



60/40 and Beyond: Axiom, Tax Alpha Program and Dynamic Risk Management

Presented by:

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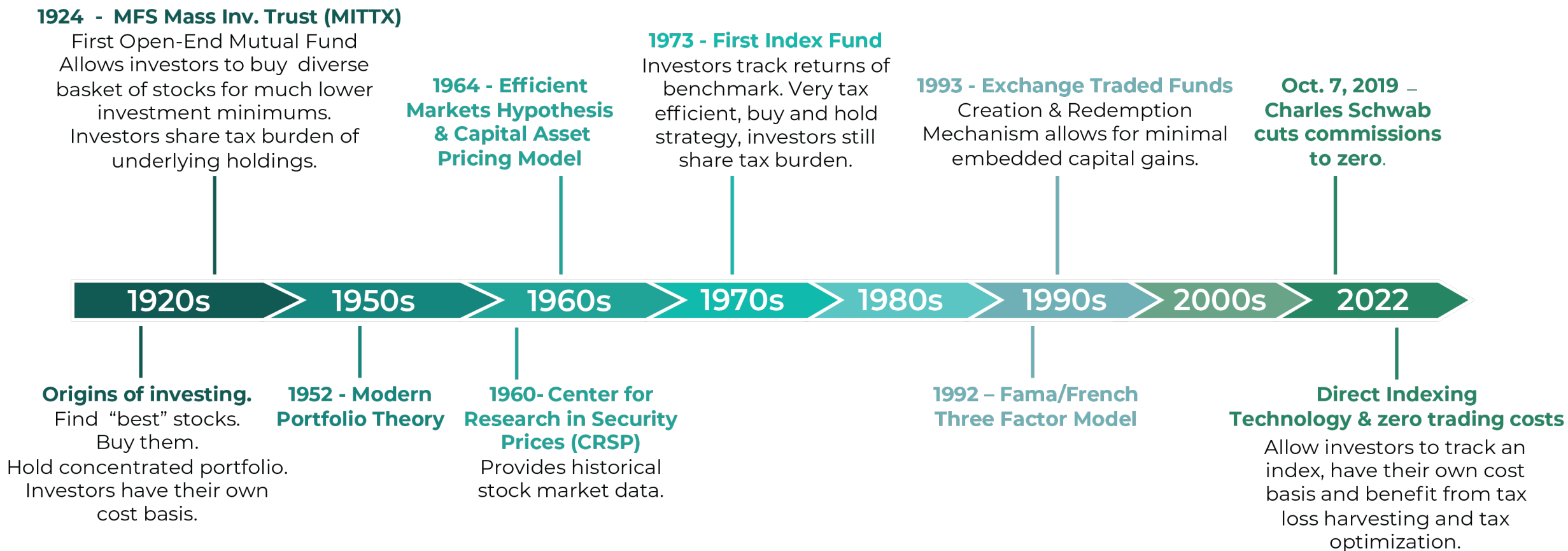
The background features a dark blue, circular star trail pattern that creates a sense of rotation and depth. At the bottom of the frame, there is a dark silhouette of a mountain range, adding a natural, landscape-like element to the abstract star trails.

Investing's Evolution
A Tale of Perpetual Innovation

Personalized Direct Investing

The Evolution of Investing

Technology Brings Individual Equity Portfolios Full Circle

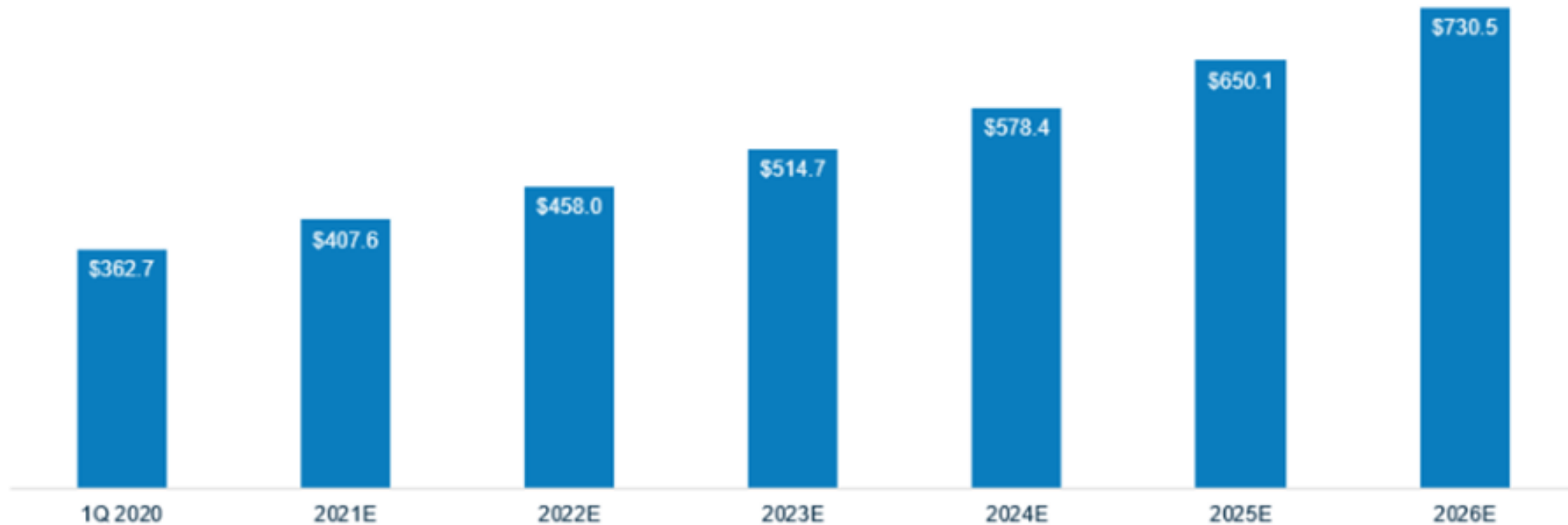


Where Investing is Headed

Direct Indexing/Personalized Direct Investing

Direct Indexing Growth Trajectory

Projected Growth in Retail Direct Index Assets, 2Q 2020–2026E (\$ billions)



