

# Top 10 Hedged Portfolio

Trend Dynamics, Inc.

## A Better Way to Invest Objectively in Blue Chip Stocks

Trend Dynamics was founded in 1991 as an investment research and registered investment advisory firm. The firm developed a proprietary investment research program, TIPs (Trend Identification Parameters), which provides quantitative models utilizing historical pricing data to determine the underlying trends for stocks, bonds, mutual funds and ETF's.

TIPs is a quantitative approach to investing that uses technical analysis and momentum models to identify price trends in order to provide superior investment results. Security price behavior suggests that cyclical patterns and random events have a more pronounced effect on price than traditional linear mathematical models. Employing basic regression techniques, the TIPs program helps to identify the underlying price trends of stocks and market indices. Investment portfolios can be constructed based on this data.

From the development of this investment research database, the firm has grown to offer a variety of different investment solutions including equity investment strategies, asset allocation, investment research and 401(k) management. For investors concerned with capital preservation, Trend Dynamics offers active hedging strategies based on our TIPs analysis.

The Top 10 Hedged Portfolio is derived from our proprietary TIPs stock forecasting program. It is a separately managed 2-part portfolio consisting of 1) 10 equally weighted large cap securities chosen from the 10 S&P 500 market sectors, and 2) a S&P 500 Exchange Traded Fund (SPY). The SPY position is used to increase or decrease the portfolio's cash position (the hedge). It is designed as an aggressive portfolio ranging from 100% stocks to 50% stocks/50%cash. The portfolio will be adjusted as needed depending on market conditions and is rebalanced quarterly based again, on our proprietary TIPs stock forecasting program.

This portfolio highlights the strength of the TIPs program to identify trending stocks with the greatest opportunity for capital appreciation. The goal is to outperform the S&P 500 by relying on stock selection for alpha. This portfolio is designed for portfolios with a minimum of \$250,000.

### Returns and Rankings Through March 31, 2019

	Top 10 Hedged Portfolio Return	S&P 500 Return	Morningstar Large Cap Categories Return*	Rank within 2687 similar Large Cap Funds**
<b>1Q 2019</b>	12.5%	13.7%	13.3%	#1574
<b>1 Year</b>	8.6%	9.5%	7.4%	#1083
<b>3 Year</b>	18.8%	13.5%	12.4%	#167
<b>5 Year</b>	13.3%	10.9%	9.1%	#275

\* A comparison of the Portfolio's return vs the average return of Morningstar's Large Cap Value, Large Cap Blend and Large Cap Growth mutual funds.

\*\* The Rank of the Portfolio's return compared to Morningstar's universe of Large Cap Value, Large Cap Blend and Large Cap Growth A shares that have the S&P 500 as the Primary Benchmark.

The Top 10 Hedged Portfolio consists of actual client accounts as of 1/1/2011. The Top 10 Hedged Portfolio sector stocks consists of the top rated stock in each of the S&P sectors based on their TIPs (Trend Dynamics proprietary stock forecasting program) expected returns, and the S&P 500 stock ETF (SPY). Replace and re-balance rules were implemented that could be readily replicated. Historical returns were produced by applying the investment methods and disciplines as described. The performance reflects gross returns and may differ from an actual portfolio that may incur advisory expenses and brokerage fees. This material has been prepared solely for informational purposes from data sources that are believed to be reliable, and is not to be taken as professional advice. There can be no assurance that your portfolio or positions can achieve the indicated performance. All information and data provided herein are subject to change without notice. As with all historical data, past performance is not indicative of future results. All investments involve risk including loss of principal.



2000 Auburn Drive  
Suite 200  
Beachwood, Ohio 44122  
(216) 292-8144

5100 Poplar Avenue  
Suite 2700  
Memphis, Tennessee 38137  
(901) 212-7967