



Economic Index Associates

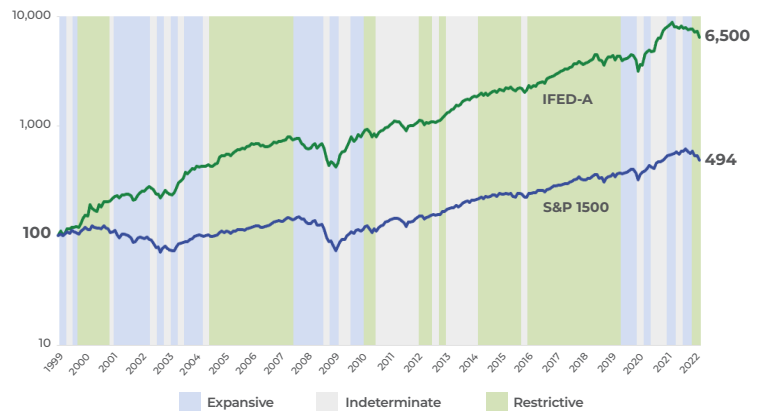


Do you Invest with the Fed?

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 – JUNE 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	19.44%	18.26%	19.38%	18.46%	16.47%	12.78%
Alpha vs Benchmark	12.41%	11.41%	12.48%	9.35%	7.23%	3.78%
Standard Deviation	21.37%	18.54%	20.05%	20.57%	22.66%	12.72%
Upside Capture	152.42%	142.19%	147.43%	125.47%	127.30%	121.14%
Downside Capture	69.90%	64.15%	66.22%	70.59%	87.43%	93.00%
Tracking Error	13.98%	10.79%	12.33%	10.28%	11.13%	5.25%
Benchmark	S&P Composite 1500	S&P 500	Russell 1000	S&P MidCap 400	S&P SmallCap 600	S&P 500 Low Vol

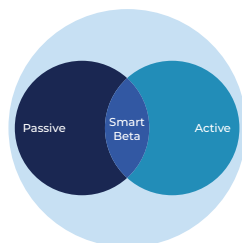
THE EVOLUTION OF INDEX INVESTING

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 - June 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	12.41%	11.41%	12.48%	9.35%	7.23%	3.78%
20 Years	8.23%	7.96%	8.42%	6.74%	4.27%	3.67%
10 Years	6.91%	7.67%	6.63%	8.26%	4.43%	5.77%
5 Years	4.15%	7.06%	3.26%	7.28%	5.04%	5.50%
3 Years	4.09%	7.01%	1.51%	6.08%	8.28%	4.16%
2 Years	7.06%	13.16%	9.36%	9.55%	3.46%	1.38%
1 Year	-15.76%	5.81%	-3.61%	1.73%	-10.93%	-3.15%
3 Months*	0.56%	0.03%	1.48%	-0.76%	-1.25%	-0.75%
1 Month*	-2.70%	-3.24%	-2.64%	-0.57%	-1.25%	-1.09%
YTD*	2.21%	12.56%	7.08%	5.26%	0.70%	0.62%

* 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...



	Expansive	Indeterminate	Restrictive
Fed Signal	Easing	Mixed	Tightening
IFED-A Alpha	15.50%	14.08%	9.50%
Fed Mandate Priority	Full Employment	Balanced	Price Stability (Inflation)
% Sample Period	26.95%	27.30%	45.74%

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