



SONNET

## ALLOCATION METER

The Allocation Meter reflects the most bearish equity allocation exposure that is possible for a particular Sonnet money management strategy. The Allocation Meter starts with strategies that remain fully-invested at all times on the equities portion of the portfolio. As you move along the Allocation Meter from left to right, the ability to “play defense” increases.



Allocation Meter

1. A rank of **“1”** on the Allocation Meter reflects a passive or active management strategy that remains fully-invested at all times. This strategy will never raise additional cash, regardless of market conditions.



Allocation Meter

2. A rank of **“2”** on the Allocation Meter reflects an active, tactical management strategy that can sell up to 50% of the equities portion of the portfolio and move that portion into cash or money market when sell signals occur on a proprietary, quantitative model.



Allocation Meter

3. A rank of **“3”** on the Allocation Meter reflects an active, tactical management strategy that can sell up to 80% of the equities portion of the portfolio and move that portion into cash or money market when sell signals occur on a proprietary, quantitative model.



Allocation Meter

4. A rank of **“4”** on the Allocation Meter reflects an active, tactical management strategy that can sell up to 100% of the equities portion of the portfolio and move that portion into cash or money market when sell signals occur on a proprietary, quantitative model.



Allocation Meter

5. A rank of **“5”** on the Allocation Meter reflects an active, tactical management strategy that can sell up to 100% of the equities portion of the portfolio and allocate up to 50% to inverse exposure, while moving the remaining portion into cash or money market when sell signals occur on a proprietary, quantitative model.