

Revisiting Core Principles

@NA

Performance

Exhibit 1:
Performance Table

Exhibit 2:
Rolling 1-Year Excess Returns

Exhibit 1: Performance Tableⁱ

	QTD	1-Yr	3-Yr	5-Yr	10-Yr	ITD*
FTSE RAFI™ UK Low Volatility Index	3.4%	9.6%	10.7%	11.0%	7.7%	9.3%
FTSE 100 Index	1.8%	11.2%	7.7%	9.1%	5.2%	6.5%
Value Added	1.6%	-1.6%	3.0%	1.8%	2.5%	2.8%
MSCI UK	1.8%	11.1%	7.4%	8.9%	5.1%	6.2%
Portfolio Standard Deviation		8.3%	9.5%	9.8%	11.9%	9.7%
Benchmark Standard Deviation		8.8%	10.0%	10.1%	14.1%	10.0%
Tracking Error		3.8%	4.3%	3.9%	5.5%	4.2%

Exhibit 2: Rolling 1-Year Excess Returnsⁱⁱ

i. Exhibit 1.
Performance derived from FactSet. All returns are total returns in GBP. All returns greater than one year are annualized. Standard deviation and tracking error require a minimum of 1 year return history.
*Inception to Date (ITD) returns are calculated starting the first full month of returns following September 22, 2014.

ii. Exhibit 2.
Performance derived from FactSet. All returns are total returns in GBP. Rolling 1-year excess returns and tracking error are calculated starting N/A.
If applicable, strategy returns prior to inception are simulated. Inception date is September 22, 2014.



The Low Volatility Effect

The strategy's construction methodology aims to provide superior long-term risk adjusted performance - relative to the cap-weighted benchmark - by reducing volatility without sacrificing the return expectations of traditional smart beta strategies.

For the ten years ending September 30, 2017, volatility has been 15.4% lower than the benchmark. In addition, the strategy has produced a ten year Sharpe Ratio of 0.25 vs. 0.04 for the benchmark.

Exhibit 3:
Calendar Year Volatility

Exhibit 3: Calendar Year Volatilityⁱ

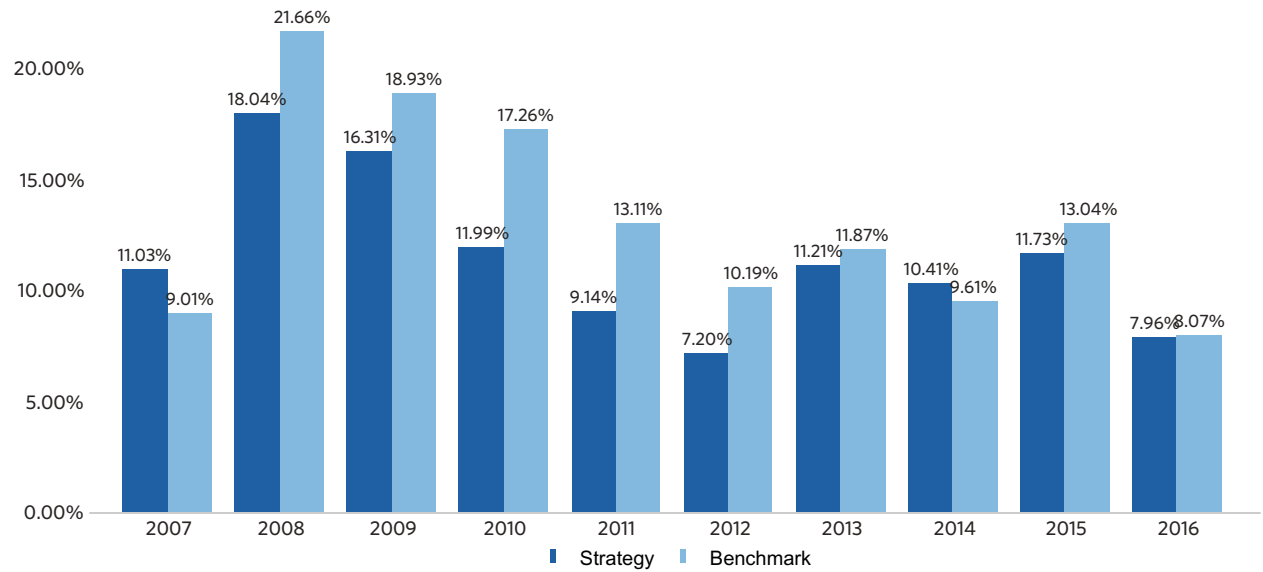
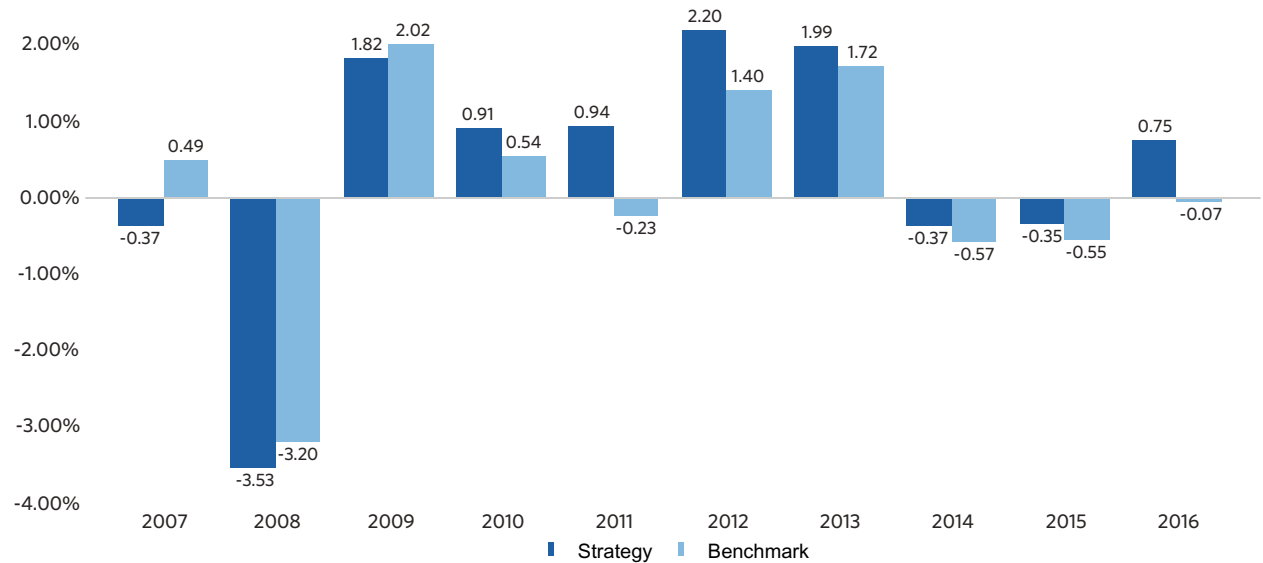


