Introduction

We believe that investors face significant challenges as they work towards investment success. Foremost in the minds of many investors is the discontent with how their investment portfolio performed over the last ten years. Many investment plans, developed in good faith and with the best information available at the time, have fallen short of investors' expectations due to what we believe is a fundamental oversight in investment strategy.

Simply stated, market movement, the cyclical and secular rise and fall of markets, has been the most significant driver of a client experience. As the Global Equity markets have rebounded from their 2009 lows, many investors remain concerned with the strategies that allowed them to experience significant volatility during recent market downturns.

Traditional asset allocation, when implemented through passive asset class diversification, has been less effective than expected during periods of high global market stress. The inability of traditional asset allocation to effectively control market movement has left investors dependent on market direction to meet their goals.

This reliance on market direction has caused investors to experience emotional reactions and larger losses than expected during downturns. Investors often demonstrate counterproductive buying and selling behavior, leading them as a group to consistently underperform the markets.

Looking forward, we believe a successful investment strategy must focus on three key themes:

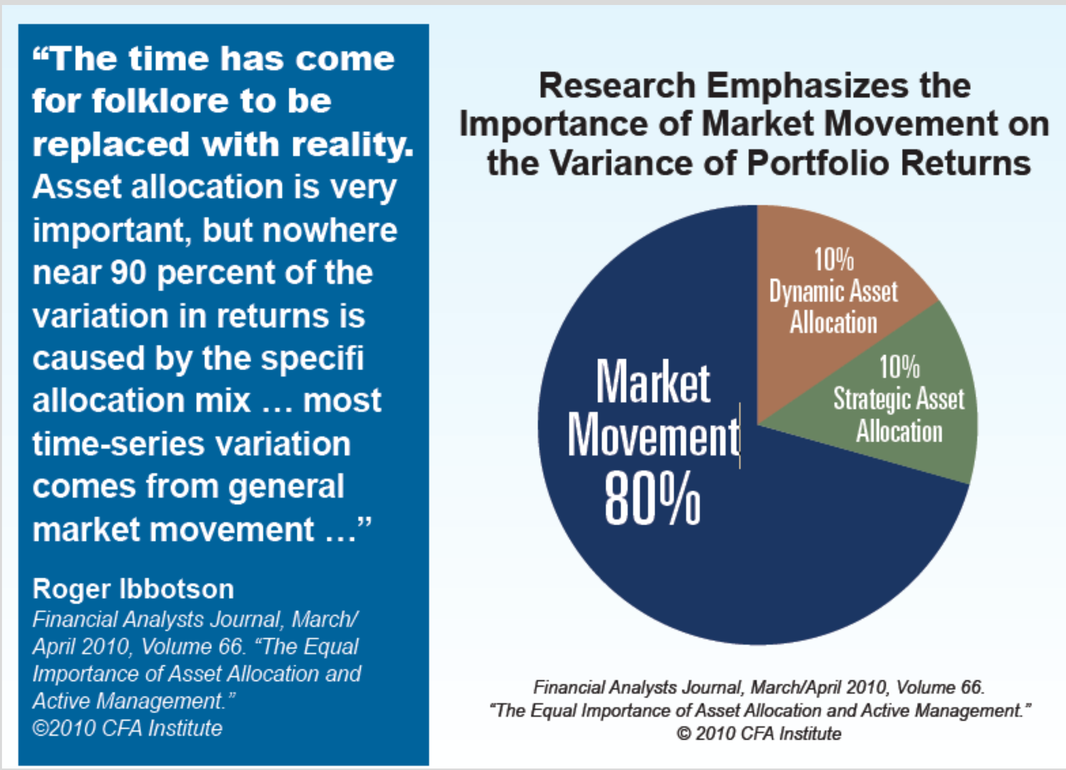
- The recognition of the importance of market movement and its fundamental impact on the variation of investment returns, as well as implementing effective strategies to address market movement.
- The limitations of traditional asset class diversification as an effective risk-management tool.
- The impact of volatility on investor emotions and their historical investment results.

In this proposal, we will explore these challenges and introduce our approach to investment management seeks to reshape the client investment experience and address the impact of market movement.

