

FACTS® ValuEngine FACTS®

STRATEGY FEATURES

- Actively managed equity portfolio
- U.S. large and midcap equity market
- The portfolio is diversified among sectors and is concentrated in approximately 25 companies that currently rank highest on our Trustworthiness model.
- The investment team has managed hedged equity strategies, managed accounts and mutual funds since 1998

STRATEGY & RESULTS

- US. Equity market large and mid-capitalization
- Quantitative and Qualitative factors are combined to access the “Trustworthiness” of companies
- 25-30 holdings, relatively equally weighted positions
- Sector exposure limited to 30% to limit risk
- Current eight-year audited results that compare favorably with the Russell 1000 Value Index

INVESTMENT TEAM

Jordan L. Kimmel

Jordan Kimmel is the Chief Equity Strategist and portfolio manager at ValuEngine. Jordan’s strategies have previously been licensed to prominent institutions. He is the author of two books, including “The Magnet Method of Investing” (Wiley 2009). Media includes CNBC, Fox News, ABC News, Forbes and U.S. News & World Report. Jordan holds a MS in Urban Policy Sciences and a BA in Economics at Stony Brook University.

Ed Matluck, Ph.D.

Ed Matluck, Risk Manager is President of HedgeMetrics, Inc. an independent consulting firm which specializes in portfolio analysis and risk control. Previously, Ed served as Director of Marketing at Advanced Portfolio Technologies, Inc. where he worked with portfolio managers and research directors on the development of structured products, risk control systems, portfolio optimization, and statistical arbitrage models. Ed holds a Ph.D. in Economics from New York University.

Robert Ciasulli

Robert holds a CFA designation and has worked within this portfolio team for over 10 years. Robert is a data scientist focused on forensic financial reporting. Working closely with both the Magnet and FACTS processes, Robert maintains the focus on quality of earnings. Robert has a B.S. in Chemical Engineering from Villanova University.

INVESTMENT OBJECTIVE/STRATEGY

This strategy seeks annualized returns over a market cycle exceeding the Russell 1000 Value Index. The manager combines proprietary quantitative screens, FACTS® and Magnet®, to identify individual candidates for investment.

PHILOSOPHY

The manager is the first to quantify measures of organizational trustworthiness under the theory that high integrity companies will outperform their peers. The FACTS® Framework looks at a universe of 1000 of the larger and more institutional companies, identifying those with higher integrity.

PROCESS

The FACTS® screen reduces the Russell 1000 to create a universe of Top 400 having the highest “integrity rank.” The Magnet® screen then identifies the companies most likely to outperform. Multiple additional steps are taken to reduce risk with a focus on valuation and quality of earnings, controls and utilizing sector limits. Using factors that measure corporate governance, sustainability of operations, and strict accounting FACTS is often referred to as ESG 2.0.

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

- Single positions average 4% on the long side
 - The portfolio is continuously monitored and rebalanced as necessary
 - A stop loss rule of 20% from entry is utilized but is rarely experienced
 - Emphasis is placed on replacing weak holdings with newly top ranked companies
 - Sector exposure limited to 30%
 - No leverage and only exchange listed options are employed
 - Operational risks have been addressed with a significant investment in front- and back-office operations
 - The team uses state-of-the-art technology to review the risk profile of the portfolio
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ValuEngine Capital Management

ValuEngine (VE) is a stock valuation and forecasting service founded by Ivy League finance academics and Wall Street professionals in 1996.

ValuEngine utilizes the most advanced quantitative techniques and analysis available. Our research team continues to develop, test, and improve the ValuEngine stock valuation and econometric models for forecasting stock price movement.

ValuEngine Capital Management is a registered investment adviser.

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