



# The Avior Sector Rotation Strategy

Discipline in Motion.



# Executive Summary

## Strategy Name

The Avior Sector Rotation Strategy.

## Objective

To capitalize on sectors expected to outperform during specific stages of the economic cycle by shifting investments accordingly.

## Target Audience

Designed for high-net-worth individuals, families, and institutions seeking to achieve returns exceeding the S&P 500 through tactical equity allocation.

## Key Highlight

Our strategy combines a dynamic, top-down macroeconomic assessment with disciplined, rules-based momentum and fundamental indicators to capture market leadership.

**OUR FIDUCIARY STANDARD:**

# A Four-Step Quality Management System

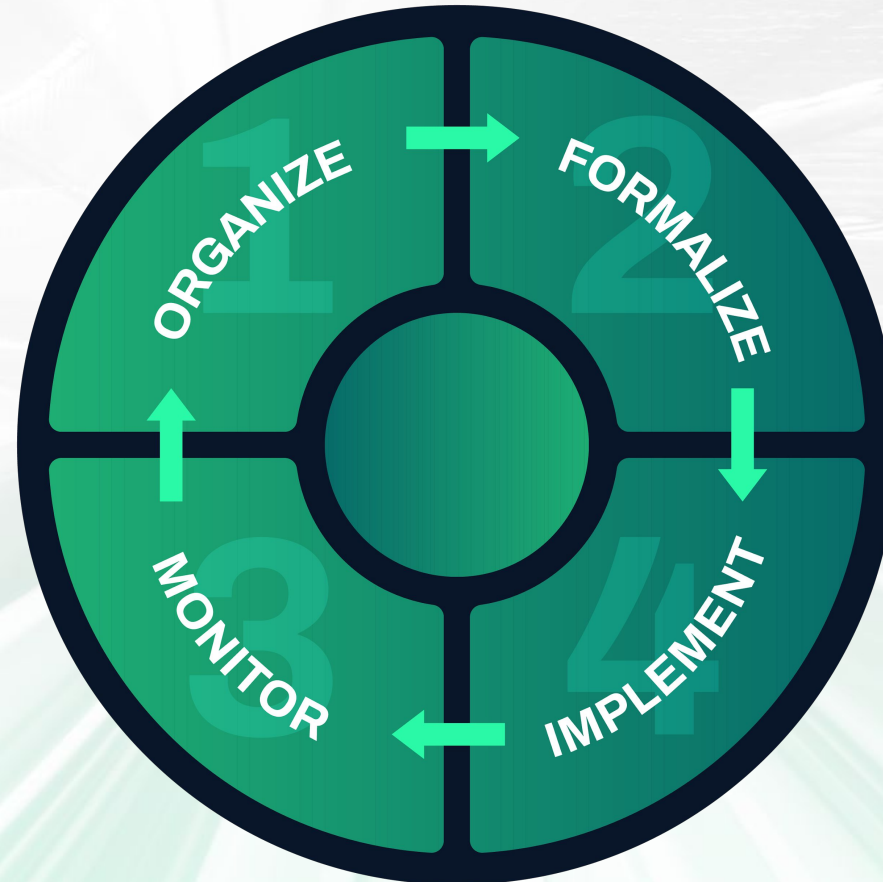
Our process follows the globally recognized ISO 9000 Quality Management System standard, emphasizing continual improvement in decision-making.

## Organize

Identify laws, governing documents, and sources of guidance for fiduciary conduct. Establish roles and responsibilities for all parties involved.

## Monitor

Conduct periodic reviews to ensure objectives are met and Prudent Practices are consistently applied throughout the process.



## Formalize

Define investment objectives and constraints, formulate asset allocation strategies, and adopt comprehensive Investment Policy Statements.

## Implement

Perform investment and service provider due diligence, make decisions about investment safe harbors, and execute the investment strategy.

