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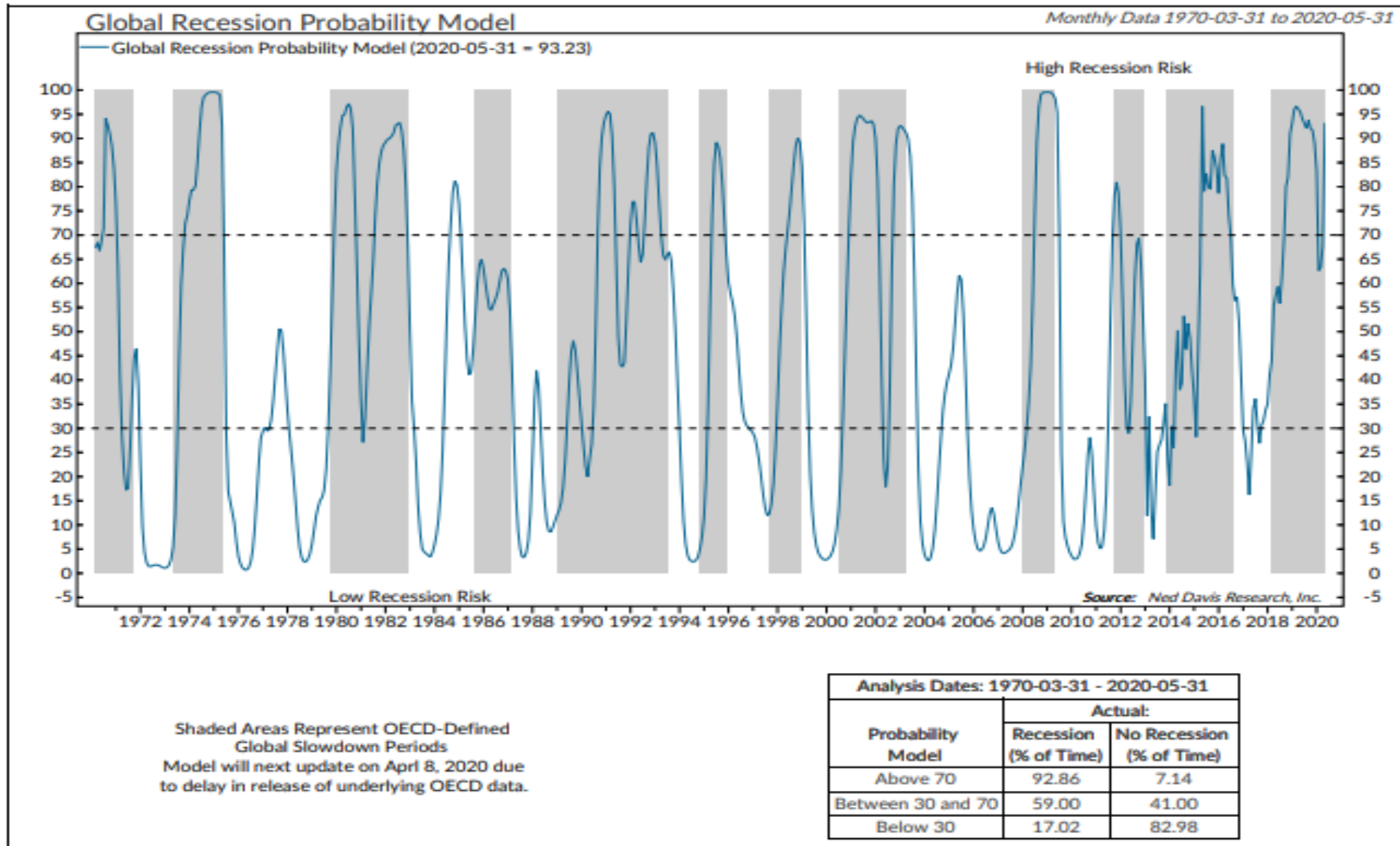
Asset Allocation : Incorporating data driven indicators

*Stewardship
the careful and responsible management of something
entrusted to one's care.*

Global slowdown risk falling before COVID-19.



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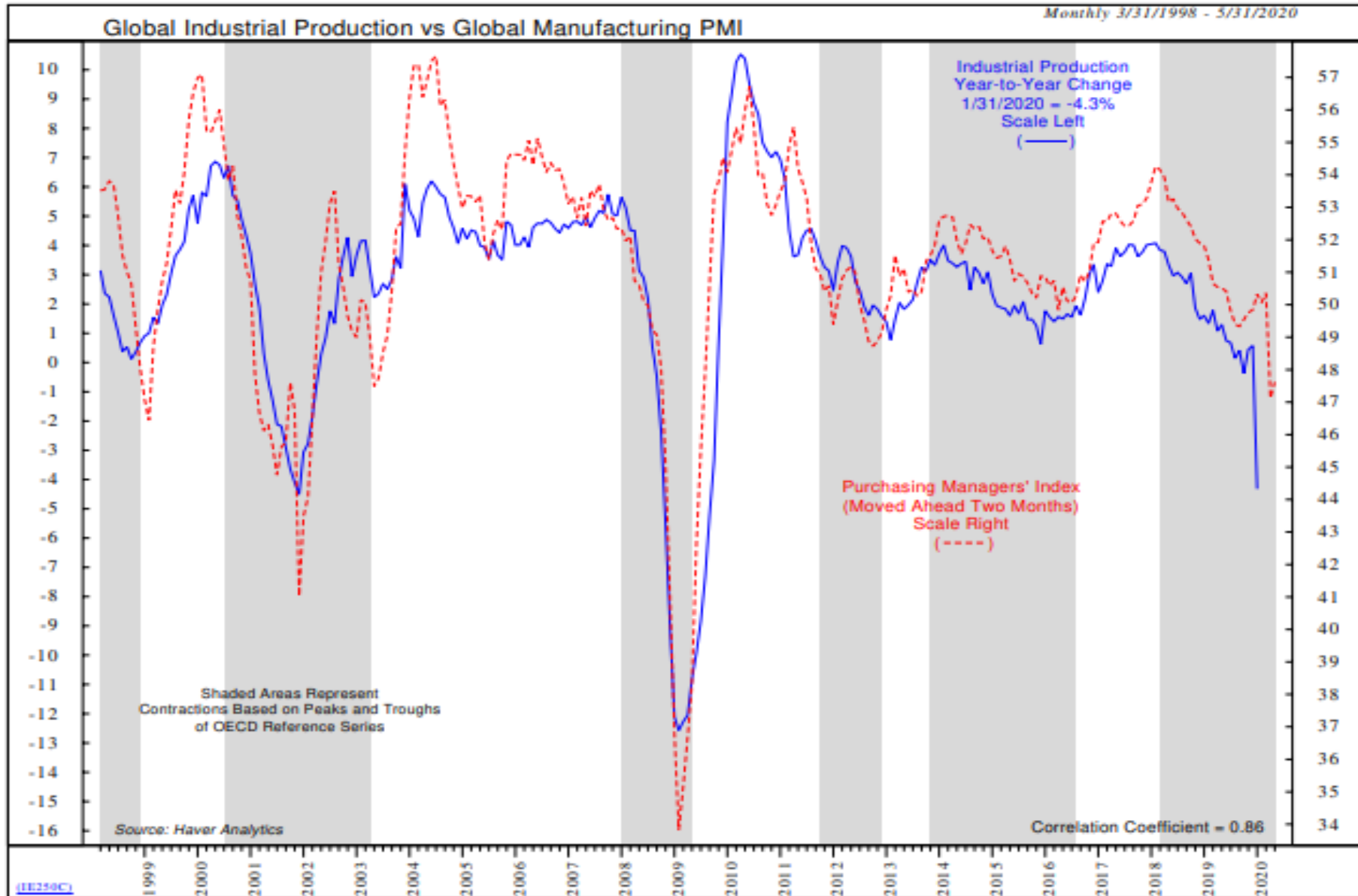


