

PROMETHEUS

Prometheus ETF Portfolio

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- [Market Monitor](#): *Over the last week, markets moved to price in incrementally higher odds of rising nominal growth conditions. A significant portion of this move was the continued fading of extremely strong pricing of disinflationary forces. While the Fed eased 50bps, this easing was almost entirely front run by markets, leaving bonds with little to rally on this week. We will be watching the next few weeks carefully to assess odds of a market regime shift.*
- [Economic Data Monitor](#): *Economic data momentum rose significantly over the last week. Key business cycle data all surprised expectations and showed positive outcomes. While we continue to view this economy as one that is slowing, these latest prints point more to expansionary conditions than to slowing ones. We expect the easing to be inadequate to re-ignite a broad-based upswing in the economy at this time, but that is a theme we will monitor over coming months.*
- [ETF Portfolio Positions](#): *Our ETF Portfolio is Long SPY (20%), Flat DBC (0%), Long IEF (60%), and Long Gold (20%). This allocation has an expected annual volatility of 7%.*
- [Performance Updates](#): *Our long-only portfolio was up 0.40% this week on the back of strong bond market returns. Our ETF Portfolio is once again at All-Time Highs following this performance.*

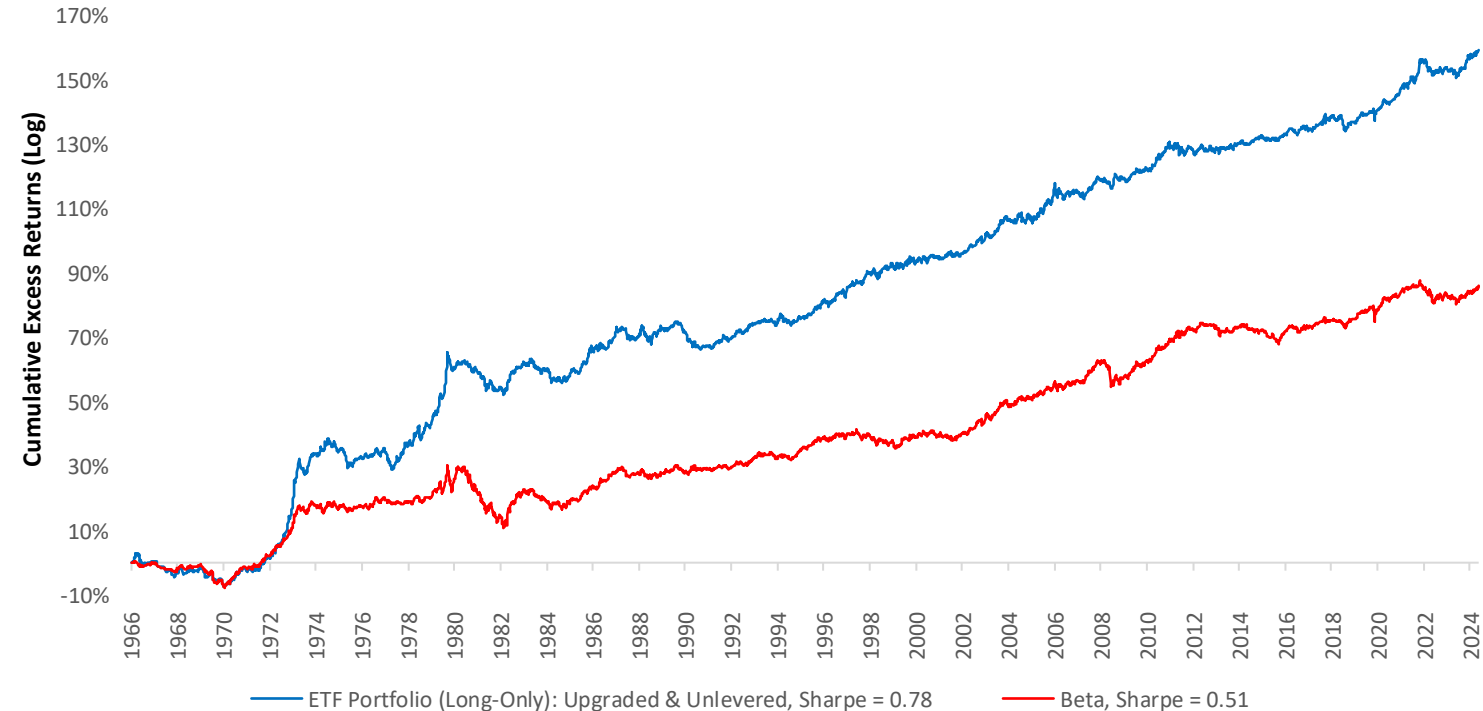
ETF Portfolio: Upgraded Strategy Profile

Prometheus ETF Portfolio: Upgraded & Unlevered, Long-Only

Summary Statistics		
	Prometheus	Beta
Gross Returns	11.3%	8.1%
Excess Returns	6.6%	3.6%
Volatility	8.5%	7.0%
Semi-Variance	6.0%	4.8%
Max Drawdown	15%	20%
Sharpe Ratio	0.77	0.51
Sortino Ratio	1.10	0.74
Calmar Ratio	0.43	0.17
Max DD Duration (Years)	3.10	4.90
Annual Transaction Costs	0.7%	0

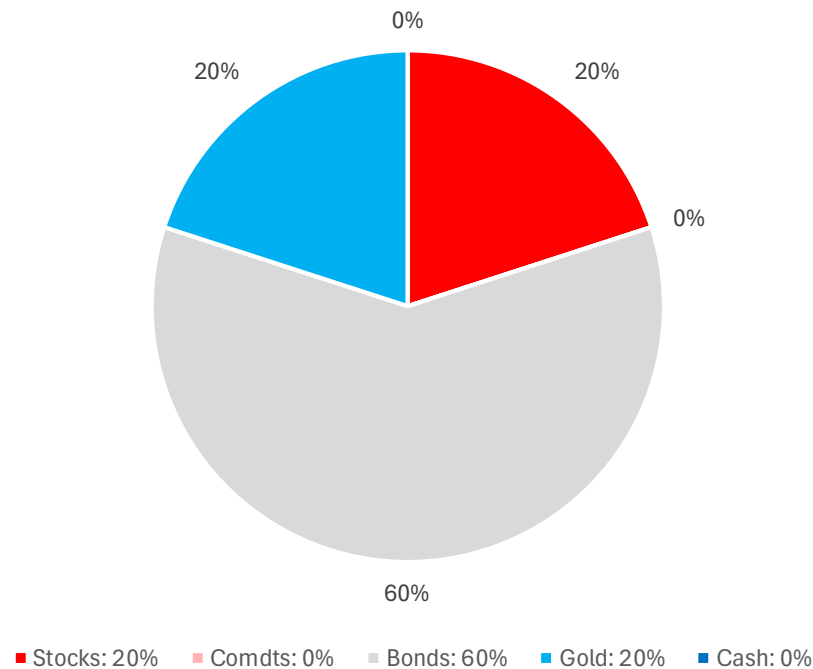
We share the summary statistics for our upgraded & unlevered, long-only Prometheus ETF Portfolio. Our ETF Portfolio process offers a single, long-only portfolio designed to adapt to macro conditions.

