



PREFERENCE MODELS

The IFA Preference Models are designed to give clients exposure to specific sectors in the market by adding them to an already diversified portfolio. Because these models are more concentrated in one sector and not diversified, they are the most volatile of the IFA Models. Advisors who are recommending Preference Models to clients must be monitoring how the sector and the Preference Model are performing, this is not something you can “set and forget”. Advisors must make sure clients understand the increased risk they are adding to their portfolio by investing in a Preference Model. These models are not to be used as standalone models or foundations of a portfolio, they are designed to be additions to the foundation of a portfolio. The maximum allocation for a client’s portfolio to be invested in Preference Models is 20%.

Preference Model Guidelines (All Preference Models)

Min Investment: N/A

Min Account Size: N/A

Max Allocation: 20%

Artificial Intelligence

This model should be used for a client that is looking to add growth to their portfolio through the Technology Sector.

Model Info

- 100/0 equities to bond ratio
- 84/12/4 large/mid/small cap split
- 99/1 US to International exposure
- Has 80% Technology and 20% Communications Services exposure

Composition

- o 100% - iShares Expanded Tech Sector (IGM)





Communications

This model should be used for a client that is looking for increased exposure to the Communications Sector.

Model Info

- 100/0 equities to bond ratio
- 69/20/11 large/mid/small cap split
- 99/1 US to International exposure
- Has 97% Communications Services and 3% Technology exposure

Composition

- o 100% - Vanguard Communication Services (VOX)

Consumer Discretionary

This model should be used for a client that is looking for increased exposure to Consumer Cyclical driven businesses such as shops and online retailers where people are more likely to buy from when economic times are good.

Model Info

- 100/0 equities to bond ratio
- 45/24/31 large/mid/small cap split
- 88/12 US to International exposure
- Has 77% Consumer Cyclical, 8% Communications Services, and 7% Technology exposure

Composition

- o 50% - Vanguard Consumer Discretionary (VCR)
- o 50% - Amplify Online Retail (IBUY)

Consumer Staples

This model should be used for a client that is looking for increased exposure to Consumer Defensive driven businesses which are businesses that sell products people will buy even in down markets.

Model Info

- 100/0 equities to bond ratio
- 81/19/0 large/mid/small cap split
- 100/0 US to International exposure
- Has 99% Consumer Defensive exposure

Composition

- o 100% - Consumer Staples Select Sector SPDR (XLP)





Emerging Markets

This model should be used for a client that is looking for increased exposure to Emerging Market countries.

Model Info

- 100/0 equities to bond ratio
- 79/16/5 large/mid/small cap split
- 1/99 US to International exposure
- Has 45% Asian Emerging Markets and 30% Latin America Emerging Markets exposure and is diversified across different sectors within the Emerging Markets countries

Composition

- o 80% - Vanguard FTSE Emerging Markets (VWO)
- o 20% - iShares Latin America 40 (ILF)

Energy

This model should be used for a client that is looking for increased exposure to the Energy Sector.

Model Info

- 100/0 equities to bond ratio
- 68/28/4 large/mid/small cap split
- 85/15 US to International exposure
- Has 73% Energy, 7% Industrials, and 6% Consumer Cyclical exposure

Composition

- o 75% - Energy Select Sector SPDR (XLE)

Global Water

This model should be used for a client that is looking for increased exposure to companies that derive their revenue from the potable water and wastewater industry.

Model Info

- 100/0 equities to bond ratio
- 20/44/36 large/mid/small cap split
- 96/4 US to International exposure
- Has 52% Industrials, 20% Utilities, and 11% Health Care exposure

Composition

- o 100% - First Trust Water (FIW)





Health Care

This model should be used for a client that is looking for increased exposure to the Health Care Sector.

Model Info

- 99/1 equities to bond ratio
- 65/15/20 large/mid/small cap split
- 96/4 US to International exposure
- Has 100% Health Care exposure

Composition

- 75% - Health Care Select Sector SPDR

Inflation Protected Treasuries

This model should be used for a client that is looking for increased protection against inflation with minimal risk.

Model Info

- 0/100 equities to bond ratio
- Average bond duration 7.16 years

Composition

- 45% - iShares TIPS Bond (TIP)
- 45% - FlexShares iBoxx 3Yr Target Dur TIPS (TDDT)
- 10% - SPDR FTSE Intl Govt Infl-Protd Bd (WIP)

Innovation Technology

This model should be used for a client that is looking to add growth to their portfolio through the up-and-coming technologies across different sectors.