The Evolution of Investment Research

An Outdated Mode of Thinking

For the past 30 years, investment portfolios have largely been built on widely accepted research stating that asset allocation will drive over 90% of an investor's experience. The idea being that a properly diversified asset allocation will use the right mix of assets to generate the appropriate risk and return trade off. As a result, Advisors and their clients have dedicated the bulk of their efforts to creating the appropriate asset allocation of stocks and bonds.

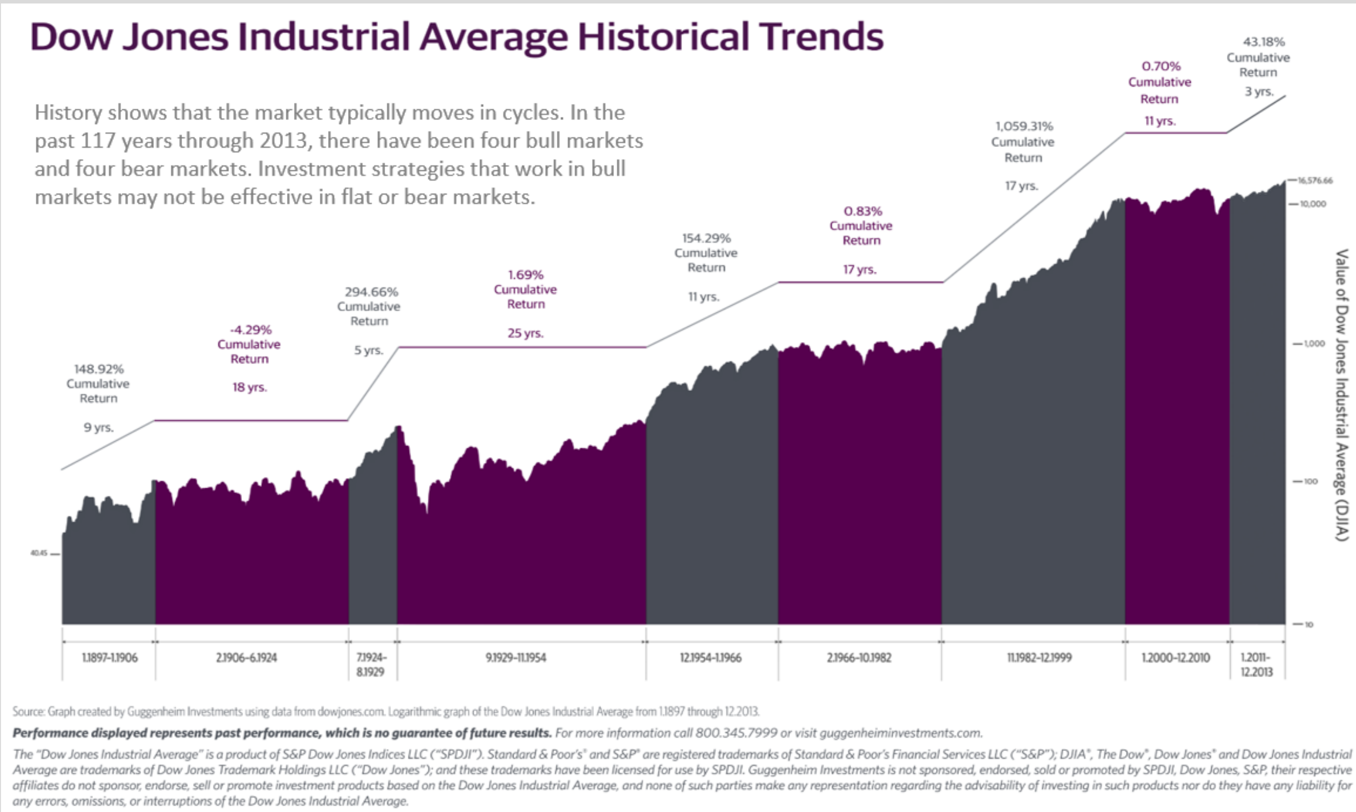


A New Reality

Looking back over the last two decades we find that a very different result has played out as investors often have not been compensated for taking on additional amounts of risk. Turning our attention to the latest research, we can begin to help investors understand why that has occurred. According to a 2010 award-winning study by Roger Ibbotson & Associates, they find that Market Movement, not asset allocation policy, has had the most pronounced impact on portfolio results. This insight changes the way we design and build portfolios.

