

Global Household Consumption: A \$33+ trillion opportunity

Nothing is more predictable  
than a consumer's propensity to spend

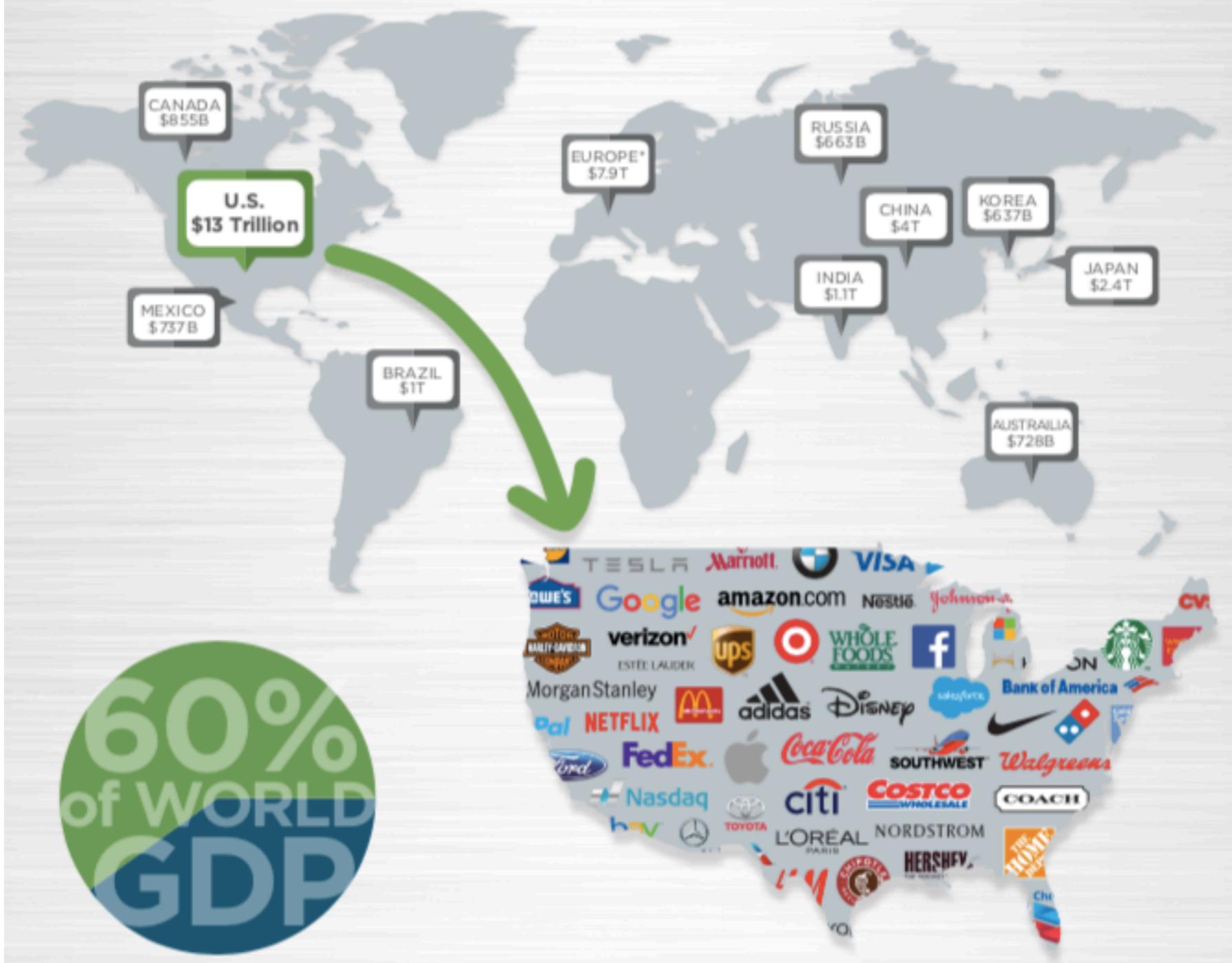
# ALPHA BRANDS



Consumerism is a predictable global investment opportunity.  
We invest in today & tomorrow's most relevant mega-brands

### THE \$33 TRILLION INVESTMENT OPPORTUNITY

BILLIONS OF PEOPLE. TRILLIONS IN SPENDING.



60%  
of WORLD  
GDP

# THE ALPHA BRANDS CONSUMER SPENDING INDEX

BLOOMBERG SYMBOL: BRANDS



## THE INDEX:

The Top 200 most relevant, Iconic Brands

Tracking consumer spending patterns via consumer-facing, industry leaders

Tracking business-to-business leaders vital to the consumption supply-chain

Identified by ranking sub-industries by: market cap, 3YR sales, sales growth

10 sectors represented

~70 sub-industries (~150 sub-industries total)

Industry weights driven by: Brand recognition, brand relevance, industry importance

A collection of the top consumer brands & business-to-business brands

Static overweight to Consumer Discretionary (~40%) & Staples sectors (~20%)

Re-constituted every December

Allowed to free-float through-out the year

Minimum market-cap: \$1B

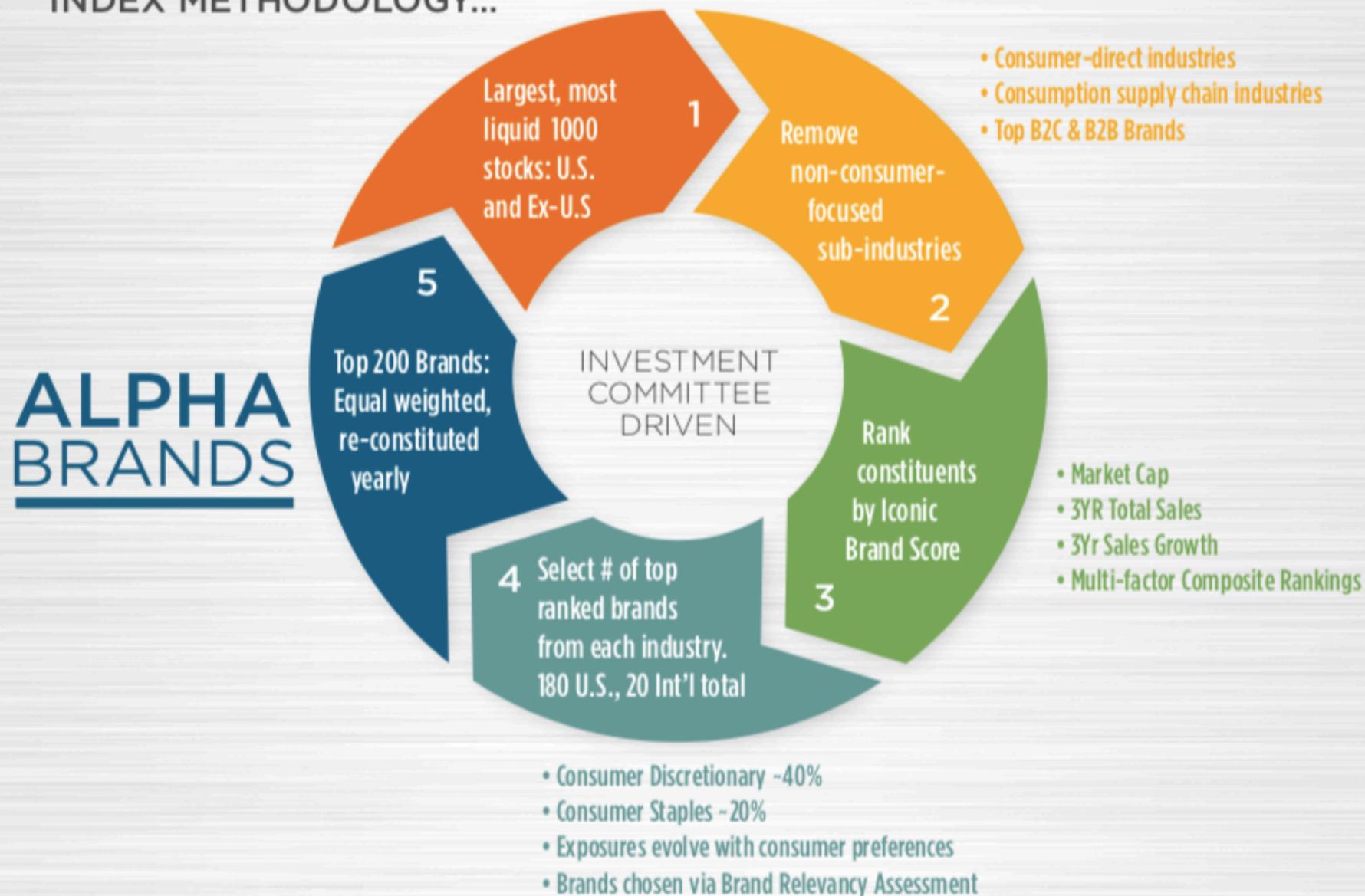
**Alpha Brands SMA's, 40-act mutual fund (HSUTX) & off-shore Fund:**

**Powered by the 200 Index constituents**

**ALPHA BRANDS CONSUMER SPENDING INDEX**

A SMART-CORE INDEX FOR INSTITUTIONAL INVESTORS

INDEX METHODOLOGY...



