



NORTHERN TRUST

ASSET MANAGEMENT

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# DIVERSIFIED STRATEGIST PORTFOLIOS

Solutions for Challenging and Changing Markets

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# The Diversified Strategist Portfolios combine Northern Trust's asset allocation and portfolio construction expertise with cost-effective investment strategies designed to deliver improved outcomes with less risk.

## THE ISSUE

Achieving your investment goals requires a carefully crafted and diligently executed strategy that can perform effectively in various market environments.

## THE CHALLENGES

- Developing and maintaining a sound investment strategy
- Creating and maintaining a properly diversified portfolio
- Obtaining consistent, sustainable results
- Selecting appropriate investments
- Monitoring and rebalancing your holdings as needed
- Minimizing investment-related taxes
- Managing unintended biases and costs
- Generating enough income to help meet your spending needs
- Preparing for unseen risks and unexpected inflation
- Planning so your assets can last as long as you need them

## ABOUT NORTHERN TRUST

Established in 1889

Headquartered in Chicago, IL

Locations in 20+ countries

22,000+ global employees

### Service

Relentless drive to provide exceptional service.

### Expertise

Resolving complex challenges with multi-asset class capabilities.

### Integrity

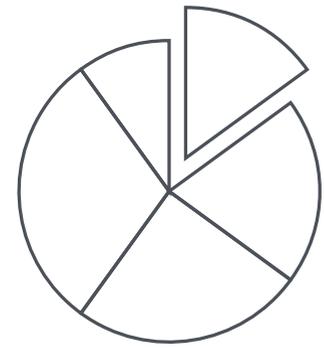
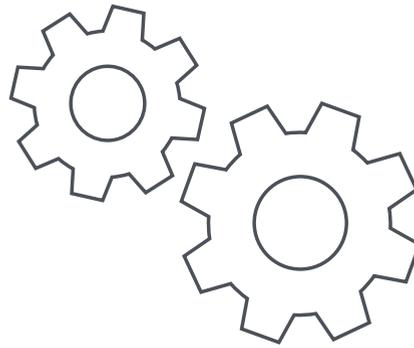
Acting with the highest ethics, utmost honesty and unfailing reliability.

“  
World's  
**most admired**  
companies® ”

15th consecutive year.  
Fortune Magazine, Feb. 28, 2022,  
based on 2021 industry survey.<sup>1</sup>

Data as of 12/31/22.

<sup>1</sup>Source: Fortune, Korn Ferry. In 2022, 635 survey participants with \$10B+ in revenues, from 29 countries and 52 industries, were asked to rate companies in their own industry on nine criteria. A company's score must rank in the top half of its industry survey to be listed among the World's Most Admired Companies. Visit <http://fortune.com/worlds-most-admired-companies> for additional details and survey results. Past performance is not indicative of future results.



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## THE SOLUTION

The Diversified Strategist Portfolios feature globally diversified, professionally managed investment solutions that are designed to seek consistency in performance and the potential for higher returns with less risk.

## THE DIVERSIFIED STRATEGIST PORTFOLIOS

- 1** Professionally managed, research-driven investment program designed to provide risk-efficient solutions for a range of objectives from maximum growth to income
- 2** Globally diversified asset allocation framework thoughtfully crafted and optimized to capitalize on opportunities and potentially minimize the effects of market volatility
- 3** Multi-asset class investment approach including Northern Trust's factor-driven strategies and inflation-sensitive and fixed income funds designed to deliver diversification and value at a reasonable cost
- 4** Targeted equity factor exposure (e.g., value, small size, dividend yield, high quality) designed to manage risk and potentially enhance returns
- 5** Enhanced Income, tax-sensitive and low volatility options can help to increase income, limit tax liabilities, or further reduce volatility

