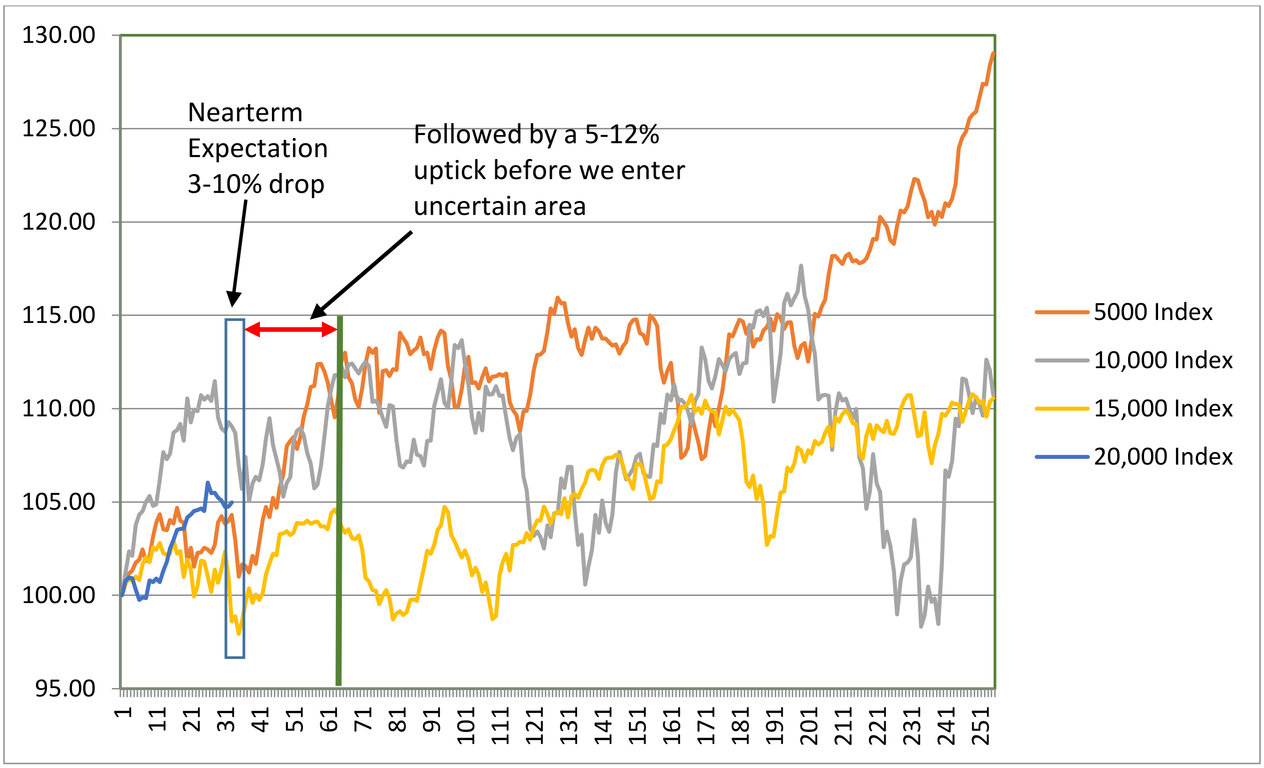
Quantitative
Investment
Decisions
The Safety Net For Your Portfolio

Rollercoaster Ride Ahead

The Dow Jones Industrial Average reached a new high of 21,115.55 on March 1st. With the 20,000-psychological barrier behind us what can investors expect next? In QID's research report "To 20,000 and Beyond" dated December 24, 2016 we noted the pre- and post-performance of the DJIA at 5,000, 10,000 and 15,000 levels. At around 30 days of surpassing the milestone all three experienced a 3-10% pullback, boxed area, followed by a 5-12% rally to new highs, green vertical line. However, after which, there is no discernible pattern except that the year ended up at least 10% positive. For the full report of psychological 5000 point DJIA barriers read the article "To 20,000 and Beyond" dated December 24, 2016 on our website, QIDLLC.com, under QID in the News.

