

*Advisor use only and not intended for distribution to investors*

*All iSectors performance is net of standard fees*

## Summary Overview

- Standard & Poor's 500 (S&P 500) Index fell 16.10% during the quarter and 10.62% over the past twelve months.
- MSCI All Country World ex-US Index (international stocks) bested U.S. stocks in the 2<sup>nd</sup> quarter, with the index down 15.53%. The index fell 15.37% over the past twelve months.
- MSCI Emerging Markets Equities Index was down 11.34% for the quarter and 25.00% over the past twelve months.
- Bloomberg U.S. Aggregate Bond Index outperformed stocks, falling 4.69% during the quarter. The index is down 10.29% over the past twelve months.
- Bloomberg 1-3 Year Government Bond Index fell 0.63% in the quarter and 3.56% over the past twelve months.
- S&P Goldman Sachs Commodities Index decreased by 7.64% for the quarter but is up 45.05% over the past twelve months.

## iSectors<sup>®</sup> Allocation Model Commentary

### [iSectors<sup>®</sup> Post-MPT Allocations](#)

- After outperforming its benchmark in the first quarter (2.53% versus -4.60%), the iSectors<sup>®</sup> Post-MPT Growth Allocation underperformed during the second quarter of 2022, falling 16.77% versus the S&P 500's loss of 16.10%. iSectors<sup>®</sup> Post-MPT Moderate Allocation also underperformed its benchmark: losing 12.65% versus its 60/40 stock/bond benchmark, which was down 11.63%. (60/40 = 60% S&P 500 and 40% Bloomberg U.S. Aggregate Bond Index).
- Both Post-MPT models continue to outperform their benchmarks over the last 12 months with iSectors<sup>®</sup> Post-MPT Moderate Allocation down only 3.35% versus the 60/40 stock/bond benchmark down 10.24%.
- Historically, the iSectors<sup>®</sup> Post-MPT Growth Allocation and the iSectors<sup>®</sup> Moderate Allocation tend to outperform the S&P 500 index when the S&P 500 index's returns grow at an annualized rate of less than 10% or when the S&P 500's returns are negative.
- During the quarter, energy, gold mining and long-term treasury bonds negatively impacted the iSectors<sup>®</sup> Post-MPT Growth Allocation and the iSectors<sup>®</sup> Post-MPT Moderate Allocation.
- During the quarter, both the iSectors<sup>®</sup> Post-MPT Growth and Moderate Allocations reduced exposure to energy and gold miner ETFs and increased exposure to both healthcare and long-term treasury bond ETFs.

*iSectors<sup>®</sup> Domestic Equity Allocation*

- The iSectors<sup>®</sup> Domestic Equity Allocation was down 11.24% for the quarter. Over the past 12 months, the strategy decreased by 6.73%. These results outperformed the S&P 500 index.
- Much like last quarter, quality dividend focused ETFs helped relative performance by outperforming the S&P 500 in the quarter, while large cap growth ETFs underperformed the S&P 500.
- The fundamentally weighted iSectors<sup>®</sup> Domestic Equity Allocation focuses on companies with less volatility and a history of increasing dividend payments for many consecutive years.

*iSectors<sup>®</sup> Domestic Fixed Income Allocation*

- The iSectors<sup>®</sup> Domestic Fixed Income Allocation was down 3.09% for the quarter and 5.48% over the past twelve months.
- High yield corporate bonds underperformed investment grade corporate bonds during the quarter, and both asset classes contributed negatively to returns.
- With an effective duration of approximately 2.1 years and an investment-grade rating on average, iSectors<sup>®</sup> Domestic Fixed Income seeks to provide investors attractive income while experiencing low principal volatility.

*iSectors<sup>®</sup> Enhanced Allocations*

- The iSectors<sup>®</sup> Enhanced Balanced Allocation decreased by 9.31% which outperformed the Morningstar Moderate Target Risk benchmark's decrease of 13.36% in the quarter. Over the last 12 months, iSectors<sup>®</sup> Enhanced Balanced Allocation was down 6.66%, while the moderate risk benchmark decreased by 14.88%.
- Quality dividend focused index ETFs and investment grade corporate bond ETFs helped limit losses, while gold miner and energy ETFs decreased returns the most within the model.
- The iSectors<sup>®</sup> Enhanced Allocation series includes Income, Conservative, Balanced, Growth, and Aggressive allocation models. Each allocation blends short-term laddered bonds and equities focused on owning stocks that have increased their dividends for many consecutive years, with a 20% satellite allocation to iSectors' Post-MPT Growth Allocation.

