Zacks Earnings Certain Family of Portfolios
2023 Year in Review and Outlook

Presented by:

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ZACKSPro

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Executive Attribution Summary
ECP75 vs S&P 500 ETF
12/31/2022-12/29/2023

Active Return

Portfolio Return	10.64%
Benchmark Return	26.28%
Total Active Return	-15.64%

Historic Performance

	Portfolio	Benchmark
Compounded Return	10.64	26.28
Average Return	0.04	0.10
1 Month Total Return	3.88	4.54
3 Month Total Return	8.77	11.68
6 Month Total Return	3.39	8.03
MTD Total Return	3.88	4.54
QTD Total Return	8.77	11.68
YTD Total Return	N/A	N/A

Statistical Analysis

	Portfolio	Benchmark
Relative Performance		
Active Premium	-15.64	
Tracking Error	6.81	
Active Share	80.51	
Regression Statistics		
Correlation Coefficent	0.86	
Standard Error	0.00	
Multiple R	86.11	
R-Squared	74.15	
Adjusted R Squared	74.05	
Risk Measures		
Alpha (Annualized)	-6.86	
Beta	0.73	1.02
Standard Deviation	11.18	13.27
VaR(5%)	-1.10	-1.26
Risk Measurement Ratio's		
Sharpe Ratio	0.54	1.51
Sortino Ratio	0.70	2.20
Treynor Ratio	0.03	0.08
Information Ratio	-2.30	2.30
Consistency of Performance		
Observations	250	250
Periods Outperforming	107	143
Periods Underperforming	143	107
Batting Average	42.80	57.20
Best Performing Period	2.12	2.28
Worst Performing Period	-1.67	-2.00
Up Market Capture	56.33	100.00
Down Market Capture	80.99	100.00
Max Drawdown	-10.45	-9.93

Cumulative Performance — ECP75, S&P 500 ETF

Active Returns — ECP75 vs S&P 500 ETF
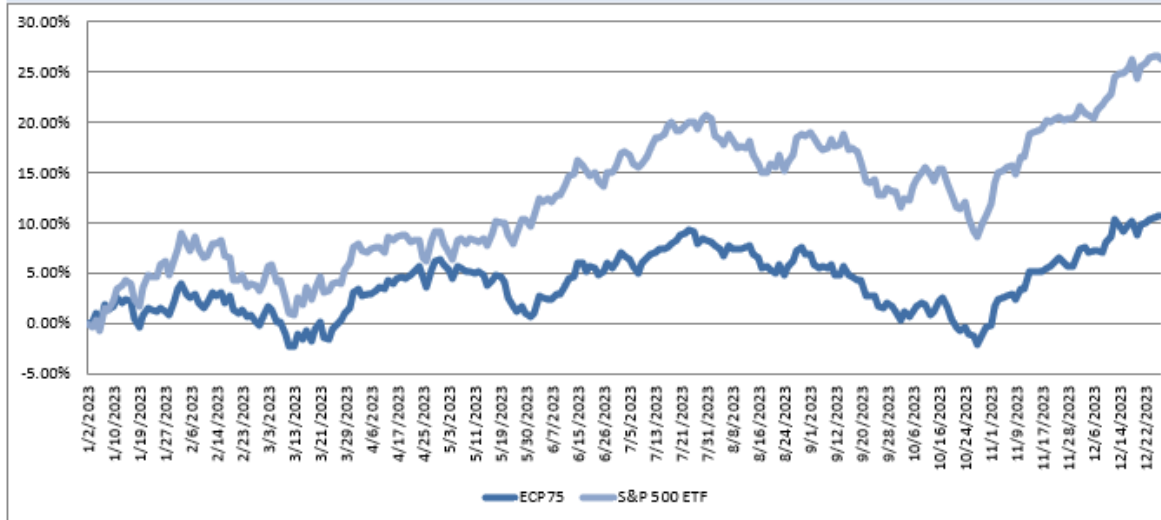
2023 was primarily a reversal year for the SPX after it suffered an -18% drop in 2022 when recession became the consensus.