## A Quant/Qual Scoring System to determine Brand relevancy High brand relevancy drives consistent consumer adoption

### Quantitative: Wall Street is great at this

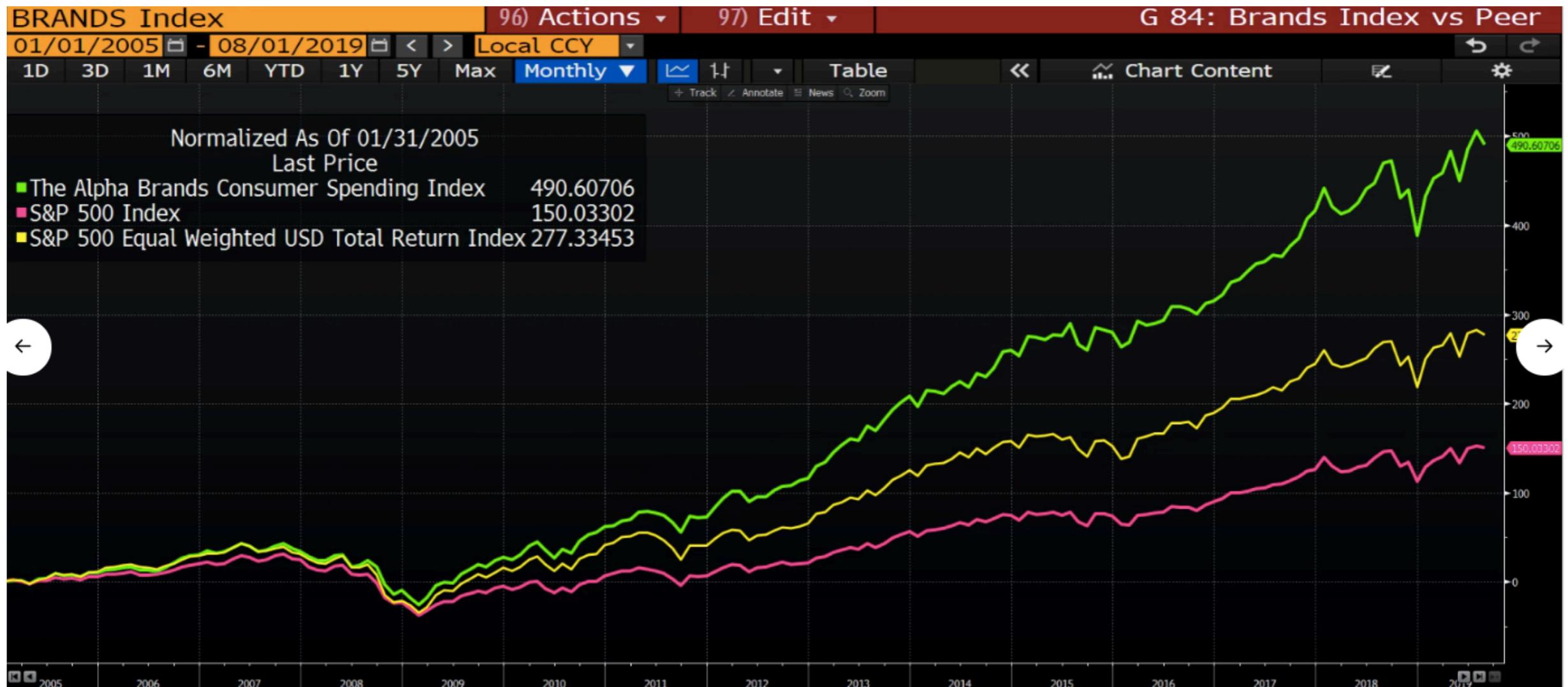
Identifies the leaders and laggards using traditional single style factors  
Innovation leaders, FCF generators, Dividend Growers, Deep Value Opportunities  
ESG Winners, Businesses driving positive change, Top Employers  
Frequency of outperforming the S&P 500



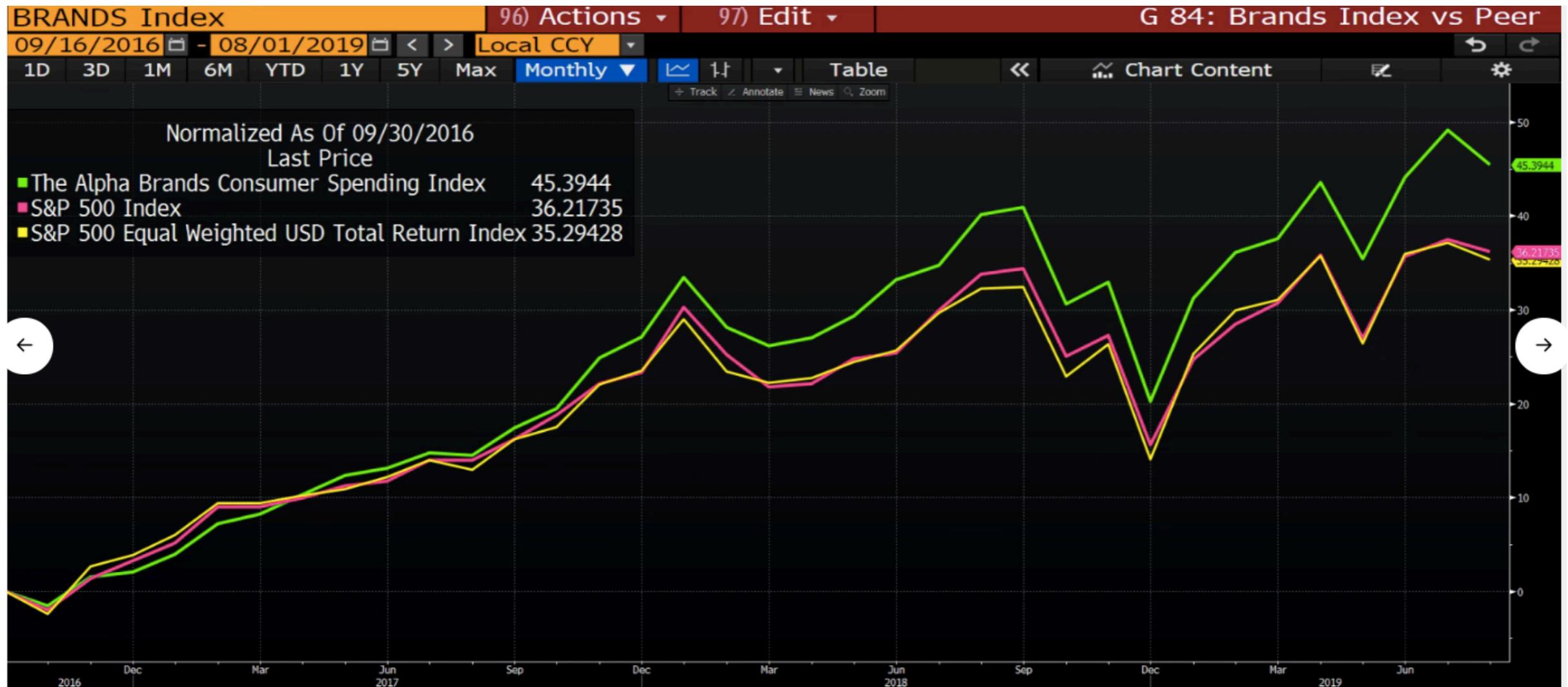
### Qualitative: Wall Street is terrible at this

Avg Quant Scores  
Superior Qual Scores  
Super Performer

Customer obsessed culture  
Culture of innovation & being willing to self-disrupt  
Visionary management teams  
Superior corporate communications & Investor Relations  
Addressing large, growing, global addressable markets  
High brand-love with demographic diversity  
Clear value proposition & product/service differentiation  
Business models with strong economic moats, network effects, pricing power



SOURCE: Bloomberg & Accuvest  
AS OF 8/1/2019



SOURCE: Bloomberg & Accuvest  
AS OF 8/1/2019



SOURCE: Bloomberg & Accuvest  
AS OF 8/1/2019

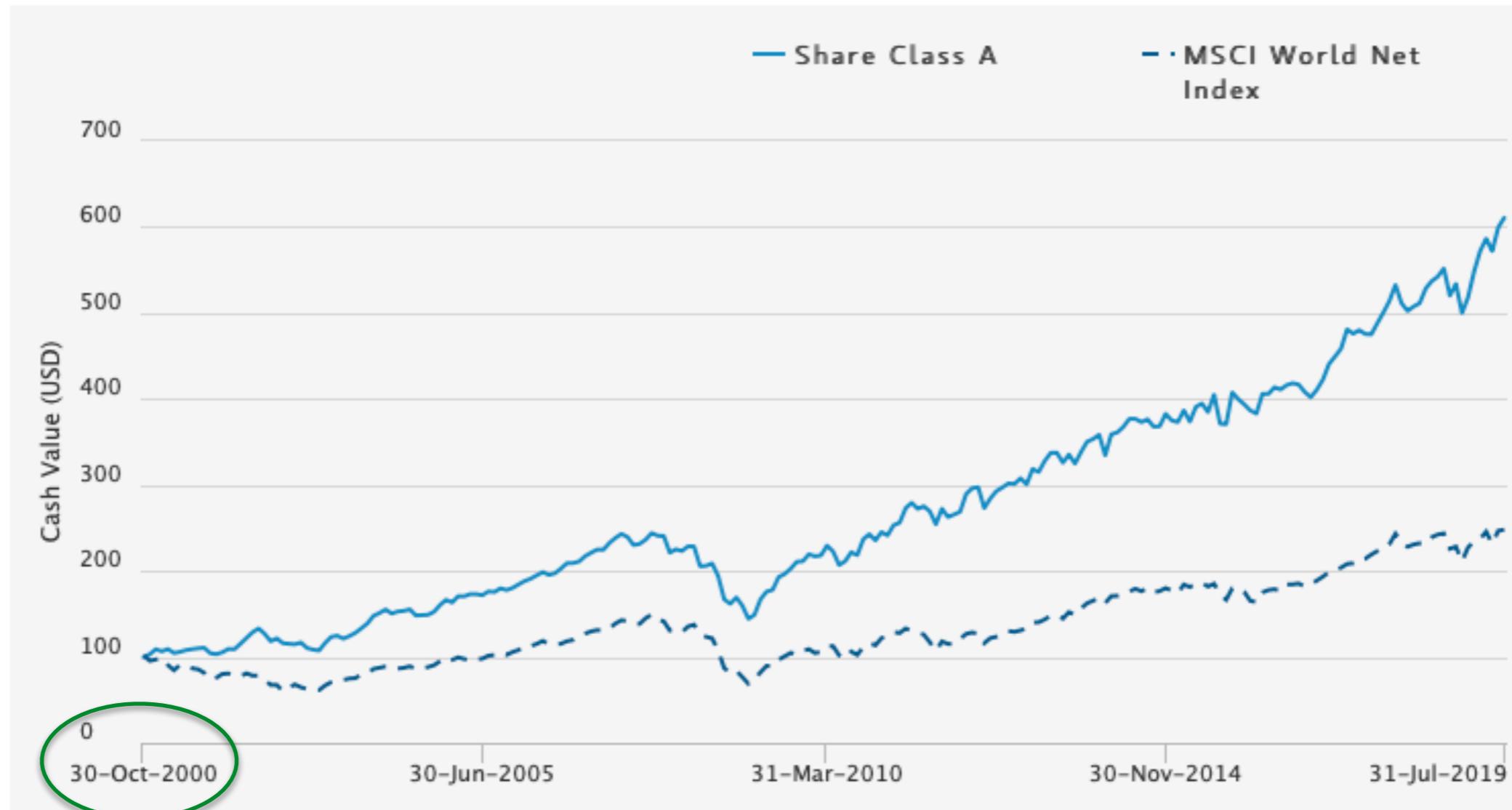
## Growth of Investment

## Historical NAV

As of 31-Jul-2019

Performance of 100 USD invested

[Download](#)

