

# There's Magic in a Special Kind of Core Investing

There are 2 kinds of Core investing: Centric and Blend. Blend is what we have been using for a long time. It is most of the market, encompassing both value and growth, and is very popular: S&P 500 and Russell 3000. But you need to realize that Blend dilutes active manager decisions. Blend superimposes hundreds or thousands of unwanted stocks upon active decisions, undermining their effectiveness. You may say that you want to dilute active managers because you don't trust them. But then you need to think through the wisdom of hiring someone you don't trust.



By contrast, Centric core is the stuff in the middle, between value and growth. Unlike Blend, Centric is much less dilutive because it comprises stocks that active value and growth managers can't hold – they are outside the mandate. All 45 Centric core stocks are large, high quality companies, worthy of inclusion in most multi-manager portfolios.

Centric core is like a magic pill. Drop one into most portfolios and the benefits are too good to be true: **better diversification and higher returns**, as summarized in the table below.

<b>Benefits of Centric Core</b>		
	<b>Portfolios with Blend Core</b>	<b>Portfolios with No Core</b>
<b>Diversification</b>	20% in Centric provides as much diversification as 80% in blend.	Centric fills the void in most multi-manager portfolios caused by the 4-corner solution.
<b>Returns</b>	The 45-stock Centric Core does not dilute active managers, so more alpha reaches the bottom line.	Centric smoothes the ride. Lows will not be as low, but highs might not be as high.

Surz style Pure<sup>®</sup> Centric Core is available on the following UMA platforms: TD Ameritrade, Placemark, Folio Dynamix, Adhesion, SmartLeaf, Carolopolis/Schwab, Capital Market Consultants/Citibank.