

# BEST IDEAS CONSERVATIVE

## ALL CAP CORE

As of December 31, 2024

**Inception Date:** ..... 5/31/2008  
**Number of Equity Holdings:** ..... 44  
**Benchmark:** 80/20 Blend-Russell 3000/Barclays Aggreg. Bond

**Strategy Description:** The Best Ideas Conservative strategy, with a maximum equity exposure of 80%, consists of Horizon's favorite stocks that Horizon believes offer the best total-return potential over the next 12 months. The equity portion of the portfolio is typically 40% to 65% large-cap stocks and 35% to 60% small and midcap stocks. Initial individual positions are approximately equal-weighted and typically are not allowed to account for more than 5% of an investor's portfolio. Certain sectors are overweighted or underweighted in the portfolio based on opportunities available in individual stocks, although it is unlikely that one sector will account for more than 40% of the total portfolio. The maximum exposure to equities may be reduced based on macro market conditions and the availability of attractive stock opportunities. On the fixed-income side, Horizon focuses on short-term maturity vehicles while building a diversified bond portfolio via low cost open-end mutual funds and ETFs.

**Strategy Methodology:** First, stocks must clear certain threshold scores in Horizon's Quadrix® stock-rating system (usually top quintile) — providing what we believe is a consistent and disciplined approach to evaluating a large opportunity set of stocks. The Quadrix numbers are verified by Horizon to make sure things like outlier effects and other mathematical quirks, that are part of all quant models, are not distorting the numbers. Industry and company prospects are evaluated. This is the "look-forward" piece of the analysis. Quadrix scores are designed to indicate how a company has done. In this step, Horizon tries to project whether the company can continue to replicate its success. The final steps are reconsider valuation and search for a catalyst.

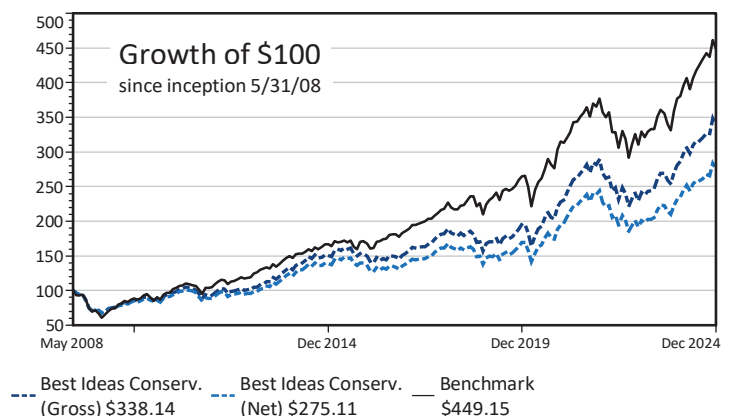
## Portfolio Allocations

Sector	% Equity Assets	Market Capitalization	% Equity Assets
Communication Services	12%	Large Cap	81%
Consumer Discretionary	5%	Midcap	7%
Energy	2%	Small Cap	12%
Financials	17%		
Health Care	2%		
Industrials	15%		
Information Technology	46%		
Utilities	1%		

## Performance Summary

	Annualized				Cum. Since Incept.	Cum. Since Incept.
	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Incept.	Since Incept.
BI Conserv. (Gross)	20.4%	5.4%	11.6%	8.4%	7.6%	238.1%
BI Conserv. (Net)	19.0%	4.0%	10.2%	7.1%	6.3%	175.1%
Benchmark	19.0%	6.0%	11.1%	10.4%	9.5%	349.1%

## Cumulative Return History



## Annualized Statistics (since inception)

	Standard Deviation	Sharpe Ratio
BI Conservative (Gross)	12.5%	0.52
BI Conservative (Net)	12.5%	0.41
Benchmark	13.5%	0.62

## Risk Analysis (vs. Benchmark since inception)

	Alpha	Beta	R <sup>2</sup>	Up Capture	Down Capture
BI Conservative (Gross)	-0.5%	0.87	88%	86%	94%
BI Conservative (Net)	-1.8%	0.87	88%	82%	96%
Benchmark	0.0%	1.00	100%	100%	100%

An investment in this strategy involves the risk of loss. Investment return and principal value will fluctuate so that the investment, when redeemed, may be worth more or less than the original investment.

As a fiduciary adviser, Horizon is legally and ethically bound to act in the best interests of their clients.

The Quadrix® stock-rating system is a proprietary product wholly-owned by Horizon Publishing Company, Horizon Investment Services' sister company. Horizon Investment Services has contracted with Horizon Publishing Company to use the Quadrix stock-rating system for its stock-screening processes. No formula or other device being offered can, in and of itself, be used to determine which securities to buy or sell.

"Number of Equity Holdings" and "Portfolio Allocations" are based on the equity holdings of an actual representative client account invested in the Best Ideas Conservative strategy. The remainder of the account is comprised of fixed-income and money market funds. Other account holdings may differ as a result of market conditions, client restrictions, and any number of other factors.

Portfolio Allocations (Sector and Market Capitalization) may not add up to 100% due to rounding.

Informa Investment Solutions/Zephyr StyleADVISOR is a software program that uses returns-based style analysis to quickly seek to ascertain a manager's style and creates a unique style benchmark that seeks to reflect that style. Source: www.styleadvisor.com. StyleADVISOR annualized returns may differ immaterially from Horizon Fact Sheet returns due to rounding.

### Glossary of Statistics

**Alpha** measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility. If the market's return as measured by an index was equal to the risk-free rate, the manager's expected excess return would be alpha.

