

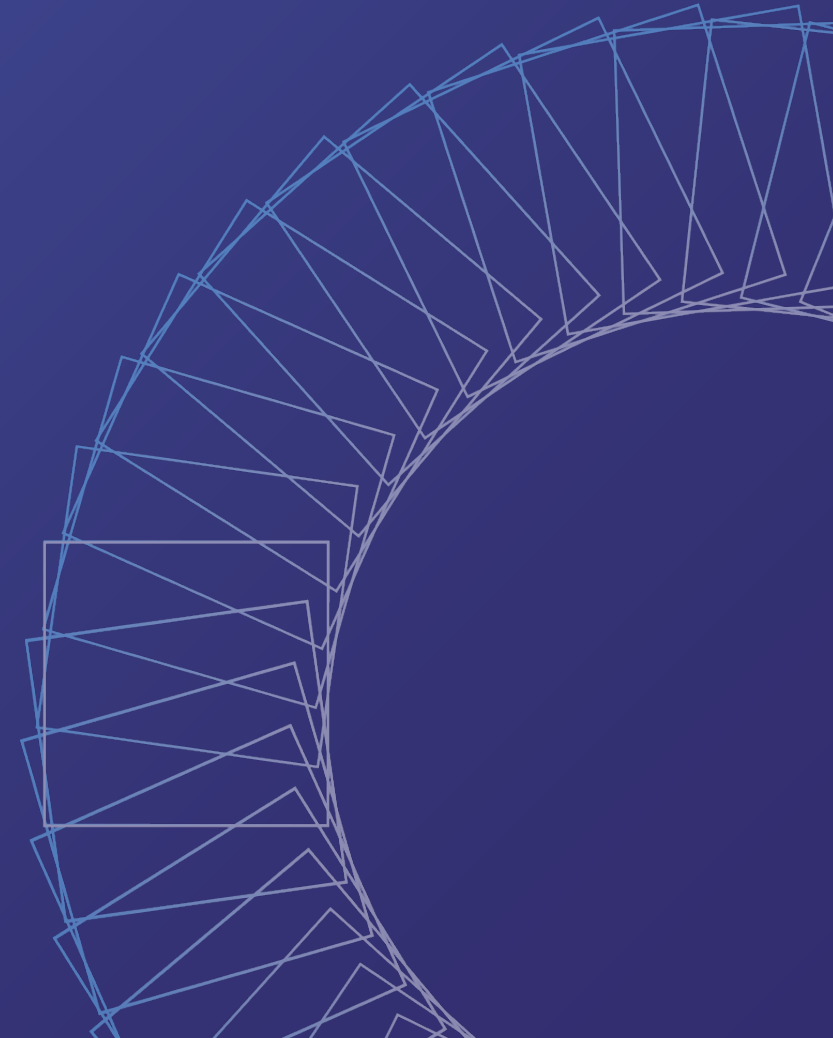


Year-End 2022 Positioning Update

January 24, 2023

Benjamin Lavine CFA, CAIA, RICP

3D Chief Investment Officer





Where We Stand 4Q22: Investing in a Fog of Less Certainty

Source: istockphoto.com

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1. High Inflation
2. Geopolitics (Ukraine, China)
3. COVID Lockdowns (China)
4. High Interest Rates
5. Negative Earnings (Tech, Retail)



1. Positioning Ahead of Peak Central Bank Tightening (i.e. Fed Pivot)
2. U.S. Recession? Business Contraction vs Strong Labor Market
3. Leadership Rotation: Growth to Value



2023 GDP Bloomberg Consensus Forecast* - Shrinking Expectations



Region	Forecast on 12/31/2022	Forecast on 3/31/2022
United States	0.3%	2.5%
Europe	-0.1%	2.5%
Japan	1.2%	1.4%
China	4.8%	5.3%



* Source: Bloomberg Consensus Economic Forecast as of the specified date listed in the table

Future Headlines?

1. 'Bad Data' starts to bite into labor markets and consumer spending
2. 'Bad Data' could also signal a Fed pivot on interest rates
3. More stress fractures surface across financial system?
4. China has its own revenge-COVID consumption but what next?
5. US earnings recession and a shift in sector leadership?
6. Can disruption happen without access to cheap financing?



How We Are Positioned* Looking Ahead



Time Horizon	Risk Category	Positioning Themes / Targets
Current Distribution (1-3 Years)	<ul style="list-style-type: none"> ▪ Capital Preservation ▪ Current Income 	<ol style="list-style-type: none"> 1. Emphasize liquidity over illiquidity 2. Favor shorter maturity bonds 3. Defensive on credit risk 4. Hold some inflation protection (TIPS)
Later Distribution (3-10 Years)	<ul style="list-style-type: none"> ▪ Strategic: Conservative to Moderate ▪ Deferred Income ▪ Tactical 	<ol style="list-style-type: none"> 1. Greater mix of fixed income to equities 2. Strategic: favor smaller caps, high quality, value and dividend-paying stocks; global diversification 3. Tactical: favor energy stocks and cash; hedge some equity risk with buffer strategies 4. Fixed Income: Defensive on credit risk and rate volatility
Strategic (> 10 Years)	<ul style="list-style-type: none"> ▪ Strategic: Moderate to Aggressive 	<ol style="list-style-type: none"> 1. Greater mix of equities to fixed income 2. Strategic: favor smaller caps, high quality, value and dividend-paying stocks; global diversification 3. Fixed Income: Defensive on credit risk and rate volatility

*Positioning Update Implied by 3D Capital Management Managed Model Portfolios (Risk-Based ETFs, Risk-Based DFA Funds, Lee Adaptive Large Cap Sector) as of 12/31/2022

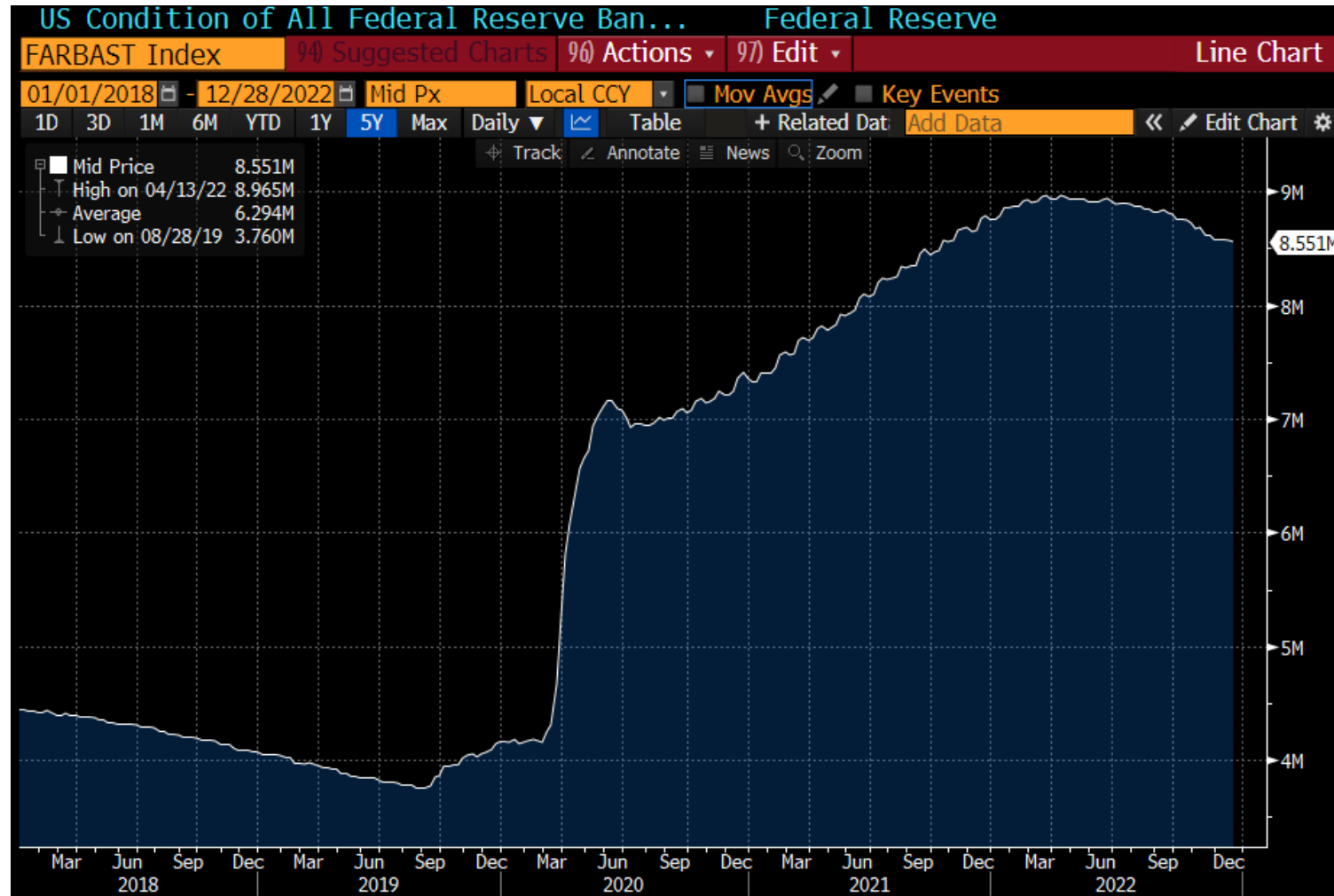
Terminal Fed Funds Rate 5.0% by Spring 2023; Cuts by End of '23



Region: United States »			Instrument: Fed Funds Futures »			
Target Rate	4.50		Pricing Date	12/30/2022 📅		
Effective Rate	4.33		Cur. Imp. O/N Rate	4.332		
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.	
02/01/2023	+1.326	+132.6%	+0.332	4.664	0.250	
03/22/2023	+2.100	+77.4%	+0.525	4.857	0.250	
05/03/2023	+2.532	+43.2%	+0.633	4.965	0.250	
06/14/2023	+2.552	+2.0%	+0.638	4.970	0.250	
07/26/2023	+2.330	-22.2%	+0.583	4.915	0.250	
09/20/2023	+2.030	-30.0%	+0.507	4.840	0.250	
11/01/2023	+1.564	-46.6%	+0.391	4.724	0.250	
12/13/2023	+1.011	-55.3%	+0.253	4.585	0.250	
01/31/2024	+0.350	-66.1%	+0.088	4.420	0.250	

