



Richard
Bernstein
Advisors

The Leaders In Pactive® Management

Richard Bernstein Advisors

Global ETF Strategies

- ▶ RBA Global Risk-Balanced Moderate
- ▶ RBA Global Equity
- ▶ RBA Core Plus Total Return
- ▶ RBA Global Conservative, Global Moderate, Global Aggressive



Richard Bernstein Advisors (RBA)



Richard Bernstein Advisors (RBA) is a boutique investment manager focusing on longer-term investment strategies that combine top-down, macroeconomic analysis and quantitative portfolio construction. RBA's competitive edge is our research-driven macro style of investing.

That research starts with Richard Bernstein, our CEO & CIO, who is widely recognized as an expert in style investing and asset allocation. With over 40 years' experience on Wall Street, Mr. Bernstein was voted to Institutional Investor magazine's annual "All-America Research Team" eighteen times and has been inducted into the Institutional Investor "Hall of Fame."

We provide our clients with tailored asset allocation solutions that are embedded with our intellectual capital. Our products are available at most major financial wirehouses, select RIA platforms & TAMPS, and for institutional investors.

RBA's Unique Investing Approach

RBA's disciplined top-down investment approach seeks to identify investment opportunities that are often unrecognized or ignored as uncertain investors focus on yesterday's winners.

The RBA investment process focuses on fundamentals – mainly examining corporate profit cycles, not economic cycles. The investment process centers around hundreds of indicators which point to three main pillars: **corporate profits, liquidity and investor sentiment or valuation**. Our expertise lies in identifying inflection points in global profits cycles and

then allocating appropriately across asset class, size, style, industry, geography and themes.

RBA's investment strategies embrace **Pactive® Investing**, which is the active management of passive investments like exchange-traded funds (ETFs). A critical aspect of the approach is through **"X-raying ETFs,"** which is a more sophisticated method for recommending ETFs, allowing for a total portfolio view of risk and exposures. This process allows the Investment Committee to see beneath the surface of the holdings, ensuring that there are no unforeseen exposures.

Top-Down Macro Research



"Top-down" research conducted utilizing an extensive array of proprietary macro indicators to assess corporate profits, liquidity, and investor sentiment or valuation that has been time-tested over 30 years.

Pactive® Investing



Active management of passive investments, like ETFs, drive alpha based on size, style, region, sector, and other market segments. RBA "X-rays" ETFs by analyzing the underlying holdings of each ETF, as though the portfolio holds thousands of individual securities.

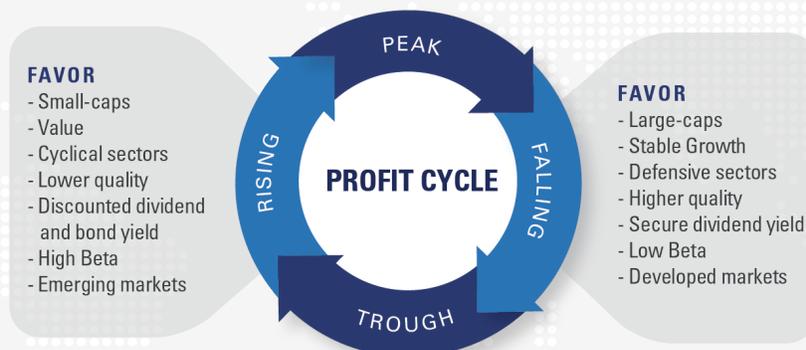
Global, "Go-Anywhere" Portfolios



Our portfolios have the ability to invest in any global asset class - any sector, market cap, duration, credit, style or country/region. This macro strategy emphasizes and de-emphasizes global market segments at different times, and will actively avoid assets that are unfavorable.

Portfolio Construction

RBA's portfolios are constructed by uniquely combining a top-down global macro research process with a bottom-up, quantitatively driven security selection methodology. Analysis of global profit cycles is a core component of our strategies - examples of market segments we may favor at various points in the cycle are illustrated below.



1

Top-down macro research

Investment committee performs ongoing analysis of factors:

- **Corporate Profits**
 - Proprietary indicators & forecasts
 - Pricing power & inflation
 - Earnings expectations
- **Liquidity**
 - Central Bank analysis
 - Yield curves
 - Lending standards
- **Investor Sentiment/Valuation**
 - Structural long-term sentiment
 - Valuation of market segments
 - Consensus positioning

2

Risk assessment

Manage diversification based on correlation of assets within the portfolios, rather than the number of assets. Determine risk using capital market assumptions.

