WILDE CAPITAL MANAGEMENT

PORTFOLIO UPDATE – APRIL 28, 2017

As global macro investors, we have had a lot to consider over the last few weeks. Developments that give us pause include the continuing legislative travails of the Trump administration, the escalating brinksmanship of Kim Jong-un in North Korea and the increasing number of Wall Street luminaries voicing concern about the length of the bull market and equity valuations. While these events may foreshadow greater volatility and prescribe caution, we are encouraged by a number of positive factors that bode well for risk-bearing assets. These include earnings growth momentum (both in the U.S. and offshore), improving global economic indicators, and confirmation of continued accommodative central bank policy. With growing conviction that the global recovery remains on track, we have increased our equity exposure in select international markets, funding these positions from cash. We also took this opportunity to reposition our U.S. fixed income exposure, initiating a position in convertible bonds funded from short-term Treasuries.

Within the equity portion of our portfolios, we have maintained a long-standing preference for the U.S. We have avoided exposure to Europe based on slow economic growth, weak fundamentals, lack of fiscal coordination across the region, and near-term political instability. However, based on growing signs of "green shoots" as evidenced by earnings growth momentum, and diminishing political risks (as seen in the Dutch and French election results), we have chosen to re-engage in European equities. We have initiated with a significant exposure but remain underweight relative to our benchmark. In addition to Europe, we have also increased our exposure to broad Asian markets (both developed and emerging) excluding Japan. These countries offer attractive growth rates and structurally sound economies.

In regard to our fixed income exposure, while interest rates have been on a downward trajectory over the last month, we continue to believe that they will increase over the long-term. With that in mind, we have initiated a position in convertible bonds. Due to their hybrid structure (combining both bond and equity characteristics), these instruments have shown a tendency to appreciate in a rising rate environment. As corporate credits, they also offer attractive yields. We funded this new position from short-term Treasuries, which we believe offer limited total return potential going forward. Our exposure to Treasuries is significantly lower than our benchmark, with our only exposure to short-term Treasury Inflation Protected Securities (TIPS).

In terms of overall positioning, we continue to maintain a preference for the U.S. across equities and fixed income. We also have a favorable view of Asia and the emerging markets. As a result of today's purchases, we have fully deployed our excess cash holdings. We continue to maintain a significant overweight to U.S. equities, primarily funded from non-U.S. bonds. Within fixed income, with our purchase of convertible bonds, our exposure to U.S. corporate credit is now substantially higher than our benchmark. Our portfolios maintain lower duration than the benchmark and broad exposure to non-U.S. bonds at weights below our benchmark. We have no emerging market debt at this time.

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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.

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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.

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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.

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