


A series of overlapping, wavy blue lines that flow from the left side of the slide towards the right, creating a sense of movement and depth.

# Acanto Firm Overview

*A Dynamic Approach to Investing for All Market Conditions*

# What is Acanto?



 ACANTO | LLC is a Registered Investment Advisor (RIA) specializing in ***Adaptive Investing*** with the primary goal of protecting and growing our clients' wealth in **ALL** market conditions to achieve their financial goals?




We use ***adaptive, rules-based*** investment models to balance your household's Risk Capacity with your individual Risk Preference, allowing your portfolio to adapt to changing market conditions versus a fixed allocation strategy.



Our robust models adjust to current market trends and volatility across ***multiple asset classes*** and ***individual stocks*** in order to maximize your risk-adjusted return and attempt to minimize large and long drawdowns.



 ACANTO | LLC has over 70 years of combined experience in investments and pioneering research. We are passionate about the science of investing while protecting and growing your family's wealth in a rapidly changing world.

# Who is Acanto?



## **Peter Lusk, Jr., MBA, CMT – Co-Founder, Portfolio Manager & Strategy Developer**

- ✓ 30+ Years of Asset Management experience developing systematic, quantitative and fundamental methods.
- ✓ Advised Hedge Funds, FCMs, BDs, and RIAs including: Forstmann-Leff, REFCO, Jefferies. Eco-Vest Advisors...
- ✓ Columbia University MBA, Chartered Market Technician, Tulane University M.Arch

## **Diego Rivas – Co-Founder, Dir. of Operations and Business Development**

- ✓ 15+ years of systems development, brokerage and hedge fund experience.
- ✓ Established and managed multiple IIBs, CTAs, Hedge Funds, Listed Notes and RIAs.



## **James Mitchell, CFA – Managing Director, Research and Development**

- ✓ 10+ years of quantitative investment management and product development.
- ✓ Deutsche Bank, Natixis Global, MBA UCLA, B.S, George Washington University
- ✓ Expertise in statistical analysis and fundamental modeling. Skills include Python, C++, R, etc.

## **Facundo Rawson – Managing Director, Investment Advisor**

- ✓ 25+ years of experience in asset management, insurance, and investment banking.
- ✓ MBA -Hult Intl. Business School (Boston College.)



## **Prof. Hans Von Mettenheim, PhD. – Director of Research**

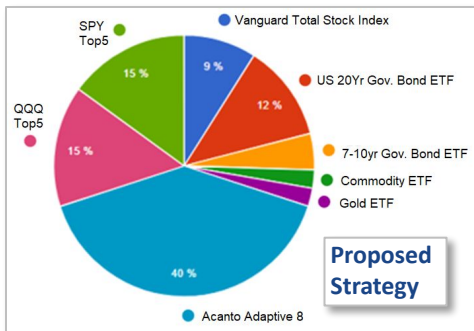
- ✓ 20+ years developing quantitative systems with over 50 published papers.
- ✓ PAG Business School, Paris France. Finance. Founder, Keynum Investments.

# How Acanto Works With Our Clients



- ✓ Client completes the **Risk Capacity Questionnaire** via our website [www.acantollc.com](http://www.acantollc.com) so we can assess their family's financial situation and preferences.
- ✓ Acanto reviews client's risk profile and discusses investment goals , **Risk Capacity** and **Risk Preferences** with them.

- ✓ Acanto crafts a free Risk Analysis on the prospective client's current holdings to see if the client's holdings are aligned with their **Risk Capacity**.
- ✓ Acanto shows current holdings vs. **Proposed Strategy** mix with clients. Additionally, the client may choose to complete a full Financial Plan.
- ✓ Client Opens Schwab Account and/or adds Acanto LLC as **Investment Advisor**.



