Atlas

MANAGE THE RISK.
MAXIMIZE THE OPPORTUNITY.

Risk-managed investment strategies for the long term.

There is only one side
of the market and it is not
the bull or bear side,
but the right side.

— Jesse Livermore, legendary stock market trader

"The market is like a train sitting on the tracks. You can see the direction it's heading but you cannot dictate the time of departure. Those investors who put the market on a time table not only become frustrated but end up making foolish moves. Instead, get on the train, sit back and enjoy the scenery."

— Roger Engemann, Financial Analyst, Money Manager and Philanthropist

MANAGE THE RISK. MAXIMIZE THE OPPORTUNITY.

It has never been more important to have your assets invested successfully and building value. With life spans lengthening, safety nets fraying, and incomes stagnating, the need to achieve personal financial security is paramount. But as investors have learned from the long years following the market's collapses in 2000 and 2008, successful investing is anything but easy.

Atlas Capital Management's mission is to see your investment portfolio succeed and allow you to achieve the financial security you need to reach your goals, including a long and worry-free retirement. To do so, we take a very disciplined approach to investing, an approach based on our belief that one of the best ways to make money is to reduce the risk of losing money in the first place. If you take that belief and combine it with a blend of active approaches to growing your assets, the results can be impressive.

Please take some time to find out more about our firm's investment philosophy and investment strategies, and then start building an exciting, vital financial future with Atlas Capital.

Sincerely,
Atlas Capital Management

The Importance of Risk Management

"Asset price bubbles and crashes are here to stay. They appear to be a consequence of human nature."

— John C. Williams,
President, Federal Reserve Bank of San Francisco

Using the right investment adviser and the right strategies can mean the difference between reaching your financial goals or falling short. Since 1984, research firm Dalbar, Inc. has tracked mutual fund cash flows in an effort to evaluate the average investor's performance. Their conclusion over the years is that the average investor consistently trails the broad equity market. The problem, according to Dalbar, is that decisions made by investors during a down market are more often wrong than right. They sell too late and wait too long to re-enter the market.[1] These poor decisions have been evident in every rolling 20-year period since the Dalbar studies began in 1984.

Investors fail to recognize the risk of the financial markets and the damage market declines can do to a lifetime of savings until it is too late. They lack a disciplined, non-emotional approach to manage the risk of investing and to profit from upward trends. This is the strength of Atlas Capital Management.

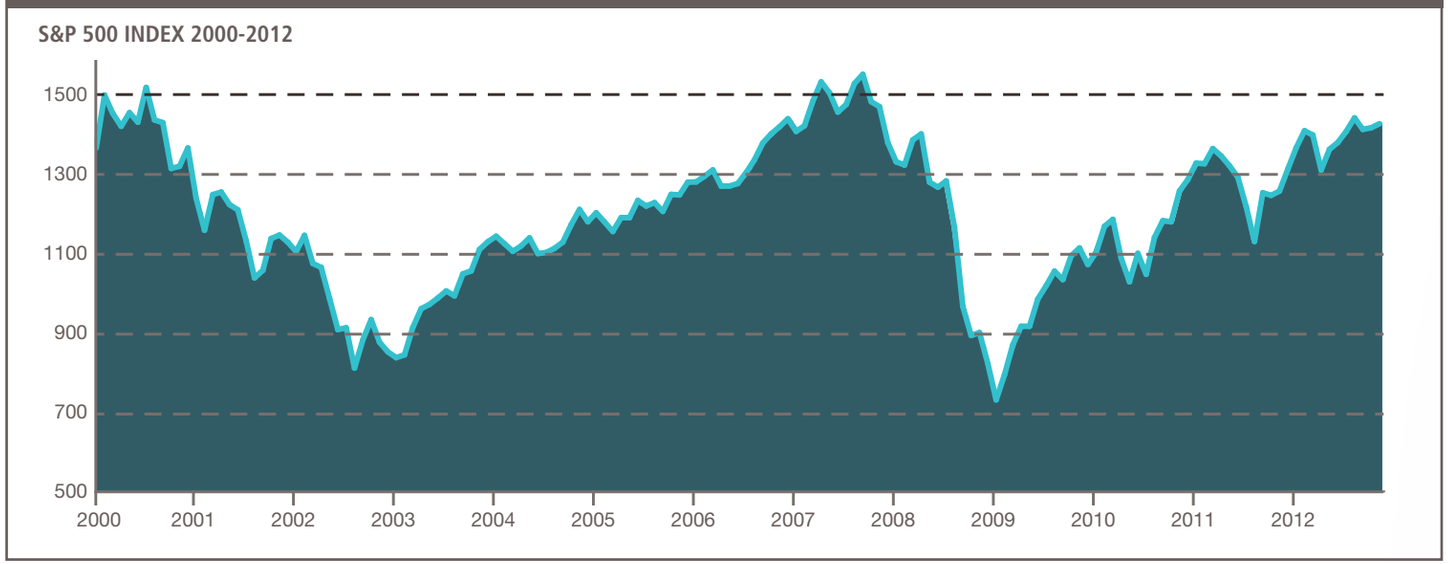
CAN INVESTORS AFFORD TO LOSE ANOTHER 13 YEARS?

