



Economic Index Associates

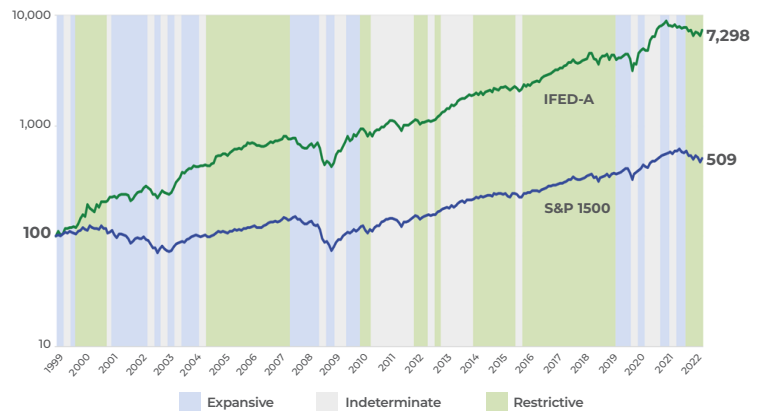


Do you Invest with the Fed?

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 – OCT 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	9.72%	18.45%	19.55%	18.61%	16.93%	12.94%
Alpha vs Benchmark	12.65%	11.57%	12.62%	9.29%	7.53%	4.06%
Standard Deviation	21.44%	18.74%	20.15%	20.65%	22.75%	12.94%
Upside Capture	154.67%	142.19%	149.05%	149.21%	148.54%	92.35%
Downside Capture	68.21%	63.79%	62.98%	68.55%	77.94%	35.41%
Tracking Error	13.91%	10.74%	12.25%	10.23%	11.13%	5.29%
Benchmark	S&P Composite 1500	S&P 500	Russell 1000	S&P MidCap 400	S&P SmallCap 600	S&P 500 Low Vol

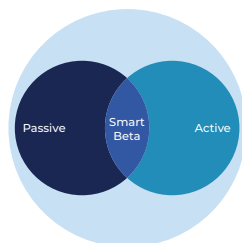
THE EVOLUTION OF INDEX INVESTING

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 - Oct 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	12.65%	11.57%	12.62%	9.29%	7.53%	4.06%
20 Years	8.71%	8.52%	8.91%	6.70%	4.35%	4.03%
10 Years	8.35%	8.43%	7.59%	8.58%	5.78%	6.51%
5 Years	5.58%	7.14%	3.73%	7.10%	6.68%	6.08%
3 Years	10.76%	11.86%	7.99%	8.84%	14.05%	8.40%
2 Years	12.03%	20.29%	15.48%	9.64%	6.07%	7.19%
1 Year	3.97%	17.51%	5.75%	3.03%	3.51%	7.29%
3 Months*	8.63%	6.72%	6.23%	2.49%	8.28%	6.59%
1 Month*	3.61%	4.40%	2.14%	-1.05%	1.25%	4.48%
YTD*	9.76%	19.48%	13.15%	6.80%	8.03%	7.32%

* 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

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

Selected Data by Market Environment: Jan 1999 - Oct 2022

	Market Environment		
	Expansive	Indeterminate	Restrictive
Fed Signal	Easing	Mixed	Tightening
IFED-A Alpha	15.50%	14.08%	9.77%
Fed Mandate Priority	Full Employment	Balanced	Price Stability (Inflation)
% Sample Period	26.67%	27.02%	46.32%

For more information:

w: www.economicindexassociates.com

e: info@economicindexassociates.com

p: +1 212 653 0697

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