



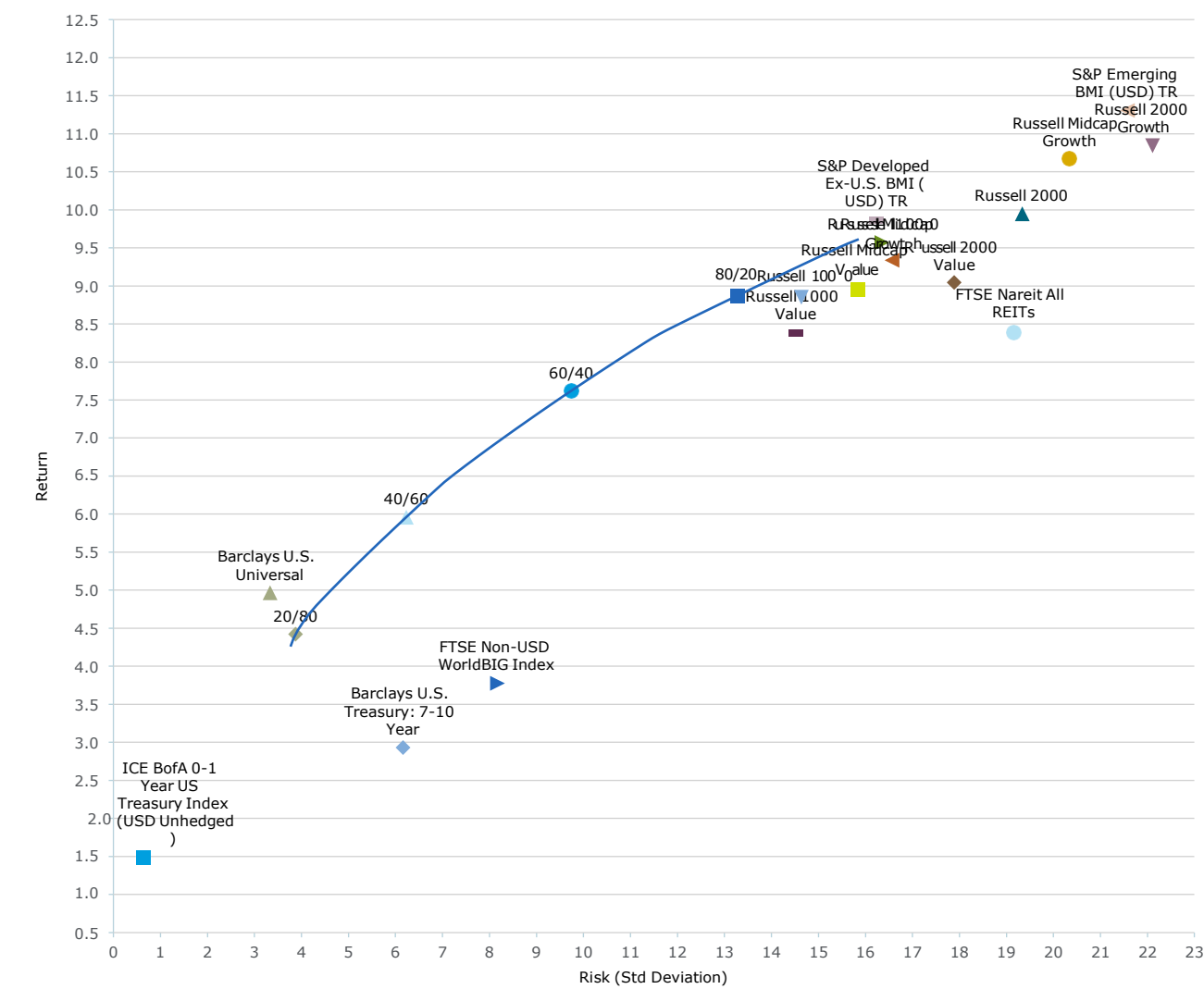
# Top Guns Model Portfolios

4Q 2020

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## **Zephyr Analysis: Creating the Strategic Asset Allocation**

