

Beaumont Capital Management (BCM)

Paradigm U.S. Factor Selection



Smart Beta Pursuing Alpha[®]

- Tactical, quantitative, equity growth strategy seeking attractive risk-adjusted returns with factor ETFs
- Smart Beta solution engineered to provide downside protection with volatility weighting and/or cash equivalents
- Uses investor behavioral patterns to identify paradigm shifts between normal and volatile market periods

Risk-weighted factors with a defensive approach.

The Paradigm Process

Step 1:

The quantitative system examines each factor ETF to determine if the current volatility is normal or is too high relative to its historical short- and long-term volatility.

Step 2:

Each factor ETF candidate is categorized into one of two paradigms: normal or volatile. The normal candidates are then included in the portfolio. "Volatile" factors are excluded.

Step 3:

The ETFs included in the portfolio are risk-weighted based on their ability to provide positive risk-adjusted returns while minimizing volatility and drawdown. In volatile markets, the system can move to partial or 100% cash.

BCM Paradigm Tactical Factor Selection Universe



The universe may change based on ongoing research. The portfolio manager maintains full discretion over the portfolio.

- System runs ETF analysis daily and is reviewed for **rebalances weekly**
- Positions are **risk-weighted** and typically vary in size
- Minimum buy position of **3%** and max of **30%**
- Small system-recommended trades are held until more conviction is present to help **avoid unnecessary trading**



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Why Invest in BCM Paradigm?

Volatility is a measurement of consensus among investors, with low volatility representing consensus and high volatility representing a lack thereof. When volatility is high, investors are less likely to be compensated for the risk taken. The use of factors allows BCM Paradigm to segment the market where the risk-reward tradeoff is potentially higher, excluding factors in “volatile” periods altogether. By risk-weighting the factor ETFs exhibiting “normal” volatility based on relative attractiveness, Paradigm is designed to capture additional risk-adjusted returns over a full market cycle (including a bull and bear market) while seeking to avoid large losses.

Using Paradigm in a Portfolio

Sample Portfolio



BCM Paradigm goes here

- Serves as a **complement to or replacement of** a portion of a strategic **equity allocation**
- Seeks to make investment decisions **using rules instead of emotions**
- Performance is **GIPS® verified** annually by an independent third party
- Invests primarily in **long-only, Smart Beta (factor) ETFs**—no margin, leverage, or shorting

About Beaumont Capital Management

Beaumont Capital Management (BCM) is an asset manager that provides solutions focused on improving investors' experiences and outcomes. Using technology, quantitative research and rules-based processes we seek to remove emotion from investing and provide growth with an emphasis on downside risk management.

We are all human. We all have emotions. Emotions don't belong in the investment decision making process. So we created rules-based processes to make the buy and sell decisions so our clients don't have to, seeking to *Deliver What Investors Expect®*.

As with all investments there are inherent risks, including loss of principal. The portfolio manager maintains full discretion over the portfolio. 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. Factor 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 and the market as a whole. Investing a substantial portion of a strategy's assets in related industries or sectors may have greater risks because companies in these sectors may share common characteristics and may react similarly to market developments. ETFs may have additional volatility because they may be comprised of a small number of individual issuers. 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 desire regular withdrawals or frequent deposits. Diversification does not ensure a profit or guarantee against a loss. Investment returns and principal value will fluctuate and may result in a loss.

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®).

Prior to 1/1/2020, BCM was a division of Beaumont Financial Partners, LLC.

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, salesupport@investbcm.com, or by mail to the address provided.