

# ACCLIVITY US MID CAP MULTI-STYLE

Diversified by **Syntax**



September 30, 2024

Acclivity Investment Research (AIR) is the factor-based investment division of Innealta Capital, a quantitative asset management firm based out of Austin, Texas. We strive to provide best-in-class investment solutions to improve our clients' financial well-being.

Our advantageous ties with the academic community, allow us to uniquely implement academic research into portfolios that aim to provide higher expected rates of return. The portfolios are offered via mutual funds and separately managed accounts which are designed for high net-worth individuals, financial advisors, and institutional investors.

## INVESTMENT OBJECTIVE

The investment objective of the Acclivity Mid Cap Multi-Style Strategy is to seek long-term capital appreciation. The strategy primarily invests in securities within the mid cap universe.

## OUR ADVANTAGE

- Rules-Based Approach
- Targeted Exposure
- Efficient Implementation

## STRATEGY FOCUS

### Emphasis

- Small-Mid Market Capitalization
- Low Relative Price
- High Profitability
- Conservative Investment
- Positive Momentum

### Diversification

- Securities
- Sectors
- Premiums

## PORTFOLIO MANAGERS

- **Dr. Vito Sciaraffia** is the Chief Investment Officer and a Portfolio Manager. He holds a Ph.D. in business administration from the Haas School of Business at the University of California at Berkeley.
- **Alfred Zhang, CFA, FRM**, is a Portfolio Manager. He holds a master's degree in Financial Mathematics from the University of Chicago.

## CONTACT INFORMATION

### Acclivity Investment Research

13215 Bee Cave Pkwy | Building A, Suite 240  
Austin, TX 78738  
P: (737) 808-4640

 consulting@acclivityresearch.com

 acclivityresearch.com

 linkedin.com/company/acclivity-investment-research

## PORTFOLIO CHARACTERISTICS

	PORTFOLIO	RUSSELL MID CAP
Number of Holdings	434	811
Percentage in Top 10 Holdings	9.62%	4.97%
Weighted-Average Market Cap (Billions)	\$15.51	\$26.61
Price-to-Book <sup>1</sup>	2.78x	3.13x
EBITDA / Total Market Value <sup>2</sup>	4.90%	2.01%
12-month Asset Growth <sup>3</sup>	6.38%	8.38%

## PERFORMANCE (%)

	3-MONTH	YTD	1-YEAR	3-YEAR	5-YEAR	INCEPTION
Gross	9.06	17.04	30.26	10.31	13.62	11.19
Net	8.79	16.17	28.97	9.21	12.49	10.08
Russell Mid Cap	9.21	14.63	29.33	5.75	11.30	9.90

Russell Mid Cap refers to the benchmark: Russell Mid Cap TR Index. Inception date is September 30, 2018. Past performance is not indicative of future results. Actual returns may vary materially and adversely. Please refer to the Disclosure and Important Information section of this document for further details regarding statistics and calculations thereof.

Gross performance reflects the deduction of any applicable custodial fees, platform fees or brokerage commissions, but does not reflect the deduction of management fees that may be incurred by a client's account. Such fees would reduce the account's return. Net performance reflects the deduction of a hypothetical annual investment advisory fee of 1%, deducted monthly, that may be charged to a client. Due to the compounding effect of these fees, annual net performance results may be lower than stated gross returns less the stated hypothetical annual fee. Actual advisory fees charged may vary. Past performance is not indicative of future results. Actual returns may vary materially and adversely. Please refer to the Disclosure and Important Information section of this document for further details regarding statistics and calculations thereof.

## HOLDINGS INFORMATION <sup>4</sup>

TOP HOLDINGS	
United Airlines Holdings	1.20%
Loews	1.13%
Principal Financial Group	1.09%
Synchrony Financial	1.09%
Fidelity National Financial	1.00%
<b>Total</b>	<b>5.51%</b>

Data shown are supplemental information to the Composite. Holdings are subject to change.

