

# DEFENSIVE EQUITY STRATEGY

as of 9/30/2023

**Exencial**  
Wealth Advisors™

## OVERVIEW

The Defensive Equity strategy remains focused on identifying companies with stable operating results and reduced stock price volatility in the broader market.

In Q2 the S&P 500's nearly 9.X% return was mostly driven by growth stocks. While DE was positive for the quarter, it trailed the S&P 500 due to its underweight in IT and Discretionary sectors.

Similarly, to other strategies we are positioned in a more defensive posture waiting for further clarity. We remain overweight high-quality stocks remain underweight recession sensitive sectors like financials, and materials.

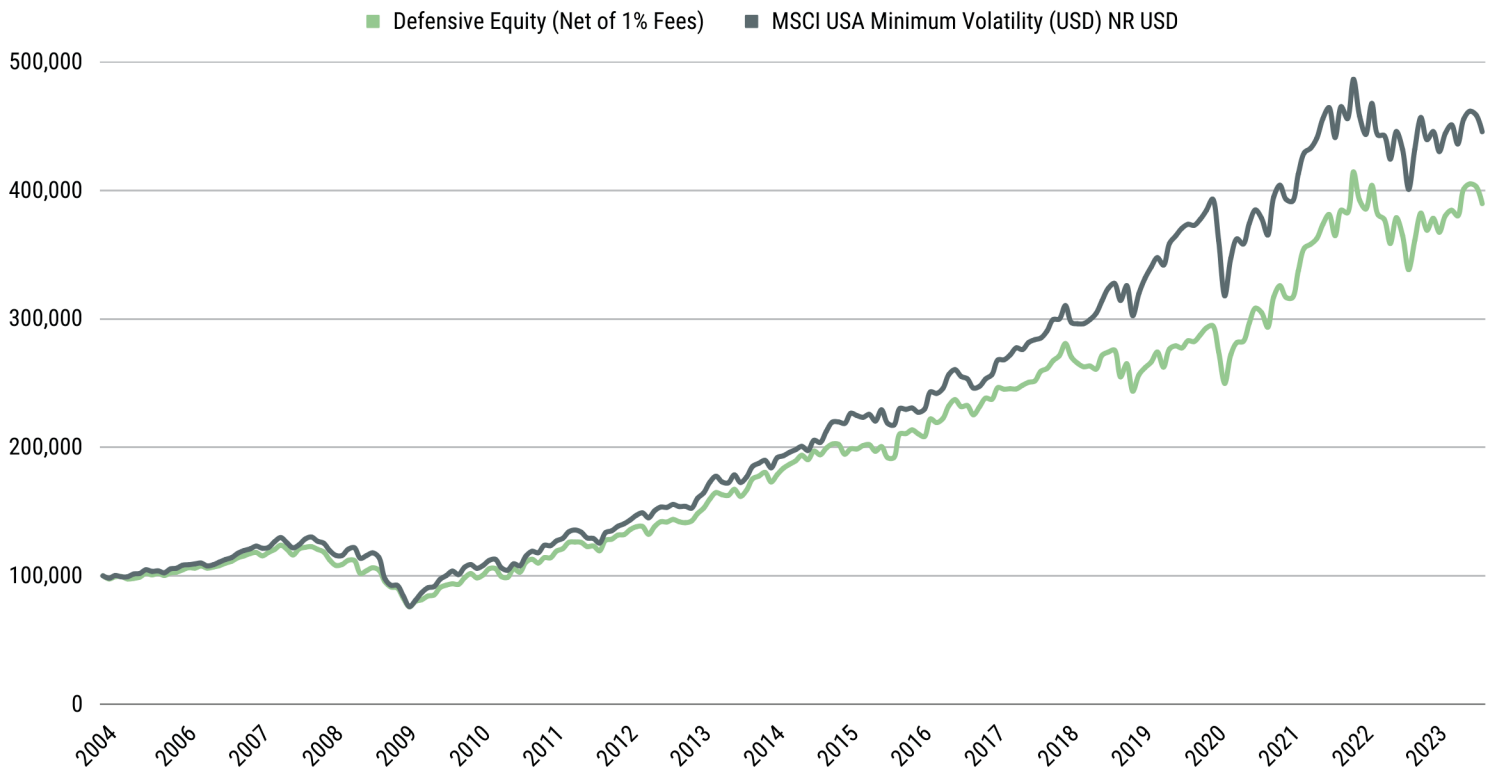
Additionally, we hold cash and have a small position in gold. We exited our position in Boradcom in the quarter as it benefited from good earnings and the AI market theme.

As always, we continue to look for opportunities to upgrade the quality of the portfolio while staying true to our disciplined valuation process.

