
THE WISDOMTREE Q2 PORTFOLIO REVIEW, PART TWO: OUTCOME-FOCUSED MODELS

Scott Welch – Chief Investment Officer, Model Portfolios
05/10/2023

This article is relevant to financial professionals who are considering offering model portfolios to their clients. If you are an individual investor interested in WisdomTree ETF Model Portfolios, please inquire with your financial professional. Not all financial professionals have access to these Model Portfolios.

We began this “miniseries” of blog posts with a [review of our Strategic models](#). Now let’s turn our attention to our “outcome-focused” models.

Our outcome-focused models can be and are used as stand-alone models by some of our advisor clients. But most advisors view them as complementary “sleeves” to an already existing portfolio to achieve specific investment mandates.

Let’s review them in the order they appear on our [Model Adoption Center](#).

Global Dividend

Exactly as it sounds, this is a global all-equity portfolio that focuses on generating an optimal level of [risk-adjusted dividends](#) for those investors seeking to “goose” the yield of their overall portfolio. Most of the WisdomTree products in this portfolio also have a [quality](#) screen. What this means is not just chasing the highest [dividend](#) payers but focusing on those companies we believe have the most sustainable dividends (or dividend growth), regardless of the market regime.

Q1 was a tough quarter for dividend payers relative to the broader, cap-weighted market as interest rates fell and investors piled back into [large-cap growth stocks](#).



Apr 21 2023, 1:44PM EDT. Powered by YCHARTS

Source: YCharts, YTD as of 4/20/23. You cannot Invest In an Index, and past performance does not guarantee future results.

As of March 31, 2023, the 12-month [dividend yield](#) on this portfolio was 3.98%. This compares favorably to a dividend yield of 3.52% on the benchmark [MSCI ACWI Value Index](#) on that same date.¹ At the same time, its total return performance of 2.55% (NAV) resoundingly beat its benchmark by ~125 [basis points \(bps\)](#). In other words, the model met its mandate—delivering comparable or better total returns with an enhanced dividend yield relative to its underlying benchmark.

WisdomTree Global Dividend Model Portfolio

3.98% <small>Model 12-Month Dividend Yield (As of 03/31/2023)</small>	0.35% <small>Model Expense Ratio</small>	12/18/2013 <small>Inception date</small>	100% <small>Equity</small>
---	--	--	--------------------------------------

[Model Performance](#) | [Model Allocations](#) | [Model Exposures](#) | [Fund Performance](#) | [Fund Details](#)

As of 3/31/2023	Cumulative Returns			Average Annual Total Returns					
	Name	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
	WisdomTree Global Dividend Model Portfolio (NAV)	0.23%	2.55%	2.55%	-4.17%	16.03%	6.14%	-	6.49%
	WisdomTree Global Dividend Model Portfolio (MP)	0.39%	2.66%	2.66%	-3.99%	16.19%	6.01%	-	6.42%
	MSCI ACWI Value	-0.35%	1.24%	1.24%	-5.50%	15.24%	4.27%	-	4.77%

Source: WisdomTree Model Adoption Center, as of 3/31/23. **Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

The Model Portfolio performance results shown are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment. Thus, the performance shown does not reflect the impact that economic and market factors had or might have had on decision-making if actual investor money had been managed and allocated per the Model Portfolio. The actual performance achieved in seeking to follow the Model Portfolio may differ from the theoretical performance shown for a number of reasons, including the timing of implementation of trades (including rebalancing trades to adjust to Model Portfolio changes), market conditions, fees and expenses (e.g., brokerage commissions, deduction of advisory or other fees or expenses charged by advisors or other third parties to investors, strategist fees and/or platform fees), contributions, withdrawals, account restrictions, tax consequences and/or other factors, any or all of which may lower returns. While the Model Portfolio performance may have been better than the benchmark for some or all periods shown, the performance during any other period may not have been, and there is no assurance that the Model Portfolio performance will be better than the benchmark in the future. The Model Portfolio performance calculations assume reinvestment of dividends, are pre-tax and are net of Fund expenses.