Market Movement

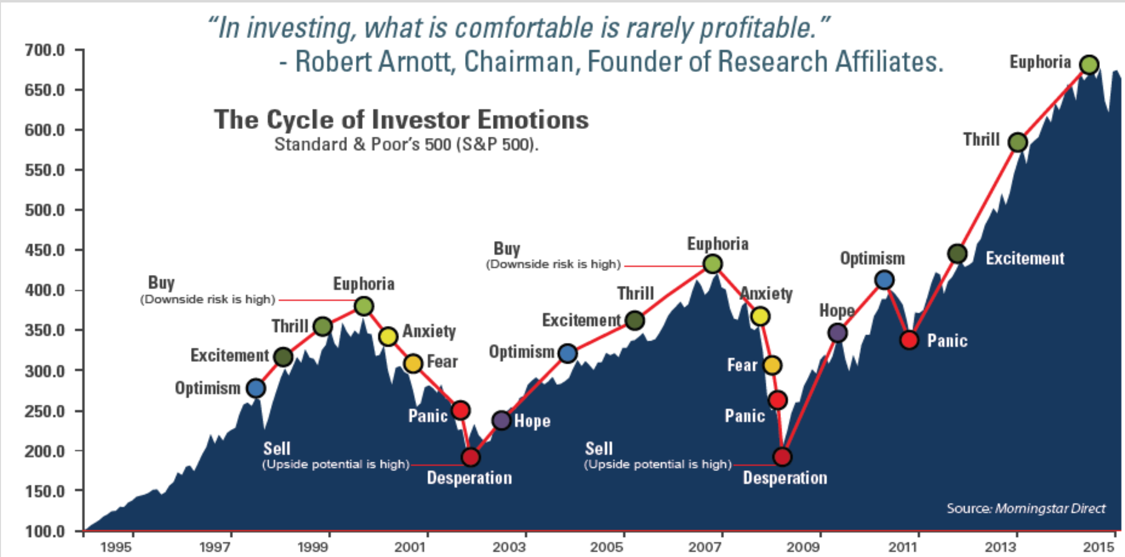
This chart provides a clear illustration of what Market Movement looks like. Market Movement, the overall direction of stock and bond markets, is accountable for approximately 80% of an investor's experience.

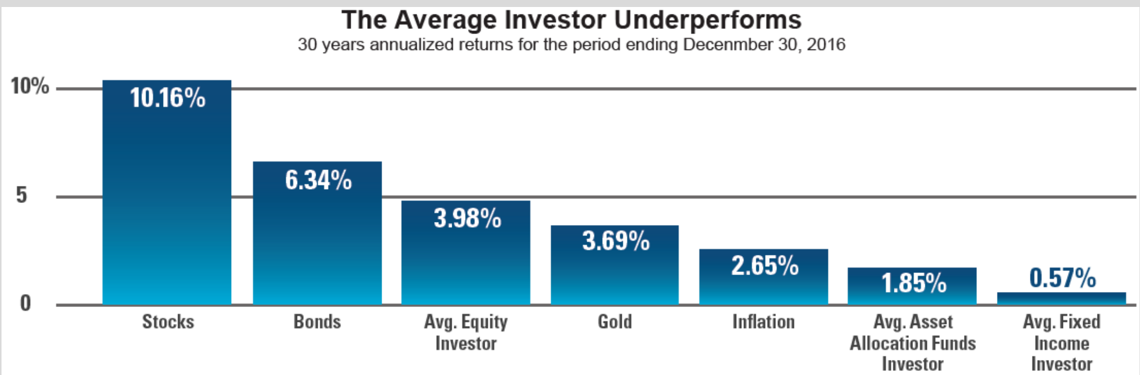


The Impact of Market Movement

The Impact of Market Movement on Investor Emotions

The chart below provides a clear illustration of what Market Movement feels like. There is no getting around it, investor behavior is strongly influenced by two basic emotions: fear and greed.





Sources: Dalbar, Inc. Quantitative Analysis of Investor Behavior, 2016 Advisor Edition. Past performance is no guarantee of future results. It is not possible to directly invest in an index. **Gold** is represented by the change in the spot price of gold in USD per ounce. **Stocks** are represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large-capitalization companies within various industrial sectors, most of which are listed on the New York Stock Exchange. **Bonds** are represented by the Barclays US Aggregate Bond Index, an unmanaged market-weighted index that consists of investment-grade corporate bonds (rated BBB or better), mortgages and US Treasury and government agency issues with at least 1 year to maturity. Inflation is represented by the Consumer Price Index. **Average Equity Investor, Average Asset Allocation Investor and Average Fixed Income Investor** is represented by Dalbar's average asset allocation investor return, which utilizes the net of aggregate mutual fund sales, 12/31/16 to match Dalbar's most recent analysis.

