



SEM

WEALTH MANAGEMENT TM

A Behavioral Approach to Investing

Using Scientifically Engineered Models



2023 Q2
DATA THROUGH 06-30-23

Portfolio Recap –Q2 2023



- **Portfolio returns** were strong for the stock based models, but diversification again caused them to lag the S&P 500. The bond market remained volatile, but SEM's income portfolios were positive and ahead of the benchmark.
- **Tactical Bond** remained invested in high yield bonds nearly the entire quarter. The spread between Money Market - Treasury Bonds – High Yields is still too low which led to small fluctuations in values with dividends providing a nice bump at the end of each month.
- **Dynamic Models** remained “bearish” on the economy (since April 2022) – this means no allocations to dividend stocks on the income side & small caps on the aggressive side; Bearish periods are typically a precursor of larger stock market sell-offs.
- **Strategic Models** were underweight value and small cap stocks, but did not have enough large cap growth to keep up with the S&P 500. We also maintained a 10% allocation to international stocks. The “trend” models remain half out of the market.
- **Core Bond** maintained an 80% Aggregate Bond/20% High Yield position, which slightly outperformed the index.
- **Market Needs** inflation to continue to fall to 2% with no economic recession, otherwise stocks and bonds could take a big hit.
- **Inflation** is trending down, but data shows it may remain above 3% and even climb the last 6 months of 2023.
- **In summary**, Regardless of the economy returns are likely to be lower going forward. The market moves in cycles and may be able to rally a bit more, but we should expect some sort of correction (at least 15-20% from here based on the average recessionary bear market and current valuations). The portfolios have adjusted to the next phase of the cycle and have mechanisms in place to adjust further if necessary.

2nd Half Market Outlook



Rally Continues

- ✓ Momentum/trend is up *Steep uptrend has broken*
- ✓ Inflation is trending down *Latest reading ticked higher*
- ✓ Plenty of jobs available
- ✓ Consumer spending is still strong
- ✓ Lots of money in money markets



Big Sell-off Coming

- ✗ Valuations at or above 2000 peak / Sentiment at extremes
- ✗ Economic model weak
- ✗ Fed policy will remain tight for quite some time
- ✗ Higher rates will hurt indebted companies
- ✗ Commercial real estate defaults coming





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A person in a white shirt is working at a wooden desk. They are holding a black pen over a white calculator. On the desk, there is a laptop on the left, a clipboard with a document in the center, and another document with a pie chart on the right. The background is a blurred office environment with shelves and windows.

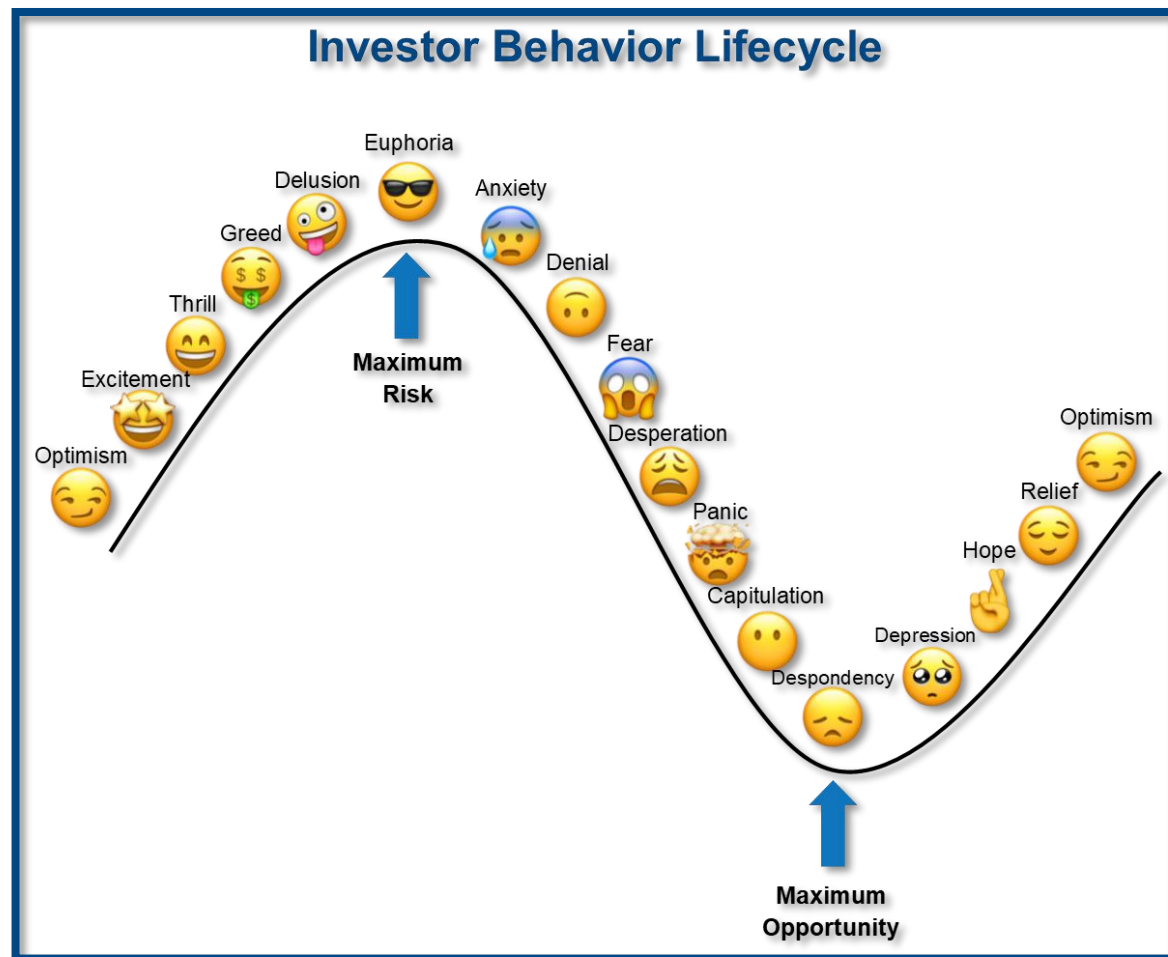
SEM Overview

SEM Wealth Management



- Founded in 1992 by Richard Gage a metallurgical engineer
- Co-owner and Chief Investment Officer, Jeff Hybiak, CFA joined in 1998
 - Background in accounting and traditional portfolio management (MPT)
- Total AUM = \$825M as of 6/30/2023
- Primary Custodian is Axos Advisor Services (formerly E*Trade & TCA)
 - Select models also available on
 - Adhesion/FlexUMA
 - Orion Portfolio Solutions (FTJ)
 - Axiom (Geneos Wealth Management)
- Systematic, data-driven process designed to remove behavioral biases from all areas of the investment process
- 3 Distinct Management Styles – Tactical, Dynamic, and Strategic

Investor Behavior Moves In Cycles



- The stock market is a story of **cycles** & of the **human behavior** that is responsible for **overreactions** in both directions.

– Seth Klarman

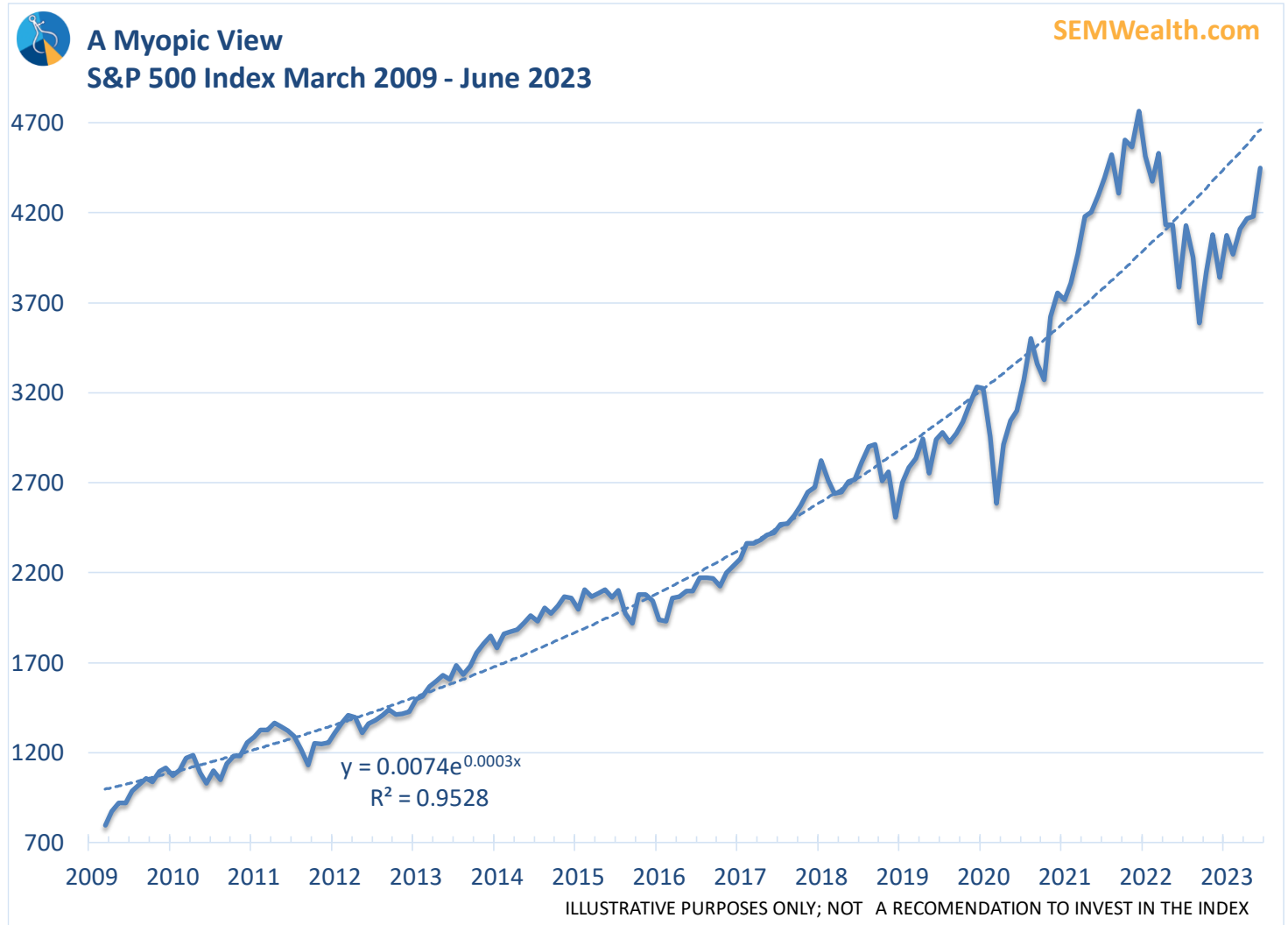
SEM's Goal is to help advisors and investors avoid this type of cycle.

Short-term Outlook



During bull markets, investors are conditioned to believe all dips are to be bought and fail to adapt to new information that could cause the bull market to end.

The longer the bull market, the more likely they are to believe they will be able to see the end coming and reduce their exposure to risky assets.

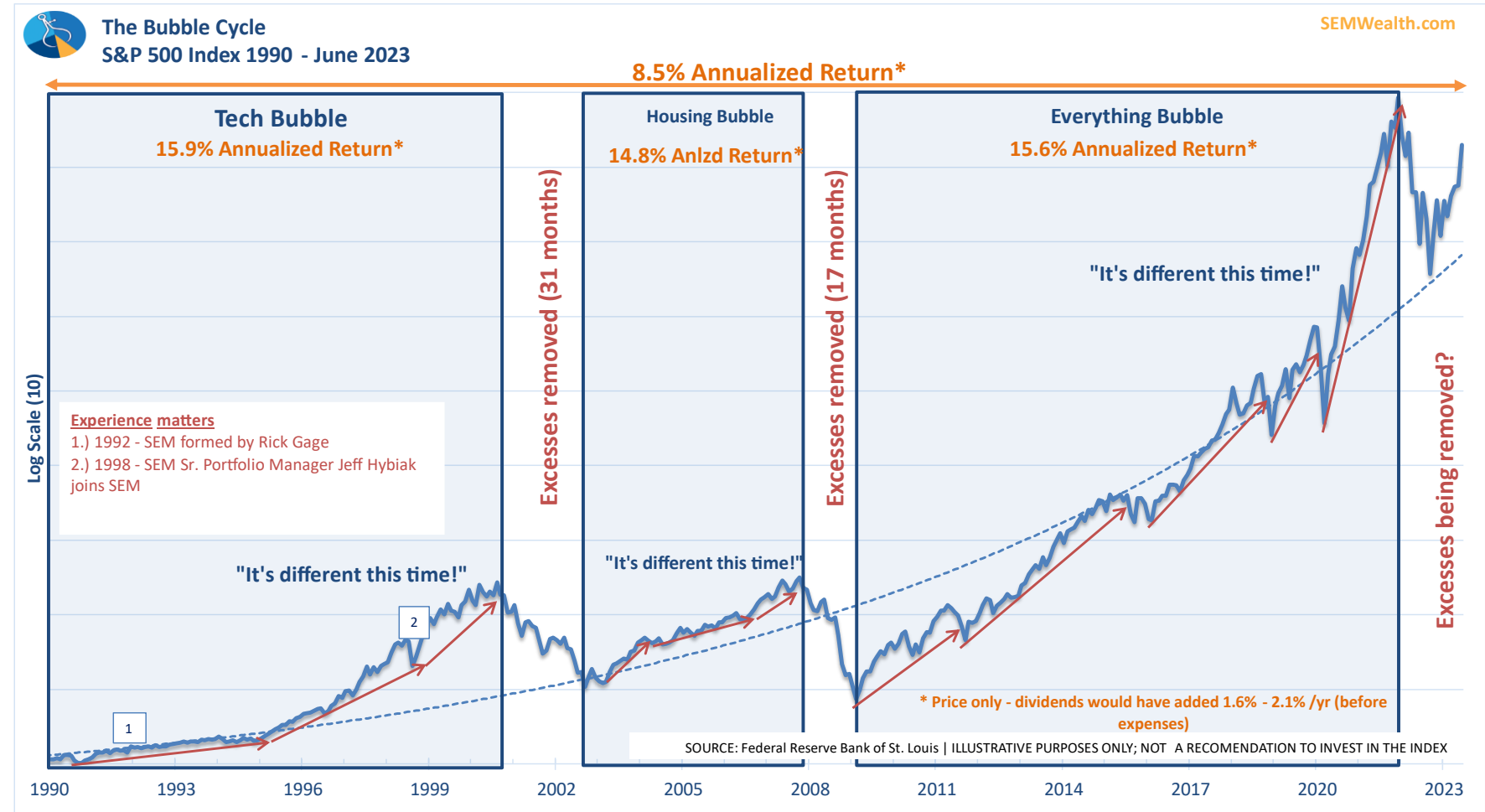


Long-Term Outlook



Investors often look at the past bear markets and with hindsight believe they could have avoided it. This leads to overconfidence in their ability to recognize the next looming bear market. In addition, the longer the market moves higher the more likely conservative investors are going to abandon their lower risk investments and move into riskier assets.

Stocks are a “mean-reverting” asset, meaning after prolonged periods above the long-term average, they will go through a sharp correction.



Understanding Personalities



Personality Score

Conservative

Moderate

Growth

Aggressive



Bias Types

Emotional

Cognitive

Emotional



Common Biases

Loss
Aversion

Regret
Aversion

Hindsight

Availability

Conserv.

Confirm.

Represent.

Overconfidence

Illusion of
Control

Self-control

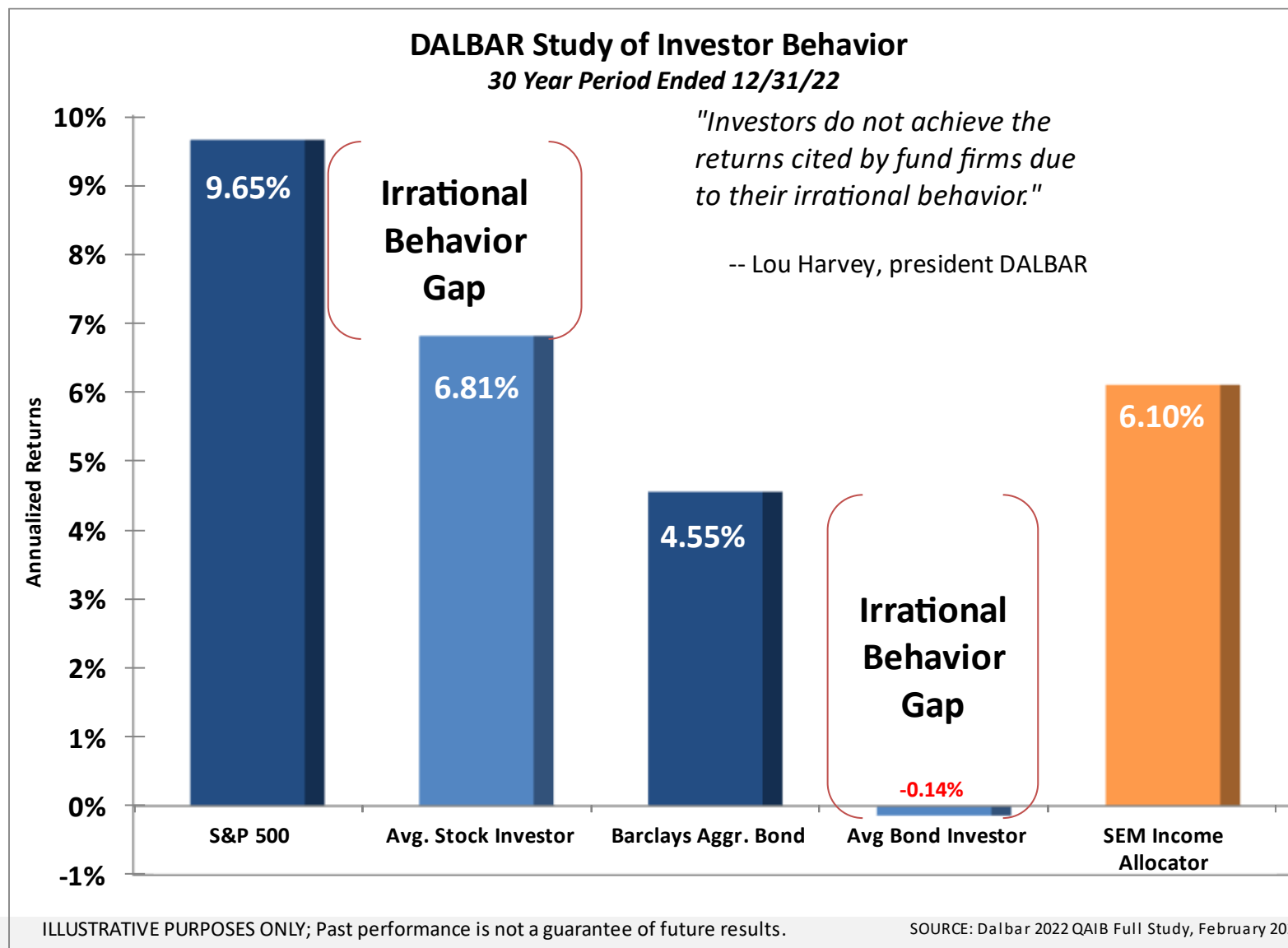
The Cost of Behavioral Biases



SEM's Behavioral Approach is designed to help investors stick to their plan.

While our Behavioral Approach does provide benefits on the stock side of the portfolio, the biggest benefit comes from our fixed income management.

