

# International Equity

THIRD QUARTER 2011

**STRATEGY OBJECTIVE**

THE ZACKS INTERNATIONAL EQUITY STRATEGY SEEKS DIVERSIFICATION AND GROWTH THROUGH INVESTMENTS IN BOTH EMERGING MARKET AND DEVELOPED NATIONS.

**BENEFITS**

- ▶ GEOGRAPHIC DIVERSIFICATION
- ▶ PARTICIPATION IN ECONOMIC GLOBALIZATION

## Investment Process Summary

"WE RELY ON A QUANTITATIVE METHODOLOGY WITH A STRONG FUNDAMENTAL OVERLAY DESIGNED TO CAPTURE GROWTH IN DEVELOPED AND EMERGING MARKET NATIONS."

- Mitch Zacks, Portfolio Manager

**UNIVERSE SELECTION**

- ▶ FORTY-NINE International Markets

**QUANTITATIVE SCREEN**

- ▶ MULTI-FACTOR Model

**COUNTRY WEIGHTINGS**

- ▶ QUALITATIVE Input

**PORTFOLIO CONSTRUCTION**

- ▶ ETF and ADR Selection

**DAILY PORTFOLIO REVIEW**

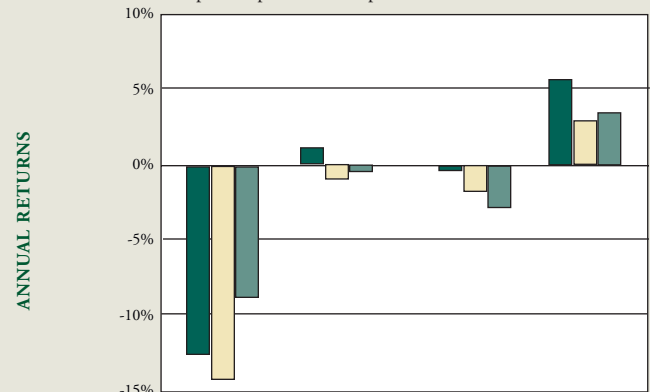
## Strategy Overview

Historically, the international markets have been a fruitful arena for capturing returns that may not always be available in the United States. By diversifying across nations we are able to lower the overall risk in our portfolios and gain the benefit of an asset class with historically low correlations to U.S. equity markets.

**ZACKS INTERNATIONAL STRATEGY**

Annualized Returns

Inception April 2004 - September 2011



	1 YEAR	3 YEAR	5 YEAR	Since Inception
Zacks Int'l (Gross)	-12.88%	0.90%	-0.35%	5.54%
Zacks Int'l (Net)	-14.70%	-1.11%	-2.37%	3.42%
MSCI EAFE	-8.94%	-0.66%	-3.00%	3.56%

## Portfolio Annual Returns

APRIL 2004 TO SEPTEMBER 2011

	INT'L GROSS	INT'L NET	MSCI EAFE
2011 YTD	-19.22%	-20.53%	-14.62%
2010	13.24%	11.38%	8.21%
2009	42.55%	40.15%	32.46%
2008	-41.51%	-42.57%	-43.06%
2007	13.33%	11.38%	11.63%
2006	31.81%	29.56%	26.86%
2005	14.53%	12.58%	14.02%
2004 (Apr-Dec)	14.87%	13.41%	15.06%
Standard Deviation		23.06%	22.30%

## Portfolio Characteristics

Zacks primarily utilizes Exchange Traded Funds (ETFs) for this portfolio because they offer several distinct benefits including:

- ▶ TAX EFFICIENCY
- ▶ NO STYLE DRIFT
- ▶ HIGH LIQUIDITY
- ▶ TRANSPARENCY

**INDEPENDENT**

Research | Thinking | Results

# Zacks

INVESTMENT MANAGEMENT

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## There are...

a number of foreign markets around the globe offering opportunities for growth. For this strategy we create a tactical allocation that provides exposure to both developed and emerging market nations, allowing for risk controlled growth. We utilize a number of country-specific Exchange Traded Funds (ETFs) and common shares as a strategy to capture growth in foreign nations.