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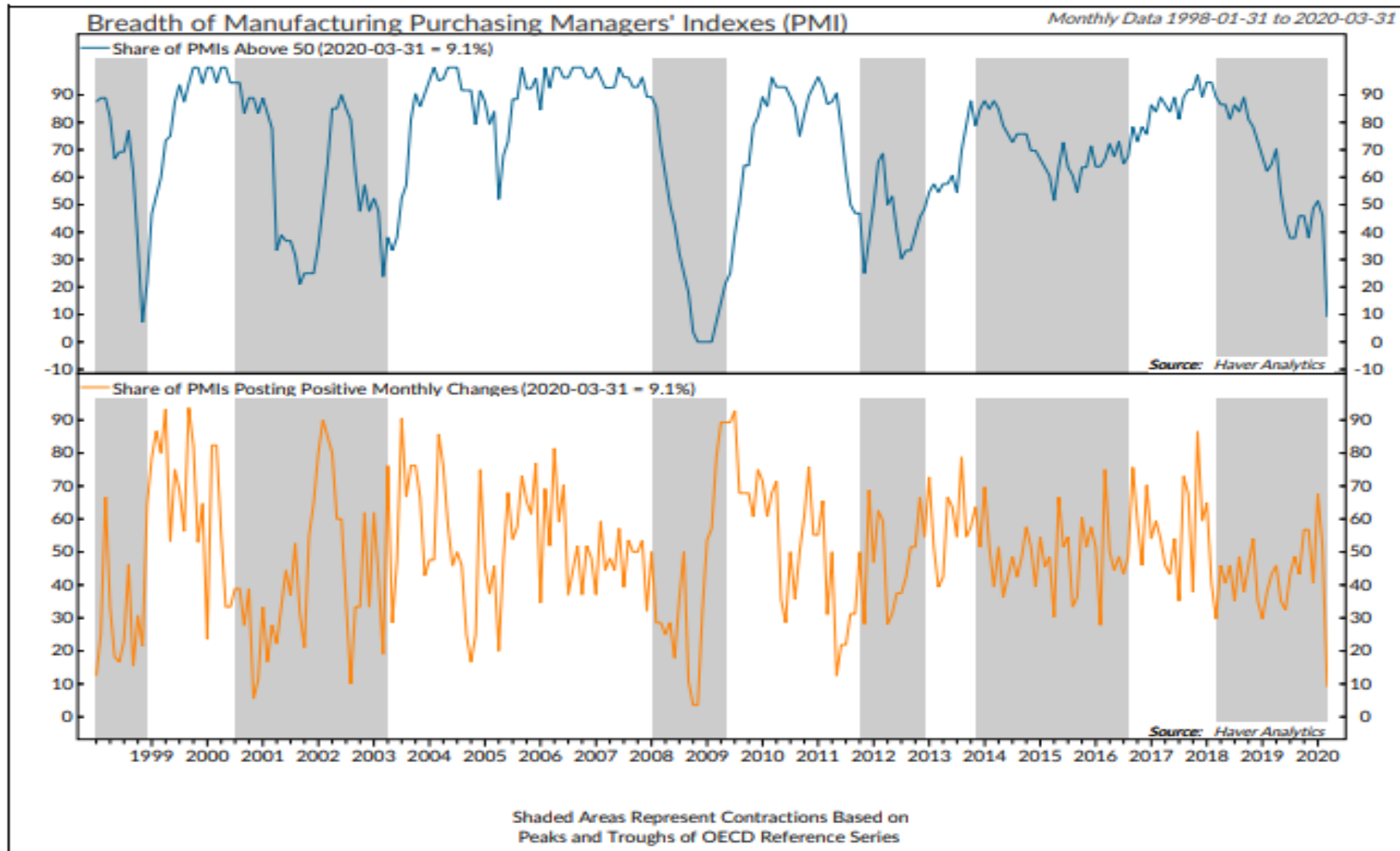
Fall in activity consistent with major global recession.



Broadest global downturn since GFC.



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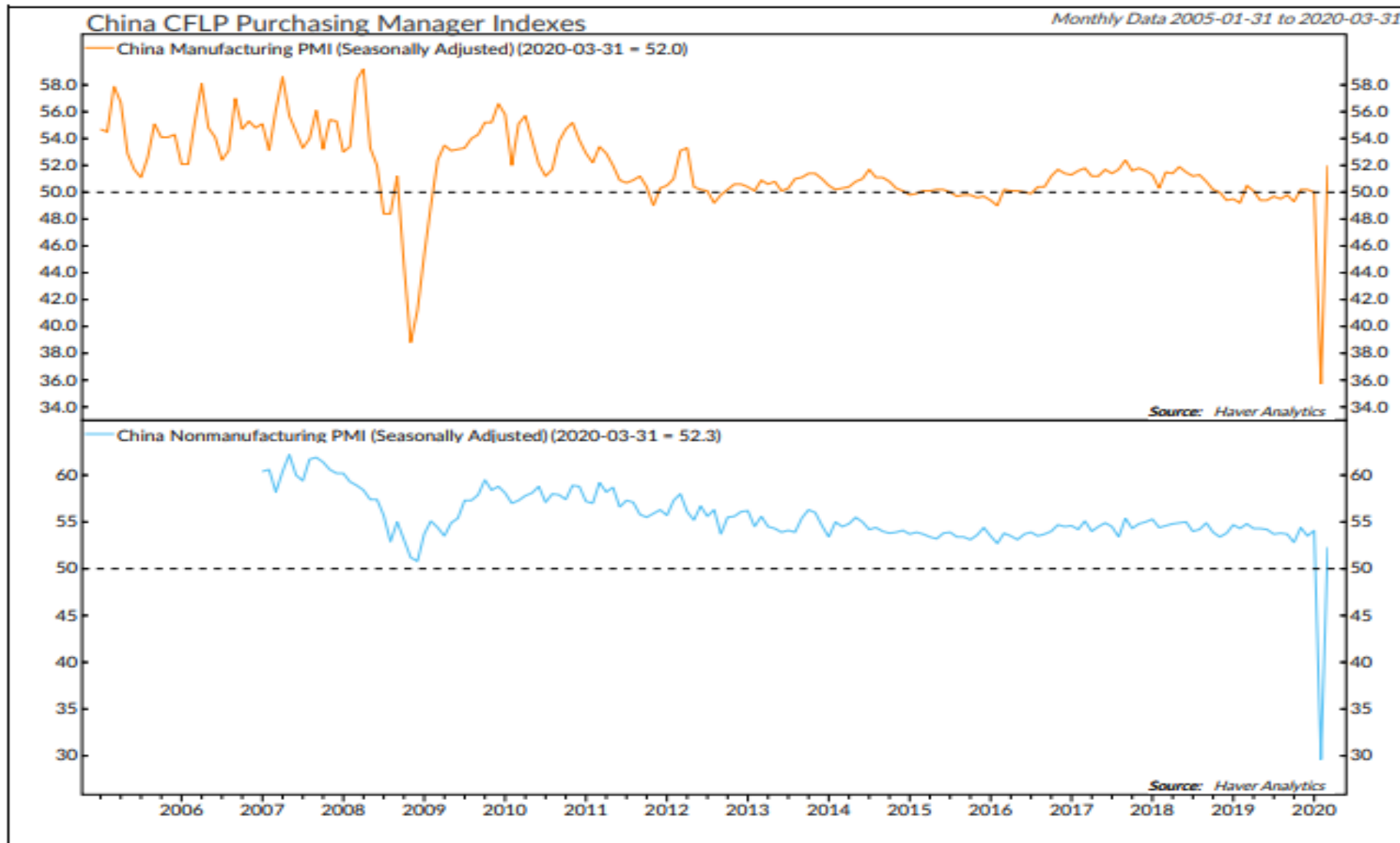


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China saw a historic drop in activity, but has rebounded.



