

# REVVING UP THE AMP OVERHAUL



**David Moenning**  
Chief Investment Officer

Sowell Management is pleased to announce an important upgrade to the AMP portfolios.

On or before June 30, 2016, the SMS Investment Committee will implement an overhaul of the AMP series. We view the change as a significant upgrade to the portfolios and are excited about the prospects for the future of the programs.

To review, the AMP series, which includes the AMP Bond, Total Return, Income & Growth, Conservative Growth, Balanced, Growth, Global Growth, and Aggressive Growth portfolios, are strategic asset allocation programs, are intended to be the foundation of an investor's portfolio and have been the core of Sowell's offering lineup since 2001.

## WHY OVERHAUL THE AMPS?

The AMPs were originally designed and managed by Bill Sowell. From 2001 – 2010, the AMPs were managed in a strategic fashion with ongoing oversight and occasional opportunistic adjustments provided by the SMS investment committee. Generally speaking, the AMPs did their job well during this 10-year period and helped promote the growth of Sowell Management as a firm.

In 2011, tactical management techniques and an approach referred to as “the endowment model” were introduced to the AMP series. The idea was to give the AMPs the opportunity to manage risk in down markets and to benefit from the broad alternative diversification approach employed by the likes of the Harvard, Stanford, and Yale endowment funds.

However, after careful consideration of the approach, more than a year of analysis, and a fair amount of spirited debate, the investment committee has decided to return the AMPs to their roots and to Mr. Sowell's strategic investing methodology.

The idea behind this investing approach is straightforward. Start with a traditional allocation approach to the major asset classes. After all, academia reminds us that asset allocation is responsible for the vast majority of a portfolio's return. From there, dig deep and identify mutual fund managers that have strong, long-term records of performance against their benchmarks. In our opinion, this is an example of what we call “selection alpha.” Next, monitor the markets and the fund managers and stand ready to “tilt” the allocations when/if major changes occur. Rinse and repeat.

## HIS NAME IS ON THE DOOR

In essence, the AMPs are being returned the strategic allocation approach that put Sowell Management Services on the map. So as CIO, my thinking was, who better to overhaul the AMPs and return them to their roots than the guy whose name is on the building? Thus, I am very pleased to announce that Bill Sowell took the lead on this project. In my humble opinion, Bill did a fine job in the rebuilding of the AMP series and I believe this series of portfolios is ready to shine.

## NO ACTION REQUIRED

It is our intention that the overall risk profile of the models will not change in any meaningful way. And to be clear, there is no action required of you or your clients as the overhaul of the AMPs will be done internally at SMS this month.

## ATTEND THE WEBINAR TO LEARN MORE

We are putting the finishing touches on a special webinar presentation detailing the upgraded AMP models. Look for an invitation later this month.

Here's wishing you green screens in all your investing endeavors,



David Moenning  
Chief Investment Officer