PROMETHEUS

Prometheus ETF Portfolio

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- *Market Monitor: Over the last week, markets have moved in a manner consistent with a slowing but growing economy. Our market regime monitors continue to show an environment of slowing nominal growth and inflation, with ample liquidity. After a large volatility shock, markets have now moved to price these regime conditions consistently over the last week.*
- *Economic Data Monitor: Economic data momentum slowed moderately with mixed data this week. The weakening of industrial production data remains something that we continue to monitor closely, which remains consistent with the pressures on manufacturing economy.*
- *ETF Portfolio Positions (Upgraded): Our upgraded ETF Portfolio is Long SPY (20%), Flat DBC (0%), Long IEF (50%), and Long Gold (30%). This allocation has an expected annual volatility of 8%.*
- *Performance Updates: Our long-only portfolio was up 1.86% this week on the back of markets normalizing to macro regime conditions. This was extremely strong performance, well above the average expected returns of our systems, and largely consistent with the snap-back to macro regime conditions.*

ETF Portfolio: Upgraded Strategy Profile

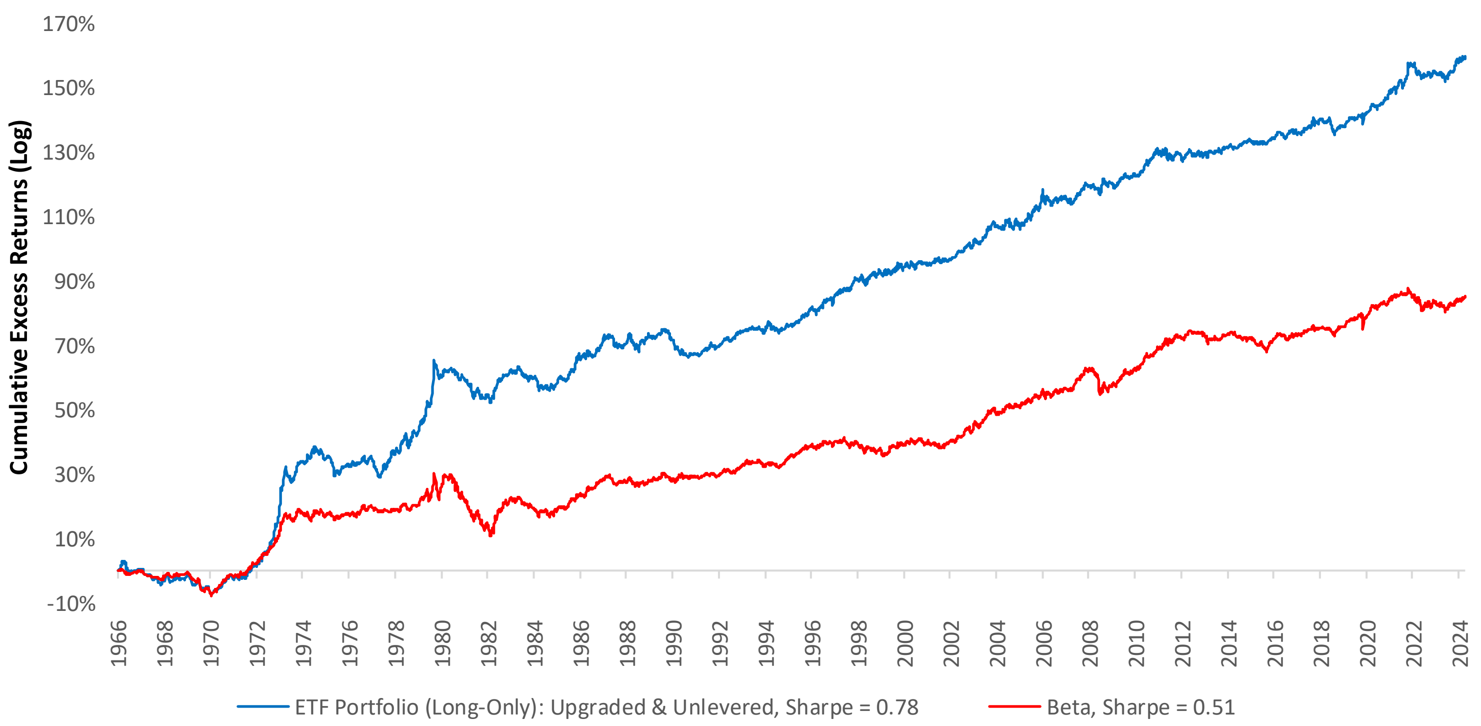
Prometheus ETF Portfolio: Upgragded & Unlevered, Long-Only

Summary Statistics

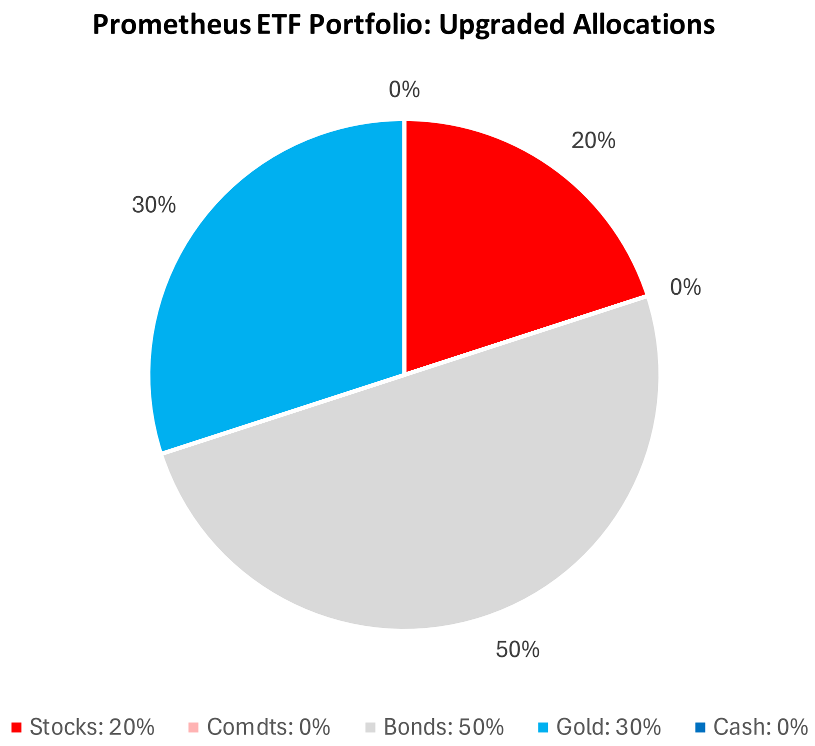
	Prometheus	Beta
Gross Returns	11.3%	8.0%
Excess Returns	6.6%	3.6%
Volatility	8.5%	7.0%
Semi-Variance	6.0%	4.8%
Max Drawdown	15%	20%
Sharpe Ratio	0.78	0.51
Sortino Ratio	1.11	0.74
Calmar Ratio	0.44	0.17
Max DD Duration (Years)	2.80	4.90
Annual Transaction Costs	0.7%	0

We share the summary statistics for our upgraded & unlevered, long-only Prometheus ETF Portfolio. Our ETF Portfolio process will now be a single, long-only portfolio.

