

PRO CAP

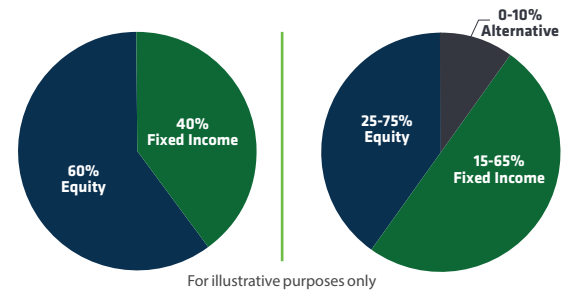
DYNAMIC ALLOCATION THROUGH THE ECONOMIC CYCLE

As of December 31, 2024 | Updated Annually

There is a large part of the investing community that considers themselves “moderate” or “balanced” when it comes to their mix of equity and fixed income. A traditional moderate or balanced investor historically holds between 40-60% equity allocation and a corresponding 60-40% fixed income allocation.

The challenge with a traditional balanced allocation is that in times of severe market stress (economic contraction) or market jubilation (economic expansion), investors are subject to the asset allocation set forth by the portfolio management team.

The Kingsview Investment Committee understands that the traditional look at moderate or balanced allocations needs to be modernized. The once popular “set it and forget it” allocation does not have the ability to react to a changing market environment. We believe it is time to reevaluate traditional investing norms and adapt.



TRADITIONAL

MODERN

“MODERN” PORTFOLIO THEORY

Asset allocation has long been considered the most suitable way for investors to receive appropriate exposure to certain asset classes given their predetermined level of risk. Modern Portfolio Theory (MPT) attempts to align an investor’s maximum level of risk with the maximum level of return. MPT may work in the long run but may also be sub-optimal in some cases. For example, in the case of the investor with a shortened time horizon or for the investor looking to capitalize on the current economic cycle, the path to success may prove difficult.



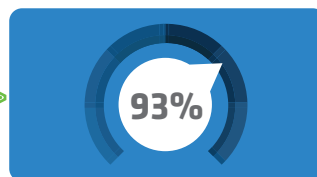
The goal is to create a more attractive balanced allocation by overweighting or underweighting asset classes that the KIM Investment Committee deems desirable or undesirable for investment.

PORTFOLIO PROCESS

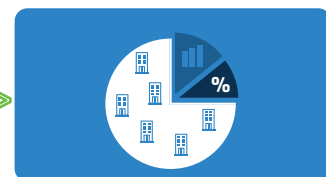
The ProCap portfolio evaluation takes a three step process in determining the size and scope of our investment allocations. These outputs are based on a strict set of mandates listed below:



Monthly economic data releases are analyzed to determine the stage of the economic cycle (expansion or contraction).



A further dive is taken into the economic cycle evaluation where the degree of the cycle is determined by severity or strength.



Implementation is finalized based on our assessment of market phase and the portfolio becomes positioned based on our belief of the current economic outlook.

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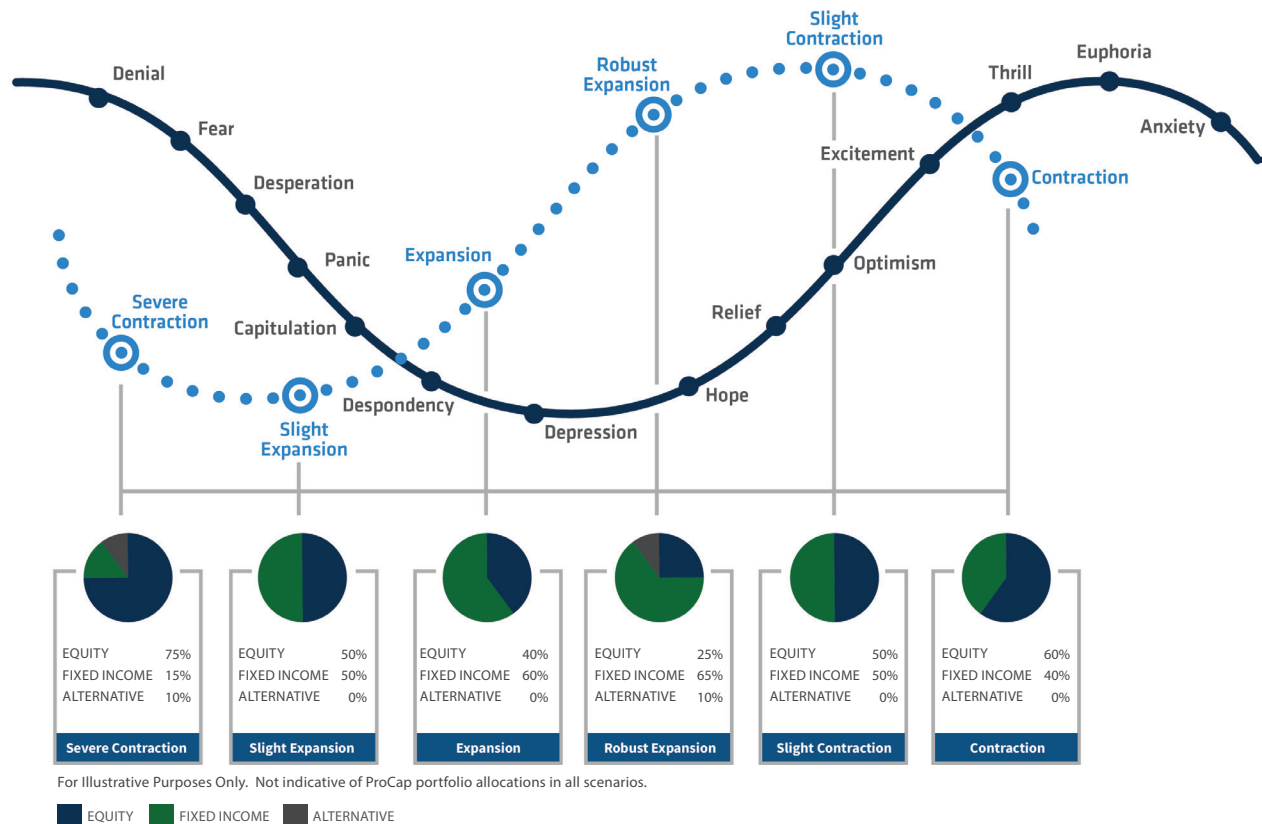
EMOTIONS BECOME REALITY

Investor emotions evolve with changes in the market - that is human nature. The Kingsview Investment Committee created the ProCap portfolio to develop with the shifting market cycles that respond to the variations in economic data. Much like the human nature of emotion, market prices change with what is happening in the economy. Some swings can be quick and shorter-term in nature, others can be deeper and of longer duration. Those periods can be, in our opinion, best identified by following our proprietary-driven fundamental analysis to identify the particular phase of the economic cycle.

It is our conviction that the ProCap portfolio has solutions for the range of market “emotions.”

The Kingsview Investment Committee relies heavily upon data from the U.S. Bureau of Economic Analysis (BEA) as well as the Department of Labor (DOL) and features interpretations of GDP figures and payroll data which gives our team a distinct sense of the economy’s overall health.

In times of robust expansion or severe contraction, the ProCap portfolio attempts to apply appropriate ranges to equity, fixed income and alternative allocations. The portfolio model has also identified intermediate cycles along the curve to which the overall allocation attempts to respond accordingly.



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