Financial markets are considerably more volatile than the popular investment theories admit. While the long-term trend has been up, there have been lengthy periods when financial markets have suffered significant declines.

The thirteen years from 2000 through 2012 were a time of lost opportunity for buy-and-hold investors. The S&P 500 ended the long painful years still below its highs at the beginning of 2000. Yet there were times during those years when the market made substantial progress, only to have the next decline erode away any profits. Atlas Capital's goal is to participate in the market's up moves and preserve capital in market downturns, avoiding years of lost opportunities.

Passive asset allocation often fails to protect portfolios in severe market declines when selling pressure results in diverse asset classes moving downward in unison. Without the ability to react to changing market conditions, investors can take years to recover from a down market.

THE BUY-AND-HOLD INVESTOR'S 13 LOST YEARS



The S&P 500 is an unmanaged, capitalization-weighted index that tracks the performance of 500 large-cap companies and is widely used as a proxy for the U.S. stock market. The S&P 500 is an index and cannot be invested in directly.

Traditional investment approaches look to diversification to reduce risk. But while diversification may reduce individual security risk, it does not eliminate market risk. In fact, the more diversified the portfolio, the more vulnerable it is to losing money in a declining market. Avoiding broad market declines requires active management.

While the period from 2000 through 2012 was particularly painful, the market has always been volatile. Over the 50 years from 1965 through 2014, investors spent 29 years suffering through bear markets and struggling back to breakeven. Only 42% of that time were their assets actually gaining value.[2]

Investing without a proper risk-managed investment strategy could be compared to owning a home but choosing not to insure it against fire. **Is that a risk you are willing to take?**

Investors need strategies that minimize losses in down markets and allow them to participate in up markets. Atlas Capital Management was founded in 1993 to provide investors with an active approach to investing; an approach that recognizes the value of avoiding market declines and limiting losses.

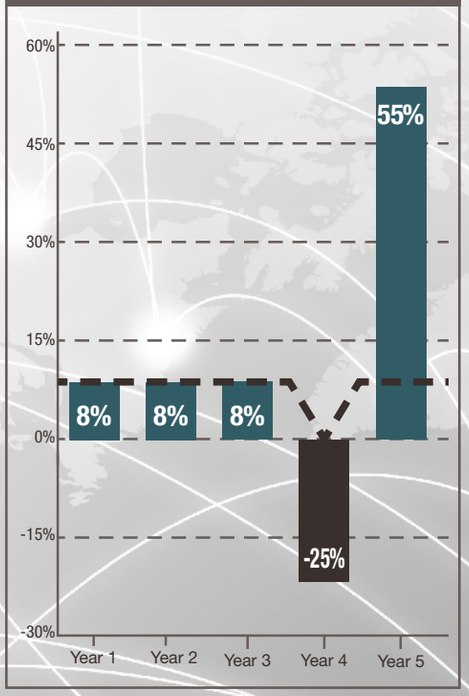
By taking an active approach to investment management, Atlas Capital strives to take advantage of market upturns and asset classes that are performing well while minimizing destructive losses from bear markets and normal investment cycles.

Most investors fail to realize how difficult and time consuming it is to recover from market losses. At Atlas Capital, we recognize that one of our most effective tools to improve portfolio performance is active management to minimize losses.