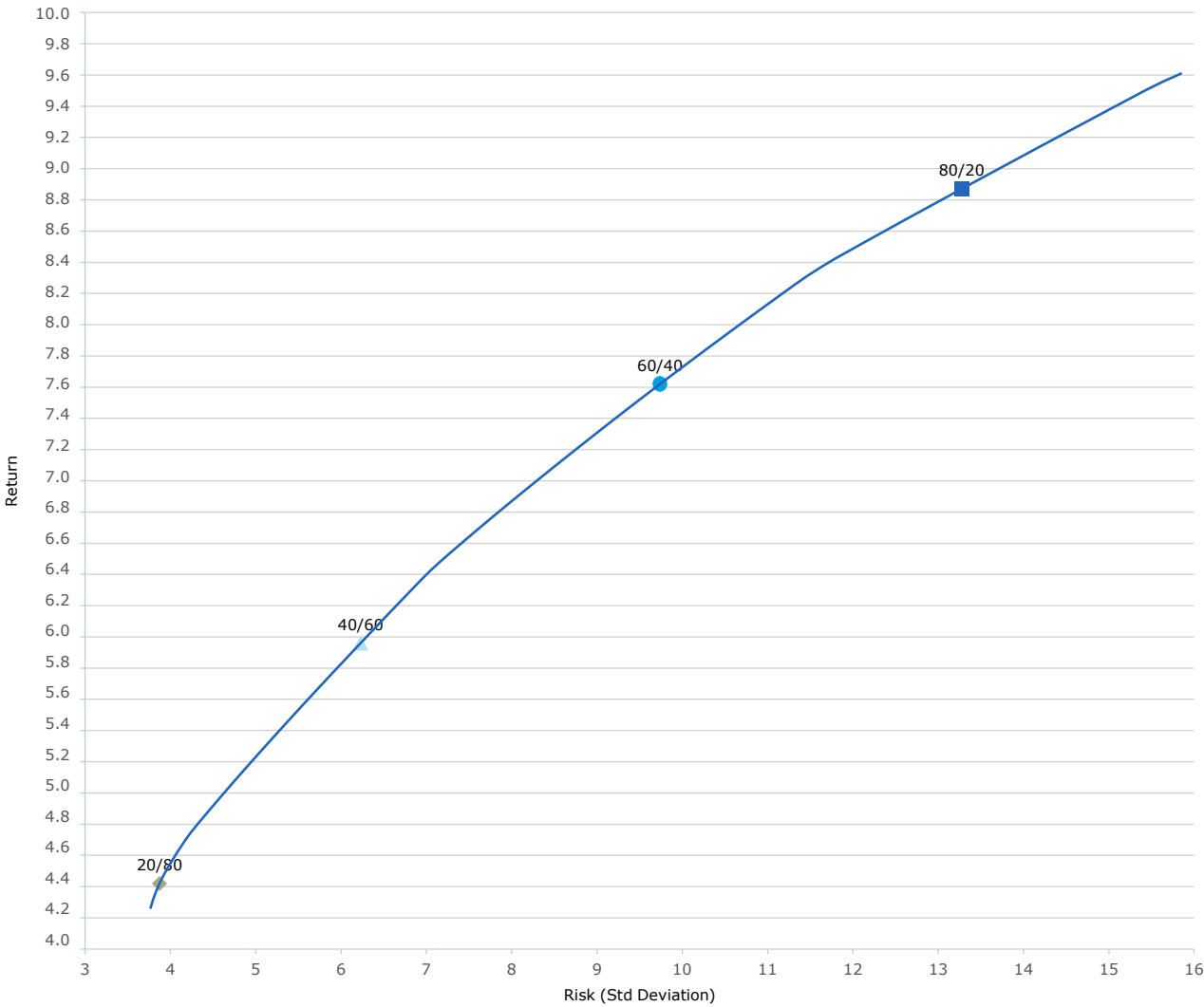
# Efficient Frontier



| PORTFOLIOS   | RETURN | STDEV  | SHARPE RATIO |
|--|--------|--------|--------------|
| 80/20  | 8.87%  | 13.27% | 0.55         |
| 60/40  | 7.62%  | 9.74%  | 0.63         |
| 40/60  | 5.96%  | 6.23%  | 0.71         |
| 20/80  | 4.42%  | 3.87%  | 0.75         |
| Russell 1000                                       | 8.85%  | 14.63% |              |
| Russell 1000 Value                                 | 8.39%  | 14.51% |              |
| Russell 1000 Growth                                | 9.34%  | 16.57% |              |
| Russell Midcap                                     | 9.57%  | 16.35% |              |
| Russell Midcap Value                               | 8.95%  | 15.84% |              |
| Russell Midcap Growth                              | 10.67% | 20.34% |              |
| Russell 2000                                       | 9.95%  | 19.34% |              |
| Russell 2000 Value                                 | 9.04%  | 17.89% |              |
| Russell 2000 Growth                                | 10.84% | 22.11% |              |
| S&P Developed Ex-U. S. BMI (USD) TR                | 9.87%  | 16.24% |              |
| S&P Emerging BMI (USD) TR                          | 11.30% | 21.58% |              |
| FTSE Non-USD WorldBIG Index                        | 3.78%  | 8.17%  |              |
| ICE BofA 0-1 Year US Treasury Index (USD Unhedged) | 1.49%  | 0.63%  |              |
| FTSE Nareit All REITs                              | 8.39%  | 19.15% |              |
| Barclays U.S. Universal                            | 4.97%  | 3.33%  |              |
| Barclays U.S. Treasury: 7-10 Year                  | 2.93%  | 6.16%  |              |

Allocation Case: ZMP

# Efficient Frontier

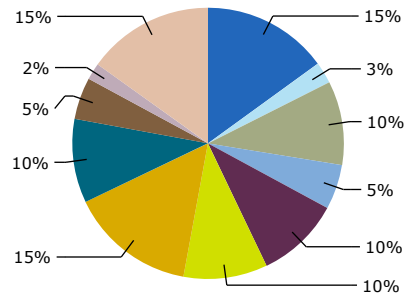


| PORTFOLIOS | RETURN | STDEV  | SHARPE RATIO |
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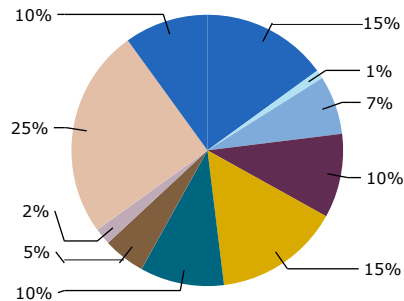
Allocation Case: ZMP

# Portfolio Allocations

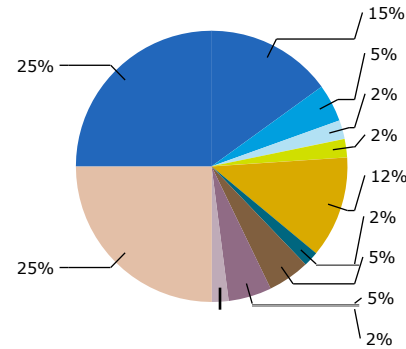
80/20



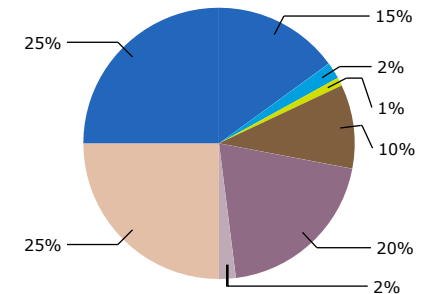
60/40



40/60



20/80



- Russell 1000
- Russell Midcap Value
- Russell 2000 Growth
- ICE BofA 0-1 Year US Treasury Index (...)
- Russell 1000 Value
- Russell Midcap Growth
- S&P Developed Ex-U.S. BMI (USD) TR
- FTSE Nareit All REITs