Prometheus ETF Portfolio: Upgraded Strategy vs. Beta



ETF Portfolio: Upgraded, Allocations

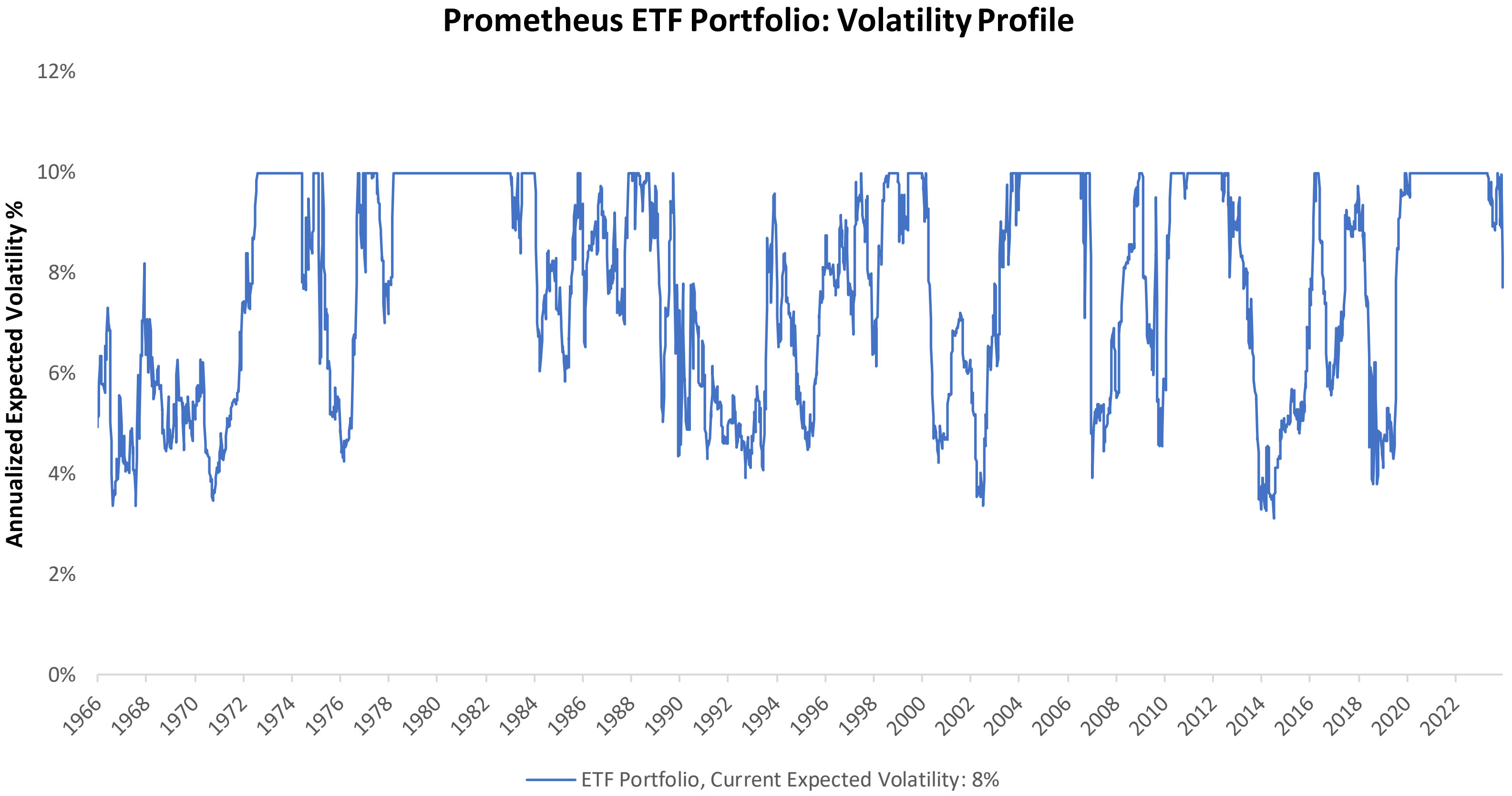


Our upgraded ETF Portfolio process will allow us to significantly improve the expected outcomes for investors. These upgrades are likely to allow us to outperform both our current long-only and long/short portfolios.

These improvements will allow us to transition our ETF Portfolio process into a single, long-only portfolio. We think this highly desirable for ETF investors, as it improves returns, but also reduces transaction costs and operational considerations. Over the next few weeks, we will transition to this upgraded, singular process.

We share the signals coming from this portfolio here. ***Our strategies have largely remained about the same, with modest rebalancing across positions.***

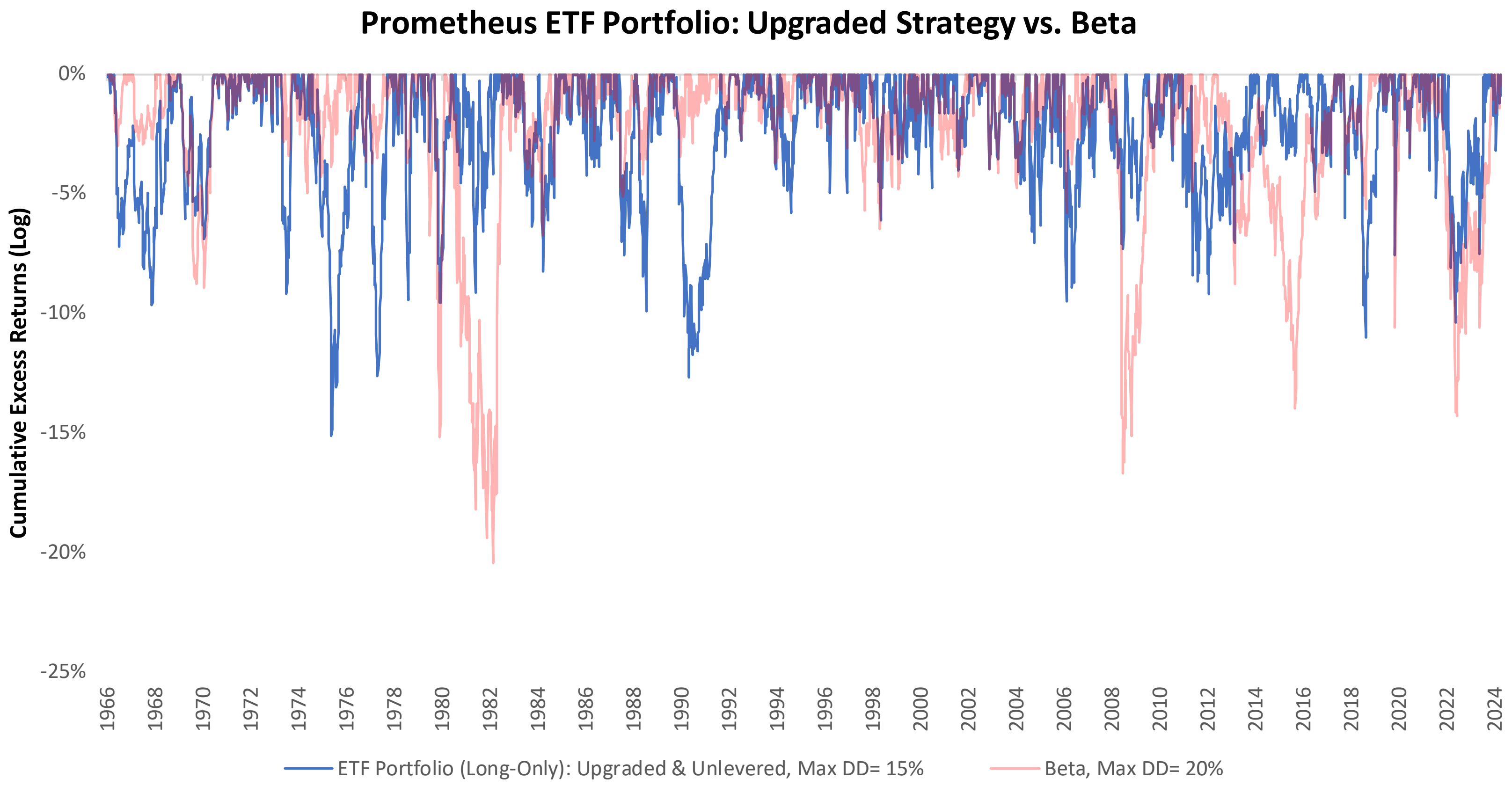
ETF Portfolio: Volatility Control



To enhance risk management, we share our ex-ante volatility portfolio volatility estimates. These volatility estimates change as our portfolio composition changes. As a rule of thumb, the maximum expected drawdown of diversified strategy is approximately 1.5 times the annualized volatility. While this is not a precise measures, it is good rule to shape expectations.