**STRATEGIC OBJECTIVES:**

# The Blueprint for Long-Term Success

The strategy is managed by the Sector Rotation Committee to accomplish the following long-term objectives.



## Performance Target

Achieve a total return exceeding the S&P 500 benchmark.



## Investment Horizon

Manage to a five-year holding period.



## Risk Management

Maintain a portfolio price volatility (standard deviation) of approximately 15%.



## Tax & Trading Efficiency

Monitor tax efficiency with approximately 12 reallocations per year.

**INVESTMENT THESIS:**

# Capitalizing on Economic Cycles

Different market sectors systematically outperform during distinct phases of the business cycle. Our strategy is designed to capture this predictable leadership rotation.



**Key Takeaway:**  
Expansion Technology, Industrials, Consumer Discretionary Peak  
Materials, Energy The goal is to proactively shift the portfolio's focus toward the sectors poised for outperformance in the current and upcoming economic phase.

## OUR APPROACH:

# Three Pillars of Analysis



### Macroeconomic Assessment (Top-Down)

#### Feature

We begin with a top-down assessment of macroeconomic indicators to determine the current phase of the economic cycle

#### Benefit

This ensures the portfolio is strategically positioned to align with broad, powerful economic trends.



### Momentum Indicators

#### Feature

We employ momentum-based indicators to identify sectors demonstrating persistent strength and leadership.

#### Benefit

This allows the strategy to capture market trends and dynamically adjust to leadership changes in real-time.



### Fundamental Analysis

#### Feature

We apply fundamental analysis to the underlying investments selected within our target sectors.

#### Benefit

This provides a layer of quality control, ensuring the portfolio is built on sound, well-managed assets, not just market trends.

## PORTFOLIO CONSTRUCTION:

# A Disciplined Allocation Framework

The portfolio is adjusted monthly, adhering to the following asset class policy ranges to maintain its strategic posture while allowing for tactical adjustments.

Asset Class	Lower Bound	Policy Target	Upper Bound
Equity Allocation	60%	100%	100%
Fixed Income Allocation	0%	0%	20%
Cash Allocation	2%	0%	20%

*Footnote: The strategy targets a 100% equity allocation under normal market conditions.*

## MANAGING RISK:

# Our Fundamental Targets

To manage portfolio risk and maintain its intended characteristics, the Committee actively monitors the following aggregate portfolio metrics.

Metric	Target
Equity Price/Earnings	<15
Number of Holdings	8-15
Concentration in Benchmark	>75%
Dividend Yield	<3%
Standard Deviation {1yr}	<15%
Flow of Funds	Net Positive
Expense Ratio	< 50 bps

## MANAGER SELECTION:

# A Rigorous, Multi-Factor Approach



**Organizational Stability:** Management team in place for at least 2 years.



**Minimum Track Record:** Product inception date more than 3 years ago.



**Assets Under Management:** At least \$75 million under management.



**Regulatory Oversight:** Must be a regulated bank, insurance company, mutual fund organization, or registered investment company/adviser.



**Peer Group Performance (1, 3, 5 YR):**

Must place in the top 50% of its peer group.



**Risk-Adjusted Returns (Alpha/Sharpe):**

Must place in the top 50% of its peer group.



**Expense Ratio:** Must place in the top 75% of its peer group (i.e., not be among the most expensive).

## OUR COMMITMENT:

# Transparency through Reporting

We believe clear and consistent communication is fundamental to a successful partnership. Our reporting process is designed to keep you fully informed of your portfolio's progress and our strategic thinking.

## Quarterly Reporting

- ✓ Clients receive comprehensive portfolio performance reports.
- ✓ Each report includes a clear rationale for any changes made to the strategy during the quarter.

## Annual Review

- ✓ Clients receive an annual strategy performance update.
- ✓ This annual review will focus on performance relative to the assigned benchmark.

# Team



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**Britt Campbell**

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For additional information, please contact your Avior advisor.



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