

/DJDUG 5HWLUHPHQW * OREDO ' \QDPLFOXLW S

\$YDLODEOH WKURXJK 3DFLILF /LIH V 9DULDEOH 8QLYHUVDO /LIH ,QVXUDQFH 3URGXFWW

%HQFKPDUN
06&, :RUOG 15 86'

IURP XQGHUOLQJ LQYHV 0RUQLQJVVWU 6XVWDLQDELOLW\
7KH LQYHVWPHQW VHHNV WRWD...
8 6 HTXLW\ DQG IL[HG LQFRPH VWDW\...

0RUQLQJVVWU &DWHJRU\ *-OREDO \$OOR%HQFKPDUN 5HWXUQ
*OREDO DOORFDWLRQ SRUWIROLR...
DSSUHFLDWLRQ DQG LQFRPH E\ LQYHVWLOJ LQ WKUHH PDMRU DUHDV

)HHV DQG (SHQVHV
,QYHVWU 6KDUHV
3URVSHFWXV 1HW ([SHQVH 5DWL...
3URVSHFWXV *URVV ([SHQVH 5DWL...

Legend for chart: 8 6 6WRFNV, 1RQ 8 6 6WRFNV, %RQGV, &DVK, 2WKHU. Includes a 3x3 grid chart and a box labeled '1RW \$YDLODOI'.

2SHUDWLRQV
,QYHVWU 6KDUHV 3RUWIROLR ,QFHSWLRQ 'DWH
,QYHVWU 6KDUHV 6HSDUDWH \$FFW 6WRFNV JVDWH
6HUylFH 6KDUHV 3RUWIROLR ,QFHSWLRQ 'DWH
6HUylFH 6KDUHV 6HSDUDWH \$FFW 6WRFNV JVDWH

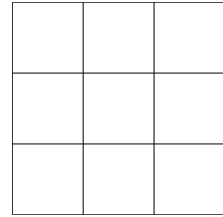
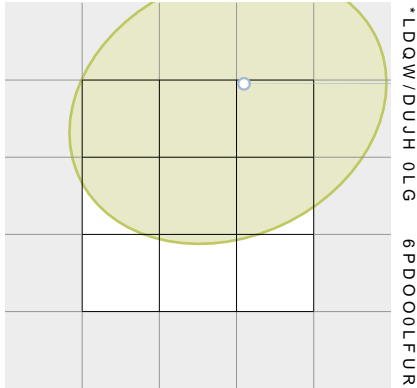
1RWHV
9DULDEOH XQLYHUVDO OLIH 98/ LQVXUDQFH RIIHV WKH SROLF\RZQHU WKH IOH[LELOLW\ WR VWU
SROLF\RZQHU DOVR KDV WKH DELOLW\ WR DOORFDWH WKHVH SUHPLXP SD\PHQV DPRQJ D YDULHV

0.7* %5. < 0 0RUQLQJVVWU \$YHVWLOJ 3URDLOHO ULJKW UHVHUYHG 7KH LQIRUPDWLRQ FROWDLQH KHUHQ 3D\SHUPLXP
0RUQLQJVVWU DQG RU LWV FROWHQ SURYLGHV PD\ QRW EH FRSHG QGLWULEXHG DQG LV QRW ZDUUDQV
0RUQLQJVVWU QRU LWV FROWHQ SURYLGHV DUH UHVSRQVLEOH IRU DQ GDDPJHV RU ORVVHV DULVLQJ IURP DQ XVHV
RI IXWXUH SHUIRUPDQFH 9VLVW RXU LQYHVWPHQW ZHEVLWH DW ZZZ PRUQLQJVVWU FRP

-DV RI-

(TXLW\ 6WDQVHR7UDLO

)L[HG ,QFRPH-DW\DIH 7UDLO



• ,QYHVWPHQW
○ ○

/LP ORG ([W

)L[HG ,QFRPH-DW\DIH 7UDLO
\$YJ (II 'XUDWLRQ
\$YJ (II 0DWXULW\
\$YJ :WG 3ULFH

'HSD O&RWDIO %OHQG&RUHW KLJW WK

* ,QYHVWPHQW * %HQFKPDUN

○ ●

5LVN (YDDXDRWLRQ

,QYHVWRU 6KDUH-DLVN 0HDVXUHV	6HUFLH 6KDUH-DLVN 0HDVXUHV
RI- <HDU <HDU <HDU	RI- <HDU <HDU <HDU
6WDQGDUG 'HYLDWLRQ	6WDQGDUG 'HYLDWLRQ
6KDUSH 5DWLR	6KDUSH 5DWLR
,QIRUPDWLRQ 5DWLR	,QIRUPDWLRQ 5DWLR
5 VTXDUHG	5 VTXDUHG
%HWD	%HWD
\$OSKD	\$OSKD

