

## ISHRDEV

Model Start Date: 02/19/2015

### Model Objective

The purpose of the iShares Developed 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 Developed 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 Developed Market ETFs are the universe used; see potential members in the list below.
- Remains 100% invested at all times
- iShares Developed 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
ACWX	iShares MSCI ACWI ex US ETF	DVYA	iShares Asia/Pacific Dividend 30 ETF
EDEN	iShares MSCI Denmark Capped Investable Market ETF	EFA	iShares MSCI EAFE ETF
EFNL	iShares MSCI Finland Capped Investable Market ETF	EIRL	iShares MSCI Ireland Capped Investable Market ETF
EIS	iShares MSCI Israel Capped ETF	ENOR	iShares MSCI Norway Capped Investable Market ETF
ENZL	iShares MSCI New Zealand Investable Market ETF	EPP	iShares MSCI Pacific ex-Japan Index Fund
EWA	iShares MSCI Australia ETF	EWC	iShares MSCI Canada ETF
EWD	iShares MSCI Sweden ETF	EWG	iShares MSCI Germany ETF
EWH	iShares MSCI Hong Kong ETF	EWI	iShares MSCI Italy ETF
EWJ	iShares MSCI Japan ETF	EWK	iShares MSCI Belgium ETF
EWL	iShares MSCI Switzerland ETF	EWN	iShares MSCI Netherlands ETF
EWP	iShares MSCI Spain ETF	EWQ	iShares MSCI France ETF
EWS	iShares MSCI Singapore ETF	EWU	iShares MSCI United Kingdom ETF
EZU	iShares MSCI EMU ETF	IEV	iShares Europe ETF
EWO	iShares MSCI Austria ETF		

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