ETF shares are bought and sold at market price (not NAV) and are not individually redeemable from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. Model 12-month yield is calculated using the weighted average trailing 12-month distribution yields of the Fund constituents. Funds incepted less than 12 months ago do not have a trailing 12-month dividend yield. Model expense ratio refers to the weighted average expense ratios of the Fund constituents.

For the most recent month-end performance, please click [here](#).

Global Multi-Asset Income

Similar to the global dividend model, this model seeks to optimize quality income but invests across multiple asset classes to do so. In addition to dividend-oriented stocks and fixed income, this portfolio currently allocates to [MLPs](#), a traditionally higher-yielding asset.

MLPs as an asset class somewhat stabilized in Q1 after a torrid rally for most of 2022. Our allocation added modestly to the total return performance (though it did not keep up with the [S&P 500 Index](#)), but it did help to enhance the overall income profile.

If we use our "moderate risk" version of this portfolio as an example (which tracks most closely to a traditional [60/40 stock/bond portfolio](#)), as of March 31, 2023, the 12-month forward dividend yield on this portfolio was 4.25%, while our total return performance solidly beat its underlying index (60% MSCI ACWI Value + 40% [Bloomberg U.S. Aggregate](#)). Once again, this portfolio met its mandate-tracking or beating the total return performance of the benchmark while delivering enhanced yield.

WisdomTree Global Multi-Asset Income Moderate Model Portfolio

4.25% Model 12-Month Dividend Yield <small>(As of 03/31/2023)</small>	0.34% Model Expense Ratio	12/31/2016 Inception date	57% 40% 3% Equity Fixed Income Alternative
--	-------------------------------------	-------------------------------------	--

[Model Performance](#) | [Model Allocations](#) | [Model Exposures](#) | [Fund Performance](#) | [Fund Details](#)

As of 3/31/2023	Cumulative Returns			Average Annual Total Returns				
	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
WisdomTree Global Multi-Asset Income Moderate Model Portfolio (NAV)	0.65%	2.98%	2.98%	-4.29%	9.31%	3.97%	-	5.04%
WisdomTree Global Multi-Asset Income Moderate Model Portfolio (MP)	0.82%	3.04%	3.04%	-4.14%	9.64%	3.90%	-	5.03%
60% MSCI ACWI Value - 40% Bloomberg U.S. Aggregate Bond Index	0.81%	1.94%	1.94%	-4.99%	7.95%	3.28%	-	4.17%

Source: WisdomTree Model Adoption Center, as of 3/31/23. **Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

The Model Portfolio performance results shown are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment. Thus, the performance shown does not reflect the impact that economic and market factors had or might have had on decision-making if actual investor money had been managed and allocated per the Model Portfolio. The actual performance achieved in seeking to follow the Model Portfolio may differ from the theoretical performance shown for a number of reasons, including the timing of implementation of trades (including rebalancing trades to adjust to Model Portfolio changes), market conditions, fees and expenses (e.g., brokerage commissions, deduction of advisory or other fees or expenses charged by advisors or other third parties to investors, strategist fees and/or platform fees), contributions, withdrawals, account restrictions, tax consequences and/or other factors, any or all of which may lower returns. While the Model Portfolio performance may have been better than the benchmark for some or all periods shown, the performance during any other period may not have been, and there is no assurance that the Model Portfolio performance will be better than the benchmark in the future. The Model Portfolio performance calculations assume reinvestment of dividends, are pre-tax and are net of Fund expenses.

ETF shares are bought and sold at market price (not NAV) and are not individually redeemable from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. Model 12-month yield is calculated using the weighted average trailing 12-month distribution yields of the Fund constituents. Funds incepted less than 12 months ago do not have a trailing 12-month dividend yield. Model expense ratio refers to the weighted average expense ratios of the Fund constituents.

For the most recent month-end performance, please click [here](#).

Multifactor

The multifactor model is a different animal than the global dividend or global multi-asset income models. This portfolio is designed to improve the risk factor diversification of an overall portfolio, while still attempting to deliver a superior total return.

