

# Samata Global Senate

June 18, 2023

## 3EDGE Asset Management

*Our solutions act as Tactical Diversifiers,  
seeking to generate consistent, long-term returns  
while managing downside risks*

**Peter McManus**  
Managing Director





# 3EDGE

ASSET MANAGEMENT

Tactical, Multi-Asset Investment Manager, serving Single and Multi-Family Offices, Institutional Investors, independent RIAs, Certified Financial Planners and Wealth Management firms.

- ❖ Approximately **\$1.7 Billion** in AUM/AUA<sup>^</sup>
- ❖ **Investment solutions** driven by the firm's **proprietary global capital markets model**
- ❖ Portfolio construction using **ETFs** (Exchange Traded Funds)
- ❖ A **range of globally diversified** portfolios across asset classes and geographies
- ❖ Known for our Thought Leadership – weekly client update, whitepapers, 3EDGE YouTube Channel

<sup>^</sup>\$1.37 Billion in AUM as of 3/31/2023 and approximately \$320M in AUA as of 2/28/2023. Assets Under Advisement includes non-discretionary assets managed by other registered investment advisers using 3EDGE's model portfolios.

# AWARDS & RECOGNITIONS



## DISCLOSURES FOR AWARDS AND RECOGNITIONS:

3EDGE submitted applications for being considered for these recognitions. See below for selection criteria for inclusion in these publications. 3EDGE did not pay a fee to be considered for these recognitions.

### **Financial Advisor RIA Survey & Ranking 2022, 2021**

*Financial Advisor* magazine (FA), a publication covering the investment advisory business, surveys and publishes an annual list of independent registered investment advisers, ranked by assets under management. To be eligible to participate, firms must be registered investment advisers, provide financial planning and related services to individual investors and file their own ADV with the SEC. Only advisers that complete and submit FA's survey are included in the rankings. In 2022, the rankings were published on July 15, 2022. See FA Magazine's Goodbye To All That for additional information on FA 2022 RIA Survey & Ranking <https://www.fa-mag.com/news/goodbye-to-all-that-68646.html?issue=356>. In 2021, 607 firms completed submissions, all of which were included in the ranking published on July 16, 2021. FA has not disclosed how many firms were invited to participate. No fee was charged to apply. See Financial Advisor Magazine's The Future is Now (July 16, 2021) for additional information on FA 2021 RIA Survey & Ranking <https://www.fa-mag.com/news/the-future-is-now-63028.html?section=133>.

### **Financial Times 300 Top Registered Investment Advisers 2020**

3EDGE Asset Management was selected for the seventh annual Financial Times (FT) 300 list, produced independently on July 30, 2020 by Ignites Research, a division of Money-Media, Inc., on behalf of the FT. 3EDGE applied for consideration after meeting the FT's minimum set of criteria. No fee was charged to apply.

To ensure a list of established companies with substantial expertise, FT examined the database of RIAs registered with the SEC and selected those with more than \$300m in assets under management (AUM). The Financial Times and Ignites Research, the FT's sister company, invited qualifying RIA companies — more than 2,000 — to complete a lengthy application that provided more information about them. They added this to their own research into their practices, including data from regulatory filings. 760 RIA companies applied and 300 made the final list. The formula the FT uses to grade advisers is based on six broad factors and calculates a numeric score for each adviser. Areas of consideration include AUM, asset growth, the company's age, industry certifications of key employees, SEC compliance record and online accessibility. Among the top factors in scoring, AUM accounted for an average of 72 per cent of each adviser's score. Their growth rate accounted for an average of 15 per cent. The FT places a cap on the number of advisers from any one state, corresponding to the distribution of millionaires across the US. See <https://www.ft.com/content/6a45556e-6c21-4770-bc94-468fee0de563> for additional details on FT Top Financial Advisers methodology.

PUBLIC MARKETS TEND TO BE RELATIVELY MICRO-EFFICIENT YET  
MACRO-INEFFICIENT\*



GLOBAL CAPITAL MARKETS CONSTITUTE A NONLINEAR  
DYNAMIC SYSTEM OF INTERRELATED VARIABLES



THE INCIDENCE OF EXTREME EVENTS IN THE REAL WORLD IS  
HIGHER THAN PROJECTED BY MODERN PORTFOLIO THEORY  
(i.e., NORMAL DISTRIBUTION)



# 3EDGE Core Principles



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\*Samuelson, Paul A. "Summing up on business cycles: opening address." In Conference Series-Federal Reserve Bank of Boston, vol. 42, pp. 33-36. Federal Reserve Bank of Boston, 1998. Jung, Jeeman and Shiller, Robert J., One Simple Test of Samuelson's Dictum for the Stock Market (November 2002). Cowles Foundation Discussion Paper No. 1386; Yale ICF Working Paper No. 02-39. Available at SSRN: <http://ssrn.com/abstract=348180>

*Our team of professionals has deep industry experience working collaboratively*



*Partners have nearly 150 years of combined investment experience*



**Robert Phillips, PhD**

**Monica Chandra**

**Stephen Cucchiaro**

**Eric Biegeleisen, CFA®**

**Kristi McDermott**

**DeFred G. Folts III**

Chief Technology Officer,  
Managing Partner\*

President,  
Managing Partner\*

Chief Executive Officer &  
Chief Investment Officer\*

Deputy CIO,  
Partner\*

COO & Chief  
Compliance Officer,  
Partner\*

Chief Investment  
Strategist,  
Managing Partner\*

23 years investment  
experience

23 years investment  
experience

33 years investment  
experience

16 years investment  
experience

18 years investment  
experience

25 years investment  
experience

*\* Investment Committee Members: Bios available in Appendix*

# 3EDGE Proprietary Research & Investment Model



➤ A differentiated and disciplined approach, tested over the widest variety of economic and market conditions

