

# Quantitative Investment Decisions

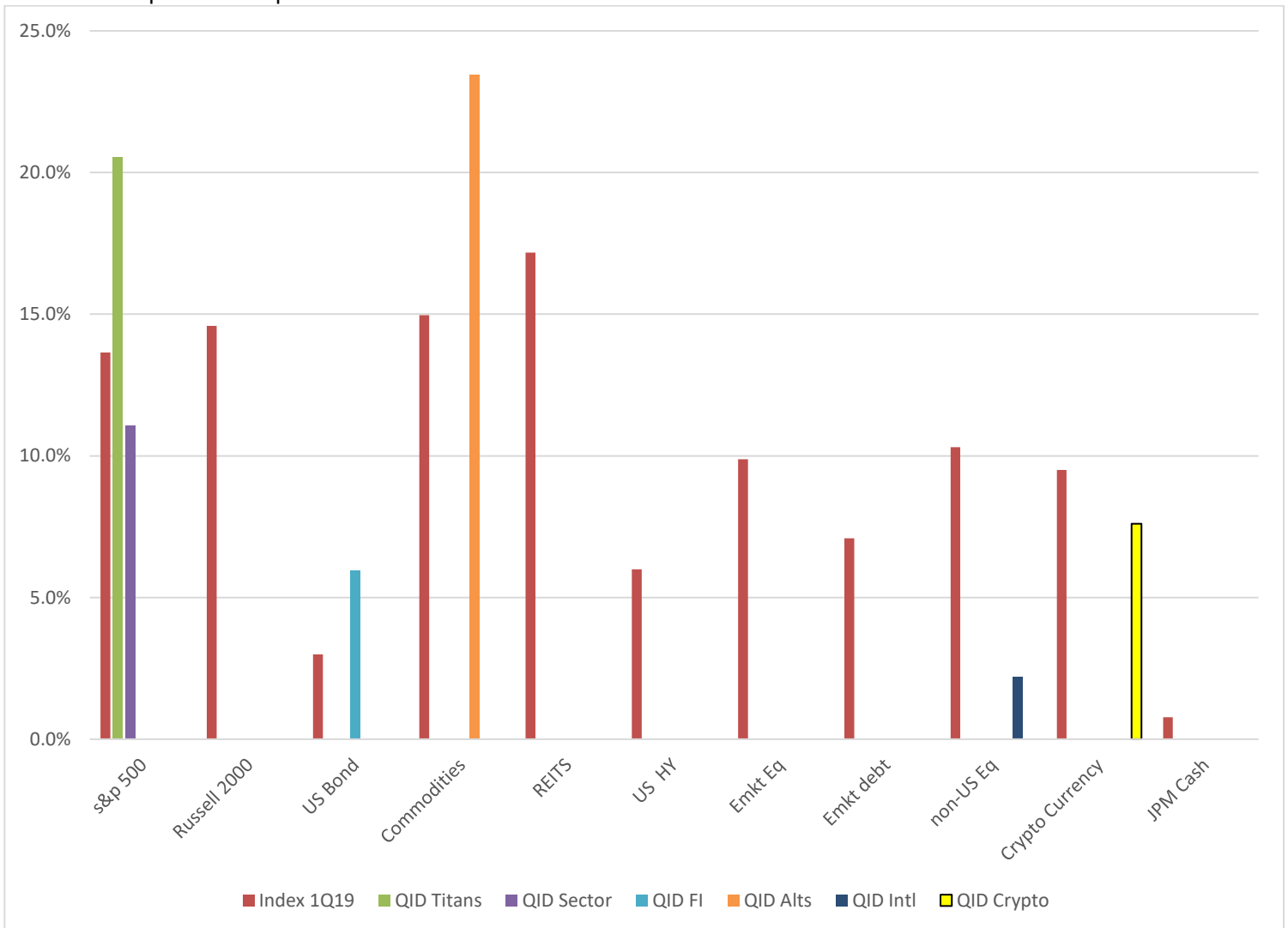
*The Safety Net For Your Portfolio*

## Quantitative Investment Decisions, LLC

### 1Q2019 Performance Overview

1Q2019 was one of the best S&P 500 quarters in history, up 13.65%, a nice reversal from a dismal 4q2018 of down 13.5%. REITS (17.17%), commodities (14.97%) and U.S. large/small cap equities (13.65%/14.97%) led the 1Q2019 charge. Fixed-income (+1.6%/+3.0%) and cash (0.7%/0.8%) were the only asset classes that we cover with positive returns in both quarters.

