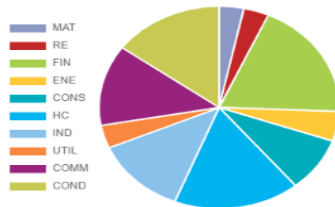


The ELEV8- Sector Rotation Model

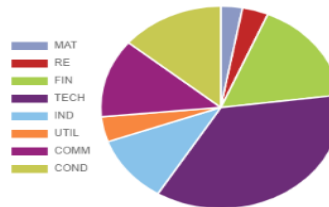
Sector Rotation

AS OF 09/30/2024

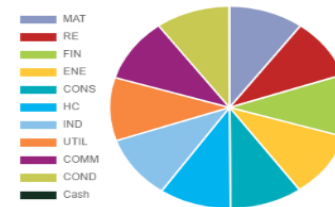
All Sectors Model Portfolio Weightings ⓘ



Elev8 Model Portfolio Weightings ⓘ



ALPS Equal Sector Weight ETF Weightings ⓘ



	Sector Name	All Sectors Model	Elev8 Model	ALPS Equal Weight Model
MAT	Materials	2.26%	2.89%	9.14%
COMM	Communication Services	8.78%	12.52%	9.23%
ENE	Energy	3.23%	—	9.48%
FIN	Financials	12.87%	16.60%	9.03%
IND	Industrials	8.48%	10.72%	9.19%
TECH	Information Technology	31.92%	35.79%	%
CONS	Consumer Staples	5.90%	—	8.86%
RE	Real Estate	2.32%	3.52%	8.8%
UTIL	Utilities	2.50%	4.00%	9.17%
HC	Healthcare	11.57%	—	8.82%
COND	Consumer Discretionary	10.18%	13.97%	9.1%

At ETFsector.com we are dedicated to educating investors of all kinds from the most advanced to brand new investors. We are a research site built to help investors understand how different sectors of the economy are doing, to better formulate a plan and give yourself a chance to beat the S&P 500.

Why We Love Sectors – “It’s a Framework for The U.S. Economy”

We use the multiple families of Sector ETFs as our proxy. This handy framework of the 11 major GICS sectors of the US economy gives investors the ability to tactically allocate across different exposures allowing the investor to benefit from recognition of emerging trends in financial markets, innovation like AI, or economic developments.

ETFSector.com outlines 3 key principles for sector selection that help investors take advantage of the different sensitivity each sector has to bull and bear markets, rising and falling interest rates, strong or weak earnings, inflation, or deflation among other themes.

Sector allocations can also help investors manage risk when looking to add different asset classes, in their portfolios. So come along for the ride, start with sectors, and find out how smart of an investor you’ll become. Then move on to other frame works like Factors, Leveraged, Options and other asset classes like, Fixed Income, Commodities, and Digital Assets.

TECHNICAL FACTORS						
Factor	What we track	Descr.	Rank	Time Period	FACTOR MEASUREMENTS	
Factor 1	Long term price trend following for sector.	Price Action	-1 to +4	3m, 6m, 1yr, 3yr	Uptrend	Bullish Reversal Consolotation
Factor 2	Stock Level performance within each sector.	Stock Level Ratings (Mean Score)	-/+ 1		Price Pattern	Relative Strength Momentum
Factor 3		Stock Level Ratings (WTD Mean Score)	-/+ 1		Price Pattern	Relative Strength Momentum
Factor 4	Momentum to see if over-bought or over-sold. <i>Signal line upside crossover = Buy</i> <i>Signal line downside crossover = sell</i>	"Oscillator" RSI MACD	0 - 100	14 recent vs 1,000 lookback 3 near term moving avgs	Below 30 = Oversold MACD Line	Over 70 = Overbought Signal Line MACD Histogram
Factor 5	Under/Over-performance of the Sector.	Sector Relative Strength	-/+ 1	3m, 6m, 12m	>50% must show outperformance	
Factor 6	Under/Over-performance of the Industry.	Industry Relative Strength	-/+ 1	3m, 6m, 12m	>50% must show outperformance	
MACRO FACTORS						
Factor 7	Historically, which sectors outperforms when the S&P500 is in an uptrend.	S&P500 historical performance profile	+1, 0, -1	30 years historical sector returns	Uptreand	No trend Downtrend
Factor 8	When Bond yields drop, which sectors outperform the S&P500.	Historical Interest Rate Trend		10 yr Yield	Uptreand	No trend Downtrend
Factor 9	Historically, which sectors outperforms when the S&P500 is in an uptrend.	Historical Commodities Price Trend	+1, 0, -1	Bberg Comm. Index	Uptreand	No trend Downtrend
Factor 10	When U\$ moves, which sectors outperform.	Historical U\$ Value	+1, 0, -1	USD : EUR	Uptreand	No trend Downtrend

