The benchmark of the CPCM large cap core strategy is the S&P 500 Index. That index is capitalization weighted. Several have recognized the problems with capitalization weighting that occurs because of the direct relationship between price and weight.

Research Affiliates created and has been using a Fundamental Weighted Index (RAFI) which uses weightings based on various fundamental factors (book value, cash flow, revenue, and dividends). Jeremy Siegel, professor at Wharton and advisor to WisdomTree Investments, believes dividend weighting is the preferred methodology. The fact that assets have been attracted to these alternative approaches is evidence that some market participants believe in these alternatives which have become known as "Smart Beta" indexes.

In fact, any index that is price insensitive can overcome the problems created with capitalization weights. CrestPoint Capital Management believes a modified weighted S&P 500 Index can be beneficial to portfolio construction. A modified weighted index, which averages capitalization weighting with equal dollar weighting, has resulted in historically greater returns than the S&P 500 Index with only modestly higher volatility risk. Furthermore, this modified index does not have the "value" tilt that the RAFI or dividend weighted indexes display.

Using the firm's risk factors, portfolios are constructed to have a similar risk factor exposure as the firm's modified index. By matching off the portfolio's 20 fundamental risk factors and 24 industry weightings to those of the modified index, portfolios should benefit from the return/risk profile of the modified index and produce excess returns over the benchmark S&P 500 Index.