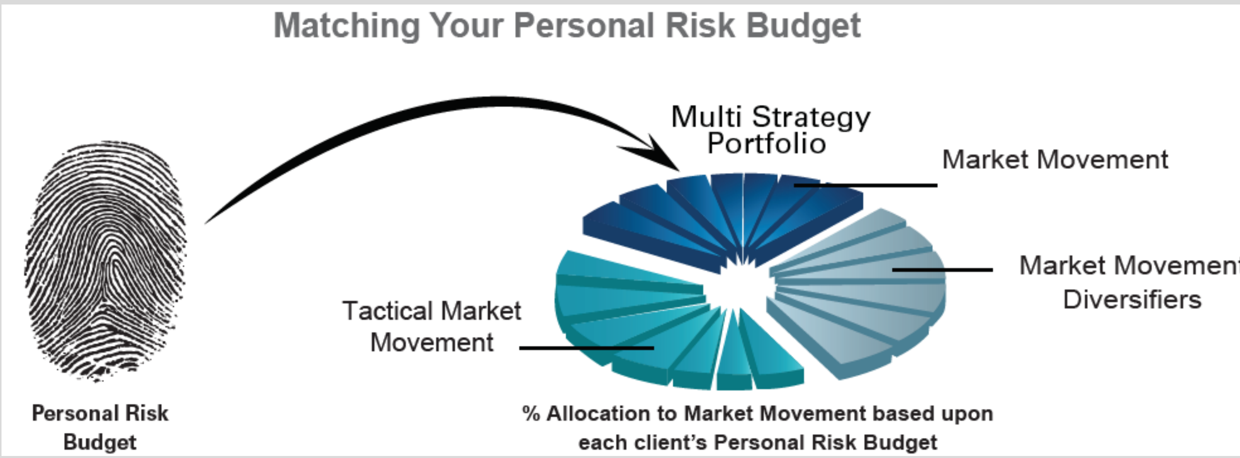
The Impact of Market Movement on Investor Returns

Many investor portfolios are primarily reliant on Market Movement for returns and therefore have experienced more volatility than expected. This has influenced them to make poorly timed buy and sell decisions based more on emotion than discipline. As a result, research clearly shows that investors often underperform the very asset classes in which they are invested. The indices in this chart represent a broad range of investments. These investments are not highly correlated with each other.

The Evolution of Investor Profiling & Risk Management

The Impact of Market Movement on Investor Emotions

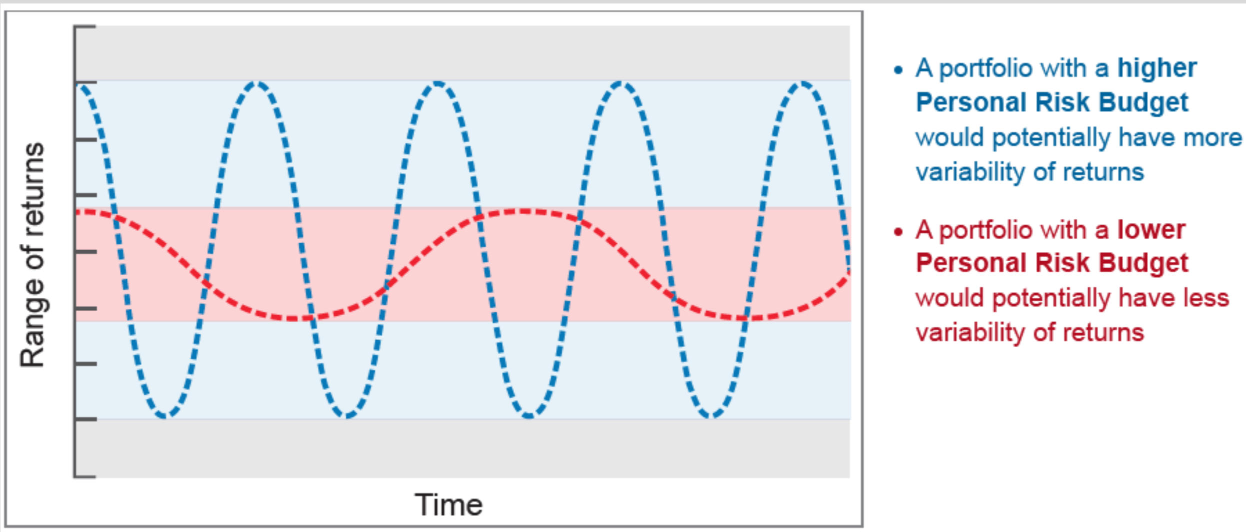
Market Movement is the primary driver of an investor's experience. Therefore, the single most important decision an investor will make is how much Market Movement to include in their portfolio.