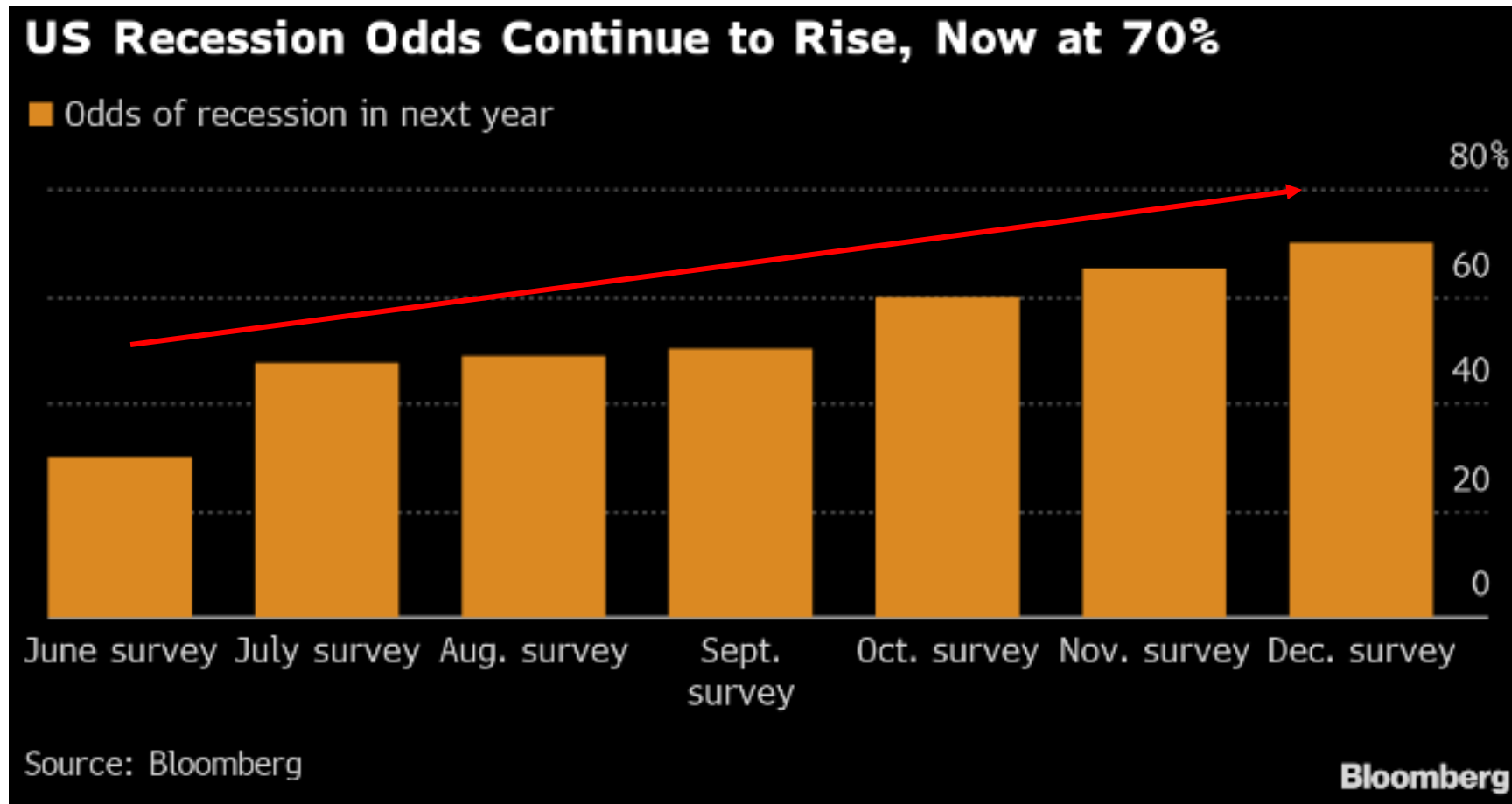
Data Source: Bloomberg

Quantitative Tightening Has Just Begun and at a Slow Pace



Data Source: Bloomberg

U.S. Recession in 2023 Increasingly Likely



2023 Inflation Forecasts

	1Q	2Q	3Q	4Q
PCE price index (YoY)	4.6%	3.5%	3.1%	2.8%
Core PCE price index (YoY)	4.2%	3.8%	3.4%	3.0%

Data Source: Bloomberg

Chart 3: Global profits expectations pessimistic vs bottom-up consensus

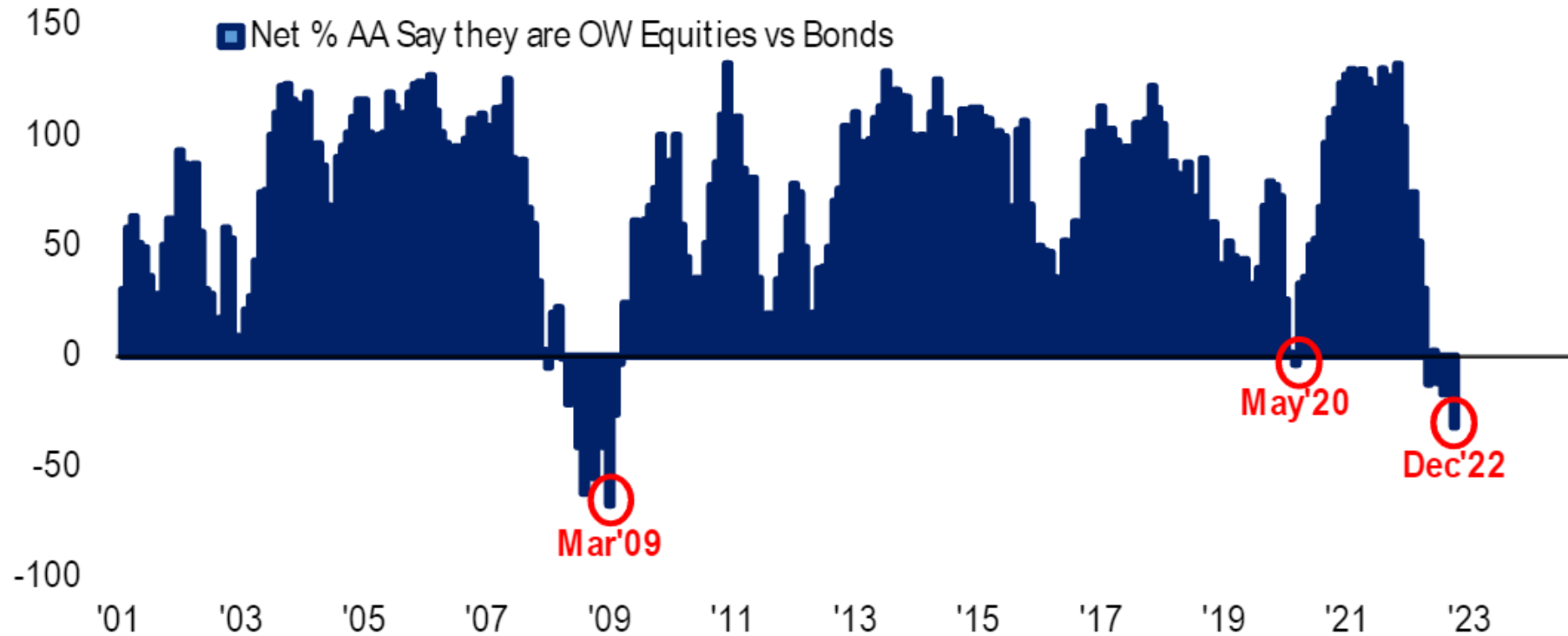
Net % say corporate earnings will improve vs S&P 500 cons fwd EPS YoY%



Source: BofA Global Fund Manager Survey, Bloomberg

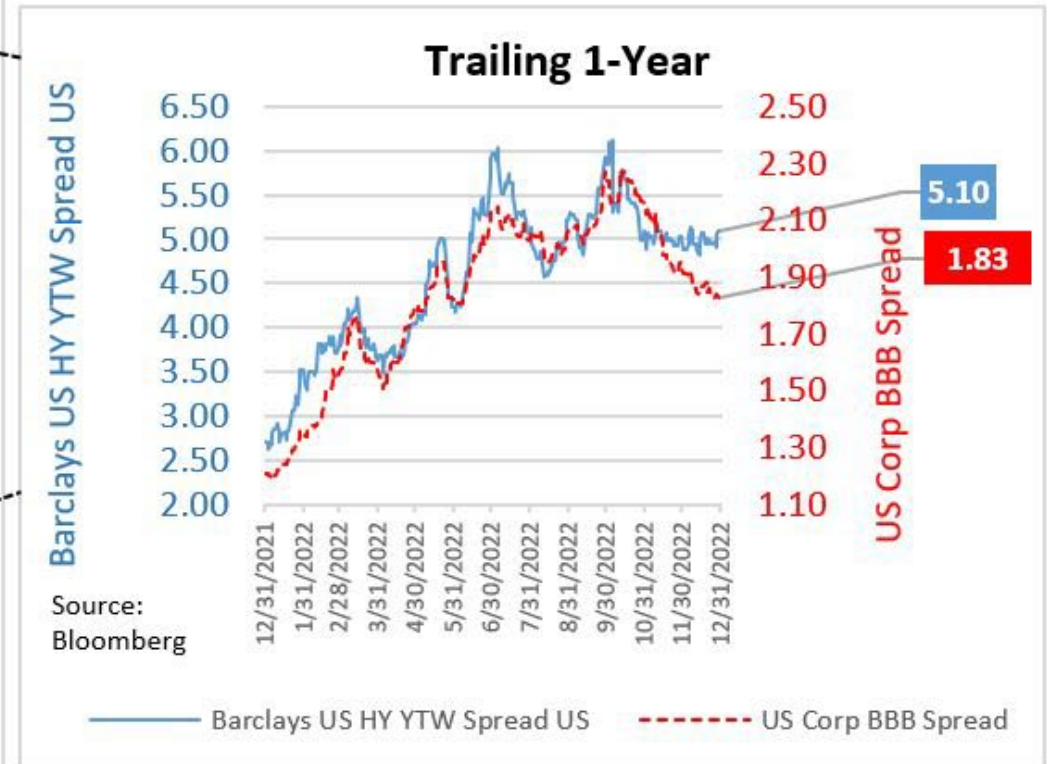
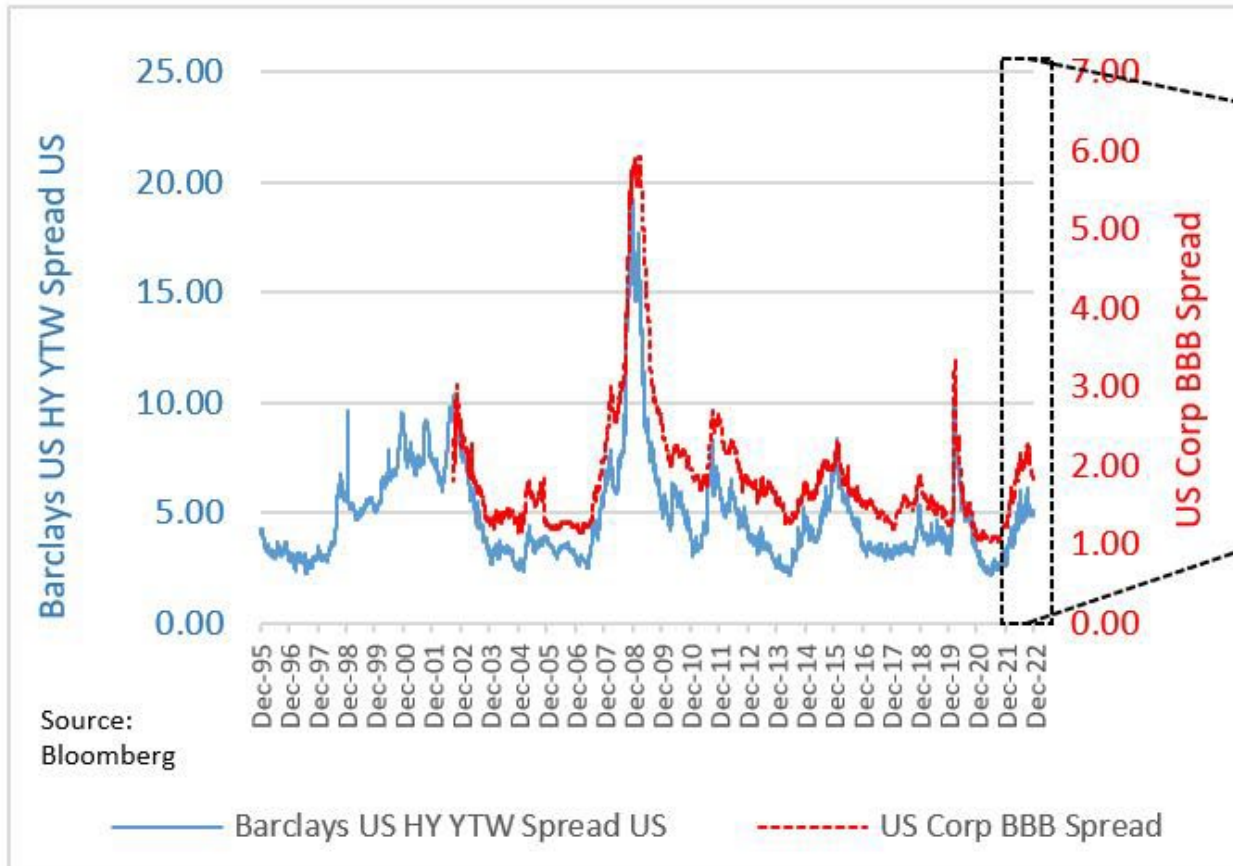
Chart 1: Relative positioning in stocks vs bonds now lowest since 2009

