

CMG Tactical Rotation Strategy



WEALTH THROUGH INGENUITY.



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About CMG



- CMG is a Registered Investment Advisor located in King of Prussia, Pennsylvania founded in 1992 by Stephen Blumenthal.
- Since the beginning, CMG has embraced “Uncommon Solutions” – the application of tactical investments as part of a progressive diversification strategy – Enhanced Modern Portfolio Theory.
- We believe that incorporating tactical strategies into your portfolio will create a deeper balance by helping to reduce risk and enhance return for long-term investment success.
- Resources to illustrate the necessity of tactical strategies as an essential component in any portfolio.



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CMG's Tactical Approach

CMG's strategies offer the following benefits to client portfolios:

Risk Management:

- Flexibility to adapt to changing market conditions by moving into defensive asset classes/cash to risk mitigate the portfolio.

Systematic:

- Rules based, disciplined approach designed to minimize the emotional aspect of investing.

Daily Liquidity & Full Transparency:

- Access to portfolio solutions that were previously available only to institutions and high net worth individuals.



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CMG Tactical Rotation Strategy

Risk Profile: Moderate Growth

Strategy Summary:

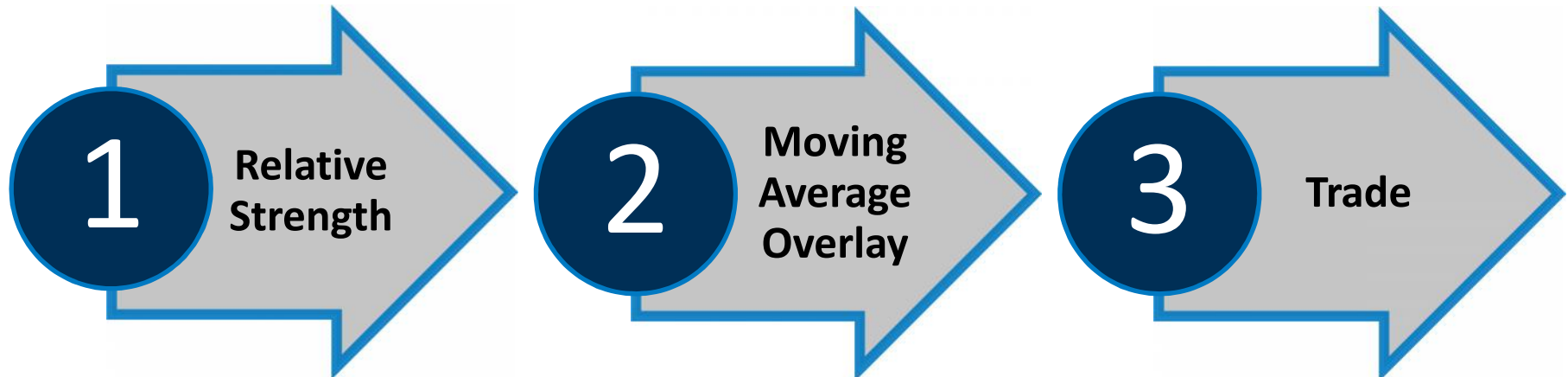
- Long-only ETF* strategy which seeks to generate returns in all market conditions based on the concept that various asset classes and sectors experience bull and bear markets at different times
- Model analyzes relative strength and momentum to determine portfolio allocation(s)
- Rotates monthly to top two asset classes out of 6 total
 - Domestic Equities, International Equities, Bonds, Commodities, REITs & Cash
- Trades on the last day of each month

*Please read the attached disclosure regarding replacement variable insurance trusts (VITs) on annuity platforms.