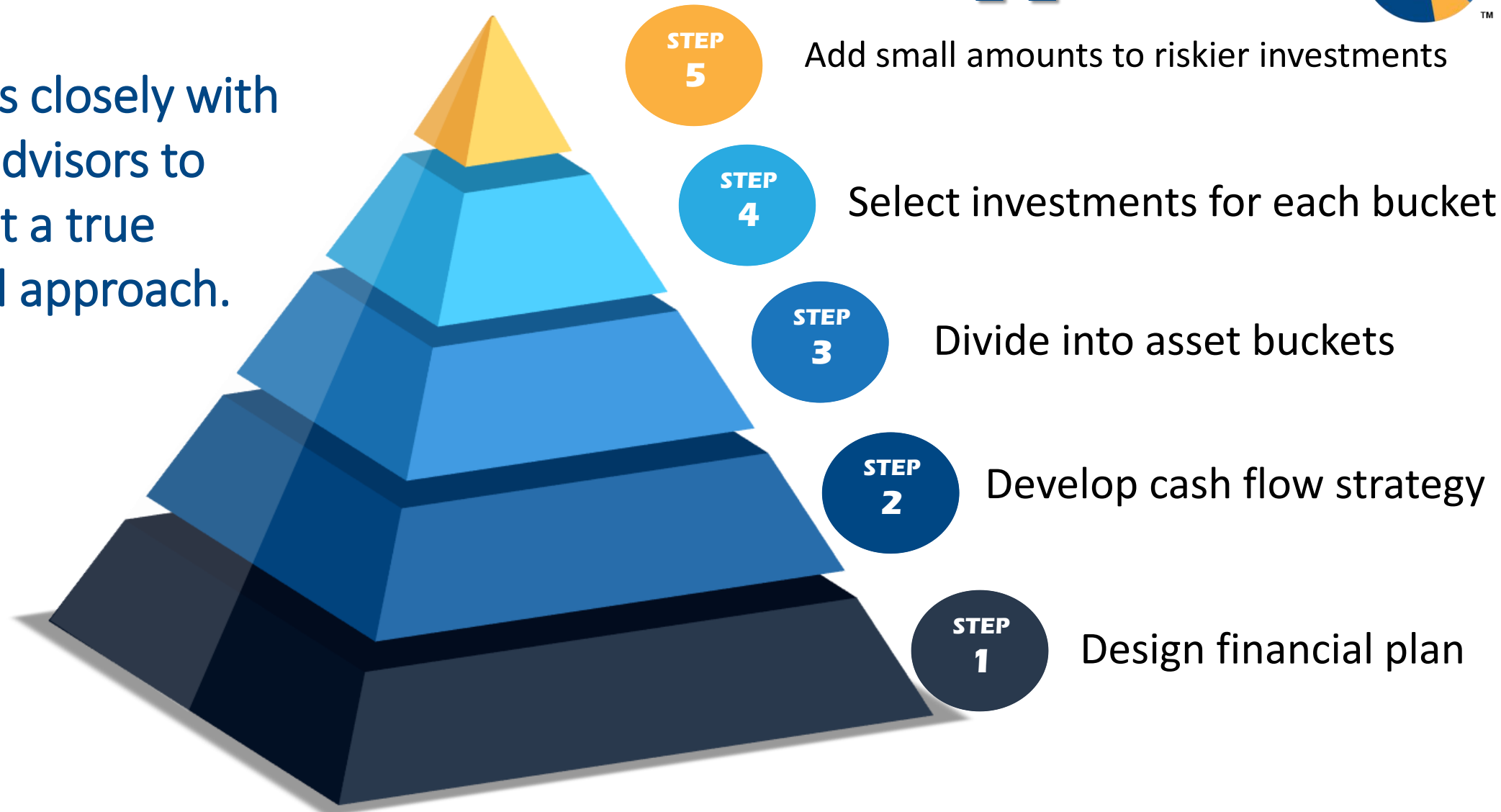
Historically bond investors have dramatically underperformed a buy & hold bond portfolio. SEM's Income Allocator illustrates the value of a quantitative, active approach to fixed income investing.



SEM's Behavioral Portfolio Approach



SEM works closely with financial advisors to implement a true behavioral approach.



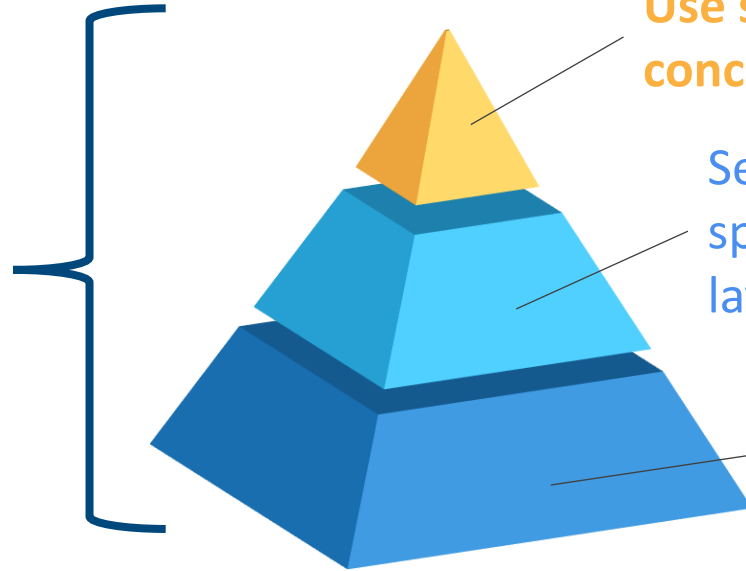
SEM Focuses on the Top of the Pyramid



For Financial Planners, the investment allocation process can be the most difficult aspect. Mistakes in this phase can disrupt both the financial plan and cash flow strategies.

Advisors are expected to:

1. Calculate probabilities of all future events & know impact of said events on investments / strategies
2. Understand cross correlations & event / environment specific correlations for each strategy



Use smaller portions of portfolio for concentrated or riskier investments.

Select investments that align with specific objectives & risk levels for that layer.

Divide assets into specific layers and set specific goals & objectives for each layer.



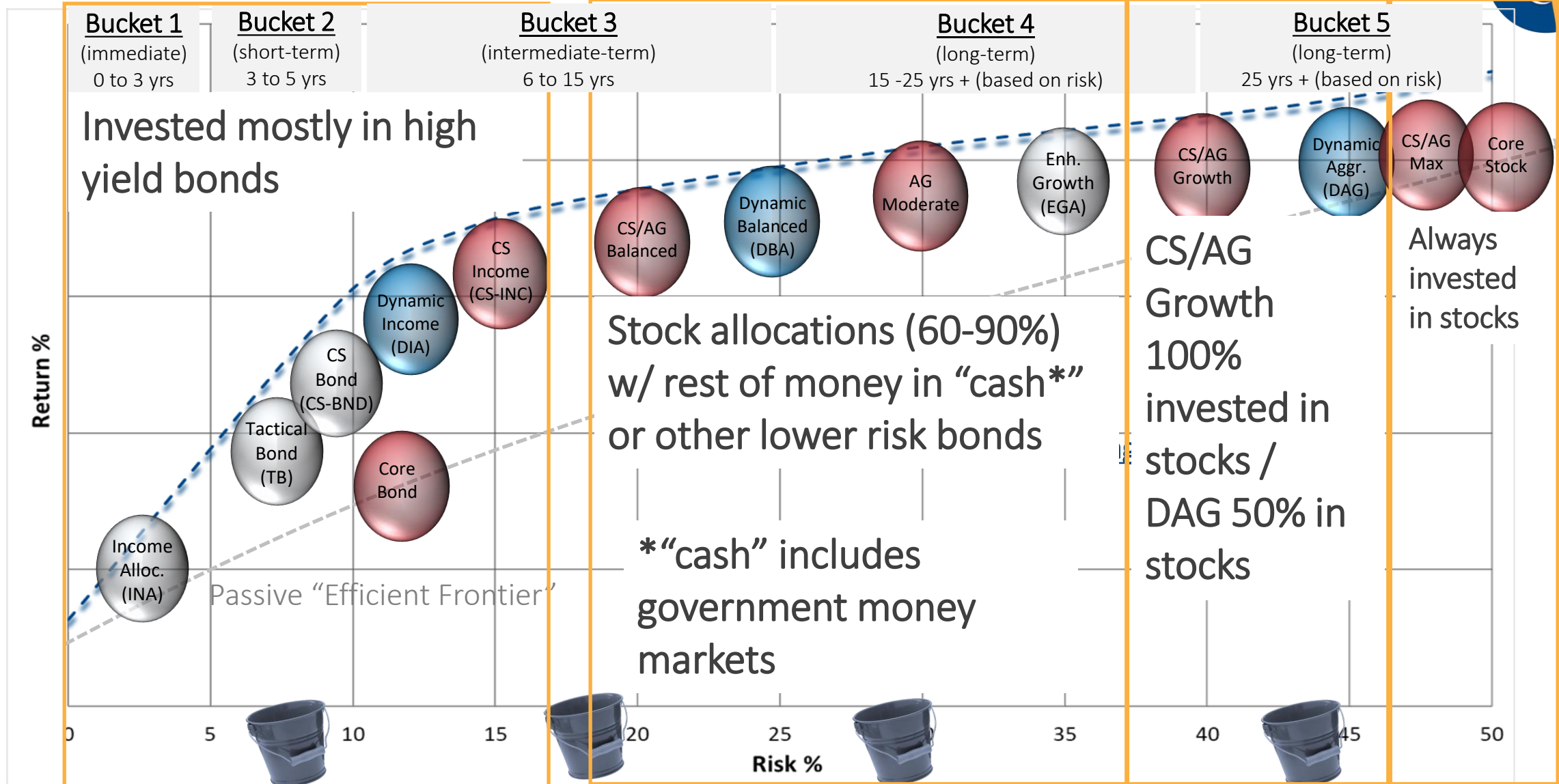
Common Advisor Cognitive Errors :

- Conservatism
- Confirmation
- Representativeness
- Illusion of Control
- Availability
- Hindsight

Common Advisor Emotional Biases:

- Overconfidence
- Self-control
- Status Quo
- Regret / Loss Aversion

Process in motion – Allocations 8/31/23



A person in a white shirt is working at a wooden desk. They are holding a black pen over a white calculator. On the desk, there is a laptop on the left, a clipboard with a document in the center, and another document with a pie chart on the right. The background is a blurred office environment with shelves and windows.

SEM Tactical Models

SEM's Tactical Models



- Tactical Management: Tactical programs are monitored DAILY.

Tactical programs study the trends in the market with a primary focus on moving to lower risk asset classes when risks are high.

Due to their focus on risk management, tactical programs will not participate as much in rising markets.

Tactical Trading System Example

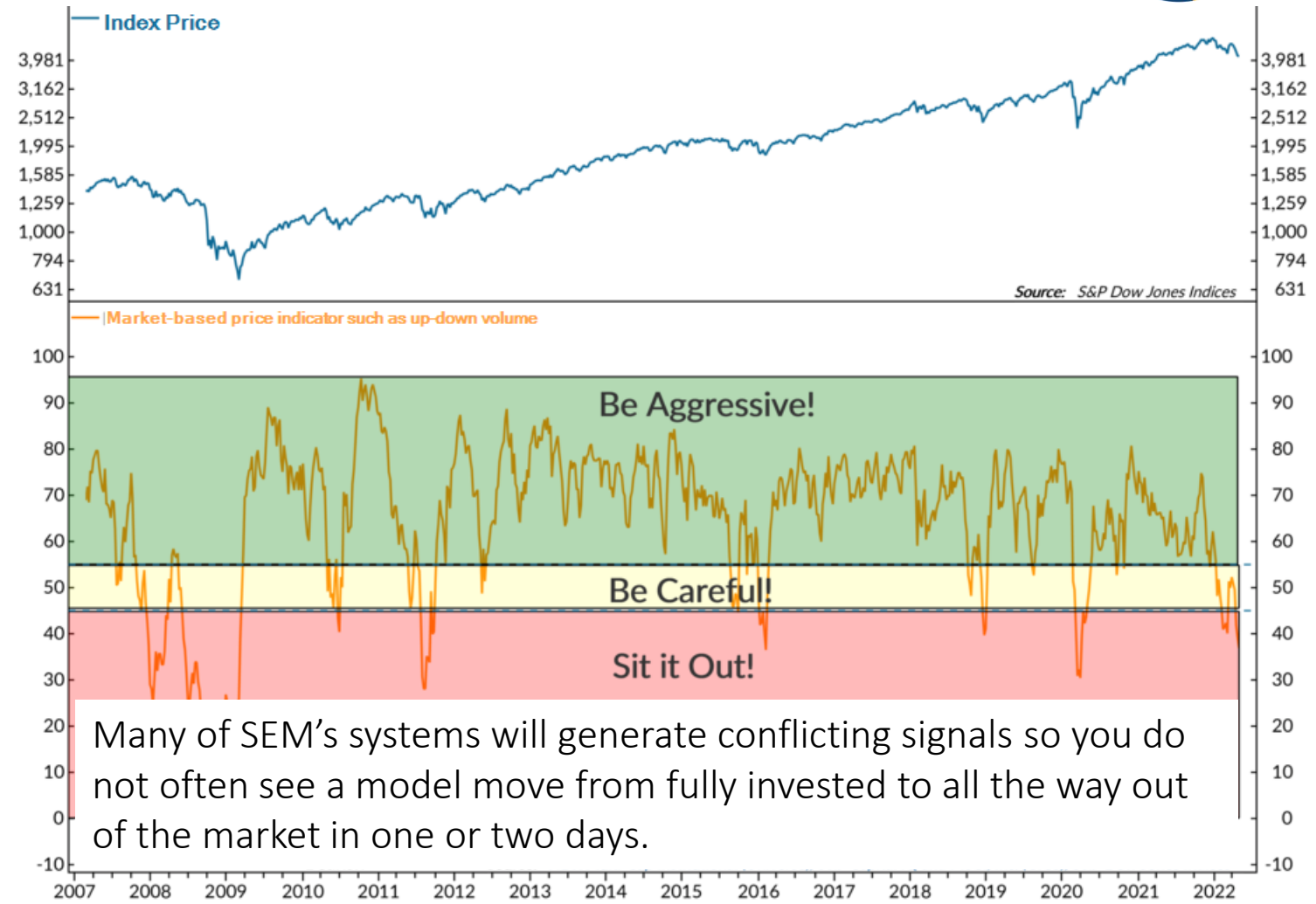


Tactical trading systems use only data generated from the market --- price, volume, advancing versus declining issues, open price vs closing price, etc.

SEM tests a wide range of indicators back through time to develop rules of when to buy and sell various index funds.

Each system will generate an indication on intermediate-term market direction (1-6 months).

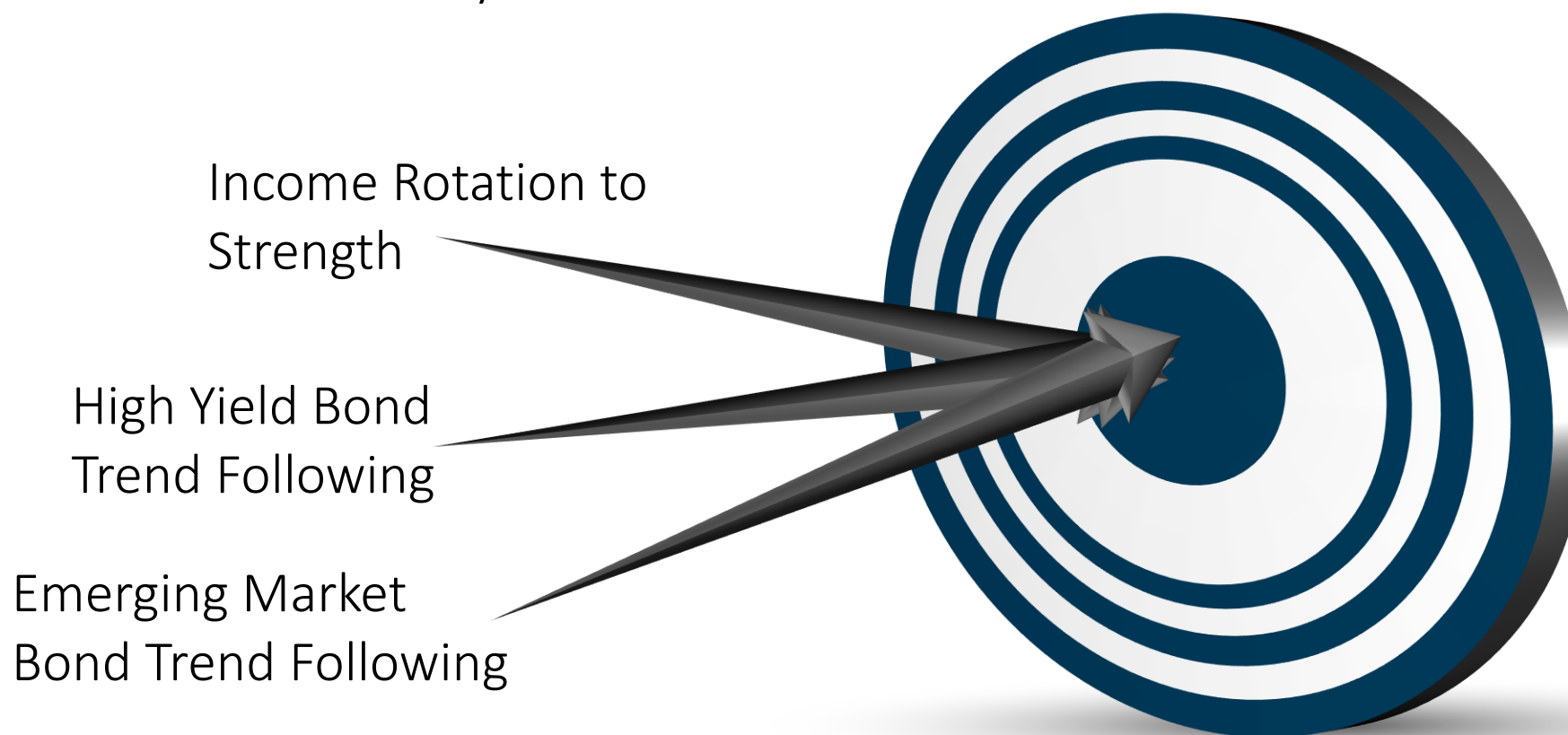
Since each system will have periods of time where it is out of favor, SEM utilizes 4-12 different trading systems in each investment model.



Income Allocator (INA)



SEM's INA program is a sophisticated fixed income strategy designed to provide lower risk & higher returns than a buy & hold multi-sector bond fund.



Tax Advantage Bond (TAB) deploys similar strategies as INA with the focus on municipal bonds rather than corporate bonds.

Tactical Bond (TB) / Cornerstone-Bond (CS-BND)



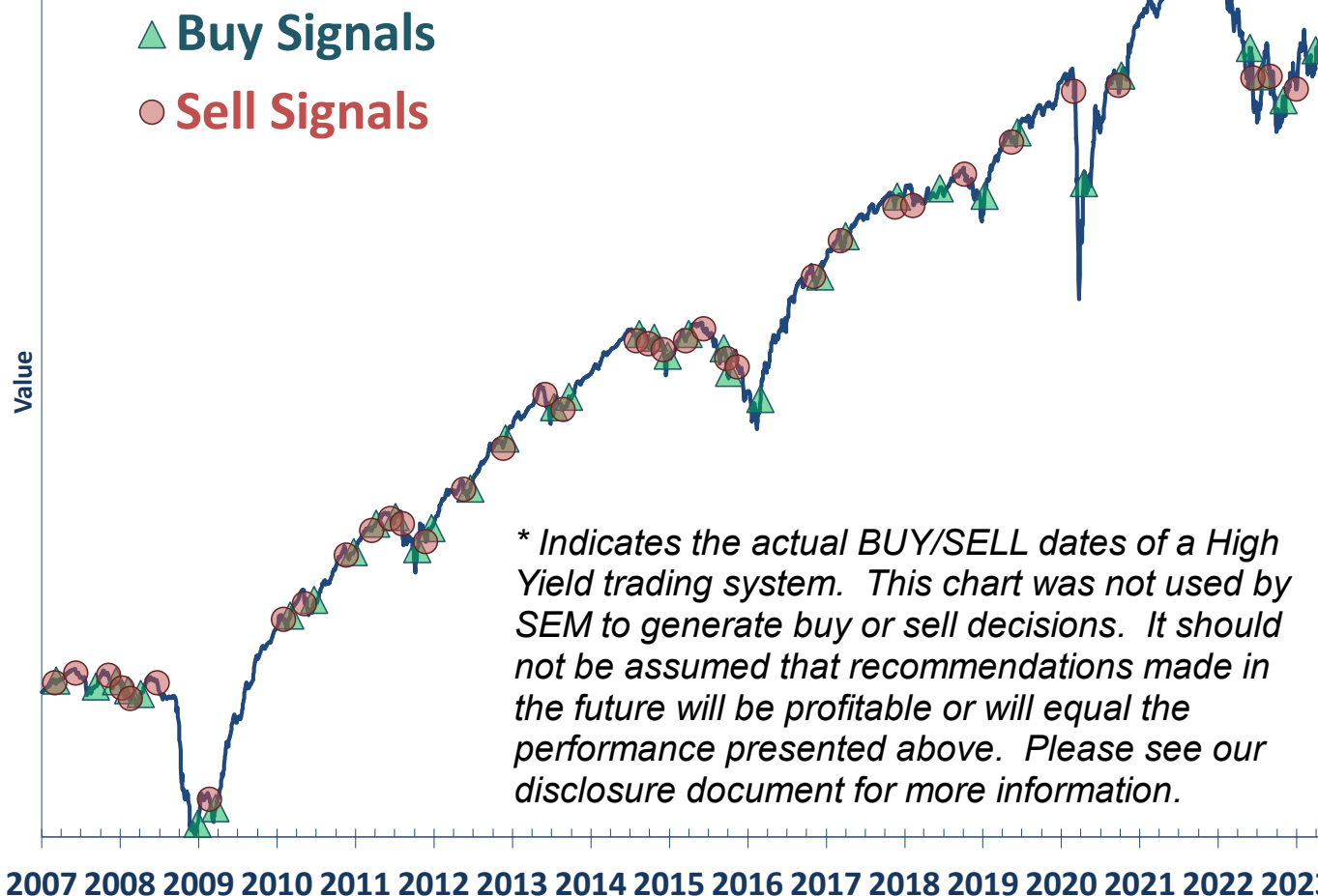
SEM's High Yield Bond trend following system has a real-time track record going back to 1992. This system has 3-5 different variations based on the market trends.

