



<b>Returns</b> before advisor fees and after dividends	Year ended 12/31/17	Correlation	
In its first 12 months BOC Portfolio	33%	.68	.41
Benchmark Vanguard World Stock Market Index Fund (symbol VT)	24%	1.00	
Dow Jones US Total Market Index Fund (symbol IYY)	14%		1.00

## Introducing the BOC Portfolio

Since 2017 BOC is an investment portfolio overseen by a Registered Investment Advisor Representative (Investment Manager). The BOC Portfolio is created using a quant process of two strategies.

First, a List Strategy uses big data to identify an initial ETF List using a proprietary market momentum algorithm. A macro analysis, or context, is derived principally from the stock market. Second, the Manager reduces the ETF List into the BOC Portfolio using a Filter Strategy. The Filter Strategy is qualitative, searching for fundamental value and momentum within the context. The BOC Portfolio may be substantially different from the initial ETF List.

**The BOC Portfolio seeks to beat a benchmark, Vanguard Total World Stock ETF (symbol VT) with dividends.**

Yet the BOC Portfolio seeks moderate monthly correlation to VT. The BOC Portfolio may be less correlated to Dow Jones US Total Market Index Fund (symbol IYY) than to VT. Correlation of 1.0 means that a portfolio is 100% correlated to a benchmark. The BOC Portfolio seeks moderate correlation (between 0.5 and 0.7) over for example a 12 year period to be considered as an alternative investment. Low correlation is less than 0.5.

**In spite of best efforts, losses may occur.**

- In some cases the List Strategy may offer insufficient ETFs to provide greater diversification than the underlying securities of any particular ETF.
- Proprietary market risk analysis identifies changing markets, but the Manager has full discretion to select funds for the portfolio. Strategy exceptions may be documented by a Report.

## BOC Fees

For a "qualified client, purchaser, or institutional buyer" as defined under respective Acts of securities law, period base fees are 0.50% (always paid) plus up to a maximum 2.50% performance fee. For example if the Manager beats the benchmark in 8 out of 12 years, the average fee might be about 2.2%  $[(3.0\% \times 8 \text{ years} + 0.5\% \times 4 \text{ years})/12]$ . If the benchmark is not beaten, there is no performance fee.

## BOC Long Term Strategy

BOC Portfolio uses the newer breed of exchange traded funds (ETFs). When its systematic, computer-powered List Strategy identifies a lack of momentum, it uses benchmark-like ETFs; when its algorithms indicate momentum, momentum-based ETFs are used. BOC Portfolio seeks opportunities worldwide.

Adding an element of conservatism in a portfolio is as important to the Manager as considering upside potential. Quantified triggers employ risk mitigating strategies in down markets. Underlying the BOC Portfolio is a belief that there may be less risk actively investing in the growing tip of world-wide securities markets than passively investing in under performing asset allocations; in rising markets it seeks to recommend investments in categories of securities with accelerating demand and rising value preferably at the start of their investment life cycles; in falling markets it seeks to preserve capital.

## Management

**Jeffrey Liautaud** (MBA, BS Mathematics) began his career on Wall Street in investment banking. Later he purchased and operated the Sherpa Snowshoe Company. When the snowshoe markets changed, Jeff nearly went bankrupt, and in 1998 he sold the business. This near bankruptcy experience forever changed him to add an element of conservatism in all that he did. That same year he became a financial planner and wealth manager. In 2001, he founded Business Owners Charter, Inc. (“BOC”) for ownership of proprietary investment management algorithms. Jeff founded Tree Fort Financial in 2003. In 2017, Jeff became the BOC Portfolio Director for Tree Fort Financial.

In 2014, Jeff’s daughter, **Jacki Liautaud**, purchased Tree Fort Financial (“TFF”) from Jeff. For over 15 years she worked as a business consultant in marketing, sales and business development. With a double major in college, she graduated number one in her class in Sociology. At Tree Fort Financial, Jacki has integrated research findings and detailed fundamental analysis into investment recommendations across all risk tolerances. For over two years BOC applied a rigorous, scientific method-based approach to historically quantify the most promising algorithms and completed a backtest study. In 2017 TFF launched the BOC Portfolio as a unique offering. Past performance – whether actual or back-tested – is no indication or guarantee of future performance. There are frequently material differences between back-tested performance and actual results.

Since 2003, **JT Liautaud** has served as a technology consultant and developer, building and managing SQL data sweeps for nightly momentum and currency programs.

**Dan Wagner** is responsible for maintaining and updating the multiple SQL databases used for research and investing and providing automated solutions to support research.

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