Technology Sector Model

INVESTMENT OBJECTIVE

The iQuant.pro Technology Sector Model seeks to generate long-term returns in excess of the total return of the S&P 500 Index by focusing on stocks from the Technology sector.

INVESTMENT PROCESS

The Technology Sector Model represents an equal-weighted portfolio of large, mid, and small cap Technology stocks.

- Start with the largest 150 domestically-traded companies from the Technology sector
- Select the 50 companies with the highest 5-Year risk-adjusted Seasonal Relative Strength.
- Screen by Price to Cash Flow and select the bottom 20.
- Screen by Price Momentum and select the top 10.

If this Model had been applied since 1976, investors may have realized higher returns than by investing in the S&P 500 Index.

AVERAGE ANNUAL RETURNS (5/1976-2018)

Timeframe	MODEL	S&P 500
Inception	20.94	11.05
40 Year	20.00	11.57
30 Year	18.50	10.97
25 Year	17.42	9.75
20 Year	13.40	7.29
15 Year	13.75	9.48
10 Year	20.65	8.42
5 Year	18.88	16.00
3 Year	14.12	11.32
12 Month	-5.66	-4.38

DOWN MARKET PERFORMANCE (Since 1976)

Year	MODEL	S&P 500
1977	38.34	-7.39
1981	5.71	-4.95
1990	4.51	-3.10
2000	23.72	-9.09
2001	13.18	-11.86
2002	-22.08	-22.10
2008	-33.03	-37.00
2018	-5.66	-4.38
Downside Cap Ratio	84%	---

ANNUAL RETURNS (5/1976-2018)

1976	18.68	8.36
1977	38.34	-7.39
1978	43.48	6.53
1979	59.27	18.47
1980	52.28	32.44
1981	5.71	-4.95
1982	21.84	21.55
1983	35.07	22.55
1984	-6.74	6.25
1985	37.47	31.74
1986	23.59	18.67
1987	22.91	5.25
1988	8.17	16.62
1989	1.33	31.68
1990	4.51	-3.10
1991	32.32	30.46
1992	48.61	7.62
1993	46.43	10.07
1994	20.61	1.32
1995	70.65	37.59
1996	42.74	22.96
1997	30.04	33.38
1998	18.40	28.57
1999	23.96	21.06
2000	23.72	-9.09
2001	13.18	-11.86
2002	-22.08	-22.10
2003	27.25	28.69
2004	8.86	10.88
2005	16.25	4.91
2006	14.58	15.79
2007	11.60	5.49
2008	-33.03	-37.00
2009	39.23	26.47
2010	18.03	15.06
2011	-6.97	2.11
2012	14.90	16.00
2013	55.43	32.39
2014	29.81	13.69
2015	14.43	1.38
2016	20.07	11.96
2017	33.50	21.83
2018	-5.66	-4.38

Standard Deviation is also known as historical volatility and is used as a gauge for the amount of expected volatility. An investment model that has a **downside capture ratio** less than 100% has outperformed the index during down-markets.

Historical model performance does not guarantee future results. The returns presented represent simulated Model returns which are hypothetical, meaning they do not represent actual trading, and, thus, may not reflect material economic and market factors, such as liquidity constraints, that may have had an impact on actual decision making. The hypothetical performance reflects the retroactive application of the Model which was designed with the full benefit of hindsight, and applied retroactively to 1976.

Actual performance may result in lower or higher returns than the hypothetical Model performance presented. If actual portfolios had been managed, there can be no guarantee such portfolios would have achieved results similar to those portrayed.

Model returns reflect a 0.50% annual trading expense on total portfolio value – which may be higher or lower than actual trading costs. The Model is rebalanced every 3 months (Feb, May, Aug, Nov). Actual performance will vary from that of investing in the Model because it may not be fully invested at all times. Hypothetical returns for the Model in certain years were significantly higher than the returns of the S&P 500 Index. It is important to note the Model may underperform in certain years and may produce negative results. The Standard & Poor's 500 Index ("S&P 500") is a market capitalization-weighted index of 500 stocks seen as an indicator of U.S. equities and is presented as a general market benchmark.

Hypothetical Model returns were the result of certain market factors and events which may not be replicated in the future. An investment in this Model should be made with an understanding of the risks involved with owning common stocks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. An investment in a portfolio containing equity securities of foreign issuers is subject to additional risks, including currency fluctuations, political risks, withholding, the lack of adequate financial information, and exchange restrictions impacting foreign issuers. The value of the securities held by the Model may be subject to steep declines or increased volatility or perception of the issuers.

Contact iQUANT.pro at info@iquant.pro more information.

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TARGET HOLDINGS* (selected 11/1/2018)

Target Allocation	Ticker	Name
10.00	GWW	GRAINGER, W W
10.00	INFY	INFOSYS LTD
10.00	OTEX	OPEN TEXT
10.00	HII	HUNTINGTON INGAL
10.00	DXC	DXC TECHNOLOGY
10.00	QRVO	QORVO
10.00	HRS	HARRIS CORP
10.00	COL	ROCKWELL COLLINS
10.00	AVGO	BROADCOM
10.00	INTC	INTEL

THESE ARE NOT THE MOST CURRENT MODEL SELECTIONS. You can receive the most recent holdings as a subscribed member.

*The holdings of the Model are determined every three months (Feb, May, Aug, Nov) and are selected on an equal weight basis. Real-time allocations may differ slightly from those indicated above due to the requirement that only whole shares may be purchased.

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RISK & VOLATILITY MEASUREMENTS (5/1976-2018)

Risk Statistics

	MODEL	S&P 500
Standard Deviation	21.05	15.92
Max drawdown	-43.08	-50.95
Up Capture	1.25	
Down Capture	0.84	
Alpha	8.87	
Beta	1.01	
Correlation	0.77	

Win Rates

	MODEL	S&P 500
Winning months	330	329
Losing months	182	182
Win rate	64.45%	64.26%
Winning quarters	128	122
Losing quarters	42	48
Win rate	75.29%	71.76%
Winning years	37	34
Losing years	5	8
Win rate	88.10%	80.95%

Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. M**aximum drawdown** (MDD) is the **maximum** loss from a peak to a trough of a portfolio, before a new peak is attained and is an indicator of downside risk over a specified time period. **Upside and downside capture ratios** measure whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness, and if so, by how much. **Alpha** gauges the performance of an investment against a market index used as a benchmark. **Beta** measures the volatility of an investment compared to the market as a whole. **Correlation**, measures the degree to which two securities move in relation to each other.

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