Beaumont
CAPITAL MANAGEMENT
powered by AIM | ALGORITHMIC INVESTMENT MODELS

BCM Sector Rotation Portfolios

Behavioral finance research has observed that most investors experience losses about twice as strongly as they experience gains. Our systematic, quantitative strategies aim to help grow clients' wealth when market conditions are more favorable and limit volatility and large drawdowns when they're not.

Investors in modern markets must be nimble.

The cyclical nature of a market-based economy presents challenges and opportunities for traditional investors. During each phase of a market cycle, market sectors will behave differently. Managing investors' allocations throughout economic cycles can help ensure they are not caught in a period of unexpected volatility. Detecting when these periods are coming can help position investors to avoid them and save clients from painful drawdowns—or perhaps profit from them.

We believe a disciplined, trend-following, quantitative investment system can help save investors from damaging, emotionally driven decisions and provide a smoother ascent.

Managing the business cycle.

Business cycle investing is a reliable method of capitalizing on the consistency of economic cycles. Supply shortages tend to lead to excesses, which typically lead to restructuring and ultimately shortages—re-starting the cycle. Sectors tend to exhibit patterns of out- or underperformance in each phase of the cycle. The challenge for traditional investors is recognizing business cycle changes in real time without the benefit of hindsight.

A quantitatively driven, trend following strategy simply uses the market as its guide to make allocation decisions based on price trends (momentum) and volatility metrics, rather than emotions.

Economically Sensitive

Sector	Early *Rebounds*	Mid *Peaks*	Late *Moderates*	Recession *Contracts*
Industrials	++			--
Real Estate	++			--
Information Technology	+	+	--	--
Communication Services		+		-
Consumer Discretionary	++	-	--	
Financials	+			
Materials	+	--	++	
Energy	--		++	
Consumer Staples			++	++
Health Care	--		++	++
Utilities	--	-	+	++

Economically Less Sensitive

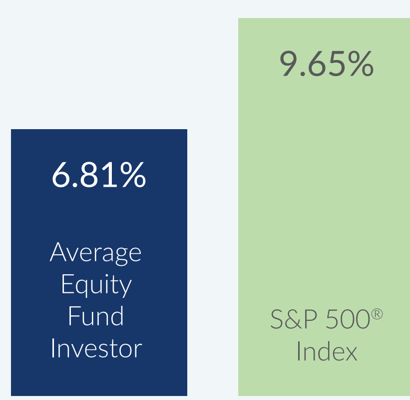
Source: Fidelity Investments (AART). Data for the period 1962 to 2020. Past performance is no guarantee of future results. See disclsoures for additional information about the data in this chart.

Managing emotions.

Emotional reactions to losses and gains can cause individual investors to make poorly timed buy and sell decisions.

This chart shows the annual return achieved by the average equity investor* versus the S&P 500 from 1993-2022. There were multiple market cycles during this time. Due to fear and panic, the average investor made emotional, poorly-timed buy and sell decisions... and achieved only about 70% of the annual return of the broader market.

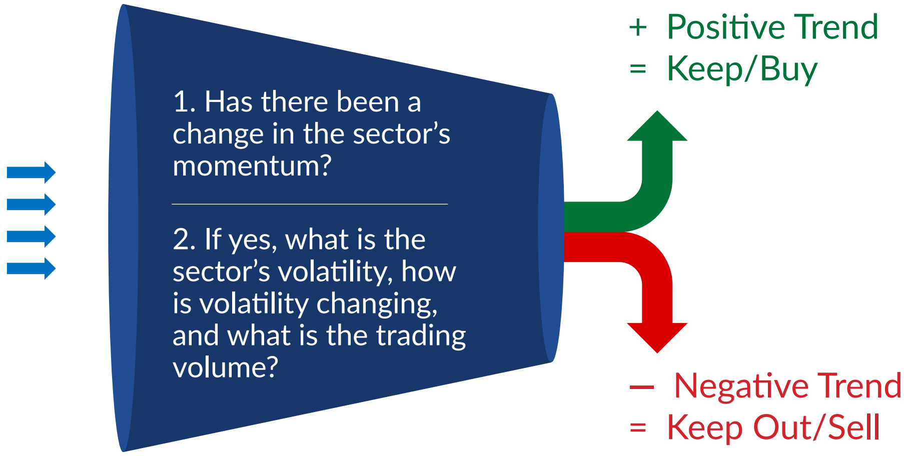
Average Investor vs. the Market*



The Sector Rotation system.

