# BCM 3Q20 Market & Strategy Commentary: Sector Rotation and Decathlon Tactics — Damn the Pandemic! Batten Down the Economy and Full Steam Ahead!

*By the BCM Investment Team*

Today, investors seemingly hold opposing views simultaneously: the outlook for the economy is positive, but it is also worth paying a premium for risk-free securities.

With rates at or near historic lows, historic 60/40 model return expectations are now only achievable by accepting higher equity or other investment risk.

Capitalizing on trends and opportunity in the markets has always been a hallmark of successful investing, but the current market environment may *necessitate* it.

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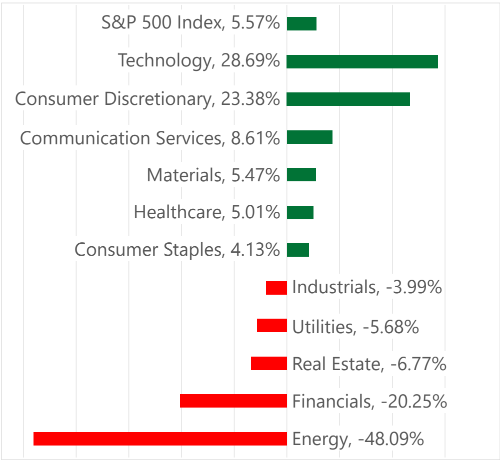
*With apologies to Admiral Farragut...*

The S&P 500® Index's 8.5% third-quarter gain was a welcome response to the first half of the year's histrionics. The quarter had its own volatility as the markets flirted with a 10% correction, but then resolutely continued climbing the proverbial wall of worry. Ultimately, the trends that were in place at the beginning of the quarter continued and little changed:

- Equity markets rose, led by the mega-cap U.S. technology and consumer discretionary companies
- Small-cap, mid-cap and value stocks went up, but underperformed
- International markets largely went up, but underperformed
- Commodities generally went up, but underperformed
- Interest rates stayed low... almost everywhere
- The U.S. dollar went up... er no, it actually went down, breaking below its ten-year trendline

**S&P 500 Sectors**
*Year-to-Date Returns*

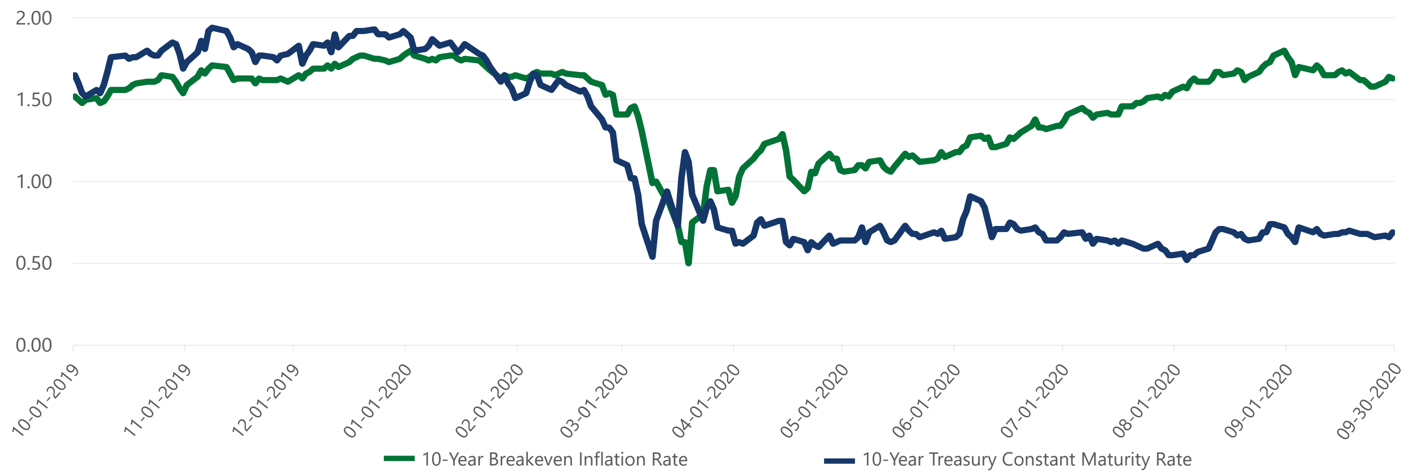



Source: Bloomberg & Beaumont Capital Management (BCM), as of 9/30/20. Returns are sector index returns.

