

GLOBAL SMALL CAP (EX. US), STRUCTURED EQUITIES

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The Global Ex US small cap strategy outperformed the benchmark by 63 bps for the quarter as of June 30.

Based on Barra risk model, the alpha impact from industry and country exposure was neutral, while portfolio risk factors contributed 27 bps and asset selection 31 bps.

In the factor space, positive exposure to size, growth, beta and momentum helped relative performance during the quarter, while negative exposure to leverage and positive exposure to earning yield subtracted alpha.

It is worthwhile to highlight asset selection saw a significant inflection from negative to positive contribution since the middle of May. To some degree, value factors started to underperform growth and momentum during June. In general, all major catalysts have been priced into the market and recent market volatility is relatively moderate compared to last year. Central Bank rate normalization and inflation is starting to draw investors' attention, which may drive greater volatility in the short term. We continue to gradually strengthen the value tilt and are adding some momentum exposure. At the same time, we are continuing to enhance stock selection to make sure the exposures of all major model factors are well distributed and diversified.

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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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