

Thematic Diversification Satellite Strategies

Investment Policy Statement (IPS)

Investment Objective

The Thematic Diversification Satellite Strategies are designed to complement an investor's existing core model portfolio and/or household-level asset allocation by providing targeted exposure to secular, cyclical, or structural investment themes. These strategies seek to enhance diversification and return potential through intentional tilts away from broad, capitalization-weighted market indexes. Due to their thematic focus, these strategies may experience higher volatility and tracking error relative to traditional passive benchmarks and are not intended to serve as a standalone core allocation for most investors.

Role Within a Portfolio

These strategies are intended to function as **satellite allocations** within a broader core-satellite portfolio framework. They are designed to supplement, not replace, core diversified strategies that establish the primary equity and fixed income exposure for a household.

Recommended allocation sizing generally ranges from **5% to 20% of total household investable assets**, depending on the investor's risk tolerance, objectives, and existing portfolio composition.

Strategy Structure

The Thematic Diversification Satellite Strategies are offered in three configurations:



Equity Thematic Strategy



Fixed Income Thematic Strategy



Balanced Thematic Strategy
(approximately 50% Equity / 50% Fixed Income)

Each strategy is actively managed and implemented using diversified investment vehicles selected to express defined themes rather than replicate broad market exposure.



Investment Approach

The strategies are constructed using a **thematic, top-down investment process**, where asset class, sector, factor, or structural themes are identified and expressed through diversified investment vehicles. Portfolio construction emphasizes diversification across multiple themes rather than reliance on a single narrative or outcome.



Portfolios are **actively managed**



Quarterly rebalancing is expected



Annual strategic reviews and potential reallocations may occur



Interim adjustments may be made as market conditions evolve or as themes move into or out of favor

Equity Thematic Strategy

The Equity Thematic Strategy is designed for investors with **Growth or Aggressive risk profiles**, and may also be used in a **50/50 blended format** either as a standalone allocation or in conjunction with any core model.

This strategy focuses on equity-based themes across sectors, styles, geographies, or structural trends. It **does not allocate to Bitcoin, gold, or other direct commodity exposures**, as these are typically implemented separately by advisors at the client-account level when appropriate.

Fixed Income Thematic Strategy

The Fixed Income Thematic Strategy is designed to complement portfolios aligned with Moderately Conservative and Conservative risk corridors. It seeks to enhance income, diversification, or risk management through non-traditional fixed income positioning, duration management, credit segmentation, or other thematic expressions within the fixed income universe.

Balanced Thematic Strategy

The Balanced Thematic Strategy combines equity and fixed income thematic exposures in an approximately **50% / 50% allocation**, providing a diversified thematic solution suitable for **Balanced risk profiles** or as a blended satellite allocation alongside a core model.

Risk Considerations

Because these strategies are based on themes rather than broad market representation, they are subject to additional risks, including but not limited to:

- Higher volatility relative to diversified passive strategies
- Increased tracking error versus traditional benchmarks
- Periods of material underperformance if selected themes fall out of favor
- Sensitivity to macroeconomic, market, and sentiment shifts

These strategies may also have **higher implied acquired fund fees** than traditional core strategies due to their active and thematic construction.

Suitability

The Thematic Diversification Satellite Strategies are best suited for investors who:

- Understand and accept the risks associated with thematic investing
- Are comfortable with periods of relative underperformance versus broad benchmarks
- Seek to complement an existing diversified core allocation
- Have a long-term investment horizon and the ability to tolerate higher short-term volatility

As with any investment strategy, performance is not guaranteed. Market conditions, economic factors, and theme-specific risks may adversely impact results. These strategies should be implemented within the context of an investor's overall financial plan, risk tolerance, and asset allocation framework.

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Investing involves risk. Investors should be prepared to bear loss, including total loss of principal. Diversification does not guarantee investment returns and does not eliminate the risk of loss. Past performance is no guarantee of comparable future results. No guarantees expressed or implied. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. Fixed insurance and annuity product riders, features, and guarantees are subject to the claims paying ability of the issuing company.

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