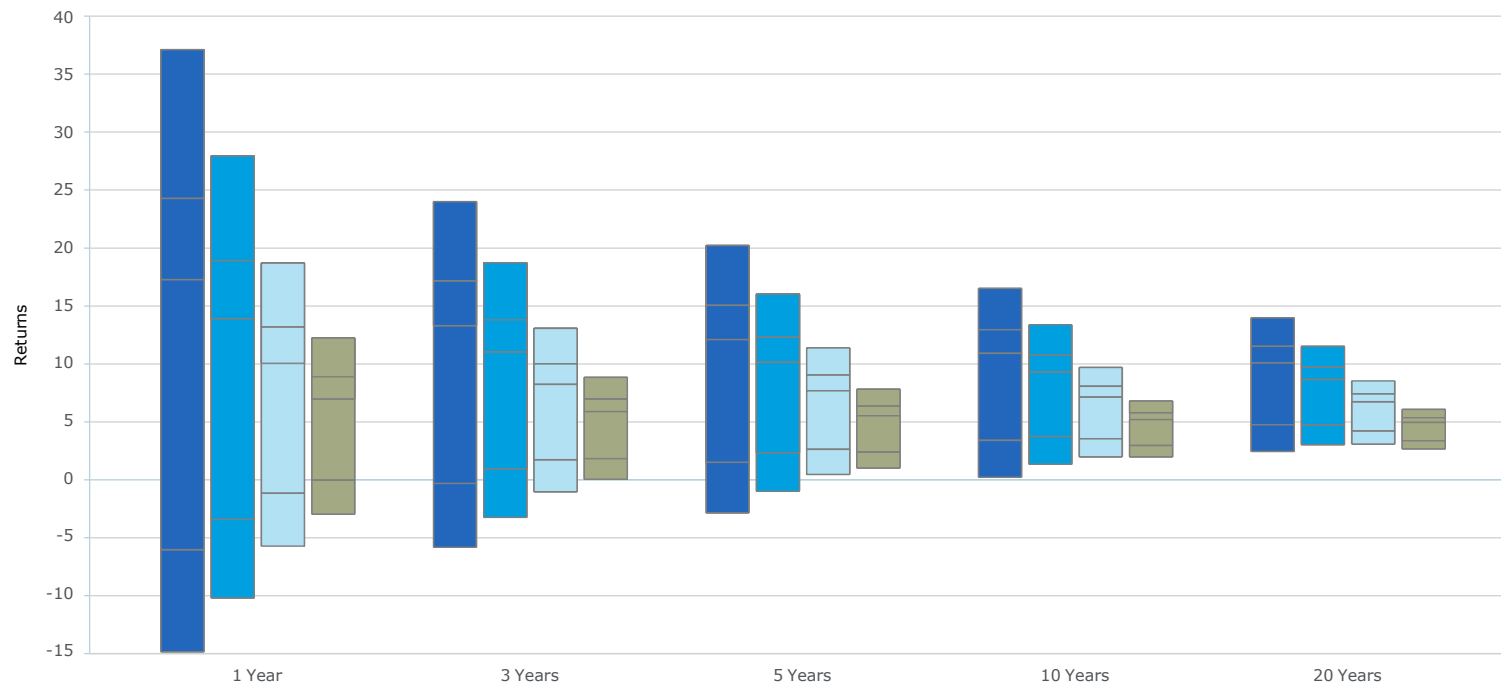
- Russell 1000 Growth
- Russell 2000
- S&P Emerging BMI (USD) TR
- Barclays U.S. Universal

- Russell Midcap
- Russell 2000 Value
- FTSE Non-USD WorldBIG Index
- Barclays U.S. Treasury: 7-10 Year

|                    | 80/20  | 60/40 | 40/60 | 20/80 |
|--------------------|--------|-------|-------|-------|
| Return             | 8.87%  | 7.62% | 5.96% | 4.42% |
| Standard Deviation | 13.27% | 9.74% | 6.23% | 3.87% |
| Sharpe Ratio       | 0.55   | 0.63  | 0.71  | 0.75  |

Allocation Case: ZMP

# Multiple Portfolio Range of Returns



|       |         |        |        |       |       |                 |
|-------|---------|--------|--------|-------|-------|-----------------|
| 80/20 | 37.12   | 23.99  | 20.21  | 16.52 | 13.98 | Best Case 5th   |
|       | 8.87    | 8.34   | 8.23   | 8.15  | 8.11  | Expected Case   |
|       | (14.82) | (5.81) | (2.84) | 0.23  | 2.47  | Worst Case 95th |
| 60/40 | 27.94   | 18.71  | 16.01  | 13.35 | 11.51 | Best Case 5th   |
|       | 7.62    | 7.33   | 7.27   | 7.23  | 7.20  | Expected Case   |
|       | (10.21) | (3.23) | (0.98) | 1.35  | 3.02  | Worst Case 95th |
| 40/60 | 18.68   | 13.05  | 11.37  | 9.70  | 8.54  | Best Case 5th   |
|       | 5.96    | 5.84   | 5.81   | 5.80  | 5.79  | Expected Case   |
|       | (5.73)  | (1.03) | 0.47   | 2.00  | 3.09  | Worst Case 95th |
| 20/80 | 12.21   | 8.82   | 7.80   | 6.77  | 6.06  | Best Case 5th   |
|       | 4.42    | 4.37   | 4.36   | 4.36  | 4.35  | Expected Case   |
|       | (2.97)  | 0.06   | 1.01   | 1.98  | 2.67  | Worst Case 95th |

Allocation Case: ZMP

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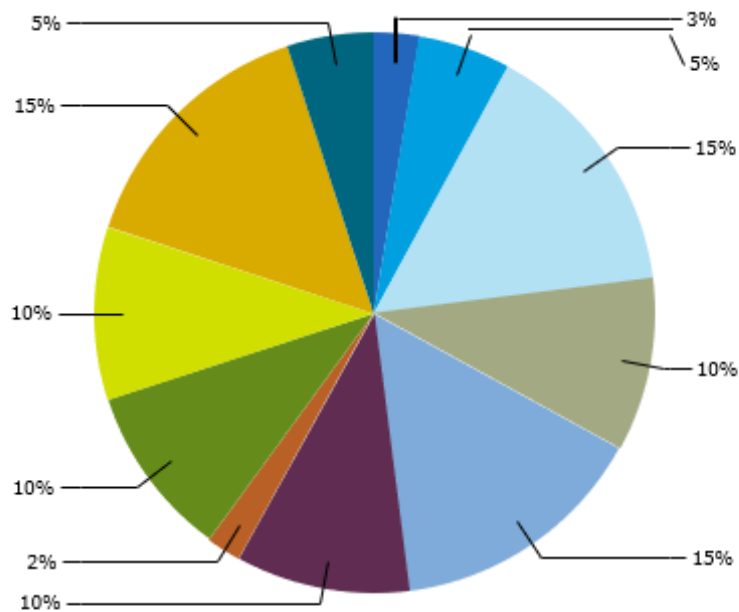
## **Zephyr Analysis: Top Gun Model Portfolios**

