



# iSectors® Post-MPT Moderate Allocation

## Executive Summary 4th Quarter 2022

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**The Objective of iSectors® Post-MPT Moderate Allocation:** To achieve investment returns that outperform a 60/40 stock-bond portfolio (as measured by 60% S&P 500 stock market index + 40% Bloomberg Aggregate Bond Index) with lower downside risk over a complete market cycle.

**Quarterly Performance and Attribution:** iSectors Post-MPT Moderate Allocation gained 9.59% (net of fees) in the fourth quarter ended December 31, 2022. This outperformed the 60-40 stock-bond benchmark (as measured by a 60% S&P 500 Index + 40% Bloomberg Aggregate Bond Index), which gained 5.39% during the quarter.

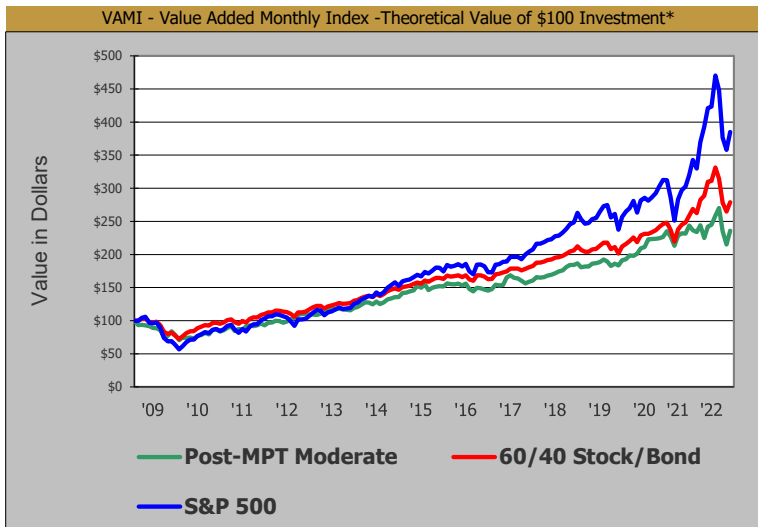
During the fourth quarter of 2022, treasury bonds were the sole detractor from returns in the model. Energy, gold miners, and healthcare provided positive returns. This month's changes to Post-MPT Moderate's portfolio allocation increased exposure to treasury bonds, and cut its energy position in half, while gold miners almost doubled. Healthcare continues to hold a max weighting. There are also small allocations to real estate and basic materials.

**iSectors® Post-MPT Moderate Allocation's Investment Strategy:** iSectors® Post-MPT catapults Modern Portfolio Theory (MPT) to a new level of effectiveness. The investment model's strategy uses the principles of MPT to develop and maintain an optimal (along the risk vs. return efficient frontier) portfolio allocation. The key principles contributing to iSectors Post-MPT Moderate Allocation's risk-adjusted performance success are:

- Allocation among nine low-correlated asset classes. This reduces risk versus using the higher correlated large, mid and small cap value, growth, and blended asset classes.
- A more robust mathematical algorithm allows the use of monthly changes in more than a dozen capital market and economic factors to create and maintain optimal asset allocation.
- The use of technology and index based exchange-traded funds allows iSectors to provide its investment models at a low cost.
- Post-MPT models consider drawdown (any return below zero) as the measure of risk. Standard deviation, the traditional measure of risk is inappropriate because it considers upside volatility as bad as downside volatility.

Portfolios may be invested up to a maximum of 30% into any one asset class. However, up to 50% of the allocation may be invested in government bonds. iSectors investment models are available for all types of accounts including: high net worth individuals, trusts, foundations, endowments, retirement plans, and IRAs. Prices, holdings, performance, and tax information are updated daily and can be viewed online. In addition, all iSectors investments provide investors daily liquidity.

Performance results assume \$100,000 account and are net of fees of 0.50%, for period starting 3/1/2008 through 12/31/2022.



