



# iSectors® Post-MPT Moderate Allocation

## Portfolio Description

The objective of the iSectors® Post-MPT Moderate Allocation is to achieve moderate investment returns with lower downside risk over a complete market cycle. The portfolio manager re-optimizes the portfolio's risk adjusted returns monthly. This is done by reallocating the portfolio among 9 low-correlated market sectors, using a quantitative process, guided by monthly changes in two dozen economic and capital market factors. Portfolios may be invested up to 30% at any one time into any single sector with the exception of government bonds, to which the model may allocate up to 50%. The iSectors® Post-MPT Moderate Allocation does not use borrowed money in its strategy and remains 100% invested at all times (subject to a 2% cash allocation for liquidity purposes).

### Diversification & Correlation: iSectors vs. Traditional Method

	Bonds	Gold	Energy	Finance	Health	Tech	Materials	Real Est.	Utilities
Bonds	1								
Gold	0.41	1							
Energy	-0.29	-0.10	1						
Finance	-0.02	-0.01	0.74	1					
Health	0.19	0.21	0.50	0.65	1				
Tech	0.30	0.18	0.44	0.70	0.72	1			
Materials	0.09	0.23	0.65	0.86	0.77	0.75	1		
Real Est.	0.35	0.22	0.49	0.77	0.72	0.75	0.82	1	
Utilities	0.22	0.35	0.31	0.49	0.59	0.48	0.64	0.69	1

	Large Growth Stocks	Large Value Stocks	Small Growth Stocks	Small Value Stocks	Mid Growth Stocks	Mid Value Stocks
Large Growth Stocks	1					
Large Value Stocks	0.81	1				
Small Growth Stocks	0.85	0.84	1			
Small Value Stocks	0.73	0.93	0.90	1		
Mid Growth Stocks	0.93	0.85	0.95	0.82	1	
Mid Value Stocks	0.80	0.98	0.88	0.96	0.87	1

<span style="background-color: #f8d7da; border: 1px solid #f5c6cb; padding: 2px;"> </span>	Negative Correlation
<span style="background-color: #e2e3e5; border: 1px solid #d6d8db; padding: 2px;"> </span>	Little or No Correlation
<span style="background-color: #fff3cd; border: 1px solid #ffeeba; padding: 2px;"> </span>	Moderate Correlation
<span style="background-color: #d4edda; border: 1px solid #c3e6cb; padding: 2px;"> </span>	High Correlation

Basic Materials	up to 30%
Bonds	up to 50%
Energy	up to 30%
Financials	up to 30%
Gold	up to 30%
Healthcare	up to 30%
Real Estate	up to 30%
Technology	up to 30%
Utilities	up to 30%

*iSectors re-optimizes and reallocates the portfolio among up to nine different sectors (as listed above) on a monthly basis, according to our proprietary asset-allocation algorithm, which uses updated capital market and economic data in the calculations.*

*Correlation data obtained from third party sources believed to be reliable, but cannot be guaranteed.*

*iSectors® Post MPT Moderate portfolio allocates among market sectors that are less correlated to each other (see table, upper left) when compared to the traditional Morningstar Capitalization-Style box asset classes, which have become very closely correlated (see table, lower left).*

**For more detailed fee/performance/holdings information, please visit the iSectors website for the most recent fact sheet.**

*There is no assurance that any specific securities listed will remain a part of the model. An investment in any iSectors® allocation model is not guaranteed and, at any given time, may be worth more or less than the amount invested.*

## iSectors® Post-MPT Moderate Allocation



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**Contact:** Scott Jones, Director of Business Development  
**Direct:** 800.869.5184  
**Email:** scott.jones@isectors.com

**Contact:** John Koch, CFA, Chief Investment Officer  
**Direct:** 800.869.5198  
**Email:** john.koch@isectors.com



5485 W. Grande Market Drive, Suite D, Appleton, WI 54913  
[www.iSectors.com](http://www.iSectors.com)