

Quartz High Yield Legacy Strategy

Actively managed strategy seeking total returns and income through focused investments in yield-producing securities.



Strategy Fact Sheet

as of 9/30/2020

quartzpartners.com

Investment Objective

Seeks to provide absolute portfolio returns and income, with a secondary emphasis on preservation of capital.

Primary Benchmark

Bloomberg Barclays US Corporate High Yield Bond Index

Risk Benchmark

Morningstar Moderately Conservative Target Risk Index

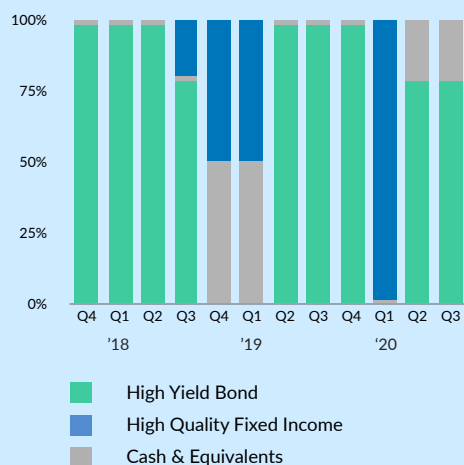
Investment Adviser

Quartz Partners Investment Management is a Registered Investment Adviser specializing in tactical portfolio solutions. Our goal is to generate high risk-adjusted returns guided by real-time market research and tactical risk management principles.

Portfolio Managers

Joseph Arena, Chief Investment Officer
Kyle Webber, Portfolio Manager

Target Strategy Allocations, Past 3 Years



Strategy allocations may vary depending on the custodian selected and are based on the target portfolio at the end of each period. The portfolio is dynamically adjusted and will frequently and substantially change. Actual allocations will vary due to market fluctuations.

Advantages

Potential advantages of the strategy over a traditional fixed income portfolio include:

- **Return Profile:** the use of high yield bonds, emerging markets debt, convertibles and other dividend-yielding securities allows for higher total returns than a portfolio consisting mainly of US Treasuries and other high quality fixed income securities.
- **Inflation:** the strategy can use securities that are historically less sensitive to movements in interest rates, potentially equipping the investor with the tools needed to navigate a rising rates environment.
- **Unconstrained:** targeted allocations to securities that offer higher total return potential during positive credit cycles, plus the ability to move defensively during volatile market periods, can engineer a long-term investment strategy that offers higher returns with responsible risk management.

Strategy Description

The Quartz High Yield Legacy Strategy has a moderately conservative risk profile over a full market cycle and seeks positive total returns with a secondary emphasis on capital preservation. The Strategy's portfolio will be primarily determined based on our outlook on the financial markets and global economy. Relative strength and other technical analyses may also be used to make asset allocation decisions.

The Strategy will often invest up to 100% in high yield corporate bond Securities, which typically represents the primary source of return and risk to the Strategy. The Strategy is non-diversified and will frequently be 100% invested in high yield bond Securities, government bond Securities, or cash or equivalent Securities.

In an attempt to meet the Strategy's secondary emphasis of capital preservation, the Quartz High Yield Legacy Strategy will at times be invested up to 100% in US Treasury/government bond and/or cash or equivalent Securities. This will generally occur when our market and/or economic outlook become negative, or when investment opportunities are constrained by valuations or other factors.

Portfolio Construction Process



MACRO ANALYSIS

We collect and analyze over 50 data points categorized into 7 Pillars: Global Policy, Credit & Liquidity, Earnings, Economic Growth, Inflation, Interest Rates, and Market Dynamics.



TREND ANALYSIS

An intermarket approach focuses on both absolute trends (momentum) in asset class prices and relative strength between different classes, e.g., style, sector, geography, and factors.



CONTRARIAN/EARLY STAGE OPPORTUNITY ANALYSIS

Macro & Trend Analysis are reevaluated with a contrarian perspective (value), seeking opportunities to capitalize on anticipated trend changes.



ASSET ALLOCATION & SECURITY SELECTION

The final portfolio is constructed using Exchange-Traded Products, which are selected based on their costs, underlying index, and tradability (volume, tracking error and bid-ask spread).

