



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 Manager



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.

Consultant



Leo Chen, Ph.D.
Quantitative Strategy Consultant

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

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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.