[^]4 macro factors have a different score profile and each has 2 potential outcomes, so an equity uptrend input is different than an equity downtrend input.
* Tactical overlay is used when there are known technical dynamics like seasonality or financial market events that are likely to be material, and can be used to adjust positioning

The **Elev8 Sector Rotation Model** seeks to outperform the S&P 500 using an 8 Sector allocation framework to differentiate from the benchmark while ensuring a well-diversified equity portfolio.

- The model selects 8 of the 11 S&P 500 GICS Sectors to allocate to each month and 3 it will avoid.
- The model uses the Cap. from the 3 short or “zero” allocations to create active weight long positions in the 8 selected sectors.
- Generates its position sizes using a multi-factor, trend-following process that encompasses security level and macro level inputs.
- Goal: To outperform the S&P 500 by aligning with the strongest long-term trends in the US equity market while providing a discretionary framework for tactical allocations to take advantage of near-term opportunities or to facilitate appropriate hedging.

ELEV8 Model | Inputs 1-6

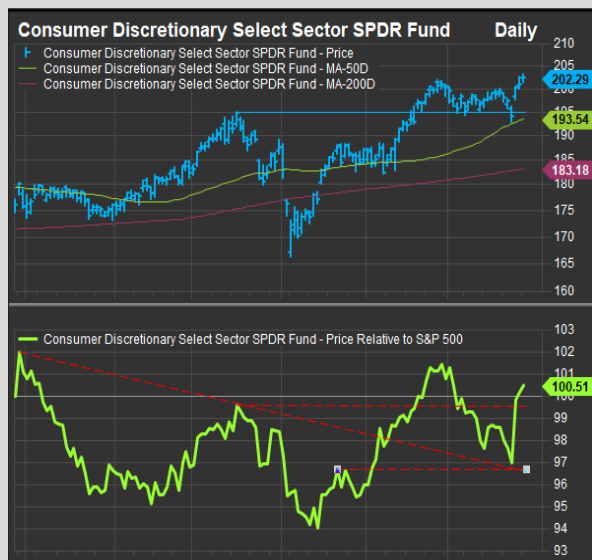
<i>Technical Factors</i>					
Factor	Description	Indicator Method	Indicator Scoring	Time period	
1	Security (Sector ETF) Price Action	Pattern Recognition			
		Uptrend	2	>6 months	
		Bullish Reversal	1	>6 months	
		Consolidation	0	>6 months	
		Downtrend	-1	>6 months	
2	Stock/Constituent Level Technicals	Price Pattern/Momentum/Performance			
		Best-->Worst, 1-->6 (Simple Average of Ratings)	If simple avg (sector) < simple avg (index) = 1		
		Strong Buy (<3)	If simple avg (sector) > simple avg (index) = -1	>6 months	
		Buy (3)		>6 months	
		Sell (4)		>6 months	
	Strong Sell (>4)		>6 months		
3	Cap. Wtd Stock/Constituent Level Technicals	Price Pattern/Momentum/Performance			
		Best-->Worst, 1-->6 (Cap. Weighted Average of Ratings)	If wtd avg (sector) < simple avg (index) = 1		
		Strong Buy (<3)	If wtd avg (sector) > simple avg (index) = -1	>6 months	
		Buy (3)		>6 months	
		Sell (4)		>6 months	
	Strong Sell (>4)		>6 months		
4	Oscillators	Evaluating technical studies for Overbought/Oversold			
		MACD	Buy: rising signal line near-term cross above trendline	OB, OB = -1	1-3 months
			Neutral: No signal line cross overs in the near-term	OB, N = -1	1-3 months
			Sell: falling signal line near-term cross below trendline	OB, Buy = 0	1-3 months
			OB: Sell above the zero line	OB, Sell = -1	1-3 months
			OS: Buy below the zero line	OS, OS = 1	1-3 months
	RSI		OB >65	N, N = 0	1-3 months
			OS <35	OS, N = 1	1-3 months
5	Relative Strength: Sector Level Sector	Sector Total Return/Benchmark Total Return			
		Outperforming T6M or T3M by > 10%	1	3-6 months	
		Underperforming T6M or T3M > 10%	-1	3-6 months	
6	Relative Strength: Industry Level Industry	Industry Total Return/Benchmark Total Return			
		>50% Outperforming T6M or T3M by > 10%	1	3-6 months	
		<50% Outperforming T6M or T3M by > 10%	-1	3-6 months	

