Highlights

- U.S. equity markets strengthen in a choppy quarter.
- U.S. economic and corporate fundamentals remain strong, but risks may be increasing.
- Foreign equity markets weaken as global risks increase.
- Diversified defensive strategies appear appropriate in this environment.

Commentary

U.S. Equity Market Bounces Back in Q2

The U.S. equity market performed well in Q2 after a lackluster Q1. The S&P 500 Index returned 3.43%[1] in Q2, albeit within a choppy market environment. U.S. small cap equities, represented by the Russell 2000 Index, outperformed large caps and were up 7.75%[1] for the quarter. U.S. equities continue to benefit from a solid fundamental backdrop, including the positive impact from tax cuts implemented earlier this year.

Technology-Related Companies Continue to Outperform

Popular technology and consumer discretionary companies, including some of the more popular growth companies such as Facebook, Amazon, Netflix and Alphabet (Google), continue to drive a lot of the momentum in the market. Netflix, for example, is up over 100% year-to-date, and Amazon is up 45% year-to-date. Both companies are anticipated to generate high growth rates, but they also trade at high 12-month trailing price-to-earnings (P/E) multiples, with Netflix at a P/E of 262x and Amazon at 214x.[1]

We believe technology is a strong long-term secular global growth story, but we also believe it could be a "crowded trade" and many investors may already be positioned for this theme. The question is whether the solid outperformance of the sector the last few years can continue over the short- to intermediate-term.

Investors will need to balance the potential earnings growth of fast growing companies, with the price to pay for that growth. Investors should also be cognizant to refrain from extrapolating historical performance forward since past performance is not indicative of future results.

Foreign Equity Markets Weaken Amid Uncertainty

Although the U.S. equity market has not been materially affected by negative global trade headlines, foreign markets have weakened in this environment. A stronger U.S. dollar has also put downward pressure on foreign investments. Foreign developed market equities, as measured by the MSCI EAFE Index, declined 1.24% in Q2 and fell 2.75% year-to-date[1]. Emerging market equities, as measured by the MSCI Emerging Markets Index, have weakened even further, down 7.96% in Q2 and down 6.66% year-to-date[1].

Global equity investors may currently view the U.S. equity market as the "safety" trade as global risks increase. With a strong U.S. economy keeping U.S. risk assets afloat, the rotation to U.S. equities by global investors appears appropriate in the short-term, in our opinion.

Longer-term, we do believe that foreign equity markets, and emerging markets in particular, look attractive from a growth and valuation perspective. Although foreign equity markets have become more volatile recently, we believe investors with a longer-term investment horizon should maintain exposure to foreign markets at this time given the increasingly attractive investment opportunities.

U.S. Fundamentals Remain Solid

The fundamentals of the U.S. economy and corporate earnings continue to be strong and growth is anticipated to continue through the end of the year. U.S. GDP growth was estimated at 2%[2] for Q1 and is forecasted to increase to over 3.5% in Q2, according to the Wall Street Journal Economic Forecasting Survey[2]. Corporate earnings were very strong in Q1, with year-over-year corporate earnings growth for the S&P 500 exceeding 24%, according to FactSet[4]. Corporate earnings growth is anticipated to slow from the high levels in Q1 but is anticipated to remain strong throughout the year.

As we have stated before, markets attempt to discount the future, not the past. Market participants are anticipating a strong Q2 GDP number and solid corporate earnings growth. What the market is now trying to discount, is what may happen throughout the year and into next year. This includes higher interest rates from the Fed, U.S. midterm elections in November, potentially slower economic and corporate growth rates and continued global trade uncertainty.

Risks Appear to be Increasing at the Margin

There have been a number of risks to the positive fundamental story that have been building but U.S. equity markets have not been broadly impacted at this time, in our opinion. Investors should remain cautious as the economy continues through what we believe may be the later stages of the economic cycle.

