ADAPTIVE
PORTFOLIO MANAGEMENT

WHAT IS ADAPTIVE PORTFOLIO MANAGEMENT?

Adaptive Portfolio Management sets out to answer the age-old question that has plagued investors since the beginning of traded financial markets: “how can I avoid the inevitable and devastating impacts that come from a bear market?”

Markets are dynamic and everchanging. Adaptive Portfolio Management is a process designed to match and move in concert with the shifting market environments. The efficient portfolio is a moving target. The combination of securities that works best during a low volatility, bull market looks very different from the efficient portfolio during a bear market. An Adaptive Portfolio uses a systematic process to manage all aspects of the portfolio’s construction (asset allocation, diversification, and security selection) to navigate any market environment- bull or bear.

ADAPT™

BENEFITS

HAVE CONFIDENCE WHEN MARKETS ARE VOLATILE	PREPARE YOUR PORTFOLIO FOR TODAY'S MARKET	PORTFOLIO MANAGEMENT ON A REAL-TIME BASIS

WHY ADAPTIVE?

THE ISSUE WITH TRADITIONAL MANAGEMENT

Most traditional portfolio management methods have a serious flaw. Tradition says to own a fixed asset allocation, based on your subjective risk tolerance (example: 60% Stock and 40% bonds).

The flaw lies in the fact that a “fixed” portfolio cannot “adapt to changing market conditions.” Therefore, the inevitable and volatile bear markets can, and will, destroy the ability to compound returns over time.

Markets are dynamic and traditional methods are stuck in the past. Investors must adapt form outdated methods and beliefs, and learn to benefit from volatile markets, rather than be punished by them.

HOW ADAPTIVE PORTFOLIO MANAGEMENT DIFFERS

Instead of maintaining a fixed asset allocation, or static diversification, Adaptive portfolio management aims to move in concert with dynamic market environments. Adaptive management is about creating, and maintaining, an efficient portfolio with low volatility. It manages the portfolio's security selection, asset allocation, and diversification in real-time, preparing the portfolio for whichever market environment comes next- bull or bear.

ADAPTIVE PORTFOLIO BENCHMARKS

- Low Volatility in Bull and Bear markets
- Maintain Efficient Diversification
- Limit Daily & Long-Term Fluctuations

ADAPT PROCESS

A	<u>ANALYZE</u> the current market environment using a series of technical indicators. We classify the broad market environment as either Bullish, Transitional, or Bearish.
D	<u>DETERMINE</u> the most appropriate set of securities for today's market environment. Different asset classes will benefit from certain types of environments.
A	<u>ALLOCATE</u> the portfolio to meet efficient portfolio standards. An efficient portfolio will have low volatility, and be composed of securities that move independently.
P	<u>PROCESS</u> to make short-term decisions. Adaptive management is rules-based and has a different set of standards designed to benefit from market fluctuations.
T	<u>TRACK & MONITOR</u> both the markets and portfolio for changing conditions. Adaptive management is real-time, and as markets change, the portfolio will adapt.

WANT TO LEARN MORE?

Canterbury offers 1-on-1 private education on Adaptive Portfolio Management. Contact our team to learn more:

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