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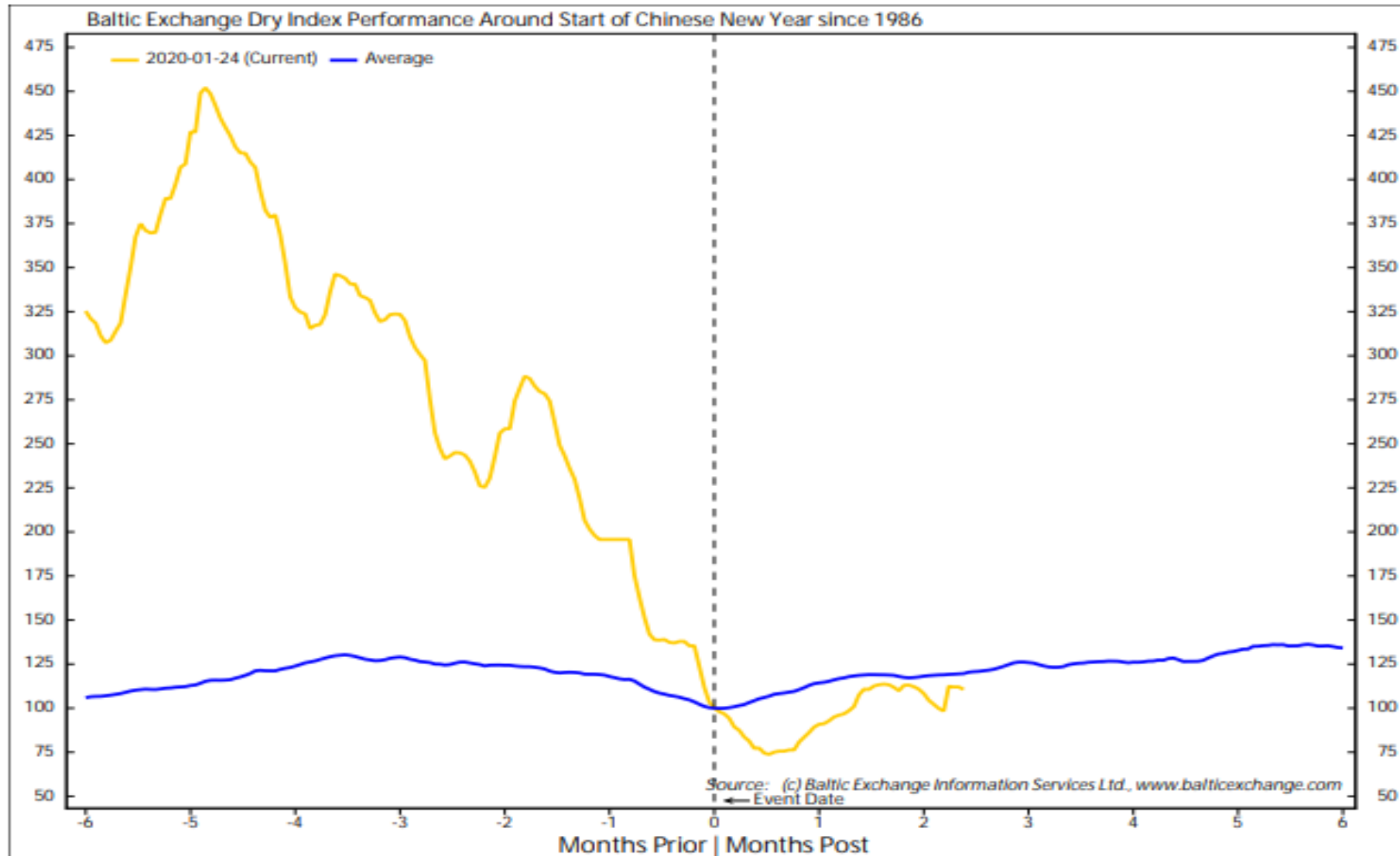


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BDI usually rebounds after the Lunar New Year.



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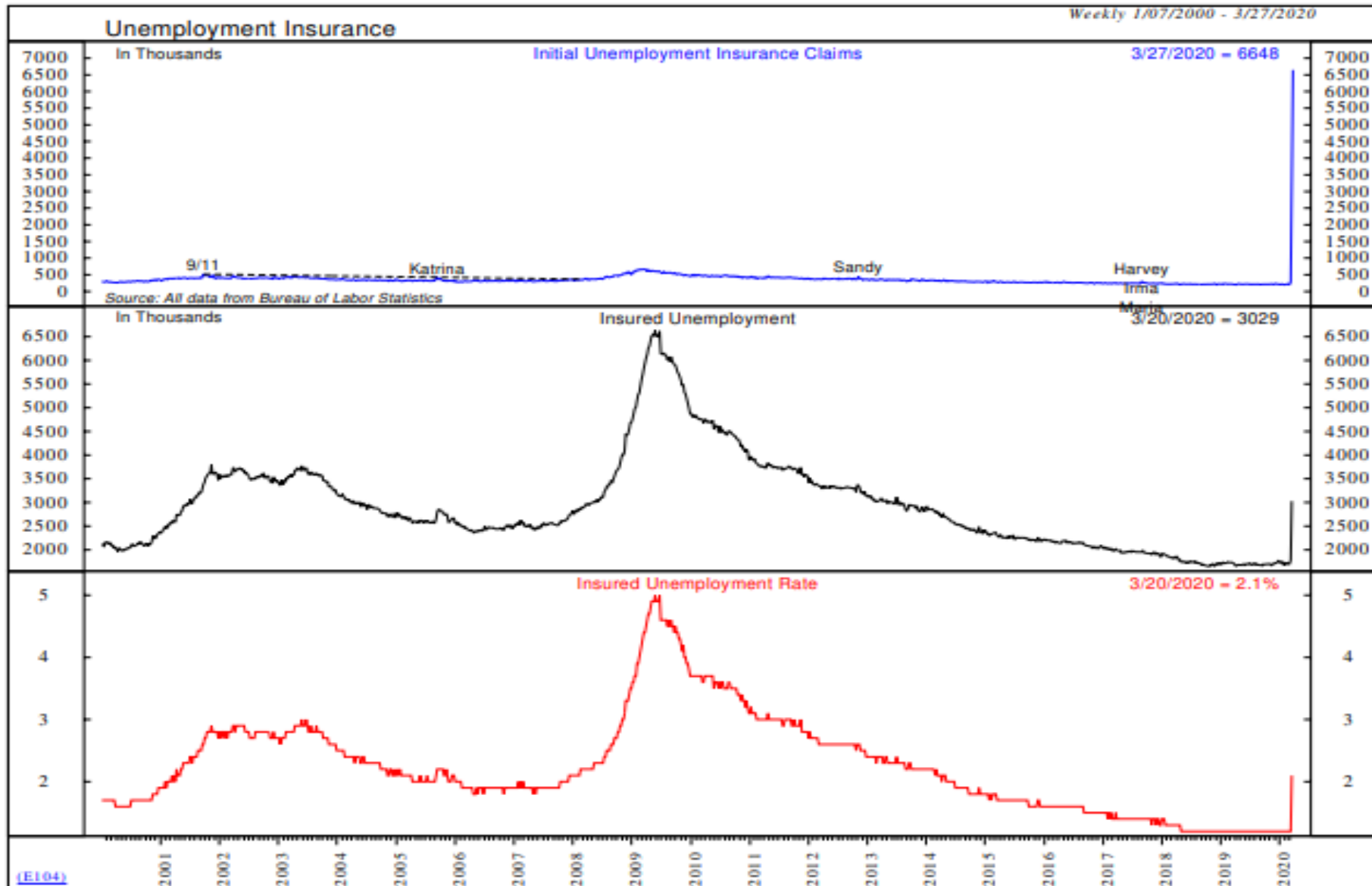


