

# The Future of Investing



ETF Investment Models For All Seasons



# INDEPENDENT ETF INVESTMENT STRATEGIES FOR ALL SEASONS

iSectors® is an Independent ETF Investment Strategist that provides advisors with a suite of proprietary exchange-traded fund (ETF)–based asset allocation models. iSectors® investment management services, along with the technological infrastructure and support staff of our platform partners, helps advisors optimize their business efficiencies, affording them more time to get to know their clients and develop new client relationships.

iSectors® strategies are rooted in our philosophy that asset allocation using passive indexes, rather than the selection of individual securities or market timing, is more beneficial in helping investors reach their financial goals. Our investment process seeks to maintain low overall investment costs through the use of ETFs and technology provided by turnkey asset management platforms. The iSectors® strategies also offer transparency, liquidity, daily pricing, holdings, tax and performance updates. iSectors® allocation models can be held in separate or unified managed accounts, titled in the client’s name, at an independent brokerage firm.



## TABLE OF CONTENTS

iSectors® Overview .....	1-2
iSectors® 401K Program .....	3
iSectors® 3(38) Fiduciary Services.....	3
<b>iSectors® Asset Allocation Models</b>	
iSectors® Post-MPT Moderate Allocation.....	4
iSectors® Post-MPT Growth Allocation .....	4-5
iSectors® Enhanced Income Allocation .....	6-7
iSectors® Enhanced Conservative Allocation .....	6-7
iSectors® Enhanced Balanced Allocation .....	6-7
iSectors® Enhanced Growth Allocation .....	6-7
iSectors® Enhanced Aggressive Allocation .....	6-7
iSectors® Global Balanced Allocation.....	8
iSectors® Global Conservative Allocation.....	8
iSectors® Global Equity Allocation .....	8
iSectors® Global Fixed Income Allocation .....	8
iSectors® Global Growth Allocation .....	8
iSectors® Domestic Equity Allocation .....	8
iSectors® Domestic Fixed Income Allocation .....	8
iSectors® Inflation Protection Allocation .....	9
iSectors® Precious Metals Allocation.....	9
iSectors® Liquid Alternatives Allocation .....	10
iSectors® Endowment Allocation .....	10
iSectors® Tactical Global Balanced Allocation.....	11
iSectors® Capital Preservation Allocation .....	11
iSectors® CryptoBlock™ Allocation Models.....	11

## KEEP YOUR FIRM ON THE LEADING EDGE

- Outsourcing is the future of investment management.
- Outsourcing investment management can create a more efficient firm.
- Immediately increase the advisor's value to your clients.
- Free up time to address your client's concerns.
- Time to develop new client relationships.
- Gain access to more sophisticated investment strategies without the cost of hiring technical skills.
- Outsourced managers are responsible for investment due diligence.
- An investment management platform provides software and services that can keep your firm on the leading edge.
- Investment platforms handle the daily trading, reconciliation, billing, paperwork and reporting.
- Cost-savings benefits extend to the client's bottom line performance.

Advisors outsourcing investment management create more revenue and are focused on where they can add the most value: client relationships.



## 401(K) PROGRAM

All iSectors® ETF-based asset allocations are available for use in 401(k) plans. These professionally managed strategies can provide retirement plan advisors with a competitive, fully diversified offering of investment selections to present to their 401(k) clients. The allocations can be accessed by an advisor's preferred record keeper/TPA on the Matrix Model Tool(k)it or Mid Atlantic Trust Company's ModelxChange™ platforms, or advisors can utilize our low-cost, turnkey, 401(k) plan, which includes recordkeeping, administration, ERISA 3(38) fiduciary services, custody/trading, along with a broadly diversified menu of ETF-based allocation models.

