



Economic Index Associates

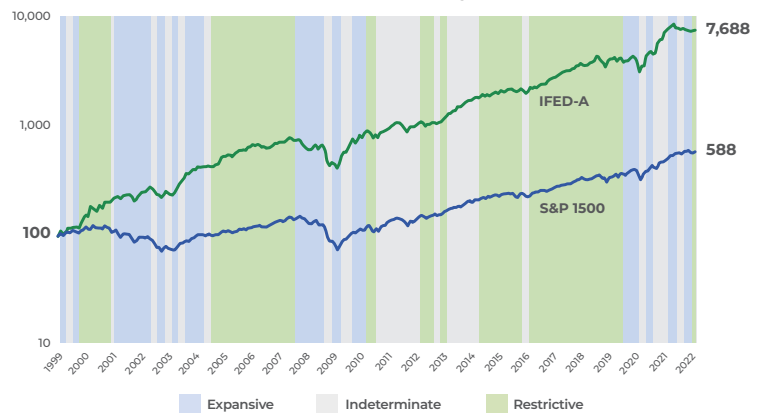


Do you Invest with the Fed?

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

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

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



EIA’S US EQUITY OFFERINGS & THEIR PERFORMANCE, JAN 1999 – MAR 2022

	IFED-A (All Cap)	IFED-LG (Large Cap)	IFED-LM (Large Mid)	IFED-M (Mid Cap)	IFED-S (Small Cap)	IFED-LV (Low Vol)
Annual Return	20.53%	19.37%	20.46%	19.58%	17.50%	13.32%
Alpha vs Benchmark	12.62%	11.63%	12.64%	9.58%	7.44%	3.88%
Standard Deviation	21.26%	18.34%	19.92%	20.45%	22.58%	12.67%
Upside Capture	152.42%	142.19%	147.43%	125.47%	127.30%	121.14%
Downside Capture	67.93%	61.46%	64.35%	68.48%	86.21%	92.07%
Tracking Error	14.03%	10.81%	12.37%	10.33%	11.18%	5.24%
Benchmark	S&P Composite 1500	S&P 500	Russell 1000	S&P MidCap 400	S&P SmallCap 600	S&P 500 Low Vol

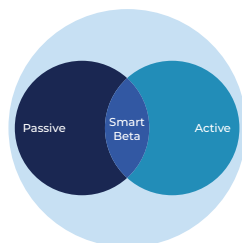
THE EVOLUTION OF INDEX INVESTING

CAPM



Capital Asset Pricing Model Formula

$$R_a = R_{rf} + B_a (R_m - R_{rf})$$



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.

IFED INDEX OUTPERFORMANCE (ALPHA) BY HOLDING PERIOD

Average Annual Alpha, Jan 1999 - Mar 2022

	IFED-A (All Cap)	IFED-LG (Large Cap)	IFED-LM (Large Mid)	IFED-M (Mid Cap)	IFED-S (Small Cap)	IFED-LV (Low Vol)
Full Period	12.62%	11.63%	12.64%	9.58%	7.44%	3.88%
20 Years	8.82%	8.42%	9.02%	7.25%	4.37%	3.79%
10 Years	6.75%	7.48%	6.58%	8.53%	4.70%	5.76%
5 Years	5.52%	8.64%	4.98%	9.41%	6.16%	6.30%
3 Years	3.26%	6.31%	0.50%	7.83%	9.31%	6.57%
2 Years	20.81%	20.27%	15.85%	20.65%	20.63%	9.34%
1 Year	-16.73%	5.59%	-6.90%	8.76%	-5.08%	-0.45%
3 Months*	1.99%	14.92%	6.70%	7.13%	2.21%	1.47%
1 Month*	-3.99%	1.17%	-1.16%	0.45%	-0.46%	-3.00%
YTD*	1.99%	14.92%	6.70%	7.13%	2.21%	1.47%

* Not annualized

IFED METHODOLOGY



STARTING UNIVERSE AND STOCK SCORING

- Stocks listed on NYSE or Nasdaq with 3+ years of data
- EIA's proprietary monetary 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

- The IFED model reacts to signaled shifts in Fed policy, rather than relying on existing rate levels or current economic conditions.
- See below...



Market Environment, Jan 1999 – Mar 2022			
	Expansive	Indeterminate	Restrictive
Fed Signal	Easing	Mixed	Tightening
IFED-A Alpha	15.50%	14.08%	9.85%
Fed Mandate Priority	Full Employment	Balanced	Price Stability (Inflation)
% Sample Period	27.24%	27.60%	45.16%

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