Portfolio Update

At WCM, as discussed in recent notes, we have believed for some time that the markets are fully valued and fragile, and it would not take much to put emotional investors and algorithms alike into a selling frenzy. The recent series of "October surprises" throughout the Presidential race has only increased uncertainty and investor apprehension. A weakened Presidency and uncertain policy and regulatory direction will make it hard for businesses to make either tactical or strategic moves, and the potential for bellicose foreign trade talk could dampen prospects for U.S. companies exporting abroad and foreign companies that depend on access to U.S. consumers. If fundamentals are stretched and forward prospects are uncertain or dimming, we believe conditions are ripe for a correction.

We have been raising our cash position since early Summer, largely at the expense of long-duration bonds and non-US equities, and have now taken further steps to reduce risk in anticipation of significant market volatility and the rising potential for a sharp correction. More specifically, we have reduced exposure within U.S. equities and, to a limited extent, U.S. corporate credit. We believe that a market correction would be healthy as it would uncover opportunities to invest in undervalued asset classes rather than having to hope businesses and economies can grow into the valuations and debt loads we see now. We view cash as a resource, and will selectively re-enter markets as these headwinds abate and the seas calm. In the meantime, we believe protecting client capital while still being positioned to take advantage of total return opportunities in debt and equity markets is of paramount concern.

In terms of positioning, we continue to orient portfolios towards the U.S. with lower exposure to international assets than our underlying benchmarks. We prefer the relative safety of U.S. assets but do have a more favorable view of Asia and the emerging markets as compared to European asset classes. We continue to hold high cash positions in portfolios, mainly at the expense of U.S. and European equities.

Our bond allocations also favor the U.S. over the rest of the world with a preference for investment grade corporate credit. We continue to be positioned with lower duration than the benchmark. We have modest exposure to developed international government bonds and corporate credit. We have no emerging market debt at this time.

DISCLOSURES

Wilde Capital Management, LLC is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, style, index or strategy will provide positive performance over time.

Diversification and strategic asset allocation do not guarantee a profit nor protect against a loss in declining markets. All investments are subject to risk, including the loss of principal.

The information contained herein is based upon the data available as of the date of this document and is subject to change at any time without notice.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in U.S. and longer-established non-U.S. markets.

An investment in small/mid-capitalization companies involves greater risk and price volatility than an investment in securities of larger capitalization, more established companies. Such securities may have limited marketability and the firms may have more limited product lines, markets and financial resources than larger, more established companies.

Portfolios that invest in real estate investment trusts (REITs) are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

Portfolios that invest a significant portion of assets in one sector, issuer, geographical area or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified portfolios.

Important Disclosures: Exchange-Traded Funds

Exchange-traded funds (ETFs) are investment vehicles that are legally classified as open-end investment companies or unit investment trusts (UITs), but differ from traditional open-end investment companies or UITs. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. This can result in the fund trading at a premium or discount to its net asset value, which will affect an investor's value. Shares of certain ETFs have no or limited voting rights. ETFs are subject to risks similar to those of stocks.

ETFs included in portfolios may charge additional fees and expenses in addition to the advisory fee charged for the Selected Portfolio. These additional fees and expenses are disclosed in the respective fund/note prospectus. For complete details, please refer to the prospectus.

For additional information regarding advisory fees, please refer to the Fee Summary and/or Fee Detail pages (if included with this report) and the program sponsor's/each co-sponsor's Form ADV Part 2, Wrap Fee Brochure or other disclosure documents, which may be obtained through your advisor.

Certain ETFs have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, investors in such ETFs will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to investors on an IRS schedule K-1. Investors should consult with their tax advisors in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.