

Flexible Allocation Strategy

Why Tactical?– Strategy 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

Tactical Investment Process in Action

2023 Recession Avoided

- The year began with the Fed raising rates and most investors anticipating a recession.
- SSI's quantitative model was slightly positive for most of 2023 and became more positive as the year progressed and financial conditions improved.
- Equity levels were above the benchmarks through most of the year and were increased further during the fourth quarter.

2022 Inflation Spikes

- Defensive steps taken early in year as inflation exceeded expectations and interest rates moved higher. Asset prices were not reflecting the full impact of rising rates.
- In the second half of the year, inflation peaked and markets stabilized. Began to redeploy capital. Portfolios were no longer defensively positioned heading into 2023.

2020 Coronavirus Pandemic

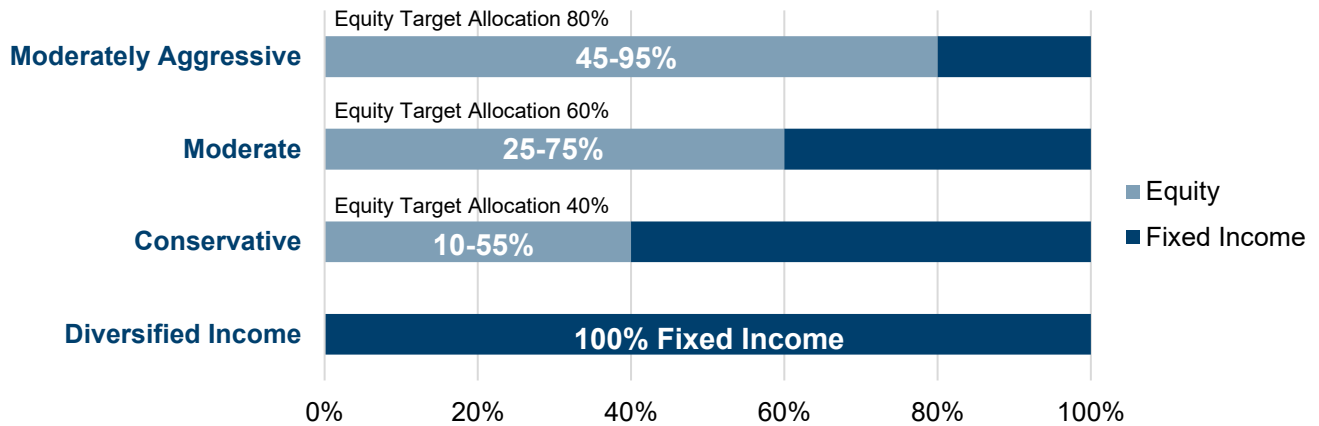
- Defensive steps taken in February and early March as the pandemic intensified and asset prices were not fully reflecting increased risk.
- In late March the portfolio team identified unique and attractive investment opportunities created by the market dislocation and began deploying capital to exploit these opportunities

For more information please contact:

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Flexible Allocation Strategy

A Suite of Portfolios Designed to Meet Varying Investor Objectives While Adjusting as the Environment Changes



Security Selection Process: Fixed Income

Flexible Allocation Fixed Income

- Considers wide range of securities (Corporate, Bank Loan, Mortgage, etc.)
- Opportunity for higher yields
- Controlled interest rate risk

Traditional Fixed Income

- Usually restricted to US Government and high-quality Corporate
- Limited ability to benefit from credit
- Substantial risk of losses when rates rise

SSI seeks to add significant value with a differentiated fixed income portfolio

Flexible Allocation Strategy

Quantitative & Fundamental Disciplines Combined

Security Selection Process: Equities

Quantitative model is utilized to identify undervalued securities

- Analyzes ETFs to identify attractive market segments based on value, momentum and growth

Experienced invest team evaluates quantitative output and performs fundamental analysis

- Investment team performs Top-Down and Bottom-Up analysis

ETFs from a wide range of providers are assessed and evaluated

- Criteria considered include desired exposures, liquidity, expenses and assets

Investment Process: Disciplined and Consistent

Step 1

Quantitative Analysis: Tactical Asset Allocation (TAA) TAA model utilized to determine optimal asset allocation

- Macroeconomic indicators, market trends, investor psychology and mean reversion are examples of factors utilized in the TAA model

Step 2

Quantitative Analysis: Quantitative ETF Selection Tool (QUEST)

- Ranks and identifies Exchange Traded Funds (ETFs) with optimal exposure to market segments based on model factors such as momentum, value and growth

Step 3

Fundamental Analysis

- Portfolio managers evaluate investment environment and consider other risk factors
 - Evaluate economic environment, analyze sectors, and market segments
 - Monitor liquidity, volatility, credit markets and geopolitical developments

Step 4

Portfolio Construction

- Portfolio is constructed and adjusted based on quantitative and qualitative variables

SSI Flexible Allocation Portfolio Managed to maximize returns and control risk

Portfolio of Exchange Traded Funds (ETFs)

- Effective and efficient
- Independent – can select from entire ETF universe
- No levered or inverse ETFs

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.

Support Team



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