



CataMetrics Tactical Strategies





About the CataMetrics Tactical Strategies

Our Tactical Strategies

We offer four tactical strategies providing risk-managed exposure to US and global markets. These strategies are designed to react to short-term changes in market environments, striving to protect on the downside while continuing to participate on the upside.

Our Risk Management Explained

Our innovative, risk-management methodology is designed to distinguish between normal and potentially profitable volatility, and abnormal and potentially unprofitable volatility. It is an approach that is grounded in Nobel Prize-winning modern portfolio theory and behavioral economics.

Why Tactical Strategies

Our tactical strategies, utilizing our innovative, volatility-based, risk-management methodology can be effective at exiting markets before large losses materialize while providing investors the opportunity to be aggressively invested during stable and potentially profitable periods.

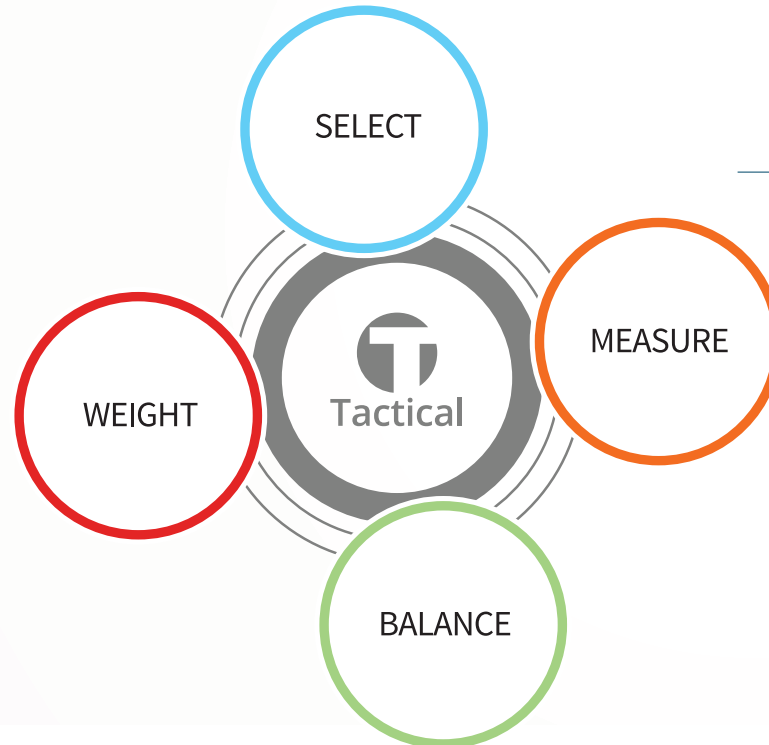
“...Most significant market corrections have been preceded by an increase in market volatility.”
Nicolas Papageorgiou, Ph.D, “A Constant-Volatility Framework for Managing Tail Risk”

Tactical Strategies

An Innovation in Risk Management

Conventional Approach

- Relies on correlations and volatilities being stable across holdings
- Employs a constant allocation to low-return, fixed-income holdings
- Tends to work least when needed most

