

# Flexible Allocation Strategy – Moderate

4Q 2023

## SSI Flexible Allocation – A Tactical Solution that Seeks to

- Provide **long term growth after inflation** with moderate risk
- Protect capital** in times of rising market and economic risks that are not adequately reflected in security prices
- Capitalize** on the exceptional investment opportunities that often occur during periods of market disruption
- Active portfolio management combining **Quantitative Analysis with a Fundamental Overlay**



**WINNER**  
**Multi Asset Strategist<sup>1</sup>**  
SSI Investment Management  
SSI Flexible Allocation Portfolio



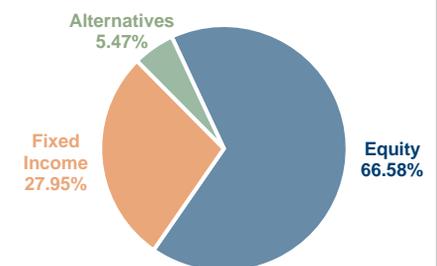
**Morningstar**  
**Overall Rating<sup>2</sup>**

Quarterly Performance Review Moderate Portfolio (Inception: 5/1/2009)	4Q 2023	Annualized Returns (%)				
		1 Year	3 Year	5 Year	10 Year	Since Inception
Flexible Allocation (G)	9.18	17.11	4.52	10.55	7.76	8.05
Flexible Allocation (N)	8.99	16.32	3.82	9.80	7.02	7.29
60/40 Custom Benchmark <sup>3</sup>	9.76	17.82	4.86	10.06	7.68	8.37
Morningstar Mod Tgt Risk Index <sup>4</sup>	9.50	13.22	2.07	7.38	5.72	–
Morningstar Moderate Allocation Category <sup>5</sup>	8.72	13.47	3.88	8.09	6.22	–
Lipper Moderate Funds <sup>6</sup>	8.28	12.46	2.66	7.01	5.12	–

- Portfolio of Exchange Traded Funds (ETFs)
- Effective & Efficient
- Best of Breed ETFs and not limited to one fund family
- No levered or inverse ETFs

Category Ranking <sup>7</sup>	3 Year	5 Year	10 Year
Morningstar Rating <sup>TM</sup>	★★★	★★★★★	★★★★★
Number Rated	578	535	361
Absolute Rank	181	46	46
Percentile Rank	32nd	9th	13th

### Current Portfolio Allocation



Key Metrics <sup>7</sup>	3 Year		5 Year	
	SSI Flexible Allocation Moderate	Morningstar Moderately Allocation	SSI Flexible Allocation Moderate	Morningstar Moderately Allocation
Alpha	2.39	1.72	3.12	0.88
Beta	0.96	0.92	0.96	0.96
R2	93.46	92.20	94.23	92.66
Standard Deviation	12.30	11.92	12.46	12.61
Sharpe Ratio	0.22	0.17	0.71	0.52
Upside Capture	108.53	101.22	110.04	100.36
Downside Capture	95.09	90.85	94.41	95.97

Equity	
Large-Cap Core	61.40%
Small-Cap Value	2.64%
Large-Cap Growth	2.54%
Fixed Income	
Long Bond	14.53%
Short Bond	8.71%
Bank Loan	2.50%
Cash	2.21%
Alternatives	
Convertibles	2.94%
Hedged Equity	2.53%

Notes regarding Morningstar ratings, Investnet yearly competition, strategies and custom benchmarks, as well as performance disclosures are located on pages 2 & 3 of this document.

## Quarterly Commentary

- Equity markets had a strong fourth quarter, with the S&P 500 up 11.68%
- The environment was also favorable for fixed income, as the Bloomberg Aggregate Bond Index rose 6.82%
- The market strength was driven by the continued decline in inflation and expectations that the Federal Reserve would reverse course and begin cutting rates in 2024
- SSI continues to be positive toward the markets, and the equity allocation is above the benchmark
- We continue to monitor all the key variables and are prepared to take defensive steps in the portfolio if the environment deteriorates further and risk levels rise

## Risk Controls

### Risk Management is a Multi-level Process

- TAA quantitative model designed to evaluate risk level in markets and guide adjustments to portfolio
- PM team evaluates quantitative output fundamentally and considers other risks

### Factors that drive risk reduction include

- Risk of economic contraction
- Change in market trend
- Policy changes and geopolitical events
- Deteriorating credit conditions
- Heightened volatility
- Lack of liquidity

## SSI Investment Management

### Committed to meeting investor objectives by delivering differentiated and value-added investment solutions

- Founded in 1973, SSI Investment Management is an asset management firm that focuses on innovative, alternative ideas that deliver competitive returns while providing risk mitigation
- SSI has a long history working with Financial Institutions and Advisors to help clients meet objectives through compelling investment solutions
- The investment team has successfully managed portfolios through all kinds of market cycles since the 1990's