Prometheus ETF Portfolio: Upgraded Strategy vs. Beta



ETF Portfolio: Upgraded, Allocations

Prometheus ETF Portfolio: Upgraded Allocations



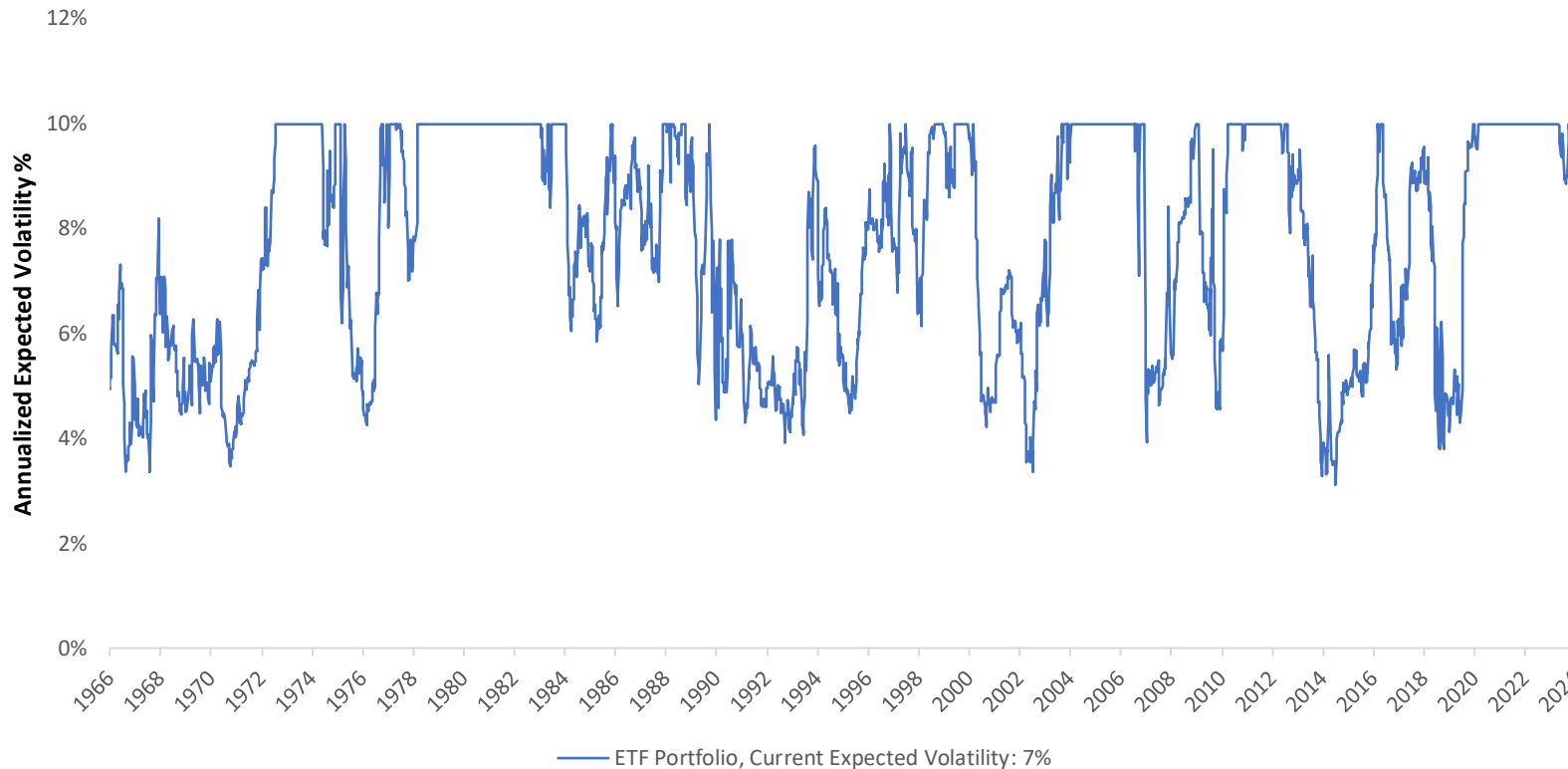
Our upgraded ETF Portfolio process will allow us to significantly improve the expected outcomes for investors. These upgrades are likely to allow us to outperform both our current long-only and long/short portfolios.

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.

*We share the signals coming from this portfolio here. **Our strategies are modestly rebalancing from gold to equities.***

ETF Portfolio: Volatility Control

Prometheus ETF Portfolio: Volatility Profile

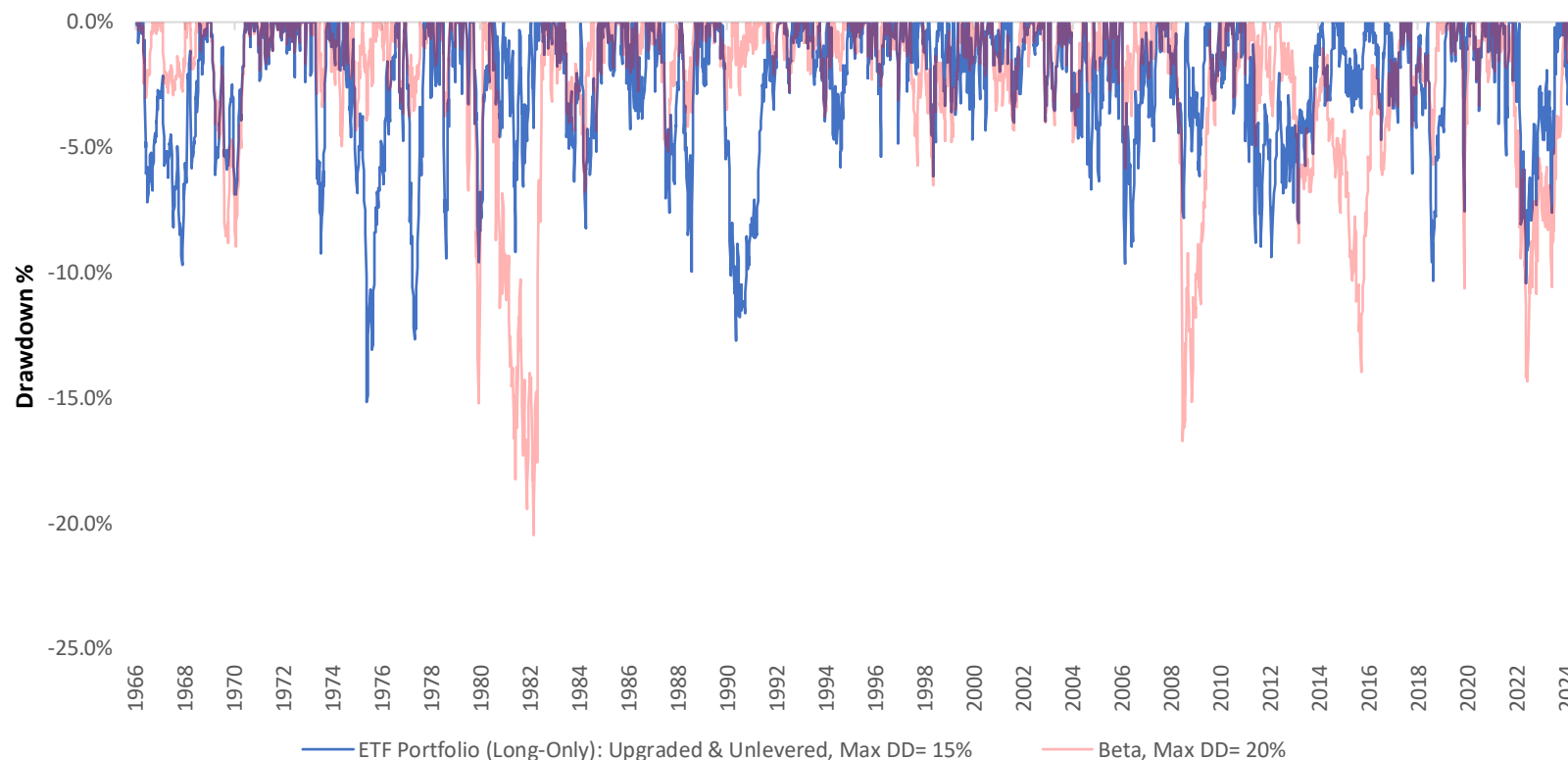


To enhance risk management, we share our ex-ante volatility portfolio volatility estimates. These volatility estimates change as our portfolio composition changes. As a rule of thumb, the maximum expected drawdown of diversified strategy is approximately 1.5 times the annualized volatility. While this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

Currently, our portfolio allocations are likely to achieve an annualized volatility of 7%.