The anticipated recession never took hold after the Fed and Treasury quashed the regional bank crisis in March and continued moderation of the rate of inflation eased Treasury yields. This ignited a furious rally in high-duration equities, which were the ones who fell the hardest in 2022.
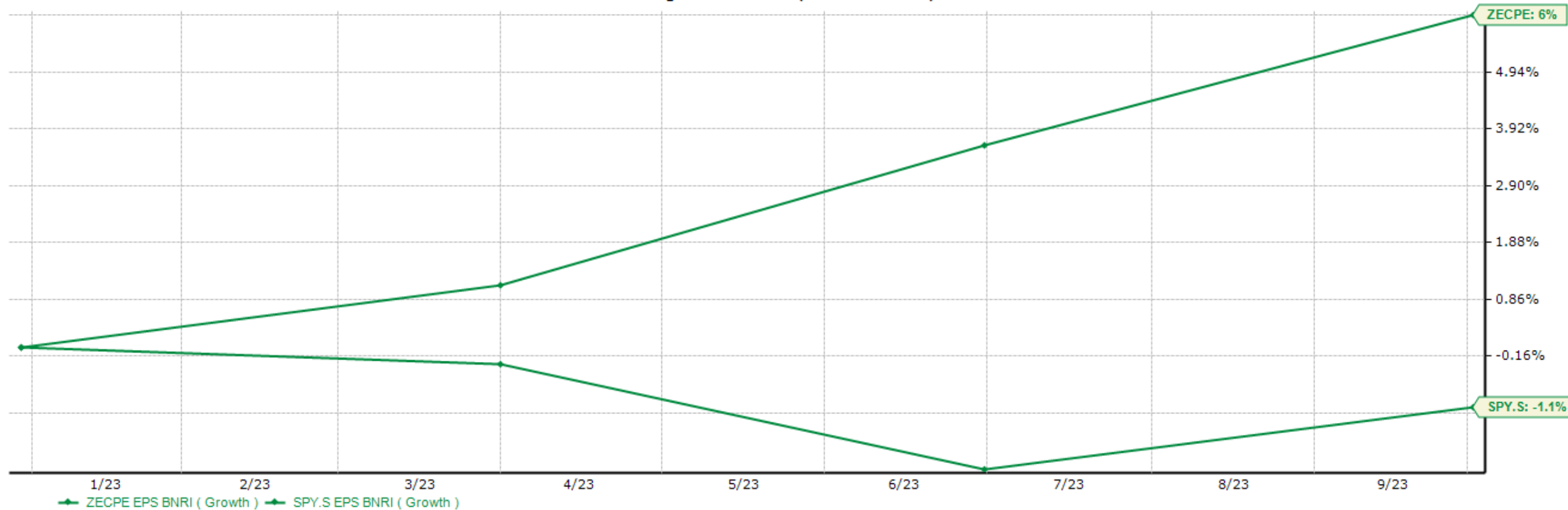
Performance Attribution:
EPS Growth vs P/E Multiple Expansion
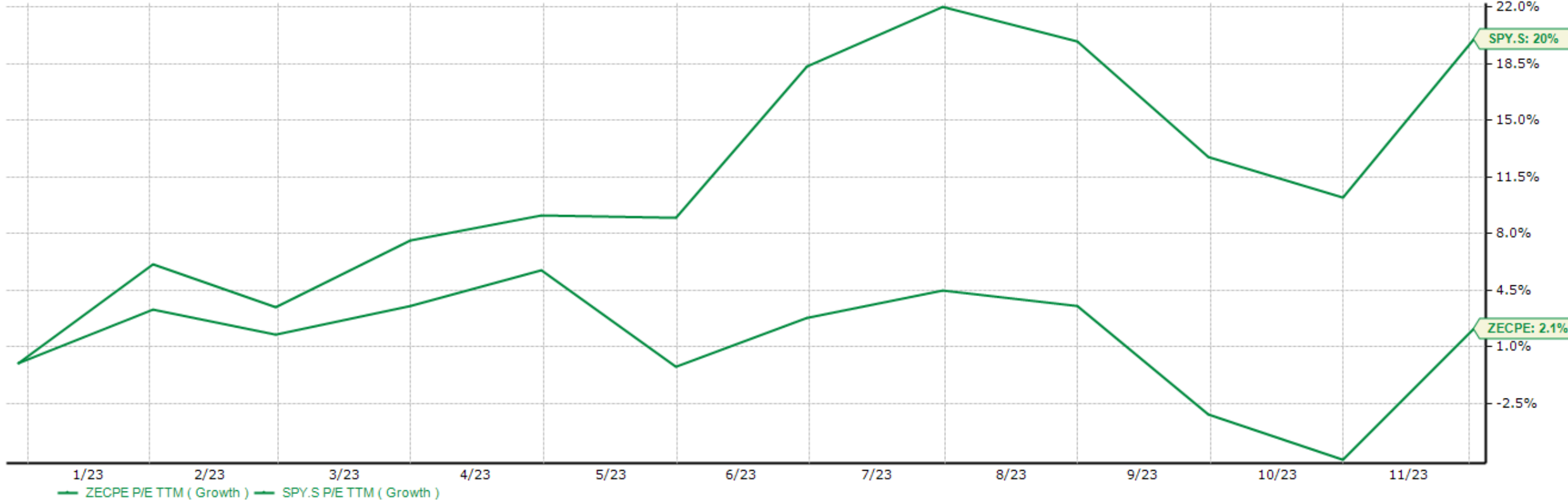
Earnings Growth in 2023