## VALUATION FACTORS (Longer-term)

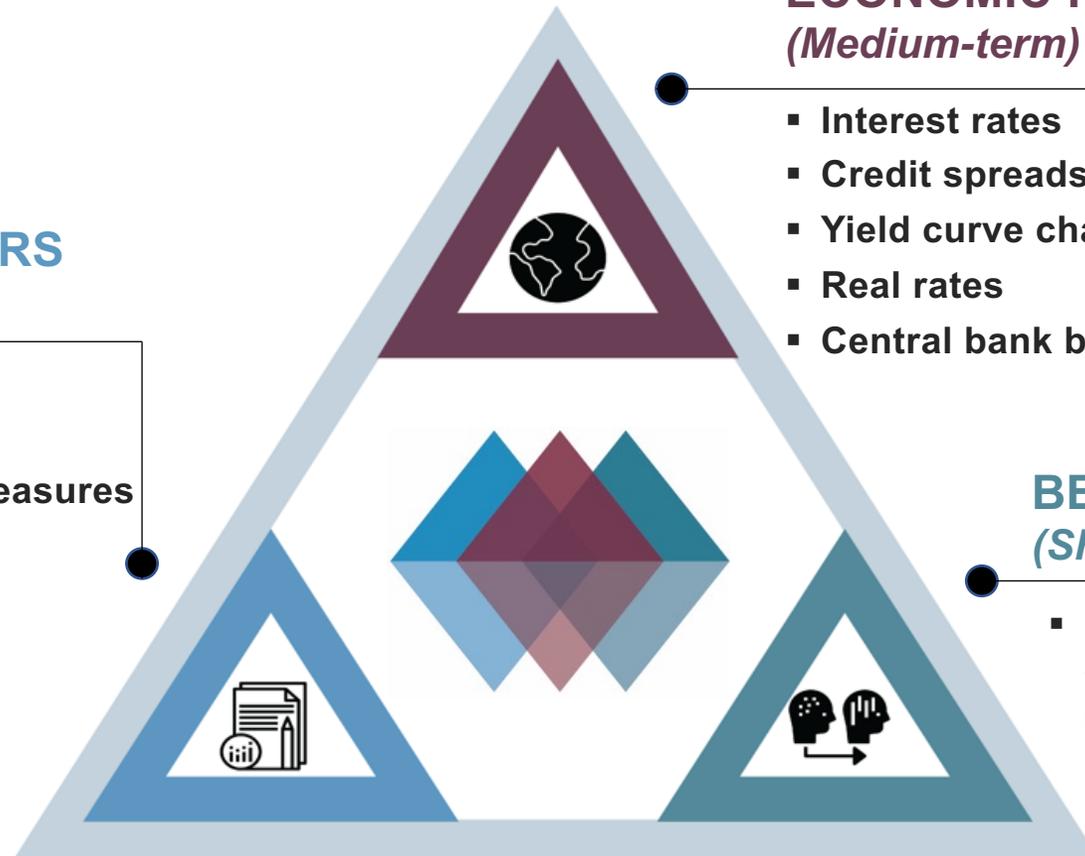
- Cost of capital
- Growth
- Normalized earnings measures

## ECONOMIC FACTORS (Medium-term)

- Interest rates
- Credit spreads
- Yield curve change
- Real rates
- Central bank balance sheet change

## BEHAVIORAL FACTORS (Shorter-term)

- Identify potential behaviors via canaries and five stages of investor psychology



