



MC ELHENNY SHEFFIELD
CAPITAL MANAGEMENT

Quarterly Update

4Q24 Results, as of December 31, 2024

All MSCM strategy returns are presented net of fees.

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Strong Returns During Second Year of Bull Market

Average Annualized Returns (Net of Fees)

<u>MSCM Tactical</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Inception</u>	<u>Inception Date</u>
Trend Plus	20.8%	10.0%	12.9%	12.5%	1/1/2017
Sector Rotation	21.0%	6.0%	9.8%	8.3%	10/1/2016
TPSR	21.5%	8.1%	11.6%	10.7%	1/1/2017
Trend X	33.4%	15.8%	28.6%	23.9%	5/1/2017
<u>Benchmarks</u>					
Benchmark 60/40	15.1%	4.5%	8.8%	9.6%	1/1/2017
S&P 500® Index	25.0%	8.9%	14.5%	14.8%	1/1/2017

Our tactical strategies delivered strong results in 2024, the second year of the bull market, capturing the majority of the market's upside and limiting losses during significant market pullbacks. Chart 1 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 benchmarks in the up periods if they can lose less than them during downturns! This has resulted in TPSR (up 21.5% net of fees) outpacing the Benchmark 60/40's return over this period (up 15.1%) without the stress of more significant drawdowns during bear markets.

Chart 1: TPSR total returns net of fees compared to market indices, Jan. 2022 through Dec. 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 5.8% (versus the Benchmark 60/40 only gaining 0.2%) and finished the year up 20.8%. The strategy participated in the market's move higher during most of the fourth quarter but moved defensive during the third week of December as the market slid to the end of the year. This strategy is designed to move to defensive positions to protect capital and reduce exposure to prolonged market selloffs.

Sector Rotation

The **Sector Rotation** strategy was down slightly in the 4th quarter (0.2%) after significantly outperforming during the 3rd quarter and finished the year up 21.0%. The strategy allocated to Utilities, Gold, and Financials at the beginning of the 4th quarter. Financials outperformed the broad market during the quarter while Utilities and Gold both underperformed. The strategy consistently selects sectors with strong recent momentum and benefits when the momentum continues through the quarter, which is often the case.

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

The **TPSR** strategy finished the quarter up 2.8% and gained 21.5% for the year, ahead of the Benchmark 60/40 portfolio for the year, and capturing most of the S&P 500® Index's total return of 25%. 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 recovered from a 3rd quarter drop with a gain of 14.1% during the 4th quarter and finished the year up 33.4%, outpacing both the S&P 500® Index and the Nasdaq Composite Index on the year. **Trend X** has also nearly doubled the performance of the S&P 500® Total Return Index over the last five years. 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 delivered again in 2024, compounding on their strong performance in 2023 after 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



MC E L H E N N Y S H E F F I E L D
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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.