Exhibit 1 4q2018 and 1q2019 Asset Class Performance



Source: Morningstar

## **1Q2019 – U.S. Titans Strategy**

The Titans Strategy is designed to maximize growth through investing in industry leaders/innovators. The strategy is concentrated by stock and sectors. The strategy is a high beta investment that we believe is well positioned based on our belief that we are in a secular bull market that can last another 5-10 years.

1q2019 the strategy was up 20.54% vs 16.1% for the Russell 1000 Growth. For 2 years the strategy is outperforming 18.18% vs. 16.9%. Titans is an alpha strategy that should exceed the benchmark in up markets and underperform in down markets. The exception to down market performance is during extreme downside, where the strategy should limit losses.

## **1Q2019 – Alternative Asset Strategy**

Quantitative Investment Decisions Alternative Asset strategy includes commodities and REITs. The benchmark for the strategy is 80% GSCI TR and 20% Wilshire REIT TR. The 1Q2019 return was 23.44% versus 15.43% for the benchmark. The one-year return is 25.71% vs. 1.60%, respectively. 1Q2019 performance benefitted from an overweight to oil that returned 33.2% and REITs 17.38%. Palladium returned 9.9% vs 6.7% for the Goldman Sachs All metals capped index. Although palladium beat the metals index it suffered a dramatic reversal from mid-February to end of March (-12.8%) as the decline in new car sales and fears of global recession impacted the metal. As of early April, rare earths have replaced palladium as expectation for a rebound in demand from technology hardware sales.

## **1q2019 U.S. Global Equity**

The QID Global Equity Strategy provides exposure to the global equity market. The strategy covers U.S. large and small cap as well as international equities. As with all our strategies an algorithm determines when each of the equity classes are “on” or “off”.

Performance for 1q2019 was 16.95% vs. 12.10% for the benchmark, MSCI All Cap World Equity Index NR. The one-year performance, as of 3/31/2019, was 5.80% vs. 2.60%, respectively. We believe the strategy is well positioned for investors with very long-time horizons to retirement of 10 plus years.

## **1Q2019 Fixed-Income Strategy**

Quantitative Investment Decision Fixed-income strategy was extended in 2018 to include other type of securities that generate income and defensive positions such as convertibles, MLPs and inverse treasury sectors. The change to the strategy sectors appears to have worked against us in 2018. Going back to basics in 2019 appears to have paid off as 1Q2019 performance rebounded 5.94% vs. 2.99% for ICE BofAML US Broad Market Index.

## **1Q2019 Global Balanced/Retirement Series: Growth**

The QID Global Balanced/Retirement Growth Strategy provides broad exposure to the Global Markets. When fully invested and fully diversified, the strategy is allocated across U.S. Equity, Non-U. S. Equity, fixed-income and alternative asset classes. Global Balanced is a diversified portfolio that we believe meets the needs of retirement accounts with a growth risk profile. What differentiates our strategy is that we wrap every one of our asset Strategies with downside protection. While no investment model can predict the unexpected, QID’s strategies help re-move emotional and irrational behavior from the investment decision process. The retirement strategies be customized to meet a particular investors risk profile determined by a series of mean variance optimization models.

1Q2019 the strategy returned 9.01 % vs. 12.39 for the DJ Target 2050 TR index. The performance was negatively impacted by a 25% cash position as OF 12/31/2018 as the markets started to signal caution during 4q2018. The 5-year performance of the strategy is 7.76% vs 6.67%.

## 1Q2019 - International Equity Strategy

Quantitative Investment Decisions International Equity Strategy invests in ETFs across region/country based on Global GDP weight ex-U. S. The result is a weighting of 50% emerging markets, Europe 34%, Japan 9%, Asia Pac ex-Japan 4% and Canada 3%. The weighting is much different than market cap weighting which could impact returns relative to MSCI ACWI ex-U. S. Index. Our belief is that long-run economic growth will determine long-run global market performance.

The strategy provided protection in a difficult 4q2018, outperforming its index by 8.36%. During 1Q2019, the strategy underperformed 2.16% vs 10.31%. As of year-end 2018 the strategy was 91% cash. The one-year performance is -3.85% vs -4.22%. Currently, the strategy is fully invested. Asia -Pacific and Emerging markets turned on in early January, Canada Feb 1st and Europe early March.

## 1Q2019 - U.S. Equity Sector Strategy

Quantitative Investment Decisions U.S. Equity Sector strategy equal weights each of the sectors that are "on". When all 10 sectors are "on" each will have a weight of 9.9%. If the number of sectors "on" is below 4 the strategy starts to raise cash. The maximum weight for a sector exposure could be 24.5%. The strategy may employ sub-sectors with-in each sector.