## Asset Class Ranges

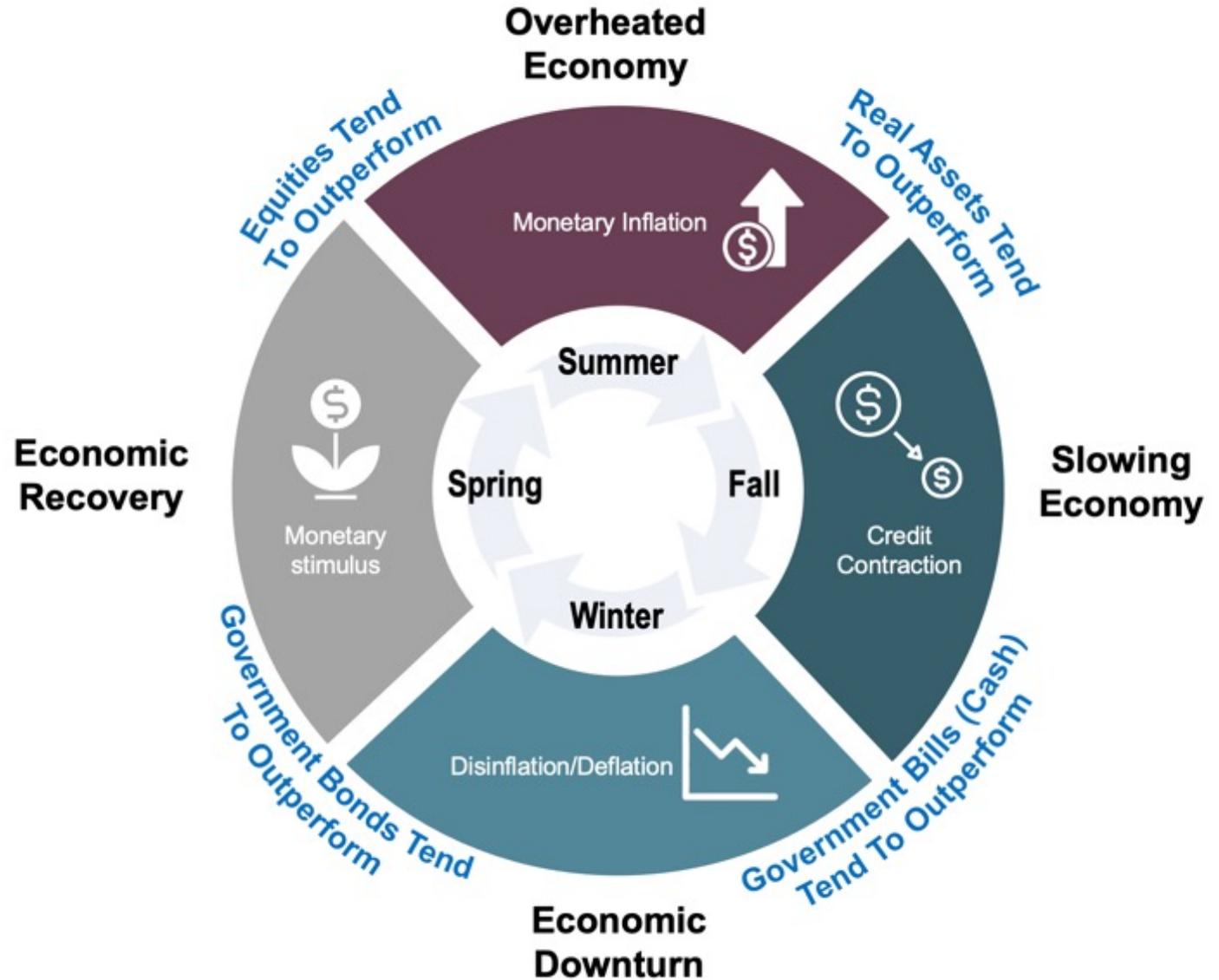
Multi-Asset Core Solutions	Time Horizon	Equities	Int. Term Fixed Income	Real Assets	Short-Term Fixed Income/Cash	Potential Use Case
<b>Conservative Strategy</b> Blended portfolio holding predominantly fixed income; also includes equities and real assets	1-3 yrs 	6-30%	10-88%	4-22%	2-80%	Fixed Income complement or outright replacement
<b>Total Return Strategy</b> Blended portfolio holding a mix of equities, real assets and fixed income	>3 yrs 	13-60%	10-81%	4-35%	2-73%	Blend with existing 60 / 40 portfolio
<b>Growth Strategy</b> Blended portfolio with potential for high equity holdings; also includes real assets and fixed income	>10 yrs 	20-80%	10-81%	4-35%	2-73%	Equity complement or outright replacement
Multi-Asset Environmental, Social, & Governance Solutions						
<b>ESG Strategy</b> Blended portfolio holding a mix of equities, real assets and fixed income with ESG focused ETFs	>3 yrs 	13-60%	10-81%	4-35%	2-73%	Blend with existing 60 / 40 portfolio with ESG focused ETFs
<b>ESG Aggressive Strategy</b> Blended portfolio with potential for high equity holdings; includes real assets and fixed income with ESG focused ETFs	>10 yrs 	20-80%	10-81%	4-35%	2-73%	Equity complement or outright replacement utilizing ESG focused ETFs
All Equity Solution						
<b>Global Equity Strategy</b> Globally diversified equity portfolio with tactical shifts between geography and market capitalizations	>10 yrs 	98%	0%	0%	2%	Global equity complement or outright replacement of ACWI holdings
Multi-Asset Income Solution						
<b>Income Plus Strategy</b> Blended portfolio of traditional equity income and fixed income sources as well as non-traditional sources of income	>3 yrs 	Traditional Equity Income Sources 0-40%	Traditional Fixed Income Sources 55-95%	Non-Traditional Income Sources 5-25%		Income replacement strategy targeting a 4% yield with emphasis on minimizing drawdowns

See additional disclosures at end of presentation

# Seasons of the Market

- ❖ Market shift from Summer to Fall
- ❖ Under what scenarios would the Fed abandon its monetary tightening policies?

Markets cycle through four primary phases, or “seasons”