The chart to the right illustrates what Tactical Management is all about – follow a market index and invest in the index during rising trends & move to cash or other low-risk assets during falling trends.

The chart also shows the downside of Tactical Management – there will be many “bad” trades, but with proper discipline those are offset by the large winning trades that either generate strong returns or eliminate large losses.

SEM WEALTH MANAGEMENT High Yield Bond Trading System: Capitalizing on Market Trends

—High Yield Bond Composite: 2007 - 6/2023*



Understanding Tactical/Cornerstone Bond

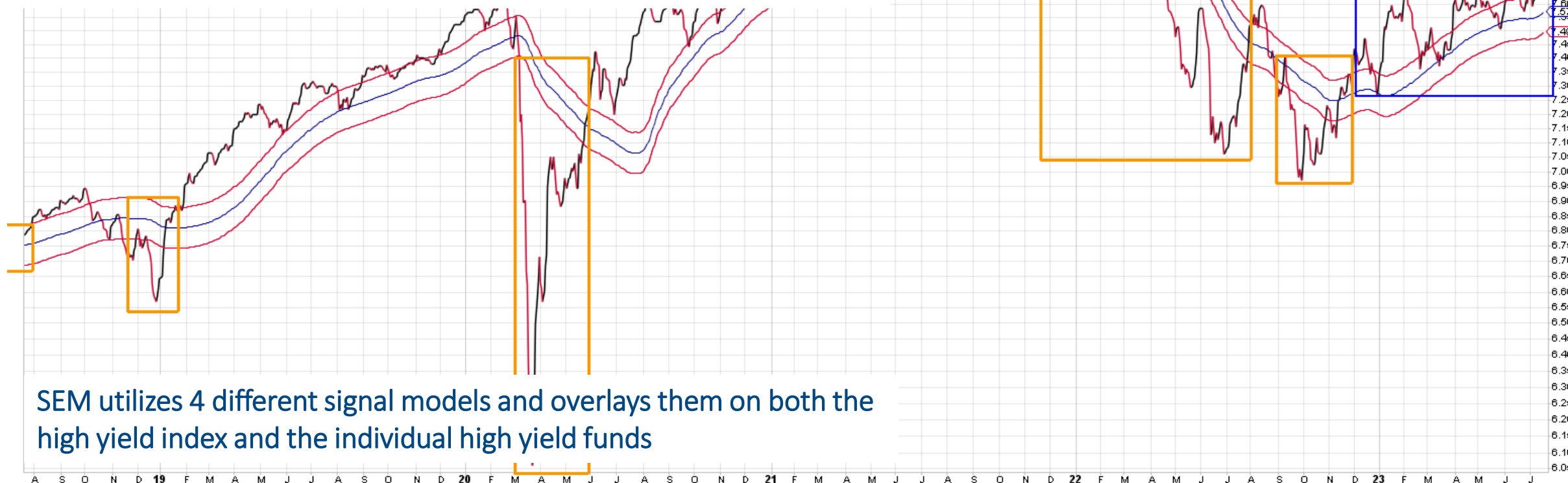


The premise of Tactical Bond is simple:

- own high yield bonds when they are trending higher
- sell and move to lower risk investments when they are trending lower

While SEM's signals are proprietary, this chart illustrates the concept.

- The bands around the blue line are the signal lines
- Buy/Sell when the black/red line crosses the signal line



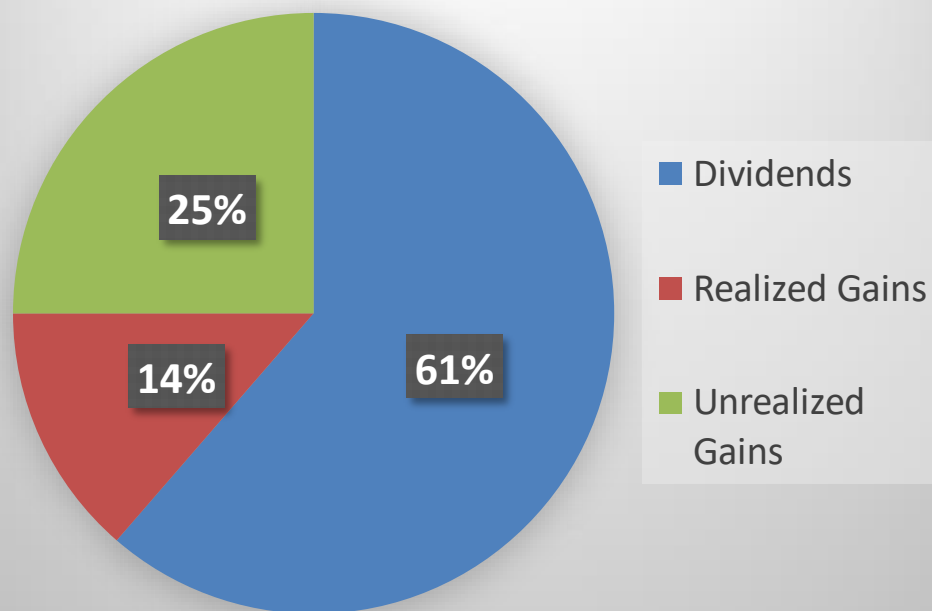
SEM utilizes 4 different signal models and overlays them on both the high yield index and the individual high yield funds

Understanding Tactical Bond

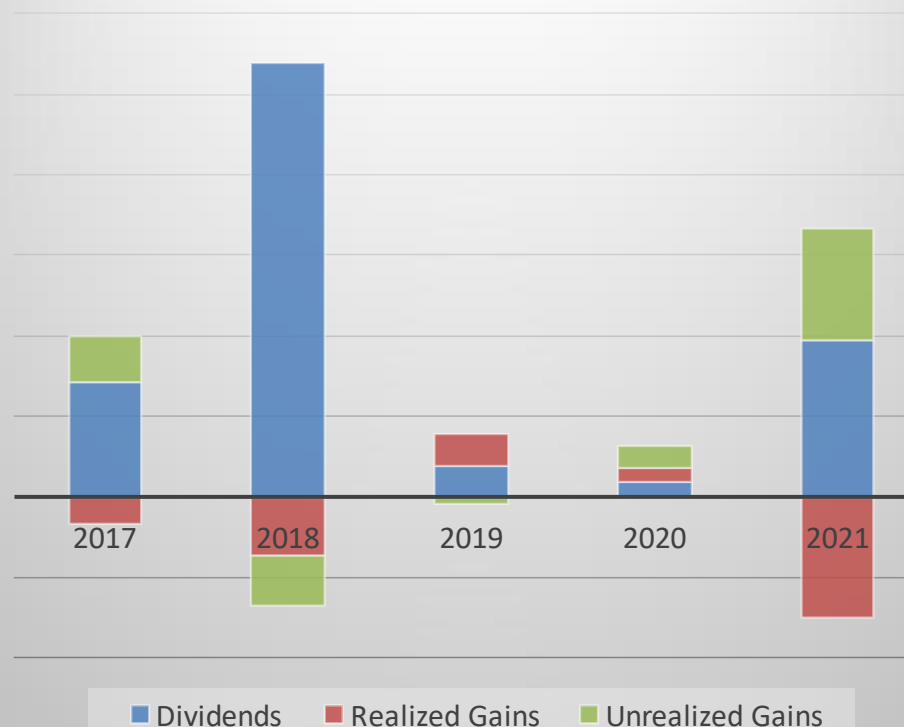


Tactical Bond income comes from both Dividends and Increases in the price of the funds. Each year will vary based on the current environment

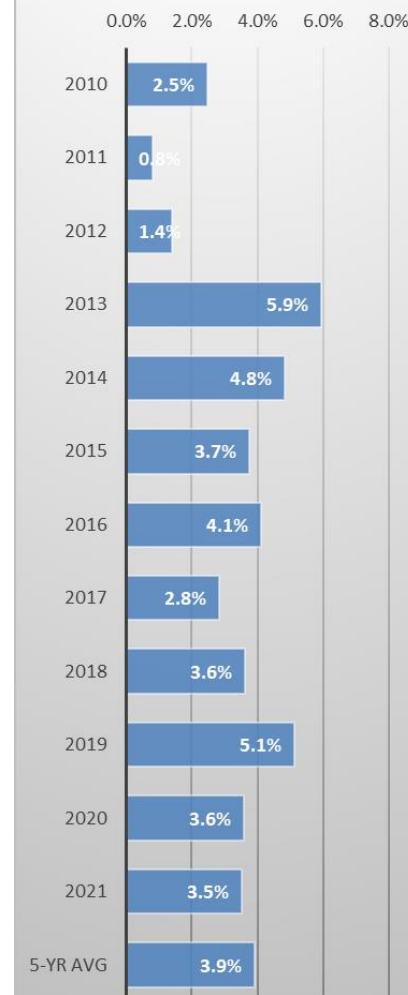
Tactical Bond 5-Year Average Income Source



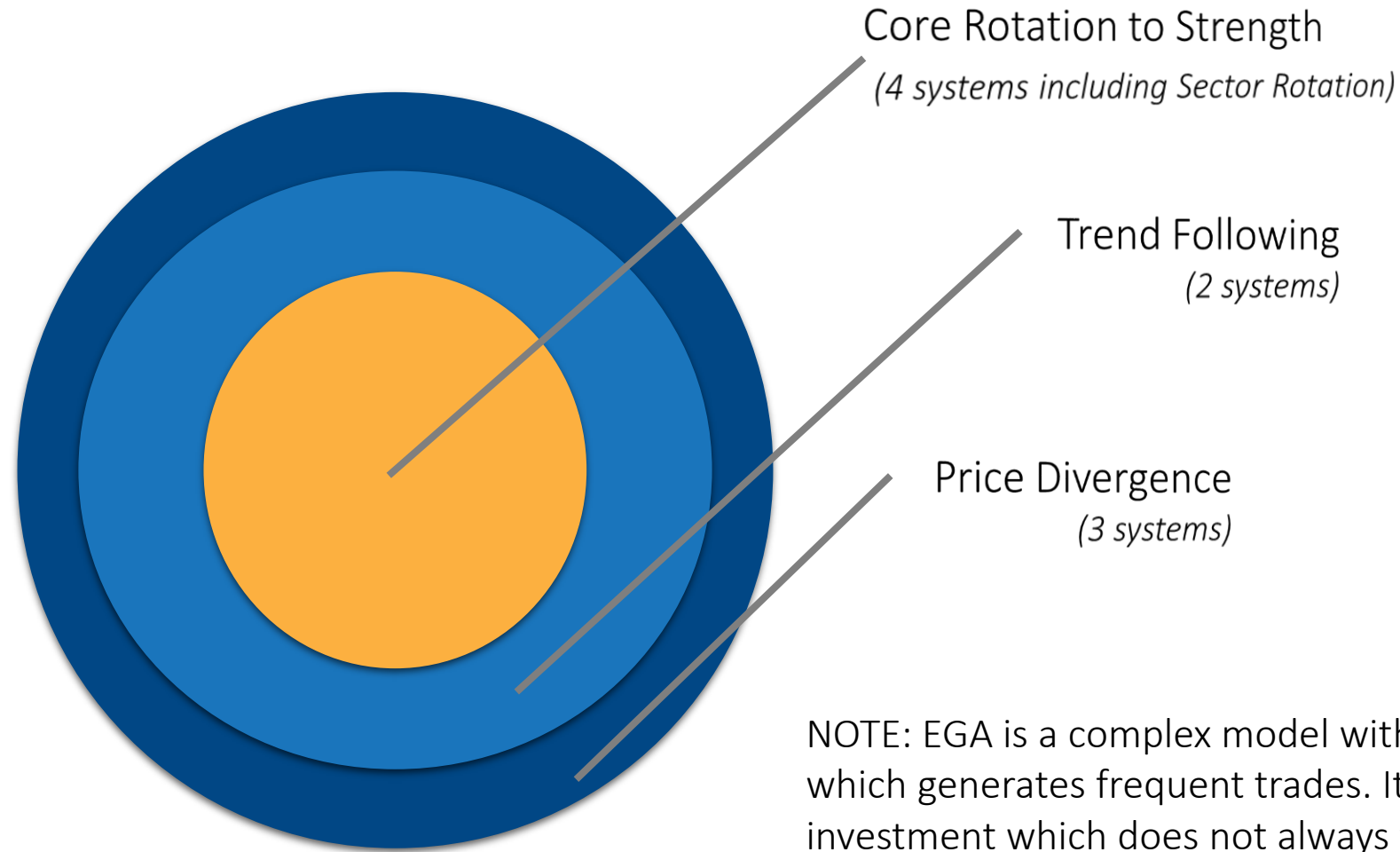
Tactical Bond Income Distribution by Year



Tactical Bond Div. Yield



Enhanced Growth Allocator (EGA)



NOTE: EGA is a complex model with many different trading systems, which generates frequent trades. It is an “alternative” type investment which does not always track the overall market. It is best used as a 10-20% component of the overall portfolio.

Momentum Stock Model (MSM) Strategy Overview



Strategy Objective: The Momentum Stock Model (“MSM”) is a trend-following breakout system that invests in large-cap and mid-cap companies listed within the Russell 1000 Index.

Strategy Benefits: Strategically allocates exposure to a basket of companies within the Russell 1000 Index that are exhibiting upward price breakouts and elevated price momentum.

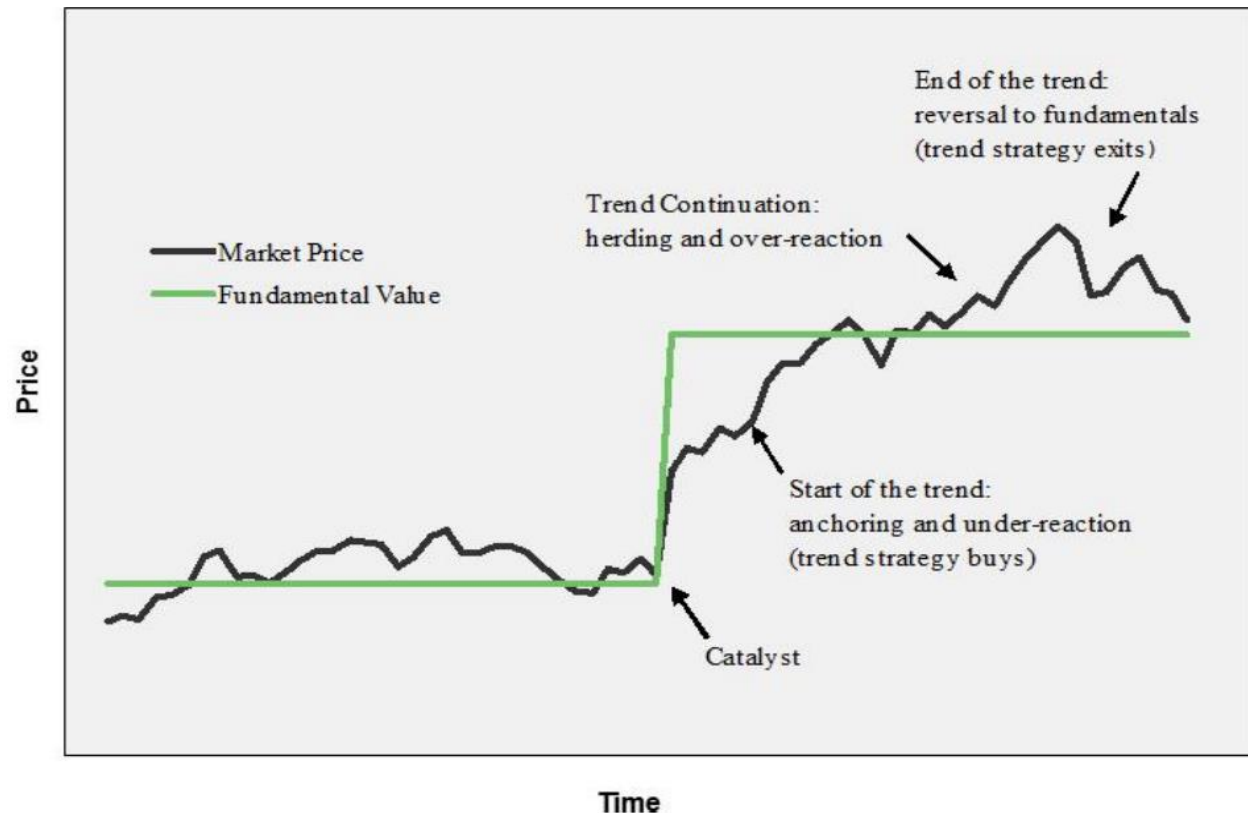
- Direct access to a specific factor using an evidence-based, quantitative framework.
- Seeks favorable risk-return trade offs within the U.S. equity sleeve.
- Built-in risk-off mechanism targets a reduction in exposure during bear markets.

Strategy Mechanics: Uses quantitative signals to assemble of a portfolio of up to 25 large-to-medium sized companies based on market capitalization. The portfolio is rebalanced on a monthly basis to an equal weight allocation in each company. The risk-off mechanism within the strategy allows all allocations to rotate into cash during more prolonged and severe bear markets.

MSM Strategy Fundamentals



- The MSM strategy aims to capture the momentum factor across a broad universe of individual U.S. equities.
- Absolute momentum (aka, trend following) is a market phenomenon that occurs when a stock price rises due to technical or fundamental catalysts, marking the potential start of an upward “trend” in the underlying security.
- The strategy seeks to ride these trends over several weeks or months in anticipation of continued price strength driven by a combination of further positive technical and fundamental developments for the stock and continued buying pressure as market participants take notice.
- MSM takes a systematic approach to riding these trends until they subside.



A person in a white shirt is working at a wooden desk. They are holding a black pen over a document. On the desk, there is a laptop, a white calculator, and a clipboard with a document. A pie chart is visible on a document in the foreground. The background shows a blurred office environment with shelves and windows.