Quartz High Yield Legacy Strategy

as of 9/30/2020



Annualized Net Total Returns %

	3mo	YTD	1yr	3yr	5yr	Since Inception	Inception Date
Quartz High Yield Legacy	2.34	-3.79	-6.03	-1.72	0.33	0.07	3/1/2015
Primary Benchmark ¹	4.60	0.62	3.25	4.21	6.79	5.01	
Risk Benchmark ²	3.61	4.42	8.23	6.24	6.98	5.47	

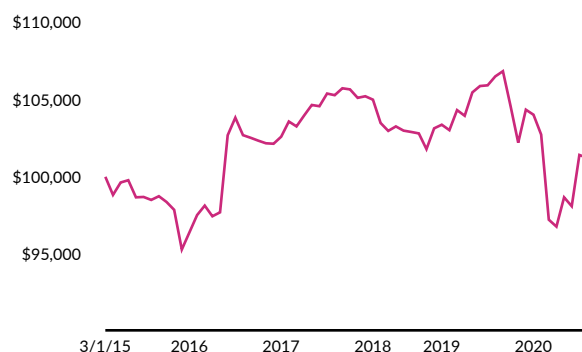
Annual Net Total Returns %

	2015 (from 3/31)	2016	2017	2018	2019	2020 YTD
Quartz High Yield Legacy	-4.89	7.19	3.01	-1.98	1.17	-3.79
Primary Benchmark ¹	-7.33	17.13	7.50	-2.08	14.32	0.62
Risk Benchmark ²	-2.58	6.66	10.86	-2.87	15.25	4.42

Risk Statistics (Since Inception)

Quartz HY Legacy	
Standard Deviation	4.73
Beta vs S&P 500	0.10
Alpha	-1.90
Sharpe Ratio	0.19
Best Month	Jun-16
Best Month Return % (Net)	5.11%
Worst Month	Mar-20
Worst Month Return % (Net)	-5.36%

Growth of a \$100,000 Investment



¹Primary Benchmark = Bloomberg Barclays US Corporate High Yield Bond Index

²Risk Benchmark = Morningstar Moderately Conservative Target Risk Index

DEFINITIONS

Alpha: a measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta:** a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Standard deviation:** a measure of the dispersion of a set of data from its mean. It is designed to gauge the historical risk of an investment in terms of its past volatility. **Sharpe Ratio:** the average return earned in excess of the risk-free rate per unit of volatility or total risk. **Bloomberg Barclays Capital U.S. Corporate High Yield Bond Index:** The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. **S&P 500 Index:** market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It is the most widely used benchmark for US stock funds and portfolios. **Morningstar Target Risk Indexes:** a family of multi-asset class target risk indices. There are five risk levels ranging from 20% Equity to 95% Equity. The risk levels and strategic asset allocations of the indices are based on Ibbotson's Lifetime Asset Allocation methodology. For Morningstar Data, © 2018 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Investors should carefully consider the underlying funds' fees, expenses, objectives and risks carefully before investing. Quartz Partners Investment Management ("Quartz") puts forth its best effort to achieve the objectives of its strategies. However, there is no guarantee that the objectives will be achieved. An Account's return and principal will fluctuate so that the Account, when redeemed, may be worth more or less than the amount in the Account at or subsequent to the effective date of the Investment Management Agreement. All results are expressed in US dollars and reflect reinvestment of dividends, capital gains, and other earnings as well as the deduction of trading or other expenses incurred. Performance reflects the gross return of the composite reduced by the maximum annual fee of 2%. Actual fees paid and performance may vary based on factors including account size, custodian, contributions and withdrawals, which may cause your returns to differ from those listed in this report. In particular, accounts held at variable annuities and/or fund families will have performance that frequently deviates from the listed data due to fees and investment options. Please contact Quartz or your custodian for your specific performance information. Quartz strategies may involve above-average portfolio turnover, which could negatively impact the net after-tax gain experienced by an individual client. Performance results do not reflect the impact of taxes. Investments in the programs are subject to investment and manager risk, which carry the potential for a loss of principal. Tactical management strategies do not protect against losses in declining markets and there is no guarantee that the strategy performance will meet or exceed the listed benchmark. Quartz's risk management process includes an effort to monitor and manage risk, but should not be confused with and does not imply low risk. High yield bonds may be subject to greater market fluctuations, risk of default or loss of income and principal than higher rated securities. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged funds "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time. Inverse index funds experience losses when the underlying benchmark rises. The benchmarks referenced herein have not been selected to represent an appropriate benchmark with which to compare a client's performance, but rather are disclosed to allow for comparison of the client's performance to that of certain well-known and widely recognized indices. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Quartz is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. SEC registration does not constitute an endorsement of the firm by the SEC nor does it indicate that the advisor has attained a particular level of skill or ability. Quartz's Form ADV Part 2: Firm Brochure and other account documentation are available upon request. Quartz may pay a portion of the annual advisory fee to a solicitor who is responsible for introducing an investor to Quartz. Quartz claims compliance with the Global Investment Performance Standards (GIPS®). A complete list and description of the firm's composites and a presentation that adheres the GIPS® standards are available upon request.