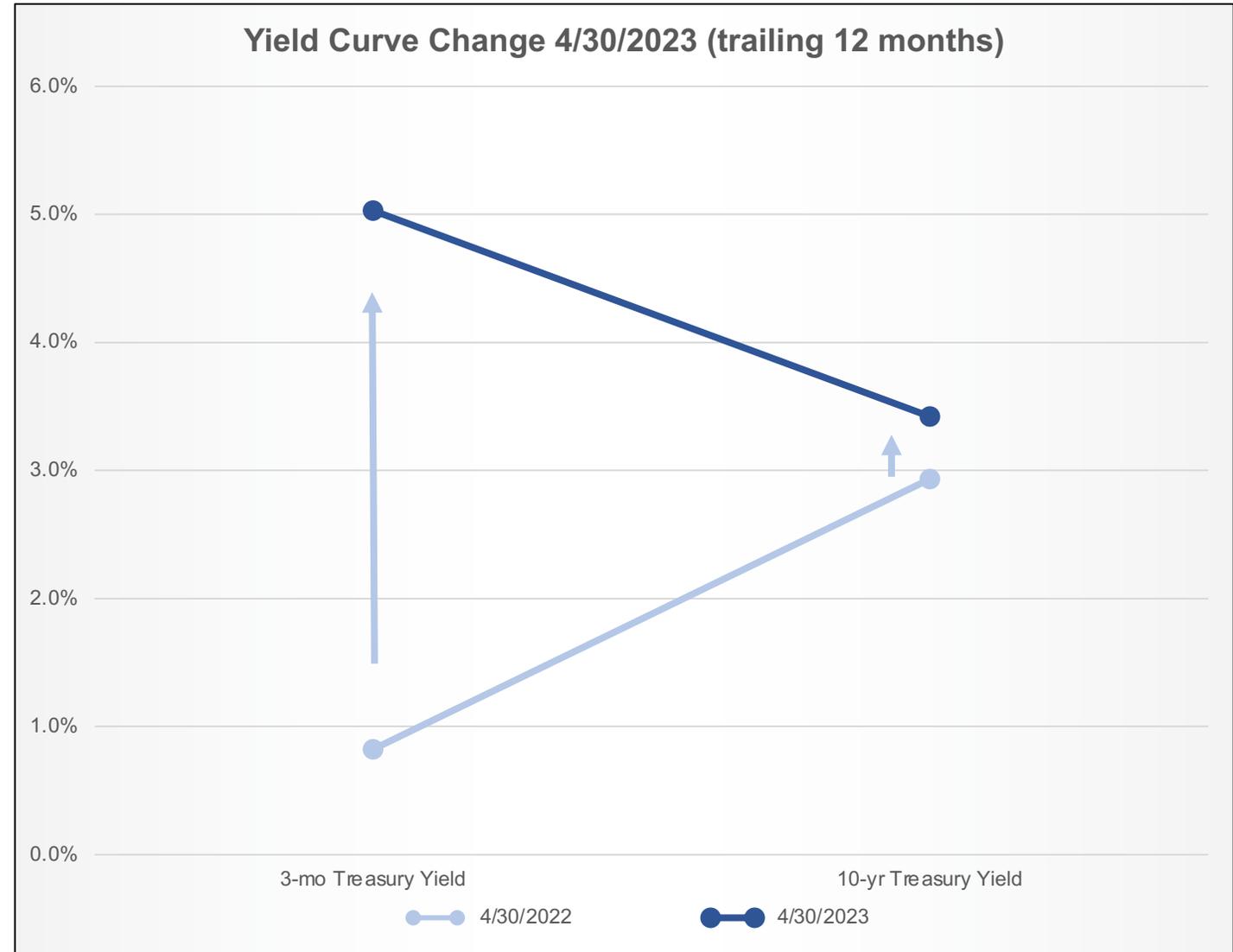
Source: 3EDGE

# Yield Curve Inversion



*Early Warning  
Signs of a  
Recession*

- ❖ Yield curve change over the last 12 months may be signaling economic recession in the U.S.



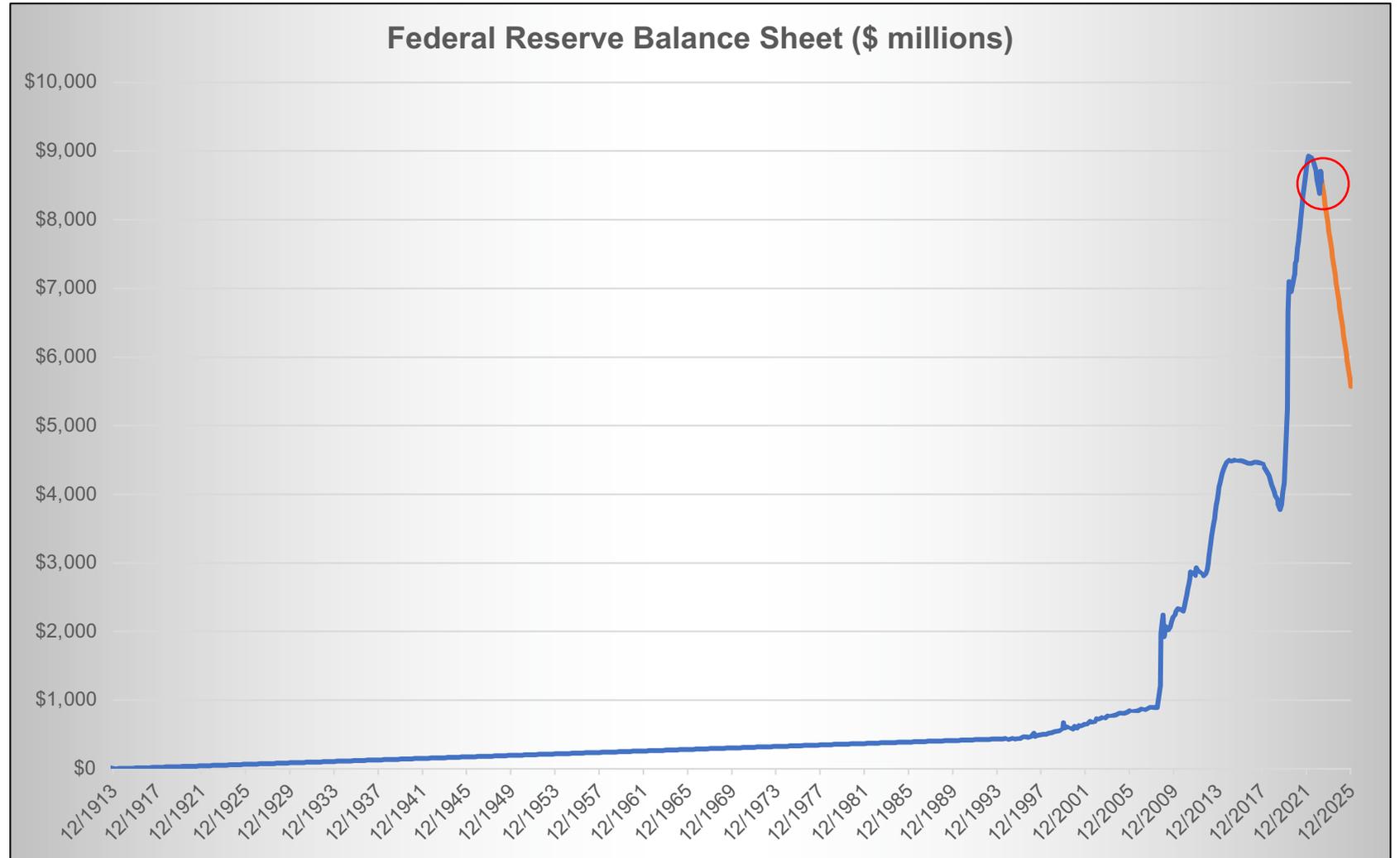
Source: Bloomberg. Updated through 4/30/2023