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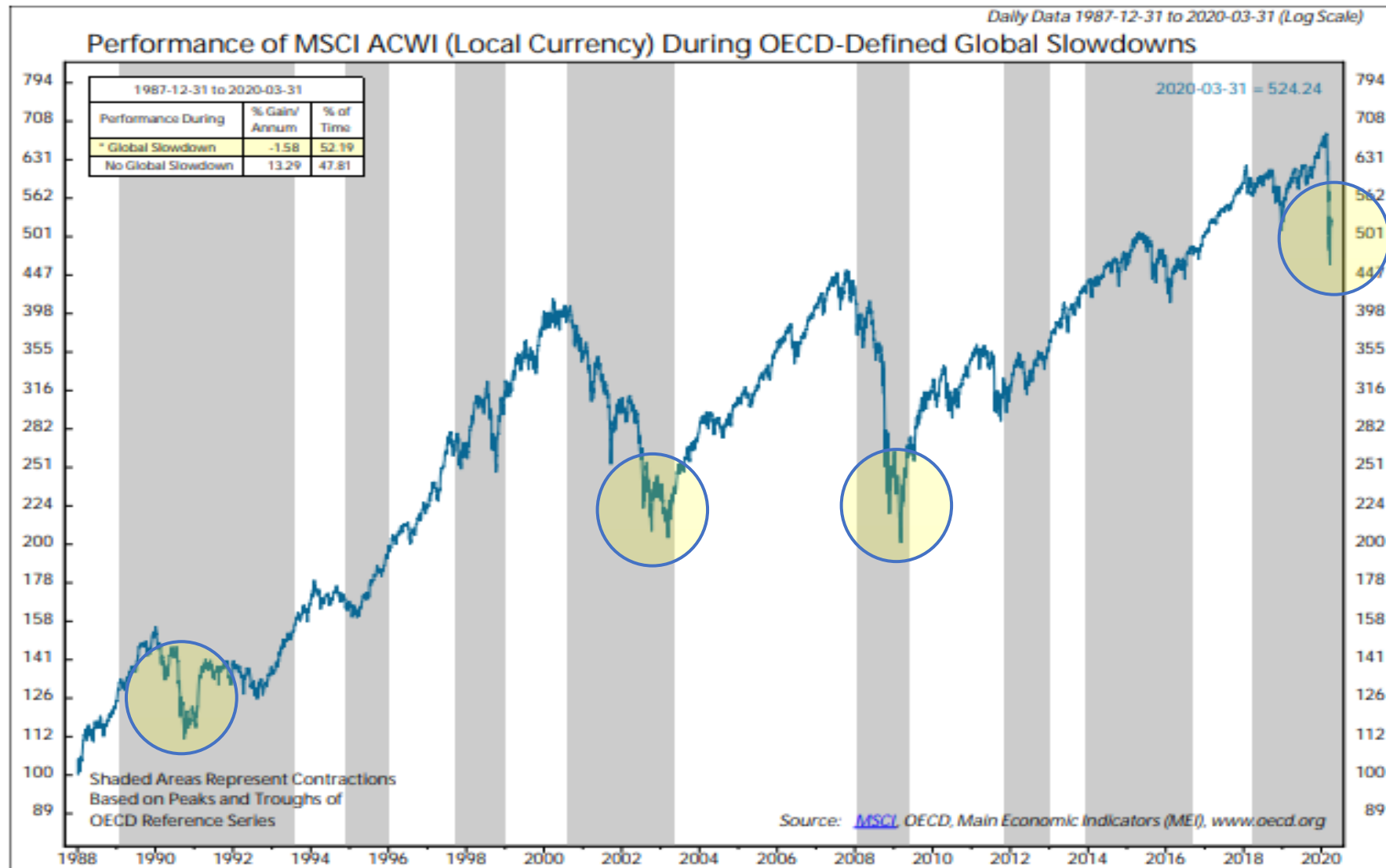
But the U.S. is headed for worse.



Large bear markets typically occur around U.S. recession.



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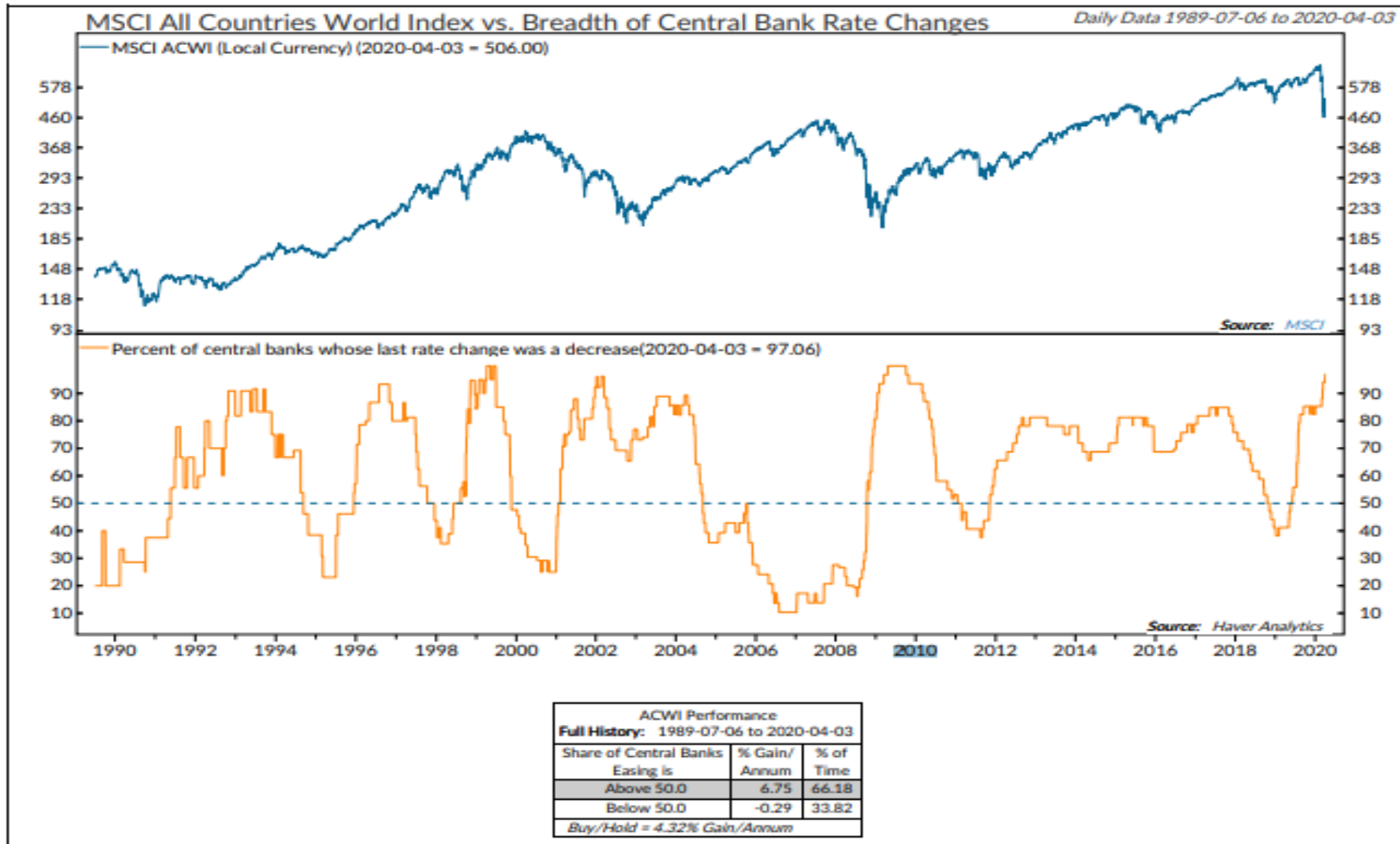