Exhibit 1. Dow Jones Performance One Year Post Barrier



Source: Morningstar Direct

Focusing on the first quarter sector leaders and laggards appears to be beneficial to investors. Over the last five years, two-thirds of the first quarters leaders and laggards were the same at year-end, see exhibit 2 below. Therefore, we recommend that investors use the next several weeks to position their sectors accordingly and bear with potential intra-year volatility to capture the expected full year gain.

Year-to-date the best performing sectors in order are, healthcare, technology, financials, consumer discretionary and staples. The sector that is most underperforming is energy.

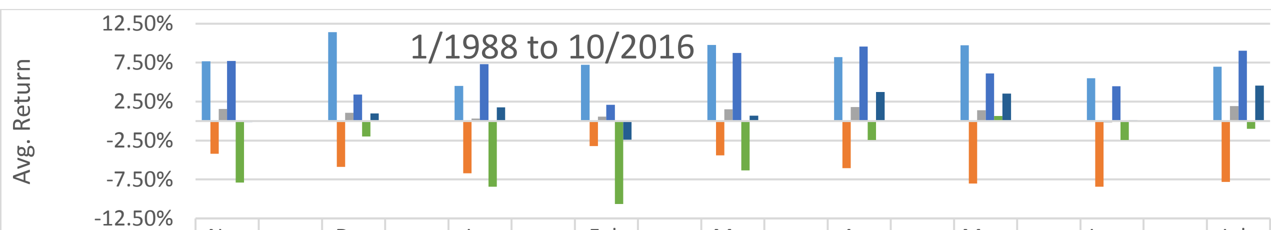
Exhibit 2. Historical 1st Quarter vs. Annual Performance

ETF	Sector	1q2012	2012	1q2013	2013	1q2014	2014	1q2015	2015	1q2016	2016	1Q2017
Xly	Cons Disc	15.86%	23.60%	12.08%	42.74%	-2.8%	9.5%	4.7%	9.9%	1.5%	5.9%	6.75%
Xle	Energy	4.20%	5.17%	11.61%	26.16%	1.2%	-8.6%	-1.6%	-21.5%	3.4%	28.0%	-7.05%
Xlf	Financials	21.96%	28.53%	11.35%	35.37%	2.6%	15.0%	-2.1%	-1.6%	-5.1%	22.5%	6.62%
Xlv	Healthcare	9.02%	17.56%	15.70%	41.24%	5.8%	25.2%	6.6%	6.8%	-5.5%	-2.8%	10.26%
Xli	Industrials	11.29%	14.86%	10.62%	40.44%	0.6%	10.4%	-0.9%	-4.3%	5.2%	19.9%	5.80%
Xlb	Materials	10.81%	14.75%	4.90%	25.82%	2.8%	7.3%	0.9%	-8.6%	3.4%	16.6%	4.84%
Xlp	Staples	5.51%	10.74%	14.61%	26.28%	0.7%	15.9%	1.2%	6.8%	5.6%	5.0%	6.47%
Xlk	Technology	18.80%	15.47%	5.13%	25.98%	2.1%	17.8%	0.8%	5.6%	4.0%	14.8%	9.95%
Xlu	Utilities	-1.65%	1.12%	12.90%	13.02%	10.0%	28.7%	-5.2%	-4.9%	15.5%	16.1%	4.92%
SPY	S&P 500 TR	12.53%	15.83%	10.56%	32.22%	1.77%	13.53%	0.92%	1.34%	1.29%	11.8%	6.40%
			8 of 9		6 of 9		7 of 9		8 of 9		6 of 9	

Source: Morningstar Direct **Outperforming Sector** **Underperforming Sector**

February set a new record for performance in a post-election period up 3.97%. Based on our study of post-election years, February was typically the worst performing month of the year with an average return of -2.38%, see Exhibit 3 below. However, two thirds of the time when February posted a gain, March posted a loss. The lowest return for March post-election was -6.34%. This would fall in line with the post 20,000 expectation of a pullback of 3-10%. For more information on our study of post-election stock market performances see the article on our website, QIDLLC.com under Research titled "November 2016 update - Was November's Performance Unprecedented".