# Federal Reserve Balance Sheet Expansion & Contraction



*Early Warning  
Signs of a  
Recession*

- ❖ The Fed printed more reserves since the spring of 2020 than over the prior 107 years
- ❖ Unprecedented contraction previously announced for the months ahead



Source: Bloomberg, Internal. Updated through latest release, 4/30/2023. Linearly interpolated from December 1913 through December 1994. Orange line is an estimate of the Federal Reserve's telegraphed balance sheet reduction. This plan entails \$47.5b for three months starting in June then ramping up to \$95b per month; <https://www.federalreserve.gov/newsevents/pressreleases/monetary20220504b.htm>.

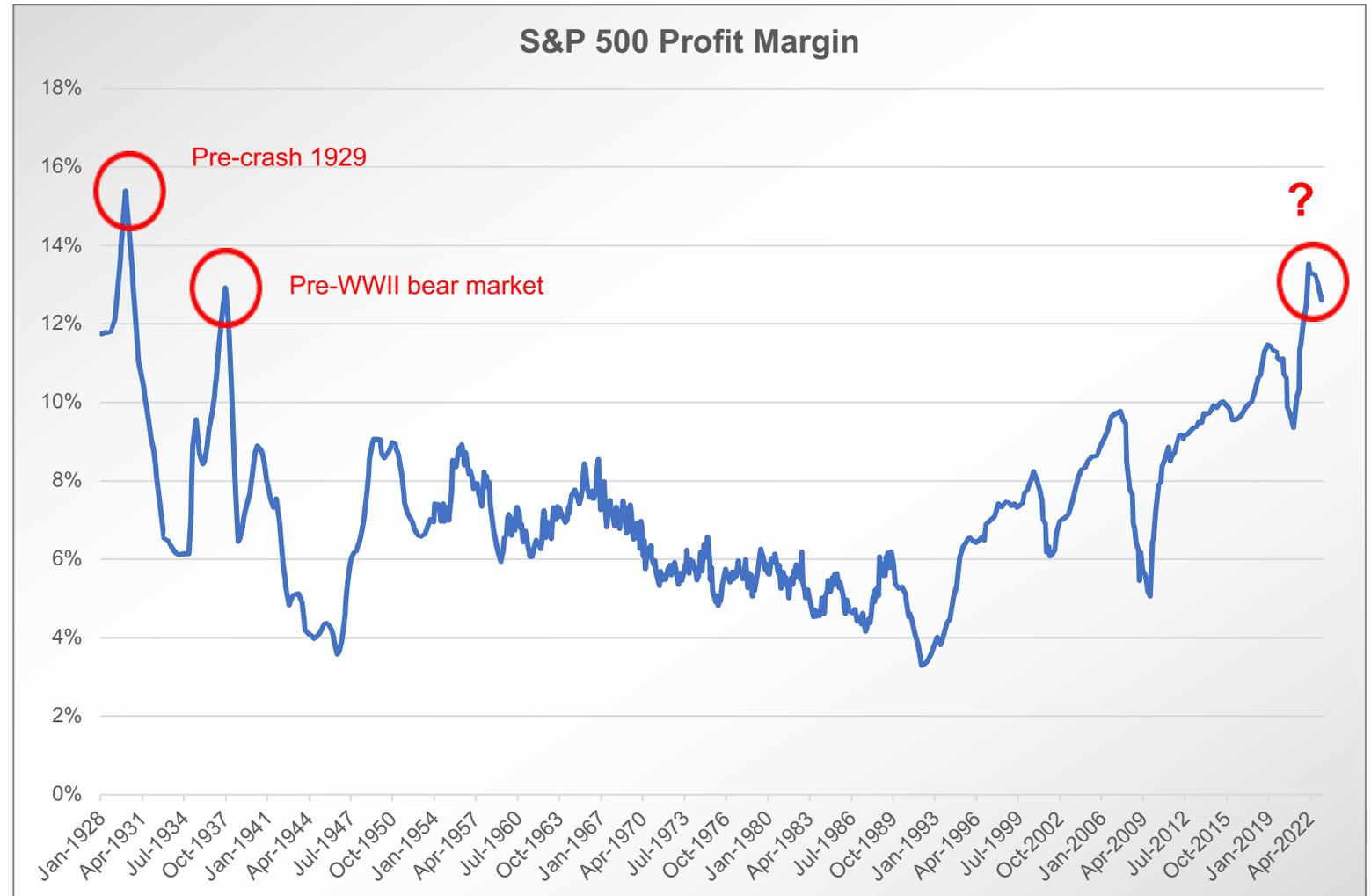
# U.S. Equity Profit Margins



*Early Warning Signs of a Recession*

- ❖ Profit margins are mean reverting over time
- ❖ Peak profit margins typically precede an equity market correction

## ❖ Current profit margins on par with 1930s



Source: Bloomberg, 3EDGE. Profit margin is EPS divided by sales per share. Monthly data. Updated through 4/30/2023.