Currently, our portfolio allocations are likely to achieve an annualized volatility of 8%.

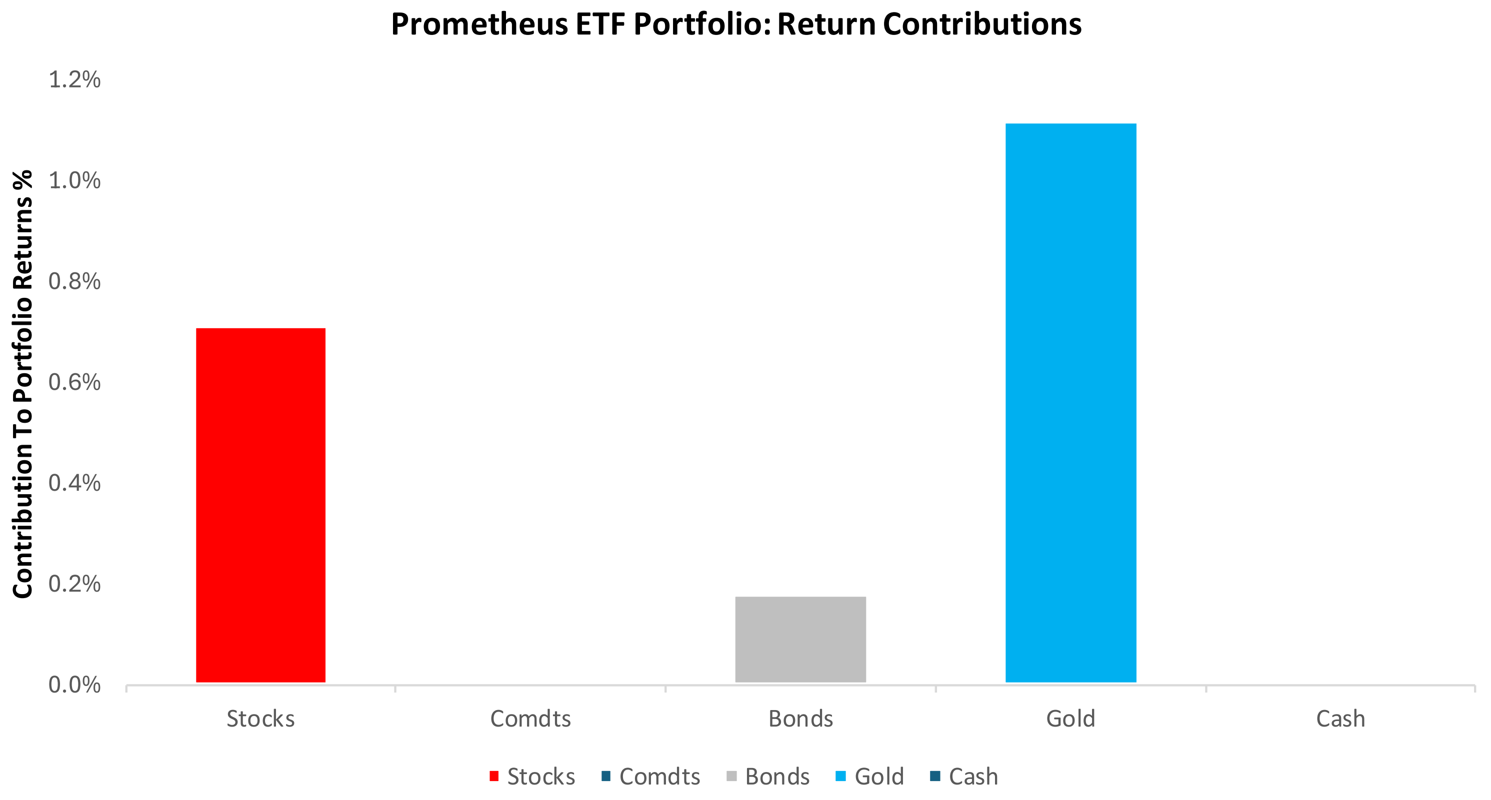
ETF Portfolio: Drawdown Profile



For further risk management, we share the drawdown profile of our simulated strategy. We compare this drawdown profile to that of a beta portfolio. As we can see, our strategy has maintained strong risk control and limited drawdowns. Further, despite our strategy largely having a higher volatility than the beta portfolio, it has maintained a better drawdown profile than a beta portfolio.

Currently, our strategy is at a 0% drawdown, i.e. they are at all-time highs.