Traditional investor profiling methods have not been effective, as they often lead to a one-size-fits-all solution, and potentially misaligned expectations. We have developed a unique client profiling process which mathematically aligns our client's risk tolerance with the appropriate level of Market Movement exposure. We help each client identify their personalized Personal Risk Budget which assures that their portfolio is tailored to their needs with the goal of staying within their risk budget and working towards their financial goals.

Investing With Clarity & Confidence

Rather than an asset mix dictating how much volatility an investor incurs without any bounds, our approach begins with determining an investors Personal Risk Budget and an agreed upon acceptable range of volatility.



By tailoring the portfolio to each investors unique Personal Risk Budget, we have better control over the investor experience and are able to set clear expectations. Our goal is to pave the way for our clients to invest with clarity and confidence along their path toward their investment goals.

The Evolution in Diversification

Each investor's unique Personal Risk Budget and associated risk budget dictates how much of their portfolio should be dedicated to capturing Market Movement. The remainder of the portfolio can then be used for managing risk and creating returns independent of Market Movement. Each client's portfolio will be implemented with assets in each of the three mandates described below:

Strategy 1: Market Movement

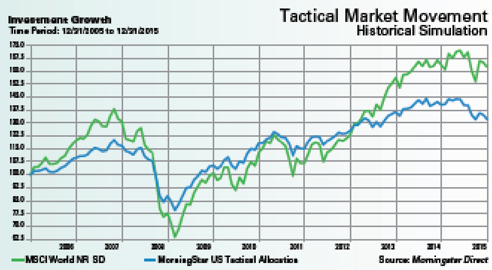
Strategies **strategically** allocated to capture stock and bond market movement.
They will:

- ✔ Fully engage in markets, seeking pure and full participation
- ✔ Effectively manage longevity and inflation risks through consistent exposure
- ✔ Be implemented with index funds, ETFs, and equity and/or bond separate accounts

Strategy 2: Tactical Market Movement

Strategies designed to **tactically** adjust asset class weightings to increase/decrease their exposure to market movement.
They will:

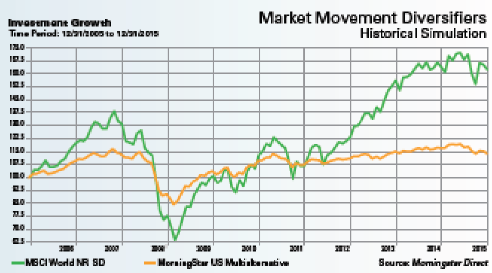
- ✔ Utilize flexibility to actively adjust portfolios to changing global market conditions.
- ✔ Adjust risk in portfolios while opportunistically allocating to attractive asset classes.
- ✔ Be implemented with ETFs and active mutual funds



Strategy 3: Market Movement Diversifiers

Strategies designed to provide a source of risk and return that is independent of overall stock and bond market movements.
They will:

- ✔ Provide sources of risk and return that may have low correlation to other strategies in a portfolio
- ✔ Indentify nontraditional risk and return opportunities with little dependence on market direction
- ✔ Disengage from general market movements and introduce new sources of risk and return



**Diversification does not ensure a profit or protect against loss. There is no guarantee that investing across three mandates will be successful. Figures are for illustrative purposes only, and do not represent an investment portfolio or an index for an investment portfolio. It is not possible to invest directly in an index. Results may vary based on time periods and allocations. Past performance is not indicative of future results.

Our Investment Process

Our investment process is designed to address the emotional and financial aspects of each client to align their portfolio with the appropriate amount of Market Movement exposure.

