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"Action This Day!" - Winston Churchill

Now is the time to take action on your financial future. Time passes regardless of your actions. Take advantage of it by saving today! Your future you will be glad you did!!

Jason

"SECURITIES & INVESTMENT ADVISORY SERVICES OFFERED BY LICENSED INDIVIDUALS THROUGH COORDINATED CAPITAL SECURITIES, INC. MEMBER FINRA/SIPC."

May 2017

Tax Benefits of Homeownership
Is It Wise to Trade Your Pension for a Lump Sum?
Are you ready to retire?
What is an ERISA fiduciary?



Is Smart Beta a Smart Strategy for You?



Traditional investment indexes such as the S&P 500 are weighted based on market capitalization, the value of a company's total outstanding stock. This means the largest companies in the index may have

much greater influence on index performance than smaller companies. For example, the 10 largest companies in the S&P 500 account for more than 18% of the index's performance, as opposed to about 2% for the 10 largest if every company were weighted equally.¹

Funds that track market-weighted indexes may be the most direct way to participate in broad market performance, but there has been increasing interest in an alternative indexing strategy called smart beta (also known as strategic beta or factor-based investing). More than 100 smart-beta exchange-traded funds (ETFs) were launched in 2016.²

Shifting the weight

Smart-beta funds use factors other than market capitalization to select and weight investments in order to track an existing or newly created factor-based index. Some factors that might be considered are momentum, risk, volatility, earnings, growth potential, price-to-book value, dividend growth or yield, cash flow, or equal weighting of all securities. (Traditionally, beta is a measure of an investment's volatility, but smart-beta indexes may or may not consider volatility.)

The idea of using factors to select investments is not new. For example, numerous indexes track stocks perceived to have higher growth potential or to offer greater value. However, even if the investments are *selected* based on a factor, such indexes are typically still *weighted* based on market capitalization. Though investments tracking such indexes might be considered in the smart-beta category, a true smart-beta growth or value index would be selected and weighted based on a measure of growth or value.

Long-term strategy

The goal of smart-beta strategies is to outperform the broader market, but even if a factor does outperform during one market cycle, it may underperform in the next cycle. This is one of the fundamental challenges not only of smart beta but of any strategy that attempts to outperform the market. Even within a given cycle, a successful strategy may become neutralized or unsuccessful as other investors adopt the same strategy.

Because of these limitations, smart-beta funds are generally not wise for short-term investors, but they may be appropriate as a long-term strategy in a diversified portfolio. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. All investing involves risk, including the possible loss of principal.

The S&P 500 is an unmanaged group of securities considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results; actual results will vary.

The principal value of mutual funds and exchange-traded funds will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Supply and demand for ETF shares may cause them to trade at a premium or a discount relative to the value of the underlying shares.

Mutual funds and exchange-traded funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

¹ S&P Dow Jones Indices, 2017

² Morningstar, 2017