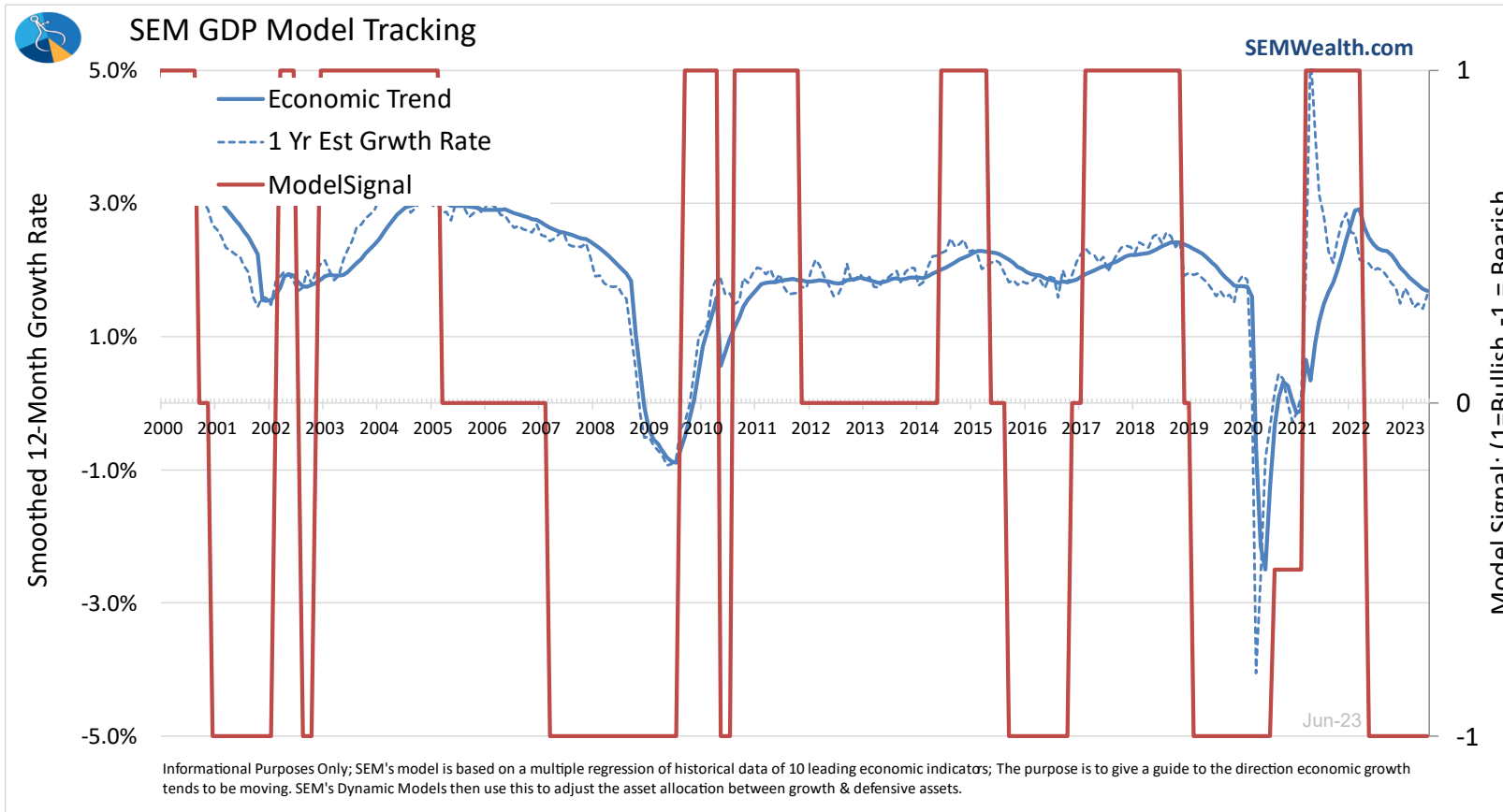
SEM Dynamic Models

SEM's Dynamic Models

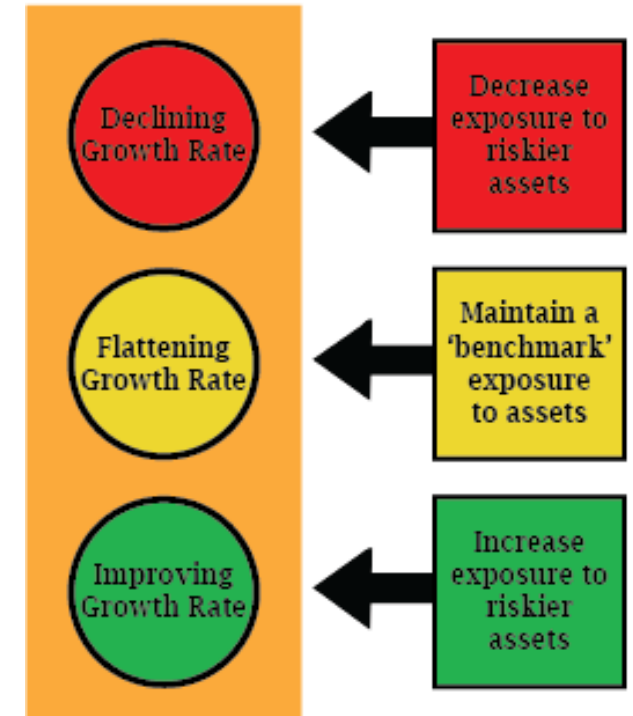


Dynamic Allocation: Dynamic Allocation programs are monitored MONTHLY. These programs start with a core asset allocation and then increase/decrease exposure based on SEM's Economic Models.

“Strategic” Asset Allocation Models + SEM's Leading Economic Indicator Index



Economic Signal



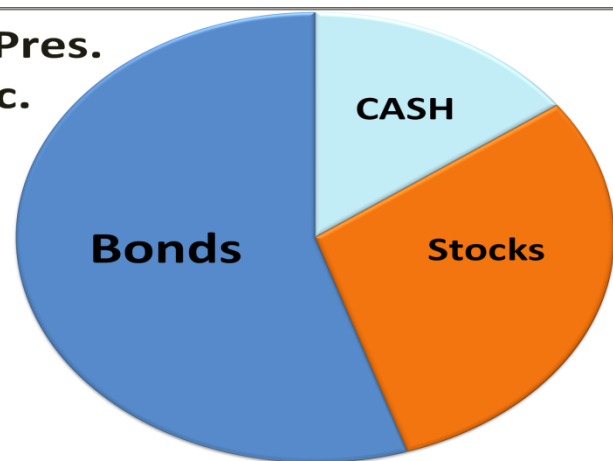
2021 Q3

SEM's Dynamic Income Allocation (DIA)

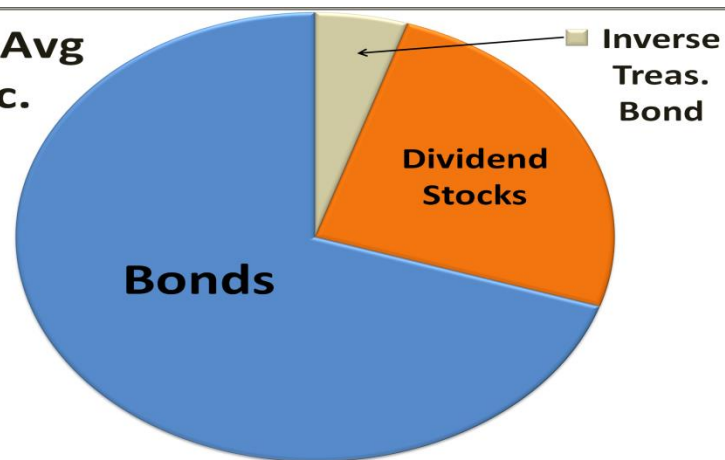


GOAL: Manage exposure to duration via **DYNAMIC** asset allocation to asset classes based on business & economic cycle.

**MS Pres.
Alloc.**



**DIA Avg
Alloc.**



Economic Growth: Strong

Dividend Stocks: 40%

Tactical Fixed Inc: Higher Beta

Examples: Anchor, Counterpoint, Navigator, HCM

Economic Growth: Neutral

Dividend Stocks: 20%

Tactical Fixed Inc: Diversified Beta

Examples: Sierra, CMG, Toews, Wavelength, Navigator

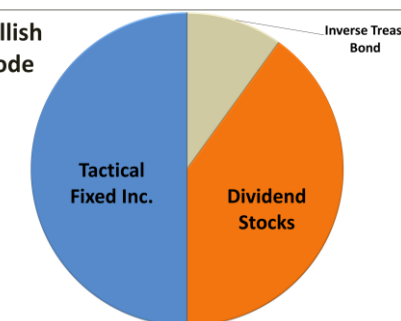
Economic Growth: Weak

Dividend Stocks: 0%

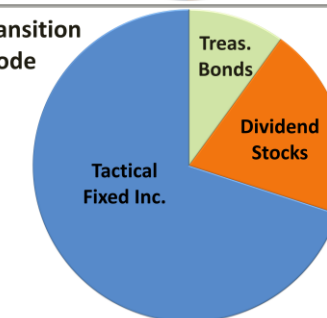
Tactical Fixed Inc: Lowest Beta

Examples: Sierra, CMG, Toews, Anfield

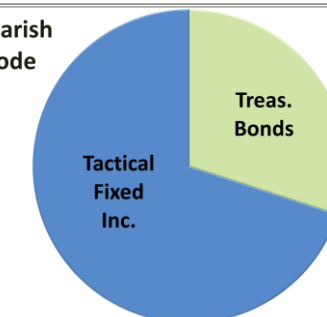
**Bullish
Mode**



**Transition
Mode**



**Bearish
Mode**

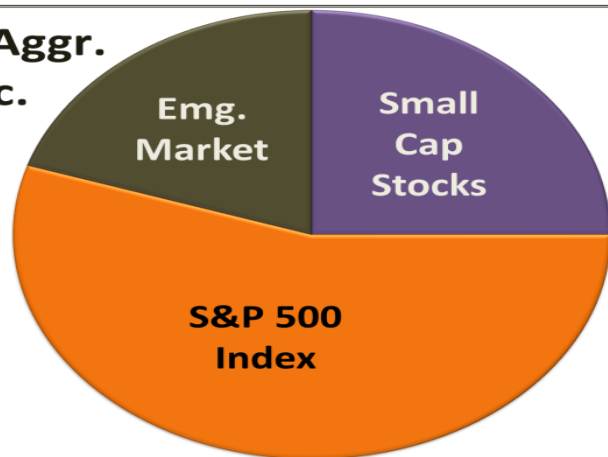


SEM's Dynamic Aggressive Growth (DAG)



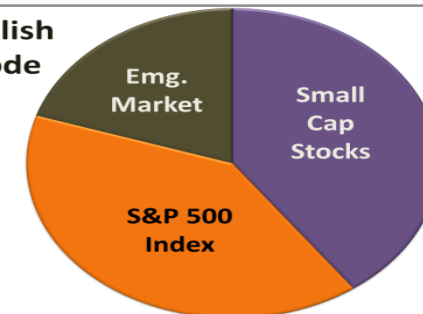
GOAL: Manage exposure to market via **DYNAMIC** asset allocation to asset classes based on business & economic cycle.

**MS Aggr.
Alloc.**

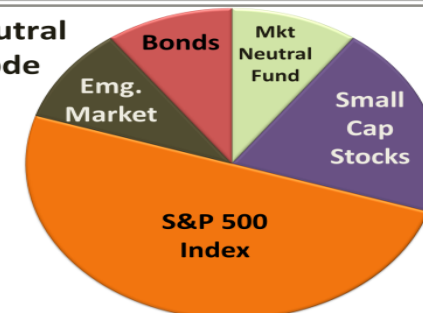


Economic Growth: Strong
Internal Indicators: Strong

**Bullish
Mode**

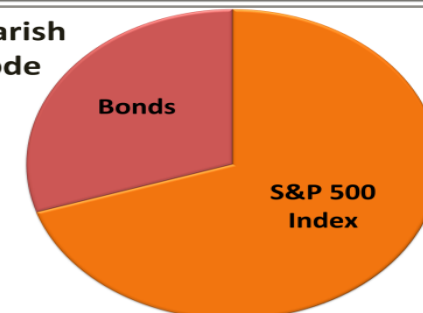


**Neutral
Mode**



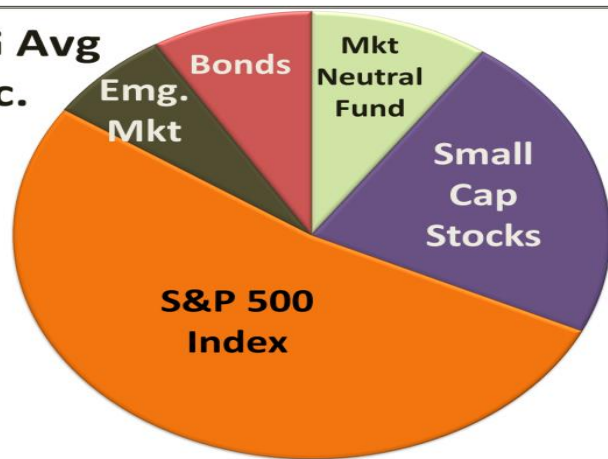
Economic Growth: Strong / Weak
Internal Indicators: Weak / Strong

**Bearish
Mode**

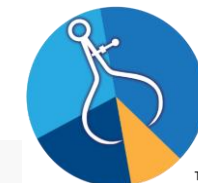


Economic Growth: Weak
Internal Indicators: Weak

**DAG Avg
Alloc.**



Other Dynamic Models Available



SEM's Dynamic Balanced Allocation (DBA)



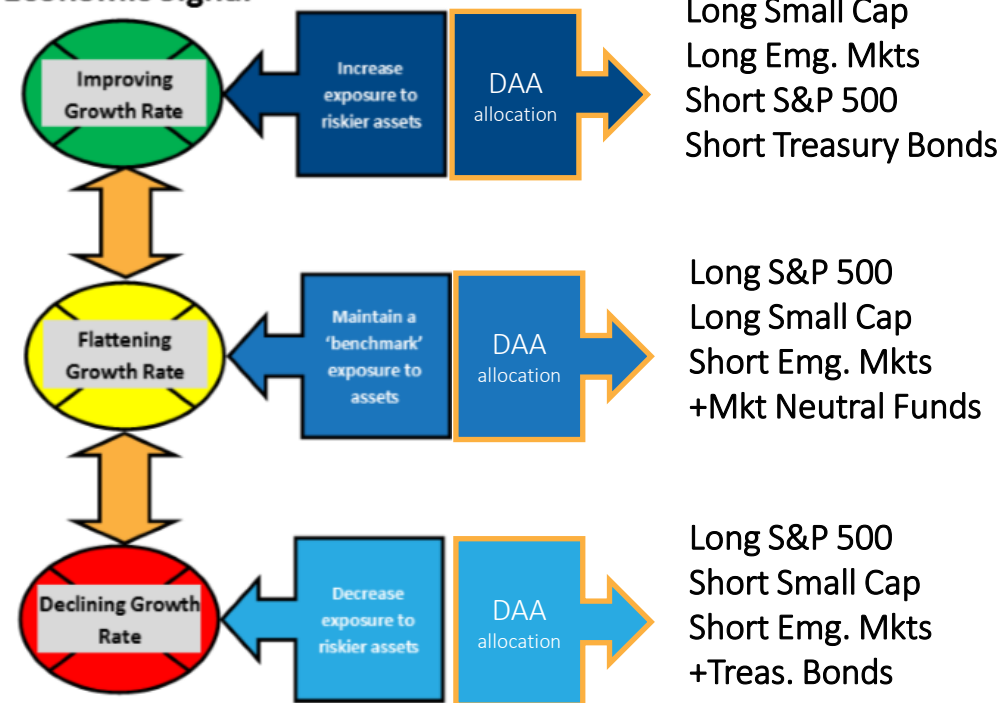
Due to the risk in long/short investing and the fact DAA will not track the market, DAA allocations should be limited to no more than 20% of a client's overall allocation.

SEM's Dynamic Asset Allocation (DAA)

"a liquid, transparent, 'hedge' fund"

DAA uses DAG's allocation decision, but uses leveraged long/short positions^

Economic Signal



Sample allocations only, actual allocations may vary based on other signals.

^ Long positions make money when the index goes up, short positions make money when the market goes down.

A person in a white shirt is working at a wooden desk. They are holding a black pen over a clipboard with a document. A white calculator is on the desk next to the clipboard. A laptop is open on the left side of the desk. In the foreground, there are more documents, one of which features a pie chart. The background is a blurred office environment with shelves and windows.

SEM Strategic Models

How does AmeriGuard work?



- The AmeriGuard portfolios have 3 components
- Each AmeriGuard portfolio has a different allocation to the component based on the desired return & risk objectives
- Each component then includes a different fund selection method

Core Rotation

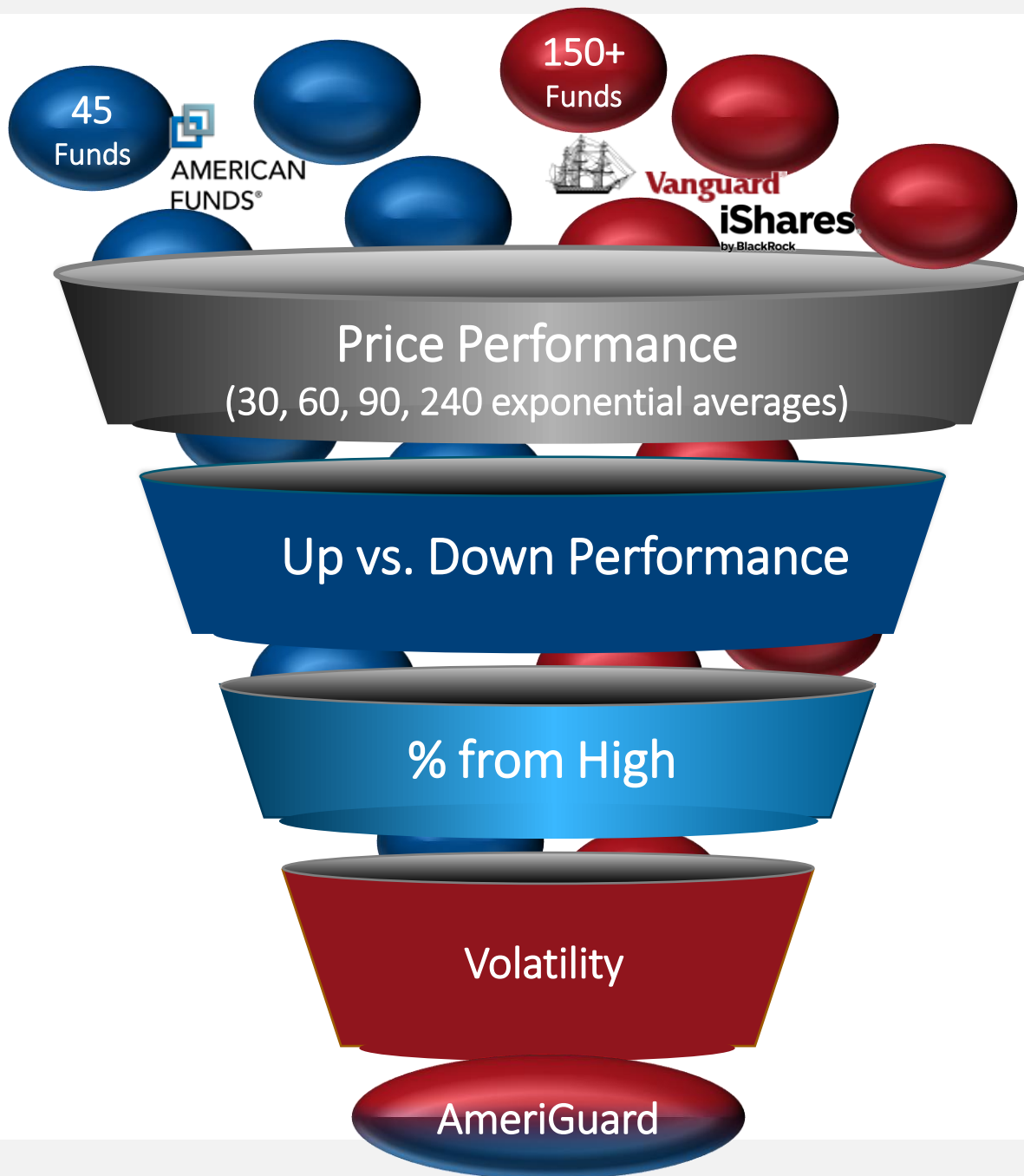
- Asset Class Ranking
- All available funds are ranked against each other

Variable Rotation

- Trend Indicator used for market direction
- Allocated to top ranked asset classes

Trend Indicator

- Bull / Bear indicator used for market direction
- Allocated to top ranked US funds



Using data to select factor weightings



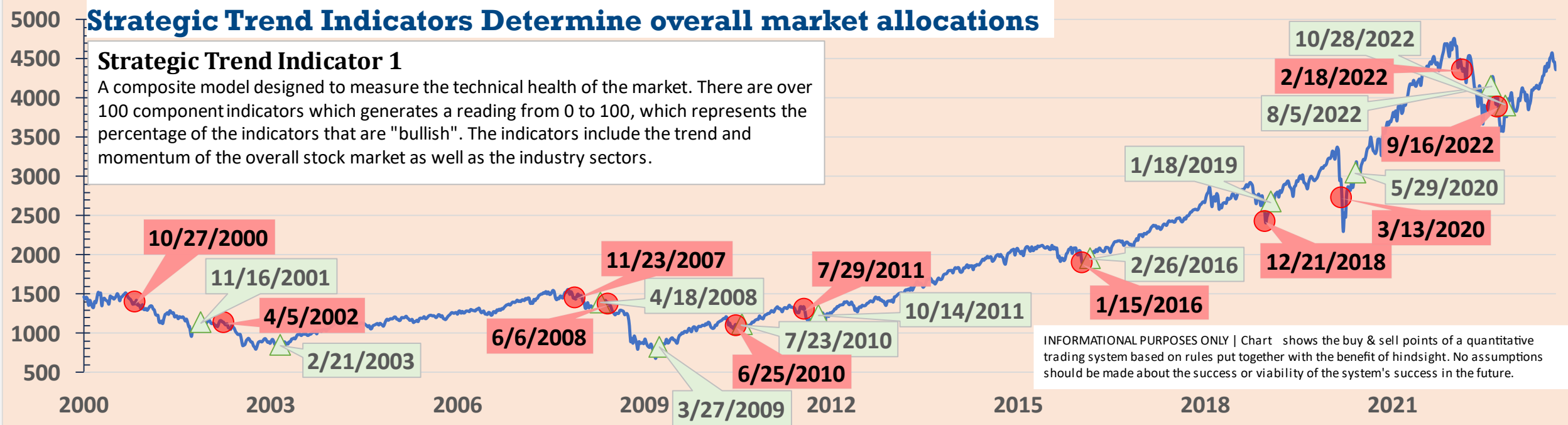
SEM AmeriGuard & Cornerstone Models use a quantitative approach to select portfolio factor weights with a focus on:

- Momentum
- Size (Large/Small)
- Value/Growth
- Volatility
- Location (US vs International)

Strategic Trend Indicators Determine overall market allocations

Strategic Trend Indicator 1

A composite model designed to measure the technical health of the market. There are over 100 component indicators which generates a reading from 0 to 100, which represents the percentage of the indicators that are "bullish". The indicators include the trend and momentum of the overall stock market as well as the industry sectors.