LQ D IXQG V SRUWIROLR 3ULFH FDVK IORZ UHSUHVHQWV WKH DPRXQW
DQ LQYHVWRU LV ZLOOLQJ WR SD\ IRU D GROODU JHQHUDWHG IURP D
SDUWLFXODU FRPSDQ\ V RSHUDWLRQV 3ULFH FDVK IORZ VKRZV WKH
DELOLW\ RI D EXVLQHVV WR JHQHUDWH FDVK DQG DFWV DV D JDXJH RI
OLTXLGLW\ DQG VROYHQF\
3ULFH 3URVSHFWLYH ~~YDKH DQJH WDNHUR~~ KW HG
DYHUDJH RI WKH SURVSHFWLYH HDUQLQJV \LHOGV RI DOO WKH GRPHVWLF
VWRFNV LQ WKH IXQG V SRUWIROLR DV RI WKH GDWH RI WKH SRUWIROLR - \$
VWRFN V SURVSHFWLYH HDUQLQJV \LHOG LV FDOFXODWHG E\ GLYLGLQJ WKH
FRPSDQ\ V HVWLPHDWHG HDUQLQJV SHU VKDUH IRU WKH FXUUHQW ILVFDQ
\HDU E\ WKH FRPSDQ\ V PRQWK HQG VKDUH SULFH DV RI WKH
SRUWIROLR GDWH
3ULFH 3URVSHFWLYH ~~WLVN & B OZHL 5DMMH G~~ DYHUDJH RI
WKH SULFH VDOHV UDWLRV RI WKH VWRFNV LQ D SRUWIROLR 3ULFH VDOHV
UHSUHVHQWV WKH DPRXQW DQ LQYHVWRU LV ZLOOLQJ WR SD\ IRU D GROODU
JHQHUDWHG IURP D SDUWLFXODU FRPSDQ\ V RSHUDWLRQV
6KDUSH ~~LD D LRVN~~ DGMXVWHG PHDVXUH GHYHORSHG E\
1REHO /DXUHDWH :LOOLDP 6KDUSH ,W LV FDOFXODWHG E\ XVLQJ
VWDQGDUG GHYLDWLRQ DQG H[FHVV UHWXUQ WR GHWHUPLQH UHZDUG
SHU XQLW RI ULVN 7KH KLJKHU WKH 6KDUSH 5DWLR WKH EHWWHU WKH
IXQG V KLVWRULFDQ ULVN DGMXVWHG SHUIRUPDQFH
6WDQGDUG ~~GHYLDWLRQ~~ VWDQGDUG PHDVXUH RI WKH YRODWLWLW\
RI WKH IXQG V UHWXUQV
5 ~~VTX-DUHM~~ HFWV WKH SHUFHQWDJH RI D IXQG V PRYHPHQWV
WKDW DUH H[SODLQHG E\ PRYHPHQWV LQ LWV EHQFKPDUN LQGH[\br/>VKRZLQJ WKH GHJUHH RI FRUUDODWLRQ EHWZHHQ WKH IXQG DQG WKH
EHQFKPDUN
5LVN ~~(YDOX-DUMLRQ G&K D WJ~~ UDSKLF RI WKH WCUHH \HDU
VWDQGDUG GHYLDWLRQ RI IXQG UHWXUQV FRPSDUHG WR LWV EHQFKPDUN
DQG 0RUQLQJVVWDU &DWHJRU\ 6WDQGDUG GHYLDWLRQ LV D VWDWLWVWLFDO
PHDVXUHPHQW RI GLVSHUVRQ DERXW DQ DYHUDJH ZKLFK IRU D
PXWXDO IXQG GHSLFWV KRZ ZLGHO\ WKH UHWXUQV YDULHG RYHU D
FHUWDLQ SHULRG RI WLPH ,QYHVWRUV XVH WKH VWDQGDUG GHYLDWLRQ RI
KLVWRULFDQ SHUIRUPDQFH WR WU\ WR SUHGLFW WKH UDQJH RI UHWXUQV
WKDW DUH PRVW OLNHO\ IRU D JLYHQ IXQG :KHQ D IXQG KDV D KLJK
VWDQGDUG GHYLDWLRQ WKH SUHGLFWHG UDQJH RI SHUIRUPDQFH LV
ZLGH LPSO\LQJ JUHDWHU YRODWLWLW\ 0RUQLQJVVWDU FRPSXWHV

