

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	11.33%	22.49%	10.29%	22.70%	16.19%	27.79%
S&P 500	US Equities	9.95%	15.56%	15.81%	13.15%	7.97%	6.04%

Strategy	Standard Deviation	Sortino Ratio	Maximum Drawdown	Worst Year	CAGR / Max Drawdown	Correlation to S&P 500
Equity Tactical	24.50%	2.29	-34.73%	-0.96%	0.80	0.46
S&P 500	12.92%	0.49	-43.36%	-32.68%	-0.14	1.00

Disclosures: 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.

Disclaimer

Fortuna Investors is a registered investment adviser. Information presented herein is for educational purposes only and is not intended to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and are not guaranteed. Future results will be different than past results, and in unknown, potentially adverse ways. Be sure to first consult with a qualified financial adviser, tax professional, and/or legal counsel before implementing any investment strategies discussed or purchasing any securities.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

All data in this document comes from exchange prices or fund managers and is believed to be accurate by the authors. No actual investor received the returns presented here, which were generated using modeling software. The future will be different from the past, and in unknown ways, so do not rely upon this information alone for making investment decisions. Returns are shown net of fund fees but not investment advisory fees or trading costs such as commissions or slippage. This document is not an invitation to invest in any model or fund, but for informational purposes only.

This information is for informational purposes only and does not constitute financial, investment, tax, or legal advice. Investment advice is provided only after delivering Fortuna's Brochure and Brochure Supplement (Form ADV Part 2 A and B) and entering into a properly executed investment advisory agreement with the client. All investments carry risks. Past performance is not indicative of future results.

Fortuna's market commentaries and writings, and those of its representatives, are general in nature and intended for Fortuna, its clients, and prospective clients. This content may not be reproduced or shared without Fortuna's written consent. These materials reflect Fortuna's opinions as of the production date and are subject to change without notice. Changing market conditions or tax laws may render the content outdated.

Market observations and data are for informational purposes only. Third-party data will be cited and is considered reliable, but Fortuna does not guarantee its accuracy. Fortuna and cited third parties are unaffiliated and not responsible for each other's policies, products, or services.

Simulated (backtested) performance is hypothetical. The performance information includes hypothetical data and is not real. The backtested performance does not represent actual investment performance. The securities were selected with hindsight and cannot account for all financial risks. Achieving similar results in the future is unlikely. The hypothetical performance is illustrative and represents only a small sample of possible scenarios.