



Sleeve-Traded Solutions (STS) Series

Overview

In times of market stress, correlations between asset classes tend to rise significantly. No matter how an asset allocation portfolio is positioned, rising correlations can wreak havoc on performance. Thus, instead of diversifying by asset class alone, we believe that a more modernized approach to portfolio diversification is necessary. The Sleeve-Traded Solutions (STS) blend together programs that span different investment methodologies, styles, time-frames, and asset classes. No single program works at all times, especially as market environments change. However, we believe a multi-strategy approach may reduce portfolio variance, effectively helping to “smooth the ride” and provide clients with a more stable investment experience.

The goals of the STS portfolios are simple: 1) Adapt to changing market environments. 2) Focus on market leadership. 3) Help manage the risk of the market.

The STS portfolios combine Strategic and Tactical portfolios together at a 50% / 50% blend to create a diversified asset allocation model that is risk-managed. The primary benefit of this approach is to allow dynamic participation in the market at a targeted risk level while simultaneously having the flexibility to preserve capital if necessary, all at a relatively low investment minimum. Clarus offers three STS portfolio risk levels: Conservative, Moderate, and Growth. Investment minimum is \$40,000.

STS Portfolio	Strategic Allocation	Tactical Allocation	Max Equity	Min Equity
STS Conservative	50% Strategic Conservative	50% Tactical Conservative	50.0%	17.5%
STS Moderate	50% Strategic Moderate	50% Tactical Moderate	72.5%	30.0%
STS Growth	50% Strategic Growth	50% Tactical Growth	92.5%	40.0%

Programs Involved

Strategic Portfolios

The Strategic portfolios are diversified asset allocation portfolios designed to deliver a mix of capital growth and income. The portfolios utilize mutual fund and ETF investments to deliver diversified allocations to domestic equity, international equity, and fixed income, adding alpha through fund selection and asset allocation tilting. There are three Strategic Portfolio risk levels offered in the STS portfolios: Conservative (40% Equity | 60% Fixed Income), Moderate (60% Equity | 40% Fixed Income), and Growth (80% Equity | 20% Fixed Income).

Tactical Portfolios

The Tactical portfolios are risk-managed, tactical models designed to provide an appropriate asset allocation to current market conditions, adjusting accordingly as market environments evolve. The portfolios aim to be long equity in positive environments, in cash in negative environments, and hold a balanced mix of equity and fixed income in neutral environments. Environments are determined by a proprietary rules-driven model. The portfolio utilizes low-cost equity and fixed income index ETFs to fill out its exposures. There are three TAA portfolio risk levels offered in the STS portfolios: Conservative, Moderate, and Growth.

Tactical Portfolio	Negative Market Allocation Target	Neutral Market Allocation Target	Positive Market Allocation Target	Risk Level
Tactical Conservative	60% Cash / 40% Bonds	30% Equity / 40% Bonds	60% Equity / 40% Bonds	Conservative
Tactical Moderate	100% Cash	60% Equity / 40% Bonds	80% Equity / 20% Bonds	Mod Aggressive
Tactical Growth	100% Cash	60% Equity / 40% Bonds	100% Equity	Aggressive

Summary

Investment Styles: Strategic, Tactical
Methodology: Multiple
Asset Category: Mutual Funds & ETFs
Risk Level: Varied
of Holdings: 13-19
Investment Time Frame: 3-5 Years
Portfolio Minimum: \$40,000

Investment advisory services offered through Clarus Wealth Advisors LLC, a SEC Registered Investment Advisor.