There were important nuances. The Federal Reserve (Fed) extended its policy of near-zero interest rates at least through 2023 and—perhaps more importantly—changed its inflation targeting policy. In the past, the Fed's policy was a symmetrical 2% inflation target where the committee would work to nudge inflation up if it fell below 2% and stamp it out if it rose above 2%. This policy was often criticized as prematurely restrictive, choking off economic growth before large swaths of society are able to benefit. Under the new policy, the Fed is no longer pursuing a symmetrical approach; instead, it has moved its focus towards the long-term average rate of inflation. The Fed will now allow inflation to rise moderately above 2% for some time following periods where inflation has been persistently below its 2% target. To translate, the Fed has committed to allowing the economy to fully recover from the pandemic—and then some—before tightening monetary policy.

In our opinion, this is good news! At least for the time being, we don't have to worry about the Fed "getting in the way" of the recovery, nor will it impede any subsequent economic growth. Leading up to this announcement, market inflation expectations had risen steadily since the low in March without any corresponding rise in interest rates. This combination has resulted in an incredibly stimulative environment, with real interest rates at historic lows. While this stimulus is a positive for the economy, considering the recession we find ourselves in, it creates quite a quandary for investors. First, if the market's inflation expectation over the next 10 years is approaching 2%, why aren't rates rising? Second, in a world where the risk-free real interest rate is sharply negative and nominal rates are near zero, how will investors meet their financial goals?

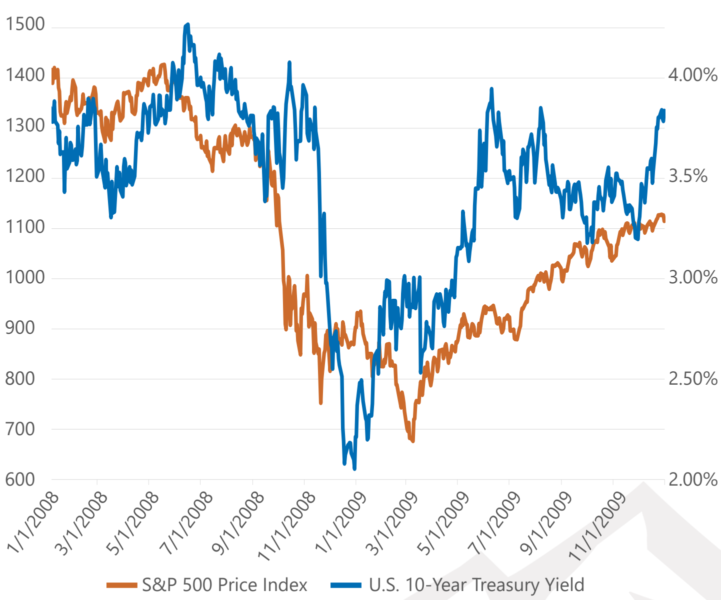
### 10-Year Constant Maturity Rate vs. 10-Year Breakeven Inflation Rate




Source: St. Louis Federal Reserve & Beaumont Capital Management (BCM), 10/1/19 – 9/30/20

To provide some context for our first question, the dichotomy between nominal and real interest rates comes as another distinction between this recession and past recessions, most notably 2008. Typically, as the economy turns the corner towards recovery, the market, inflation expectations, and interest rates begin to rise in lockstep—signaling "risk on" and a general increase in economic activity. This has not been the case thus far as the Fed's ~$3 trillion of QE and other measures have kept interest rates low. However, today investors seemingly hold opposing views simultaneously: the outlook for the economy is positive, but it is also worth paying a premium for risk-free securities.

