FREEDOM WEALTH ALLIANCE

Highlights

- Volatility quickly shifted higher in Q1.
- Global economy and corporate profits anticipated to remain strong in 2018.
- Political uncertainty may persist but need to focus on economic and corporate fundamentals.
- We prefer to remain selective, diversified and hedged across our FWA actively managed portfolios.

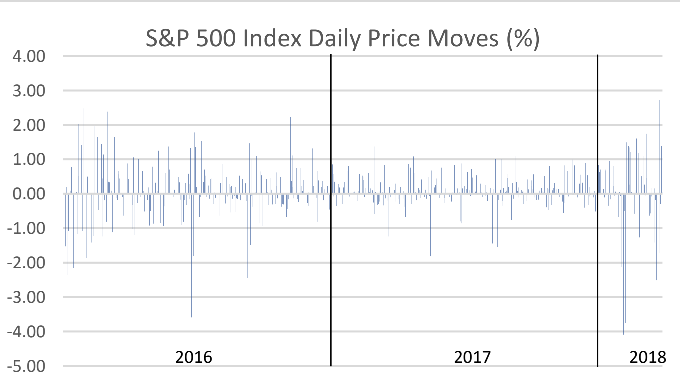
Commentary

Volatility Returns to the Global Markets

In our last quarterly commentary, we indicated that the low volatility of 2017 was abnormal and should not be expected to persist. In early January, volatility remained low and global equity markets rallied, leading to new market highs in the U.S. Then in late January, volatility increased, and equity markets started to quickly decline. The S&P 500 Index declined more than 10%[1] over a two-week period. Although the depth of the sell-off was within historical norms, the speed of the sell-off was notable. Despite the Q1 volatility, the S&P 500 Index declined less than 1%[1], including dividends, for the full quarter.

In our opinion, the market decline may have been driven by a culmination of negative factors that had been building. These factors included extended market valuations, rising interest rates, heightened geopolitical risk, trade uncertainty, reversals of over-leveraged volatility trades, and profit-taking following a strong 2017.

The chart below shows the daily price movement of the S&P 500 Index since 2016. As you can see, volatility was muted in 2017 but was much higher in 2016 and in Q1 this year. We believe investors should continue to anticipate elevated levels of volatility going forward.



Source: Morningstar Direct; FWA Analysis. Dates: 1/1/2016-3/31/2018.

Bond Markets Also Weak to Start the Year

Bond markets also declined in the first quarter. The Bloomberg Barclays U.S. Aggregate Bond Index, a measure of higher quality, intermediate-term bonds, was down roughly 1.5%[1] on a total return basis in Q1. Short-term interest rates are anticipated to move higher as the Federal Reserve continues to reduce monetary stimulus. This may put downward pressure on bond prices in the near term, but higher interest rates can result in higher future returns for longer-term bond investors.

Short-Term Market Volatility vs. Changing Fundamentals

Market volatility over the short term (days, weeks, months), may not have much of an actual correlation to the underlying fundamentals of the economy or corporate earnings. The market can move in any direction in the short term, often driven by attention-grabbing news headlines, short-term traders moving the market or just typical market liquidity dynamics.

Fundamentals generally do not materially change over a short period of time. We believe that the recent pickup in volatility may just be the market slowly catching up with some of the valuation and fundamental issues we had been cautious about for some time.

Markets Attempt to Discount the Future, Not the Past

In our view, the strong global equity market performance and low volatility last year was partially based on the anticipation of U.S. tax cut benefits and a continuation of synchronized global economic growth through 2017 and 2018. Now that the U.S. tax bill has been passed and last year's global growth manifested as anticipated, markets will attempt to discount what may happen to the economy and corporate profits going forward.

From our perspective, we do not believe the environment over the next few years will be as strong has it has been over the last few. We believe global economic and corporate profitability growth can continue through 2018, but the pace may start to slow in 2019 and 2020. As a result, we anticipate equity market returns could be lower going forward.

