HARVEST INVESTMENT SERVICES

"Harvest Gains and Limit Losses"

# AlphaSolutions Sector Rotation Model

*An investment model based on trending and momentum strategies*

## Portfolio Goals

**Primary**: Seeks long term growth of capital by investing in high-ranked U.S. Equity Sectors of the market.

**Secondary:** Seeks to reduce volatility during bear markets by investing in cash and bond sectors.

## Suitability

Investors that seek long term capital appreciation.

Investors that wish to minimize volatility and risk by utilizing an active approach to portfolio management.

Are comfortable with investments in common stock and concentrated sectors of the market.

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ALPHA SOLUTIONS SECTOR ROTATION

## Investment Strategy

We employ a risk on/risk off strategy. Technical trending strategies are used to evaluate and to determine if the portfolio will invest in equity positions for that period. After the determination to invest in equity positions for that period has been made, we evaluate the relative strength of the ten major S&P 500® sectors, and every month invest twenty-five percent of the portfolio in each the top four sectors. The following month we reevaluate the relative strength of the U.S. equity sectors and determine the top four ranked U.S. equity sectors to be invested in and allocate twenty—five to each sector. This type of investing is typically characterized as momentum investing.

## Risk Control Measures

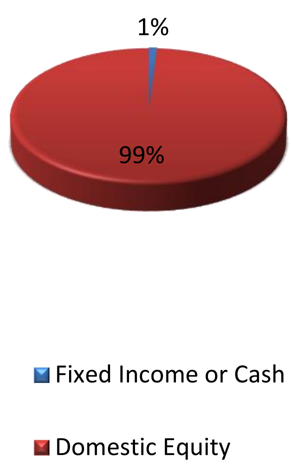
We utilize an active approach to managing risk. We employ technical trending strategies to evaluate and determine on a monthly basis if the portfolio will invest in equity positions for that month. During the period of risk on we employ additional risk control measures by investing in the top four S&P sectors that are ranked higher than cash. When cash is ranked higher than any of the top four sectors we would eliminate the allocation for the sectors that are ranked below cash and we would keep the twenty-five percent allocation in the remaining sectors. Therefore, there will be periods when we invest in less than four sectors. In addition, if there are no sectors ranked above cash, the entire portfolio will be in cash or bonds.

If our technical analysis determines that we are not to be invested in the equity market and instead take a risk off approach, then investments will be made in more conservative cash or bond positions and held for that month. This trend evaluation helps to minimize or avoid losses during precipitous bear markets.

Historically fixed income positions have lower volatility and higher dividend payouts than equity; however due to historically low yields and the likelihood of rising interest rates we trend and evaluate fixed income for risk.

## Current Trend Status


## Allocation



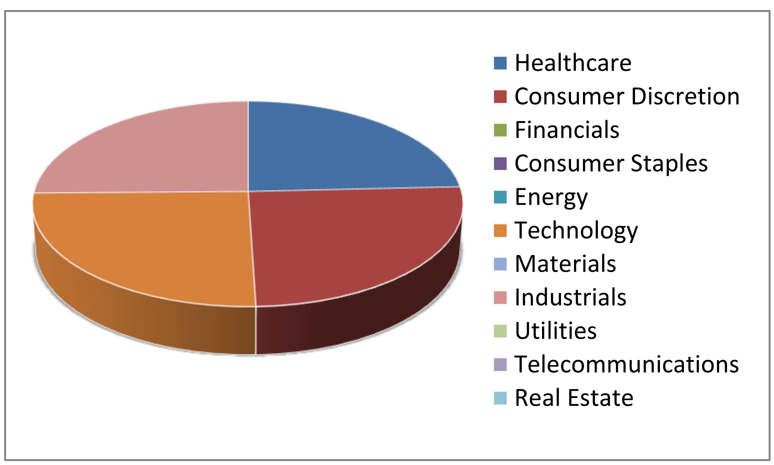

## Portfolio Characteristics

Cost-effective diversification is primarily derived from the use of Exchange Traded Funds which may track an entire index or sector without exposure to a smaller group or even an individual security.