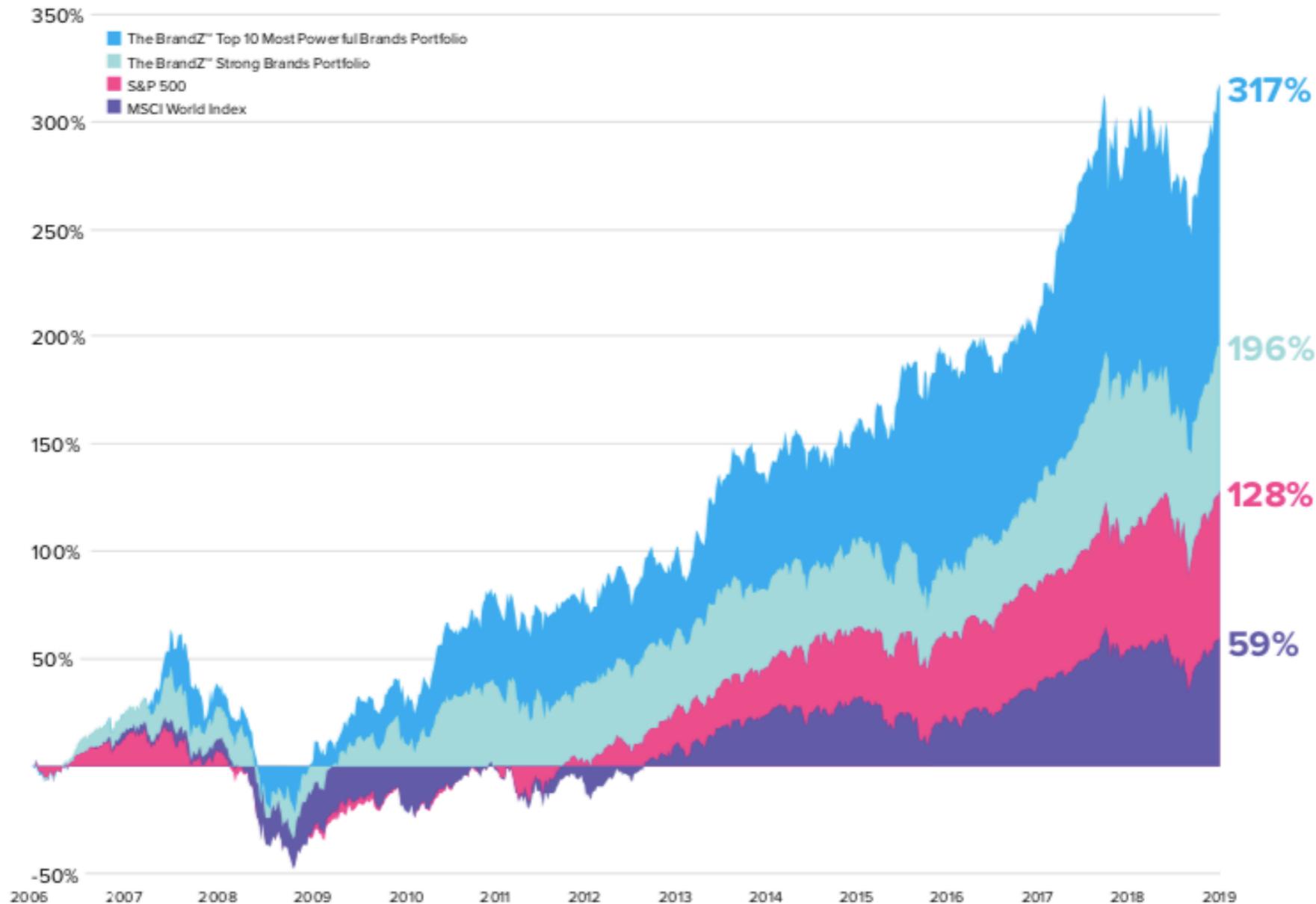


**Past performance is not a reliable indicator of future results.**

SOURCE: Morgan Stanley Investment Management  
As of 7/31/19

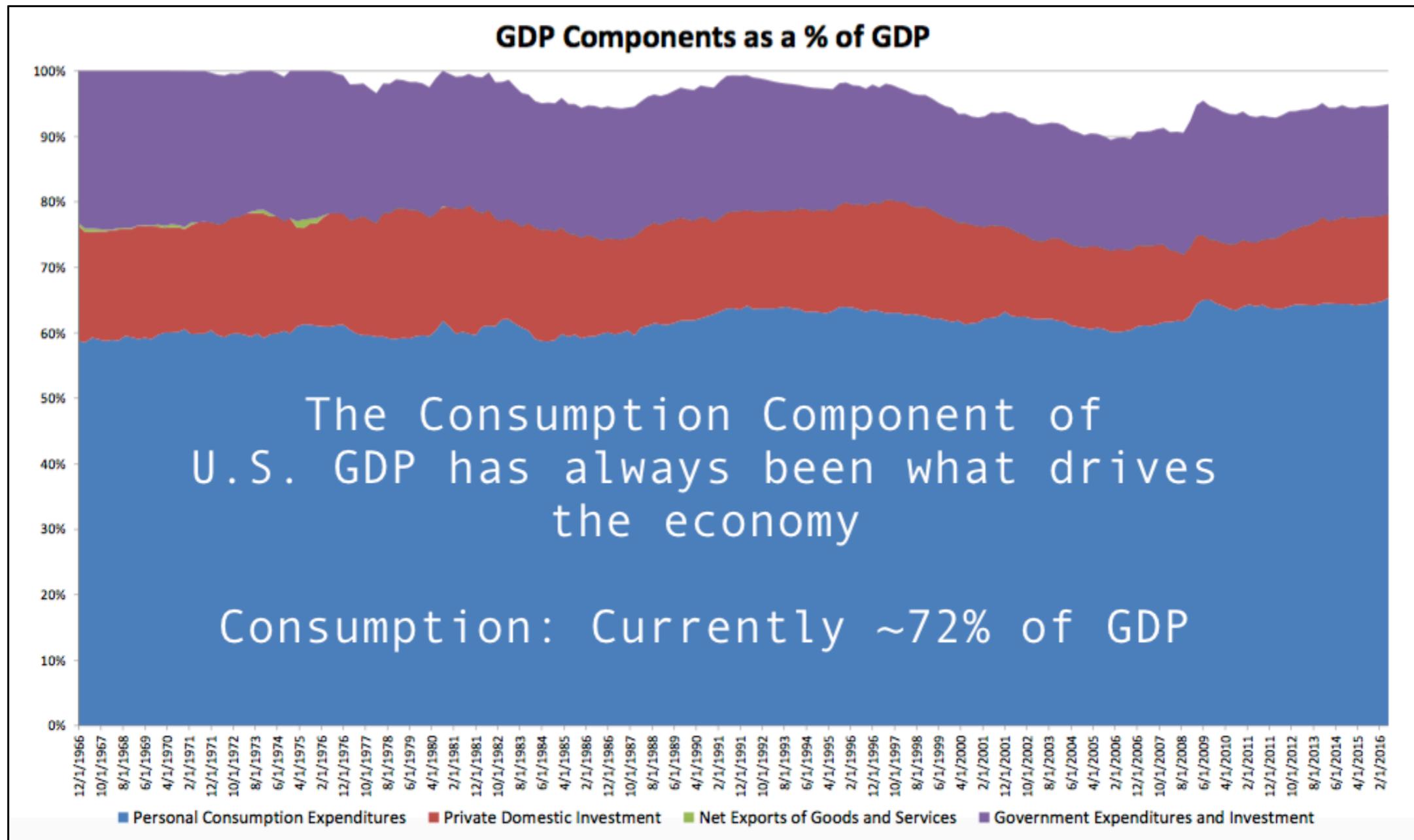
### BrandZ™ Portfolios vs. the S&P and MSCI World Index

Two BrandZ™ Portfolios of valuable brands consistently outperformed two leading stock market indexes, affirming that valuable brands deliver superior returns over time and regardless of market disruptions.

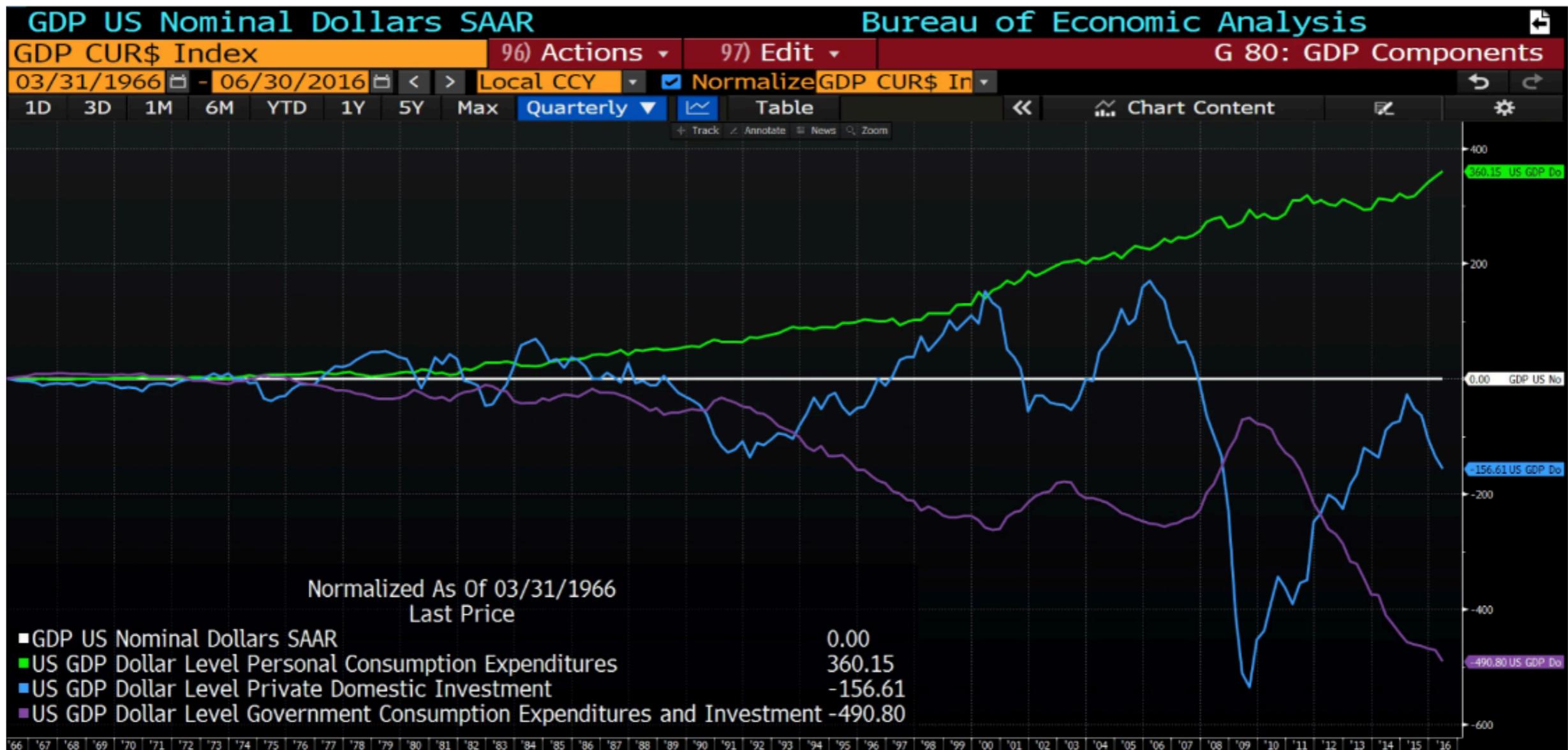


The BrandZ™ Top 10 Most Powerful Brands Portfolio is made up of Top 100 brands with the highest scores in Power, a BrandZ™ metric correlated with current demand and market share. The BrandZ™ Strong Brands Portfolio is made up of Top 100 Brands with the highest scores in Brand Contribution, a BrandZ™ metric of how much brand alone predisposes consumers to choose a brand and pay more for it.