Latest Returns	Model	60/40**	S&P 500
Last Quarter	9.59%	5.39%	7.56%
Last 12 mo. Annual	(8.45)%	(15.79)%	(18.11)%
Last 3 Yr Annual	2.28%	3.83%	7.66%
Last 5 Yr Annual	5.32%	5.96%	9.42%
Inception to date	5.89%	7.07%	9.61%
Annual Returns	Model	60/40**	S&P 500
2022	(8.45)%	(15.79)%	(18.11)%
2021	9.19%	15.86%	28.71%
2020	7.04%	14.73%	18.40%
2019	22.24%	22.18%	31.49%
2018	(0.91)%	(2.35)%	(4.38)%
2017	14.97%	14.21%	21.83%
2016	7.38%	8.31%	11.96%
2015	(3.89)%	1.29%	1.38%
2014	11.27%	10.61%	13.69%
2013	15.89%	17.56%	32.39%
2012	4.49%	11.32%	16.00%
2011	13.41%	4.70%	2.11%
2010	8.41%	12.13%	15.06%
2009	3.54%	18.40%	26.46%
2008^	(11.41)%	(18.16)%	(30.73)%
Cumulative Return*	133.67%	175.56%	289.90%
VAMI	\$ 234	\$ 276	\$ 390

\*Cumulative results for inception 3/1/2008 through 12/31/2022. \*\*60/40 = 60% S&P 500 +40% Bloomberg Aggregate Index. Returns presented net of fees of 0.50%. ^=Partial year 3/1/08 - 12/31/08 Past performance no guarantee of future results.

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Performance and data in this illustration are presented net of underlying vehicle costs and iSectors' management fee. Presentation not complete without more detailed fee information and other disclosures located on the last page of this document.

**Past performance is not necessarily indicative of future results.**

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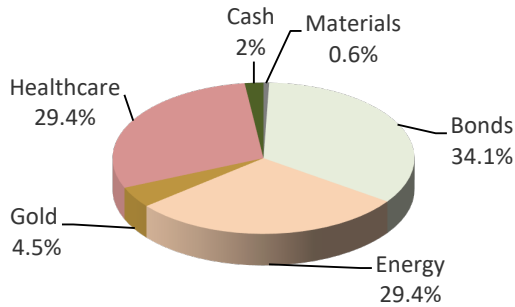


# iSectors® Asset Allocation Strategies

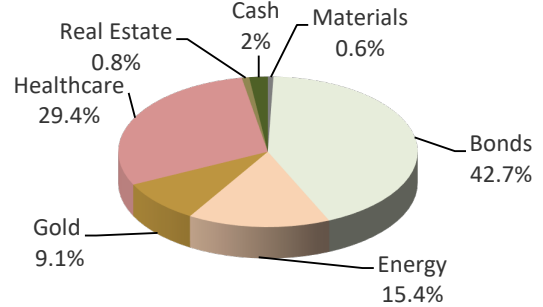
## Post-MPT Moderate Allocation

4th Quarter 2022

October 2022 Target Allocations (%)

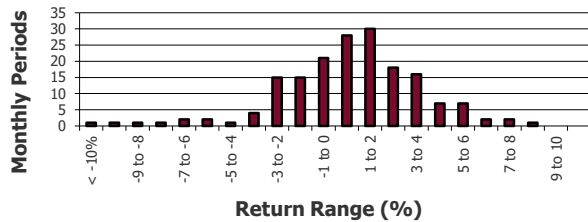


January 2023 Target Allocations (%)



Performance results represent actual returns from March 1, 2008 (inception) through 12/31/2022. All return data presented is net of fees of 0.50%.