ETF Portfolio: Drawdown Profile

Prometheus ETF Portfolio: Upgraded Strategy vs. Beta

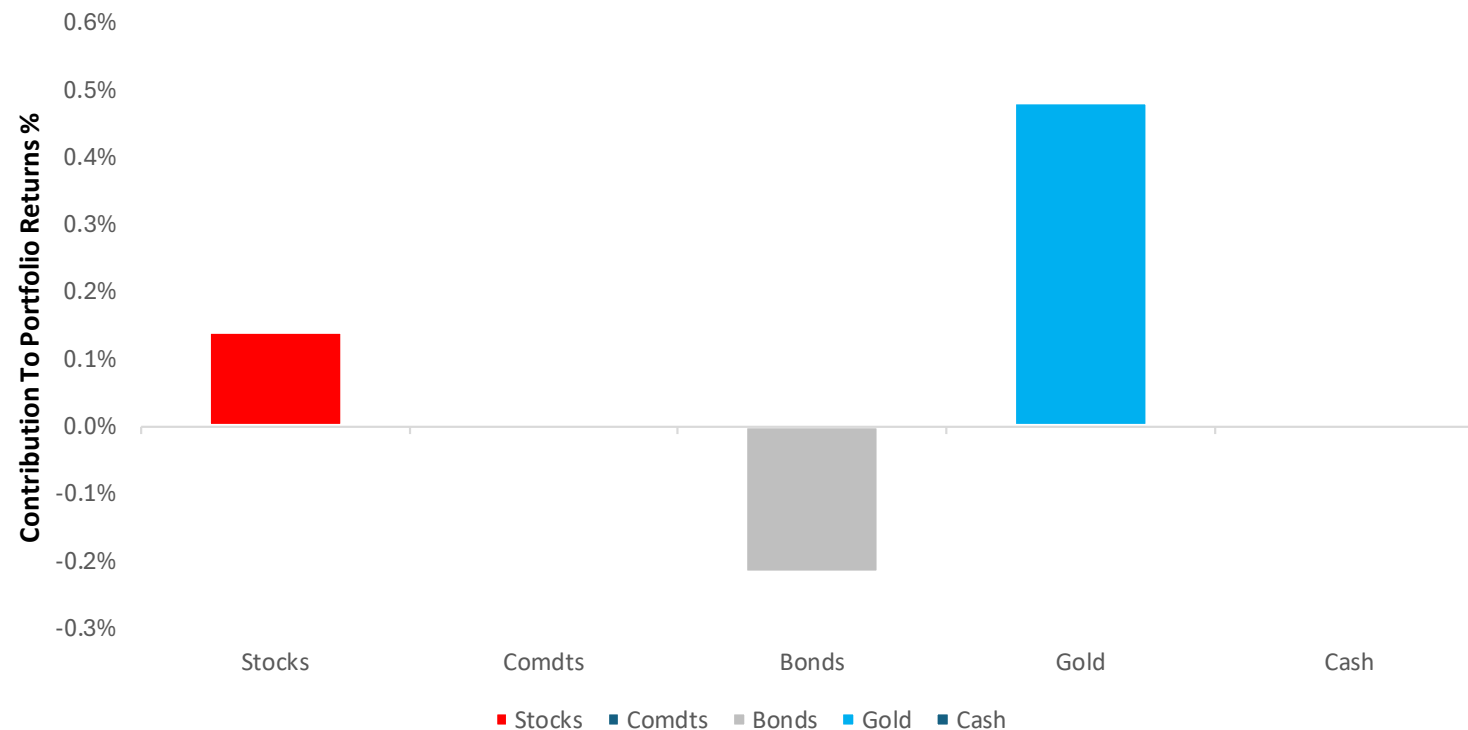


For further risk management, we share the drawdown profile of our simulated strategy. We compare this drawdown profile to that of a beta portfolio. As we can see, our strategy has maintained strong risk control and limited drawdowns. Further, despite our strategy largely having a higher volatility than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

Currently, our strategy is at a 0% drawdown.