Global Economy and Corporate Profits Continue to Expand

Although market volatility has increased, the underlying economic and corporate fundamentals did not materially change since the start of the year, in our opinion. We believe the economic backdrop remains solid in the near term and positive momentum can continue throughout 2018.

Based on the most recent U.S. GDP projections from the Federal Reserve[2] and the Wall Street Journal Economic Forecasting Survey[3], we believe U.S. GDP can grow between 2-3% in 2018. Corporate earnings are also anticipated to be solid this year. According to analysts' estimates compiled by FactSet[4], earnings growth for companies in the S&P 500 Index could exceed 15% for the year.

We believe this is a favorable environment for risk assets, but we also anticipate periods of significant volatility that investors will need to be prepared for.

U.S. Equity Market Valuations Slightly Less of a Concern

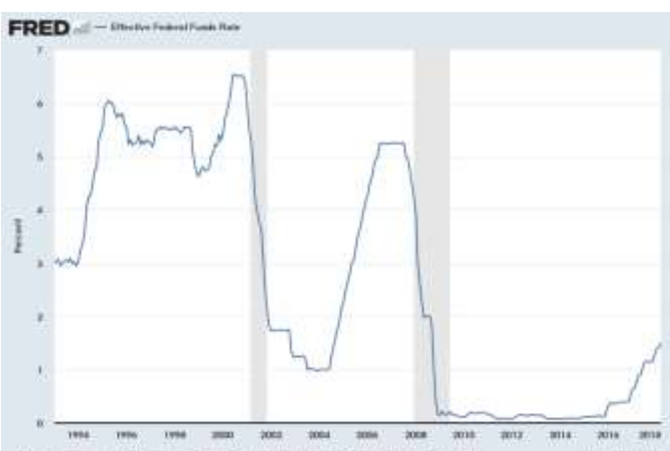
As we indicated in our Insights & Opinions piece, "Why the U.S. Equity Market Appears Overvalued" dated January 22, 2018, we believed that the U.S. equity market was extended from a valuation perspective and that investors should be prepared for increased volatility.

Following the sell-off in U.S. equity markets in Q1, the level of overvaluation was reduced, in our view. If corporate earnings accelerate as quickly as analysts are anticipating this year and equity market performance lags earnings growth, valuations may become more reasonable.

Reduction of Central Bank Liquidity May Slow Global Growth

With the U.S. economy on solid footing and unemployment levels relatively low, the Federal Reserve is anticipated to continue to raise short-term interest rates and reduce its U.S. bond purchases over the next two years.

Looking back at the prior two Fed rate hike periods in the graph[5] below, short-term interest rates are currently well below the prior rate peaks. This indicates that we are still in an accommodative monetary environment.



According to the latest projections from members of the Federal Reserve, the median forecast of the Federal funds rate at year-end of 2020 is 3.4%[2]. Going forward, the Fed will need to balance its desire for normalized monetary policy while trying to maintain stability in the U.S. economy.

Many countries outside of the U.S. have also experienced stronger economies over the last couple of years, supported by unprecedented liquidity provided by global central banks. Investors need to pay close attention to foreign central banks' desires to normalize their own monetary policies and the resulting impact on global markets due to a reduction in monetary accommodation. It remains to be seen whether the U.S. and foreign economies will be able to withstand higher interest rates and less market liquidity going forward.

Changes in Trade Policies Adds to Uncertainty

We believe recent market volatility has been at least partially driven by investor uncertainty around U.S. foreign trade policy and the potential impact to the economy, corporate earnings and international relations.

Trade policy uncertainty can drive market volatility, but the actual impact of trade policies is often difficult to assess. One must analyze the potential short- and long-term effects, the magnitude of those effects, who benefits, who might be worse off, and what the unintended consequences might be. Unfortunately, it can take years or even decades to understand the real impact of trade policies.