Each portfolio is managed within a single separate account and is not part of a pooled portfolio.

Technical analysis used to minimize risk and sector rotation based on relative performance to potentially enhance returns.

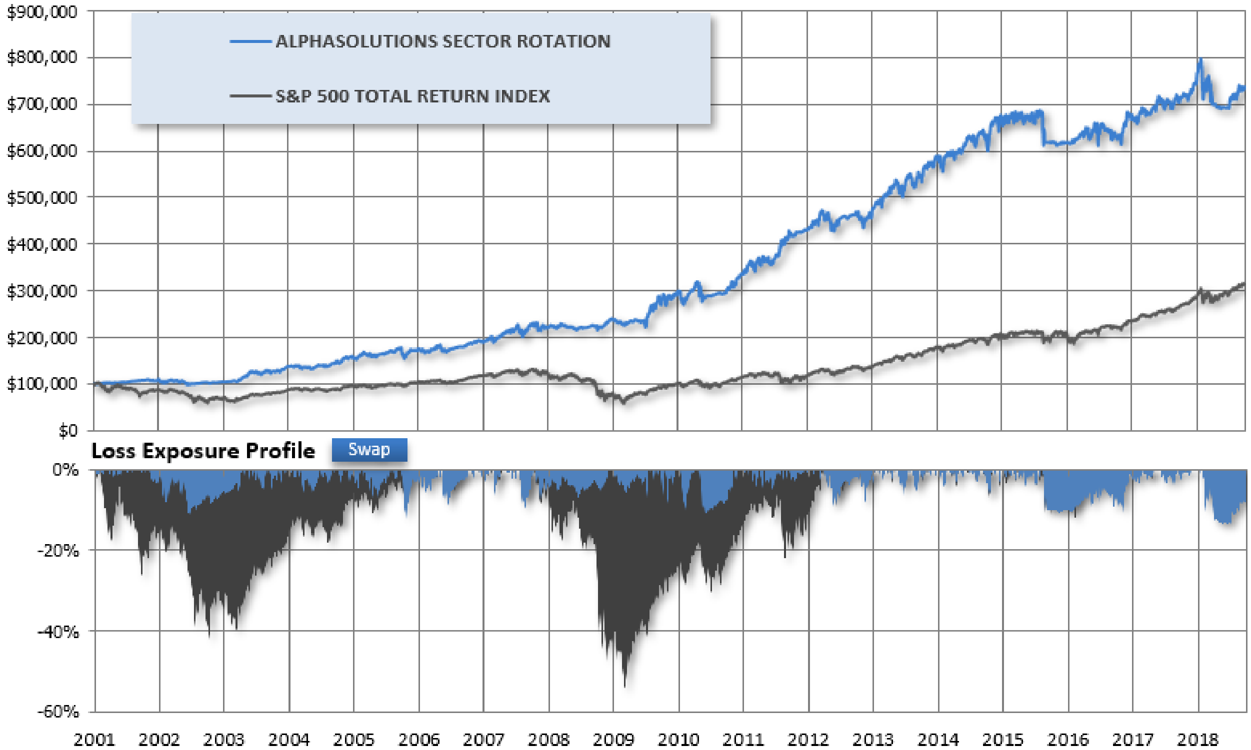
| | | |
|---|---|---|
| **Cash** | | |
| Cash | 1.0% | MoneyMarket |
| **Domestic Equity** | | |
| IYW | 25.0% | iShares Trust U.S. Technology ETF |
| IYC | 25.0% | iShares Trust U.S. Consumer Services ETF |
| IYJ | 25.0% | iShares Trust U.S. Industrials ETF |
| IYH | 24.0% | iShares Trust U.S. Healthcare ETF |
| **Global / International Equity** | | |
| FDL | 0.0% | First Trust Morningstar Dividend Leaders Index Fund C |



