

# Sector Select Risk-Managed

As of June 30, 2020

## OVERVIEW & OBJECTIVE

Sector Select Risk-Managed (SSRM) is an asset allocation strategy built to provide risk-managed exposure to US equity. A top-down allocation defines a US equity "risk budget," while momentum-driven security selection process populates the Sector & Alternate Segments.

The strategy's objective is to provide competitive return over a full market cycle by managing drawdown through structural "hedging" and tactical allocation changes; participate in S&P 500 upside by concentrating capital on sector-level sources of momentum.

## PORTFOLIO CONSTRUCTION IDEAS

- Structural "hedge" within core long-only US equity portfolio
- Core equity completion portfolio; style & size diversification through equal-weight
- Potential alternative to pure value
- US equity component of listed alternatives portfolio

## TACTICAL RANGES

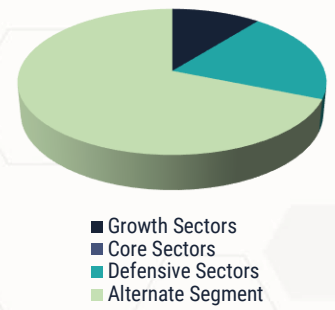
### Sector Segment 0%-88%

- Typically overweights overall sector momentum leader at 48%
- Four additional sectors at 10%
- Uses equal-weight exposure in the interest of diversification and value exposure

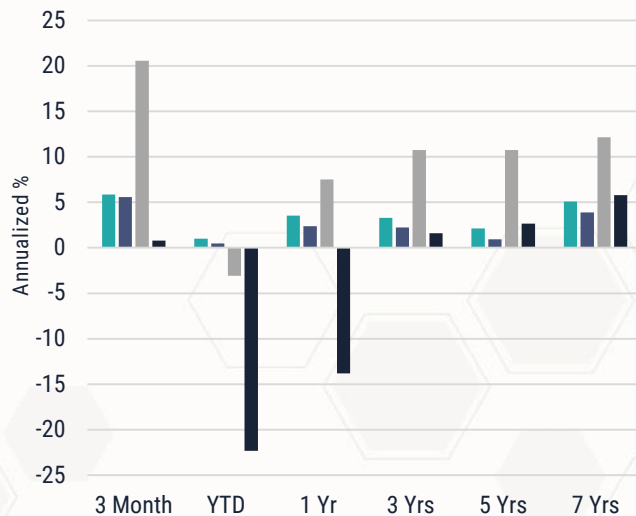
### Alternate Segment, 12%-100%

- Cash, investment-grade fixed income & gold
- Duration-managed credit & treasury bond portfolio