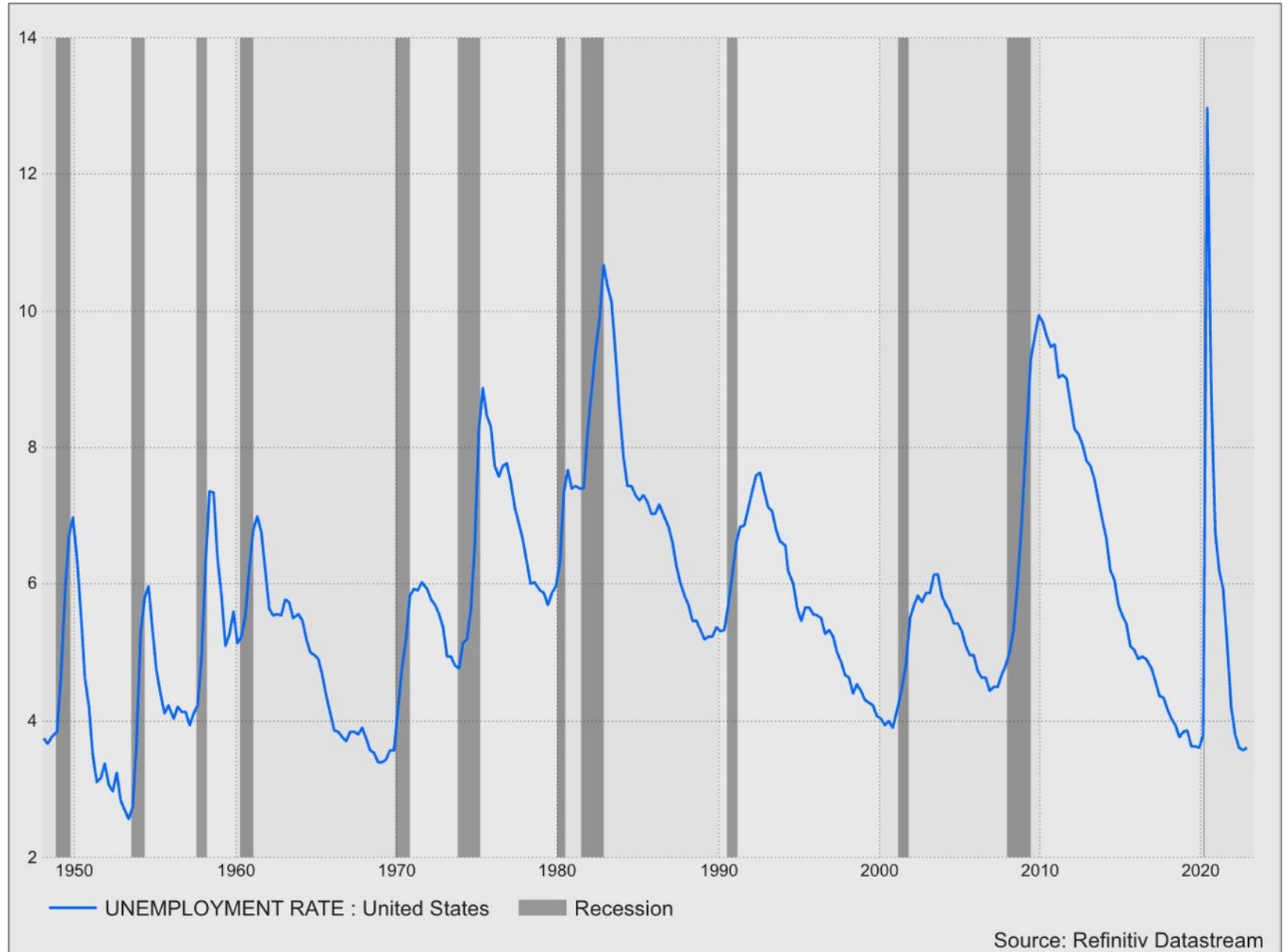
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# Implications of Low Unemployment



*Early Warning  
Signs of a  
Recession*

- ❖ Peak employment (unusually low unemployment) typically precede recessions



Source: Refinitiv Datastream



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# Asset Class Outlook

- ❖ 3EDGE favors Short-Duration Treasuries, Short-Duration TIPS, and cash equivalents over corporate and longer-term bonds
- ❖ U.S. Equity allocations at strategy minimums; favor Japanese equities
- ❖ Real Assets favorable over the longer-term



Asset Class	Negative	Mixed	Positive
<b>Equities:</b>			
U.S.		■	
Europe	■	←	■
Dev. Asia		→	■
China		■	
India		■	
<b>Fixed Income:</b>			
Rates		■	
Credit	■		
Short Term Fixed Income & Cash			■
<b>Real Assets:</b>			
Gold			■
Commodities		←	■



[youtube.com/c/3edgeAssetManagement](https://youtube.com/c/3edgeAssetManagement)

*Topical Market Insights  
Delivered Every Weekend*





- ❖ Our EDGE is our Team and our proprietary Intellectual Property;
- ❖ We've translated decades of research, experience, and success into a system that describes the behavior of the global capital markets;
- ❖ We then rigorously stress-test our strategies against the widest variety of economic and market conditions;
- ❖ The result is a series of logic-based solutions that seek to generate attractive returns regardless of market conditions with a special focus on managing downside risks.



**DISCLOSURES:**

The opinions expressed in this presentation are those of 3EDGE Asset Management and are subject to change without notice. This presentation is provided exclusively to current and prospective clients of 3EDGE. It is intended to provide information only and does not constitute an offer to buy or sell any security. This presentation is not intended to provide personal investment advice and does not take into account the unique investment objectives and financial situation of the attendee. Investors should only seek investment advice from their individual financial adviser. Information provided in this presentation includes information from sources 3EDGE believes to be reliable, but the accuracy of such information cannot be guaranteed. Investments including common stocks, fixed income, commodities, ETNs and ETFs involve the risk of loss that investors should be prepared to bear. Past performance is not indicative of future results.

