Q3 Asset Management

Tactical Total Return
Strategy Fact Sheet

SEPT 2026

Style: Tactical Bond | Inception: January 2022 | Risk Profile: Conservative

Strategy Description

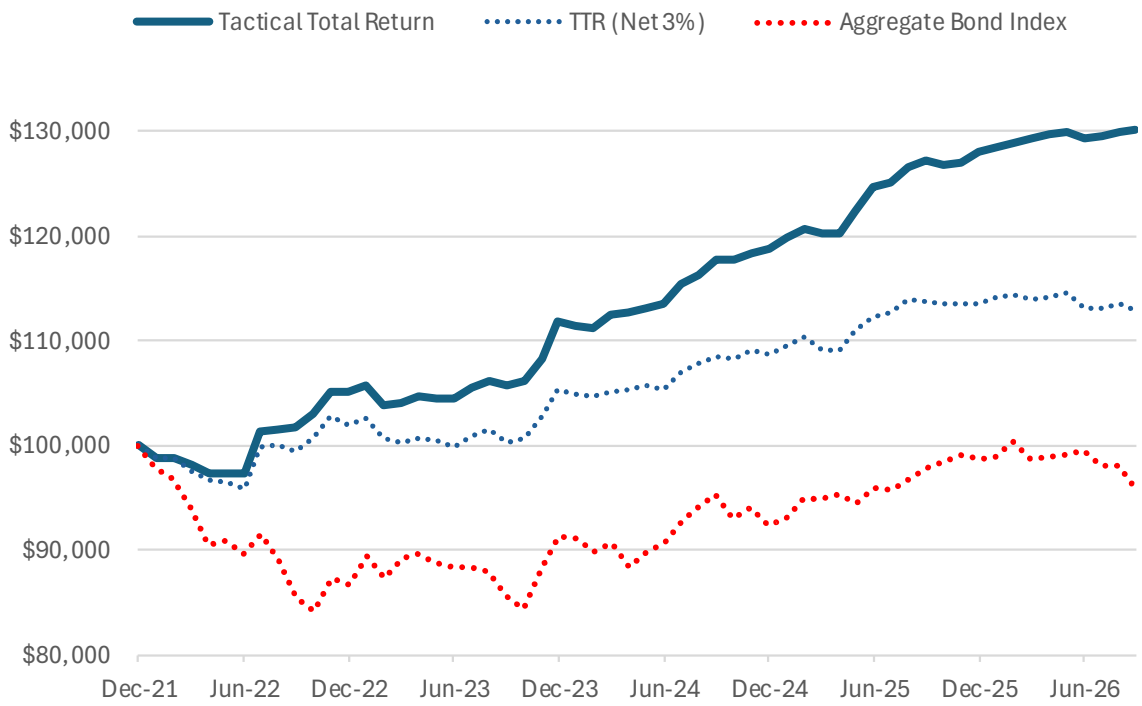
Tactical Total Return is anchored by a tactical high-yield bond strategy and complemented by selective exposures across broader asset classes. The primary objective is to capture trend-driven opportunities within the high-yield bond market. Driven by a proprietary, rules-based quantitative framework, the core model evaluates high-yield market conditions daily to measure intermediate-term momentum to determine target allocations.

To complement the core high-yield model and enhance overall total return, secondary quantitative models may selectively allocate capital into additional market exposures—such as sector equities and other fixed-income segments—as market indicators dictate. These models largely utilize short-term mean-reversion approaches that exhibit low correlation to the primary high-yield strategy, providing enhanced risk mitigation and upside potential during periods when high yields are out of favor. During adverse market regimes, the strategy maintains the flexibility to shift into capital preservation positions, such as money market funds. Over a full market cycle, this high-yield-centric framework seeks to deliver compelling risk-adjusted total returns with reduced correlation to broad equity and bond markets.

Strategy Highlights

- Underlying positions in High Yield Bond mutual funds
- Exposure to high yield bonds 50% to 70% of the time
- Generally enters the market when high yield bonds break out to the upside, and exits when weakness is observed
- Signals are generated every market session, and trades tend to be of intermediate-term length

Hypothetical Growth of $100,000 Inception Date: January 2022



Performance

	YTD	1-Yr	3-Yr	Since Inception	Cumulative Since Incep.
Tactical Total Return	1.6%	2.2%	7.2%	5.7%	30.1%
Tactical Total Return (Net 3%)	-0.7%	-0.8%	4.0%	2.6%	12.8%
Aggregate Bond Index	-2.8%	-1.9%	3.9%	-0.9%	-4.3%

Annualized Returns through September 30, 2026

Performance results shown are both gross of fees and net of 3% fees. The net of fee returns exceed Q3's maximum fee rate, as certain platform providers require a 3% fee rate to be used for client facing reports.