# AlphaSolutions Sector Rotation Characteristics

*An investment model that when the market is trending higher invests in sectors that are outperforming the broad market and when the market trends lower utilizes downside risk control by going into fixed income.*

## Portfolio Returns as of 9/30/2018




Ending value of initial $100,000 investment:
**$736,215.21**
**CAGR: 11.92%**
**Loss Exposure Rating: 43**

Ending value of initial $100,000 investment:
**$313,701.00**
**CAGR: 6.66%**
**Loss Exposure Rating: 66**

Difference:
**$422,514.21**

**Maximum Drawdown**
**AlphaSolutions Sector Rotation**
**-13.5%** **5/18/2018**
Selected Benchmark:
**S&P 500 Total Return Index**
**-55.2%** **3/9/2009**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AlphaSolutions Sector Rotation | 7.6% | -2.2% | 30.4% | 15.9% | 7.6% | 11.8% | 14.6% | 9.1% | 21.3% | 15.3% | 28.4% | 7.2% | 27.7% | 12.9% | -7.4% | 8.1% | 11.3% | -0.6% |
| S&P 500 Total Return Index | -11.9% | -22.1% | 28.7% | 10.9% | 4.9% | 15.8% | 5.5% | -37.0% | 26.5% | 15.1% | 2.1% | 16.0% | 32.4% | 13.7% | 1.4% | 12.0% | 21.8% | 10.6% |

## Total Return

| | Since Inception | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|
| **AlphaSolutions Sector Rotation** | 11.9% | 4.4% | 6.1% | 6.3% | 12.7% |
| Benchmark S&P 500 Index | 6.7% | 18.0% | 17.3% | 14.0% | 12.0% |

Illustrated historical performance is not indicative or a guarantee of future results. Returns and Risk Measures are net of Harvest Investment Management Fees; whereas, index returns have no management fees deducted

## Risk Measures

| | AlphaSolutions Sector Rotation | Benchmark S&P 500 Index |
|---|---|---|
| Max Draw Down | -13.4% | -55.2% |
| Up Capture | 69.2% | - |
| Down Capture | 25.9% | - |
| Beta | 0.32 | 1.00 |
| Standard Deviation | 9.6% | 14.2% |
| Sharpe Ratio | 1.23 | 0.53 |
| Alpha | 9.76 | - |

Since Inception

# Sector Rotation Overview

There are number of methods to implement a sector rotation investment strategy. Generally, sector rotation investing is based on the relative strength or performance of numerous sectors, asset classes or individual equities relative to the performance of a benchmark, an index or an industry. Investments are usually made in the highest ranking sector(s) and then reallocated on a regular basis.

The AlphaSolutions Sector Rotation model evaluates the relative strength of the S&P 500®'s major ten and invests in the strongest four major sectors of the market. However, only the sectors that are stronger than short term government T-Bills will be invested in, which may mean that we utilize less than four sectors for a period of time. The chart below shows an example of a sector rotation relative strength analysis. A number of sectors of the market are evaluated relative to the performance the S&P 500. The strongest four positions we have highlighted and would be invested in for the month. At the end of the month we would run this relative strength analysis again and reinvest in the highest ranked sectors.