Source: Cerulli

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The New Paradigm

Personalized Direct Investing Enables Sophisticated Portfolio Design

Consider an investor who wants an index with the following features:



Investor Preferences



Lowered risk

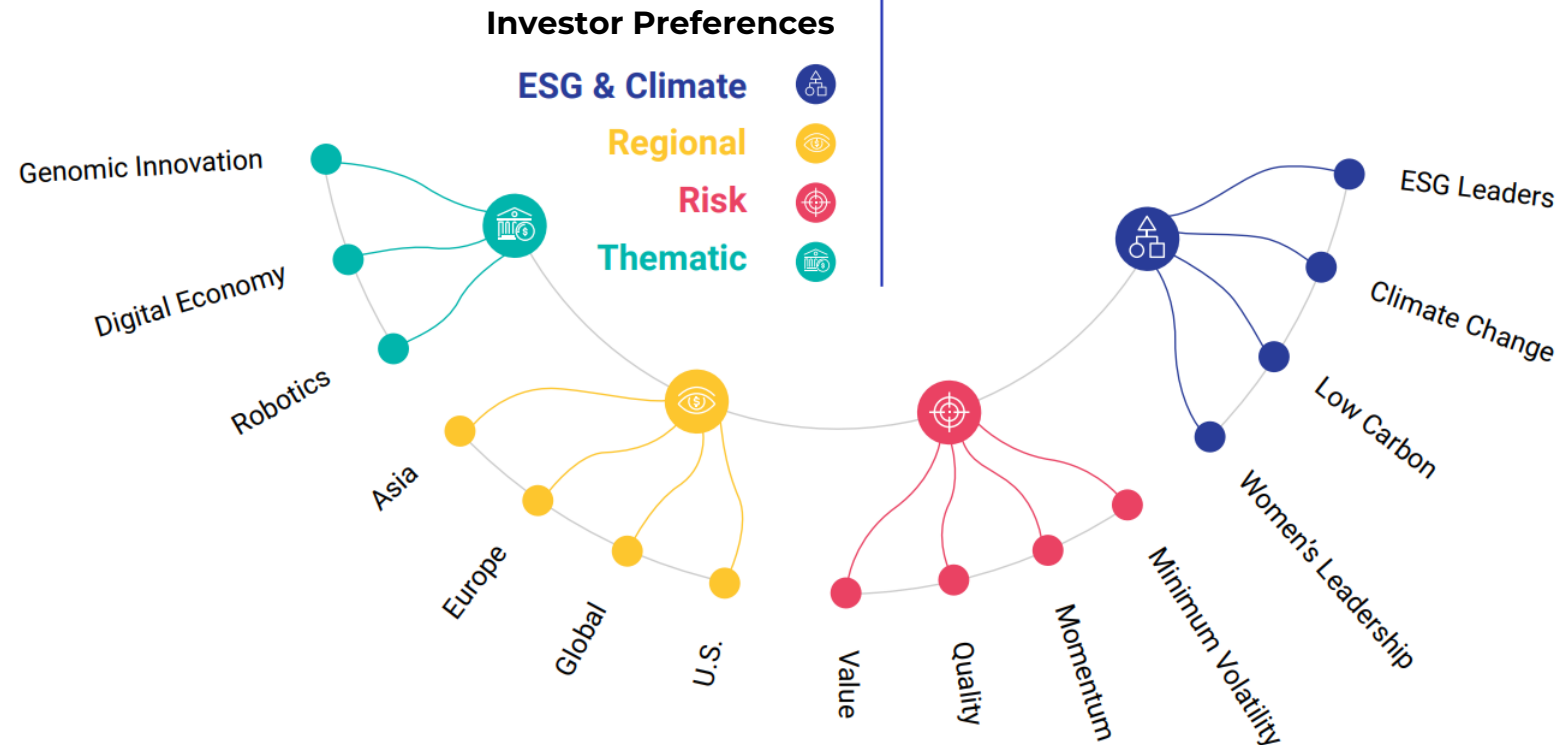


Increased global exposure



Reduced tax burden

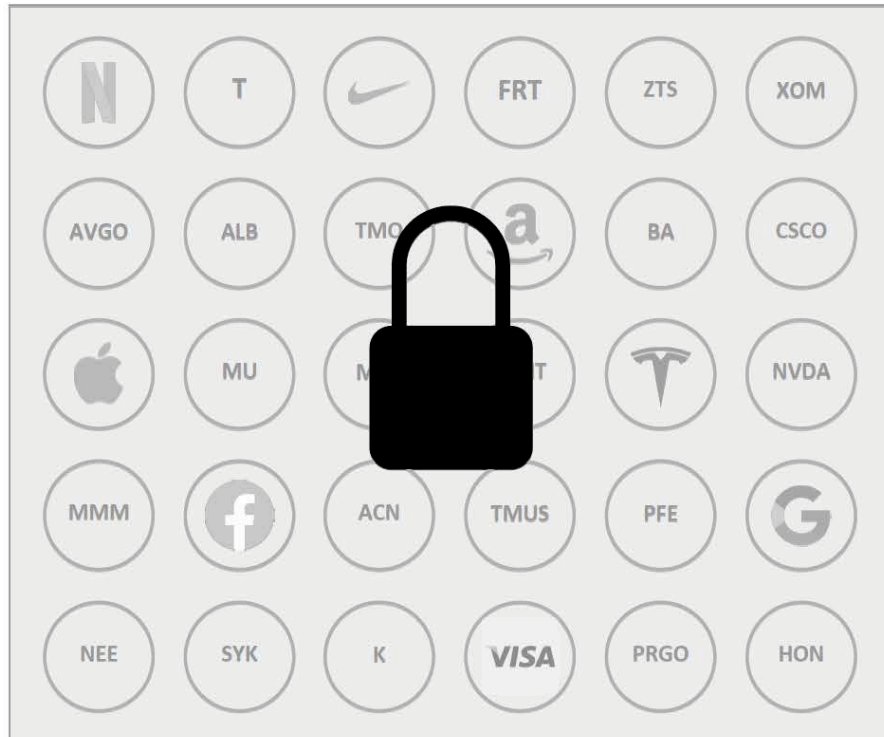
Based on these needs, the investor can choose from a number of indexes and personalization options.