Strategic Trend Indicator 2

A trend following model designed to measure the overall trend in the market and where the market is in the current cycle. The trend indicators are adjusted based on recent volatility. The goal of the indicator is to reduce risk when volatility is high and waiting to allocate until the market has stabilized.



AmeriGuard Portfolios



AmeriGuard Portfolio	Core Rotation	Variable Rotation*	Trend Indic.*	Rebalance Frequency
Balanced	30%	60%	10%	Quarterly^
Moderate	50%	30%	20%	Quarterly^
Growth	70%	30%	0%	Quarterly
Aggressive	85%	15%	0%	Quarterly
Max	100%	0%	0%	Quarterly

* Can invest in bonds during downturns

^ May trade intra-quarter if trend reverses

AmeriGuard Portfolio Stock Market Exposure Range & Risk

Stock Allocation: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%	Risk	Riskalyze	TOLERISK
Balanced	-20%	50	46
Moderate	-32%	63	72
Growth	-42%	71	86
Aggressive	-48%	77	97
Max	-53%	86	103

 = Model Allocation Range



SEM'S CORNERSTONE PORTFOLIOS

A BEHAVIORAL APPROACH TO BIBLICALLY RESPONSIBLE INVESTING

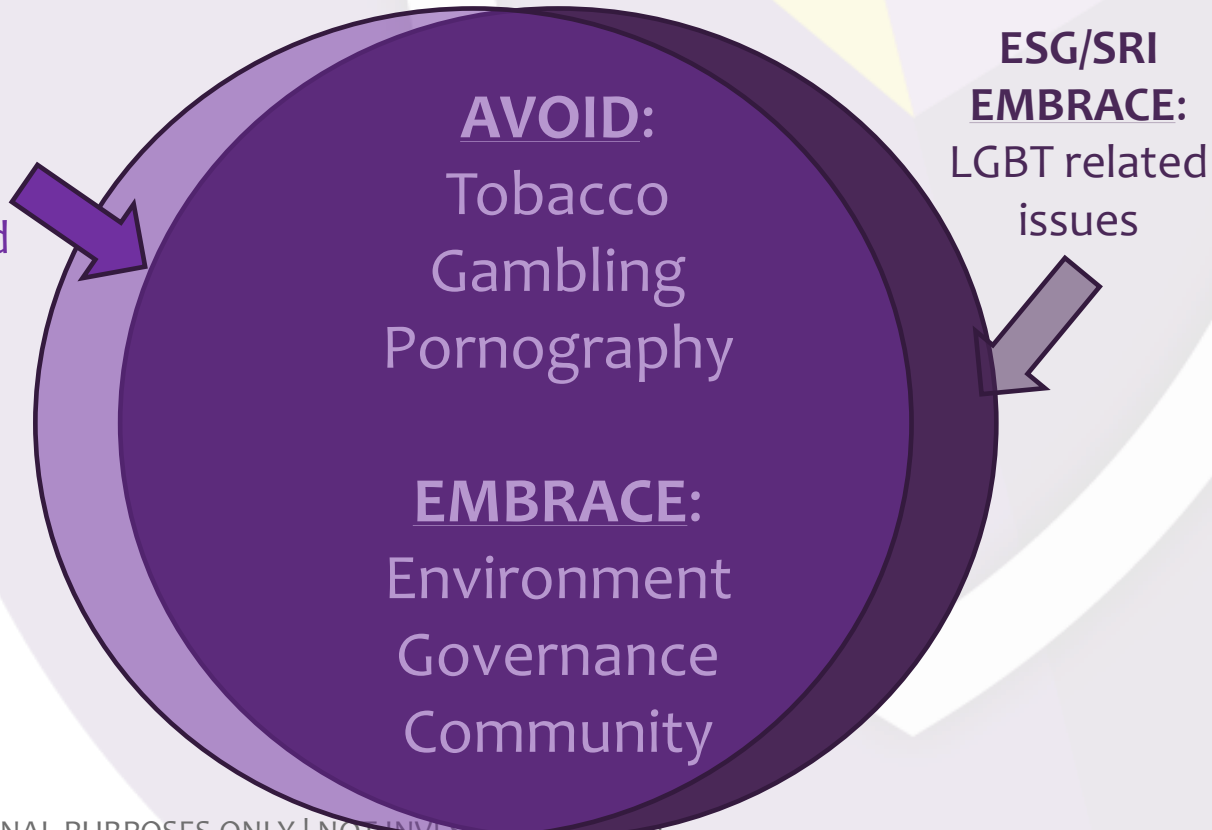


HOW DO YOU DEFINE FAITH BASED VALUES?

ESG = (Environmental / Social / Governance)

SRI = Socially Responsible Investing (SRI)

BRI
ELIMINATE:
Abortion
products,
services, and
support

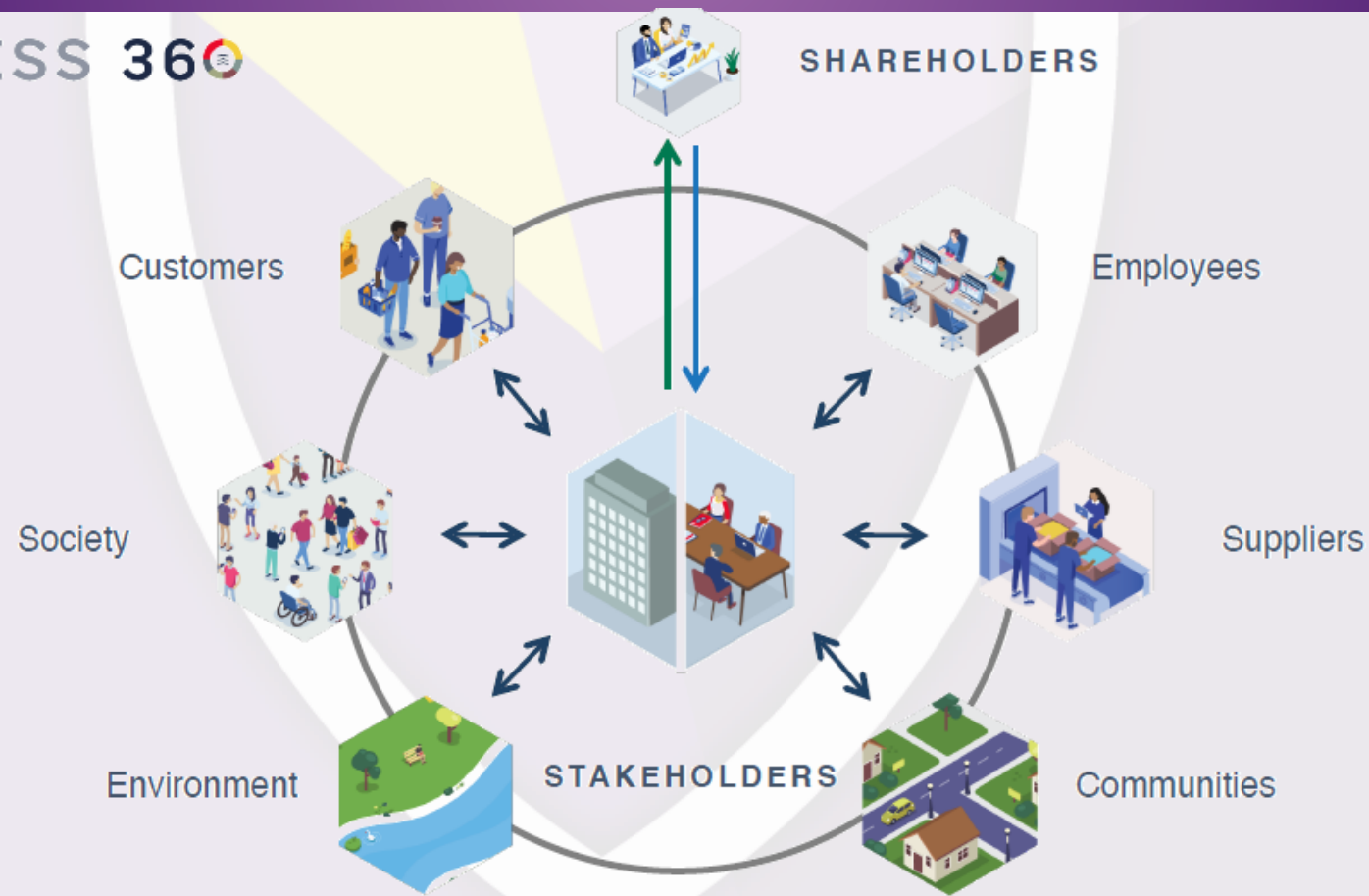


■ Key Questions:

- Should business profits be used for Abortion lobbying & philanthropy?
- Should business profits be used for “Lifestyle” promotion, lobbying, and philanthropy?
- Should you invest in companies who provide “adult” content or host “adult” websites and other platforms?

EMBRACE

BUSINESS 360



Reference to Eventide's Business 360 approach is provided for illustrative purposes only and indicates a general framework of guiding principles that inform Eventide's overall research process.

2/18/20

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ENGAGE

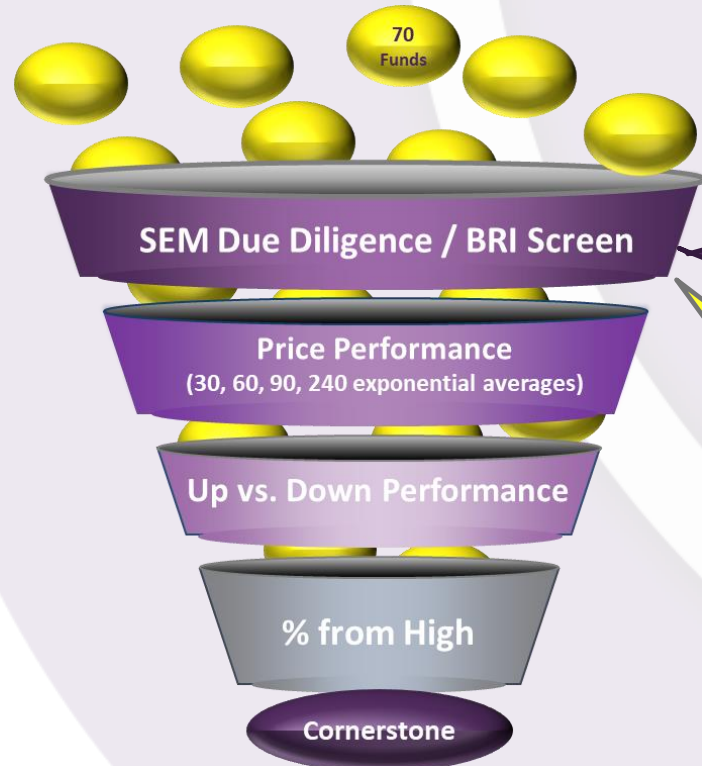
Christian Employee Communities & Employee Resource Groups Established through Corporate Engagement



SOURCE: Faith Driven Investor Group

HOW CORNERSTONE SELECTS FUNDS

The portfolio construction process follows a systematized process, starting with selecting the Biblically Responsible Investments eligible for placement in the Cornerstone Models.



Avoid Screen

- What industries/activities are you seeking to avoid?
- How do you monitor this?

Embrace / Engage Screen

- What industries/activities are you seeking to include?
- How do you engage with companies?

Impact

- What is the vision of your company?
- What does your company do to impact God's Kingdom?

STRATEGIC TREND INDICATORS DETERMINE OVERALL MARKET ALLOCATIONS

Strategic Trend Indicator 1

A composite model designed to measure the technical health of the market. There are over 100 component indicators which generates a reading from 0 to 100, which represents the percentage of the indicators that are "bullish". The indicators include the trend and momentum of the overall stock market as well as the industry sectors.



INFORMATIONAL PURPOSES ONLY | Chart shows the buy & sell points of a quantitative trading system based on rules put together with the benefit of hindsight. No assumptions should be made about the success or viability of the system's success in the future.

Strategic Trend Indicator 2

A trend following model designed to measure the overall trend in the market and where the market is in the current cycle. The trend indicators are adjusted based on recent volatility. The goal of the indicator is to reduce risk when volatility is high and waiting to allocate until the market has stabilized.



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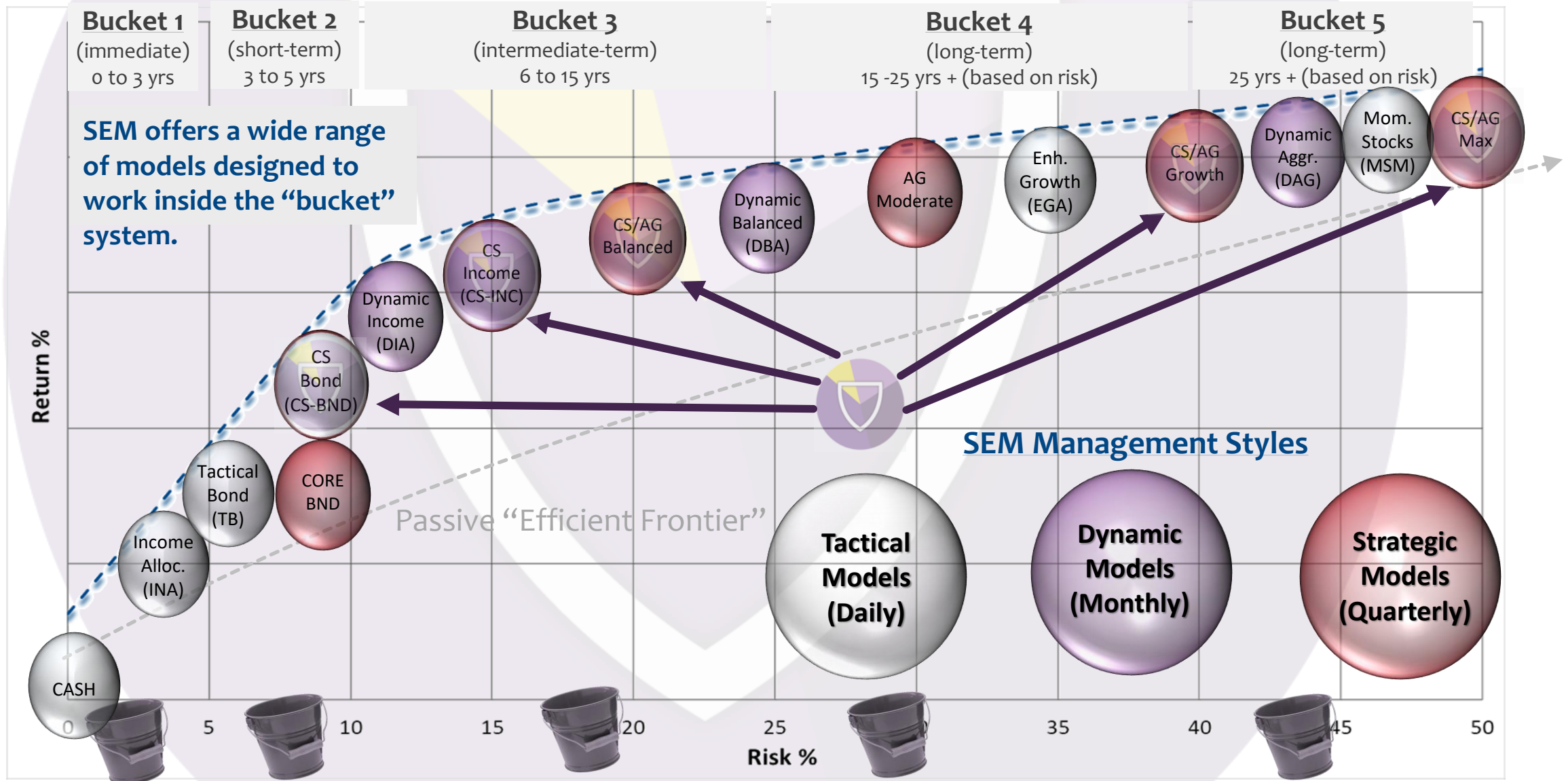
CORNERSTONE MODEL OPTIONS

The Cornerstone Models are designed to fill a wide-range of allocations inside a portfolio. Each model has a maximum and minimum equity allocation. Combining the Cornerstone Models allows clients to customize their own experience.