1. **Discovery:** Through our Discovery session we seek to understand all aspects of our client's lives.
2. **Determining Your Market Movement Number™:** By helping each client determine their personalized Market Movement Number™ we can develop a portfolio customized to meet their financial goals while managing to their tolerance for risk. Our Risk Budget Agreement provides the path to set clear expectations and set the stage for maintaining a disciplined approach through varying market cycles.
3. **Three-Mandate Allocation:** Once your Market Movement Number™ is determined, we will then allocate portions of your risk budget across the three-mandates. The goal is to capture the upside return potential of Market Movement while controlling the overall volatility through these potentially diversified sources of return and risk.
4. **Strategist Selection:** Within each of the three mandates we have a wide variety of Strategists from which to select. Based on our client's situation and our outlook on the markets, we will initially select and, over time, potentially adjust the Strategists managing the portfolio.
5. **Regular Review & Volatility Audit:** We are constantly monitoring your portfolio. On a regular basis we will schedule reviews with you to get updated on any changes in your life that may impact your Market Movement Number. We will review how the portfolio is performing relative to your unique Market Movement Number and make any necessary adjustments.

Disclosures:

Market Movement Solutions® and the Personal Risk Budget define the allocation level of a portfolio that can be dedicated to market movement and are not a specific investment product. Investors should review the risks associated with investing in any manager strategy before investing.

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Past performance is no guarantee of future results. All investments contain risks to include the total loss of invested principal. Diversification does not protect against the risk of loss. Investors should review all offering documents and disclosures and should consult their tax, legal or financial professional before investing.

All investments involve the risk of potential investment losses. Investors that employ one or more of the strategies should first obtain and read the disclosure brochure, prospectus and offering documents of all investments, strategists and managers to fully understand the risks of investing. Investors should discuss these risks with their financial advisor to determine which strategies, investments products, asset allocations and/or investment managers are appropriate for the investor.

Index Descriptions

The indices are presented as broad-based measures of the equity and fixed income markets. The indices returns reflect no deduction of fees, expenses, transaction costs or taxes that actual client accounts are subject to. The indices returns have been taken from published sources believed to be reliable. Investors cannot invest directly in an index. Investing in any security involves a risk of loss.

Market Movement – The MSCI World Index, which is a capitalization weighted index that monitors the performance of global stocks, is shown to demonstrate the behavior of global stock market movement.

Tactical Market Movement – the exhibit shows the Morningstar US Tactical Allocation category average of approximately 390 funds relative to the MSCI World Index, which is a capitalization weighted index that monitors the performance of global stocks.

Market Movement Diversifiers – the exhibit shows the Morningstar US Multi-Alternative category average of approximately 522 funds relative to the MSCI World Index, which is a capitalization weighted index that monitors the performance of global stocks.

Mandate Descriptions

Mandate 1: Market Movement. The role of this strategy in a portfolio is to capture movement in equity and fixed income markets as defined by the investment policy established with the investor. Strategists in this passive strategy remain fully invested following the target allocations. Diversification alone may not protect against loss in one or more declining market segments. Portfolio weightings may result in an allocation to a market segment that is not in favor during a particular market cycle. Losses in one market segment may exceed gains, if any, in other market segments. Investors should also consider the risks associated with the investment products and/or managers that are recommended by your financial advisor in implementing this strategy.

Mandate 2: Tactical Market Movement. The role of this strategy in a portfolio is to adjust risk in the portfolio, while still opportunistically allocating toward asset classes, which can provide reasonable returns for the amount of risk taken. Strategists employ active management. Strategists will adjust portfolio weightings and allocations based on their research and judgment. Active or tactical strategies have the risk that the underlying manager decisions or timing of decisions could adversely affect the portfolio. Investors should also consider the risks associated with the investment products and/or managers that are recommended by your financial advisor in implementing this strategy.

Mandate 3: Market Movement Diversifiers. The role of this strategy in a portfolio is to add investments that de-link from general market movement and may provide a diversifying component within the overall portfolio independent of the Market Movement. Strategists in this strategy employ additional asset classes and investment types, such as alternative investments. Alternative investments may have increased volatility and concentrated positions. Investors should also consider the risks associated with the investment products and/or managers that are recommended by your financial advisor in implementing this strategy.

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