Performance for the 3EDGE Conservative Strategy and Total Return Strategy is for the respective composites and is shown net of an 0.80% annual management fee and all other expenses and includes reinvestment of dividends and other earnings.

**BENCHMARKS:**

3EDGE Asset Management's investment objective is to seek to earn attractive risk-adjusted returns over full market cycles. We do not actively seek to outperform any specific benchmark index on a relative basis. Nonetheless, we utilize the S&P Target Risk Conservative Total Return Index for the Conservative Strategy and the S&P Target Risk Moderate Total Return Index for the Total Return Strategy. The 3EDGE Strategies are not index funds and their portfolio holdings, country exposure, portfolio characteristics and performance will differ from that of their respective Benchmark. The Benchmark is simply a baseline against which we monitor the 3EDGE Strategy. It is intended to represent a passive, global, multi-asset class portfolio with similar risk characteristics to the corresponding Strategy. The Benchmarks have not been selected as specific benchmarks to compare to the performance of the Strategies, but have been provided to allow for comparison of the performance of 3EDGE Strategies to that of well-known and widely recognized indices. The Indices used in the Benchmarks are represented by total return prices. Indexes are unmanaged and therefore do not include fees and expenses typically associated with investments in managed accounts. One cannot invest directly in an index. Benchmark Data Source: Bloomberg.

**DEFINITIONS:**

- The Morgan Stanley Capital International All Country World Index (MSCI ACWI) TR is designed to provide a broad measure of equity market performance throughout the world. Maintained by Morgan Stanley Capital International, it captures large and mid-cap representation across 23 developed and 23 emerging market countries, covering approximately 85% of the global investable equity opportunity set.
- The Standard & Poor's 500 (S&P 500) is the S&P 500 Total Return Index, seeking to represent the entire US stock market by reflecting the risk and return of large-cap companies. It includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

Additionally, we have provided the total return net performance of widely tracked passive ETFs (Exchange Traded Funds) for comparison to the 3EDGE Conservative and 3EDGE Total Return strategies:

- SPY ETF: SPDR S&P 500 ETF Trust
- ACWI ETF: iShares MSCI ACWI ETF
- AGG ETF: iShares Core U.S. Aggregate Bond ETF

**RISK MEASURES:**

1. Annualized Net Return since inception is based on a period of 12 months using monthly returns.
2. Standard Deviation measures the degree of variation of investment returns around the mean (or average) return and is calculated as the square root of the variance.
3. Maximum Drawdown is a measure of risk that captures the worst cumulative peak-to-trough decline of an investment or portfolio from any month- end data point to any other month-end data point. It shows in percentage terms how much money an investment portfolio would have lost before returning to its breakeven point.
4. Beta is a measure of the volatility of the portfolio in comparison to the market as a whole. Calculated as realized values vs. S&P 500 TR.



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# Contact Us



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[info@3edgeam.com](mailto:info@3edgeam.com)



844.903.3343

# *Appendix*



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In his over 35 years of studying the global capital markets and managing investment portfolios, Mr. Cucchiaro has become known for using proprietary investment research methods including the application of concepts from system dynamics, complexity economics, artificial intelligence and multi-player game theory to analyze the global capital markets. Following a successful career as a management consultant, senior economist and technology entrepreneur, Mr. Cucchiaro founded and served as President & Chief Investment Officer of Windward Investment Management Inc., which was acquired by Charles Schwab in November 2010. At the acquisition, Windhaven Investment Management continued the business of Windward. From the early days of Windward through June 2014, assets under management under Mr. Cucchiaro's tenure grew from less than \$75 million to nearly \$20 billion. After more than three years of working towards a successful transition following the acquisition, Mr. Cucchiaro left Windhaven in June 2014.

Mr. Cucchiaro has appeared on Bloomberg TV and Radio, CNBC, Consuelo Mack's Wealth Track and the Nightly Business Report, and has been quoted in The Wall Street Journal, Barron's, The Financial Times, Forbes and BusinessWeek.

Mr. Cucchiaro earned an SB in Mathematics from M.I.T and an MBA in Finance from the Wharton School at the University of Pennsylvania. During the late 1970s, Mr. Cucchiaro was a member of the U.S. Olympic Team in yacht racing, was the national champion of his class in 1978, and was a Gold Medalist in the 1979 Pan American Olympic Games. He serves on the Board of Directors of the Institute for Health Metrics and Evaluation (IHME) and is a member of the M.I.T. Sloan Finance Group Advisory Board.



**Stephen J Cucchiaro**  
**CEO &**  
**Chief Investment Officer**

*Investment Committee Member*

Mr. Biegeleisen is a member of the investment committee. He served with Steve Cucchiaro on the investment committees for both Windward and Windhaven Investment Management, Inc. His research effort is focused on discovering and exploring the interconnectedness of the global capital markets through quantitative and qualitative analyses, including utilizing machine learning algorithms. He is experienced in investment modeling, implementing efficient trading practices and has significant ETF industry experience. Prior to joining 3EDGE, Mr. Biegeleisen was the Director of Quantitative Research and Portfolio Manager at Beaumont Capital Management. He was the Chief Investment Officer and Portfolio Manager of Broadmeadow Capital, LLC an investment firm which he co-founded in 2014. Prior to this, he worked for Windhaven Investment Management as a Senior Investment Analyst and then Director of Research, leading the firm's quantitative modeling, product due diligence and portfolio structuring. Before joining the investment industry, Mr. Biegeleisen was an engineer for General Dynamics and Textron, working to develop next-generation communications and defense solutions.

Mr. Biegeleisen has a BS in electrical engineering from Trinity College in Hartford, CT, an MS in electrical engineering from the University of Southern California, and an MBA from Boston University's Questrom School of Business. He became a CFA® charterholder in 2011 and is an active member of the CFA Society Boston.