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# 80/20 & 60/40 Model Portfolio Weights

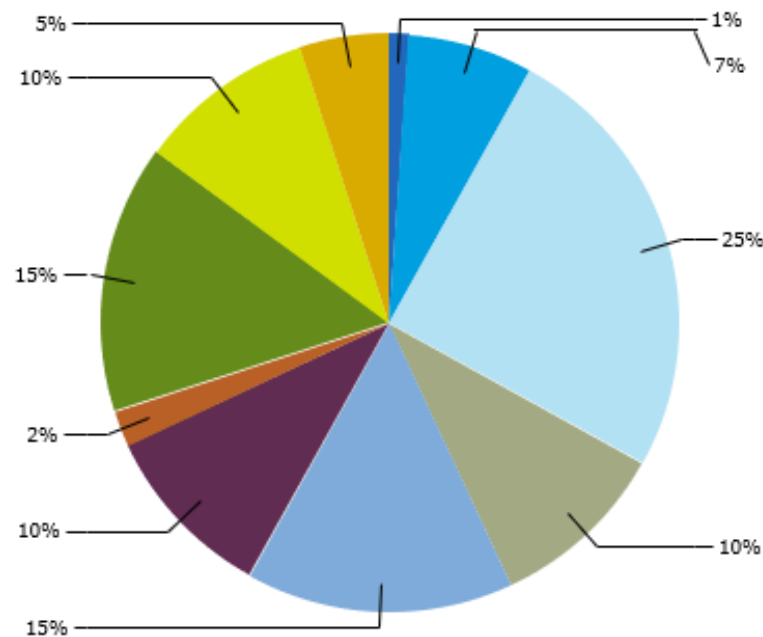
As of December 2019

Top Gun 80/20



- BMO Global AM Disciplined LCG
- Janus Henderson US MidCap Growth
- Cohen & Steers Realty Focus
- Acadian Asset Non-U.S. Equity
- Victory Cap Mgmt Mid Cap Value
- Camden Asset L.P. Camden Equity
- T.Rowe Price EMT
- Scout Investment Scout Small Cap
- Aligned Investor Mid-Cap Core
- Payden & Rygel Core Plus
- Franklin Temp FRK EMD Opp FI

Top Gun 60/40



- BMO Global AM Disciplined LCG
- Janus Henderson US MidCap Growth
- Cohen & Steers Realty Focus
- Acadian Asset Non-U.S. Equity
- Franklin Temp FRK EMD Opp FI
- Victory Cap Mgmt Mid Cap Value
- Camden Asset L.P. Camden Equity
- T.Rowe Price EMT
- State St. Global Long US Treasury
- Payden & Rygel Core Plus

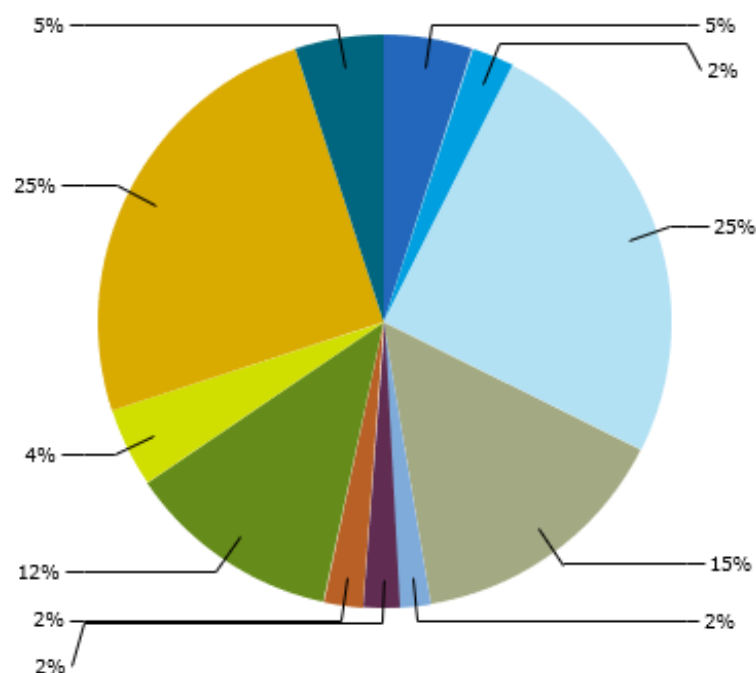
"Past performance is no guarantee  
of future results."



