

# VOLUME FACTOR DIVIDEND TREE (VFDT)

## TACTICAL INCOME GENERATION

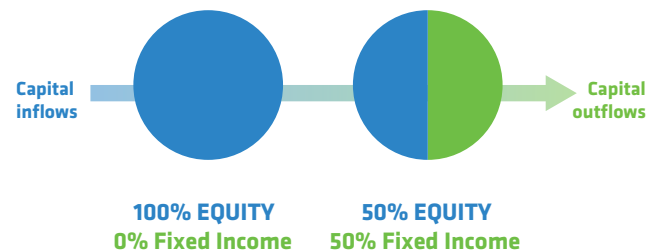
As of December 31, 2024 | Updated Annually

Volume is the unknown investment factor. By following the flow of capital, volume analysis may provide investors with an edge. Those who follow price trends and momentum alone may be investing toward the peak of an advance and inclined to be shaken out by price whipsaws. Combining volume with price analysis may assist in alleviating these common trend and momentum issues generated from single factor price data.

Many believe returns are the primary objective of portfolio management. While outperformance when compared to the benchmark is certainly the objective of Volume Factor Dividend Tree (“VFDT”), the portfolio aims to provide investors with a growing asset base by investing each quarter in high quality companies that are growing their dividend yields. By applying the Volume Factor ranking system to a qualified set of companies eligible for portfolio inclusion, the portfolio attempts to be invested exclusively in the areas of the market that are garnering the most capital inflows and are worthy for investment. During times of broad capital outflows, the portfolio shifts phases to a balanced strategy by investing 50% of the portfolio in fixed income.

Fixed income investments may span various durations as well as issuer and credit quality. The same investment selection process used to drive the equity allocation will be applied to the fixed income markets to determine the holdings. The main driver of the Volume Factor risk overlay is capital weighted volume.

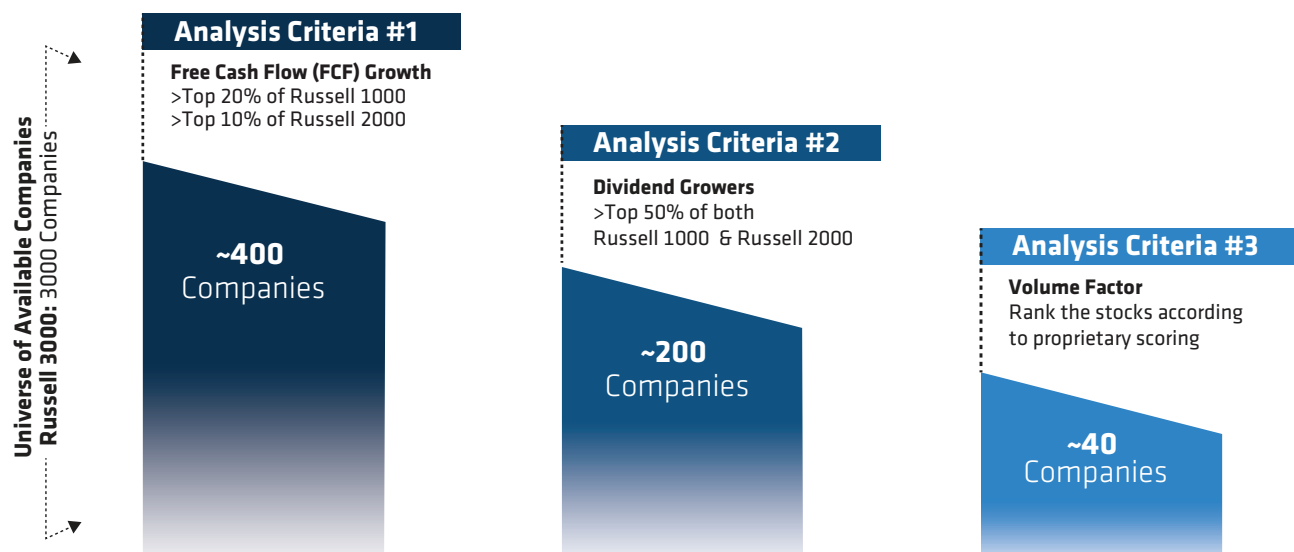
When the flow of capital trends remains positive, the portfolio is fully invested in the areas and sectors of the US domestic market drawing the strongest capital flows. However, as capital weighted volume become outflows and proprietary thresholds are triggered, the portfolio shifts phases and introduces the bond positions.



*For Illustrative Purposes Only. Not indicative of VFDT portfolio allocations in all scenarios.*

## PORTFOLIO PROCESS

VFDT may add further diversification to a balanced investment strategy by employing the unique performance driver of volume analysis to achieve its objective of excess returns.<sup>1</sup> The all-cap domestic portfolio is free to pursue equities’ capital flows, regardless of market capitalization. The culmination of this analysis produces a portfolio of 40 individual stocks, allowing the diversity of varying sector and industry exposure. In times when the portfolio is not fully invested in the market, the Volume Factor analysis will allocate a portion of the portfolio to a selection of fixed income instruments. Due to this wide market cap variety of potential portfolio holdings, the strategy is benchmarked against the Russell 3000 Index. The contest for VFDT portfolio inclusion is recalculated every quarter between the US stocks within the Russell 3000 universe, all prescreened for liquidity requirements. This robust competition typically results in high portfolio turnover.



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The Russell 3000 Index is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S stock market. It measures the performance of the 3,000 largest publicly held companies incorporated in America as measured by total market capitalization, and represents approximately 97% of the American public equity market.