

Investment Philosophy

The firm's philosophy is that employing highly disciplined **Rules Based Investment**[®] processes leads to superior risk control due to the removal of human emotion. We seek to produce enhanced risk adjusted returns.

Investment Objective

Sector Rotation invests in the U.S. equity sectors with consistent positive momentum while seeking to avoid downward market trends by rotating out of stagnant sectors and holding cash. Monthly rebalancing protects against short term fluctuations in momentum and attempts to identify major turns in trending markets. The portfolio is designed to participate in up markets and to mitigate losses in down markets.

Rules

Repeatable
No Emotion



Sectors

Exploit Cyclicalty
Low Correlations



Momentum

Trends Persist
Avoid False Trends



Defense

Risk Management
Hold Utilities & Cash

Portfolio Construction

Allocation #1: The Market Sector Rotation applies a rules-based approach to determine the health of the overall market. A technical indicator for momentum is applied to the S&P 500 Index. If the index has positive momentum, thus a positive expected future return, the portfolio will allocate funds in equal weights to all U.S. sectors that also are identified as having momentum. This results in a monthly investment in a single sector or up to 11 sectors.

Allocation #2: Utilities The Utilities sector typically performs well during bear markets when the economic cycle begins to signal a recession. If the S&P 500 Index does not have momentum, thus a negative expected future return, the portfolio will be placed in a defensive stance. The Utilities sector is then analyzed and if it has momentum, the portfolio will allocate 50% of funds to Utilities and 50% of funds will be held in cash.

Allocation #3: Cash If both the S&P 500 Index and the Utilities sector do not have momentum, the portfolio will hold 100% of the funds in cash.

Performance

Inception through December 31, 2020

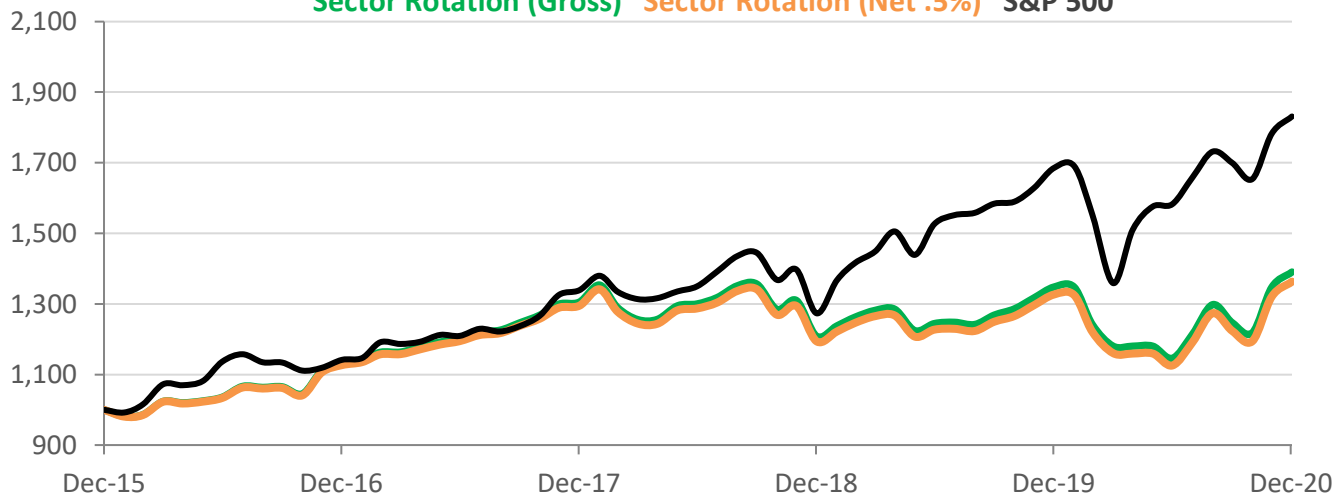
	Gross	Net .4%	Index
Year-to-Date	3.83%	3.42%	8.65%
1 Year	3.83%	3.42%	8.65%
3 Year *	2.35%	1.95%	11.01%
Since Inception*	6.95%	6.53%	12.86%
Since Inception	39.95%	37.20%	83.12%
Std. Deviation	11.06%	11.06%	13.33%
Sharpe	0.60	0.56	0.92
Beta	0.64	0.63	1.00
Alpha	-0.95%	-1.33%	-
Up-Capture	69.51%		100.00%
Down-Capture	85.20%		100.00%

Year	Gross	Net of .4%	Index
2016	13.11%	12.66%	14.16%
2017	15.38%	14.93%	17.28%
2018	-7.43%	-7.80%	-4.89%
2019	11.57%	11.13%	32.36%
2020	3.83%	3.42%	8.65%

*Annualized. Up and Down Capture based on Gross performance January 1, 2016 through December 31, 2020 and is calculated arithmetically. Geometric Up and Down Capture are available upon request. Beta calculated from inception date. **Benchmark Index – S&P 500 Value TR.** The information on this page is qualified in its entirety by attached footnotes and disclosures. Past performance is not a guarantee of future returns

Growth of \$1,000 Investment (1/1/2016-12/31/2020)

Sector Rotation (Gross) Sector Rotation (Net .5%) S&P 500



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Portfolio Team

Mark H. Fiskio (Portfolio Manager) Former Senior Portfolio Manager in the PIA program at Merrill Lynch and co-developer of a suite of Rules Based Investment® models. Founder of Empirical Asset Management, LLC. B.A. in Economics from Connecticut College

Characteristics

Inception	Jan 1, 2016
Holdings	Up to 11 ETFs
Size	Large-cap
Style	Core
Sector	Multi-sector

Empirical Asset Management

Empirical Asset Management, LLC (EAM) is a Registered Investment Advisor with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Empirical manages client assets through proprietary quantitative models.

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Disclosures

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The advertised performance represents a composite of all discretionary fee paying and non-fee paying accounts. Accounts that are no longer invested in a manner consistent with the composite description will remain in the composite for all prior months. Gross returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting the highest annual fee of 0.5% from the gross composite return in the amount of 0.125% per quarter. Returns are presented net of non-reclaimable withholding taxes. The performance portrayed reflects the reinvestment of dividends, interest, and other earnings (total return). Monthly geometric linking of performance results is used to calculate annual returns. Valuations are computed and performance is reported in U.S. dollars. The minimum portfolio size for inclusion in the composite is \$100,000. The benchmark for EAM Sector Rotation is the S&P 500 Minimum Volatility TR Index.