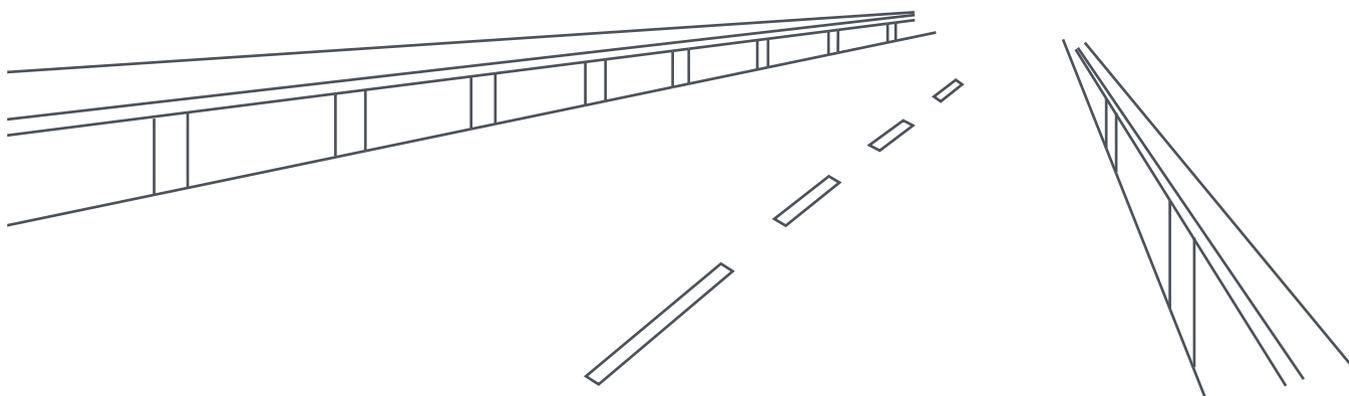
# FORWARD-LOOKING; HISTORICALLY AWARE

The Diversified Strategist Portfolios are backed by Northern Trust's comprehensive, well-proven asset allocation methodology that seeks to deliver enhanced long-term returns with less risk.

Our asset allocation process seeks to capitalize on short-term opportunities and minimize the effects of market downturns while keeping your portfolio aligned with your long-term objectives, time horizon and tolerance for risk.

Northern Trust's asset allocation approach provides:

- Strategic portfolio frameworks for a range of investor objectives
- Tactical adjustments to take advantage of changing market environments and mitigate risk
- Ongoing monitoring and rebalancing to help keep your portfolio aligned with your goals
- Access to extensive proprietary research and the collective expertise of a world-class investment management institution



# ASSETS SERVE A PURPOSE

Including an optimized mix of risk assets and risk control assets within an investment portfolio can provide robust diversification across market environments.

## Risk Assets

**Purpose:** Long-term Growth  
**Expectation:** Potentially higher volatility, higher long-term returns

- U.S. equities, non-U.S. equities, global natural resources, global real estate, global listed infrastructure and high yield debt
- Intended to capture the growth potential of equities over time
- Tends to have a low and stable correlation with risk control assets

## Risk Control Assets

**Purpose:** Risk Management, Income  
**Expectation:** Potentially lower volatility, lower long-term returns

- High quality, targeted duration and inflation-protected fixed income
- Low risk assets that are intended to preserve principal, even during market downturns
- Tends to have a low and stable correlation with risk assets

# ALIGNING ASSETS WITH INVESTOR GOALS

Risk control assets can provide a more stable source of funds to help meet immediate needs and near-term goals.

Risk assets serve to grow the value of your portfolio over time to fund longer-term and discretionary goals.



# FACTOR-BASED INVESTING

The Diversified Strategist Portfolios employ targeted factor exposures in the management of equity risk assets to improve outcomes, provide greater consistency, manage risk and enhance returns.

Northern Trust's proven, factor-based strategies combine what we believe to be the best of active and passive management providing:

- The potential for long-term higher returns with less risk than traditional equity indexing
- Historically consistent performance, lower fees and greater transparency than fundamental active management
- A disciplined process focused on helping to meet investment goals

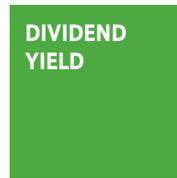
## Combining Factors for Optimal Outcomes

In widely recognized academic studies, including our own, there is considerable evidence to demonstrate that independent risk factors have historically driven excess returns over time.

The Diversified Strategist Portfolios offer targeted exposure to a combination of factors (e.g., quality, value, size and dividend yield) that have historically demonstrated attractive risk-adjusted returns.

Furthermore, we believe our firmwide commitment to quality has led to stronger historical investment performance as our research<sup>1</sup> reveals that quality companies have outperformed the market over time, tended to be less volatile and have provided mitigation in down markets.

<sup>1</sup> Northern Trust Asset Management.



## ENHANCING DIVERSIFICATION WITH COMPLEMENTARY ASSET CLASSES

### INFLATION-SENSITIVE

The Diversified Strategist Portfolios employ Treasury Inflation-Protected Securities (TIPS), and other inflation-sensitive asset classes such as natural resources, public real estate and listed infrastructure, to complement traditional asset classes for enhanced stability. These assets can help your portfolio keep up with inflation, so you can have increased confidence in meeting your investment goals.

