

March 2021 Recap

MarketDesk Research Tactical All Cap

- The Tactical All Cap Portfolio was up 7.5% in March, leading the Russell 3000 Index by 379bps.
- 7 of the 8 themes and 16 of the 21 holdings in the portfolio outperformed the benchmark in March.
- Sally Beauty, Anthem, and Dine Brands were the best performers during the month rising 25.0%, 18.8%, and 13.8%, respectively.
- Shift Technologies, IAA, and Apollo Global were the worst performers in March returning -6.0%, -6.0%, and -5.0%, respectively.
- 1Q21 Attractive Underperformers, Managed Care, and GARP were the best performing themes for the portfolio in March, returning 15.6%, 11.9%, and 10.4% respectively.
- 4Q20 Attractive Underperformers, Private Equity Managers, and Used Cars weighed down the portfolio's relative performance ending the month 4.1%, 3.3%, and 0.3% respectively.
- No holdings were replaced at the start of April.

Tactical Tradebook Updates this Month

Managed Care

- March 15th — Biden's American Rescue Plan Act (COVID-19 relief) expands ACA subsidies
- March 23rd — Biden extends special ACA sign-up period to August 15 from May 15

Used Cars

- March 8th — SFT achieves record revenue (+168% y/y) & unit sales (+147% y/y) in 4Q20
- March 21st — Japanese semiconductor plant manufacturing auto chips catches fire

Private Equity

- March 8th — APO to merge with insurance affiliate Athene holdings

P&C Insurance

- March 18th — 10 year Treasury yield pushes above 1.75%, hitting a 14-month high

Portfolio	Holdings	Div Yield	1m Return	6m Return	1Y Return	Inception
Tactical All Cap	21	0.8%	7.5%	-	-	7.5%
Russell 3000 Index	~3,000	1.2%	3.7%	-	-	3.7%
Relative		-0.5%	+3.8%	-	-	+3.8%

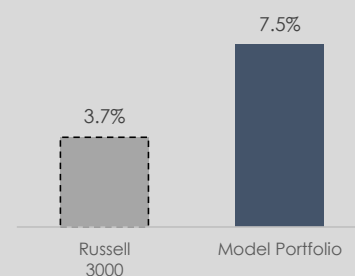
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Current Themes

- GARP / Reflationary Trade
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- 1Q21 Underperformers
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- Private Equity
- 4Q20 Underperformers
- P&C Insurance

March 2021 Performance



Strategy Overview

The *Tactical All Cap Portfolio* is an actively-managed portfolio that aims to outperform the Russell 3000 Index. Portfolio holdings are selected from MDR reports, which highlight companies based on a combination of fundamental and thematic catalysts. The performance information shown herein does not reflect the deduction of advisory and/or other fees normally incurred in the management of a portfolio. **Please see page 6 for important information and disclosures.**

[Tactical Tradebook](#) →

[Research Portal](#) →

Portfolio Holdings

The investment objective of the Tactical All Cap Portfolio is to outperform the Russell 3000 Index. The portfolio consists of 20-30 individual stocks actively selected based on a mixture of fundamental, thematic, and policy catalysts. The portfolio holdings are primarily sourced from MDR *Tactical Opportunity* and *Strategy Snapshot* reports. The portfolio is not constrained by market cap or sector exposure, and holdings periods can range from 3 months to over 12 months. The portfolio is updated and rebalanced monthly. Page 3 provides additional portfolio statistics. Pages 4 and 5 list the portfolio's current themes and provide links to the published reports.