ELEV8 Model | Inputs 7-11

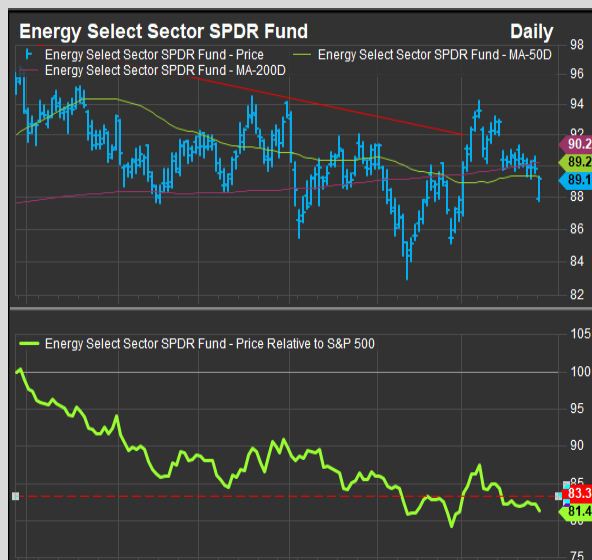
<i>Macro Factors</i>				
Factor	Description	Indicator Method	Indicator Scoring	Time period
7	Equity Trend (S&P 500)	Historical Sector Avg Excess Returns in ID'd Trends		
		Uptrends	Mean Sector Trend score >2% above BMK mean = 1	>6 months
		Downtrends	Mean Sector Trend score -2%/+2% above BMK mean = 0	
		No Direction	Mean Sector Trend score >2% below BMK mean = -1 Input is not counted in the monthly sector score	
8	Interest Rate Trend (US 10yr Treasury Yield)	Historical Sector Avg Excess Returns in ID'd Trends		
		Uptrends	Mean Sector Trend score >2% above BMK mean = 1	>6 months
		Downtrends	Mean Sector Trend score -2%/+2% above BMK mean = 0	
		No Direction	Mean Sector Trend score >2% below BMK mean = -1 Input is not counted in the monthly sector score	
9	Commodities Price Trend (BCOM Index)	Historical Sector Avg Excess Returns in ID'd Trends		
		Uptrends	Mean Sector Trend score >2% above BMK mean = 1	>6 months
		Downtrends	Mean Sector Trend score -2%/+2% above BMK mean = 0	
		No Direction	Mean Sector Trend score >2% below BMK mean = -1 Input is not counted in the monthly sector score	
10	USD Trend (Fed Broad USD Index)	Historical Sector Avg Excess Returns in ID'd Trends		
		Uptrends	Mean Sector Trend score >2% above BMK mean = 1	>6 months
		Downtrends	Mean Sector Trend score -2%/+2% above BMK mean = 0	
		No Direction	Mean Sector Trend score >2% below BMK mean = -1 Input is not counted in the monthly sector score	
11	See Appendix: Tactical Overlays	ID'd bullish/bearish phenomenon	Programmatic	n/a