If the DECLINE is	It takes the following GAIN to break even
-10%	+11%
-25%	+33%
-33%	+50%
-50%	+100%
-75%	+300%
-90%	+900%

Equally important, by minimizing losses in market downturns, Atlas Capital Management strategies are designed to help individuals stay committed to their investment portfolios for the long term.

IMPACT OF A DOWNTURN



Even if your account is up 8% for three years running, one 25% decline takes your four-year average annual compound return down to a annual loss of 1.4%. To get back to an 8% average annual compound return you would need a gain of 55% in year 5. The S&P 500 has never experienced a 55% annual gain.

Advantages of Active Investing

Many investors go through an endless cycle of "chasing performance" and then getting burned through capitulation at just the wrong time. An active investment strategy strives to avoid this cycle:

- Buy and sell decisions are based on current market conditions and investment performance, not past history or future expectations
- The investment manager has the ability to respond to changing market conditions to control risk or take advantage of emerging opportunities
- Quantifiable investment approaches, free of emotional input and the "noise" of excessive information, are used
- The power of technology allows the manager to track thousands of potential investments and look for advantageous entry points
- Exit strategies are calculated and monitored for each investment
- Portfolios can be customized to the individual's investment preferences, return objectives and risk tolerance

Detractors of active management often point out that an active manager might miss the best days of the market, substantially reducing overall returns. The flip side — the improvement in returns from missing the worst days — is rarely mentioned.

Studies by Ned Davis Research and Professor Nejat Seyhun at the University of Michigan have shown that missing the worst periods of the market dramatically increases your return.[3,4] However, a reality check is in order. It is highly improbable that an investment manager would miss just the best or worst days. But because these two extremes often occur in close proximity during volatile, high-risk periods, an active manager could miss both the best and worst days. Missing both the best and worst days has been shown in studies of market indices to outperform a buy-and-hold position, substantially improving returns over the long term with lower volatility, regardless of whether you miss 10, 20, 30 or 40 of the best and worst days.[5]

IMPACT ON ANNUAL RETURN OF MISSING THE BEST AND WORST DAYS

1970-2014: S&P 500 ANNUAL RETURN — 7.15%

	Miss the Best	Miss the Worst	Miss BOTH the Best and Worst
10 days	5.43%	9.45%	7.69%
20 days	4.28%	10.90%	7.93%
30 days	3.26%	12.11%	8.04%
40 days	2.34%	13.18%	8.10%

Data based on the S&P 500 index. For the purpose of this study, dividends were not included. The S&P 500 is an index and cannot be invested in directly.

How Atlas Capital's Active Management Strategies Work

"Investing is sometimes like flying an airplane; hours of boredom interrupted by moments of intense activity. Anyone can handle the boredom, but during the brief bursts of activity, you need an experienced and unemotional pilot at the controls.

An investment adviser provides the experienced hand at the controls during turbulence and keeps you on the most efficient path during the calm. The question is **"With what kind of a pilot do you want to take a ride?"**

Atlas Capital Management specializes in the management of client assets invested in retirement accounts, taxable investment accounts, annuities, variable life insurance contracts and other account structures. We use proprietary investment selection processes and active portfolio management strategies to manage client assets in response to changing market conditions.