Exhibit 4:
Calendar Year Sharpe Ratios

Exhibit 4: Calendar Year Sharpe Ratiosⁱⁱ



i. Exhibit 3.
FTSE RAFI™ UK Low Volatility Index calendar volatility measured against the FTSE 100 Index. Returns prior to strategy inception are simulated. Strategy inception is September 22, 2014.

ii. Exhibit 4.
Calendar Year Sharpe Ratios measured using the Citigroup 3-Month T-Bill as the risk free rate. Returns prior to strategy inception are simulated. Strategy inception is September 22, 2014.

Portfolio Characteristics

The FTSE RAFI™ UK Low Volatility Index is attractively positioned relative to the cap-weighted benchmark.

Exhibit 5:
Portfolio Characteristics

Exhibit 6:
Historical Portfolio Characteristics

Exhibit 5: Portfolio Characteristicsⁱ

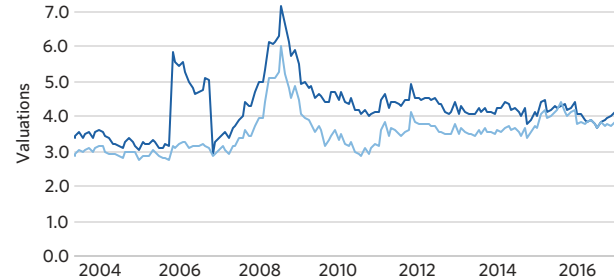
	Number of Holdings	Active Share	Price to Sales	Price to Cash Flow	Price to Book	Div. Yield	Market Cap. (Billions)	Sharpe Ratio*	Info. Ratio*	Tracking Error*
FTSE RAFI™ UK Low Volatility Index	100	70.1	0.9	9.4	1.9	4.3%	42	0.19	0.67	4.2%
FTSE 100	101	--	1.3	9.5	1.9	3.9%	82	-0.10	--	--

Exhibit 6: Historical Portfolio Characteristicsⁱⁱ

Price to Book



Dividend Yield (%)



Price to Cash Flow



Price to Sales



— FTSE RAFI™ UK Low Volatility Index (Left) — FTSE 100 (Left)