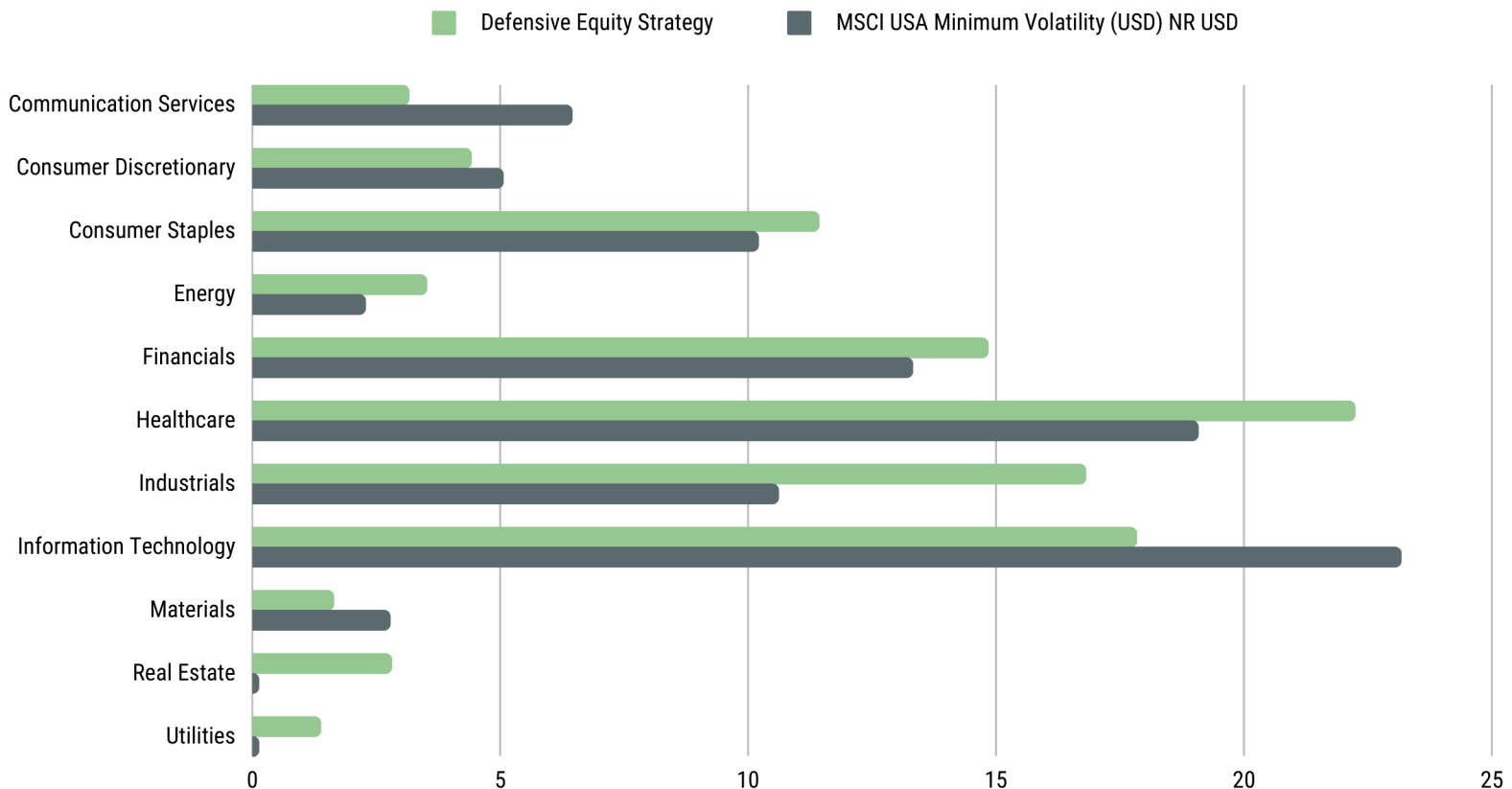


Fidelity@Government Cash Reserves	11.1	Waste Management Inc	3.1
Marsh & McLennan Companies Inc	4.7	AbbVie Inc	2.9
Berkshire Hathaway Inc Class B	4.0	Oracle Corp	2.7
Microsoft Corp	3.9	Amgen Inc	2.7
Costco Wholesale Corp	3.5	Other	58.4
Apple Inc	3.2		

## GROWTH OF \$100,000



## DEFENSIVE EQUITY STRATEGY GICS SECTOR WEIGHTS



## MEET THE TEAM



### PETE TRONTIS, CFA Sr. Portfolio Manager

Pete joined Exencial Wealth Advisors as a portfolio manager for the Enhanced Yield strategy. Prior to joining Willingdon, he was a research analyst for Horizon Investments where he focused on global equity research and supported the firm's trading and performance reporting operations. Prior to Horizon Investments, Pete was a Market Risk analyst for Wells Fargo Securities. He began his career as an analyst for Liquid Credit Products at Bank of America.

Pete holds a BS in Finance and a BS in Economics from DePaul University where he graduated cum laude. He also holds an MBA from Duke University where he graduated in the top 10 percent of his class and was designated a Fuqua scholar. He is a CFA charterholder and a member of the CFA society of North Carolina.