Many companies develop longer-term business plans to manage their businesses profitably within the constraints of laws and regulations. It may take some companies years to source goods and services from around the world at an attractive cost and sell finished goods and services to their customers for a profit.

International business decisions generally assume stable trade policies. If trade policies change, total costs for a company may increase in the short term due to tariff implementations, government restrictions on suppliers/customers, or the inefficiencies created from the time and effort needed to understand and adjust to the new policies. If these costs are high enough, they can lead to lower corporate profitability and can negatively impact equity and corporate bond markets.

We are hopeful that government officials can continue to work towards fair trade deals, but investors should be cognizant of the potential for continued market volatility should negotiations turn into a series of retaliations.

November U.S. Elections Could Add to Volatility

As the year progresses, we believe that market participants may increase their focus on the November mid-term elections for the U.S. House of Representatives. If investors believe a change in leadership from Republicans to Democrats may be possible, market volatility could start to pick up as the election nears.

Political uncertainty can often drive short-term market volatility, but it will be important for investors to look through the uncertainty and focus their efforts on the viability and strength of the economy and corporate earnings at that time instead.

Investment Strategy

Anticipate Higher Volatility but Maintain Risk Asset Exposure

Our Freedom Wealth Alliance (FWA) actively managed portfolios have been positioned in anticipation of higher volatility and we believe this volatile environment may continue. The global economy and corporate earnings appear to remain on solid footing for the moment, thus exposure to equities and credit remains appropriate, in our opinion.

Cautious on U.S. Equity Valuations; Selective Across Risk Assets

We remain cautious on U.S. equities due to historically high valuations, but a solid economy and strong corporate earnings growth can support the market. We do continue to see some opportunities in international equities, U.S. financials, energy infrastructure and emerging markets debt. These areas can be somewhat volatile, but we believe they offer value for patient investors at this time.

Navigating Rising Interest Rates and Stretched Credit Markets

We anticipate that the Federal Reserve will continue to raise interest rates this year, which can put downward pressure on bond prices. In addition, we believe corporate credit valuations are a bit stretched, so caution is warranted. While we have some concerns with the bond markets, we do not believe this means that investors should avoid bonds.

Bonds have historically acted as a buffer to equities and other risk assets in a market downturn. For this reason, we believe bonds are appropriate across most portfolios for diversification purposes.

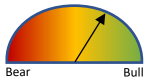
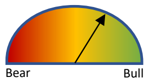
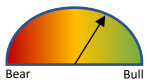
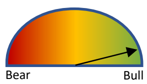
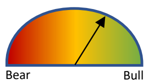
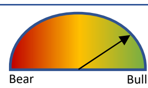
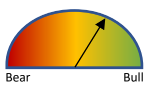
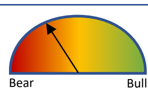
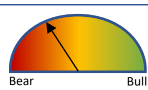
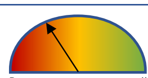
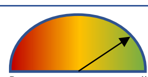
In our FWA actively managed portfolios, we are allocating to tactical bond managers that we believe can navigate the rising interest rate and overvalued credit environment in a more effective manner than a passive bond indexed approach.

Prefer to Remain Diversified and Hedged

In the current market environment, we prefer taking a diversified and hedged approach in the FWA actively managed portfolios. Depending on the investment style of the portfolio, we may hedge portfolios by raising cash, allocating to conservative asset classes, incorporating alternatives, or utilizing a combination of strategies.

We believe this approach may help us protect portfolio value if equity markets enter a prolonged, deeper sell-off than what we have experienced thus far. If markets provide us with attractive entry points, we will be willing to reduce our hedges and add more risk to the portfolios.