Exhibit 3. S&P 500 Average Monthly Performance



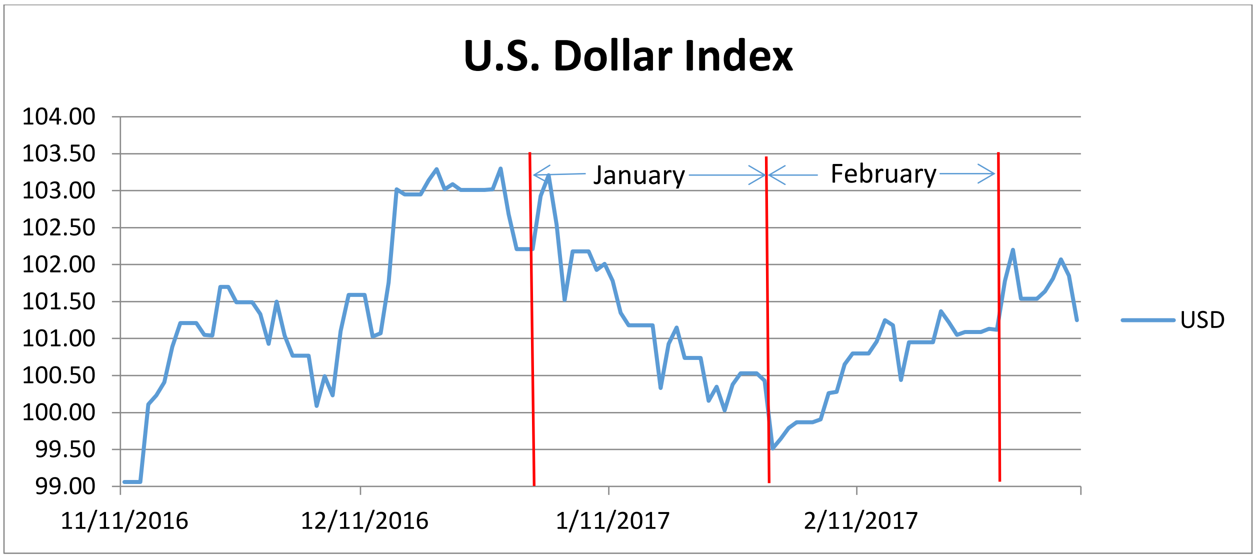
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
High	7.67%	11.44	4.50%	7.21%	9.78%	8.20%	9.75%	5.50%	7.00%
Low	-4.20	-5.90	-6.70	-3.20	-4.40	-6.06	-8.00	-8.43	-7.80
Average	1.57%	1.04%	0.33%	0.56%	1.51%	1.82%	1.40%	-0.18	1.91%
Post Hi	7.70%	3.40%	7.32%	2.10%	8.76%	9.57%	6.10%	4.48%	9.03%
Post Lo	-7.88	-1.98	-8.43	-10.6	-6.34	-2.42	0.67%	-2.43	-0.98
Post Elec Avg	-0.13	0.98%	1.75%	-2.38	0.68%	3.73%	3.51%	0.11%	4.57%

Source: Morningstar Direct

QID's Monthly Performance Update

QID's U.S. and International Equity models continue to remain bullish, 100% invested. As of March 11th, Fixed-income and alternative strategies continue to be more defensive with 55% and 75% cash, respectively. The expected hikes in Fed Fund's rate, debt ceiling limit negotiations and possibility of 50 to 100-year T-Bonds are not only impacting fixed-income but currency markets as well. The dollar, see Exhibit 4 below, is a major factor for all markets whether impacting multi-national earnings, relative attractiveness of global yields as well as price support for commodities. January's weakness in the dollar was partially recovered in February. Rising rates may lead to further U.S. dollar gains keeping a defensive posture for fixed-income and commodities. The question is whether the impact to earnings and valuations will start to pull the support from the equity markets?

