



iSectors® Newsletter

February 2025



20 years ago, on February 1, 2005, the live track record of the iSectors Post-MPT Growth Allocation began. For those unfamiliar, this model predates the founding of our firm and serves as the driving force behind our name, iSectors. It is a pioneering dynamic asset allocation strategy utilizing seven primary equity sectors, along with two additional asset classes: gold and bonds. By structuring the investable universe this way—rather than adhering to traditional classifications such as large-cap growth, large-cap value, and small-cap growth/value—we believe it provides superior diversification based on the differentiated cross-correlations of these asset classes, as demonstrated in the tables below.

Traditional Market Sector Correlation (Last 5 Years)						
	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	0.77	1				
Small Growth Stocks	0.81	0.85	1			
Small Value Stocks	0.69	0.92	0.92	1		
Mid Growth Stocks	0.90	0.84	0.93	0.81	1	
Mid Value Stocks	0.77	0.98	0.88	0.95	0.86	1

For five-year period ending 1/31/2025. Traditional allocations = Russell Indexes.

iSectors Post-MPT Market Sector Correlation Matrix (Last 5 Years)									
	Bonds	Gold	Energy	Finance	Health	Tech	Materials	Real Est.	Utilities
Bonds	1								
Gold	0.35	1							
Energy	-0.18	-0.10	1						
Finance	0.15	0.04	0.74	1					
Health	0.36	0.21	0.48	0.67	1				
Tech	0.45	0.12	0.42	0.65	0.69	1			
Materials	0.29	0.26	0.62	0.85	0.78	0.70	1		
Real Est.	0.44	0.20	0.51	0.81	0.78	0.76	0.87	1	
Utilities	0.26	0.35	0.33	0.55	0.63	0.45	0.71	0.69	1

For five-year period ending 1/31/2025. Corresponding ETFs for each asset class are used for correlation.



The model is built upon the core tenets of modern portfolio theory but enhances its effectiveness through a proprietary quantitative algorithm. If you want to learn more about Post-MPT Growth's investment process, we recommend reading our white paper: ([Practical Applications of Post Modern Portfolio Theory](#)).

A Proven Track Record Over 20 Years

Over the last two decades, the Post-MPT Growth Allocation has endured various market environments and consistently demonstrated resilience. The model's objective is to achieve market-like returns with lower downside risk over a complete market cycle. The long-term results speak for themselves:

2/1/2005 to 1/31/2025	PMPT Growth
Annualized Return	7.91%
Standard Deviation	13.55%
Correlation to S&P 500	0.65
Max Drawdown	-34.07%
Sharpe Ratio	0.50
Calmar Ratio	0.23
Alpha vs. S&P 500	1.12%
% Capture Up Months	93.50%
% Capture Down Months	85.71%

A Leader in Model Portfolio Longevity

The longevity of the iSectors Post-MPT Growth Allocation is impressive on its own, but when compared to its peers, it stands out even more. Out of the 5,286 model portfolios in the Morningstar Model Portfolio Database, only 350 have at least a 20-year track record—placing Post-MPT Growth in the top 7% of all existing model portfolios. In fact, this model predates many offerings from well-known asset managers like BlackRock and Vanguard. It was also one of the first available on the Envestnet Turnkey Asset Management Platform (TAMP), alongside many others created in the mid-2000s.

Ongoing Evolution and Adaptation

While the investment philosophy of the model has remained consistent, iSectors has not remained stagnant. We have continually ensured that the most liquid and cost-effective ETFs are included in the investment universe. As the economic landscape has evolved—especially in response to the easy money policies following the 2008 financial crisis and the unprecedented stimulus packages of 2020—we have adapted accordingly. Notably, we replaced gold mining equities with gold bullion and shifted the historical period analyzed by our model from a fixed date to a rolling period, enhancing adaptability to changing conditions.

