S&P Investment Advisory Services (SPIAS)

Investment Strategies to Match Your Goals

Transparent and disciplined investment strategies that seek to balance risk and reward are an essential component of an overall financial plan. To develop these types of portfolios, SPIAS uses a dynamic, blended qualitative and quantitative investment process. This results in model portfolios tailored to various risk profiles, called Model Allocation Portfolios (MAPs).

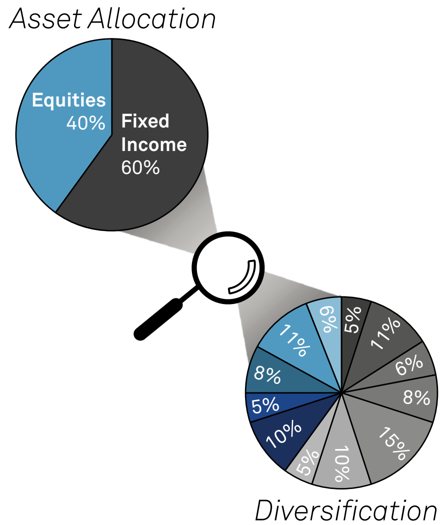
S&P Global
Market Intelligence

Asset Allocation: The Foundation of an Efficient Investment Strategy

Asset allocation is the way you divide your capital within your investment portfolio, typically between asset classes (i.e. Fixed Income, Equities). Your asset allocation strategy should be based on your goals, time horizon, and risk profile, as determined through conversations with your financial advisor.

Diversification is the next key step. It is the process of strategically spreading out your capital across different investments to balance risk and return. If the right groups are selected, when one investment underperforms over a certain period of time, it may be balanced out by other investments that outperform during different market cycles.*

It is important to diversify your portfolio between asset classes (i.e. Equity, Fixed Income) and within asset classes, in what are called sub-asset classes (i.e. Large Cap Growth, Short-Term Bonds).

