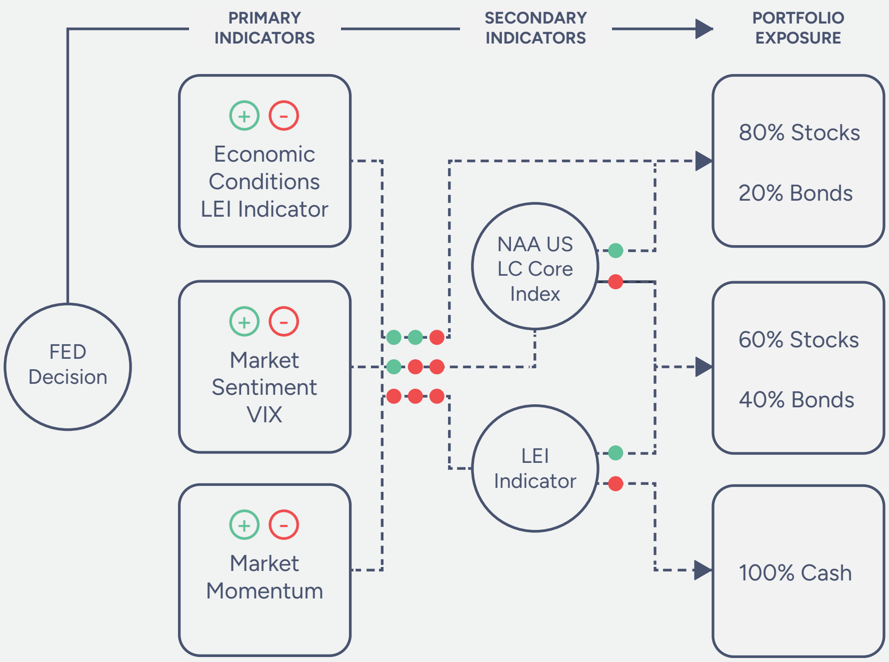
NEW AGE ALPHA
avoid the losers®

New Age Alpha Allocation Index

Crisis may come. Reactions will follow. Discipline endures.



Allocation Index in action: Historical market events and portfolio responses

A historical reference guide showing how the Allocation Index adjusted its exposure during periods of market stress. Review major economic events, portfolio allocations, and performance differences versus the S&P 500 Total Return Index.

Why the Allocation Index matters in today's markets

In an environment where uncertainty is no longer episodic but constant, the challenge for investors isn't simply identifying risk. It's responding to it consistently and without bias.

The New Age Alpha Allocation Index is a clear attempt to address this challenge through a disciplined, rules-based framework that translates market signals into actionable portfolio decisions.

At its core, the Allocation Index is designed to dynamically rotate between equities, fixed income, and cash based on a defined set of indicators. These indicators capture four critical dimensions of the investment landscape: Economic strength (via the Leading Economic Index), market momentum (S&P 500 total return trends), investor sentiment (VIX), and policy direction (Federal Reserve decisions).

What stands out isn't the novelty of these inputs as each is well known, but the way they're combined into a cohesive system that emphasizes **discipline over discretion.**

Turning signals into decisions.

Most investment frameworks struggle not with insight, but with execution. Investors often recognize when growth is slowing, when volatility is rising, or when markets are breaking down. The difficulty lies in acting decisively and doing so consistently across cycles.

The Allocation Index addresses this by formalizing the process. It evaluates signals systematically and translates them into clear allocation shifts, moving between higher equity exposure (e.g., 80/20), balanced positioning (60/40), and, in extreme cases, full cash.

This simplicity is critical. By focusing on meaningful regime shifts rather than incremental noise, the model avoids overreaction and reduces the behavioral biases that often erode returns.

This is where many strategies fail. The ability to act without hesitation, especially during periods of stress, is far more valuable than marginal improvements in forecasting accuracy.

Strength of the model

The strength of the Allocation Index lies in how its signals interact: Not as isolated indicators, but as part of a broader economic and market cycle.