FWA INVESTMENT COMMITTEE VIEWPOINTS

Asset Class	Bear ← → Bull	Viewpoints
Risk Assets		A growing global economy is supportive of risk assets, but we are cautious of a potential slowdown in subsequent years. Valuations in the U.S. remain a bit stretched, thus reduced exposure may be appropriate at this time.
U.S. Equities		U.S. enjoying solid economic growth and strong confidence levels, with monetary and fiscal policy still supportive. Valuations appear to be stretched in aggregate, which could result in below average returns going forward. Consider areas of the market sensitive to economic growth with better valuation profiles, such as financials and energy infrastructure.
Foreign Developed Equities		European and Japanese economies continue to expand, and equity valuations remain attractive relative to the U.S. Less bullish on foreign currency appreciation as the dollar has already weakened from its highs. Europe is still dealing with geopolitical uncertainty, and Japan is trying to manage through long-term structural deflationary forces.
Emerging Market Equities		Emerging markets continue to enjoy economic tailwinds. Emerging market valuations appear attractive, relative to developed markets. Select emerging market currencies may add to performance. Need to accept higher potential volatility in this space for higher potential returns.
High Yield Bonds		Defaults are low but we believe yields and spreads have priced this in. Prefer to be a bit defensive. High yield bonds can often act as a lower volatility, higher income diversifier to U.S. equities.
Emerging Markets Debt		Continue to see opportunities in emerging market bonds, with added return potential from emerging market currencies.
Commodities		WTI Crude Oil prices have stabilized around $60+/bbl. for the moment but could go higher over time as oil markets continue to rebalance. Continued economic growth could support inflation-sensitive industrial metals.
Conservative Assets		Cautious on interest rate risk. Interest rates could gravitate higher as the U.S. Federal Reserve reduces monetary support. Bonds may still remain an effective diversifier to risk assets in a rising rate environment.
U.S. Government Bonds		Longer-term government bonds have higher embedded interest rate risk. Prefer to have less interest rate exposure. Anticipate shorter-term rates to move higher, which increases the attractiveness of the space over time.
U.S. Corporate Bonds		Investment grade corporate bonds are trading at historically high valuations, but default rates anticipated to be low. Consider shorter-term medium quality bonds.
Other		Due to above average valuations across a number of asset classes, consider alternative strategies to diversify portfolios.

FWA INVESTMENT COMMITTEE

Eric Kulwicki, CFA
Senior Portfolio Manager
As the Senior Portfolio Manager, Eric leads the Freedom Wealth Alliance Investment Committee to determine investment strategy, drive research and construct multi-asset portfolios with a focus on managing risk for clients.

Kurt Rozman
President
Kurt is the President of Freedom Wealth Alliance, a full service and fast growing financial services firm founded in the Midwest. Kurt has spent over 25 years of his professional career managing a variety of tactical investment strategies for clients.

Shawn Hittman
Advisor
Shawn has been conducting in-depth analysis of the financial markets and building model portfolios for nearly 20 years. Shawn advises on macroeconomic trends and assesses where potential values and risks exist in the markets.

FREEDOM WEALTH ALLIANCE MANAGED PORTFOLIOS

FLEXTREND PORTFOLIOS

The FWA FlexTrend portfolios are diversified, multi-asset portfolios, with a tactical overlay driven by market trend analysis. Positions are generally initiated and maintained in positively trending markets across asset classes, but sold when momentum and trends change. FlexTrend portfolios may underperform in flat or choppy market environments. These portfolios may hold a significant amount of cash in large market drawdowns attempting to protect capital. The FWA FlexTrend Simple Allocation Solutions (SAS) portfolios typically hold fewer positions and are generally less tactical than the core FlexTrend portfolios.

FLEXTREND

Performance Review

In Q1, the FlexTrend portfolios were flat to lower as equity and bond markets declined. As volatility increased, we became more defensive across the portfolios and reduced equity exposure accordingly. Key positive contributors to performance in the quarter included exposure to U.S. growth stocks, tactical U.S. and international equity managers, emerging market equities, and tactical bond managers. Key detractors from performance included exposure to an international value equity manager and a tactical credit manager.

