

# Finding Global Value

The Index is designed to provide global diversification from the world's three largest developed markets: the United States, Eurozone and Japan. Asset classes in stocks, bonds and commodities offer opportunities for growth in a variety of market conditions.

## Leverage Diversified Global Asset Classes



### Global

23 Commodities



### United States

400 Stocks, 3 Bonds



### Eurozone

140 Stocks



### Japan

320 Stocks



Individual Stocks as of 12/18. Numbers represent the total pool from which individual stocks are evaluated quarterly, and are subject to change.

# Shiller's Process for Finding Global Value

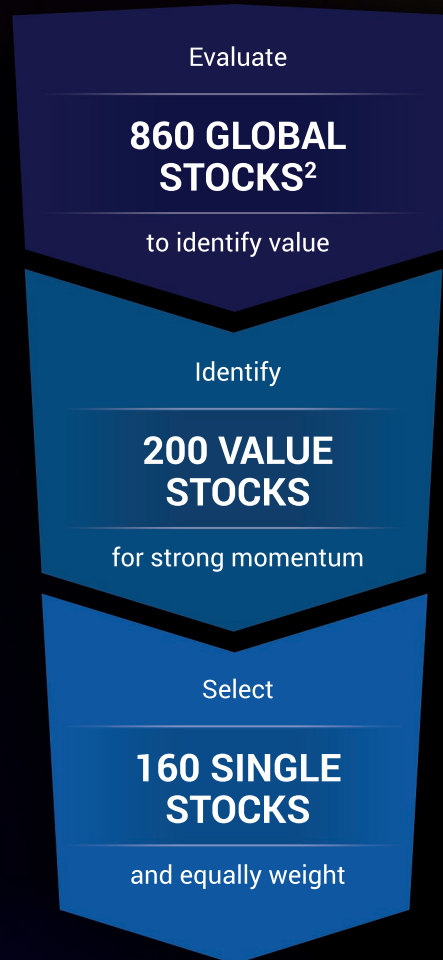
The Index is designed to identify undervalued stocks in three regions – the U.S., Eurozone and Japan – using CAPE ratio and strongest momentum. Professor Shiller designed this monthly process to find stocks that are well-established and relatively forgotten, with a long history of earnings but underpriced in the market.

## Key Terms and Definitions

**CAPE ratio** – A statistical tool used to identify potential values, the CAPE® Ratio compares the current price to the average earnings over 10 years, adjusted for inflation.

**Momentum** – An indicator of a positive or negative trend in an asset's price movement over time. Momentum is calculated by comparing the asset class's current price to the price of the asset class six months earlier.

## Identifying Best Values With Strongest Momentum



Approximately 860 global stocks with 20 years or more of history are evaluated by the CAPE ratio to identify potential values<sup>2</sup>

Diversified stocks in each region with low CAPE ratios indicating good value are evaluated for six-month momentum

The 80 U.S. stocks, 40 Eurozone stocks and 40 Japanese stocks with the strongest momentum are selected and equally weighted within each region

<sup>1</sup> Individual Stocks as of 12/18. Number of individual stocks are evaluated quarterly and subject to change.

# Multi-Asset Allocation

## Designed to Navigate Global Markets

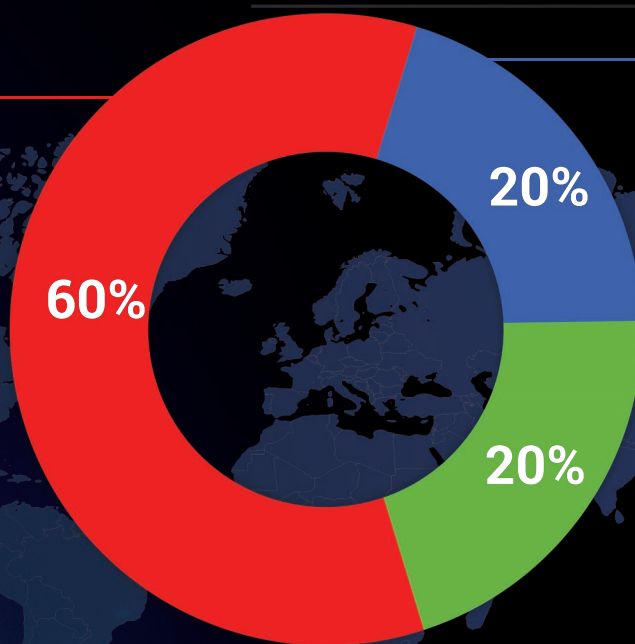
The Index evaluates and rebalances stocks, bonds and undervalued commodities monthly with the aim to respond to changing market conditions. Shiller's global stocks are always included in the allocation, with other asset classes included when they show positive momentum.

If volatility falls below the 6% annualized volatility target, the index may increase its allocation to the selected asset classes up to 150%. If daily volatility is greater than 6%, exposure to the allocation may be reduced with the remainder allocated to cash.

### SHILLER GLOBAL VALUE STOCKS

U.S., Eurozone and Japanese stocks are weighted toward undervalued regions using Shiller's CAPE Ratio<sup>3</sup>

<sup>3</sup> The maximum weight for U.S. and Eurozone stocks is 40% and for Japanese stocks is 20% of the allocation.



### COMMODITIES

When asset class momentum is positive, 20% of the index will be equally allocated to 10 undervalued commodities in short supply

### BONDS

When asset class momentum is positive, 20% of the index will be equally allocated to U.S. Government Bonds

### CASH

Overvalued asset classes or those with negative momentum are replaced with cash