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Managed Beta Allocation

Managed Beta Allocation ("MBA") is a systematic, signals-based portfolio management approach developed by our MBA & LifeCore lead manager Rob Ausdal.

The MBA system aims to enhance portfolio returns and manage risk—as measured by measured by Beta and maximum drawdown — relative to a specified benchmark (index, ETF, or mutual fund) over a complete market cycle. Secondary objectives include generating Alpha, limiting portfolio volatility (standard deviation) and optimizing Sharpe and Sortino ratios.

MBA is a long-term tactical management system, intending to minimize trading compared with traditional tactical management programs.

MBA Management Process

Step 1: Determine the Primary Long-Term Trend

MBA utilizes proprietary indicators to identify the long-term primary trend of a target benchmark, defining these trends approximately as:

Equity Bull Trend: 12 to 30 months
Equity Bear Trend: 3 to 20 months
Bond Bull/Bear Trend: 3 to 12 months

Step 2: Tactical Intra-Trend Adjustments

Within each primary trend, MBA systematically applies signals-based intra-trend rules to manage portfolio exposure:

Equity Bull Trends: Typically maintain full equity exposure (as defined by each strategy), tactically reducing exposure (to as low as 25% of maximum equity exposure) based on the combination and timing of our intra-trend signals. Once we have a reduced equity exposure, under most circumstances the movement of any one intra-trend signal from bearish to bullish moves us back to full equity exposure.

Equity Bear Trends: Typically hold zero equity exposure, allocating cash to short and intermediate maturity U.S. Treasury ETFs. Equity exposure may be tactically increased (no more than 75% of maximum equity exposure as defined by each strategy) based on the combination and timing of our intra-trend signals. Once we have increased equity exposure, under most circumstances the movement of any one intra-trend signal from bullish to bearish moves us back to zero equity exposure.

Fixed Income Management:

MBA management seeks to enhance fixed income returns and manage risk by systematically adjusting maturities and credit quality in response to our proprietary fixed income signals.

Bull Bond Price Trends (primary trend – declining interest rates): Extend maturities, selecting from investment-grade corporate or U.S. Treasury ETFs based on proprietary credit-quality indicators.

Bear Bond Price Trends (primary trend - rising interest rates): Shorten maturities significantly, adjusting ETF selection based on credit-quality signals.

MBA signals underpin the management of all LifeCore, MBA, and MBA MAXX portfolios, as well as MBA allocations within our Hedge portfolios.

Our strategies may be implemented independently or incorporated into broader client portfolios to help achieve specific investment goals, such as reducing portfolio Beta or managing downside risk.

MBA methodology can be tailored to a wide variety of benchmarks across equity and fixed income markets, providing customized solutions aligned with individual Advisor or Advisory firm requirements.

DISCLOSURES/IMPORTANT: This communication is intended solely for professional advisors and Institutional use only. Past performance, live and back-tested data, does not guarantee future results. Model back-tests provided are hypothetical and subject to limitations, including the benefit of hindsight. Actual portfolio results may vary significantly due to transaction costs, management fees, market liquidity, timing differences, and other factors.

There is no assurance MBA management will achieve its stated goals. Investments involve risk, and portfolios managed using MBA signals may lose value. Tactical management does not guarantee profits or fully protect against losses. Benchmark indices referenced herein are unmanaged and do not incur fees or expenses, nor can they be invested in directly. This information does not constitute investment advice or a solicitation to buy or sell securities.

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