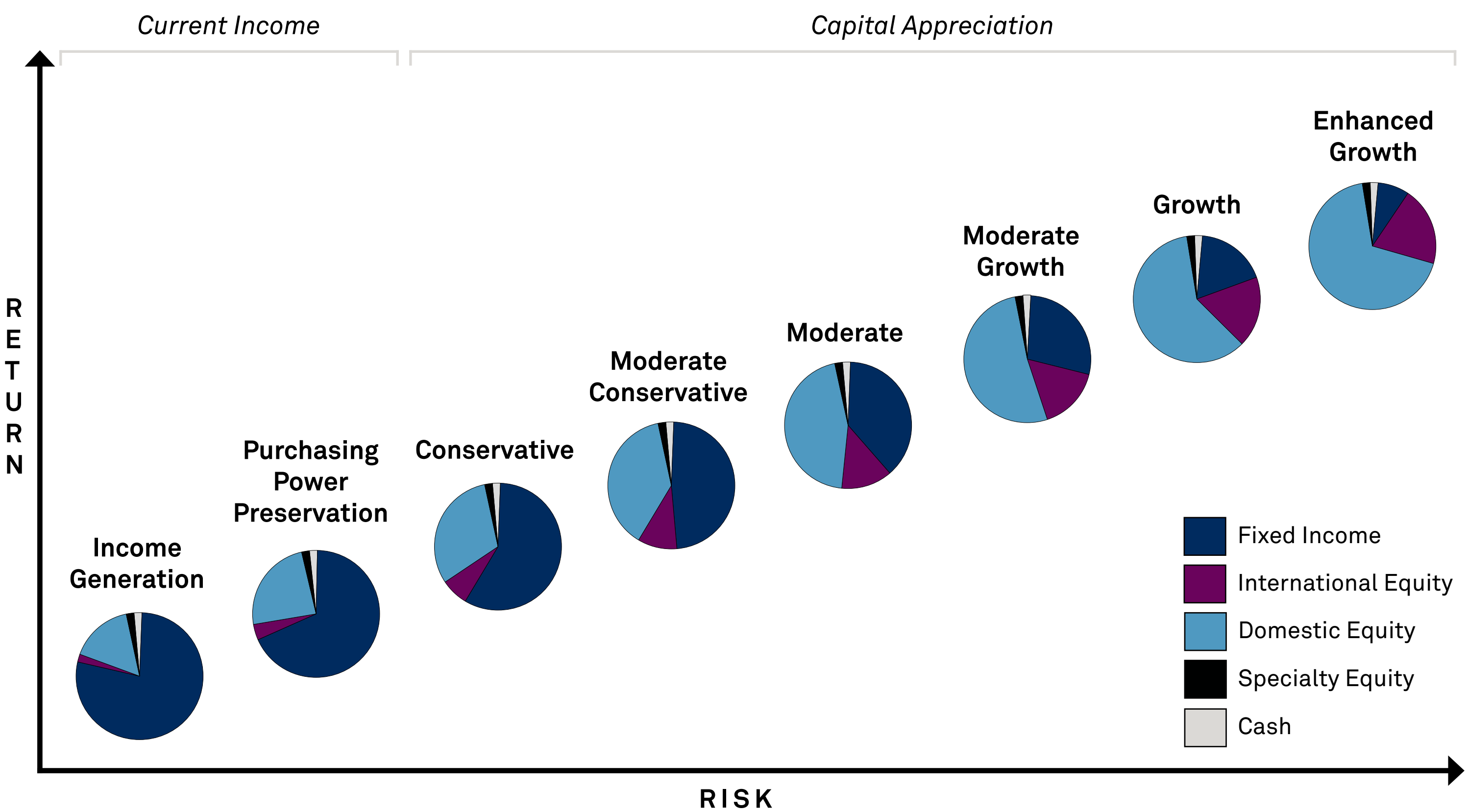


Model Allocation Portfolios (MAPs)

MAPs are long-term investment strategies built through a blended quantitative and qualitative investment process. They are tailored to various risk profiles to cover a broad spectrum of investment goals.

SPIAS seeks diversification within the MAPs by strategically allocating to a variety of asset classes and sub-asset classes for each risk profile. The mix of different investments within the MAPs are adjusted so that the portfolios gain exposure to various risk and return characteristics. MAPs are constructed with either exchange traded funds (ETFs) or mutual funds.

As portfolios move up along the MAP spectrum, both the reward potential and the investment risk increase. There are two types of MAPs: Current Income and Capital Appreciation. Together, they encompass a total of eight risk profiles, as shown below:



*Investing involves risks, including possible loss of principal, and there is no guarantee that any strategy - including diversification - can ensure a profit or protect against a loss.

ETFs or Mutual Funds: With MAPs, the Choice is Yours

	ETFs	Mutual Funds
Pricing	Varies throughout the trading day	Fixed at the end of the trading day
Management	Generally passive	Generally active
Trading	Can be executed at almost any time during the trading day at the prevailing market price	Executed once per day, after the market closes, based on the closing price
Transparency	Holdings generally disclosed daily	Holdings generally reported quarterly
Benchmark	Aims to perform consistent with a benchmark	Aims to outperform a benchmark
Turnover	Minimal turnover is needed to track the ETF's benchmark, which may result in lower trading costs	Fund holdings may change frequently, which may incur greater trading costs
Tax Implications	Typically lower turnover may trigger fewer taxable distributions to investors	Typically higher turnover may trigger larger and more frequent taxable distributions to investors
Fees	Share purchases and sales may incur brokerage commissions, but expense ratios are typically lower than mutual funds	Share purchases may incur loads and sales may incur redemption charges
Style	Seeks to remain consistent	Can drift from stated policy