**Eric Biegeleisen, CFA®**  
**Deputy CIO,**  
**Partner**

*Investment Committee Member*

Ms. Chandra has more than 25 years of senior management experience, spanning innovative startups and large financial services firms. She was most recently the President and Co-founder of TurnRight Advice Solutions, providing an online mentoring platform to professional organizations and educational institutions. She has also held senior roles at Fidelity Investments within the firm's retirement services and personal investing businesses, including Executive Vice President of Defined Contribution Product Development and Senior Vice President for Human Resources Strategy and Planning. Prior to Fidelity Investments, she helped co-found Harbor Software, a visual database tools company, and What-if-I Financial, a provider of online advice-based investing.

Ms. Chandra holds a Bachelor of Science in Chemistry from the University of Mumbai and a Master in Business Administration from Boston College. She serves on the Board of Trustees of Dana-Farber Cancer Institute, Inc. and on the Board of Trustees of the Museum of Fine Arts. She is a founding member of the Council for Women of Boston College and a recipient of the 2007 Distinguished Alumni Achievement Award from Boston College's Carroll School of Management. She is also active with the Boston chapter of TiE, the largest not-for-profit organization promoting entrepreneurship.



**Monica Chandra**  
**President,**  
**Managing Partner**

*Investment Committee Member*

Mr. Folts served with Steve Cucchiaro for over 11 years on the investment committees at both Windward and Windhaven Investment Management, Inc. Most recently, he was the Chief Investment Strategist at Windhaven Investment Management. After the acquisition of Windward by Charles Schwab, Mr. Folts was responsible for the distribution of Windhaven's investment solutions throughout the entire Charles Schwab nationwide retail branch network. He and his team raised over \$15 billion in new assets under management. Prior to joining Windhaven, Mr. Folts was co-founder and served as President of Saugatuck Securities, a registered broker dealer firm which provided investment banking and capital raising services to hedge fund and private equity firms. Mr. Folts began his career at The Boston Company, where he served as Vice President and Director of Global Funding for the then newly formed Boston Safe Deposit & Trust Co., (U.K.) Ltd., in London, England.

Mr. Folts received his BA with a major in Political Science from Connecticut College and his MBA from IESE (Instituto Estudios Superiores de la Empresa), a bilingual Spanish - English MBA program in Barcelona, Spain. He is the former Chair of the Board of Trustees at Connecticut College and now serves as an Emeritus Trustee. Fritz currently serves on the Investment Committee for the Connecticut College endowment fund. He also serves on the Investment Committee for the Umbrella Center for the Arts in Concord, MA. Mr. Folts also serves on the U.S. Advisory Council for the IESE Business School in Barcelona, Spain.

Fritz and his wife Cathy live in Concord, Massachusetts.



**DeFred G Folts III, Fritz,  
Managing Partner and Chief  
Investment Strategist**

*Investment Committee Member*

Ms. McDermott has extensive experience in operations, compliance, and client servicing. At 3EDGE, she manages the firm's operations, finance, human resources, legal and compliance functions and is responsible for strategic initiatives to help the rollout of major projects. She helps strengthen the firm's structure, systems, and organizational capabilities in keeping with our goal of a continuous learning organization.

Ms. McDermott has been with 3EDGE since its founding. Prior to 3EDGE, she was the Director of Client Service at Balentine, an Atlanta based wealth management firm. At Balentine, she was responsible for management of the client service team with a focus on providing high touch service across all clients while creating operational and organizational efficiencies. Ms. McDermott's previous experience includes an investor relations role at an LA based fund of hedge funds as well as her role as Senior Manager of Client Services at Windward Investment Management (the precursor firm to Windhaven Investment Management).

Ms. McDermott holds a BA in Economics from Trinity College in Hartford, CT.



**Kristi McDermott**  
**Chief Operating Officer &**  
**Chief Compliance Officer,**  
**Partner**

Mr. McManus is responsible for sales of 3EDGE investment strategies to the institutional and private client markets including family offices, endowments, foundations, pension plan sponsors, sovereign wealth funds and selected investment consulting firms. He was most recently Managing Director at Disciplined Alpha LLC in Boston. Peter has more than 35 years of investment industry experience including: institutional and private client asset management sales, client portfolio management, client service and foreign exchange trading. Peter holds a BS in Political Science from The University of Massachusetts-Amherst and the Certified Financial Planner (CFP) designation from the Certified Financial Planner Board of Standards, Inc.



**Peter McManus**  
**Managing Director**

Mr. Phillips is responsible for all of the firm's investment modeling platforms. He served along with Mr. Cucchiaro on the investment committee for both Windward Investment Management, Inc. and Windhaven Investment Management, Inc. Mr. Phillips' career spans financial services and engineering/enterprise software companies. He was most recently a Co-founder and Chief Technology Officer for TurnRight Advice Solutions. Prior to Windhaven, Bob was a Senior Vice-President at Fidelity Investments responsible for managing all electronic platforms including redesigning NetBenefits which provides online services for over 13 million benefit plan participants. He has helped start and grow several other entrepreneurial ventures including What-if-I Financial, ICAD and Concentra.

Mr. Phillips holds several patents and has over 30 years of experience applying AI tools to solving complex problems. He has a BS in Mathematics/Physics from the University of New Hampshire, a M.Eng. In Engineering Physics from the University of Virginia and a Ph.D. in Mechanical Engineering from Pennsylvania State University. Bob is the recipient of the Distinguished Alumnus award from the University of New Hampshire's College of Engineering and Physical Sciences (CEPS) and is a Director on the UNH Foundation Board.



**Robert E Phillips, PhD**  
**Chief Technology Officer,**  
**Managing Partner**

*Investment Committee Member*