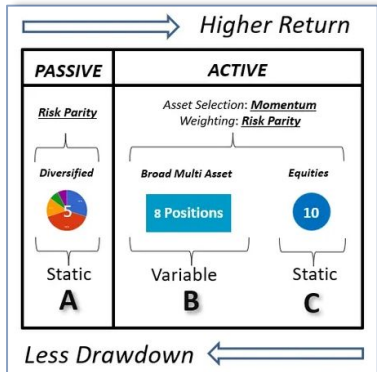
- ✓ Client funds account or transfer of holdings (ACAT).
- ✓ Acanto **implements strategy** on behalf of the client.
- ✓ Portfolio is **reviewed quarterly** and adjusted as risk capacity or risk preference changes.





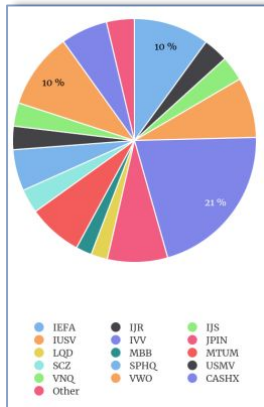
# The Acanto Client Process

## Your Roadmap to Total Financial Awareness



### ASSET MANAGEMENT

RISK: Avoid Large Drawdowns  
 TAX: Tax Advnatged Strategies  
 IRR: High Risk-Adjusted Return  
 NET: Adaptive Asset Management



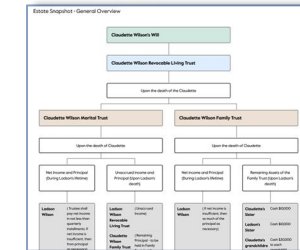
### DATA COLLECTION

ANSWER: Personal Risk Profile  
 IMPORT: Current Investment Accounts  
 DEVELOP: Budgets & Goals  
 DRAFT: Long Term Finacial Plan



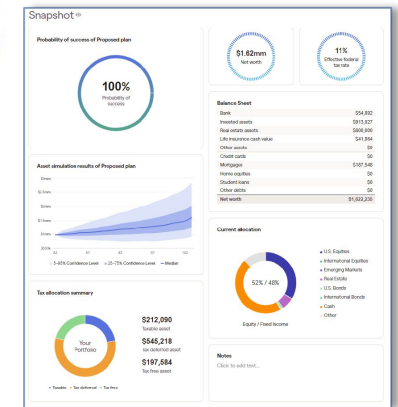
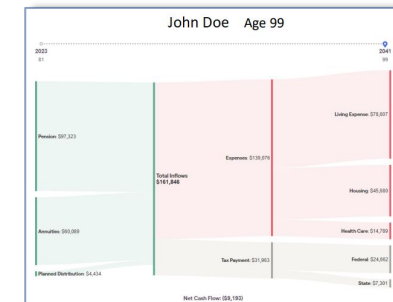
### ESTATE PLANNING

Protect: Trusts and LLCs  
 Monitor: Family Balance Sheet  
 Prepare: Legal Docs  
 Adjust: Ongoing Process