Exhibit 4. U.S. Dollar Index -DXY



Source: Morningstar Direct

Below, is a summary of QID's performance for the month of February. As a result of our models' construction methodology, QID continues to fulfill its objective of providing its investors with downside protection. The asset class strategy goal, for all QID tactical portfolios, is to avoid extreme losses and give investors the confidence to stay fully invested and to participate in market gains.

Tactical U.S. Equity Strategy

Tactical U.S. Equity Composite (net/gross)	S&P 500 Index	ETF Benchmark (SPY)
3.04/3.04%	3.97%	3.96%

Table 1.

Sectors	Materials	Energy	Financials	REITS	Industrials	Tech	Staples	Utilities	Healthcare	C-Disc
ETFs	SLX	PXE	KIE/KBE	EWRE	XTN	FDN/XSD	XLP	XLU	BIB/IHI	XLY
Index Weight	2.8%	7.3%	13.4%	2.9%	10.0%	21.5%	10.2%	3.4%	14.0%	12.2%
QID Month-end Allocation	14.0%	14.0%	14.0%	0%	14.0%	14.0%	0%	14.0%	14.0%	0%
ETF Return %	3.90	-3.83	4.73/3.77	4.35	2.26	1.03/2.63	4.82	5.23	13.8/5.13	1.93

Source: Morningstar Direct, ETF.com and iShares

The QID Tactical U.S. Equity strategy composite net of fees underperformed its benchmark index (S&P 500) and its benchmark ETF ("SPY") 3.04% vs. 3.97% and 3.96%, respectively. The sectors that are currently "on" are: materials, energy, financials, healthcare, industrials, tech and utilities. The sectors that are "off" are typically considered more defensive or interest rate sensitive: REITS and Staples. The only cyclical sector that was "off" was Consumer Discretionary. Concern about sales, earnings and border tax overwhelmed takeover rumors of January resulting in consumer discretionary sector to underperform in February.

QID's subsector outperformance of January was hindered by sub-sector rotation in February and underperformed overall. However, if history repeats, the subsector winners of January should rebound in March. As we discussed in last month's review, when a subsector is "on" it replaces the sector ETF. Biotech, healthcare sector, was the best performer in February up 13.8%. Announcements of potential new treatments helped drive biotech's performance. Exposure to insurance, utilities and medical devices also benefitted performance up 4.73%, 5.23% and 5.13%, respectively. Despite the price per barrel of oil recording a new 52 week high, \$54.45 on February 23rd, energy stocks continued to underperform -3.83%. Concerns of increasing number of active U.S. drilling rigs accelerated as well as uncertainty about OPEC maintaining production limits weakened stocks in the industry, a precursor to oil dropping below \$50/bbl. by March 11th. The performance did not benefit from a strong performance by consumer staples and REITS. Zero exposure to consumer discretionary benefitted the performance. We will continue to shift U.S. equity sector allocations as the models dictate in the months ahead.

Tactical International Equity Strategy

QID Tactical Intl Equity Composite (Net/Gross)	MSCI All Cap World Index ex-USA NR USD	ETF Benchmark (ACWX)
2.48%/2.48%	**1.59%**	**1.55%**

Table 2.

Sectors	Asia Ex-Japan	Canada	Emerging Mkts	Europe	Japan
ETFs	VPL/DBAP	EWC	EEMV/VWO	VGK/HEDJ	DXJ/EWJ
Index Weight	15.0	6.6	19.4	41.44	17.4
QID Month-end Allocation	3.92	2.94	48.02	34.3	8.82
ETF Return (%)	0.59/0.62	-1.58	1.27/3.30	0.65/4.40	1.06/1.61

Source: Morningstar Direct, ETF.com and iShares

The QID Tactical International Equity strategy composite outperformed its benchmark index (MSCI All Cap World Index ex-USA) and benchmark ETF ("ACWX"), 2.48 vs. 1.59 and 1.55%, respectively. At the end of the month, the composite was fully invested in Asia-Pac ex-Japan, Canada, Emerging Markets, Europe and Japan.