**Beta** measures the risk level of the manager. Beta measures the systematic risk, or the return that is attributable to market movements. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Beta is estimated by the slope of the best fit line based on the ordinary least squares regression using the market's quarterly return less the risk-free rate as the independent variable and the manager's quarterly return less the risk-free rate as the dependent variable.

**Down Capture** is a measure of how badly the manager was affected by phases of negative benchmark returns.

**R-Squared (R<sup>2</sup>)** is a statistic that measures the reliability of alpha and beta in explaining the return of a manager as a linear function of the market. It is produced by regression analysis. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

**Sharpe Ratio** is one of two alternative, yet similar, methods of measuring excess return per unit of risk. In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

**Standard Deviation** of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager.

**Up Capture** is a measure of how well a manager was able to replicate or improve on phases of positive benchmark returns.

## Horizon Investment Services, LLC Best Ideas Conservative Composite GIPS® Composite Report

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results				3 Yr. Standard Deviation	
		(USD) (millions)	Number of Accounts	Custom Blended Benchmark	Gross Composite	Net Composite	Composite Dispersion	Custom Blended Benchmark	Composite
2024	316.0	10.2	6	19.0%	20.4%	19.0%	N.A.	15.2	14.0%
2023	258.2	5.4	5 or fewer	21.7%	22.1%	20.6%	N.A.	15.0%	14.0%
2022	224.0	5.0	5 or fewer	(17.8)%	(20.5)%	(21.5)%	0.7%	17.8%	16.9%
2021	281.2	7.4	8	19.8%	26.8%	25.2%	0.8%	14.4%	13.9%
2020	215.3	6.7	9	18.7%	16.9%	15.4%	1.0%	15.6%	15.3%
2019	198.8	6.6	10	26.5%	24.2%	22.6%	1.6%	9.7%	10.5%
2018	193.9	5.6	10	(4.0)%	(13.8)%	(14.8)%	1.2%	8.9%	10.1%
2017	295.5	8.3	14	17.4%	19.0%	17.6%	1.2%	8.0%	8.8%
2016	265.7	7.7	16	10.8%	2.3%	1.0%	0.9%	8.7%	9.8%
2015	320.0	15.5	37	0.6%	(0.5)%	(1.7)%	0.7%	8.5%	9.3%

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Best Ideas Conservative Composite** contains fully discretionary Best Ideas Conservative commission and bundled fee-paying accounts and, for comparison purposes, is measured against a custom blended benchmark of 80/20 Russell 3000 and Bloomberg Barclays U.S. Aggregate Bond Indices, as calculated monthly by Horizon. The Best Ideas Conservative strategy, with a maximum equity exposure of 80%, consists of Horizon's favorite stocks that Horizon believes offer the best total-return potential over the next 12 months. The equity portion of the portfolio is typically 40% to 65% large-cap stocks and 35% to 60% small and midcap stocks. Initial individual positions are approximately equal-weighted and typically are not allowed to account for more than 5% of an investor's portfolio. Certain sectors are overweighted or underweighted in the portfolio based on opportunities available in individual stocks, although it is unlikely that one sector will account for more than 40% of the total portfolio. The maximum exposure to equities may be reduced based on macro market conditions and the availability of attractive stock opportunities. On the fixed-income side, Horizon focuses on short-term maturity vehicles while building a diversified bond portfolio via low cost open-end mutual funds and ETFs. The Russell 3000 Index is an unmanaged total-return index designed to measure the performance of the largest U.S. companies in terms of market capitalization. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged market capitalization-weighted total-return index comprised of U.S.-denominated, investment-grade, fixed-rate, taxable bonds.

Horizon Investment Services, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Horizon Investment Services, LLC has been independently verified for the periods September 1, 2000 through December 31, 2024. A copy of the verification report is available upon request.

A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis.

Verification does not provide assurance on the accuracy of any specific performance report.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Horizon Investment Services, LLC is a registered investment adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm maintains a complete list of composite descriptions, which is available upon request.

The composite performance returns include all fully discretionary active and terminated commission and bundled fee-paying accounts for the strategy and exclude any accounts with significant client-imposed investment restrictions.

The U.S. Dollar is the currency used to express performance. All composite performance returns include the reinvestment of all income. Gross composite performance returns are asset-weighted total-return figures. Beginning in October 2019, gross composite performance returns reflect accounts that do not pay any brokerage commissions. Prior to October 2019, gross composite performance returns were after brokerage commissions paid or the highest asset-based brokerage fee of 0.20%, applied monthly; which include brokerage commissions and custodial service fees, but do not reflect the payment of management fees. Net composite performance returns are further reduced by the highest applicable annual management fee of 1.25%, applied monthly. Prior to October 2019, bundled accounts paid a fee based on a percentage of assets under management which includes all charges for trading costs, portfolio management, custody, and other administrative fees. The annual composite dispersion presented is equal-weighted standard deviation of gross returns calculated for the accounts in the composite the entire year. The 3-year standard deviation is the equal-weighted ex-post standard deviation of gross returns annualized over three years. Policies for valuing investments, calculating performance, and preparing GIPS® Reports are available upon request.

The investment management fee schedule for the composite is 1.25% on the first \$2 million, 1.10% on the next \$2 million, 0.95% on the next \$2 million and 0.80% on the remainder. Actual investment advisory fees incurred by clients may vary depending on fee schedule and portfolio size. Management fee schedules are available upon request or may be found in Part 2A of Horizon Investment Services' Form ADV.

The Best Ideas Conservative Composite was created and inceptioned May 31, 2008.

Past performance is no guarantee of future results.