The iSectors® suite of managed investment allocations help advisors and Plan Sponsors to offer a, tailored 401(k) plan solution. Plan participants can select properly diversified investment models that are professionally allocated and maintained to meet their various risk and return needs. iSectors® allocations help reduce overall plan costs compared to many actively managed mutual fund or group annuity-based plans. iSectors® offers allocations suitable as default investment selections for participants of various risk tolerances and age classifications. This allows advisors to map participants directly into a complete, diversified model appropriate for their goals and risk tolerance.

---

## 3(38) FIDUCIARY SERVICES

For a nominal fee, the fiduciary role of selecting the investment lineup for Plan client(s) can be outsourced. This reduces the Plan sponsor's 3(38) fiduciary responsibility and allows registered representatives to meet requirements imposed by their broker-dealers that require 3(38) fiduciary involvement in 401(k) plans.

# iSECTORS® ASSET ALLOCATION MODELS



## iSECTORS® POST-MPT ALLOCATION MODELS

- Objectively allocates and rebalances the portfolio among up to 9 specific, low-correlated asset classes
- Guided by a mathematical model incorporating more than a dozen economic and capital market factors
- May be invested up to 30% at any one time into any single class, with the exception of government bonds, to which the models may allocate up to 50%
- These strategies remain 100% invested at all times

## iSECTORS® POST-MPT MODERATE ALLOCATION

The objective of the iSectors® Post-MPT Moderate Allocation is to achieve investment returns that outperform a 60%/40% stock/bond index with lower downside risk over a complete market cycle.

## iSECTORS® POST-MPT GROWTH ALLOCATION

The objective of the iSectors® Post-MPT Growth Allocation is to achieve investment returns that outperform the S&P500 stock market index with lower downside risk over a complete market cycle.

LOW CORRELATION AMONG ASSET CLASSES

iSECTORS® ASSET CLASS CORRELATION MATRIX (OVER THE LAST 5 YEARS)									
	Bonds	Gold	Energy	Finance	Health Care	Tech.	Basic Mat.	Real Est.	Utilities
Bonds	1								
Gold	.35	1							
Energy	-.43	-.15	1						
Finance	-.50	-.05	.79	1					
Health Care	-.15	.12	.56	.66	1				
Tech.	-.18	.09	.58	.68	.70	1			
Basic Mat.	-.36	.14	.73	.86	.77	.74	1		
Real Est.	-.06	.07	.65	.72	.65	.58	.70	1	
Utilities	-.03	.22	.19	.38	.44	.35	.47	.65	1

HIGH CORRELATION AMONG ASSET CLASSES

TRADITIONAL ASSET CLASS CORRELATION (OVER THE LAST 5 YEARS)						
	Large Value Stocks	Large Growth Stocks	Small Value Stocks	Small Growth Stocks	Mid Value Stocks	Mid Growth Stocks
Large Value Stocks	1					
Large Growth Stocks	.82	1				
Small Value Stocks	.85	.85	1			
Small Growth Stocks	.72	.92	.90	1		
Mid Value Stocks	.93	.85	.94	.80	1	
Mid Growth Stocks	.81	.98	.87	.95	.87	1

iSectors® Post-MPT Allocation models allocate the portfolios among asset classes that are less correlated to each other (see table, left) when compared to the traditional Morningstar Capitalization-Style box asset classes, which have become very highly correlated (see table, right).

For the most up-to-date data please visit [www.iSectors.com](http://www.iSectors.com)