- The LEI serves as an early warning system, highlighting shifts in economic momentum
- Market trends confirm whether those shifts are being priced in
- Volatility captures the market's emotional response
- Policy reflects the system's reaction to emerging stress

This creates a layered approach to risk detection. Rather than relying on a single trigger, the model waits for confirmation across multiple dimensions before adjusting exposure. The result is fewer false signals and more decisive positioning when it matters most.

Importantly, these signals aren't fully independent. They reinforce one another. Economic deterioration feeds into weaker markets, which triggers higher volatility and, ultimately, policy intervention. This alignment creates a powerful feedback loop: One that the Allocation Index is effectively designed to capture.

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Evidence from market stress events

The supporting analysis of historical market events (see addendum) provides a compelling illustration of the model's effectiveness. Across a wide range of scenarios, from the global financial crisis to COVID-19 and more recent geopolitical and inflation-driven shocks, the Allocation Index consistently reduced drawdowns relative to the S&P 500.

This is an important distinction. The model isn't attempting to outperform in all environments. Its value lies in **protecting capital when markets are under stress.**

When equity markets experience sharp declines, the ability to reduce exposure, even partially, can have a disproportionate impact on long-term outcomes. Avoiding large losses is one of the most reliable ways to enhance compounded returns over time.

From a portfolio construction standpoint, this makes the Allocation Index particularly relevant. It introduces an adaptive risk management layer that complements, rather than replaces, traditional investment strategies.

Simplicity, discipline, and robustness

Another notable strength of the framework is its structural simplicity. The model doesn't rely on complex optimization or high-frequency adjustments. Instead, it operates using clear thresholds and broad allocation bands.

This has several advantages:

- **Lower turnover,** reducing transaction costs
- **Greater transparency,** making the process easier to understand and trust
- **Improved robustness,** as the model is less sensitive to noise and overfitting

In a world increasingly dominated by complexity, there's significant value in approaches that prioritize clarity and repeatability.

A practical tool for modern portfolio management

For CIOs, the relevance of the Allocation Index extends beyond its standalone performance. It represents a scalable framework that can be integrated into broader asset allocation processes.

In particular, it offers:

- A **systematic way** to adjust risk exposure across market cycles
- A **disciplined mechanism** to counteract behavioral biases
- A **complementary overlay** to existing equity and fixed income strategies

Perhaps most importantly, it shifts the focus from prediction to preparation. Rather than attempting to anticipate every market move, the model ensures that portfolios are positioned appropriately as conditions evolve.

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Final thoughts

The Allocation Index isn't built on the premise of perfect foresight. It's built on something far more durable: The ability to respond consistently to changing conditions.

Its effectiveness stems from a simple but powerful idea: When economic signals, market trends, sentiment, and policy begin to align, the investment environment has fundamentally changed. Acting on that alignment, with discipline and clarity, is where the real value lies.

For long-term investors, that discipline can make all the difference.

View index information or contact our distribution team for a one-on-one consultation.

INDEX INFORMATION

BOOK A MEETING

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NAA Allocation Index Economic Events 1/3

