

PORTFOLIO OVERVIEW



# SUMMIT CAPITAL

Dual Momentum Sector Strength Portfolios

*{ Reaching new heights in financial fortitude. }*

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Summit Capital Solutions | 6 Cadillac Drive, Suite 310 | Brentwood, Tennessee 37027

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Investment Advisory services offered through Summit Capital Solutions, LLC (SCS); an SEC Registered Investment Advisor.

# SUMMIT CAPITAL SOLUTIONS

## *Dual Momentum Sector Strength Portfolios*



This Index is actively managed utilizing a proprietary quantitative investment model which is driven by market volatility and price momentum data. The Index allocates across 10 major sectors of the U.S. equity market as well as cash/1 month T Bills:

- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Telecommunications
- Materials
- Utilities

When fully invested, initially the top four sectors are selected and kept within the rotation of our proprietary turnover solution. After last trading day of the month our dual momentum methodology is applied and trades will be placed on the first trading day of the month. If cash is outperforming any of the top four sectors we would invest 25% in a cash position (1 month T bill) will replace that sector(s). Cash can represent 25%, 50%, 75% or 100% of the equity portion of each of the portfolios. The result is a model in which focuses on the best performing sectors during an upmarket, while defending against prolonged bear market scenarios.

Exposure to telecommunications services and information technology sectors are represented by one ETF. This takes place when the model is invested in both telecommunications services and information technology. This is due to the two sectors being represented by one ETF. Should the model be invested in both telecommunications services and information technology the model would be invested 50% into one ETF.

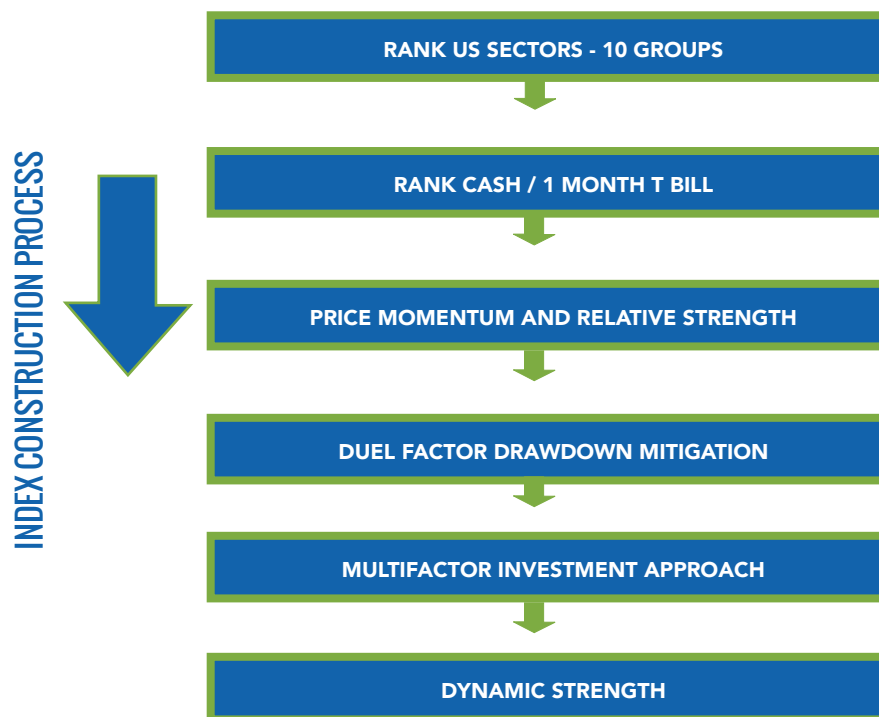
The following illustration summarizes the general construction process for the sector selection:



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### Dual Momentum

Relative Strength with Absolute Momentum to Mitigate Volatility. The efficacy of momentum in financial markets has been well researched and thoroughly documented. Extensive academic research has demonstrated that momentum may be employed in all markets during any business cycle. Momentum is a dynamic investment approach in regards to validity and applicability.

### Price Momentum and Relative Strength

Momentum based investing relies on the concept of trend following. Momentum strategies analyze the price movement of an individual security or group of securities. Relative Strength (RS) is a momentum based strategy that seeks to measure the price movement of an individual security parallel to that of a collective group. The concept seeks to invest in the security with the highest relative price strength and periodically rebalances to maintain momentum.



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### Dual Factor Drawdown Mitigation

The term Relative Strength alludes to a security's performance within a collective group. This concept however is absent of aggregate market developments. To protect the portfolio from the risk of excessive drawdown and market depreciation the concept of absolute momentum is introduced. Absolute momentum adds an additional degree of risk management and volatility mitigation. The additional overlay states that capital will be invested in the security of highest relative strength only if that investment maintains positive price trend. In the instance that a collective grouping of securities do not show positive price trend, then the investment is transitioned to hold a designated risk free asset such as cash.

### Multi Factor Investment Approach

The concept of relative strength is supplemented by the Dual Momentum trend of absolute momentum. The duality of the strategy makes diversification more efficient by selectively utilizing assets only when both their absolute and relative strength are positive. This allows for an investor to maintain exposure to the areas of highest relative strength during bull markets, while subsequently adhering to the absolute trend of price momentum to defend against a market decline.