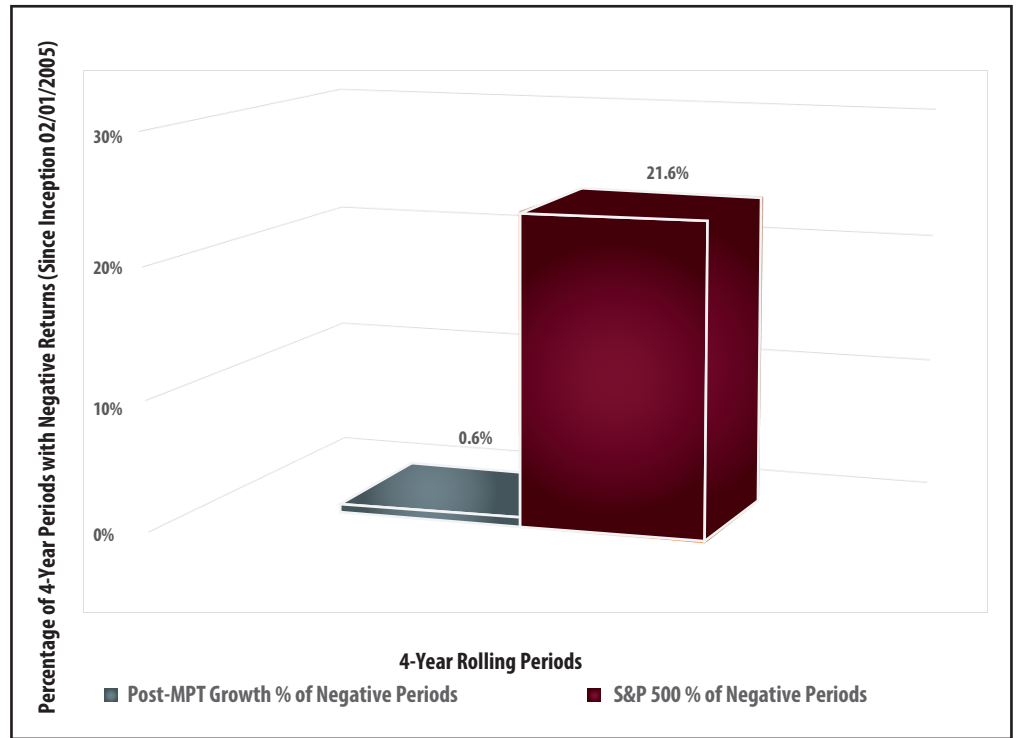
\*Data obtained from third party sources believed to be reliable, but cannot be guaranteed.

CORRELATION LEGEND			
<span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Negative Correlation	<span style="background-color: #f2f2f2; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Little or No Correlation		
<span style="background-color: #fff2cc; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Moderate Correlation	<span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> High Correlation		