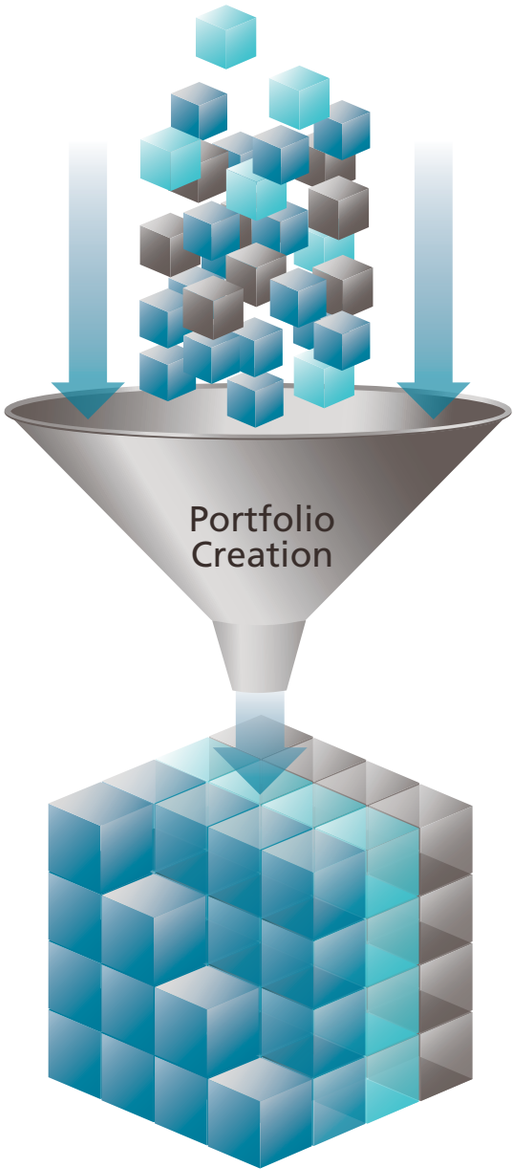
The strategies of Atlas are strictly objective and based on technical analysis of the market's movements and trends. Our goal is to outperform benchmark indices over a full market cycle with less volatility. There may be times when our strategies lag their benchmark indices. It is important to understand that Atlas' strategies best demonstrate their value over a full market cycle rather than as of a specific calendar date. Past performance is no guarantee of future results. However, any time you reduce the impact of market downturns, you have additional leverage when the market turns back up.

Our strategies fall into three broad categories – Tactical, Rotational and Fixed Income. Within each of these broad categories are separate programs that utilize different indicators and asset classes.

Tactical Strategies are based on the oldest of market realities — it makes sense to be invested in rising markets, while in falling markets it is better to remain on the sidelines. Atlas Capital offers multiple distinct Tactical Strategies, all of which take a macro approach to investing asking the most difficult question first – Do we want to be invested in equities at this time?

If our proprietary indicators answer "yes" then the next question becomes "Which investment style or styles appear to have the greatest opportunity for appreciation?" Depending on market conditions, the Tactical Strategies could be 100% invested in one asset class, market sector, or investment style, diversified among asset classes and styles, or 100% cash.

Achieve Strategic Diversification



- **Tactical Strategies**
- **Rotational Strategies**
- **Fixed Income Strategies**

Diversity
Because our individual strategies have shown different results in varying market conditions, we recommend that clients utilize more than one strategy to diversify their portfolios. Our objective is: to outperform a buy-and-hold position with less volatility over time.

Building Successful Portfolios
Just as few companies or mutual funds excel in every market environment, few investment strategies excel all of the time. Profitable investing requires understanding the strengths and weaknesses of your investment approach. There is no one "right" way to invest, but there are many wrong ways. Successful investors are those who choose an investment philosophy they understand, with a risk level they can accept, and are willing to allow the strategy the time needed to be successful.

Atlas' Rotational Strategies are designed to capitalize on the tendency of asset classes and broad market segments, such as growth and value stocks, to excel at different stages in economic and business cycles. For example, growth-oriented stocks led market performance from 1995 through 1999, only to experience substantial losses the following three years. Fixed income assets, which had modest returns in the late 1990s, outperformed growth stocks from 2000 through 2002.

Through its Rotational Strategies, Atlas strives to identify asset classes and market segments with the best performance potential given current market conditions, and to position client assets accordingly. These strategies work with a broad cross section of asset classes from sectors to investment styles and fixed income classes. In periods of severe market declines when asset classes tend to become highly correlated, cash can be used as an asset class to preserve capital in many of the Atlas strategies.

Atlas' Fixed Income Strategies are designed to produce current income while protecting the value of the portfolio and seeking opportunities for appreciation. These strategies may use mutual funds and/or ETFs that concentrate their investments in some or all of the various fixed-income sectors such as money market, long-term treasury bonds, international bonds, corporate bonds, high-yield bonds or emerging-market bonds. Our goal is to provide investors with better returns than could be achieved by owning any one of the debt classes alone, with less risk. We do so by aligning client assets with existing market trends.

> "An investment strategy is not worth much if you constantly change due to a lack of underlying confidence or comfort.
>
> This is the difference between investing and playing the market."
>
> — Peter Skirkanich, Investment Manager, College Trustee

Working With Atlas Capital

At Atlas, our passion is creating and managing successful investment strategies that translate into sound investment portfolios for clients. We are compensated for our management services through an annual fee based on assets under management. Performance-based fees are available for qualified investors. We do not receive commissions, brokerage fees or incentive fees to promote one strategy over another. Our goals coincide with our clients' financial objectives, namely to manage their accounts prudently and make their assets grow.