Earnings Growth YoY (since 12/31/22)

Title	High	Low	Median	Current	Cumulative Return	Annualized Return	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE) EPS BNRI (Gr)	5.96%	0.00%	2.40%	5.96%	5.96%	8.05%	12-31-2022	09-30-2023
Spdr S&P 500 ETF Composite (SPY.S) S-Wtd. EPS BNRI (Gr)	0.00%	-2.19%	-0.70%	-1.08%	-1.08%	-1.44%	12-31-2022	09-30-2023

P/E Multiple Expansion

Title	High	Low	Median	Current	Start Date	End Date
Spdr S&P 500 ETF Composite (SPY.S) S-Wtd. P/E TTM (Gr)	22.00%	0.00%	9.70%	20.00%	12-31-2022	11-30-2023
ZacksEarningsCertainProxy (ZECPE) P/E TTM (Gr)	5.68%	-6.00%	2.40%	2.13%	12-31-2022	11-30-2023

ZECPE delivered better earnings growth, but the SPX enjoyed significantly higher p/e multiple expansion throughout 2023.

Possible explanations:

- AI excitement, especially Nvidia

- Rising expectations of a soft landing–primarily benefits high-beta, high duration risk assets

- Extreme concentration in the SPX: top 7 market cap companies now dominate 30% of the index, an all-time high

Top Performers 2023

+61.75%   **+49.00%**   **+49.00%**

Bottom Performers 2023

Hormel Foods

-27.5%

HERSHEY'S®

-17.9%

General Mills

-20.0%

The ZECP portfolios are optimized for quality as per the Big Four Metrics for Quality:

Growth in earnings per share

Linearity in earnings per share

ROIC for strong capital allocation and reinvestment

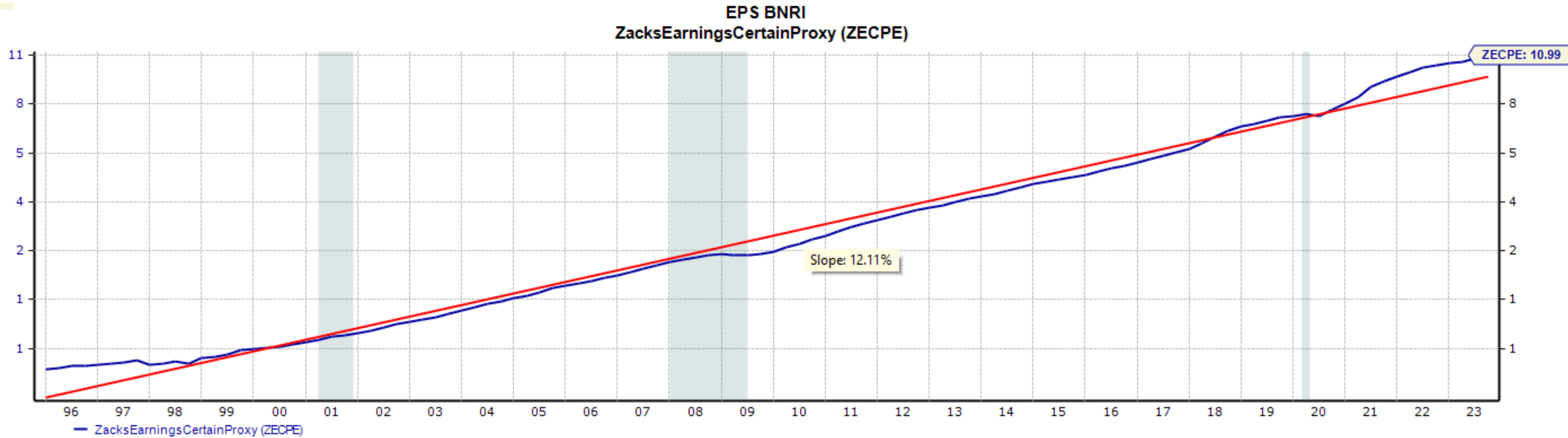**Free cash flow** conversion for high quality earnings

Over time, we expect the ZECPE family of portfolios to outperform their benchmarks on *both* a risk-adjusted and absolute basis.

