Quantitative
Investment
Decisions

The Safety Net For Your Portfolio

Market Pullback: Much to do About Nothing?

February has always been one of the lowest performing months during the year. After a record January is this just a rebalance of performance back to the norm or is it the start of a more significant pullback? Reviewing the daily data for the last fifty years we calculated the worst 5 consecutive trading days performance. In 2018 the worst five-day trading period to date is February 8th at - 8.54%. This is the 35th lowest five-day trading performance in the last 50 years. However, what happens after these poor performing periods? We looked at the lowest 34 periods in the last 50 years and found the following:

1. 30 days after a poor five-day trading period 68% of the time the market was positive with an average return of 1.5%.
2. At 90 days 74% of the time performance was positive with an average return of 7.3%
3. And at 180 days 85% of the time performance was positive with an average return of 17.6%.

Table A. Worst 5 consecutive trading days performance over the last 50 years.

50 years of Daily Data	30 trading Days	90 Trading Days	180 Trading Days
% positive periods	68%	74%	85%
Average Return	1.5%	7.3%	17.6%

Source: Morningstar

Based on the above, Investors may be better off focusing on entry points to stocks that have been beaten down during these pullbacks. Besides, if you are concerned about the pullback accelerating the QID strategies may be appropriate vehicles. QID has developed a suite of strategies that all share a common theme – ***protect the investor's assets in the event of an extended market downturn***. QID currently offers six styles of tactical portfolios: U.S. equity sector, U.S. Equity Aggressive Growth, international equity sector, global fixed income sector, alternative sector and Global Balanced.

All strategies incorporate a **downside risk protection mechanism** that provides a disciplined process to raise cash and reduce equity and/or debt market exposure during volatile market periods. A quantitative signaling engine provides binary (buy/sell) "signals" on each portfolio position.

QID uses ETFs in their strategies to represent sectors except for the U.S. Aggressive Growth and Titans strategies that invest in individual stocks. Exchange traded funds (ETFs) are used to represent each sector, sub-sector, asset class, and/or international markets. The ETFs used in each portfolio are selected from the universe of Exchange Traded Funds (ETFs) and may come from a single sponsor or multiple sponsors. A proprietary scoring system, which considers such factors as tracking error, cost efficiency, and liquidity, is utilized to determine the specific ETFs that are used in each portfolio.

Within each sector strategy, a unique weighting system is used that is dependent on the number of sectors, sub-sectors or asset classes held in each category of the portfolio. The system will determine if an asset class or sector is over, under, or equal weighted. A defensive position (i.e. cash equivalents/U.S. Treasury instruments) will begin to build when the number of ETFs, representing each sector, region, or asset class, falls below a certain threshold. The stock strategies positions are equally weighted and start to raise cash when less than four stocks are “on”.

For investors who desire a risk-based or age-based portfolio, QID offers several predetermined Diversified Portfolios. Each portfolio includes the four major asset classes: U.S. equity, non-U.S. equity, fixed income, and alternative assets. In addition to the predetermined models, each strategy can also be customized to meet an investor’s unique circumstances and needs.

For more information see our website at www.QIDLLC.com or (239)-631-8912.

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, the Tactical Alternative Investments Strategy and Global Balanced Sector strategies 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 U.S. Aggressive growth and Titans strategies are concentrated aggressive stock 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. The quantitative engine providing investment signals was initially developed by QID’s founder, Ron Santangelo, in 2009. 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.**
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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.**