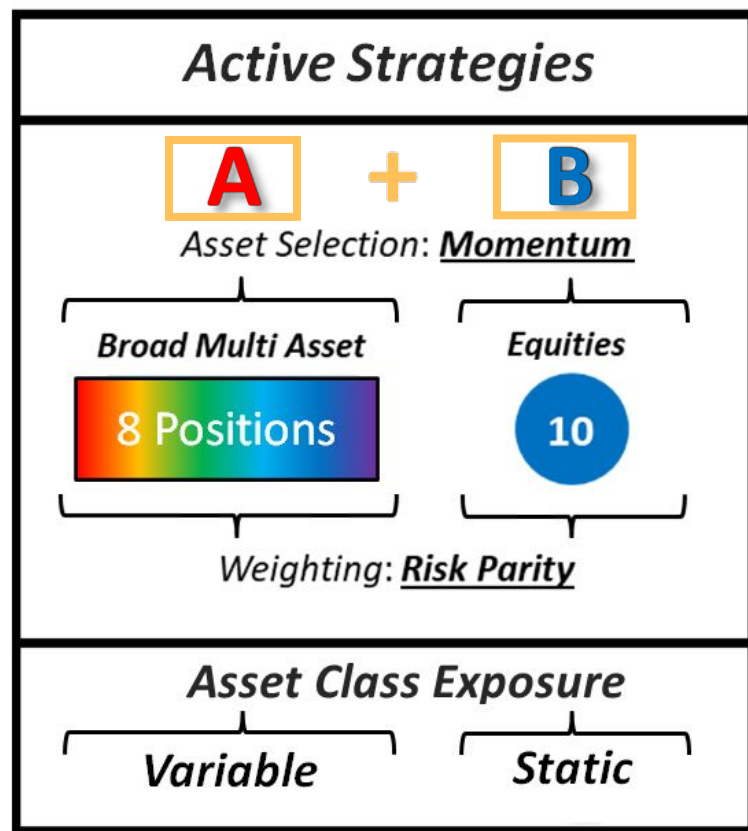
### FINANCIAL PLANNING

EXPLORE: Strategies to Achieve Goals  
 DEFINE: Account Types Needed  
 SOURCE: Project Funding sources  
 IDENTITY: Risks and Solutions



# We combine strategies to match YOUR Risk Capacity

Higher Return →



← Less Drawdown

Portfolio	CAGR	Stddev	Best Year	Worst Year	Max. Drawdown	Sharpe Ratio	Sortino Ratio	Correlation
Strategy "A"+"B"	19.78%	12.48%	64.04%	-12.35%	-12.35%	1.47	2.84	0.66
Strategy "A"	10.90%	9.87%	29.20%	-10.93%	-11.79%	1.04	1.86	0.49
Strategy "B"	28.03%	18.69%	98.88%	-13.76%	-22.27%	1.40	2.68	0.62
S&P500 Index	8.82%	15.93%	32.18%	-37.02%	-48.47%	0.58	0.84	1.00



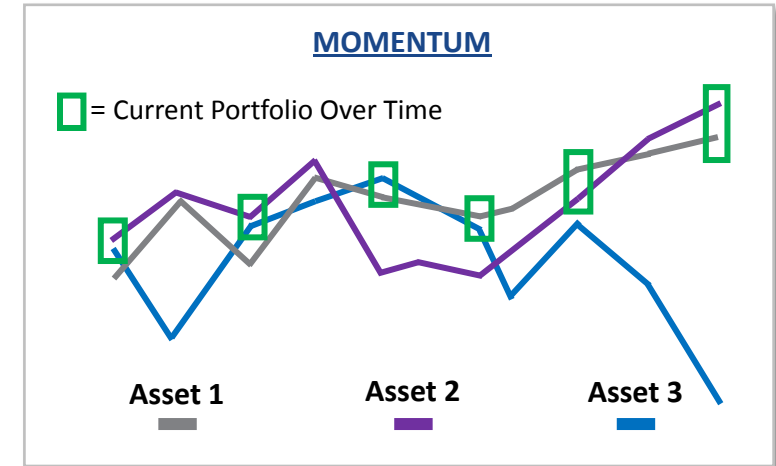
# Acanto Model Strategies – 1/1/08 - 6/31/22 \*