3

Strategic allocation guidelines

Guidelines provide an additional layer of risk management. Each portfolio has a neutral equity and fixed income allocation with guardrails to control the minimum and maximum allocation for each asset class.

4

Asset allocation

Construct global, multi-asset portfolios utilizing 5-30 ETFs that align with market views based on asset class, size, style, industry, geography and themes.

Portfolio Implementation:

- ▶ Maximize contribution from top-down macro-economic views
- ▶ Minimize portfolio risk through asset class portfolio risk measurement
- ▶ Minimize stock-specific risk through use of ETFs
- ▶ Allocate to 5-30 ETFs to realize targeted allocation exposures
- ▶ Manage overall portfolio risk by "x-raying" the underlying holdings of the ETFs

RBA utilizes our proprietary **Asset Allocation 2.0®** framework, which groups investments based on their returns and risk characteristics rather than traditional asset class categories. Asset Allocation 2.0® looks at assets' sensitivity to factors such as profitability, liquidity, quality, and others regardless of how an asset might be categorized in a traditional sense.

RBA Portfolio Suite

Global Risk-Balanced Moderate ETF Strategy

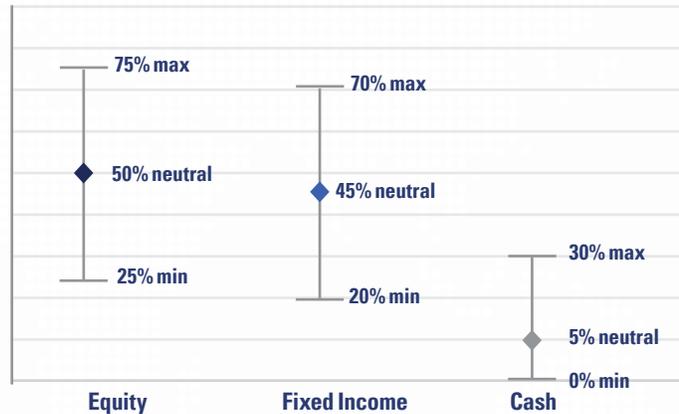
Flagship portfolio with greatest flexibility

Our flagship strategy has the greatest flexibility to implement the Investment Committee's asset allocation decisions by having the widest guardrails.

The portfolio's neutral long-term neutral policy of 50% equity, 45% fixed income, and 5% cash.

Exposure guardrails have the flexibility to go +/-25%:

- Equity: 25% to 75%
- Fixed Income: 20% to 70%
- Cash: 0% to 30%



Single-Asset ETF Strategies

Portfolios that can be used as a core asset allocation in overall strategy

Global Equity

The portfolio's long-term neutral policy of 100% equity but has the flexibility to add up to 30% cash.

Exposure guardrails are +/- 30% of benchmark weights:

- Equity: 70% to 100%
- Cash: 0% to 30%

Core Plus Total Return

The portfolio's long-term neutral policy of 20-100% US fixed income, 0-50% non-US fixed income and has the flexibility to add up to 30% cash.

Exposure guardrails are +/- 30% of benchmark weights for US fixed income sectors:

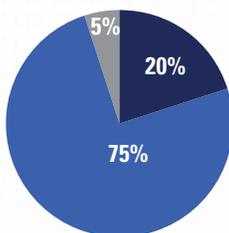
- Corporates
- Treasuries
- Mortgages
- Municipals

Multi-Asset ETF Strategies

Tactical portfolios for every risk tolerance

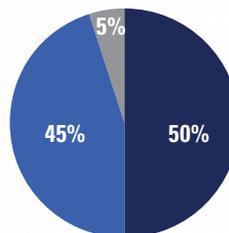
Global Conservative

The portfolio's neutral equity allocation is 20% but can go to a maximum of 30% or a minimum of 10%.



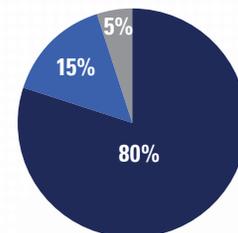
Global Moderate

The portfolio's neutral equity allocation is 50% but can go to a maximum of 60% or a minimum of 40%.



