

Press Release

Boston, London, Nice, Singapore, Tokyo, February 12, 2014

ERI Scientific Beta unveils multi-strategy smart factor indices

As part of its Smart Beta 2.0 approach, which is based on the research conducted by EDHEC-Risk Institute, ERI Scientific Beta has announced the launch of a series of multi-strategy smart factor indices that are available for all Developed World geographical regions (USA, UK, Eurozone, Developed Europe ex UK, Japan, Developed Asia Pacific ex Japan, Developed ex USA, Developed ex UK and Developed).

These indices allow investors to gain exposure to desired risk factors while at the same time benefitting from the index diversification possible through the combination of smart weighting schemes available on the Scientific Beta platform.

These multi-strategy smart factor indices maximise the diversification of strategy-specific risks and as such **provide performance that is on average 68% better than that of traditional factor indices**¹. More information on the superiority of multi-strategy smart factor indices is accessible [here](#).

Furthermore, all Scientific Beta multi-strategy smart factor indices show positive excess returns in the long term compared to cap-weighted indices, notably High Value, with an annualised relative return of 4.70%, Mid Cap (4.45%), Mid Liquidity (4.25%), High Momentum (3.56%) and Low Volatility (2.90%)². These factor exposures correspond to risk factors that are considered in the financial literature to be well rewarded, and as such are often favoured by investors in the construction of their long-term equity allocation.

For more information on the Scientific Beta multi-strategy smart factor indices, please visit www.scientificbeta.com or contact Mélanie Ruiz on +33 493 187 851 or by e-mail to melanie.ruiz@scientificbeta.com.

A webinar on smart factor indices conducted by Dr. Felix Goltz, Research Director at ERI Scientific Beta and Head of Applied Research at EDHEC-Risk Institute will be held on Thursday, February 27, 2014 (3.00pm-4.00pm, Central European Time). You can register directly for the webinar using the following link: www.regonline.com/webinar_270214



Contact:

For more information, please contact: **Séverine Anjubault**

Tel.: +33 493 187 863 – E-mail: severine.anjubault@scientificbeta.com

To visit our web site: www.scientificbeta.com

¹ Average of the differences in Sharpe ratio observed between 31/12/1972 and 31/12/2012 for all long-term track record multi-strategy factor indices and their cap-weighted factor equivalent calculated on a universe of the 500 largest capitalisation US stocks. All the details on the calculations and the indices are available on the www.scientificbeta.com website.

² Calculation taken from Amenc, N., F. Goltz and A. Lodh, Scientific Beta USA Indices: Long-Term Analytics, ERI Scientific Beta Publication, January 2014. All statistics are annualised. The analysis is based on daily total returns from 31/12/1972 to 31/12/2012.

About ERI Scientific Beta

ERI Scientific Beta aims to be the first provider of a **smart beta platform** to help investors understand and invest in advanced beta equity strategies. It has three principles:

- **Choice:** A multitude of strategies are available allowing users to build their own benchmark, choosing the risks to which they wish, or do not wish, to be exposed. This approach, which makes investors responsible for their own risk choices, referred to as **Smart Beta 2.0**, is the core component of the index offerings proposed by ERI Scientific Beta.
- **Transparency:** The rules for all of the Scientific Beta series are replicable and transparent.
- **Clarity:** Exhaustive explanations of construction methodologies are provided, as well as detailed performance and risk analytics.

Established by EDHEC-Risk Institute, one of the very top academic institutions in the field of fundamental and applied research for the investment industry, ERI Scientific Beta shares the same concern for scientific rigour and veracity, which it applies to all the services that it offers investors and asset managers.

Part of EDHEC Business School, a not-for-profit organisation, EDHEC-Risk Institute has sought to provide the ERI Scientific Beta services in the best possible economic conditions. As such, ERI Scientific Beta's business model also allows free access to a series of indices.

The ERI Scientific Beta offering covers three major services:

- **Scientific Beta Indices**

Scientific Beta Indices are smart beta indices that aim to be the reference for the investment and analysis of alternative beta strategies. Scientific Beta Indices reflect the state-of-the-art in the construction of different alternative beta strategies and allow for a flexible choice among a wide range of options at each stage of their construction process. This choice enables users of the platform to construct their own benchmark, thus controlling the risks of investing in this new type of beta (Smart Beta 2.0). The Scientific Beta platform offers 2,958 smart beta indices.

- **Scientific Beta Analytics**

Scientific Beta Analytics are detailed analytics and exhaustive information on smart beta indices to allow investors to evaluate the advanced beta strategies in terms of risk and performance. The analytics capabilities include risk and performance assessments, factor and sector attribution, and relative risk assessment. We believe that it is important for investors to be able to conduct their own analyses, select their preferred time period and choose among a wide range of analytics in order to produce their own picture of strategy performance and risk.

- **Scientific Beta Fully-Customised Benchmarks**

The Scientific Beta Fully-Customised Benchmarks service enables investors and asset managers to benefit from its expertise and the ability to determine and implement their choice of stocks, weighting schemes, and absolute and relative risk constraints in keeping with their objectives.

With a concern to provide worldwide client servicing, ERI Scientific Beta is organising the presence of its teams in Boston, London, Nice, Singapore and Tokyo.