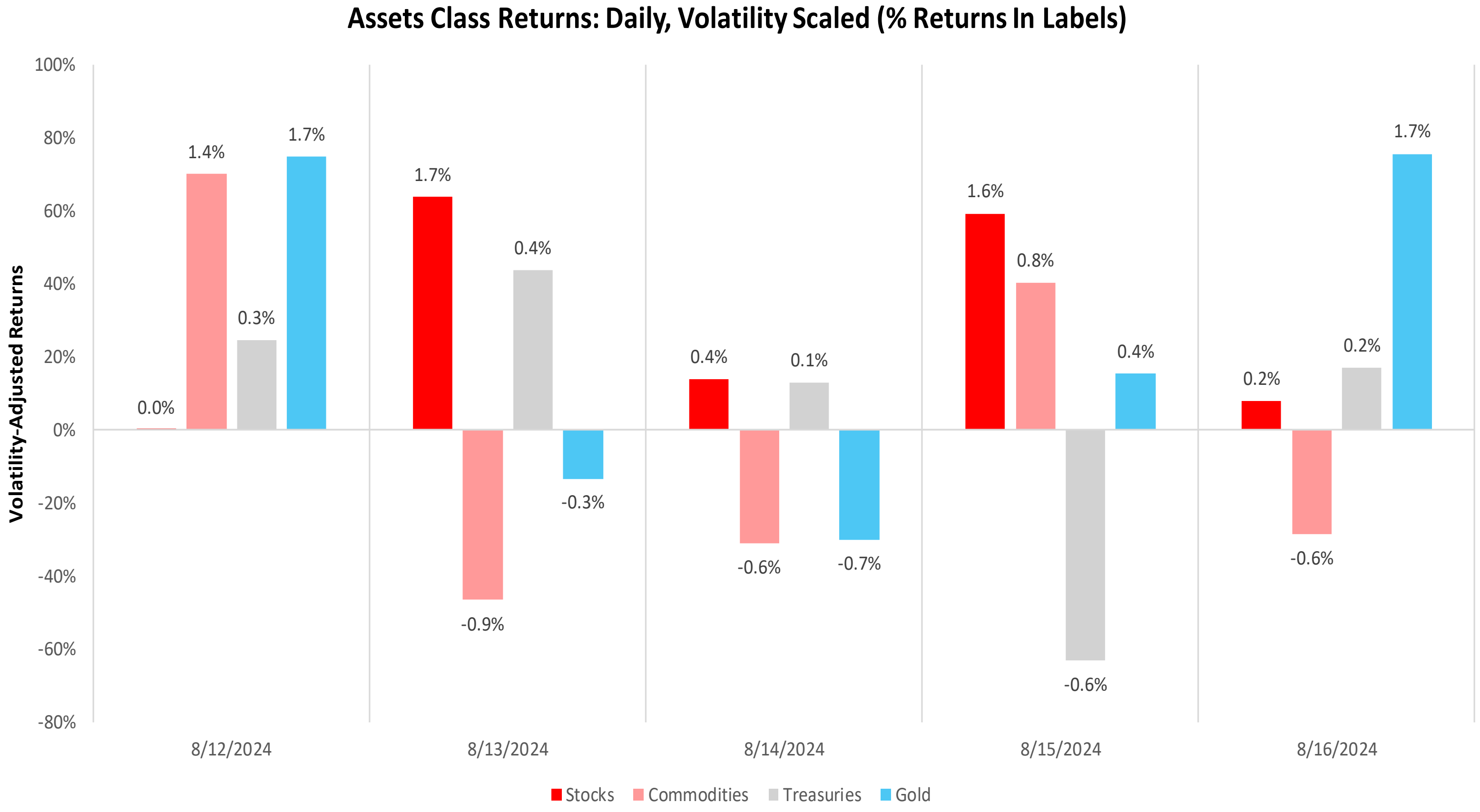
ETF Portfolio: Week-To-Date Performance



Over the last week, our Prometheus ETF Portfolio was up by 1.86%. Assets across the portfolio performed positively, with gold contributing most significantly.

Market Monitors

Markets: Weekly Path



Over the last week, macro market rose in aggregate. Equities and gold rose significantly, bonds were modestly positive, and commodities fell significantly.

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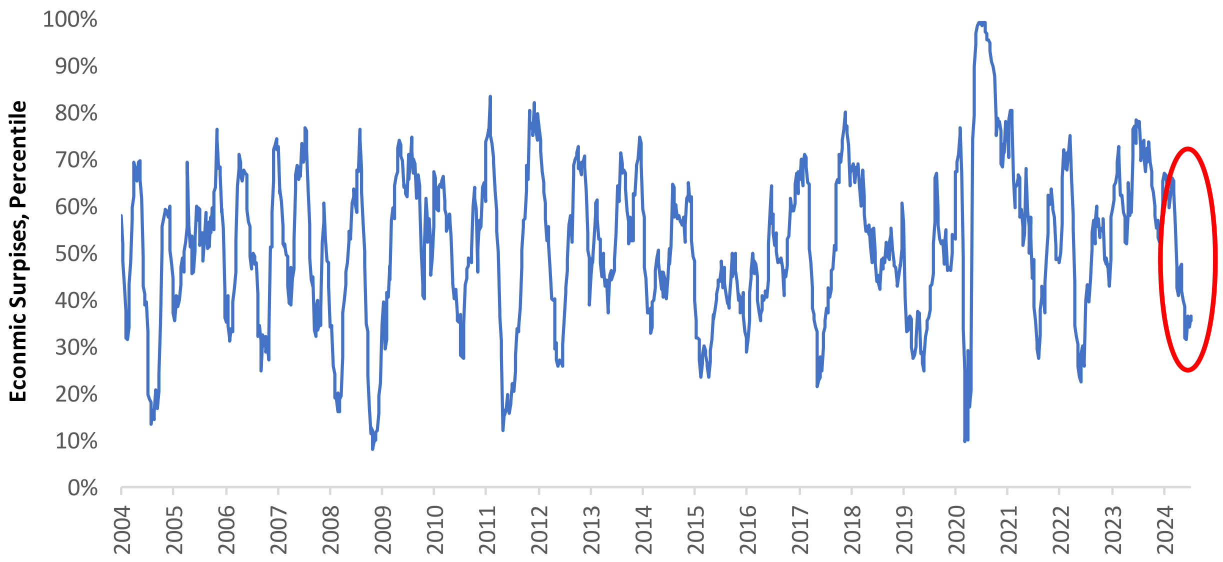
Markets: Weekly Path

Economic Momentum: Economic Surpises vs Asset Class Performance

US Economic Surpises



Economic Surpise Percentile: Weekly Trend

Jul 19	Jul 26	Aug 02	Aug 09	Aug 16
36.3%	36.7%	34.2%	36.6%	35.7%

Asset Class Performance By Economic Surpise Percentile

	0-25%	25%-50%	50%-75%	75%-100%
Stocks	*-8%*	*3%*	*13%*	*30%*
Commodities	*-29%*	*2%*	*7%*	*17%*
Bonds	*28%*	*10%*	*-9%*	*-3%*
Gold	*15%*	*12%*	*10%*	*-3%*

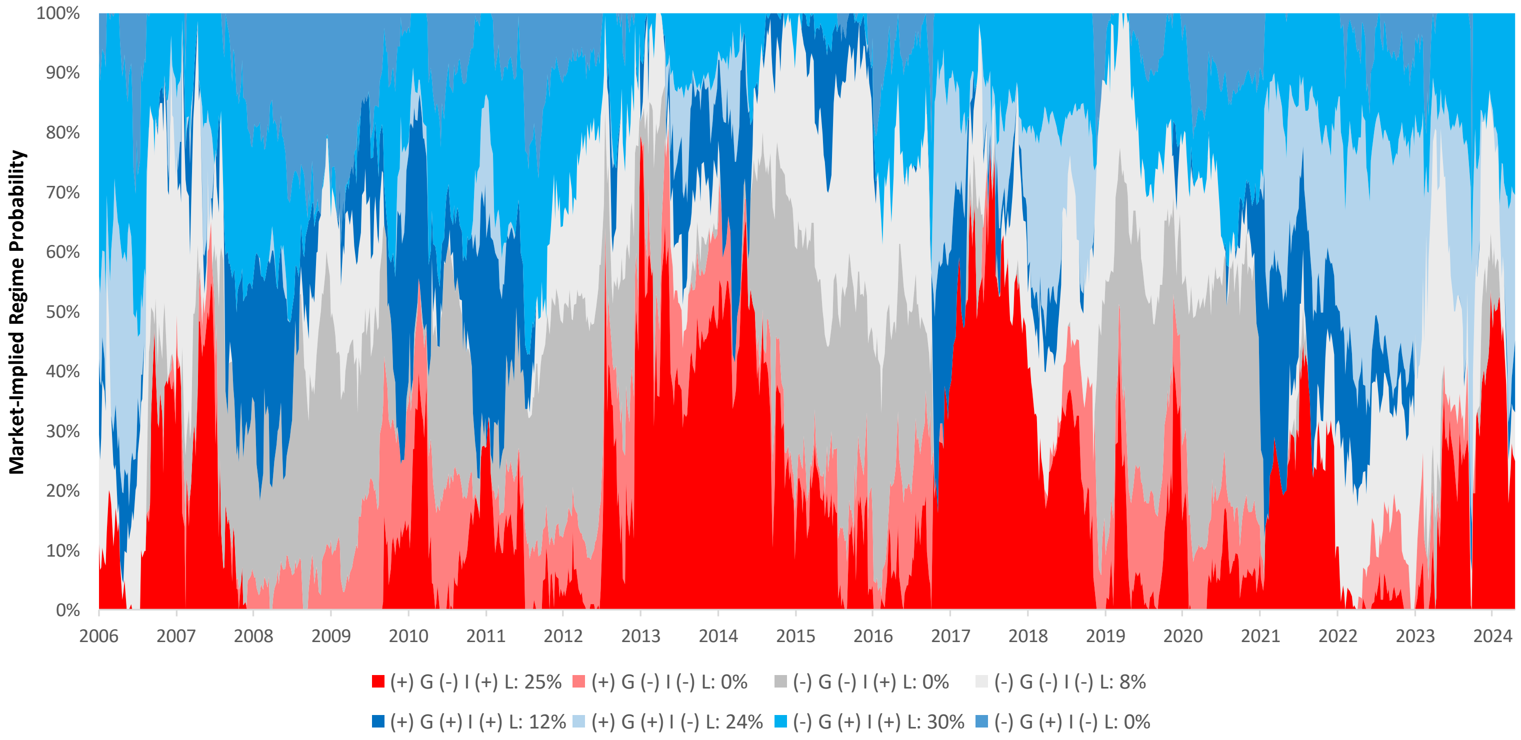
Economic data momentum slowed very modestly, with strong retail sales and initial claims, but weak industrial production data.