Risk Assets

- In January, as equity markets rallied strongly, we increased our exposure to U.S. small and mid-cap equities across the portfolios. As equity markets started to decline throughout the quarter, we significantly reduced our equity exposure across U.S. and international equities, as well as our dedicated positions in U.S. financials and energy infrastructure. Proceeds from these sells were reallocated to cash and fixed income positions.
- Due to negative price trends, weak momentum and lack of strong upside volume, we remain defensively positioned and significantly underweight risk assets. We will be willing to increase equity exposure in the portfolios should markets revert to a more positive trending environment.

Conservative Assets

- As credit markets sold off in February we sold our positions in high yield and emerging markets debt and reallocated proceeds to cash.
- We remain overweight tactical bond managers in an attempt to hedge interest rate sensitivity and to provide global diversified bond exposure.
- We maintain an elevated level of cash and fixed income exposure across the portfolios in an attempt to protect value and reduce volatility in this uncertain market environment.

FLEXTREND SAS

Performance Review

The FlexTrend SAS portfolios generated mixed performance in Q1 as our more aggressive portfolios generated slightly positive total returns, while our moderate and more conservative portfolios generated negative total returns. Key positive contributors to performance included exposure to a tactical U.S. equity manager, a tactical international equity manager and a managed futures manager. Key detractors from performance included our tactical positioning in U.S. equities and the allocation to a tactical bond manager.

Risk Assets

- In January, as risk assets rallied to start the year, we increased our exposure to U.S. small cap equities in our Aggressive portfolio. When equity markets started to show signs of weakness in February, we reduced our U.S. equity exposure across the Aggressive, Moderately Aggressive and Moderate portfolios. Proceeds were reallocated to cash.
- Continue to like international equities through exposure from a multi-asset manager and a tactical international manager.
- Maintain a position in managed futures in an attempt to hedge potential downside risk.

Conservative Assets

- Overweight cash in our Moderate, Moderately Aggressive and Aggressive portfolios due to lack of strong upside potential in equity markets.
- Overweight tactical credit manager to help reduce credit risk in a deeper credit market decline.

GLOBAL OPPORTUNITIES PORTFOLIOS

The FWA Global Opportunities portfolios are diversified, multi-asset portfolios. Tactical adjustments are driven by forward-looking, value-oriented, fundamental analysis. The investment style tends to be contrarian in nature, becoming more defensive in what we believe to be overvalued markets, and more aggressive in undervalued fear-driven markets. Portfolios will generally remain fully invested, with minimal cash balances. May underperform in overvalued, momentum-driven markets. The FWA Global Opportunities Simple Allocation Solutions (SAS) portfolios typically hold fewer positions and are generally less tactical than the core Global Opportunities portfolios.

GLOBAL OPPORTUNITIES

Performance Review

In Q1, the Global Opportunities portfolios generated negative total returns as equity and bond markets declined. Key positive contributors to performance included exposure to the financials sector, emerging market equities, emerging markets debt, alternative strategies and tactical bond managers. Key detractors from performance included exposure to the energy infrastructure sector, international value equity managers and high yield bond managers.

Risk Assets

- Increased exposure to emerging markets equities in February as valuations become more attractive following the market decline. We sourced capital for the purchase by selling out of a U.S. long/short equity manager.
- Adjusted exposure to the energy infrastructure sector in March, by reallocating from a passive energy MLP index position, to a more flexible, actively managed energy infrastructure fund. We believe this reallocation may better position the portfolio to take advantage of the changing U.S. energy infrastructure space going forward.
- Underweight U.S. equities due to what appear to be elevated valuations.
- Maintain dedicated exposure to U.S. financials as valuations and fundamentals appear attractive.
- Overweight to international equities due to foreign economic growth with valuations that appear attractive relative to the U.S.
- Remain allocated to alternative strategies in an attempt to diversify the portfolios and manage downside risk.

Conservative Assets

- Overweight tactical bond managers to help reduce interest rate sensitivity and provide global diversified bond exposure.

