



## Model Portfolio Monthly Update: May 31, 2015

**There are limitations inherent in our theoretical model results, particularly with the fact that such results do not represent actual trading and they may not reflect the impact material economic and market factors might have had on our decision making if we were actually managing client money. Please see additional disclaimers and disclosures at the back of this report.**

We highlight stocks that demonstrate solid growth at a reasonable price (GARP). Stocks selected for our model portfolio strategies all rank highly for the following metrics, with an emphasis on proxies for cash flow growth and ROIC:

- Relative Value
- Operating Momentum
- Analyst Revision Momentum
- Fundamental Quality

Page 2 contains rebalancing actions for our long-only model portfolio.

Page 3 contains rebalancing actions for our short-only model portfolio.

Target and stop prices, as well as updated return data, to be provided in our daily reports that will follow.

## Long Model Portfolio -- Rebalancing Actions

<b>5/31/2015 Rebalancing</b>					
<b>Core and Opportunistic Long Portfolio:</b>					
25 stocks in the model portfolio = 4.00% weight per position					
<b>Close Position</b>		<b>Hold/Rebalance</b>		<b>Open Position</b>	
Marriott International, Inc.	MAR	O'Reilly Automotive Inc.	ORLY	Cablevision Systems Corporation	CVC
Fiat Chrysler Automobiles N.V.	FCAU	Tractor Supply Company	TSCO	Intercontinental Hotels Group plc	IHG
AutoNation Inc.	AN	The Walt Disney Company	DIS	G-III Apparel Group, Ltd.	GIII
Industrias Bachoco S.A.B. de C.	IBA	ORIX Corporation	IX	Pilgrim's Pride Corporation	PPC
Sasol Ltd.	SSL	AllianceBernstein Holding L.P.	AB	Cal-Maine Foods, Inc.	CALM
Grupo Financiero Galicia S.A.	GGAL	Western Alliance Bancorporati	WAL	MGIC Investment Corp.	MTG
China Life Insurance Co. Ltd.	LFC	PrivateBancorp, Inc.	PVTD	Navient Corporation	NAVI
Cerner Corporation	CERN	CBRE Group, Inc.	CBG	East West Bancorp, Inc.	EWBC
Southwest Airlines Co.	LUV	Centene Corp.	CNC	JetBlue Airways Corporation	JBLU
Robert Half International Inc.	RHI	Amgen Inc.	AMGN	Linear Technology Corporation	LLTC
Snap-on Incorporated	SNA	General Dynamics Corporation	GD		
Canadian National Railway Comp	CNI	Aspen Technology, Inc.	AZPN		
Electronic Arts Inc.	EA	Manhattan Associates, Inc.	MANH		
MAXIMUS, Inc.	MMS	Leidos Holdings, Inc.	LDOS		
Skyworks Solutions Inc.	SWKS	Lam Research Corporation	LRCX		
CDW Corporation	CDW				
Broadcom Corp.	BRCM				
				Source: Ascendere Associates LLC	

## Short Model Portfolio -- Rebalancing Actions

When the market anticipates an improving economy from low price levels, low-quality stocks will at times out-perform high-quality stocks as the expected improvements in fundamentals are discounted from a relatively more depressed price level.

<b>5/31/2015 Rebalancing</b>					
<b>Core and Opportunistic Short Portfolio:</b>					
23 stocks in the model portfolio = 4.35% weight per position					
<b>Close Position</b>		<b>Hold/Rebalance</b>		<b>Open Short Sale</b>	
General Motors Company	GM	The Priceline Group Inc.	PCLN	News Corporation	NWSA
Charter Communications, Inc.	CHTR	Melco Crown Entertainment Lir	MPEL	Lions Gate Entertainment Corp.	LGF
Netflix, Inc.	NFLX	Alkermes plc	ALKS	Enterprise Products Partners L.P.	EPD
Golar LNG Ltd.	GLNG	The Manitowoc Company, Inc.	MTW	Marathon Oil Corporation	MRO
InterOil Corporation	IOC	Colfax Corporation	CFX	Phillips 66 Partners LP	PSXP
AECOM	ACM	Qihoo 360 Technology Co. Ltd.	QIHU	Enable Midstream Partners, LP	ENBL
Akamai Technologies, Inc.	AKAM	Yahoo! Inc.	YHOO	Barclays PLC	BCS
CoStar Group Inc.	CSGP	SunEdison, Inc.	SUNE	Seattle Genetics, Inc.	SGEN
Mercadolibre, Inc.	MELI	W.R. Grace & Co.	GRA	Vertex Pharmaceuticals Incorporated	VRTX
Cree, Inc.	CREE			CLARCOR Inc.	CLC
Nuance Communications, Inc.	NUAN			Rexnord Corporation	RXN
3D Systems Corporation	DDD			PTC Inc.	PTC
Vedanta Limited	VEDL			Autodesk, Inc.	ADSK
				LinkedIn Corporation	LNKD
Source: Ascendere Associates LLC					