Markets: Weekly Path

Prometheus Market Regime Probabilties

	(+) G (-) I (+) L	(+) G (-) I (-) L	(-) G (-) I (+) L	(-) G (-) I (-) L	(+) G (+) I (+) L	(+) G (+) I (-) L	(-) G (+) I (+) L	(-) G (+) I (-) L
Probability %	24.8%	0.0%	0.0%	8.2%	12.1%	24.4%	30.4%	0.0%

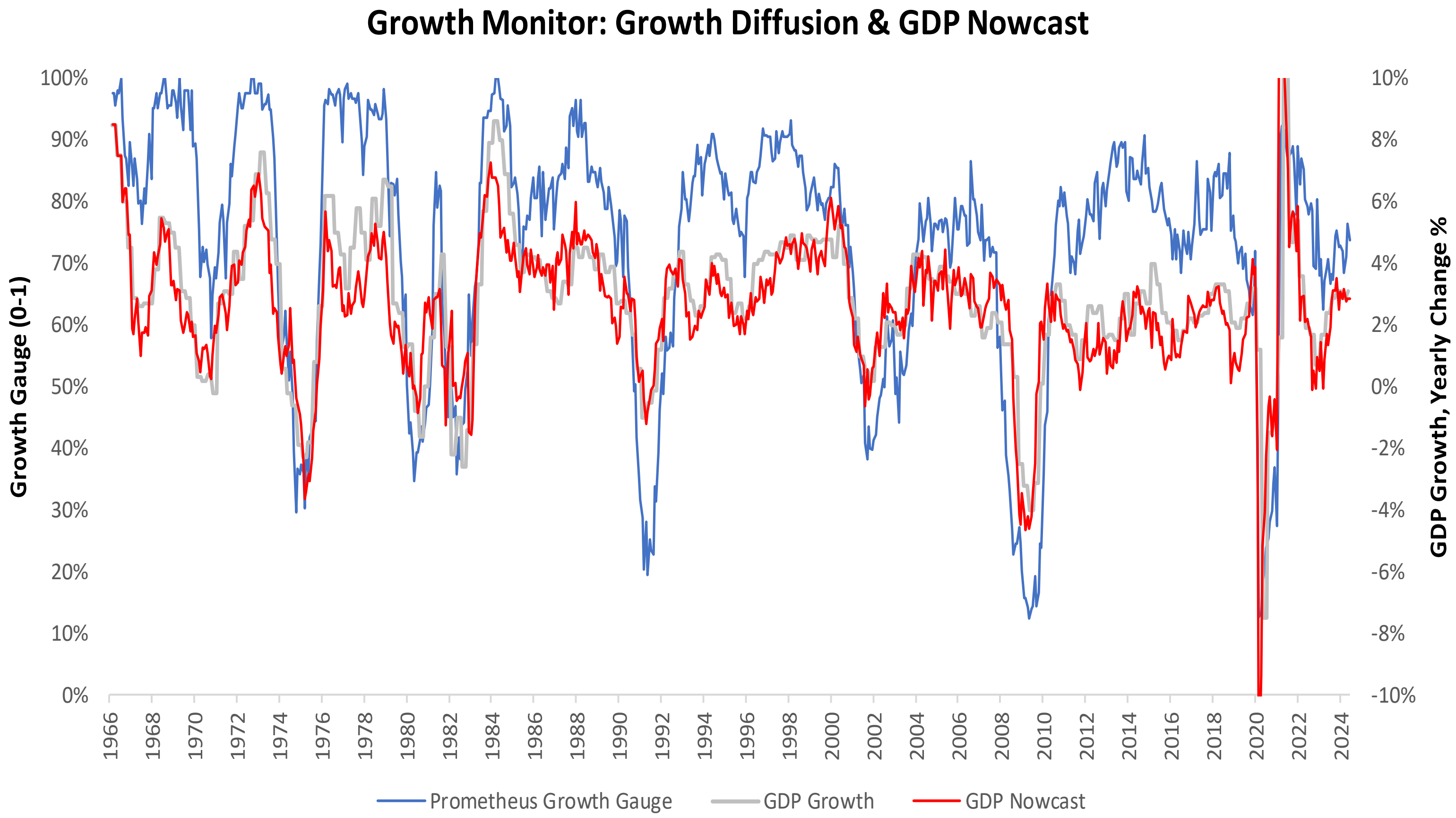
Regime Probabilities: Recent History



For a further understanding of how economic dynamics have been priced into markets, we show our tracking of market-implied macroeconomic regime probabilities. ***Markets have now moved to dominantly price in slowing nominal growth conditions with ample liquidity. This pricing is consistent with fundamentals, suggesting regime stability.***