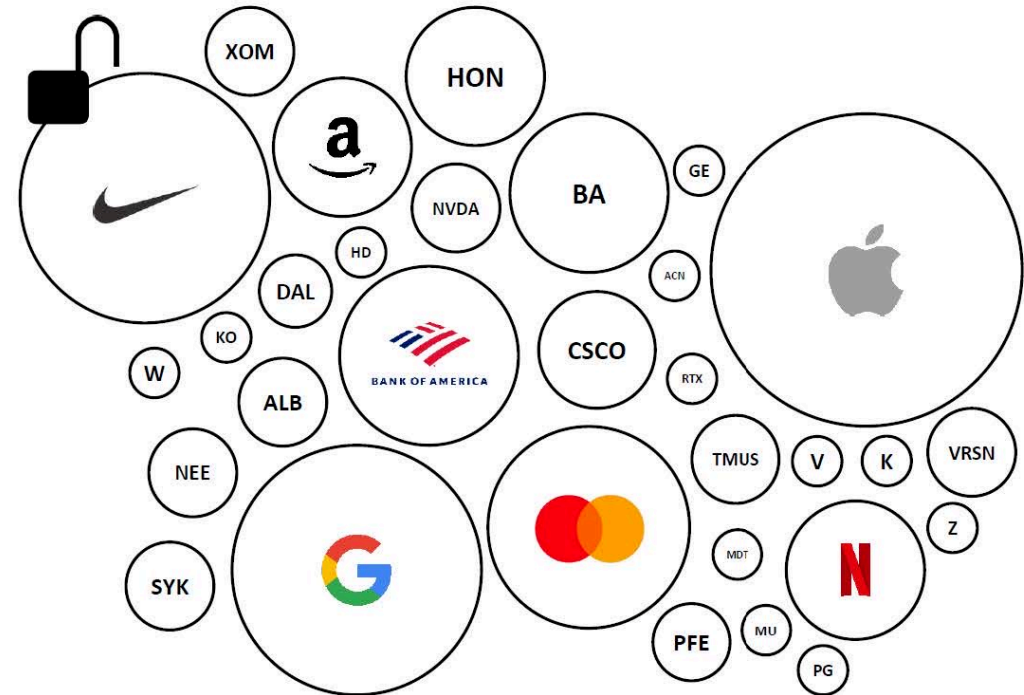
Technology Unlocks Customization

Freedom from Unwanted Constraints

Mutual Fund / ETF

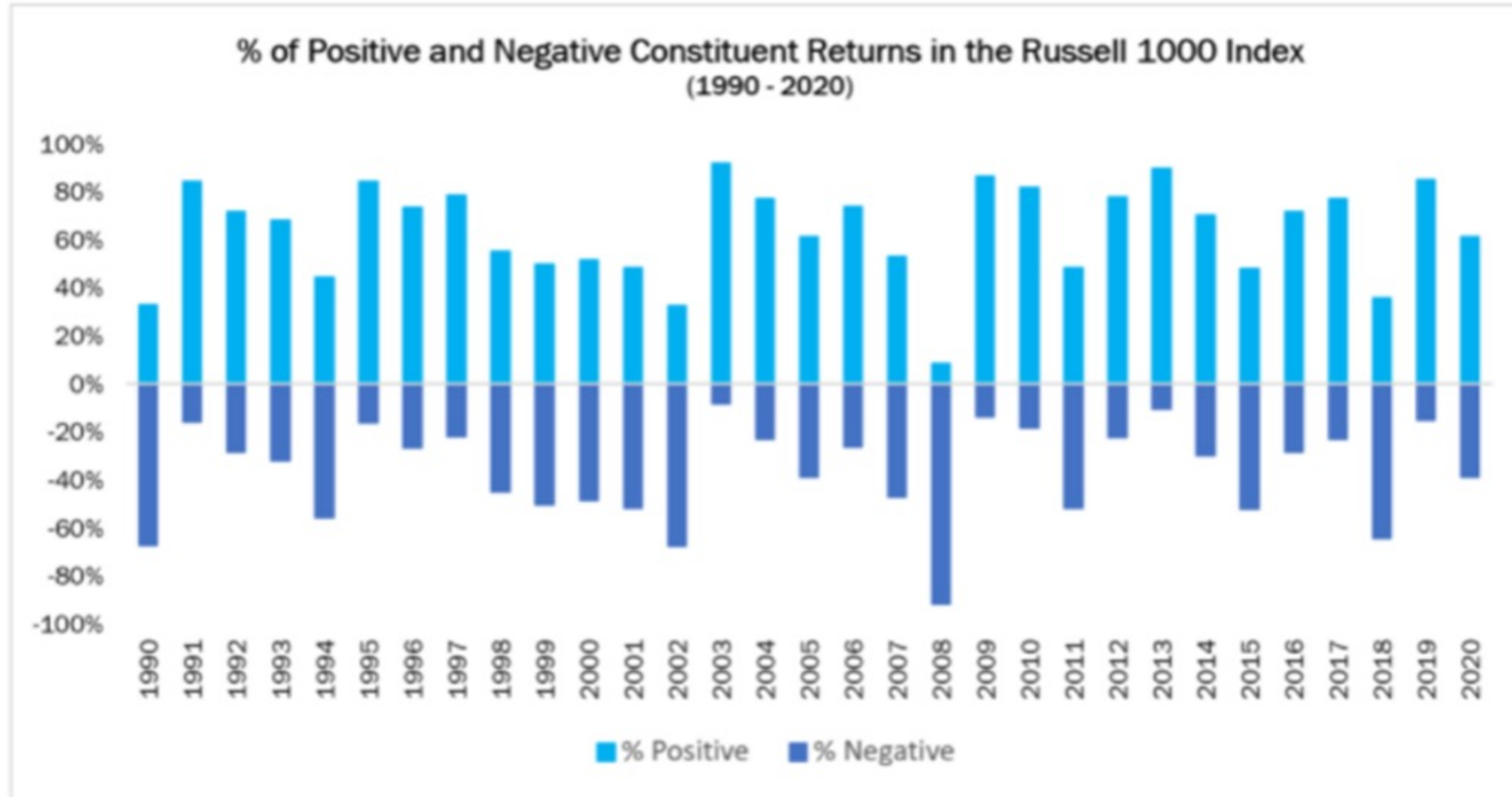


Custom Index



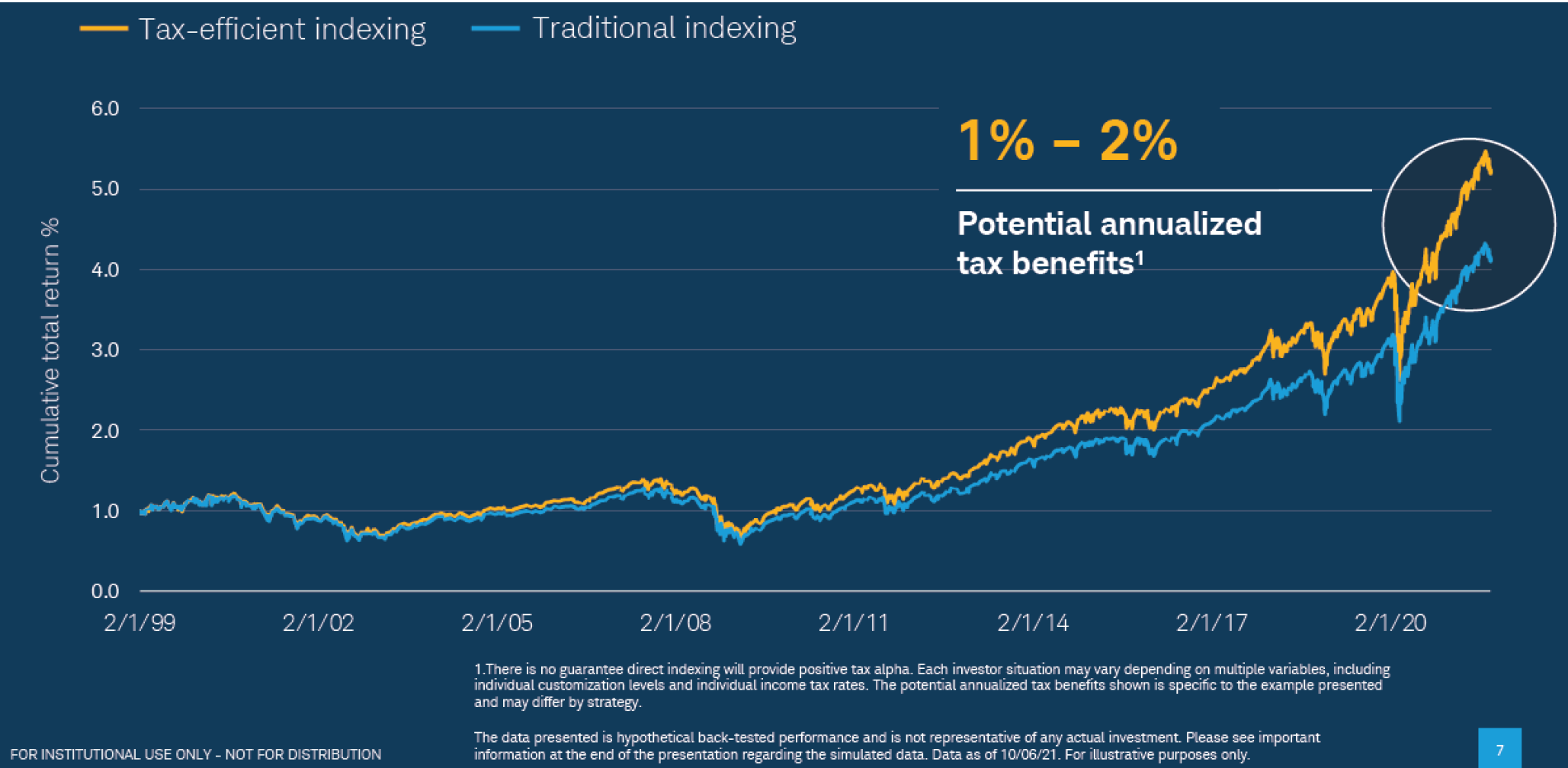
Unlocking Tax-Management Potential

Smart Pairing of Gains & Losses



Unlocking Tax-Management Potential

Benefits of a Proactive Approach



Opportunities

- Tax Loss Harvesting—
Direct Indexing’s “Superpower”
(could raise annual returns by
100 – 200 bps)
- ESG & SRI Preferences
- Other custom inclusions/exclusions
- Resonates with HNW investors

Challenges

- Dozens of providers
- High minimums/High fees
- No clear definitions of ESG/SRI
- Portfolios may not deliver
intended exposures
- Hard to integrate seamlessly
with other investments

The background features a dark teal color with a pattern of concentric, slightly blurred circular lines, resembling star trails in a long-exposure photograph. At the bottom of the image, there is a dark silhouette of a mountain range.

