MEEDER INVESTMENT MANAGEMENT

MEEDER'S TACTICAL UPDATE

Despite Market Correction and Uncertainty, Meeder IPS Continues to be Positive

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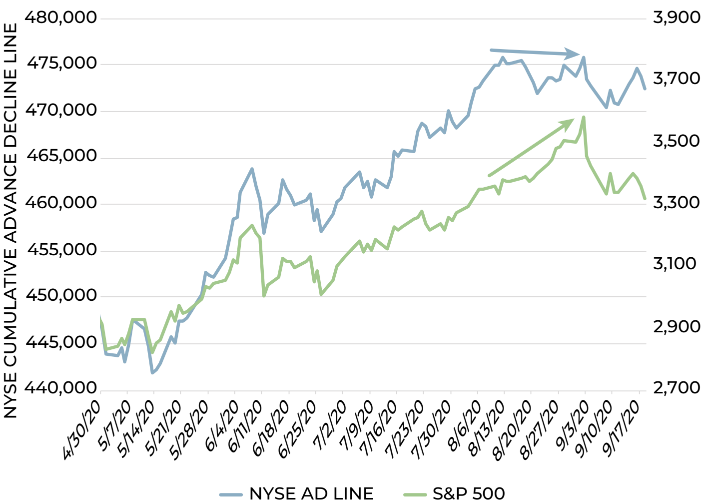
KEY TAKEAWAYS:

- Reduced expectations of fiscal stimulus from Congress and the upcoming presidential elections led to an increase in stock market volatility in September. We anticipated the potential for increased volatility in late August following concerns over market breadth, and slightly reduced our equity exposure in the tactical portion of our portfolios.
- However, despite these uncertainties, recently our IPS model indicates an improvement in the risk/reward relationship of the stock market.
- Long-term market trends, bearish sentiment, and a favorable valuation of stocks versus bonds have historically been a tailwind for stock prices.
- Looking forward, we have positioned our portfolios to be overweight stocks, increasing exposure slightly during the sell-off in September.

1. WE REDUCED OUR EQUITY EXPOSURE IN LATE AUGUST, EARLY SEPTEMBER

EXHIBIT A: MARKET BREADTH NARROWED AS THE S&P 500 MADE NEW HIGHS IN AUGUST



Source: Bloomberg

Our Meeder IPS model picked up on a narrowing of stock market breadth as we approached the highs in the S&P 500 Index in early September. The New York Stock Exchange (NYSE) Cumulative Advance/Decline line made a lower high as the S&P 500 made a new high. This is commonly referred to as a negative market breadth divergence and indicates that there were fewer stocks participating in the late August, early September rally. This type of development often takes place towards the end of an uptrend, as the internal strength of the trend weakens. The narrowing participation that led to this divergence is illustrated in Exhibit A. Another point of interest is how a handful of technology stocks have impacted the performance of the S&P500 Index so far this year. In fact, as Exhibit B shows, removing just the top 5 stocks (AAPL, MSFT, AMZN, FB, GOOGL) from the S&P 500, produced returns of just +1.00% vs +10.70% for the S&P 500 as of September 2, 2020.

