



Economic Index Associates

# Fact Sheet IFED-L Index

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## Objective

The IFED-L index maximizes exposure to those large cap U.S. equities best positioned to benefit from prevailing monetary conditions. The index uses a combination of Federal Reserve policy developments and key firm metrics to select stocks via a transparent and rules-based active strategy.

## Index Approach<sup>1</sup>



### 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
- Stocks with the highest scores for prevailing conditions are selected as potential constituents
- Liquidity and stock holdings constraints are applied resulting in approximately 75 stocks in IFED-L



### INDEX REBALANCE TIMING

- IFED-L is rebalanced under two conditions:
  1. the monetary environment changes;
  2. with no environment change in the six months prior to June 1st, a rebalance occurs based on changes in firm-specific metrics

## Strategy Features

- ✓ Strong return and down-side risk profile over past 23 years
  - Average annual alpha (vs S&P 500) of 7.75%
  - Cumulative return of 2,549% vs 417% for S&P 500
  - Average annual rolling 3-year alpha of 5.54% (5 yr = 5.06%)
  - Beat S&P 500 86% of time in rolling 3-year return (5 yr = 98%)
  - Captured 133% of market upside and 80% of downside

## Index Performance

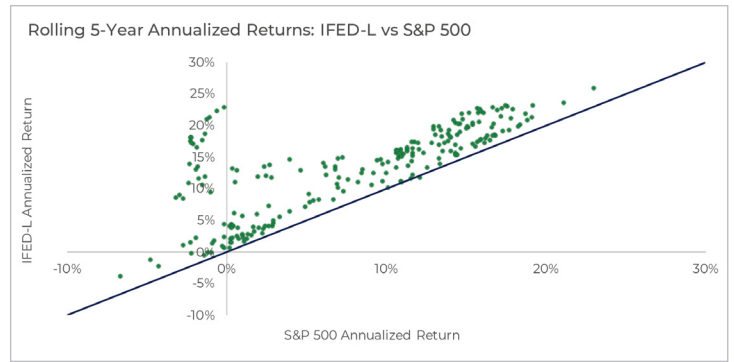
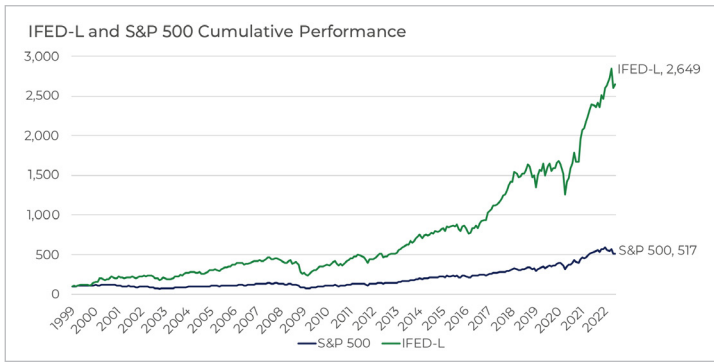
	S&P 500	IFED-L	Alpha
1999	21.04%	61.84%	40.81%
2000	-9.10%	38.58%	47.68%
2001	-11.89%	0.32%	12.21%
2002	-22.10%	-11.95%	10.15%
2003	28.66%	38.11%	9.44%
2004	10.88%	13.50%	2.62%
2005	4.91%	21.52%	16.61%
2006	15.78%	12.21%	-3.57%
2007	5.57%	3.16%	-2.41%
2008	-37.00%	-38.11%	-1.11%
2009	26.45%	40.16%	13.71%
2010	15.06%	18.79%	3.74%
2011	2.11%	-1.89%	-4.00%
2012	15.99%	19.47%	3.47%
2013	32.37%	41.98%	9.60%
2014	13.68%	10.88%	-2.79%
2015	1.37%	0.91%	-0.46%
2016	11.95%	25.41%	13.46%
2017	21.82%	35.30%	13.48%
2018	-4.40%	-5.45%	-1.05%
2019	31.48%	25.49%	-5.99%
2020	17.75%	22.84%	5.09%
2021	28.51%	25.34%	-3.17%
2022 YTD	-12.84%	1.94%	14.78%

