

## ISHREMERG

Model Start Date: 02/19/2015

### Model Objective

The purpose of the iShares Emerging Market Model is to identify major themes in the market, have exposure to those funds controlled by demand and eliminate exposure to those funds controlled by supply. The Model is designed to hone in on the strongest ETFs from the inventory listed above. The Portfolio will attempt to capture the strongest trends and avoid the weakest trends. The iShares Emerging Market Model inventory of funds provides a diversity of investments that is generally advantageous to trend-based tactical rotation strategies.

### Relative Strength Methodology

The most adaptive tool we have found to achieve the goal of discerning the strongest trends versus the weakest is relative strength. Relative strength is longer term in nature and thus designed to avoid a large amount of potential turnover in the portfolio, while also being responsive enough so as to allow for rotation in the portfolio when market trends necessitate it. In short, relative strength aims us to keep our losses small while letting our profits run and that is the key to successful portfolio management. The systematic and rules based approach also allows us to eliminate the human or “gut feel” trades as our research has found the more we let the system do the work, the better the returns generally will be.

### Systematic Portfolio Rules

- iShares Emerging Market ETFs are the universe used; see potential members in the list below.
- Remains 100% invested at all times
- iShares Emerging Market ETFs are compared to each other in order to determine inclusion. The concept used is based on a relative strength matrix of the iShares ETFs.
- The top six ETFs are bought and are only sold when they fall sufficiently out of favor versus the other potential sectors for the portfolio on a relative strength basis.
- A new position is only added when one falls out.
- When an addition or deletion is made, the portfolio is rebalanced so each position is equally weighted.

### Model Inventory

Symbol	ETF Name	Symbol	ETF Name
AIA	iShares S&P Asia 50 ETF	BKF	iShares MSCI BRIC ETF
DVYE	iShares Emerging Markets Dividend ETF	ECH	iShares MSCI Chile ETF
EEM	iShares MSCI Emerging Markets ETF	EEMA	iShares MSCI Emerging Markets Asia ETF
EEME	iShares MSCI Emerging Markets EMEA ETF	EEML	iShares Emerging Markets Latin America ETF
EIDO	iShares MSCI Indonesia Investable Market ETF	EMHZ	iShares MSCI Emerging Markets Horizon ETF
EPHE	iShares MSCI Philippines Investable Market Index Fund	EPOL	iShares MSCI Poland Investable Market Index Fund
EPU	iShares MSCI All Peru Capped Index Fund	ERUS	iShares MSCI Russia Capped ETF
ESR	iShares MSCI Emerging Markets Esatern Europe ETF	EWM	iShares MSCI Malaysia ETF
EWT	iShares MSCI Taiwan ETF	EWZ	iShares MSCI Mexico Investable Market ETF
EWY	iShares MSCI South Korea ETF	EWZ	iShares MSCI Brazil ETF
EZA	iShares MSCI South Africa ETF	FXI	iShares China Large-Cap ETF
ICOL	iShares MSCI Columbia Capped ETF	ILF	iShares S&P Latin America 40 ETF
INDA	iShares MSCI India ETF	THD	iShares MSCI Thailand ETF
TUR	iShares MSCI Turkey ETF		

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