As we discussed last quarter, the U.S. sector strategy started to raise cash in the 4q2018 period as the market started to have extreme losses. Starting 2019 with 25.5% cash hurt the 1q2019 return 11.05% versus 13.65% for the S&P 500. The strategy's performance was also hampered by energy not being "on" (16.2%) and Tech not turning back "on" until late January. In addition, the strategy's equal weight approach resulted in the tech weight to be 14% vs. 20.8% for the S&P 500. Tech's 1q2019 performance was +20.3%.

	XLF/XLRE	XLV	XLC	XLI	XLY	XLP	XLB	XLK	XLU	XLE
<b>S&amp;P Weight</b>	15.93%	14.13%	10.24%	9.45%	10.29	7.17%	2.68%	21.43%	3.25%	5.43%
<b>QID Weight</b>	8.7/3.7%	0%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	12.38%	0%
<b>1q19 Perf</b>	8.5/17.5%	6.55%	13.54%	17.12%	15.38%	11.10%	10.26%	19.77%	10.78%	16.10%

Outperformance

Benefitted Performance

Underperformance

## 1Q2019 – U.S. Equity Growth Strategy

The Growth Strategy is designed to maximize long-term growth through investing in the fastest growing U.S. stocks while limiting losses during extended market downturns. The strategy endeavors to deliver attractive risk adjusted returns over multiple investment cycles. The strategy includes companies across the market cap spectrum. According to Morningstar, as of April 2019, the portfolio was 18% large cap, 48% mid-cap and 35% small cap. The portfolio style allocation is 72% growth and 27% core. The portfolio was 35% Consumer Cyclical, 6% Communication Services, 17%, Energy, 6% Industrial, and 36% Tech.

1q2019 was negatively impacted by large cash position, 78%, at start of year. The deteriorating environment in 4q2018 led to a defensive position at year-end to avoid potential extreme losses. Performance for the quarter was 7.36% vs. 14.95%. The portfolio is current fully invested.

## End of Report

Disclosures : Quantitative Investment Decisions, LLC (“QID”) claims compliance with the Global Investment Performance Standards (GIPS®).

**Firm Definition:**

Quantitative Investment Decisions, LLC (“QID” or the “Advisor”) is registered in the state of Florida as a registered investment adviser organized as a Limited Liability Company (“LLC”) under the laws of the State of Delaware, whose principle place of business is in Naples, FL. The entire investment team and critical operations staff became affiliated with QID on January 2, 2015.

Obtaining a Compliant Presentation and the Firm’s List of Composite Descriptions. A compliant presentation, including the performance data for the composite, may be obtained by contacting Ron Santangelo, CFA at 239.631.8912 or by emailing Ron at [ron.santangelo@qidllc.com](mailto:ron.santangelo@qidllc.com).  
Disclosures

The Tactical Rotation Strategy (TRS) Investment Program of Quantitative Investment Decisions (QID) is a long-term growth portfolio that invests in Exchange Traded Funds (ETF) as markets are rising and scales to cash as markets weaken using a trading algorithm. Its objective is capital appreciation. The TRS suite of portfolios has 5 “sleeves” which represent United States Markets, International Markets, a Blend of the two sleeves (United States and International markets), as well as a fixed income and alternative investment models contributed by Santangelo Research and Investments, LLC, now rolled into QID. The charts above show the total return, including reinvestment of all coupons.

Performance data shown is current actual performance and past back-tested model performance. All past performance is denoted by a @ in their respective column. Past performance is no guarantee of future results. Investments are subject to risk, and any of QID’s investment strategies may lose money. QID’s actively managed portfolios may underperform in bull or Bear markets. The investment strategy presented is not appropriate for every investor and individual clients should review the terms, conditions and risk involved with specific products or services. All indices presented are comparative market proxies to the TRS strategies. All returns shown for the TRS strategies are net of management and transaction fees. All indices shown are total return calculations which include dividend reinvestment.

All performance figures are represented in United States Dollars (USD \$).

**Risks**

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Asset allocation, nor diversification, does not guarantee a profit or protect against loss. Investment returns may fluctuate and are subject to market volatility, so that an investor’s shares, when redeemed or sold, may be worth more or less than their original cost. All investments include a risk of loss that clients should be prepared to endure. Quantitative Investment Decision’s actively managed portfolio may underperform in bull or Bear markets.