

# Factor Select Risk-Managed

As of June 30, 2020

## OVERVIEW & OBJECTIVE

Factor Select Risk-Managed (FSRM) provides concentrated exposure through strategic beta to factor leadership within US equity. The strategy uses quantitative models to examine patterns in investor behavior that may induce a "regime change" or a change in market sentiment at a given point in the economic or factor cycle. The strategy also deploys multi-layered risk-management to protect capital when conditions erode or abruptly reverse.

The strategy's objective is to outperform the S&P 500 by pursuing a focused factor-based approach to asset rotation while managing drawdowns.

## PORTFOLIO CONSTRUCTION IDEAS

- Satellite for strategic/core US equity portfolio – return enhancement in constructive markets, volatility dampener in risk-off environments
- Completion component for fundamental stock portfolios
- Core US equity allocation where risk tolerance is moderate to high

## TACTICAL RANGES

### Factor Segment, 0%-100%

Allocates between factor leadership within US equity or to a pair of S&P 500 noncyclical or defensive sectors

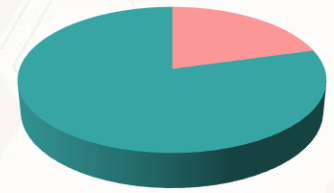
- Momentum: 0%-100%
- Growth: 0%-100%
- Value: 0%-100%
- Quality: 0%-100%
- Low-volatility: 0%-100%
- Defensive sectors: 0%-100%

### Alternate Segment, 0%-100%

Serves as structural volatility dampener during risk-off environments, providing capital protection in periods of increased market volatility

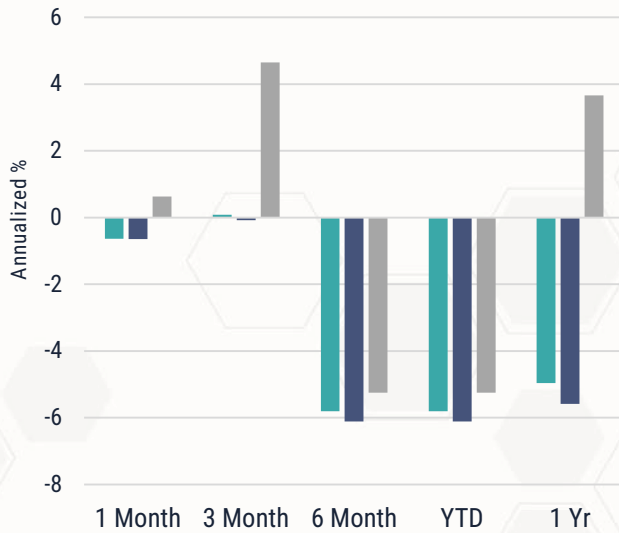
- Investment-grade fixed income & cash: 0%-100%

## POSITIONING, JUNE 30, 2020



- Momentum
- Growth
- Value
- Quality
- Low Volatility
- Defensive Sectors
- Alternate Segment

## Performance Summary



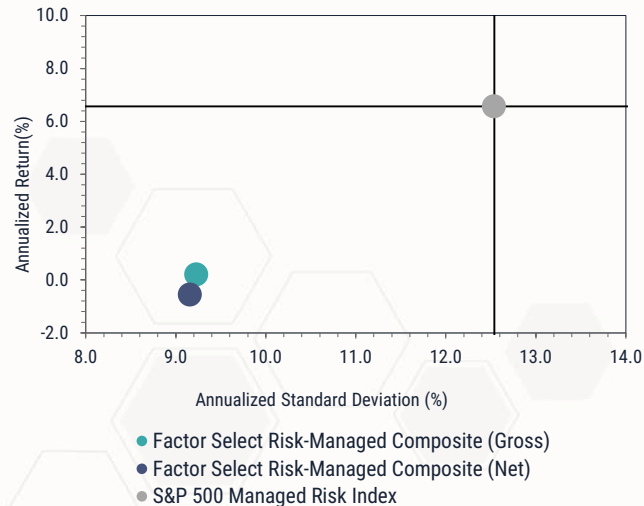
## Annualized Performance

	1 Month	3 Month	6 Month	YTD	1 Yr	Incep.
FSRM Composite (Gross)	-0.64	0.08	-5.81	-5.81	-4.96	0.21
FSRM Composite (Net)	-0.65	-0.08	-6.11	-6.11	-5.58	-0.55
S&P 500 Managed Risk Index	0.63	4.65	-5.25	-5.25	3.66	6.56

