

RiverFront Strategas Blue Chip Opportunities

PORTFOLIO OBJECTIVE:

The **RiverFront Strategas Blue Chip Opportunities portfolio (RSBCO)** has an objective to outperform the S&P 500.

RSBCO is based off of the Strategas New Sovereign portfolio model provided by Strategas Asset Management ("SAM"). Strategas' New Sovereigns Portfolio was constructed on the idea that in times of market stress, investors would seek to shelter capital in the domestic equities that were perceived by the market to have comparable sovereign-like features, specifically low credit default swap (CDS) prices.

Strategas ranks S&P 500 companies with share prices below \$1,000 by CDS spreads. Generally, the lowest 50 names are selected each quarter and equally weighted (less 2% frictional cash).

INVESTOR OUTCOME: Accumulate

GOAL: Build **OUTCOME:** Growth **RISK TOLERANCE:** More Conservative

Over a market cycle, we expect high quality companies to perform well, which we define as those companies that are capable of growing their earnings when the economy is strengthening and have strong enough balance sheets to allow them to survive any inevitable economic slowdowns. The RiverFront Strategas Blue Chip Opportunities Portfolio is a concentrated US equity portfolio comprised of S&P 500 companies that Strategas believes to have strong balance sheets based on their CDS spreads. The portfolio is designed to be fully invested. This group of stocks can be expected to under-perform in a strong bull market.

WHY BLUE CHIP OPPORTUNITIES

- Provides a domestic equity solution that complements RiverFront's broader global balanced solutions.
- Premise of the strategy is to invest in companies that are perceived to be of high quality. These types of companies not only enjoy lower borrowing costs, but we would expect to be beneficiaries of an investor-led 'flight to quality' during crises.
- The high-quality nature of the portfolio might provide a lower risk alternative for those who want to put money to work but are cautious about doing so.
- Serves as a potential diversifier from passive index portfolio.

ABOUT STRATEGAS ASSET MANAGEMENT

Founded in 2014, Strategas Asset Management is a macro thematic investment manager. SAM leverages "top-down" research and quantitative security selection to offer a suite of thematic and tactical investment strategies. SAM, which operates independently, is wholly owned by Baird Financial Corporation and as a result, is an affiliate of RiverFront Investment Group. Jason Trennert is the lead portfolio manager for the model on which the portfolio is based.

Strategas is not a sub-adviser to the RiverFront Strategas Blue Chip Opportunities portfolio. Rather, the model is provided to RiverFront under the terms of a Model Provider Agreement. Riverfront is solely responsible for the implementation of the model on behalf of the RSBCO portfolio.

RiverFront Strategas Blue Chip Opportunities

- Domestic Equity
- Inception Date: 12/1/2020
- Benchmark: S&P 500
- Implementation: ~ 50 Equally-Weighted US Listed Stocks
- Rebalanced: Quarterly
- Minimum Investment: Platform Specific

Important Disclosure Information

Opinions expressed are current as of the date shown and are subject to change. Past performance is not indicative of future results and diversification does not ensure a profit or protect against loss. All investments carry some level of risk, including loss of principal. An investment cannot be made directly in an index.

Information or data shown or used in this material was received from sources believed to be reliable, but accuracy is not guaranteed.

This report does not provide recipients with information or advice that is sufficient on which to base an investment decision. This report does not take into account the specific investment objectives, financial situation or need of any particular client and may not be suitable for all types of investors. Recipients should consider the contents of this report as a single factor in making an investment decision. Additional fundamental and other analyses would be required to make an investment decision about any individual security identified in this report.

For each outcome category (accumulate, sustain and distribute) RiverFront's portfolio management team has assigned one or more RiverFront product(s) based on their assessment of the product's investment objective as it relates to a typical client's return and risk objectives when seeking investment outcomes of accumulating wealth, sustaining wealth and distributing wealth. The team has also designated RiverFront product alternatives for those clients looking to take more or less risk with the outcome category. The 'more aggressive' (or more risk) alternatives will generally have greater equity and international exposure as well as longer time horizon targets, while those designated as 'more conservative' (or less risk) will have fewer equities, a lower exposure to international and shorter time horizon targets. Since the risk assessments are dependent on the outcome category selected, RiverFront products may fall in multiple categories. For example, the Advantage Global Allocation portfolio, may fall under 'more aggressive' to those with the outcome of 'sustain', but 'more conservative' for investors interested in 'accumulation'. All investments carry a risk of loss and there is no guarantee that an investment product or strategy will meet its stated objectives.

Credit Default Swap ("CDS"): A CDS is a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor. The price of a credit default swap is referred to as its "spread," and is denominated in basis points ("bps" = 1/100th of 1%), or one-hundredths of a percentage point. A CDS is typically considered insurance against default on a bond or bond-like security, this means the price of the CDS reflects the market expectation that the issuer will default, the higher the price or spread, the more likely the security could default.

Standard & Poor's (S&P) 500 Index TR USD (Large Cap) measures the performance of 500 large cap stocks, which together represent about 80% of the total US equities market.

Principal Risks

Stocks represent partial ownership of a corporation. If the corporation does well, its value increases, and investors share in the appreciation. However, if it goes bankrupt, or performs poorly, investors can lose their entire initial investment (i.e., the stock price can go to zero). Bonds represent a loan made by an investor to a corporation or government. As such, the investor gets a guaranteed interest rate for a specific period of time and expects to get their original investment back at the end of that time period, along with the interest earned. Investment risk is repayment of the principal (amount invested). In the event of a bankruptcy or other corporate disruption, bonds are senior to stocks. Investors should be aware of these differences prior to investing.

Third Party Model Risk: RiverFront has entered into a Model Provider Agreement with Strategas Asset Management ("SAM"), whereby SAM provides an investment models that are used to make the investment selections for the RiverFront Strategas Blue Chip Opportunities Portfolio ("RSBCO"). SAM is a registered investment advisor wholly owned by Baird Financial Corp. ("BFC"). SAM is an affiliate of RiverFront but is operationally independent from RiverFront. The models for the portfolios are generated by SAM's affiliate, Strategas Securities, LLC ("STS"), a FINRA member broker-dealer and registered investment adviser. SAM, pursuant to an agreement with STS is authorized to offer and distribute the model portfolios to its clients, including RiverFront. STS is also wholly owned by BFC and an affiliate of RiverFront. Baird, SAM, STS and RiverFront are all affiliated entities via their common ownership under BFC. If STS or SAM can or no longer wish to deliver the model to RiverFront, RiverFront will not be able to make the RSBCO portfolio available to clients.

RiverFront Investment Group, LLC ("RiverFront"), is a registered investment adviser with the Securities and Exchange Commission. Registration as an investment adviser does not imply any level of skill or expertise. Any discussion of specific securities is provided for informational purposes only and should not be deemed as investment advice or a recommendation to buy or sell any individual security mentioned. RiverFront is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), member FINRA/SIPC, from its minority ownership interest in RiverFront. RiverFront is owned primarily by its employees through RiverFront Investment Holding Group, LLC, the holding company for RiverFront. Baird Financial Corporation (BFC) is a minority owner of RiverFront Investment Holding Group, LLC and therefore an indirect owner of RiverFront. BFC is the parent company of Robert W. Baird & Co. Incorporated, a registered broker/dealer and investment adviser.

To review other risks and more information about RiverFront, please visit the website at www.riverfrontig.com and the Form ADV, Part 2A. Copyright ©2021 RiverFront Investment Group. All Rights Reserved. ID 1489968