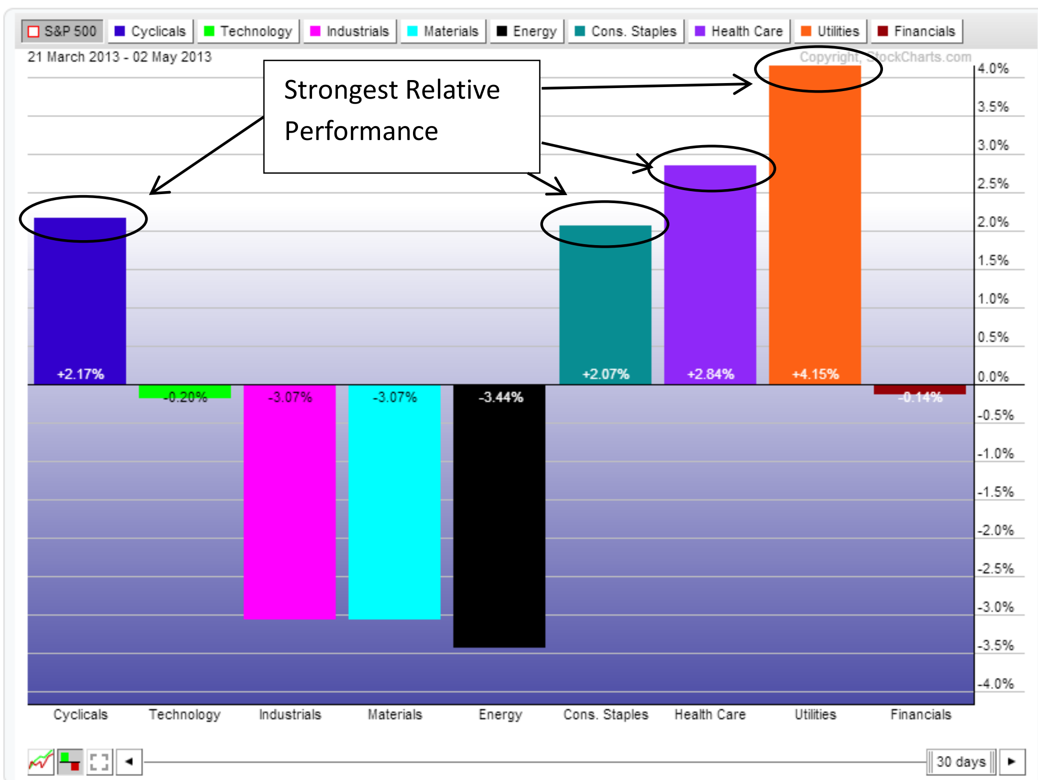



**Figure 1: S&P 500 Sectors breakdown. This is just a partial list of sectors reviewed.**

# Market and Sector Rotation Examples

An example that can help explain the Sector Rotation strategy is to examine what transpired in 2011. The first six months of 2011 the market trended in a bull market and then turned into a bear market for the second half of the year.

The first quarter of 2011 our technical trending strategy signaled a risk on approach and the Sector Rotation Strategy invested in each of the first three months into the top four performing sectors. Our technical trending signal remained bullish for the second quarter and we again employed the risk on strategy by investing in the top four sectors each month. The market started to weaken and deteriorated in June, therefore the Sector Rotation took a risk off approach for the third quarter. Instead of investing in equities for the three months the strategy invested in fixed income securities for the quarter. Our market signal stayed bearish for the fourth quarter and once again we utilized risk control measures by investing in more conservative fixed income positions.

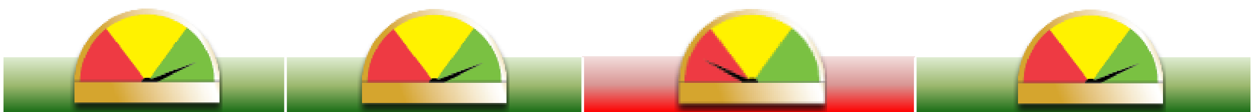
The Sector Rotation strategy performed well during the turbulent year of 2011. Its risk/return performance on both a nominal and relative basis to its benchmark was strong.

| Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Basic Materials | Energy | Energy | Energy | Healthcare | Healthcare | 7-10 Year Treasury | | | 7-10 Year Treasury | | |
| Energy | Industrial | Industrial | Basic Materials | Energy | Utilities | Tips | | | Tax Free Muni Bond (where applicable) | | |
| Industrial | Technology | Basic Materials | Industrial | Basic Materials | Consumer Non-Cyclical | 20+ Yr Treasury Bond | | | Tips | | |
| Telecom | Basic Materials | Financial | Telecom | Industrial | Telecom | | | | | | |