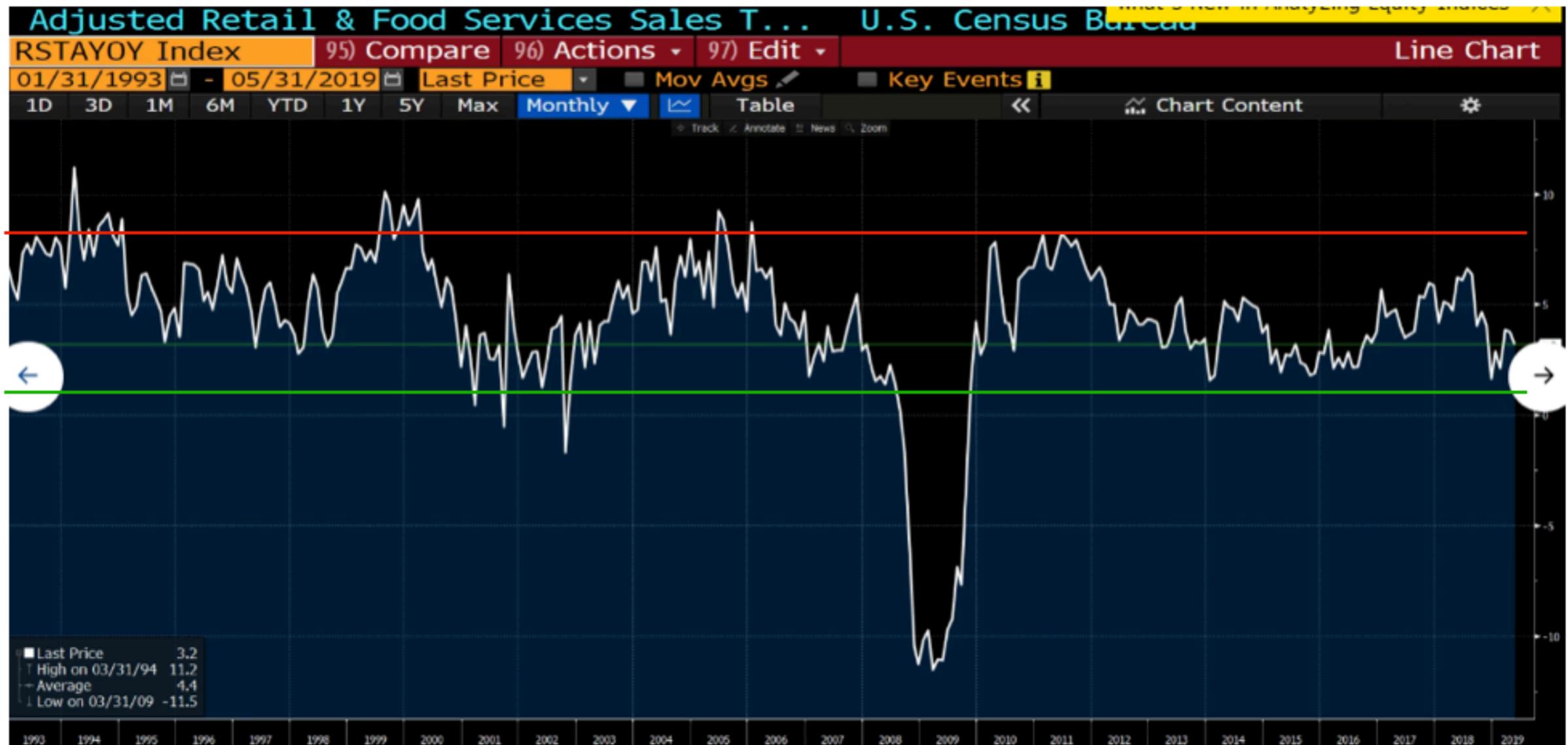
Source: BrandZ™/Kantar (with data from Bloomberg)



It's what makes the theme an ideal "Core" allocation



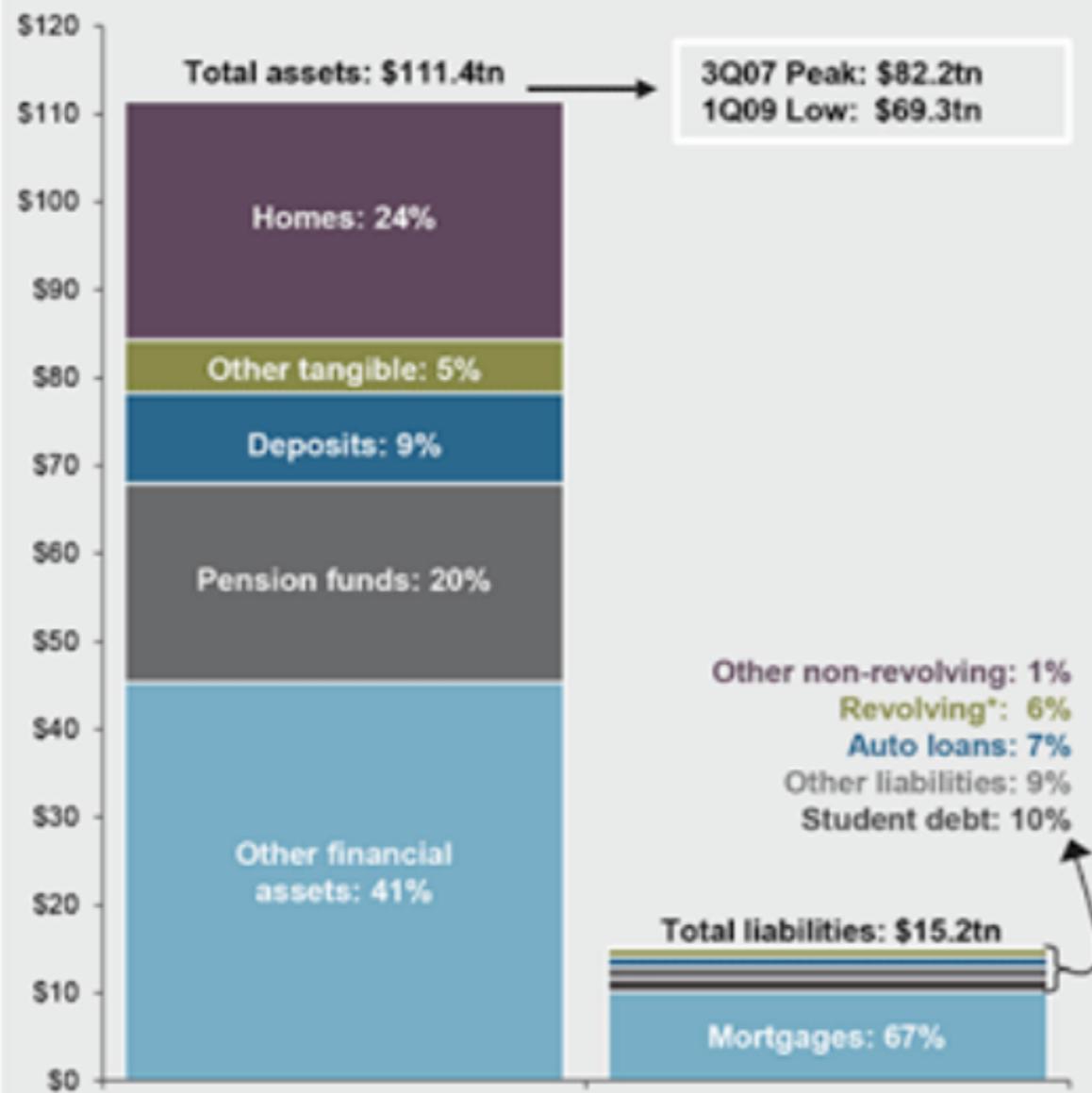
SOURCE: Bloomberg & Accuvest  
AS OF 3/31/2019



SOURCE: Bloomberg & Accuvest  
AS OF 6/30/2019

### Consumer balance sheet

2Q17, trillions of dollars outstanding, not seasonally adjusted



### Household debt service ratio

Debt payments as % of disposable personal income, SA



### Household net worth

Not seasonally adjusted, USD billions



Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.

Data include households and nonprofit organizations. SA – seasonally adjusted.

\*Revolving includes credit cards. Values may not sum to 100% due to rounding. \*\*3Q17 figures are J.P. Morgan Asset Management estimates.

Guide to the Markets – U.S. Data are as of November 30, 2017.