## Return Data

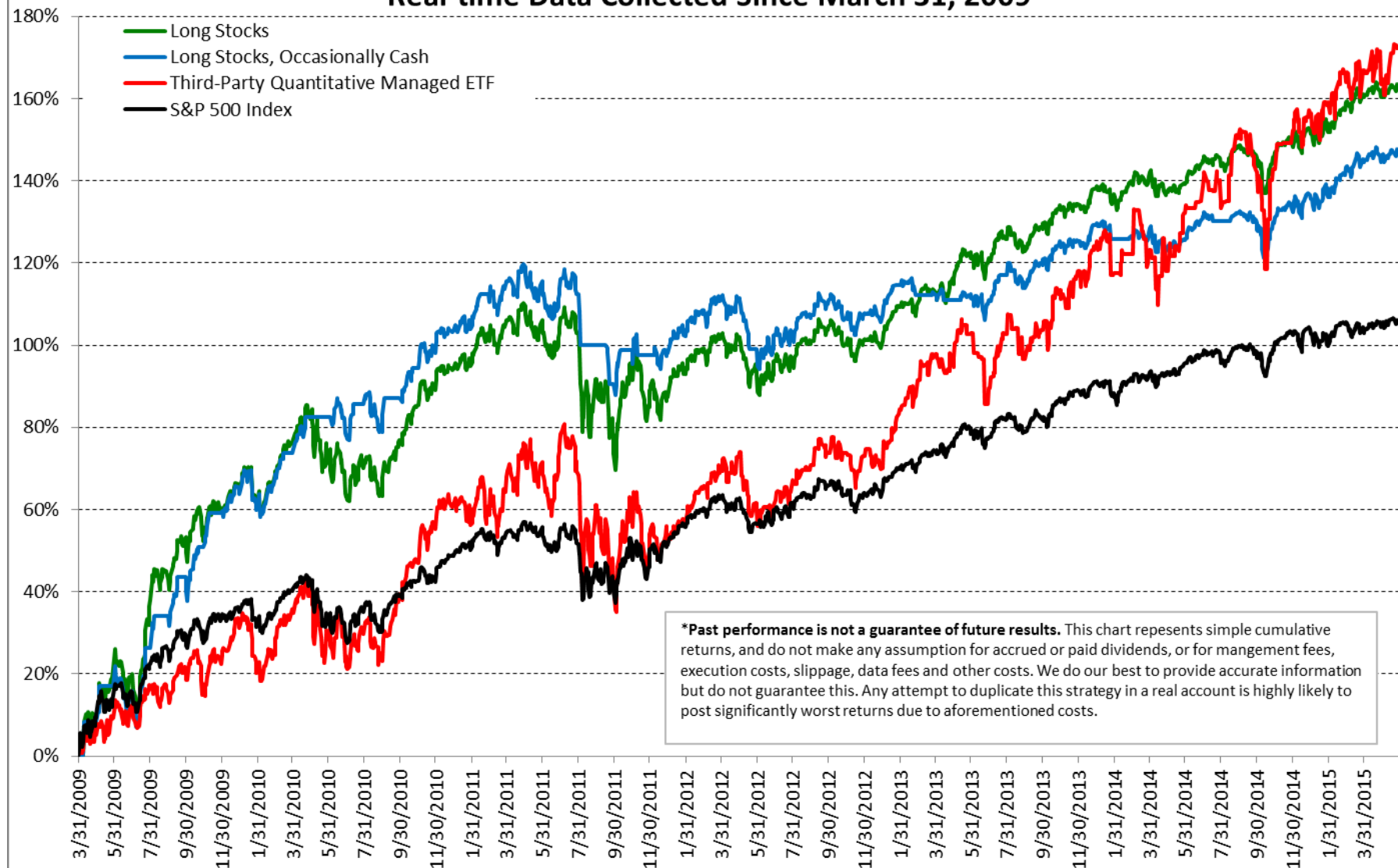
Core & Opportunistic Long Model					MTD			
4/30/2015 to 5/29/2015								
						Target/	Date+1	
Sector	Company	Ticker	4/30/2015	5/29/2015	Performance	Stop Date	Sell Price	Return
Information Technology	Broadcom Corp.	BRCM	44.21	56.85	28.61%	5/27/2015	\$ 56.25	27.25%
Health Care	Centene Corp.	CNC	61.99	75.34	21.54%	5/20/2015	\$ 71.58	15.47%
Information Technology	Skyworks Solutions Inc.	SWKS	92.25	109.36	18.55%	5/27/2015	\$ 107.65	16.69%
Information Technology	LAM Research Corp.	LRCX	75.58	82.25	8.83%			
Consumer Discretionary	Fiat Chrysler Automobiles N.V.	FCAU	14.75	16.03	8.68%			
Information Technology	Electronic Arts Inc.	EA	58.09	62.76	8.03%			
Consumer Staples	Industrias Bachoco S.A.B. de C.V.	IBA	53.79	57.37	6.66%			
Information Technology	Manhattan Associates, Inc.	MANH	52.56	54.85	4.36%			
Industrials	Snap-on Incorporated	SNA	149.55	155.40	3.91%			
Financials	Privatebancorp Inc.	PVTB	37.07	38.13	2.86%			
Financials	ORIX Corp.	IX	77.05	78.74	2.19%			
Information Technology	MAXIMUS Inc.	MMS	64.01	65.37	2.12%			
Industrials	General Dynamics Corp.	GD	137.32	140.16	2.07%			
Information Technology	Leidos Holdings, Inc.	LDOS	41.64	42.50	2.07%			