Net % of FMS overweight equities - bonds

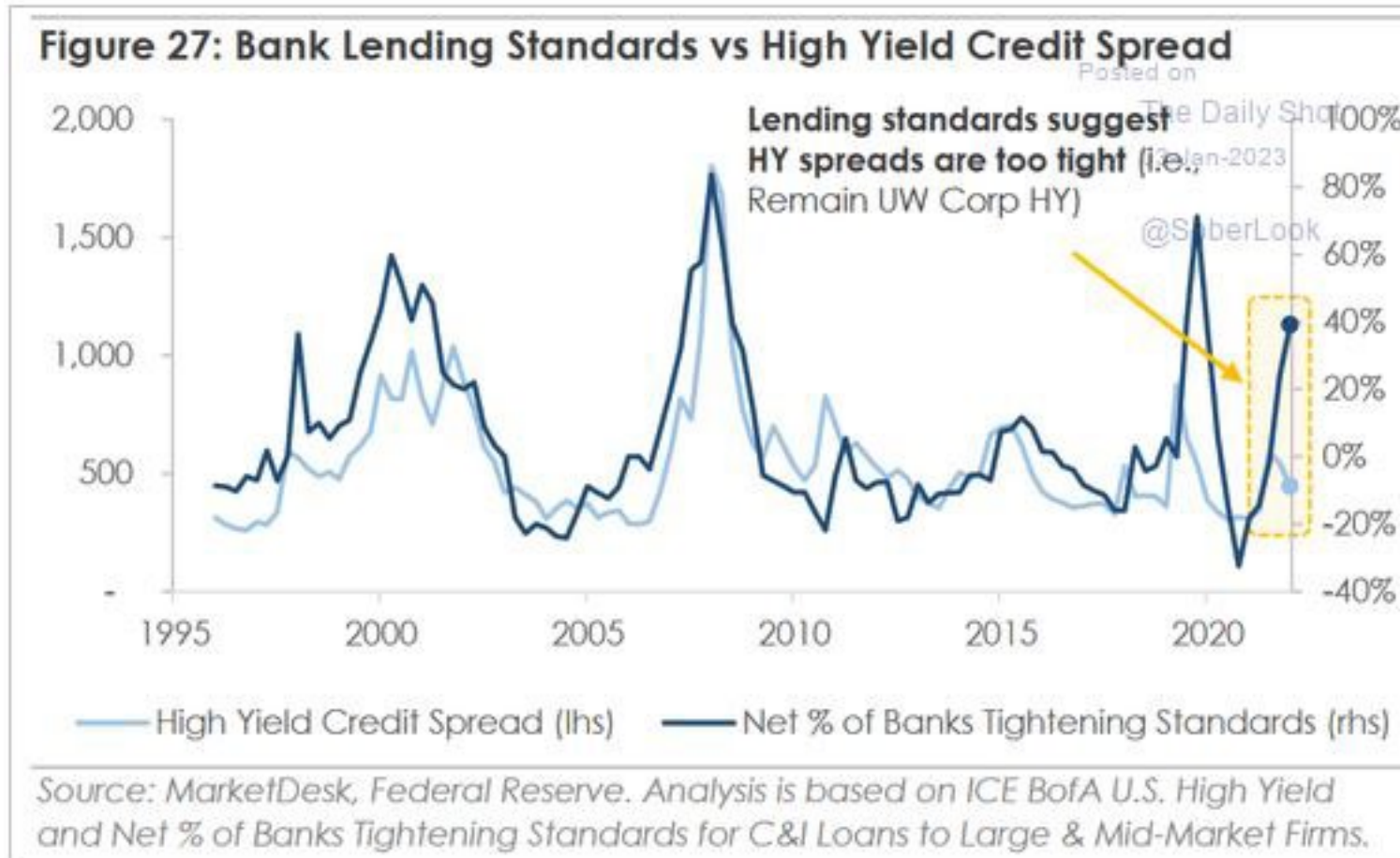


Source: BofA Global Fund Manager Survey

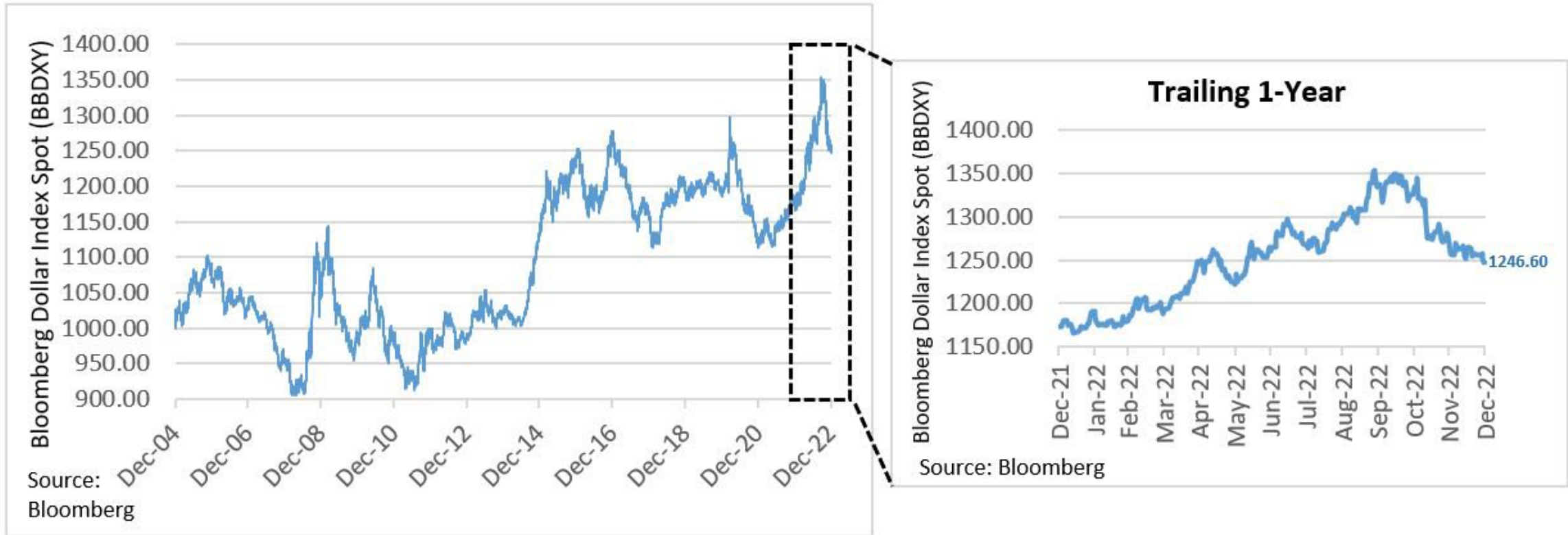
Credit Markets Show Some Stress But Not Recessionary Fears



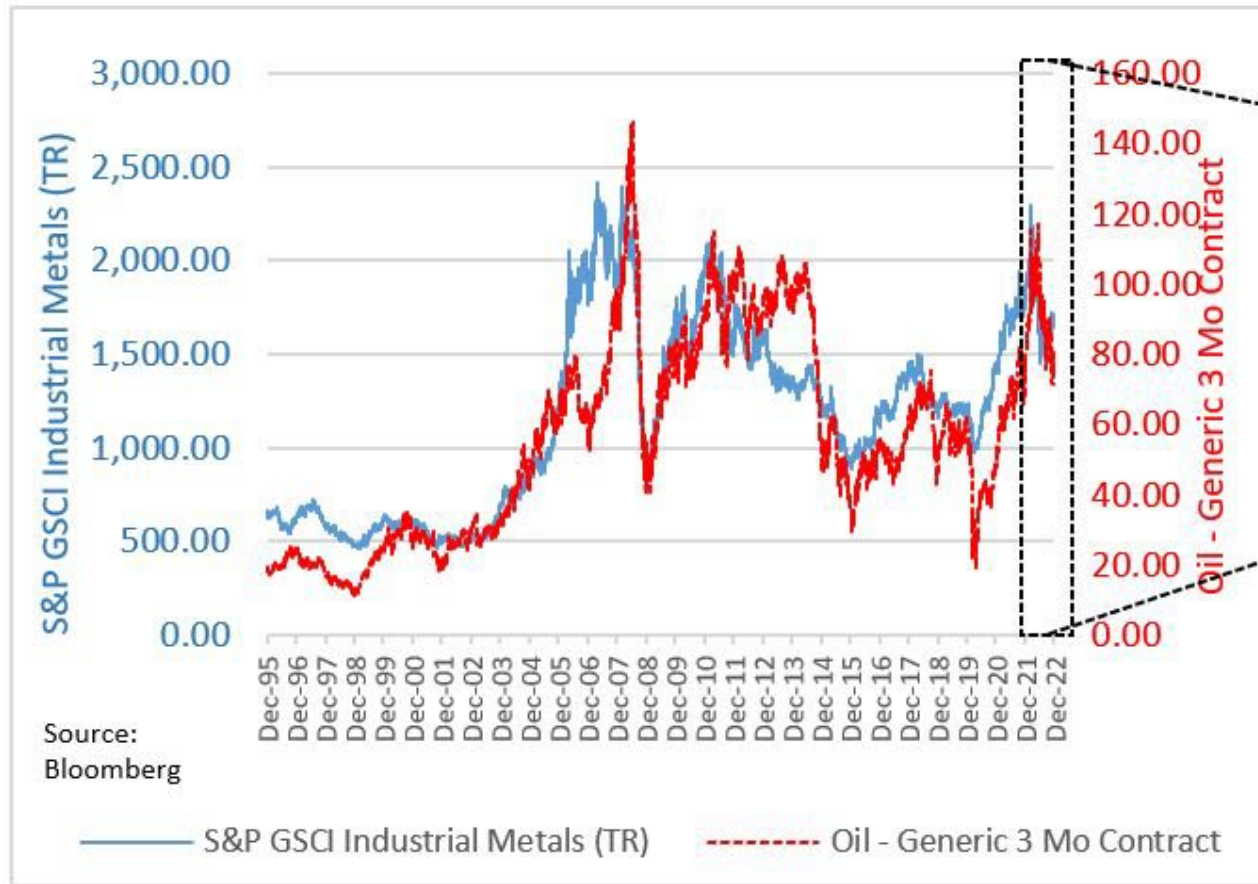
How Will Bank Lending Appetite Hold Up in a Recession?



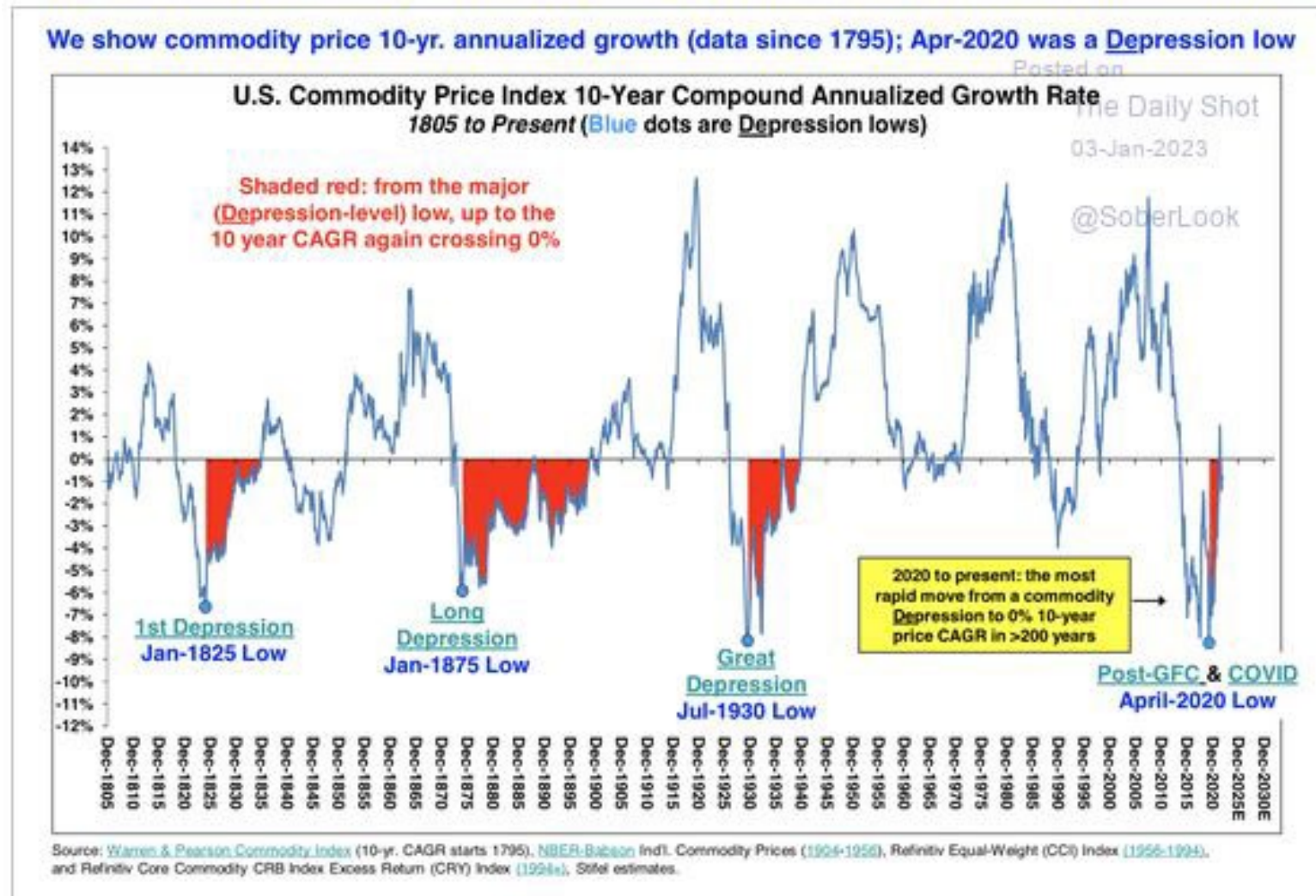
\$USD Wrecking Ball Through 3Q22 But Then Reversed