This is because our companies are recession-resistant, high quality, durable businesses with exceptional track records of high ROIC capital allocation.

So long as our companies continue to execute on the Big Four Metrics of Quality, our strategy will outperform over a complete market cycle.

Growth & Linearity

EPS BNRI
ZacksEarningsCertainProxy (ZECPE)

Slope: 12.11%

ZECPE: 10.99

— ZacksEarningsCertainProxy (ZECPE)

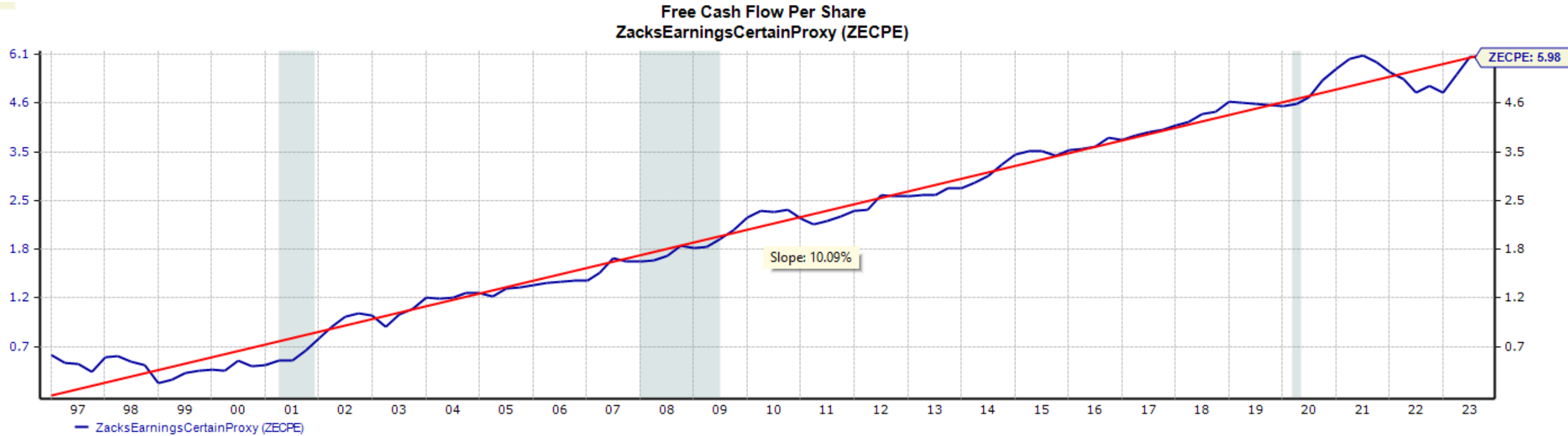| Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	10.99	0.49	2.23	10.99	12-31-1995	09-30-2023

Return on Invested Capital

Return on Capital TTM %
ZacksEarningsCertainProxy (ZECPE) MN-Wtd   vs.   S&P 500 Composite Market ETF (SP5M)

| Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	15.44%	12.70%	14.13%	15.02%	12-31-1995	09-30-2023
S&P 500 Composite Market ETF (SP5M	14.02%	6.60%	9.76%	13.39%	12-31-1995	09-30-2023

Free Cash Flow

Free Cash Flow Per Share
ZacksEarningsCertainProxy (ZECPE)

Slope: 10.09%

ZECPE: 5.98

Title	High	Low	Median	Current	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE)	6.07	0.47	2.22	5.98	12-31-1996	09-30-2023