Economic Data Monitor

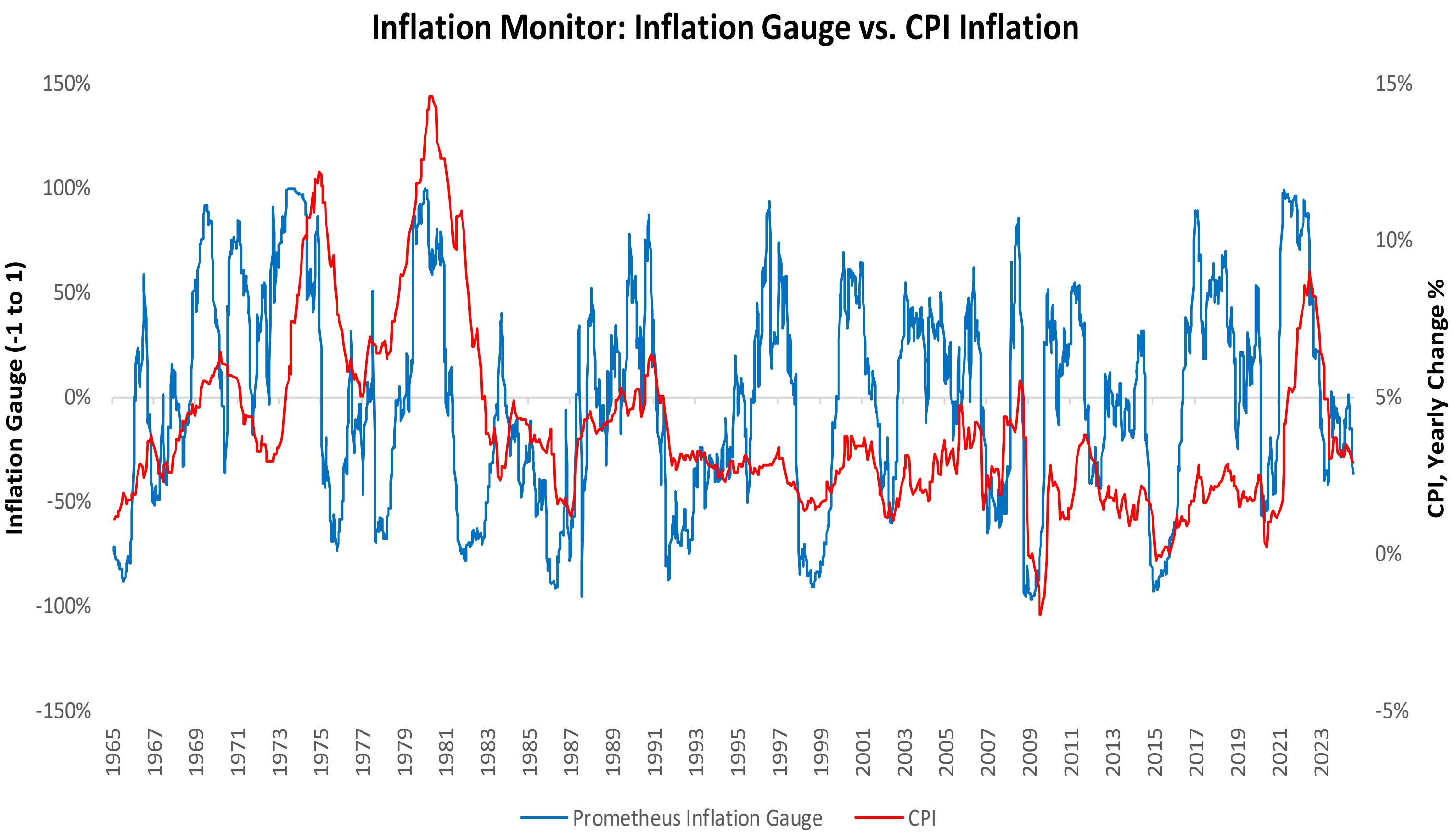
Macro-Gauges: Growth



Our Growth Gauge tracks economic data across 75 measures of real growth conditions to understand the economy and give us a more granular understanding of the forces driving our GDP Nowcast.

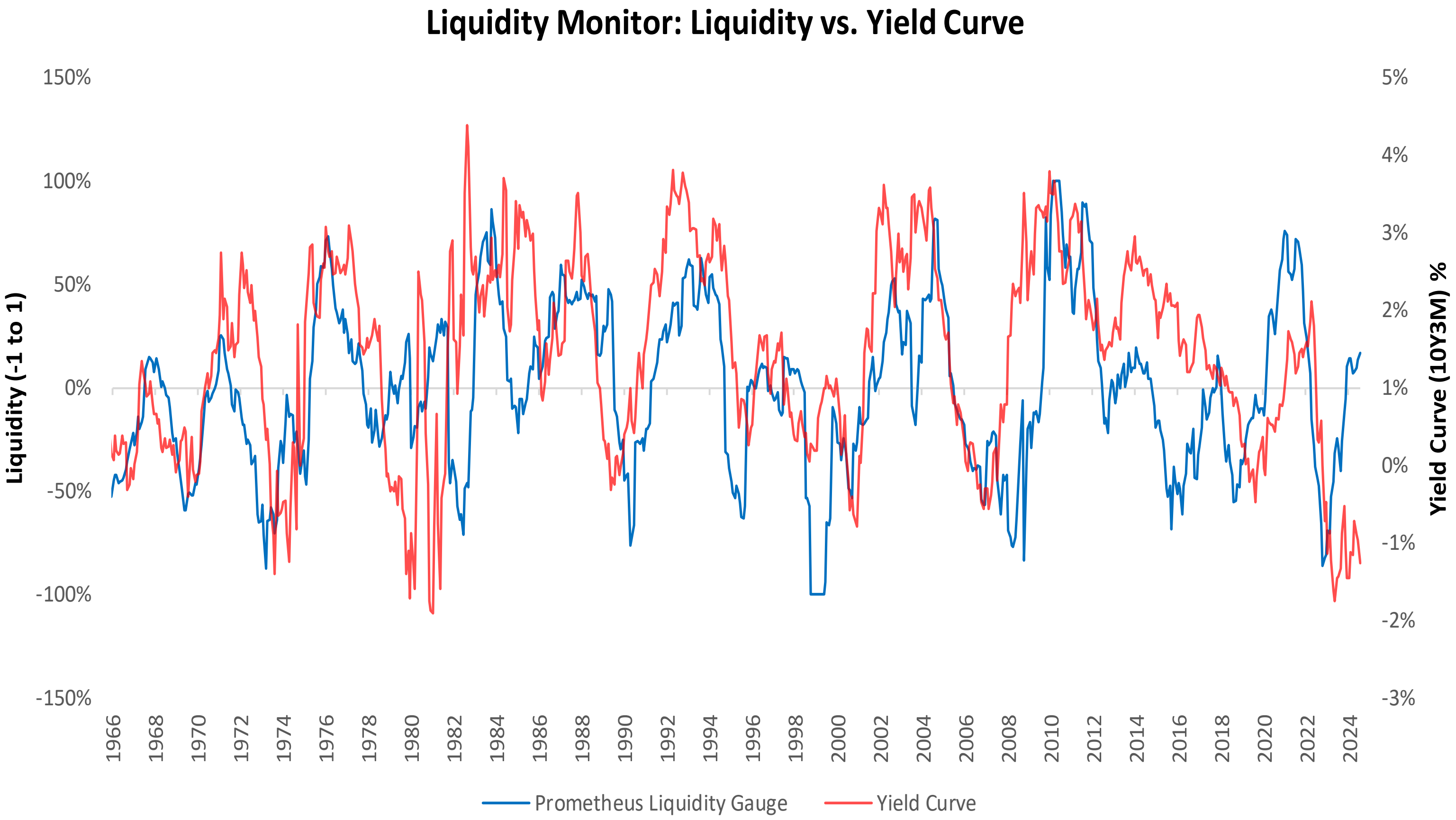
Growth conditions continue to remain positive across the broad range of these measures. While we do see slowing in some pockets of the economy, the overall picture remains positive.