GLOBAL OPPORTUNITIES SAS

Performance Review

The Global Opportunities SAS portfolios generated negative total returns in Q1 as equity and bond markets declined. Key positive contributors to performance included exposure to a global multi-asset manager and to tactical bond managers. The key detractor from performance was our position in a multi-asset income portfolio, which underperformed as income-sensitive asset classes declined in the rising interest rate environment.

Risk Assets

- In January, we made a few adjustments across our Global Opportunities SAS portfolios that we believe increased diversification across the portfolios. This included the addition of equity, multi-asset, alternative and bond strategies across portfolios that we believed could benefit from the diversification.
- Slightly reduced exposure to a multi-asset income manager and reallocated to a multi-asset value manager. We believe this will slightly reduce the portfolios' exposure to U.S. equities and credit, where valuations remain a bit stretched, and increase exposure to potential opportunities in non-traditional asset classes, including emerging markets and commodities.
- Remain underweight U.S. equities due to what we believed to be elevated valuations.
- Overweight higher income generating assets in an attempt to provide additional stability in the portfolios.
- Overweight diversifying multi-asset and alternatives managers in an attempt to provide diversification and downside protection in a deeper market sell-off.

Conservative Assets

- Overweight tactical bond managers to help reduce interest rate sensitivity and provide global diversified bond exposure.

GLOBAL HIGH INCOME PORTFOLIOS

The FWA Global High Income portfolios primarily invest in high income generating assets. This can include investment grade bonds, high yield bonds, dividend-paying stocks, emerging markets debt, real estate securities and MLPs. Tactical adjustments are driven by forward-looking, value-oriented, fundamental analysis.

Performance Review

The Global High Income portfolios generated negative total returns in Q1 as income-sensitive equity and bond markets declined. Key positive contributors to performance included exposure to short-term high yield bonds, emerging markets debt and tactical bond managers. Key detractors from performance included exposure to energy MLPs, global high yield bonds and global dividend-paying equities.

Risk Assets

- Maintain position in energy MLPs due to attractive valuations, improving fundamentals and above average income generation.
- Prefer global dividend equity manager as international equities appear attractive, relative to core U.S. equities.
- Maintain position in emerging markets debt as valuations and opportunities appear more attractive than developed market bonds.

Conservative Assets

- Overweight credit-oriented bond managers to target higher yields in what appears to be a stable credit market at this time.
- Overweight tactical bond managers in an attempt to hedge interest rate sensitivity and provide global diversified bond exposure.

CAPITAL PRESERVATION PORTFOLIO

The FWA Capital Preservation portfolio is constructed in a conservative manner. The portfolio is primarily invested in higher quality fixed income investments. The portfolio is constructed to be less volatile relative to the Conservative benchmark. The portfolio may underperform the benchmark in strong risk-led markets, but may help protect value when risk markets are challenged.

Performance Review

The Capital Preservation portfolio generated negative total returns in Q1 as bond markets declined. Key positive contributors to performance included the underweight to higher interest rate-sensitive bonds and an overweight to tactical bond managers. Key detractors from performance included exposure to shorter-term corporate bonds and intermediate-term higher quality bonds.

Conservative Assets

- Overweight shorter-term bonds to help reduce interest rate sensitivity in the portfolio.
- Overweight tactical bond managers in an attempt to hedge interest rate sensitivity and provide global diversified bond exposure.

ALL EQUITY PORTFOLIO

The FWA All Equity portfolio is allocated across actively managed and passive equity strategies. Tactical adjustments are driven by forward-looking, value-oriented, fundamental analysis. Portfolios will generally remain fully invested, with minimal cash balances. This portfolio is suited for investors who are willing to take on higher potential risk for higher potential longer-term returns.