Rising costs are a key sign that we may be in the mid- to late-stage of an economic cycle. Housing prices continue to quickly appreciate, oil prices are maintaining higher levels and borrowing costs are higher due to rising interest rates. We have yet to see a material increase in wage costs, but with low unemployment levels, the costs to acquire talented workers may start to increase at a faster pace. There are also some initial signs of rising costs from the implementation of tariffs on U.S. imports.

We are hopeful that the U.S. economy can continue to grow at a rate that outpaces cost inflation, but investors need to be cognizant of these risks and the potential impact on financial markets going forward.

Trade Uncertainty Intensifies

Over the last few months, there has been an increase in tariff announcements and implementations by the U.S. with retaliatory responses by other countries. Although the news headlines appear worrisome, we do not believe it is in any country's interest for an escalating global trade war. We do not believe current trade tensions will lead to a global recession in the near-term, but the risks have increased.

Investors generally prefer free global markets, where a company's investment capital can be allocated efficiently and effectively anywhere in the world. This efficiency drives stronger longer-term business decisions in an attempt to increase profitability from higher revenues and lower costs. When trade becomes less efficient, companies become less efficient and investors become less inclined to allocate capital to trade-intensive businesses. We believe this trade uncertainty is driving some of the choppiness in the global markets today.

Federal Reserve Appears to be More Apt to Normalize Rates

The Federal Reserve raised the fed funds rate to a target of 1.75%-2.00% in June[5], which was highly anticipated. This higher level is welcome for conservative savers in cash and shorter-term high-quality bonds. The Fed indicated that it may raise rates two more times before year end, which surprised the market a bit. This may indicate that the Fed is more comfortable normalizing rates a bit faster than it had been in the recent past.

Investment Strategy

Cautious on Risk Assets

We believe investors have priced in a strong Q2 for the U.S. economy and corporate earnings and are increasingly pricing in slower growth rates going forward. This can increase volatility in risk assets, which we have already experienced with a choppy U.S. equity market and weakness in foreign equity markets.

We believe playing some defense and having dry powder in this environment is appropriate, even if it results in giving up some potential upside. It may be prudent for investors to re-evaluate how much risk they are willing to accept given their risk tolerance and time horizon.

High Quality Bonds Could Act as Appropriate Volatility Buffer

Bond markets have experienced some weakness this year as interest rates continued to move higher as anticipated. We are starting to see some investors shift back to higher quality bonds as risk assets have struggled a bit. We believe investors can maintain exposure to higher quality bonds to reduce equity risk in their portfolios at this time.

Prefer Diversified Defensive Strategies in Portfolios

Reducing risk in a portfolio can be implemented by raising cash or by implementing different defensive strategies in a portfolio. At Freedom Wealth Alliance, we prefer the later strategy.

Depending on the FWA portfolio's investment mandate, a portfolio may include defensive strategies such as raising cash, increasing fixed income exposure, allocating to traditionally defensive equity sectors (i.e. utilities, staples), allocating to tactical managers, or increasing income in anticipation of flat to down equity markets. Any one of these defensive strategies may or may not perform well over a shorter period of time. For this reason, we prefer to incorporate multiple defensive strategies in our portfolios in an attempt to remain diversified.

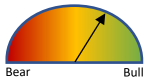
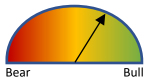
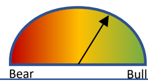
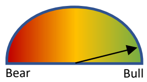
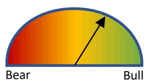
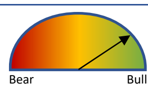
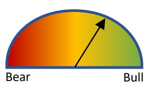
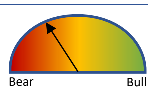
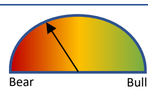
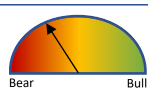
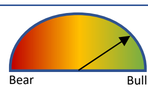
Remain Favorable on Emerging Markets Longer-Term

Emerging market equities have been among the weakest performers across risk assets in Q2 and year-to-date. Emerging markets are often the first areas of the global markets to experience weakness when global risks increase.