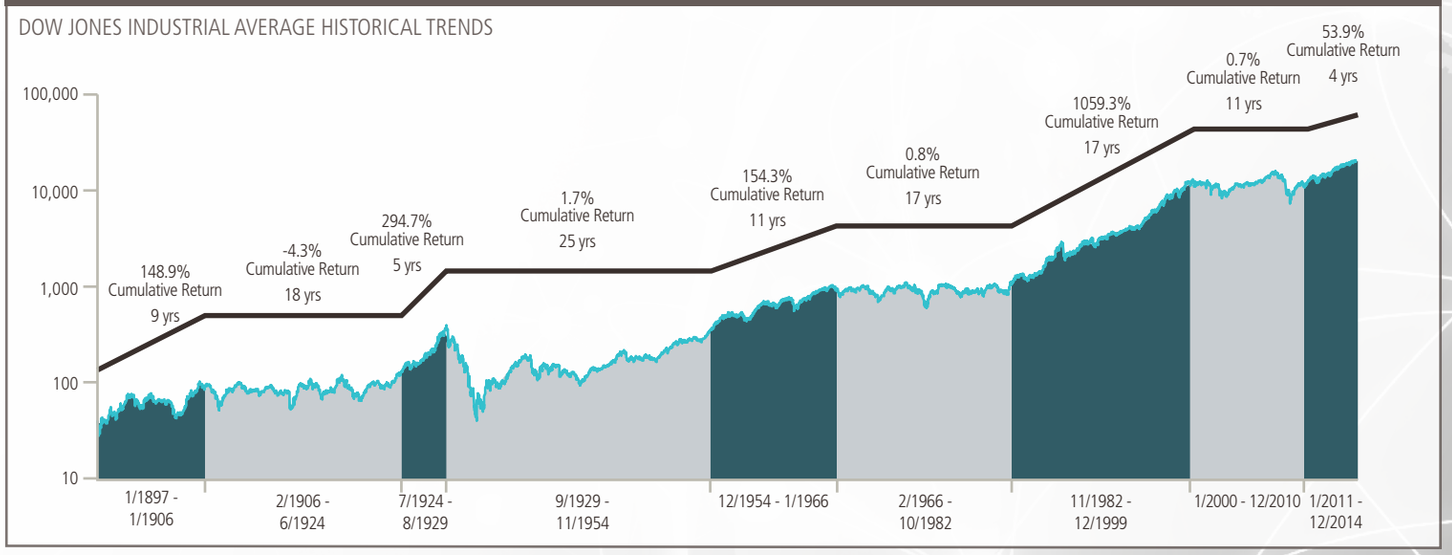
To bring Atlas' strategies to individual investors, we work with registered representatives of securities firms and with registered investment advisers who provide the essential link between individual clients and Atlas. A portion of Atlas' annual advisory fee is shared with the investment representative's firm as long as we manage the account. Our advisory fee remains the same regardless of whether or not there is an investment professional representing the client.

Working with your investment representative, you determine the appropriate strategy mix for your portfolio and complete the required account applications and forms. Typically, a client portfolio contains a blend of the different strategies. In fact, because our individual strategies have shown different results in varying market conditions, we recommend that clients utilize more than one strategy to diversify their portfolios.

All assets are held in the client's name at their custodian, which will provide statements and/or online access to the account. This may be a brokerage firm, trust company, mutual fund, insurance company or other qualified custodian. The client assigns Atlas a limited power of attorney to make exchanges in the account in response to signals generated by the Atlas Capital investment models. With the exception of management fees deducted with the client's authorization, Atlas has no access to the assets in these accounts.

