Beaumont Health 403(b) Core & Satellite Investing

A Diversified and Proactive Approach to Portfolio Management

Updated: May 2019
Core & Satellite Investing: A Diversified and Proactive Approach to Portfolio Management

SAA believes effective portfolio management means strengthening return potential for a given level of risk and proactively seeking to protect a portfolio’s value during significant market declines. We feel one way to accomplish this is through our Core & Satellite approach to portfolio management. Wouldn't it be better if you could invest in anything you want, like you can in an individual retirement account?

How it Works:

In our Core & Satellite approach, assets are divided into two separate and distinct strategies:

**Core Strategy:** Our Global Tactical Overlay (GTO) Core strategy has a conservative, moderate conservative, moderate, moderate aggressive, and aggressive option intended to be appropriate to the client’s investment objective, risk tolerance, time horizon, etc. The GTO Core strategy can be described as global tactical asset allocation that seeks attractive risk-adjusted returns using globally diversified portfolios and making proactive adjustments to allocation exposures relative to ongoing and forward-looking analysis. The portfolios are comprised of top performing fidelity and non-fidelity mutual funds that when taken together represent a dynamic, globally diversified portfolio. Many investors have found the core strategy appropriate for some, or a majority, of their investable assets.

**Satellite Strategy:** Our Satellite strategies are constructed and managed distinctly different than our core strategies; providing diversification of strategy while complementing the core strategy. Our Premium Sector Satellite (PSS) strategy is comprised of sector mutual funds representing major domestic equity sectors, U.S. Treasuries, and or defensive alternatives. The strategy is intended to be fully invested in equities during periods of strong market conditions. When the stock market begins to exhibit weakness, the strategy will reduce overall risk exposure by adjusting allocations among the equity sectors with the ability to also invest in defensive alternatives and or treasuries. During extremely weak market conditions, the strategy will move to U.S treasuries, defensive alternatives, or move 100% to cash in order to protect from market losses.

- **By using this approach for investors, we aim to:**
  1. Separate and manage various sources of portfolio risk with the intent to improve overall diversification and effectiveness.
  2. Create opportunities for additional return while reducing volatility and risk exposure.
  3. Increase the likelihood of meeting a client’s specific investment expectations and goals
One Beaumont 403(b), Two Accounts, Two Strategies:

In order to implement our specially designed Beaumont Health Core & Satellite approach to portfolio management, the participant would need to establish a Beaumont Health Fidelity 403(b) BrokerageLink account in addition to their Beaumont Health Fidelity 403(b) Primary account. The separate 403(b) BrokerageLink account is linked to the Primary 403(b) account and is an option made available by Fidelity and approved by Beaumont. The BrokerageLink account provides additional mutual fund investment options not available in the Primary 403(b) account and necessary to the implementation of the Core/Satellite strategies. The primary 403(b) will act as a conduit for fee billing, distributions, and the receipt of employee/employer contributions. The primary 403(b) holding makes up a small percentage of the overall core strategy allocation found in the BrokerageLink account.

Recommended Allocations:

Core & Satellite Allocations

*Note: Investment decisions must be made on your own individual needs & risk tolerance.

Target Outcome: Diversified Investment Approach with Higher Return Potential and Proactive Risk Management.
Important Disclosures

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