**THE ALPHA BRANDS CORE PORTFOLIO (SMA)  
&  
ACCUVEST ALPHA BRANDS OFFSHORE FUND**

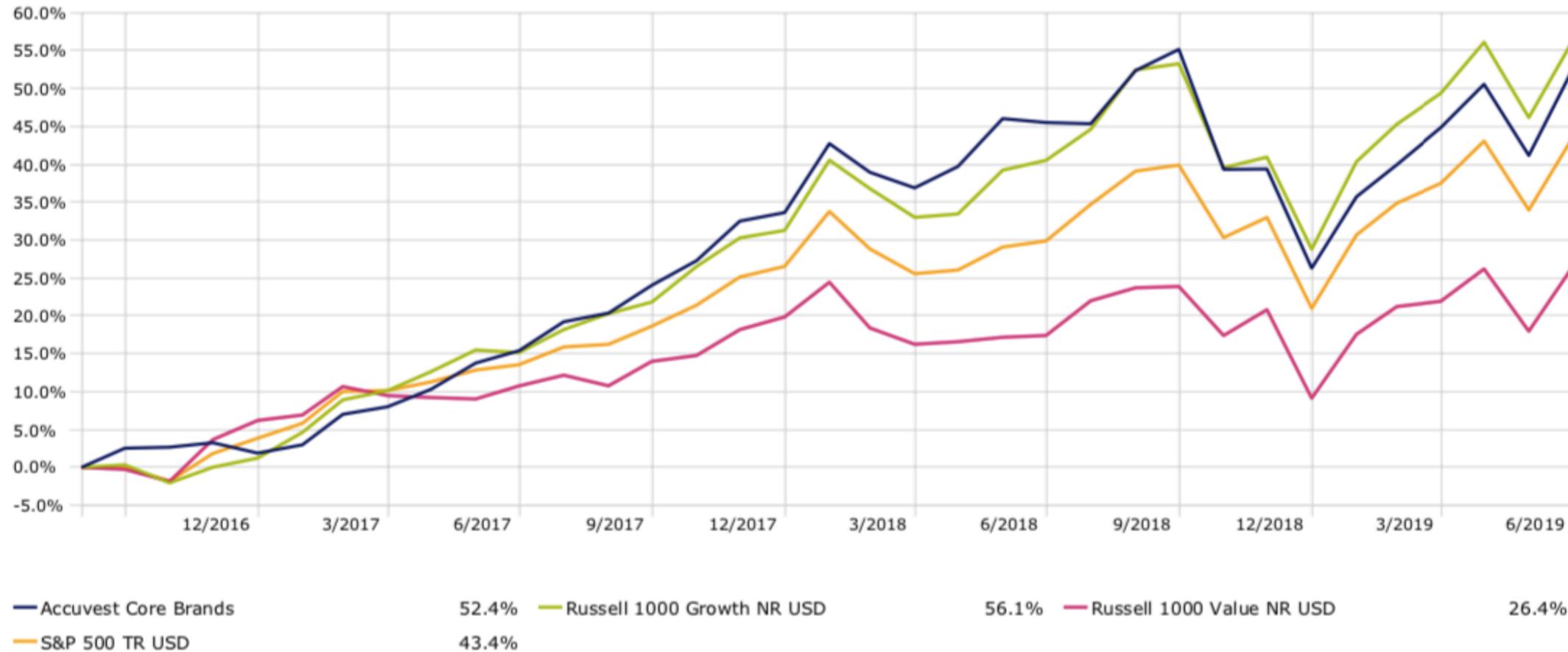
**A Quant informed approach**

- \* Powered by the 200 brands from: Alpha Brands Consumer Spending Index
- \* Model-informed, investment committee driven
- \* Stock selection driven by 3 multi-factor screens:
  - \* Operating Kings (growth), Sustainable Yielders (Value), Price Momentum
- \* Portfolio construction:
  - \* Target number of positions (35)
  - \* Equal-weighting of positions
  - \* Fully invested at all times, long-only
  - \* Rebalanced quarterly
  - \* Managed with tax efficiency in mind
- \* An unconstrained approach with regard to sector/industry weights



### Investment Returns

Time Period: 9/1/2016 to 6/30/2019



### Performance

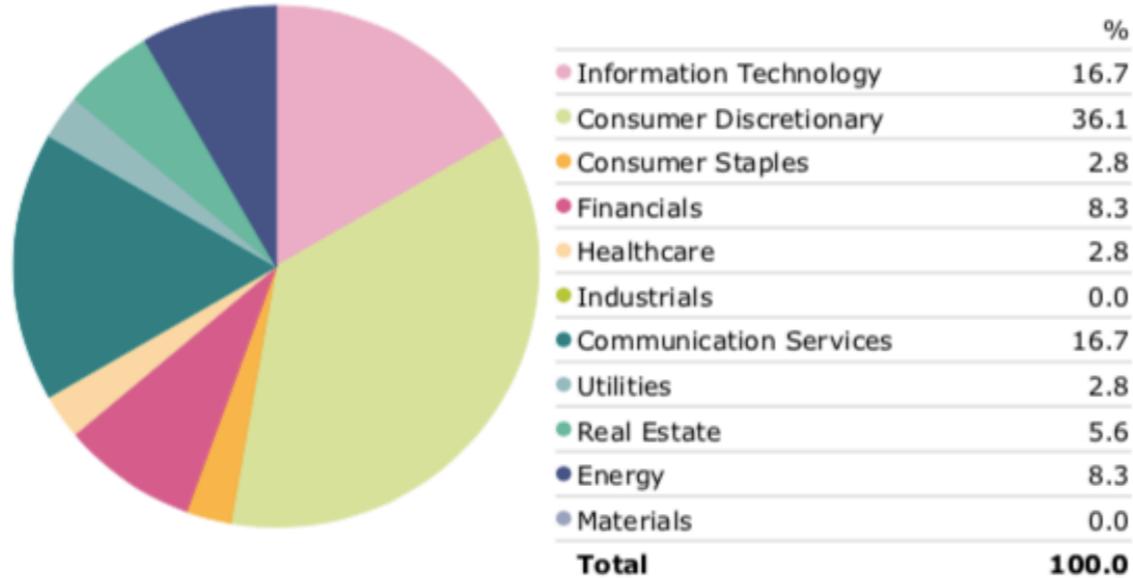
Time Period: 9/1/2016 to 6/30/2019 Calculation Benchmark: S&P 500 TR USD

	Return	Std Dev	Alpha	R2	Worst Month	Sharpe Ratio (arith)	Tracking Error	Information Ratio (arith)
Accuvest Core Brands	16.03	13.79	2.24	83.00	-10.21	1.05	5.70	0.43
Russell 1000 Growth NR USD	17.03	13.60	2.49	93.77	-8.96	1.14	3.48	1.00
Russell 1000 Value NR USD	8.61	12.41	-4.01	92.42	-9.66	0.57	3.46	-1.43
S&P 500 TR USD	13.57	12.45	0.00	100.00	-9.03	0.97	0.00	

