

Index Description

The RAFI® US Equity Long/Short Index (Index) utilizes the Research Affiliates (RA) Fundamental Index® (RAFI®) methodology to identify opportunities that are implemented through long and short securities positions for a selection of U.S. domiciled publicly traded companies listed on major exchanges. The Index takes long positions in companies with large RAFI weights relative to weightings in capitalization-weighted indices and short positions in companies with small RAFI weights relative to their weightings in cap-weighted indices.

The Index is reconstituted annually at which time new long and short positions are selected and weighted. Sector neutrality is achieved during this annual reconstitution. The Index is rebalanced monthly such that it has equal dollar investments in both long and short positions. The Index at any time may have significant positive or negative correlations with long-only market capitalization-weighted indices.

Standardized Performance (through 3/31/12)

	3-Mo	6-Mo	1-Yr	3-Yr ¹	5-Yr ¹	10-Yr ¹
RAFI US Equity Long/Short Index² - Returns	-1.31%	-0.42%	-7.82%	13.48%	0.96%	4.40%
1-Month Treasury Bill - Returns	0.01%	0.01%	0.03%	0.08%	0.97%	1.72%
S&P 500 Index - Returns	12.59%	25.89%	8.54%	23.42%	2.01%	4.12%
Barclays Capital Aggregate Bond Index - Returns	0.30%	1.43%	7.71%	6.83%	6.25%	5.80%
RAFI US Equity Long/Short Index - Volatility		3.82%	4.59%	15.67%	15.10%	11.73%
1-Month Treasury Bill - Volatility		0.00%	0.01%	0.02%	0.45%	0.49%
S&P 500 Index - Volatility		13.46%	16.79%	16.23%	19.08%	15.99%
Barclays Capital Aggregate Bond Index - Volatility		2.17%	2.60%	2.70%	3.60%	3.65%

¹Returns greater than 1 year are annualized.

²Index launch date 11/1/10. RAFI US Equity Long/Short returns are collateralized and represent the return of the strategy plus a cash collateral yield.

Portfolio Characteristics (as of 3/31/12)

	P/S	P/B	P/C	Dividend Yield	Beta	Weighted Average Cap
Index (Long)	0.37	1.14	4.19	1.89%	1.41	\$ 39.58B
Index (Short)	2.77	3.08	12.52	1.53%	1.08	\$ 48.09B

Index Sector Weights (as of 3/31/12)

Sectors	Long	Short
Basic Materials	5.46%	4.15%
Consumer, Cyclical	10.60%	14.35%
Consumer, Non-Cyclical	8.76%	6.82%
Energy	11.54%	11.56%
Financial	23.36%	23.93%
Healthcare	10.86%	11.06%
Industrial	9.28%	8.67%
Technology	9.38%	11.09%
Telecommunications	5.47%	3.18%
Utilities	5.29%	5.19%

Top 10 Holdings Comparison (as of 3/31/12)

Long Position		Short Position	
	Company		Company
1	Bank of America	3.12%	Apple
2	Citigroup	2.01%	Cisco Systems
3	ConocoPhillips	1.89%	Schlumberger
4	General Electric	1.48%	Philip Morris
5	AT&T	1.46%	Occidental Petroleum
6	Verizon	1.41%	Wells Fargo
7	JPMorgan Chase	1.41%	Coca-Cola
8	Chevron	1.33%	Berkshire Hathaway
9	Sprint Nextel Corp.	1.19%	Simon Property Group
10	Valero Energy Corp.	1.16%	American Express

Name	Ticker	Type
RAFI US Equity Long/Short Index	RAFILS	Price
RAFI US Equity Long/Short Index TR	RAFILSTR	Total Return
RAFI US ELS Long Sub Index	RAFILSL	Price
RAFI US ELS Long Sub Index TR	RAFILSLT	Total Return
RAFI US ELS Short Sub Index	RAFILSS	Price
RAFI US ELS Short Sub Index TR	RAFILSST	Total Return

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