## POSITIONING, JUNE 30, 2020



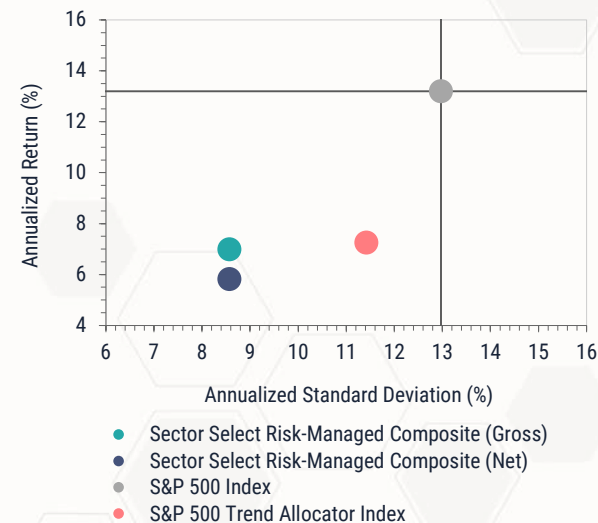
## Performance Summary



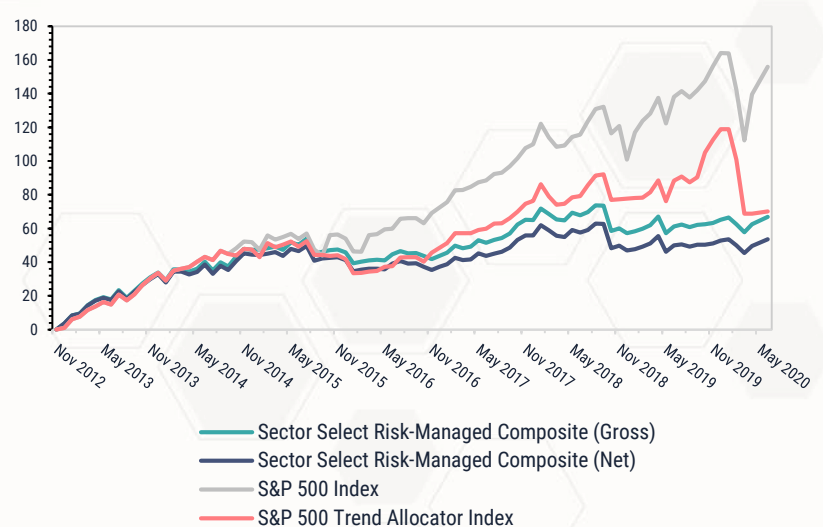
Annualized Performance	3 Month	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	Incep.
SSRM Composite (Gross)	5.84	1.01	3.53	3.28	2.12	5.09	6.99
SSRM Composite (Net)	5.57	0.46	2.38	2.22	0.94	3.89	5.82
S&P 500 Index	20.54	-3.08	7.51	10.73	10.73	12.13	13.19
S&P 500 Trend Allocator Index	0.77	-22.31	-13.82	1.60	2.66	5.77	7.26

Key Statistics (annualized since inception)	SSRM Composite (Gross)	SSRM Composite (Net)	S&P 500 Index	S&P 500 Tr. All. Index
Since Inception Return	6.99	5.82	13.19	7.26
Standard Deviation	8.57	8.57	12.97	11.42
Sharpe Ratio	0.72	0.58	0.96	0.57
Max drawdown	-9.59	-10.71	-19.60	-22.90
Max run-up	73.76	62.88	164.06	118.95
Composite AUM	9MM	9MM	-	-

## Return vs. Risk Since Inception



## Cumulative Return Since Inception



Source: WST Capital Management, Orion. Exposures shown represent the historical exposures of a representative account managed according to the Sector Select Risk-Managed Model, based off of which are run the strategy and all accounts constituting the Sector Select Risk-Managed Composite. "Alternate Segment" is a summarized allocation of assets providing exposure to aggregate bonds, US Treasury, floating rate and short duration fixed income as well as precious metals, while "Sector Segment" is a summarized allocation of exposure to equal-weighted sector ETFs separated by growth, core and defensive. "Growth" Sectors include Consumer Discretionary, Healthcare and Technology while "Core" Sectors include Industrials, Materials, Financials and Energy. "Defensive" Sectors include Consumer Staples and Utilities. Source for performance information: FactSet. Annualized statistics since composite inception date, 11/30/2012; relative statistics vs. primary benchmark. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted.

# Sector Select Risk-Managed



Calendar Year	2013	2014	2015	2016	2017	2018	2019
Sector Select Risk-Managed Composite (Gross)	29.13	10.00	-0.96	-1.49	14.88	-4.79	5.15
Sector Select Risk-Managed Composite (Net)	28.16	8.80	-2.23	-2.86	13.52	-5.68	3.99
S&P 500 Index	32.39	13.69	1.38	11.96	21.83	-4.38	31.49
S&P 500 Trend All. Index	32.39	10.33	-3.84	4.67	21.83	2.29	18.42

## ABOUT OUR FIRM:

WST Capital Management is a division of Wilbanks Smith & Thomas Asset Management, LLC – a firm that has, since 1990, prioritized solutions-seeking research as a way to better serve clients.

Endeavoring to offer the Bridge Between Protection and Growth through Risk-managed ETF strategies, WSTCM has cut an innovative path in the pursuit of next-generation investment approaches for today's investors. We embrace the science of investing in the effort to provide investors with a balance of protection and growth, encouraging confident participation over the long-term.

## ABOUT OUR TEAM:

The team's iterative design process brings together a depth of experience in portfolio management, product design, quantitative academic research and computational methods to create robust strategies designed to solve critical problems in portfolio construction.