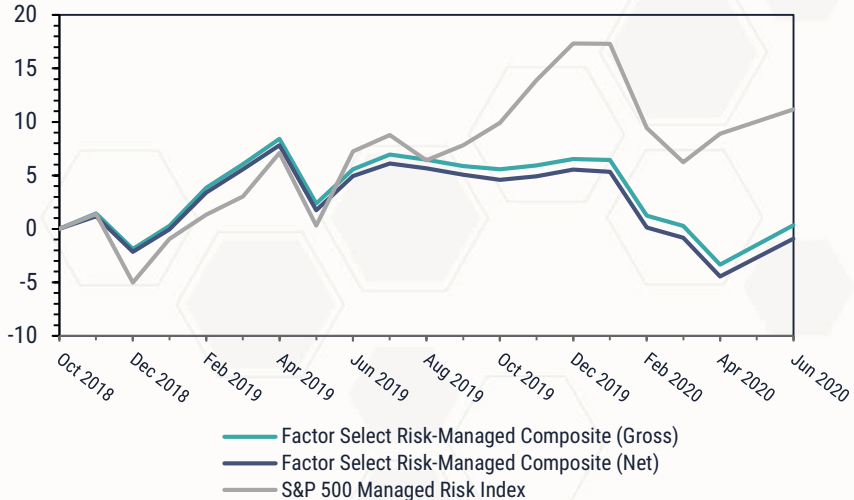
## Key Statistics (annualized since inception)

	FSRM Composite (Gross)	FSRM Composite (Net)	S&P 500 Managed Risk Index
Since Inception Return	0.21	-0.55	6.56
Standard Deviation	9.23	9.16	12.54
Beta	0.56	0.56	1.00
Sharpe Ratio	-0.19	-0.27	0.37
Max drawdown	-10.84	-11.37	-9.46
Max run-up	10.52	10.18	23.54
Composite AUM	14MM	14MM	-

## Return vs. Risk Since Inception



## Cumulative Return Since Inception



Source: WST Capital Management, Orion. Exposures shown represent the historical exposures of the Factor Select Risk-Managed Model, based off of which are run the strategy and all accounts constituting the Factor Select Risk-Managed Composite. "Alternate Segment" is a summarized allocation of assets invested in investment grade fixed income and cash equivalents, while the "Factor Segment" allocates between factor leadership within US equity or to a pair of S&P 500 noncyclical or defensive sectors. Source for performance information: FactSet. Annualized statistics since strategy inception date, October 31, 2018; relative statistics vs. primary benchmark. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted.

Calendar Year	2019
Factor Select Risk-Managed Composite (Gross)	8.59
Factor Select Risk-Managed Composite (Net)	7.86
S&P 500 Managed Risk Index	23.54

## ABOUT OUR FIRM:

WST Capital Management is a division of Wilbanks Smith & Thomas Asset Management, LLC – a firm that has, since 1990, prioritized solutions-seeking research as a way to better serve clients.

Endeavoring to offer the Bridge Between Protection and Growth through Risk-managed ETF strategies, WSTCM has cut an innovative path in the pursuit of next-generation investment approaches for today's investors. We embrace the science of investing in the effort to provide investors with a balance of protection and growth, encouraging confident participation over the long-term.

## ABOUT OUR TEAM:

The team's iterative design process brings together a depth of experience in portfolio management, product design, quantitative academic research and computational methods to create robust strategies designed to solve critical problems in portfolio construction.