Theme	Company Name & Ticker	Sector	Market Cap (\$B)	Dividend Yield	NTM P/E	Inception Date	Est. Holding Period	Performance (%)		
								1m	3m	Incept
1Q21 Underperform	Wells Fargo (WFC)	Financials	161.5	1.0%	14.1x			8	32	17
	Dine Brands (DIN)	Cons Disc	1.5	-	17.8x	1/7/2021	3-9 months	14	52	38
	Sally Beauty (SBH)	Cons Disc	2.3	-	11.2x			25	57	50
4Q20 Underperform	Ciena Corp. (CIEN)	Tech	8.5	-	19.2x	10/9/2020	3-9 months	5	4	27
	Blackbaud (BLKB)	Tech	3.4	-	25.5x			3	24	19
Used Cars	America's Car-Mart (CRMT)	Cons Disc	1.0	-	12.9x			13	38	22
	IAA, Inc. (IAA)	Industrials	7.4	-	27.3x	1/21/2021	6-12 months	-6	-15	-9
	Shift Technologies (SFT)	Cons Disc	0.7	-	-			-6	-4	1
P&C Insurance	Chubb (CB)	Financials	71.1	1.9%	13.3x			-2	4	33
	Selective Insurance Group (SIG)	Financials	4.4	1.4%	15.9x	6/11/2020	+12 months	7	9	46
	W. R. Berkley (WRB)	Financials	13.4	0.6%	20.6x			9	14	35
Managed Care	Anthem (ANTM)	Health Care	87.9	1.2%	14.0x			19	15	23
	Centene (CNC)	Health Care	37.2	-	11.9x	2/11/2021	6-12 months	9	8	7
	Molina Healthcare (MOH)	Health Care	13.6	-	17.1x			8	13	8
Private Equity	Apollo Global (APO)	Financials	10.9	4.3%	15.8x			-5	-2	12
	Blackstone Group (BX)	Financials	51.0	1.3%	22.3x	11/12/2020	+12 months	8	17	37
	KKR & Co. (KKR)	Financials	28.2	1.1%	18.2x			7	23	34
Ad Agency	Interpublic Group of Companies	Comm Svcs	11.4	3.7%	14.8x	3/18/2021	6-9 months	12	26	-2
	Omnicom Group (OMC)	Comm Svcs	15.9	3.7%	12.6x			9	21	-4
GARP	Knight-Swift (KNX)	Industrials	8.0	0.7%	14.1x	3/21/2020	6-9 months	12	15	59
	FMC Corp (FMC)	Materials	14.3	1.7%	15.1x			9	-3	73

[Download Excel File](#)

Removed Holdings

None

Portfolio Highlights

-  Added
-  Removed

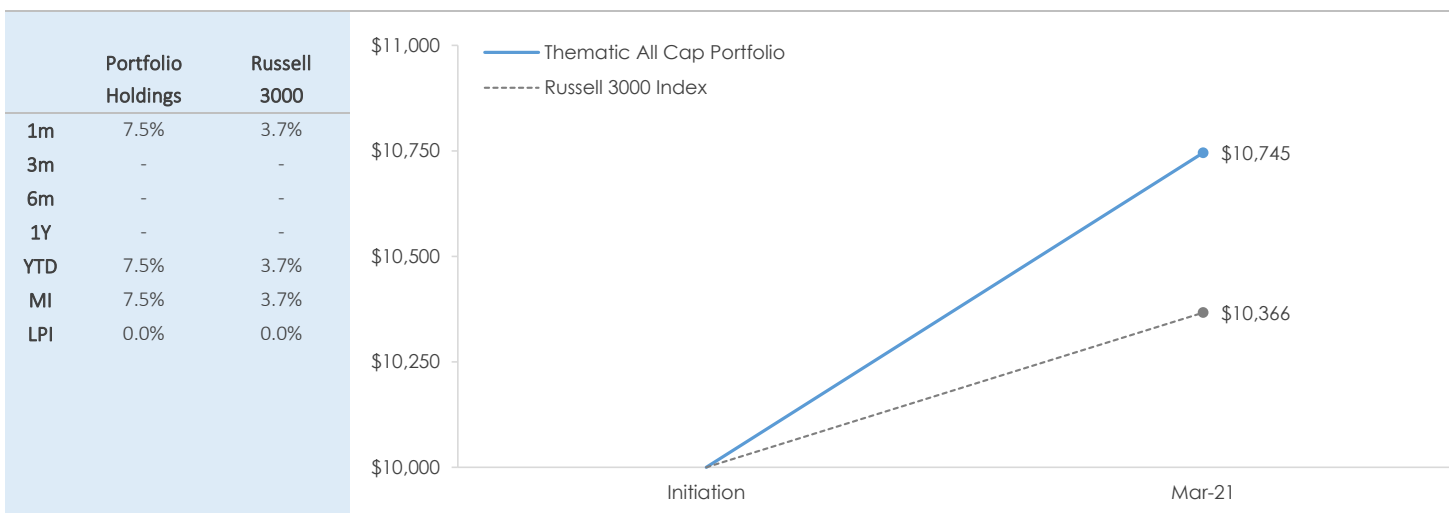
Definitions

NTM Price to Earnings (P/E): Forward valuation metric calculated as the current price divided by the consensus next twelve months EPS. **Performance:** Total return for each time period including dividends reinvested. **Inception Date:** The date each report (either *Tactical Opportunity* or *Strategy Snapshot*) was published. This represents the start date for "Since Inception" performance. **Estimated holding period:** Our team's estimated holding period starting from the date the report was published. Actual holding periods may vary.