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Global monetary response has been immense.



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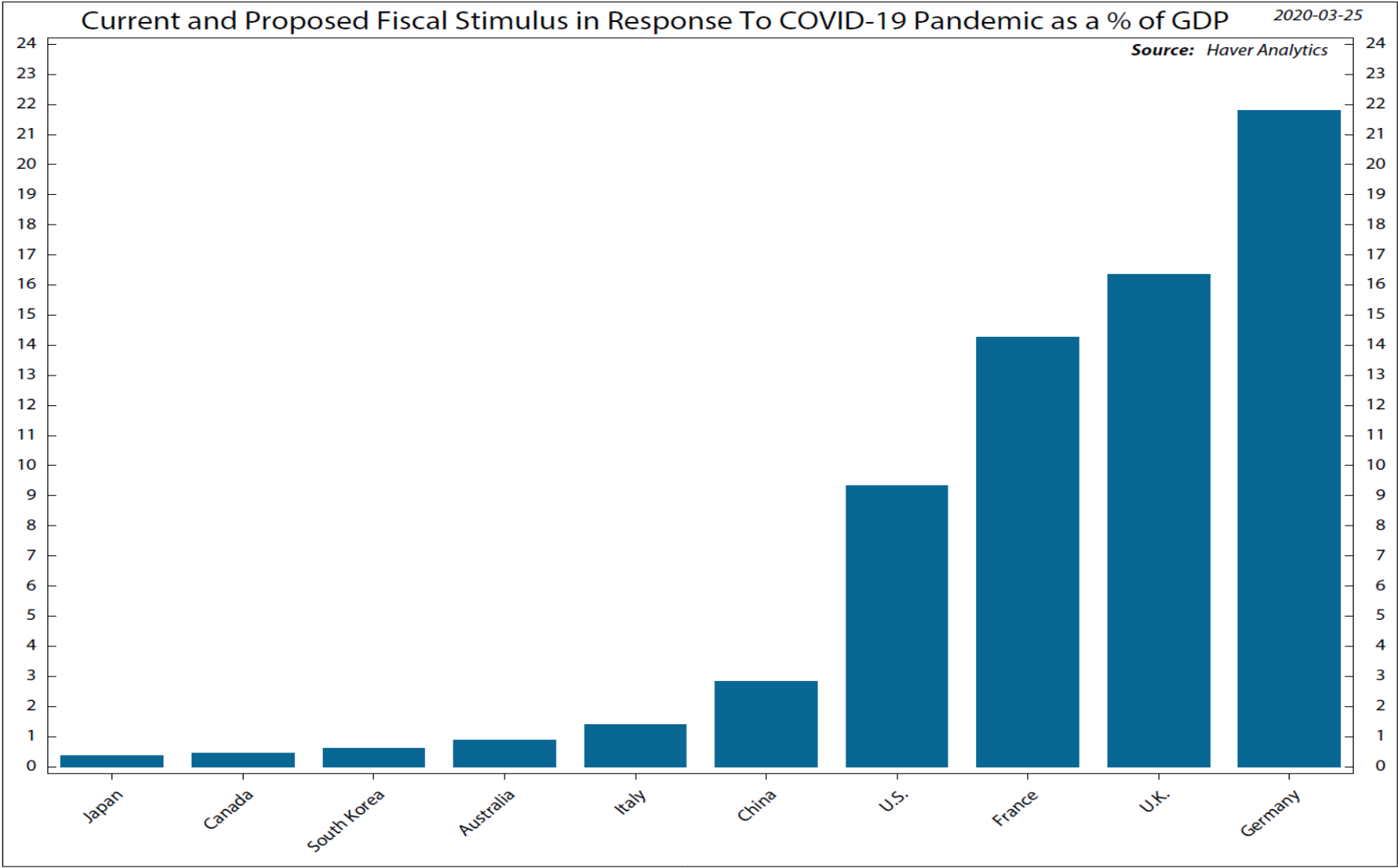


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So has the fiscal response.



