



Economic Index Associates

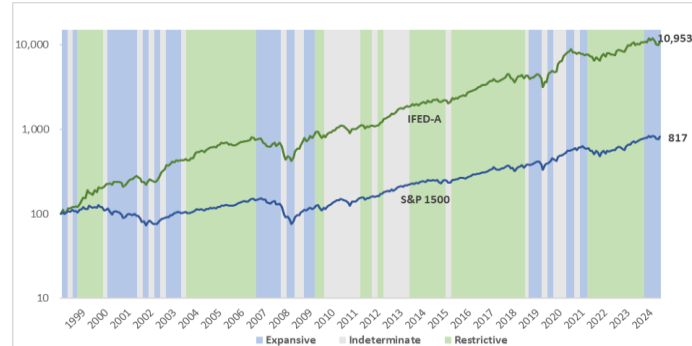


Do You Invest with the Fed?

Economic Index Associates (EIA) develops active index strategies that are investable and rules-based. EIA created the “*Invest with the Fed*” (IFED™) strategy, which uses Fed policy signals to guide security selection.

EIA’s founders are **authorities on Fed monetary policy and security returns** – they have published over 200 academic articles, which have over 10,000 citations. The premise of their research is in their book - *Invest with the Fed* (McGraw-Hill, 2015).

IFED-A and S&P 1500 Performance by Market Environment



EIA’s INDEX OFFERINGS & THEIR PERFORMANCE, Jan 1999 – May 2025

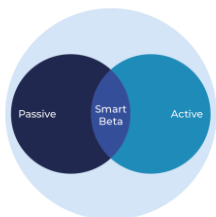
	IFED-LG (Large Cap)	IFED-M (Mid Cap)	IFED-S (Small Cap)	IFED-A (All Cap)	IFED-LV (Low Vol)
Annual Return	18.65%	18.09%	16.90%	19.46%	13.01%
Annual Alpha*	10.55%	8.54%	7.79%	11.18%	4.04%
Standard Deviation	18.63%	20.69%	22.63%	21.32%	12.84%
Upside Capture*	135.97%	124.60%	130.23%	146.28%	119.87%
Downside Capture*	62.61%	74.54%	88.82%	70.78%	88.41%
Tracking Error*	10.66%	9.80%	10.47%	13.60%	5.26%
Information Ratio	0.99	0.87	0.74	0.82	0.77
Benchmark	S&P 500	S&P MidCap 400	S&P SmallCap 600	S&P 1500	S&P 500 Low Vol

* Each IFED index vs its respective benchmark

THE EVOLUTION OF INDEX INVESTING



Value-Weighted Indexes



SMART BETA

Smart beta ushered in the concept of fundamentally-weighted indexes.



ECONOMIC INDEXING

EIA applies the next generation approach – dynamically-weighted portfolios positioned to benefit from prevailing market conditions.

OUTPERFORMANCE (ANNUAL ALPHA) BY HOLDING PERIOD

	<i>IFED-LG</i> (S&P 500)	<i>IFED-M</i> (S&P 400)	<i>IFED-S</i> (S&P 600)	<i>IFED-A</i> (S&P 1500)	<i>IFED-LV</i> (S&P Low Vol)
Full Period (Jan 1999 – May 2025)	10.55%	8.54%	7.79%	11.18%	4.04%
20 Years	6.64%	5.64%	4.71%	5.51%	3.94%
10 Years	6.48%	6.48%	6.54%	4.77%	5.17%
5 Years	9.50%	8.42%	14.61%	9.07%	5.21%
3 Years	1.88%	2.83%	12.58%	0.69%	5.52%
1 Year	8.16%	3.74%	9.60%	-6.56%	2.78%
3 Months*	2.87%	1.67%	3.81%	-1.61%	2.59%
YTD*	5.75%	0.83%	3.35%	-4.16%	1.42%
1 Month*	4.14%	2.24%	3.90%	3.29%	0.18%

* Not annualized

IFED METHODOLOGY



STARTING UNIVERSE AND STOCK SCORING

- Stocks listed on NYSE or Nasdaq with 3+ years of data
- EIA's proprietary market indicator classifies conditions as expansive, restrictive or indeterminate
- 12 firm-specific metrics determine stock *IFED Scores* (i.e., ability to benefit from prevailing market conditions)



COMPOSITION & WEIGHTING

- Each stock is ranked by its *IFED Score*
- 75 stocks with highest Scores for prevailing conditions are selected
- Selected stocks are weighted by *IFED Score*
- Customized *IFED* indexes integrate unique features



INDEX REBALANCE TIMING

- *IFED* indexes rebalance when required to maintain alignment with market conditions
- *IFED Model* reacts to shifts in Fed policy, rather than existing rate levels or past economic conditions
- See below....

Selected Data by Market Environment: Jan 1999 - May 2025

	Market Environment		
	Expansive	Indeterminate	Restrictive
Fed Signal	Easing	Mixed	Tightening
<i>IFED-A Alpha</i>	13.43%	13.97%	8.35%
Fed Mandate Priority	Full Employment (Economic Activity)	Balanced	Price Stability (Inflation)
% Sample Period	26.81%	24.92%	48.26%

MARKET ENVIRONMENT CHARACTERISTICS



IFED Turnover/Rebalance Data

- Fed policy shifts are primary trigger for rebalances
- During the 26-year period, there were 48 rebalances
 - 36 due to changes in the market environment
 - 12 due to changes in firm metrics with no environment change *
- Rebalances per year: max. = 3 (e.g., 2021); min. = 1 (e.g., 2024)
 - Average number of rebalances is 1.8 per annum
 - Turnover per rebalance range 40.28% to 97.35%
 - Average annual turnover is 168.98%
- Index holdings change with each rebalance; alpha is captured by maintaining alignment with conditions
 - Firm metrics drive the holdings, so factor and sector exposures vary substantially across environment

* As of June 1st in any year, if there has been no change in the market environment in the prior six months, IFED indexes rebalance to reflect updated financial metrics.

COMPARATIVE ANNUAL RETURNS BY HOLDING PERIOD

	IFED-LG	S&P 500	IFED-M	S&P 400	IFED-S	S&P 600	IFED-A	S&P 1500	IFED-LV	S&P Low Vol
Full Period (Jan 1999 – May 2025)	18.65%	8.09%	18.09%	9.55%	16.90%	9.11%	19.46%	8.27%	13.01%	8.96%
20 Years	17.10%	10.47%	15.07%	9.43%	13.31%	8.60%	15.90%	10.39%	13.28%	9.34%
10 Years	19.34%	12.86%	15.21%	8.73%	14.24%	7.70%	17.25%	12.48%	14.76%	9.58%
5 Years	25.44%	15.94%	21.34%	12.93%	26.22%	11.61%	24.75%	15.68%	15.73%	10.52%
3 Years	16.29%	14.41%	10.65%	7.81%	15.70%	3.12%	14.45%	13.76%	12.32%	6.80%
1 Year	21.68%	13.52%	5.91%	2.17%	7.85%	-1.75%	5.93%	12.49%	17.89%	15.11%
3 Months*	2.49%	-0.37%	-0.95%	-2.61%	-1.56%	-5.37%	-2.22%	-0.62%	1.74%	-0.85%
YTD*	6.81%	1.06%	-2.43%	-3.26%	-4.82%	-8.18%	-3.56%	0.59%	7.37%	5.95%
1 Month*	10.43%	6.29%	7.64%	5.40%	9.13%	5.23%	9.51%	6.22%	1.30%	1.11%

* Not annualized

For more information:

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