

MIS EDGE STRATEGY

Diversification | Growth | Protection

Growth

- **Diversification** - About 80% of the managed assets are invested in an ETF that tracks the S&P 500 Index. This index consists of 500 of the largest companies listed on the NYSE and NASDAQ, providing diversification for a growth focused portfolio.
- **Lower Taxes** - The S&P 500 investment is generally held for the long term. This results in a lower capital gains tax.

Protection

- **Actively Managed** - About 20% of the portfolio is *actively* managed using technical analysis and proprietary software-based indicators. Investments are made in securities that tend to move up when the market goes down. This offers significant protection during market downturns.
- **Buy The Dips** - Any profits from active management are used to purchase more shares of the S&P 500 at lower prices.



Protected Growth

Approximately 80% of the managed assets are invested in an Exchange Traded Fund (ETF) that tracks the S&P 500 Index. This is the “core” of the portfolio and is designed to provide strong growth over time. This core position is held for the long term and rarely sold.

Buying The Dips

A key feature of the **MIS Edge Strategy** is that more shares of the S&P 500 ETF are purchased during market pullbacks. These shares are purchased using profits from the actively managed portion of the portfolio which is designed to increase in value when the market goes down. The lower purchase price of these shares results in a variation of *dollar cost averaging* that can give the investor a lower overall cost for the core position in the S&P 500.

Protection From Volatility and Down Markets

During bear markets, corrections and crashes, the stock market can become acutely volatile. The VIX Index is the best known measure of this volatility and is known as the “Fear Gauge” since it soars higher when the market declines.

To protect your portfolio from this volatility, the **MIS Edge Strategy** invests up to 20% of the portfolio in securities that are designed to move up when the S&P 500 goes down. This position is actively managed using a proprietary blend of indicators and technical analysis. Active management can significantly reduce volatility and protect your investments during downturns in the market.

Dave Strandberg, Managing Director

Mr. Strandberg is the Managing Director of Montecito Investment Strategies (MIS) and the creator of the **MIS Edge Strategy**.

He is a Registered Investment Advisor (a fiduciary) and holds a B.S. degree in Computer Science from UCSB.

Before starting MIS, Mr. Strandberg was the founder of several small software companies in the areas of finance, technical analysis of the stock market and education.



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SCHWAB

Assets are held at Charles Schwab where Montecito Investment Strategies is an Independent Advisor.