Return Distribution



Statistical Measures\*

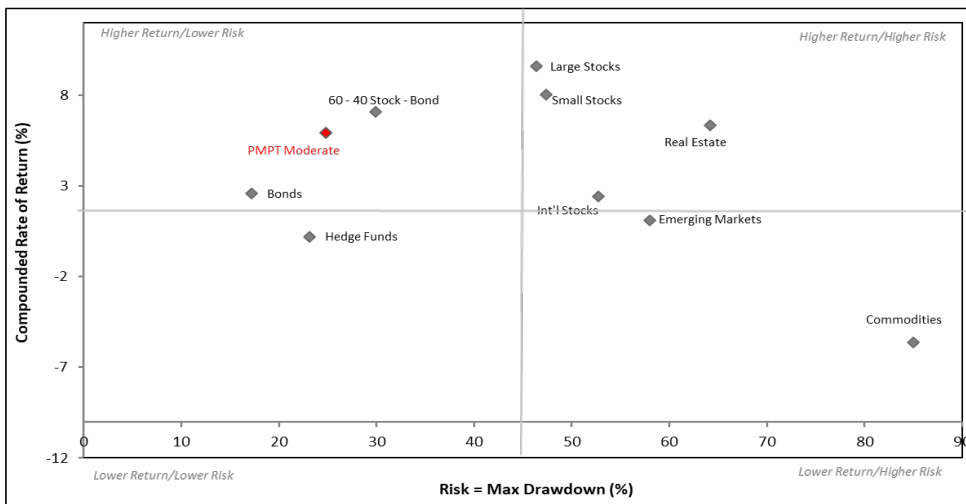
	Model	60/40**	S&P 500
Compound ROR	5.33%	6.81%	9.23%
Sharpe (0%)	0.44	0.62	0.54
Sortino (0%)	0.62	0.89	0.78
Best Month	8.09%	8.40%	12.82%
Worst Month (10/08)	(13.29)%	(11.02)%	(16.79)%
% Positive Months	61.71%	68.00%	67.43%
Max. Drawdown	(24.84)%	(29.90)%	(46.41)%
Months in Max Drawdown	12	9	9
Months To Recover	24	20	24

\*Post-MPT Moderate Allocation inception was 3/1/2008. Returns presented reflect actual returns, net of fees, from 3/1/2008 - 12/31/2022. \*\*60/40 = 60% S&P 500 + 40% Bloomberg Aggregate Index. See additional disclosures regarding performance and historical benchmark indexes on final page of report.

^Compound ROR = The rate of return that represents the cumulative effect that a series of gains or losses have on an original amount of capital over a period of time.