Seizing Opportunities, Mitigating Challenges with Axiom

Personalized Direct Investing

Symmetry Axiom

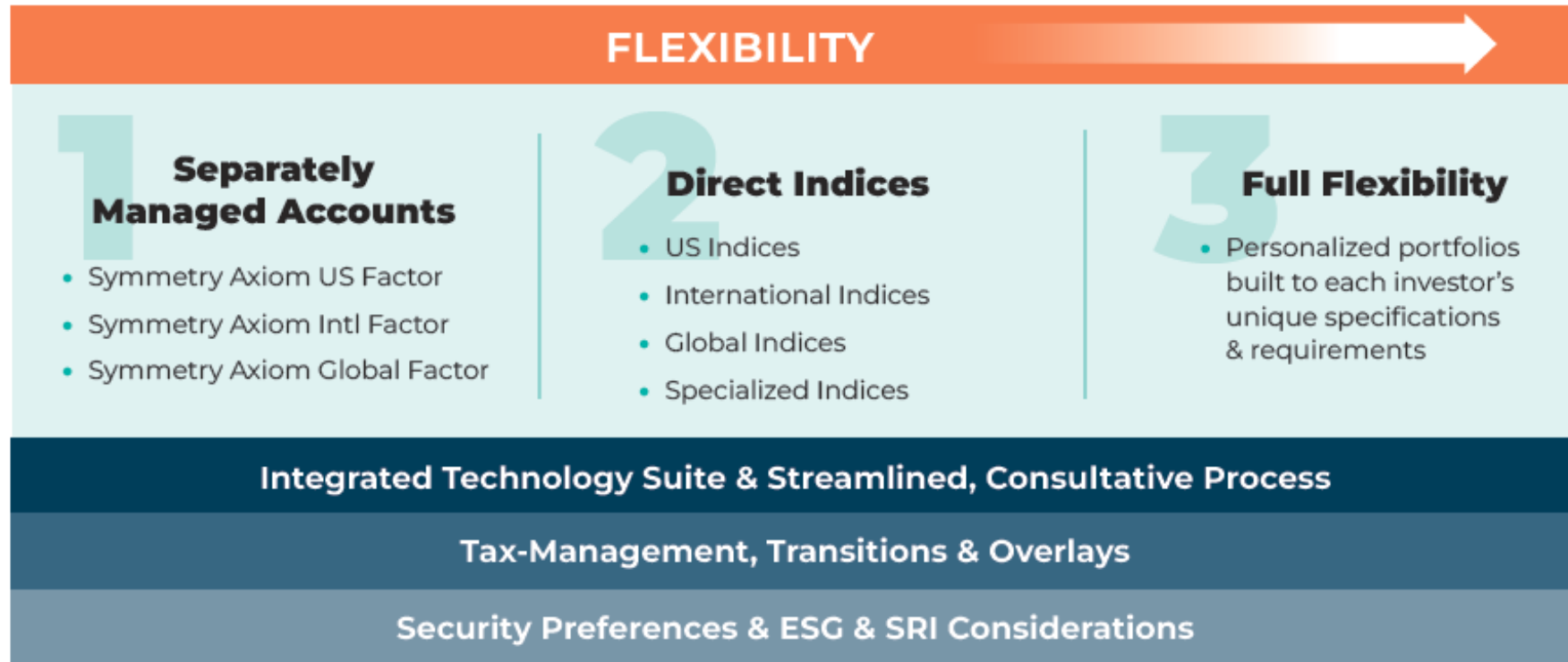
Integrated Platform, Process & Technology

SYMMETRY®



Symmetry Axiom

Maximum Flexibility in Customization



Note: Not all solutions may be available to investors and their financial advisors. Minimum investment requirements also may vary. Please see important disclosure on the back of brochure for additional information.

Who Is Axiom For?

Qualified or Taxable Accounts

Investors who...

- Seek high-level of **personalization**
- Focus on **values-based (ESG/SRI) screens** & other preferences
- Want **tax efficiency** or are looking to **minimize impact of taxes**
- Hold **substantial stock positions**
- Have **occupational and/or human capital considerations**
- Are **accumulating capital losses** in advance of **sale of business**
- **Seek transparency** – Axiom solutions provide clear window into exactly what each portfolio holds

For \$1,000,000+ accounts (\$250k min for DI/SMA Sleeve)

Axiom Personalization Process

Focused on Each Client's Unique Situation



Axiom Case Study

Case Study – Custom Portfolio

Create Compelling Individual Security Solution as HNW Client Portfolio Core Holding

Client Profile

HNW client looking to invest proceeds from sale of business (~\$60m). High tax-bracket, high-net-worth, w/ significant taxable assets & expected gains from outside the portfolio.