### S&P 500 vs. 10-Year UST Yield, 2008-2009



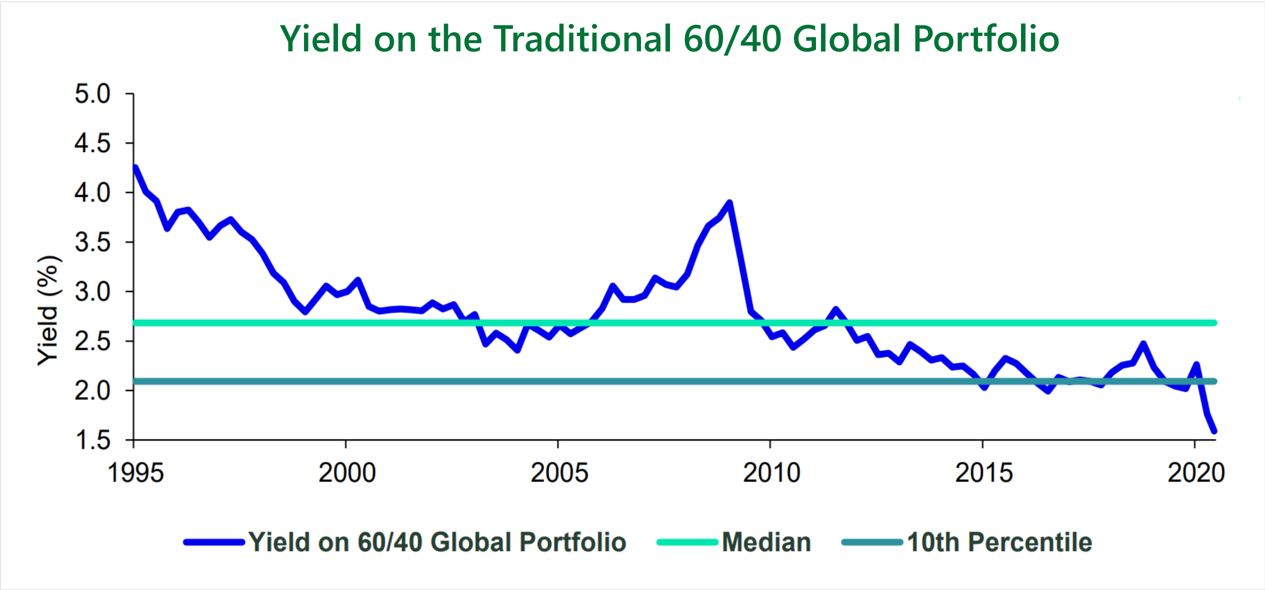

Source: Bloomberg and Beaumont Capital Management (BCM), as of 12/31/09

### S&P 500 vs. 10-Year UST Yield, 2020 YTD


Source: Bloomberg and Beaumont Capital Management (BCM), as of 9/30/20

Can this persist? Probably not. Investors may believe that the outlook for the economy has improved and that the Fed has enough tools to keep nominal interest rates low for a period of time. It's also possible that investors aren't expecting a broad economic recovery and are instead simply ascribing a higher value to the "winners" (i.e. large-cap tech) that comprise an ever-expanding percentage of the market indices. Only time will tell, as we are truly in uncharted territory.

Whatever the reason, investors need to grapple with the effects that low nominal and real interest rates will have on their portfolios. The ten-year U.S. Treasury's yield-to-maturity—the presumed risk-free rate of return—was 0.68% at quarter end and the Bloomberg Barclays U.S. Aggregate Bond Index's (BBAB) was not much better with a yield-to-worst of 1.18%. With rates at or near historic lows, massive new supply of corporate and government debt, the Fed telegraphing a higher inflation tolerance and corporate defaults surging due to the pandemic, we believe static bond allocations are poised to have a tough go in the months and years ahead. Long gone are the days when fixed income investments will comprise a sizeable component of a portfolio's expected return. Long gone are yields high enough to support the withdrawal assumptions in most financial plans. Fixed income may still play the role of risk mitigation and provide shorter periods of opportunity, but historic 60/40 model return expectations are now only achievable by accepting higher equity or other investment risk.




Source: SSgA, as of 8/31/20. Standard 60/40 Portfolio yield based on the dividend yield of the MSCI ACWI Index and the Yield to Worst Bloomberg Aggregate Bond Index.

While "take more risk" may be an answer to meeting return expectations, we know that it is impractical for many investors to do so given their risk tolerance and time horizons. While not an all-encompassing solution, we believe dynamic and tactical strategies are incredibly powerful  tools for investors in this environment. The ability to mitigate risk in poor market environments is immensely valuable, not only for the obvious reasons but also because it may allow investors to take more risk when in favorable market environments. Capitalizing on trends and opportunity in the markets has always been a hallmark of successful investing, but the current market environment may necessitate it.

