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Strategic Equity Management (SEM)

Strategist Review

Strategy: Dynamic Asset Allocation
Investment Vehicle: Mutual Funds
Models: Tactical Bond; Enhanced Growth Allocator

About Strategic Equity Management

SEM's disciplined approach constantly evaluates the condition of the market and reallocates client assets to our top-ranked market sectors when they are rising, and invests defensively in low-risk investments when most sectors of the market are in decline. This daily oversight of client accounts is a crucial element of risk management.

Strategic Equity Management was founded in 1992 by Rick Gage, an engineer experienced in the use of statistical design and optimization. Today the team at SEM is comprised of both engineering and finance professionals who combine their knowledge and experience to navigate the uncertainties of the stock market. Our approach to the financial markets utilizes technical analysis to develop computer-driven investment models. Our models, developed through extensive back-testing, have guided SEM's investment approach since its formation.

Philosophy & Strategy

Tactical Bond: The objective of tactical investing is to move among asset classes within a risk controlled framework to seek to create an additional source of return. An attempt is made to take advantage of intermediate term market inefficiencies as a means of managing exposure to market risk. Tactical Bond attempts to invest in high yield bonds when they are in an uptrend. Ideally this strategy will move assets into government bonds or money market instruments during declines with the goal of avoiding large losses. When the strategy detects a positive trend change, SEM invests in high yield bonds. When the strategy detects a negative trend change SEM invests in short term government bonds or money market instruments.

Enhanced Growth Allocator: The "Core" of this program uses an "asset class rotation" strategy designed to invest globally in the strongest stock asset classes determined by current market strength. EGA's Core can seek the safety of bonds when most stock markets are in decline. The "Satellite" portion of the portfolio has a smaller weighting but is partially offset by using leveraged index funds. The Satellite trading strategies vary considerably from Core rotation as they are shorter term and can be invested "long" to capture gains during market advances or be invested "short" to manage risk during market declines. Contrary to the Core strategy which invests in strength, the Satellite can invest in index funds after market declines and invest defensively after market advances.

Models

Tactical Bond: Is a conservative investment program that seeks to provide lower volatility and a rate of return equal to or higher than a passive allocation of 50% high yield bond and 50% short term government bond mutual funds.

Enhanced Growth Allocator: Seeks superior relative returns when compared to a static stock and bond portfolio over a full market cycle. The EGA program employs active portfolio management which ideally will invest in the stronger asset classes during market advances and limit losses during market declines. Losing less during market declines is a goal of all Strategic Equity Management investment programs.

Disclosures on the back of this Strategist Review

This information is provided for general purposes and is subject to change without notice. The information does not represent, ensure or imply that services, strategies or methods of analysis offered can or will predict future results, identify market tops or bottoms or insulate investors from losses. The information has been obtained from sources considered to be reliable, but it is not guaranteed. Past performance is not a guarantee of future results. Investors should always seek individual financial advice based on their own personal circumstances before acting.

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.

Specific types of asset classes and sectors have different and specific risks. Examples include:
Foreign investments and emerging markets may be more volatile and involve additional expenses and special risks, including currency exchanges and political and economic uncertainties. Small-company stocks as compared to large-company stocks entail additional risks, and they can have greater price fluctuations. Bonds are exposed to credit and interest rate risk (when rates rise, bond fund prices generally fall). Lower-rated bonds are subject to greater fluctuations in value and are more at risk of default of income and principal. REITs, specialty & sector funds may invest in a limited number of issues or sectors, which can increase volatility and exposure affecting that sector.

Alternative investments, also known as Non-Market Correlated investments, may involve specific risks that are greater than those associated with traditional investments. These risks include: illiquidity, tax considerations, increased expenses, potentially speculative strategies, global economic uncertainties.

Asset allocation and diversification do not ensure a profit or protect against loss in a declining market.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at $1.00 per share, it is possible to lose money by investing in the Fund.

Investors should carefully consider the investment objectives, risks, charges and expenses of the mutual funds or ETFs in the referenced strategy. This and other important information is contained in the prospectus, which can be obtained from your Financial Advisor and should be read carefully before investing.