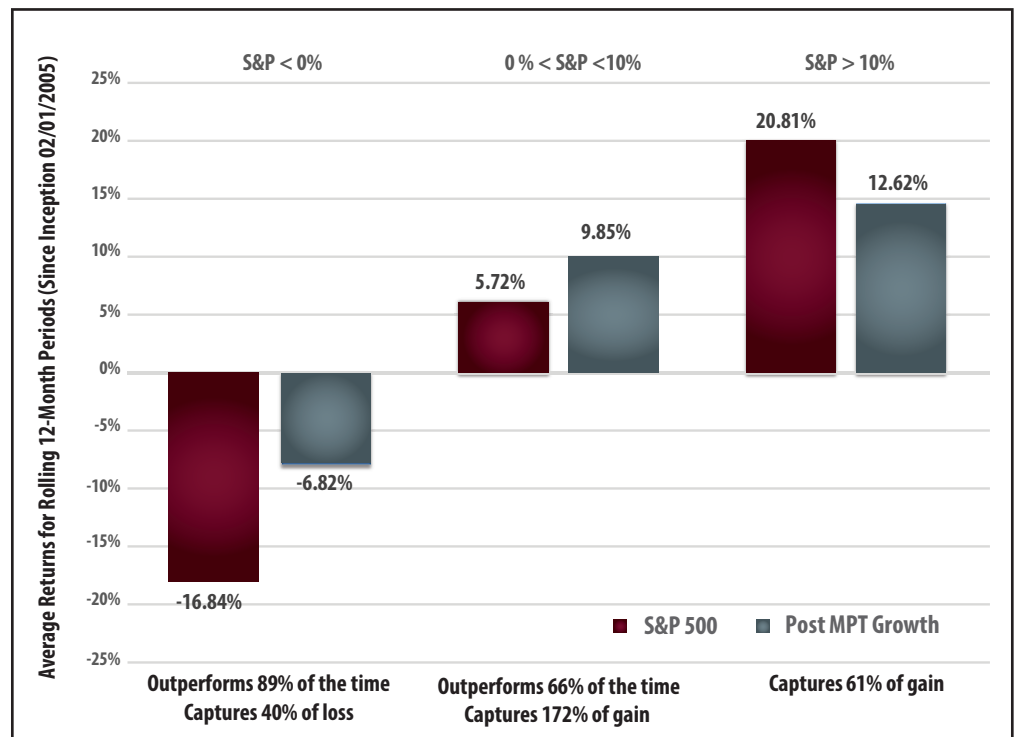
## iSECTORS® POST-MPT GROWTH ALLOCATION ROLLING 4-YEAR PERIODS

Timing an investment in iSectors® Post-MPT Growth Allocation should not be a concern. The graph compares an investment in iSectors® Post-MPT Growth Allocation to that of the S&P 500 Index. The comparison looks at 4-year rolling periods since inception. When an investment in iSectors® Post-MPT Growth Allocation was held for 4 years, there was only a 0.6% chance of losing money. On the other hand, an investment in the S&P 500 Index held over the same 4-year period would have lost money 21.6% of the time.



## iSECTORS® POST-MPT GROWTH OUTPERFORMS S&P 500 IN MOST MARKET ENVIRONMENTS

The graph compares an investment in iSectors® Post-MPT Growth to that of the S&P 500 Index. Average returns for rolling 12-month periods of each investment over 10 years are presented. When the S&P 500 is negative, Post-MPT Growth outperforms 89% of the time and captures only 40% of the loss. When the S&P is positive, but with a gain of less than 10%, Post-MPT outperforms 66% of the time. When the S&P gains over 10% in a 12-month period, Post-MPT Growth manages to capture 61% of the gain.