Portfolio Statistics

Growth Model Cumulative Performance

Model Inception (MI): 2/28/2021 | Live Portfolio Inception (LPI): 3/31/2021

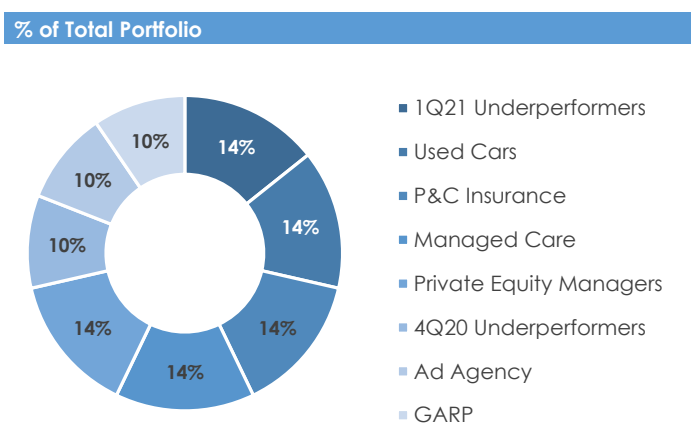


Source: MarketDesk Research. Note: Past performance does not guarantee future results. Performance includes dividends but not taxes/capital gains.

Portfolio Overview

Statistic	Description
Strategy	Active strategy that aims to provide exposure to a diversified basket of companies highlighted in MDR reports
# Holdings	20-30 companies
Time Frame	3-18 Months
Rebalance	Monthly
Benchmark	Russell 3000 Index
Weighting	Equal-Weight
Sectors	No sector exposure limit (driven by themes)
Market Caps	No limit for Large, Mid or Small Cap Exposure

Theme Exposure



Top / Bottom Performing Holdings Last Month

Top 10 Holdings	Bottom 10 Holdings
25% Sally Beauty (SBH)	-6% Shift Technologies (SFT)
19% Anthem (ANTM)	-6% IAA, Inc. (IAA)
14% Dine Brands (DIN)	-5% Apollo Global (APO)
13% America's Car-Mart (CRMT)	-2% Chubb (CB)
12% Interpublic Group of Companies (IPG)	3% Blackbaud (BLKB)
12% Knight-Swift (KNX)	5% Ciena Corp. (CIEN)
9% FMC Corp (FMC)	7% Selective Insurance Group (SIGI)
9% Centene (CNC)	7% KKR & Co. (KKR)
9% Omnicom Group (OMC)	8% Blackstone Group (BX)
9% W. R. Berkley (WRB)	8% Molina Healthcare (MOH)

Sector Composition vs Benchmark

Sector	Portfolio	Benchmark	+/-
Financials	33.3%	11.8%	+21.5%
Cons Disc	19.0%	12.2%	+6.8%
Materials	4.8%	3.0%	+1.8%
Health Care	14.3%	13.5%	+0.8%
Industrials	9.5%	9.9%	-0.3%
Comm Svcs	9.5%	9.9%	-0.4%
Utilities	0.0%	2.6%	-2.6%
Energy	0.0%	2.7%	-2.7%
Real Estate	0.0%	3.3%	-3.3%
Cons Stpls	0.0%	5.7%	-5.7%
Tech	9.5%	25.3%	-15.8%

Current Portfolio Themes (1 of 2)

Advertising Agencies (Published 3/19/2021)

[Full Report →](#)



This tactical opportunity focuses on the advertising industry. The COVID-19 pandemic recently passed the one-year anniversary mark. Vaccinations are gaining momentum. Monetary and fiscal stimulus is flooding the system. Public officials are relaxing virus restrictions. Savings are up, and bank account balances are elevated. Google trends data indicates people are anxious to reconnect with friends and travel. Companies are focused on capturing the pent-up demand, which should translate into bigger marketing budgets.