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Tactical Total Return

September '26 Fact Sheet

Reward Statistics

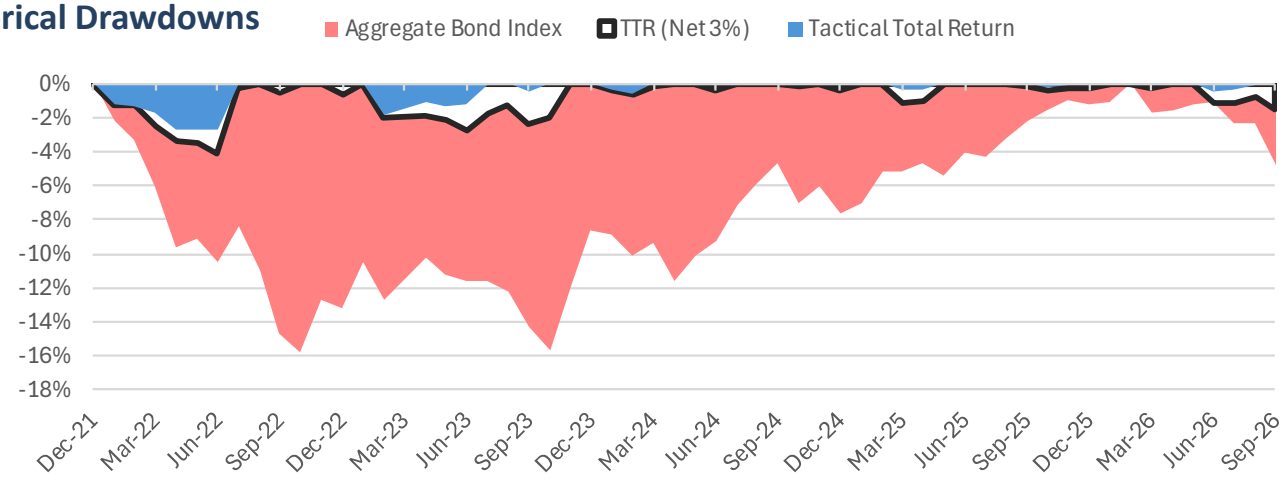
	Tactical Total Return	Tact. Total Return (Net 3%)	Aggregate Bond Index
Return	5.7%	2.6%	-0.9%
Average Gain	0.8%	0.8%	1.4%
Up Deviation	3.0%	2.9%	4.0%
Alpha	6.0%	2.9%	-
Up Capture	61%	47%	-
Down Capture	-4%	13%	-

Risk Statistics

	Tactical Total Return	Tact. Total Return (Net 3%)	Aggregate Bond Index
Std Deviation	3.3%	3.5%	6.5%
Down Deviation	1.7%	1.6%	3.7%
Max Drawdown	-2.7%	-4.1%	-15.8%
Average Loss	-0.5%	-0.6%	-1.6%
Sharpe Ratio	1.10	0.20	-0.40
Beta	0.33	0.35	-

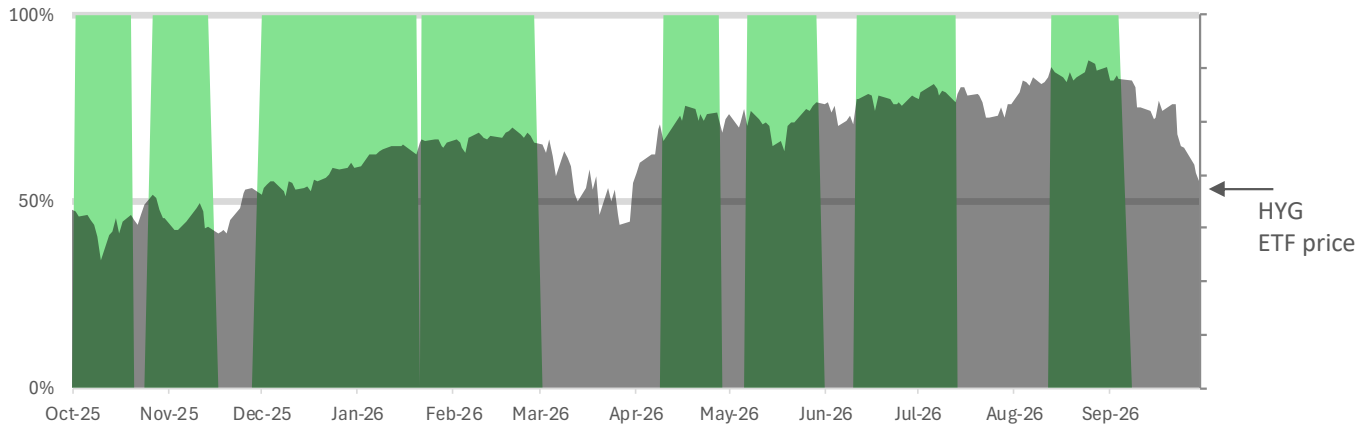
Since Inception, calculations based on monthly data. Sharpe Ratio and Alpha assume 2% as a risk-free rate.

