

Utilities Sector Model

INVESTMENT OBJECTIVE

The iQuant.pro Utilities 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 Utilities sector.

INVESTMENT PROCESS

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

- Start with the largest 100 domestically-traded companies from the Utilities sector.
- Select the 30 companies with the highest price momentum.
- Screen by Operating Earnings Yield 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.

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.

AVERAGE ANNUAL RETURNS (5/1976-2018)

Timeframe	MODEL	S&P 500
Inception	17.07	11.05
40 Year	17.06	11.57
30 Year	14.63	10.03
25 Year	13.88	9.13
20 Year	12.94	5.92
15 Year	12.50	8.13
10 Year	12.82	13.24
5 Year	8.03	9.04
3 Year	8.93	8.68
12 Month	1.84	-4.38

DOWN MARKET PERFORMANCE (Since 1976)

Year	MODEL	S&P 500
1977	12.68	-7.39
1981	12.03	-4.95
1990	1.92	-3.10
2000	33.88	-9.09
2001	0.03	-11.86
2002	1.30	-22.10
2008	-30.48	-37.00
2018	1.84	-4.38
Downside Cap Ratio	34%	---

ANNUAL RETURNS (5/1976-2018)

1976	27.30	8.36
1977	12.68	-7.39
1978	11.25	6.53
1979	40.69	18.47
1980	35.68	32.44
1981	12.03	-4.95
1982	34.80	21.55
1983	31.67	22.55
1984	28.05	6.25
1985	36.66	31.74
1986	22.36	18.67
1987	-11.69	5.25
1988	24.17	16.62
1989	44.73	31.68
1990	1.92	-3.10
1991	37.55	30.46
1992	3.68	7.62
1993	12.03	10.07
1994	-10.48	1.32
1995	29.85	37.59
1996	8.63	22.96
1997	38.49	33.38
1998	31.04	28.57
1999	13.63	21.06
2000	33.88	-9.09
2001	0.03	-11.86
2002	1.30	-22.10
2003	28.32	28.69
2004	21.83	10.88
2005	13.88	4.91
2006	40.55	15.79
2007	25.28	5.49
2008	-30.48	-37.00
2009	16.26	26.47
2010	22.06	15.06
2011	16.08	2.11
2012	11.70	16.00
2013	24.20	32.39
2014	16.67	13.69
2015	-4.45	1.38
2016	15.27	11.96
2017	8.80	21.83
2018	1.84	-4.38



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TARGET HOLDINGS* (selected 11/1/2018)

%Alloc	Ticker	Name
10.00	NRG	NRG ENERGY
10.00	AES	AES CORP
10.00	VZ	VERIZON COMMUNIC
10.00	CWEN	CLEARWAY ENERGY
10.00	WRD	WILDHORSE RES
10.00	EXC	EXELON
10.00	EIX	EDISON INTL
10.00	AEE	AMEREN
10.00	OGE	OGE ENERGY
10.00	UGI	UGI

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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Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. **Maximum 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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RISK & VOLATILITY MEASUREMENTS (5/1976-2018)

Risk Statistics

	MODEL	S&P 500
Standard Deviation	14.48	15.92
Max drawdown	-40.17	-50.95
Up Capture	0.83	
Down Capture	0.34	
Alpha	10.91	
Beta	0.52	
Correlation	0.57	

Win Rates

	MODEL	S&P 500
Winning months	338	329
Losing months	174	182
Win rate	66.02%	64.26%
Winning quarters	127	122
Losing quarters	43	48
Win rate	74.71%	71.76%
Winning years	38	34
Losing years	4	8
Win rate	90.48%	80.95%