From Date - To Date	Stocks Fall On	FED	PRIMARY			SECONDARY		ALLOCATION			PERFORMANCE		
			LEI [1]	VIX [2]	SPTR [3]	HFLTT [1]	LEI [2]	Equity	Fixed Income	Cash	SPTR Return	NAA Allocation Return	Difference
01/28/2026 - 03/30/2026	Iran War, Crude Oil Spike, Private Credit Turmoil, AI Disruption Fears		🔴	🟢	🟢			80%	20%	0%	**-8.88%**	**-7.87%**	**1.02%**
10/29/2025 - 11/21/2025	AI Bubble Fears		🔴	🟢	🟢			80%	20%	0%	**-4.07%**	**-2.89%**	**1.18%**
02/19/2025 - 03/24/2025	Tariffs, Trade Wars and Global Recession Fears		🔴	🔴	🟢	🟢		80%	20%	0%	**-5.99%**	**-4.84%**	**1.15%**
03/24/2025 - 04/07/2025	Tariffs, Trade Wars and Global Recession Fears		🔴	🔴	🔴		🟢	60%	40%	0%	**-12.19%**	**-8.01%**	**4.18%**
07/16/2024 - 08/05/2024	Recession Fears, Fed Behind Curve, Nikkei Crash		🔴	🟢	🟢			80%	20%	0%	**-8.45%**	**-8.45%**	**0.00%**
03/28/2024 - 04/19/2024	Stubborn Inflation, Fed Pushing Back Rate Cuts, Iran/Israel Conflict		🔴	🟢	🟢			80%	20%	0%	**-5.40%**	**-4.49%**	**0.91%**
01/04/2022 - 03/21/2022	Inflation, Rising Rates/Fed Tightening, Russia/Ukraine War, Recession Fears		🟢	🔴	🟢			80%	20%	0%	**-6.63%**	**-6.52%**	**0.11%**
03/21/2022 - 10/13/2022	Inflation, Rising Rates/Fed Tightening, Russia/Ukraine War, Recession Fears		🟢	🔴	🔴	🔴		60%	40%	0%	**-16.97%**	**-15.31%**	**1.67%**
11/22/2021 - 12/03/2021	COVID-19 Omicron Variant		🟢	🟢	🟢			80%	20%	0%	**-3.03%**	**-2.88%**	**0.15%**
09/02/2021 - 10/04/2021	China Contagion Fears, Fed Taper Fears, COVID-19 Delta Variant		🟢	🟢	🟢			80%	20%	0%	**-5.12%**	**-4.86%**	**0.26%**
02/16/2021 - 03/04/2021	Inflation Fears, Rising Rates		🟢	🟢	🟢			80%	20%	0%	**-4.09%**	**-3.40%**	**0.69%**
09/02/2020 - 09/24/2020	COVID-19, No New Stimulus Deal, Election Fears		🟢	🟢	🟢			80%	20%	0%	**-9.25%**	**-7.46%**	**1.79%**
02/19/2020 - 03/31/2020	Coronavirus, Global Deep Recession Fears		🔴	🔴	🟢	🟢		80%	20%	0%	**-33.79%**	**-29.0%**	**4.79%**
07/26/2019 - 08/05/2019	Trade War, Tariffs, Yuan Devaluation, Recession Fears		🟢	🟢	🟢			80%	20%	0%	**-5.95%**	**-5.02%**	**0.93%**
05/01/2019 - 06/03/2019	Trade War, Tariffs, Inverted Yield Curve, Global Slowdown/Recession Fears		🟢	🟢	🟢			80%	20%	0%	**-5.91%**	**-5.47%**	**0.44%**

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NAA Allocation Index Economic Events 2/3