Join Us for the Next 20 Years

Many advisors have invested with us for most of the last two decades, and we are grateful for their continued trust. For those who have yet to invest, we invite you to become part of the next 20 years of iSectors Post-MPT Growth Allocation. With our commitment to innovation and adaptability, we believe the next two decades will be even better than the last. For more recent updates on the current positioning of the model, along with its more conservative counterpart the iSectors Post-MPT Moderate Allocation, please see our most recent market review videos from the 3rd and 4th quarter 2024:

[4Q 2024 iSectors Market Review - YouTube](#) [3Q 2024 iSectors Post MPT Allocation Models Review - YouTube](#)



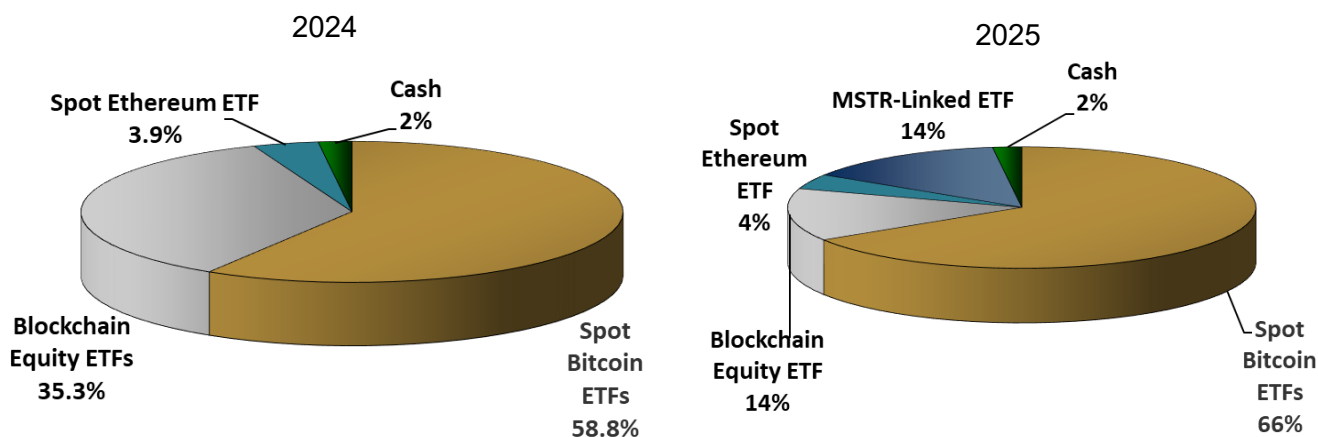
Crypto Corner

In our last two quarterly review videos, we discussed that iSectors' base case for 2025 is another strong year for Bitcoin

[4Q 2024 iSectors CryptoBlock Allocation Model - YouTube](#)

[3Q 2024 iSectors CryptoBlock Allocation Review](#)

With our 2025 expectations in mind, we tweaked the iSectors CryptoBlock Allocation in early February to help the model capture more of Bitcoin's upside potential. Broad blockchain technology exposure was reduced and replaced with holdings with access to a more direct link to Bitcoin itself, providing the potential for outsized returns should the price increase above \$100,000. We also targeted products with exposure to MicroStrategy Inc (now officially rebranded as "Strategy"). As 2025 unfolds, more crypto and Bitcoin-related ETFs are expected to launch, and we anticipate the changes made to CryptoBlock in February to be the first step in a series of trades that will enable our model to outperform its peers.



John Koch, CFA, CIO

John began his career at iSectors during his final year at the University of Wisconsin-Oshkosh. After receiving a Bachelor of Business Administration (BBA) in Finance, he joined the iSectors team full-time as an investment analyst. Over the last decade, John has played an integral role in the development of the current iSectors investment process. He was promoted to Senior Investment Analyst in 2018, and then again to Chief Investment Officer in 2025.

As CIO, John heads all the research of iSectors ETF-based investment models. After 10+ years of focusing primarily on ETFs, John has developed key relationships within the industry and uses the combined expertise of these ETF partners and the iSectors investment team, along with his own experiences, to maintain and continue the illustrious long-term track record of the iSectors allocation models.

John is a CFA® charterholder and a member of the iSectors® Investment Committee. He lives in Weyauwega, WI with his wife, son, and daughter. In his free time, he enjoys golfing and coaching his son's basketball team.

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