

Tactical Aggressive Growth Plus Global Tech Model

Strategy Proposition

In 2016, the seventh year of the post-Financial Crisis bull market with risk assets at fair to rich valuations and against a backdrop of unusually low volatility in equity markets, we believed that it made sense to incorporate tactical downside protection into our investment approach. After researching numerous investment strategies in pursuit of this outcome, we identified a compelling solution that forms the foundation of a series of four strategies that we implemented at the end of 2016. The Aggressive Growth Plus Global Tech Model has the ability to reduce a maximum 98% equity exposure down to 25% as the market warrants.

Investment Return Profile

The Tactical Aggressive Growth Plus Global Tech Model seeks to achieve a return profile similar to a 95% Russell 3000 and 5% Barclays U.S. Aggregate Bond Index with less drawdown over a 5-7 year business cycle.

Top Five Holdings at 12/31/17

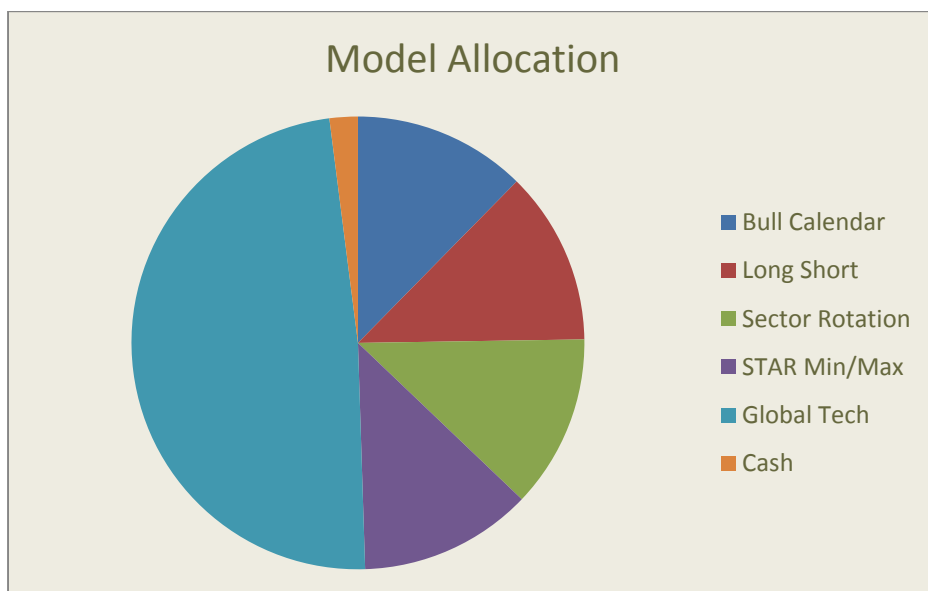
iShares DJ U.S. Basic Materials ETF	6.6%
Amazon	5.3%
Alibaba Group Holding Ltd ADR	5.2%
Amplify Online Retail ETF	5.2%
Global X Robotics & AI ETF	5.2%

Investment Objective

The Tactical Aggressive Growth Plus Global Tech Model seeks growth from capital appreciation. By combining four investment strategies that utilize a systematic relative-strength approach (to determine the extent to which to be invested in the market and in which securities to be invested) with a basket of select global technology company stocks, the model seeks to pre-empt individual behavioral biases to allow investors to participate in upward trending markets while providing dampened downside participation in downward trending markets.

Key Features & Benefits

The Tactical Aggressive Growth Plus Global Tech Model predominantly uses passive index exchange-traded funds (ETFs) to keep internal costs low and specifically ones with attractive trading liquidity and volume metrics which are instrumental for this active strategy. Further to minimizing costs, we offer this model in a fee structure that includes 150 free trades per year, exceeding the expected number of annual trades.



Investment Strategies

Bull Calendar Strategy

The Bull Calendar Model uses a Bull-Bear strategy during bull markets and a Calendar Effects strategy during bear markets. Bull and bear markets are determined by a long-term trend indicator. The goal of this model is to be fully invested in equities during bull markets, and only exposed to the relatively few days with the highest probability of profit during bear markets. During bull markets, trading occurs on quarterly intervals. During bear markets, the Calendar Effects strategy, a short-term strategy with a goal to be invested only during those short periods of time during the calendar year that have historically shown a high probability of profit, is employed. There are 12-14 of these short periods per year, totaling just 75 market days of exposure per year.

- Long-term trend indicator that can change at any time
- Seven supply-demand ratios measuring internal market strength
- Quarterly rebalancing

Long Short Strategy

The Long Short Model is an intermediate-term model whose goal is to be invested “long” during all intermediate-term uptrends in the U.S. market, and invested “short” during all intermediate-term downtrends. Activity takes place when a portfolio is established and at the inception of each intermediate-term uptrend or downtrend.

- Intermediate-term trend indicator can change at any time
- When “long,” the model targets exposure to securities exhibiting momentum and relative strength
- Quarterly rebalancing

STAR Min/Max Strategy

The Simple Trend And Rank (“STAR”) Min/Max Model is a low activity model designed for risk-managed outperformance over the long term. The model seeks to be maximally (100%) invested in equities when equities are

trending upwards, and minimally (0%) invested in equities when trending downwards. The STAR Min/Max Model portfolio is reallocated quarterly. The trend measurements used by the Model are intermediate to longer-term (months to quarters timeframe).

- Quarterly trend indicator
- Domestic & International equity trends analyzed
- Star = Simple Trend And Rank

Sector Rotation Strategy

The Sector Rotation Model is a risk-managed model which invests either in high-ranked U.S. equity sectors or in high-ranked bond sectors. At the start of each quarter, a risk measurement is made to determine whether the model will invest in equities or bonds during the quarter. If stocks are in an uptrend, then U.S. equity sectors are selected for that quarter. If both domestic and international equities are in downtrends at that time, the model invests in bond sector positions. When invested in equities, a reallocation of the portfolio is made monthly; when invested in bonds, a reallocation of the portfolio is made quarterly.

- Quarterly trend indicator
- Tactically allocates between equities and bonds based on equity market trends
- Rebalances monthly (equities) and quarterly (bonds) based on momentum and relative strength indicators

Global Tech Sleeve

The Global Tech allocation is comprised of many of the leading global technology companies that have developed significant market dominance and competitive advantages. These highly valued companies are monitored for short-term weakness and may be added to, removed or replaced from time to time as markets warrant.

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