The allocation to emerging markets and Europe represent 82% of the allocation. The composite benefitted from their returns of 3.30% and 4.40%, respectively, vs. the index return of 1.59%. Exposure to a hedged European ETF, HEDJ, benefitted the strategy, reversing the negative impact from January. However, Japan on a hedged basis, underperformed slightly. As noted last month, the treasury model continues to indicate a strengthening dollar as it is favoring cash/T-bills to T-bonds for the period ahead. Therefore, we will retain our hedged positions where possible. Expectation is that the dollar should remain strong with the expectation of rising rates. In addition, the expected U.S. border tax on imports favors a rising dollar as well.

Note: The portfolio position weights for international ETFs are based on GDP weight of the world economy, ex-USA. This approach is different than the industry method of using market cap weighting (MSCI All Cap world Index ex-USA). The reason that QID chooses to follow GDP weighting, versus market cap weighting, is that academic research has indicated that long-term market growth tends to follow GDP growth.

Tactical Fixed Income Strategy

QID Tactical FI Composite (Net)/(Gross)	BofAML US Broad Market	IQ Enhanced Core Plus Bond US (AGGP)
0.44%/0.44%	0.68%	0.96%

Table 3.

Sectors	Corporate - Investment Grade	Corporate – High Yield	Emerging Market Debt	Global Debt	Mortgages	Municipal	Intermediate Treasury	T-Bills/Cash
ETFs	LQD/VCIT	HYG	EMB	ILB	MBB	MUB	IEF	BIL/MINT
Index Weight (%)	28	18			36	0	4	14
QID Month-end Allocation (%)	0	0	10	10	24.5	0	0	55.5
ETF Return (%)	0.72	1.52	2.02	1.86	0.47	0.57	0.77	0.04/0.22

Source: Morningstar Direct, ETF.com and iShares.

The QID Tactical Fixed Income strategy composite underperformed the broad U.S. bond index (Bank of America Merrill Lynch U.S. Broad Market) and its ETF benchmark ("AGGP") in February 0.44% vs. 0.68% and 0.96%, respectively. The model ended the month 10% in emerging market debt, 10% global debt, 25% mortgages and 55% in short-term instruments. With a 55% allocation to cash/t-bills, the model continues to indicate a high probability for rates to increase in the months ahead.

February experienced a decrease in U.S. 10 year Constant Maturity Treasury Yield from 2.49% to 2.36%. The decrease in yields worked against QID's FI strategy that has shifted to a more defensive strategy since October. Our sector selection paid off as global debt, ILB, and emerging bonds, EMB, were on the mark as the two best performing sectors. However, at a 10% position each it was not enough to make up for the 55% defensive position in short term instruments, MINT.

Note: The QID Fixed Income model utilizes a separate "signal" system for corporate bonds. The system determines whether an investment grade or a high-yield ETF should be used when the corporate fixed income signal is "on".

Tactical Alternative Investments Strategy

QID Tactical Alts Composite (net/gross)	75% S&P GSCI and 25% NAREIT	75% GSG and 25% IYR ETFs
-2.59/-2.48	-1.00%	-1.01%

Table 4.

Sectors	Agriculture	Gold	Silver	Gas	Oil	REIT
ETFs	DBA	IAU	SLV	UNG	DBO	RWR/IYR
GSCI Index Weight 2017 (%)	30	0-7	0-7	3.3	52.7	NA*
QID Month-end Allocation (%)	24.5	0	0	16.17	16.17	0
ETF Return (%)	-1.00	3.42	5.74	-13.87	-0.35	3.48

Source: Morningstar Direct and ETF.com

The QID Tactical Alternative Investments strategy composite underperformed the market index (75% S&P GSCI / 25% NAREIT) and the ETF benchmark (75% GSG / 25%IYR) -2.59/-2.48% vs. -1.00% and -1.01%, respectively. The model ended the month unchanged with 24.5% in agriculture and 32.34% invested in energy. Gas was a difficult position for us during the month before turning off and accounted for the majority of the underperformance. March to-date we have avoided the bulk of the depreciation in the oil price as the commodity turned off in early March at a price of $52.61/bbl. Energy continued to be erratic as weather, number of drilling rigs in production and compliance to the OPEC production agreement whipped prices back and forth. Lack of investment in precious metals or REITS also detracted from performance.