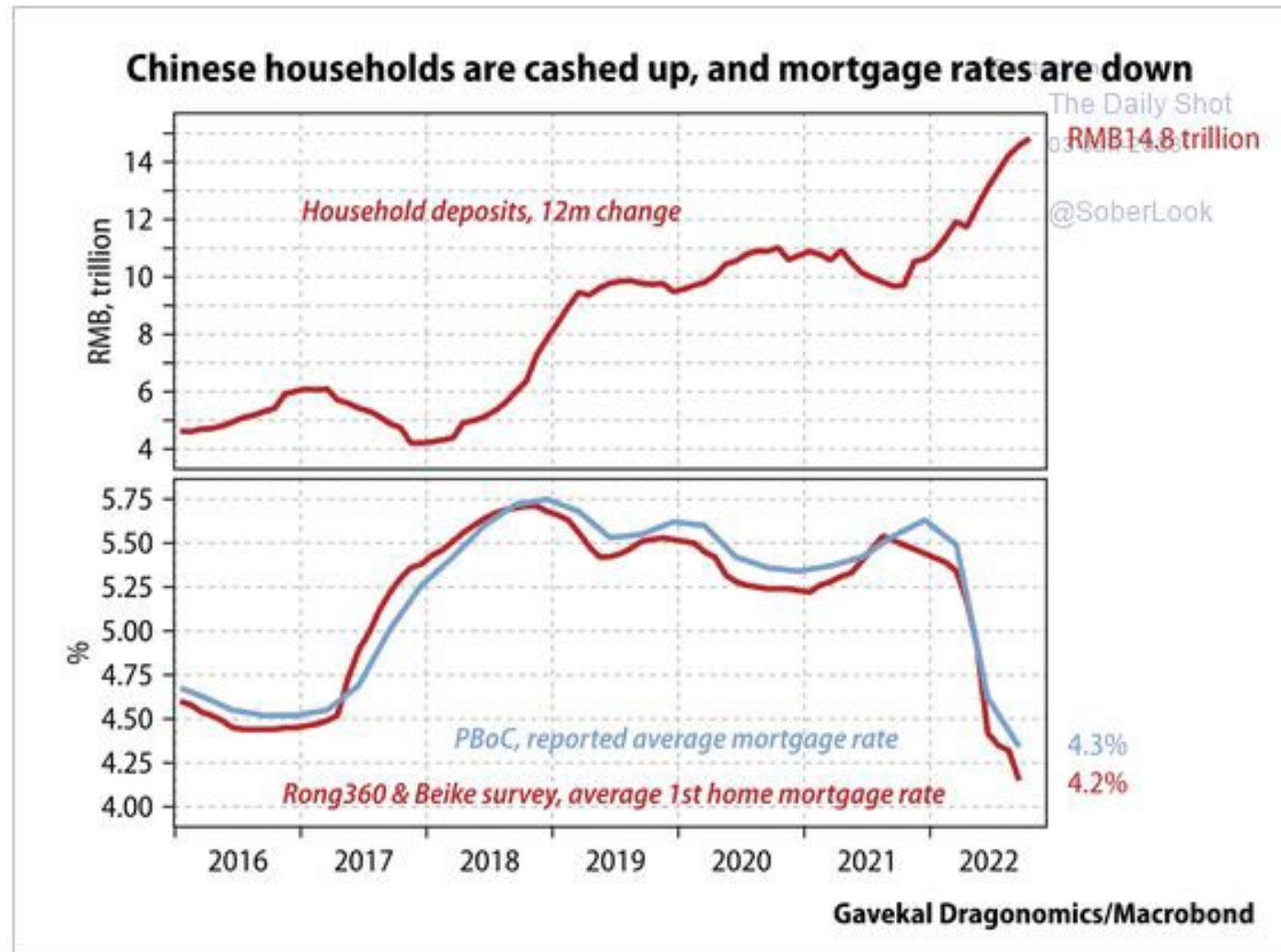
Up and Down Year for Industrial Commodities and Energy



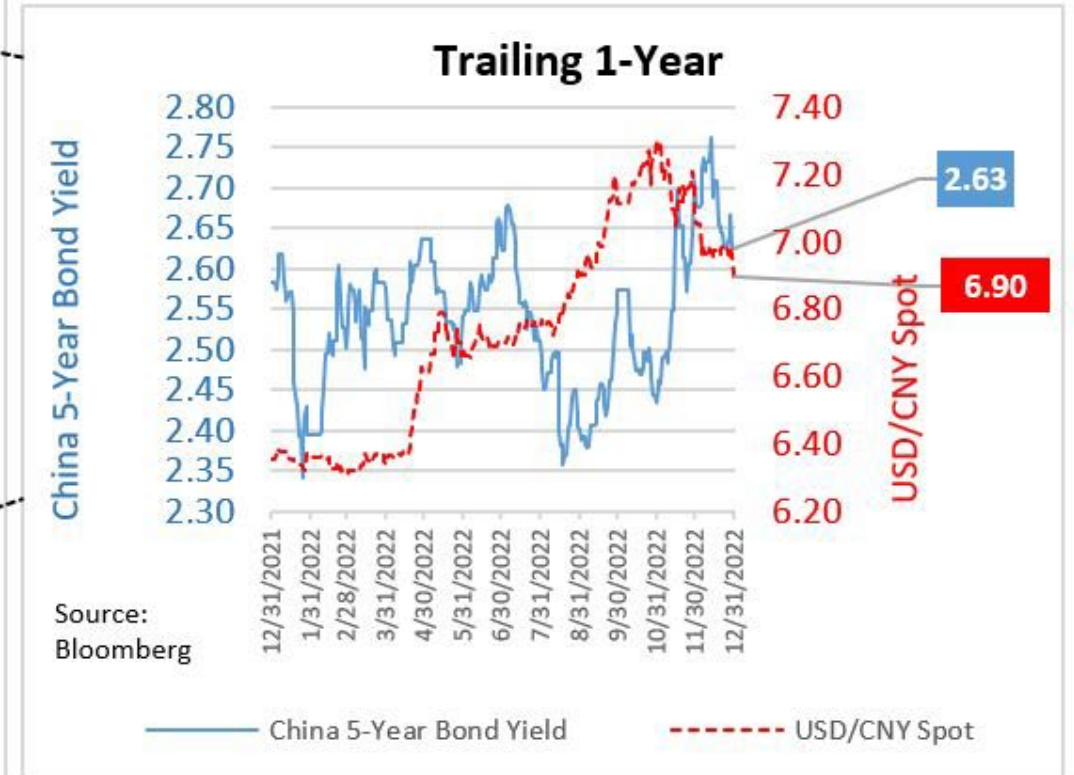
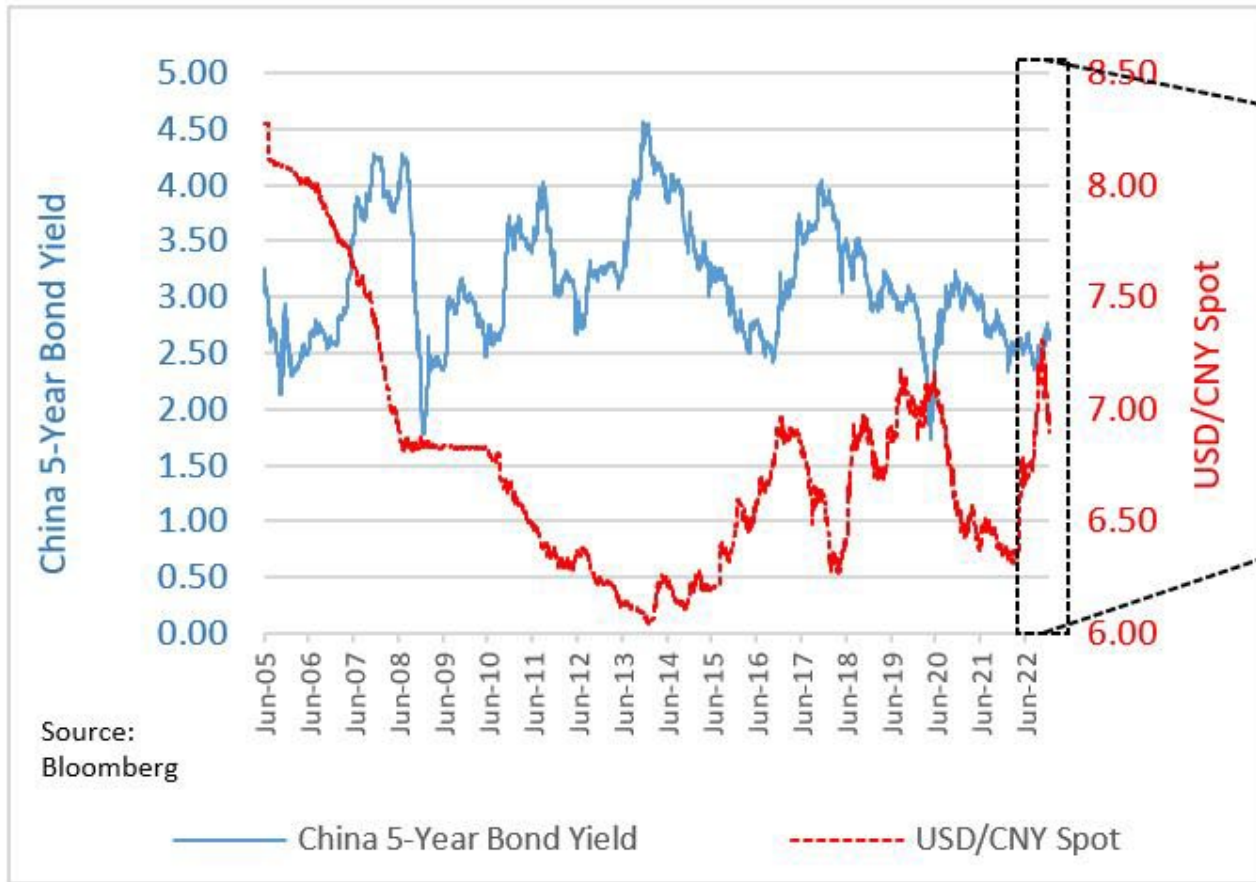
Much of Future Inflation Will Depend on Commodity Cycle



And Pent-Up Demand from Chinese Consumers



China's Recovery Could Support Yuan Appreciation



Valuations Reflect a Less Certain Outcome

1. Global Equities (MSCI All-Country World Index): **9.1%**
 - 6.9% earnings yield + 2.2% expected inflation
2. U.S. Fixed Income (Bloomberg US Aggregate Bond Index): **4.6%**
3. 60/40 Portfolio consisting of #1 and #2: **7.3%**

See 3D, [“Year-End 2022 Market Commentary: Investing Into a Fog of Less Certainty,”](#) for more detailed information on our capital market assumptions methodology

Date: 1/24/2023

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3D Portfolio Review 4th Quarter 2022

January 24, 2023

Benjamin Lavine CFA, CAIA, RICP

3D Chief Investment Officer



Equities Recover in the 4th Quarter But Down in 2022



Key Benchmarks: Performance and Characteristics as of 12/31/2022

Equities	MTD	QTD	YTD	1-Yr Fwd P/E: Current vs 10-Yr Range	
S&P 500	-5.8%	7.6%	-18.1%	16.7x	
MSCI EAFE	0.1%	17.3%	-14.5%	12.1x	
MSCI Emerging	-1.4%	9.7%	-20.1%	11.4x	