Industrials	Robert Half International Inc.	RHI	55.45	56.37	1.66%			
Consumer Discretionary	Walt Disney Co.	DIS	108.72	110.37	1.52%			
Consumer Discretionary	AutoNation Inc.	AN	61.55	62.41	1.40%			
Financials	Western Alliance Bancorporation	WAL	30.92	31.35	1.39%			
Consumer Discretionary	Tractor Supply Company	TSCO	86.06	87.14	1.25%			
Consumer Discretionary	O'Reilly Automotive Inc.	ORLY	217.83	219.53	0.78%			
Financials	AllianceBernstein Holding L.P.	AB	31.35	31.36	0.03%			
Financials	CBRE Group, Inc.	CBG	38.34	38.24	-0.26%			
Health Care	Amgen Inc.	AMGN	157.91	156.26	-1.04%			
Financials	China Life Insurance Co. Ltd.	LFC	24.22	23.85	-1.54%			
Consumer Discretionary	Marriott International, Inc.	MAR	80.05	77.99	-2.57%			
Information Technology	CDW Corporation	CDW	38.32	37.10	-3.18%			
Information Technology	Aspen Technology, Inc.	AZPN	44.39	42.80	-3.58%			
Health Care	Cerner Corp.	CERN	71.81	67.29	-6.29%			
Industrials	Canadian National Railway Company	CNI	64.52	59.36	-8.00%			
Industrials	Southwest Airlines Co.	LUV	40.56	37.05	-8.65%			
Financials	Grupo Financiero Galicia S.A.	GGAL	22.04	20.03	-9.12%			
Energy	Sasol Ltd.	SSL	40.25	35.47	-11.88%			