- We categorize each active security we cover into 4 broad categories of chart pattern: Uptrend, Bullish Reversal, Consolidation and Downtrend. In the model the patterns are scored as follows (Uptrend +2, Bullish Reversal +1, Consolidation 0, Downtrend -1)
- As trend following investors, we are geared to identifying and accumulating stocks and other securities that show positive price trends over time.
- At the early stage these are bullish reversal stocks. As they confirm the uptrend by iterating higher price (or relative highs vs. a target benchmark), we want to accumulate while shorter-term investors take profits.
- Our goal as trend following investors is to build large positions over time that align with the strongest long-term price trends.
- Why: Behaviorally, trends are representative of under-reactions to correctly discounting future value. Our aim as trend following investors is to value new uptrends as they form and allocate to them as they develop with our “alpha” being generated by equity fundamentals and behavioral momentum

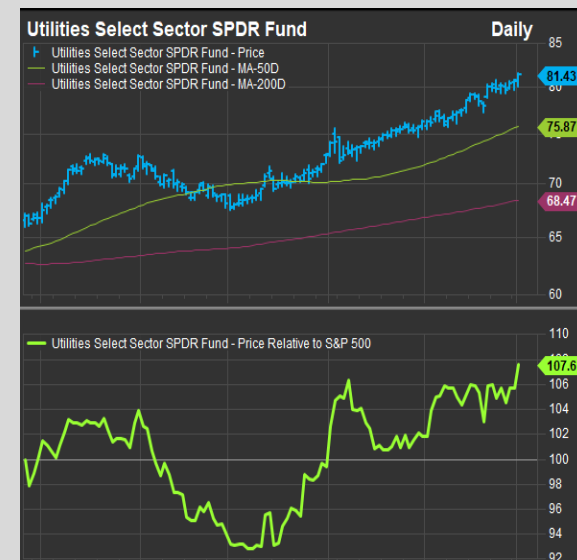
e.g. Bullish Reversal



e.g. Consolidation
(Relative Downtrend)