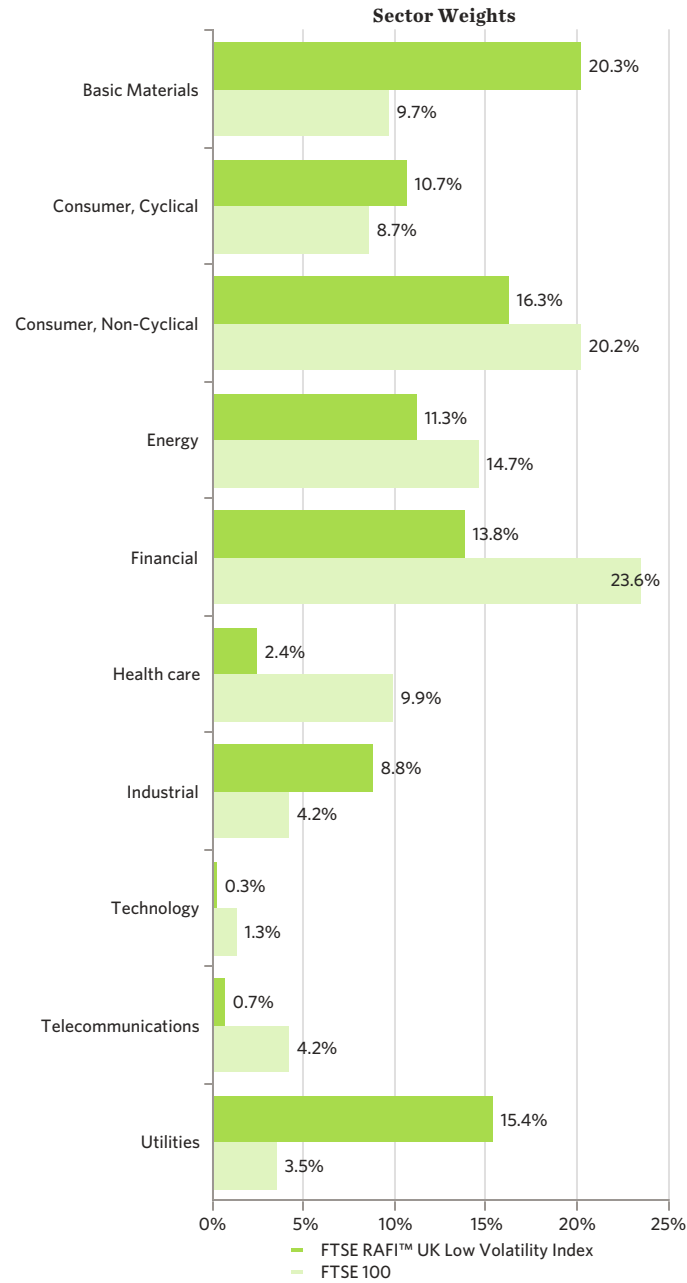
i. Exhibit 5.
Portfolio characteristics data derived from FactSet.
*Sharpe Ratio, Information Ratio, and Tracking Error are calculated starting the first full month of returns following September 22, 2014. Minimum 1-year return history. The 3-mo US Treasury Bill return is used as a proxy for risk-free rate. If applicable, strategy returns prior to inception are simulated. Inception date is September 22, 2014.

ii. Exhibit 6.
Portfolio characteristics derived from FactSet. Data prior to strategy inception is simulated. Strategy inception is September 22, 2014.

Current Position

Exhibit 7: Sector Weights

Exhibit 7: Sector Weightsⁱ



ⁱ. Exhibit 7.
Portfolio characteristics data derived from FactSet.



Current Position

Exhibit 8:
Top 10 Holdings

Exhibit 9:
Top Over/Underweights

Exhibit 8: Top 10 Holdingsⁱ

FTSE RAFI™ UK Low Volatility Index vs. FTSE 100 Index					
Index	Weights	1-Yr Perf.	Benchmark	Weights	1-Yr Perf.
Royal Dutch Shell	5.5%	23.6%	Royal Dutch Shell	9.8%	23.5%
BP	5.4%	13.4%	HSBC	7.8%	35.3%
Rio Tinto	5.3%	39.0%	British American Tobacco	5.6%	-2.3%
BHP Billiton	5.2%	18.1%	BP	4.8%	13.4%
SSE	4.6%	-5.6%	GlaxoSmithKline	3.8%	-5.0%
Imperial Brands PLC	4.5%	-15.9%	AstraZeneca	3.3%	3.5%
National Grid plc	4.4%	-13.0%	Diageo	3.2%	13.2%
Wm Morrison Supermarkets plc	4.2%	9.8%	Vodafone	2.9%	-0.5%
Johnson Matthey Plc	3.2%	6.9%	Unilever	2.7%	22.1%
RSA Insurance Group plc	3.0%	16.7%	Lloyds Banking Group plc	2.5%	28.2%

