

GLOBAL SMALL CAP (EX. US), STRUCTURED EQUITIES

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For the last quarter of 2019, the strategy added another 110 bps of outperformance, bringing the YTD alpha to 4.23%. In the factor space, beta was the best performer, which contributed 99 bps, earning yield added 31 bps. No other factors made any material impacts. The outperformance of high beta and earning yield matched our predictions in our third quarter comments where we said investors may take a risk-on approach to bet on cheap and high beta stocks. In the industry space, industrial outperformed, but IT, utilities and health care lagged. Outside factor and industry impacts, as well as other factors such as stock selection, added 32 bps.

During the fourth quarter, a U.S.-China Phase One trade agreement was reached. In addition, major global central banks and governments continued to implement various accommodative policies, all above factors led investors to dial down expectations of potential global recession risk, despite some economic data showed deterioration, a broad global market rally sustained till year end due to abundant liquidity in the financial system.

We made no significant changes in the positioning of the portfolio. Relative to the benchmark, the strategy has positive exposure to earning yield, beta, size, liquidity, growth, momentum and dividend yield, while relatively neutral on book to price, leverage and residual risk.

ABOUT OUR FIRM:

DuPont Capital Management is an SEC registered investment advisor based in Wilmington, Delaware. Since the firm's establishment in 1993, we've had a long history of developing global investment opportunities in both traditional and alternative strategies across equity, fixed income and alternative investments. Our investment team structure gives us the ability to be flexible and adapt to changing market conditions. DuPont Capital's focus is delivering consistent investment management results for our clients. Our history of institutional asset management is rooted back to 1942 when our former parent company, DuPont, established a pension plan for its employees. Corteva Inc. succeeded DuPont as sponsor of the DuPont Pension Plan in 2019. DuPont Capital is a wholly owned subsidiary of Corteva and continues to manage the legacy DuPont Pension Plan.

DuPont Capital's President and CEO, Valerie Sill believes in education and diversity of experience as represented in our investment teams which are comprised of PhDs, engineers, medical doctors, and scientists. We believe their global expertise creates a portfolio implementation edge that benefits our clients.

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IMPORTANT DISCLOSURES:

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