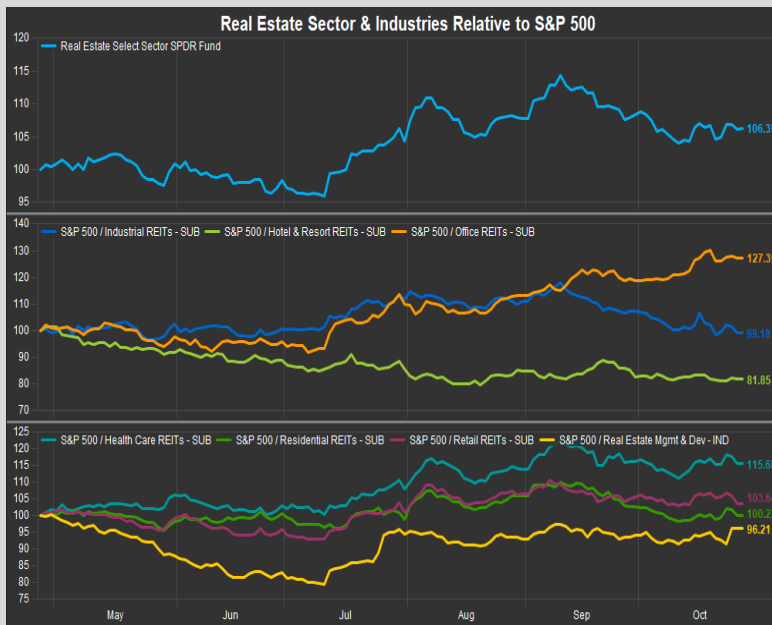
e.g. Uptrend



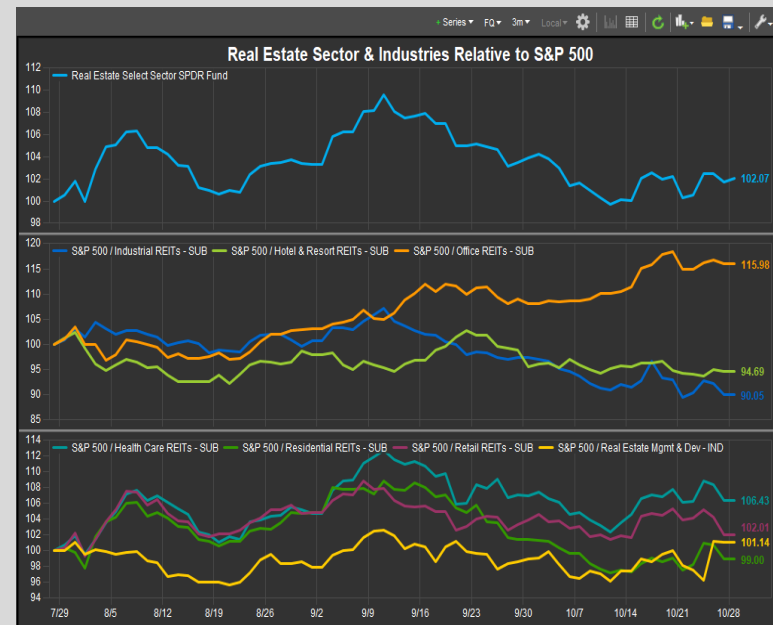
Technical Factor – Sector/Industry Relative Strength

- Since our goal is to exceed the returns of the S&P 500 Index on an annual basis, we seek ways to promote securities that have a track record of outperforming that benchmark
- We look at outperformance over 3, 6 and 12-month time horizons. The sector or industry must be outperforming by > 2% over the benchmark in 2 of 3 periods to get a positive score (1) vs. a neutral score (0)
- There is one score for the Sector in aggregate
- The Industry score is positive if at least 50% of the Sector’s Industries qualify as positive relative strength
- Determines if returns are broad based or concentrated
- We want to favor sectors where there is broader participation at the stock level in addition to outperformance at the sector level

Real Estate Sector/Industry 6-month Relative 2024



Real Estate Sector/Industry 3-month Relative 2024



Sample Technical Factor – Oscillator/RSI

- Oscillator studies help us identify good potential exit and entry points over tactical timeframes.
- The classic technique is to sell securities when an RSI is coming back down from above the 70 level and to buy them when pullbacks take the oscillator to the 30 level.
- We have some simple context-based rules we apply to the traditional method. When a stock is in an uptrend we shift the overbought/oversold range up from the traditional 70/30 level, when the stock is in a down or sideways trend, we look to weekly RSI overbought signals as potential trend change indicators
- Score: Below 35 = Oversold (1), Above 65 = Overbought (-1)