2-year Total Returns: 2022 + 2023

Cumulative Performance

Legend: ECP75, S&P 500 ETF
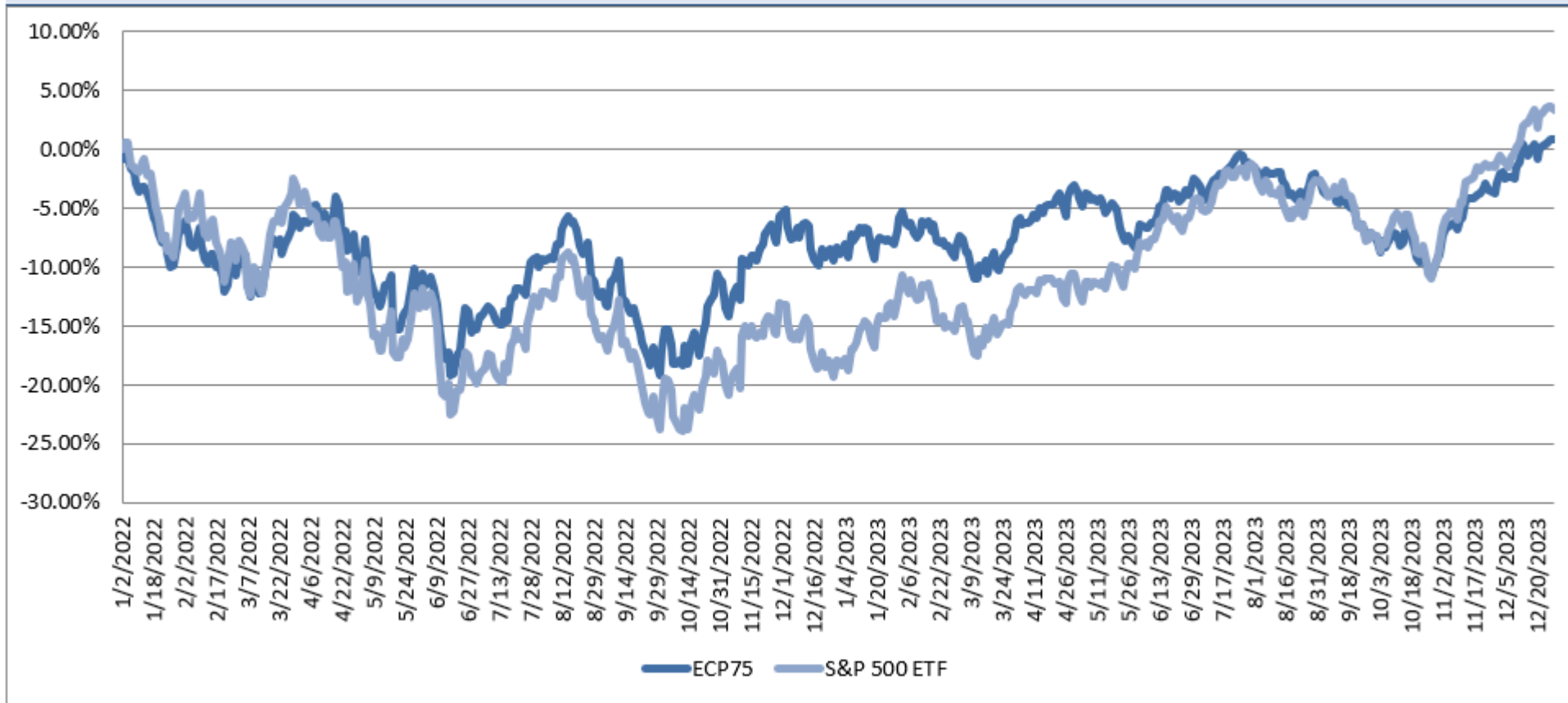
Historic Performance

	Portfolio	Benchmark
Compounded Return	0.82	3.43
Average Return	0.01	0.01
1 Month Total Return	3.88	4.54
3 Month Total Return	8.77	11.68
6 Month Total Return	3.39	8.03
MTD Total Return	3.88	4.54
QTD Total Return	8.77	11.68
YTD Total Return	10.64	26.28

Source: Zacks Professional Services, www.zackspro.com

Looking at a "complete" market cycle from 12/2021 through 12/2023, ZECPE showed similar returns with significantly less risk.

