

# Quartz Yield Plus Strategy

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



Strategy Fact Sheet

as of 3/31/2020

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 Aggregate Bond Index

## Risk Benchmark

Morningstar Moderately Conservative Target Risk Index

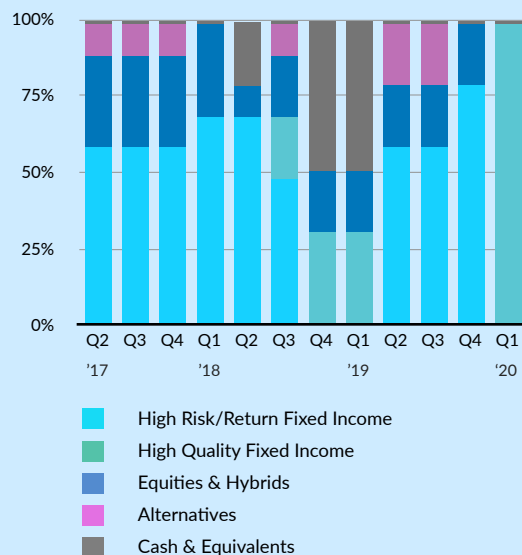
## Investment Adviser

Quartz Partners Investment Management

## 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 Yield Plus strategy is designed to generate total returns for investors with a lower risk profile than an equity portfolio. The strategy has the full flexibility to seek its objective of high risk-adjusted total returns using yield-producing securities including fixed income, convertibles, US equities and real estate. Driven by top-down research of the economy, market and credit cycles, the portfolio will be dynamically rebalanced to adapt to the prevailing market environment.

An emphasis on capital preservation during times in which risk is perceived to be excessive will at times cause the Strategy to invest up to 100% in traditionally defensive investments such as US Treasuries, cash and equivalents.

## 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 Yield Plus Strategy

as of 3/31/2020



## Annualized Net Total Returns %

	3mo	YTD	1yr	3yr	5yr	Since Inception	Inception Date
Quartz Yield Plus	-8.21	-8.21	-7.62	-1.19	-0.09	-0.15	3/1/2015
Primary Benchmark <sup>1</sup>	3.15	3.15	8.93	4.82	3.36	3.39	
Risk Benchmark <sup>2</sup>	-8.16	-8.16	-0.81	3.40	3.56	3.38	

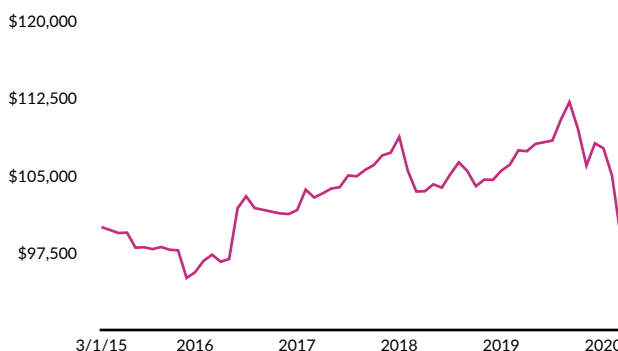
## Annual Net Total Returns %

	2015 (from 3/31)	2016	2017	2018	2019	2020
Quartz Yield Plus	-4.89	6.53	5.89	-2.47	3.40	-8.21
Primary Benchmark <sup>1</sup>	-0.58	2.65	3.54	0.01	8.72	3.15
Risk Benchmark <sup>2</sup>	-2.58	6.66	10.86	-2.87	15.25	-8.16

## Risk Statistics (Since Inception Date of 3/1/15)

Quartz Yield Plus	
Standard Deviation	5.21
Beta vs S&P 500 Index	0.17
Alpha	-2.14
Sharpe Ratio	-0.21
Best Month	Jun-16
Best Month Return % (Net)	5.11%
Worst Month	Mar-20
Worst Month Return % (Net)	-5.48%

## Growth of a \$100,000 Investment



<sup>1</sup>Primary Benchmark = Bloomberg Barclays US Aggregate Bond Index

<sup>2</sup>Risk 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. Aggregate Bond Index:** comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years. **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.

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