VIAIV

Investment Philosophy

Value Added: Efficient Market Investing

Asset Class Management

- Believes that in liquid markets, prices reflect all available information
- Focuses strategies on the dimensions of higher expected returns
- Adds value through portfolio design and implementation

Traditional Active Management

- Attempts to identify mispricing in securities on a consistent basis.
- Often relies on forecasting techniques to pick securities and/or time market
- Generates higher expenses, trading costs, and excess risk

Index Management

- Allows commercial benchmarks to define strategy
- Tethered to a benchmark, reducing flexibility
- Accepts lower returns and increased trading costs in favor of tracking

Active managers spend time and resources attempting to identify mispricing in the market, even though imbalances are not easily exploited on a consistent, cost-effective basis. An active manager's stock picking and market timing efforts may result in frequent trading and higher turnover, which can undermine asset class exposure and generate higher costs and fees in a portfolio.

An index manager may provide more consistent asset class exposure at a lower cost to the portfolio. But an emphasis on reduced tracking error may force the manager to buy and sell when the commercial benchmark is reconstituted. This tracking commitment drives a manager’s strategy and often results in higher transaction costs and price impact experienced around reconstitution dates.

An efficient market approach focuses on cost-effective asset class investing. Rather than chasing returns through stock picking and market timing, an asset class manager seeks to capture risk dimensions identified through academic research. Unlike a pure indexing approach, an asset class strategy allows a flexible portfolio composition and gives traders more freedom to pursue value in the transaction process. This can result in lower costs, more precise asset class exposure, and enhanced returns.