

QUARTZ TACTICAL STRATEGIES

# The PRICE Analysis Matrix

Joe Arena | CIO

**An Adaptive Approach to a Complex Market. We challenge the status quo that a traditional “buy and hold” portfolio with a rigid mix of investments provides optimal outcomes. We also reject the idea that an investment strategy needs to choose between fundamental or technical analysis. Investment strategies should be built using both fundamental and technical analysis. Allowing portfolios to adapt and capitalize on investment opportunities as they arise.**

**Embrace volatility, but avoid protracted downturns**

Market volatility is to be expected as part of the risk/return tradeoff. In fact these swings often present opportunities. However, there also exist market periods in which losses can exceed tolerable levels and can create “Permanent Loss of Capital”, losses that may permanently decrease the probability of reaching your investing goals. These are the periods where our PRICE matrix seeks to preserve capital.

The Goal of Tactical Rotation:  
Downside Protection During Protracted Downturns



\*The illustration above is hypothetical. You cannot invest directly in an index.

## 1 Quartz Investment Process

### PRICE Analysis Matrix

Over the course of 15 years through rigorous academic research we have developed an investment model comprised, in our view, of the most relevant economic and market data in determining the direction of the economic landscape and relative attractiveness of investments. Our PRICE analysis matrix provides a repeatable process that is flexible and allows our investment strategies to quickly adapt to changes in the economic and market landscape. The Price analysis matrix is comprised of five data sets and over 50 data points ranging from fundamental to technical data. Data points that when combined, historically exhibit a high probability of predicting economic cycles, investment opportunities and protracted market downturns.

- POLICY**
- RISK**
- INFLATION & INTEREST RATES**
- CREDIT**
- EARNINGS & ECONOMY**

The presented information is as of the date of publication and is subject to change. This material is not intended to be relied upon as a forecast or investment advice regarding a particular investment or the markets in general, nor is it intended to predict or depict performance of any investment. We may execute transactions in securities that may not be consistent with the report's conclusions. Investors should consult their financial advisor on the strategy best for them. Past performance is not a guarantee of future results. Investment Advisory Services offered through Quartz Partners Investment Management, an SEC Registered Investment Adviser: 19 Railroad Place, Saratoga Springs, NY 12866. Phone: 800-433-0422 invest@quartzpartners.com.

<b>POLICY</b>	Our <b>Policy</b> data set analyzes monetary and fiscal policy from the US Federal Reserve, US Federal Government as well as those from foreign central banks and sovereign governments. Policy decisions drive market liquidity and investing risk taking.
<b>RISK</b>	Our <b>Risk</b> data set analyzes market volatility and the opportunity cost of investing. Momentum data from various asset classes and cross asset class relative strength contributes to both our defensive allocation and overall positioning amongst sectors, styles, and factors.
<b>INFLATION &amp; INTEREST RATES</b>	Our <b>Inflation &amp; Interest Rates</b> data set analyzes bond and lending rates, consumer, manufacturing and commodity prices. This provides real-time information as to whether inflation is providing a tailwind or headwind for economic growth and investing.
<b>CREDIT</b>	Our <b>Credit</b> data set analyzes bond spreads, systemic financial stress data pertaining to credit and liquidity across the economic spectrum. Cheap and accessible financing is the lifeblood for both corporations and the stock market.
<b>EARNINGS &amp; ECONOMY</b>	Our <b>Earnings &amp; Economy</b> data set analyzes information pertaining to housing, manufacturing consumer spending, and the general economic and corporate backdrop. This data set can help forecast long-term shifts in the business cycle and identify economic contractions.

**2 PRICE Portfolio Construction**

**Real-Time Output**

Our PRICE analysis matrix compares current vs. past data looking at historical averages and rates of change. Ultimately, a flexible quantitative output is provided, forecasting where we are in the economic cycle, when to be defensive and where to take advantage of investing opportunities. As a mechanism of mitigating investment risk, our PRICE analysis matrix also allows our strategies to quickly adjust the portfolio beta and transition defensively to a “risk-off” allocation in the early stages of a protracted market downturn (e.g., Covid-19 pandemic market sell-off February to March 2020) and then back to “risk-on” allocations when the PRICE matrix reverses to a positive output.

