

## Solactive unveils new investment approach: Intuitive Beta™

*"I rely far more on gut instinct than researching huge amounts of statistics"*

(Richard Branson, Founder of Virgin Group)

**Intuitive Beta™** is a family of smart beta indices relying on a qualitative framework of intuitive screens. The series is proposing a simple, rules-based approach in which intuition, or *our gut feeling*, takes a prominent role in defining the passive investment strategy. The aim is thus to offer exposure to a different field of smart beta, which is less data-driven but more focused on common sense. In this context, Solactive employs simple explanatory variables of performance to select and weight index components. Intuitive Beta™ embraces simplicity, intuition and transparency. As Warren Buffet famously said, "*Never invest in a business you cannot understand*". We want to make this statement the cornerstone of Intuitive Beta™.

### A few examples...

Have you ever wondered what companies such as Du Pont, Pfizer, Goldman Sachs have in common? Aside from being among the 500 largest companies in the US, they are some of the oldest companies around, the "Methuselah" of the US stock market. One of their appealing characteristics is that they have demonstrated to be resilient over time, going through repeated business cycles. Since corporate longevity is more the exception rather than the rule, it could be interesting for investors to gain exposure to a basket of "time-proof" companies that have managed to weather the storm and navigate successfully to calmer waters over and over again. In an era where the average lifespan of a company keeps declining, long-run success becomes an intuitive and straightforward indicator of superior performance.

Alternatively, another exciting concept worth exploring revolves around the idea of workforce efficiency. There is a clear business case for improving organizational efficiency, or the ratio of input to output produced. In this aspect, one of the most valuable resources a company has is its workforce. Bankers, lawyers, doctors, software developers...these are just some examples of labor-intensive jobs where the success of the firm mainly depends on the efficiency of its employees. After all, would you invest in companies with poor processes and unproductive employees? It would therefore be very insightful to compare the output of the workforce among peers and offer access to the companies that perform best in terms of workforce efficiency. The **Solactive Workforce Efficiency US Large Cap Index**, the first Intuitive Beta™ launch, deals exactly with this task by selecting 100 labor-intensive companies with the highest output per employee.

Stay tuned for more Intuitive Beta™ concepts on our homepage: [www.solactive.com/Research](http://www.solactive.com/Research)

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