We offer a U.S., developed international and [emerging markets](#) version of the multifactor model. Since it is the most widely used, we will focus on the U.S. version.

The underlying allocations within this portfolio all have various factor tilts, focusing primarily on [value](#), quality, earnings, [momentum](#) and [size](#). As you might imagine, these tilts did not help us in Q1, a quarter driven by large-cap growth and tech stocks.

This portfolio underperformed its primary benchmark, the [Russell 3000 Index](#) (a broad market U.S. Index incorporating large-, [mid-](#) and [small-cap](#) stocks) by roughly 240 bps (2.4%), though it beat its secondary benchmark, the [MSCI U.S. Multifactor Index](#), by roughly 40 bps.

While we use it as a secondary benchmark since it is less well-known, we believe the MSCI U.S. Diversified Multifactor Index is more representative of our actual investment approach with this model, so we were pleased with our modest outperformance.

We saw similar underperformance by the developed international model, but our emerging

markets model outperformed its benchmark by almost 200 bps.

WisdomTree U.S. Factor Portfolio

1.93% Model 12-Month Dividend Yield (As of 03/31/2023)	0.20% Model Expense Ratio	10/31/2017 Inception date	100% Equity
---	-------------------------------------	-------------------------------------	-----------------------

[Model Performance](#) | [Model Allocations](#) | [Model Exposures](#) | [Fund Performance](#) | [Fund Details](#)

As of 3/31/2023	Cumulative Returns			Average Annual Total Returns				
	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
WisdomTree US Factor Portfolio (NAV)	0.85%	4.81%	4.81%	-5.36%	18.48%	8.38%	-	8.45%
WisdomTree US Factor Portfolio (MP)	0.84%	4.78%	4.78%	-5.54%	18.51%	8.33%	-	8.43%
Russell 3000	2.67%	7.18%	7.18%	-8.58%	18.48%	10.45%	-	10.29%
MSCI US Diversified Multi Factor	1.68%	4.43%	4.43%	-8.42%	16.26%	6.62%	-	6.67%

Source: WisdomTree Model Adoption Center, as of 3/31/23. **Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

The Model Portfolio performance results shown are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment. Thus, the performance shown does not reflect the impact that economic and market factors had or might have had on decision-making if actual investor money had been managed and allocated per the Model Portfolio. The actual performance achieved in seeking to follow the Model Portfolio may differ from the theoretical performance shown for a number of reasons, including the timing of implementation of trades (including rebalancing trades to adjust to Model Portfolio changes), market conditions, fees and expenses (e.g., brokerage commissions, deduction of advisory or other fees or expenses charged by advisors or other third parties to investors, strategist fees and/or platform fees), contributions, withdrawals, account restrictions, tax consequences and/or other factors, any or all of which may lower returns. While the Model Portfolio performance may have been better than the benchmark for some or all periods shown, the performance during any other period may not have been, and there is no assurance that the Model Portfolio performance will be better than the benchmark in the future. The Model Portfolio performance calculations assume reinvestment of dividends, are pre-tax and are net of Fund expenses.

ETF shares are bought and sold at market price (not NAV) and are not individually redeemable from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. Model 12-month yield is calculated using the weighted average trailing 12-month distribution yields of the Fund constituents. Funds incepted less than 12 months ago do not have a trailing 12-month dividend yield. Model expense ratio refers to the weighted average expense ratios of the Fund constituents.

For the most recent month-end performance, please click [here](#).

Volatility Management

Last but by no means least, we come to our [volatility](#) management portfolio. This portfolio consists of several nontraditional or alternative strategies, including diversified arbitrage, hedged equity, short bias, managed futures and equity long/short. The portfolio was constructed to have lower correlations to both stocks and [bonds](#) and to be diversified between the strategies themselves.

The mandate is to deliver a diversifying "sleeve" within an overall portfolio in an attempt to lower portfolio volatility and improve performance consistency regardless of the market regime, but especially in down markets (remember the power of compounding—if you don't lose as much in down markets, you don't have to make as much in up markets to still come out ahead).