ETF Portfolio: Week-To-Date Performance

Prometheus ETF Portfolio: Return Contributions

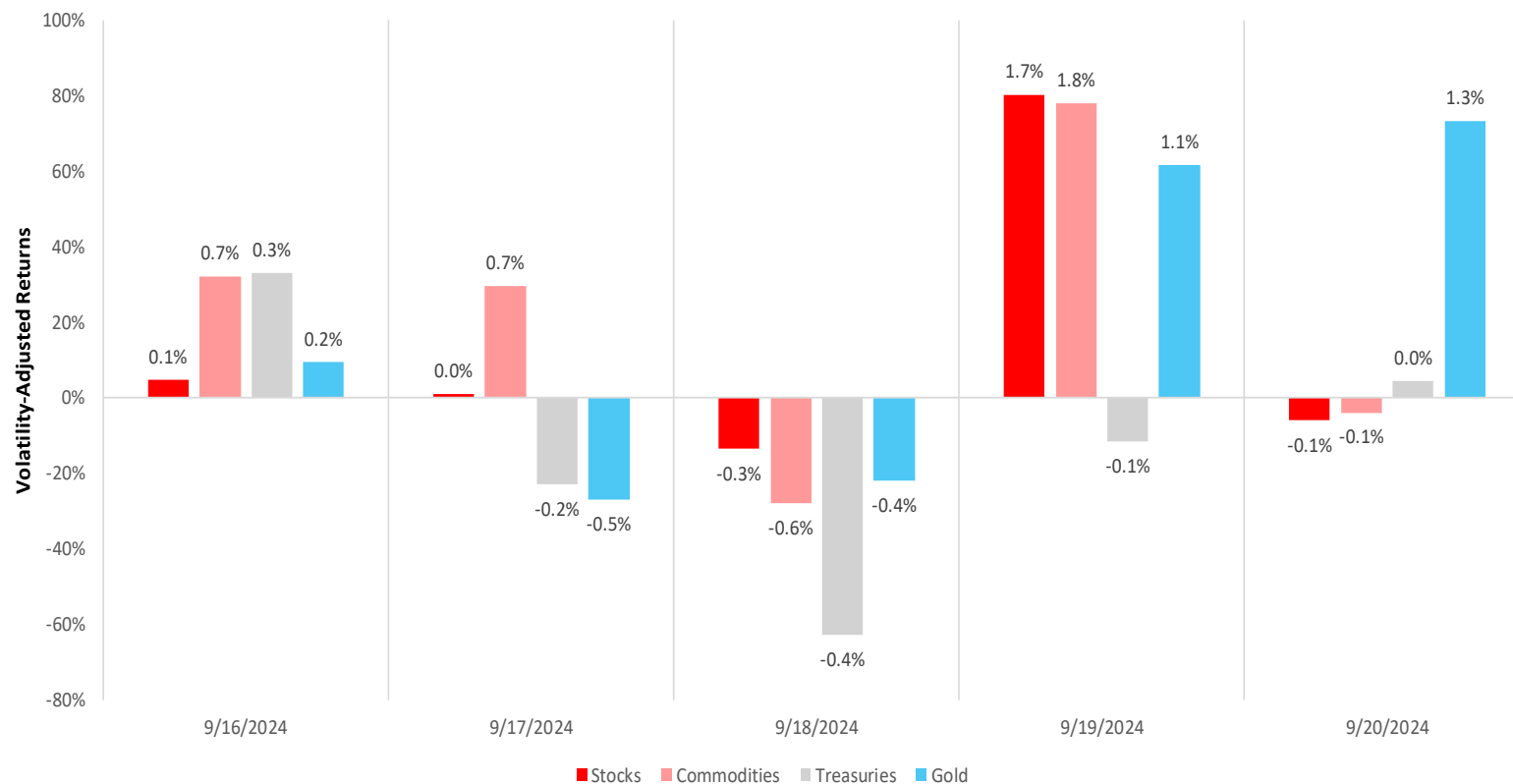


Over the last week, our Prometheus ETF Portfolio was up by 0.40%. While our bond positions were offside, our gold equity positions pushed portfolio performance into positive territory.

Market Monitors

Markets: Weekly Path

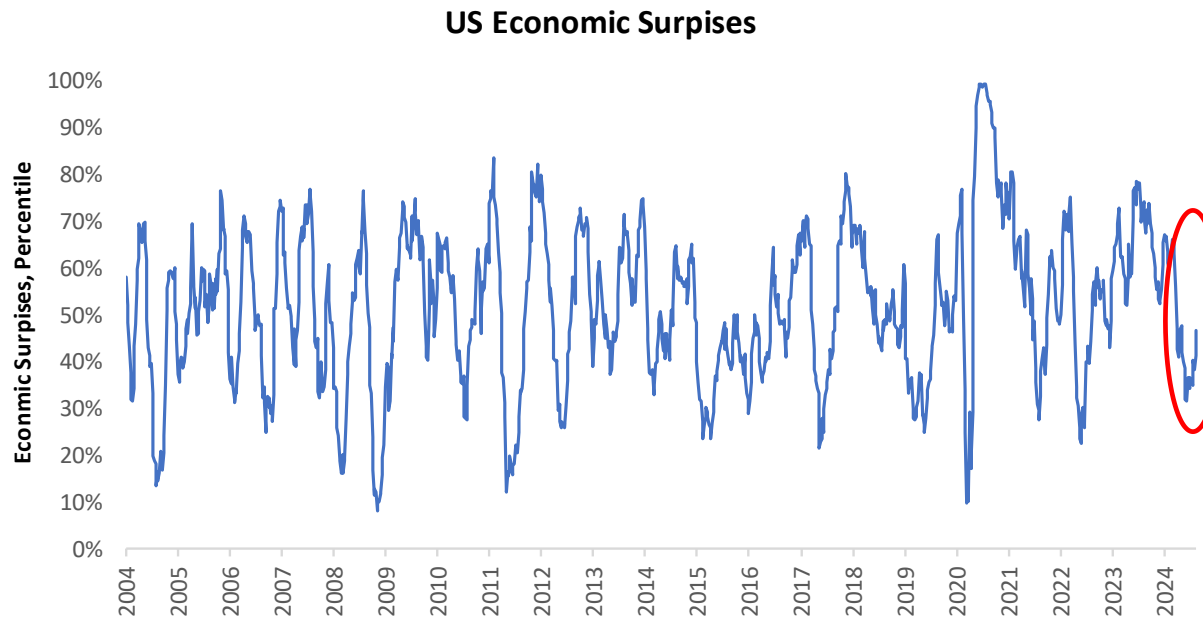
Assets Class Returns: Daily, Volatility Scaled (% Returns In Labels)



Over the last week, macro market rose in aggregate. Stocks, gold and commodities and commodities were largely positive, while treasuries showed weakness.

Markets: Weekly Path

Economic Momentum: Economic Surprises vs Asset Class Performance



	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 rose significantly over the last week. Key business cycle data all surprised expectations, and showed positive outcomes. Retail sales, industrial production, and housing data were all positive.

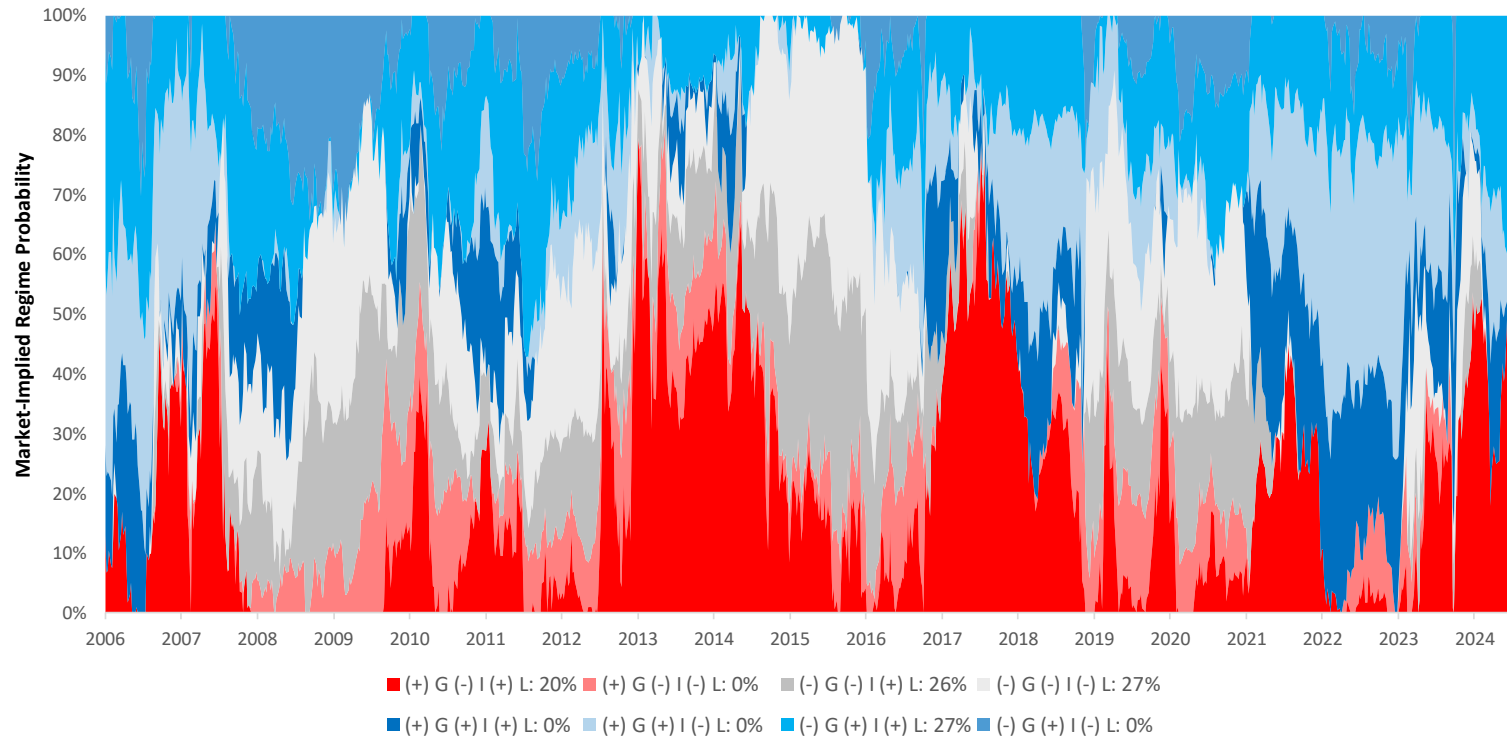
Aug 23	Aug 30	Sep 06	Sep 13	Sep 20
35.0%	40.4%	38.2%	41.4%	46.6%

