CUMBERLAND ADVISORS

Strategy Profile

Market Volatility

Objective

Match or exceed the benchmark's performance (S&P 500) with lower volatility.

Investment Approach

Actively manage index portfolio with focus on market volatilities by using one exchange traded fund (ETF), either SPY or IVV.

Highlights

- Low beta
- Binary trading positions—all invested vs. all cash
- Contrarian market-timing strategy

Investment Philosophy

- Market tends to overreact in volatile environments and generates downward momentum.
- Market behavior demonstrates mean reversal pattern throughout long-term history.
- Discover critical periods of market overreaction representing buying opportunities, using quantitative analysis, in order to capture upside reversal of returns.

Portfolio Manager

David R. Kotok
Chairman &
Chief Investment Officer

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

Investment Process

- Quantitative screening process based on 10 to 15 indicators to sort market variables.
- When indicators hit the buying threshold, the portfolio will become fully invest.
- Ongoing market surveillance and exit rules determine the holding period.

Consultant

Leo Chen, Ph.D.
Quantitative Strategy Consultant

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

The benchmark for the Market Volatility styles is the S&P 500 Index. The S&P 500 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.