

# Flexible Allocation Strategy – Moderately Aggressive

3Q 2024

## 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 Moderately Aggressive Portfolio (Inception: 8/1/2015)	3Q 2024	Annualized Returns (%)			
		1 Year	3 Year	5 Year	Since Inception
Flexible Allocation (G)	5.05	30.01	8.23	13.31	10.86
Flexible Allocation (N)	4.80	28.77	7.17	12.25	9.80
80/20 Custom Benchmark <sup>3</sup>	5.81	31.16	9.39	13.09	11.50
Morningstar Mod Aggressive Tgt Risk Index <sup>4</sup>	7.55	25.51	5.19	9.04	–
Morningstar Mod Aggressive. Allocation Category <sup>5</sup>	5.87	24.63	5.91	9.72	–
Lipper Growth Funds <sup>6</sup>	5.55	24.45	5.48	8.99	–

- Portfolio of Exchange Traded Funds (ETFs)

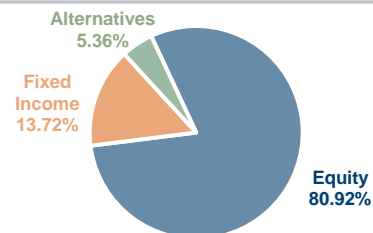
- Effective & Efficient

- 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
Morningstar Rating™	★★★★	★★★★★
Number Rated	384	343
Absolute Rank	26	13
Percentile Rank	7th	4th

### Current Portfolio Allocation



Equity	
Large-Cap Core	71.98%
Small-Cap Value	3.82%
Large-Cap Growth	2.15%
International Em Mkts	1.50%
REITs	1.47%
Fixed Income	
Long Bond	3.70%
Short Bond	3.18%
High Yield	1.91%
Bank Loan	1.66%
Cash	3.27%
Alternatives	
Convertibles	2.97%
Hedged Equity	2.39%

Key Metrics <sup>7</sup>	3 Year		5 Year	
	SSI Flex. Allocation Moderately Aggressive	Morningstar Moderately Aggressive Allocation	SSI Flex. Allocation Moderately Aggressive	Morningstar Moderately Aggressive Allocation
Alpha	4.62	2.35	5.23	2.00
Beta	1.12	1.08	1.16	1.15
R2	89.85	92.94	91.97	92.96
Standard Deviation	14.89	14.03	14.92	14.79
Sharpe Ratio	0.35	0.21	0.75	0.54
Upside Capture	129.00	116.57	135.24	121.54
Downside Capture	107.99	106.38	110.85	113.85

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

For more information please contact:  
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## Quarterly Commentary

- The third quarter was another strong period for the equity markets, with the S&P 500 gaining 5.89%
- Equity returns broadened out, with small caps outperforming (Russell 2000 +9.3%) while a rotation away from tech stocks led the S&P 500 Index to outperform the “Magnificent 7”
- Fixed income returns benefitted from a drop in interest rates and the Bloomberg Aggregate Bond Index ended the quarter up 5.20%
- The investment environment is generally favorable with the economy resilient, inflation decelerating and the Fed reducing interest rates
- SSI’s quantitative model remains positive toward equities on an intermediate term basis
- The Strategy is positioned well for the current environment, but we are monitoring key variables and will adjust portfolio as environment evolves

## 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
QUAL	iShares MSCI Quality
IYW	iShares Technology
SDVY	First Trust SMID Rising Dividend
IYR	iShares US Real Estate
IEMG	iShares Core MSCI Em Mkts
Fixed Income	
LQD	iShares iBoxx \$ Inv Grade Corporate Bond
BKLN	Invesco Senior Loan
JAAA	Janus Henderson AAA CLO
SHYG	iShares 0-5 Year High Yield Corporate Bond
Alternative	
ICVT	iShares Convertible Bond
BUFR	First Trust Vest Fund of Buffer

## Portfolio Characteristics

Equity	
Average Market Cap (in Millions)	\$290,182
Average Price/Earnings	22.3X
Largest Sector Overweights:	Real Estate
	Materials
Largest Sector Underweights:	Technology
	Health Care
Fixed Income	
Average Effective Duration	3.46 yrs
Average Effective Maturity	7.42 yrs
Average Credit Quality	BBB
Average Coupon	6.12%
Current Yield	4.58%

<sup>1</sup> The 2022 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: © 2024 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. Rating as of 9/30/2024.

<sup>3</sup> Custom Benchmark: 80% S&P 500 / 20% Bloomberg Barclays U.S. Aggregate Bond Index. Benchmark return data in addition to “Custom Benchmark” is supplemental to SSP’s GIPS reports.

<sup>4</sup> Morningstar Moderate Aggressive Target Risk Group: 80% Global Equity Exposure / 20% Global Bond Exposure benchmark. Source: Morningstar.

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

<sup>6</sup> Lipper Growth Funds: Lipper Mixed-Asset Target Allocation Growth Funds (124)

<sup>7</sup> Comparison to the Morningstar Primary Category Index: Morningstar Mod Agg Tgt Risk TR USD (FOUSA08PJZ). Key Metric 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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## Support Team



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### DISCLOSURE | SSI FLEXIBLE ALLOCATION STRATEGY - MODERATELY AGGRESSIVE

#### Compliance Statement

SSI Investment Management LLC ("SSI") claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

#### 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 portfolios, calculating performance, and preparing compliant presentations are available upon request.

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

SSI's Flexible Allocation Strategy - Moderately Aggressive 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 contains fully discretionary accounts including those no longer with the firm. SSI believes a performance comparison versus the Balanced Index of 80% of the total return of the S&P 500 and 20% of the Bloomberg Aggregate Bond Index is appropriate. Portfolios in this composite may have asset allocations that are different from the allocation of the Balanced Index. These allocations may generally range from 80% equities & 20% fixed income/cash to 95% equities & 5% 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 - Moderately Aggressive. These are widely recognized market indices that are shown for informational purposes only and are supplemental to SSI's GIPS reports. 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. Composite inception date August 1, 2015; composite created August 1, 2015.

#### 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 - Moderately Aggressive 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 (2015-present). 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 and/or compliant presentations are available upon request. Please contact vidat@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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