Global Aggressive

The portfolio's neutral equity allocation is 80% but can go to a maximum of 90% or a minimum of 70%.



■ Equity ■ Fixed Income ■ Cash

Features & Benefits

- ▶ **Institutional quality** asset allocation expertise
- ▶ **Non-consensus themes**, affording investors **greater overall portfolio diversification**
- ▶ **Downside risk management with multiple layers** through RBA's Asset Allocation 2.0® framework
- ▶ RBA can make the **difficult asset allocation decisions** affording you more time to manage client relationships and attract new business
- ▶ The portfolios can be an integral part of a **broader, well-diversified portfolio for investors seeking strong risk-adjusted returns**
- ▶ Turnkey portfolios that **allow financial advisors to streamline and scale their practice**
- ▶ Adding value & transparency through **frequent whitepapers and portfolio activity updates** to keep you and your clients informed

Valuable Insights & Media

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- Monthly Insights* by RBA's Research Team
- Quick Insights* by Dan Suzuki, CFA
- Fixed Income Insights* by Michael Contopoulos
- Research Insights* by Matthew Poterba, CFA
- Quarterly Market Update Webinars*

FREQUENTLY FEATURED IN MEDIA:

- Barron's*
- Bloomberg Television*
- CNBC*
- Financial Times*
- Fox Business Network*
- Institutional Investor*
- The New York Times*
- The Wall Street Journal*

RBA Fixed Income Insights
June 16, 2022
The fixed income water is getting warmer
Given year-to-date fixed income returns, one would be forgiven if they never wanted class again. Such a view, however, could prove costly as, for the first time in a year, we are starting to look attractive. We believe that through tactical management and a vint approach, positive returns are possible. Below we highlight some examples in the fixed universe that we are adding to or watching closely just as investors give up and flee. **Remember: returns are generated where capital is scarce.**

Rates fall when growth declines
In our experience, markets tend to under/overshoot fair value models. Case in point: overpriced Treasuries throughout the previous year and a shift resulting in yields that low. Today, however, investors have moved closer to fair value, and by some metrics, Treasuries relative to our estimates. Given RBA's fortunate position of being very uncorrelated, and because of the move higher in yields, we increased interest rate risk, **we underweight**. It is becoming increasingly clear that the only path for the Federal Reserve inflation by bringing down demand. And growth, not inflation, is the biggest driver of bond yields. Note the below table that shows the 10-year Treasury yield can reach a **C** with very elevated levels of inflation.

Scenario	Real	Rate Risk	ED	CFI	CA
1/17/2019	1.12/0.010	0.00/0.00	0.0	0.0	0.0
11/20/2017	3.01/0.015	5.00/0.010	1.8	8.0	0.0
8/17/2019	3.01/0.015	8.00/0.010	1.8	7.4	0.0

Charts for the beach
Richard Bernstein Advisors LLC (RBA) is an investment manager focusing on larger asset management companies that provide fair value. Our research, analysis and quantitative data is publicly available. We often use the following graphic to illustrate our research and analysis to investors and institutional clients. It is a research and analysis of the company's performance.

Bubbles and beeps
Most markets always signal a change in leadership. Very few market rises, technical or otherwise, without the test of time, mostly owing to the efficiency of markets. But we are not the only ones who can spot a change in leadership. We are the same as your uncle, and (1) bear markets always signal a change in leadership. Thus, this year's sell-off has been the market's way of trying to tell investors on the head with the idea that they should avoid engaging in speculative winners, but few seem to be listening.

Bubbles don't surface overnight
Rather than retreating portfolios away from bubble assets, investors tend to view the retail price discount as attractive opportunity to buy smaller growth at high discounts. The history of bubbles suggests that they don't return to being great investments after just six months of selling off. During the Tech crash in 2000-2002 — a bear market which lasted 2.5 years — the NASDAQ 100 index had 16 distinct bear market rallies exceeding 20% during its 2.5% decline, with three of those rallies greater than 30% (Chart 1).

Chart 1: NASDAQ 100 rally waves during Tech crash (March 2000 - October 2002)

US STOCKS HOVER NEAR SESSION HIGHS
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