Performance Review

The All Equity portfolio generated negative total returns in Q1 as global equity markets declined. Key positive contributors to performance included exposure to the financials sector, a core global equity manager, a global growth equity manager and an overweight to emerging markets. Key detractors from performance included exposure to a global dividend-focused manager, a global value equity manager and international small caps.

Risk Assets

- Overweight to international equities via exposure to global equity managers and an international small cap manager.
- Adjusted exposure to the energy infrastructure sector in March, by reallocating from a passive energy MLP index position, to a more flexible, actively managed energy infrastructure fund. We believe this reallocation may better position the portfolio to take advantage of the changing U.S. energy infrastructure space going forward.
- Maintain positions in financials and energy infrastructure due to relatively attractive valuations and what we believe to be improving fundamentals.

PASSIVE ALLOCATION PORTFOLIOS

FWA Passive Allocation portfolios provide exposure to broad equity and fixed income markets, utilizing passive, lower-cost investment options. Portfolios are not tactically managed and are fully invested to the target allocation.

Performance Review

The Passive and Passive SAS portfolios generated negative total returns in Q1 as equity and bond markets declined. The portfolios continue to track their benchmarks within ranges that we believe to be acceptable.

In January, we implemented a limit on the maximum allocation to any one position in the portfolios. For those positions above the maximum position size, we split the allocation into two different positions, each passively tracking a similar index. These changes impacted both equity and/or bond positions, depending on the portfolio. We do not believe these changes materially impacted the passive asset class exposures across the portfolios.

SOURCES

1. Morningstar Direct. Data as of 3/31/18.
2. Advance Release of Table 1 of the Summary of Economic Projections, Federal Open Market Committee, retrieved from https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20180321.htm, April 3, 2018
3. Economic Forecasting Survey, The Wall Street Journal, retrieved from http://projects.wsj.com/econforecast, April 3, 2018.
4. “Earnings Insight”, FactSet, March 29, 2018.
5. Board of Governors of the Federal Reserve System (US), Effective Federal Funds Rate [FEDFUNDS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/FEDFUNDS, April 2, 2018.

DEFINITIONS

S&P 500® Index: The S&P 500® Index is an unmanaged, market cap-weighted stock market index of 500 companies across a number of industries. The index is often used as a broad representation of the common stocks of the largest publicly-traded companies in the United States.

Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index that measures investment grade, U.S. dollar-denominated, fixed rate taxable bonds.

High Yield Bonds: High yield bonds refer to securities that are rated below investment grade by one of the established credit agencies (Standard & Poor’s, Fitch, Moody’s). These securities are often perceived as having greater risk of default.

Master Limited Partnerships: Master Limited Partnerships (MLPs) are limited partnerships that are publicly traded on an exchange. MLPs are a considered a business tax structure with the potential for tax-advantaged distributable cash flows to investors. Energy MLPs generally operate in the energy infrastructure industry, providing services related to oil and gas pipeline transportation, storage, refinery services, and processing.

Emerging Markets: Emerging markets, also known as developing markets or developing countries, refers to countries, nations, and/or regions that are transitioning to more advanced economies. Relative to developed economies, emerging markets often have higher economic growth rates, lower per-capita incomes, higher sociopolitical instability, and less sophisticated financial markets. Investments in emerging markets can often be more volatile than in developed markets due to the potential for greater uncertainty in these markets.

Mutual Funds: Mutual funds are generally constructed as a pooled investment vehicle, managed by an investment firm. Mutual funds can be invested across stocks, bonds and other types of investments. Mutual funds are priced at net asset value (NAV) at the end of each trading day.

Exchange Traded Funds: Exchange traded funds (ETFs) generally constructed in an attempt to track the performance of an underlying index. ETFs can be invested across stocks, bonds and other types of investments. ETFs can trade intra-day, similarly to common stocks.