11 Sector ETFs

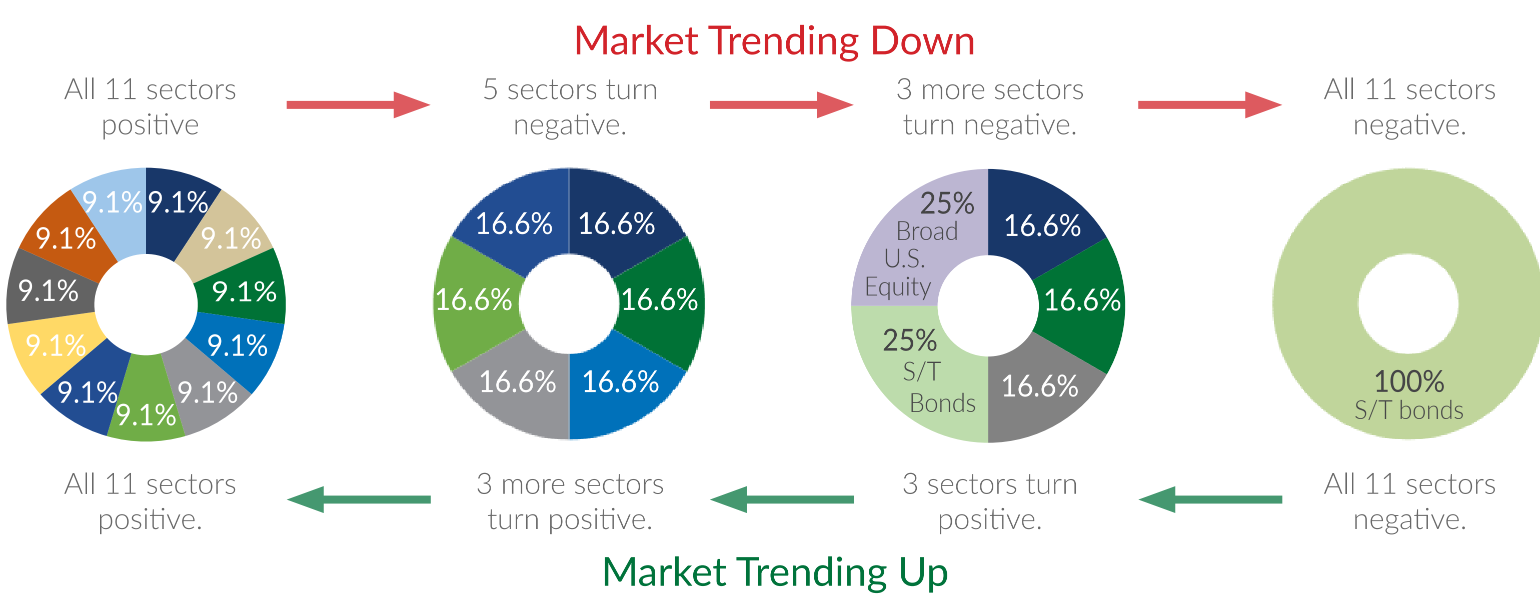
REITs	Financials
Energy	Healthcare
Utilities	Consumer Staples
Materials	Consumer Discretionary
Industrials	Communication Services
Technology	



A disciplined approach for a smoother experience.

In the diagram below, we show an example of how the BCM Sector Rotation process can remove specific sectors or get out of the market entirely when all sectors trend down at the same time (top) and how we could judiciously reinvest when the market begins to re-establish positive momentum (bottom). The portfolio equally weights each sector that is "turned on" with a maximum buy position of 20%. Once there are fewer than 5 sectors "on", we will add a 25% allocation to a broad U.S. Equity ETF to maintain adequate portfolio diversification. Once fewer than 4 sectors are "on", we begin to allocate to high-quality, short-duration bond ETFs in 25% increments. We will own any number of sectors (from 0 to 11) at any given time.