From Date - To Date	Stocks Fall On	FED	PRIMARY			SECONDARY		ALLOCATION			PERFORMANCE		
			LEI [1]	VIX [2]	SPTR [3]	HFLTT [1]	LEI [2]	Equity	Fixed Income	Cash	SPTR Return	NAA Allocation Return	Difference
09/21/2018 - 11/01/2018	Rising Rates, China Slowdown, Trade War/Tariffs, Housing Slowdown		🟢	🟢	🟢			80%	20%	0%	**-6.33%**	**-4.25%**	**2.08%**
11/01/2018 - 12/26/2018	Rising Rates, China Slowdown, Trade War/Tariffs, Housing Slowdown		🟢	🔴	🔴	🔴		60%	40%	0%	**-9.62%**	**-6.06%**	**3.56%**
01/26/2018 - 02/09/2018	Inflation Fears, Rising Rates		🟢	🟢	🟢			80%	20%	0%	**-8.72%**	**-7.19%**	**1.54%**
08/15/2016 - 11/04/2016	Election Fears/Concern/ Jitters		🟢	🟢	🟢			80%	20%	0%	**-4.38%**	**-3.08%**	**1.29%**
05/20/2015 - 09/21/2015	Greece Default, China Stock Crash, EM Currencies, Falling oil, North Korea		🟢	🟢	🟢			80%	20%	0%	**-6.82%**	**-5.12%**	**1.70%**
09/21/2015 - 02/11/2016	Greece Default, China Stock Crash, EM Currencies, Falling oil, North Korea		🟢	🔴	🔴	🔴		60%	40%	0%	**-6.20%**	**-3.30%**	**2.90%**
12/29/2014 - 02/02/2015	Falling Oil, Strong Dollar, Weak Earnings		🟢	🔴	🟢			80%	20%	0%	**-3.22%**	**-1.55%**	**1.67%**
12/05/2014 - 12/16/2014	Falling Oil, Strong Dollar		🟢	🟢	🟢			80%	20%	0%	**-4.89%**	**-4.63%**	**0.27%**
09/19/2014 - 10/15/2014	Ebola, Global Growth Fears, Falling Oil		🟢	🟢	🟢			80%	20%	0%	**-7.24%**	**-5.86%**	**1.38%**
01/15/2014 - 02/05/2014	Fed Taper, European Deflation Fears, EM Currency Turmoil		🟢	🟢	🟢			80%	20%	0%	**-5.16%**	**-4.39%**	**0.77%**
05/22/2013 - 06/24/2013	Fed Taper Fears		🟢	🟢	🟢			80%	20%	0%	**-4.81%**	**-4.05%**	**0.76%**
09/14/2012 - 11/16/2012	Fiscal Cliff Concerns, Obama's Re-Election		🟢	🟢	🟢			80%	20%	0%	**-6.85%**	**-6.32%**	**0.53%**
04/02/2012 - 06/04/2012	Europe's Debt Crisis		🔴	🟢	🟢			80%	20%	0%	**-9.57%**	**-6.90%**	**2.67%**
05/02/2011 - 09/19/2011	Europe's Debt Crisis, Double-Dip Recession Fears, US Debt Downgrade		🟢	🟢	🟢			80%	20%	0%	**-10.77%**	**-7.89%**	**2.88%**
09/19/2011 - 10/04/2011	Europe's Debt Crisis, Double-Dip Recession Fears, US Debt Downgrade		🟢	🔴	🔴	🔴		60%	40%	0%	**-6.59%**	**-5.15%**	**1.44%**

NAA Allocation Index Economic Events 3/3

From Date - To Date	Stocks Fall On	FED	PRIMARY			SECONDARY		ALLOCATION			PERFORMANCE		
			LEI [1]	VIX [2]	SPTR [3]	HFLTT [1]	LEI [2]	Equity	Fixed Income	Cash	SPTR Return	NAA Allocation Return	Difference
02/18/2011 - 03/16/2011	Libyan Intervention (Civil War), Japan Earthquake/ Nuclear Disaster			🟢	🟢	🟢		80%	20%	0%	**-6.27%**	**-5.13%**	**1.14%**
04/26/2010 - 07/01/2010	Europe's Debt Crisis, Flash Crash, Growth Concerns			🟢	🟢	🟢		80%	20%	0%	**-14.88%**	**-12.97%**	**1.90%**
01/19/2010 - 02/05/2010	China's Lending Curbs, Obama Bank Regulation Plan			🟢	🟢	🟢		80%	20%	0%	**-7.24%**	**-6.25%**	**0.99%**
10/21/2009 - 11/02/2009	Worries About The Recovery			🟢	🟢	🟢		80%	20%	0%	**-3.53%**	**-2.00%**	**1.53%**
09/23/2009 - 10/02/2009	Worries About The Recovery			🟢	🟢	🟢		80%	20%	0%	**-3.31%**	**-3.03%**	**0.29%**
06/11/2009 - 07/07/2009	World Bank Neg Growth Forecast, Fears Market Is Ahead Of Recovery			🔴	🔴	🔴	🔴	0%	0%	100%	**-6.67%**	**-3.60%**	**3.08%**
05/08/2009 - 05/15/2009	Worries That Market Has Gotten Ahead Of Itself			🔴	🔴	🔴	🔴	0%	0%	100%	**-4.88%**	**0.28%**	**5.16%**
01/24/2008 - 03/09/2009	Global Financial Crisis		🟢	🔴	🔴	🔴	🔴	0%	0%	100%	**-48.48%**	**5.58%**	**54.07%**
12/24/2007 - 01/24/2008	Global Financial Crisis			🔴	🔴	🔴	🟢	60%	40%	0%	**-9.54%**	**-6.46%**	**3.08%**
10/09/2007 - 12/24/2007	Global Financial Crisis			🟢	🔴	🟢		80%	20%	0%	**-3.98%**	**-3.18%**	**0.80%**