Objective

- 1) Desired Exposures
 - Broad US market diversification
 - Factor tilts
- 2) Aggressive Tax Management
- 3) Funding method (cash)

Proposed Solution

Name	Ticker	Weight
Russell 3000 (Direct Indexed)		55.00%
Vanguard US Value Factor ETF	VFVA	15.00%
Vanguard Small-Cap ETF	VB	5.00%
iShares MSCI USA Momentum Factor ETF	MTUM	15.00%
Invesco S&P SmallCap Momentum ETF	XSMO	8.00%
Cash		2.00%
		100.00%

Regression 3/1/2018 - 6/30/2021

Market (Mkt-RF)	0.97
Size (SMB)	0.13
Value (HMLd)	0.12
Momentum (Mom)	0.08
Quality (QMJ)	0.01

Axiom Benefits

A Complete Investor Solution

- Differentiated, **Leading-Edge Solution**
- **Institutional-Grade Asset Management**
- **Professional team approach** w/ broad experience helping variety of investors
- **Customized Investment Strategy** based on client needs
- **Efficient implementation** of portfolios
- Access to all of Symmetry's **investment, planning, educational & practice management resources**

Elevating Your Business

SYMMETRY®

Axiom Enables You to...

- Provide **sophisticated, personalized solutions**
- Work with **higher-net-worth investors**
- Act as true **consultant**
- **Differentiate** your practice

Symmetry's Tax Alpha Program

Symmetry's 130/30 Tax Loss Harvesting

- Partnership w/ Quantinno
 - An investment management firm founded by former AQR employees
 - A lean operation with an efficient single platform that integrates outsourced technology with their proprietary portfolio management IP
 - Provides highly tax-efficient SMA investment solutions* that include an aspect of 30 / 30 long/short portfolio management
- Offers a “tax alpha” that remains relatively consistent over time
 - Long-only offerings eventually run out of unrealized losses in a few years, becoming an expensive direct index w/o TLH

* Currently available at Fidelity, Schwab, Pershing, and Interactive Brokers.

How?

- Starting portfolio can hold equities, mutual funds, ETFs, bonds, or be funded with cash
- Quantinno is chosen as sub-adviser to manage the SMA*
- Quantinno borrows against holdings to invest an additional 30% long and uses prime brokerage to access stocks to go 30% short
- Individual equities are used (NOT a derivatives-based strategy)
- Tax loss harvesting benefits available in both down (long positions) and up (short positions) markets
 - Avoids problem of long-only TLH portfolios getting “frozen” within a few years

* Currently available at Fidelity, Schwab, Pershing, and Interactive Brokers.

* Quantinno SMA requires a margin account.

The Mechanics

Initial Margin on 130/30 Account

Account Value	\$ 1,000,000
Margin provides 30% additional long	\$ 300,000
<u>Short selling provides 30% short</u>	<u>\$ 300,000</u>
Gross exposure	\$ 1,600,000
Reg-T Initial Margin (Equity to Gross Exposure)	50%
	\$ 800,000
Equity value in account	\$ 1,000,000
Headroom with Initial Margin	\$ 200,000

The Mechanics

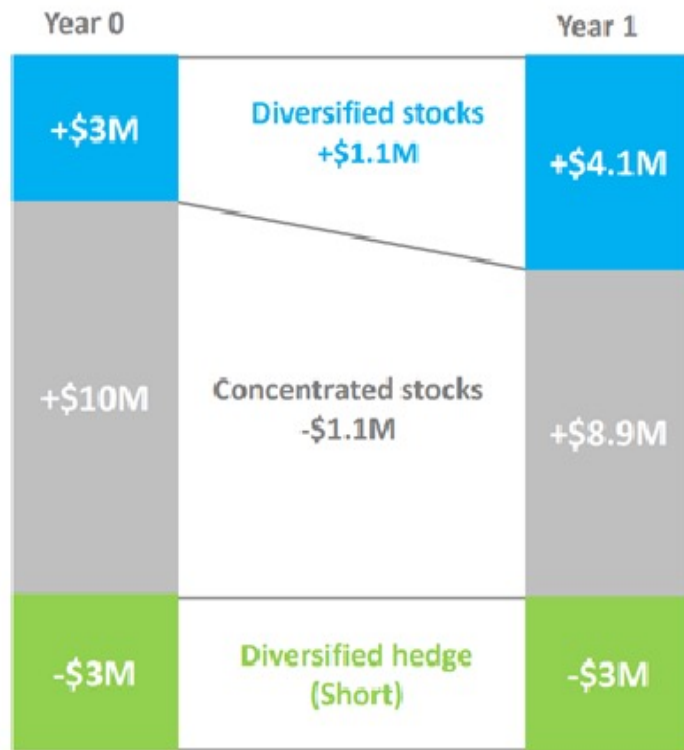
Market Drawdown to Maintenance Margin Level

Account Value if 50% drawdown	\$	500,000
Margin provides 30% additional long	\$	300,000
<u>Short selling provides 30% short</u>	\$	<u>300,000</u>
Gross exposure	\$	1,100,000
Reg-T Maintenance Margin (Equity to Gross)		30%
	\$	330,000
Equity value in account	\$	500,000
Headroom with Maintenance Margin	\$	170,000

* All figures assume market-level movement in all assets.

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Tax-Efficient Diversification of a Concentrated Portfolio



- Immediate benefit of diversification from short positions in industry stock held
- The ongoing process includes
 - Tax loss generation
 - Tax neutral divestiture of concentrated stock
 - Transition to diversified stocks with the proceeds
- Repetition of the above for several years, culminating in tax-neutral transition from a concentrated to a diversified portfolio.

This example assumes that the investor can fully utilize the tax benefit coming from short-term capital losses.



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Symmetry's Tax Alpha

Hoon Kim, Ph.D, CFA

Quantinno

Founder and Chief Investment Officer

DEALS Managed Account Platform

Turnkey solutions, targeted at complex challenges faced by taxable investors

01

DEALS Core

Core Equity + Tax Alpha

- Risk-managed core equity exposure + consistent and impactful tax benefits.
- Design a custom strategy with cash or recharge tax benefits from existing tax loss harvesting strategies.