Core & Opportunistic Short Model			MTD					
4/30/2015 to 5/29/2015								
Sector	Company	Ticker	4/30/2015	5/29/2015	Performance	Target/ Stop Date	Date+1 Sell Price	Return
Information Technology	Qihoo 360 Technology Co. Ltd.	QIHU	60.30	52.05	-13.68%	5/29/2015	\$ 52.05	-13.68%
Information Technology	3D Systems Corp.	DDD	25.09	21.87	-12.83%	5/14/2015	\$ 21.33	-14.99%
Energy	Interoil Corp.	IOC	51.70	46.84	-9.40%	5/26/2015	\$ 46.87	-9.34%
Materials	Vedanta Limited	SSLT	3.30	3.08	-6.60%			
Consumer Discretionary	Priceline.com Inc.	PCLN	1,237.81	1,172.04	-5.31%	5/29/2015	\$ 1,172.04	-5.31%
Consumer Discretionary	Melco Crown Entertainment Ltd.	MPEL	20.42	19.34	-5.29%			
Information Technology	Cree Inc.	CREE	31.68	30.28	-4.42%			
Industrials	Manitowoc Co. Inc.	MTW	19.73	18.86	-4.41%			
Consumer Discretionary	Charter Communications Inc.	CHTR	187.06	179.02	-4.30%			
Information Technology	Yahoo! Inc.	YHOO	42.57	42.94	0.87%			
Materials	W.R. Grace & Co.	GRA	96.72	97.93	1.25%			
Industrials	Colfax Corporation	CFX	49.59	50.39	1.61%	5/21/2015	\$ 51.81	4.48%
Information Technology	Mercadolibre, Inc.	MELI	142.33	145.13	1.97%			
Industrials	CoStar Group Inc.	CSGP	204.43	208.91	2.19%			
Consumer Discretionary	General Motors Company	GM	35.06	35.97	2.60%			
Information Technology	Akamai Technologies Inc.	AKAM	73.78	76.27	3.37%	5/14/2015	\$ 77.96	5.67%
Industrials	AECOM Technology Corporation	ACM	31.56	33.03	4.66%	5/14/2015	\$ 33.58	6.40%
Information Technology	Nuance Communications, Inc.	NUAN	15.33	16.87	10.05%	5/8/2015	\$ 16.81	9.62%
Health Care	Alkermes, Inc.	ALKS	55.37	61.10	10.35%	5/19/2015	\$ 62.10	12.15%
Consumer Discretionary	Netflix, Inc.	NFLX	556.50	624.06	12.14%	5/27/2015	\$ 626.55	12.59%
Information Technology	SunEdison, Inc.	SUNE	25.32	29.97	18.36%	5/8/2015	\$ 28.75	13.55%
Energy	Golar LNG Ltd.	GLNG	36.00	47.51	31.99%	5/5/2015	\$ 45.84	27.35%

	<b>Theoretical Model Portfolio*</b>	<b>05/29/15</b>	<b>MTD</b>	<b>YTD</b>	<b>Since 03/31/09</b>	<b>Sharpe</b>
	Simple Returns (No Compounding)					
<b>Stock Targets</b>	<b>Core Model</b>					
	Long		1.97%	10.96%	162.4%	1.07
	Short		1.50%	8.20%	81.6%	0.59
	Core Long/Short		0.46%	2.76%	80.8%	0.75
<b>Stock Targets and Portfolio Targets</b>	<b>Opportunistic Model</b>					
	Long		1.97%	10.96%	146.6%	1.24
	Short		1.50%	6.73%	26.2%	0.15
	Opportunistic Long/Short		0.46%	4.22%	120.4%	1.23
<b>Stock Targets and Portfolio Targets</b>	<b>Opportunistic Model III</b>					
	Long Stocks		1.97%	10.96%	146.6%	1.24
	Long Inverse ETF ^SH		-2.21%	-2.74%	-80.9%	(1.04)
	Opportunistic Long/Short III		-0.25%	8.22%	65.7%	0.72
	<b>S&amp;P 500 Index</b>		1.09%	2.64%	105.40%	1.04

\* Return figures are calculated using cumulative simple returns. This table represents returns of several theoretical portfolios that do not assume any costs. This table is not to be construed as advertising for any investment service. Real portfolios that attempt to exactly replicate these theoretical strategies will generate lower returns relative to these models due to slippage, transaction costs, tax expenses and other costs. There are limitations inherent in our theoretical results, particularly with the fact that such results do not represent actual trading and they may not reflect the impact material economic and market factors might have had on our decision making if we were actually managing client money. We do our best to provide accurate information, but do not guarantee this. Please see additional disclosures and disclaimers.