Model Info

- 100/0 equities to bond ratio
- 34/49/17 large/mid/small cap split
- 84/16 US to International exposure
- Has 43% Technology, 22% Health Care, 11% Communication Services, and 11% Consumer Cyclical exposure

Composition

- 50% - ARK Innovation (ARKK)
- 50% - iShares Exponential Technologies (XT)





Precious Metals

This model should be used for a client that is looking for increased diversification in their portfolio outside of equities and bonds.

Model Info

- Invested in 100% in Commodities such as Precious Metals

Composition

- o 80% - iShares Gold Trust (IAU)
- o 20% - iShares Silver Trust (SLV)

Real Estate

This model should be used for a client that is looking for increased exposure to the to the US and Global Real Estate.

Model Info

- 100/0 equities to bond ratio
- 34/48/18 large/mid/small cap split
- 53/47 US to International exposure
- Has 99% Real Estate exposure

Composition

- o 50% - Vanguard Real Estate (VNQ)
- o 50% - Vanguard Global ex-US Real Est (VNQI)

Small Cap Equity

This model should be used for a client that is looking to add growth to their portfolio through US small cap companies across different sectors.

Model Info

- 100/0 equities to bond ratio
- 0/0/100 large/mid/small cap split
- 98/2 US to International exposure
- Has 14% Real Estate, 13% Technology, 12% Industrials, and 11% Financial Services exposure

Composition

- o 100% - JPMorgan Divers Ret US Small Cap Eq (JPSE)





Strat Beta Min Vol Int Eq

This model should be used for a client that is looking for decreased volatility and increased International Exposure across different sectors in their portfolio.

Model Info

- 100/0 equities to bond ratio
- 71/29/0 large/mid/small cap split
- 1/99 US to International exposure
- Has 14% Industrials, 14% Health Care, 14% Consumer Defensive, and 12% Financial Services exposure

Composition

- o 50% - iShares MSCI EAFE Min Vol Factor (EFAV)
- o 50% - JPMorgan Diversified Return Intl Eq (JPIN)

Strat Beta Min Vol US Eq

This model should be used for a client that is looking for decreased volatility across different sectors in their portfolio.

Model Info

- 100/0 equities to bond ratio
- 46/53/1 large/mid/small cap split
- 50/50 US to International exposure
- Has 13% Real Estate, 13% Utilities, 13% Health Care, and 12% Consumer Defensive exposure

Composition

- o 50% - Invesco S&P 500 High Div Low Vol (SPHD)
- o 50% - JPMorgan Diversified Return US Eq (JPUS)

US Aerospace and Defense

This model should be used for a client that is looking for increased exposure in the US Defense and US Government Contractors space.

Model Info

- 100/0 equities to bond ratio
- 58/25/17 large/mid/small cap split
- 100/0 US to International exposure
- Has 100% Industrials exposure

Composition

- o 100% - iShares US Aerospace & Defense (ITA)





US Fixed Income

This model should be used for a client that is looking to make their portfolio more conservative by adding US Corporate Bonds to their portfolio.

Model Info

- 0/100 equities to bond ratio
- Average bond duration 4.78 years

Composition

- o 60% - Vanguard Interm-Term Corp Bd (VCIT)
- o 40% - iShares 1-5 Year invmt Grd Corp Bd (IGSB)

Utilities

This model should be used for a client that is looking for increased exposure to the Utilities Sector.

Model Info

- 100/0 equities to bond ratio
- 44/54/0 large/mid/small cap split
- 100/0 US to International exposure
- Has 100% Utilities exposure

Composition

- o 100% - Utilities Select Sector SPDR (XLU)

Materials and Infrastructure

This model should be used for a client that is looking for increased exposure to companies that generate revenue from developing US Infrastructure.

Model Info

- 100/0 equities to bond ratio
- 36/52/12 large/mid/small cap split
- 99/1 US to International exposure
- Has 53% Basic Materials and 38% Industrials exposure

Composition

- o 50% - Materials Select Sector SPDR (XLB)
- o 50% - Global X US Infrastructure Dev (PAVE)

