

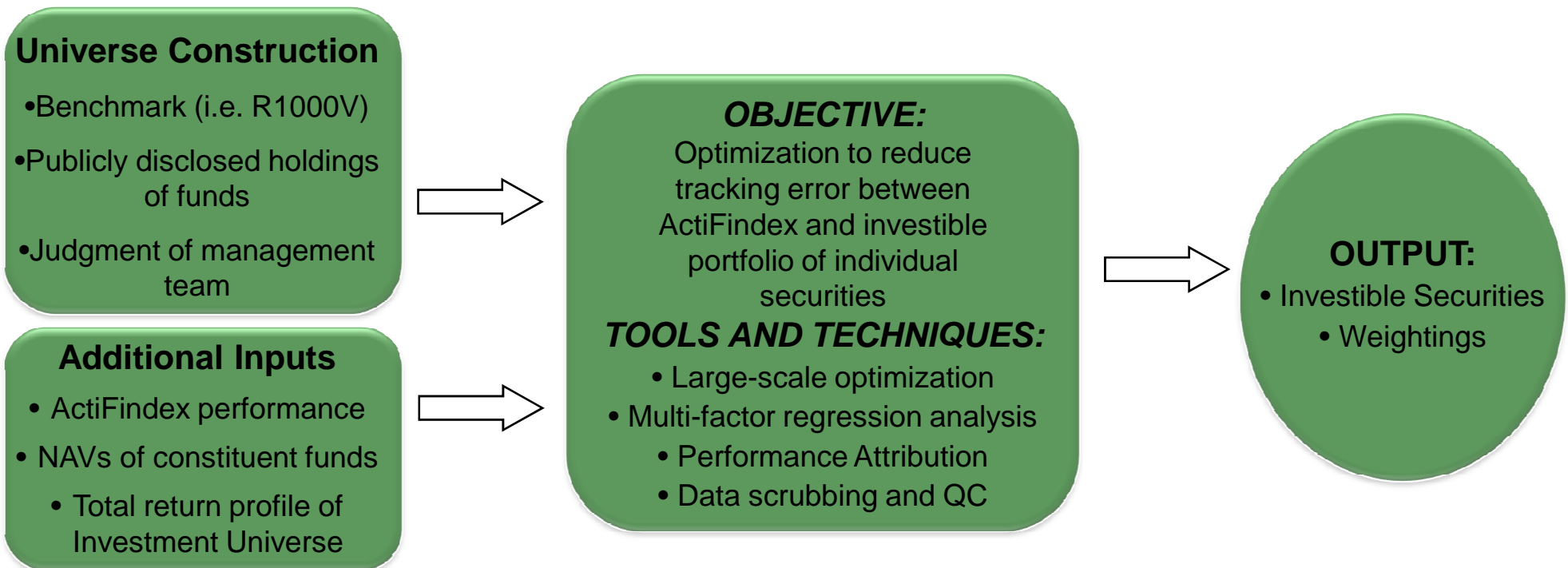
$f^2$

**F–Squared Investments, Inc.**

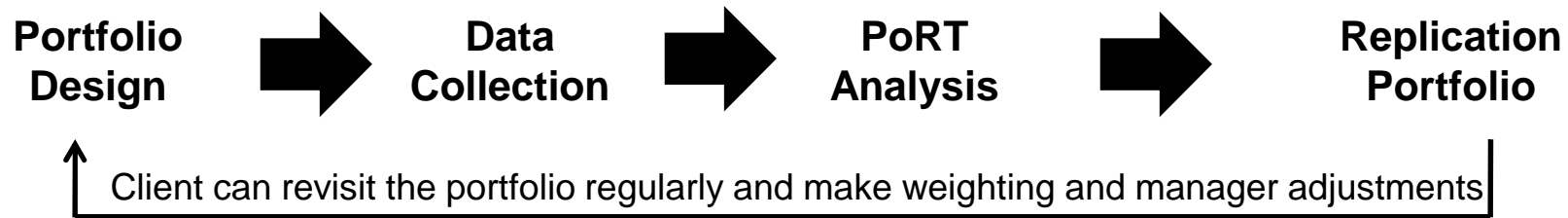
**Portfolio Replication Technology (PoRT™)**

# F-Squared's business design and Portfolio Replication Technology (PoRT) allows delivery of performance without layering of fees

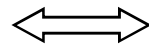
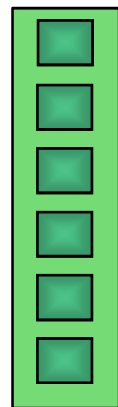
- ◆ PoRT is an analytical engine in development since 1999
  - Developed by world class team of mathematicians, integrating techniques from : performance-based attribution, regression analysis, pattern recognition, biotechnology
  - International patent pending
- ◆ Quantitative engine optimizes securities and weights to minimize tracking error versus custom portfolio of mutual funds
- ◆ Allows replication of performance of portfolio/index of mutual funds without direct investment in underlying funds



# Customized Replication solutions: flexibility, custom design, low cost, and potential for improved persistency of alpha



Portfolio of mutual funds selected for replication



Tracking Portfolio delivers performance without incurring mutual fund fees

## Portfolio Design

- ◆ Client or consultant can custom design portfolio
  - Manager selection (small portfolio of managers or indexes)
    - Asset class
    - Weightings
- ◆ Portfolios can be designed to meet various objectives
  - Alpha maximization
  - Downside risk
  - Persistency of performance

## PoRT Analysis/Replication

- ◆ Algorithm development began in 1999
- ◆ Generates a portfolio of holdings/weights that best explain the return patterns of the portfolio of funds selected
- ◆ Only uses publically available information
  - SEC filings
  - Mutual fund daily NAVs

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