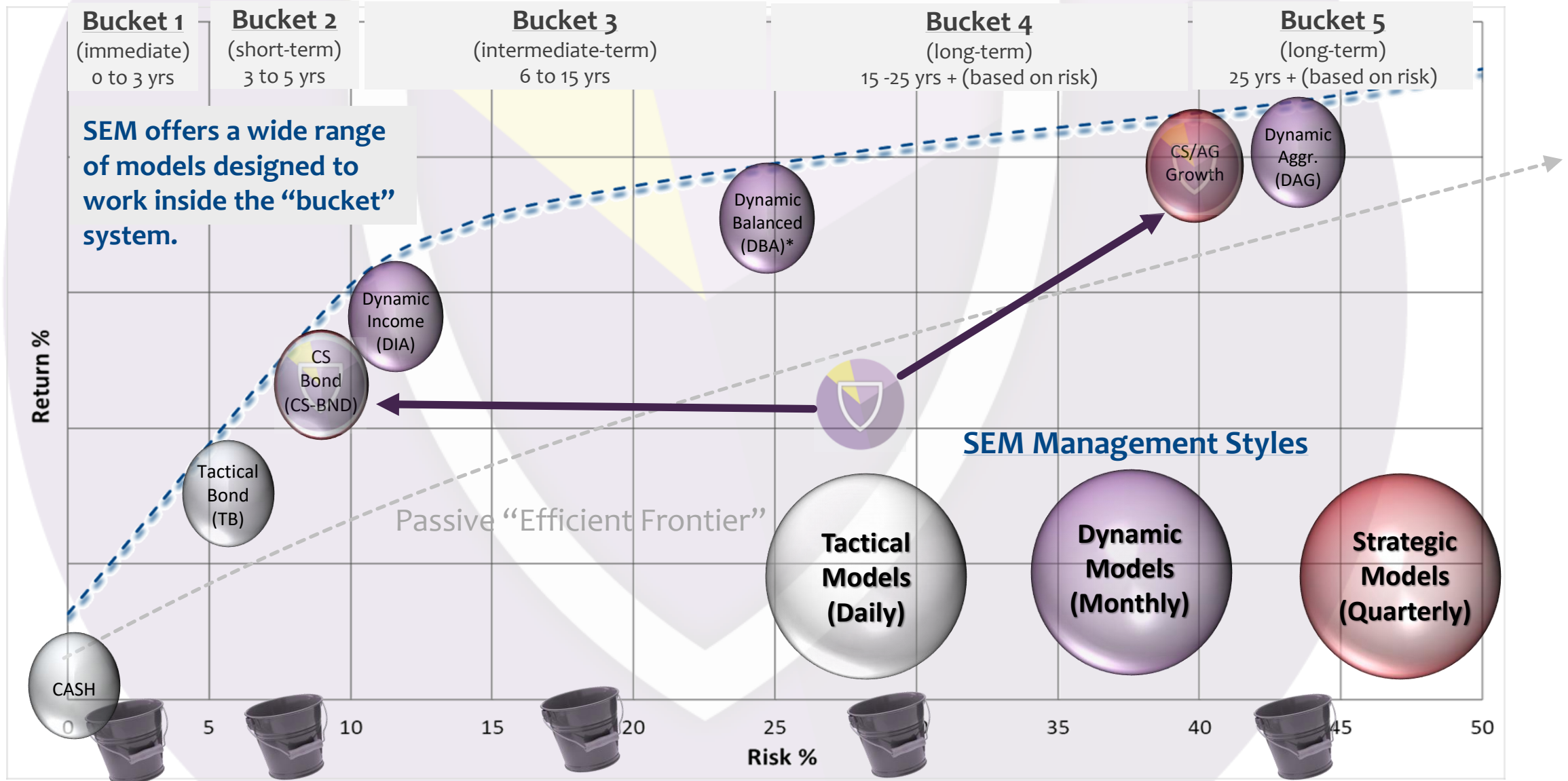
Cornerstone Model Stock Market Exposure Range & Risk

Stock Allocation:	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Risk	Riskalyze	TOLERISK
Bond												-10%	23	32
Income												-15%	26	40
Balanced												-25%	52	50
Growth												-40%	71	92
Max												-46%	76	101

SEM'S MODELS & ASSET BUCKETS



SEM'S AXIOM MODELS & ASSET BUCKETS



A person in a white shirt is working at a wooden desk. They are holding a black pen over a white calculator. On the desk, there is a laptop on the left, a clipboard with a document in the center, and another document with a pie chart on the right. The background is a blurred office environment with shelves and windows.

SEM PERFORMANCE



Model Performance Snapshot

Return Date:
6/30/2023



Trailing Returns

	QTD	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	2008
SEM Income Allocator	1.02	2.25	2.65	1.66	2.09	1.87	3.67	-2.75
SEM Tactical Bond	0.54	0.93	-0.80	-0.08	2.35	1.64	4.67	1.37
SEM Tax Advantaged Bond	0.07	0.69	1.75	1.38	2.35	2.72	4.66	3.60
SEM Enhanced Growth Allocator	7.93	12.27	-2.02	3.84	0.59	3.52	3.49	-23.76
SEM Dynamic Income Alloc.	-0.48	-0.40	0.22	-0.05	1.93	2.36	4.22	11.36
SEM Dynamic Balanced Alloc.	2.72	5.25	5.54	3.11	3.74	4.75	6.00	-11.64
SEM Dynamic Aggressive Growth	-0.48	4.34	5.14	4.55	4.52	6.45	7.32	-30.82
SEM Dynamic Asset Allocator	0.88	1.62	1.32	-1.11	4.45	4.51	8.64	18.10
SEM AmeriGuard-Balanced	2.69	5.67	4.11	5.59	4.47	5.74	6.37	-11.41
SEM AmeriGuard-Moderate	4.24	8.84	8.44	8.72	5.79	7.47	7.53	-20.58
SEM AmeriGuard-Growth	4.63	8.41	10.11	10.82	6.95	8.69	8.15	-28.22
SEM AmeriGuard-Max	7.49	12.92	14.81	10.05	7.52	9.60	8.46	-36.01
SEM Cornerstone-Bond	1.19	0.33	0.92	0.93	3.75	3.14	5.63	-0.72
SEM Cornerstone-Income	0.19	-0.61	-4.88	-0.08	1.91	2.71	4.88	-3.00
SEM Cornerstone-Balanced	2.69	3.73	2.48	5.21	4.81	6.95	8.74	-13.12
SEM Cornerstone-Growth	4.24	5.78	7.58	7.79	7.68	9.32	9.63	-27.18
SEM Cornerstone-Max	4.05	8.51	11.38	3.62	5.25	7.80	7.39	-37.02
<i>Morningstar Multisector Bond</i>	<i>0.55</i>	<i>2.97</i>	<i>3.22</i>	<i>0.47</i>	<i>1.62</i>	<i>2.46</i>	<i>3.72</i>	<i>-14.99</i>
<i>Morningstar Preservation Alloc</i>	<i>0.68</i>	<i>3.50</i>	<i>2.98</i>	<i>1.34</i>	<i>2.16</i>	<i>2.67</i>	<i>3.23</i>	<i>-16.26</i>
<i>Morningstar Conservative Alloc</i>	<i>1.79</i>	<i>5.35</i>	<i>5.33</i>	<i>3.37</i>	<i>3.31</i>	<i>3.88</i>	<i>4.16</i>	<i>-18.90</i>
<i>Morningstar Moderate Alloc</i>	<i>3.40</i>	<i>7.33</i>	<i>8.48</i>	<i>6.78</i>	<i>5.64</i>	<i>6.17</i>	<i>5.69</i>	<i>-28.19</i>
<i>Morningstar World Allocation</i>	<i>1.62</i>	<i>5.04</i>	<i>6.17</i>	<i>5.41</i>	<i>3.04</i>	<i>3.85</i>	<i>3.15</i>	<i>-30.26</i>
<i>Morningstar Growth Alloc</i>	<i>4.09</i>	<i>8.66</i>	<i>11.15</i>	<i>8.48</i>	<i>5.73</i>	<i>6.79</i>	<i>5.94</i>	<i>-34.36</i>
<i>Morningstar Aggressive Alloc</i>	<i>4.72</i>	<i>9.73</i>	<i>11.82</i>	<i>9.00</i>	<i>5.81</i>	<i>7.60</i>	<i>6.52</i>	<i>-38.47</i>
<i>S&P 500</i>	<i>8.74</i>	<i>16.89</i>	<i>19.59</i>	<i>14.60</i>	<i>12.31</i>	<i>12.86</i>	<i>10.88</i>	<i>-37.00</i>

Source: Morningstar Direct

Model Performance Snapshot

Return Date:
6/30/2023



Calendar Year Returns

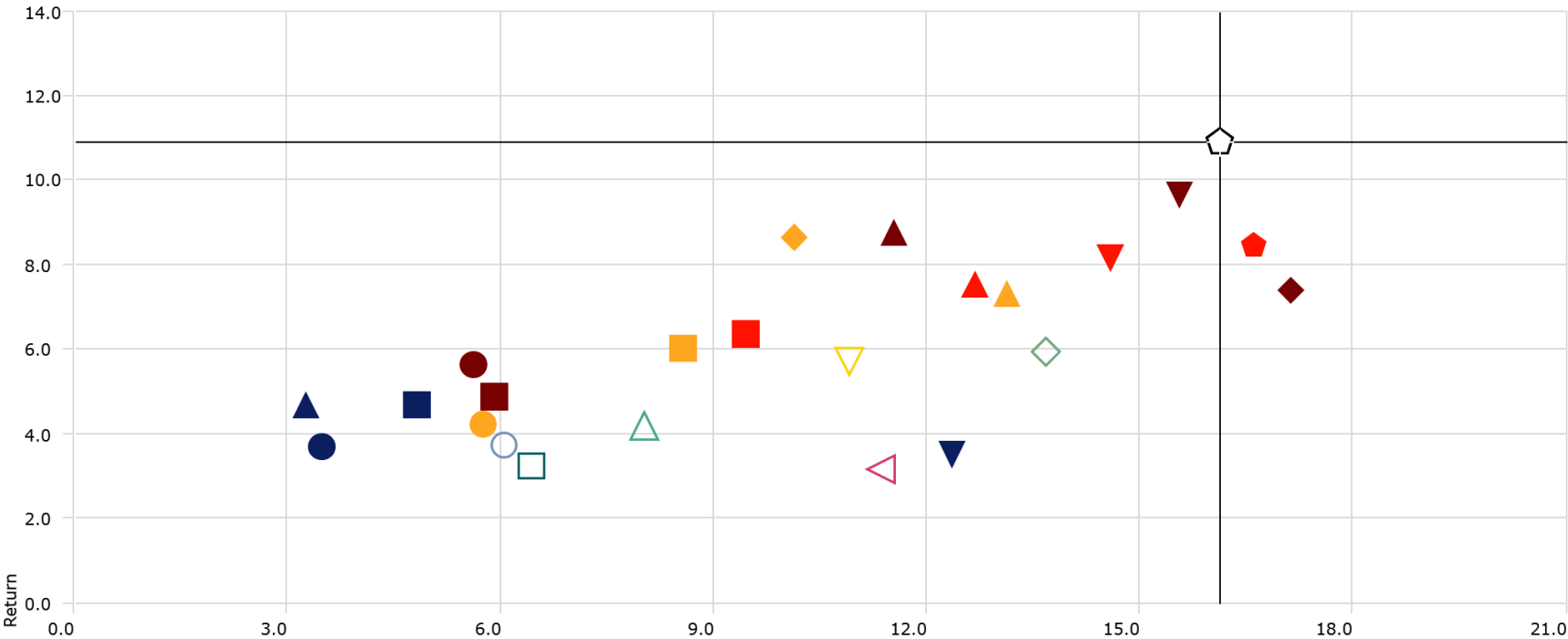
	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
SEM Income Allocator	2.25	-5.64	2.32	8.52	4.46	-1.94	3.36	4.89	-1.71	0.60	4.34	4.80	-0.89	6.24	28.74	-2.75
SEM Tactical Bond	0.93	-7.67	0.87	9.63	6.50	0.27	0.96	7.14	-2.43	-0.30	4.54	9.43	0.32	5.60	39.06	1.37
SEM Tax Advantaged Bond	0.69	-2.63	3.21	7.08	4.39	-1.25	3.37	3.24	0.14	8.98	0.25	11.09	6.22	5.18	18.77	3.60
SEM Enhanced Growth Allocator	12.27	-27.58	16.26	0.18	10.35	0.52	15.10	1.22	-5.27	8.04	25.27	9.35	-2.66	2.34	19.85	-23.76
SEM Dynamic Income Alloc.	-0.40	-4.50	0.62	6.15	11.26	-4.52	5.18	7.97	-3.44	3.86	2.55	5.50	-1.00	5.32	21.57	11.36
SEM Dynamic Balanced Alloc.	5.25	-10.83	6.90	10.16	14.99	-6.27	9.45	7.98	-1.21	5.09	14.39	8.29	1.74	9.16	27.89	-11.64
SEM Dynamic Aggressive Growth	4.34	-15.38	12.75	13.72	19.87	-8.26	14.06	8.22	-0.15	8.29	24.34	10.19	4.29	12.99	38.16	-30.82
SEM Dynamic Asset Allocator	1.62	-7.45	6.58	14.21	9.89	-6.20	4.85	3.28	4.73	16.06	0.98	7.13	17.41	2.53	38.06	18.10
SEM AmeriGuard-Balanced	5.67	-16.68	13.89	15.33	17.16	-9.38	17.81	7.82	-4.56	6.16	16.82	7.36	3.23	11.98	20.05	-11.41
SEM AmeriGuard-Moderate	8.84	-18.25	18.78	16.43	19.88	-10.11	20.73	8.87	-4.17	7.89	23.80	9.29	-0.41	16.01	25.17	-20.58
SEM AmeriGuard-Growth	8.41	-17.31	21.24	20.98	22.13	-12.23	21.30	11.85	-4.71	9.10	27.94	11.25	1.70	14.79	26.83	-28.22
SEM AmeriGuard-Max	12.92	-21.04	20.80	26.99	17.26	-6.98	25.32	5.39	1.37	8.09	32.47	15.60	-3.96	12.19	34.05	-36.01
SEM Cornerstone-Bond	0.33	-4.75	3.16	9.00	10.50	-0.90	3.25	8.69	2.03	-0.41	1.41	8.64	3.48	5.71	44.10	-0.72
SEM Cornerstone-Income	-0.61	-10.67	8.93	7.79	8.11	-5.47	7.09	5.26	-0.84	3.97	4.81	6.99	1.07	12.54	31.26	-3.00
SEM Cornerstone-Balanced	3.73	-17.00	16.11	11.49	23.48	-5.95	16.21	9.03	-2.41	6.64	26.39	13.46	1.67	15.06	36.82	-13.12
SEM Cornerstone-Growth	5.78	-18.94	20.60	21.55	30.30	-7.47	20.30	8.03	-3.24	7.75	36.73	16.17	-0.80	15.24	35.12	-27.18
SEM Cornerstone-Max	8.51	-24.56	12.60	23.33	30.30	-8.72	20.30	5.24	-3.24	7.75	36.73	16.17	-3.71	14.45	30.85	-37.02
<i>Morningstar Multisector Bond</i>	<i>2.97</i>	<i>-9.93</i>	<i>2.29</i>	<i>4.82</i>	<i>9.68</i>	<i>-1.57</i>	<i>6.13</i>	<i>7.09</i>	<i>-2.03</i>	<i>3.42</i>	<i>2.15</i>	<i>11.60</i>	<i>2.90</i>	<i>10.59</i>	<i>25.72</i>	<i>-14.99</i>
<i>Morningstar Preservation Alloc</i>	<i>3.50</i>	<i>-11.10</i>	<i>4.83</i>	<i>6.28</i>	<i>10.89</i>	<i>-3.09</i>	<i>6.48</i>	<i>5.67</i>	<i>-2.09</i>	<i>3.38</i>	<i>3.95</i>	<i>8.34</i>	<i>1.78</i>	<i>9.62</i>	<i>19.19</i>	<i>-16.26</i>
<i>Morningstar Conservative Alloc</i>	<i>5.35</i>	<i>-13.34</i>	<i>8.40</i>	<i>8.23</i>	<i>14.79</i>	<i>-4.97</i>	<i>9.63</i>	<i>6.72</i>	<i>-2.37</i>	<i>3.90</i>	<i>7.07</i>	<i>9.22</i>	<i>1.74</i>	<i>10.01</i>	<i>20.38</i>	<i>-18.90</i>
<i>Morningstar Moderate Alloc</i>	<i>7.33</i>	<i>-13.84</i>	<i>13.91</i>	<i>11.44</i>	<i>18.89</i>	<i>-5.86</i>	<i>13.22</i>	<i>7.37</i>	<i>-1.98</i>	<i>5.83</i>	<i>16.10</i>	<i>11.85</i>	<i>-0.40</i>	<i>11.73</i>	<i>24.04</i>	<i>-28.19</i>
<i>Morningstar World Allocation</i>	<i>5.04</i>	<i>-12.55</i>	<i>11.24</i>	<i>5.22</i>	<i>15.95</i>	<i>-8.10</i>	<i>14.30</i>	<i>5.84</i>	<i>-4.28</i>	<i>1.50</i>	<i>8.46</i>	<i>10.18</i>	<i>-3.67</i>	<i>10.95</i>	<i>24.20</i>	<i>-30.26</i>
<i>Morningstar Growth Alloc</i>	<i>8.66</i>	<i>-15.20</i>	<i>16.33</i>	<i>10.99</i>	<i>21.08</i>	<i>-7.82</i>	<i>16.21</i>	<i>7.79</i>	<i>-2.73</i>	<i>5.58</i>	<i>20.90</i>	<i>13.39</i>	<i>-3.40</i>	<i>13.44</i>	<i>29.26</i>	<i>-34.36</i>
<i>Morningstar Aggressive Alloc</i>	<i>9.73</i>	<i>-19.02</i>	<i>18.06</i>	<i>13.25</i>	<i>24.45</i>	<i>-9.24</i>	<i>19.73</i>	<i>7.94</i>	<i>-1.80</i>	<i>5.48</i>	<i>26.72</i>	<i>15.43</i>	<i>-4.17</i>	<i>14.84</i>	<i>30.09</i>	<i>-38.47</i>
<i>S&P 500</i>	<i>16.89</i>	<i>-18.11</i>	<i>28.71</i>	<i>18.40</i>	<i>31.49</i>	<i>-4.38</i>	<i>21.83</i>	<i>11.96</i>	<i>1.38</i>	<i>13.69</i>	<i>32.39</i>	<i>16.00</i>	<i>2.11</i>	<i>15.06</i>	<i>26.46</i>	<i>-37.00</i>



Risk-Reward SEM vs. Benchmarks (open shapes)

Time Period: 7/1/2008 to 6/30/2023

Calculation Benchmark: S&P 500 TR USD



- SEM Income Allocator

▼ SEM Enhanced Growth Allocator

▲ SEM Dynamic Aggressive Growth

▲ SEM AmeriGuard-Moderate

● SEM Cornerstone-Bond

▼ SEM Cornerstone-Growth

□ Morningstar Preservation Alloc

◁ Morningstar World Allocation
- SEM Tactical Bond

● SEM Dynamic Income Alloc.

◆ SEM Dynamic Asset Allocator

▼ SEM AmeriGuard-Growth

■ SEM Cornerstone-Income

◆ SEM Cornerstone-Max

△ Morningstar Conservative Alloc

◇ Morningstar Growth Alloc
- ▲ SEM Tax Advantaged Bond

■ SEM Dynamic Balanced Alloc.

