



Lyons Tactical Allocation Portfolio

A Different Approach to Tactical



Allocation History

As of February 28, 2021

Feb: Offense
March: Offense
Track record in months: 107
Months on offense: 94
Defensive shifts: 1
Months on defense: 13

Inflation Concerns Deflate Stock Price Multiples while Lyons Tactical Remains Strong

The Lyons Tactical Allocation Portfolio gained 3.09% in February, compared with 2.36% for the benchmark and 1.84% for the Morningstar Tactical peer group (funds and ETFs). Portfolio strength was concentrated in companies benefitting from the reopening theme, with our top four performers being consumer cyclicals and averaging a 21.65% return. At roughly 40% of our portfolio, our cyclicals sector holdings outpaced the S&P 500 consumer discretionary sector by 10.16%.

Equity markets were happy in early February, with the S&P 500 and NASDAQ gaining 6.4% and 8.4%, respectively, through mid month. Following the infamous “meme stock”-driven short squeeze, attention quickly turned to a sharp rise in bond yields as inflation expectations rose, thanks in part to unprecedented (there’s that word again) government spending being rammed through Congress (coronavirus relief and infrastructure bills), as well as anticipation of a reinvigorated economy (i.e. inoculated society) and the Federal Reserve’s policy framework to allow inflation to run hot. Tech stocks, whose fundamental strength got an additional boost from a multiyear momentum tailwind, sold off sharply and quite painfully. Through the end of the month, the NASDAQ slashed 7.4% from its midmonth high, more than double the S&P 500’s decline; select pockets of growth & momentum were slashed even further. Despite the weakness, inflows to equity funds still logged a monthly record in February, with the final week recording its 3rd highest inflow ever (and 3rd highest for tech in particular), according to data from Bank of America.

All of this occurred against a backdrop of positive earnings revisions and continued bullish sentiment underpinning the broader market, resulting in a healthy compression in valuations. The S&P 500’s forward 12-month P/E ratio fell further, to 21.6x at month end from 22.7x at the end of 2020, reflecting a 4.8% compression against a 1.72% gain for the index across earnings season. As we’ve discussed in recent months, we believe we are in a new market regime where fair valuation carries a higher price multiple relative to historical eras, owing to once-in-a-century technological innovation & disruption, and unparalleled monetary & fiscal policies. We perceive market weakness to be a buying opportunity, and we are putting cash to work accordingly. Our tactical risk model continues to generate positive signals, indicating the risk/reward profile remains favorable for owning stocks in the near term.

Mutual Fund Wins Investors Choice Award

We are pleased to announce that the mutual fund version of Lyons Tactical (CLTAX) has been recognized by [Investors Choice Awards 2021: Americas Top Performers](#). The annual Investors Choice Awards honor investment managers that have achieved outstanding risk adjusted absolute returns. CLTAX has been acknowledged for outstanding investment management in the Best Equity Fund Under \$100m category. This latest award follows three Lipper Fund Awards received by CLTAX in prior years, reflecting the value our tactical strategy brings to investors.

Net-of-Fees Composite Performance as of February 28, 2021

Annualized if greater than 1 year, unless noted otherwise

	Since Inception					
	Month	1 Year	3 Years	5 Years	Annualized	Cumulative
Lyons Tactical Allocation Portfolio	3.09%	41.51%	10.78%	13.37%	11.85%	171.47%
Lipper Flexible Portfolio Funds Index	2.36%	23.48%	9.66%	11.19%	8.08%	100.00%
+/- Benchmark	+0.73%	+18.03%	+1.12%	+2.18%	+3.77%	+71.47%

VISIT: [Lyons Tactical Allocation](#)



February 2021 Commentary

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DISCLOSURE

¹ This statement applies generally to initial purchases of a position. Additional shares of a particular stock purchased at subsequent quarterly rebalances may still remain in short-term holding status (owned for less than one year) at the time of this publication.

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