In closing, we would be remiss to not acknowledge the 200,000+ American deaths and 1,000,000+ global deaths caused by the pandemic. Our hearts and prayers go out to all those who have lost loved ones. Looking ahead, we are in the midst of one of the most contentious elections in American history. While it's easy to make the case that the present circumstances are different than those in past elections, history tells an appealing story. Regardless of who wins, the markets generally react well over the following year. While many/most/all of us cannot wait for

2020 to end, we are pleased that our investment systems are poised to react to whatever the pandemic, politics, economics or markets throw at us. **As always, we thank you for your business and confidence.**

# Beaumont Capital Management (BCM) Strategy Commentary

## BCM Sector Strategies

*BCM U.S. Sector Rotation, BCM Diversified Equity, BCM Growth and BCM Moderate Growth*

The **BCM U.S. Sector Rotation Strategy (U.S. Core Equity Allocation)** began the quarter fully invested in four sectors: technology, healthcare, communication services, and consumer discretionary. In mid-July, we purchased the consumer staples and materials sectors, and in late July we purchased the remaining seven sectors. The portfolio was invested in all eleven sectors until the beginning of September, when we sold energy. No additional changes were made to the portfolio for the remainder of the quarter, and the portfolio ended the quarter fully invested in ten of the eleven sectors, excluding energy.

As we mentioned in the market commentary above, the third quarter market action embodied more of the same themes that we've been witnessing for quite some time. While the technology sector wasn't the runaway winner that it's been in past quarters, larger sectors still generally outperformed and the S&P 500 index outperformed the equal weight sector index by nearly 250 basis points. We've placed the focus on technology in the past as the outperformance of that sector has inhibited our ability to perform favorably relative to the S&P 500 index, but the horrific performance of the energy sector is an equally interesting story. Over the past 1-, 3-, 5-, and 10-year periods, the S&P 500 energy sector is down ~47%, ~50%, ~40%, and ~27% respectively. If you purchased an energy sector ETF at the market bottom in 2009, you've received a total return of ~10% since, compared to over 500% for the S&P 500 Index.

We believe this is worth mentioning because BCM Sector Rotation strategy has largely avoided the energy sector as a result. The S&P 500 Index has been extremely difficult to beat on an outright basis, but over the past year, the Sector Rotation strategy's largest holding—on average—has been technology and its smallest holding has been energy. Because technology is a large sector and energy is small, this hasn't been hugely beneficial to our relative performance, but we believe it's a small validation of our philosophy and process. We continue to believe that an equal weight sector portfolio is more diversified—specifically with respect to inflation sensitivity—than a capitalization weighted portfolio.

The portfolio slightly underperformed its benchmark due to overweight exposures to the utilities and real estate sectors, as well as a negative contribution from its brief energy allocation. This was offset by strong performance from the portfolio's top three holdings—consumer discretionary, communication services, and technology—which all outperformed the index. The portfolio returned 8.02% gross of fees (7.88% net) during the quarter, compared to a return of 8.93% for the S&P 500 Index.

*In the BCM U.S. Sector Rotation Strategy, we use an equal-weight portfolio construction. As a result, when the strategy is fully invested, its results will tend to differ from the S&P 500 Index. We remind investors of this frequently in order to set proper expectations surrounding the strategy. Our goal is not to track the S&P 500, but instead to provide exposure to sectors exhibiting positive momentum and eliminate exposure to those that are not, while reducing risk relative to the index. We believe that over time this strategy will produce desirable results, with the S&P 500 being the relevant benchmark, but investors in the strategy should expect a fair degree of tracking error along the way.*

The **International Equity Allocation** maintained a constant allocation throughout the quarter of 50% Developed

World ex-U.S., 25% Emerging Markets Excluding State-Owned Enterprises (ex-SOEs), and 25% China ex-SOEs ETFs. Our investment thesis behind these portfolio allocations remains unchanged. When momentum is positive, we believe the allocation should be fully invested with an overweight allocation to emerging market equities, specifically emerging market consumers. Removing SOEs—which are typically not run for the benefit of shareholders, but rather the nations that own them—decreases exposure to banks and energy companies while increasing exposure to technology and consumer companies.

