SECTOR INVESTING: 
Tactics, Strategies & Allocations

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S&P Global Market Intelligence

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Key Takeaways

STRATEGIC ROTATION

• Sector rotation through an average economic cycle

TACTICAL ROTATION

• “Sell in May” – Rotate, don’t retreat

ALLOCATION ALTERNATIVE

• Volatility and returns

Source: S&P Global Market Intelligence.
Sector Rotation Through an Average Economic Cycle

When Does Each S&P 500® Sector Typically Have Its Day in the Sun?

Source: The S&P Guide to Sector Investing. Indexes are unmanaged, statistical composites and it is not possible to invest directly in an index. The returns shown do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause actual and back tested performance to be lower than the performance shown. Returns exclude dividends. Past performance is no indication of future results. Data: 12/31/45-6/30/09.
Average Semi-Annual S&P 500 Sector Price Changes

- Nov.-Apr.: 6.8%
- May-Oct.: 1.4%

Source: S&P Global Market Intelligence. Indexes are unmanaged, statistical composites and it is not possible to invest directly in an index. The returns shown do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause actual and back tested performance to be lower than the performance shown. Returns exclude dividends. Past performance is no indication of future results. Data: 12/31/90-4/30/16.
### Average Semi-Annual S&P 500 Sector Price Changes

<table>
<thead>
<tr>
<th>Sector</th>
<th>May-October</th>
<th>% Chg.</th>
<th>F.O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cons. Discretionary</td>
<td>0.2</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>4.6</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>0.7</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>1.3</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>4.9</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>(0.2)</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Info Technology</td>
<td>3.5</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>(2.4)</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>Telecom Services</td>
<td>0.8</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>1.6</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>1.5</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

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SEASONALITY: Semi-Annual Rotation Strategy

Hypothetical Compound Annual Growth Rates of the “Sell in May” Strategy.

**November-April:** 100% S&P 500; **May-October:** 50% S&P 500 Consumer Staples, 50% S&P 500 Health Care

![Bar chart showing compound annual growth rates (CAGR) and standard deviation for S&P 500 Index and a semi-annual rotation strategy.

Source: S&P Global Market Intelligence. Indexes are unmanaged, statistical composites and it is not possible to invest directly in an index. These results are inherently limited because they do not represent the results of actual trading and were constructed with the benefit of hindsight. The returns shown do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause actual and back tested performance to be lower than the performance shown. S&P Dow Jones Indices and its affiliates do not sponsor, endorse, sell, promote or manage any investment fund or other vehicle that is offered by third parties and that seeks to provide an investment return based on the returns of any S&P Indices index. Returns exclude dividends. Past performance is no indication of future results. Data: 4/30/90-4/30/16.
Hypothetical Compound Annual Growth Rates of the “Sell in May" Strategy.

**November-April:** 100% S&P Benchmark; **May-October:** 50% Consumer Staples, 50% S&P Health Care

<table>
<thead>
<tr>
<th>Index</th>
<th>Nov-Apr</th>
<th>May-Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>10.4%</td>
<td>7.0%</td>
</tr>
<tr>
<td>S&amp;P Equal Weight 500</td>
<td>9.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>S&amp;P SmallCap 600</td>
<td>13.7%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Global 1200</td>
<td>9.9%</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

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PORTFOLIO: Building on the Basics

Growth of an initial $10,000 Investment into Each of Three Hypothetical Portfolios
(Dividends Included; Portfolios Rebalanced Annually)

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