Macro-Gauges: Inflation



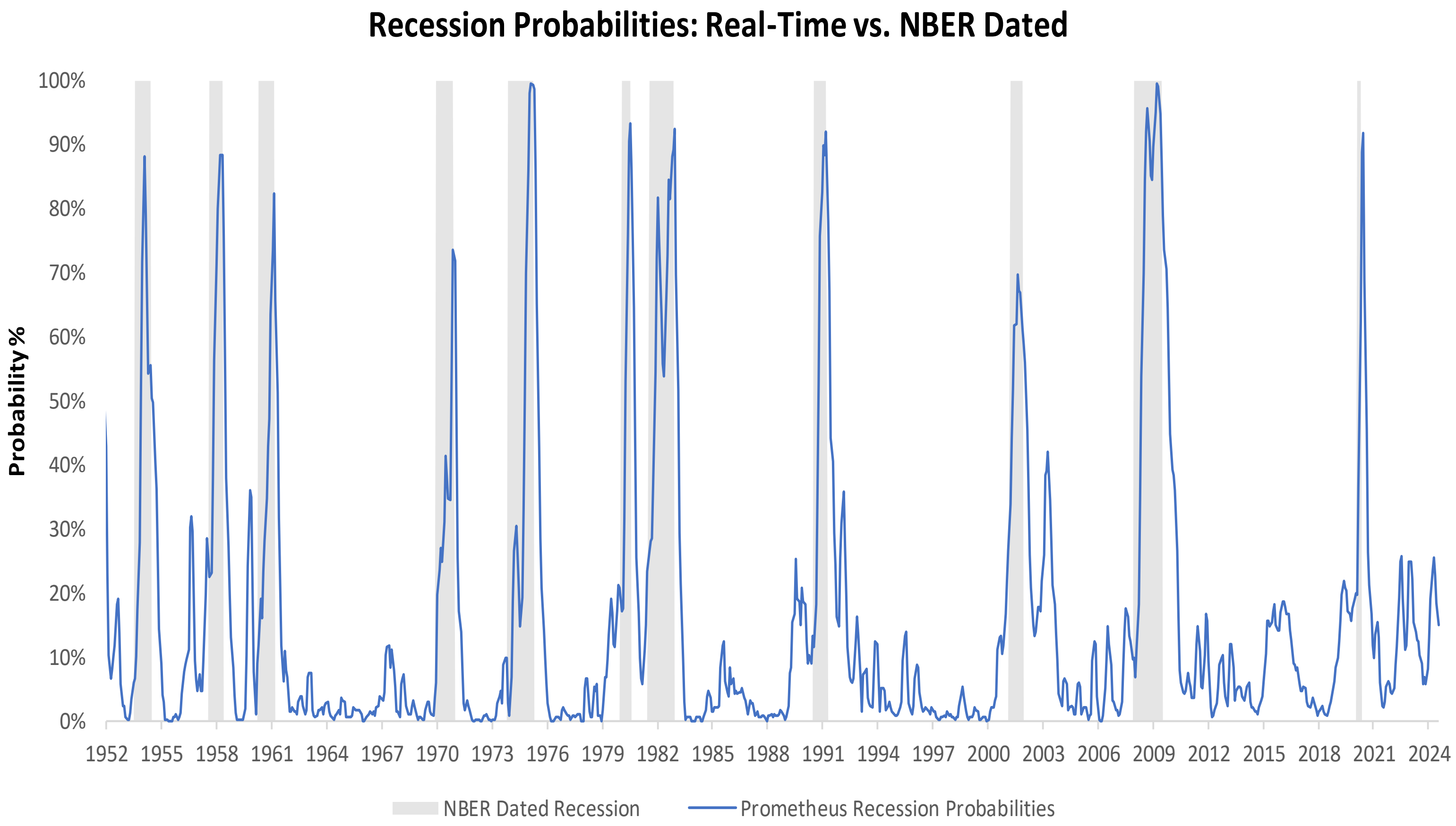
Our Inflation Guage tracks inflationary pressures coming from 40 raw commodity prices to understand the impulse to consumer price inflation on a high-frequency basis. ***Our inflation readings have now begun to suggest downwards pressures on inflation, consistent with the recent pressures we have seen in CPI. We are seeing a path towards the Fed's 2% objective based on these trends.***

Macro-Gauges: Liquidity



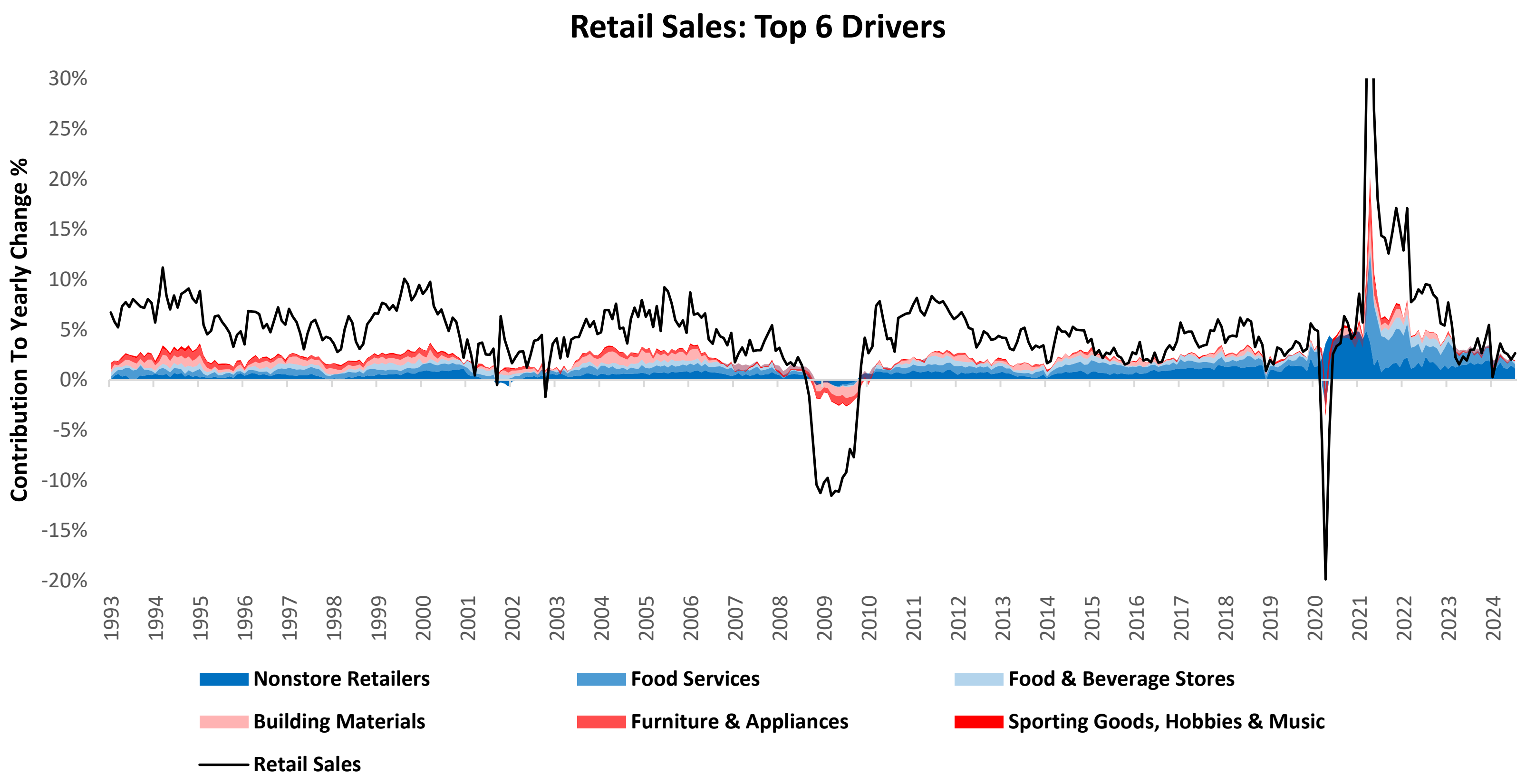
Our Liquidity Gauge aggregates measures of liquidity across the public and private sectors that represent trillions of dollars of liquid assets, allowing us a real-time estimate of the potential for risk risk-taking in the financial system ***Today, our measures suggest that liquidity conditions remain ample, and have begun to rise again. This is a support for all assets.***

Macro-Gauges: Recession Monitor



For a timely insight into recessionary pressures, we aggregate macroeconomic indicators, consistent with the NBER methodology of recession classification, into a recession probability monitor. This gauge gives us a real-time understanding of developing recessionary pressures. ***Currently, recession probabilities remain muted at 19%.***

Macro Spotlight: Retail Sales



The latest data showed that retail sales increased by 0.97%.

Over the last year, retail sales have expanded by 2.66%. We zoom out to show the 6 major drivers of strength in shades of blue (Nonstore Retailers, Food Services & Food & Beverage Stores) and weakness in shades of red (Building Materials, Furniture & Appliances & Sporting Goods, Hobbies & Music).

