Portfolio Strategist Fact Sheet
As of 4/28/14

Tactical Unconstrained®

Strategy Profiled: Global – Decathlon – ETFs

Strategies Offered

Strategy	Inception
Global – Decathlon – ETFs	4/2014

Organization

Beaumont Capital Management (BCM) is an investment distribution division of the independent wealth management firm Beaumont Financial Partners (BFP). As of December 2013, assets under management totaled $1.98 billion, including $252 million in the Decathlon strategies and $649 million in other quantitatively driven ETF strategies.

Investment Team

Portfolio manager David Haviland, who has over 25 years of experience in the financial services industry, oversees strategy implementation. Co-directors of research, Todd Rice and Gordon Bennett, who each have over 25 years of experience including backgrounds in arbitrage trading and the hedge fund space, maintain and develop the quantitative systems behind the Decathlon strategies.

Investment Philosophy and Process

The investment philosophy seeks to protect investors from severe losses in down markets while providing quality participation in rising markets. The strategy employs a quantitative approach, combining pattern recognition and behavioral finance theories, to select 10 high conviction ETFs.

The strategy's quantitative ranking engine is comprised of multiple ETF ranking formulas that seek to identify predictability in the ETF rankings over the next 25 trading days. Each formula incorporates a unique behavioral finance framework that quantifies investors' asymmetric emotional responses to losses and gains. The team uses proprietary software to test each thesis and generate each formula through the process of pattern recognition. Multiple formulas are blended together to create the quantitative ranking engines that have specific risk objectives. All quantitative engines regularly undergo Monte Carlo simulations to validate the strategy's ability to meet return and volatility objectives. On a semi-annual basis, the team updates the strategy's components, including introduction of new thesis frameworks or formulas, and re-optimization of ranking formulas to keep the model's knowledge and experience set current.

Due to the downside avoidance emphasis, the strategy has mean reversion properties. In times of strong short- and long-term returns, the strategy tends to become more defensive. When returns fall heavily and quickly, the strategy will increase exposure to risky assets.

The quantitative engine ranks a universe of over 100 distinct ETFs to select the top 10 ranked ETFs for the specific risk objective. Each potential holding within the investment universe represents a differentiated exposure, including sector, country and broad equities; fixed income; currencies; commodities; and real estate. The 10 holdings are equal weighted within the portfolio. The ranking engine model is run every 25 trading days, resulting in up to 10 trading days a year.