DYHUDJH HIIHFWLYH GXUDWLRQ LRUHDLVZVWQD GMBXOVRM DLRP, WKH PLGGOH RXWZDUGV VR WKDW
DYHUDJH HIIHFWLYH GXUDWLRQ WZKHUHHZDKHQBYGUDWHLEIXMFLRQYHDOO SRUWIROLRV LQ WKH SHHU J
GXUDWLRQ LV EHWZHHQ WR ZRROGWKHFHFL%HWKHSRHWDRDLRDWDLQJ DVVLJQPHQW -DQG LI WKH
ZLOO EH FODVVLILHG DV 'ORGHUZZDWHYHDQGLWIKRMB SRUWURQEXRMZQWEDOO SRUWIROLRV PD\ RQO\ ID
DYHUDJH HIIHFWLYH GXUDWLRQ YRFXIRI WKRUIJYHDDWHLQRJ JWRKSV -ORUQLQJVWU DSSOLHV DQ
DYHUDJH HIIHFWLYH GXUDWLRQ RE WRKXW&%DZLOO EHHBNSRVLQMHEXDMU WR HQVXUH EUHDNSRLQW
'([WHQVLYHµ D PLQLXP UHTXLUHPHQW RI GLVWULEXWLRQ 7KLV YDOXH LV DVV
- RQ DQ DQXDO EDVLV DQG ZLOO UHSUHVHQW RI WKH VWDQGDUG
ORUQLQJVWU 6XVWDLQDELOLWGHYVWDLQ IRU DOO 6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUHV IRU WH
- - -7KH ORUQLQJVWU 6XVWDLQDELOLWGHYVWDLQDELOLW\ 5DWLQJ DVVLJQPHQWV DQG RI W
PHDVXUH KRZ ZHOO WKH LVVXLQVFRPSDQJHFKUDWRUWIRLHDQO WRU SRUDWH 6XVWDLQDELOLW\ 6F
VHFXULWLHV-ZLWKLQ D IXQG-V SRUWH&RDSRUDWHHPDQVWDLQDELOLW\ 5DWLQJ DVVLJQPHQWV -
ILQDQFLDOO\ PDWHULDO HQYLURQPHQWV KVEHFDXVHGVKRYGULVDFXWLRQ UXOHV DUH DSSOLHG
(6* ULNVV UHODWLYH WR WKH IXQGVDFULVURWLV *SRUDWRUWIRLHDQO SRVHG WR KLJK (6* 5LVN FR
SHHUV ORUQLQJVWU DVVLJQV 6XVWDLQDELOLW\ 5DWLQJ)RU H[D
FRPELQLQJ D SRUWIROLRV &RUSRUDWH&RVWZLVKLELQWKH HODVJFDQJRU H[KLELW KLJK (6* 5LVN
6RYHUHLJQ 6XVWDLQDELOLW\ 5DWLQJ SURSRUWLRQDWRWV WQDQDQDQDQV FKHFN ZH LPSRVH
ZHLJKW RI WKH ORQJ RQO\ FRUHTLWHPHQVFRYHWHKJQHYHO RI (6* 5LVN -
SRVLWLRQV - - -7KH ORUQLQJVWU 6XVWDLQDELOLWGHYVWDLQDELOLW\ 6RYHUHLJQ 6XVWDLQDELOLW\ V
FDOFXODWLRQ LV D ILYH VWHS SURFHV)LUVKHQWKH&RXQWUWHVLYHV D LI
6XVWDLQDELOLW\ 6FRUH DQG 6RYHUHLJQ 6XVWDLQDELOLW\ 6FRUH DUH
ERWK GHULYHG)XQGV UHTXLUH DW-OHDVW-
RI-FRUSRUDWH-DVVHWV-EH-FRYHUHG E\ D FRPSDQ\ OHYHO (6*
5LVN-6FRUH-IURP-6XVWDLQDO\WLFV-WR-UHFHLYH D ORUQLQJVWU
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OHDVW- RI-VRYHUHLJQ-DVVHWV-EH-FRYHUHG E\ D &RXQUW\