■ SEM AmeriGuard-Balanced

● SEM AmeriGuard-Max

▲ SEM Cornerstone-Balanced

○ Morningstar Multisector Bond

▽ Morningstar Moderate Alloc

⬠ S&P 500



Performance Statistics

Time Period: 7/1/2008 to 6/30/2023 Calculation Benchmark: S&P 500 TR USD

	INA	TB	TAB	EGA	DIA	DBA	DAG	DAA	AG-BAL	AG-MOD	AG-GRW	AG-MAX	CS-BND	CS-INC	CS-BAL	CS-GRW	CS-MAX	Morningstar Multisector S&P 500 Bond
Max Drawdown	-7.77	-8.40	-3.98	-28.28	-8.45	-18.10	-37.08	-13.95	-18.95	-24.46	-33.31	-39.05	-6.93	-11.82	-19.03	-28.74	-38.54	-17.53
Alpha	1.43	2.26	3.49	-3.52	1.42	0.19	-1.21	6.87	0.02	-0.84	-1.37	-2.14	2.98	1.56	1.15	-0.30	-3.21	0.08
Beta	0.13	0.15	0.03	0.64	0.19	0.48	0.77	0.11	0.54	0.75	0.87	1.00	0.17	0.24	0.66	0.91	1.01	0.27
Sharpe Ratio	0.81	0.80	1.15	0.28	0.61	0.63	0.55	0.79	0.62	0.58	0.56	0.53	0.86	0.70	0.72	0.62	0.46	0.50
Sortino Ratio	1.56	1.75	2.78	0.39	1.04	0.98	0.82	1.66	0.92	0.85	0.81	0.77	1.72	1.14	1.11	0.95	0.67	0.67
Std Dev	3.50	4.83	3.26	12.37	5.76	8.58	13.13	10.14	9.46	12.68	14.59	16.61	5.63	5.91	11.56	15.57	17.13	6.06
Up Capture Ratio	20.2	23.5	13.1	58.3	26.6	50.6	74.0	26.4	57.2	75.9	85.3	94.7	26.5	31.5	71.7	92.3	93.3	27.7
Down Capture Ratio	12.0	11.7	-5.5	74.6	19.2	48.4	78.2	-5.8	56.8	80.0	91.6	104.5	11.2	23.6	67.0	94.6	108.0	24.0

Periodic Table of Investment Results ---- Opportunities for Active Managers

Best	Small Cap Growth 43.3	Mid Cap Value 14.7	Large Cap Growth 8.2	Small Cap Value 31.7	Large Cap Growth 31.9	Large Cap Growth -0.5	Large Cap Growth 36.5	Large Cap Growth 39.3	Large Cap Growth 31.2	Large Cap Value -5.1	Large Cap Growth 32.2
	Small Cap Core 38.8	Large Cap Growth 13.6	US Stock Market 2.7	Small Cap Core 21.3	US Stock Market 26.9	Large Cap Core -3.1	Mid Cap Growth 35.5	Mid Cap Growth 35.6	Mid Cap Value 28.3	Mid Cap Value -12.0	US Stock Market 30.7
	US Stock Market 35.9	Large Cap Core 13.2	Large Cap Core 2.4	Mid Cap Value 20.0	Mid Cap Growth 25.3	US Stock Market -4.2	US Stock Market 35.3	Small Cap Growth 34.6	Small Cap Value 28.3	US Fund Global Allocation -12.6	Large Cap Core 19.4
	Mid Cap Growth 35.7	Mid Cap Core 13.2	Mid Cap Growth -0.2	Large Cap Value 16.2	Large Cap Core 23.0	Mid Cap Growth -4.8	Large Cap Core 31.8	US Stock Market 33.0	Large Cap Core 27.9	Small Cap Value -14.5	Mid Cap Growth 15.9
	Mid Cap Core 34.8	US Stock Market 12.9	Small Cap Growth -1.4	Mid Cap Core 13.8	Small Cap Growth 22.2	Large Cap Value -6.2	Mid Cap Core 30.5	Large Cap Core 22.4	US Stock Market 27.5	Mid Cap Core -17.3	Small Cap Growth 13.6
	Small Cap Value 34.5	Large Cap Value 12.9	Mid Cap Core -2.4	Large Cap Core 11.3	Mid Cap Core 18.5	US Fund Global Allocation -8.1	Small Cap Growth 28.5	Small Cap Core 20.0	Large Cap Value 23.5	Large Cap Core -19.8	Mid Cap Core 9.0
	Mid Cap Value 33.5	Mid Cap Growth 11.9	Large Cap Value -3.4	Small Cap Growth 11.3	Small Cap Core 14.6	Mid Cap Core -9.1	Mid Cap Value 27.1	Mid Cap Core 17.1	Mid Cap Core 22.6	Small Cap Core -20.4	Small Cap Core 8.1
	Large Cap Growth 32.7	Small Cap Growth 5.6	US Fund Global Allocation -4.3	US Stock Market 9.7	US Fund Global Allocation 14.3	Small Cap Growth -9.3	Large Cap Value 26.4	US Fund Global Allocation 5.2	Small Cap Core 14.8	Small Cap Growth -26.4	Mid Cap Value 5.2
	Large Cap Core 32.4	Small Cap Core 4.9	Small Cap Core -4.4	Mid Cap Growth 7.3	Large Cap Value 13.8	Small Cap Core -11.0	Small Cap Core 25.5	Mid Cap Value 5.0	Mid Cap Growth 12.7	Mid Cap Growth -26.7	US Fund Global Allocation 5.0
	Large Cap Value 32.1	Small Cap Value 4.2	Mid Cap Value -4.8	Large Cap Growth 6.9	Mid Cap Value 13.3	Mid Cap Value -12.3	Small Cap Value 22.4	Small Cap Value 4.6	US Fund Global Allocation 11.2	US Stock Market -29.1	Large Cap Value 5.0
Worst	US Fund Global Allocation 8.5	US Fund Global Allocation 1.5	Small Cap Value -7.5	US Fund Global Allocation 5.8	Small Cap Value 7.8	Small Cap Value -12.9	US Fund Global Allocation 16.0	Large Cap Value 1.6	Small Cap Growth 2.8	Large Cap Growth -29.7	Small Cap Value 2.5
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD

Source: Morningstar Direct

A person in a white shirt is working at a wooden desk. They are holding a black pen over a white calculator. On the desk, there is a laptop on the left, a clipboard with a document in the center, and another document with a pie chart on the right. The background is a blurred office environment with shelves and windows.

WORKING WITH SEM

Why SEM?



Industry leading
technology & dedicated
service team

Designed to help advisors and
their clients overcome &
compensate for their own
specific behavioral biases

Omnibus Trading platform
allows for aggregation of
trades | Ability to use
“equivalent securities” for
new accounts

Compliance Supervision:

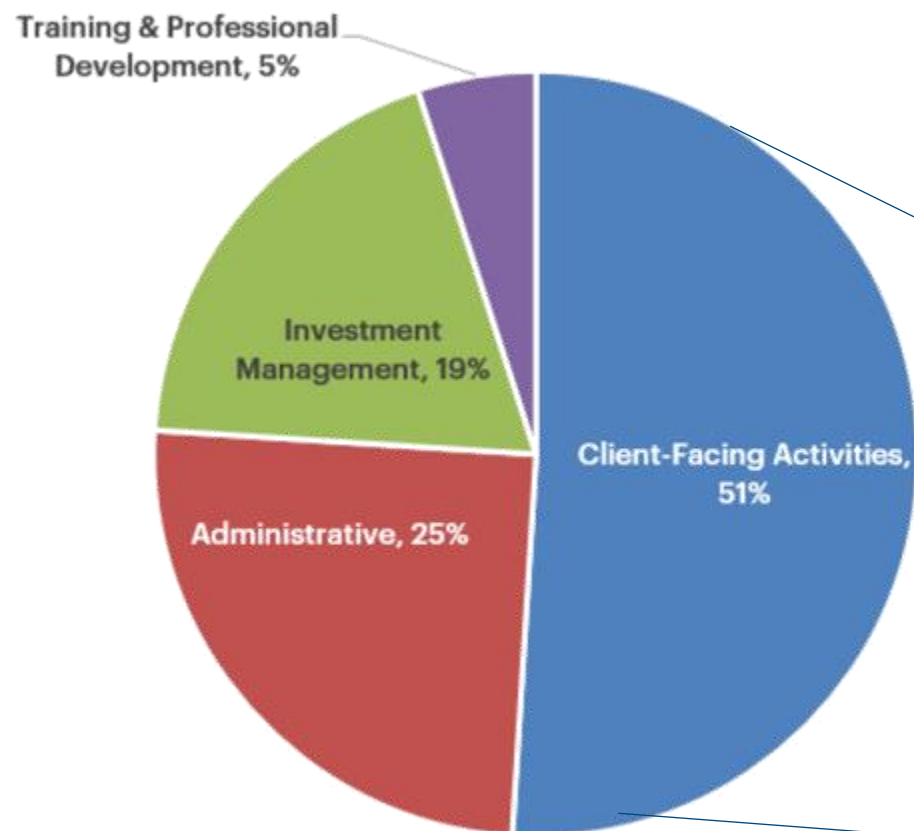
- Access to lowest cost share classes on flexible platform
- Overall TOTAL costs to client lower
- Suitability verified for every client & every change

Custom “Platinum”
service to select advisors
(at no extra cost)

Imagine if.....



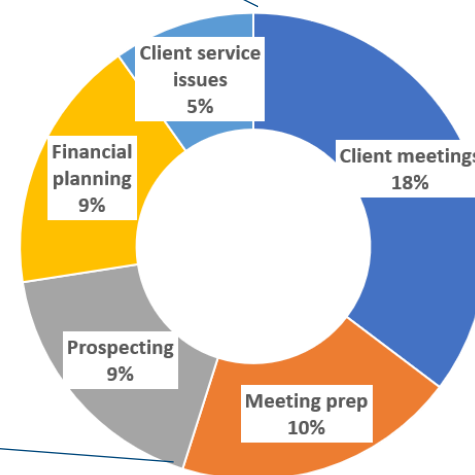
How advisors spend their time



.....you could gain 55 extra days per year*.

That's about how much time the average advisor spends on investment management under "normal" conditions.

* Based on a 9 hour work day



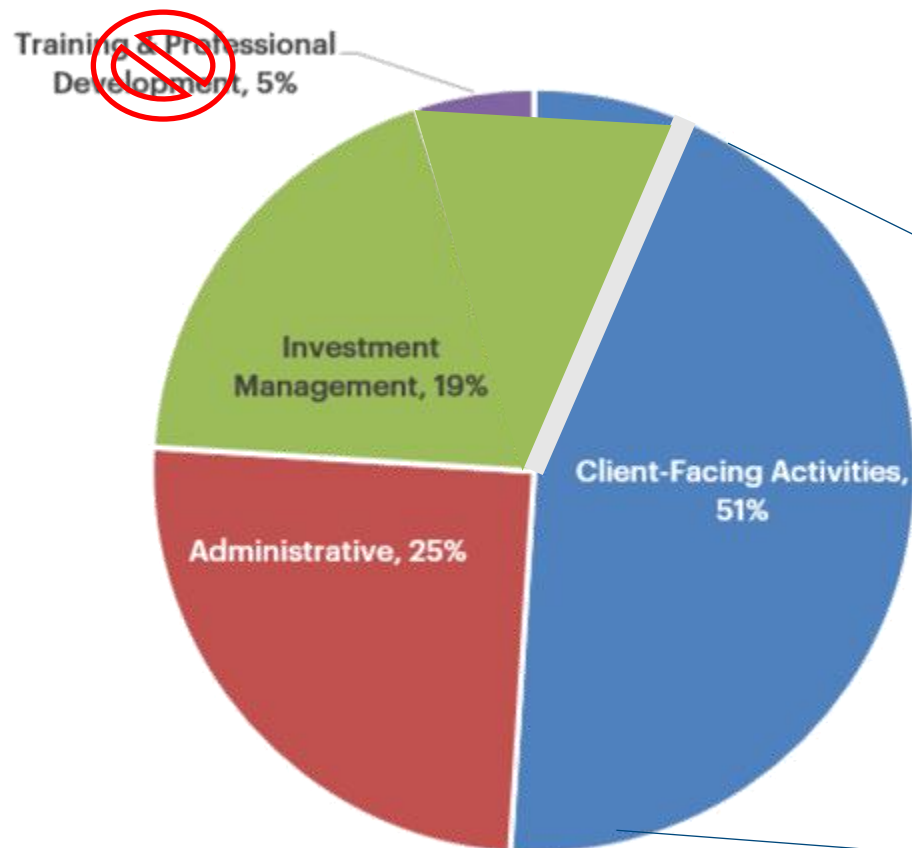
.....what if those 55 extra days were spent on client facing activities?

Source: The Cerulli Report, RIA Marketplace 2018, E*Trade Advisor Services

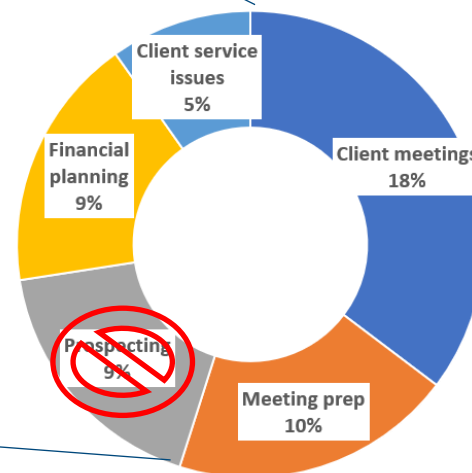
How will you spend your time?



How advisors spend their time

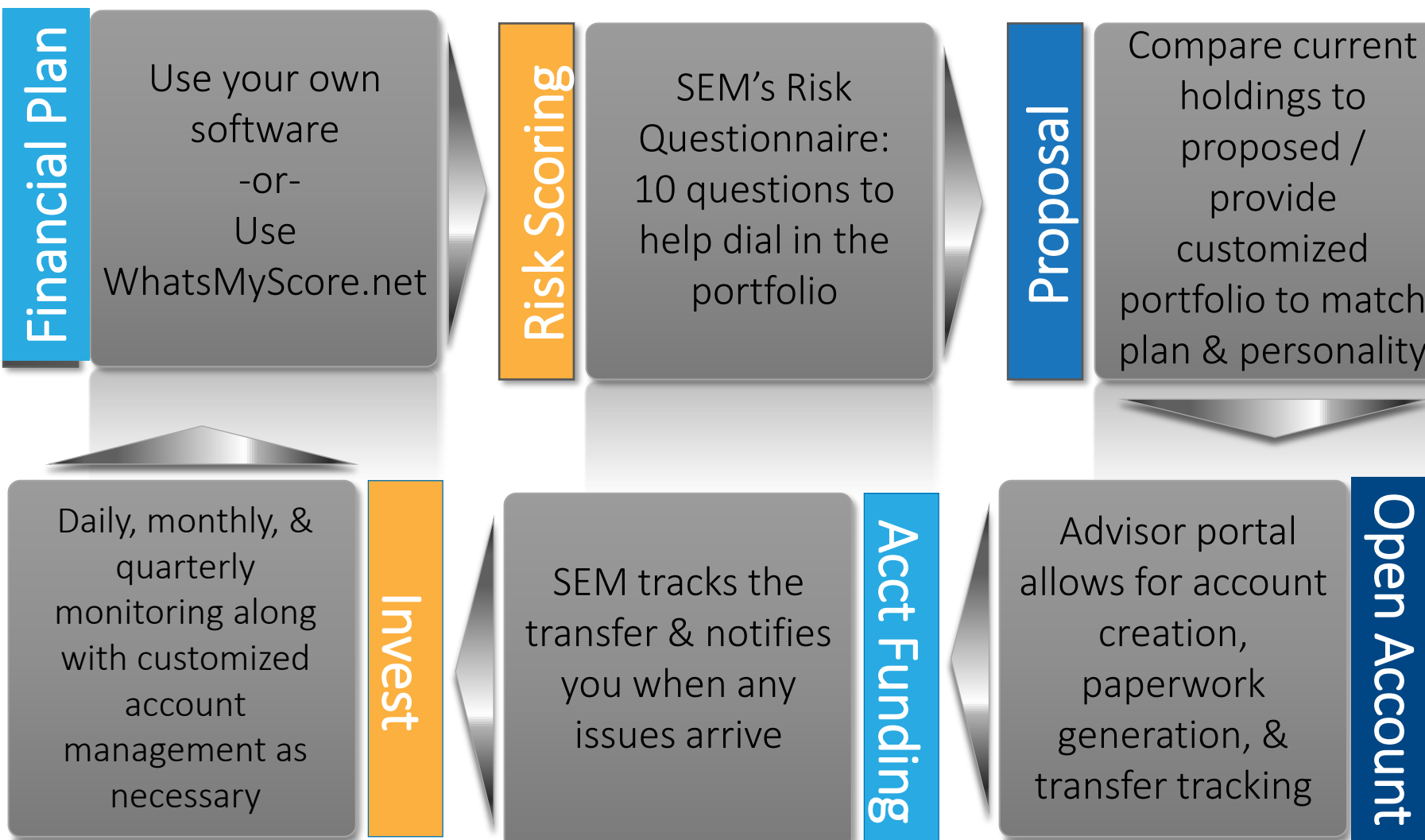


During a large market decline, you may spend significantly more time monitoring your investment models & dealing with client phone calls & “emergency” meetings.



Source: The Cerulli Report, RIA Marketplace 2018, E*Trade Advisor Services

Your new workflow





A better way to manage your account

Using technology to enhance the client experience



Powered by Axos Clearing, member FINRA/SIPC

The Role of Your Custodian



Cus-to-di-an (*noun*): a specialized financial institution that holds investors' securities to minimize the risk of their theft or loss.



1

Executing purchases & sales

2

Reporting asset holdings

3

Account administration

4

Collection of dividends & interest

5

Tax compliance & reporting

Who is Axos Advisor Services?



Industry-leading platform to support your account management

50 Year History

- Founded as Trust Company of America (TCA) in 1972
- Purchased by E*Trade in 2018
- Morgan Stanley purchased E*Trade in 2020
- Morgan Stanley sold 'advisor services' business to Axos in 2021



Powered by Axos Clearing, member FINRA/SIPC

Independent

Largest independent custodian in US; more than \$31B in assets under custody.