GARP / Reflationary Trade (Published 3/12/2021)

[Full Report →](#)



The market is undergoing a regime change. The reflationary trade is creating waves across sectors, factors, and commodities. We equate the reflationary move to an earthquake where two plates shift due to stress buildup, which releases shockwaves. Rather than slowly releasing pressure (e.g., growth vs value, cyclical sectors, oil prices, etc.), the market lurched and sent waves throughout asset classes as investors recalibrated portfolios. In our view, the likely catalyst was rising yields as inflation expectations rose and economic forecasts strengthened. From a longer-term perspective, we view the market's recent moves as early tremors signaling a multi-year reflationary trend. Our preferred positioning entails a combination of above average NTM EPS growth and below average NTM P/E multiple.

Managed Care (Published 2/12/2021)

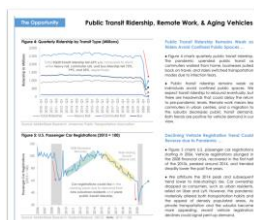
[Full Report →](#)



After a prosperous Obama administration, the Managed Care industry dealt with significant policy uncertainty and volatility during the Trump administration. The Biden administration represents a big change for the Managed Care industry. Biden intends to strengthen the ACA, which was passed during his vice presidency. In addition, Democrats control Congress, which we view as positive for the ACA rather than negative. The policy headwinds from the last four years should ease, and the policy uncertainty discount should decrease.

Used Car Market (Published 1/22/2021)

[Full Report →](#)



This thematic opportunity focuses on the used car market. COVID-19 upended the global auto manufacturing industry. Auto part shortages are surfacing across the supply chain. Labor shortages are compounding auto part shortages and forcing manufacturers to pause production. Together, the labor and auto part shortages are constraining new auto production. Consumer demand is rising as auto manufacturers face production constraints. We believe the supply/demand balance can continue. In our view, tight inventory benefits the used car market.

1Q 2021 Attractive Underperformers (Published 1/8/2021)

[Full Report →](#)



This quarterly 'Four Attractive Companies' report sifts through the worst performing U.S. equities to find companies we believe are currently mispriced. With the stock market trading at a record high, this edition focuses on companies that significantly lagged the broader market in 2020. It should be noted the companies mentioned in this report each quarter can remain undervalued for an extended period of time and require a longer holding period. In our view, each of the four companies mentioned in this report offer a unique investment opportunity.

Current Portfolio Themes (2 of 2)

Private Equity Managers (Published 11/13/2020)

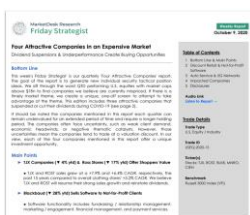
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U.S. equities trade at expensive P/E multiples, while treasuries trade with historically low yields. The last decade of U.S. market returns were robust due to quantitative easing, but the next decade's annualized returns are projected to shrink. Private markets and alternative assets are set to play a bigger portfolio construction role. Owning private equity managers gives investors exposure to the private markets and alternative assets via management and incentive fee and PE firm co-investments in their own funds. This tactical position aims to invest in the trend of rising alternative asset demand.

4Q 2020 Attractive Underperformers (Published 10/9/2020)

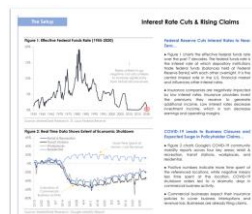
[Full Report →](#)



This quarterly 'Four Attractive Companies' report sifts through the worst QTD performing U.S. equities to find companies we believe are currently mispriced. This edition includes three attractive companies that suspended or cut their dividends during COVID-19. It should be noted the companies mentioned in this report each quarter can remain undervalued for an extended period of time and require a longer holding period. In our view, each of the four companies mentioned in this report offer a unique investment opportunity.

P&C Insurance (Published 6/12/2020)

[Full Report →](#)



The insurance industry was hit hard by the one-two punch combination of low interest rates and COVID-19 claims. Low interest rates decrease investment income. COVID-19 could lead to a surge in policyholder claims, which would increase claims expense. As a result, the insurance industry's y/y rolling performance vs the Russell 3000 Index was -3std below its historical average. While we acknowledge rising claims expense and declining interest rates could stress balance sheets, we believe the industry trades at an attractive valuation.

Website

www.MarketDeskResearch.com

Sales Team

+1 (646) 787-0394

Sales@MarketDeskResearch.com

Client Support

+1 (646) 787-0394

Support@MarketDeskResearch.com

Firm Brochure

[Download →](#)

List of Model Portfolios

- Focused U.S. Large Cap
- Focused U.S. Small Cap
- Focused U.S. Dividend
- ESG Active Opportunities
- Enhanced U.S. Momentum
- Tactical All Cap

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