*iSectors<sup>®</sup> Global Allocations*

- Second-quarter returns for the iSectors<sup>®</sup> Global Allocations ranged from -5.25% for iSectors<sup>®</sup> Global Fixed Income Allocation to -12.59% for iSectors<sup>®</sup> Global Equity Allocation.
- Much like in iSectors<sup>®</sup> Domestic Equity Allocation, quality dividend-focused ETFs were the relative best performers in the iSectors<sup>®</sup> Global Equity Allocation. Growth ETFs, both domestic and developed international, were the worst performers.
- The iSectors<sup>®</sup> Global Fixed Income Allocation's short-term high yield bond ETF exposure performed the best in the quarter. International corporate bond ETFs had the worst returns in the model.

[iSectors<sup>®</sup> Liquid Alternatives Allocation](#)

- The iSectors<sup>®</sup> Liquid Alternatives Allocation lost 10.06% during the quarter and 9.26% over the past twelve months.
- The portfolio's allocations to both blockchain ETFs and precious metals ETFs (bullion and miners) contributed most negatively to returns. Hedged strategies funds and ETFs protected the most from even worse declines in the model.

[iSectors<sup>®</sup> Endowment Allocation](#)

- The iSectors<sup>®</sup> Endowment Allocation's total return was down 8.62% for the quarter and 7.78% over the past twelve months.
- The model's allocation to high yield fixed income ETFs were the best performing positions in the quarter. Alternative equity ETFs hurt the strategy the most in the last quarter.
- The iSectors<sup>®</sup> Endowment Allocation's objective is current income rather than total return. The strategy diversifies across 17 equity, fixed income, and alternative funds with low to moderate correlations to equity and fixed income markets.

[iSectors<sup>®</sup> Inflation Protection Allocation](#) and [iSectors<sup>®</sup> Precious Metals Allocation](#)

- The iSectors<sup>®</sup> Inflation Protection Allocation decreased by 7.11%, and the iSectors<sup>®</sup> Precious Metals Allocation lost 12.42% during the quarter. Over the past twelve months, the iSectors<sup>®</sup> Inflation Protection was up 0.95%, and iSectors<sup>®</sup> Precious Metals lost 13.26%. Inflation Protection has endured the uneasy market conditions in 2022 and is the lone iSectors' allocation with positive performance over the last calendar year.
- Falling silver prices most negatively impacted the iSectors<sup>®</sup> Precious Metals Allocation. The iSectors<sup>®</sup> Inflation Protection Allocation was hindered both by precious metals ETFs exposure and broad commodity ETFs during the quarter.
- We believe inflation and higher interest rates are the most significant risk factors investors are currently facing and will continue to face over the next 5-10 years. Investors would be wise to place a portion of their portfolios in inflation-protected assets to hedge against inflation and the potential decline in the value of the dollar.

[iSectors<sup>®</sup> Capital Preservation Allocation](#)

- The iSectors<sup>®</sup> Capital Preservation Allocation was down 1.08% for the quarter and 3.16% over the past 12 months. It has outperformed the Barclays 1-3 Year Government Bond Index since its January 2010 inception.
- The iSectors<sup>®</sup> Capital Preservation Allocation offers a cash alternative with short durations to preserve investment principal in an economic environment characterized by volatile interest rates. It also provides the potential for enhanced returns versus money market funds while maintaining daily liquidity.

[iSectors<sup>®</sup> Tactical Global Balanced Allocation](#)

- The iSectors<sup>®</sup> Tactical Global Balanced Allocation lost 2.81% during the quarter. Its 60/40 stock/bond benchmark, was down 11.63% (60/40 = 60% S&P 500 and 40% Bloomberg U.S. Aggregate Bond Index).
- The model was down 1.49% over the past year, handily outperforming the 60/40 stock/bond index, which was down 10.24% over the last year.
- Broad commodities and gold ETFs hurt returns, while the large allocations to short term bonds and notes helped limit losses during the quarter.
- The iSectors<sup>®</sup> Tactical Global Balanced Allocation is currently only invested in commodities, and short term notes/bonds.