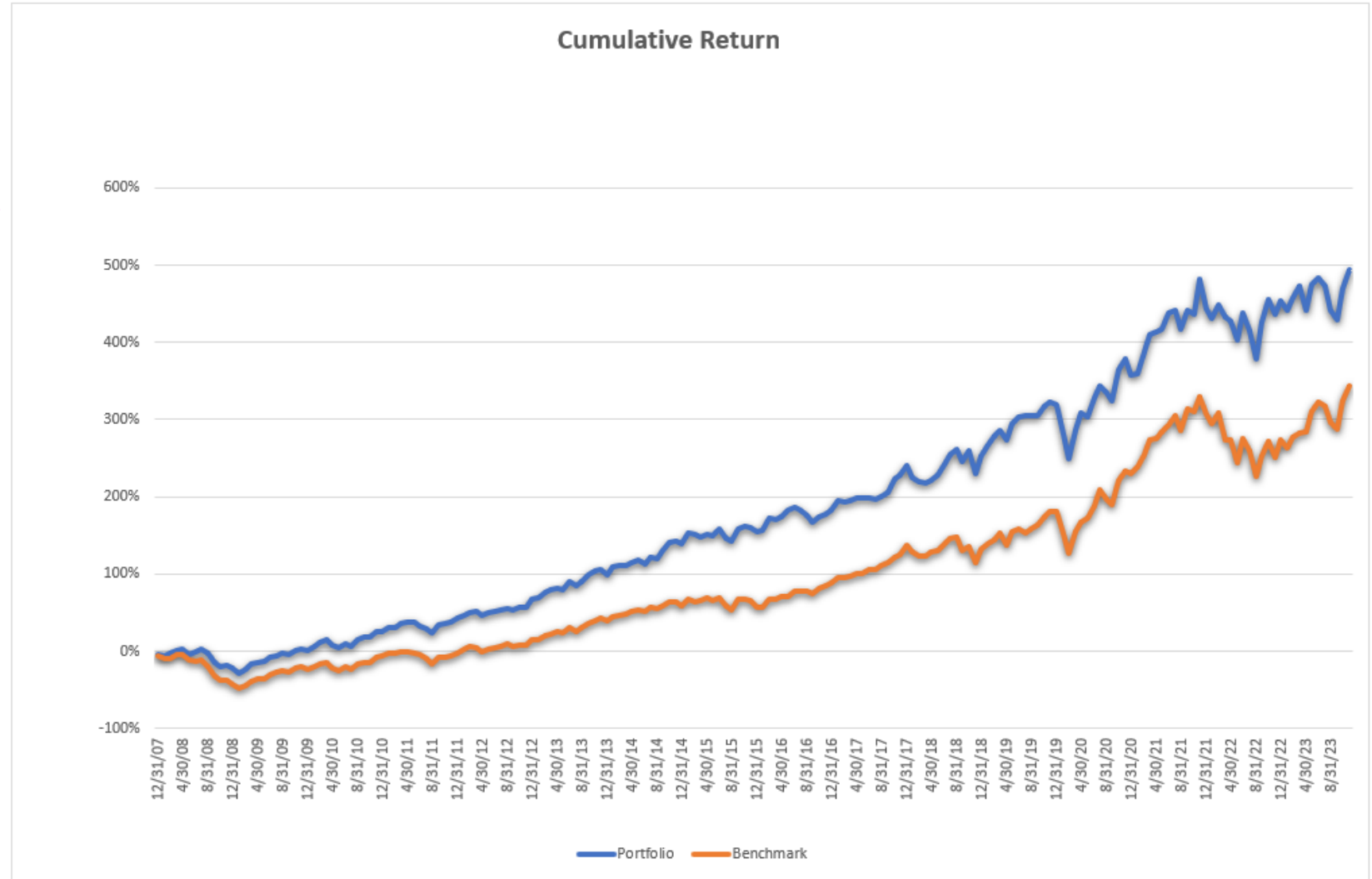Source: Zacks Professional Services, www.zackspro.com

Long-Term Performance*

Performance	No.Periods (Monthly)	Portfolio Return	Benchmark Return	Excess Return
All Mkt. Ann.	192	11.78%	9.75%	**2.04%**
Up Mkt. Ann.	128	42.26%	49.97%	-7.71%
Down Mkt. Ann.	64	-30.98%	-41.22%	10.24%
Pos. Exc. Ann.	100	2.56%	-14.20%	16.76%
Neg. Exc. Ann.	92	22.76%	43.43%	-20.67%
Turnover Ann.	10%	Average # stocks held		71

Regression of Portfolio Return on Benchmark Return

	Portfolio	Benchmark	
Mean	1.01%	0.89%	
Std. Dev.	3.96%	4.68%	
Alpha	0.3123	t Stat Alpha (H = 0)	2.9123
Beta	0.786	t Stat Beta (H = 1)	-9.4893
R-Squared	0.8647	S. E. R.	1.4595
		(Standard Error of Regression)	
Sharpe Ratio	0.8597	0.6011	
VAR(5%)	-5.5189	-6.8367	
Max Drawdown(%	-29.8	-48.45	
Tracking Error	1.7715		

Periods Outperforming Benchmark

	Number	(%)
All Mkt.	100	52.08%
Up Mkt.	48	37.50%
Down Mkt.	52	81.25%

Cumulative Return

* Period prior to 12/31/2012 is backtested returns on a static portfolio; returns post-2012 are actual.