Markets: Weekly Path

Prometheus Market Regime Probabilities

	(+) 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 %	19.7%	0.0%	26.2%	27.3%	0.0%	0.0%	26.8%	0.0%

Regime Probabilities: Recent History

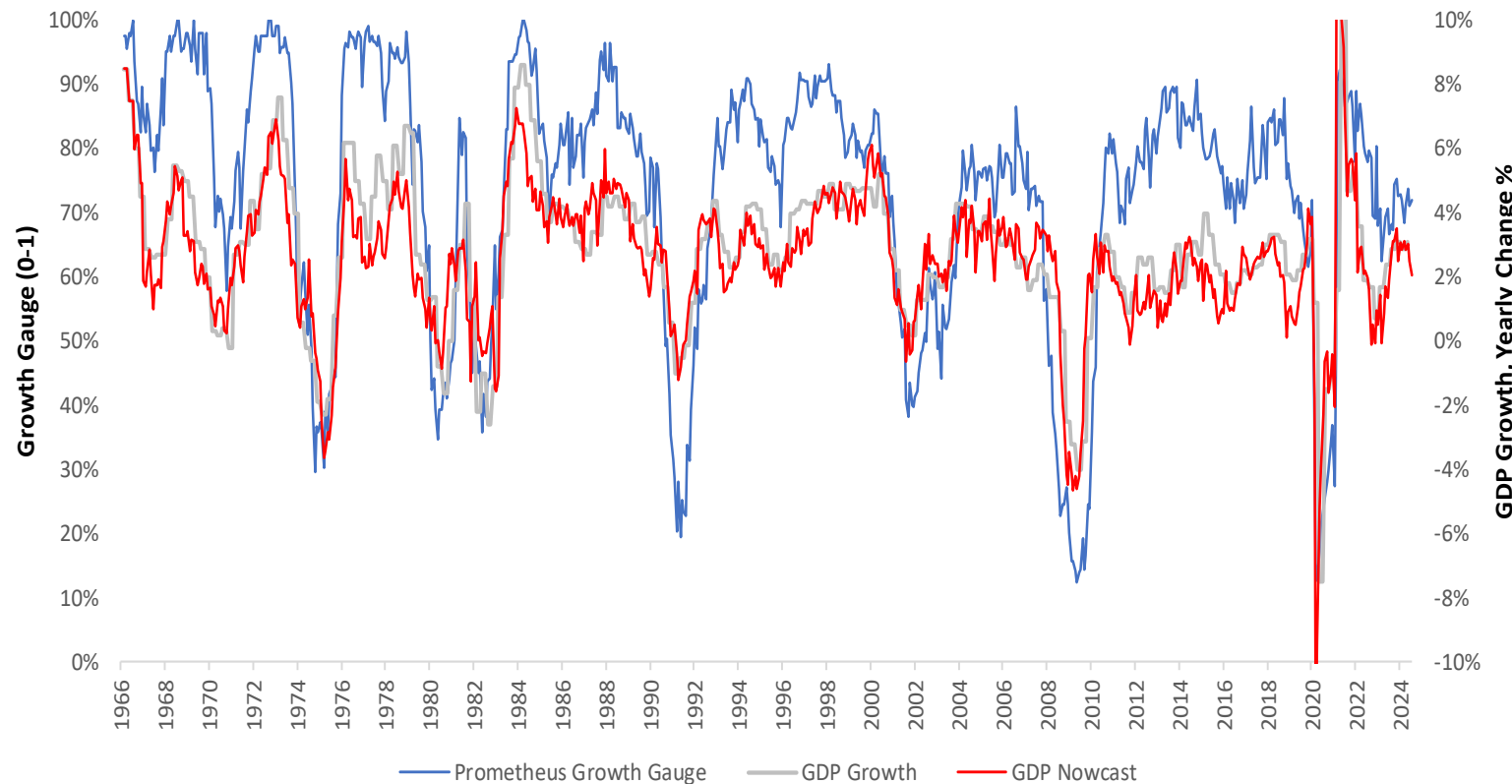


*For a further understanding of how economic dynamics have been priced into markets, we show our tracking of market-implied macroeconomic regime probabilities. **Markets are dominantly pricing slowing nominal growth conditions with ample liquidity. This pricing is consistent with fundamentals, suggesting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