Source: Acclivity Investment Research

SECTOR ALLOCATION	PORTFOLIO	RUSSELL MID CAP
Industrials	21.28%	17.39%
Financials	18.06%	15.67%
Consumer Discretionary	12.35%	10.92%
Health Care	11.97%	10.22%
Information Technology	11.52%	12.51%
Consumer Staples	6.61%	5.04%
Materials	6.59%	5.93%
Energy	3.86%	4.96%
Utilities	3.70%	5.76%
Communication Services	3.02%	3.43%
Real Estate	0.82%	8.17%



**acclivity** noun  
ac·cliv·i·ty | \ ə - 'kli-və-tē

plural acclivities

Definition: an ascending slope

Synonyms: ascent, elevate, rise, upgrade

## COMPOSITE PERFORMANCE

Year	Total Firm Assets and Advisor-Only Assets (Millions) <sup>[1]</sup>	Total Firm Assets (Millions)	Total Firm Advisory-Only Assets (Millions)	Composite Assets (Millions)	Number of Accounts	Composite Gross Return (Percent)	Composite Net Return (Percent)	Benchmark Return (Percent)	Composite 3-Yr St Dev (Percent) <sup>[2]</sup>	Benchmark 3-Yr St Dev (Percent)	Composite Dispersion (Percent) <sup>[3]</sup>	Wrap Fee Paying Accounts (Percent)
2023	517	305	212	0.77	<6	17.24	16.07	17.23	19.56	19.38	-	-
2022	535	288	247	0.65	<6	-9.48	-10.38	-17.31	24.20	23.95	-	-
2021	600	257	343	0.72	<6	26.32	25.06	22.58	21.99	20.84	-	-
2020	585	211	374	0.57	<6	13.12	11.99	17.10	-	-	-	-
2019	640	163	477	0.51	<6	29.30	28.02	30.54	-	-	-	-
2018 <sup>[4]</sup>	753	158	595	0.39	<6	-17.66	-17.86	-15.37	-	-	-	-

<sup>[1]</sup>For GIPS purposes, "Total Firm Assets and Advisor-Only Assets" includes both "Total Firm Assets" and "Total Firm Advisory-Only Assets." UMA (Unified Managed Account) assets are part of "Total Firm Advisory-Only Assets" but are not included in "Total Firm Assets." These UMA assets are not considered "under management" because the firm has either no or only partial trading discretion.

<sup>[2]</sup>The three-year annualized ex-post standard deviation of the composite and/or benchmark is not presented because 36 monthly returns are not available. The calculation is using gross returns.

<sup>[3]</sup>Composite dispersion is calculated using asset-weighted std. deviation method and is presented gross-of-fees. NA: Data shown are not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>[4]</sup>Performance since composite inception, 09/30/2018.

## DISCLOSURES & IMPORTANT INFORMATION

Acclivity Investment Research collaborates with Syntax Advisors to diversify the business risk within its investment strategies. Syntax's proprietary business classification system aims to capture the full range of economic activities in order to minimize business concentration risks.

Acclivity Investment Research is the factor-based investing division of Innealta Capital.

Innealta Capital, LLC. (Innealta) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Innealta Capital has been independently verified for the periods from April 1, 2018 through December 31, 2019. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The U.S. Dollar is the currency used to express performance. The composite includes portfolios charged wrap fees and portfolios charged transaction fees or trading costs. Wrap fee portfolios pay a fee based on a percentage of assets under management. They include the advisor's fee and, in most cases, also include a fee for investment management and portfolio monitoring. Returns are presented net of management fees and include the effects of trading costs and reinvestment of all income. Gross returns are shown as supplemental information and are stated gross of all fees except for transaction fees, when charged. For portfolios charged transaction fees on a per-trade basis, gross performance is net of transaction costs. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Actual investment management fees will vary, beginning at 1.0% per annum. Innealta typically charges a quarterly management fee in advance for services to be rendered during the following calendar quarter. The fee schedule for Separate Accounts is as follows: 1.00% per annum (0.25% per quarter) of the first \$1,000,000, 0.75% per annum (0.1875% per quarter) of the next \$9,000,000, and 0.5% per annum (0.125% per quarter) for any amount above \$10,000,000. Innealta's management fee for managing a Separate Account is determined through negotiation with each client and is set forth in the Management Agreement.

The US Mid Cap Multi-Style Composite includes discretionary portfolios invested in the unique US Mid Cap Multi-Style portfolio, which primarily holds mid cap securities based on exposures to factors, seeks broad diversification and aims to generate capital appreciation. The US Mid Cap Multi-Style Composite was created on September 30, 2018; the inception date for portfolio performance matches composite creation date. Portfolios eligible for the US Mid Cap Multi-Style Composite must follow the stated investment strategy. Composite policy requires the temporary removal of any portfolio incurring cash inflow or outflow of 25% or more during the month. The removal of such a portfolio occurs at the beginning of the month in which the significant cash flow occurs, and the portfolio re-enters the composite at the beginning of the month after the cash flow. This policy is reviewed and maintained monthly. A list of composite descriptions and a list of broad distribution pooled funds are available upon request.

