

## THIRD-PARTY INTEGRITY FROM WILSHIRE ASSOCIATES

Wilshire Funds Management, a business unit of Wilshire Associates (Wilshire®), a leading global investment services firm, was selected to provide advisory services and ongoing active due diligence for the Harmony program. Chosen for their reputation in the institutional space and their experience in the managed asset arena in the U.S. and the U.K., their expertise is available to Canadian investors exclusively through AGF.

### WHO IS WILSHIRE ASSOCIATES?

- ▶ a global leader in providing investment analytics, investment consulting and managed asset solutions to the institutional marketplace since 1972
- ▶ developers of the Wilshire 5000 Total Market Index<sup>SM</sup>
- ▶ As of March 31, 2014, Wilshire Funds Management advises or more than \$130 billion in assets, serving approximately 50 leading financial intermediaries



### SOPHISTICATED ASSET ALLOCATION APPROACH

Wilshire Associates employs sophisticated techniques used in many large institutional pension and endowment funds to allocate assets and manage volatility within defined parameters.

#### STRATEGIC ASSET ALLOCATION

Quarterly asset class reviews are conducted to construct portfolios to maximize long-term returns with lower risk by leveraging Wilshire's decades of experience working with institutional clients. Wilshire's extensive manager research capabilities are applied to recommend leading institutional investment managers for each Harmony Pool. In addition, Pools and Portfolios are periodically rebalanced so they remain on target to achieve your long-term goals.

#### TACTICAL ASSET ALLOCATION

To take advantage of shorter-term market changes, Wilshire will recommend more frequent and opportunistic changes to asset class weightings, using exchange-traded funds in major asset classes for their cost efficiency and liquidity. While still keeping an eye on long-term performance expectations, additional steps are taken to exploit evolving shifts in asset class opportunities with a focus on downside protection.

#### WILSHIRE ALSO GOES A STEP FURTHER

A key difference is Wilshire's approach to managing risk at each stage of the investment process. Any risk taken to generate returns is carefully measured and allocated wisely in an effort to maintain a consistent risk experience and maximize risk-adjusted returns. This approach may be particularly beneficial for capital preservation during market corrections and may also help capture additional gains when markets are rallying.

## THE WILSHIRE APPROACH

Wilshire uses an in-depth four-part process to help construct the Harmony Pools and Portfolios.



### 1. ASSET ALLOCATION

- ▶ Wilshire leverages its institutional insights and real-world experiences to develop its own unique approach in estimating the risk and return characteristics associated with equity and fixed-income asset classes
- ▶ Wilshire utilizes a wide range of sub-asset classes within the equity and fixed-income markets to build portfolios to be strategically diversified and perform well over a full market cycle

### 2. EXTENSIVE MANAGER RESEARCH

- ▶ Wilshire has developed a disciplined, repeatable and comprehensive process that seeks to identify successful investment managers who they believe are likely to continue to perform well over the long term
- ▶ Wilshire's evaluation process is both qualitative and quantitative and is based on insights that they have developed from years of focusing on identifying those qualities that enable investment managers to be successful
- ▶ Wilshire's Manager Research Group evaluates approximately 3,000 investment strategies and conducts more than 1,500 in-person interviews a year

### 3. DISTINCTIVE PORTFOLIO CONSTRUCTION

- ▶ Wilshire designs portfolios within a multi-manager, risk-controlled framework that draws on academic concepts and practical experiences they have gained from advising institutional investors
- ▶ Wilshire selects high-quality managers who are specialized within certain asset classes and who Wilshire believes can add value
- ▶ Wilshire constructs portfolios to have the optimal mix of investment strategies to meet their desired asset allocation targets while also providing the benefit of having multiple investment styles with little stock overlap

### 4. ONGOING MONITORING AND REBALANCING

- ▶ Wilshire conducts holdings and returns based analyses on a quarterly and ad-hoc basis to monitor and assess each portfolio's performance, risks and positioning
- ▶ Wilshire's ongoing monitoring includes frequent meetings with each underlying mandate's investment management team
- ▶ Wilshire recommends rebalancing the portfolios to maintain the optimal risk and return balance

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