Historical Drawdowns



Daily Equity Exposure (Trailing 12 months)

67% *of Market Days Long*



Calendar Year Performance

	Tactical Total Return	Tact.Total Return (Net 3%)	Aggregate Bond Index
YTD '26	1.6%	-0.7%	-2.8%
2025	7.8%	4.6%	6.9%
2024	6.3%	3.2%	1.1%
2023	6.3%	3.2%	5.3%
2022	5.1%	2.0%	-13.2%

Performance through September 30, 2026

Disclosures

Performance results shown are both gross of fees and net of a 3% fee. Actual deducted fees will vary by platform. Fees of anything less than Q3's maximum rate may not reflect the impact that fees have on the compounding effect of returns. With the inclusion of fees, the actual return would be lower than the performance quoted. Annual returns are compounded monthly. Performance between selected dates may be misleading and may not be able to be achieved in the future.

All calculations are based on time-weighted geometrically linked returns. Data for strategies is derived from "model account performance." The selection of "model accounts" is based on the longevity of the account along with identifying those accounts with minimal additions and withdrawals. It is possible that a model account will change based on a number of factors including the termination of the original model account, withdrawals, or a strategy change. For most strategies, model accounts are representative of an account held by a principal of Q3 and custodied at Axos Advisor Services. To the extent that a model account holds any of Q3's proprietary funds, the full management fee of the fund(s) is credited back to the account. On any platform for which fee credits do not occur, actual performance results may be slightly lower than what's illustrated in this report. Q3 may have had a minimal portion of total assets in a particular strategy over certain time periods. Factors that may negatively impact performance expectations include the size of the account, commissions charged and where the account is held. Performance for taxable accounts would be negatively affected had taxes been deducted. As individual account types and tax rates vary, taxes are not considered in the results shown. For illustration purposes, fees are deducted from each quarter end month, while actual advisory fees are deducted approximately two weeks after each quarter end month. Depending on the performance of the model between these two dates, it's possible that the model account achieves a slightly better or worse rate of return, however, such differences are expected to be negligible.

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Definitions

Alpha: Measures the difference between the investment's returns and expected performance given its level of risk (as measured by beta). A positive alpha indicates the investment has performed better than its beta would predict. A negative alpha indicates the investment has underperformed.

Standard Deviation: Measures the volatility associated with an investment. The higher the figure, the more volatility. If an investment has an annual return of 10% and a standard deviation of 15%, one might conclude the "average range" of the return would be –5% to 25% (10% +/- 15%).

Upside/Downside Deviation: Measures the Standard Deviation of only the up/down periods.

Max Drawdown: Measures the largest negative change in value of an investment, from its highest peak to its lowest valley.

Sharpe Ratio: Also referred to as "risk-adjusted return." It is calculated by subtracting a "risk-free" rate (2%) from the annualized rate of return (of the investment) and then dividing this figure by the standard deviation. The higher the number, the better.

Beta: Measures volatility of an investment in comparison to a benchmark. It can be thought of as the tendency of the investment's returns to respond to swings in the benchmark. A beta of 1 indicates that it should move similar to the benchmark. A positive number less than 1 means it should be less volatile than the benchmark. Greater than 1 means it should be more volatile than the benchmark. A negative beta means that there could be inverse correlation between the investment and the benchmark.

Up/Down Capture Ratio: Measures the relative performance of an investment in up/down periods. For example, an upside ratio of 120% means that the investment returned 120% of the benchmark's return during up periods. Up Ratios of over 100% are desirable, and Down Ratios under 100% are desirable.

Model Account Inception: The date that a model account was first used to generate performance data. In all cases, model account data is reflective of an account held at Axos Advisor Services.