## PERFORMANCE AND SUMMARY STATISTICS (THROUGH MAY 31, 2022)

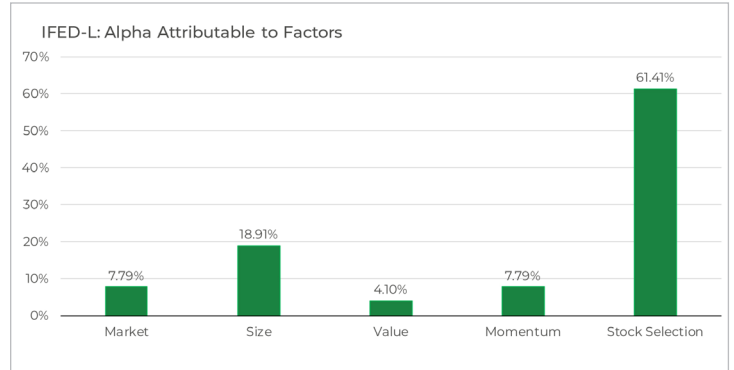
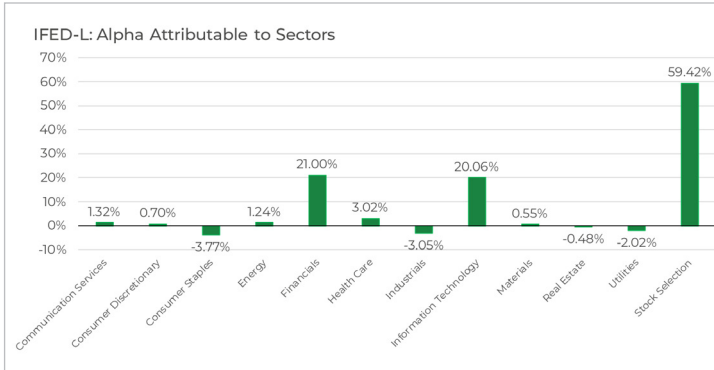
	Returns				Annualized Returns					Summary Statistics			
	Since Index Launch 06.09.2020	1M	3M	YTD	1 yr	3 yrs	5 yrs	10 yrs	Full Period	Beta	Std	Sharpe Ratio	Sortino Ratio
IFED-L	57.16%	2.06%	-2.76%	1.94%	10.57%	20.82%	17.78%	19.07%	15.02%	1.03	18.81%	0.75	1.36
S&P 500	32.66%	0.13%	-5.25%	-12.84%	-0.39%	16.12%	13.20%	14.30%	7.27%	-	15.03%	0.42	0.69

<sup>1</sup> A more detailed description of the IFED-L methodology is available on request.

# HISTORICAL PERFORMANCE (THROUGH MAY 31, 2022)



## RETURN ATTRIBUTION (THROUGH MAY 31, 2022)



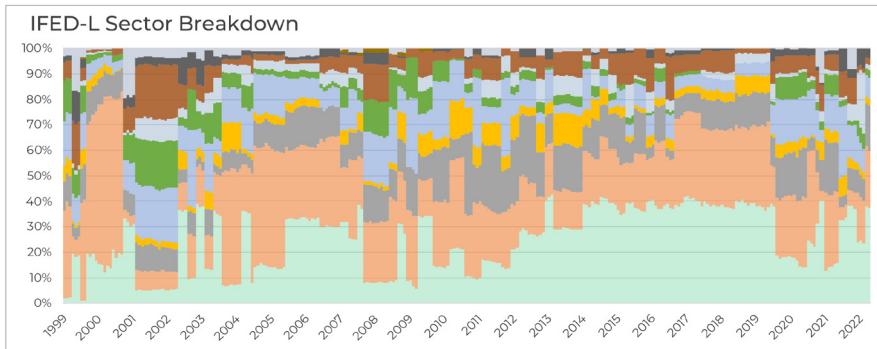
✓ IFED-L produces alpha by selecting stocks that are aligned with market conditions; it does not maintain any consistent sector bias

- 59.42% of alpha is attributable to stock selection

✓ Twelve firm-specific metrics are used to select stocks that align with prevailing conditions; thus, factor exposures are incidental, generally small and deviate over time

- 61.41% of alpha is attributable to stock selection

## INDEX COMPOSITION (THROUGH MAY 31, 2022)



Average Weight	Sector
1.66%	Utilities
0.11%	Real Estate
2.11%	Materials
7.17%	Industrials
3.68%	Energy
5.60%	Consumer Staples
11.68%	Consumer Discretionary
4.80%	Communication Services
12.74%	Health Care
25.46%	Information Technology
24.99%	Financials

### Largest 10 Holdings at Market Close May 31, 2022

1	Bank of America Corporation	4.74%
2	JPMorgan Chase & Co.	4.07%
3	UnitedHealth Group Incorporated	4.04%
4	Citigroup Inc.	3.90%
5	Applied Materials, Inc.	3.74%
6	The Goldman Sachs Group, Inc.	3.28%
7	Lam Research Corporation	3.13%
8	Morgan Stanley	2.93%
9	Apple Inc.	2.45%
10	Ford Motor Company	2.42%

### Sector Composition at Market Close May 31, 2022

Financials	38.47%
Information Technology	22.02%
Health Care	17.74%
Communication Services	7.96%
Consumer Discretionary	3.35%
Consumer Staples	2.92%
Energy	2.82%
Industrials	2.46%
Materials	2.26%
Real Estate	0.00%
Utilities	0.00%