02

DEALS Overlay

Utilize Existing Holdings

- Utilize idle portfolio holdings more efficiently to enhance after-tax wealth.
- Existing exposures are maintained, and a long/short extension is employed.

03

DEALS Legacy

Transition Legacy Holdings

- Rebalance legacy accounts with a mix of holdings in a tax-efficient manner.
- Underlying holdings may be divested with consultation of the advisor to achieve portfolio goals.

04

DEALS Exchange

Concentrated Stock Diversification

- Tax-efficient diversification of concentrated positions.
- The position(s) will be systematically divested over time in a tax-neutral fashion, while the proceeds are reinvested in an equity benchmark of your choice.

Symmetry's Dynamic Risk Management

Dynamic Risk Management

- Increases the Risk of a Portfolio
 - Symmetry Sector Momentum Models
- Decreases the Risk of a Portfolio
 - Symmetry Dynamic Defensive Models

Sector Momentum

Sector Momentum Foundations

- Part of the broader momentum factor theme, which suggests that there is information in past price data regarding future returns
- Several studies going back to the 1980-1990s focus in on specific aspects of this phenomenon:
 - Jegadeesh (1990): short-term reversals
 - Past Return ($t = -1, 0$)
 - Jegadeesh and Titman (1993, 1995, 2001): momentum
 - Past Return ($t = -12, -1$)
 - DeBondt and Thaler (1985): long-term reversals
 - Past Return (previous 2-5 years)
- Several studies have provided evidence supporting that momentum and trend following “works” in industries
 - Moskowitz and Grinblatt (JF, 1999)
 - Moskowitz, Ooi, and Pedersen (JFE, 2014)
 - Dorsey-Wright White Paper (Dec, 2016)

The Sector Momentum Strategy

- Components: 11 sectors of the S&P 500
- Assesses 6-mo. and 12-mo. price momentum
- Top 3 sectors from each signal are included at an equal weight based on the strength of the signal
- Rebalances quarterly around the first trading day of the month (February, May, August, November)
- Implemented using the SPDR Sector Select ETFs
- Launched May 2018

Provides the Potential to Outperform the Market

- Initial research and strategy analysis concluded that the strategy has the potential to outperform the market
- The strategy has also outperformed during its live history
- Risks: high turnover, not tax-efficient, more concentrated w/ greater volatility

Trailing Composite Returns through September 30th, 2022

	YTD	1-Year	3-Year	Since Inception
	Return	Return	Return	Return
U.S. Sector Mom. (Gross)	-5.01	3.32	15.86	14.02
U.S. Sector Mom. (Net)	-5.80	2.26	14.76	12.86
S&P 500 TR USD	-23.87	-15.47	8.16	9.01

Live history starts May 1, 2018.

Source: Morningstar

Past performance is not a guarantee of future results. All data is from sources believed to be reliable but cannot be guaranteed or warranted. For important information and limitations of the performance information, please see disclosure in back.

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Current Model Allocation

Investor Profile

Designed as a complementary portfolio, U.S. Sector Momentum may be suitable for investors seeking an increased tilt to U.S. equity price momentum. Typical investors in this portfolio are seeking long-term growth, have a minimum investment time horizon of 10 years, and are willing to accept significant price volatility.

- Low cost
 - SPDR Select Sector ETF expense ratios are 10 bps across the board
 - Underlying have scale (\$7-41B in net assets) resulting in tight spreads (1-2 bps, ~25bps ann.)

September 2022 Allocations

Fund Name	Ticker	Allocation
Cash	-	2.0%
Energy Select Sector SPDR® ETF	XLE	32.7%
Consumer Staples Select Sector SPDR® ETF	XLP	16.3%
Utilities Select Sector SPDR® ETF	XLU	32.7%
Health Care Select Sector SPDR® ETF	XLRE	16.3%

Dynamic Defensive

Dynamic Defensive Portfolios

- Reduce risk when fundamentals are deteriorating
- Alpha Vee strategies use fundamental momentum signals to position portfolio
 - Equity vs Fixed
 - High Yield vs Investment Grade
 - Developed vs/ Emerging markets equity
 - Selection of sectors and/or securities
- Signals based on momentum in
 - Quality
 - Value
- Quantitative, rules-based strategies
 - Alpha Vee indexes have long track record

Background

Evaluating AV Indexes

- Good “fit” with our academic philosophy
 - Academic Factors (Value and Quality)
 - Fundamental Momentum + Behavioral Finance (under-reaction)
 - Quantitative rules-based
- What’s new
 - Dynamic allocation to market and sectors
 - Overlay to Structured/ Precision Factor Models
 - Potential SMA

Risk Managed Equity Strategies

- Risk Managed Top 5 Sector Equity & Treasuries
- Risk Managed Top 5 Sector ETFs & Treasuries
- Risk Managed SMID Top 5 Sector & Treasuries
- International Dynamic

Risk Managed Fixed Income Strategies

SYMMETRY®

- Risk Managed Fixed Income
- Quality Yield



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Symmetry's
Dynamic Risk Management

Leigh Eichel

Alpha Vee

Co-founder and CEO

Symmetry's Dynamic Risk Management

SYMMETRY®

Research Experience by Alpha Vee

- Alpha Vee in its 12th year, multiple global office locations
- Institutional caliber investment models
- Millions of USD invested in proprietary software and data signal processing technologies
- Multiple US patents pending for financial technology

2015 First and Second ETF's launch – WisdomTree (DYLS/DYB)
White label - Peak AUM 205M, 3 year achieved 5 stars
Morningstar rating