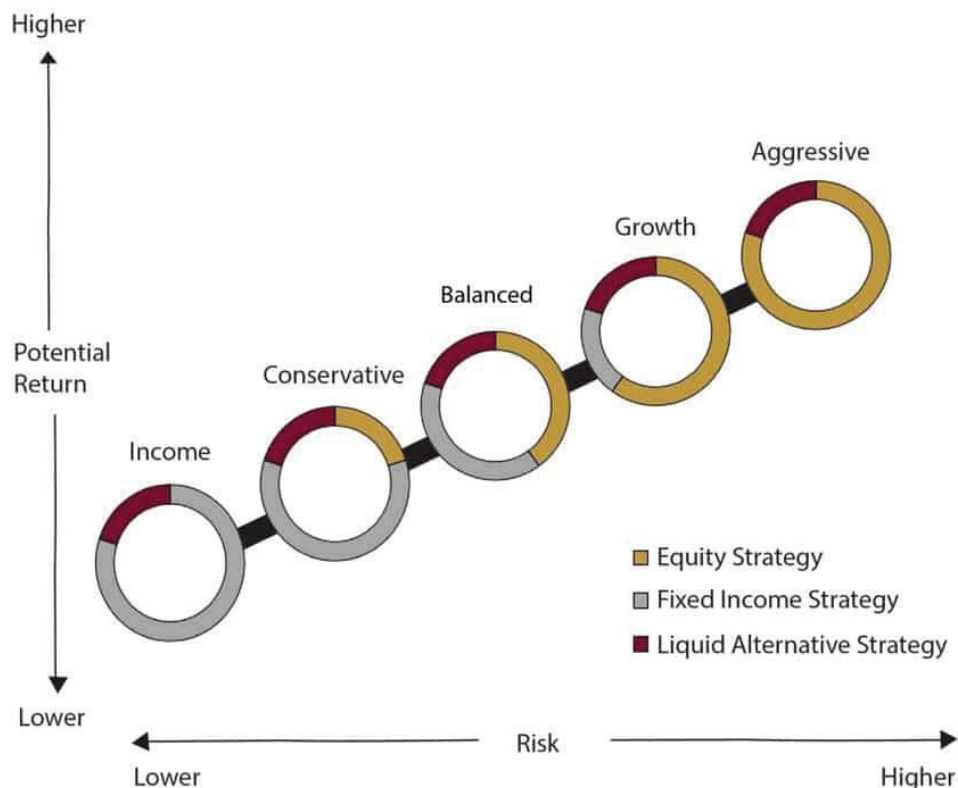
# iSECTORS® ASSET ALLOCATION MODELS



## iSECTORS® ENHANCED ALLOCATION SERIES

- The iSectors® Enhanced Allocation series is an innovative series of five target risk allocations including: Income, Conservative, Balanced, Growth and Aggressive.
- The iSectors® Enhanced Allocation series blends sophisticated short-term laddered bond strategies, a fundamental equity strategy focused on owning stocks of multinational companies that have increased their dividends every year for many consecutive years and a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.
- This dynamic satellite strategy reoptimizes its portfolio allocation each month based on an objective quantitative algorithm that considers monthly changes in 15 economic and capital market factors.
- Each of these unique strategies has low correlation to the others providing each of the five target allocations with superior risk adjusted returns.
- These advanced multifaceted allocation models, though sophisticated and complex, are developed using low cost, highly liquid and transparent index-based ETFs and maintained monthly by iSectors expert investment professionals.

### iSectors® Enhanced Allocation Models







## iSECTORS® ENHANCED INCOME ALLOCATION

- The objective of the iSectors Enhanced Income Allocation is to provide capital preservation along with income in excess of money market funds.
  - This allocation blends 80% to a sophisticated short-term laddered bond strategy with a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.
- 

## iSECTORS® ENHANCED CONSERVATIVE ALLOCATION

- The objective of the iSectors Enhanced Conservative Allocation is to provide income and moderate long-term growth with limited downside risk.
  - This allocation blends 60% to a sophisticated short-term laddered bond strategy and 20% to a fundamental equity strategy focused on owning stocks of large multinational companies that have increased their dividends every year for many consecutive years with a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.
- 

## iSECTORS® ENHANCED BALANCED ALLOCATION

- The objective of the iSectors Enhanced Balanced Allocation is to provide long term growth of capital and modest income with moderate downside risk.
  - This allocation blends 40% to a sophisticated short-term laddered bond strategy and 40% to a fundamental equity strategy focused on owning stocks of large multinational companies that have increased their dividends every year for many consecutive years with a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.
- 

## iSECTORS® ENHANCED GROWTH ALLOCATION

- The objective of the iSectors Enhanced Growth Allocation is to provide long term growth of capital and limited income.
  - This allocation blends 20% to a sophisticated short-term laddered bond strategy and 60% to a fundamental equity strategy focused on owning stocks of large multinational companies that have increased their dividends every year for many consecutive years with a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.
- 

## iSECTORS® ENHANCED AGGRESSIVE ALLOCATION

- The objective of the iSectors Enhanced Aggressive Allocation is to provide long term growth of capital with market levels of downside risk.
- This allocation blends 80% to a fundamental equity strategy focused on owning stocks of large multinational companies that have increased their dividends every year for many consecutive years with a 20% satellite allocation to iSectors exclusive Post-MPT dynamic strategy.