SOURCE: Morningstar & Accuvest  
AS OF 6/30/19

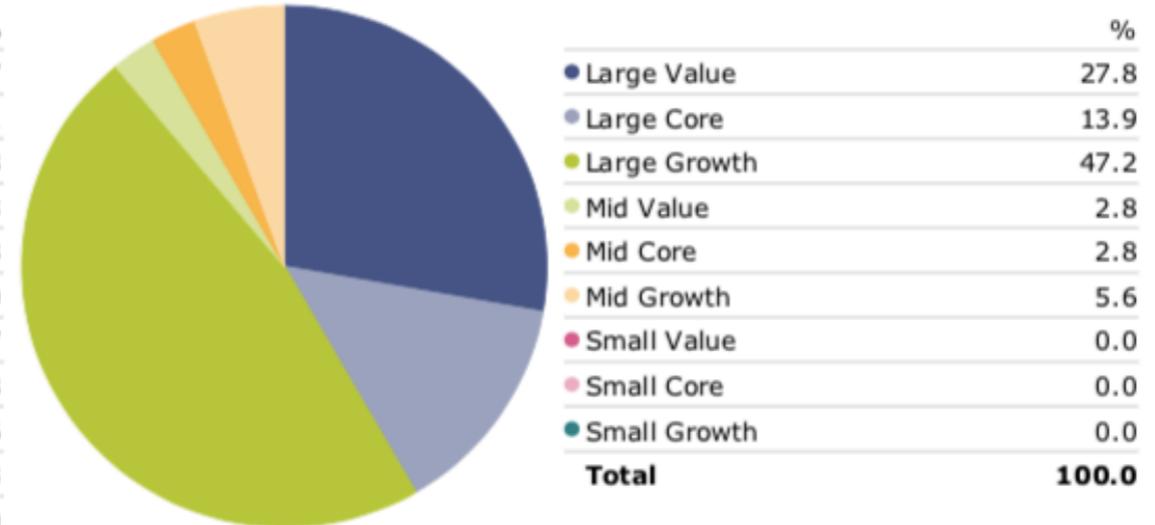
### Sector Allocations

Portfolio Date: 6/30/2019



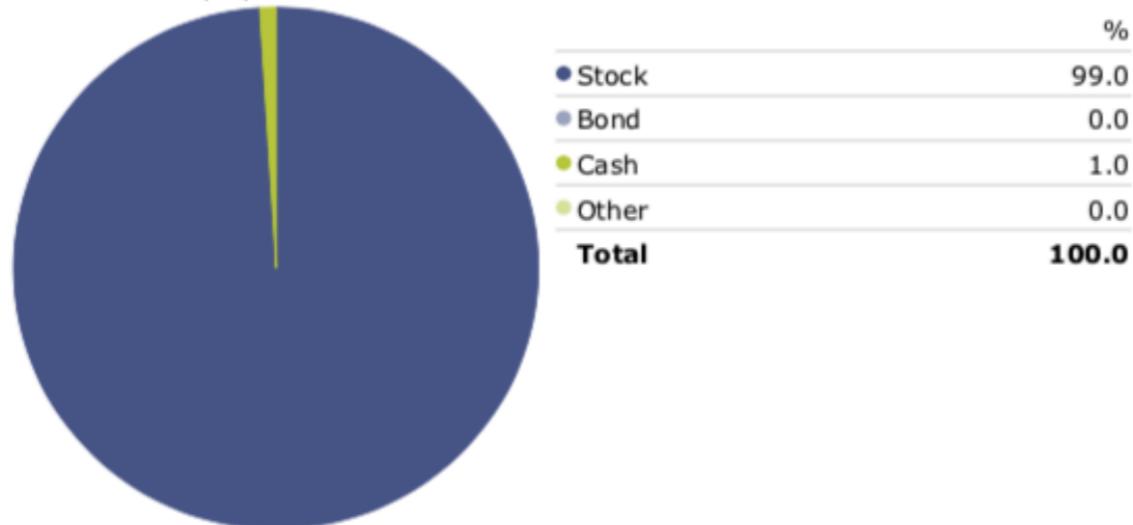
### Style Factor Allocations

Portfolio Date: 6/30/2019



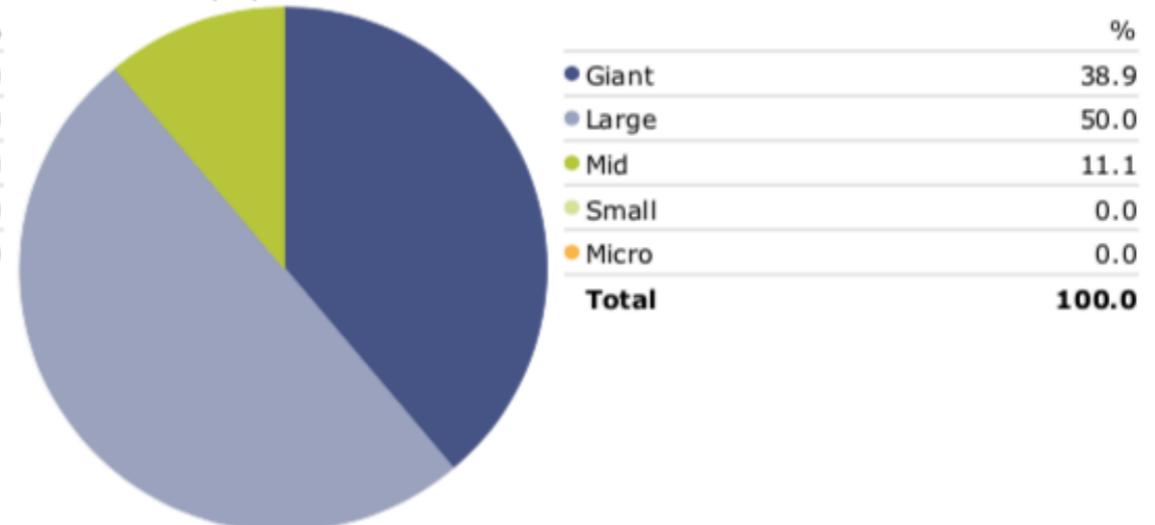
### Asset Class Allocations

Portfolio Date: 6/30/2019

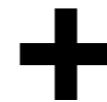


### Market Capitalization Allocations

Portfolio Date: 6/30/2019

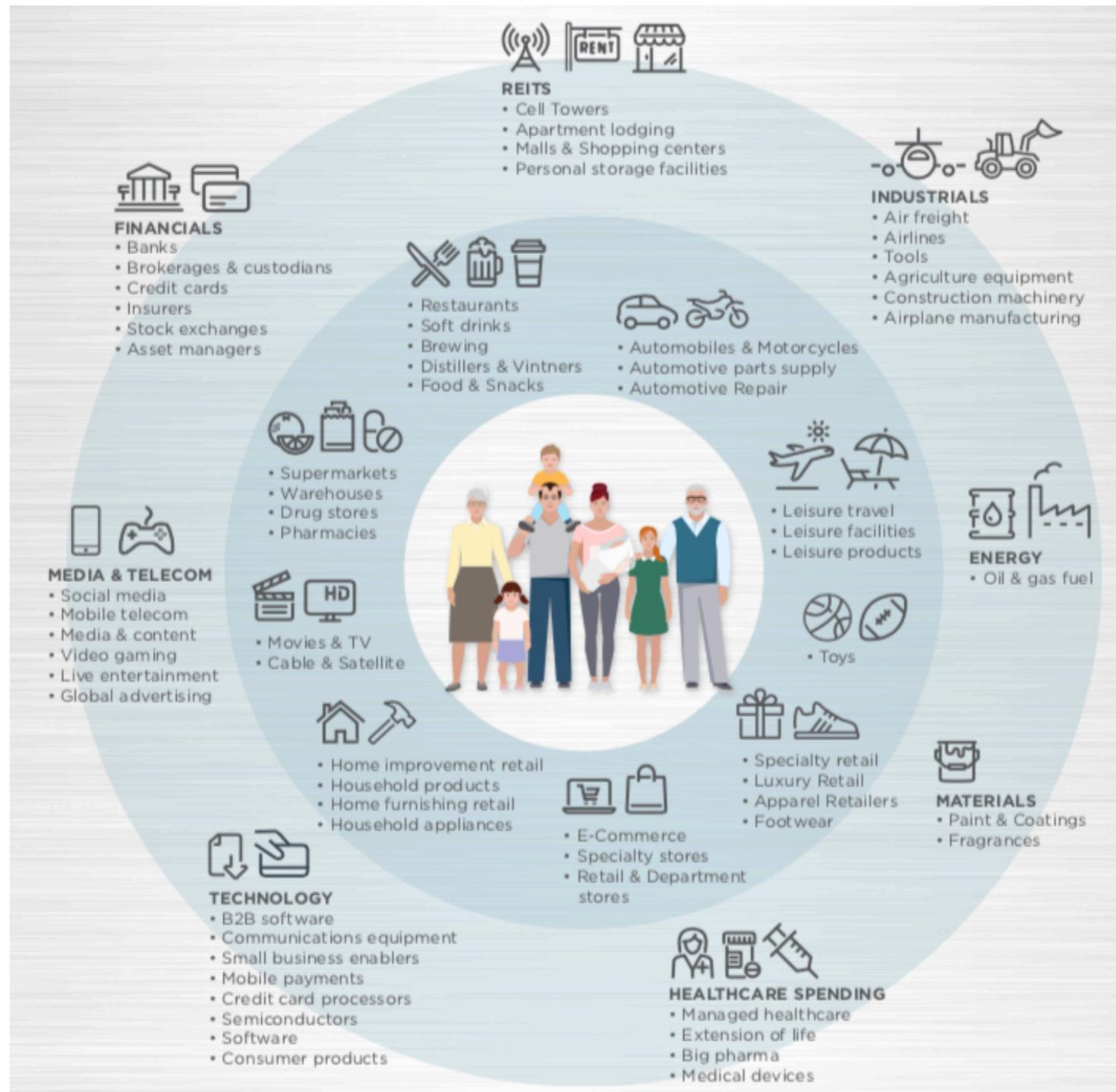


**THE ALPHA BRANDS DYNAMIC PORTFOLIO**  
**A Risk-Managed Equity Strategy**  
**Available in SMA**



**rationalfunds<sup>®</sup>**  
DYNAMIC BRANDS FUND  
A: HSUAX • C: HSUCX • I: HSUTX

INVESTING IN THE BRANDS  
AMERICANS LOVE MOST  
A RISK MANAGED APPROACH



The above graphic is an illustration of the categories that are tracked inside the Alpha Brands Consumer Spending Index. This is not a full list of the categories. For illustrative purposes only.

**1** Powered by the 200 brands contained in the Alpha Brands Consumer Spending Index

**6** A “best of the best” portfolio (25-50 stocks)

**2** A CORE Large Cap equity allocation

**7** Typical weight of each position: **3-5%**

**3** Agnostic to value and growth

**8** Dynamic, risk management (can hold up to 40% cash when prudent)

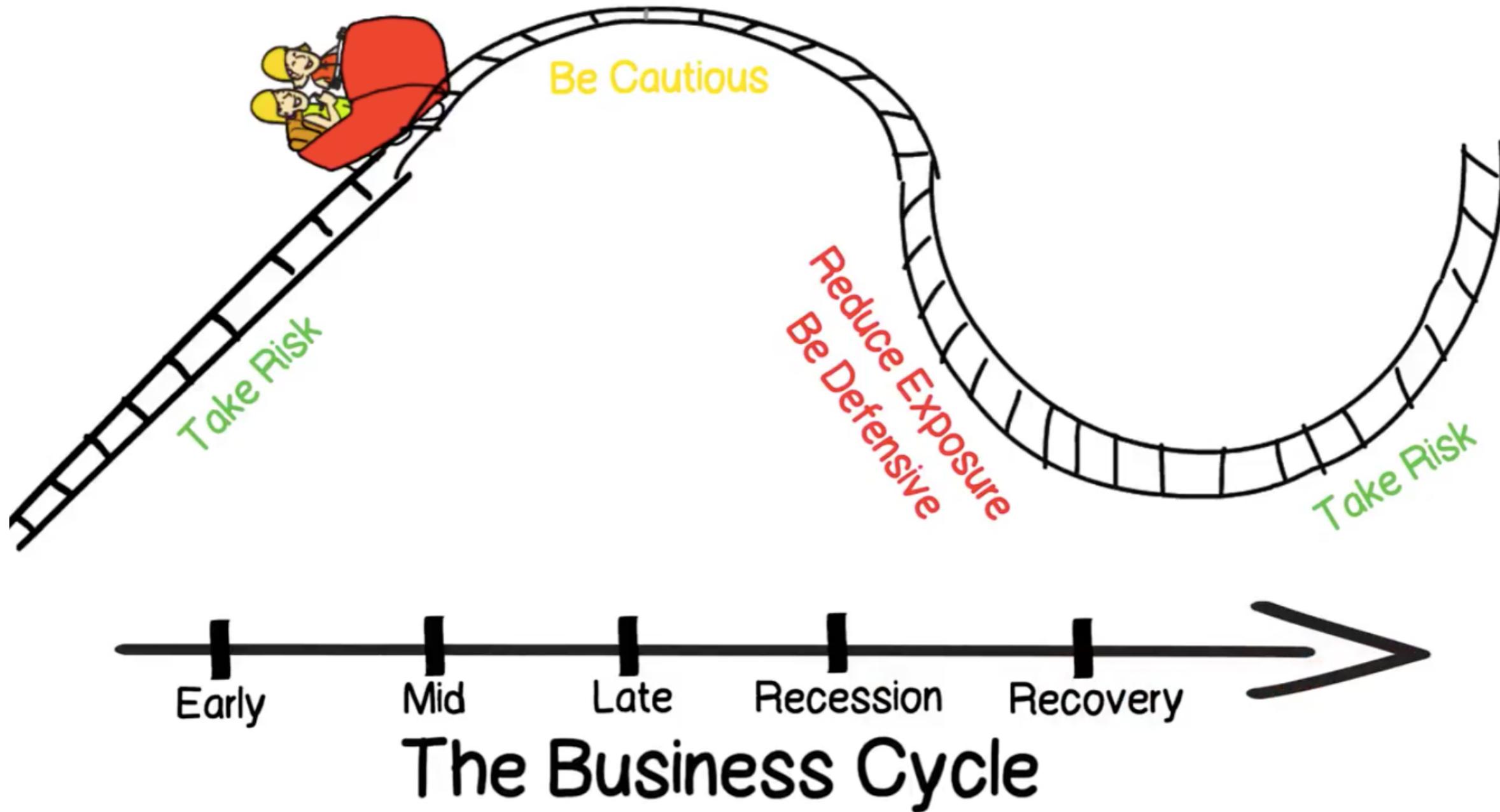
**4** Unconstrained and opportunistic across sectors and industries