China, and by extension their equity market, has fared reasonably well during the coronavirus crisis, while other emerging market countries have struggled and will likely continue to struggle. Therefore, we've concentrated our emerging market exposure in China and purchased developed equities as a complement to avoid the additional China exposure that would come with an all-world ex-U.S. equity position. Looking through to the holdings of the various ETFs, our rough allocation is about 50% developed international equities, 35% China, and 15% broad emerging markets.

The International Equity Allocation outperformed its benchmark during the quarter, as emerging market equities outperformed developed market equities. Additionally, excluding state-owned enterprises resulted in substantial outperformance relative to broad indices representing the emerging market regions in the portfolio. The International Equity Allocation had an estimated return of roughly 10.4% gross of fees (roughly 10.3% net) during the quarter, compared to a return of 5.01% for the MSCI World ex-U.S. Index.

The **Global Macro Allocation** maintained a constant exposure throughout the quarter with 75% of the allocation in a U.S. Quality Dividend ETF and the remaining 25% in an Internet ETF. Our investment thesis behind these portfolio allocations remains unchanged. We believe that with the baby boomers entering retirement, there will be ample demand for high-quality, high-dividend securities—especially in a low interest rate environment. Many internet-based technology companies are dominant businesses benefitting from massive tailwinds as technology permeates the economy. We view the positions as complements to each other as they should realize differing performance characteristics during short-term market cycles.

Both the High Quality Divided and the Internet ETFs outperformed the benchmark during the quarter. The High Quality Dividend ETF continues to benefit from its quality screens, which helped it avoid many of the worst performers this year—including many pandemic-induced dividend reductions or eliminations. In addition, the index was enhanced in June to include two new screens, dividend coverage and dividend growth. The Internet ETF continued to benefit from the accelerated adoption of internet services due to the pandemic. The Global Macro Allocation had an estimated return of roughly 10.0% gross of fees (roughly 9.9% net) during the quarter, compared to a return of 8.05% for the MSCI World Index.

The **High Quality Fixed Income Allocation** maintained a constant exposure throughout the quarter, holding equal positions in Enhanced Yield U.S. Aggregate Bond and Total Return Tactical ETFs. Since the purpose of this allocation is to reduce risk for more conservative investors, the BCM Investment Committee intends to keep the allocation's duration about a year shorter than the Bloomberg Barclay's U.S. Aggregate Bond Index (BBAB) while roughly matching the index's yield through a mix of passive and active credit exposure.

The allocation performed in line with its benchmark as a positive contribution from credit exposure was offset by underperformance by our active manager. The allocation ended the quarter with a weighted-average duration of 4.6 years—compared to 6.1 years for the BBAB—and the allocation had an estimated return of roughly 0.6% gross of fees (roughly 0.5% net), compared to a return of 0.62% for the Bloomberg Barclay's U.S. Aggregate Bond Index.

## BCM Income Strategy

The portfolio maintained a constant allocation to 25% Enhanced Yield U.S. Aggregate Bond ETF, 25% Total Return Tactical ETF, 25% Intermediate Government/Credit Bond ETF, 15% Short-Term Treasury ETF, and 10% Short-term Treasury Inflation-Protected Securities (TIPS) ETF. The BCM Investment Committee intends to keep the portfolio's duration about a year shorter than the Bloomberg Barclay's U.S. Aggregate Bond Index (BBAB) while roughly matching the index's yield through a mix of passive and active credit exposure. The portfolio's weighted-average duration is currently a little over two years shorter than—and its credit exposure roughly in line with—the BBAB due to the Short-Term Treasury ETF, which replaced the equity income allocation.

The BCM Investment Committee has continued to evaluate the prospect of adding back an equity income position, but still believes it is not in our clients' best interest at this time. The current economic situation is extremely uncertain, and there are major unresolved risks to the equity markets. Although the market is taking a rosy view of the situation, the first quarter showed us how fast that rosy view can change in such an uncertain environment. Additionally, companies with high dividend yields have materially underperformed the broad equity market year-to-date. We will continue to monitor this situation and add back an equity income position when we believe the risk-reward prospects are more appropriate.

