



Mutual Fund Models

- The new models were distributed in late December.
 - They are also available on the Infonet.
- We intend to migrate the old models (UP, ASO and RF) to these targets in three steps with the last step in the first quarter 2008.

Key Points

- ❖ The names of the models will contain a large amount of information.
- ❖ Our asset allocation decision, tactical equity allocation decision and fixed income allocation will be applied consistently across the board
- ❖ Third, the investment vehicles we will use, by and large, are the same, regardless of model.

The name of the model will contain a large amount of useful information

The name is made up of eight letters each having meaning.

For example

ALEQAGHT

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The first four letters are the Asset Allocation or Objective

The fifth is the class of shares used

The sixth letter is the Geography

The seventh is the principal cash

The eighth is fixed income taxability

ALEQ-All Equity
 AGGR-Agg. Growth
 GRWI-Growth w/Income
 BLNC-Balanced
 INWG-Income w/Growth
 CNSV-Conservative
 CUIN-Current Income
 ALFX-All Fixed

A-Retail
 Y/I-Institutional
 C-EB (C only)
 D-EB (A and C)

G-Global
 D-Domestic

H-High (1%)
 L-Low (0.1%)

T-Taxable
 E-Tax-Exempt

Our Asset allocation, tactical equity allocation and fixed income allocation will be consistent across the board

- ❖ Regardless of the share class, geography, cash balance, tax status of bonds, all balanced portfolios will reflect the same asset allocation, etc.
- ❖ While our fixed income allocation will be static, our asset allocation and tactical equity allocation will continue to be dynamic.

The Investment vehicles we will use, by and large, will remain the same, regardless of the model.

The exceptions will be when the model itself calls for the exceptions such as:

- ❖ Share class
- ❖ Geography
- ❖ Tax status of the bonds

Fund Selection Process

Goals:

1. Diversify- Across Asset Classes and Sub- Classes
2. Diversify –Across Fund Families
3. Apply-Asset Allocation; Equity Allocation and Bond Allocation

Considerations:

1. Cost: Lower fee structures and RMK Funds' creditable Fees
2. Capital Gains: All incumbent funds; RMK, Pioneer
3. Performance as measured by FA-Score. Top 1/3

The Back Bone of the Mutual Fund Model