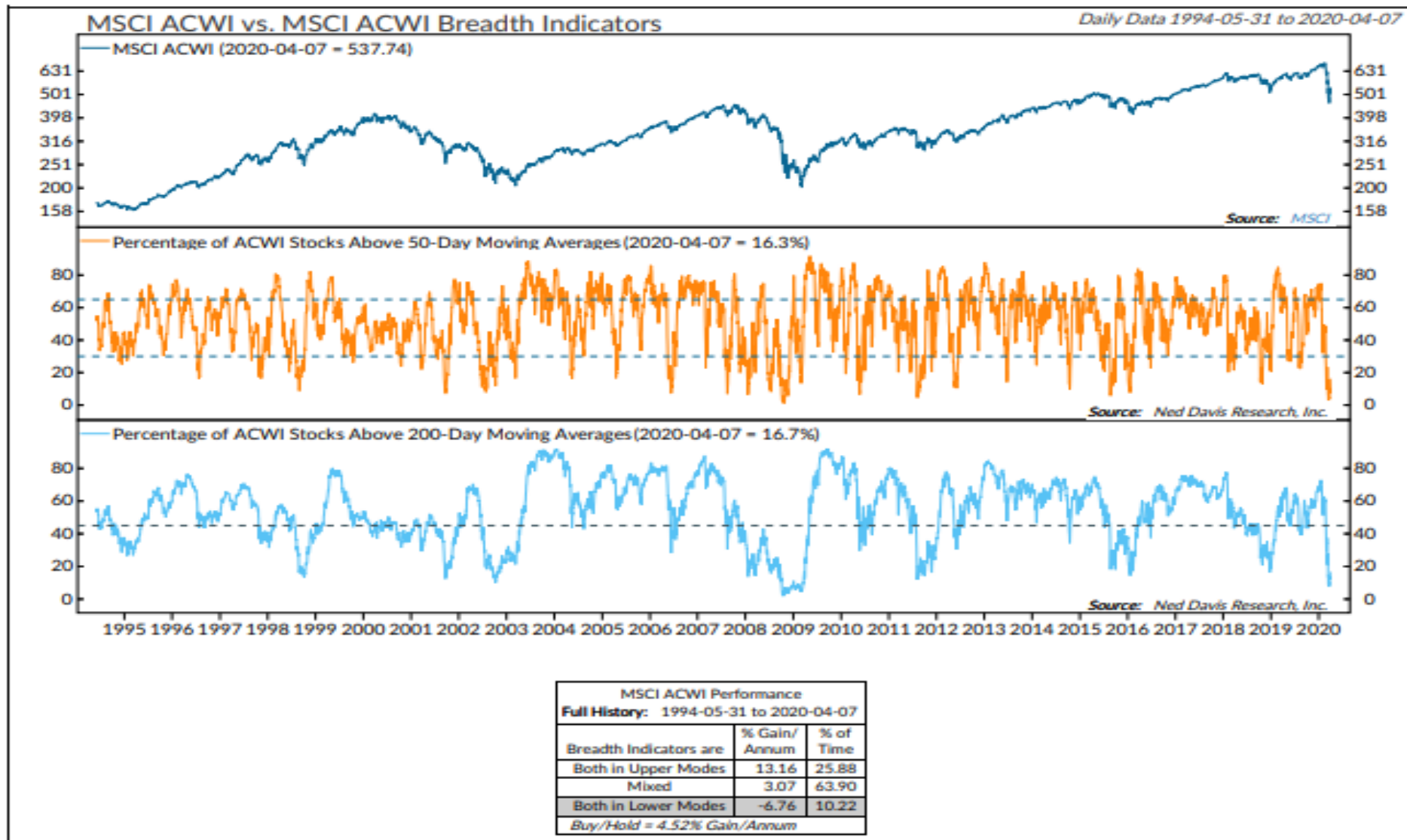
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Global market breadth remains weak.



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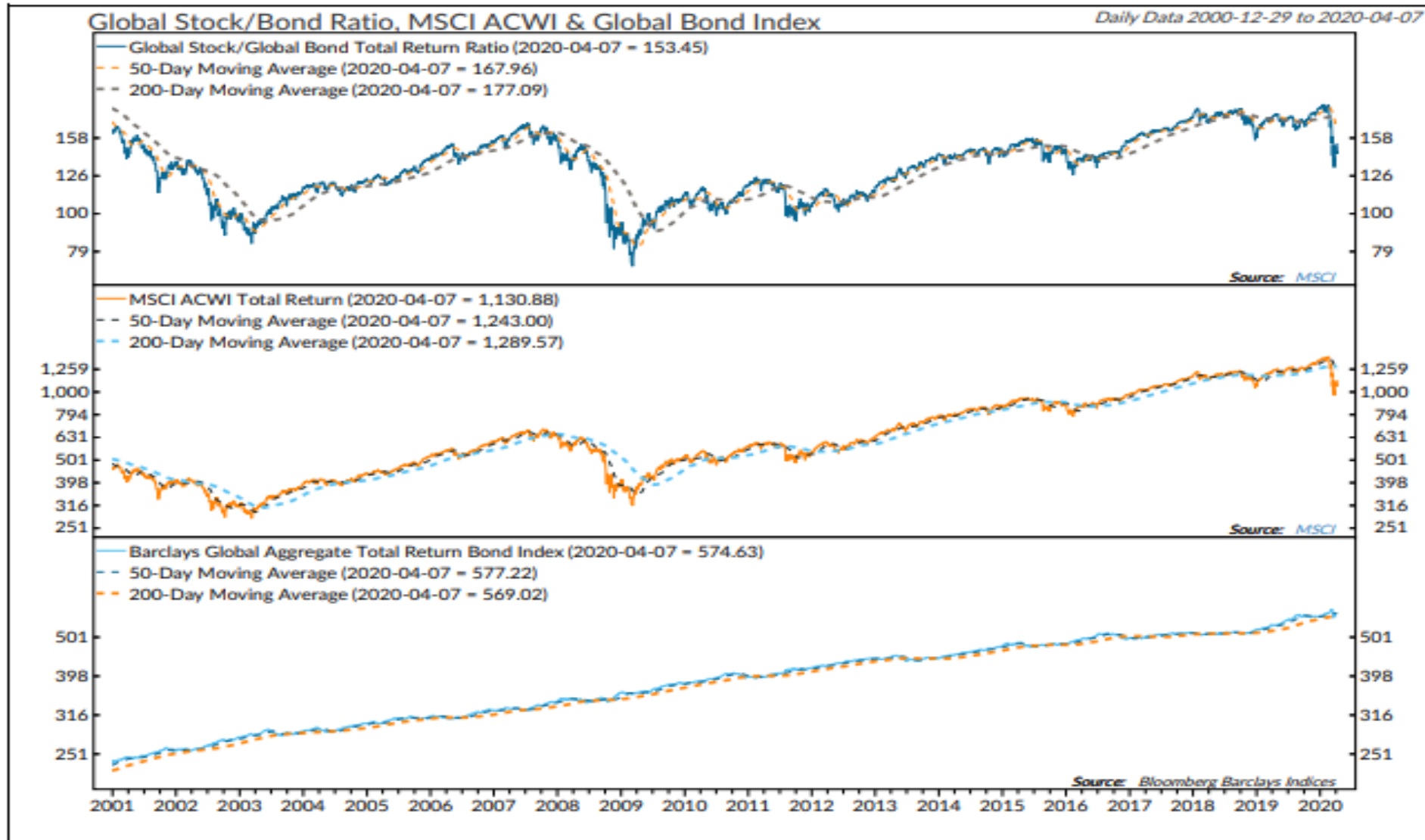


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Bonds still outperforming stocks.