The portfolio performed in line with its benchmark as its credit exposure was in line with the index and interest rates remained relatively stable during the quarter. At the end of the quarter, the portfolio had a weighted-average duration of 3.9 years, compared to 6.1 years for the BBAB. The portfolio returned 0.60% gross of fees (0.51% net) during the quarter, compared to a return of 0.62% for the BBAB.

## BCM Decathlon Tactics Strategies

The third quarter was a welcome reprieve from the wild market conditions we experienced in the first half of the year. This isn't to say that there wasn't volatility, but the market environment felt somewhat "normal." Fixed income markets were orderly and well behaved with very little volatility, and the equity markets rose with typical equity-like volatility. In past years, a ~10% drawdown in the equity market may have seemed like a shock to the system, but in the context of 2020, it was barely a blip. Perhaps this is because the perception that equity indices had gotten ahead of themselves in August was widespread and, despite the drawdown, the S&P 500 Index ended the quarter with a positive quarter-to-date and year-to-date return.

As we returned to a more normal market environment, the Decathlon system didn't skip a beat. The system maintained conviction in the themes that it has gravitated towards all year and was also able to capitalize on the opportunities presented by the market's volatility. All three portfolios remained overweight to the technology sector and fluctuated between neutral weight and slightly overweight fixed income as dictated by market conditions. All three portfolios increased fixed income exposure in August or early September—prior to the equity market's ensuing drawdown—and the moderate and growth portfolios subsequently increased equity exposure again in mid-September.

The factors driving the model's rankings in the third quarter are similar to the factors that have driven the model's rankings since March. The model has a high conviction in the technology sector and allocates the remainder of the portfolio to fixed income and diversifying equity positions based on short-term market conditions. In August, the broad equity market began to exhibit the "speed of greed" that we have referenced in the past. Over short time horizons, securities tend to mean-revert, reversing extreme moves in either direction. Almost universally, equity securities had realized unusually strong trailing returns. While the growth portfolio maintained exposure to the technology sector despite this fact—consistent with its long-term conviction—the conservative and moderate portfolios curtailed technology exposure and diversifying equity positions looked less attractive than fixed income on the margin. Once the equity markets had fallen, reversing their strong outperformance, the moderate and growth portfolios increased equity exposure marginally.

Looking at the current trends in the rankings, the models are maintaining a neutral weight asset allocation but look close to adding equities on the margin. A diverse set of equity positions has moved up in the rankings, including the energy and materials sectors and various international equity positions. We expect the models to maintain an overweight allocation to the technology sector and fluctuate around their neutral asset allocations while adding diversifying equity positions as opportunities arise.

Before detailing the attribution for each portfolio, we would like to quickly explain how to read the different attribution effects. We break down strategy attribution into three effects: allocation effects, timing effects, and selection effects. We first start with the benchmark, which represents the "neutral" asset allocation of each strategy. We expect each strategy to average this asset allocation over time, with significant variation over shorter periods of time due to the strategy's opportunistic nature. Over the course of the quarter, we calculate the portfolio's average asset allocation; any differences between the benchmark and a portfolio statically allocated to the portfolio's average asset allocation is referred to as ***allocation effects.*** Next, we look at the portfolio's actual asset allocation on a day-to-day basis to see how well the system shifted its asset allocation and refer to this as ***timing effects.*** Lastly, we look at the actual performance of the portfolio and refer to any difference from picking individual securities within asset classes as ***selection effects.***

## *BCM Decathlon Growth Tactics – Prior Quarter Attribution*

The portfolio returned 9.97% gross of fees (9.84% net) during the quarter, compared to a return of 5.98% for a blended benchmark of 70% MSCI ACWI / 30% Bloomberg Barclays U.S. Aggregate Bond Index. The portfolio's average asset allocation during the quarter was roughly 61.0% equities and 37.1% fixed income. Equities were the best performing asset class, resulting in a negative contribution of ~99 basis points due to allocation effects. This was offset by a positive contribution of ~94 basis points due to timing effects, as the portfolio increased fixed income prior to the market's drawdown in September. Finally, selection effects added ~404 basis points of positive contribution as the portfolio was concentrated in the technology sector for the entire quarter and opportunistically sold Asia Pacific exposure at the beginning of the quarter. In total, the portfolio outperformed its benchmark by 399 basis points gross of fees (386 basis points net). The portfolio ended the quarter allocated to 40% fixed income, 40% U.S. equity, and 20% global equity.