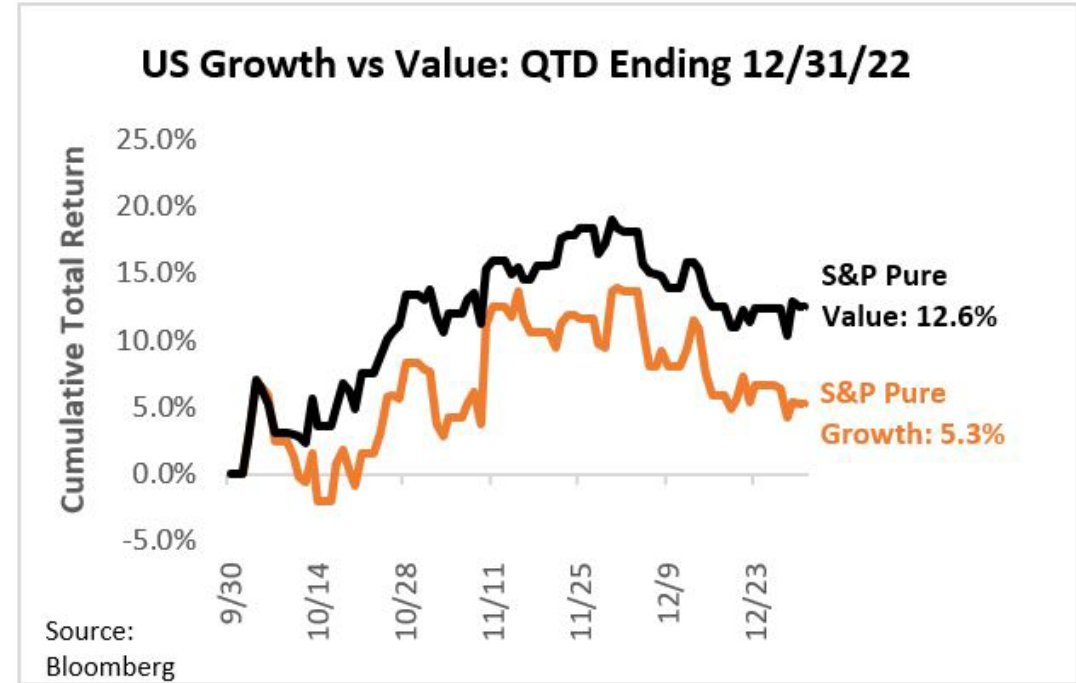
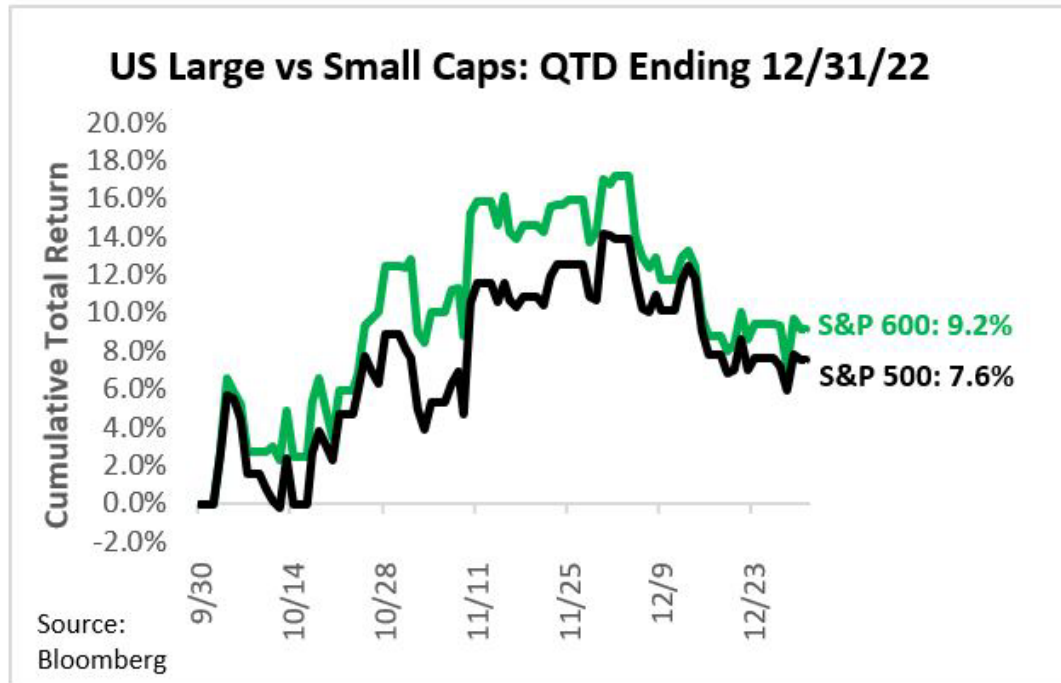
Data Source: Bloomberg

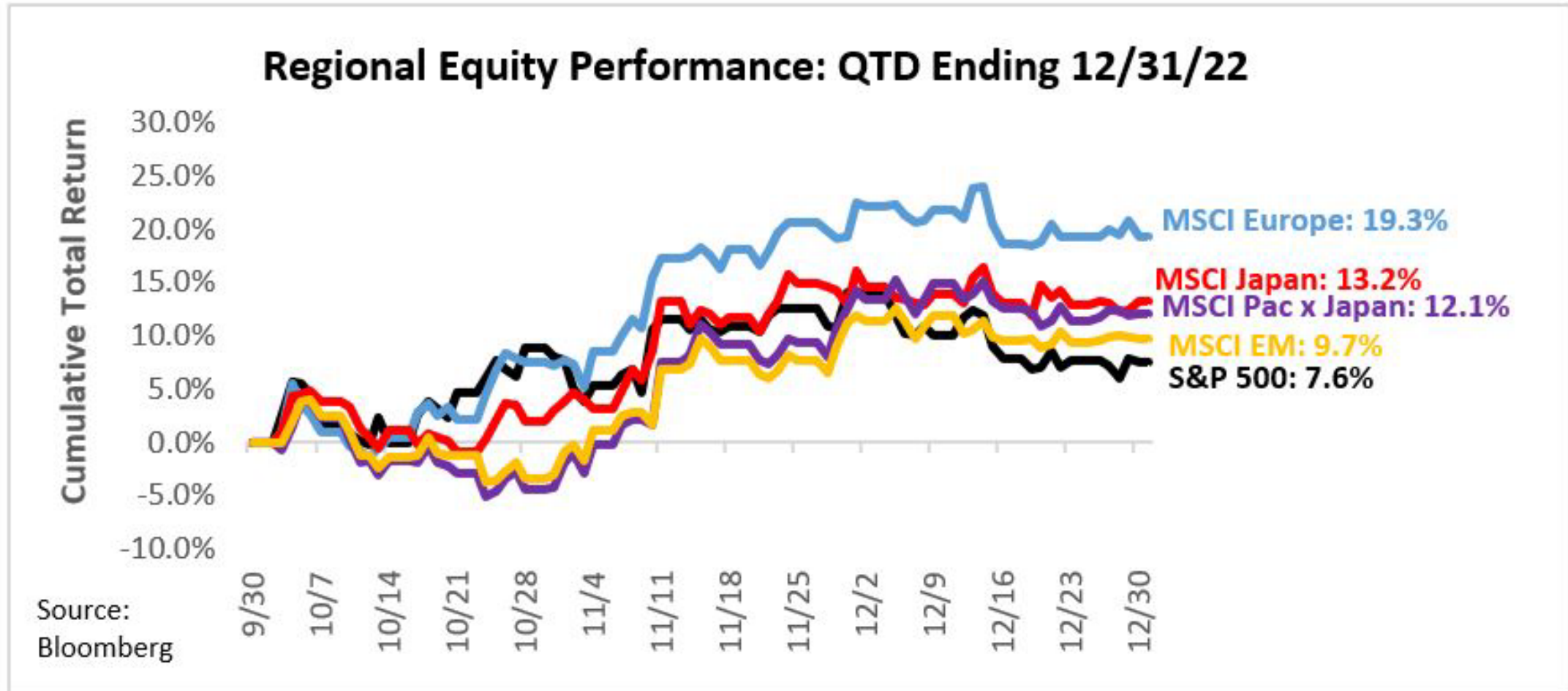
Fixed Income and Commodities Also Recovered in the 4th Quarter