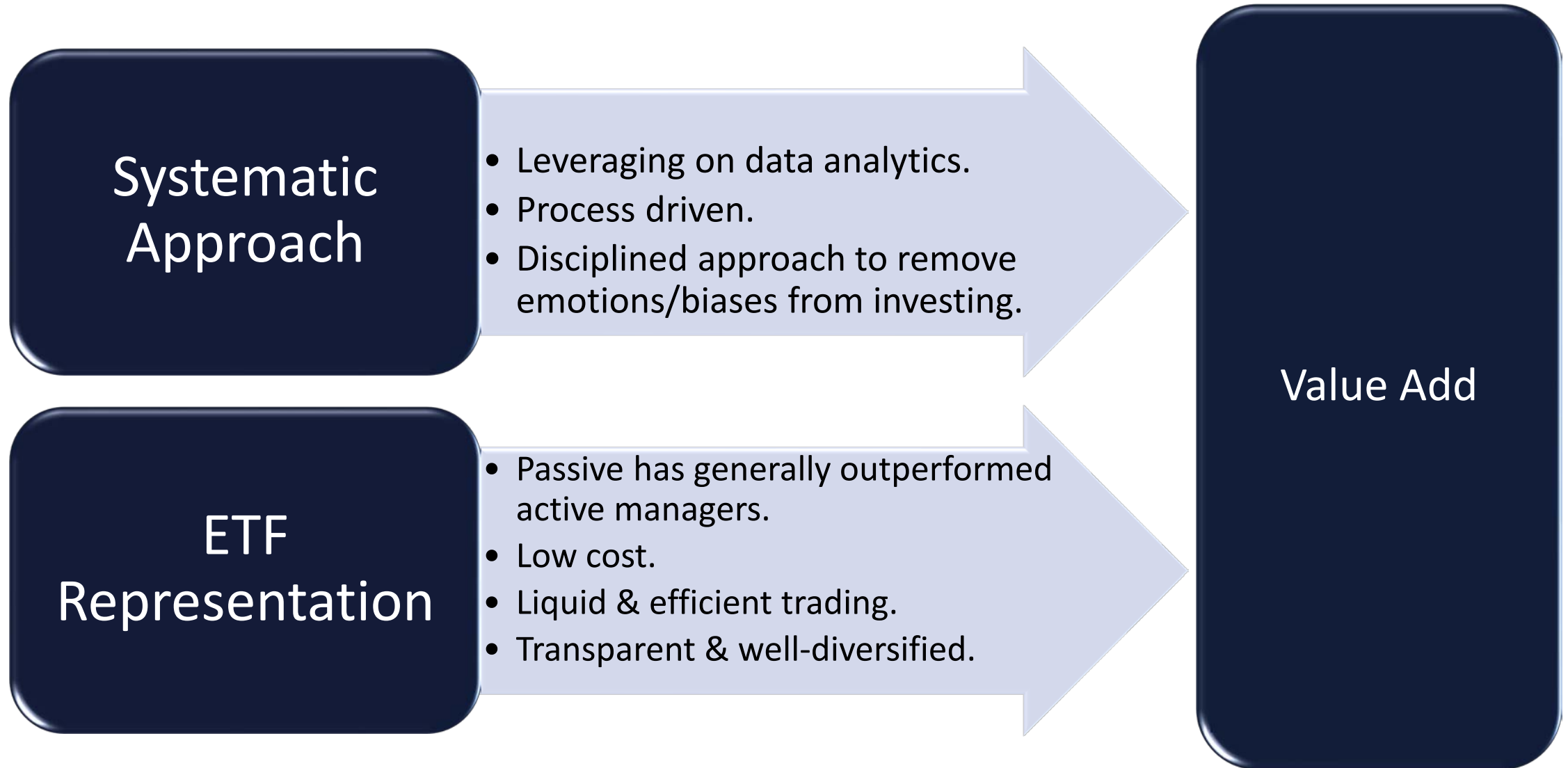
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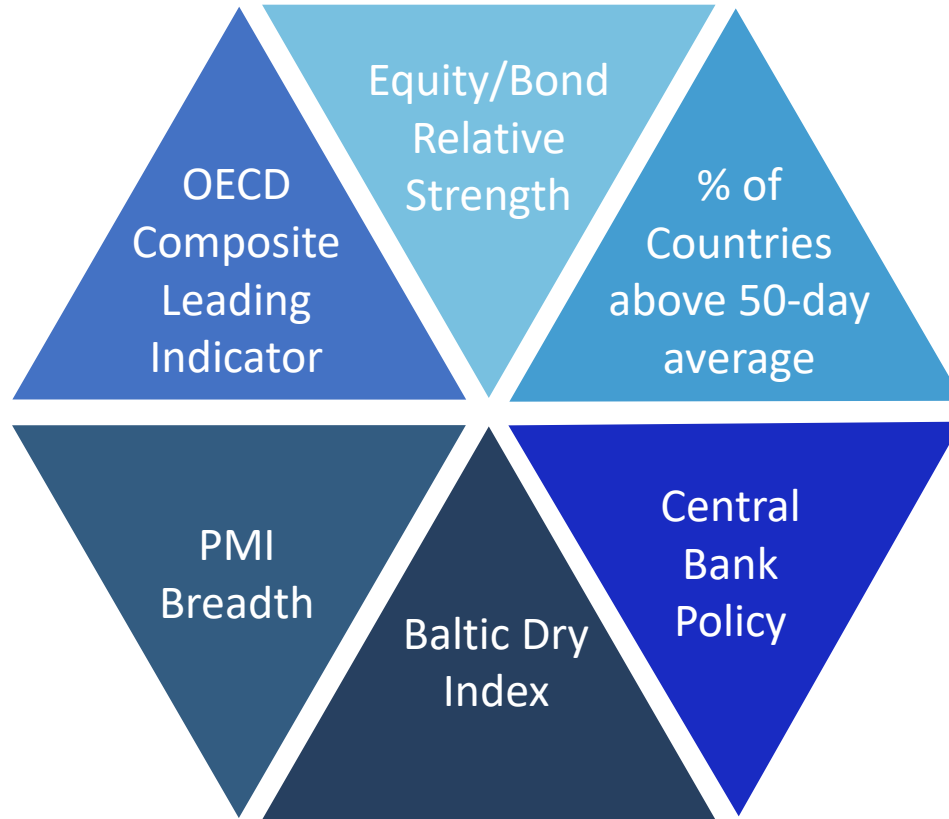
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2-Tiered Allocation Process