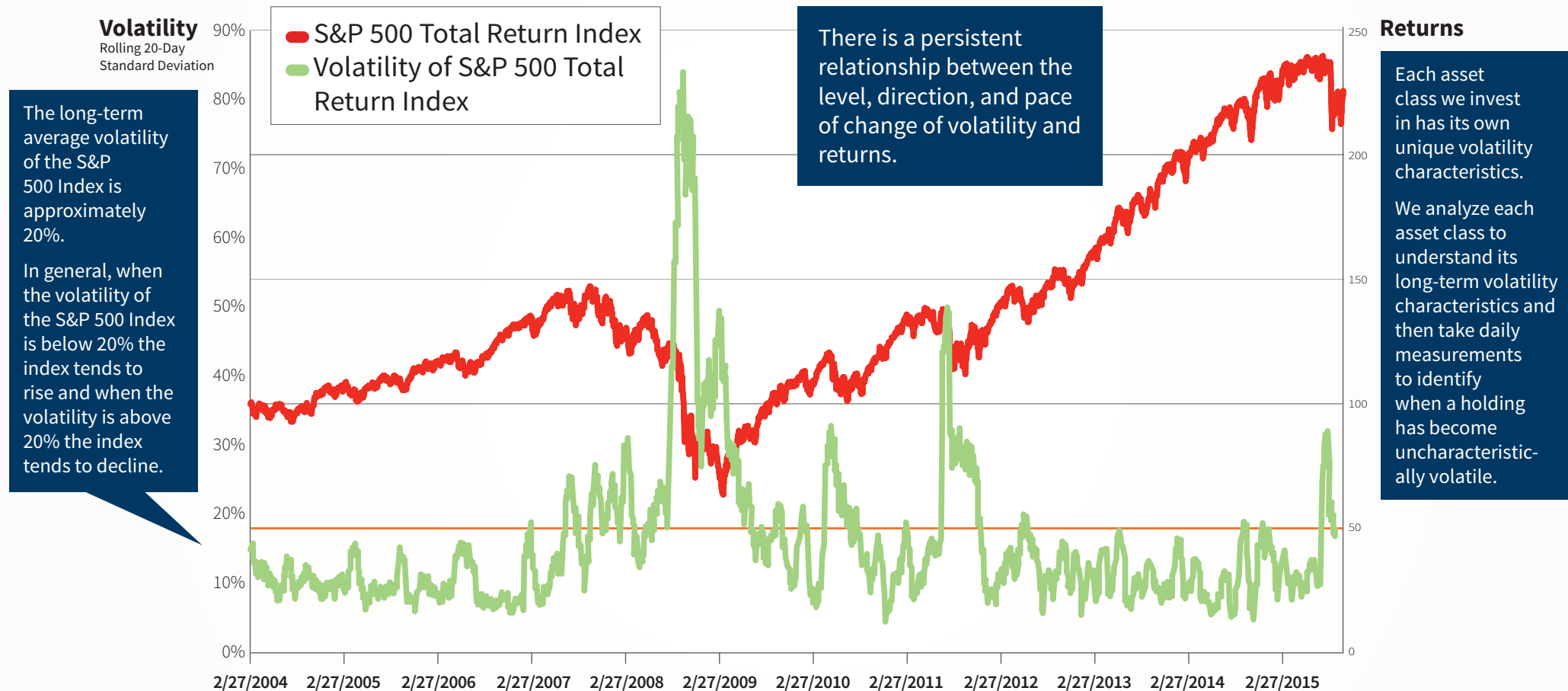


CataMetrics Tactical Approach

- Expects varying correlations and volatilities across holdings
- Makes temporary allocations to low-return, fixed-income holdings
- Relies on a risk-management process
- Designed to work most when needed most

The Foundation of Our Tactical Strategies

A Relationship Between Risk and Return



Portfolio Construction – What Will I Own?

The Tactical strategies are constructed using a basket of index-based exchange-traded funds (ETFs). Within each strategy there may be anywhere from 8-10 different ETF holdings.

An **ETF** security is actually an investment fund that holds many assets, such as stocks, commodities and/or bonds, thereby giving investors access to diversified ownership across multiple industry sectors or market segments.

ETFs offer the advantages of being low cost, tax advantaged, readily tradeable, and transparent relative to other investments such as mutual funds.

ETF
VS
OTHERS

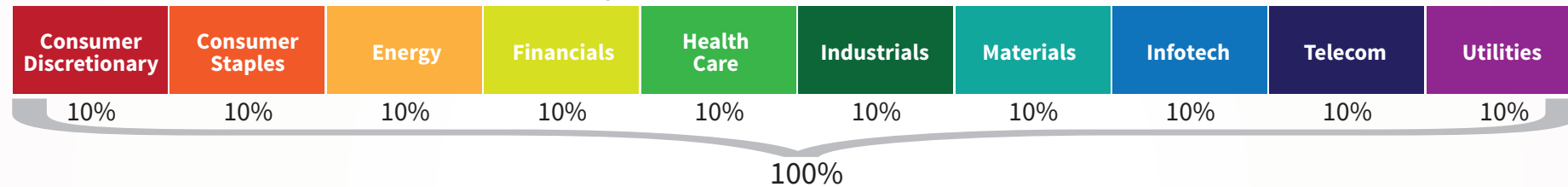


How It Works:

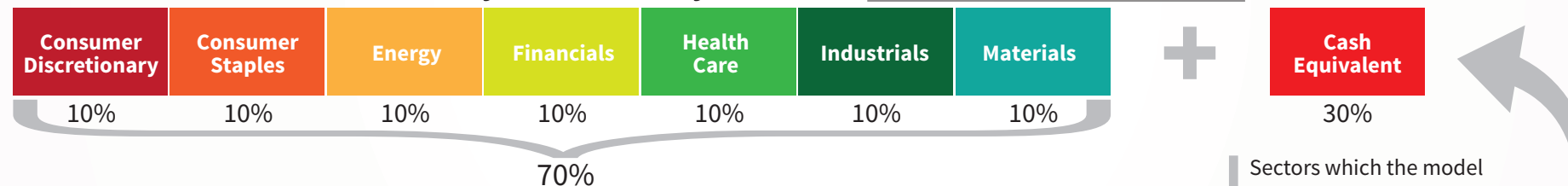
Example Using US Large-Cap Ten-Sector Strategy

The US Tactical growth strategy allocates among the ten sectors of the S&P 500 Index based on the strategy's view of the risk and return benefits of each sector. When our strategy identifies instability within a sector, it will sell that sector and allocate the proceeds to cash with the goal of protecting investment principal against large losses.

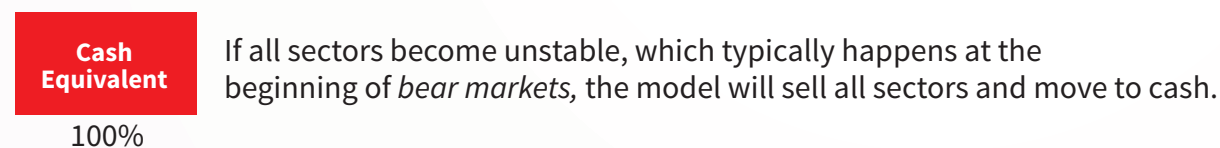
Scenario 1: Stable Market – All Sectors Fully Invested



Scenario 2: Unstable Market – Only 7 Sectors Fully Invested – 3 Sectors Allocated To Cash



Scenario 3: Bearish Market



Sectors which the model indicates have become unstable will be sold and allocated to cash. They will be held in cash until they become sufficiently stable to warrant investment.