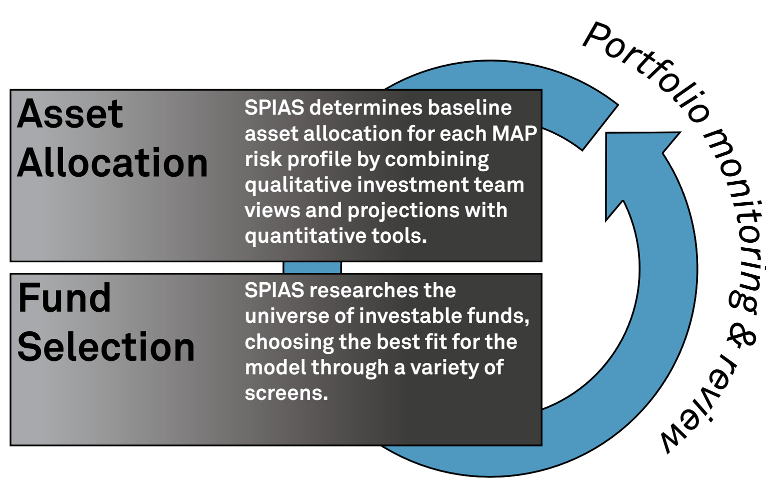
Investment Process

Asset Allocation

The foundation for each MAP is its asset allocation approach. SPIAS creates a diversified asset allocation strategy for each risk profile by leveraging quantitative tools to evaluate different combinations of assets through blending "forward-looking" projections from the investment team along with historical risk and returns data.

Fund Selection

Once the asset allocation strategy is established, SPIAS seeks to invest in mutual funds or ETFs that best align with it, while considering a variety of other factors, like expenses and performance. SPIAS employs an open architecture approach, which means the best fit for the model will be chosen, regardless of the fund provider. This can help to reduce single manager risk within the MAPs.



Portfolio Monitoring & Review

Finally, each MAP is monitored to make sure that it continues to address its investment objective. If deemed appropriate, SPIAS may make allocation changes in light of major macroeconomic events and shifting market cycles, while maintaining a long-term view.

About SPIAS

S&P Investment Advisory Services (SPIAS) is part of S&P Global Market Intelligence, a division of S&P Global. Since 1995, SPIAS has provided non-discretionary investment advice on multi-asset, equity and fixed income strategies to institutional and financial intermediary clients.

As part of S&P Global, the world's foremost provider of credit ratings, benchmarks and analytics, the SPIAS team is able to use internal resources to create a unique set of strategies for different investment objectives.

Glossary

Asset class	A group of investments (i.e. Equities, Fixed Income, Cash/Cash equivalents) that shares similar characteristics and tends to behave similarly in the markets
Asset allocation	The way money is invested between different asset classes
Diversification	The process of spreading out your capital across different investments in an effort to reduce overall concentration risk
Dynamic investment process	The combination of a strategic, long-term investment approach with tactical tilts
Exchange traded fund (ETF)	A collection underlying assets (stocks, bonds, currency, etc.) that is passively managed and tracks an index
Investment objective	The reason for investing
Model portfolio	A recommendation of which securities to include in an investor's portfolio. Investors cannot directly invest in model portfolios.
Mutual fund	A collection of underlying assets (stocks, bonds, currency, etc.) that is actively managed and seeks to outperform an index
Qualitative	Subjective analysis that is not quantifiable
Quantitative	Analysis using mathematical measurements or calculations, typically resulting in a numerical value
Risk profile	An individual's willingness to take investment risks, as discussed and determined with a financial advisor

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SPIAS' model portfolios ("models") are not collective investment funds or mutual funds and investors cannot invest directly in a model portfolio. Assets managed in accordance with the models may lose money. Fund availability and target allocations are subject to change, and SPIAS reserves the right to make changes to the fund selection process. Past performance is not indicative of future returns. A professional financial advisor can help an investor to understand more about the models and how to determine the right asset allocation strategy to build an investment portfolio.

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MAPs may include funds to which S&P licenses intellectual property or has another financial interest, including ETFs based on a proprietary S&P index such as the S&P 500. SPIAS has a potential conflict of interest in including these funds in models: if S&P gets fees tied to a fund's assets, it will generally earn compensation in addition to the fees paid to SPIAS. In certain cases there may be alternative funds that are available for investment that will provide investors substantially similar exposure to the asset class or sector.

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