Economic Data Monitor

Macro-Gauges: Growth

Growth Monitor: Growth Diffusion & GDP Nowcast

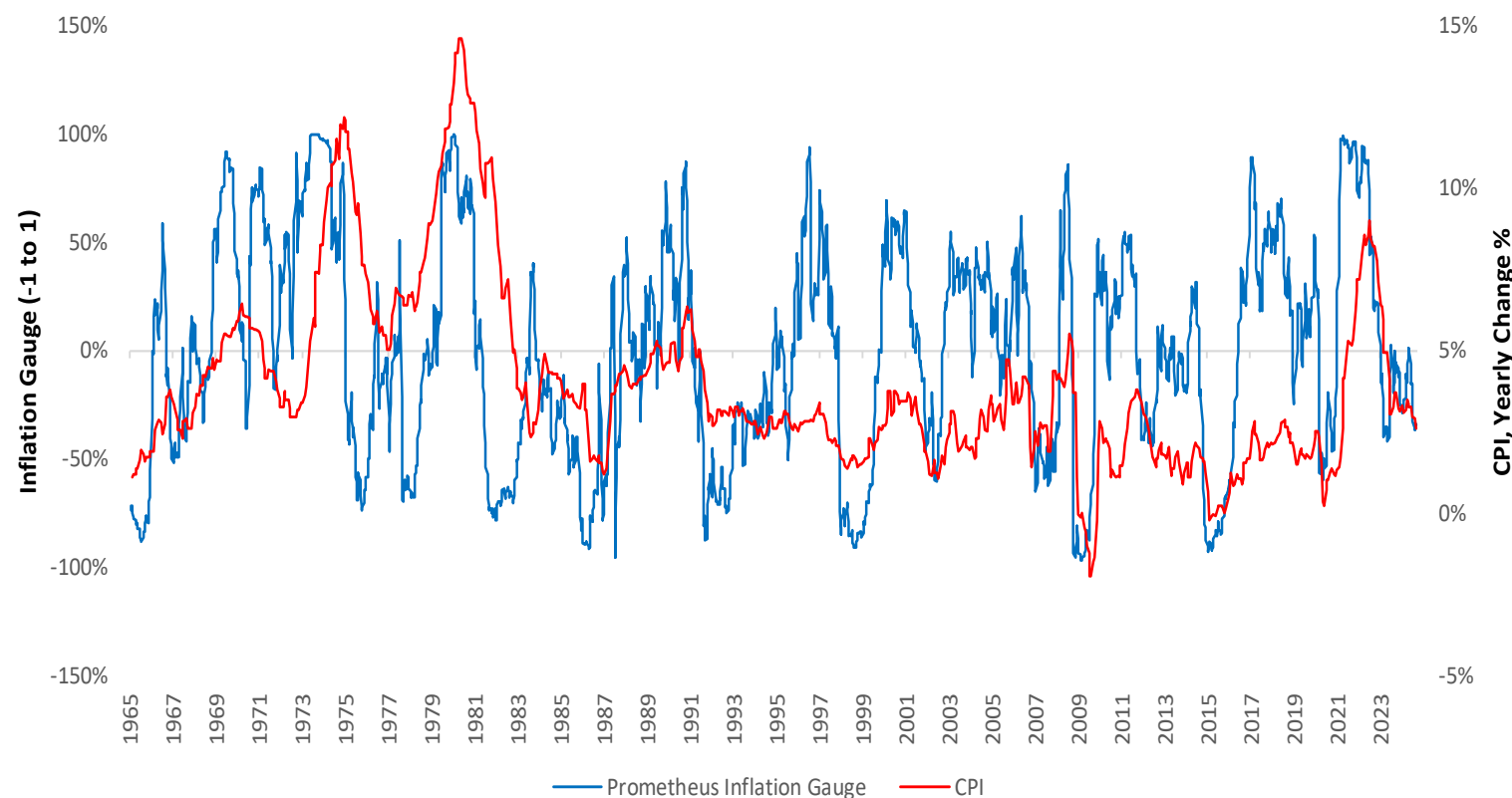


Our Growth Gauge tracks economic data across 75 measures of real growth conditions to understand the economy and give us a more granular understanding of the forces driving our GDP Nowcast.

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

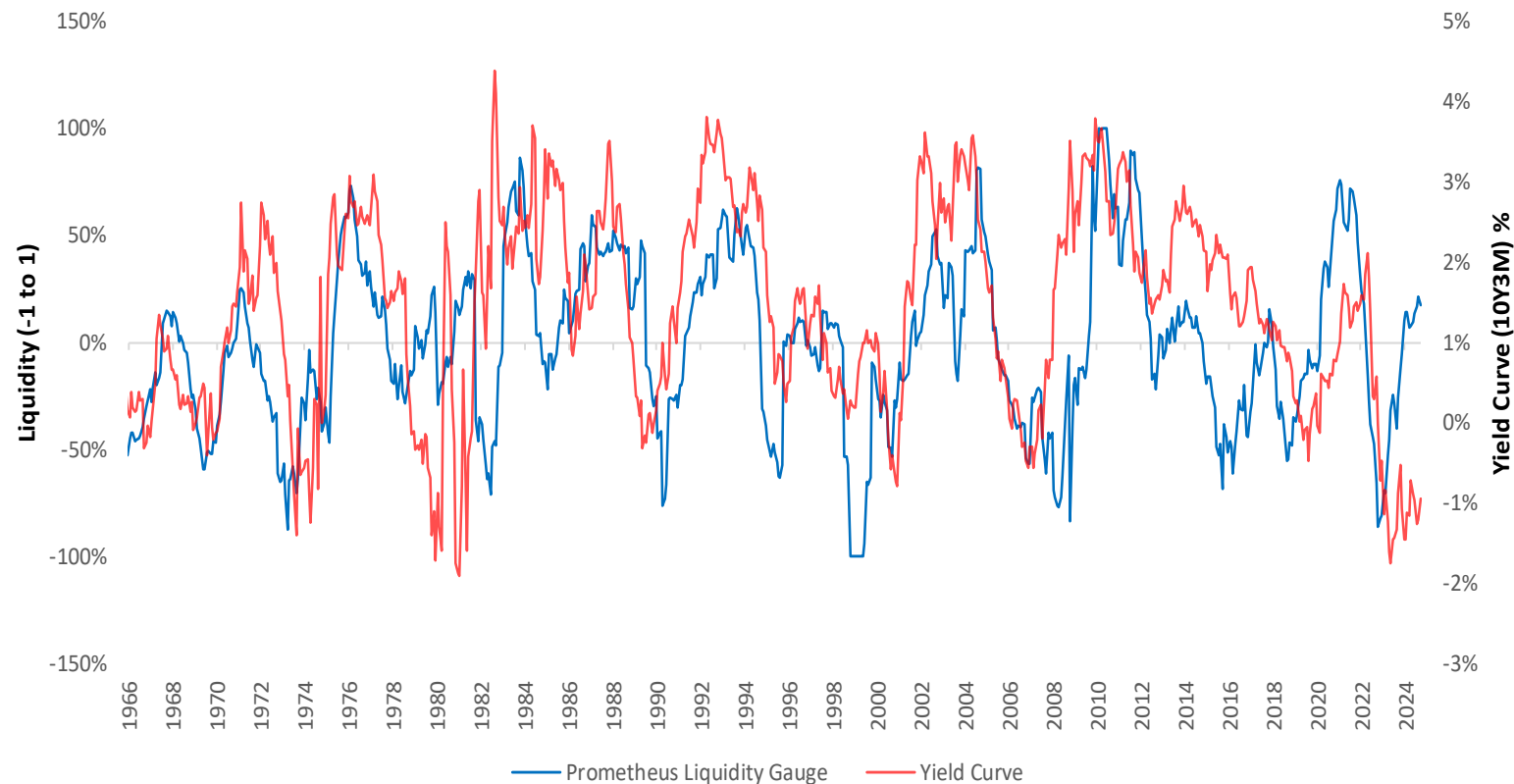
Inflation Monitor: Inflation Gauge vs. CPI Inflation



