

# US TACTICAL BOND

## FACTOR-BASED MODEL PORTFOLIO STRATEGY

 **FACTOR-BASED**

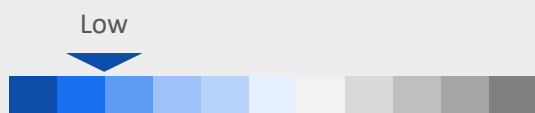
### STRATEGY

In seeking to pursue its investment objective, the portfolio is designed to opportunistically provide exposure to US debt instruments throughout the business cycle by investing in ETFs covering the credit and maturity spectrum. This strategy is based on a proprietary multi-factor quantitative model.

### OBJECTIVES

1. Provide a reasonable level of income while preserving capital with bonds.
2. Consistently deliver performance over the Barclays US Aggregate TR Index.
3. Maximize tax efficiency by using very liquid and low fee US listed ETFs.

### RISK RATING



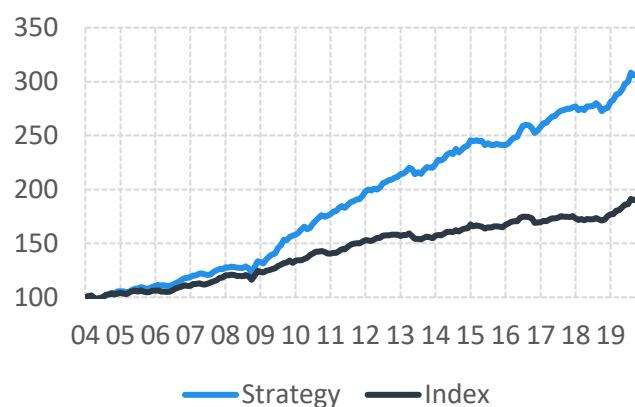
### REASONS TO INVEST

- ❖ Historically outperformed benchmark.
- ❖ Risk-adjusted return performance.
- ❖ Consistent investment process.

### INVESTMENT PROCESS



### AS OF NOVEMBER 30<sup>TH</sup>, 2019



### PERFORMANCE (%) [see disclaimer]

Annualized (%)	1M	3M	YTD	3Y	5Y
Strategy	0.4	0.0	11.9	6.9	5.2
Index	-0.1	-0.3	8.8	4.1	3.1
Difference	0.5	0.3	3.1	2.8	2.1

Yearly (%)	2015	2016	2017	2018	YTD
Strategy	0.2	5.6	8.5	-0.2	11.9
Index	0.5	2.6	3.5	0.0	8.8
Difference	-0.4	2.9	5.0	-0.2	3.1

Monthly (%)	Jul	Aug	Sep	Oct	Nov
Strategy	0.7	2.8	-0.8	0.3	0.4
Index	0.2	2.6	-0.5	0.3	-0.1
Difference	0.4	0.2	-0.2	0.0	0.5

### TOP HOLDINGS (%)

Bond Type	ETF	Weight
US Long Term Govt	TLT	4.3
Municipal Bonds	MUB	12.4
Convertible Bonds	CWB	20.1
US High Yield	HYG	22.6
Mortgage Backed	MBB	12.4
US Corporate	LQD	20.1
Emerging Market	EMB	1.6
US Inter. Term Govt	IEF	2.5
US Short Term Govt	SHY	2.5
Global Aggregate	IHY	1.6

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## RISK STATISTICS

Since Inception	Strategy	Index
Ann. Return (%)	7.3	4.1
Standard Dev. (%)	3.8	3.2
Max Drawdown (%)	-4.6	-3.8
Sharpe Ratio	1.53	0.87
Sortino Ratio	2.14	1.23
Index Correlation	0.79	1.00
Upside Capture	1.32	0.00
Downside Capture	0.63	0.00
Portfolio Beta	0.94	1.00
Portfolio Alpha (%)	3.19	0.00

## BOND ALLOCATION (%)

Bond Type	Strategy	Index	Deviations
US High Yield	17.8	3.5	14.4
Convertible Bonds	13.9	0.3	13.6
US Long Term Govt	18.5	7.8	10.7
Municipal Bonds	14.6	5.6	9.0
Emerging Market	1.6	0.0	1.6
Global Aggregate	1.6	0.0	1.6
US Short Term Govt	3.0	7.2	-4.2
US Corporate	11.5	21.7	-10.2
Mortgage Backed	14.6	29.1	-14.5
US Inter. Term Govt	3.0	24.9	-21.9

## CHARACTERISTICS

Median Value	Strategy	Index
Equity Beta	0.19	-0.01
Standard Dev.	5.33%	2.98%
12m Trailing Yield	3.32%	2.72%
30 Day SEC Yield	2.70%	2.74%
Avg. Yield to Maturity	3.01%	2.78%
Weighted Avg. Coupon	3.97%	3.32%
Weighted Avg. Maturity	7.23	7.78
Convexity	0.24	0.00
Effective Duration	5.16	5.38
Avg. Management Fee	0.22%	0.05%

## PORTFOLIO FACTS

Number of Securities	10
Currency	USD
Benchmark	Barclays US Aggregate TR
Inception Date	January 1 <sup>st</sup> , 2004
Strategy Fees	Contact Us
Rebalancing Frequency	Quarterly

## PORTFOLIO MANAGER

William Tremblay CFA, MBA, FRM, CIM  
Senior Vice President, Portfolio Manager



With more than 10 years of experience in the financial services industry, William brings extensive background and innovation in the field of quantitative finance to the firm. He holds both a BBA and MBA from HEC Montreal.

## CONTACT

Phone	(514) 700-1989
Email	info@factorbased.com
Website	www.factorbased.com

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