# Long Theoretical Model Portfolios vs Actual Third-Party Quantitative ETF vs S&P 500 Total Return Index Real-time Data Collected Since March 31, 2009

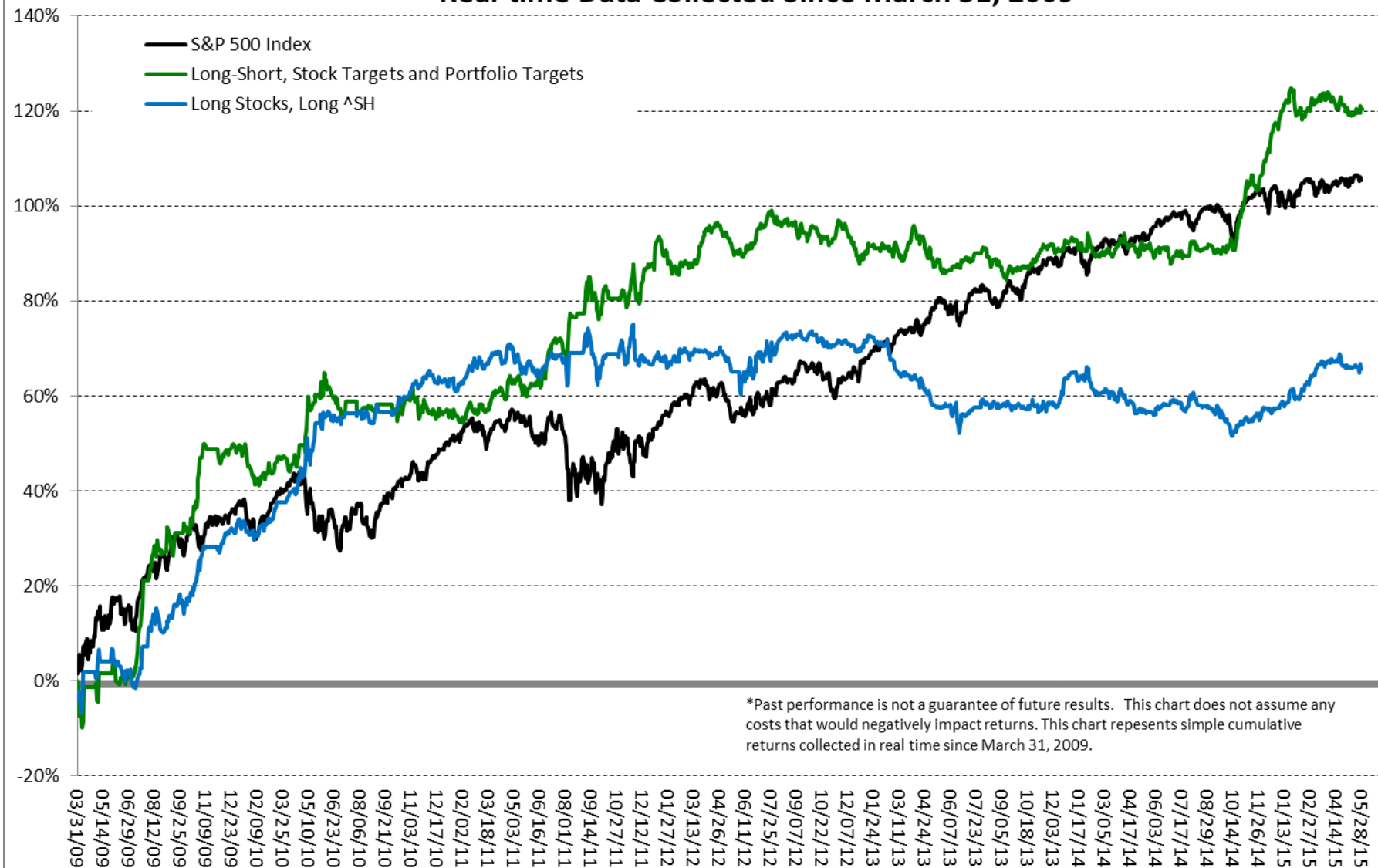




# "Theoretical Dollar Neutral" Strategies

## Simple Cumulative Returns

### Real-time Data Collected Since March 31, 2009



	Core	Opportunistic	"Dollar Neutral" 1	"Dollar Neutral" 2	
<b>Inception March 31, 2009</b>					
	<b>Long , Stock Targets</b>	<b>Long, Stock and Portfolio Targets</b>	<b>Long/Short, Stock Targets and Portfolio Targets</b>	<b>Long, Stock and Portfolio Targets / Long ^SH ETF</b>	<b>S&amp;P 500 Total Return Index</b>
<b>5/29/2015</b>	Theoretical	Theoretical	Theoretical	Theoretical	
<b>Simple Returns</b>					
Today	-0.63%	-0.63%	-0.13%	-0.63%	-0.63%
MTD	1.97%	1.97%	0.46%	-0.25%	1.32%
YTD	23.77%	16.76%	28.00%	1.26%	0.80%
Cumulative from 3/31/2009	162.41%	146.58%	120.36%	65.66%	118.51%
<b>Absolute Risk</b>					
Daily Average	0.10%	0.09%	0.08%	0.04%	0.08%
Daily Range	16.86%	15.84%	11.84%	12.00%	11.39%
Daily Standard Deviation	1.48%	1.14%	0.93%	0.81%	1.03%
Daily Return/Standard Deviation	7.09%	8.28%	8.33%	5.22%	7.39%
Average 90-Day T-bill	1.36%	1.36%	1.36%	1.36%	1.36%
Annualized Daily Returns	26.39%	23.82%	19.56%	10.67%	19.26%
Annualized Standard Deviation	23.4%	18.1%	14.8%	12.9%	16.4%
Sharpe Ratio	1.07	1.24	1.23	0.72	1.09
Percentage Down Days	44.7%	34.6%	43.1%	43.6%	43.6%
Average Daily Downside Value	-1.05%	-0.91%	-0.62%	-0.54%	-0.75%
Daily Downside Deviation	-1.11%	-0.93%	-0.60%	-0.57%	-0.79%
Daily VAR of 1000 at 95% Conf	-23	-18	-15	-13	-16
<b>Benchmark Relative Risk</b>					
Correlation	0.91	0.70	(0.05)	0.06	
R-Squared	0.83	0.50	0.00	0.00	
Daily Tracking Error	0.68%	0.84%	1.42%	1.27%	
<b>Regression</b>					
Beta	1.30	0.78	-0.04	0.05	
Daily Alpha	0.028%	0.018%	0.001%	-0.034%	
Jensen's Daily Alpha	0.037%	0.014%	0.000%	-0.002%	
Trading Days	1551	1551	1551	1551	
*Returns calculated by the simple return method (not compounded).					