Specifically, we overweight or underweight specific regions of the world (relative to our benchmark) based on our quantitative analysis of country specific data.

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THIRD QUARTER 2011

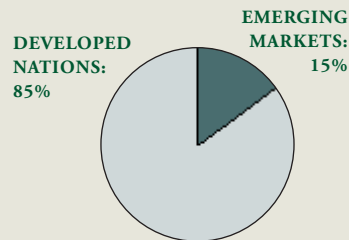
## About Zacks

Founded and headquartered in Chicago, Zacks Investment Management is a Registered Investment Advisor. Our parent company, Zacks Investment Research, is a privately held investment research firm who is well known for their expert analysis of investment data and strong commitment to independence in the equity research universe.

Zacks Investment Management is uniquely qualified in the areas of portfolio management for institutions and wealthy individual investors. We employ a specialized process combining a quantitative screening methodology and fundamental bottom up analysis that is unparalleled in the industry. Client assets are managed in an active account manner, incorporating both a macro and micro economic view of the markets, overall economy and our clients' objectives.

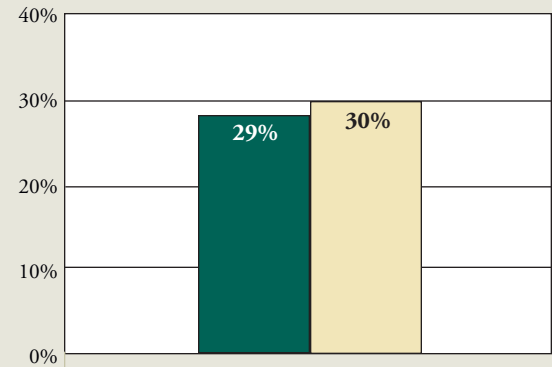
## Developed Nations/ Emerging Market Mixture

The current portfolio has approximately a 85% weighting in developed nations, and a 15% weighting in emerging market nations. This may change over time.



## CUMULATIVE PERFORMANCE COMPARISON

Zacks International Strategy  
(April 2004 to September 2011)



Strategy	Cumulative Performance
Zacks Int'l (Net)	29%
MSCI EAFE	30%

## Top Country/ Regional Holdings

### Developed Nations

(AS OF 9/30/11)

- ▶ UNITED KINGDOM
- ▶ CANADA
- ▶ JAPAN
- ▶ GERMANY
- ▶ FRANCE

## Top Country/ Regional Holdings

### Emerging Markets

(AS OF 9/30/11)

- ▶ SOUTH KOREA
- ▶ TAIWAN
- ▶ CHINA
- ▶ SOUTH AFRICA
- ▶ RUSSIA

**DISCLOSURE** Past performance is no guarantee of future results. Results for Zacks International Strategy are shown both gross and net of fees. Results for the Strategy reflect the reinvestment of dividends and other earnings. The results portrayed are the performance history of a representative managed separate account. Clients of the firm may receive different performance than the representative account (e.g. timing of investment). Wholesale, retail and institutional clients of the firm may have differing performance due to timing of trades. Investments in the Zacks International Strategy are not deposits of any bank, are not guaranteed by any bank, are not insured by FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested. Net of fees performance is based on the maximum fee of 2.05% for a \$500,000 account. Lower fees may apply to larger accounts; higher fees may apply to smaller accounts. Separately managed account minimums apply. Past performance is no indication of future results. Inherent in any investment is the potential for loss.

Standard management fees are available on request and are described in Part II of Form ADV.

The MSCI EAFE is an index from Morgan Stanley Capital International. The MSCI EAFE is a well-known, unmanaged index representing foreign markets around the world. The MSCI EAFE Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

The top country/regional holdings provided represents the top 5 largest developed nations positions and the top 5 largest emerging market positions in the International Strategy as of 9/30/2011 based on the aggregate dollar value for a representative account. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the International Strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

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