Exhibit 9: Top Over/Underweightsⁱ

FTSE RAFI™ UK Low Volatility Index vs. FTSE 100 Index					
Top Overweights	Active Weights	1-Yr Total Effect	Top Underweights	Active Weights	1-Yr Total Effect
Wm Morrison Supermarkets plc	4.0%	-0.1%	HSBC	-6.3%	-0.8%
SSE	3.9%	-0.6%	British American Tobacco	-5.6%	0.7%
BHP Billiton	3.7%	0.3%	Royal Dutch Shell	-4.3%	-0.5%
Rio Tinto	3.1%	0.8%	AstraZeneca	-3.3%	0.1%
Imperial Brands PLC	2.9%	-0.8%	Diageo	-3.2%	-0.2%
Johnson Matthey Plc	2.8%	0.4%	Vodafone	-2.9%	0.4%
National Grid plc	2.7%	-0.6%	GlaxoSmithKline	-2.7%	0.2%
RSA Insurance Group plc	2.7%	0.1%	Unilever	-2.7%	-0.4%
Royal Mail plc	2.6%	-0.4%	Lloyds Banking Group plc	-2.5%	-0.4%
Direct Line Insurance Group Plc	2.6%	-0.1%	Prudential plc	-2.4%	-0.5%

i. Exhibit 8, Exhibit 9.
Portfolio characteristics and securities data derived from FactSet. 1-Yr Total Effect is calculated using a holdings based attribution, and measures the impact that a security had on relative performance. It is a function of the active weight of a company as well as that company's performance versus the overall benchmark.

Attribution

Exhibit 10: Sector Attribution

Exhibit 10: Sector Attribution ⁱ

1-Quarter Ending 09/30/2017

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Basic Materials	20.26%	9.68%	13.72%	1.25%	0.51%	1.77%
Consumer, Cyclical	10.73%	8.66%	2.15%	0.01%	0.34%	0.35%
Consumer, Non-Cyclical	16.29%	20.24%	-6.28%	0.11%	-0.35%	-0.24%
Energy	11.26%	14.66%	9.11%	-0.31%	-0.04%	-0.36%
Financial	13.82%	23.55%	-0.15%	-0.03%	-0.06%	-0.09%
Health care	2.43%	9.92%	-6.61%	0.51%	0.01%	0.52%
Industrial	8.82%	4.22%	-4.49%	-0.07%	-0.14%	-0.21%
Technology	0.25%	1.34%	8.53%	-0.09%	0.00%	-0.09%
Telecommunications	0.73%	4.18%	16.38%	0.18%	0.10%	0.28%
Utilities	15.41%	3.53%	-3.73%	-0.50%	0.12%	-0.38%
Excess Return						1.55%

1-Year Ending 09/30/2017

Sector	Portfolio Weight	Bench. Weight	Sector Excess Return	Allocation Effect	Selection + Interaction Effect	Total Effect
Basic Materials	20.26%	9.68%	33.21%	2.21%	8.84%	11.05%
Consumer, Cyclical	10.73%	8.66%	-13.54%	0.18%	-0.78%	-0.61%
Consumer, Non-Cyclical	16.29%	20.24%	-10.71%	-0.06%	-1.47%	-1.53%
Energy	11.26%	14.66%	5.45%	-0.29%	-1.32%	-1.61%
Financial	13.82%	23.55%	5.67%	-1.38%	-4.25%	-5.62%
Health care	2.43%	9.92%	-11.91%	0.93%	1.72%	2.65%
Industrial	8.82%	4.22%	-14.78%	0.09%	-2.53%	-2.44%
Technology	0.25%	1.34%	5.61%	-0.02%	0.00%	-0.01%
Telecommunications	0.73%	4.18%	-5.64%	0.81%	1.07%	1.88%
Utilities	15.41%	3.53%	-20.89%	-2.64%	-2.77%	-5.40%
Excess Return						-1.64%

i. Exhibit 10
Portfolio characteristics and securities data derived from FactSet. The attributions have been normalized to match the return of the strategy, as presented in the performance table on page 2. Data prior to strategy inception is simulated. Strategy inception is September 22, 2014.

Disclosures

Source: FactSet based on data from FTSE Russell.

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Prior to 11/1/2016, the 1-yr performance values reported in the Top 10 Holdings exhibit and the Top Over/Underweights exhibit were incorrect. The calculation has been modified to report the appropriate values moving forward.

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