# 40/60 & 20/80 Model Portfolio Weights

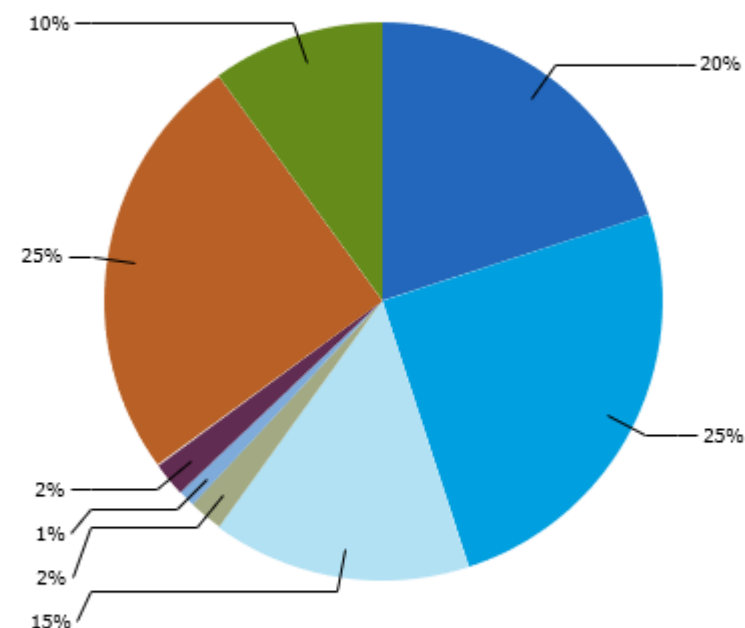
As of December 2019

Top Gun 40/60



Eaton Vance Cash Plus   BMO Global AM Disciplined LCG   Payden & Rygel Core Plus  
 Camden Asset L.P Camden Equity   T.Rowe Price EMT   Cohen & Steers Realty Focus  
 Scout Investment Scout Small Cap   Acadian Asset Non-U.S. Equity   Manning & Napier Disc Value US  
 State St. Global Long US Treasury   Franklin Temp FRK EMD Opp FI

Top Gun 20/80



Eaton Vance Cash Plus   Payden & Rygel Core Plus   Camden Asset L.P Camden Equity  
 Cohen & Steers Realty Focus   Scout Investment Scout Small Cap   Manning & Napier Disc Value US  
 State St. Global Long US Treasury   Franklin Temp FRK EMD Opp FI

"Past performance is no guarantee  
of future results."

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## **Zephyr Analysis: Top Gun Model Portfolios**

# Historical Asset Performance Comparison

As of December 2020

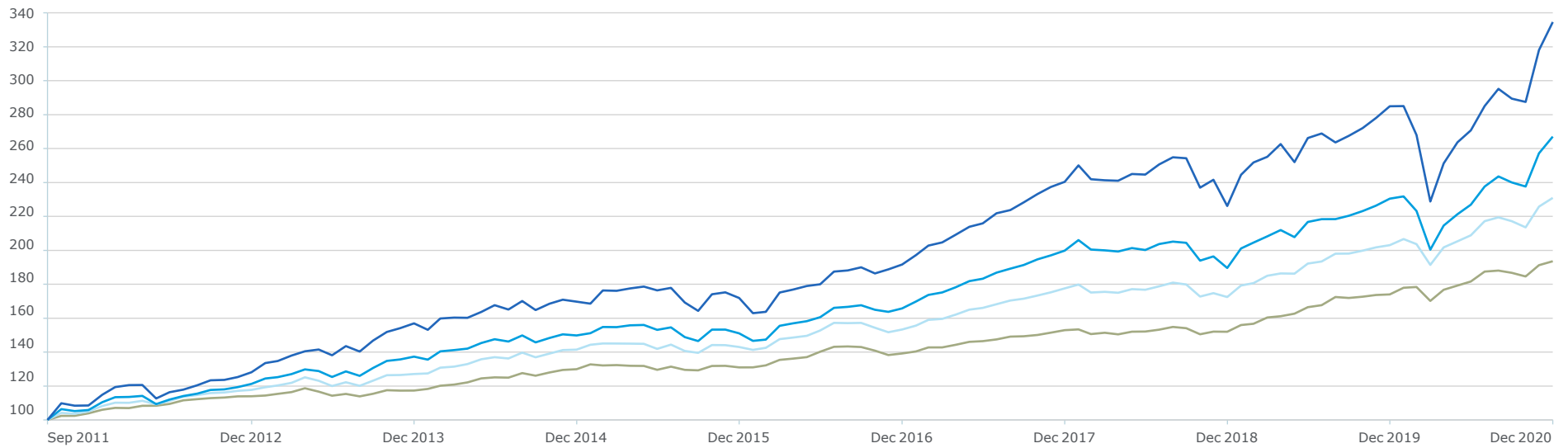
| 2012       | 2013       | 2014       | 2015        | 2016       | 2017       | 2018        | 2019       | 2020       | YTD        |
|------------|------------|------------|-------------|------------|------------|-------------|------------|------------|------------|
| 1<br>18.06 | 1<br>22.50 | 3<br>11.31 | 1<br>1.28   | 1<br>11.48 | 1<br>25.45 | 4<br>(0.61) | 1<br>26.01 | 1<br>17.43 | 1<br>17.43 |
| 2<br>14.57 | 2<br>13.28 | 4<br>10.74 | 3<br>1.11   | 2<br>9.75  | 2<br>20.55 | 3<br>(2.87) | 2<br>21.56 | 2<br>15.88 | 2<br>15.88 |
| 3<br>12.13 | 5<br>13.02 | 2<br>9.09  | 2<br>0.83   | 3<br>7.21  | 5<br>17.73 | 2<br>(5.12) | 5<br>19.11 | 5<br>13.77 | 5<br>13.77 |
| 5<br>11.81 | 3<br>7.97  | 1<br>8.17  | 4<br>0.82   | 4<br>6.27  | 3<br>15.82 | 5<br>(5.84) | 3<br>17.74 | 3<br>13.74 | 3<br>13.74 |
| 4<br>9.68  | 4<br>2.97  | 5<br>3.06  | 5<br>(2.37) | 5<br>5.93  | 4<br>9.88  | 1<br>(5.93) | 4<br>14.49 | 4<br>11.25 | 4<br>11.25 |