Closed End Funds: Closed end funds (CEFs) are generally constructed as a pooled investment fund, actively managed by an investment management firm. Closed end funds can be invested across stocks, bonds and other types of investments. Closed end funds trade at a market price, which may be at a premium or discount to the net asset value of the underlying fund assets. Closed end funds may utilize leverage, which can potentially increase returns and volatility relative to non-leveraged funds. Closed end funds can trade intra-day, similarly to common stocks.

Risk Assets: Risk assets generally refer to assets that carry a perceived high degree of risk and price volatility. Risk assets can include stocks, lower quality bonds, highly interest rate-sensitive bonds, commodities, currencies and certain alternative strategies.

Conservative Assets: Conservative assets generally refer to assets that carry a perceived low degree of risk and price volatility. Conservative assets can include cash securities and higher quality, less interest rate-sensitive bonds.

Tactical Investing: Tactical or active investing is an investment strategy where investment decisions are driven by opinions based on gathered information. There are a number of different tactical investment styles, including, but not limited to, valuation-sensitive and momentum-driven styles. Tactical investing styles may also differ based on investment time horizons from days, weeks, months or years.

Passive Investing: Passive investing is an investment strategy that generally refers to buy and hold investing. This investment style does not attempt to make changes to portfolio allocations or investments based on opinions and information gathering.

Alternative Strategies: Alternative strategies refer to investments or investment styles that often incorporate non-traditional tactical investing methods, including, but not limited to, technical analysis, shorting, arbitrage, utilizing leverage and short-term tactical trading. Alternative strategies may also be referred to by their investment style categories, including, but not limited to, long/short equity, hedged equity, managed futures, unconstrained, and global macro. Alternative strategies may perform very differently from traditional asset classes, thus investors must be aware of the potential for widely differentiated performance relative to traditional stock and bond markets over shorter periods of time.

Fundamental Analysis: Fundamental analysis refers to making investment decisions based on gathered information, including, but not limited to, economic, sector, industry, company and security research in an attempt to forecast future investment performance.

Technical Analysis: Technical analysis generally refers to analyzing an investment's price performance over a specified time period in an attempt to predict future potential performance of that investment. Technical analysis is often utilized in momentum-driven investment styles and may not incorporate fundamental analysis when making investment decisions.

Drawdown: A market drawdown refers to the investment performance from peak-to-trough over a specified time period.

Price-to-Earnings Ratio: The price-to-earnings ratio (P/E ratio) is the ratio of a company's stock price to the company's earnings per share. The P/E ratio is often utilized as a metric in valuing a company.

Price-to-Book Ratio: The price-to-book ratio (P/B ratio) is the ratio of a company's stock price to the company's book value. A company's book value refers to the company's total assets minus its intangible assets and liabilities. A company's book value is listed on its balance sheet and is the total value of the company that shareholders would theoretically receive if the company was liquidated and liabilities were paid. The P/B ratio is often utilized as a metric in valuing a company.

Duration: Duration is a measure of the sensitivity of a bond's price to a change in interest rates. Generally, the higher the duration of a bond or portfolio, the higher the sensitivity of that bond or portfolio to changes in interest rates.

Credit Risk: Credit risk refers to the risk of default on debt, where the borrower fails to pay and the lender may lose a portion or all of the principal lent to the borrower. Generally, the higher the credit risk, the higher the yield and volatility of the security relative to other securities that are believed to have lower credit risk.

Currency Risk: Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged. Exposure to foreign currencies can come from direct investing in foreign currencies or from investing in foreign assets (stocks, bonds, real estate, etc.).

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual security.

Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

The term "portfolios" used in this piece is in reference to the Freedom Wealth Alliance model portfolios. Any reference to performance is based on estimated, unaudited, gross of fee performance of the model portfolios. Client accounts assigned a Freedom Wealth Alliance model portfolio may have positioning and performance that differs from the firm's model portfolios at any given time.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies. Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond and bond mutual fund values and yields will decline as interest rates rise and bonds are subject to availability and change in price. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market.

Asset management does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

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This research material has been prepared by Freedom Wealth Alliance.