Strategy Type Strategy Name	Start Date	CAGR	Maximum Drawdown	Sharpe Ratio	Sortino Ratio	Market Correlation
<u>Adaptive Strategy – Adaptive Multi Asset / Equity Only</u>						
<b>A Multi Asset 8</b>	1/1/2008	10.90%	-11.79%	1.04	1.86	0.49
<b>B Equity Top 10</b>	1/1/2008	28.03%	-22.27%	1.40	2.68	0.62
<u>Multi-Strategy - Equity + Bond + Commodity + REIT ETFs</u>						
<b>Conservative</b> (80% = <b>A</b> )	1/1/2008	14.54%	-11.50%	1.33	2.48	0.61
<b>Aggressive</b> (40% = <b>A</b> )	1/1/2008	21.48%	-12.63%	1.47	2.85	0.66
<u>Single Strategy - Individual Equities</u>						
<b>S&amp;P 500 TOP 5</b>	1/1/2008	25.74%	-34.05%	1.25	2.29	0.61
<b>NASDAQ TOP 5</b>	1/1/2008	30.05%	-20.44%	1.34	2.78	0.54
<b>Benchmarks</b>						
<i>S&amp;P 500</i>	1/1/2008	10.33%	-48.47%	0.67	0.99	1.00
<i>NASDAQ 100</i>	1/1/2008	15.74%	-46.06%	0.86	1.37	0.70
<i>Vanguard Balanced</i>	1/1/2008	7.78%	-31.02%	0.75	1.13	0.99

# How do our models work?

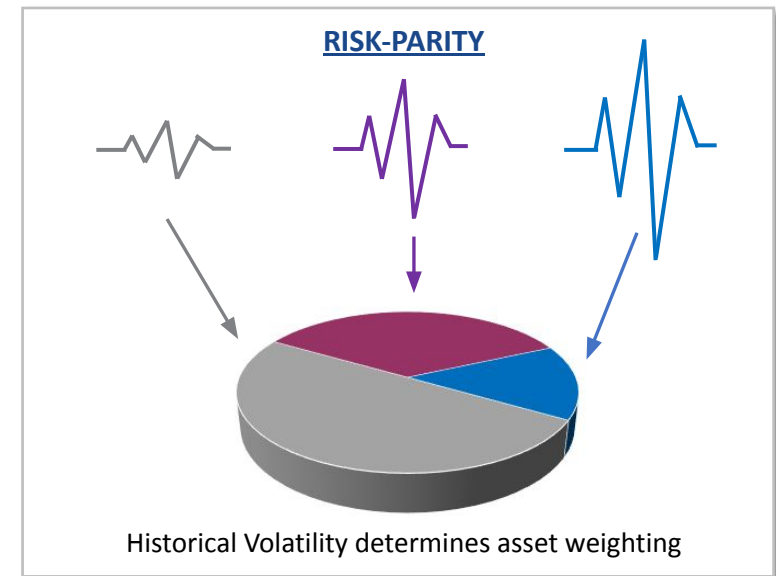
## MOMENTUM: *BUY winners...SELL losers.*

We apply the concept of momentum to buy a limited number of equities within the major indexes, as well as various ETFs across multiple asset classes including **stocks, bonds, commodities, real estate, gold, etc.**



## RISK-PARITY: *We BALANCE RISK across a portfolio's holdings.*

We use Risk-Parity to balance risk across a portfolio by weighting each holding based on its unique downside volatility and how it behaves **relative to other holdings** within the current portfolio.



- ✓ The Market determines what to buy and sell.
- ✓ Controls emotion and fear by following logical rules.



# Why Acanto's Methodology Works

"**Momentum** is present in U.S. markets...and has been shown to be robust out-of-sample, in the individual stocks..., for stock markets, and for completely different asset classes, such as bond markets, currencies, commodities, and others. It has become one of the preeminent empirical regularities studied by academics and practitioners."

Clifford Asness, Andrea Frazzini, Ronen Israel and Tobias Moskowitz

The Journal of Portfolio Management: Fact, Fiction, and Momentum Investing

Journal of Finance: Returns to buying winners and selling losers

"**Risk-Parity** offers a new way to engineer better risk/return trade-offs, better manage downside risk and take advantage of traditional asset classes in a non-traditional way. By reducing the risk concentration away from any single asset class, both the level and the consistency of returns should improve.."

Oldrik Verloop

IPE magazine: Risk Parity: Taking risk parity a step further

"**Strategies** that buy past winners and sell past losers realize significant abnormal returns".

Jegadeesh and Titman

Journal of Finance: Returns to buying winners and selling losers

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