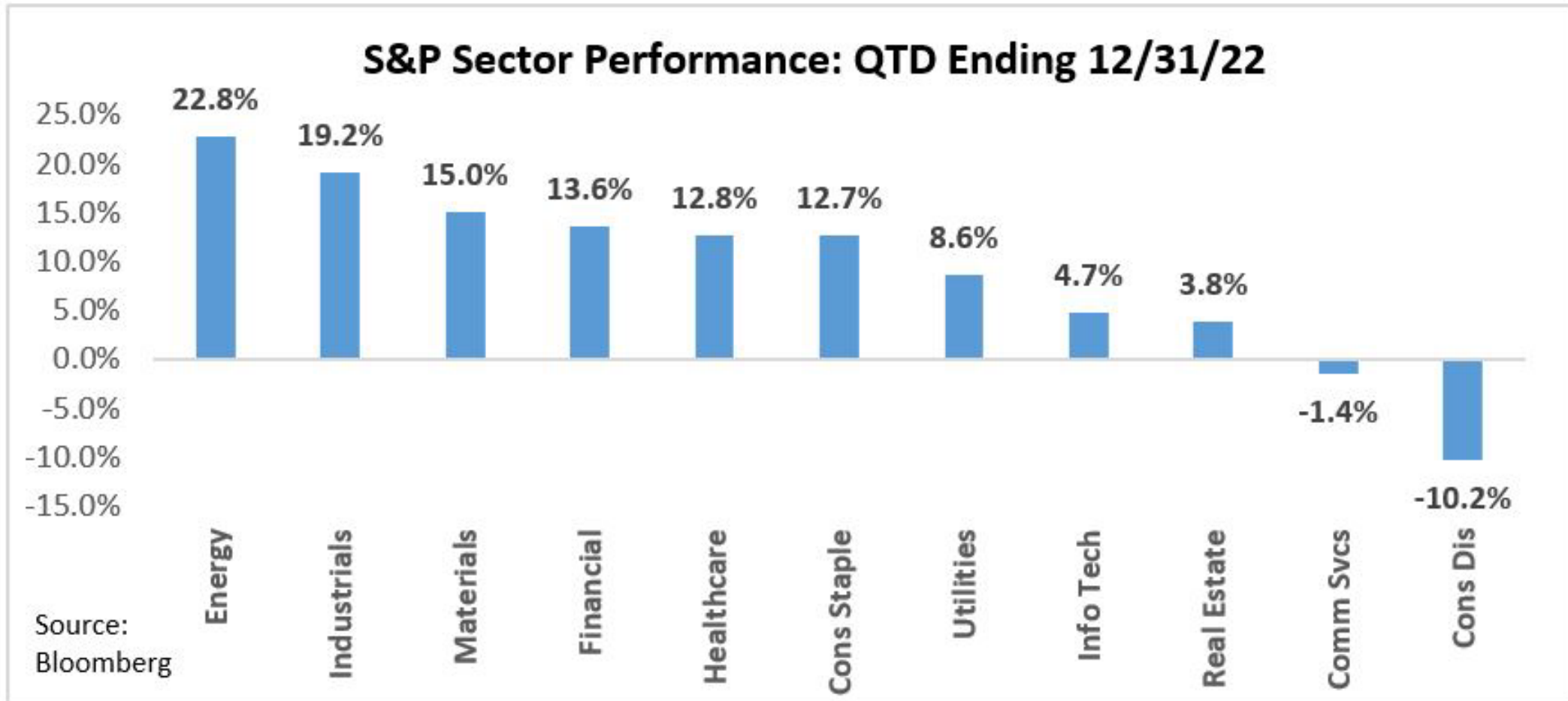


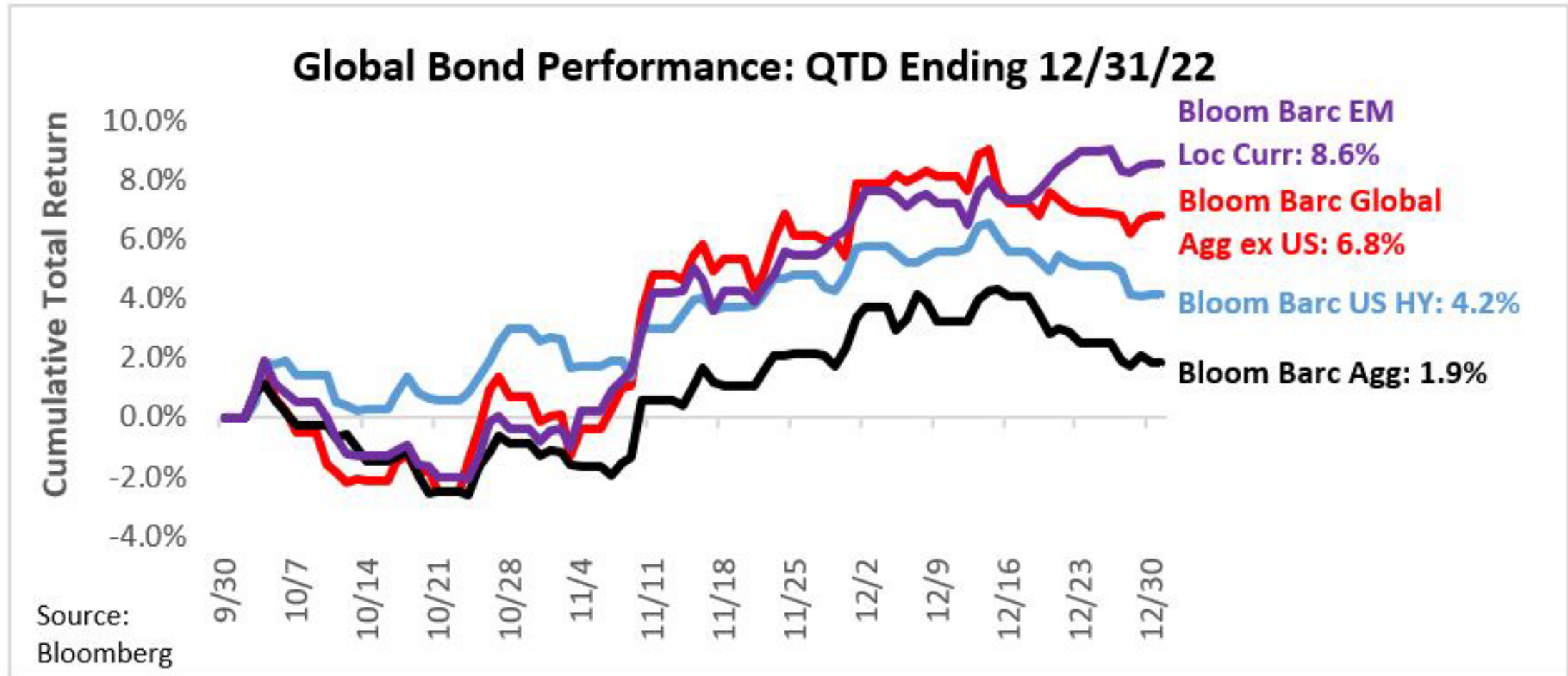
Fixed Income	MTD	QTD	YTD	Real Assets	MTD	QTD	YTD
Bloomberg Barc U.S. Aggregate	-0.5%	1.9%	-13.0%	US REITs	-5.0%	4.2%	-25.0%
Bloomberg Barc US High Yield	-0.6%	4.2%	-11.2%	GSCI Commodities	-1.4%	3.4%	26.0%
Bloomberg Barc Global Agg ex U.S.	1.3%	6.8%	-18.7%	GSCI Prec Metals	4.8%	11.0%	-0.4%