*Our Inflation Gauge 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

Liquidity Monitor: Liquidity vs. Yield Curve

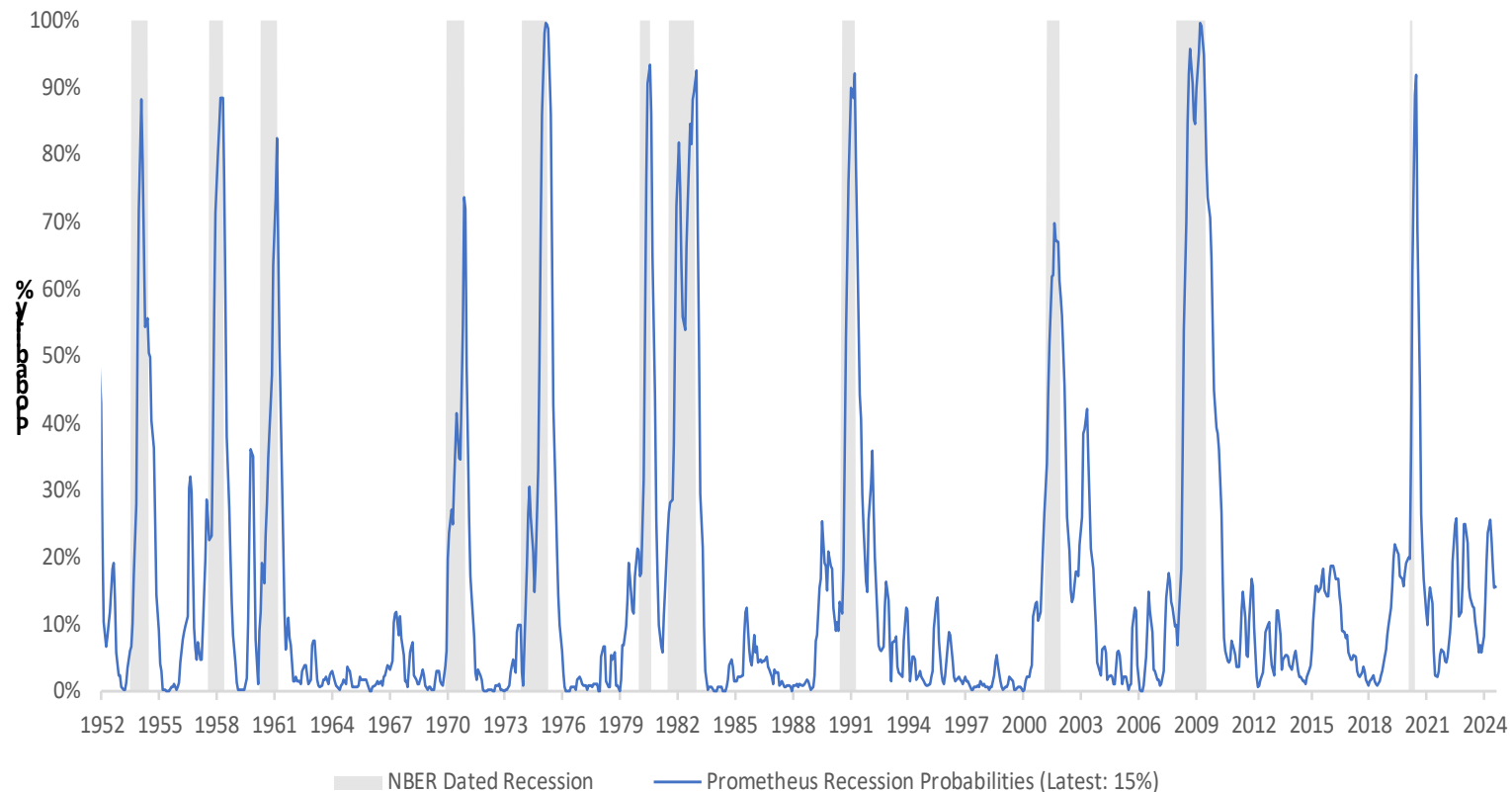


*Our Liquidity Gauge aggregates measures of liquidity across the public and private sectors that represent trillions of dollars of liquid assets, allowing us a real-time estimate of the potential for risk risk-taking in the financial system **Today, our measures suggest that liquidity conditions remain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

Macro Spotlight

Macro-Gauges: Recession Monitor

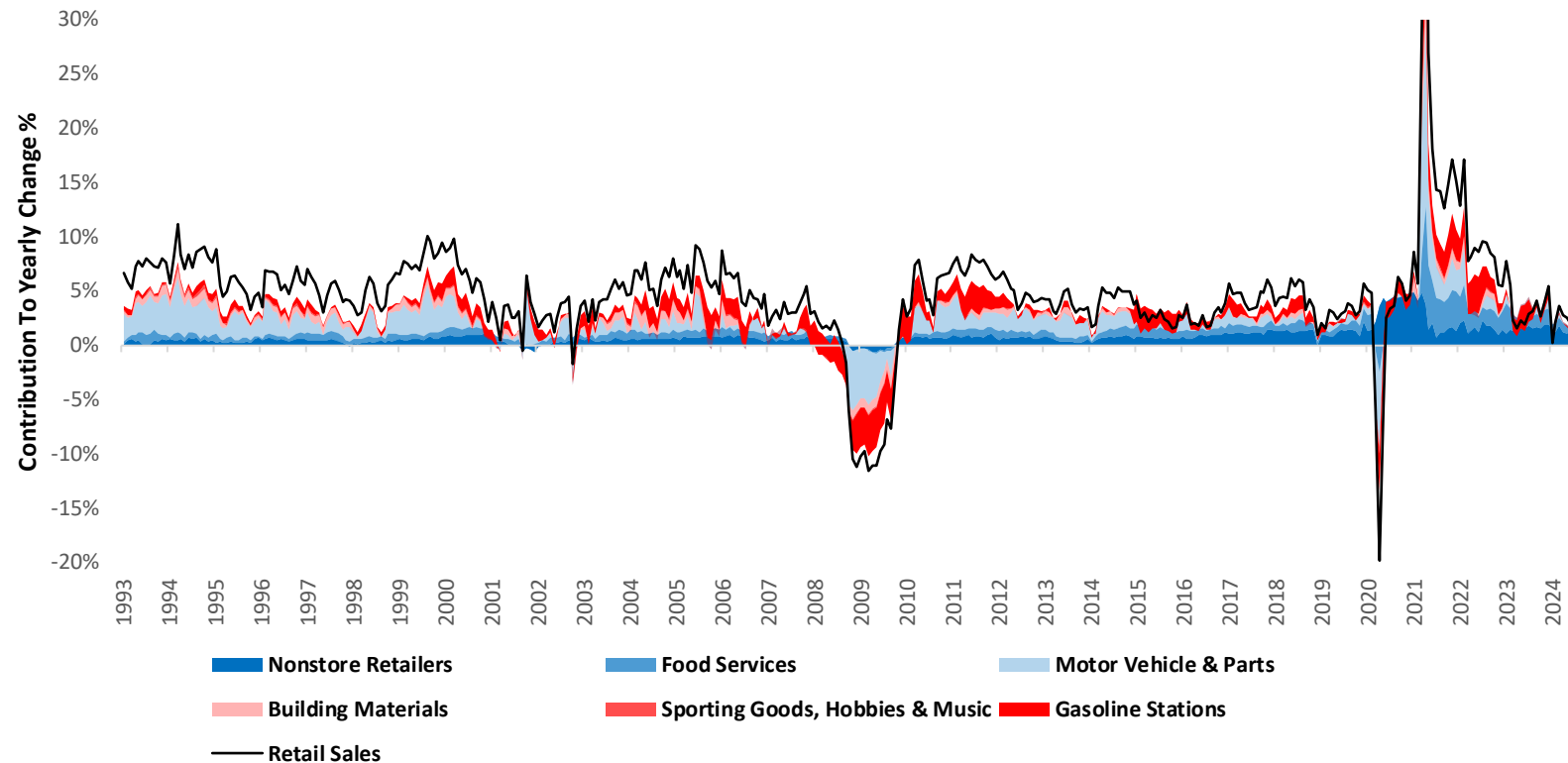
Recession Probabilities: Real-Time vs. NBER Dated



