surprises” or transitory factor premiums.

## ACCEPT A “COMPLEMENT”

We don’t forecast individual stock returns; instead, we use volatility and correlations, attempting to improve diversification and capture a rebalancing premium. This fundamental difference has the potential to produce excess returns uncorrelated with those of conventional managers.

## IMPROVE RISK BUDGETING

The typical active manager increases active bets as the range of stock returns increase (i.e., dispersion). We do the opposite, potentially offering a more stable ex-post tracking error compared to traditional managers. Stable active risk means a more stable risk budget.

## Overview

We construct Intech® enhanced equity strategies with the objective of improving the probability of excess return over an index. They attempt to improve upon index returns and minimize tracking error.

**Investment Platform:** Enhanced Equity

**Benchmark:** MSCI World ex Australia Index

**Expected Tracking Error:** 1-1.5%

Expected tracking error 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:

- Replace or supplement index or smart beta strategies
- Complement traditional managers in multi-manager mandates or defined contribution plans
- Narrow the range of excess return outcomes
- Apply risk controls (see reverse) to what’s usually your largest source of portfolio volatility
- Control surplus volatility

# Philosophy and Process

## An Approach with Real Distinction

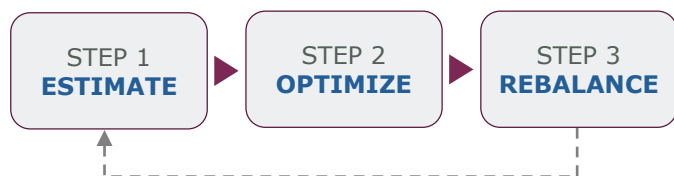
We adhere to a different investment paradigm than the traditional financial economics embraced by most asset managers – both fundamental and quantitative.

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 or individual stocks.

## 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.



LEARN MORE ABOUT OUR SOLUTIONS  
[INTECHINVESTMENTS.COM](https://www.intechinvestments.com)

## Enhanced Equity Leadership

**#7** / ENHANCED EQUITY INSTITUTIONAL QUANTITATIVE MANAGER BY AUM

**#1** / ENHANCED EQUITY QUANT MANAGER IN AUSTRALIA BY AUM

**\$11** / BILLION IN ENHANCED EQUITY ASSETS UNDER MANAGEMENT

**10+** / AVERAGE ENHANCED EQUITY ACCOUNT TENURE IN YEARS

Assets under management and ranks are based on data reported to the eVestment Alliance databases as of September 30, 2021, and included all institutional active equity strategies where the primary investment approach is equal to "quantitative" and the primary universe is enhanced equity. This group included 40 managers. Information is current as of the date shown and may change at any time. Tenure is based on Intech enhanced equity accounts for the period ended September 30, 2021.

## 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 traditional equity, defensive equity, 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. Risk controls, as referenced, do not promise any level of performance or guarantee against loss of principal.