## Current Holdings<sup>8</sup>

Equity	
IVV	iShares Core S&P 500
IWN	iShares Russell 2000 Value
RSP	Invesco S&P 500 Equal Weight
IYW	iShares Technology
Fixed Income	
FLOT	iShares Floating Rate Bond
BIL	SPDR Bloomberg 1-3 Month T-Bill
LQD	iShares iBoxx \$ Inv Grade Corporate Bond
LMBS	First Trust Low Duration Opportunities
IEF	iShares 7-10 Year Treasury Bond
BKLN	Invesco Senior Loan
Alternative	
CWB	SPDR Bloomberg Convertible Securities
BUFR	First Trust CBOE Vest Fund of Buffer

## Portfolio Characteristics

Equity	
Average Market Cap (in Millions)	\$228,752
Average Price/Earnings	18.5X
Largest Sector Overweights:	Technology
	Energy
Largest Sector Underweights:	Health Care
	Finance
Fixed Income	
Average Effective Duration	4.75 yrs
Average Effective Maturity	7.39 yrs
Credit Quality	A
Average Coupon	4.50%
Current Yield	4.29%

<sup>1</sup> The yearly awards, presented by Envestnet | PMC and Investment Advisor recognize active managers who have beaten their benchmarks, shown solid performance in general over time and are the best in their respective asset class. Eligibility requires the portfolio manager have \$200 million in assets and three years of experience. Additionally, the managers also need to be open to new investment on the Envestnet platform. Award finalists were chosen using Envestnet | PMC's proprietary, systematic, and multi-factor methodology for evaluating managers, which takes a variety of qualitative and quantitative criteria into consideration, such as investment process and style, performance, firm profile, customer service, and tax efficiency. SSI Investment Management did not pay to participate.

<sup>2</sup> Morningstar ratings: © 2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

<sup>3</sup> Custom Benchmark: 60% S&P 500 / 40% Bloomberg Barclays U.S. Aggregate Bond Index - prior to July 31, 2015 the benchmark was 50% S&P 500 / 50% 90 Day T-Bills. Benchmark return data in addition to "Custom Benchmark" is supplemental to SSP's GIPS reports.

<sup>4</sup> Morningstar Moderate Target Risk Group: 60% Global Equity Exposure / 40% Global Bond Exposure benchmark. Source: Morningstar.

<sup>5</sup> Morningstar Moderate Allocation Category. Source: Morningstar.

<sup>6</sup> Lipper Moderate Funds: Lipper Mixed-Asset Target Allocation Moderate Funds (133 Funds)

<sup>7</sup> Comparison to the Morningstar Primary Category Index: Morningstar Mod Tgt Risk TR USD (FOUSA08PJY). Statistics based off of gross of fee performance. Source: Morningstar.

<sup>8</sup> The holdings examples are not a recommendation. Investors must assess the suitability of any particular investment opportunity and carry out any due diligence that they require in relation to the strategy or investments or individual holdings of the strategies that SSI manages. In doing this, investors should seek separate advice. There is no guarantee these targets will be achieved and any investment is at risk of loss. These materials shall not constitute an offer by SSI Investment Management to sell or a solicitation of an offer to buy any securities.

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## DISCLOSURE | SSI FLEXIBLE ALLOCATION STRATEGY - MODERATE

### Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®).

### Definition of the Firm

SSI was established in 1973 and is a Registered Investment Advisor based in Los Angeles, CA. SSI manages assets in domestic and global capital markets. SSI applies quantitative disciplines and fundamental research in its management of alternative and traditional portfolios for institutional and high net-worth investors. SSI manages separate accounts, a limited partnership, and acts as sub-advisor to mutual funds and an ETF. Effective June 1, 2019, Resolute Investment Managers, Inc. ("Affiliated Advisor") has a majority interest in SSI, however, SSI will continue to operate independently. SSI does not have any subsidiaries. SSI acquired the assets of Frole, Revy Investment Co., Inc. ("Frole, Revy") and its composites as of March 1, 2009.