[iSectors<sup>®</sup> CryptoBlock<sup>™</sup> Allocations](#)

- The iSectors<sup>®</sup> CryptoBlock<sup>™</sup> Allocation lost 48.05% during the quarter, and the iSectors<sup>®</sup> CryptoBlock<sup>™</sup> II Allocation was down 50.88%.
- Spot bitcoin exposure, obtained via the Grayscale Bitcoin Trust (GBTC), hurt returns in the original CryptoBlock<sup>™</sup> Allocation, while blockchain equity ETFs and crypto miner ETFs had negative returns that hurt performance in both models.
- CryptoBlock<sup>™</sup> is a suite of models designed to take advantage of the rapid adoption of cryptocurrency and the evolution of the underlying technology that makes it possible: blockchain technology.

*All model returns presented net of iSectors' management fee. Index comparisons are provided for information purposes. You cannot invest directly in an index, only in index funds that charge fees.*

## Disclosure

iSectors® is a series of proprietary asset allocation models and services. iSectors, LLC is an affiliate of Sumnicht & Associates, LLC (Sumnicht) and, as such, iSectors and Sumnicht share certain employees' services. iSectors became registered as an investment advisor in August 2008. iSectors allocation models are only available through registered investment advisors as separately managed accounts (SMAs) or unified managed accounts (UMAs). iSectors® is a registered trademark of Sumnicht Holdings, LLC.

The contents of this presentation are for informational purposes only. Content should not be construed as financial or investment advice on any subject matter. This is neither an offer nor a solicitation to buy and/or sell securities. Information pertaining to iSectors' advisory operations, services, and fees is set forth in its current disclosure statement (Form ADV, Part 2 Brochure), a copy of which is available upon request.

iSectors' allocation models are not guaranteed and involve risk of loss. At any given point in time, the value of iSectors allocation model portfolios may be worth more or less than the amount invested. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments and/or investment strategies devised or undertaken by iSectors) will be either suitable or profitable for a client's or prospective client's portfolio.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that future performance will be profitable, or equal either the performance results reflected or any corresponding historical index. Asset allocation and diversification concepts do not ensure a profit nor protect against loss in a declining market.

The historical benchmark index performance results are provided exclusively for comparison purposes to assist an individual client in determining whether the performance of a specific investment meets the client's investment objective(s). It should not be assumed that any account holdings will correspond directly to any comparative index. Index performance results do not reflect the impact of taxes. Indexes are not available for direct investment. Index performance results are compiled directly by each respective index and obtained by iSectors from reliable sources. Index performance has not been independently verified by iSectors. iSectors models are based on index ETFs that can neither outperform nor underperform their benchmark index. We provide benchmark indexes that are well known for comparison purposes only.

Composite performance results reflect the reinvestment of dividends and other account earnings and do not reflect the impact of taxes. Composite performance results provided are net of iSectors' management fee with the assumption that the fee will remain constant for all accounts. Additional fees that could be charged such as platform, advisory and custodial fees are not included. iSectors investment allocation models are only available through registered investment advisors as SMAs or UMAs, who will charge an additional fee for their advisory services. For information about the fees that pertain to a client's accounts, check with your platform provider. For reasons including size of account, platform provider and custodian utilized, as well as variances in portfolio account holdings, market fluctuation, the date on which a client engaged iSectors' services, regular model rebalancing and/or updates, and timing of account contributions and withdrawals, the underlying fees and performance of a specific client's account may vary from other accounts. ERISA (group retirement) accounts may be subject to additional recordkeeping and/or administrative fees.

This information is marketed to investment professionals. iSectors®, LLC has managed these allocations since the firm's inception in 2008. Previously, Sumnicht & Associates, LLC (Sumnicht), an affiliated company, managed the allocations. Sumnicht is a provider of investment management services for institutional, family office and individual clients. Sumnicht claims compliance with the Global Investment Performance Standards (GIPS®). Sumnicht claims that the allocations are GIPS compliant since each allocation's respective inception dates and have been GIPS verified from 1/1/2008 to 12/31/2021, as of the verification date of 7/20/2022. The allocation composites include both institutional and individual client accounts whereby iSectors has sole portfolio discretion with investment objectives matching that of each specific allocation. Performance in this publication is shown in US dollars, gross of fees, including the reinvestment of dividends and do not reflect the impact of taxes. Returns will be reduced by investment manager, platform, custodial, trading and advisory fees, if applicable. Past performance is not indicative of future results. To obtain a compliant presentation and a list and description of the firm's composites, please contact John Koch, Senior Investment Analyst at (920) 257-5170.

You should not assume that any discussion or information contained in this presentation serves as the receipt of, or as a substitute for, personalized investment advice from an investment professional.

This presentation has not been reviewed, submitted for review before, or otherwise approved by FINRA, the SEC or any state or provincial securities regulators.