



# MC ELHENNY SHEFFIELD

## CAPITAL MANAGEMENT

STRATEGY: TPSR (Trend+ & Sector Rotation)

**1Q 2024 UPDATE**

APPROACH: TACTICAL TREND & MOMENTUM

### Morningstar Sec ID:

F00001GU71

### CUSTODIANS/PLATFORMS

Charles Schwab  
Fidelity IWS (as subadvisor)  
Orion Communities  
SMArtX Advisory Solutions

### CUMULATIVE RETURNS (Incep.)\*

|                 |               |
|-----------------|---------------|
| TPSR            | <b>102.3%</b> |
| Benchmark 60/40 | 91.4%         |
| S&P 500® TR     | 166.9%        |

### RISK (Annualized Volatility)

|                 |               |
|-----------------|---------------|
| TPSR            | <b>10.07%</b> |
| Benchmark 60/40 | 10.98%        |
| S&P 500® TR     | 16.57%        |

### WORST CALENDAR YEAR

|                 |                |      |
|-----------------|----------------|------|
| TPSR            | <b>(12.4%)</b> | 2022 |
| Benchmark 60/40 | (15.9%)        | 2022 |
| S&P 500® TR     | (18.1%)        | 2022 |

### MAX DRAWDOWN

|                 |                |         |
|-----------------|----------------|---------|
| TPSR            | <b>(13.3%)</b> | Oct '22 |
| Benchmark 60/40 | (20.1%)        | Sep '22 |
| S&P 500® TR     | (23.9%)        | Sep '22 |

### CONTACT INFORMATION

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**SUMMARY** - This is a blended model comprised of an equal allocation to our Trend Plus and Sector Rotation strategies.

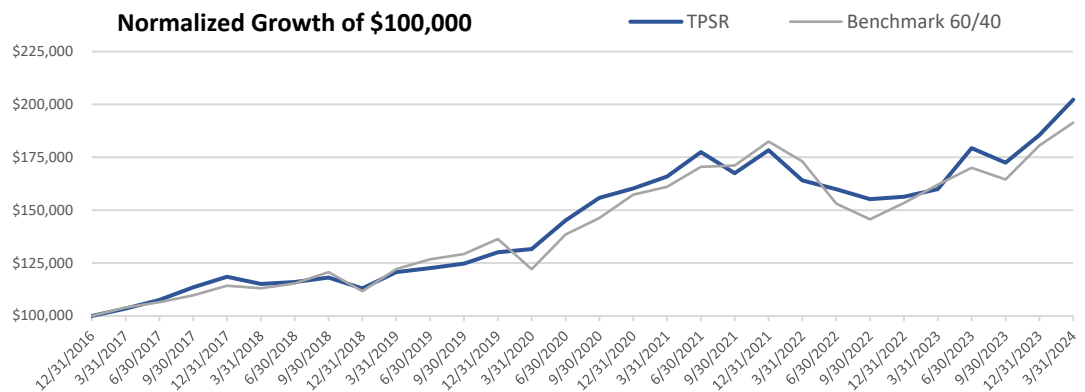
TREND PLUS is a rules-based trend following strategy designed to measure the strength of the overall trend in U.S. equity markets and deploy capital during uptrends to equity Exchange Traded Funds (ETFs) accordingly. When up trending markets are not detected, this tactical strategy is designed to turn defensive, moving into ETFs that have historically performed well during equity market downturns.

SECTOR ROTATION invests in sectors with a high degree of recent momentum, which we believe could lead to higher potential returns, while using specific techniques designed to mitigate downside exposure. The strategy allocates to the top ranked sectors based upon our proprietary relative strength measures, while our Macro Monitor seeks to measure the strength of the broad market daily. Upon an alert by the Macro Monitor, the strategy is designed to only invest in areas that have historically proven to perform well in declining markets.

### ANNUALIZED RETURNS (net of fees)

|                 | YTD         | 1 Year       | 3 Year      | 5 Year       | Inception*   |
|-----------------|-------------|--------------|-------------|--------------|--------------|
| TPSR            | <b>9.1%</b> | <b>26.5%</b> | <b>6.8%</b> | <b>10.9%</b> | <b>10.2%</b> |
| Benchmark 60/40 | 6.0%        | 18.1%        | 5.9%        | 9.4%         | 9.4%         |
| S&P 500® TR     | 10.6%       | 29.9%        | 11.5%       | 15.0%        | 14.5%        |

### Normalized Growth of \$100,000



### STRATEGY GOALS

- Provide investors with access to disciplined trend following and momentum strategies having predefined Buy, Hold, and Sell rules.
- Attempt to identify market trends to capitalize on the strongest up trends while trying to avoid the down trends.
- Seek to capture a high degree of upside return while limiting exposure to the downside.
- Position to preserve capital or add incremental gains during bear markets.
- Seek to outperform the major U.S. equity indices, especially on a risk-adjusted basis, while limiting portfolio drawdown.