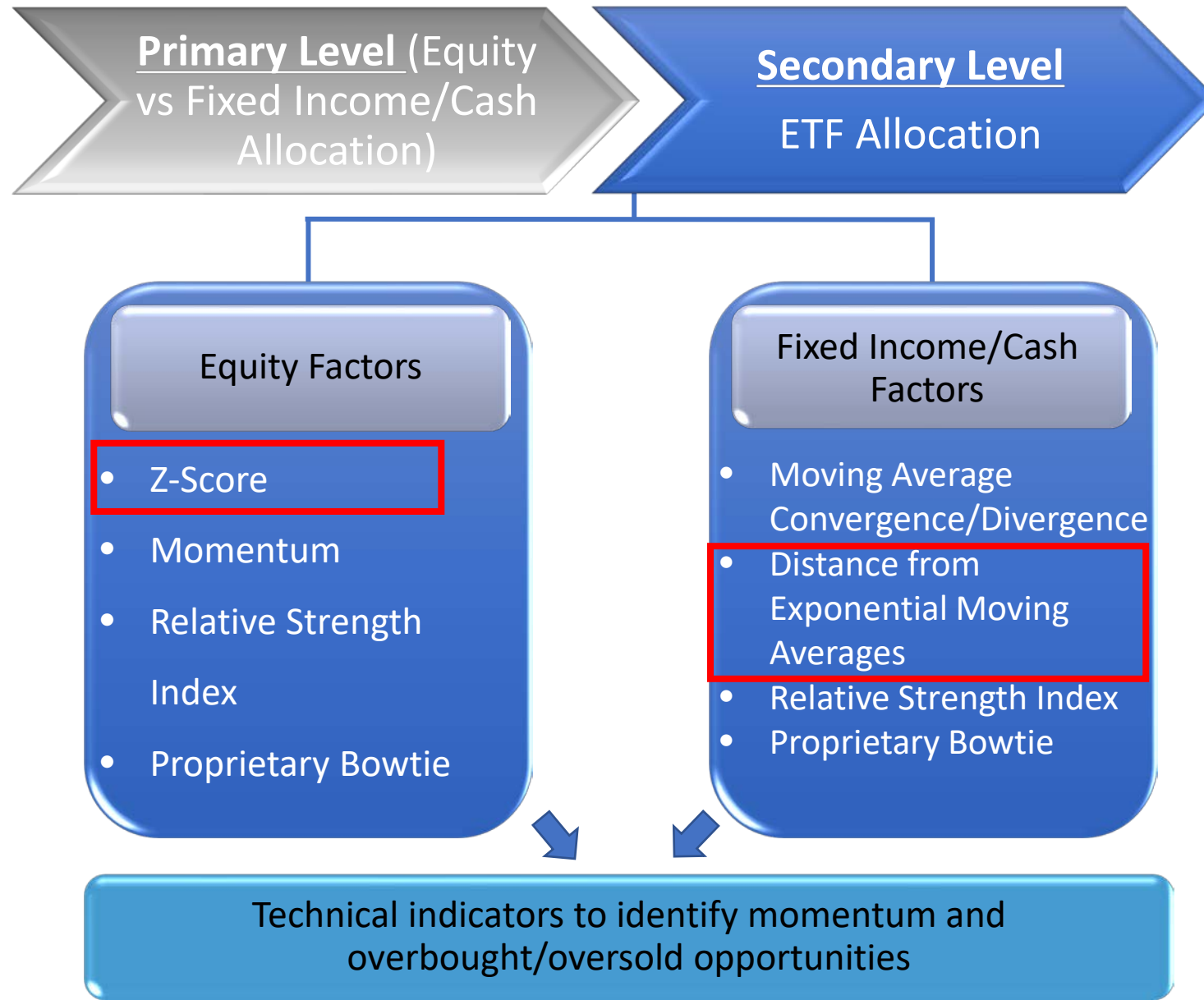


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Combination of macro-fundamental & technical indicators

2-Tiered Allocation Process



13 ETFs Representing the Global Investment Universe



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Equities ETFs (6)

- SPY – US Large Cap
- IJR – US Small Cap
- QQQ – US Growth
- VIG – US Dividend/Value
- IEFA – Developed International
- IEMG – Emerging Markets

Fixed Income ETFs (6)

- TLT – US Long Term Treasuries
- SHY – US Short Term Treasuries
- LQD – US Investment Grade Corp
- JNK – US High Yield Corp
- EMB – Emerging Markets Bonds
- BNDX – International Treasuries

Cash

- MINT - Cash Alternatives

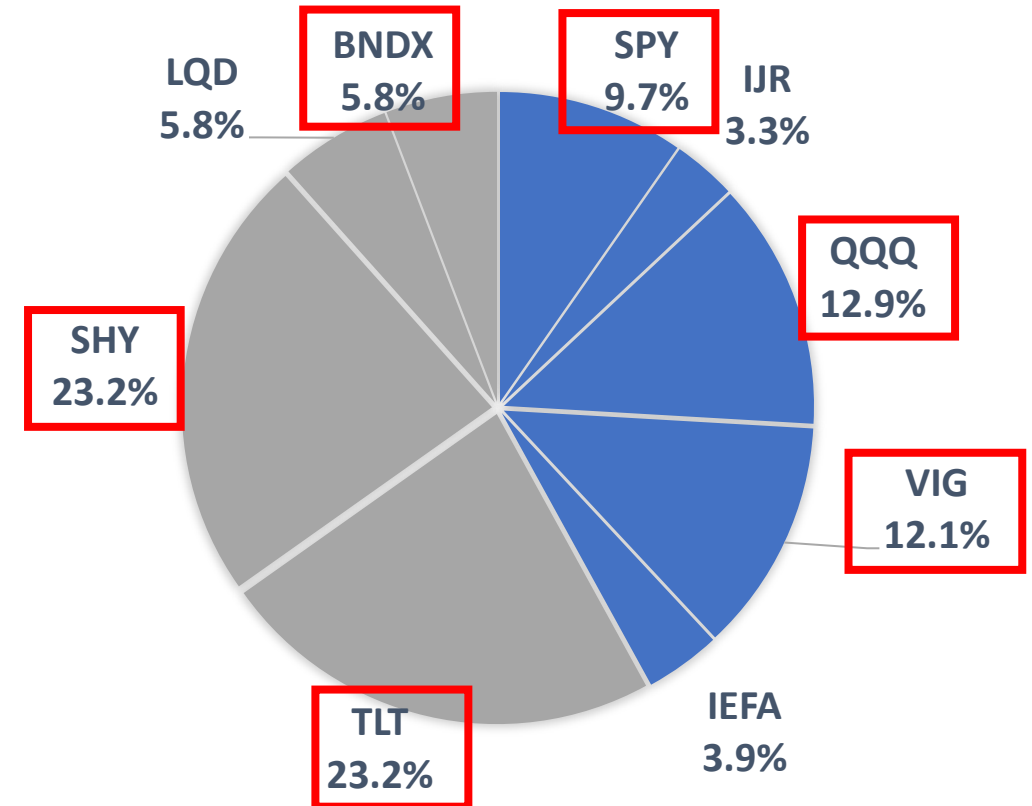
Current Allocation



Favours Bonds: US Treasuries & International Government Bonds.
Underweight Equities with focus on US Large cap & mixture between Growth and Value

Equity (42%) Bonds (58%)

Indicator	Conclusion
Equity/Bond Relative Strength (x2 weight)	Favors Bonds
% of Countries Above 50-Day Average	Favors Bonds
OECD Composite Leading Indicator	Favors Stocks
PMI Breadth	Favors Stocks
Baltic Dry Index	Favors Bonds
Central Bank Policy	Favors Stocks



Who is Covenant Capital ?



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Founded in 2016, Covenant Capital is an Asia-based independent wealth manager focused on stewardship and the “back to basics” model of wealth management to achieve long-term wealth accumulation, preservation and transfer for high-net-worth individuals and families.

Covenant Capital’s investment philosophy is built upon 3 pillars:

- 1. Aligning interests to clients and their heirs’**, and empowering clients to be stewards of their assets by providing discretionary and advisory investment solutions throughout their life journey, from wealth accumulation to wealth preservation and to wealth transference.
- 2. Offering unparalleled investment expertise** with a core team comprising of highly experienced and disciplined investment-focused professionals with an average of 18 years of experience in the financial services industry.
- 3. Tapping on an open architecture approach**, which allows Covenant Capital access to an ecosystem of platforms and products globally and in Asia, enabling the firm to provide sound recommendations on investment and wealth management opportunities that are tailored to the clients’ best interests at the most efficient cost structure.

These 3 pillars form the critical foundation for a wealth manager to be an excellent steward.

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Who is Ned Davis Research ?



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- Ned Davis Research (NDR) was founded in 1980 providing independent, objective, and risk-aware analysis of financial markets and global economic data. They employ approximately 90 people with offices in Florida (headquarters), New York, Boston, Atlanta, San Francisco, London, and Hong Kong.
- Their 360° approach resonates with our own investment approach by combining both fundamental and technical research. Fundamentals tell how the markets should be acting, while technicals reveal how markets are acting. Truly insightful and timely ideas demand a balance between the two disciplines.
- We are working with Ned Davis Research. NDR provides us with data, signals, and insights for SAAP. The underlying model for the strategy has been published by NDR since 2012, but the backtested data go back to 1998.
- Since the early 1990's, NDR has provided customized model solutions and signals at the request of individual clients. It worked with Aon from 2000-2011, Gabelli from 2003-2006 and Curian Capital from 2009-2015. It formally created its Investment Solutions signal delivery product in 2015.
- As of 31/12/2019, NDR signals impacted over \$900M in assets with over 20 signal provider relationships including Van Eck, Guggenheim, and Kathrein.
- NDR's research analyst team consists of about 15 people who develop indicators and models for both their strategy subscription product and for their signal partners.





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