



Economic Index Associates

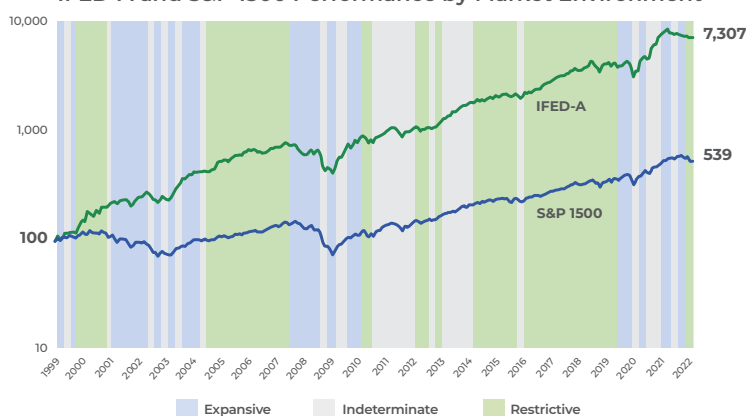


Do you Invest with the Fed?

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 – MAY 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	20.11%	18.95%	20.05%	19.08%	17.05%	13.09%
Alpha vs Benchmark	12.66%	11.68%	12.72%	9.46%	7.36%	3.86%
Standard Deviation	21.24%	18.37%	19.91%	20.46%	22.58%	12.68%
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	13.98%	10.77%	12.33%	10.30%	11.14%	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

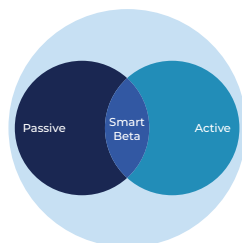
THE EVOLUTION OF INDEX INVESTING

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 - May 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	12.66%	11.68%	12.72%	9.46%	7.36%	3.86%
20 Years	8.66%	8.20%	8.79%	6.98%	4.52%	3.67%
10 Years	7.39%	8.00%	7.17%	8.51%	4.74%	5.95%
5 Years	5.09%	8.39%	4.54%	7.81%	5.09%	6.12%
3 Years	6.12%	9.09%	3.40%	7.69%	10.50%	5.72%
2 Years	23.36%	22.52%	19.30%	18.30%	18.13%	4.78%
1 Year	-12.51%	8.42%	-2.52%	5.40%	-7.08%	-3.30%
3 Months*	-0.26%	4.63%	3.40%	0.16%	-0.51%	-2.58%
1 Month*	0.64%	2.23%	1.26%	-0.06%	-0.32%	2.23%
YTD*	5.14%	17.39%	10.51%	6.42%	2.00%	1.76%

* 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 – May 2022			
	Expansive	Indeterminate	Restrictive
Fed Signal	Easing	Mixed	Tightening
IFED-A Alpha	15.50%	14.08%	10.00%
Fed Mandate Priority	Full Employment	Balanced	Price Stability (Inflation)
% Sample Period	27.05%	27.40%	45.55%

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