

# SELECT SUBSECTOR

## TARGETED EXPOSURE FOR MORE POTENTIAL UPSIDE CAPTURE

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Due to the cyclical nature of the stock market, different factors tend to, at times, weigh heavily in determining an investor's overall total return. This is especially important given that throughout a traditional economic cycle, certain sectors and subsectors perform better than others during the prevailing economic climate.

At Kingsview Investment Management, we rely heavily on economic indicators from The Bureau of Economic Analysis (BEA) and the Department of Labor (DOL) to help identify these very cycles in the sectors and subsectors. These economic indicators guide our team in selecting areas of the market that may be more heavily favored than others throughout the course of a full market cycle (bull and bear).

The intricacy in selecting a market's subsectors versus a traditional broad market index features an attempt at more specific and direct investment in areas that are heavily favored and to avoid areas that are out of favor. The investment selection aims to provide confidence in the strategy's ultimate goal of delivering a superior risk-adjusted return to that of the S&P 500.

Individual market sectors and subsectors may be redeeming investments because of their specific representation of areas that can at times be more attractive than others due to their diversified market exposure. Some sectors and subsectors are smaller than others, but each has data attributable to them that is evaluated for possible investment.

Often times, the limited exposure of individual sectors and subsectors may benefit a portfolio's overall upside capture while providing a potential buffer to the downside. It is our belief that by utilizing our proprietary analysis of the prevailing economic data points, combining ten (10) of these particular investments in a portfolio at one time can accomplish that goal.

### INVESTIBLE SECTORS AND SUBSECTORS

Consumer Staples	
<b>PBJ</b>	Food & Beverage
<b>PEJ</b>	Leisure & Entertainment
<b>GGME</b>	Media
Technology	
<b>XSD</b>	Semiconductors
<b>XSW</b>	Software & Services
<b>IGDT</b>	Multimedia Networking
Consumer Discretionary	
<b>XRT</b>	Retail
<b>XHB</b>	Homebuilders
<b>ITB</b>	Home Construction
Materials	
<b>XME</b>	Metals & Mining
Financials	
<b>KBE</b>	Banks
<b>KRE</b>	Regional Banks
<b>KIE</b>	Insurance
<b>KBWP</b>	Property & Casualty Insurance
<b>IAI</b>	Broker-Dealers
Industrials	
<b>XTN</b>	Transportation
<b>XAR</b>	Aerospace & Defense
Healthcare	
<b>XBI</b>	Biotech
<b>XPH</b>	Pharmaceuticals
<b>IHI</b>	Medical Devices
<b>IHF</b>	Healthcare Providers
<b>XHS</b>	Healthcare Services
Energy	
<b>XOP</b>	Oil & Gas Exploration & Production
<b>XES</b>	Oil & Gas Equipment & Services
Real Estate	
<b>XLRE</b>	
Communications	
<b>XLC</b>	
Utilities	
<b>XLU</b>	

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### PORTFOLIO PROCESS

Monthly economic data numbers are analyzed and used to determine the individual strength (or weakness) of specific sectors and subsectors of the S&P 500, which includes:



Deeper analysis of key items like sector profitability as a share of GDP to further confirm a subsector's economic position.



Once that is determined, sector- and subsector-wide allocations are implemented and updated as conditions change.



The goal is to compose a more favorable allocation compared to the overall S&P 500 that provides more upside capture with less risk.

## WHAT HAPPENS WHEN OPPORTUNITY IS MISSED?

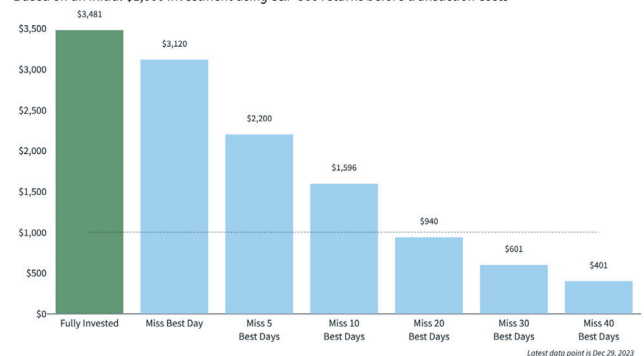
The Kingsview Investment Committee realizes that empirical economic data can be difficult to interpret and stock prices are often affected by irrational investor behavior.

However, we also understand that staying invested over the long term can provide significant financial benefits.

With the goal of eliminating exposure to sectors and subsectors that are unfavorable throughout the course of each market cycle, the Select SubSector portfolio has the ability to create a more efficient S&P 500.

### Staying Invested: Missing the Best Days

The impact of missing the best market days over the past 25 years  
 Based on an initial \$1,000 investment using S&P 500 returns before transaction costs



Source: Clearnomics, Standard & Poor's  
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**All indexes are total return unless otherwise noted. Performance for total return indexes reflects the reinvestment of dividends and capital gains.** It is not possible to invest directly in an index. Indexes are unmanaged and index returns do not reflect fees, expenses or sales charges. Indexes were chosen that Kingsview deems representative of the listed asset classes and sectors.

The **S&P 500 Total Return Index** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.