Since 1998, the MSCI Emerging Markets Index had a median drawdown of roughly 19% each calendar year[6]. Year-to-date, the index has experienced a drawdown of roughly 17%, which is in-line with the historical median[1]. Investors in emerging market equities should anticipate this level of volatility in any given year in an attempt to achieve potential longer-term performance.

Over the shorter term, weakness in emerging markets could continue if investors remain risk adverse in this environment. For shorter-term investors, reduced emerging markets exposure may be suitable in the current environment. For longer-term investors, we believe the current environment makes for attractive longer-term performance potential, thus exposure remains warranted, in our opinion.

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. economy and corporate profits remain solid, but growth rates may hit a high water mark in Q2. Valuations remain a concern but higher corporate profits may resolve this issue over time. Prefer to remain somewhat cautious.
Foreign Developed Equities		Foreign equity markets have weakened amid increased trade uncertainty and a slowdown in economic growth rates abroad. Remain cautious but valuations appear increasingly attractive relative to U.S. equity markets at this time.
Emerging Market Equities		Emerging markets have experienced some market turbulence but longer-term fundamentals and current valuations remain attractive. Investors need to be willing to accept higher volatility for longer-term potential returns.
High Yield Bonds		Fundamentals remain relatively solid in high yield bonds but prefer to be somewhat defensive in what appears to be increased risks in the global economy.
Emerging Markets Debt		Emerging market bonds have weakened as global risks have increased. We believe the recent sell-off and total return potential of emerging markets debt is increasingly attractive at these levels and may be rewarding for patient, longer-term investors.
Commodities		Oil prices continued to move higher as the supply/demand balance has normalized and geopolitical risks have increased. Global growth is anticipated to continue, which could continue to keep a floor under economically-sensitive commodities.
Conservative Assets		High quality bonds could get support if risk assets weaken from here. There continues to be upward pressure on interest rates as the U.S. Federal Reserve continues to push the fed funds rate higher and reduces its balance sheet.
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		Although corporate bond spreads have widened slightly, investment grade corporate bonds continue to trade at high valuations. Corporate fundamentals remain solid, supporting credit risk exposure. 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 Q2, the FlexTrend portfolios were lower as defensive positioning detracted from performance. Key positive contributors to performance included a broad underweight to international equities, which declined, and exposure to a tactical international equity manager, which outperformed. Key detractors from performance included an underweight to U.S. equities, equity precious metals and tactical fixed income managers. We remain defensive across the portfolios due to lack of strong trends in the global equity markets. We anticipate increasing exposure to tactical managers throughout the year as we continue to diversify the portfolios.

Risk Assets

- In April, due to positive trends in equity precious metals, we added exposure to the sector to help diversify our defensive hedge, sourced from excess cash in the portfolios.
- In June, as equity markets trended higher throughout the quarter, we increased our U.S. equity exposure across the portfolios. We sourced this capital by reducing our fixed income and equity precious metals positions.
- We remain slightly defensively positioned in U.S. equities at this time.
- We remain materially underweight international equities due to the persistent downtrend in foreign equity markets.

Conservative Assets

- 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 most of our portfolios in an attempt to protect value and reduce volatility in this uncertain market environment.

FLEXTREND SAS

Performance Review

The FlexTrend SAS portfolios were mixed in Q2. Key positive contributors to performance included exposure to a tactical international equity manager, and in our more aggressive portfolios, exposure to an aggressive multi-asset manager. Key detractors from performance included exposure to a tactical U.S. equity manager, managed futures, a tactical bond manager and a multi-asset conservative manager. The portfolios remain defensively positioned in U.S. equities in our moderate and more aggressive portfolios.