**Figure 1: 2011 Technical Market Signals and Sector Investments**

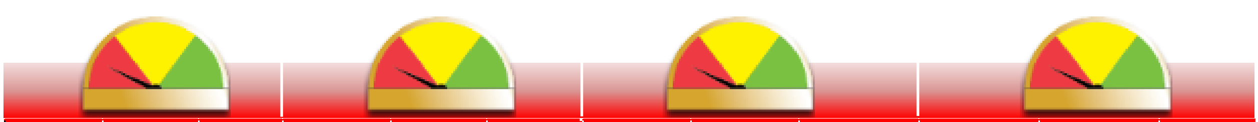
An additional example is what transpired in 2010. The first four months of 2010 the market trended in a bull market, then turned into a bear market for four months and lastly finished the year trending in a bull market.

For the first quarter of 2010 our technical trending strategy signaled a risk on approach and the Sector Rotation Strategy invested in the top four sectors. Our technical trending signal stayed bullish for the second quarter and we again employed the risk on strategy; however, the market deteriorated in May, therefore we did not invest in any of the sectors for the month of June. The reason is that our rule states not to invest in sectors that are weaker than short term government T-Bills. Our market signal stayed bearish for June and for the third quarter we utilized risk control measures by investing in more conservative bond and cash positions. Our technical market signal for the fourth quarter was bullish and we again invested in the top four sectors of the market. The year 2010 can be reviewed in the table below.



| Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Technology | Healthcare | Consumer Cyclical | Consumer Cyclical | Industrial | All Sector ranked 'below' cash, therefore 100% allocation to cash | Aggregate Bond | Aggregate Bond | Aggregate Bond | Basic Materials | Basic Materials | Basic Materials |
| Telecom | Industrial | Industrial | Industrial | Consumer Cyclical | | 7-10 Year Treasury | 7-10 Year Treasury | 7-10 Year Treasury | Telecom | Technology | Energy |
| Industrial | Consumer Cyclical | Consumer Non-Cyclical | Financial | Financial | | MBS Bond Fund | MBS Bond Fund | MBS Bond Fund | Utilities | Consumer Cyclical | Consumer Cyclical |
| Healthcare | Consumer Non-Cyclical | Basic Materials | Basic Materials | Technology | | | | | Consumer Cyclical | Energy | Technology |

Figure 2: 2010 Technical Market Signals and Sector Investments



| Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Aggregate Bond | | | 7-10 Year Treasury | | | Aggregate Bond | | | Aggregate Bond | | |
| 7-10 Year Treasury | | | MBS Bond Fund | | | MBS Bond Fund | | | 7-10 Year Treasury | | |
| 20+ Yr Treasury Bond | | | 20+ Yr Treasury Bond | | | 1-3 Yr Treas Bond | | | 1-3 Yr Treas Bond | | |
| | | | | | | | | | | | |

Figure 3: 2008 Technical Market Signals and Sector Investments

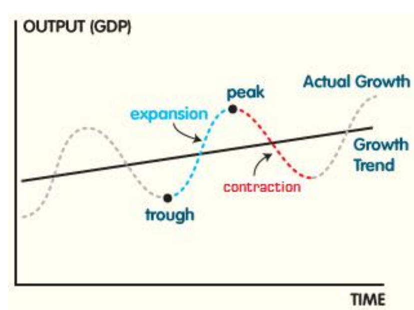
| Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Basic Materials | Energy | Basic Materials | Basic Materials | Energy | Technology | Energy | Energy | Energy | Energy | Financial | Basic Materials |
| Industrial | Consumer Non-Cyclical | Energy | Energy | Utilities | Consumer Non-Cyclical | Utilities | Technology | Technology | Utilities | | Financial |
| Utilities | Utilities | Utilities | Utilities | Healthcare | Utilities | Healthcare | Utilities | Utilities | | | Industrial |
| Consumer Cyclical | | Healthcare | Healthcare | | Healthcare | | Consumer Cyclical | | | | Technology |