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A Simple 3 Step Investment Process



- Review relative strength of each asset class to select “Top Two”

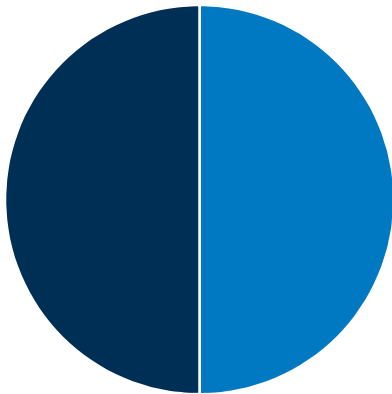
- Moving Average overlay to identify if “Top Two” show positive momentum

- Occurs on the last trading day of each month

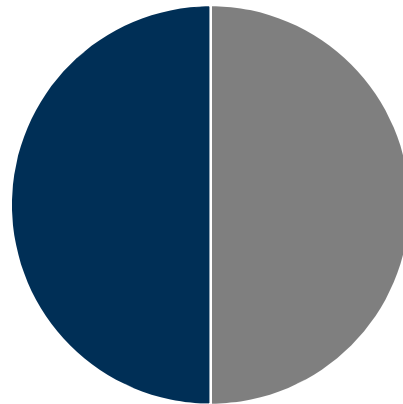


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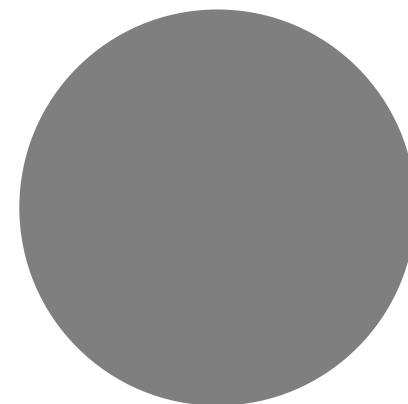
3 Possible Allocations



50% Asset Class A / 50% Asset Class B



50% Asset Class A / 50% Cash



100% Cash

- Maximum allocation to equities = 100%
- Maximum allocation to cash = 100% (typically during times of financial stress)
- No leverage



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Historical Allocations

January 2008 - January 2010

U.S. Equities	E
International Equities	I
REITs	R
Commodities	C
Investment Grade Bonds	B
Cash	\$

The CMG Tactical Rotation Strategy has demonstrated an ability to appropriately allocate the portfolio to asset classes experiencing bull markets while simultaneously avoiding allocations to asset classes experiencing bear markets.

-Defensive posture throughout most difficult period of credit crisis.

-Portfolio allocations participating in market rebound off of 2009 lows.

Asset Class 1	C	C	C	C	C	C	C	C	\$	\$	\$	\$	B	B	B	B	I	I	I	I	I	I	C	R	
Asset Class 2	B	B	B	B	R	R	\$	\$	B	\$	\$	\$	\$	\$	\$	\$	R	R	R	C	R	R	R	R	C
	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10



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Historical Allocations

February 2010 – February 2016

U.S. Equities	E
International Equities	I
REITs	R
Commodities	C
Investment Grade Bonds	B
Cash	\$

-Greek Debt Crisis
-EU Bailout
-Creation of EFSF

-S&P Downgrade of U.S.

Asset 1	R	R	R	R	R	R	R	\$	C	C	C	C	C	C	C	B	B	B	B	B	B	E	E	E	E	E	B	B	B	C	C	E	E	R	R		
Asset 2	E	B	E	E	B	B	B	I	I	E	E	E	I	E	R	R	\$	R	\$	\$	E	\$	R	R	R	R	R	R	R	I	I	I	I	I	I		
	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13

Asset 1	E	E	E	E	E	E	C	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	B	I	I	I	I	I	E	\$	\$	R	E	E	B			
Asset 2	R	R	R	R	\$	I	I	I	I	I	I	B	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	E	E	\$	\$	\$	B	B	R	R	\$
	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16		

-Extended allocations to domestic and international equities through global bull market.

-China slowdown
-Oil decline



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Why CMG Tactical Rotation Strategy?

✓ Participate & Protect:

Seeks to capture majority of market upside with flexibility to move to cash during broad market collapses.

✓ Active Risk Management:

Process that identifies best and worst asset class opportunities in the upcoming month.



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Disclosure

CMG Tactical Rotation Strategy Presentation Disclosure

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