- 1 ■ Top Gun 80/20
- 2 ■ Top Gun 60/40
- 3 ■ Top Gun 40/60

- 4 ■ Top Gun 20/80
- 60% MSCI ACWI Index + 40% Barclays
- 5 ■ Global Agg Index

# Manager Performance

September 2011 - December 2020

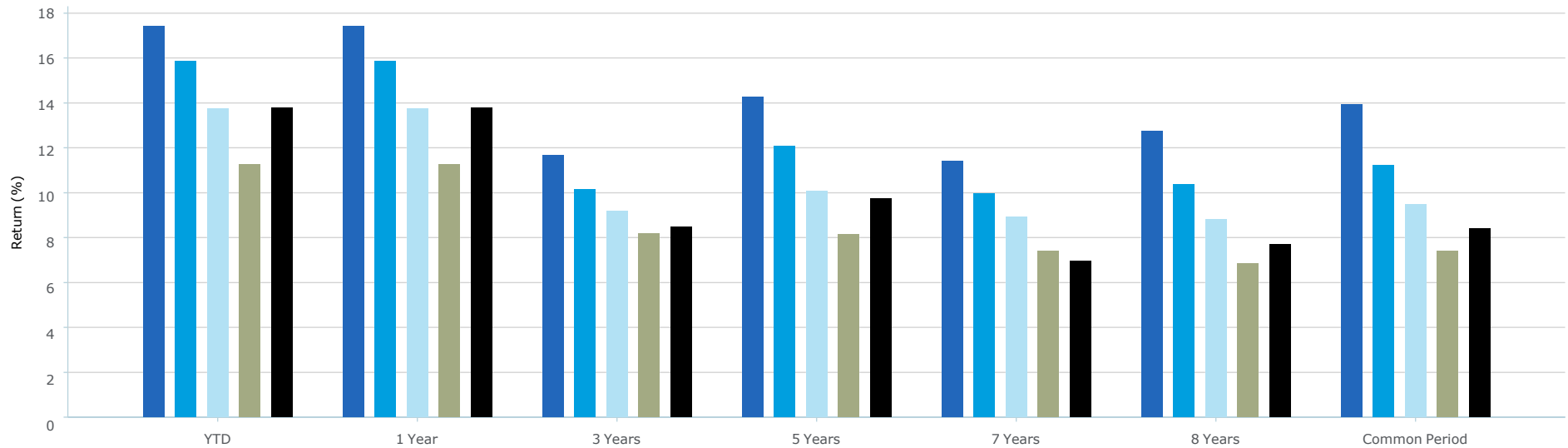


|                 | RETURN | CUMULATIVE RETURN | EXCESS RETURN | STANDARD DEVIATION POPULATION | SHARPE RATIO |
|-----------------|--------|-------------------|---------------|-------------------------------|--------------|
| ■ Top Gun 80/20 | 13.95  | 234.69            | 5.56          | 12.00                         | 1.10         |
| ■ Top Gun 60/40 | 11.20  | 167.06            | 2.81          | 8.67                          | 1.21         |
| ■ Top Gun 40/60 | 9.47   | 130.94            | 1.08          | 6.13                          | 1.43         |
| ■ Top Gun 20/80 | 7.40   | 93.56             | (0.99)        | 4.44                          | 1.52         |

Index relative statistics vs 60% MSCI ACWI Index + 40% Barclays Global Agg Index

# Trailing Year Returns

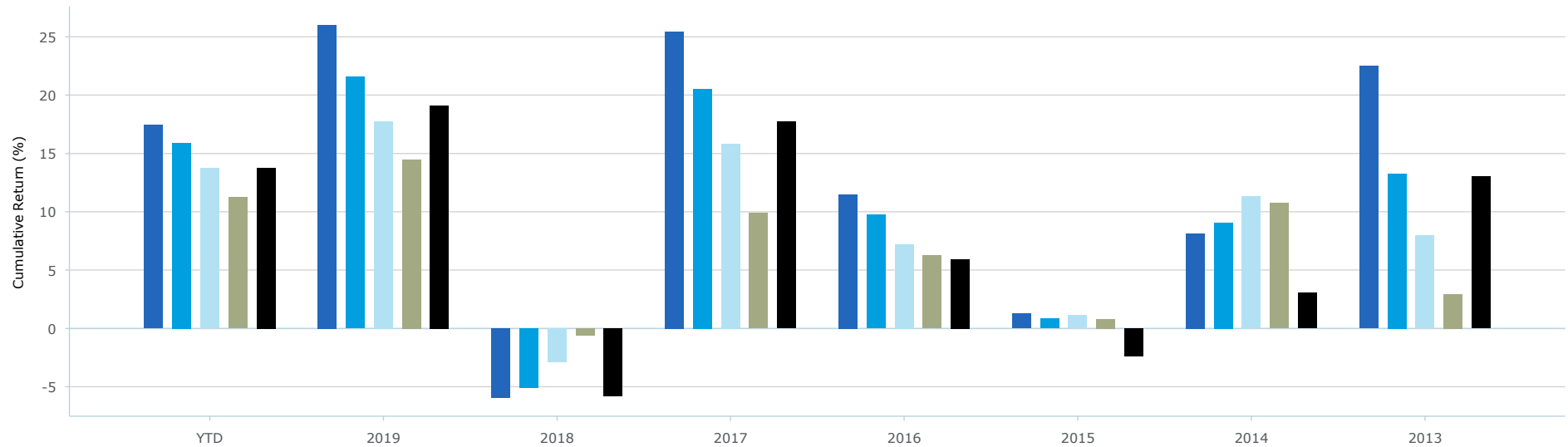
As of December 2020



|   | YTD   | 1 YEAR | 3 YEARS | 5 YEARS | 7 YEARS | 8 YEARS | COMMON PERIOD |
|---|-------|--------|---------|---------|---------|---------|---------------|
| ■ Top Gun 80/20                                       | 17.43 | 17.43  | 11.66   | 14.25   | 11.43   | 12.75   | 13.95         |
| ■ Top Gun 60/40                                       | 15.88 | 15.88  | 10.15   | 12.08   | 9.97    | 10.38   | 11.20         |
| ■ Top Gun 40/60                                       | 13.74 | 13.74  | 9.16    | 10.06   | 8.91    | 8.79    | 9.47          |
| ■ Top Gun 20/80                                       | 11.25 | 11.25  | 8.18    | 8.13    | 7.42    | 6.85    | 7.40          |
| ■ 60% MSCI ACWI Index + 40% Barclays Global Agg Index | 13.77 | 13.77  | 8.47    | 9.74    | 6.96    | 7.70    | 8.39          |