# iSECTORS® ASSET ALLOCATION MODELS



## iSECTORS® GLOBAL ALLOCATIONS

- 5 different risk utility portfolios allocated to low cost U.S., international, emerging market equity and fixed income index-based ETFs
- Focus of dividend paying equities
- In addition, fundamentally-weighted, dividend paying index ETFs are used in an effort to enhance return and reduce volatility

iSECTORS® GLOBAL ALLOCATIONS	EQUITY PERCENTAGE	FIXED INCOME PERCENTAGE
Fixed Income Allocation	0%	100%
Conservative Allocation	25%	75%
Balanced Allocation	50%	50%
Growth Allocation	75%	25%
Equity Allocation	100%	0%

## iSECTORS® DOMESTIC EQUITY ALLOCATION

- Allocated among a diversified basket of large and small cap value and growth index-based ETFs
- Provides investors with a diversified domestic stock portfolio with an overweight to large multi-national companies with a history of increasing dividends over 10-20 consecutive years. The objective is to produce market or near-market returns by investing in low cost domestic index-based exchange-traded funds
- Research indicates a majority of active managers underperform the indexes each year, a significant reason for this is the cost of their management fees and commissions
- This allocation's passive strategy eliminates the significant costs typically paid to managers of mutual funds and commissions
- Dividends have proven to provide half of the stock market's returns over the long run

## iSECTORS® DOMESTIC FIXED INCOME ALLOCATION

- Strategic portfolio that seeks to provide investors with current income
- Allocation invests exclusively in U.S. fixed income ETFs that own a selection of investment grade and high yield corporate securities laddered up to five years in maturity



## iSECTORS® INFLATION PROTECTION ALLOCATION

- Offers investors a tool with which to prepare their portfolios for the possibility of inflation
  - Utilizes a diversified core strategic portfolio of 32.4% real assets and commodities, 24.5% precious metals, 24.5% inflation-protected bonds, 9.8% REITs and 6.8% Emerging Markets. These investments have historically performed well under inflationary pressures
  - Inflation may very well be the leading threat to an investor's portfolio over the next 20 years. Inflation reduces the purchasing power of money and this is often not well understood by many investors
  - To maintain a certain standard of living, investments must earn a rate of return that, at a minimum, keeps pace with the rate of inflation
  - Prudent investment planning suggests constructing a portfolio that will meet client's goals over a range of economic conditions including inflationary scenarios
- 

## iSECTORS® PRECIOUS METALS ALLOCATION

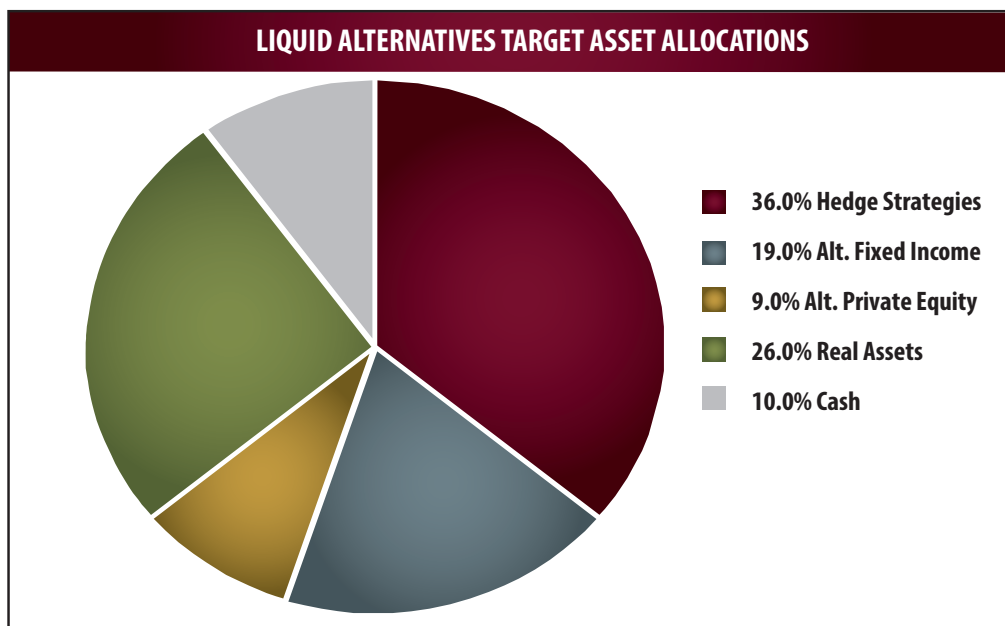
- Intended to offer investors a simple, cost-efficient and liquid approach to acquiring a diversified portfolio of precious metal bullion
- Invests in exchange-traded funds and closed-end funds that hold portfolios of gold, silver, platinum or palladium bullion
- Approximately 50% gold, 25% silver, 12.5% platinum, and 12.5% palladium bullion