Tech Sector with June/July 2024 Negative divergence

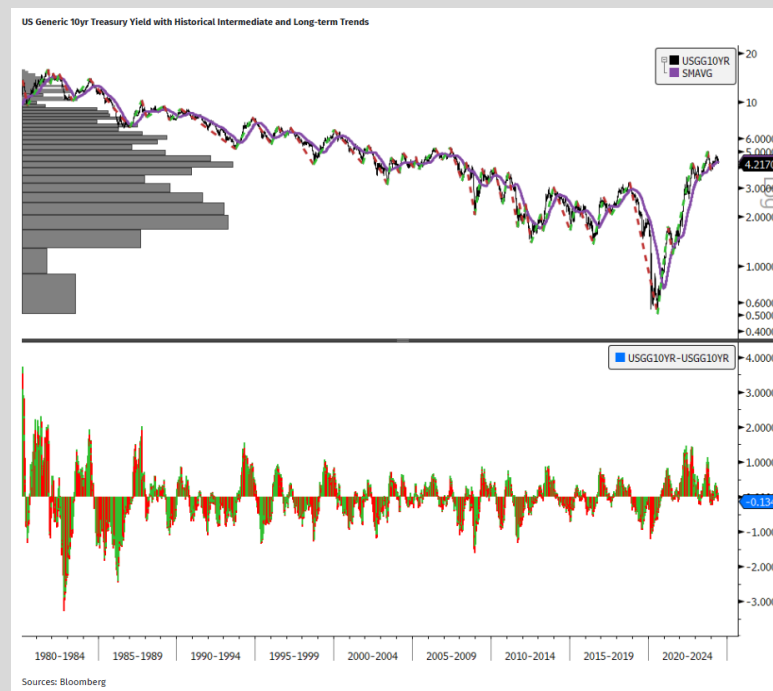


- Dow Theory Buy Signals (Dow Industrials AND Dow Transports making new intermediate-term highs before either makes a new low)
 - Bull Signal:
- Capitulation Signals (Multiple 90% down days followed by 90% up day) / (Multiple 90% up days) for S&P 500, R1000, R3000
 - Bull Signal:
- <10% of S&P 500 stocks above 50-day moving average (non-recession)
 - Bull Signal
- Seasonality
 - Bullish Jan, March, April, May, November, December
 - Neutral: June, July
 - Bearish: Feb., August, September, October
- Fed Rate cut + S&P 500 Uptrend
 - Buy Signal
- Market Breadth low <20% above 50-day m.a. + S&P 500 Uptrend
 - Buy Signal

Macro Factor – US 10yr Yield (Interest Rate) Trend

- Sector coincident returns (left chart) during longer-term uptrends in the 10yr Yield (Right Chart). This shows the price appreciation of each S&P 500 GICS Sector coincident to identified uptrends in the US 10yr Treasury Yield
- We use technical analysis principles to identify the directional trend of yields over a sustained period of time (typically >4 months) and we rate sectors as either positive or negative based on their cumulative historical performance when similar uptrends have been in place in the past.
- Interest rates are an essential pivot point for operating leverage in most business lines. They also determine payouts/expenses across a broad array of fixed-income securities and real estate assets, there are observable high and low interest-rate beneficiaries in the equity market over time

