EFFICIENT FRONTIER AND MODEL STRATEGIES
Charts
Diversified Income Model Portfolios

Income generation for a given level of risk is the primary objective of these model portfolios, while also seeking to preserve capital. The portfolios limit exposure to equities to help manage volatility, and allocate to a wide range of fixed-income and dividend-yielding securities that span the globe and credit spectrum. These generally conservative portfolios are geared toward investors seeking a potential stream of income beyond existing sources such as pensions, annuities, or social security. Portfolio risk level can be related to equity allocation. Typically, there would be higher risk with a higher equity allocation, and lower risk with a lower equity allocation.

For illustrative purposes only. Not to be used to assess the exact risk/return relationship between portfolios. No guarantees can be given about future performance. There is no assurance that the investment process will consistently lead to successful investing. Asset allocation and diversification do not eliminate the risk of experiencing investment losses. Source: Morningstar Associates.
These are diversified core model portfolios made up of index-tracking ETFs that span a broad range of investment styles, sectors, market caps, and regions. The use of ETFs can offer potential tax and cost efficiencies. These portfolios are monitored and rebalanced on an ongoing basis and can serve as a core portfolio for investors seeking to build wealth. It is important to note that varying levels of risk correspond to the equity allocation, which means there is greater risk with more equities and smaller risk with less equities.

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Carefully consider the investment objectives, risks, charges and expenses before investing. A prospectus, obtained by calling 888-310-7921, contains this and other information about an investment company. Read carefully before investing.
These are diversified core model portfolios made up of actively managed mutual funds that span a broad range of investment styles, sectors, market caps, and regions. Since the underlying mutual funds are actively managed, the equity exposure of the overall portfolio may slightly shift from period-to-period. These portfolios are monitored and rebalanced on an ongoing basis and can serve as a core portfolio for investors seeking to build wealth. It is important to note that varying levels of risk correspond to the equity allocation, which means there is greater risk with more equities and smaller risk with less equities.

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These model portfolios are diversified tactical allocation portfolios that also use a sector rotation strategy that is implemented using exchange-traded funds. These portfolios are designed to be reallocated monthly based upon a combination of quantitative and fundamental factors looking to take advantage of mispricing and trends in asset returns. These portfolios are geared toward investors desiring a more actively managed portfolio with the potential for higher returns while controlling risk. It is important to note that varying levels of risk correspond to the equity allocation, which means there is greater risk with more equities and smaller risk with less equities.

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**Diversifying with a Combination of Strategic and Tactical Model Portfolios**

A multi-strategy investment approach can help enhance your total portfolio risk/return profile where suitable. Just like in any given time period an asset class can be in or out of favor, particular investment strategies (i.e. strategic and tactical) can be also be in or out of favor. In the above example, we invest 60% of our investable assets in the Amerivest Core Moderate Portfolio and 40% in the Amerivest Opportunistic Moderate Growth Portfolio. This combination results in a combined equity target of approximately 45%; however, the combined portfolio can range from 30-55% equity. It is important to note that varying levels of risk correspond to the equity allocation, which means there is greater risk with more equities and smaller risk with less equities. Investors will have to determine the appropriate split between the different strategies based upon their own investment objectives.

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**What is the Efficient Frontier?**

The efficient frontier is a concept represented by a set of portfolios that offer the highest expected return for a given level of risk. The standard deviation of a portfolio’s return is typically used as a measure of risk.
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