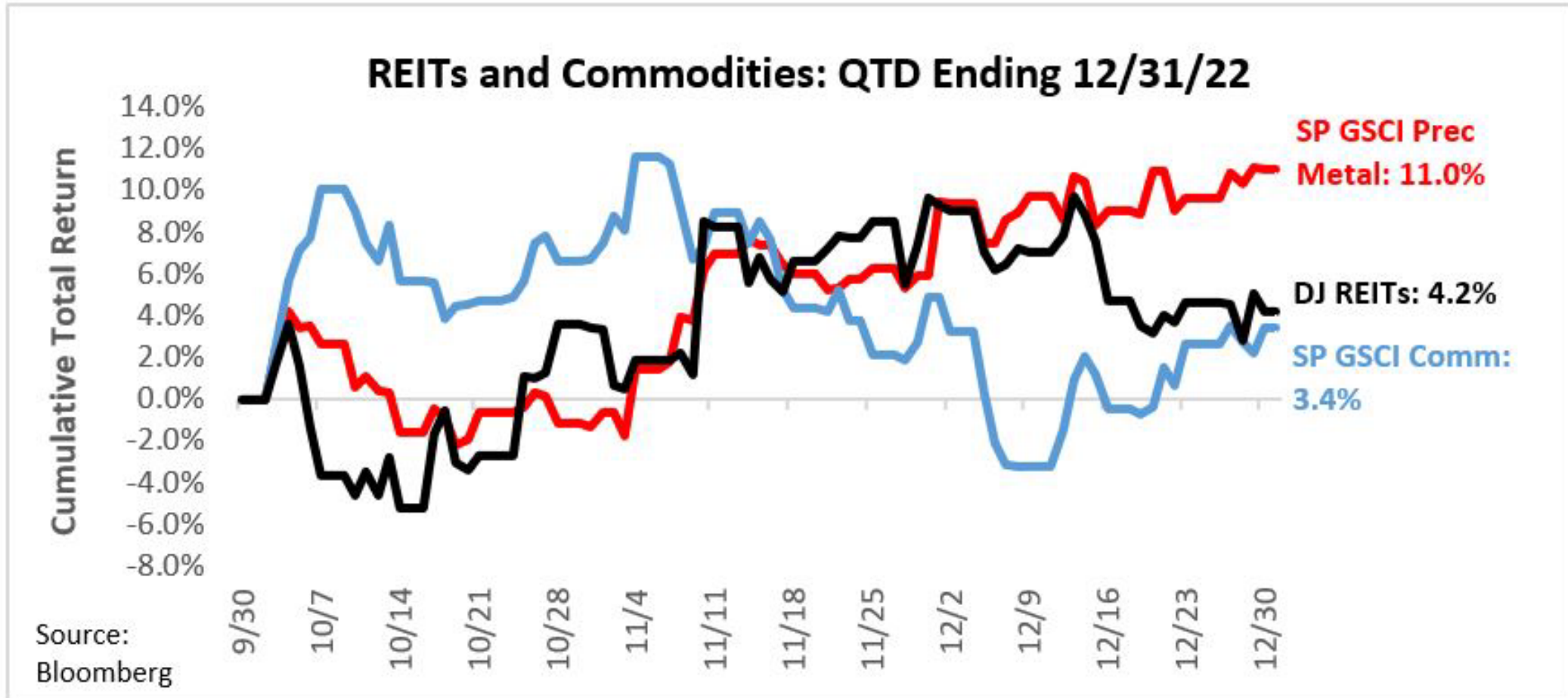
Data Source: Bloomberg



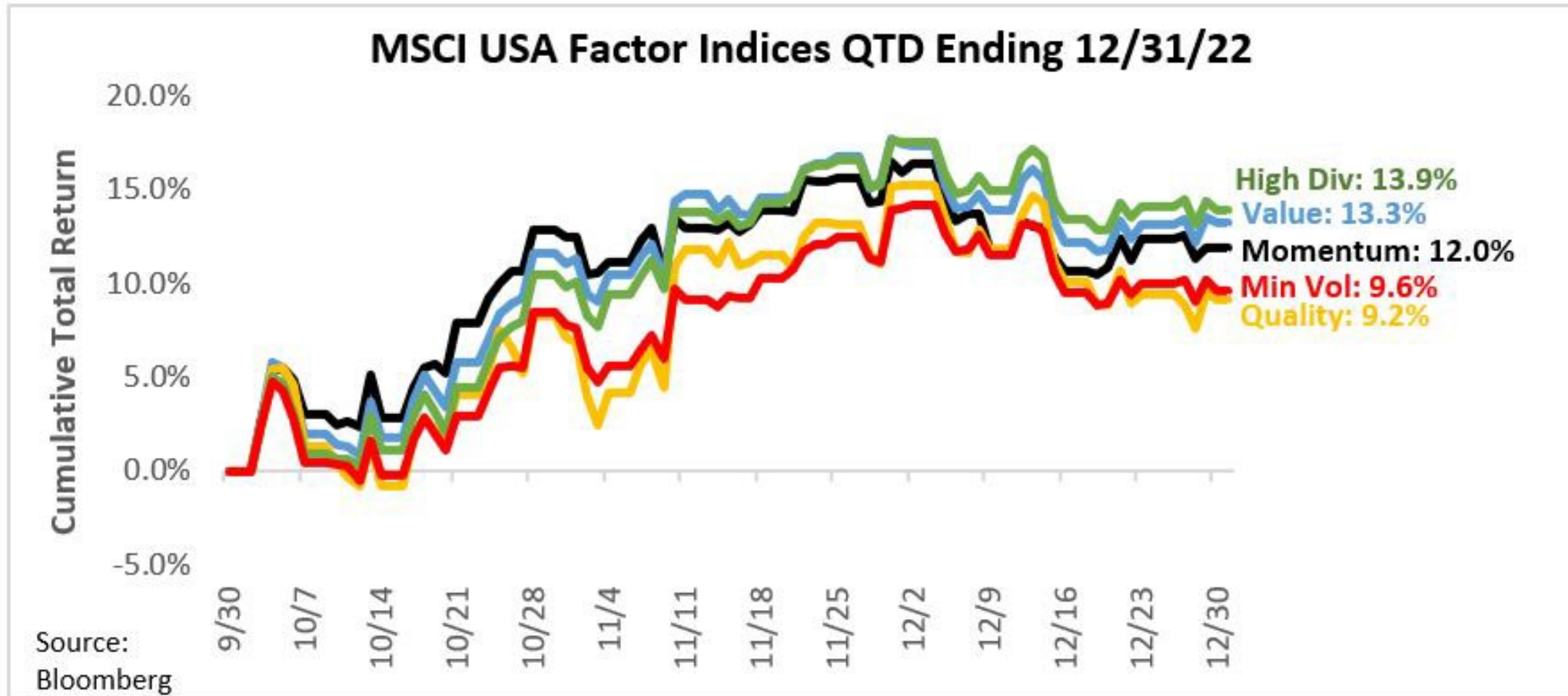




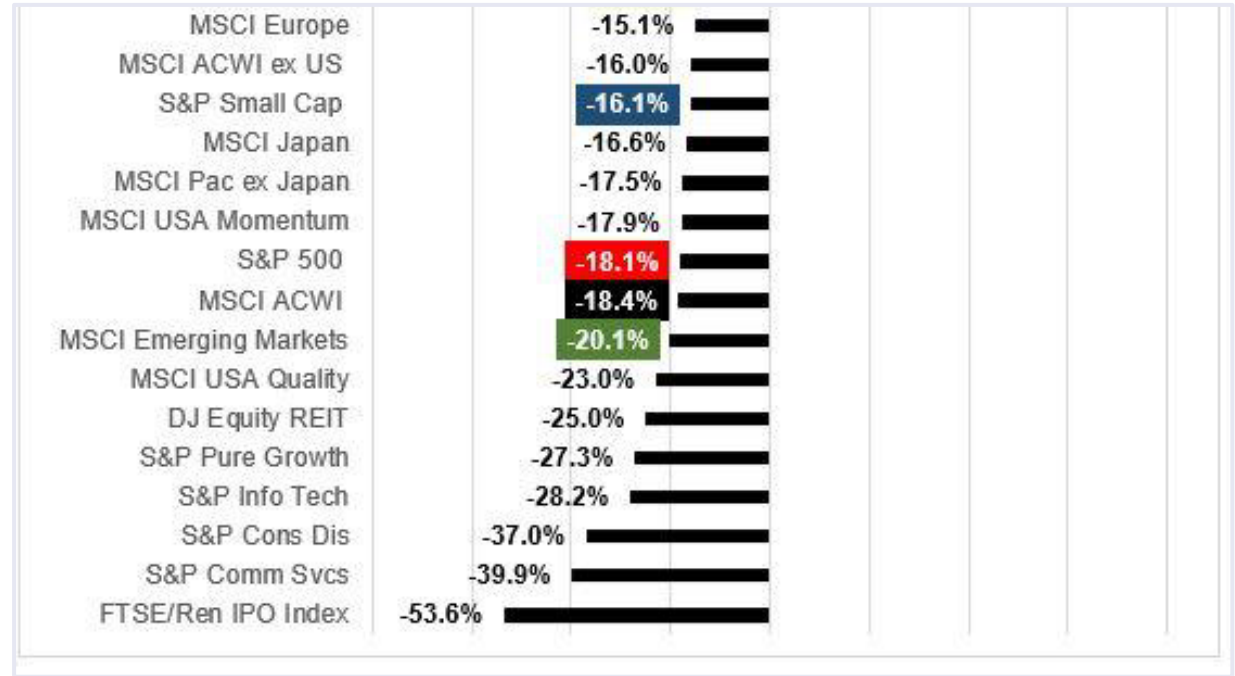
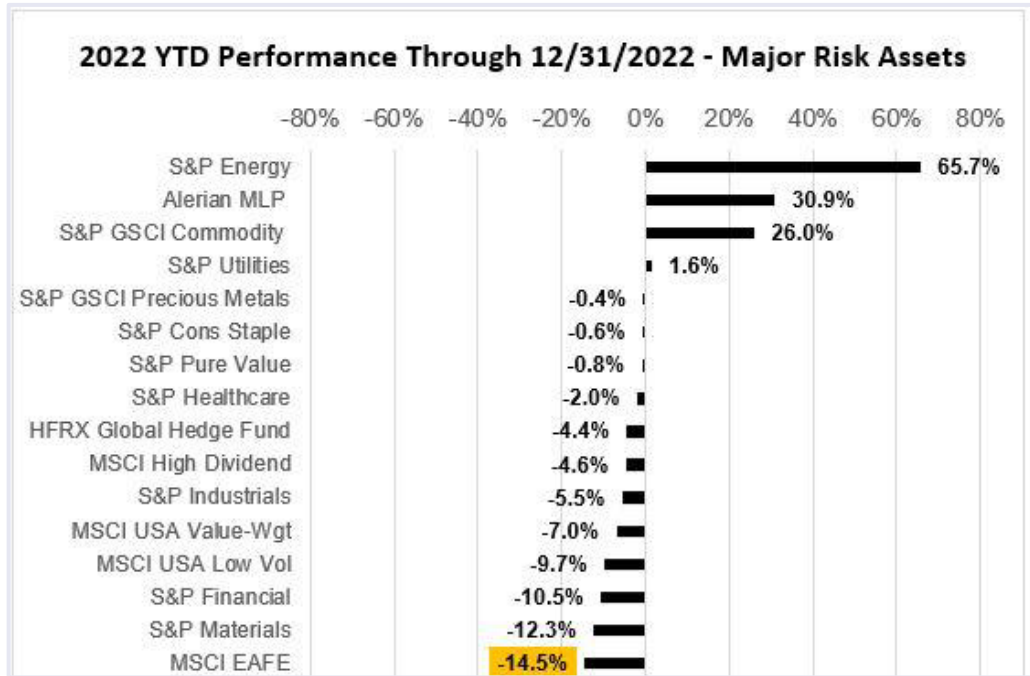