Note: While REITs are not a sector contained in the GSCI commodity index, QID believes that REITs are an attractive alternative asset class for investors and as such has allocated 20% to the asset class.

QID provides investor's the diversification they need with the downside protection that they desire. Providing investors' confidence to stay fully invested can be challenging. As we all know, downward price action of 10% plus is sufficient to scare the average investor to the sidelines. Quantitative Investment Decisions develops strategies to protect one's assets. It's not how much an investor makes but how much one keeps long term that will impact one's lifestyle. QID believes that by providing investor's strategies that control downside risk that investors will be willing to stay fully invested through all market environments. Our strategies provide exposure to U.S. equity, International Equity, Fixed-Income and Commodities. Our strategies may be used to provide exposure to one of the asset classes offered or a diversified solution based on an investors risk or age. We believe that our strategies will resonate with your clients. If your client is a firm believer in "Defense Wins Championships", then our strategies may be appropriate for their portfolio.

Disclosures

Quantitative Investment Decisions, LLC ("QID") claims compliance with the Global Investment Performance Standards (GIPS®).

Firm Definition

Quantitative Investment Decisions, LLC ("QID" or the "Advisor") is registered investment advisor in the state of Florida organized as a Limited Liability Company ("LLC") under the laws of the State of Delaware, whose principle place of business is in Naples, FL. The entire investment team and critical operations staff became affiliated with QID on January 2, 2015.

QID reviews a total firm AUM report broken out by account on a quarterly basis to ensure that only actual assets managed, or sub-advised, by QID are included. All accounts deemed to be advisory only, hypothetical, or model in nature are excluded from total firm AUM. Total firm assets are all discretionary (whether fee-paying or not) for which QID has investment management responsibility, including assets managed by sub-advisors that QID has authority to select.

Obtaining a Compliant Presentation and the Firm's List of Composite Descriptions

A compliant presentation, including the performance data for the composite, may be obtained by contacting QID at 239.631.8912 or by emailing info@qidllc.com.

The Quantitative Investment Decisions' (QID) Tactical U.S. Equity Strategy, Tactical International Equity Strategy, Tactical U.S. Fixed Income Strategy, and the Tactical Alternative Investments Strategy are long-term growth portfolios that invests in Exchange Traded Funds (ETF) as markets are rising and scales to cash as markets weaken using a trading algorithm. Their objective is capital appreciation. The portfolios represent United States markets, international markets, United States fixed-income markets and a blend of commodities and REITs that constitute the alternative investments strategy. The charts above show the total return, including reinvestment of all dividends. Returns are shown net (NR) of management fees and transaction fees for the composite account of the portfolios. The U.S. dollar is the currency used to express performance. QID claims compliance with the Global Investment Performance Standards (GIPS®). QID has been independently verified and its composites receive a quarterly performance examination by Ashland Partners & Company, LLP. **From April 30, 2012 through December 31, 2015 the performance shown is that of a composite of client accounts according to the dictates of the Program**. The quantitative engine providing strategy signals was enhanced effective April 1, 2014. The portfolio weighting scheme was also enhanced effective September 1, 2014.

Benchmarks are used for comparison purposes to correlate to each portfolio. The returns for the indexes shown include dividend reinvestment. Individual client accounts may have experienced investment results during the corresponding time periods that were materially different from those of the composite returns. **Performance data shown is past performance. Past performance is no guarantee of future results. Investments are subject to risk, and any of QID's investment strategies may lose money. QID's actively managed portfolios may underperform in bull or bear markets. The investment strategy presented is not appropriate for every investor and individual clients should review the terms, conditions and risk involved with specific products or services. The portfolio is constructed with Exchange Traded Funds that seek investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no guarantee that the price and yield performance of the index can be fully matched. ETFs are subject to risks similar to those of stocks.**

Risks

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Asset allocation, nor diversification, does not guarantee a profit or protect against loss. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. **All investments include a risk of loss that clients should be prepared to endure. Quantitative Investment Decision's actively managed portfolio may underperform in bull or bear markets.**