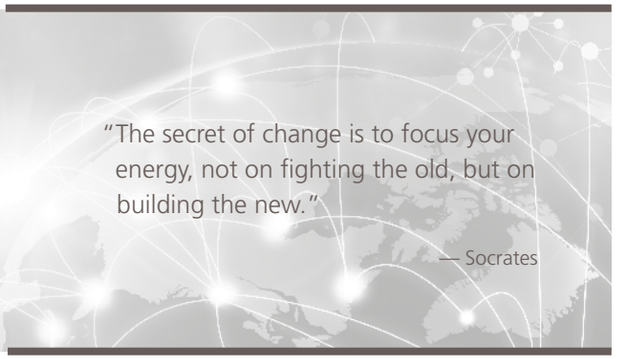
> The efficient market is a state of nature dreamed up by theoreticians. Neat, elegant, even majestic, it has nothing to do with the real world of uncertainty in which you and I make decisions every day we are alive.
>
> Peter L. Bernstein (1919 – 2009)
> American Financial Historian,
> Economist and Educator

THE MARKET TYPICALLY MOVES IN CYCLES



Logarithmic graph of the Dow Jones Industrial Average from 1897 through 2014 using monthly data from dowjones.com. The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. The Dow is an index and cannot be invested in directly. Past performance is no guarantee of future results.

Our Commitment



At Atlas Capital Management, we are committed to providing exceptional service, honesty and sincerity. Our mission is to provide the highest level of risk management and investment solutions that allow client portfolios to outperform the broad market indices over a full market cycle.

Having an investment adviser and investment strategies you trust, can make you a more successful retirement investor according to studies by Columbia University Business School professor Michaela Pagel.[6] Dr. Pagel maintains that successful investors check their portfolios less frequently. Her recommendation is once a year. But to do that, most investors need the assurance that their portfolio is in experienced, professional hands. At Atlas Capital, our goal is to provide you with that assurance.

In many ways our strategies follow some of the earliest financial advice — *"Steady plodding brings prosperity; hasty speculation brings poverty."* (Proverbs 21:5). When the financial markets adjust sharply either up or down, Atlas strategies will likely trail returns for a short space of time before adjusting to the longer term trends.

The goal of every Atlas Capital's risk-managed strategy is to give individuals the confidence and comfort they need to stay invested for the long term and to benefit from power of compounding as gains accumulate gains. And that is key to achieving financial security.

WHICH PORTFOLIO WOULD YOU RATHER OWN?

	Portfolio A	Portfolio B
Year 1	+14%	+28%
Year 2	+12%	+8%
Year 3	-5%	-25%
Year 4	+12%	+14%
Year 5	+8%	+12%
Compound Annual Rate of Return	+7.97%	+5.77%
Growth of $100,000	$146,720	$132,379

Portfolio A underperforms in three out of the five years – by 50% in year one – but by avoiding the majority of the 25% loss in year three, it gains the leverage to outperform Portfolio B over the five-year period with less volatility.

[1] DALBAR's 20th Annual Quantitative Analysis of Investor Behavior, 2014, Dalbar, Inc.

[2] S&P 500 Index Bear Market Study by Telephone Switch Newsletter, Summer 1992, updated through 2014 by Financial Communications Associates, Inc.

[3] "Stock Market Extremes and Portfolio Performance," a study commissioned by Towneley Capital Management and conducted by Professor H. Nejat Seyhun, University of Michigan, 1994.

[4] "The performance of professional market timers; daily evidence from executed strategies," Don M. Chance, Ph.D., CFA, MBA, Virginia Tech University; Michael L. Hemler, Ph.D., University of Notre Dame, November 1998.

[5] Study: Missing the Best and Worst Days of the Market, Atlas Capital Management Corp. January 2015.

[6] "Want to Grow Your Retirement Savings? Then Forget About It. A News-Utility Theory for Inattention and Delegation in Portfolio Choice" by Professor Michaela Pagel, Columbia Graduate School of Business.

Past performance is no guarantee of future results.

The potential for loss as well as profit exists with all investments. There can be no guarantee that the use of active investment management strategies will be successful in reducing losses and achieving returns superior to "buy and hold."

Atlas Capital Management is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. A copy of our ADV disclosure statement, with further background on our firm, management style and investment approaches, is available upon request and can be found on the SEC's Investment Adviser Public Disclosure site at www.adviserinfo.sec.gov.

The stock market is human nature and crowd psychology on daily display, plus the old law of supply and demand at work. Because these factors have remained the same over time, it is remarkable but true that chart patterns are just the same today as they were 50 years ago or 100 years ago.

— William J. O'Neal, Founder of *Investor's Business Daily*

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