

Indicator Signal Overview – U.S. Sector Rotation Model

When the U.S. Risk Demand Indicator is below zero, own 100% Risk-Off Exposure. When the U.S. Risk Demand Indicator is above zero, own 100% Risk-On Exposure. The sample model is rebalanced monthly to equal weight. Refer to page 2 to see when the model held Risk-On or Risk-Off exposure for each month since January 2000.

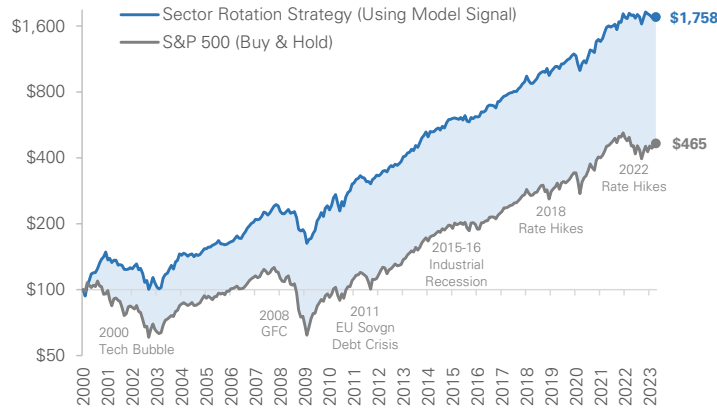
- **Risk-On** = Cyclical Sectors (Industrials, Materials, Cons. Discretionary)
- **Risk-Off** = Defensive Sectors (Utilities, Health Care, Cons. Staples)

Figure 3: Performance Statistics – U.S. Sector Rotation Model

Annual Statistics of Returns & Risks	S&P 500 (Benchmark)	U.S. Sector Rotation Model
Average Return	8.2%	14.8%
Strategy CAGR	6.8%	13.1%
Maximum Drawdown	-51%	-34%
% of Positive Years	74%	87%
Upside Capture	100%	118%
Downside Capture	100%	-3%
Net Capture	0%	+122%
Max Positive Year	32%	49%
Max Negative Year	-37%	-22%
Max Risk / Reward Ratio	0.88	2.19

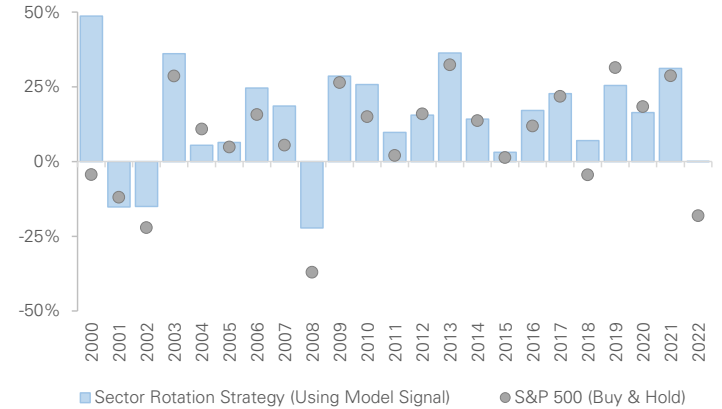
Source: MarketDesk Quant Pack. Based on annual calendar year returns since 2000.

Figure 4: Total Returns – U.S. Sector Rotation Model



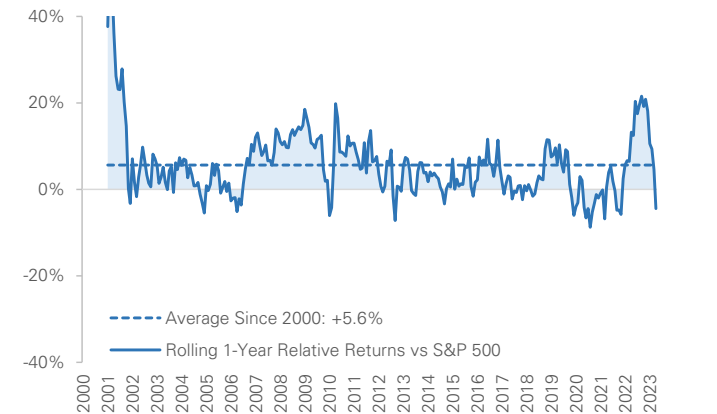
Source: MarketDesk Quant Pack. The portfolio is rebalanced monthly.

Figure 5: Historical Annual Returns – U.S. Sector Rotation Model



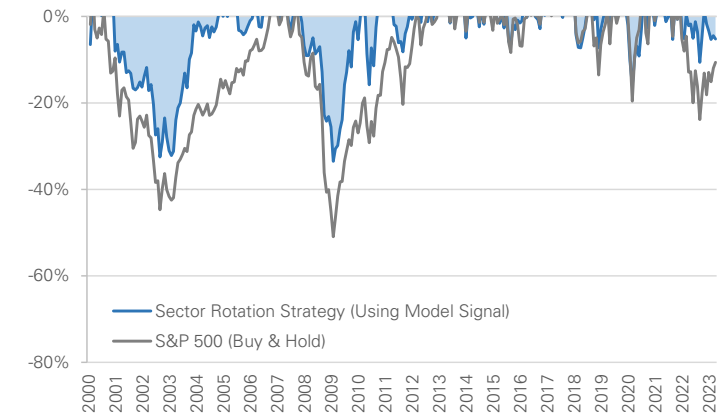
Source: MarketDesk Quant Pack

Figure 6: 1-Year Relative Returns – U.S. Sector Rotation Model



Source: MarketDesk Quant Pack

Figure 7: Portfolio Drawdowns – U.S. Sector Rotation Model



Source: MarketDesk Quant Pack

Next Steps

1

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