**9** Can deploy defensive and protective ETF's in times of high market stress

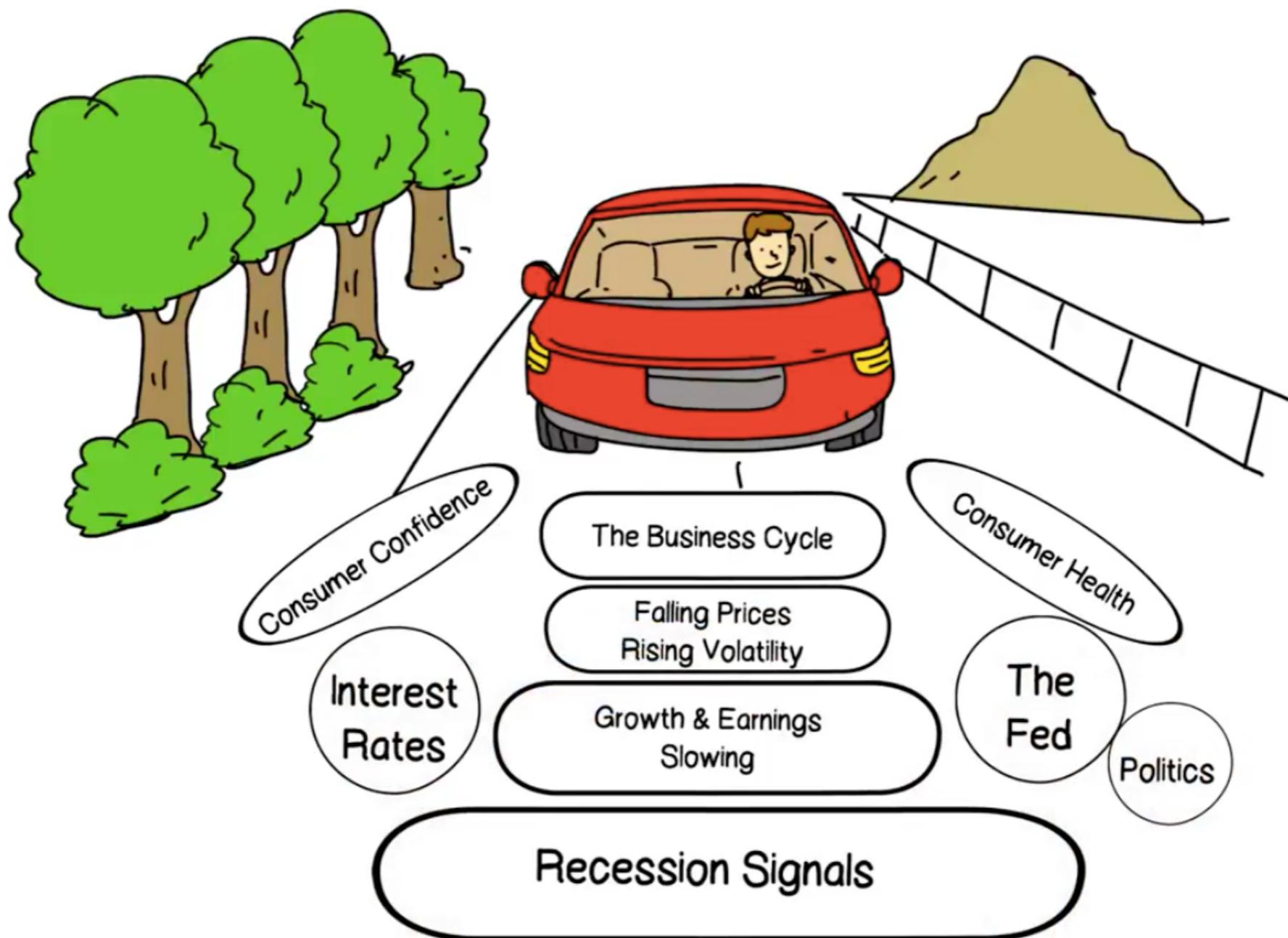
**5** A Core + Tactical stock selection process

**10** Managed with a tax-aware approach





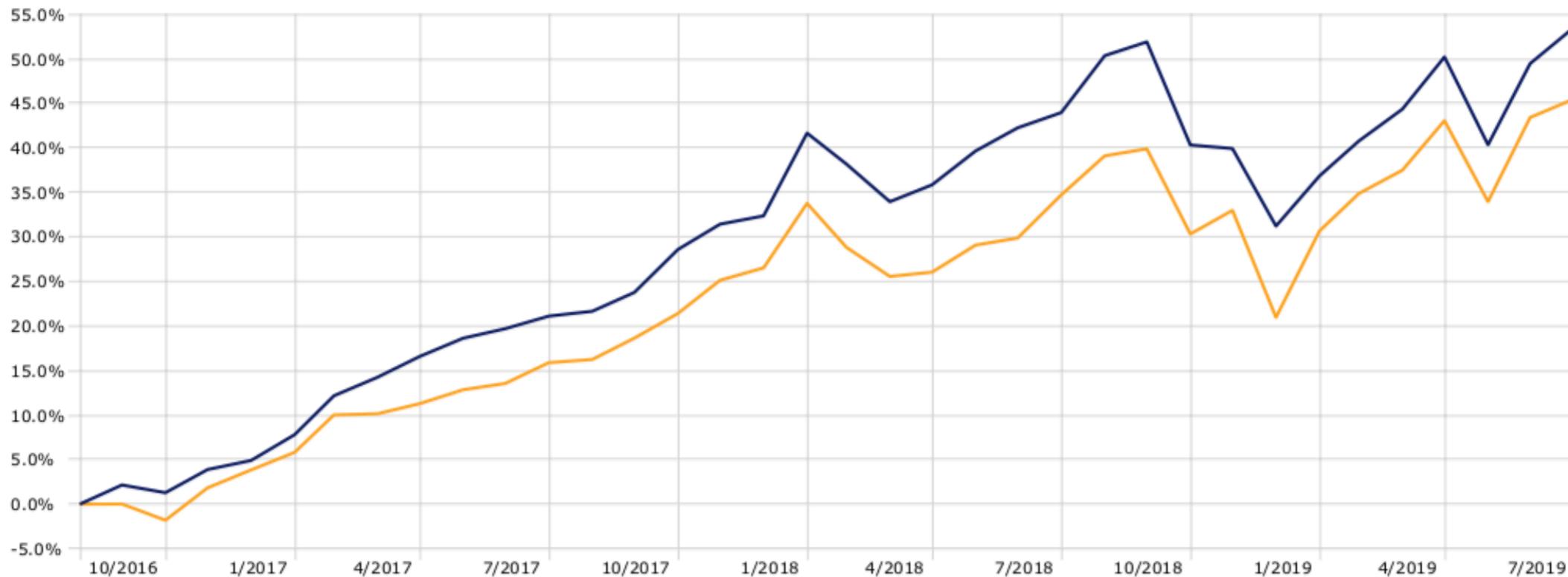
Outperforming & Protecting Capital requires more than stock-specific, fundamental analysis



### Accuvest Dynamic Brands SMA: Inception September 2016

#### Investment Growth

Time Period: 9/1/2016 to 7/31/2019



— Accuvest Dynamic Brands

53.5% — S&P 500 TR USD

45.5%

#### Annualized Return Since Inception

Time Period: 9/1/2016 to 7/31/2019 Calculation Benchmark: S&P 500 TR USD

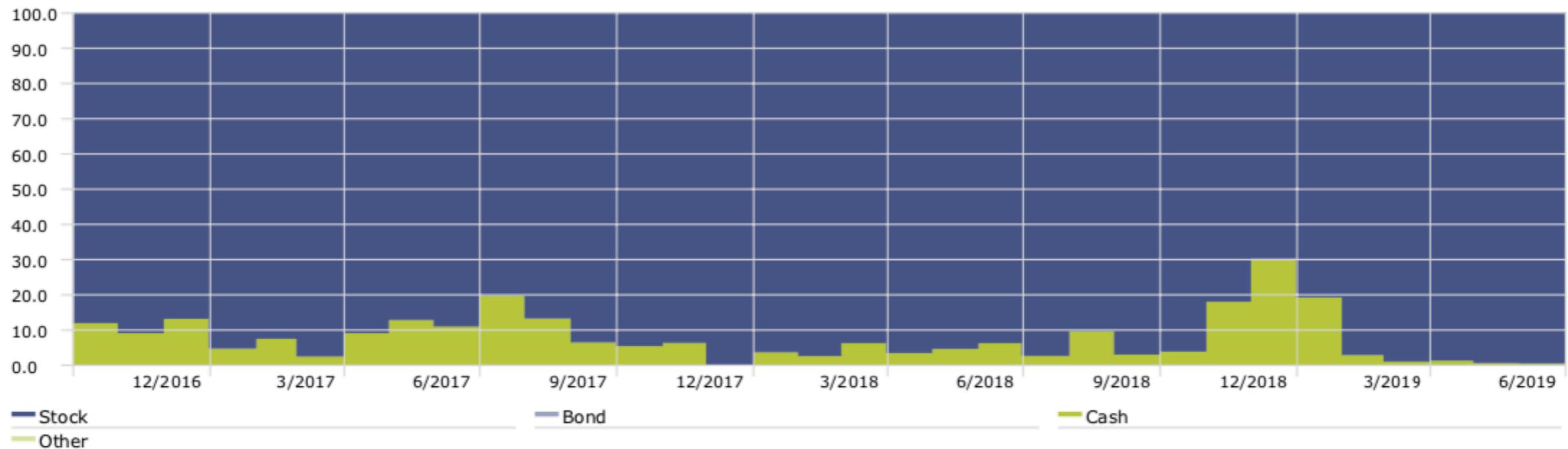
	Return	Std Dev	Alpha	R2	Worst Month	Sharpe Ratio (arith)	Tracking Error	Information Ratio (arith)
Accuvest Dynamic Brands	15.82	11.19	3.59	85.84	-7.62	1.27	4.62	0.46
S&P 500 TR USD	13.71	12.27	0.00	100.00	-9.03	0.99	0.00	

SOURCE: Morningstar & Accuvest  
AS OF 7/31/19

The Dynamic strategy offers maximum flexibility to adapt  
- Hold cash, get defensive, add Bonds, hedge equities

