

# Defensive Equity

FACTSHEET | 2020 | Q3



\$100,000 MINIMUM INVESTMENT

## INVESTMENT APPROACH

The Defensive Equity portfolio seeks to outperform the S&P 500 over normal market cycles on a total return basis through capital appreciation and reinvested dividends. The strategy pursues this by attempting to identify undervalued, high quality stocks in defensive sectors.

The portfolio consists of 45 equally-weighted stocks selected by a set of quantitative metrics in the U.S. based Utility, Health Care, and Consumer Staple sectors. These sectors are considered to be more defensive in nature, to have high barriers to entry, and to exhibit resilience during difficult economic environments. These attributes tend to favor market stability and earnings consistency.

## PORTFOLIO FACTS

9/30/2020 AUM: \$30.0 Million

Underlying Expense Ratios 0%

Reinvested Dividends

Must be held in a separate account

## KEY PORTFOLIO ATTRIBUTES



**Defensive Companies**

Sales tend to be more consistent as demand for their goods and services tend to remain strong during a declining economy.



**Disciplined Investing**

Quantitative metrics mitigate emotional decisions from influencing long-term returns.



**Portfolio Concentration**

Strategy designed to potentially reduce company-specific risk while maintaining the ability to realize non-market driven returns.



**Annual Rebalancing**

Rebalancing and reallocation occurs annually to potentially allow for long-term capital gains while systematically buying low and selling high.



**Regular Attention**

Regular analysis and research on the strategy ensures portfolio adheres to model rules.

## RETURN DATA (%) – Net of Highest Fee (1.65%)

Strategy	2020 Q3	YTD	1 YR	3 YR	5 YR	Since Incept.	Inception
Defensive Equity	2.74%	-(7.94%)	-(3.15%)	1.82%	4.40%	8.19%	1/1/2013

## Growth of \$100,000 – Defensive Sectors versus S&P 500

Consumer Staples, Utilities, & Healthcare ETFs vs. S&P 500 ETF - Growth of \$100,000 (Total Return, 6/30/2004 - 9/30/2020)



Data over period	HC/CS/Util Blend	SPY (S&P 500 ETF)
Total Return	389%	312%
Annualized Return	10.1%	9.0%
Standard Deviation	11.1%	15.7%

The chart illustrates investing in three of the least volatile domestic sectors led to lower portfolio standard deviation and higher returns on average since Vanguard sector products were formed. The Consumer Staples, Health Care, and Utilities portfolio consists of index tracking ETFs for each sector (since inception). The Defensive Equity portfolio invests in 15 stocks in each of these sectors and attempts to achieve similar results over market cycles.

Source: Bloomberg

## Top 10 Current Defensive Equity Holdings

Rank	Ticker	Name	Weight	Rank	Ticker	Name	Weight
1	NUS	Nu Skin Enterprises Inc	4.19%	6	SJM	JM Smucker Co	2.64%
2	MED	Medifast Inc	3.91%	7	ADM	Archer-Daniels Midland Co	2.54%
3	GIS	General Mills Inc	2.87%	8	UNH	UnitedHealth Group Inc	2.53%
4	KHC	The Kraft Heinz Co	2.73%	9	KMB	Kimberly-Clark Corp	2.53%
5	HUM	Humana Inc	2.65%	10	MRK	Merck & Co Inc	2.51%

### \*Holdings as of last quarter

Performance results are presented in U.S. dollars and include reinvestment of dividends. Portfolio performance is calculated and derived from our internal proprietary systems and return figures are shown net of management fees and internal expenses. No current or prospective client should assume future performance of any specific investment strategy will be profitable or equal to past performance levels.

ARGI Investment Services began offering portfolio on 1/1/2013 and made adjustments to add the Health Care sector in January of 2018. Portfolio from inception to 1/10/2018 was comprised of 15 companies from both the Consumer Staples and Utilities sectors. Following that date, the portfolio invests in 15 companies from each of the Consumer Staples, Utilities, and Health Care sectors.

All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may cause the performance results of your portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio.

Diversification and asset allocation help you spread risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better. Neither diversification nor asset allocation can ensure a profit or protect against a loss.

Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. ARGI Investment Services (AIS) is registered as an investment advisor with the United States

Securities Exchange Commission. SEC registration does not constitute an endorsement of the firm by the Commission nor does it indicate that the advisor has attained a particular level of skill or ability. These SMA accounts allow for client specific customization as needed. This document is neither a solicitation nor an offer to sell any securities.

An investor should consider their Model Portfolio's investment objectives, risks, charges and expenses carefully before investing or sending money. This and other important information about the AIS Managed Portfolios can be found in the firms' ADV. If you would like additional information on any of AIS' Managed Investment Strategies contact Jan Peebles, Chief Compliance Officer or Dan Cupkovic, Director of Investment Services at 502-753-0609. Some clients of AIS experience different performance results than the model portfolio due to unique situations including cash distribution requirements, unique non-model holdings, and additional situations particular to an individual client.

The "Model Portfolios" listed above represent a fictional account which AIS attempts to manage in a manner similar to that of a tax-exempt client fund with no particular need for special portfolio considerations. AIS' management fees are described in Part 2A of AIS's Form ADV. An investment in any AIS model portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Advisory services offered through ARGI Investment Services, LLC, a Registered Investment Adviser.

Chart titled "Defensive Sectors versus S&P 500" using data extracted from finance.yahoo.com from 6/30/2004 to the most recent quarter end. Chart is not intended to be used to make investment decisions.

## ARGI's Investment Process



## REGISTERED INVESTMENT ADVISOR

Headquarters in Louisville, KY

Locations in: Bowling Green, KY; Elizabethtown, KY; Paducah, KY; Cincinnati, OH; Indianapolis, IN; Grand Rapids, MI; Bardstown, KY; Atlanta, GA

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