

# Active Equity SMA Series

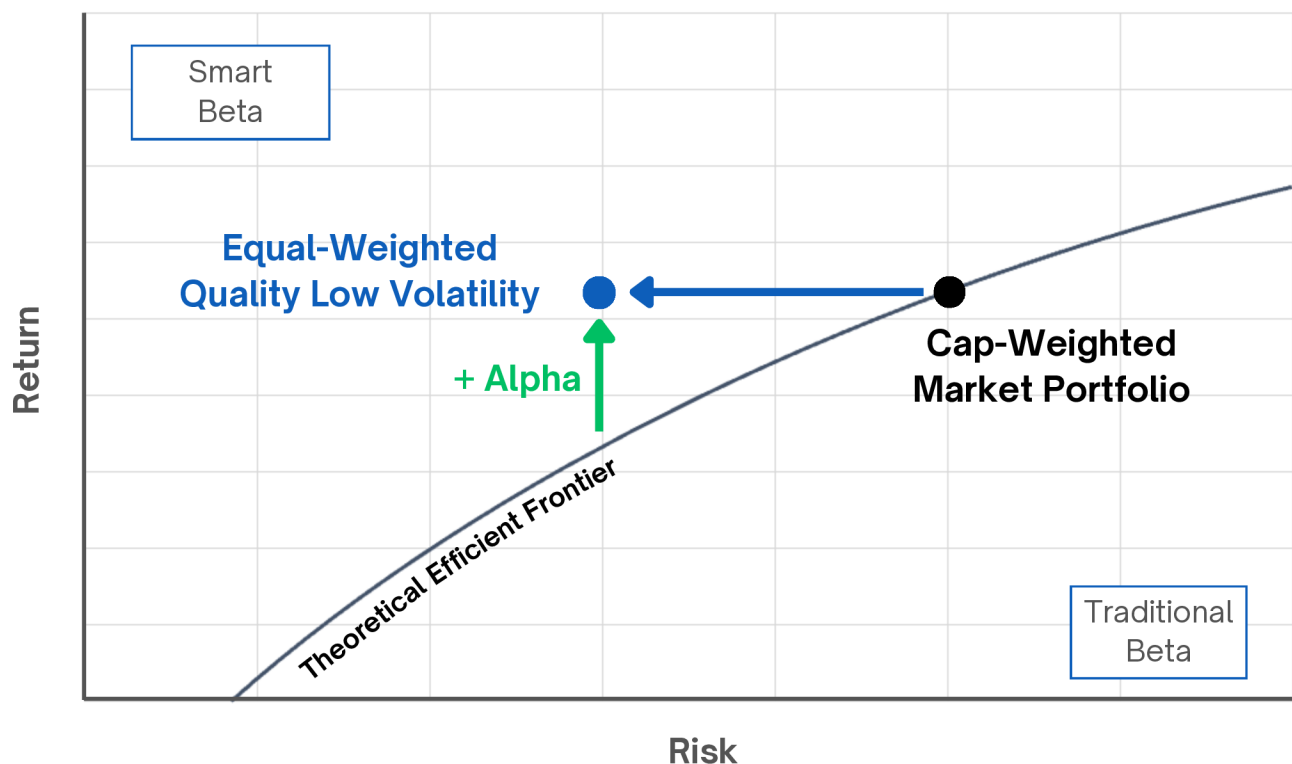


# Investment Philosophy

While traditional thinking says cap-weighted indexes are the best way to invest, modern research shows there are smarter options. According to the Capital Asset Pricing Model (CAPM), the “market portfolio” should include all investable assets, weighted by their size in the market. But in reality, cap-weighted indexes tend to give too much weight to the most overvalued stocks, which can hurt performance over time.

At Evestia, we see the market portfolio as inefficient. That’s why we take a different approach. Our actively managed stock SMAs are built with high-quality, lower-volatility companies to help deliver more consistent returns and better long-term risk adjusted performance. We rely on in-depth research and a disciplined, cost-effective approach—because we believe strong results come from smart strategy, not emotion or herd mentality.