5LVN-6FRUH-IURP-6XVWDLQDO\WLFV-WR-UHFHLYH D ORUQLQJVWU
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DUH DVVHW ZHLJKWHG DYHUDJHV-RI FRPSDQ\ OHYHO (6*-5LVN
6FRUHV IRU FRUSRUDWH KROGLQJV RU &RXQUW\ 5LVN 6FRUHV IRU
VRYHUHLJQ KROGLQJV -%RWK VFRUHV-UDQJH EHWZHHQ WR
ZLWK D KLJKHU VFRUH LQGLFDWLQJ-WKDW D IXQG KDV RQ DYHUDJH
PRUH RI LWV DVVHWV LQYHVWHG LQ-FRPSDQLHV RU FRXQWULHV ZLWK
KLJK (6* 5LVN
- - -6HFRQG WKH &RUSRUDWH DQG 6RYHUHLJQ +LVWRULFDO
6XVWDLQDELOLW\ 6FRUHV DUH ZHLJKWHG PRLQJ DYHUDJHV RI WKH
UHVSHFWLYH 3RUWIROLR &RUSRUDWH DQG 6RYHUHLJQ 6XVWDLQDELOLW\
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6RYHUHLJQ-6XVWDLQDELOLW\ 6FRUHV UDQJH EHWZHHQ WR
ZLWK D KLJKHU VFRUH LQGLFDWLQJ-WKDW D IXQG KDV RQ DYHUDJH
PRUH RI LWV DVVHWV LQYHVWHG LQ-FRPSDQLHV RU FRXQWULHV ZLWK
KLJK (6* 5LVN RQ D FRQVLVWHQW KLVWRULFDO EDVLV
- - -7KLUK WKH ORUQLQJVWU-&RUSRUDWH-6XVWDLQDELOLW\
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DVVLJQH WR DOO VFRUH IXQGV ZLWKLQ
ORUQLQJVWU-*OREDO-&DWHJRULHV ,Q RUGHU WR UHFHLYH D
&RUSRUDWH 6XVWDLQDELOLW\ 5DWLQJ RU 6RYHUHLJQ 6XVWDLQDELOLW\
5DWLQJ -DW-OHDVW WKLW\ IXQGV LQ WKH &DWHJRU\ UHFHLYH D
+LVWRULFDO &RUSRUDWH 6XVWDLQDELOLW\ 6FRUH DQG D +LVWRULFDO
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GHWHUPLQH E\ HDFK IXQG V-&RUSRUDWH DQG 6RYHUHLJQ
6XVWDLQDELOLW\ 6FRUH-UDQN ZLWKLQ WKH IROORZLQJ GLVWULEXWLRQ -
‡ +LJK KLJKHVW
‡ \$ERYH \$YHUDJH QH[W
‡ \$YHUDJH QH[W
‡ %HORZ \$YHUDJH QH[W DQG
‡ /RZ ORZHVW
- - -%RWK WKH &RUSRUDWH DQG 6RYHUHLJQ 5DWLQJ UHO\ RQ
GLVWULEXWLRQ RI VFRUHV ZLWKLQ D ORUQLQJVWU *OREDO
&DWHJRU\ -,Q FDVHV ZKHUH WKUH LV OLWVOH WR QR GLVWULEXWLRQ IRU
VRYHUHLJQ RU FRUSRUDWH VFRUHV ZLWKLQ D SHHU JURXS

6WUHHW *OREDO \$GYLVRUV)XQGV 'LVWULEXWRUV //& 7 5RZH 3ULFH
,QYHVWPHQW 6HUYLEFHV ,QF 9DQ (FN 6HFXULWLHV &RUSRUDWLRQ
DQG 9DQJXDUG 0DUNHWLQJ &RUSRUDWLRQ ,QF -DQG WKH SURGXFWV