### PORTFOLIO CHARACTERISTICS

- Significant diversification benefits possible from the low correlation between Trend Plus and Sector Rotation, which can result in higher risk-adjusted returns.
- Has historically exhibited significant drawdown reduction and better risk-adjusted returns over time than both the 60/40 benchmark and S&P 500 Index®.
- This is an actively managed strategy and could therefore result in a higher number of short-term gains and losses compared to a buy & hold strategy.

### RISK MANAGEMENT

- Daily monitoring of models to determine whether positions should be added, held, or sold.
- Stop loss techniques maintained on positions at all times – stop orders are executed based on non-subjective trading rules.
- Willing to move 100% defensive and invest in asset classes that have historically performed better during downturns (e.g., U.S. Treasuries, gold, etc.).

\*Since inception date of January 1, 2017.

All returns are presented net of fees. Please see page two of this presentation for important notes and disclosures.



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### TPSR – NET RETURNS

|      | Q1     | Q2     | Q3     | Q4     | Annual  |
|------|--------|--------|--------|--------|---------|
| 2024 | 9.1%   |        |        |        | 9.1%    |
| 2023 | 2.3%   | 12.1%  | (3.9%) | 7.5%   | 18.6%   |
| 2022 | (8.0%) | (2.6%) | (2.9%) | 0.7%   | (12.4%) |
| 2021 | 3.5%   | 7.0%   | (5.6%) | 6.5%   | 11.3%   |
| 2020 | 1.2%   | 10.3%  | 7.3%   | 2.9%   | 23.2%   |
| 2019 | 6.8%   | 1.6%   | 1.7%   | 4.4%   | 15.1%   |
| 2018 | (2.9%) | 0.8%   | 1.9%   | (4.3%) | (4.6%)  |
| 2017 | 3.4%   | 4.0%   | 5.6%   | 4.4%   | 18.5%   |

### BENCHMARK 60/40 – HISTORICAL RETURNS

|      | Q1      | Q2      | Q3     | Q4     | Annual  |
|------|---------|---------|--------|--------|---------|
| 2024 | 6.0%    |         |        |        | 6.0%    |
| 2023 | 5.7%    | 4.9%    | (3.3%) | 9.7%   | 17.7%   |
| 2022 | (5.1%)  | (11.5%) | (4.8%) | 5.3%   | (15.9%) |
| 2021 | 2.4%    | 5.9%    | 0.4%   | 6.6%   | 16.0%   |
| 2020 | (10.5%) | 13.5%   | 5.6%   | 7.6%   | 15.4%   |
| 2019 | 9.4%    | 3.8%    | 1.9%   | 5.5%   | 22.1%   |
| 2018 | (1.0%)  | 2.0%    | 4.6%   | (7.5%) | (2.3%)  |
| 2017 | 4.0%    | 2.4%    | 3.0%   | 4.1%   | 14.3%   |

### IMPORTANT NOTES AND DISCLOSURES

MSCM is an SEC Registered Investment Adviser. Registration does not imply a certain level of skill or training. Information pertaining to MSCM's advisory operation, services, and fees is set forth in MSCM's current Form ADV Part 2 brochure, a copy of which is available upon request or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.mscm.net](http://www.mscm.net).

The performance track record has been examined for accuracy by a CPA at Alpha Performance Verification Services, an independent third-party performance verification firm. Verification reports available upon request. The performance returns shown are calculated using a representative account in the strategy.

Past performance is not necessarily indicative of future performance. The Trend Plus and Sector Rotation strategy was developed with the benefits of hindsight on the performance of financial instruments and markets, specifically the S&P 500 and Nasdaq Composite indices over historical periods. Future markets may behave differently than past markets and there can be no assurance that the TPSR strategy will be profitable or that clients will not lose money.

Performance data for TPSR is calculated and maintained by MSCM. The charts and graphs herein are presented for informational purposes only and should not be relied on to predict future movements of the market or for guidance on when to invest. Nothing in this presentation is intended to be relied on as investment, legal, or tax advice.

The performance results are net of a 1% annual management fee, applied 1/12<sup>th</sup> of 1% (0.083%) each month. 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. Individual client results could 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 could lead to different results, and clients could potentially lose money.

The Standard & Poor's 500 Index® ("S&P 500®") is a broad-based index used for illustrative purposes only. The S&P 500® is shown because it is well known and easily recognized by investors. The S&P 500® is considered to be generally representative of the U.S. stock market as a whole. The index is not actively managed and it is not possible to invest directly in the index. The performance of client accounts using TREND PLUS can be more volatile at times and may not be comparable to the performance of the S&P 500® or any other index. S&P 500® 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.

The Benchmark 60/40 Index 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.

Annualized volatility, a common measure of risk, is the standard deviation of monthly returns, annualized.

Maximum Drawdown reflects maximum 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.