### INCOME

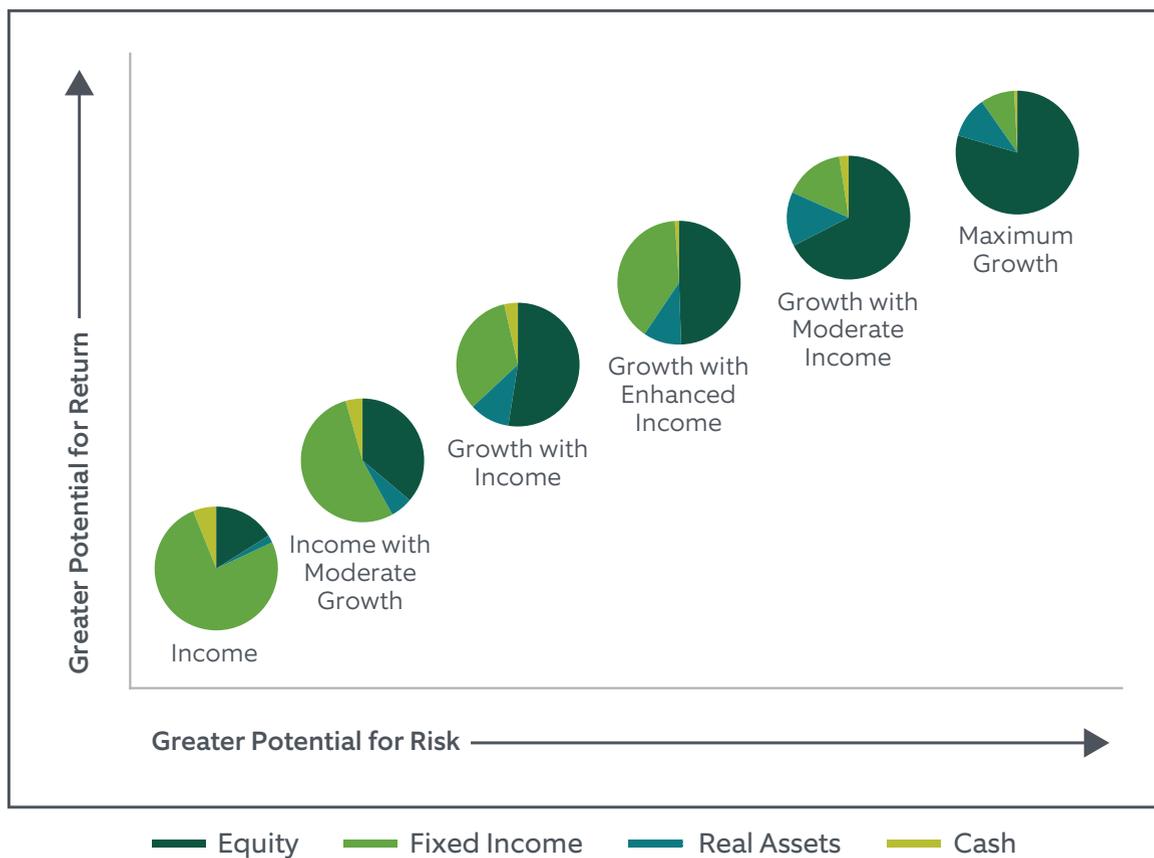
Diversified bond holdings provide the potential for both income generation and capital preservation. The Diversified Strategist Portfolios leverage Northern Trust's fixed income expertise which includes:

- Global resources and a history of innovation
- Extensive credit research capabilities
- An historical track record of strong performance
- A conservative, long-term philosophy

# DIVERSIFIED STRATEGIST PORTFOLIOS

The Diversified Strategist Portfolios offer solutions for several investment objectives and include enhanced income, tax-sensitive and low volatility options to help meet a range of investment goals.

## Sample Portfolio Allocations with Risk/Return Trade Off



*For illustrative purposes only, actual results may differ.*

With the Diversified Strategist Portfolios, our focus is on helping investors achieve better outcomes. Contact your financial advisor today and put our expertise to work for you.

## To learn more about how the Diversified Strategist Portfolios can help you work toward achieving your investment goals, contact your financial advisor.

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