



## What's the investment objective?

The objective is to earn at least 3% after all fees and expenses over rolling time windows of at least 2½ years. Interest rates have now risen to a level at which we believe this objective is easily attained.

## Who manages the portfolio?

This portfolio is managed by Julex Capital Management. Julex is a boutique investment management firm headquartered in Wellesley, MA and specializes in fully transparent, quantitative rules-based investment strategies. They eschew marketing, sales, and story-telling, and instead devote their full attention to the serious challenge of identifying and harvesting exploitable marketplace mispricings and inefficiencies. The use of quantitative rules has the advantage that it allows the Julex research team to test how an investment strategy would have performed under different interest rate, inflation, economic growth, currency, and investment market environments. The firm is employee-owned and was founded in 2012 by Dr. Henry Ma. The Julex Research Department consists of six investment professionals with four PhDs and three CFA Charterholders.

Oversight is provided by Integrated's Investment Management Department and its Chief Investment Officer, Dr. Rob Brown, in addition to 35 seasoned investment professionals arranged into the three independent and fully autonomous committees: Investment Advisory Council, Investment Committee, and the Oversight Board.

## What's inside the portfolio?

Between 2 and 7 ultra-liquid ETFs (Exchange Traded Funds). The portfolio maintains a relatively short maturity. The average interest rate duration must never exceed 4.55 years. Moreover, the average credit quality is required to be investment grade, never falling below BBB- (one notch above high-yield).

## This portfolio is sought by those who:

- Desire a tactical asset allocation approach to active short-term bond management,
- Expect something really big (good or bad) will happen over the next half-dozen years, and require an approach that adopts rapidly and best aligns with that new reality as it unfolds,
- Understand that traditional bond management, which relies on picking individual bonds and bond-sector weightings, is likely to be meaningfully disadvantaged in the future,
- Prefer the highest possible probability of achieving the stated Required Return measured at the Destination,
- Require a quantitative rules-based approach that is fully transparent and readily testable over the last 30 years, and
- Wish to use a strategy backed up by extensive academic and practitioner published professional research.

## How tax efficient is this portfolio?

The high turnover of this portfolio is expected to result in remarkably poor tax efficiency.

## Over time, the portfolio is expected to:

- Experience significant turnover, resulting from trades occurring between four and eleven times each year,
- Stay favorably aligned with those bond sectors experiencing the strongest positive trending,
- Restrict itself to U.S. fixed income securities offering above-average liquidity,
- Vary its exposure between U.S. Treasury bonds, mortgage-backed securities, bank loans, high yield bonds, asset-backed securities, corporate bonds, and cash equivalents, with changes occurring abruptly at times, and
- Deliver little to no tracking to popular fixed income benchmarks, making it more difficult to evaluate the success or failure of the strategy over short-run time periods such as six to twelve months.

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### Integrated's investment platform offers choice

Integrated's menu of investment solutions offers advisors a breadth of choice across numerous dimensions. Twelve highly differentiated series provide access to 62 well diversified portfolios. The Custom series offers additional choice through its unique ability to custom tailor, build, and manage specialized portfolios for larger client relationships.

Investment series	Number of portfolios available	Investment manager	Types of securities utilized
Alternatives	2	Integrated	BTF, REIT
Classic	7	BNY Mellon	AMF, ETF
Concentrated	5	Julex Capital <i>or</i> Integrated	IS, ETF
Custom	<i>infinite</i>	Integrated	<i>anything</i>
Dynamic	4	Julex Capital	ETF
Enhanced	7	JP Morgan	AMF, ETF
Factor	7	BlackRock <i>and</i> Integrated	AMF, ETF
Focused	6	Integrated	IS, ETF
Fundamental	5	BNY Mellon	ETF
Opportunistic (bond)	6	Julex Capital <i>or</i> Integrated	BTF, ETF
Opportunistic (sector rotation)	6	Integrated	ETF
Passive	7	Dimensional	ETF

"ETF" = Exchange Traded Fund, "BTF" = Bond Term Fund, "REIT" = Real Estate Investment Trust, "AMF" = Actively Managed Mutual Fund, "IS" = Individual Stock

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