EXHIBIT B: FIVE LARGE-CAP TECHNOLOGY STOCKS HAVE BEEN RESPONSIBLE FOR A MAJORITY OF THE S&P 500'S GAINS

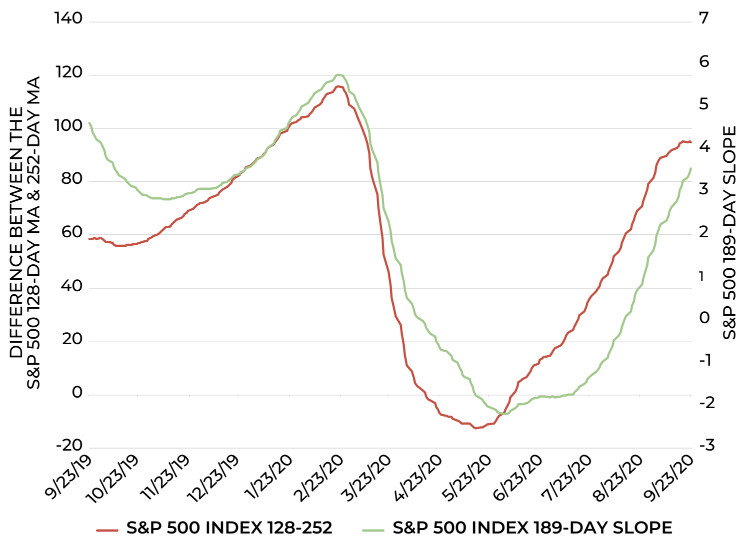
S&P 500 PERFORMANCE 1/1/2020 TO 9/2/2020	
S&P 500	10.70%
ex. Top 5	1.00%

Source: Bloomberg

Based upon the Meeder IPS model, we reduced our equity exposure in the tactical portion of our portfolios from 91% to 80% in late August, early September. Our reduction turned out to be productive, as the S&P 500 experienced nearly a 10% correction from its highs, as of September 23, 2020.

2. LONG-TERM TRENDS, SENTIMENT AND VALUATIONS CONTINUE TO INDICATE A FAVORABLE RISK/ REWARD RELATIONSHIP FOR THE STOCK MARKET

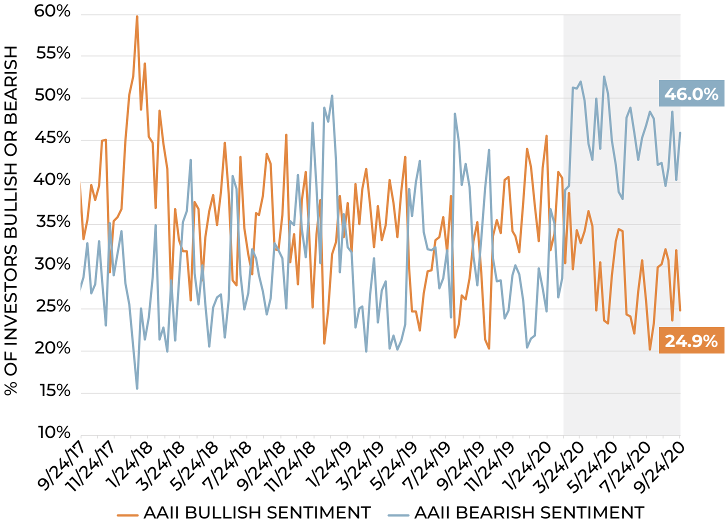
EXHIBIT C: LONG-TERM TRENDS IN THE STOCK MARKET REMAIN FAVORABLE



Source: Bloomberg

While the S&P 500 and NASDAQ indices experienced declines of nearly 10% and 12% respectively, over the three weeks ending September 23, 2020, our long-term trend indicators remain positive. Exhibit C illustrates two examples, the S&P 500 128-day/252-day moving average crossover and the S&P 500 189-day price slope. Both demonstrate that the longer-term bull market trend, which started approximately 6-months ago, remains in place.