2017 ETF Innovation Award Winner

2018 CFA Institute recognized via 4 white paper series on
Fundamental Momentum

2018 Third ETF - American Century Investments (QINT) at
\$225M USD (9/21)

2019 RIA Channel recognized for research innovation – see
video on alphavee.com

2020 Top 3 SMA strategies out of 600 strategies on major TAMP platform

2020 AV integrated with major stock exchange for global calc and
dissemination

2021 Alpha Vee SMA tickers: ([AVGRNTSP](#), [AVT5EQTB](#), [AVT5ETTB](#),
[AVUSMEGA](#), [AVCHQYLD](#), [AVT5SMID](#))

2021 AV interface to Morningstar Direct – Alpha Vee branded - 5
portfolios

2021 Independent third party performance audited for [AVT5EQTB](#)

2021 Chi-X data licensing contract for Australian securities

2021 First 2 Public Alpha Vee institutional certificates launched:

Top 5 Sectors Equities ([XS2373451181](#)) Green Transportation ([XS2411134690](#))

2022 Symmetry and Alpha Vee Research Partnership

Symmetry's Dynamic Risk Management

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Risk Management DNA by Alpha Vee

- Alpha Vee Research focused on factor investing using **Fundamental Momentum**
 - see whitepapers on CFA Institute
- Institutional caliber investment models most featuring **Dynamic Risk** methodology grounded in academic theory
- Stay disciplined in systematic, un-emotional portfolio construction using a **long-term focus**, regardless of short-term performance
- **Alpha Vee Risk Managed** portfolios often have separate but interrelated Risk Lenses for Market, Inflation, Sector and Selection risk overlay. Each seek to perform a targeted outcome



Symmetry's Dynamic Risk Management

Risks Viewed Through 4 Different LENSES

Risk Type	Description	Solution
Market	When the market goes down, most stocks, even the good ones, decline.	Create a smart market indicator, based on fundamental quality factors, that dynamically changes the strategy, using different methods: > Assets allocation to Treasuries
Inflation	When inflation rises and falls, most allocations, are negatively affected	Actual reported inflation used as a indicator to select an instrument appropriate such as TIPS > Inflation Overlay
Sector	When a sector goes out of favor, most stocks in this sector will decline, regardless of quality.	Create a smart sector indicator, based on fundamental quality factors, that dynamically over/under weighs specific sectors. > Seek Sector Acceleration
Stock Selection	Fundamental and technical factors affect the return and volatility of stocks in each sector compared to the sector index.	Adjust the factors which select the stocks to define the type of stocks selected and the weighting between them. > Fundamentals Applied

Conclusion

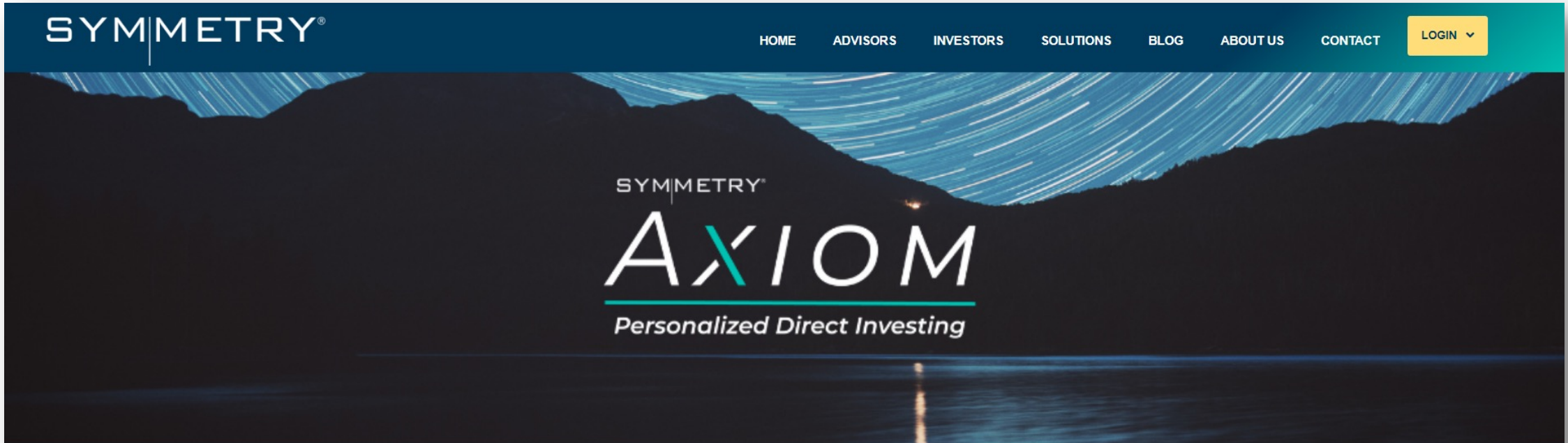
Symmetry Axiom

- Flexible Solutions for HNW Investors
- Streamlined Process
- Client Preferences
- Marketing and Education
- Tax Alpha Solutions
- Dynamic Risk Management

For More Info...

www.symmetryaxiom.com

SYMMETRY®



Personalized Investing *On Your Terms*

Many high-net-worth individuals and their families have specific requirements, tax considerations, and investment preferences that cannot always be addressed by conventional investment options. That is why Symmetry created the Axiom platform to provide flexible, personalized investing.

Each Axiom solution allows investors to better manage the potential impact of taxes, add or remove specific stocks or types of stocks, and own portfolios tailored to unique values, needs, and situations.

The background of the slide features a long-exposure photograph of a starry night sky, where the stars have formed into concentric circular trails. At the bottom of the image, the dark silhouette of a mountain range is visible against the star trails.

Questions?

Thank You!



"Scrappy," the Symmetry bull is a symbol of our firm's belief in the long-term power of markets