

# Total Return Fixed Income Fact Sheet - Dynamic Volatility

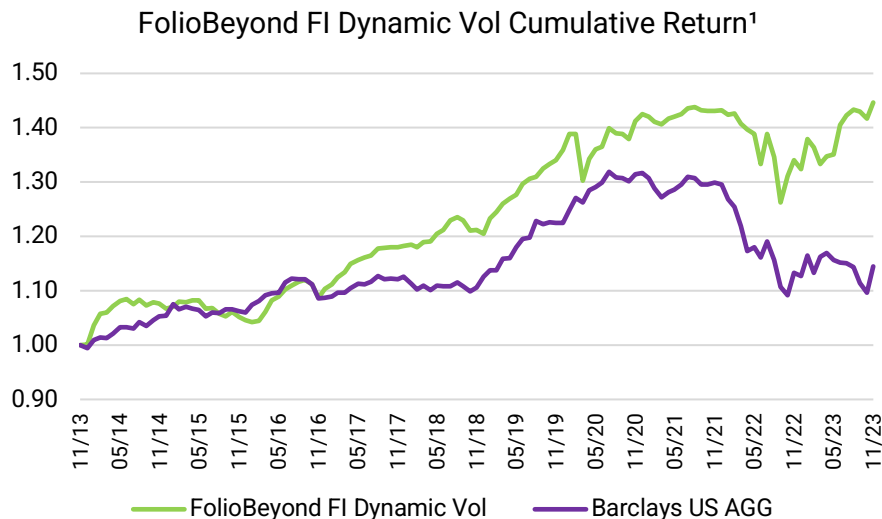
Updated for November 2023

## Investment Philosophy

FolioBeyond employs a disciplined approach utilizing sophisticated algorithms to create optimal portfolios for Fixed Income and core Equity strategies, as well as more tactical Equity and customized Fixed Income portfolio allocations. We emphasize a comprehensive Factor-based optimization model for Fixed Income and Factor-based and Volatility-weighted methodologies for Equities.

## Investment Objective

Strategy serves as a Core-Plus, Multisector or Nontraditional Fixed Income allocation.



<sup>1</sup> FolioBeyond Dynamic Volatility Strategy returns based on back-tested simulation results prior to November 2020.

### Global Diversification

Practices broad asset selection as a fundamental investment principle to capture what global markets offer in potential return while controlling for volatility in performance.

### Risk Management

Limits exposure to any one sector, based on volatility and correlation effects across all sectors.

### Volatility Constrained

Targets the volatility of the selected portfolio to the trailing one-year historical volatility of the broad investment grade market benchmark, the Bloomberg Barclays US Aggregate Bond Index.

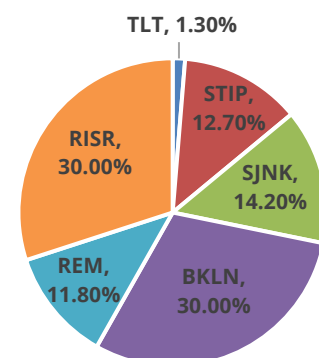
## Index Construction

FolioBeyond utilizes an **advanced Factor-based algorithm to optimize portfolio allocations** based on **forward-looking value, momentum, correlations, volatility, and stress-testing** across **24 sub-sector** indices in the Fixed Income market. The ETFs listed below represent the current eligible investments for the Dynamic Volatility Strategy. This list is subject to change at the sole discretion of FolioBeyond based on relevant considerations such as liquidity and tracking error versus the target index, among other considerations.