The fixed income exposure remained primarily in intermediate- and long-duration government bonds during the quarter. A convertible bond position added in mid-September was a notable exception. The portfolio's weighted-average duration ended the quarter at 14.7 years, compared to 13.6 years at the beginning. The portfolio's fixed income exposure performed in line with the Bloomberg Barclays U.S. Aggregate Bond Index in a generally uneventful quarter.

The equity allocation was concentrated in the technology sector for the entire quarter. At the beginning of the quarter, 20% of the portfolio was allocated to Asia Pacific exposure. These positions were sold in early July following strong performance, and from early July through mid-August, 20% of the portfolio was allocated to energy sector exposure. A few positions, such as Spain and Global Energy ETFs, underperformed slightly while held, but the overall performance of the portfolio's equity exposure was quite strong. This is evidenced by the fact that the strategy outperformed the MSCI ACWI Index with only a ~61.0% average equity allocation in a quarter where equities substantially outperformed fixed income.

## *BCM Decathlon Moderate Tactics – Prior Quarter Attribution*

The portfolio returned 8.71% gross of fees (8.58% net) during the quarter, compared to a return of 4.45% for a blended benchmark of 50% MSCI ACWI / 50% Bloomberg Barclays U.S. Aggregate Bond Index. The portfolio's average asset allocation during the quarter was roughly 52.1% fixed income, 39.7% equities, and 3.2% currencies. Equities were the best performing asset class resulting in a negative contribution of ~112 basis points due to allocation effects. This was slightly offset by a positive contribution of ~55 basis points due to timing effects, as the portfolio increased fixed income prior to the market's drawdown in September. Finally, selection effects added ~483 basis points of positive contribution as the portfolio was concentrated in the technology sector for the entire quarter and opportunistically sold Asia Pacific exposure at the beginning of the quarter. In total, the portfolio outperformed its benchmark by 426 basis points gross of fees (412 basis points net). The portfolio ended the quarter allocated to 50% fixed income, 20% global equity, 20% international developed equity, and 10% U.S. equity.

The fixed income exposure remained primarily in intermediate- and long-duration investment grade bonds during the quarter. At the beginning of the quarter, the fixed income exposure was entirely government and government-sponsored bonds. Credit exposure was first added to the portfolio in early August and was increased in early September. The portfolio's weighted-average duration ended the quarter at 8.2 years, compared to 11.2 years at the beginning. The portfolio's fixed income exposure slightly underperformed the Bloomberg Barclays U.S. Aggregate Bond Index due to timing on the addition of credit exposure.

The equity allocation was concentrated in the technology sector for the entire quarter. At the beginning of the quarter, 20% of the portfolio was allocated to Asia Pacific exposure. These positions were sold in early July following strong performance. The only position with material underperformance was Italy, and the overall performance of the portfolio's equity exposure was quite strong. This is evidenced by the fact that the strategy outperformed the MSCI ACWI Index with only a ~39.7% average equity allocation in a quarter where equities substantially outperformed fixed income. One currency position, the U.S. Dollar, was held during the quarter and slightly detracted from performance.

### *BCM Decathlon Conservative Tactics – Prior Quarter Attribution*

The portfolio returned 3.89% gross of fees (3.76% net) during the quarter, compared to a return of 2.16% for a blended benchmark of 20% MSCI ACWI / 80% Bloomberg Barclays U.S. Aggregate Bond Index. The portfolio's average asset allocation during the quarter was roughly 84.5% fixed income and 13.5% equities. Equities were the best performing asset class resulting in a negative contribution of ~56 basis points due to allocation effects. This was more than offset by a positive contribution of ~140 basis points from timing effects as the portfolio eliminated its equity exposure prior to the market's drawdown in September. Finally, selection effects added ~75 basis points of positive contribution as the portfolio was concentrated in the technology sector for the entire quarter and opportunistically sold Asia Pacific exposure at the beginning of the quarter. In total, the portfolio outperformed its benchmark by 173 basis points gross of fees (160 basis points net). The portfolio ended the quarter allocated 100% to fixed income.