### Policies

SSI's policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

### The Composite & Benchmark (Description & Material Risks)

SSI's Flexible Allocation Strategy - Moderate (composite inception date May 1, 2009; composite created May 1, 2009) invests in a portfolio primarily of Exchange Traded Funds but may include Exchange Traded Notes and other Mutual Funds. The exposure to various asset classes including, but not limited to, equity, fixed income and cash may range from 0-100%. The composite name was initially known as SSI Flexible Equity Strategy from 5/1/2009-4/30/2015; from 5/1/2015-12/31/2020 the composite was named SSI Flexible Allocation Strategy; on 1/1/2021 the composite name became the SSI Flexible Allocation Strategy - Moderate. The composite contains fully discretionary accounts including those no longer with the firm. SSI believes a performance comparison versus the Balanced Index is appropriate. Prior August 1st, 2015, the Balanced Index was 50% of the total return of the S&P 500 and 50% of the 90-Day Treasury Bill ("Balanced Index"). Subsequent to August 1st, 2015, the Balanced Index will be 60% of the total return of the S&P 500 and 40% of the Bloomberg Aggregate Bond Index. Portfolios in this composite may have asset allocations that are different from the allocation of the Balanced Index. These allocations may generally range from 60% equities & 40% fixed income/cash to 75% equities & 25% fixed income/cash. The volatility of this strategy may be greater than the Balanced Index due to changes in asset allocation. The return, if any, is dependent upon SSI's discretionary management. The Bloomberg Aggregate Bond Index is made up of government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market and the maturities of the bonds in the index are more than one year. Any other indices shown are not necessarily comparable to SSI's Flexible Allocation Strategy - Moderate. These are widely recognized market indices that are shown for informational purposes only and are supplemental to SSI's GIPS report. Investors should be aware that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Benchmark rebalancing frequency: monthly.

### Investment Management Fees

Returns are presented gross and/or net of management fee. Actual results of an individual account may be materially different from the performance shown herein because of differences in inception date, transaction and related costs, investment guideline restrictions, fees and other factors. All performance is based in U.S. dollars and reflect, on a percentage basis for each of the periods indicated: (a) the actual net increase (decrease) of all SSI Flexible Allocation Strategy - Moderate portfolios, dollar-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of some investment costs, the deduction of mutual fund costs, and are time-weighted to adjust for additions and withdrawals, and (b) the net increase (decrease) of the Balanced Index. Net performance for fee paying portfolios is reduced by SSI's actual investment management fees and non-fee paying portfolios are reduced by a 1% annual model fee (2011-2012). Model fees are deducted on a monthly basis. Gross performance does not include deduction of SSI's investment management fees. If performance is gross of management fees, client's actual return will be reduced by the management fees and any other expenses which may be incurred in the management of an investment advisory account. See SSI's Form ADV, Part 2A for a complete description of the investment advisory fees customarily charged by SSI. As an example, an account with an initial \$1,000,000 investment on January 1, 2022, earning a recurring 5% semi-annual gross return (10.25% annualized), and paying a .5% semi-annual management fee (1% annual fee) would have grown to \$1,340,096 on a gross of fees basis and \$1,300,392 on a net of fees basis by December 31, 2024 (3 years).

### List of Composites

A list of the Firm's composite descriptions, limited distribution pooled funds (LDPFs) and/or GIPS reports are available upon request. Please contact [helelm@ssi-invest.com](mailto:helelm@ssi-invest.com).

### Additional Disclosure

- SSI operated under the name of SSI Investment Management, Inc. (1/1/1973-4/30/2019) and as of 5/1/2019 operates as SSI Investment Management LLC.
- When representative portfolio information is shown the representative portfolio is selected by comparing any one (but not limited to) the following criteria: most in line with composite investment objectives /consistency of investment strategy, investment restrictions, fee structure, time frame managed, type of client, size of account.
- SSI acquired Frole, Revy and its composites as of March 1, 2009. Prior to the acquisition, Frole, Revy claimed GIPS compliance for the periods of 1983-2008 and was independently verified by Ashland Partners.
- Endorsements: for certain strategies SSI's affiliated advisor may pay cash/non-cash compensation to a third party to endorse SSI to the affiliated advisor's network of prospective clients. This compensation does not present any material conflicts of interest between SSI or its affiliated advisor.
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Investors must assess the suitability of any particular investment opportunity and carry out any due diligence that they require in relation to the strategy or investments or individual holdings of the strategies that SSI manages. In doing this, investors should seek separate advice. It should not be assumed that recommendations made will be profitable and any investment is at risk of loss. This summary represents the views of the portfolio managers as of the date noted at the beginning of this document. Any holdings mentioned in the accompanying summary are from its stated strategy. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. The information in this article is not intended to be personalized recommendations to buy, hold or sell investments. The information, statements, views and opinions included in this article are based on sources (both internal and external sources) considered to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Such information, statements, views and opinions are expressed as of the date of this article, are subject to change without further notice and do not constitute a solicitation for the purchase or sale of any investment referenced in the article. Changes in any assumptions may have a material impact on the results. Due to various risks and uncertainties, actual events or projected results may differ materially from those reflected in the document.

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