**Asset Class Allocations: Using Cash to Dampen Volatility & Manage Risk**

Time Period: 10/1/2016 to 6/30/2019

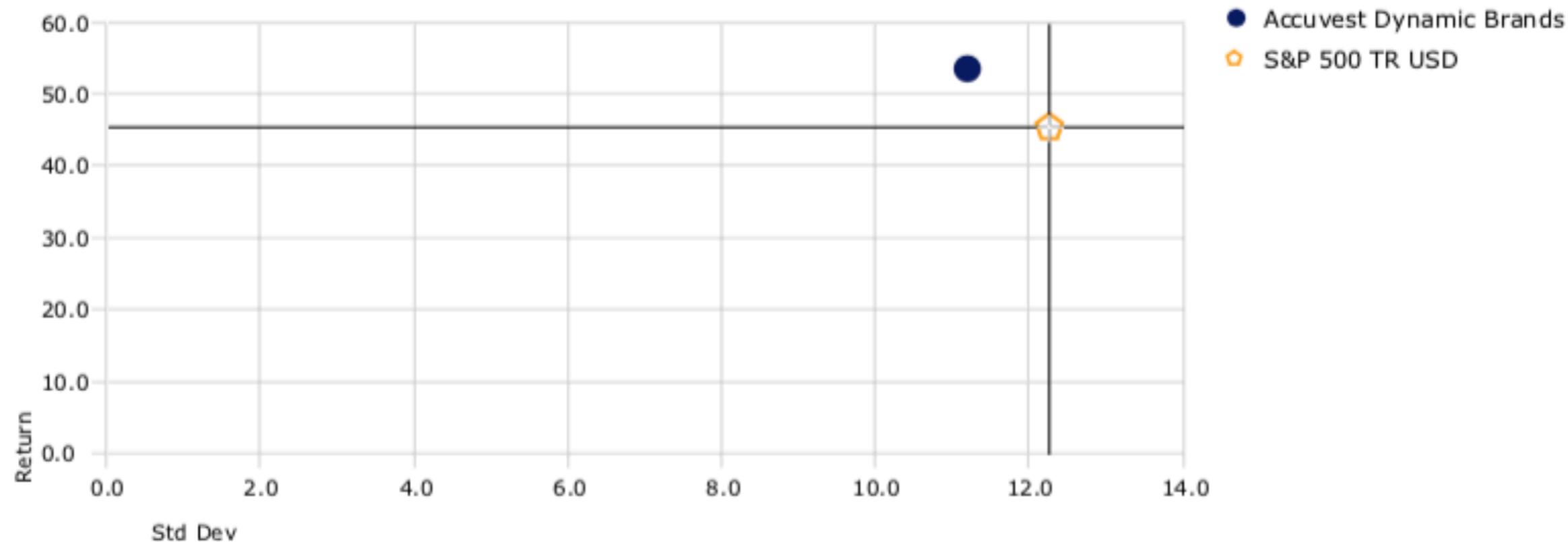


Source: Morningstar Direct

**Risk-Reward**

Time Period: Since Common Inception (9/1/2016) to 7/31/2019

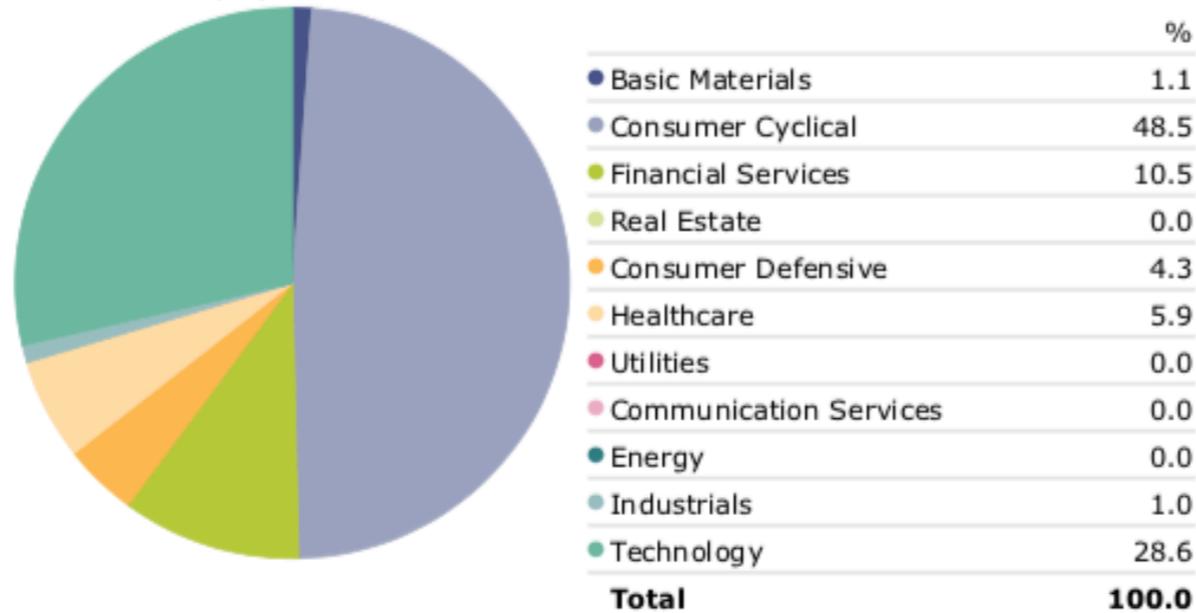
Calculation Benchmark: S&P 500 TR USD



SOURCE: Morningstar & Accuvest  
AS OF 7/31/19

## Sector Allocations

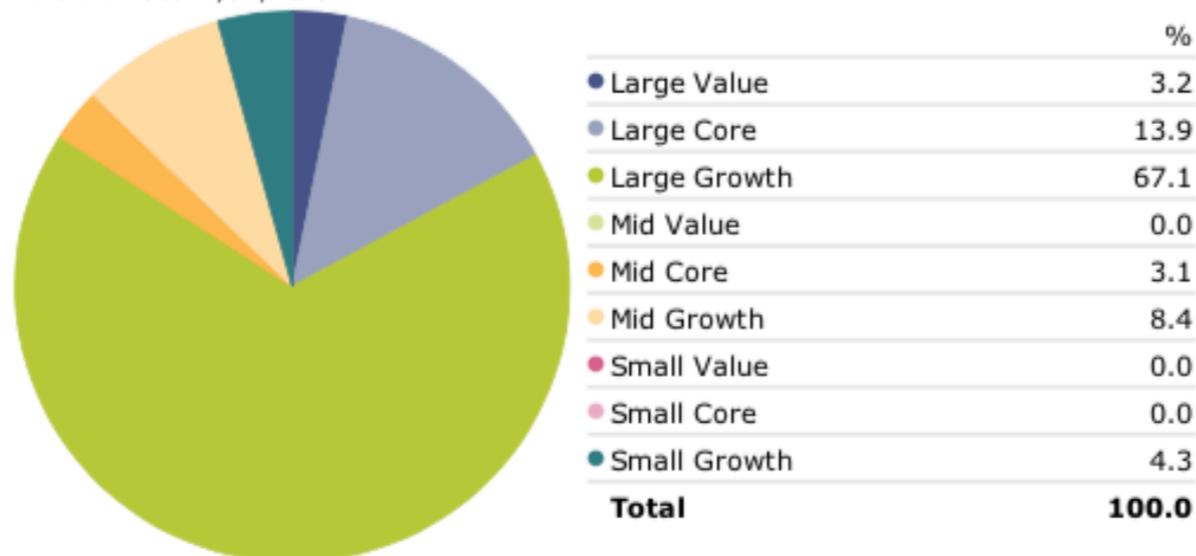
Portfolio Date: 7/31/2019



Currently  
allocated to ~29%  
non-U.S. Brands

## Style Factor Allocations

Portfolio Date: 7/31/2019



Alibaba Group Holding Ltd ADR	4.90
Microsoft Corp	4.80
Spotify Technology SA	4.80
Lululemon Athletica Inc	4.60
Tencent Holdings Ltd ADR	4.40
Amazon.com Inc	4.20
Visa Inc Class A	3.90
Five Below Inc	3.80
Shake Shack Inc A	3.80
Live Nation Entertainment Inc	3.60
Mastercard Inc A	3.40
The Walt Disney Co	3.40
The Home Depot Inc	3.30
Nike Inc B	2.90
PayPal Holdings Inc	2.90
Sony Corp ADR	2.70
Apple Inc	2.50
Cash	2.50
Ferrari NV	2.40
LVMH Moet Hennessy Louis Vuitton SE ADR	2.40
Adobe Inc	2.30
Costco Wholesale Corp	2.20
Alphabet Inc A	2.10
MGM Resorts International	2.10
Anthem Inc	2.00
The Estee Lauder Companies Inc Class A	2.00
Bristol-Myers Squibb Company	1.90
Nintendo Co Ltd ADR	1.90
Intuit Inc	1.30
adidas AG ADR	1.20

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90.20

### Lifetime spending themes addressed currently:

Asian consumer spending  
 Cloud, big data & AI in retail  
 Athleisure  
 Video gaming & E-sports  
 E-commerce  
 Differentiated retail  
 Restaurants - fast casual  
 Live entertainment  
 Media & Music  
 Household formation  
 Mobile payments  
 Consumer products  
 Luxury spending  
 Extension of life  
 Cosmetics & vanity



**David Garff**  
*President and Chief Investment Officer*

David serves as the President of Accuvest Global Advisors. He heads the Investment Committee and Research teams. David's responsibilities include oversight of the firm's asset allocation process, CST investment strategy, country selection model and liquid alternatives portfolios. He began his investment career in 1992 with Merrill Lynch, and then spent 10 years as a consultant with Smith Barney, serving the needs of affluent families, Foundations and Endowments. David graduated with a B.A. in Economics and Spanish Translation from Brigham Young University, and a Master's Degree in Business Administration, with a concentration in Finance, from the Haas School of Business at the University of California, Berkeley. He earned the Certified Investment Management Analyst designation as well as an Alternative Investments Certificate, both taught under the joint auspices of the Wharton School of Business, and the Investment Management Consulting Association. David is a frequent conference speaker on the subjects of global investing, ETFs and country selection. He has been featured on TV, radio and in print media with Bloomberg, CNBC, Fox Business, Wall Street Journal, Morningstar and Barron's. In 2012 David was recognized with the Honorable Distinction Stephen L. Kessler Writing Award for his whitepaper entitled "Global Equity Investing: Do Countries Still Matter?"



**James Calhoun**  
*Portfolio Manager*

James serves as Portfolio Manager and a member of the Investment Committee at Accuvest Global Advisors. His focus is alternative investment strategy research and development. As a member of the investment committee, his responsibilities include research, investment analysis, macroeconomic modeling, asset allocation, and portfolio attribution. Before joining AGA, James was co-portfolio manager of the Alternative Strategies Mutual Fund. James obtained Bachelor of Science degrees in Finance and Economics from the University of Nevada, Reno. His degrees emphasized Risk Management and Derivatives, Portfolio Management and Optimization, International Finance and Foreign Exchange, Advanced Macro and Micro Economics, Statistics, and Econometrics. James has over six years of investment management experience, and is actively pursuing the CFA designation. James is NASAA Series 65 certified.



**Eric Clark**  
*Portfolio Manager*

Eric serves as a Portfolio Manager and a member of the Investment Committee at Accuvest Global Advisors. His focus is on AGA's suite of Alpha Brands strategies. As a member of the Investment Committee, his responsibilities include research, investment analysis, technical analysis, macroeconomic commentary, and portfolio strategy & implementation. Eric will also lead the sales, marketing & distribution efforts of the Alpha Brands business line. Eric has 23 years investment experience. He graduated with a B.A. in Urban Planning with an emphasis on Real Estate & Economics from the University of Maryland, College Park. Eric is a frequent writer about the power of the consumer and global consumption trends and the Iconic Brands that benefit. He holds the Series 7 and 66 licenses.

## Alpha Brands Consumer Spending Index Disclosure

The Alpha Brands Consumer Spending Index™ is presented by Accuvest and is powered by the Alpha Brands Investment Committee. The Index includes the top ranked brands (200 maximum), on an equal-weighted basis, from a static number of consumer-facing sub-industries chosen by the Alpha Brands Investment Committee. The 60+ sub-industries includes those deemed vital to the consumption supply-chain. Index constituents are the highest ranked companies in their respective subindustries based on a proprietary ranking system that combines market cap, total sales, and sales growth. The Alpha Brands Consumer Spending Index™ allows all constituents to free-float during each calendar year. The Index is re-constituted in December of every calendar year and will maintain a target of 200 leading brands going forward. The Index Committee identified a target number of sub-industries & constituents to track for the Index back-test. This approach was static over the back-tested time period for the sake of consistency. The Index offers a real-time view into consumer spending patterns on a yearly basis via the leading brands in our targeted sub-industries. The Index does not represent an investment and it is not possible to invest directly in an Index. Accuvest makes no representations regarding the advisability of investing in investment products based on the Index. Index returns do not reflect payment of certain sales charges or fees an investor may pay to purchase the securities underlying the Index of investment vehicles intended to track the performance of the Index. The imposition of these fees and charges would cause actual performance of the securities/vehicles to be lower than the Index performance shown. Inclusion of a company in the Index does not in any way reflect an opinion on the merits of that company. Accuvest and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Accuvest of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

## Alpha Brands® Core U.S. Equity – NET

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## Accuvest Alpha Brands® Dynamic U.S. Equity Composite - NET

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