- |                                       |   |
|---------------------------------------|---|
| 1. SHY - US Treasury Bills            | 13. SJNK - US HY Corporate 0-5 Yr                       |
| 2. SHV - US Treasury 1-3 Yr           | 14. HYG - US HY Corporate broad-based                   |
| 3. IEI - US Treasury 3-7 Yr           | 15. BKLN - US Corporate Leveraged Loan                  |
| 4. TLH - US Treasury 10-20 Yr         | 16. SPMB - US Agency MBS                                |
| 5. TLT - US Treasury 20+ Yr           | 17. CMBS - US Commercial MBS                            |
| 6. AGZ - US Agency                    | 18. BWZ - Global Sovereign Ex-US 1-3 Yr                 |
| 7. STIP - US TIPS 0-5 Yr              | 19. EMB - Emerging Market Core                          |
| 8. TIP - US TIPS 1+ Yr                | 20. SHM - US Municipal Short-term                       |
| 9. IGSB - US IG Corporate 1-5 Yr      | 21. ITM - US Municipal Intermediate-term                |
| 10. IGIB - US IG Corporate 5-10 Yr    | 22. HYD - US Municipal High Yield                       |
| 11. LQD - US IG Corporate broad-based | 23. REM - Real Estate Investment Trusts (primarily MBS) |
| 12. IGLB - US IG Corporate 10+ Yr     | 24. RISR - Rising Rates ETF                             |

## Holdings

Month-end November 2023



# Total Return Fixed Income Fact Sheet - Dynamic Volatility

Updated for November 2023

## Dynamic Volatility Optimized Fixed Income Strategy vs Market Benchmarks<sup>1</sup>

### Annualized Returns (through 11/30/23)

Strategy	Nov	YTD	1Yr	3Yr	5Yr	10Yr
FolioBeyond Optimized Fixed Income Dynamic Vol Strategy <sup>2</sup>	2.06%	9.27%	7.94%	0.79%	3.60%	3.76%
Standard Deviation (Daily)	N/A	7.78%	7.96%	7.52%	6.46%	4.91%
Sharpe Ratio	N/A	0.60	0.36	-0.13	0.29	0.53
Bloomberg Barclays US Aggregate Bond Index	4.50%	1.62%	1.14%	-4.49%	0.70%	1.37%
Standard Deviation (Daily)	N/A	7.27%	7.32%	6.33%	5.57%	4.49%
Sharpe Ratio	N/A	-0.44	-0.49	-1.02	-0.18	0.06

### Calendar Year Return (%)

Strategy	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
FI Dynamic Vol Net of Fees	8.32	7.18	15.22	-1.79	6.61	-2.00	5.53	7.13	1.90	12.80	4.84	0.47	-7.58	9.27
Bloomberg Barclays US Aggregate Bond Index	6.54	7.84	4.22	-2.02	5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.03	1.62

Source for Bloomberg Barclays US Aggregate Bond Index data: Morningstar

<sup>1</sup> FolioBeyond Dynamic Volatility Optimized Fixed Income Strategy returns are net of underlying ETF fees and 30 bp assumed management fee. Returns are monthly based on back-tested simulation results prior to November 2020. Back-tested performance does not represent actual performance and should not be interpreted as an indication of such performance. Actual performance for client accounts may be materially lower than that of the index portfolios. Back-tested performance results have certain inherent limitations. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of model portfolios (in this case, FolioBeyond's ETF portfolios) designed with the benefit of hindsight. As a result, the models theoretically may be changed from time to time and the effect on performance results could be either favorable or unfavorable.

<sup>2</sup> Strategy is currently only available for Separately Managed Accounts.

## Contact Us

**Yung Lim**  
Chief Executive Officer  
Chief Investment Officer  
[yylim@foliobeyond.com](mailto:yylim@foliobeyond.com)  
917-892-9075

**Dean Smith**  
Chief Strategist  
Chief Marketing Officer  
[dsmith@foliobeyond.com](mailto:dsmith@foliobeyond.com)  
914-523-2180

**George Lucaci**  
Global Head of Distribution  
[glucaci@foliobeyond.com](mailto:glucaci@foliobeyond.com)  
908-723-3372

**LinkedIn:** [LinkedIn.com/company/FolioBeyond](https://www.linkedin.com/company/FolioBeyond)    **Twitter:** [Twitter.com/FolioBeyond](https://twitter.com/FolioBeyond)

