

\$250,000 MINIMUM INVESTMENT

## INVESTMENT APPROACH

A BlackSwan event is one that is rare, unpredictable, impactful and difficult to attribute reason to, even after its occurrence.<sup>1</sup>

This portfolio is designed to potentially protect capital against BlackSwan events.

With the majority of assets in historically low-volatility Treasuries, remaining assets are used to purchase “in-the-money-” calls (options with a strike price below the market price on the S&P 500). We attempt to achieve capital appreciation above inflation while minimizing volatility as compared to standard asset-allocated portfolios.

## PORTFOLIO FACTS

12/31/2020 AUM: \$252.0 Million

Accredited Investors Only

Underlying Expense Ratio Range: 0.12%-0.15%

Must be held in separate account

## KEY PORTFOLIO ATTRIBUTES



**Majority Treasury Holdings**

The majority (85-95%) of the portfolio is in Treasury-based ETFs.



**S&P 500 Calls**

We purchase options on the S&P 500 with the remaining portion.



**Quantitative Research**

Our methodology is quantitative and based on research and back testing



**Purchase Criteria**

Short and intermediate-term Treasury Bond ETFs are bought into equally.



**Regular Attention**

Our team performs regular analyses on these assets to ensure portfolios adhere to model rules.



**Annually Reallocated**

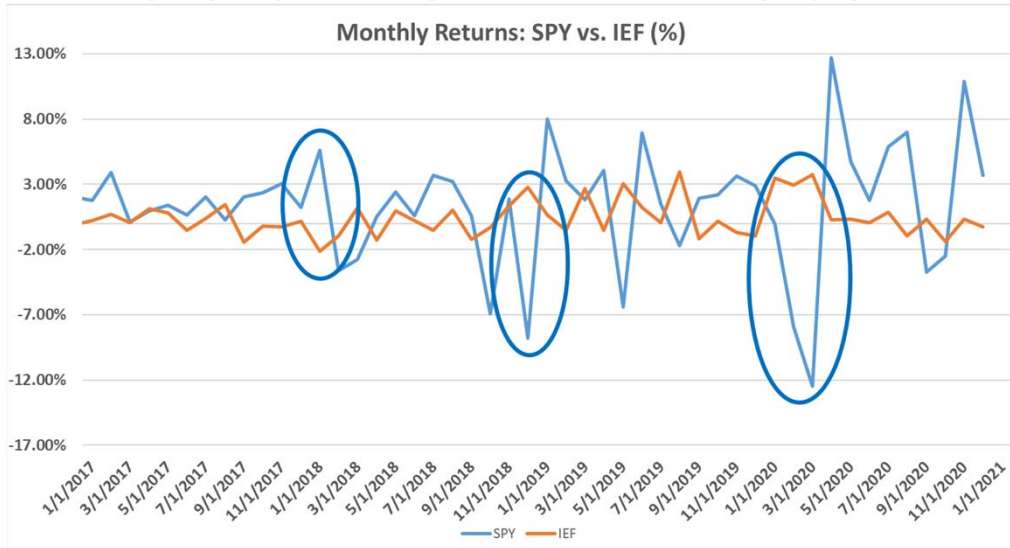
This portfolio is rebalanced and reallocated annually.

## Return Data (Net of Highest Fee – 1.65%) & Portfolio Details

| BlackSwan               | 2020 Q4 | YTD    | 1 YR   | 3 YR   | Since Incept. | Inception |
|-------------------------|---------|--------|--------|--------|---------------|-----------|
| <b>Moderate</b>         | 10.49%  | 17.79% | 17.79% | 10.09% | 9.01%         | 9/12/2014 |
| <b>Conservative</b>     | 6.70%   | 13.39% | 13.39% | 7.52%  | 6.40%         | 9/12/2014 |
| <b>Bond Alternative</b> | 2.88%   | 8.98%  | 8.98%  | 4.91%  | 3.73%         | 9/12/2014 |

| BlackSwan               | Treasuries | S&P 500 Option Allocation |
|-------------------------|------------|---------------------------|
| <b>Moderate</b>         | 85%        | 15%                       |
| <b>Conservative</b>     | 90%        | 10%                       |
| <b>Bond Alternative</b> | 95%        | 5%                        |

## PREPARING FOR UNEXPECTED MARKET DROPS CAN PAY OFF



The S&P 500 and U.S. Treasuries are often seen having negative correlation with each other.

*Circled are a few examples showing the inverse relationship between Treasury bonds (IEF in orange) and US stocks (SPY in light blue). This opposite movement is known as negative correlation and helps to protect portfolios by diversifying returns. In general, when stocks are negatively affected, bond prices increase, which is the phenomenon the BlackSwan seeks to capitalize on.* Source: Yahoo! Finance

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 9/12/2014.

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.

Actual amount invested in the BlackSwan SMA Portfolio call options depends on the options-pricing of the underlying and can change through time. ARGI will trade the portfolio on a best-efforts basis to obtain the percentage target of call options within the portfolio but, due to the large dollar size of each contract, there will be rounding errors which deviate from the exact portfolio weightings.

While ARGI does have a \$250,000 minimum in the BlackSwan Portfolio, upon advisor request we may allow smaller investments into the strategy understanding that it will increase the rounding deviation of the call options portion of the model.

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 Investments 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" 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.

Options are not suitable for all investors. There are risks involved in any option strategy. Individuals should not enter into option transactions until they have read and understood the option disclosure document titled "Characteristics and Risks of Standardized Options," which outlines the purposes and risks of option transactions. This booklet is available from your ARGI Financial Advisor or in the OCC - Characteristics & Risks of Standardized Options document. Supporting documentation of claims will be supplied upon request.

1) Based on Nassim Taleb's *Fooled by Randomness* (Random House, 2001).  
 2) Chart listed above uses data extracted from finance.yahoo.com. This is not actual performance. The chart is not intended to be used to make investment decisions.

### ARGI's Investment Process



### REGISTERED INVESTMENT ADVISOR

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