The fixed income exposure remained primarily in intermediate- and long-duration investment grade bonds during the quarter. At the beginning of the quarter, the fixed income exposure was primarily government and government-sponsored bonds, and in early September the exposure shifted towards investment grade credit exposure. The portfolio's weighted-average duration ended the quarter at 7.6 years, compared to 7.4 years at the beginning. The portfolio's fixed income exposure slightly underperformed the Bloomberg Barclays U.S. Aggregate Bond Index due to timing on the addition of credit exposure.

The equity allocation was concentrated in the technology sector for the entire quarter. The only non-technology sector position was the U.S. Medical Devices ETF which was sold in early July. The technology sector positions realized strong performance and the portfolio fully capitalized on this, eliminating equity exposure near the market's all-time-high.

**If you have additional questions about our portfolios, please contact your regional consultant.**

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## Sources and Disclosures



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All BCM strategies invest only in long-only ETFs. The BCM investment strategies may not be appropriate for everyone. Due to the periodic rebalancing nature of our strategies, they are not appropriate for those investors who need or desire frequent withdrawals or deposits. The portfolio manager maintains full discretion over the portfolio.

The telecommunications sector was treated differently by the indices of the underlying ETFs and within the BCM strategies from inception into Q3 2018. It may have been included as part of the technology or utilities sector, or as its own sector. Effective Q3 2018, the telecommunications sector was eliminated, and the communication services sector was created. This new sector is comprised of names from the now-defunct telecommunications sector plus names that were previously included in the technology and consumer discretionary sectors.

The BCM Decathlon Tactics strategies are predictive, algorithm driven and use pattern recognition technology (PRT) to rank a population of ~130 handpicked ETFs in which it will "invest" in the 10 most promising based on upward price movement and defined volatility levels. BCM Decathlon Growth Tactics targets volatility and maximum drawdown at 16%, BCM Decathlon Moderate Tactics targets volatility and maximum drawdown at 12% and BCM Decathlon Conservative targets volatility and maximum drawdown at 7% with an 80% maximum equity allocation. The algorithm re-evaluates the population of ETFs and 'rebalances' once a sufficient number of securities have fallen far enough in the rankings to justify the resulting trades.

In October 2019, BCM Decathlon Conservative Tactics' maximum equity limit changed from 80% to 50%. Also, in October of 2019, the benchmarks for all three BCM Decathlon Tactics portfolios changed to better reflect the strategy's composition and risk profile. BCM Decathlon Conservative Tactics changed its benchmark from the Dow Jones Conservative Allocation Index to 20% MSCI ACWI / 80% Bloomberg Barclays U.S. Aggregate Bond Index; BCM Decathlon Moderate Tactics' benchmark changed from 50% Dow Jones Moderately Conservative Allocation / 50% Dow Jones Moderate Allocation Index to 50% MSCI ACWI / 50% Bloomberg Barclays U.S. Aggregate Bond Index; and BCM Decathlon Growth Tactics' benchmark changed from Dow Jones Moderate Allocation Index to 70% MSCI ACWI / 30% Bloomberg Barclays U.S. Aggregate Bond Index. In Q3 2020, the methodology for BCM Decathlon Tactics was refined to trade dynamically rather than every 25 trading days.

Index performance is shown on a gross basis. Strategy performance may be provided (as indicated) gross or net of the maximum applicable BCM management fee of 0.35% for the BCM Income and 0.50% for all other strategies. ETF performance shown, as contributors or detractors to the strategies, is gross of fees. Actual composite net performance will vary due to the additional fees and expenses charged by the TAMP and Broker/dealer used, and other factors. For complete performance information, including fees and other expenses, investment minimums, etc. please contact your Regional Consultant or BCM at the number below.

Diversification does not ensure a profit or guarantee against a loss.

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. Indices are not managed and do not incur fees or expenses. The S&P Small Cap 600® Index is an unmanaged index that tracks the performance of 600 widely held, small-capitalization U.S. stocks. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World ex-U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the United States. The MSCI ACWI Index captures large and mid-cap representation across 23 Developed Markets and 26 Emerging Markets countries. The MSCI ACWI Index ex-U.S. captures large and mid-cap representation across 22 Developed Markets and 26 Emerging Markets countries, excluding the United States. The Bloomberg Barclay's U.S. Aggregate Bond Index is a broad base index and is often used to represent investment grade bonds being traded in the United States.



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