

# Pure U.S. Equity Strategy

## Objective

This strategy seeks long-term capital appreciation by investing in companies within an emerging or evolving growth industry that are consistently growing their Earnings per Share (EPS) over time.

## Strategy Information

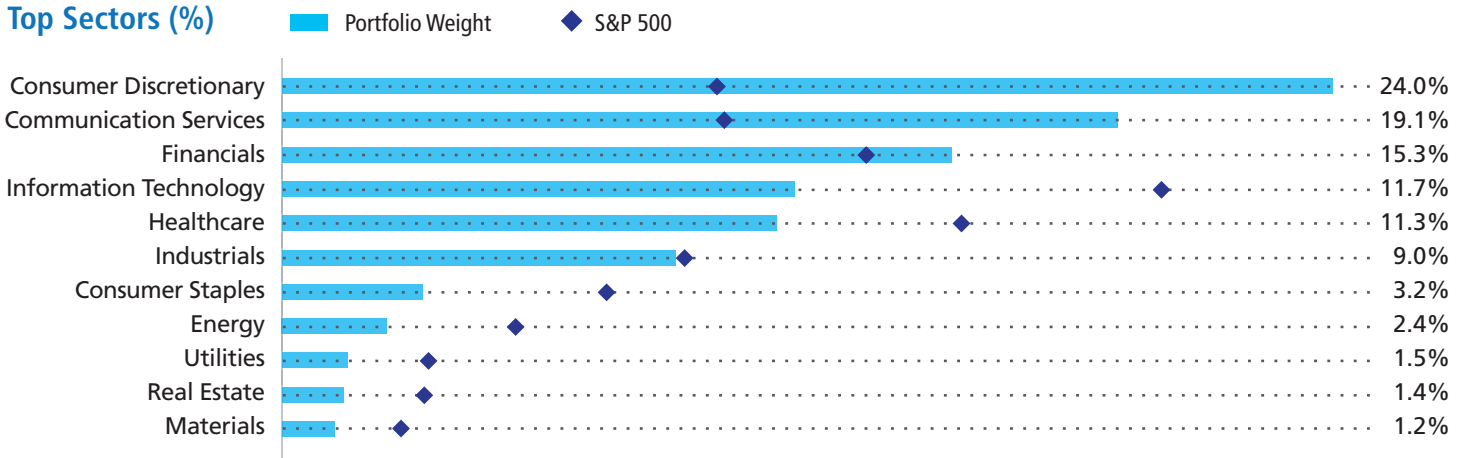
Inception date	6/30/2013
Number of holdings	12
Internal Expense Ratio	0.09
Beta 5 Year	1.03
Upside Capture Ratio 5 Year	103.34
Downside Capture Ratio 5 Year	93.75

	PDA	S&P 500
P/E Ratio (TTM)	20.74	19.83
12 Mo Yield	1.38	1.85

## Investment Approach and Strategy

- The strategy seeks to limit the portfolio to approximately 12 individual names with no inherent sector bias representing approximately 50% of the total assets under management with the balance of the portfolio's assets held in the S&P 500 Index via the SPY Exchange Traded Fund (ETF).
- The goal of the SPY ETF is to dampen the strategy's overall volatility while adding some alpha in line with the broader market.
- Individual, large cap stocks are chosen from the S&P 500 with a growth-oriented bias, using "GARP" (growth at a reasonable price) as a discretionary guideline.
- We believe selecting companies that show expanding EPS numbers over time with rising profit margins and a modest debt-to-equity ratio will exhibit the ability to provide the operating capital to expand their underlying businesses.