Gov't Regulated

FDIC & SIPC Insured Accounts

Technology Leader



The Benefits of Axos



Sophisticated
custom portfolio
management
from SEM

Access to all
account
information at
home or on your
mobile device

More efficient
back-office for
your advisor

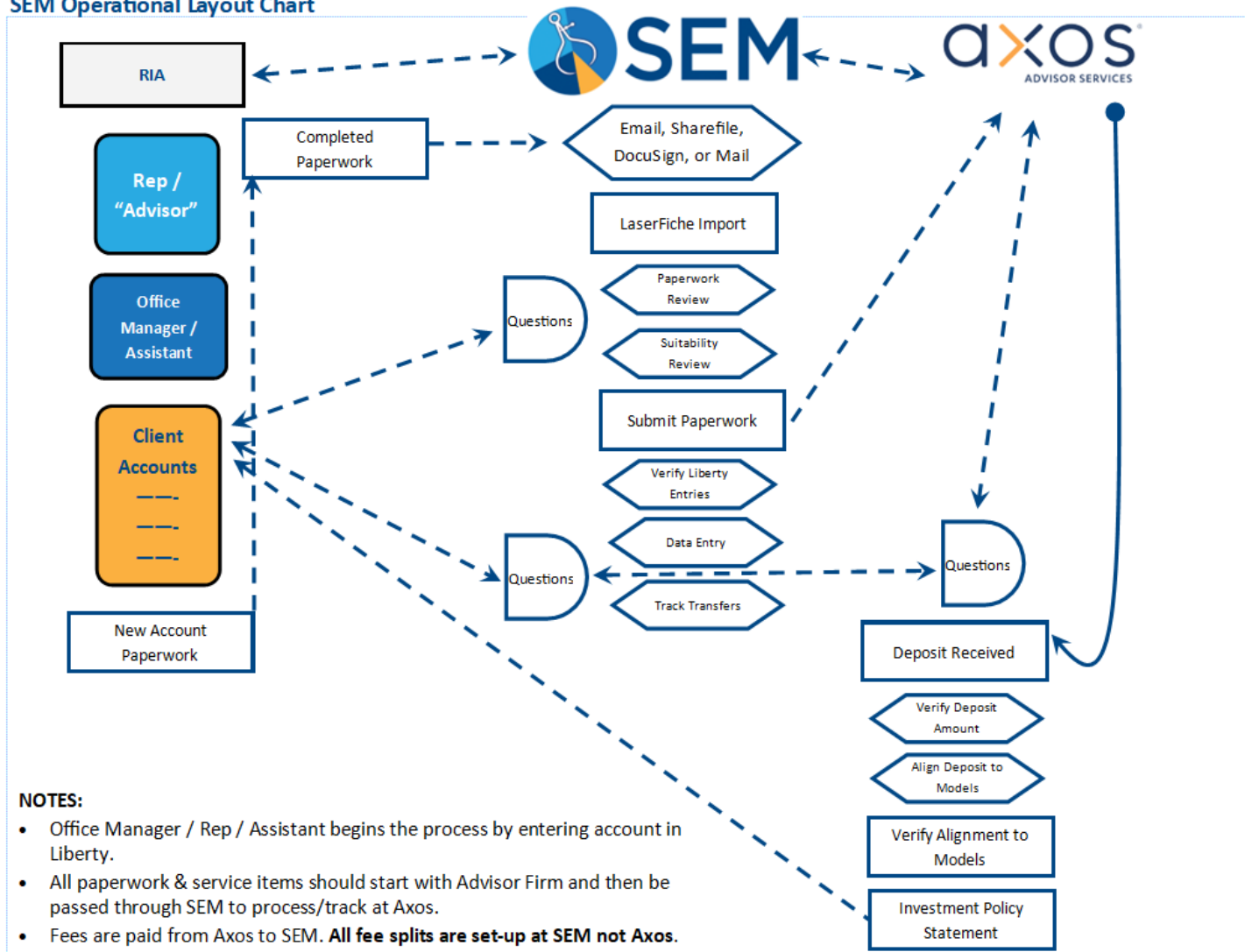
Access to
statements &
tax documents

Full transparency
– track individual
positions, model
allocations, &
performance

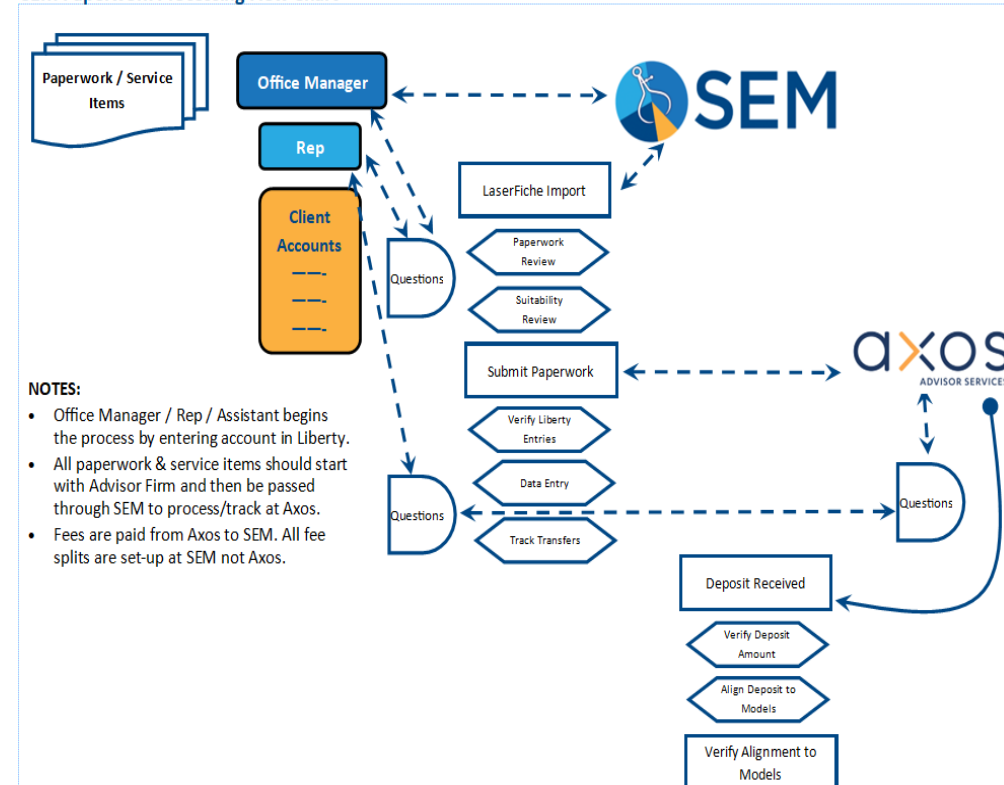


Operational Flow Charts

SEM Operational Layout Chart



SEM Paperwork Processing Flow Chart

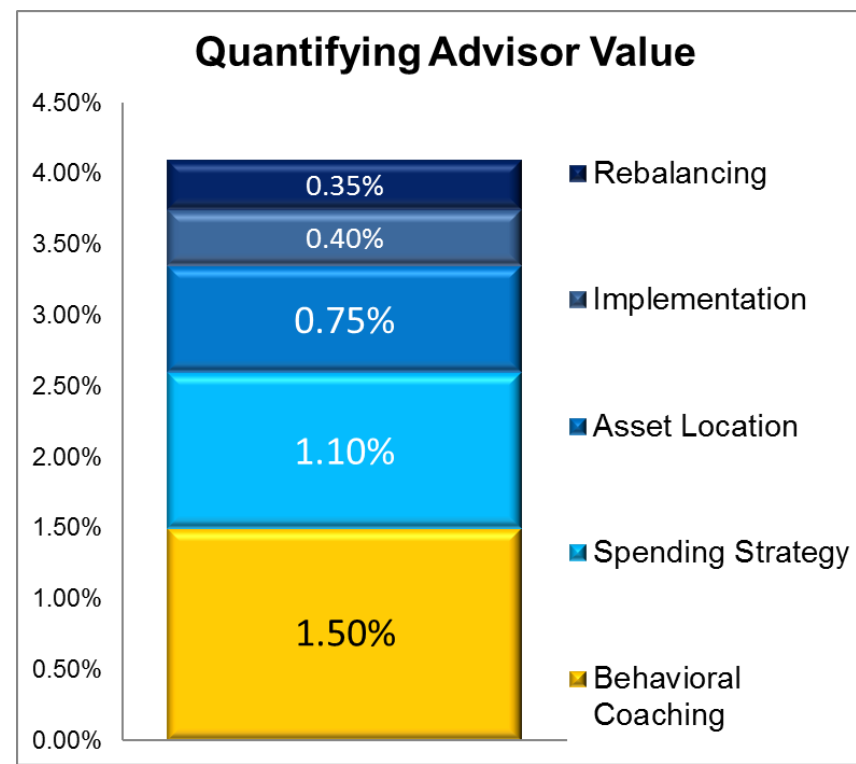
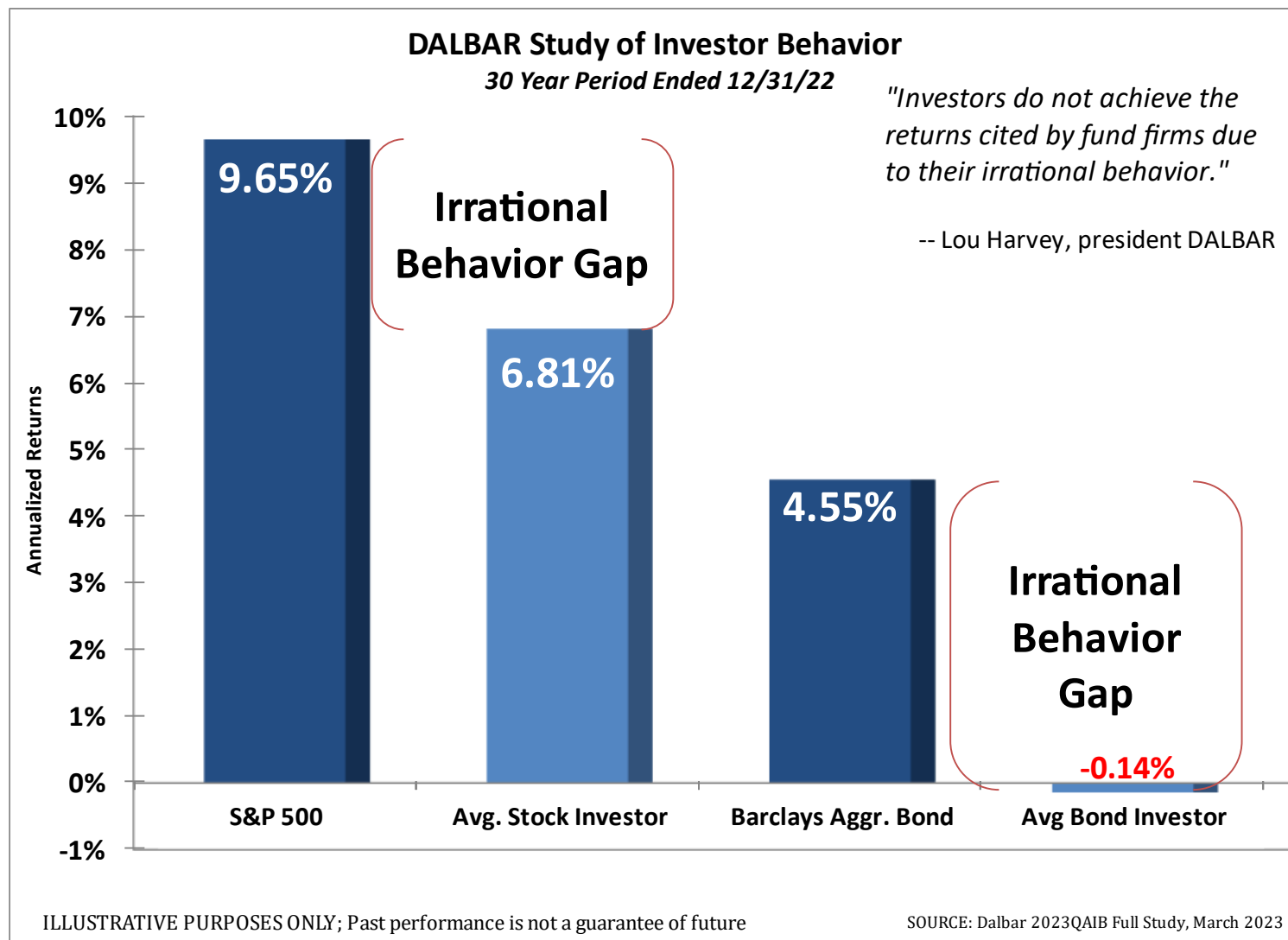


A person in a white shirt is working at a wooden desk. They are holding a black pen over a white calculator. On the desk, there is a laptop, a clipboard with a document, and a pie chart. The background is a blurred office setting.

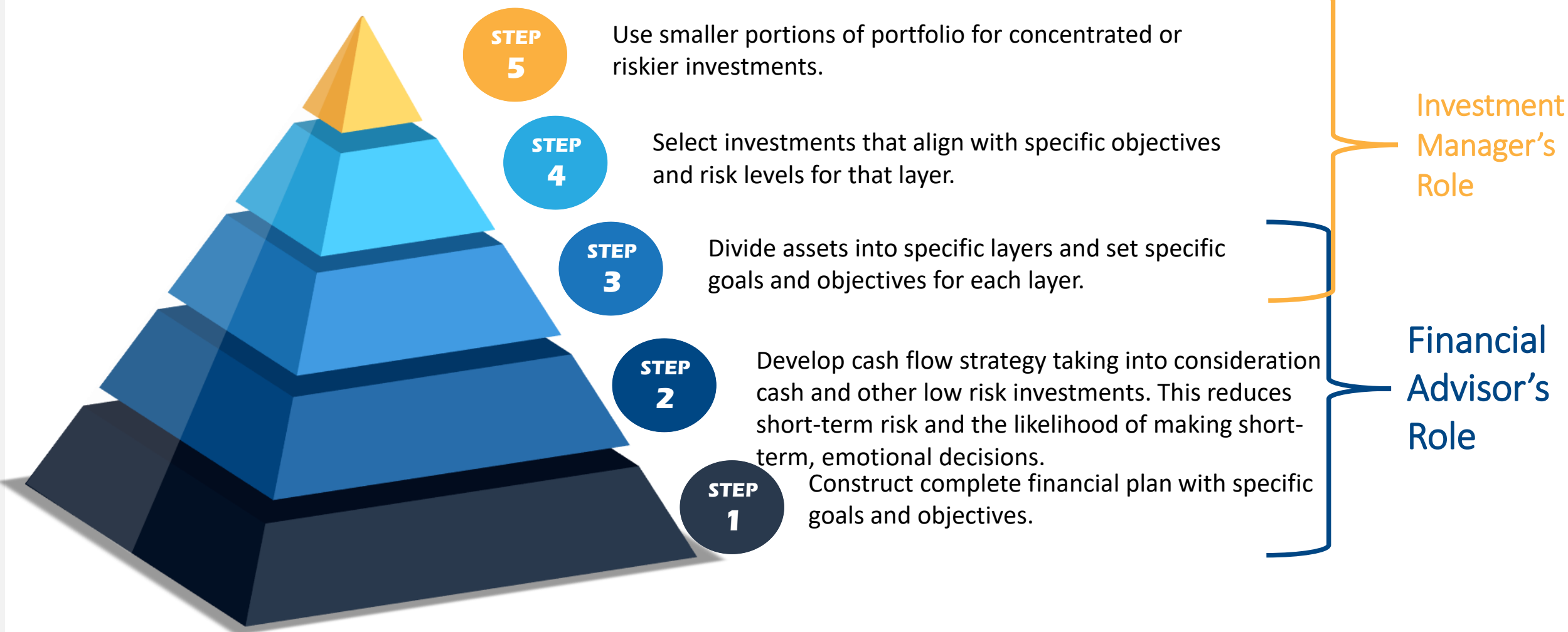
How much does it cost?



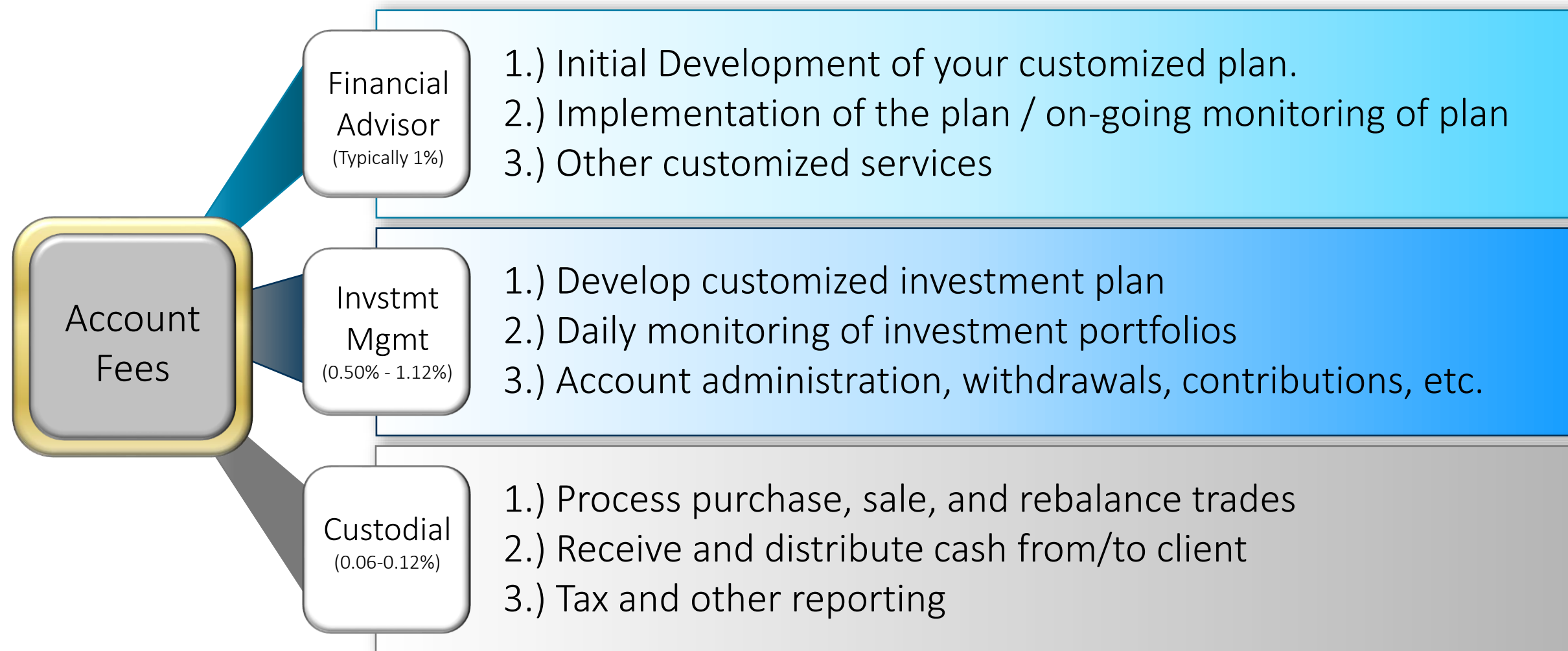
The Value of an Advisor = 2.25% to 4.1%/yr.



A Behavioral Portfolio Approach



What are you paying for?



NOTE: This is a small sample of services | See SEMWealth.com/Why-Pay-a-Fee/ for more info.

Implement your behavioral approach

- 1 - Systematize your prospecting, meeting, and review process
- 2 – Develop model line-up of 4 client types
- 3 – Weed out clients & products that do not fit your culture

A Case for a Behavioral Approach



+193%



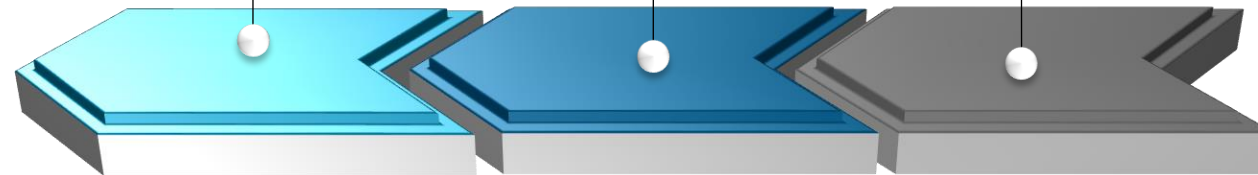
In 3 years

*They have grown by another
48% in the past 2 years*

Weed out clients & products that do not fit culture

Develop line-up for 4 client types

Structure Meetings
& Reviews



A Case for a Behavioral Approach



+164%



*In 1 year
He grew another 39%
the last 2 years*

Weed out clients & products that do not fit culture

Develop line-up for 4 client types

Structure Meetings
& Reviews



3 Keys to Success



Focus on planning & cash
flow strategies

Remove distractions of picking
investments & other products

Systematize process:

Prospect → Planning → Cash
Flow → Invest → Review



Focused Practice
=
Solid Growth

For more information on how SEM can help, contact SEM or go to
SEMWealth.com/Advisors

SEM's Platinum Advisor Program



- Customizable model portfolios designed to meet specific return & risk objectives
- Ability to add additional investments to client accounts
- Access to SEM's Portfolio Management team for client meetings, proposal generation, & investment manager due diligence
- Add your logo to client quarterly statements
- Quarterly planning meetings with SEM team
- Access to SEM's unique Platinum Portfolios, a blend of outside, quantitative investment managers inside a single account
- Additional Practice Management Services (Use of SEM's Operations, Technology, and Marketing Teams)

Platinum Advisor Program is only available to a select number of advisors. Please contact SEM for qualification information.

A Better Platform

Client Improvements

- Lower costs
- Client friendly website / portal
- Consolidated & model specific performance & holding info
- SEM App
- Less Paperwork (1 statement / qtr)
- Customized portfolio options

Investment Improvements

- Model trading for all accounts
- More efficient cash management
- Faster execution
- Bulk changes to recommended portfolios
- Rebalancing back to specific client model allocations
- Ability to add other managers to SEM's accounts/models



Advisor Improvements

- Removes many advisor behavioral biases from client portfolios
- Removes “discretionary” responsibilities from advisors
- A true fiduciary looking out for you and your client [SUITABILITY]
- Sophisticated portfolio line-up / simple implementation
- CFA assistance in setting model portfolios for clients
- Account opening tool
- Redtail & other CRM/Financial Planning software tie-ins
- Customized fee options
- On demand performance reports
- Simple application
- Mobile app for client meetings
- Automatic RMDs
- Keeps focus on RELATIONSHIP management

Management & Advisor Fees



SEM’s platform allows advisors to either choose to receive the same fee as SEM or to pick their own flat fee.

In addition, Axos discloses each fee separately on the quarterly statement showing the client the different services they are paying for.

SEM also has a form advisors can give clients to illustrate the break down of the estimated total fees they would pay. This puts the advisor far above any fiduciary standard currently in place or in the planning process.

SEM's standard management fee schedule is listed to the right. Unless otherwise instructed, SEM will charge the indicated fees. Fees are based on total household assets; fees are flat, not layered (i.e. all assets charged the same rate); SEM's AmeriGuard & Cornerstone fees are a flat 0.50% regardless of account size. Platinum Portfolio fees are 0.25% with no breakpoints for the portion not managed by SEM. SEM managed allocations receive the same breakpoints listed in the table.

Asset Level (for breakpoints)	Management Fees		Financial Advisor	
	SEM Standard	SEM Dynamic	Standard	Dynamic
\$0	1.12%	0.75%	1.12%	0.75%
\$250,000	1.05%	0.70%	1.05%	0.70%
\$500,000	0.97%	0.65%	0.97%	0.65%
\$1,000,000	0.90%	0.60%	0.90%	0.60%
\$1,500,000	0.82%	0.55%	0.82%	0.55%
\$2,000,000	0.75%	0.50%	0.75%	0.50%
\$3,500,000	0.75%	0.50%	0.75%	0.50%
\$4,000,000	0.67%	0.45%	0.67%	0.45%

E*Trade charges a custody fee of 0.12% per year for accounts up to \$500,000. Discounted fees apply as follow: 0.08% (@\$1,000,000), 0.06% (@\$2,000,000), and 0.05% (@\$5,000,000).



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