### iSectors® Post-MPT Moderate Allocation -- Risk/Return Comparison

From 3/1/2008 inception through 12/31/2022



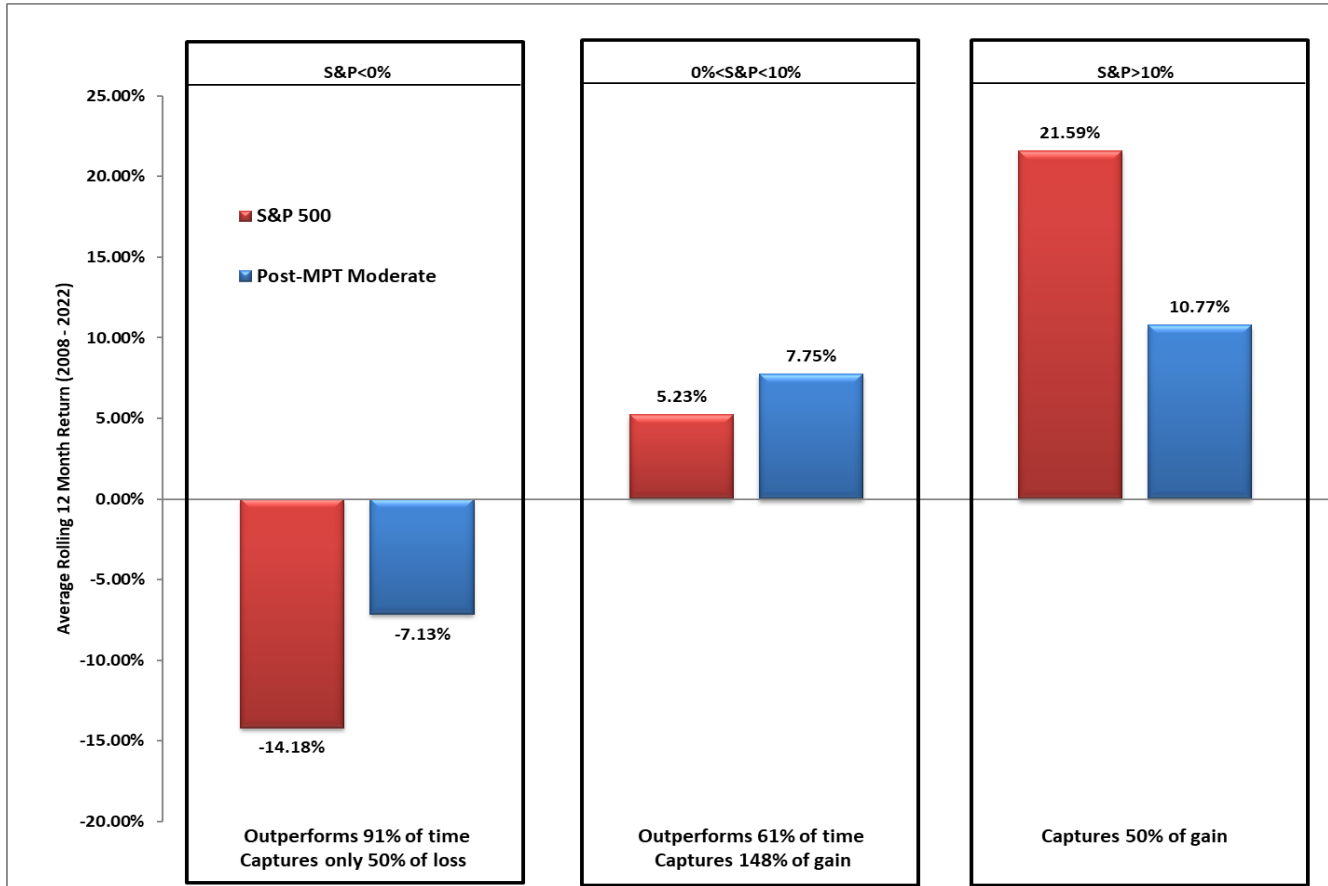
- Bonds**  
Bloomberg Aggregate Bond Index
- Commodities**  
S&P GS Commodity Index
- Emerging Markets**  
MSCI Emerging Mkts Free Index
- Hedge Funds**  
HFRX Global Hedge Fund Index
- Real Estate**  
Wilshire US Real Estate Securities Index
- Int'l Stocks**  
MSCI EAFE Index
- Large Stocks**  
S&P 500 Index Total Return
- Small Stocks**  
Russell 2000 Index
- 60-40 Stock-Bond**  
60% S&P 500 Total Return + 40% Bloomberg Aggregate

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**iSectors**<sup>®</sup> Post-MPT Moderate Allocation vs. S&P 500



This graph compares an investment in iSectors<sup>®</sup> Post-MPT Moderate Allocation to an investment in the S&P 500 Index. The comparison considers returns on 161 rolling 12-month periods for both investments from 3/1/2008 to 12/31/2022. In any 12-month period that the S&P 500 was negative, the iSectors Post-MPT Moderate Allocation outperformed it during that period 91% of the time and captured only 50% of the loss. In any 12-month period that the S&P 500 was positive, but with a gain of less than 10%, iSectors<sup>®</sup> Post-MPT Moderate Allocation outperformed it 61% of the time and captured 148% of the gain. In addition, when the S&P 500 gained over 10% in a 12-month period, iSectors<sup>®</sup> Post-MPT Moderate Allocation still managed to capture 50% of the gain.



## IMPORTANT DISCLOSURE INFORMATION

### General Disclosure

iSectors® is a suite 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.

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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.

### Fee Information

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 clients' 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.

### GIPS® Information

This information is marketed to investment professionals. iSectors®, LLC has managed the asset allocation models 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, net of iSectors' management fee, including the reinvestment of dividends and do not reflect the impact of taxes. Returns will be reduced by platform, custodial, trading, and advisory fees, if applicable. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant accuracy or quality of the content contained herein. 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.

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