



Portfolio Strategist Fact Sheet

As of 4/28/14

Tactical Unconstrained®

Strategy Profiled: Global – Dynamic Global Unconstrained – ETFs

Strategies Offered

Strategy	Inception
Global – Dynamic Global Unconstrained – ETFs	4/2014

Organization

Windham Capital Management, LLC is an employee-owned asset management firm with a strong quantitative investment research background. In 2009, Windham started managing discretionary assets and has grown product distribution capabilities. As of December 2013, total Windham assets under management were approximately \$1.2 billion.

Investment Team

CIO Lucas Turton, Head of Research Tim Adler and COO Scott Carleton (averaging over 12 years of experience) are responsible for the day-to-day management of the strategy and are supported by five traders and analysts. Founder Mark Kritzman (over 39 years of experience) provides process oversight and research thought leadership.

Investment Philosophy and Process

The investment philosophy seeks to protect investors from severe losses in down markets while providing quality participation in rising markets. The strategy employs a quantitative top-down asset allocation approach based on the firm's proprietary risk measures, which can tactically change the portfolio's risk and defensive asset exposure.

Windham's overall risk asset exposure is determined by using two proprietary quantitative top-down risk indicators. The systemic risk indicator measures the market's vulnerability to shocks. The financial turbulence indicator monitors volatility and co-variance among global asset classes, and evaluates whether the turbulence is led by shifting correlations or rising volatilities. The following combinations of the two indicators will indicate varying market risk levels:

- Resilient markets (low systemic risk) with low turbulence – Low levels of downside risk
- Resilient markets (low systemic risk) with high turbulence – Moderate levels of downside risk
- Fragile markets (high systemic risk) with low turbulence – Moderate/high levels of downside risk
- Fragile markets (high systemic risk) with high turbulence – High levels of downside risk

As the indicators forecast higher levels of downside risk, the portfolio becomes heavily allocated to the defensive asset class (global fixed income) to avoid loss. Using return, volatility and co-variance expectations for the identified risk environment, the strategy employs mean variance optimization to determine the allocation among growth asset classes (global equities, global commodities and global real estate). The team then selects the top expected performers from a universe of 40 ETFs, each with environment-specific return expectations. To ensure diversification and proper risk exposure for the portfolio, the team conducts risk analysis, which includes Monte Carlo simulations, factor analysis and downside scenario analysis, as a final step of portfolio construction.

AssetMark, Inc.

1655 Grant Street
10th Floor
Concord, CA 94520-2445
800-664-5345

AssetMark, Inc. is an investment adviser registered with the Securities and Exchange Commission. All advisory services mentioned herein are offered by AssetMark, Inc. which receives client referrals through representatives of broker-dealers and investment advisers ("Financial Advisors"). These Financial Advisors consult with clients to assess their current financial situation and identify their financial objectives, and are responsible for ongoing determination that AssetMark, Inc.'s investment management services are suitable for the clients. ©2014 AssetMark, Inc. All rights reserved.

1300 | C12491 | 04/2014