**PRICE Matrix Output**  
*Defensive Allocation %*  
 (“Risk-On” or “Risk-Off”)



**Relative Strength Analysis**  
*Geographic/Style/Sector/Factor/Thematic*



**Adaptive Asset Allocation**  
*Final Portfolio Construction*



**3 Quartz Partners Investment Solutions**

**Quartz Strategies**

**Quartz Equity**  
*Tactical Global Equity*



**Quartz Spectrum**  
*Tactical Multi-Asset*



**Quartz Yield Plus**  
*Tactical Fixed Income*



**Quartz High Yield Legacy**  
*Tactical High Yield Bond*



We also offer adaptCORE Portfolios, a suite of risk-based portfolios constructed using a mix of Quartz tactical strategies.

## IMPORTANT DISCLOSURES

**Beta:** a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

**S&P 500 Index:** The Standard & Poor's 500 is a stock market index tracking the performance of 500 large companies listed on stock exchanges in the U.S. It is one of the most commonly followed equity indices.

The stated investment preferences are the opinions of Quartz Partners Investment Management ("Quartz") and do not reflect individual investors' risk and return objectives. Individual investors should consult with their financial professional about how to implement these opinions in a portfolio that is suitable for their goals and risk tolerance. This material is not intended to be relied upon as a forecast, research or investment advice, is not a recommendation, offer or a solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are derived from proprietary and non-proprietary sources deemed by Quartz to be reliable, not necessarily all-inclusive and are not guaranteed as to accuracy. The opinions expressed are as of the date of this document, and may change as subsequent conditions vary. Reliance upon information in this material is at the sole discretion of the reader. Investors should carefully consider the underlying funds' fees, expenses, objectives and risks carefully before investing. Quartz puts forth its best effort to achieve the objectives of its strategies. However, there is no guarantee that the objectives will be achieved. An Account's return and principal will fluctuate so that the Account, when redeemed, may be worth more or less than the amount in the Account at or subsequent to the effective date of the Investment Management Agreement. Actual fees paid and investment performance may vary based on factors including account size, custodian, contributions and withdrawals, which may cause your returns to differ from those listed in this report. In particular, accounts held at variable annuities and/or fund families will have performance that frequently deviates from the listed data due to fees and investment options. Please contact Quartz or your custodian for your specific performance information. Quartz strategies may involve above-average portfolio turnover, which could negatively impact the net after-tax gain experienced by an individual client. Performance results do not reflect the impact of taxes. Investments in the strategies are subject to investment and manager risk, which carry the potential for a loss of principal. Tactical management strategies do not protect against losses in declining markets and there is no guarantee that the strategy performance will meet or exceed the listed benchmark. Quartz's risk management process includes an effort to monitor and management risk, but should not be confused with and does not imply low risk. High yield bonds may be subject to greater market fluctuations, risk of default or loss of income and principal than higher rated securities. Quartz is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. SEC registration does not constitute an endorsement of the firm by the SEC nor does it indicate that the advisor has attained a particular level of skill or ability. Quartz's Form ADV Part 2: Firm Brochure and other account documentation are available at [quartzpartners.com/disclosures](http://quartzpartners.com/disclosures) or upon request. Quartz may pay a portion of the annual advisory fee to a solicitor who is responsible for introducing an investor to Quartz. Quartz claims compliance with the Global Investment Performance Standards (GIPS®). A complete list and description of the firm's composites and composite reports that adhere to the GIPS® standards are available by emailing [info@quartzpartners.com](mailto:info@quartzpartners.com). 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.

Investment Advisory Services offered through Quartz Partners Investment Management, an SEC Registered Investment Adviser:

19 Railroad Place, Saratoga Springs, NY 12866 | Phone: 800-433-0422 | [invest@quartzpartners.com](mailto:invest@quartzpartners.com) | [quartzpartners.com](http://quartzpartners.com)

