



MC ELHENNY SHEFFIELD
CAPITAL MANAGEMENT

Quarterly Update

3Q24 Results, as of September 30, 2024

All MSCM strategy returns are presented net of fees.

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***Nasdaq correction in August; nearly recovered by
quarter-end,
but risk remains elevated.***

Average Annualized Returns (Net of Fees)

<u>MSCM Tactical</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Inception</u>	<u>Inception Date</u>
Trend Plus	14.2%	27.7%	8.9%	13.4%	12.1%	1/1/2017
Sector Rotation	21.3%	24.9%	9.6%	10.0%	8.6%	10/1/2016
TPSR	18.2%	27.1%	9.4%	11.9%	10.7%	1/1/2017
Trend X	16.9%	53.0%	14.9%	30.8%	22.6%	5/1/2017
<u>Benchmarks</u>						
Benchmark 60/40	14.9%	26.1%	6.6%	9.9%	9.9%	1/1/2017
S&P 500® Index	22.1%	36.4%	11.9%	16.0%	15.0%	1/1/2017

Our tactical strategies have delivered strong results so far in 2024, capturing the majority of the market's upside and limiting losses during significant market pullbacks. In early August the Nasdaq was down more than 13% from recent highs (drops greater than 10% are considered "corrections") and the S&P 500 was down 8.5%. Our main tactical strategy, TPSR, however was only down 6% and was able to recover to new highs more quickly than the indices, as seen in Chart 1.

Chart 1: TPSR drawdown compared to market indices during 3rd Quarter 2024.



Chart 2 shows our TPSR strategy since the beginning of the bear market in 2022; working as designed to minimize drawdown during 2022 by positioning defensively, then quickly re-engaging when market indicators turned positive in 2023. This chart nicely illustrates the "math of compounded returns" in that investors do not need to gain as much as the market in the up periods if they can lose less than the market during downturns! This has resulted in TPSR (up 24.15% net of fees) far outpacing the Benchmark 60/40's return over this period (up 13.71%) without the stress of more significant drawdowns during bear markets.

Chart 2: TPSR total returns net of fees compared to market indices, Jan. 2022 through Sep. 2024.



This graph is intended to illustrate the performance of the TPSR strategy since January 2022 through September 2024 during changing markets. See end of Quarterly Update for important disclosures.

MSCM Strategies

Average Annualized Returns (Net of Fees)

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Trend Plus

The **Trend Plus** strategy finished the quarter up 1.4% and is now up 14.2% year-to-date. The strategy moved defensive at times in both July and August when the market was declining. This strategy intends to move to defensive positions to protect capital and reduce exposure to prolonged

market selloffs. After the market selloff in August, the strategy re-engaged in mid-September and participated in upside for the remainder of the quarter.

Sector Rotation

The **Sector Rotation** strategy was up 13% during the 3rd quarter and is now up 21.3% year-to-date. The strategy allocated to Utilities, Aerospace & Defense ("A&D"), and Communications at the beginning of the 3rd quarter and both the Utilities and A&D positions far outperformed the broad market. In fact, Utilities was the best performing sector in the S&P 500 during the quarter and the A&D industry outperformed all S&P sectors during the quarter except for Utilities. The strategy consistently selects sectors with strong recent momentum and benefits when the momentum continues through the quarter, which is often the case. The strategy has allocated to Utilities, Gold, and Financials for the 4th quarter.

TPSR (50% Trend Plus & 50% Sector Rotation)

The **TPSR** strategy finished the quarter up 7.2% and has now gained 18.2% year-to-date, ahead of the Benchmark 60/40 portfolio for the YTD timeframe. TPSR blends together our two distinct tactical models, allowing investors to benefit at times when either trend or momentum leads the market higher. This blended strategy is designed to be reactive to changing market conditions and will seek maximum participation during strong uptrending markets, although can quickly move defensive to protect capital when market selloffs occur.

Trend X

The **Trend X** strategy was down 7.8% during the 3rd quarter, due to whipsaw trades in July and August. In spite of this, Trend X has still delivered a gain of 53% over the last 12 months. The strategy has benefited from maintaining leveraged long positions during strong uptrending market periods. Trend X is an aggressive trend following strategy that is only available to Qualified Clients, per SEC rules.

Summary

Our strategies have delivered so far in 2024, compounding on strong performance in 2023 and delivering downside protection during the market selloff in 2022. While past performance is not necessarily indicative of future results, we believe that using tactical strategies has the potential to deliver a better form of diversification to most traditional allocations (strategic asset allocations or "buy & hold").

We feel strongly that **all investors should have an allocation to tactical strategies** to seek to improve their overall portfolio performance and make it through the tough market environments more successfully. Please contact us if you have any questions about our strategies or how MSCM can play an important part in your investment management plan.

Our strategy sheets, with historical performance results, are accessible through the buttons below, and on our website mscm.net.

TPSR

TREND PLUS

SECTOR ROTATION

TREND X



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implementing any investment strategy. Past performance is not indicative of future results. Forward looking statements cannot be guaranteed. mscmfunds.com. *Read carefully before investing.* The performance results are net of a 1% annual management fee (or 2% for Trend X), applied 1/12th of 1% (0.083%) each month (and 20% performance fee for Trend X). Fees and expenses vary based on custodial relationships, trading costs, management fees, and other factors. Brokerage commissions and other expenses and taxes are not considered in the performance results. If all expenses had been considered, the performance results would have been lower.

There can be no assurance that an investment mix will lead to the expected results shown or perform in any predictable manner. It should not be assumed that investors will experience returns in the future, if any, comparable to those shown, or that any or all of MSCM's clients experienced such returns. No representation is being made that any account will or is likely to achieve results similar to those shown. Actual results can significantly differ from the performance results being presented. Differences in account size, risk tolerance, timing of transactions and market conditions prevailing at the time of investment can lead to different results, and clients may lose money.

Definitions:

Drawdown – a peak-to-trough decline in an investment, security, or index over a specific time period, as measured by the difference in the highest value during the time period and the subsequent lowest value during the time period.

S&P 500® Total Return Index – a market capitalization weighted index of the 500 largest U.S. publicly traded companies by market value. The total return index is a type of equity index that tracks both the capital gains of a group of stocks over time, and assumes that any cash distributions, such as dividends, are reinvested back into the index.

Nasdaq Composite Index – is a market capitalization-weighted index of more than 2,500 stocks listed on the Nasdaq stock exchange.

Dow Jones Industrial Average - is a stock market index of 30 prominent companies listed on stock exchanges in the United States.

Bloomberg Aggregate Bond Index - is a broad-based fixed-income index used as a measure of bond market performance.

Benchmark 60/40 - is calculated by Y Charts and is used for illustrative purposes only. A 60/40 portfolio (60% stocks and 40% bonds) represents a traditional investment allocation for U.S. investors. The Benchmark 60/40 is a blended index comprised of a 60% allocation to the S&P 500® Index and a 40% allocation to the Bloomberg Aggregate U.S. Bond Index (a broad-based fixed income index considered to be representative of the U.S. fixed income market).

Index returns are inclusive of dividends and thus reflect the total return (TR) to investors. Index returns are not net of advisory fees. Index data provided from Y Charts is not separately verified and assumed to be accurate.