



Howard Capital Management's (HCM) investment strategies strive to protect capital in market downturns while seeking to outperform the major indices during market upswings. The HCM-BuyLine® is technical, but its interpretation is straightforward. This helps to mitigate downside risk by signaling for a move out of equities and into cash and cash equivalents. For years, the HCM-BuyLine® has demonstrated the ability to place its investor base in a tactical and defensive position irrespective of marketing swings.

KEY FEATURES

- Designed to be an emotionless and mathematically driven process
- Signals when to move to cash and/or lower risk investments during market declines
- Greater capital might be available to reinvest during market advances

A DISCIPLINED STRATEGY

The HCM-BuyLine® In Action



LEGEND:

- Reduction
- Further Reduction
- Buy

2008-2009



The HCM-BuyLine® aims to bypass the decline by signaling when to move to the safety of money markets and/or short-term bonds. Highlighting the financial meltdown in 2008, the HCM-BuyLine® signaled to exit the stock market.

GLOBAL TRENDS TIMELINE

MARCH 2000 Tech Bubble Bursts	SEPTEMBER 2001 World Trade Center Terror Attacks	MARCH 2007 Beginning of the Sub-prime Mortgage Crisis	JANUARY 2008 The US Recession is Underway, Unemployment Soon Reaches 10%	MAY 2010 Flash Crash: Dow Has Second Largest Point Swing	SEPTEMBER 2011 EU Sovereign Debt Crisis; US Credit Rating Downgrade	JUNE 2016 "Brexit": Britain Votes to Exit the E.U.	2018 Rise of Computerized Trading
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THE HCM-BUYLINE®

Signature **stoploss** risk management

The HCM-BuyLine® uses a proprietary quantitative investment model to determine when we should be in or out of the market. The HCM-BuyLine® uses trend analysis to help identify the broad trend in the equity market. When the trend is down, we reduce exposure to equities, and when the trend is up, we increase exposure to equities.

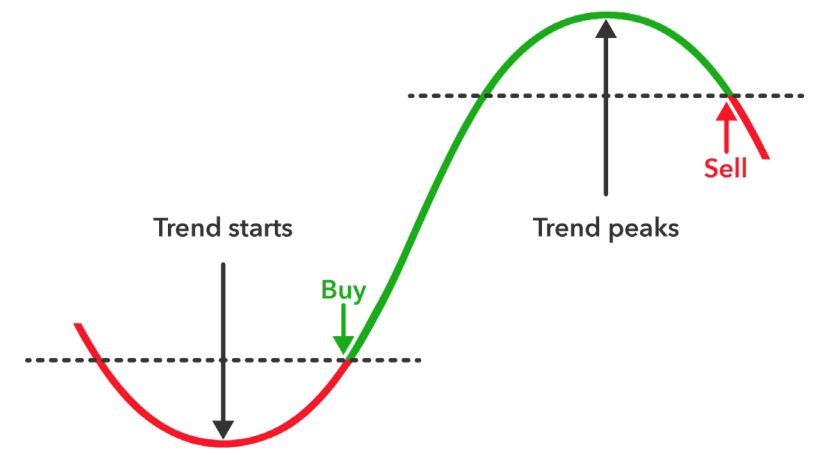
When the S&P 500 Index's closing price drops to 3.5% below the HCM-BuyLine®, we will assume a reduced exposure in equities by investing in cash or cash equivalents. If the S&P 500 Index drops to 6.5% below the HCM-BuyLine®, we will further reduce exposure in equities. Once the S&P 500 Index closes above the HCM-BuyLine® for five consecutive trading days after having dropped below one or both of the previous two levels, we will be reinvested in equities.

This non-emotional, mechanical, and repeatable system helps take the guesswork out of HCM investment decisions as we strive to keep client portfolios on the right side of the market. Even though not every HCM-BuyLine® signal will result in a profitable trade, the HCM-BuyLine®'s ability to preserve capital using math in major market downturns while pursuing opportunities for growth provides HCM with the potential to outperform the market on a long-term basis. For example, a portfolio which suffers a 30% loss, takes a 43% gain to return to the previous portfolio value. When the impact of a major market downturn is reduced, the investor is left better situated compared to a buy-and-hold strategy. However, avoiding market downturns is just the start of an effective risk management system. The manager also needs to know when to be invested in equities. Here again, the HCM-BuyLine® comes into play, signaling a potential uptrend.

GOAL:

Try to capture **70-80%** of the **uptrend** while avoiding **70-80%** of the **downtrend**

The goal is not to call tops and bottoms of the market, but instead to identify trends and opportunities through our quantitative investment model.



The graphics above represent the dates on which the HCM-BuyLine® indicator signaled a change in market conditions. The graphic does not represent actual trading activity. The HCM-BuyLine® is an indicator only and will not automatically allocate and/or re-allocate client assets. Actual trading activity may take time to research and implement and, as a result, trading activity may lag behind the signals provided by the HCM-BuyLine® indicator. There can be no guarantee that the HCM-BuyLine® indicator will perform as anticipated or that following any signals provided by the HCM-BuyLine® indicator will result in a profitable trade.



“We practice active money management. We do not believe in buy and hold, nor do we favor asset allocation. We must be strategic and tactical to bring our best defense against a market that does not think or feel.”

- Vance Howard, CEO and Portfolio Manager

WE LOOK FORWARD TO SPEAKING WITH YOU.

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HCM Indicator. The HCM-BuyLine® (Indicator) our proprietary indicator is used to assist in determining when to buy and sell securities. When the Indicator identifies signs of a rising market, HCM then identifies the particular security(ies) that HCM believes have the best return potentials in the current market from the universe of assets available in each given model and signals to invest in them. When the Indicator identifies signs of a declining market, the Indicator signals to move clients’ investments to less risky alternatives. Not every signal generated by the Indicator will result in a profitable trade. There will be times when following the Indicators results in a loss. An important goal of the Indicator is to outperform the market on a long-term basis. The reason is the mathematics of gains and losses. A portfolio which suffers a 30% loss takes a 43% gain to return to the previous portfolio value. The Indicator is a reactive in nature, not proactive. They are not designed to catch the first 5-10% of a bull or bear market. Ideally, they will avoid most of the downtrends and catch the bulk of the uptrends. There may be times when the use of the Indicator will result in a loss when HCM re-enters the market. Other times there may be a modest positive impact. When severe downtrends occur, however, such as in 2000-2002 and 2007-2008, the Indicator has the potential to make a significant difference in portfolio performance. Naturally, there can be no guarantee that the Indicator will perform as anticipated. The Indicator does not generate stop-loss orders that automatically sell securities in the portfolio at a certain price. As a result, use of the Indicator will not necessarily limit your losses to the desired amounts due to the limitations of the Indicator, market conditions, and delays in executing orders.

Please remember to contact HCM, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. Please Note: Unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective. A copy of our current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request.

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