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NAA Allocation Index Economic Events legend

Powered by the Allocation model, the New Age Alpha Allocation Index dynamically adjusts its allocation between:

- Equity
- Fixed income
- 100% cash

The allocations are based on indicators measuring:

- Fed decisions
- Economic strength
- Investment sentiment
- Market momentum

This disciplined, technology-driven approach eliminates emotional biases, aligning the Index with market realities.

The Allocation model establishes the Index's risk/reward profile by evaluating three primary and two secondary market indicators.

PRIMARY INDICATORS	1	LEI	The 6-month simple moving average (SMA) of the Conference Board Leading Economic Index (LEI) – to monitor economic conditions.
	2	VIX	The 200-day SMA of the CBOE Volatility Index (VIX) – to measure market sentiment and volatility.
	3	SPTR	The 200-day SMA of the S&P 500 Total Return Index – to track market momentum.
SECONDARY INDICATORS	1	HFLTT	The 200-day SMA of the New Age Alpha U.S. Large-Cap Core Index.
	2	LEI	The Conference Board Leading Economic Indicator (LEI) Value.

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The presented data is hypothetical, annualized and back-tested. Back-tested performance is provided for informational purposes to indicate historical performance had the strategy been available over the relevant period, and the back-tested data presented herein has been independently verified and audited by S&P Dow Jones Indices LLC. New Age Alpha's back-tested and hypothetical results do not represent the results of actual trading using client assets but were achieved by means of the retroactive application of the strategy's investment methodology that was designed with the benefit of hindsight. Thus, the simulated performance results noted herein should not be considered indicative of the skill of New Age Alpha and aren't representative of the actual performance results that are or could be attained by clients of New Age Alpha. There are numerous factors related to the markets in general or the implementation of any investment strategy, which cannot be fully accounted for in the preparation of hypothetical results. All of these factors can adversely affect actual performance results, including but not limited to: market liquidity, general levels of interest rates, and the effect of the relevant markets of political, economic or other external events. The results do not necessarily reflect the impact that any material market or economic factors may have had on the strategy.

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DEFINITIONS

NAA Allocation Index dynamically adjusts its allocation between equity, fixed income, and 100% cash, and is calculated and published by S&P Dow Jones Indices.

SPTR is the S&P 500 Total Return Index. The S&P 500 Index is an unmanaged market capitalization weighted index of 500 of the largest capitalized U.S. domiciled companies.

VIX is the Chicago Board Options Exchange Volatility Index, or the 'VIX', is a measure of the expected volatility of the US stock market.

LEI is the Leading Economic Index, an index published monthly by The Conference Board. It's used to predict the direction of global economic movements in future months.

HFLTT is the NAA U.S. Large-Cap Core Index (ticker: HFLTT) which consists of 100 stocks selected by New Age Alpha's h-factor methodology from the S&P 500 Index and is calculated and published by S&P Dow Jones Indices.

Equity represents an allocation to the NAA U.S. Large-Cap Core Index (ticker: HFLTT).

Fixed Income represents an allocation structured as follows:

- 20% to the NAA USD High Yield Corporate Bond Index, which consists of 100 bonds selected using New Age Alpha's proprietary h-factor methodology from the S&P Global USD High Yield Corporate Bond Index and is calculated and published by S&P Dow Jones Indices.
- 40% to a blended allocation comprised of:
  - 20% to the NAA USD High Yield Corporate Bond Index, and
  - 20% to the iBoxx USD Liquid Investment Grade Index, which includes liquid U.S. dollar–denominated investment grade corporate bonds and is designed to represent the broader investment grade corporate bond universe.

Market momentum is the rate at which the price of a security or market is changing.

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