

Quantitative Investment Decisions

The Safety Net For Your Portfolio

FANG Stock Action Not Unusual!

The recent pullback in the FAANG stocks have many investors in a panic. We define the FAANG index as Facebook, Amazon, Apple, Netflix, Nvidia and Google. The recent 5% pullback in three days is not unusual for this group of stocks. Since Facebook joined the group in 2013 there have been 23 instances of 5% plus pullbacks. The average and median number of days to achieve a 5% loss are 5.95 and 5.00 days, respectively. The average and median number of days to reach interim period max drawdown were 14.10 and 6.00 days, respectively. The average and median loss to bottom of each of the 23 interim periods was 9.96% and 7.68%, respectively.

Table 1 FAANG Performance Study

5/30/13 to 7/31/2018	# Days to fall at least 5%	# Days to max drawdown	# Days to Recover to prior High Price	Price change
Count	23	22	22	
Average # Days	5.96	14.10	29.95/22.50*	
Median # Days	5	6	20/19	
Min Days	2	2	3	
Max Days	17	60	164/61	
Decrease Avg				-9.96%
Decrease Median				-7.68%
Decrease Min				-5.18%
Decrease Max				-21.31%

Source: QIDLLC

The FAANG Index recently peaked on July 26th. Since that date the index has lost 5.1% in value over 3 days as of July 29th. Based on the average and median historical loss we are close on the number of days, 5, and percent loss 5%+. We would count the pullback as complete if the index value reverses to the upside for a 10-day period. Therefore, we believe the FAANG story is intact. We continue to recommend our Titans strategy for investors seeking growth. The FAANG stocks are a major portion of the strategy and therefore, important that their potential stay intact for the strategy. Year-to-date the strategy is up 20.6%. As with all our strategies, Titans includes a defensive characteristic that removes positions when risk appears high and does have the ability to go to 100% cash if all positions turn-off. The stocks that we have identified as titans are equally weighted. The maximum weight per stock is 25%.

Quantitative Investment Decisions

The Safety Net For Your 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, 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.**

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.**