In part one of this series, we reviewed our endowment model, which includes both real assets and alternatives. In essence, the volatility management model is designed as a complement to a more traditional stock/bond portfolio to allow advisors to deliver a

more “endowment-like” experience.

We use the 3-Month [Treasury Bill](#) as a proxy benchmark for this portfolio, under an assumption that advisors could simply move to cash if they are looking to “de-risk” the portfolio. The difference is that the volatility management model gives the advisor some potential for upside versus simply moving to cash.

This model performed well in Q1—up 2.63% versus a 3-Month Treasury Bill return of 1.07%. Furthermore, this “sleeve” portfolio performed admirably in 2022—advisors who included it were very happy they did so, as it helped to build a more “all-weather” allocation in an otherwise horrible year.

Our short-biased and diversified arbitrage strategies did not help us in Q1, but our allocations to hedged equity and managed futures were positive contributors. The addition of this model to a broader model would have served its purpose—dampen volatility and “smooth out” overall performance.

WisdomTree Volatility Management Portfolio

2.56% <small>Model 12-Month Dividend Yield (As of 03/31/2023)</small>	0.50% <small>Model Expense Ratio</small>	08/08/2017 <small>Inception date</small>	80% 20% <small>Alternative Equity</small>
---	--	--	---

[Model Performance](#) | [Model Allocations](#) | [Model Exposures](#) | [Fund Performance](#) | [Fund Details](#)

As of 3/31/2023	Cumulative Returns			Average Annual Total Returns					
	Name	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
	WisdomTree Volatility Management Portfolio (NAV)	2.41%	2.63%	2.63%	0.96%	3.47%	0.90%	-	1.44%
	WisdomTree Volatility Management Portfolio (MP)	2.43%	2.65%	2.65%	1.01%	3.42%	0.83%	-	1.40%
	ICE BofA US 3-Month Treasury Bill Index	0.43%	1.07%	1.07%	2.50%	0.89%	1.41%	-	1.39%

Source: WisdomTree Model Adoption Center, as of 3/31/23. **Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted. Investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.**

The Model Portfolio performance results shown are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment. Thus, the performance shown does not reflect the impact that economic and market factors had or might have had on decision-making if actual investor money had been managed and allocated per the Model Portfolio. The actual performance achieved in seeking to follow the Model Portfolio may differ from the theoretical performance shown for a number of reasons, including the timing of implementation of trades (including rebalancing trades to adjust to Model Portfolio changes), market conditions, fees and expenses (e.g., brokerage commissions, deduction of advisory or other fees or expenses charged by advisors or other third parties to investors, strategist fees and/or platform fees), contributions, withdrawals, account restrictions, tax consequences and/or other factors, any or all of which may lower returns. While the Model Portfolio performance may have been better than the benchmark for some or all periods shown, the performance during any other period may not have been, and there is no assurance that the Model Portfolio performance will be better than the benchmark in the future. The Model Portfolio performance calculations assume reinvestment of dividends, are pre-tax and are net of Fund expenses.

ETF shares are bought and sold at market price (not NAV) and are not individually redeemable from the Fund. Total returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times. Model 12-month yield is calculated using the weighted average trailing 12-month distribution yields of the Fund constituents. Funds Incepted less than 12 months ago do not have a trailing 12-month dividend yield. Model expense ratio refers to the weighted average expense ratios of the Fund constituents.

For the most recent month-end performance, please click [here](#).

Conclusion

We built our outcome-focused models to serve specific purposes for advisors seeking specific investment outcomes. On a relative basis, Q1 2023 was a relatively good showing—they did their jobs in a unique market environment.

In part three and the final of this series, we will examine the performances of our collaboration models.