* Portfolio models are theoretical and assume no costs.					
* Data collected in real time since 3/31/2009					
Source: Ascendere Associates LLC					

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**J. Stephen Castellano** – founded Ascendere Associates LLC to provide innovative equity research and investment advisory services that blends fundamental and quantitative approaches.

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Among the services that Ascendere provides are: 1) detailed custom equity research analysis; 2) valuation scenario analysis studies; 3) supply /demand studies; 4) long and short stock idea generation; 5) portfolio feedback; 6) detailed fundamental financial modeling services; and 7) additional analytical consulting services. Additional information is available at [www.ascenderellc.com](http://www.ascenderellc.com).

Mr. Castellano has over 15 years of experience in equity research and related consulting work. At PaineWebber, Warburg Dillon Read and Credit Lyonnais Securities he developed fundamental equity valuation models and conducted in-depth research on the steel and telecom services industries. At Boston Private Value Investors, he developed quantitative models for stock idea generation and also provided general fundamental equity research coverage. Steve received a MBA from the F. W. Olin School of Business at Babson College (2005) and a BA from Oberlin College (1993).

Mr. Castellano's career history is highlighted below:

- Ascendere Associates, LLC (2009-Present)
- Boston Private Value Investors , Equity Research, Equity Research Analyst (2005-2009)
- Pyramid Research, Contract Consultant, Telecom Services (2002-2003)
- Credit Lyonnais Securities (USA), Equity Research, Telecom Services, Vice President (2000-2001)
- Warburg Dillon Read, Equity Research, Telecom Services, Research Associate (1999-2000)
- PaineWebber, Equity Research, Steel and Nonferrous Metals, Research Associate, Editor (1995-1999)