Risk Assets

- Remain underweight U.S. equities in our moderate and more aggressive portfolios due to lack of sustained positive market trends.
- Continue to allocate to 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 Q2, the Global Opportunities portfolios declined, partially driven by the portfolios' global positioning with exposure to foreign risk assets, which underperformed. The U.S. equity market was one of the few bright spots in the quarter but the portfolio diversification across geographies, asset classes and alternative strategies continue to detract from performance. Key positive contributors to performance included exposure to broad U.S. equity markets and energy infrastructure. Key detractors from performance included exposure to the financial sector, international equities, high yield bonds, tactical bond managers and alternative strategies.

Risk Assets

- Underweight U.S. equities due to what appear to be elevated valuations.
- Maintain dedicated exposure to U.S. financials and energy infrastructure 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. Recent weakness in international equity markets are providing potential longer-term opportunities across portfolios.
- Remain allocated to alternative strategies in an attempt to diversify the portfolios and manage deeper 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

Most Global Opportunities SAS portfolios were higher in Q2 but an underweight to U.S. equities and a heavier exposure to international equity markets dragged on performance. Key positive contributors to performance included exposure to broad U.S. equities and an aggressive multi-asset manager. Key detractors from performance included exposure to a multi-asset global value manager, a multi-asset income manager, a diversified alternatives manager and tactical bond managers.

Risk Assets

- Remain underweight U.S. equities due to what we believed to be elevated valuations and increasing risks.
- 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 Q2, driven by weakness in global credit. Key positive contributors to performance included energy MLPs and short-term high yield bonds. Key detractors from performance included global high yield, emerging markets debt, a multi-asset income manager and a tactical bond manager.

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. We maintain a favorable longer-term view on emerging markets debt and further weakness may provide opportunities across the portfolios.

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 was relatively flat in Q2 as exposure to shorter-term and higher quality bonds performed well but tactical bond managers underperformed. Key positive contributors to performance included exposure to our short-term conservative manager, short-term corporate bond manager and our short-term core plus manager. The key detractor from performance was exposure to our tactical bond managers, which underperformed due to an overweight to credit.

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 Q2, driven by weakness in international equity markets. Key positive contributors to performance included exposure to broad U.S. equities, equity infrastructure and a global growth manager. Key detractors from performance included exposure to financials, global dividend paying equities, global value and core equity managers, international small caps and emerging markets equity managers.

Risk Assets

- Overweight to international equities via exposure to global equity managers and an international small cap manager.
- Maintain exposure to emerging market equities due to what appear to be strong longer-term fundamentals and currently attractive valuations.
- 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 positive total returns in Q2 supported by stronger U.S. equity markets, but international equity exposure dragged on performance. The portfolios continue to track their benchmarks within ranges that we believe to be acceptable.

SOURCES

1. Morningstar Direct. Data as of 6/30/18.
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3. Economic Forecasting Survey, The Wall Street Journal, retrieved from http://projects.wsj.com/econforecast, July 2, 2018.
4. "Earnings Insight", FactSet, June 29, 2018.
5. Board of Governors of the Federal Reserve System (US), Open Market Operations, retrieved from https://www.federalreserve.gov/monetarypolicy/openmarket.htm, July 3, 2018.
6. Morningstar Direct; FWA analysis. Data as of 6/30/18.

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.

MSCI EAFE Index: The MSCI EAFE Index represents the performance of large and mid-cap equities across developed markets, including countries in Europe, Australasia and the Far East. The index excludes the U.S. and Canada. Performance measured in Gross Return (GR) indicates the performance including the maximum possible reinvestment of dividends distributed to individuals resident in the country of the company and does not include tax credits. Performance measured in Net Return (NR) indicates the performance including the minimum possible reinvestment of dividends after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

MSCI Emerging Markets Index: The MSCI Emerging Markets Index represents the performance of large and mid cap equities across emerging market countries. Performance measured in Gross Return (GR) indicates the performance including the maximum possible reinvestment of dividends distributed to individuals resident in the country of the company and does not include tax credits. Performance measured in Net Return (NR) indicates the performance including the minimum possible reinvestment of dividends after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

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.

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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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