



## Sector Alpha

### Objective

Match or exceed the performance of the benchmark (S&P 500 Total Return Index) with lower volatility over a market cycle

### Investment Approach

Actively manages a broad-based U.S. equity portfolio by holding sector ETFs

### Highlights

- A sector rotational strategy between offense and defense
- Constantly ranks the S&P 500 sectors on a dynamic basis
- Combines Quantitative process with fundamental analysis

### Investment Philosophy

- Sectors tend to perform differently throughout market cycles
- Top-down approach using quantitative analysis to discover sectors demonstrating the highest relative strength in each market cycle
- Rotate between cyclical and defensive sectors

### Portfolio Managers



Leo Chen, Ph.D.  
Quantitative Analyst &  
Portfolio Manager

USF, Ph.D. in Finance  
Rochester, BA Economics



David R. Kotok  
Chairman &  
Chief Investment Officer

Wharton School, BS Economics  
University of Pennsylvania,  
MS Organizational Dynamics

### Investment Process

- Identify the market cycle using quantitative analysis to detect bullish or bearish trends in the market
- Select sectors based on the market cycle
  - Equal weight the top-3 cyclical sectors for a bullish signal
  - Equal weight the top-3 defensive sectors for a bearish signal
- Construct portfolio model of 3 equal weighted sector ETFs
- Disciplined active rotation from cyclical to defensive sectors based on quantitative analysis

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Benchmark: The benchmark for the Sector Alpha style is the S&P 500 Total Return Index. The S&P 500 Total Return Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index and one of the most widely used benchmarks of U.S. stock performance.