Intech® International Adaptive Volatility
Product summary for institutional investors only

Overview
Intech® adaptive volatility strategies are a hybrid of our active core and low volatility equity platforms – a distinctive industry offering. These distinctive strategies attempt to offer an asymmetric return profile by outperforming the equity market over a full market cycle with downside protection.

Investment Platform: Defensive Equity
Benchmark: MSCI EAFE Index
Expected Risk Reduction: Up to 45%

Applications
These strategies may address a wide range of needs:

- Allow for higher equity exposure throughout a target-date glide path
- De-risk an under-funded plan without reducing equity exposure
- Increase equity exposure without increasing total risk
- Insulate beta risk from unpredictable market shocks
- Reduce plan surplus volatility

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.
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.

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.