

Value Creators Portfolios—U.S. Large and Mid Cap

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❖ **What are the key pillars of the Value Creators strategy and how do they differentiate the portfolios in today's competitive market for US-focused funds?**

The key competitive advantage of the philosophy emanates from an in-depth assessment of long-term franchise durability and management's alignment with the creation of long-term shareholder value. The team focuses on what each prospective investment is likely to be five years from now and what is a reasonable price to pay. We believe this provides us an advantage as the vast majority of brokerage investment research has an investment horizon of one quarter to a year.

In addition, we believe the market often underestimates the significant impact strong capital allocation policies can have on the long-term value of a company. Together, these efforts produce a portfolio that has a focus on quality, value, and durability, which we believe provides better risk adjusted returns over the long-term and increases the chances of outperformance.

❖ **What are the key drivers to long-term outperformance and how have they shaped the Value Creators Portfolios as they stand today?**

We believe the key drivers of outperformance are obtained through a combination of the following: (1) in depth fundamental research with an assessment of franchise durability, (2) long-term view of earnings and free cash flow generating power, (3) estimates of intrinsic value per share and its rate of sustainable growth, (4) assessment of owner-operator culture and incentives/alignment with long-term value creation, and (5) long-term investment timeframe of five years. We believe this disciplined assessment process tilts the odds in our favor for effective alpha generation over the long-term. We also believe this source of alpha generation is reproducible over time as it utilizes continuous fundamental security analysis with a long-term view which will always be important. As long as the market and human psychology continue to emphasize and maintain a narrow focus on short-term factors, we believe our process can continue to take advantage of the opportunities and dislocations that emerge.

❖ **In the current inflationary environment, how are the Value Creators portfolios positioned to deal with this?**

There are always near-term economic forces that can influence the overall market and specific sectors and securities. Inflation is one of these key factors, of late, with record levels both globally and domestically driven by the pandemic-induced low-interest rate policies of central banks around the world. As mentioned above, we focus the portfolio on companies with strong franchises, and as such, the companies we own have an above average ability to deal with inflation by altering their prices or overall customer value proposition over the long-term.

❖ **With a potential downturn/recession ahead of the markets, how do the Value Creators Portfolios approach risk management in this environment?**

The portfolio is constructed using a bottom-up process, with those companies that most strongly meet our criteria as the top candidates. We are careful to ensure there is a modest amount of diversification across the portfolio by selecting securities in most of the eleven sectors. We also have limitations on sector, industry, and security active weights to help control portfolio risk. Overall, our portfolio construction process is designed to generate positive risk-adjusted returns over the long-term.

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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