### Portfolio Design & Product Management

- Roger Scheffel
- Neal Ritter

### Quantitative Research

- David Abrams
- Tom McNally, CFA, CMT

### Relationship Management

- Wade Monroe, CIMA®, CFP®

### Product Support & Marketing

- Ryan Stallard
- Maria Salova

## KEY FACTS AND INFORMATION:

Strategy inception date: October 31, 2018

Vehicle: Separately managed account

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## Important disclosures

Wilbanks, Smith & Thomas Asset Management, LLC ("WST" or the "Firm") is defined as an SEC registered investment adviser headquartered in Norfolk, Virginia. WST claims compliance with the Global Investment Performance Standards (GIPS®) Prospective clients can obtain a GIPS-compliant presentation and/ or the firm's list of composite descriptions by contacting WST with the contact information referenced above.

The Factor Select Risk-Managed Composite has an inception date of October 31, 2018 and consists of all fee-paying, fully discretionary accounts under active management at WST that adhere to the Factor Select Risk-Managed strategy. Factor Select Risk-Managed aims to provide exposure to potential sources of factor-based alpha in US equity, selecting between momentum, growth, value, quality and low volatility factors. Within its equity allocation (which may comprise 0% to 100% of assets), the strategy attempts to protect capital by utilizing minimum-volatility funds or securities or by allocating equally to a pair of S&P 500 sectors exhibiting low-volatility trends relative to the broader market. When severe markets call for increased downside protection the strategy may allocate up to 100% in investment-grade fixed income securities including US aggregate bonds, floating-rate fixed income and US Treasuries. The strategy may make tactical shifts between asset classes or factor exposures on any trading day. This strategy is generally implemented through the trading of mutual funds or exchange-traded funds. The composite was created October 2018. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 10/31/2018 (strategy inception)-present relate only to a limited group of the adviser's clients selected based on suitability and risk tolerance. This factor did not have a material effect on performance but could have led to the termination of the composite in the event of significant outflows

The composite is measured against the S&P 500 Managed Risk Index. The S&P 500 Managed Risk Index is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indices, while maintaining a fixed allocation to the underlying bond index.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income and dividends. Net of fee performance was calculated using actual management fees. Some accounts in the composite pay a "wrap fee" which is an all-inclusive or bundled fee based on a percentage of assets under management and may include investment management services, transaction costs/brokerage commissions, portfolio monitoring, consulting services, and custodial services. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted. Past performance is not a guarantee of future results.

Investment advisory fees are described in Wilbanks Smith & Thomas Asset Management, LLC's Form ADV 2A. To illustrate the possible effect of fees on the total return of an account, what follows is an illustration: A client investing in the comparative index S&P 500 over the last 10 years (as of December 31, 2015) would have earned 7.31% return on an annualized basis. With the effect of fees at 2.00% per year, this client can then expect their net return to be 5.16% per year compounded over the same time period.

Standard Deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager. Correlation is a measure of how two securities move in relation to each other. The Sharpe Ratio measures excess return per unit of risk which relates the difference between the portfolio's return and the return of the risk free rate to the standard deviation of the portfolio returns for the same period. Alpha is the mean of the excess return of the manager over beta times the benchmark. Beta is a measure of systematic risk, or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark used to measure beta. Maximum Drawdown is the maximum loss (compounded, not annualized) that the manager ever incurred during any sub period of the entire time period. Conceptually, the calculation looks at all sub periods of the time period in question and calculates the compound return of the manager over that period. The maximum drawdown is the minimum of zero and all these compound returns. Maximum Run-up is the opposite of Maximum Drawdown and shows the maximum gain the manager incurred during any sub period of time. Up and Down Capture is a measure of how well a manager replicates or improves on phases of positive benchmark returns and how the manager is affected by phases of negative benchmark returns. Commodities and futures generally are volatile and are not suitable for all investors. The value of commodity funds relate directly to the value of the futures contracts and other assets held within the fund and any fluctuation in the value of these assets could adversely affect an investment in commodities. Exchange Traded Funds (ETF's) trade like stocks, are subject to investment risk and will fluctuate in market value.