Interest Rate Uptrends (S&P 500 and S&P 500 GICS Sector Coincident Simple Return)																
StartDate	EndDate	SSINFT	SSCOND	SSFIL	SSENR	SSINDU	SSENR	SSINDU	SSENR	SSINDU	SPX	SSH.LTH	S.SCONS	SSTELS	SSRLST	sSUTIL
6/12/1979	2/25/1980															
9/6/1980	9/30/1981															
11/27/1981	2/9/1982															
5/11/1982	6/25/1982															
5/4/1983	5/30/1984															
1/21/1987	10/15/1987															
2/5/1988	3/20/1989															
8/2/1989	4/26/1990															
10/15/1993	11/4/1994	20%	-7%	-10%	-3%	1%	14%	-2%	13%	5%	-14%					-24%
1/18/1996	4/1/1996	10%	13%	11%	7%	9%	15%	7%	7%	4%	-4%					-3%
11/29/1996	2/12/1997	7%	1%	9%	5%	2%	2%	6%	10%	10%	10%					0%
10/5/1998	1/20/2000	168%	63%	23%	15%	43%	20%	46%	10%	-3%	38%					-8%
11/7/2001	4/1/2002	-3%	10%	5%	11%	4%	13%	3%	0%	8%	-15%	2%				-1%
6/13/2003	9/3/2003	15%	7%	2%	0%	6%	10%	4%	-4%	2%	-3%	8%				-3%
3/16/2004	6/14/2004	2%	2%	-3%	3%	6%	0%	1%	2%	3%	-2%	-8%				-4%
2/9/2005	3/28/2005	-3%	-2%	-6%	7%	0%	4%	-1%	1%	-2%	-4%	-4%				-1%
6/1/2005	6/28/2006	-4%	-1%	8%	24%	7%	10%	4%	-6%	2%	7%	15%				5%
12/4/2006	1/18/2007	-1%	4%	3%	-9%	2%	1%	1%	5%	3%	2%	3%				-3%
3/17/2008	4/23/2008	11%	7%	9%	15%	4%	8%	8%	3%	5%	8%	15%				7%
12/30/2008	6/10/2009	26%	13%	1%	6%	1%	24%	5%	-5%	-2%	-8%	-7%				-6%
10/13/2009	4/5/2010	12%	20%	7%	3%	19%	10%	11%	12%	8%	6%	25%				3%
10/7/2010	2/8/2011	18%	15%	16%	28%	17%	20%	14%	5%	4%	13%	1%				1%
9/22/2011	10/27/2011	12%	13%	22%	21%	18%	18%	14%	8%	6%	6%	15%				6%
1/31/2012	3/19/2012	12%	8%	13%	6%	5%	1%	7%	3%	5%	7%	3%				0%
7/24/2012	3/11/2013	7%	23%	29%	15%	21%	15%	16%	19%	12%	8%	7%				2%
5/2/2013	12/31/2013	19%	22%	17%	13%	26%	18%	16%	17%	5%	-6%	-12%				-7%
1/30/2015	6/10/2015	8%	9%	9%	2%	3%	5%	6%	8%	0%	3%	-10%				-13%
7/8/2016	3/13/2017	24%	8%	33%	0%	13%	11%	3%	-1%	-6%	-9%	-3%				-3%
9/7/2017	11/7/2018	24%	24%	14%	9%	7%	2%	14%	14%	2%	2%	0%				0%
8/4/2020	3/31/2021	17%	17%	42%	32%	36%	29%	20%	10%	8%	24%	10%				5%
8/3/2021	2/10/2022	4%	1%	10%	38%	-3%	2%	2%	-2%	6%	-12%	-1%				0%
4/6/2023	10/19/2023	13%	8%	2%	8%	2%	-4%	4%	-4%	-9%	17%	-11%				-16%
		SSINFT	SSCOND	SSFIL	SSENR	SSINDU	SSENR	SSINDU	SPX	SSH.LTH	S.SCONS	SSTELS	SSRLST	sSUTIL		
AVERAGES		17%	12%	11%	11%	10%	10%	9%	5%	3%	3%	3%	3%	-3%		



The **Elev8 Sector Rotation Model** provides our preferred weightings for the 11 sectors of the S&P 500. We use a combination of ETFs that are AUM leaders for there sector. We use a proprietary sector rotation model that we created and that is maintained by us, with monthly updates and sometimes mid-month updates based on signals and levels.

The **Elev8 Sector Rotation Model** seeks to outperform using an 8 Sector allocation framework to differentiate from the benchmark while ensuring a well-diversified equity portfolio. The model selects 8 of the 11 S&P 500 GICS Sectors to allocate to each month and 3 it will avoid. At the end of each month, we do our top-down and bottom-up analysis on each sector and its constituents to develop our indicator scores.

The **Elev8 Sector Rotation Model** goal is to outperform the S&P 500 by aligning with the strongest long-term trends in the US equity market while providing a discretionary framework for tactical allocations to take advantage of near-term opportunities or to facilitate appropriate hedging.