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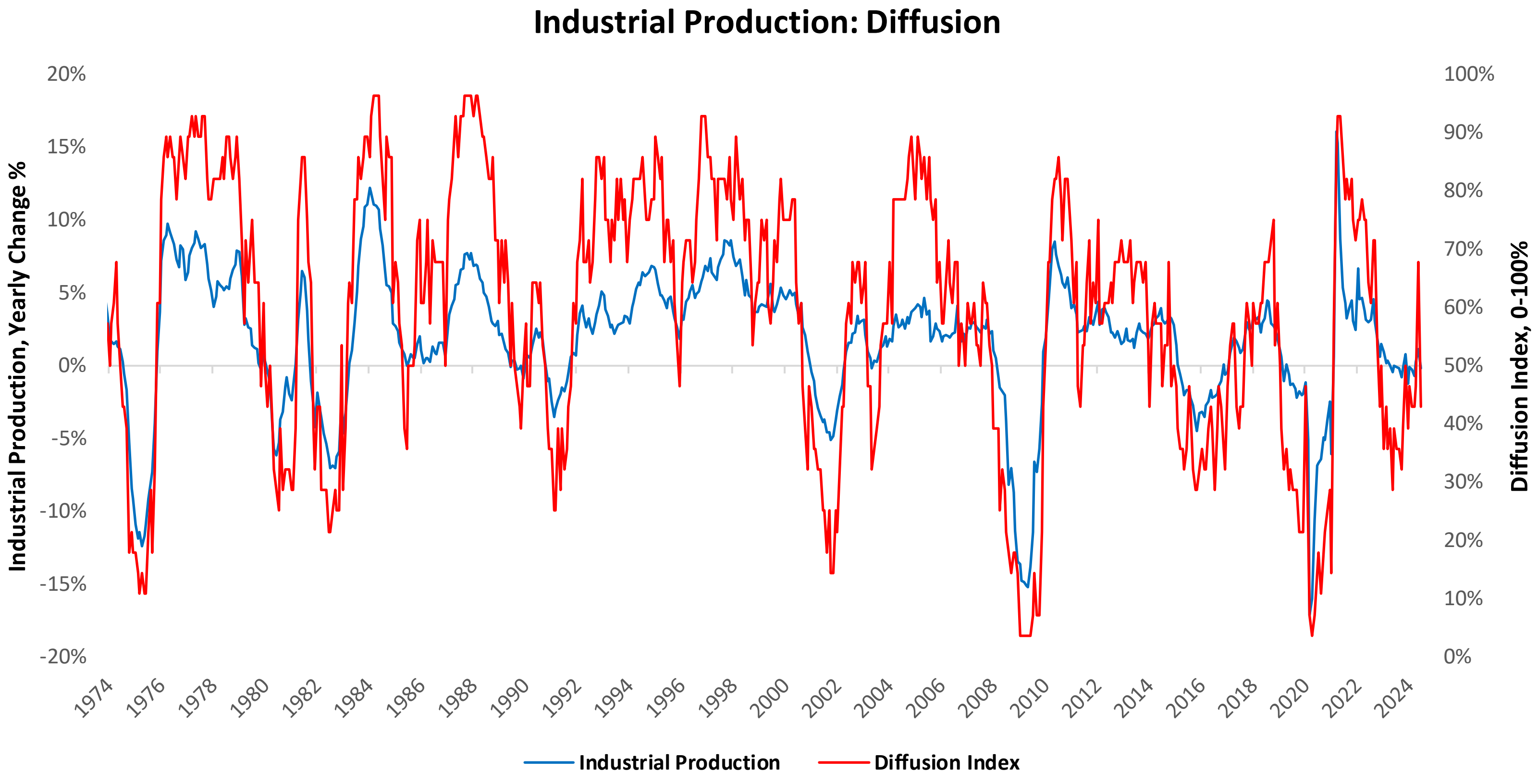
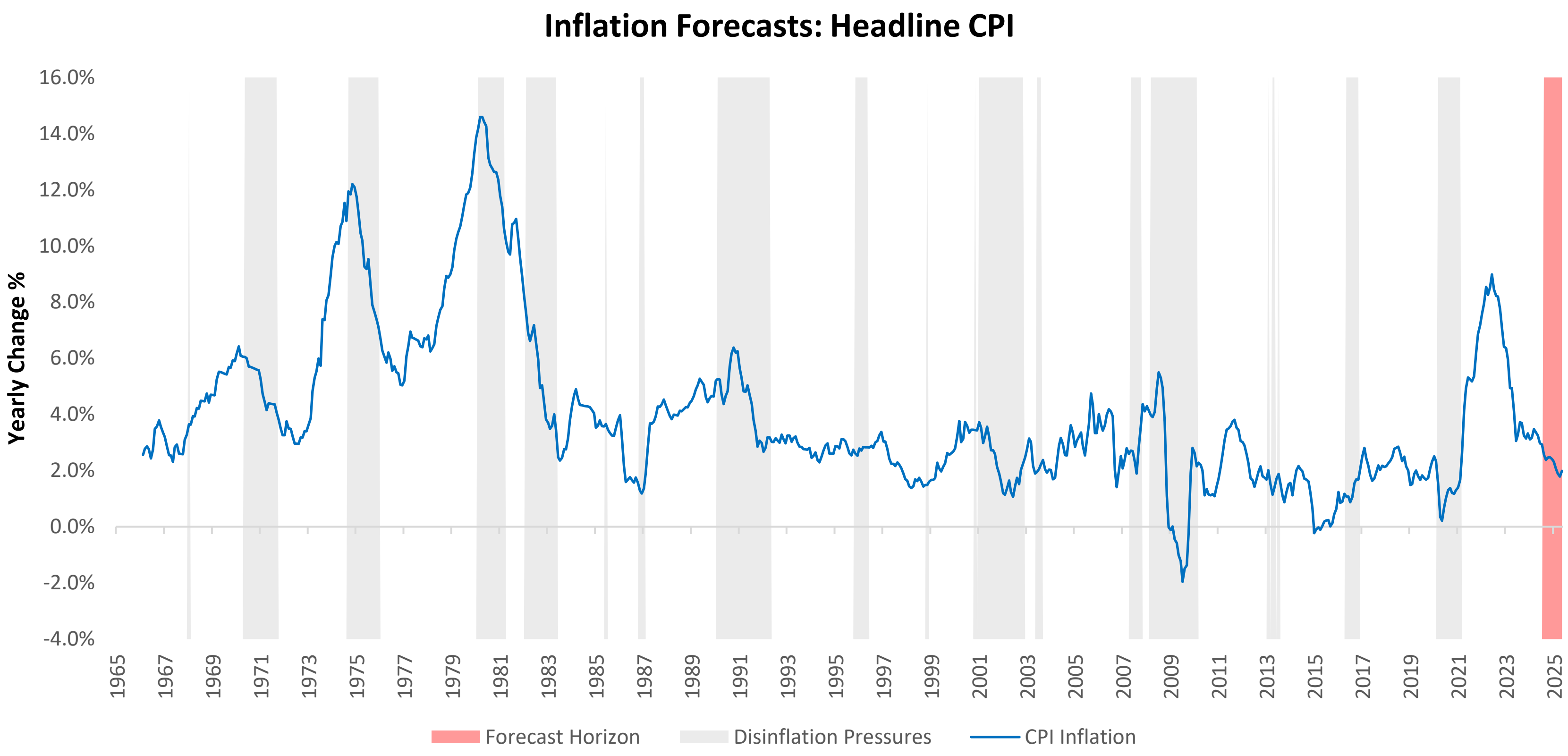
Macro Spotlight: Industrial Production



The latest data for July shows Industrial Production declined, coming in at -0.64%. This print disappointed consensus expectations of -0.3% and contributed to an acceleration in the three-month trend relative to the twelve-month trend.

We examine the diffusion of the 28 subsectors we track. This involves examining the number of industries that are expanding versus the number of industries that are contracting. We find that 57% of industries are contracting.

Macro Spotlight: CPI Forecast



Finally, we turn to our systematic projections for CPI based on the constellation of current CPI prints, and macro conditions. Our current programmatic estimates point to a monthly average annualized CPI rate of 2.05% over the next twelve months. We visualize this below:

We see a significantly increased probability that the Fed will be able to achieve its 2% inflation objective. However, it is important to not that CPI & PCE inflation have deviated significantly.

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Thank You.

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