U.S. Risk Factors Outperform the Broader Market

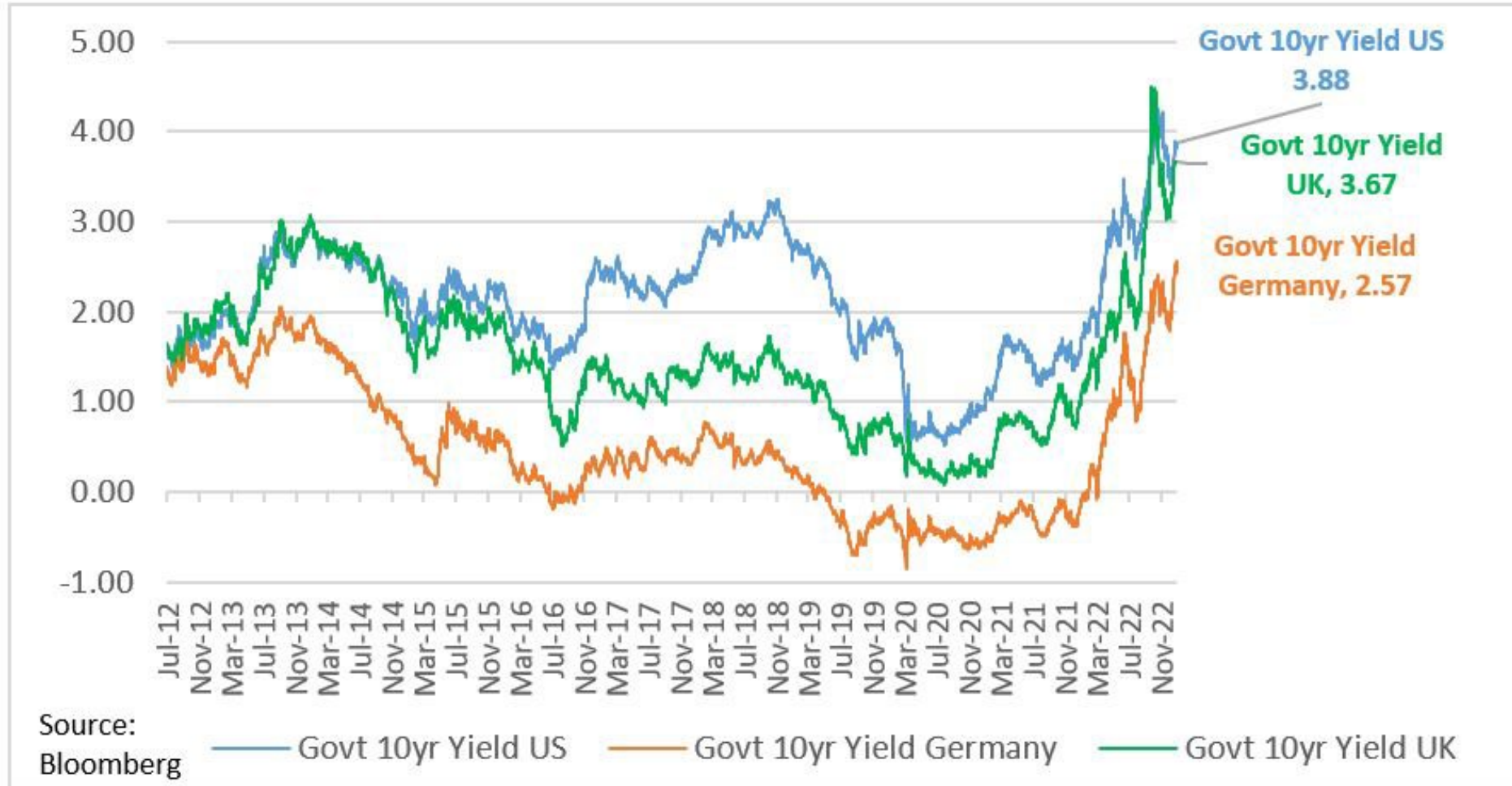


Outstanding Year for Energy-Focused Risk Assets

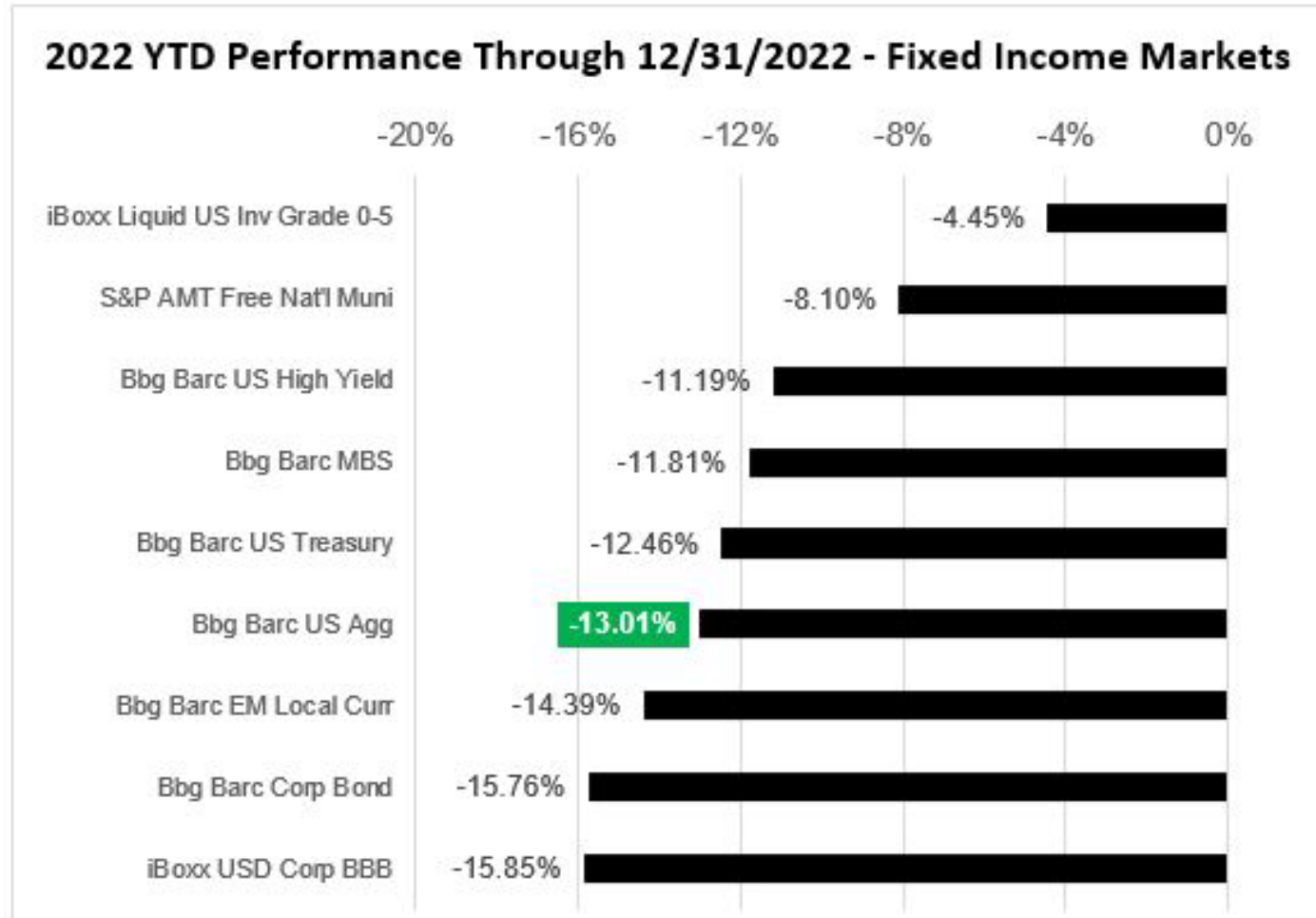


Source: Bloomberg

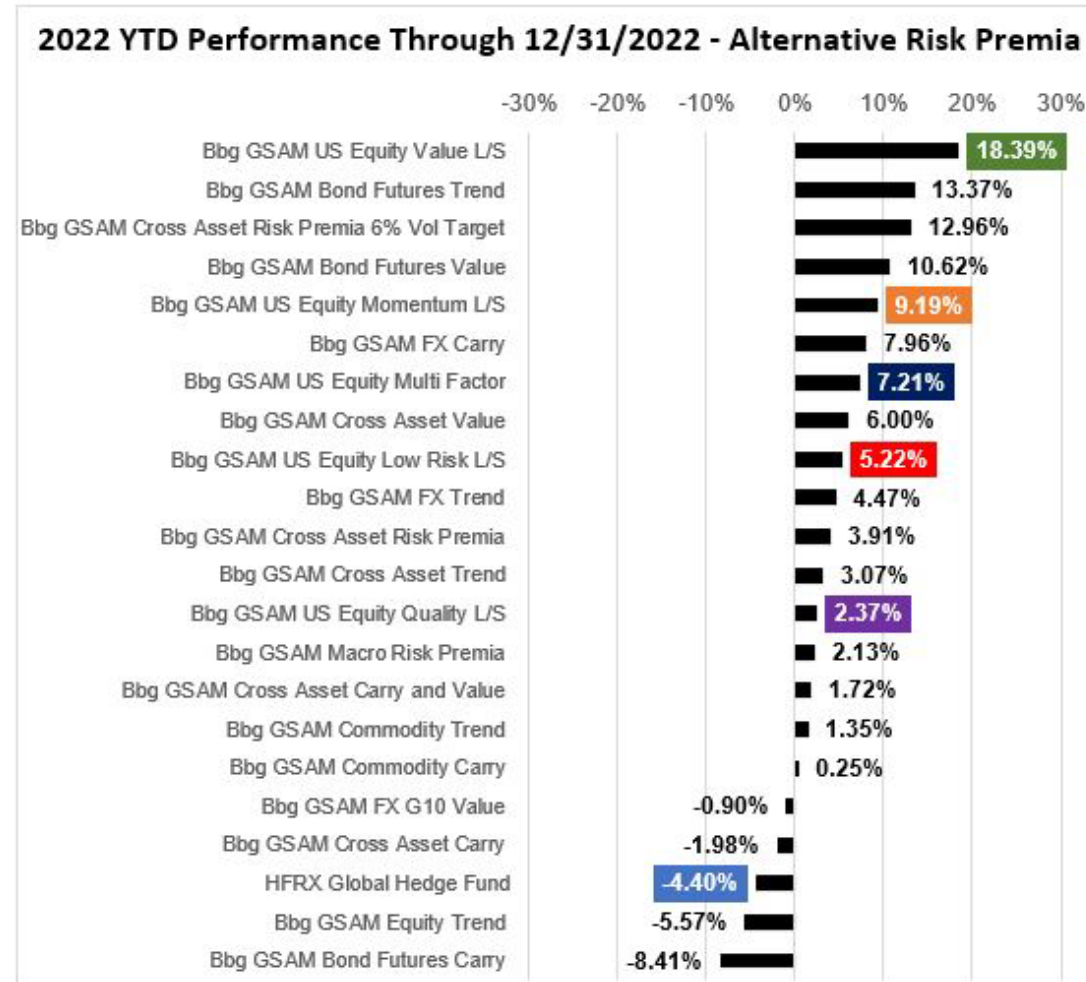
Government Bond Yields Rise in 2022 But Down from YTD Highs



Toughest Year for Bonds Over the Past 70 Years



Source: Bloomberg



Source: Bloomberg

- Global 100 ETF composite returned +13.33% gross-of-fee (+13.32% net-of-fee) versus +9.76% for MSCI ACWI:
- **Positive contributors** to relative performance:
 1. Outperformance of Fama/French factors (value, high quality, smaller caps)
 2. Outperformance of dividend-focused
- **Negative contributors** to relative performance:
 1. Underweight ex-U.S. developed versus overweight emerging markets which underperformed
- **Changes:** End of October, replaced U.S. multi-factor strategy with S&P buffer strategy.

*Performance source: Orion using gross and net return calculations of the 3D Global 100 ETF Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- Global 100 DFA composite returned +12.06% gross-of-fee (+11.90% net-of-fee) versus +9.76% for MSCI ACWI:
- **Positive contributors** to relative performance:
 1. Outperformance of Fama/French factors (value, high quality, smaller caps);
 2. Allocation to ex-U.S. real estate
- **Negative contributors** to relative performance:
 1. Allocation to U.S. real estate
- **Changes: None.**

*Performance source: Orion using gross and net return calculations of the 3D Global 100 DFA Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with DFA fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- Global Growth Equity ETF composite returned +9.55% gross-of-fee (+9.27% net-of-fee) versus +9.76% for MSCI ACWI:
- **Positive contributors** to relative performance:
 1. Allocation to oil field services
 2. Allocation to ex-U.S. markets
 3. Outperformance of active international growth
 4. Ex-U.S. technology (China Internet, Global Robotics)
- **Negative contributors** to relative performance:
 1. U.S. growth stocks
 2. U.S. technology themes (Intelligent Infrastructure, Future Security)
 3. U.S. biotech
- **Changes:** None.

*Performance source: Orion using gross and net return calculations of the 3D Global Growth ETF Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- Global ESG Equities ETF composite returned +8.53% gross-of-fee (+8.25% net-of-fee) versus +9.76% for MSCI ACWI:
- **Positive contributors** to relative performance:
 1. Outperformance of Small Cap ESG
 2. Outperformance of Global Conscious theme
 3. Outperformance of active international growth
 4. Outperformance of ex-U.S. ESG
- **Negative contributors** to relative performance:
 1. Overweight U.S. versus international markets
 2. Global Environment theme.
- **Changes:** Replaced EM ESG broad market fund.

*Performance source: Orion using gross and net return calculations of the 3D ESG ETF Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- 3D Lee Adaptive Large Cap Sector Composite returned +4.58% gross-of-fee (+4.26% net-of-fee) versus +7.56% for S&P 500 Index:
- **Positive contributors** to relative performance:
 1. Energy
- **Negative contributors** to relative performance:
 1. Defensive positioning apart from opportunistic allocation to Energy
- **Current Positioning as of 12/31/2022:** 80% Cash and 20% Energy

*Performance source: Orion using gross and net return calculations of the 3D Lee Adaptive Large Cap Sector Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- 3D Dividend Focused Large Cap Composite returned +13.31% gross-of-fee (+12.31% net-of-fee) versus +7.56% for S&P 500 Index:
- **Positive contributors** to relative performance:
 1. Stock selection in Consumer Discretionary, Technology, Health Care, and Staples
 2. Overweight Energy and Industrials
 3. Underweight Consumer Discretionary
- **Negative contributors** to relative performance:
 1. Stock selection in Energy, Financials, and Industrials
 2. Underweight Materials

*Performance source: Orion using gross and net return calculations of the 3D Dividend Focused Large Cap Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- 3D Fixed Income ETF composite returned +1.59% gross-of-fee (+1.33% net-of-fee) versus +1.87% for Bloomberg U.S. Aggregate Bond Index:
- **Positive contributors** to relative performance:
 1. Outperformance of active core bond
- **Negative contributors** to relative performance:
 1. Underperformance of long maturity taxable municipal bonds
 2. Underweight duration
 3. Hedged mortgage-backed securities
- **Changes:** Trimmed intermediate/long maturity exposure and hedged mortgage-backed; redeployed into short-term TIPS and synthetic intermediate Treasuries (via leveraged 2-year Treasury exposure).

*Performance source: Orion using gross and net return calculations of the 3D Global Fixed Income ETF Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

- 3D Fixed Income TS ETF composite returned +2.72% gross-of-fee (+2.50% net-of-fee) versus +1.87% for Bloomberg U.S. Aggregate Bond Index:
- **Positive contributors** to relative performance:
 1. Outperformance of municipal bonds versus taxable investment grade
- **Negative contributors** to relative performance:
 1. Ultra-short muni bond allocation
 2. Underweight duration
 3. Underperformance of intermediate and long maturity strategies relative to benchmarks
- **Changes:** tax-loss harvesting: reallocated intermediate and long maturity exposures.

*Performance source: Orion using gross and net return calculations of the 3D Fixed Income Tax-Sensitive ETF Composite. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, LLC and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures.

3D Targeted Fixed Income (2022-2027)* and Targeted Outcome*



Performance Matrix: Targeted Fixed Income/Outcome Strategies

As of 12/31/2022

Qualified Strategies	1 Mo	3 Mo	YTD	1 Year	3 Year	5 Year	10 Year	5 Yr. Std Dev	Yield	Inception	Since Incep.
3D Targeted Fixed Income 2023 (Net)	0.28%	1.04%	-2.76%	-2.76%	0.24%	1.48%	-				2.04%
3D Targeted Fixed Income 2023 (Gross)	0.34%	1.23%	-2.02%	-2.02%	0.97%	2.09%	-	3.07	2.25	1/1/2017	2.56%
Benchmark	0.11%	1.78%	-5.56%	-5.56%	-0.41%	1.26%	-	3.08			1.44%
3D Targeted Fixed Income 2024 (Net)	0.14%	1.11%	-4.99%	-4.99%	-0.11%	-	-				1.73%
3D Targeted Fixed Income 2024 (Gross)	0.18%	1.23%	-4.51%	-4.51%	0.39%	-	-	-	2.74	6/1/2018	2.23%
Benchmark	0.11%	1.78%	-5.56%	-5.56%	-0.41%	-	-	-			1.46%
3D Targeted Fixed Income 2025 (Net)	0.01%	1.53%	-6.73%	-6.73%	-1.06%	0.60%	-				0.97%
3D Targeted Fixed Income 2025 (Gross)	0.09%	1.78%	-5.79%	-5.79%	0.00%	1.76%	-	-	2.80	4/1/2017	2.17%
Benchmark	-0.07%	2.72%	-9.40%	-9.40%	-1.22%	1.16%	-	-			1.48%
3D Targeted Fixed Income 2026 (Net)	-0.12%	2.01%	-8.12%	-8.12%	-	-	-				-7.20%
3D Targeted Fixed Income 2026 (Gross)	-0.05%	2.22%	-7.42%	-7.42%	-	-	-	-	3.03	10/1/2021	-6.55%
Benchmark	0.11%	1.78%	-5.56%	-5.56%	-	-	-	-			-5.00%
3D Targeted Fixed Income 2027 (Net)	-0.16%	2.93%	-	-	-	-	-				-7.78%
3D Targeted Fixed Income 2027 (Gross)	-0.12%	3.05%	-	-	-	-	-	-	3.08	2/1/2022	-7.31%
Benchmark	-0.07%	2.72%	-	-	-	-	-	-			-7.66%
3D Targeted Outcome (Net)	-2.91%	6.86%	-10.40%	-10.40%	-	-	-				3.86%
3D Targeted Outcome (Gross)	-2.78%	7.30%	-8.91%	-8.91%	-	-	-	-	0.71	11/1/2020	5.34%
Benchmark	-2.71%	4.35%	-8.19%	-8.19%	-	-	-	-			5.43%

*Performance source: Orion using gross and net return calculations of the 3D Targeted Fixed Income ETF Composites (2022, 2023, 2024, 2025, 2026, 2027) and Targeted Outcome. The results shown represent composites of all eligible accounts under the discretionary management of 3D/L Capital Management, and reflects costs associated with ETF fund expenses, up to 0.10% for custodial annual fee, as well as reinvestment of all distributions. Net Composite Returns shown above represent the composite return of actual client accounts. Actual client costs will vary based on account size and total value of household assets. Performance data shown represents past performance. Past performance is no guarantee of future results. See last page for additional disclosures. Trailing 12-Month Yields as of 12/31/2022.

3D Managed Model Equity Characteristics



	Dividend Yield	Price/Earnings (12M Fwd)	Price/Book	Return on Equity (12M Fwd)	Wgt Avg Mkt Cap (\$MM)
3D Global Equity ETF	3.2%	11.1x	1.7x	17.8%	146,377
3D Global Equity DFA	3.1%	11.0x	1.7x	17.8%	95,631
3D Global Growth	1.5%	16.3x	2.3x	15.5%	112,798
3D ESG Equity	1.9%	16.5x	3.0x	18.7%	179,215
<i>MSCI ACWI</i>	2.5%	14.2x	2.5x	19.3%	272,683
3D US-Focused Equity	2.8%	11.9x	2.2x	19.5%	184,053
3D US Equity Only	2.4%	13.5x	2.9x	21.2%	229,475
3D Dividend Focused LC	3.5%	13.6x	4.1x	27.6%	111,772
<i>Russell 3000</i>	1.8%	17.3x	3.6x	20.8%	358,220

Source: Bloomberg as of 12/31/2022

3D Managed Model Fixed Income Characteristics



	Yield-to-Worst	Effective Duration (Years)	Weighted Moody's	Weighted S&P
3D Fixed Income ETF	5.4%	5.2	Aa1	AA-
3D Fixed Income Tax-Sensitive ETF	3.3%	5.3	Aa2	AA
<i>Bloomberg/Barclays US Aggregate</i>	<i>4.6%</i>	<i>6.3</i>	<i>Aa2</i>	<i>A+</i>
3D Targeted Fixed Income 2023	4.8%	0.8	A1	A-
3D Targeted Fixed Income 2024	5.0%	1.6	A2	A-
3D Targeted Fixed Income 2025	4.9%	2.2	A2	A-
3D Targeted Fixed Income 2026	5.0%	2.9	A2	A-
3D Targeted Fixed Income 2027	4.9%	3.5	A2	A-

Source: Bloomberg and Fund Providers as of 12/31/2022

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