### Portfolio Design & Product Management

- Roger Scheffel
- Neal Ritter

### Quantitative Research

- David Abrams
- Tom McNally, CFA, CMT

### Relationship Management

- Wade Monroe, CIMA®, CFP®

### Product Support & Marketing

- Ryan Stallard
- Maria Salova

## KEY FACTS AND INFORMATION:

Strategy inception date: November 30, 2012  
Vehicle: Separately managed account

## Important disclosures

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Wilbanks, Smith & Thomas Asset Management, LLC ("WST" or the "Firm") is defined as an SEC registered investment adviser headquartered in Norfolk, Virginia. WST claims compliance with the Global Investment Performance Standards (GIPS®). Prospective clients can obtain a GIPS-compliant presentation and/ or the firm's list of composite descriptions by contacting WST with the contact information referenced above.

The Sector Select Risk-Managed Composite has an inception date of November 30, 2012 and consists of all fee-paying, fully discretionary accounts under active management at WST that adhere to the Sector Select Risk-Managed strategy. The strategy seeks to deliver the returns of the WSTCM Sector Select Risk-Managed Index (WSTE – Bloomberg Symbol), a public index published by Bloomberg and calculated by Standard & Poor's Custom Indices. WSTE index is comprised of the "Sector Segment" made up of any combination of the primary sectors of the S&P 500® Index represented by the Guggenheim Equal Weighted S&P 500 sector ETF's and the "Alternate Segment" composed of U.S. Treasury Inflation Protected Notes, PIMCO Total Return (an actively managed bond fund), gold, and Investment Grade Floating Rate Notes. The portfolio may represent any combination of the two segments or 100% of the "Alternate Segment." This strategy is generally implemented through the trading of mutual funds or exchange-traded funds. Prior to December 31, 2016, the Sector Select Risk-Managed strategy was referred to by WST as the WST Asset Manager – U.S. Equity strategy. The composite was created October 2016.

The composite is measured against the S&P 500 Index and has the S&P 500 Trend Allocator Index as a secondary benchmark. The S&P 500 Index is a market capitalization weighted index, including reinvestment of dividends and capital gains distributions that is generally considered representative of U.S. stock market. The S&P 500 Trend Allocator Index is designed to track the performance of a systematic trend-dependent strategy allocating between the S&P 500 and cash, based on price trends. If the S&P 500 is observed to be in a positive trend, then the index is allocated to the S&P 500, otherwise, it is allocated to cash.

Market indices are unmanaged and do not reflect the deduction of fees or expenses. You cannot invest directly in an index such as these and the performance of an index does not represent the performance of any specific investment strategy. We consider an index to be a portfolio of securities whose composition and proportions are derived from a rules based model.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income and dividends. Net of fee performance was calculated using actual management fees. Some accounts in the composite pay a "wrap fee" which is an all-inclusive or bundled fee based on a percentage of assets under management and may include investment management services, transaction costs/brokerage commissions, portfolio monitoring, consulting services, and custodial services. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted. Past performance is not a guarantee of future results.

Investment advisory fees are described in Wilbanks Smith & Thomas Asset Management, LLC's Form ADV 2A. To illustrate the possible effect of fees on the total return of an account, what follows is an illustration: A client investing in the comparative index S&P 500 over the last 10 years (as of December 31, 2015) would have earned 7.31% return on an annualized basis. With the effect of fees at 2.00% per year, this client can then expect their net return to be 5.16% per year compounded over the same time period.

Standard Deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager. Correlation is a measure of how two securities move in relation to each other. The Sharpe Ratio measures excess return per unit of risk which relates the difference between the portfolio's return and the return of the risk free rate to the standard deviation of the portfolio returns for the same period. Alpha is the mean of the excess return of the manager over beta times the benchmark. Beta is a measure of systematic risk, or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark used to measure beta. Maximum Drawdown is the maximum loss (compounded, not annualized) that the manager ever incurred during any sub period of the entire time period. Conceptually, the calculation looks at all sub periods of the time period in question and calculates the compound return of the manager over that period. The maximum drawdown is the minimum of zero and all these compound returns. Maximum Run-up is the opposite of Maximum Drawdown and shows the maximum gain the manager incurred during any sub period of time. Up and Down Capture is a measure of how well a manager replicates or improves on phases of positive benchmark returns and how the manager is affected by phases of negative benchmark returns. Commodities and futures generally are volatile and are not suitable for all investors. The value of commodity funds relate directly to the value of the futures contracts and other assets held within the fund and any fluctuation in the value of these assets could adversely affect an investment in commodities.

Exchange Traded Funds (ETF's) trade like stocks, are subject to investment risk and will fluctuate in market value.