# Calendar Year Return

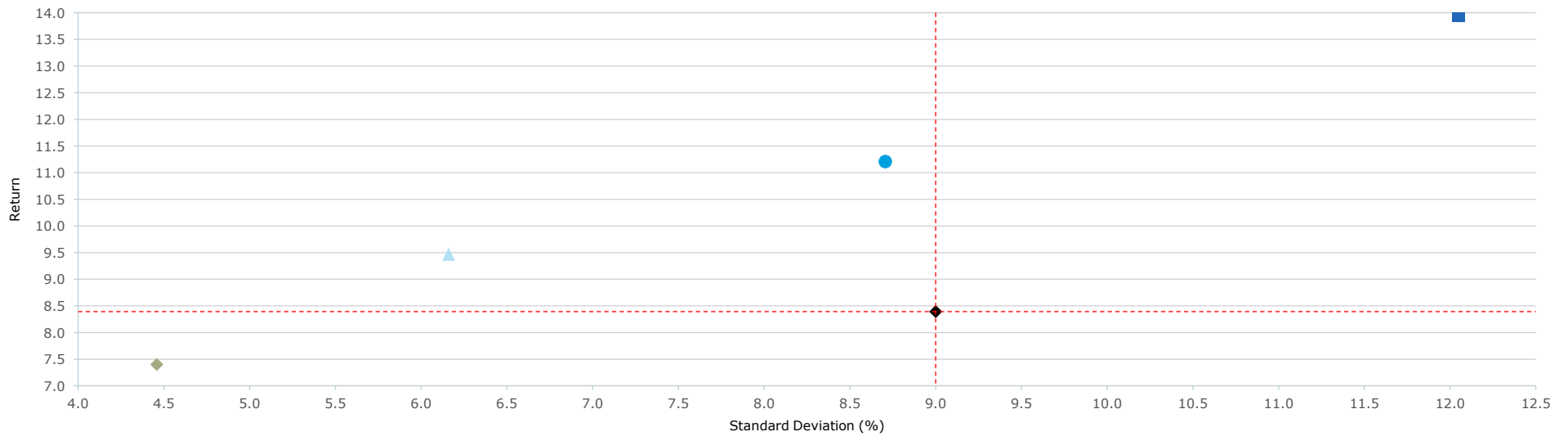
As of December 2020



|   | YTD   | 2020  | 2019  | 2018   | 2017  | 2016  | 2015   | 2014  | 2013  |
|---|-------|-------|-------|--------|-------|-------|--------|-------|-------|
| ■ Top Gun 80/20                                       | 17.43 | 17.43 | 26.01 | (5.93) | 25.45 | 11.48 | 1.28   | 8.17  | 22.50 |
| ■ Top Gun 60/40                                       | 15.88 | 15.88 | 21.56 | (5.12) | 20.55 | 9.75  | 0.83   | 9.09  | 13.28 |
| ■ Top Gun 40/60                                       | 13.74 | 13.74 | 17.74 | (2.87) | 15.82 | 7.21  | 1.11   | 11.31 | 7.97  |
| ■ Top Gun 20/80                                       | 11.25 | 11.25 | 14.49 | (0.61) | 9.88  | 6.27  | 0.82   | 10.74 | 2.97  |
| ■ 60% MSCI ACWI Index + 40% Barclays Global Agg Index | 13.77 | 13.77 | 19.11 | (5.84) | 17.73 | 5.93  | (2.37) | 3.06  | 13.02 |

# Risk / Return

September 2011 - December 2020

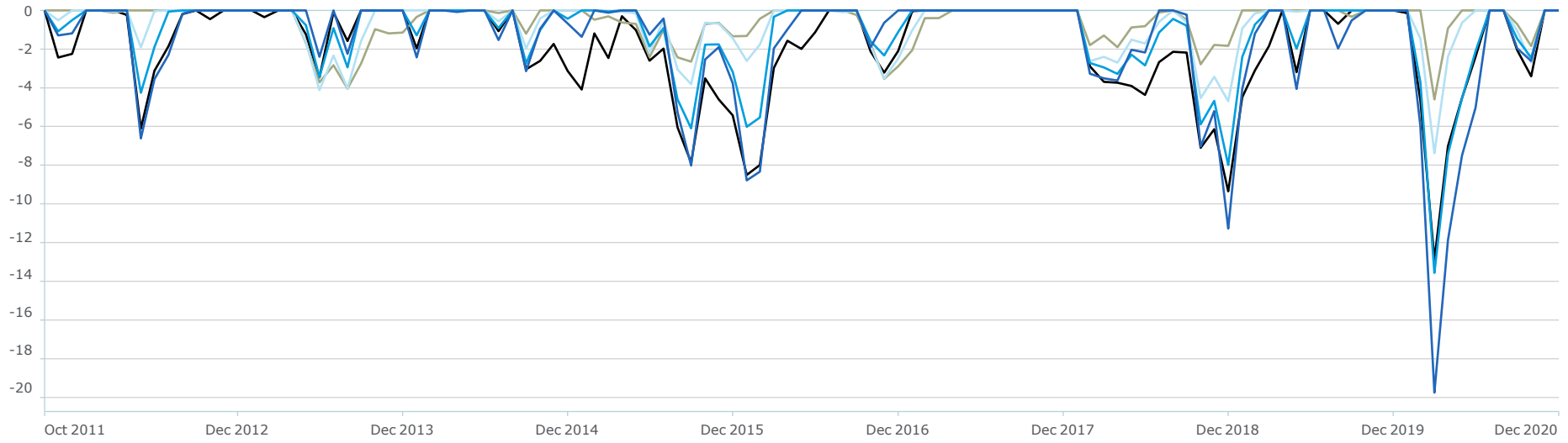


|   | RETURN | STANDARD DEVIATION | BETA | SHARPE RATIO | ALPHA | INFORMATION RATIO | VALUE AT RISK (CONFIDENCE = 95%) |
|---|--------|--------------------|------|--------------|-------|-------------------|----------------------------------|
| ■ Top Gun 80/20                                       | 13.95  | 12.05              | 1.29 | 1.10         | 2.94  | 1.34              | (5.52)                           |
| ● Top Gun 60/40                                       | 11.20  | 8.71               | 0.94 | 1.21         | 3.10  | 1.35              | (3.57)                           |
| ▲ Top Gun 40/60                                       | 9.47   | 6.16               | 0.61 | 1.43         | 4.21  | 0.24              | (2.24)                           |
| ◆ Top Gun 20/80                                       | 7.40   | 4.46               | 0.35 | 1.52         | 4.35  | (0.15)            | (1.75)                           |
| ◆ 60% MSCI ACWI Index + 40% Barclays Global Agg Index | 8.39   | 9.00               | 1.00 | 0.86         | 0.00  | N/A               | (3.71)                           |

