



# iSectors® Post-MPT Moderate Allocation

## Portfolio Description

The objective of the iSectors® Post-MPT Moderate Allocation is to achieve investment returns that outperform a 60/40 stock/bond index (as measured by the S&P 500 stock market index + Barclays Aggregate Bond Index) with lower downside risk over a complete market cycle. The portfolio manager objectively allocates and rebalances the portfolio monthly among up to 9 specific, low-correlated asset classes. The mathematical process is guided by changes in more than a dozen economic and capital market factors. Portfolios may be invested up to 30% at any one time into any single asset class, 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).

## Post-MPT Moderate Allocation Quick Facts

as of 6/30/2020

Portfolio Type	Dynamic
Account Minimum	\$25,000
ETF Holdings <sup>1</sup>	4
Management Fee	0.50%
Portfolio Inception	2008
Portfolio Yield <sup>2</sup>	2.56%

## Diversification & Correlation: iSectors vs. Traditional Method

	Materials	Energy	Finance	Health	Real Est.	Tech	Utilities	Bonds	Gold
Materials	1								
Energy	0.84	1							
Finance	0.81	0.79	1						
Health	0.75	0.60	0.71	1					
Real Est.	0.57	0.65	0.74	0.58	1				
Tech	0.65	0.47	0.70	0.56	0.54	1			
Utilities	0.22	0.31	0.37	0.29	0.70	0.33	1		
Bonds	-0.42	-0.43	-0.49	-0.21	0.01	-0.31	0.12	1	
Gold	0.15	0.07	-0.15	0.06	0.10	-0.06	0.22	0.41	1

	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	0.88	1				
Small Value Stocks	0.93	0.79	1			
Small Growth Stocks	0.85	0.86	0.88	1		
Mid Value Stocks	0.98	0.87	0.95	0.87	1	
Mid Growth Stocks	0.90	0.96	0.85	0.91	0.92	1

<span style="background-color: #f8d7da; border: 1px solid #f5c6cb; padding: 2px;"> </span>	Negative Correlation
<span style="background-color: #d6d8db; border: 1px solid #c6c8ca; 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

## Asset-Class Selection

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 asset classes (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 asset classes 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).*

<sup>1</sup>The sample target allocation/holdings information is as of 6/30/2020 and should not be considered a recommendation to buy or sell a particular security. There is no assurance that any specific securities listed will remain a part of the model. <sup>2</sup>An indication of the expected dividends and interest based on the holdings and market value of the portfolio as of 6/30/2020. 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. All quick facts data obtained from 'Quick Facts' table on Envestnet Manager Console.

## About The Manager:

iSectors<sup>®</sup>, LLC manages a suite of exchange-traded fund (ETF)-based asset allocation models. Collectively, the iSectors web-based platform and series of asset allocation models offer advisors and their clients a broad selection of strategies, services and support to assist them in building and managing an appropriate investment solution designed to achieve a client's financial objectives.

Allocation models are categorized by risk and return characteristics and organized into three unique series of asset allocation approaches: Global Allocations (5 risk-based models), 2 Post-MPT Allocations and a Tactical Allocation model. Also offered are Capital Preservation, Domestic Equity, Domestic Fixed Income, Endowment Allocation, Inflation Protection, Liquid Alternatives, and Precious Metals allocation models.

iSectors<sup>®</sup> ETF-based portfolios are low-cost (when compared to most actively-managed mutual funds), offer intraday liquidity, and provide transparency with respect to model holdings. All assets are held in separately or unified managed accounts titled in the client's name. Investors are fully supported by their independent registered investment advisor (RIA) and a team of back-office service professionals.

iSectors, LLC is an affiliate of Sumnicht & Associates, LLC (Sumnicht) and, as such, iSectors and Sumnicht share certain employees' services. Sumnicht & Associates was founded in 1988. iSectors became a separate Registered Investment Advisor in August, 2008.

## Index Definitions:

Morningstar Style Indexes track the U.S. market by capitalization and investment style using a comprehensive, rules-based, 10-factor methodology.

London PM Gold Fixing is the procedure by which the price of gold is determined each business afternoon on the London market by the five members of The London Gold Market Fixing Ltd.

Barclays Capital 20+ Year Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity greater than 20 years, are non-convertible, are denominated in U.S. dollars, are rated investment grade, are fixed rate, and have more than \$250 million par outstanding. The Index is weighted by the relative market value of all securities meeting the Index criteria.

Dow Jones U.S. Industry Indexes are widely adopted measures of U.S. stocks that are classified into ICB Industries. Each index is capitalization-weighted and is designed to measure its respective sector of the U.S. equity market.

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*The contents of this presentation are intended for informational purposes only. 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 statements (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 an iSectors<sup>®</sup> asset allocation model 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. Asset allocation and diversification concepts do not ensure a profit nor protect against loss in a declining market.*

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