The **Russell Midcap TR Index** measures the performance of the 800 smallest companies in the Russell 1000 Index. Total return indexes reinvest dividends. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Indices do not reflect any fees, expenses or sales charges and are not available for direct investment.

Benchmarks and financial indices are shown for illustrative purposes only and are provided for the purpose of making general market data available as a point of reference only, and do not constitute as an offer or recommendation to buy or sell securities or engage an investment manager. Such benchmarks and financial indices are unmanaged, assume reinvestment of income, do not reflect the impact of any trading commissions and costs, management, and incentive fees, and have limitations when used for comparison or other purposes because they, among other reasons, may have a different trading strategy, volatility, credit, or other material characteristics (such as limitations on the number and types of securities or instruments). No representation is made that any benchmark or index is an appropriate measure of comparison.

Market Indices included are a general source of information and comparison to an index does not imply that the portfolio will be constructed in the same way as the index or achieve returns, volatility, or other results similar to the index. Potential or current investors should not conclude that the Fund will or will not be correlated with any such index (including those purporting to represent the trading strategies to be implemented by such product). Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Potential or current investors should not consider any comparative index shown in this document to be a performance benchmark for the Fund. Such indices are provided solely as an indication of the performance of various capital markets and/or investment strategies in general. However, the comparison of indices in general, and to individual managed products in particular, are subject to material inherent limitations. 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.

<sup>1</sup> **Price-to-book ratio** is calculated using index methodology which includes companies with negative book value.

<sup>2</sup> **"EBITDA / Total Market Value"** is a proxy for current cash flow to total market value. It is commonly known in factor investing as "profitability".

<sup>3</sup> **"12-month Asset Growth"** is the year-over-year percentage change in total assets. It is commonly known in factor investing as "investments". Outlier values were winsorized, if any.

<sup>4</sup> **Holdings and Allocation** data as of September 30, 2024. Fund holdings are subject to change and should not be considered investment advice.

Advisory services are offered through Innealta Capital, LLC, an Investment Adviser registered with the U.S. Securities & Exchange Commission (SEC) subject to the Rules and Regulations of the Investment Advisers Act of 1940. Innealta Capital, LLC advises certain mutual funds and individually managed accounts. Innealta Capital, LLC only transacts business in states where it is properly registered or exempt from registration. Registration of an investment adviser does not imply any certain level of skill or training. No federal or state agency or regulatory or self-regulatory authority has approved the information contained in this website, and any representation to the contrary is unlawful. A copy of Innealta's Form ADV Part 2 is available upon request. Analytics for and references to market or composite indices, benchmarks, or other measures of relative market performance over a specified period of time are provided for informational purposes only. Market Indices included are a general source of information and comparison to an index does not imply that the portfolio will be constructed in the same way as the index or achieve returns, volatility, or other results similar to the index. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results.

Investing involves a high degree of risk. Investors could lose all or a substantial amount of their investment, and there are no assurances that investment objectives will be achieved. Investors should carefully review and consider potential risks before investing. Past performance is not indicative of future results. The information herein may contain forward-looking statements and projections that are based on our current beliefs and assumptions and on information currently available that we believe to be reasonable. All statements that are not historical facts are forward-looking statements, including any statements that relate to future market conditions, results, operations, strategies or other future conditions or developments and any statements regarding objectives, opportunities, positioning, or prospects. Forward-looking statements are necessarily based upon speculation, expectations, estimates and assumptions that are inherently unreliable and subject to significant business, economic and competitive uncertainties and contingencies, and prospective investors may not put undue reliance on any of these statements. Forward-looking statements are not a promise or guaranty about future events.

Past performance is not indicative of future results and actual returns may vary materially and adversely. Therefore, no current or prospective investor should assume that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels. Performance results presented are net of fees and represent the mutual funds' total return. These results include the reinvestment of dividends and other earnings. This presentation may contain forward-looking statements and projections that are based on Innealta's current beliefs and assumptions and on information currently available that Innealta believes to be reasonable, however, such statements necessarily involve risks, uncertainties and assumptions, and prospective and current clients may not put undue reliance on any of these statements.