## Top Sectors (%)



## Top 10 Holdings by Portfolio Weighting (portfolio holdings subject to change)

Company (Ticker)	Sector	Portfolio Weighting %
SPDR® S&P 500 ETF (SPY)	—	42.88%
Alphabet Inc Class C (GOOG)	Communication Services	4.76%
Anthem Inc (ANTM)	Healthcare	4.76%
FedEx Corp (FDX)	Industrials	4.76%
Amazon.com Inc (AMZN)	Consumer Discretionary	4.76%
Nike Inc B (NKE)	Consumer Discretionary	4.76%
Starbucks Corp (SBUX)	Consumer Discretionary	4.76%
Expedia Group Inc (EXPE)	Consumer Discretionary	4.76%
Facebook Inc A (FB)	Communication Services	4.76%
Charles Schwab Corp (SCHW)	Financials	4.76%

## Morningstar Style Box™

Large	12.7	35.1	43.1
Mid	1.6	1.7	5.9
Small	0.0	0.0	0.0
	Value	Blend	Growth

Market Cap	%
Market Cap Giant	54.1
Market Cap Large	36.2
Market Cap Mid	9.7
Market Cap Small	0.0
Market Cap Micro	0.0

## Glossary of Terms

**Alpha**, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha.

**Beta** is a measure of systematic risk with respect to a benchmark. Systematic risk is the tendency of the value of the portfolio and the value of benchmark to move together. Beta measures the sensitivity of the portfolio's excess return (total return minus the risk-free return) with respect to the benchmark's excess return that results from their systematic co-movement. It is the ratio of what the excess return of the portfolio would be to the excess return of the benchmark if there were no portfolio-specific sources of return. If beta is greater than one, movements in value of the portfolio that are associated with movements in the value of the benchmark tend to be amplified. If beta is one, they tend to be the same, and if beta is less than one, they tend to be dampened. If such movements tend to be in opposite directions, beta is negative. Beta is measured as the slope of the regression of the excess return on the portfolio as the dependent variable and the excess return on the benchmark as the independent variable.

**Downside Capture Ratio** measures a manager's performance in down markets relative to the market (benchmark) itself. It is calculated by taking the security's return in down markets and dividing it by the benchmark's return in down market.

**Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

**Exchange Traded Fund (ETF)** is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold.

**PE Ratio** is a portfolio's price/earnings ratio can act as a gauge of the portfolio's investment strategy in the current market climate, and whether it has a value or growth orientation. Companies in those industries enjoying a surge of popularity tend to have high P/E ratios, reflecting a growth orientation. More staid industries, tend to have low P/E ratios, reflecting a value orientation. Morningstar generates this figure in-house on a monthly basis, based on the most-recent portfolio holdings submitted by the portfolio and stock statistics gleaned from our internal U.S. equities databases. Negative P/E's are not used, and any P/E greater than 60 is capped at 60 in the calculation of the average. Trailing Twelve Months (TTM) means the last 12 months of EPS are used in the calculation.

**The S&P 500** (Standard & Poor's 500) Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. The index does not incur fees and expenses and is not available for purchase.

**Upside Capture Ratio** measures a manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the security's return in up markets and dividing it by the benchmark's return in up market.

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All types of investing involve risks and is subject to market fluctuations. It is possible to lose money by investing in securities, fixed income and alternative investments.

Before investing in an ETF, consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, please request a prospectus or summary prospectus from your financial advisor. Read it carefully before investing.

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## Portfolio Management

Wes Strode, CFA . . . . . Since inception  
Paul Knipping, CFA . . . . . Since August, 2013

## About Portfolio Design Advisors

Established in 2006, and re-invented under new ownership in 2009, Portfolio Design Advisors provides a broad range of investment advisory services, including portfolio management, consulting, and financial planning. It specializes in intelligent portfolio construction and design by creating sophisticated, customized investment strategies. The firm's CFA® charterholders have access to numerous world-class, institutional-quality investments.

Models are designed to be straightforward, common sense approaches that address the specific financial situation and achieve the needs of the individual investor, while also providing protection in extremely volatile markets. The firm believes in long-term management strategies that create Alpha over time. Asset allocation decisions are based on market fundamentals and employ ongoing oversight and active management to achieve desired strategic asset allocation targets.