¹ Source: MSCI, “MSCI ACWI Value Index (USD),”
<https://www.msci.com/documents/10199/9446b2a4-0820-495e-87e1-6291f7530293>

Important Risks Related to this Article

For Financial Advisors: WisdomTree Model Portfolio information is designed to be used by financial advisors solely as an educational resource, along with other potential resources advisors may consider, in providing services to their end clients. WisdomTree’s Model Portfolios and related content are for information only and are not intended to provide, and should not be relied on for, tax, legal, accounting, investment or financial planning advice by WisdomTree, nor should any WisdomTree Model Portfolio information be considered or relied upon as investment advice or as a recommendation from WisdomTree, including regarding the use or suitability of any WisdomTree Model Portfolio, any particular security or any particular strategy.

For Retail Investors: WisdomTree’s Model Portfolios are not intended to constitute investment advice or investment recommendations from WisdomTree. Your investment advisor may or may not implement WisdomTree’s Model Portfolios in your account. WisdomTree is not responsible for determining the suitability or appropriateness of a strategy based on WisdomTree’s Model Portfolios. WisdomTree does not have investment discretion and does not place trade orders for your account. This material has been created by WisdomTree, and the information included herein has not been verified by your investment advisor and may differ from information provided by your investment advisor. WisdomTree does not undertake to provide impartial investment advice or give advice in a fiduciary capacity. Further, WisdomTree receives revenue in the form of advisory fees for our exchange-traded Funds and management fees for our collective investment trusts.

Dividends are not guaranteed, and a company currently paying dividends may cease paying dividends at any time.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

Related Funds

+ [The WisdomTree Q2 Portfolio Review, Part One: Strategic Models](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Jianing Wu, and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only. You cannot invest directly in an index.

DEFINITIONS

Quality: Characterized by higher efficiency and profitability. Typical measures include earnings, return on equity, return on assets, operating profitability as well as others. This term is also related to the Quality Factor, which associates these stock characteristics with excess returns vs the market over time.

Dividend: A portion of corporate profits paid out to shareholders.

Large-Capitalization (Large-Cap): A term used by the investment community to refer to companies with a market capitalization value of more than \$10 billion. Large cap is an abbreviation of the term "large market capitalization". Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share.

Growth: Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

Stock: A stock (also known as equity) is a security that represents the ownership of a fraction of a corporation. This entitles the owner of the stock to a proportion of the corporation's assets and profits equal to how much stock they own. Units of stock are called "shares."

Dividend yield: A financial ratio that shows how much a company pays out in dividends each year relative to its share price.

MSCI ACWI Value Index: A free-float adjusted market capitalization-weighted index that is designed to measure securities exhibiting overall value style characteristics of developed and emerging markets.

Basis point: 1/100th of 1 percent.

Master limited partnership (MLP): Investment structure where holdings typically must derive most of their cash flows from real estate, natural resources or commodities, combining the tax benefits of a partnership—taxes occur when holders receive distributions—with the liquidity of a publicly traded company.

S&P 500 Index: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

60/40 Portfolio: A portfolio of 60% equities and 40% fixed income.

Bloomberg U.S. Aggregate Bond Index: Represents the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, as well as mortgage and asset backed securities.

Emerging market: Characterized by greater market access and less potential for operational risks when compared to frontier markets, which leads to a larger base of potentially eligible investors.

Value: Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

Momentum: Characterized by assets with recent price increase trends over time. This term is also associated with the Momentum Factor which associates these stock characteristics with excess return vs the market over time.

Size: Characterized by smaller companies rather than larger companies by market capitalization. This term is also related to the Size Factor, which associates smaller market-cap stocks with excess returns vs the market over time.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

Mid-Cap: Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight.

Small caps: new or relatively young companies that typically have a market capitalization between \$200 million to \$2 billion.

MSCI USA Diversified Multiple-Factor Index: The index aims to maximize exposure to the Value, Momentum Quality and Low Size Factors while maintain a similar risk profile to its parent index, the MSCI USA Index.

Volatility: A measure of the dispersion of actual returns around a particular average level.

Bond: A fixed-income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental).

Treasury Bill: A treasury bill (T-Bill) is a short-term debt obligation backed by the U.S. government with a maturity of one month (four weeks), three months (13 weeks) or six months (26 weeks).