*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 15%.***

Macro Spotlight: Retail Sales

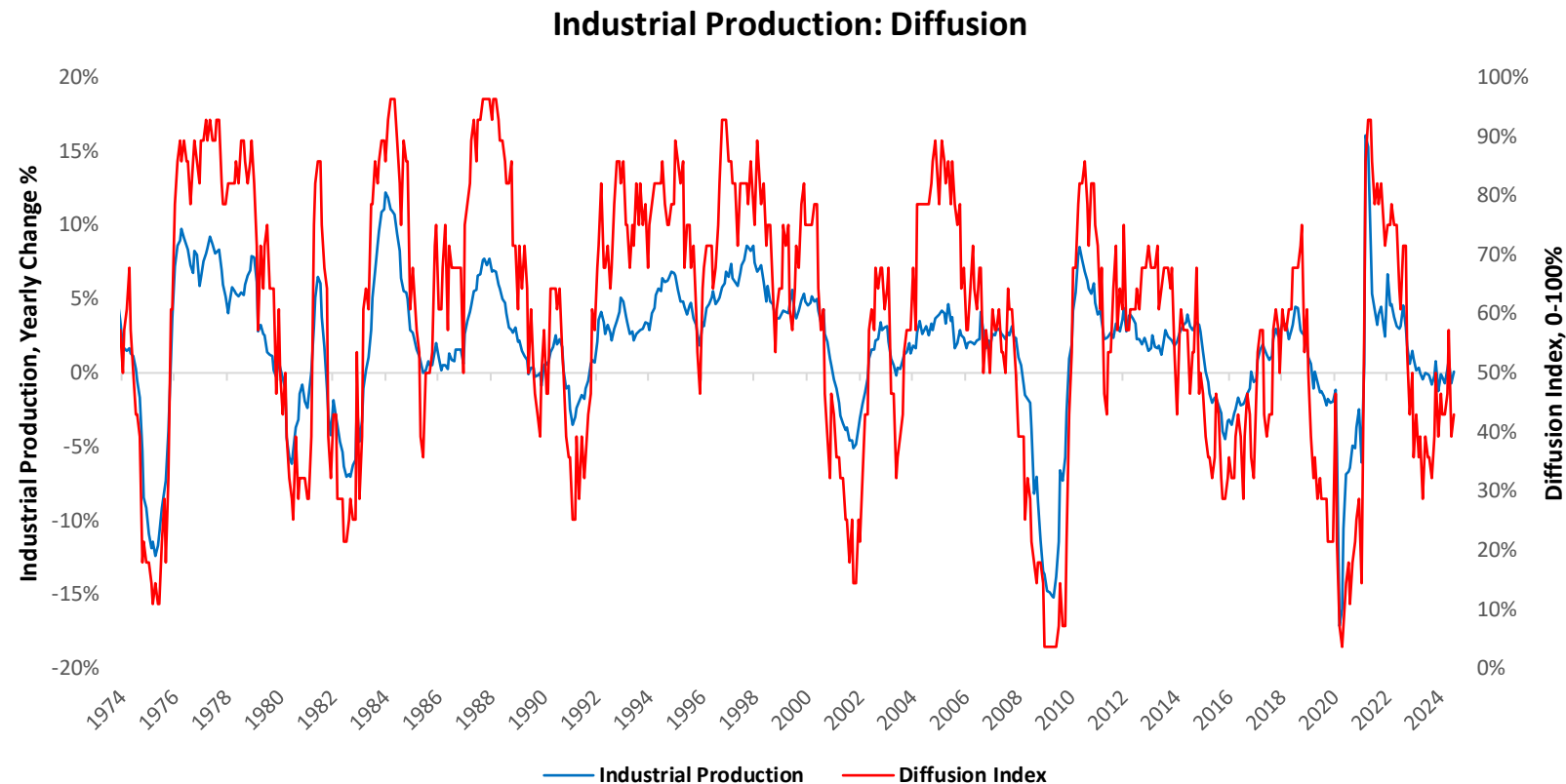
Retail Sales: Top 6 Drivers



Over the last year, retail sales have expanded by 2.13%. We zoom out to show the 6 major drivers of strength in shades of blue (Nonstore Retailers, Food Services & Motor Vehicle & Parts) and weakness in shades of red (Building Materials, Sporting Goods, Hobbies & Music & Gasoline Stations).

The latest data continues to show nominal retail sales expanding.

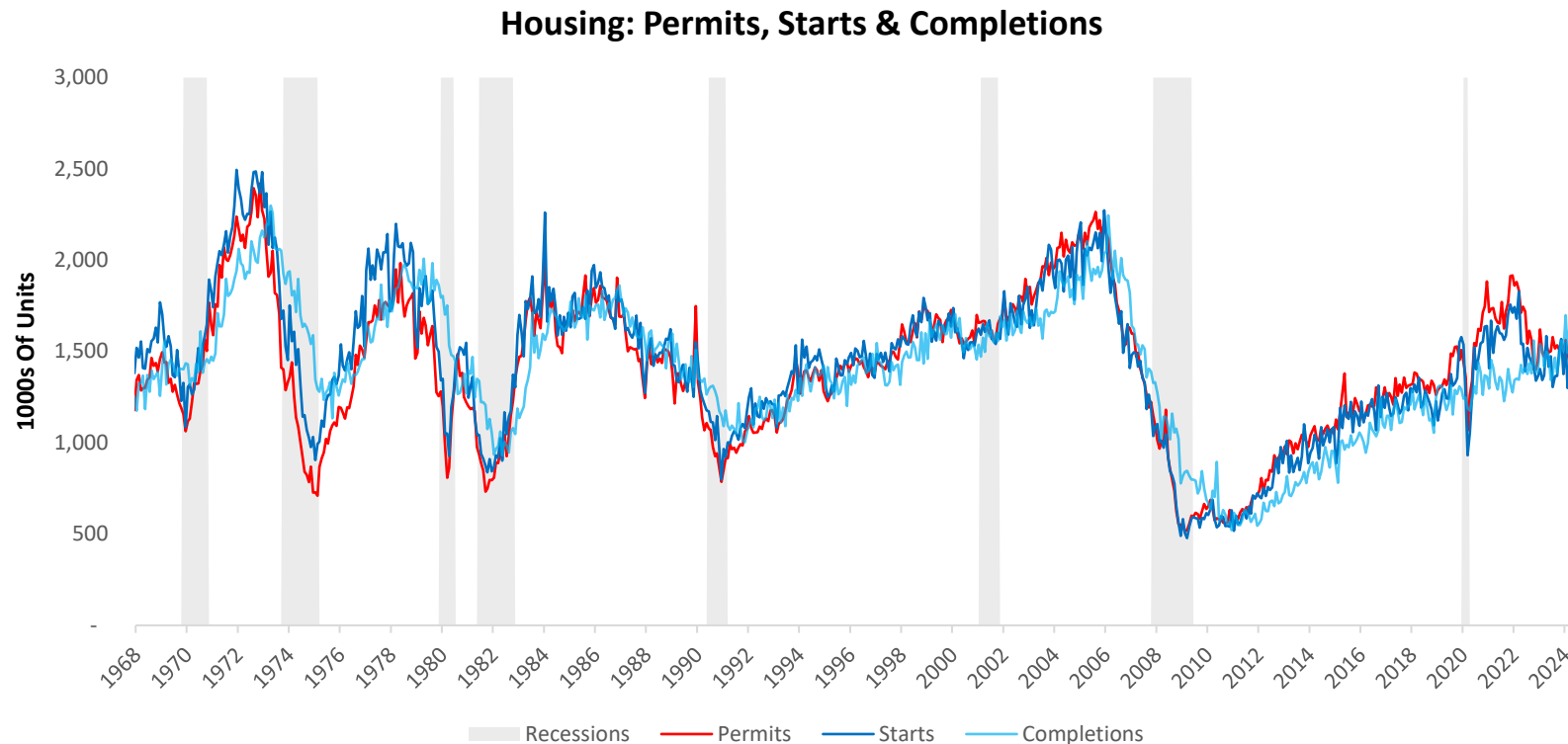
Macro Spotlight: Industrial Production



The latest data for August shows Industrial Production increased, coming in at 0.81%. This print surprised consensus expectations of 0.2% and contributed to a deceleration in the three-month trend relative to the twelve-month trend.

Industrial production continues to face headwinds in the form of a pervasive downturn.

Macro Spotlight: Housing Data



The latest data for August showed housing permits increased by 4.91%, housing starts increased by 9.62%, and housing completions increased by 9.22%.

Housing data can be very volatile from month to month. However, this latest data is a sequential improvement within a weaker trend. Critical to watch.

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Thank You.

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