

# FREEDOM DYNAMIC<sup>®</sup>

## MANAGED RISK SERIES

### QUARTER OVERVIEW

- The strategies entered 2024 fully invested and benefited from the broad-based rally in global equity markets during 1Q24 as economic data and corporate profits are proving to be more resilient than market participants previously anticipated, especially in the U.S.
- Conversely, bond values declined slightly during the quarter. While inflation pressures have abated from peak levels in 2022, the pace of improvement has slowed in recent months and inflation ticked up in March. The recent trend in inflation is casting doubt over the magnitude of potential interest rate cuts by the Federal Reserve in 2024. This coupled with better-than-expected economic trends has led to higher interest rates. Bond prices and interest rates have an inverse relationship.
- After an extensive review, we restructured the strategy in early March and renamed the series Dynamic Managed Risk. An important change is the strategy is no longer using the Risk Assist overlay that de-risked and built an allocation to cash during periods of market declines and subsequently reinvested in growth assets as markets recovered. Instead, the newly named Managed Risk strategies are invested in a diversified mix of risk mitigated equity and tactical allocation strategies that we believe improves the diversification profile of these strategies and offers improved risk-adjusted return potential over the long term.

### PORTFOLIO RESTUCTURE

Instead of using a single risk mitigation strategy, we are now utilizing a combination of five risk mitigation strategies, each possessing different characteristics. Ultimately, we believe this diversified mix of risk mitigation strategies will strike a better balance between providing downside protection during market declines and capturing upside potential when markets are advancing. We augment the risk mitigation strategies with fixed income in the Moderate Growth and Conservative Growth strategies. The following is a summary of the five risk migration allocations held in the Managed Risk strategies:

- **Low Volatility Equity-** Seeks exposure to stocks that have exhibited lower volatility characteristics. Stocks in this category are designed to provide exposure to the long-term growth potential of stock markets with potentially less risk than broader stock market indices.
- **Hedged Equity-** Seeks to provide exposure to the growth potential of stock markets while employing a disciplined options strategy designed to reduce downside risk.
- **Stop Loss Equity-** Seeks to enhance risk-adjusted returns relative to the S&P 500 by over- and under-weighting sectors and employing a catastrophic stop loss model that may allocate 50% to cash during periods of heightened market risk.
- **Long/Short Equity-** Funds that take long and short positions in individual stocks in an effort to participate in up markets and mitigate risk in down markets. This style of investing typically demonstrates lower volatility characteristics than broader equity markets by maintaining reduced net exposure to markets through short positions and cash allocations.
- **Tactical Allocation-** Pursues a growth focused but balanced approach to investing in global equities, fixed income, and cash based on a top-down process and developed around a loss-avoidance framework. Allocations are driven by a combination of a macroeconomic model and technical analysis.



*Securities and Investment Advisory Services offered through Founders Financial Securities, LLC. Member FINRA, SIPC and Registered Investment Advisor. This material contains the opinions of the author(s) but not necessarily those of Founders Financial Securities, LLC and such opinions are subject to change without notice. This material has been distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Founders Financial's investment strategies are subject to risk including, general market risk, currency fluctuations, and economic conditions. Information contained herein has been obtained from sources believed to be reliable but is not guaranteed. Investors should consult their financial, tax, and legal advisors before making investment decisions. Past performance results are no indication of future returns, and all investments may result in loss of principal.*

**ALLOCATION BREAKDOWN**

Below is an allocation breakdown for each of the Managed Risk strategies:

STRATEGY	TARGET ASSET ALLOCATION					
	Low Volatility Equity	Hedged Equity	Stop Loss Equity	Long/Short Equity	Tactical Allocation	Fixed Income
<b>MANAGED RISK GROWTH</b>	25%	25%	15%	15%	20%	0%
<b>MANAGED RISK MODERATE GROWTH</b>	21%	21%	13%	13%	17%	15%
<b>MANAGED RISK CONSERVATIVE GROWTH</b>	17%	18%	10%	11%	14%	30%

**ABOUT THE MANAGED RISK SERIES**

The Managed Risk Series of Freedom Dynamic® is designed to provide an additional layer of risk management to investor portfolios by allocating to a diversified mix of risk mitigated equity and tactical allocation strategies with enhanced downside protection potential.



Securities and Investment Advisory Services offered through Founders Financial Securities, LLC. Member FINRA, SIPC and Registered Investment Advisor. This material contains the opinions of the author(s) but not necessarily those of Founders Financial Securities, LLC and such opinions are subject to change without notice. This material has been distributed for informational purposes only. Forecasts, estimates, and certain information contained herein are based upon proprietary research and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Founders Financial's investment strategies are subject to risk including, general market risk, currency fluctuations, and economic conditions. Information contained herein has been obtained from sources believed to be reliable but is not guaranteed. Investors should consult their financial, tax, and legal advisors before making investment decisions. Past performance results are no indication of future returns, and all investments may result in loss of principal.