BCM's Sector Strategies invest solely in long-only ETFs and avoid ETFs that actively employ margin, leverage, shorting and any other complicating factors. All eligible BCM strategies are GIPS verified by an independent third party.



Market Cycle chart: Sectors as defined by GICS. Unshaded (white) portions suggest no clear pattern of over- or underperformance vs. the broader market. Double +/- signs indicate that the sector is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference, and cycle hit rate. A single +/- indicates a mixed or less consistent signal. Annual returns are represented by the performance of the largest 3,000 U.S. stocks measured by market capitalization.

*Source: Dalbar, Inc. "2021 QAIB Report." Data is for the 30-year period ending 12/31/2021. Average equity fund investor performance results are comprised of a universe of funds that are designed to track the performance of a U.S. equity market index and are calculated using monthly fund data supplied by the Investment Company Institute, QAIB calculates investor returns as the change in assets after excluding sales, redemptions and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses and any other costs.

Exchange Traded Funds (ETFs) trade like stocks and are subject to investment volatility and the potential for loss. ETFs are securities that track an index, a commodity or a basket of assets like an index fund, but trade like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold.

All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will either be suitable or profitable for a client's portfolio. There are no assurances that the portfolio will match or outperform any particular benchmark.

As with all investments, there are associated inherent risks including loss of principal. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Sector investments concentrate in a particular industry and the investments' performance could depend heavily on the performance of that industry and be more volatile than the performance of less-concentrated investment options. The risks are particularly significant for ETFs which focus on a single country or region. The ETF may have additional volatility because it may be comprised significantly of assets in securities of a small number of individual issuers. Past performance is no guarantee of future results. An investment cannot be made directly in an index.

Some information presented in this report is based on data obtained from third party sources. Although it is believed to be accurate, no representation or warranty is made as to its accuracy or completeness.

The BCM investment strategies may not be appropriate for everyone. Due to the periodic rebalancing nature of our strategies, they may not be appropriate for those investors who desire regular withdrawal or frequent deposits. The target allocations shown are buy targets only. The portfolio manager maintains full discretion for the strategy. Actual allocations will differ due to market fluctuations. Accounts will typically carry a ~2% position in a money market even when a model is "fully" invested. If the system calls for additional "cash" to be raised as a defensive position, a short duration (up to a 1-3 year) bond ETF may be used.

The Standard & Poor's (S&P) 500® Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. "S&P 500®" is the registered mark of Standard & Poor's Financial Services, LLC, a part of S&P Global, Inc. Index providers periodically change their security classifications and BCM will analyze the changes and update the research and methodology of the effected strategies accordingly.

Beaumont Capital Management was originally created in 2009 as a separate division of Beaumont Financial Partners, LLC. Beaumont Capital Management LLC spun off as its own entity as of 1/2/2020. In January 2022, BCM was acquired by Algorithmic Investment Models, LLC (AIM). Both BCM and AIM continue to operate as separate and distinct entities owned by a holding company, Algorithmic Research and Trading LLC (ART). Beaumont Financial Partners, LLC was originally registered as Beaumont Trust Associates in 1981 and was reorganized into Beaumont Financial Partners, LLC in 1999.

GIPS® Disclosure:
Beaumont Capital Management, LLC (BCM) is an SEC registered investment advisor. BCM offers tactical, defensively oriented strategies using long only ETFs across multiple asset classes with domestic, international and global exposure.

Beaumont Capital Management claims compliance with the Global Investment Performance Standards (GIPS®).

To obtain a GIPS® compliance presentation, or the composite descriptions for our strategies, contact us through any of the following channels, and the information will be sent to you: (P) (888) 777-0535, salessupport@investbcm.com, or by mail to the address provided.

For additional information about Beaumont Capital Management or any of our strategies, please contact us at the number or email address provided below.

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