## Risk Reduction & Alpha Generation



# Systematic Process

## Designing the Optimal Equity SMA

Evestia gives advisors high-quality Separately Managed Accounts (SMAs) built on decades of research to better serve their clients. These portfolios use a clear, systematic approach that blends key factors like quality, value, growth, size, and risk to help deliver a smoother investment experience.

We offer strategies across all nine U.S. style boxes, plus global and international markets, so advisors can find the right fit for every client. Each SMA includes 20 to 50 carefully selected companies, aiming to deliver strong, appropriate returns that keep clients confident and satisfied.



“advisors don’t want to sell someone else’s active management strategy packaged in a fund the client could just buy themselves”

Michael Kitces



Sample holdings may not be indicative of actual holdings. Evestia Direct Index SMA has 100 equal-weighted stocks

# Factor Research

Factor investing focuses on picking stocks with certain traits that have been shown to perform well over time. At Evestia, we stick to the factors that have truly stood the test of time—backed by research and grounded in common sense.

We look for three key things when choosing which factors to use:

- **Proven Performance:** The factor needs to have delivered consistent results over many years or decades.
- **Backed by Research:** We rely on solid academic and industry studies to make sure there's real data behind the strategy.
- **Makes Sense:** The factor has to be intuitive—there should be a clear, logical reason it works.

By sticking to these principles, we build portfolios designed to deliver steady outperformance and long-term value for our investors.

				
1 Size	2 Value	3 Growth	4 Quality	5 Risk
Smaller companies tend to be nimbler and faster growing than larger, more established companies, albeit with more risk.	Companies undervalued relative to their intrinsic worth, measured by metrics such as P/E ratio and dividend yield.	Companies with strong earnings growth potential, revenue growth, and other positive momentum indicators.	Companies with strong financial health, consistent earnings, and efficient operations.	Companies with lower historical price volatility than the overall market giving investors a smoother ride.

Our multi-factor investing approach combines proven factors to help deliver better risk-adjusted returns than traditional single-factor strategies. What sets us apart from other firms is our commitment to reducing risk. This leads to high active share, meaning our portfolios often look very different from the benchmark. While that can mean we lag a bit during strong bull markets, our goal is to keep pace over a full market cycle—while giving clients a smoother, more consistent ride along the way.

# Factor Allocations

## Optimized by Strategy

Evestia builds active stock SMAs using high-quality, low-volatility stocks from the S&P 500. U.S. strategies fit one of nine U.S. style boxes by adjusting value, growth, and size exposures.

Each primary factor category—such as quality, value, and growth—includes sub-factors like earnings stability, price to cash flow, profitability, and sustainable growth rates.

Portfolios are built using the highest-ranked stocks while maintaining sector diversification. Global and international strategies follow a similar process using ADRs traded on U.S. exchanges.



Evestia Active Equity SMA	Number of Equal-Weighted Holdings	Quality	Risk	Value	Growth	Size
Evestia Mega Cap Value	20	✓	✓	✓		*
Evestia Mega Cap Core	20	✓	✓	✓	✓	*
Evestia Mega Cap Growth	20	✓	✓		✓	*
Evestia Large Cap Value	30	✓	✓✓	✓		*
Evestia Large Cap Core	30	✓	✓	✓	✓	*
Evestia Large Cap Growth	30	✓	✓		✓	*
Evestia Mid Cap Value	30	✓	✓	✓		✓
Evestia Mid Cap Core	30	✓	✓	✓	✓	✓
Evestia Mid Cap Growth	30	✓	✓		✓	✓
Evestia International Stocks	20	✓	✓	✓	✓	*
Evestia Global Stocks	50	✓	✓	✓	✓	*
Evestia Direct Index	100	✓	✓	✓	✓	*

\* Equal Weighted holdings results in a smaller cap bias compared to cap weighted benchmarks