Source: Zacks Professional Services, www.zackspro.com

My Ideal Capital Allocation for 2024

Just two asset classes

- 1 Year Treasuries which currently pay 5%!
  - Can also buy a money market mutual fund, but be sure to select only those who hold *only* Treasuries and/or deposit funds directly with the Federal Reserve, i.e. Vanguard Treasury Money Market Fund (VUSXX) or the Fidelity Treasury Money Market Fund (FZFXX)
- Zacks Earnings Certain Portfolio
  - Focus especially on the companies with:
    - Lowest beta
    - Dividend growth and/or share buybacks
    - Low Shiller P/E

Position for a low-growth environment with a combination of recession-resistant growth (ZECPE) + income (1Y Treasuries).
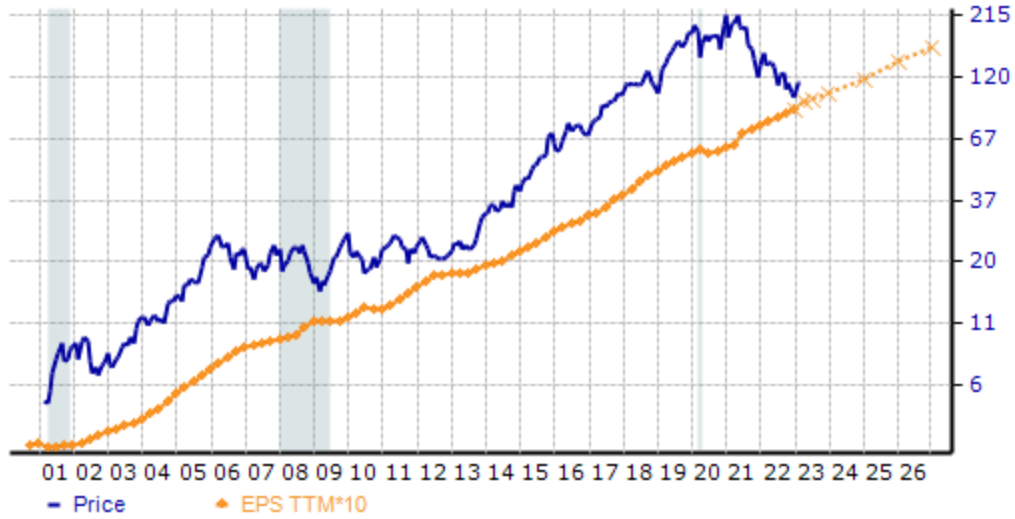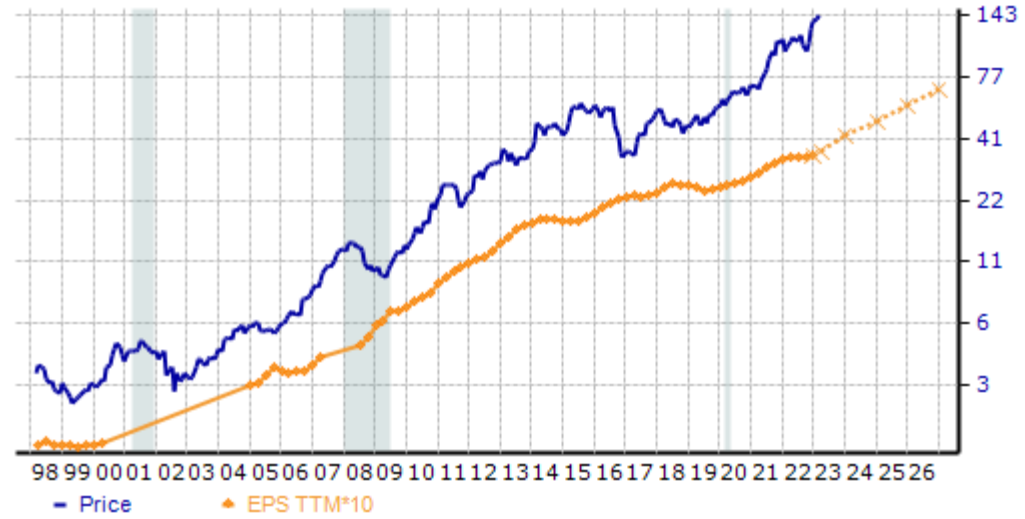
Zacks Earnings Certain Businesses