### RANDY FARINA, CFA Sr. Portfolio Manager

Randy joined Exencial as a Senior Portfolio Manager for the Core and International Strategies. Randy has an extensive background in global equities with over 20 years' experience as an analyst and portfolio manager. Randy also has experience in client service partnering with both institutional and retail relationship managers. Before Exencial, Randy was a Portfolio Manager and Analyst for 16 years on the Global Small Cap Team for Putnam Investments. Randy helped implement a structured investment process focusing on intrinsic value. During his tenure at Putnam Randy also developed and managed an apprentice program to train and develop junior analysts. Randy most recently comes from Westwood Global in Boston where he was a Senior Research Analyst focusing on an International Large Cap Strategy.

Randy has a Master of Science in Finance from Boston College and a Bachelor of Science in Business Administration from the University of Massachusetts at Lowell. Randy is a CFA charterholder.

---

## DISCLOSURE

For Internal Fidelity Use Only - Not For Client Distribution

Exencial Wealth Advisors ("Exencial") is an SEC registered investment adviser with its principal place of business in the State of Oklahoma. Any references to the terms "registered investment adviser" or "registered," do not imply that Exencial or any person associated with Exencial has achieved a certain level of skill or training. Exencial and its representatives are in compliance with the current registration and notice filing requirements imposed upon registered investment advisers by those states in which Exencial maintains clients. Exencial may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. This report is limited to the dissemination of general information pertaining to its investment advisory services. Any subsequent, direct communication by Exencial with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Exencial, please contact Exencial or refer to the Investment Adviser Public Disclosure website([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

Past Performance is no guarantee of future results. The information contained herein should not be construed as personalized investment advice. Performance results prior to July 2020 occurred under the management of two other separate investment advisors: Willingdon Wealth Management ("WWM") and Portfolio Capital Management ("PCM"). These portfolio managers were solely responsible for selecting the securities to be bought and sold and were affiliated with an investment advisor other than Exencial. PCM and its strategy, then known as the Enhanced Yield Strategy, was acquired in January 2016 by WWM and at that time became part of WWM and its investment strategies. WWM and its strategies were acquired by Exencial in July 2020 and at that time become part of Exencial and its investment strategies. The investment results prior to July 2020 are based on the performance of the Enhanced Yield Strategy in PCM accounts and the Defensive Equity Strategy in WWM accounts. Exencial now has access to and maintains the records supporting the performance of these accounts from inception to July 2020 and thereafter. From 01/01/2005 through the current month performance is based on the composite return net of fees of accounts invested in what was previously known as the Enhanced Yield Strategy, now known as the Defensive Equity Strategy.

All performance returns reflect the reinvestment of dividends and other earnings and the deduction of Exencial's investment advisory fee. Exencial's investment advisory fees are described in Part 2A of its Form ADV. Clients may also incur other transactions costs such as brokerage commissions, custodial costs, and other expenses which are not reflected in the performance returns. Actual client accounts utilizing the Defensive Equity Strategy may experience different weightings and allocation and as such the performance of a specific individual client account may vary substantially from the Defensive Equity Strategy results. Exencial may depart from its strategic asset class allocations for particular strategies and allocate more or less to any asset class, or to other asset classes, in an attempt to add to the portfolios' overall returns. Exencial makes no representations that the results presented herein reflect the typical experience of an Exencial client nor that current or prospective clients will experience similar results in comparable situations. The Defensive Equity Strategy holdings listed herein do not represent all of the securities purchased, sold, or recommended for clients during the reflected time period. Information on the methodology used to calculate the performance and a list reflecting the contribution of each holding in the Defensive Equity Strategy Composite's overall performance during the time period, is available upon request. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or investment strategy will be profitable or equal the results portrayed herein. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Comparison of the Defensive Equity Strategy to the various indexes set forth above is for illustrative purposes only and the benchmarks have not been selected to represent the most appropriate or comparable benchmark with which to compare the Defensive Equity Strategy performance, but rather to allow for comparison of the Defensive Equity Strategy's performance with well known and widely recognized benchmark indexes. It is not possible to directly invest in an index, as indices are unmanaged, hypothetical vehicles that serve as market indicators and do not account for the deduction of investment management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. The securities held in clients' accounts following a particular strategy and the Defensive Equity Strategy may differ significantly from the securities included in a benchmark index, and the volatility of the securities may differ significantly from that of the benchmark index. A description of each index is available from us upon request. References to specific securities are presented principally to illustrate the firm's investment methodology or approach and are not being referenced to demonstrate Exencial's performance or investment results. Exencial is under no obligation to hold any equity position for any time period and Exencial's current recommendations are subject to change at any time without notice. A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable.

MSCI USA Minimum Volatility (USD) NR is an investment for minimum variance equity strategies. The index reflects a minimum variance strategy applied to U.S. large and midcap companies. The companies are selected based on their provision of the lowest return variance for a given matrix of stock returns. This is calculated using the Barra Optimizer, which centers around mean variance portfolio optimization.

The S&P 500® is widely regarded as the best single gauge of large cap U.S. equities. This index includes the 500 leading U.S. companies and covers approximately 80% of the available equities market cap in the U.S.