“Advisors should consider allocating 10% to 20% of client portfolios to one of these two strategies to hedge the possibility of rising inflation!”

Vern Sumnicht, CEO of iSectors®



# iSECTORS® ASSET ALLOCATION MODELS



## iSECTORS® LIQUID ALTERNATIVES ALLOCATION

- Seeks to capitalize upon market inefficiencies available in alternative investments. Using liquid publicly-traded securities, that include: hedge fund strategies, fixed income alternatives, private equity alternatives and real asset investments
- Accesses these investments without investing in partnerships. Advantages include:
  - All investors including non-accredited investors can invest in the allocation
  - Investment minimums are much lower than the high minimums typically required by private partnership investments
  - The allocation charges significantly lower fees than private partnerships
  - The allocation offers daily liquidity; many private partnerships have to deal with lock up periods
  - The allocation issues timely 1099's for income tax purposes unlike private partnerships which typically issue K-1's (which are often received after the tax filing deadline)

## iSECTORS® ENDOWMENT ALLOCATION

- The iSectors® Endowment Allocation is strategically allocated for investors with the primary objective of high income from a diversified, multi-asset portfolio. Principal protection is only a secondary objective
- The portfolio is allocated 55% to global equities and 45% to global fixed income. Resulting yield greater than that available from typical stock index and/or bond index portfolios
- Utilizing both traditional and alternative ETFs such as master limited partnerships, infrastructure, ladder short-term higher-yield bonds, and business development corporations



## iSECTORS® TACTICAL GLOBAL BALANCED ALLOCATION

- Determines every month whether to be invested in, or avoid, up to as many as 7 broad asset classes. Can be 100% in cash equivalents
- Asset classes include: U.S. small & large cap equities, international equities, emerging market equities, U.S. bonds, commodities, REITs and gold
- Applies an objective algorithm across these broad asset classes in an attempt to provide superior returns with low drawdowns

---

## iSECTORS® CAPITAL PRESERVATION ALLOCATION

- A conservative, low duration portfolio constructed for investors with a desire for principal stability over a 2 to 3-year period by creating a portfolio of investments with relatively low volatility
- Attractive portfolio yield is a secondary goal of the model
- Targets a diversified portfolio of short-term fixed income exchange-traded funds (ETFs)
- Maintains an average investment grade rating for the entire portfolio

---

## iSECTORS® CRYPTOBLOCK™ ALLOCATION MODELS

- iSectors® CryptoBlock™ Allocation models are uniquely positioned investment portfolios designed to give advisors and their clients the opportunity to take advantage of the continuous and rapid adoption of cryptocurrencies and the underlying evolution of the technology that makes them possible: blockchain technology
- Cryptocurrencies and blockchain technology investing can present advisors with some distinct compliance and reporting challenges
- The iSectors CryptoBlock™ Allocation models investment strategy aims to simplify the regulatory, transaction, and performance reporting by accessing cryptocurrencies, and companies implementing blockchain technology through widely available, liquid, and transparent ETFs and publicly-traded investment trusts



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 gross of all management, platform, advisory and custodial fees. 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 15 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 12/31/2020, as of the verification date of 7/14/2021. 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 at (920) 257-5170 or john.koch@isectors.com. 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.





isectors.com | info@isectors.com  
(800) iSectors | (800) 473-2867  
W6240 Communication Court  
Appleton, WI 54914-8549