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Price & Earnings
GLOBAL PAYMENTS (GPN)
Price $ | EPS*10
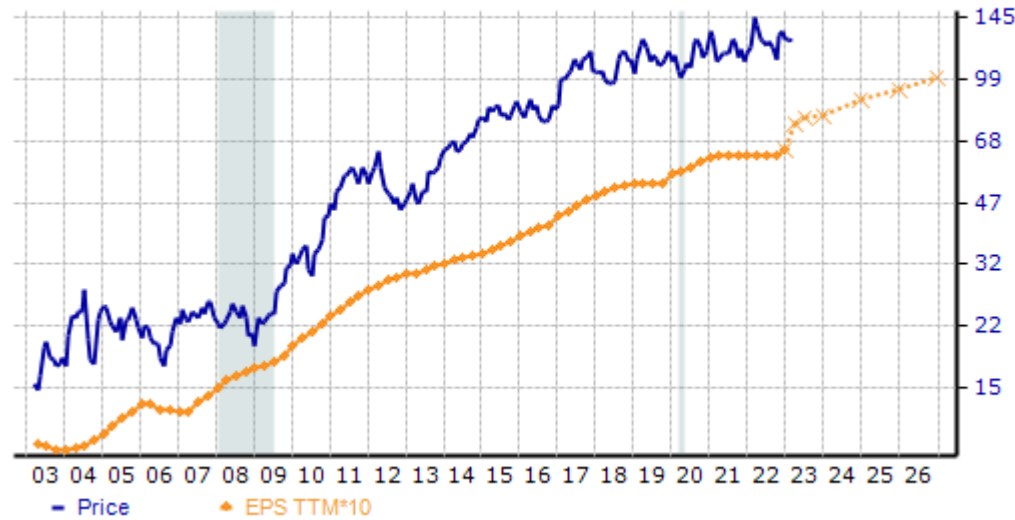
Price & Earnings
NOVO-NORDISK AS (NVO)
Price $ | EPS*10
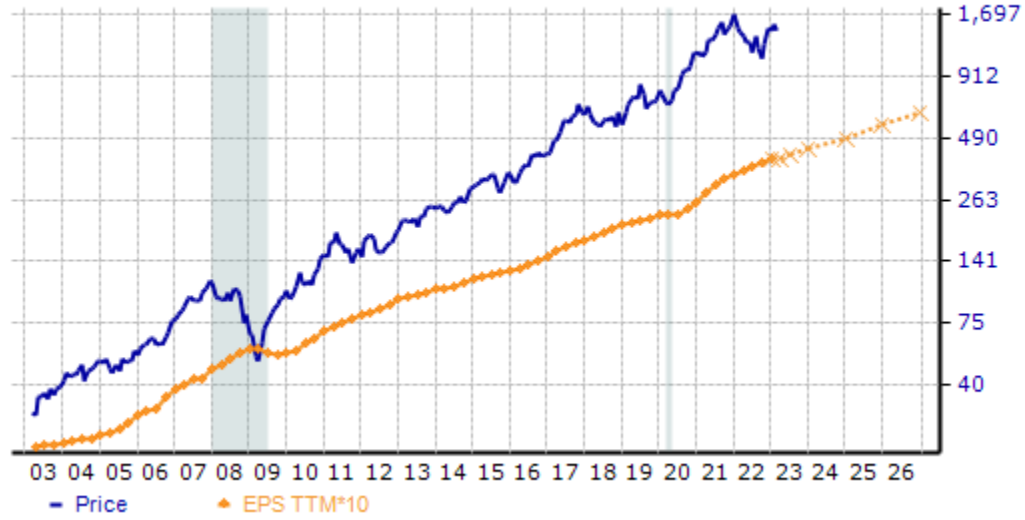
Price & Earnings
CHECK PT SOFTW (CHKP)
Price $ | EPS*10

Price & Earnings
METTLER-TOLEDO (MTD)
Price $ | EPS*10

Thank You for Attending!

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