Four Key Points

1

A **SYSTEMATIC** investment process

2

Based on **OBSERVED** market behavior

3

Utilizing risk management through **PROCESS**, not securities
(fixed income, options etc)

4

Understanding perfection is impossible – set the right **EXPECTATIONS**

Tactical Strategies



Tactical US Large-Cap Ten-Sector

Objective: Seeking to Provide Risk-Managed Exposure to Large-Cap US Equities

Benchmark: S&P 500 Total Return Index



Tactical US-Focused Global Growth

Objective: Seeking to Create and Preserve Wealth in Changing US and International Markets

Benchmark: Russell 3000 / MSCI ACWI ex-US / JPM Glb Agg 45/10/45



Tactical Global Growth

Objective: Seeking to Create and Preserve Wealth in Changing Global Markets

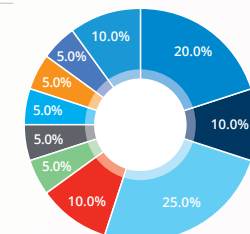
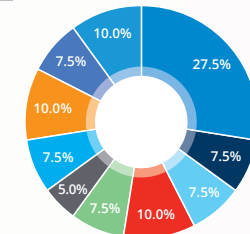
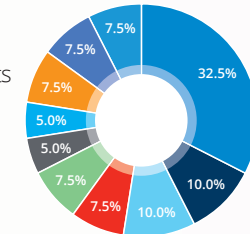
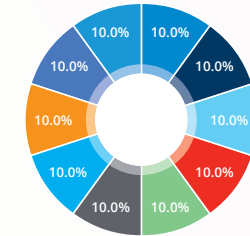
Benchmark: Russell 3000 / MSCI ACWI ex-US / JPM Glb Agg 35/20/45



Tactical Conservative Global Growth

Objective: Seeking to Create and Preserve Wealth in Changing Global Markets

Benchmark: Russell 3000 / MSCI ACWI ex-US / JPM Glb Agg 20/20/60



Strategic allocations as of 12/30/2016



Disclosures and Disclaimers

CataMetrics Management, LLC, (the “Firm”) a Registered Investment Adviser, offers global, risk-managed, multi-asset class, and index-focused portfolio strategies to the institutional platform marketplace as well as to financial advisors. Please visit our website www.catametricsmanagement.com for more information and to review the firm’s Form ADV Part 2A. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period. An investor may experience loss of principal. Investment decisions should always be made based on the investor’s specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment adviser to determine the appropriate investment strategy.

Exchange-traded funds (ETFs) are subject to risks similar to those of stocks, such as market, interest rate, foreign exchange, and liquidity risks. An investor in ETFs may bear indirect fees and expenses charged by the ETFs in addition to their direct fees and expenses, and is subject to the risk of loss of principal. ETF sponsors may suspend trading in ETFs and may not honor redemption requests. ETFs may trade at a discount or premium to their net asset value and are subject to the market fluctuations of their underlying investments. When considering investing in an ETF, you should consult your financial advisor and accountant on how investing in the fund will affect your taxes.

Before investing in an ETF, you should read both its summary prospectus and its full prospectus, which provide detailed information on the ETF’s investment objective, principal investment strategies, risks, costs, and historical performance (if any). The SEC’s EDGAR system, as well as Internet search engines, can help you locate a specific ETF prospectus. You can also find prospectuses on the websites of the financial firms that sponsor a particular ETF, as well as through your broker.

Past performance is no guarantee of future results of any ETF.

Information obtained from third-party sources is believed to be reliable but is not guaranteed. The Firm makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

The S&P 500 Index is a commonly recognized, market-capitalization-weighted index of 500 widely-held companies, designed to measure the performance of US large-cap stocks. The Russell 3000 Index is a free float-adjusted, market-capitalization-weighted index which measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The MSCI All Country World Index [ACWI] is designed to measure the performance of the global equity market and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed and emerging countries throughout the world. The MSCI ACWI ex-USA Index is designed to measure the performance of the global equity market excluding the US component and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed- and emerging-market countries. The Bloomberg Barclays US Aggregate Bond Index [BBG Barc Agg] provides a broad-based measure of the fixed-rate US investment-grade debt market. The Bloomberg Barclays Global Aggregate Bond Index [BBG Barc Global Agg] measures global investment-grade, fixed-rate debt from both developed- and emerging-markets. The J.P. Morgan Global Aggregate Bond Index (JPM GABI) provides a broad-based measure of the global fixed-rate, investment-grade debt markets. The JPM GABI is a US dollar denominated, investment-grade index with asset classes from developed and emerging markets. Cash refers to overnight Fed funds.

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