Index relative statistics vs 60% MSCI ACWI Index + 40% Barclays Global Agg Index

# Drawdown of Return

September 2011 - December 2020



|  | MAXIMUM<br>DRAWDOWN<br>LOSS VALUE | MAXIMUM<br>DRAWDOWN<br>START DATE | MAXIMUM<br>DRAWDOWN<br>END DATE | MAXIMUM<br>DRAWDOWN<br>LENGTH | MAXIMUM<br>DRAWDOWN<br>RECOVERY<br>DATE | HIGH WATER<br>MARK DATE | PAIN INDEX | PAIN RATIO |
|--|-----------------------------------|-----------------------------------|---------------------------------|-------------------------------|---|-------------------------|------------|------------|
| ■ Top Gun 80/20  | (19.74)                           | Jan 2020                          | Mar 2020                        | 2                             | Jul 2020                                | Dec 2020                | 1.63       | 8.19       |
| ■ Top Gun 60/40  | (13.56)                           | Jan 2020                          | Mar 2020                        | 2                             | Jul 2020                                | Dec 2020                | 1.21       | 8.71       |
| ■ Top Gun 40/60  | (7.37)                            | Jan 2020                          | Mar 2020                        | 2                             | Jun 2020                                | Dec 2020                | 0.78       | 11.34      |
| ■ Top Gun 20/80  | (4.60)                            | Feb 2020                          | Mar 2020                        | 1                             | May 2020                                | Dec 2020                | 0.62       | 10.96      |
| ■ 60% MSCI ACWI Index + 40% Barclays<br>Global Agg Index | (12.88)                           | Dec 2019                          | Mar 2020                        | 3                             | Jul 2020                                | Dec 2020                | 1.88       | 4.14       |



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These model portfolios are for illustration purposes only.

#### Top Gun Model Portfolio Methodology

Creating Asset Allocations (Pages 3 - 6) – By leveraging the asset allocator module within the Zephyr platform we create the optimized asset allocations for the four model portfolios (80/20, 60/40, 40/60, 20/80) using the Black-Litterman forecasting model. We use primary asset classes which are consistent with our PSN Top Gun universes including: U.S. large cap equities (Russell 1000), U.S. large cap growth equities (Russell 1000 Growth), U.S. large cap value equities (Russell 1000 Value), U.S. midcap equities (Russell MidCap), U.S. midcap growth equities (Russell MidCap Growth), U.S. midcap value equities (Russell MidCap Value), U.S. small cap equities (Russell 2000), U.S. small cap growth equities (Russell 2000 Growth), U.S. small cap value equities (Russell 2000 Value), international developed ex.U.S. equities (S&P Developed Ex-U.S. BMI), emerging market equities (MSCI Emerging Markets), REITS (FTSE Nareit All REITs), U.S. core plus fixed income (Bloomberg Barclays U.S. Universal), global fixed income (FTSE Non-USD WorldBIG), treasuries (Barclays U.S. Treasury 7-10 Year), and cash (FTSE 3-Month Treasury Bill). The asset allocations will be reviewed and rebalanced on an annual basis after calendar year end. Black-Litterman inputs: Risk Free Rate: 1.52%, Risk Premium 4.76%. Note: In certain instances we have applied minimum and/or maximum constraints to limit the percentage of allocations into specific asset classes

Investment Manager Selection (Pages 8 – 15) After creating the asset allocations using asset classes, we will use Separately Managed Accounts (SMA) to create the Top Gun Model Portfolios. Rather than using mutual funds, ETFs, or stocks, we will use SMAs from the PSN SMA database. To remove all biases, we select the investment managers by using the PSN Top Gun winners. We look back over the past three years to locate managers who have been selected as Top Gun managers most often. If this results in multiple managers in one asset class with the same number of Top gun awards, we will use the manager that exhibits the lowest correlation to the managers in the other asset classes. Finally, to make the portfolios similar to publicly traded model portfolios, the manager selection process and due diligence will occur annually, after the release of the fourth quarter PSN Top Guns. However, we reserve the right to replace a manager during the year if there is a change in structure, portfolio manager, or other fundamental changes within the strategy. Within the Top Gun categories, we use the 5 Star classification, if there is no 5 Star classification for a particular asset class, we use the 3 Star classification. The SMA returns used in the analysis are gross returns.

Benchmark - The Benchmark used in the analysis is 60% MSCI ACWI Index + 40% Barclays Global Aggregate Index. The index is rebalanced annually.

Note - The Top Gun and ETF Model Portfolios will be rebalanced to their original weights annually.

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# Our Asset and Wealth Management Portfolio

Who and how we help



We help



Asset Allocation  
Planning & Analysis



Investment &  
Wealth Performance  
Reporting



Investment Manager  
Data & Research



IPS compliance  
and GIPS composites

Advisors, wealth managers, family offices, and asset managers retain and grow client relationships with robust and customizable data, analysis, and flexible reporting

## Our solution

- Allocate asset classes based on risk/return goals
- Create efficient investment portfolios
- Compare an existing portfolio or proposed portfolio to alternative portfolio allocations
- Estimate the probability of meeting future wealth goals
- Create sophisticated client presentations, reports or fact sheets

## Our solution

- Create custom investment proposals
- Fully customize client reporting
- Report on a business level
- Obtain reliable and timely portfolio performance calculations

## Our solution

- Perform in-depth competitive research vs. peers or benchmarks
- Research all investable asset classes including our proprietary PSN SMA data
- Create compelling marketing material
- Keep discussions relevant and timely by knowing what's making money

## Our solution

- Monitor client portfolios to ensure they are in line with the IPS agreed to with their advisor
- Create, maintain, and report on your portfolio composites

Source: 2018 financial report

informa | Financial Intelligence 18