### Dual Momentum Sector Strength Equity Exposure

The strategy is dictated by a dual mandate in price momentum. The mandate consists of moving averages as it relates to absolute and relative price trends. By adhering to the mandate the strategy seeks concentration in the most prolific U.S. equity sectors. Such concentration is evaluated by observing the price trend of an individual sector as it corresponds to its compliments, but is not however inclusive of aggregate equity markets. To mitigate excessive volatility and associated drawdowns, absolute momentum is implemented to determine the composite price trends of the U.S. equity market. The resulting execution seeks to invest in the driving sectors of U.S. capital market performance during times of expansion while subsequently transitioning to risk-free assets as capital depreciation accelerates.

| Sector                     | Sector Index                              | Sector ETF                             | Ticker |
|----------------------------|-------------------------------------------|----------------------------------------|--------|
| Consumer Discretionary     | S&P 500 Sector Consumer Discretionary     | First Trust Consumer Discretionary     | FXD    |
| Consumer Staples           | S&P 500 Sector Consumer Staples           | First Trust Consumer Staples           | FXG    |
| Energy                     | S&P 500 Sector Energy                     | First Trust Energy                     | FXN    |
| Financials                 | S&P 500 Sector Financials                 | First Trust Financials                 | FXO    |
| Health Care                | S&P 500 Sector Health Care                | First Trust Health Care                | FXH    |
| Industrials                | S&P 500 Sector Industrials                | First Trust Industrials                | FXR    |
| Information Technology*    | S&P 500 Sector Information Technology*    | First Trust Information Technology*    | FXL*   |
| Materials                  | S&P 500 Sector Materials                  | First Trust Materials                  | FXZ    |
| Telcommunication Services* | S&P 500 Sector Telcommunication Services* | First Trust Telcommunication Services* | FXL*   |
| Utilities                  | S&P 500 Sector Utilities                  | First Trust Utilities                  | FXU    |
| N/A                        | N/A                                       | Cash                                   | Cash   |



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**Dual Momentum Sector Strength Portfolios are structured in three variations to meet a variety of risk tolerances and investment goals.**



### Aggressive Model

The aggressive model is invested in sector based Dual Momentum sector strength strategy and/or cash at all times.

### Dual Momentum Strength Balanced & Conservative

While both the Balanced & Conservative interpretations of the Dual Momentum Strength Equity strategy are similar in their equity holdings, they are further supplemented with a fluid fixed income module. The Balanced & Conservative models use a technical fixed income lever to signal qualitative deterioration in income seeking assets. The objective of which is to realign the positions of the model to hold risk-free assets in a more compressed periodicity without being subjected to excessive trading. The mandates identified within the equity and fixed income components of the strategy are mutually exclusive and independent. Thus the resulting implementation allows for a balanced allocation among risk-seeking and risk-adverse assets in an upward trending market, while enhancing the transitional prowess to more quickly safeguard an investor from deteriorating fundamentals and precipitous uncertainty.

### Dual Momentum Sector Strength Balanced Allocation

75% Dual Momentum Strength Equity, 25% Technical Fixed Income

Uptrend Investment: 18.75% among each top four equity sectors of relative strength, 14.29% High Yield, 7.14% Global Bond, 3.57% Emerging Market Debt. Downtrend Investment: 0%-75% among risk free assets (cash), 25% Intermediate Core Bond.

### Dual Momentum Strength Conservative Allocation

50% Dual Momentum Strength Equity, 50% Technical Fixed Income

Uptrend Investment: 12.5% among each top four equity sectors of relative strength, 15.38% High Yield, 7.69% Global Bond, 3.85% Emerging Market Debt, and a static 23.08% Intermediate Core Bond. Downtrend Investment: 0%-50% among risk free assets (cash), 50% Intermediate Core Bond



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### Important Disclosures:

This presentation may be used only for one-on-one presentations to clients. It must be accompanied by an Investment Advisory Agreement that shows the fees to be paid by the investor.

**Hypothetical (backtested) performance:** Returns presented prior to November, 2015 are hypothetical (back tested) and represent a reduction in gross returns of 2.50% annually for fees and expenses, applied monthly, which would be expected in a real-time managed account. Taxes have not been considered.

The portfolio results reflect hypothetical performance that was achieved by means of the retroactive application of an allocation back-test and, as such, the corresponding results have inherent limitations, including: (1) the portfolio results do not reflect the results of an actual account allocated in this current portfolio. (2) back-tested performance may not reflect the impact that any material market or economic factors might have had on the advisor's use of the portfolio if the portfolio had been invested during the period to actually manage client assets. An investor's actual results may vary substantially from those presented due to differences in the timing of contributions and withdrawal activity, account start date, fees incurred, triggering of stop-loss activity, timing of re-entry into the portfolio holdings, trading costs and overall market returns. All performance results provided on the Dual Momentum Sector Strength Portfolios is net of maximum advisory fees, 2.50%, paid monthly in arrears. The performance results shown include the reinvestment of dividends and interest earned.

Simulated returns do not demonstrate the adviser's skill and are not the performance returns achieved by any specific client. During this period, the adviser was not providing advice using this model, and strategies were developed with the benefit of hindsight. The model that gave rise to these back-tested performance returns is one the firm is now using to manage clients' accounts.

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Each investor should carefully consider the investment objectives, risks and expenses of any Exchange-Traded Fund ("ETF") prior to investing. Before investing in an ETF investors should obtain and carefully read the relevant prospectus and documents the issuer has filed with the SEC. ETF's may result in the layering of fees as ETF's impose their own advisory and other fees. To obtain more complete information about the product the documents are publicly available for free via the SEC website (<http://www.sec.gov>).

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