Figure 4: 2005 Technical Market Signals and Sector Investments

| Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | Basic Materials | Basic Materials | Basic Materials | Energy | Basic Materials | *Total Bond Market Index | | | *Total Bond Market Index | | |
| Technology | Technology | Consumer Non-Cyclical | Energy | Financial | Energy | | | | | | |
| Consumer Cyclical | Healthcare | Healthcare | Healthcare | Healthcare | Financial | | | | | | |
| | Consumer Cyclical | Consumer Cyclical | Consumer Cyclical | Consumer Cyclical | Healthcare | | | | | | |

Figure 5: 2002 Technical Market Signals and Sector Investments

The idea behind sector rotation investing is that not all sectors perform similar or as well during different periods of the economic cycle. For example, during the recovery phase of an economic expansion, the industrial sector may outperform other sectors, whereas, during the contraction phase, defensive positions such as utilities may outperform more economic sensitive sectors.




In addition, the relative performance of a sector may continue for a period of time because investors will invest in stronger sectors and avoid the weakest areas of the market.

Past performance is no guarantee of future results. Information provided in this report is for educational and illustrative purposes only and should not be construed as individualized investment advice. The investment or strategy discussed may not be suitable for all investors. All investments involve risk and although our rules based investment process utilizes downside risk controls, loss of principal can still occur. Principal values and investments returns are neither guaranteed nor issued by, guaranteed by, or obligations of a bank, savings and loan, or credit union; and are not insured or guaranteed by the FDIC, SIPC, NCUSIF or any other agency.

Current holdings are subject to change at any time without notice. In addition to the normal risk associated with equity investing, investments in small and mid-cap companies exhibit higher volatility and are less readily marketable then investments in larger companies. The holdings in which the strategy invests in are likely to be concentrated in sectors or industries. Holdings concentrated in sectors or industries presents more risks than holdings that are broadly diversified. The S&P 500 Index is an unmanaged group of securities considered to be representative of the stock market in general, and its performance is not reflective of the performance of any specific investment. Investments cannot be made directly into an index.

1 Returns are through September 30, 2018. Net returns reflected after deducting portfolio management fee of .65%, applicable to $100,000 - $499,999 account size. Actual management fee will vary for accounts that are less than or greater this range. Management fee schedules are available upon request or may be found in Part 2A of Harvest Investment Service's ADV. Calculations may not reflect all potential fees, charges and expenses that might be incurred over the time frame including program fees, investment advisor fees and administrative fees. Individual performance may vary depending upon the timing of contributions and withdrawals. Historical returns data are calculated using data provided by sources deemed to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness or correctness. This information is provided "AS IS" without any warranty of any kind. All historical returns data should be considered hypothetical. All AlphaSolutions rules based managed models have been back tested over multiple market cycles to prove the validity and reliability of the rules based strategy. Historical back tested returns were based on the use of Ishares Sector ETFs; actual sector ETFs chosen may differ from the use of Ishare Sector ETFs, past and future returns may be higher or lower.

Additional Definitions: The Compound Annual Growth Rate represents the annualized growth rate of an investment over a specified period of time. The Maximum Drawdown represents the greatest peak to trough decline over the life of an investment. Capture Ratio is a measure of the investment performance in periods when the benchmark has positive/negative returns. It tells you what percentage of the up/down market, as represented by the benchmark return, was captured. Standard Deviation is a statistical measurement of dispersion from an average, which, for an investment, depicts how widely the returns varied over the time period indicated. Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. Beta is a measure of price variability relative to the market. Sharpe Ratio is a measure of excess reward per unit of volatility.

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