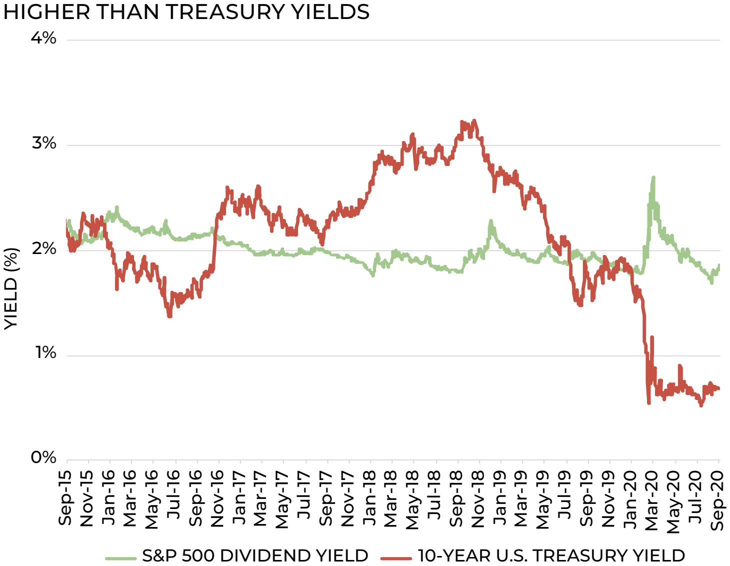
EXHIBIT D: INDIVIDUAL INVESTORS REMAIN VERY BEARISH



Source: American Association of Individual Investors

Irrespective of the last six months historic stock market gains, individual investor sentiment remains very bearish. As shown in Exhibit D, the AAII Sentiment survey indicates that 46% of individual investors are bearish, which is nearly two times the percentage that are bullish (24.9%). Incredibly, the percentage of respondents that are bearish has been greater than the percentage that are bullish for a record 31 consecutive weeks, as illustrated by the shaded portion of the chart it Exhibit D. Historically, from a contrarian point of view, when this survey reaches bearish extremes, it has often signaled a more positive stock market environment.

EXHIBIT E: DIVIDEND YIELDS ON STOCKS ARE CONSIDERABLY HIGHER THAN TREASURY YIELDS

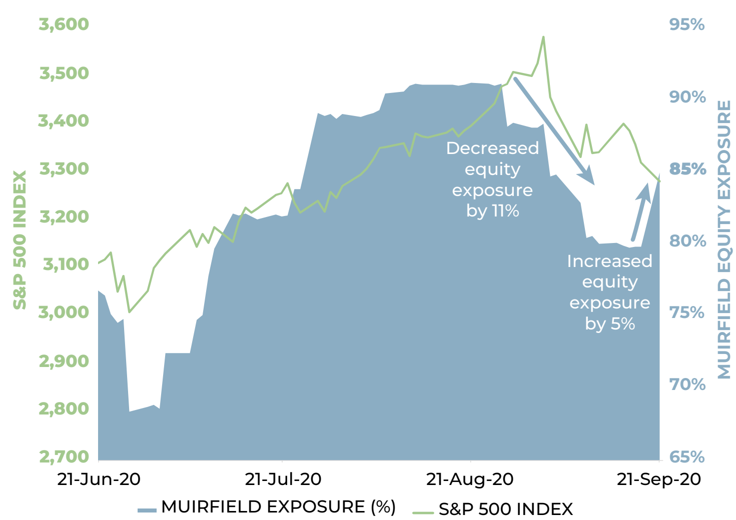


Source: Bloomberg

Finally, when evaluating the current interest rate environment, stock valuations are still attractive. As illustrated in Exhibit E, the S&P 500 dividend yield sits at 1.9%, while the 10-Year Treasury yield is below 0.7%. The spread between these two investments is near historic levels, which currently favors stocks over bonds.

3. RECENTLY WE INCREASED OUR EXPOSURE TO STOCKS

EXHIBIT F: MUIRFIELD EQUITY EXPOSURE AND THE S&P 500 INDEX



Source: Bloomberg

We monitor our Meeder IPS model on a daily basis to determine the equity allocation of the tactical portion of our portfolios. Due to a recent improvement in the Meeder IPS, we increased our equity exposure in the tactical portion of our portfolios to 85%, as of September 23, 2020.

The Meeder Investment Positioning System (IPS) is used to guide the investment of Meeder's tactically managed mutual funds, including the Meeder Muirfield, Balanced, Spectrum, Moderate Allocation and Conservative Allocation funds, as well as tactically managed investment portfolios. The strategy guides the allocation of each product's equity sleeve, but the actual proportion of equity investments will vary depending on the investment objectives of the fund or portfolio.

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