

# TACTICAL SECTOR ROTATION

FACTOR-BASED MODEL PORTFOLIO STRATEGY

**FACTOR-BASED**

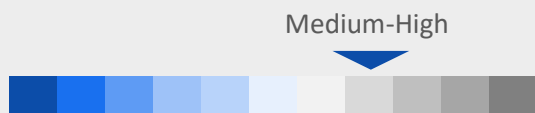
## STRATEGY

In seeking to pursue its investment objective, the portfolio is designed to opportunistically provide exposure to US Sectors throughout the business cycle by investing in 1-3 Select Sector SPDR ETFs. This strategy is based on a proprietary multi-factor quantitative model.

## OBJECTIVES

1. Target long-term capital appreciation using Select Sector SPDR ETFs.
2. Consistently deliver performance over the S&P 500 Total Return Index.
3. Maximize tax efficiency by using very liquid and low-fee US-listed ETFs.

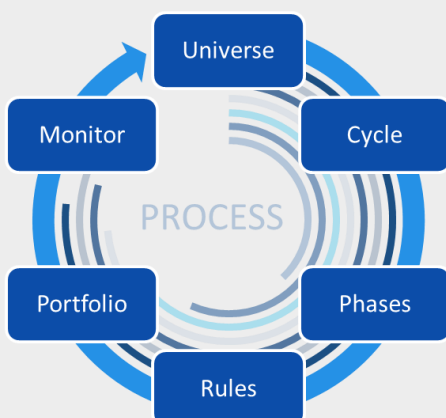
## RISK RATING



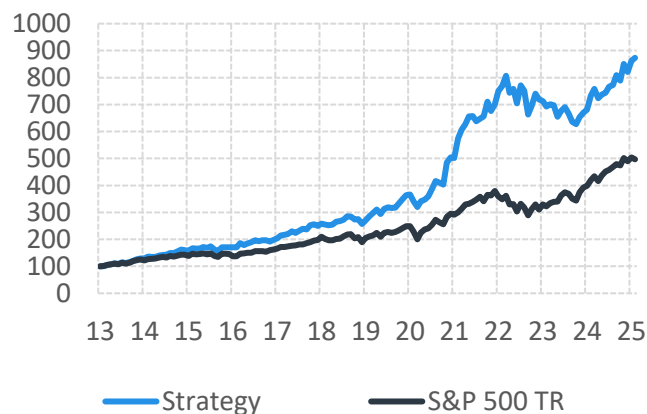
## REASONS TO INVEST

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

## INVESTMENT PROCESS



## AS OF FEBRUARY 28<sup>TH</sup>, 2025



## PERFORMANCE

| Annualized (%) | 1M   | 3M   | 1Y   | 3Y   | 5Y   |
|----------------|------|------|------|------|------|
| Strategy       | 1.3  | 2.7  | 19.2 | 4.3  | 18.9 |
| S&P 500 TR     | -1.3 | -1.0 | 18.4 | 12.5 | 14.8 |
| Difference     | 2.6  | 3.7  | 0.8  | -8.2 | 4.1  |

| Yearly (%) | 2021 | 2022  | 2023  | 2024 | YTD |
|------------|------|-------|-------|------|-----|
| Strategy   | 39.1 | 2.5   | -6.7  | 22.5 | 6.3 |
| S&P 500 TR | 28.7 | -18.1 | 26.3  | 25.0 | 1.4 |
| Difference | 10.3 | 20.6  | -33.0 | -2.5 | 4.9 |

| Monthly (%) | Oct  | Nov | Dec  | Jan | Feb  |
|-------------|------|-----|------|-----|------|
| Strategy    | -2.5 | 7.8 | -3.4 | 4.9 | 1.3  |
| S&P 500 TR  | -0.9 | 5.9 | -2.4 | 2.8 | -1.3 |
| Difference  | -1.6 | 1.9 | -1.0 | 2.1 | 2.6  |

## TOP HOLDINGS

\* Subscribers Only

| Sector        | ETF | Weight |
|---------------|-----|--------|
| Discretionary | XLV | *      |
| Energy        | XLE | *      |
| Financials    | XLG | *      |
| Health Care   | XLV | *      |
| Industrials   | XLI | *      |
| Info Tech     | XLK | *      |
| Materials     | XLB | *      |
| Staples       | XLP | *      |
| Telecom       | XLT | *      |
| Utilities     | XLU | *      |

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## RISK STATISTICS

| Since Inception     | Strategy     | S&P 500 TR   |
|---------------------|--------------|--------------|
| Ann. Return (%)     | 17.6         | 10.7         |
| Standard Dev. (%)   | 15.2         | 14.7         |
| Max Drawdown (%)    | <b>-37.2</b> | <b>-50.9</b> |
| Sharpe Ratio        | 1.00         | 0.61         |
| Sortino Ratio       | 1.41         | 0.81         |
| Index Correlation   | 0.82         | 1.00         |
| Upside Capture      | 1.05         | 0.00         |
| Downside Capture    | 0.69         | 0.00         |
| Portfolio Beta      | 0.85         | 1.00         |
| Portfolio Alpha (%) | 6.92         | 0.00         |

## SECTOR ALLOCATION

\* Subscribers Only

| Weight (%)    | Strategy | Index | Deviations |
|---------------|----------|-------|------------|
| Discretionary | *        | 10.0  | *          |
| Energy        | *        | 3.4   | *          |
| Financials    | *        | 15.7  | *          |
| Health Care   | *        | 11.2  | *          |
| Industrials   | *        | 8.5   | *          |
| Info Tech     | *        | 31.7  | *          |
| Materials     | *        | 2.2   | *          |
| Staples       | *        | 5.8   | *          |
| Telecom       | *        | 9.1   | *          |
| Utilities     | *        | 2.5   | *          |

## CHARACTERISTICS

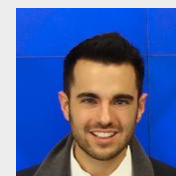
| Median Value        | Strategy | S&P 500 TR |
|---------------------|----------|------------|
| Market Cap          | 45.8     | 36.6       |
| Number Holdings     | 173      | 503        |
| Price / Book        | 3.4      | 4.8        |
| Price / FY Earnings | 18.3     | 22.3       |
| Price / Earnings    | 19.5     | 22.3       |
| Price / Cash Flow   | 14.5     | 18.6       |
| 5-Year EPS Growth   | 8.7      | 13.9       |
| 30 Day SEC Yield    | 1.8      | 1.1        |
| Fund Dividend Yield | 2.0      | 1.2        |
| Avg. Management Fee | 0.09     | 0.09       |

## PORTFOLIO FACTS

|                       |                                |
|-----------------------|--------------------------------|
| Number of Securities  | 1-3                            |
| Currency              | USD                            |
| Benchmark             | S&P 500 TR                     |
| Inception Date        | January 1 <sup>st</sup> , 1990 |
| Strategy Fees         | Contact Us                     |
| Rebalancing Frequency | Quarterly                      |

## PORTFOLIO MANAGER

François Soto CFA, MBA, FRM, CIM  
Founder, Portfolio Manager



With more than 15 years of experience in the financial services industry, Francois 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

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