

Investment Objective

Long-term returns exceeding equities with shorter and lower drawdowns relative to buying and holding equity indices. This strategy is intended to function as a reliable replacement for allocations to static, buy-and-hold US equity exposure. Trading since August 2018.

Investment Methodology

Equity Tactical is a composite of four independent trend and momentum models which select the top-performing stocks from the Russell 3000 index. Each model begins with trend filters at the index level, such that it may go to cash from time-to-time. Next, it filters out low-volume stocks and all stocks in downtrends, and ranks the remainder by an array of rate-of-change parameters. Finally, each of the four models selects 7 positions and makes an equal allocation to each (14.3%, or 3.7% of the overall portfolio). Positions may be held by more than one model, such that the portfolio typically holds 15-20 positions. Models are rebalanced on monthly schedules, with half rebalancing at the start of the month and half near the middle of the month, to reduce timing luck.

Performance Statistics

Strategy Name	Category	YTD	1-Year	3-Year	5-Year	10-Year	Since 1973
Equity Tactical	US Equity Trend & Momentum	12.32%	77.56%	26.78%	16.87%	21.56%	22.34%
S&P 500	US Equities	-4.36%	17.67%	18.20%	11.95%	14.07%	10.75%

Strategy	Standard Deviation	Sortino Ratio	Maximum Drawdown	Worst Year	CAGR / Max Drawdown	Correlation to S&P 500
Equity Tactical	22.64%	1.59	-36.65%	-17.87%	0.61	0.51
S&P 500	15.31%	0.67	-50.79%	-36.81%	0.21	1.00

Disclosures: Prior to launch of tracking account in October 2024, Fortuna model and benchmark data are based on modeled results and no actual client or account received these returns. All Fortuna model performance numbers are inclusive of Fortuna's 1% asset management fee and estimated or actual commissions, trade slippage, underlying fund fees. Benchmark includes no management fees.

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