

# REASONS TO USE TACTICAL ALLOCATION

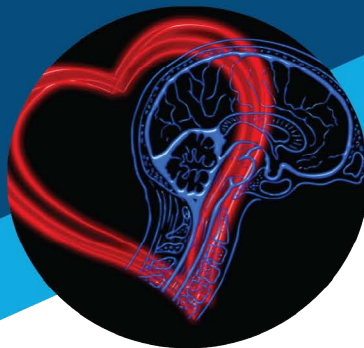
*Lower the overall risk in your portfolio.*

- 1 GO WHERE THE MONEY IS GOING.** A tactical approach does not use fundamental information such as GDP growth, payroll changes, or earnings reports. Instead, it seeks to allocate to assets where both price and volume are trending higher.
- 2 MOVE TO THE SIDELINES DURING SEVERE DOWNTURNS.** While not perfect, the goal of tactical allocation models is to reduce risks by moving to lower risk assets when the trend in asset prices turns lower. Each model has different rules and time horizons, so the overall risks will vary.
- 3 MAKE ADJUSTMENTS BASED ON DATA, NOT OPINIONS.** Markets can reverse course quickly, which can lead to confusion about what moved them lower. A tactical approach monitors the markets daily and is designed to make adjustments based on a confirmed change in trend, not the news of the day.

---

## WHY SEM?

Since 1992, SEM Wealth Management has helped clients overcome the emotions that arise during prolonged bull markets and the subsequent crashes. The focus of SEM is to provide Scientifically Engineered Models that seek to find the best return vs. risk investments across the financial landscape.



**SEM**  
WEALTH MANAGEMENT™

For more information on Tactical Allocation go to [SEMWealth.com/models](http://SEMWealth.com/models)

# How the Tactical models work

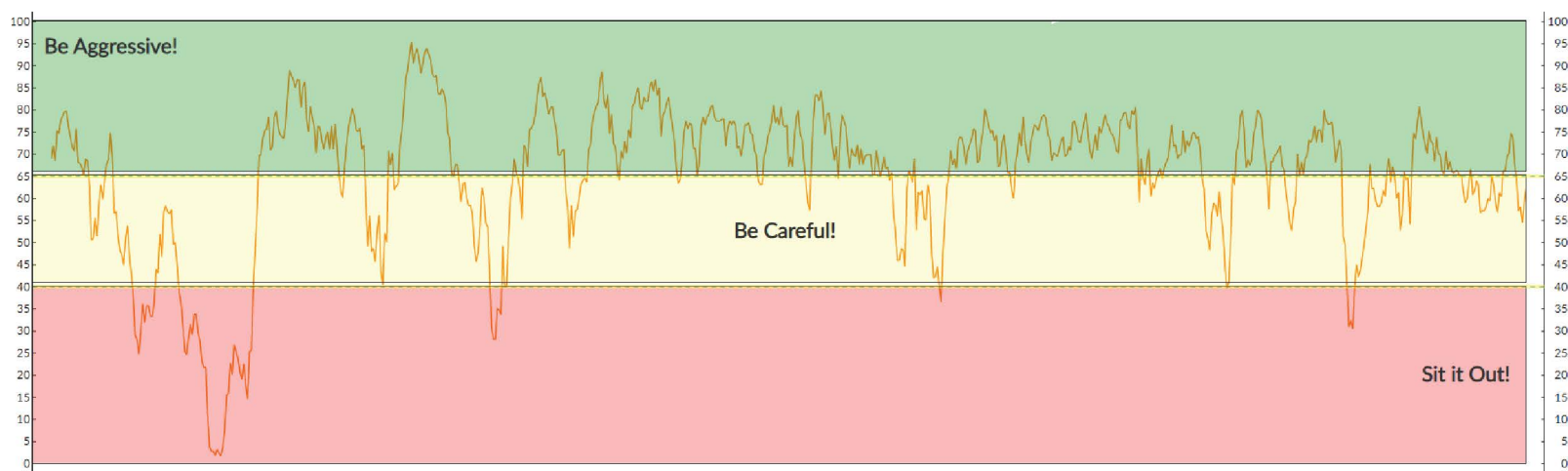
Monitored DAILY – based on stock and bond market direction

SEM's Tactical Models are comprised of multiple trading systems which can invest in a wide range of assets. Each system goes through a series of questions when determining asset allocation:

- 1. What is the overall trend in the given market?**
- 2. Is there broad-based trading activity behind the trend?**
- 3. Based on 1 & 2, are there specific segments that are in favor?**
- 4. Are there specific funds/ETFs inside the market segments showing stronger performance?**
- 5. Has both the market segment and the individual fund reached our buy/sell threshold?**

The combination of the various systems inside each model creates a diversified approach to the asset allocation decision. Rather than buying or selling everything all in one day, the decisions are spread out across multiple time frames and multiple investments.

Below is an example of one of the Tactical trading systems SEM uses.



*ILLUSTRATIVE PURPOSES ONLY: All investments involve risks, including those managed by SEM. Investors are encouraged to consult their financial advisor before selecting any of SEM's Models.*