

# HCM-BuyLine Alpha

**Alpha:** A measure of performance, indicating when strategy, trader, or portfolio manager has managed to beat the market return over some period.

The HCM-BuyLine Alpha is an enhanced and accelerated version of our original proprietary **stoploss** tool developed in 1994, the HCM-BuyLine®. The HCM-BuyLine Alpha is an evolution from a one system model to a multi-system model driven by mathematical market ratios and historical data. Designed to be a shorter-term indicator that reacts much quicker to market movement, the HCM-BuyLine Alpha allows us to compete effectively against computerized platforms while driving productivity, efficiency, and profitability in ever-changing markets.

Our foundational HCM-BuyLine® was designed as an intermediate-term indicator and has demonstrated a high degree of accuracy. It is still a valuable indicator tool and will continue to be an integral part of our overall system.

HCM-BuyLine®	HCM-BuyLine Alpha
One system model	Multi-system model
Intermediate-term indicator	Shorter-term indicator
Market dependent	System dependent



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HCM Indicators. The HCM-BuyLine® and the HCM- BuyLine Alpha (the "Indicators") are proprietary indicators used to assist in determining when to buy and sell securities. When the Indicators identify signs of a rising market, HCM then identifies the particular security(ies) that HCM believes have the best return potentials in the current market from the universe of assets available in each given model and signals to invest in them. When the Indicators identify signs of a declining market, the Indicators signal to move clients' investments to less risky alternatives. Not every signal generated by the Indicators will result in a profitable trade. There will be times when following the Indicators results in a loss. An important goal of the Indicators is to outperform the market on a long-term basis. The reason is the mathematics of gains and losses. A portfolio which suffers a 30% loss takes a 43% gain to return to the previous portfolio value. The Indicators are a reactive in nature, not proactive. They are not designed to catch the first 5–10% of a bull or bear market. Ideally, they will avoid most of the downtrends and catch the bulk of the uptrends. There may be times when the use of the Indicators will result in a loss when HCM re-enters the market. Other times there may be a modest positive impact. When severe downtrends occur, however, such as in 2000-2002 and 2007-2008, the Indicators have the potential to make a significant difference in portfolio performance. Naturally, there can be no guarantee that the Indicators will perform as anticipated. The Indicators do not generate stop-loss orders that automatically sell securities in the portfolio at a certain price. As a result, use of the Indicators will not necessarily limit your losses to the desired amounts due to the limitations of the Indicators, market conditions, and delays in executing orders.

Please remember to contact HCM, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. Please Note: Unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective. A copy of our current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request. LASS.B.BA.0319. HCM 312 (04/2019)