# Total Return Fixed Income Fact Sheet - Dynamic Volatility

Updated for November 2023

## Important Disclaimers

1. Material in this document is intended for professional and institutional investors.
2. FolioBeyond, LLC (FolioBeyond) is an SEC registered investment adviser. Information pertaining to FolioBeyond's advisory operations, services, and fees is set forth in FolioBeyond's current Form ADV Part 2 (Brochure), a copy of which is available upon request and at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The performance information presented in certain charts or tables represent back-tested performance based on combined simulated index and ETF data for the dates indicated, using the FolioBeyond's automated fixed income strategy and rebalancing the index and ETF weightings. Back-tested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance had the indices been available over the relevant time period. FolioBeyond did not offer referenced portfolios until October 1, 2020. Prior to October 1, 2020, FolioBeyond managed client assets using strategies with risk profiles that were different from what's shown. FolioBeyond's investment strategies are based on proprietary models and algorithms that are designed to capture alpha generating opportunities in the fixed income and equity markets. FolioBeyond utilized Exchange Traded Funds ("ETFs") in constructing client portfolios that are designed to provide substantial global diversification in order to reduce investment concentration and the resulting potential increased risk caused by the volatility of individual companies, indexes, or asset classes.
3. The ETFs used in FolioBeyond's portfolios are FolioBeyond's best estimate of an ETF that will come closest to the index data included in the simulated performance. FolioBeyond's back-tested performance data is based on a starting value of October 1, 2010.
4. **Back-tested performance does not represent actual performance and should not be interpreted as an indication of such performance.** Actual performance for client accounts may be materially lower than that of the back-tested portfolios. Back-tested performance results have certain inherent limitations. Such results do not represent the impact that material economic and market factors might have on the execution of model-based portfolio strategies. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of model portfolios (in this case, FolioBeyond's ETF portfolios) designed with some benefit of hindsight. As a result, the models theoretically may be changed from time to time and the effect on performance results could be either favorable or unfavorable.
5. Back-tested performance results assume the reinvestment of dividends and capital gains and rebalancing, as required based on a 15% risk deviation threshold on fixed income model. It is important to understand that the assumption of rebalancing has an impact on the monthly returns reported for the FolioBeyond ETF portfolios. Actual monthly and year-to-date returns will differ from the back-tested returns due to the cost impact of rebalancing transactions on the overall portfolio. Back-tested risk and return data can be a combination of live (or actual) ETF results and simulated results. **All returns data reflect net returns applying a deduction of 30 basis points of investment advisory fees.** Tax liability is not deducted from performance results. **Performance results reflect estimated transaction fees (e.g., commissions, platform access fees and ETF bid-offer spreads) but there is no assurance that these assumptions are accurate and represent actual transaction costs that would have been incurred by investors in live accounts.**
6. Performance results for clients that invested in accordance with the FolioBeyond Model Portfolios will vary from the back-tested performance due to market conditions and other factors, including investment cash flows, allocations, frequency and precision of rebalancing, tax-management strategies, cash balances, advisory fees, varying custodian fees, and/or the timing of fee deductions. As the result of these and potentially other variances, actual performance for client accounts may differ materially from (and may be lower than) that of the back-tested portfolio(s). Clients should consult their account statements for information about how their actual performance compares to that of the index portfolios.
7. As with any investment strategy, there is potential for profit as well as the possibility of loss. FolioBeyond does not guarantee any minimum level of investment performance or the success of any portfolio or investment strategy. All investments involve risk and investment recommendations will not always be profitable.
8. Past performance does not guarantee future results.
9. **DISCLAIMER: THERE ARE NO WARRANTIES, EXPRESSED OR IMPLIED, AS TO ACCURACY, COMPLETENESS, OR RESULTS OBTAINED FROM ANY INFORMATION PROVIDED HEREIN OR ON THE MATERIAL PROVIDED.** This document does not constitute a complete description of our investment services and is for informational purposes only. It is in no way a solicitation or an offer to sell securities or investment advisory services. Any statements regarding market or other financial information is obtained from sources which we and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither our information providers nor we shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the user. All investments involve risk, including foreign currency exchange rates, political risks, market risk, different methods of accounting and financial reporting, and foreign taxes. Your use of these materials, including information from the FolioBeyond website, is your acknowledgement that you have read and understood the full disclaimer as stated above.