



PORTFOLIO UPDATE - AUGUST 15, 2017

One of our core beliefs as investors is that, over time, markets revert to the mean or trend. For various reasons (including fundamentals, valuation, and investor psychology), certain segments of the market will under or overperform on a relative basis. This can persist for an extended period of time but ultimately investors temper their views and push the market back to the average (be it historical or some other relative reference). Small Cap Growth equities have outperformed their value counterparts in 2017 and, with signs of mean reversion, we have sold out of our Small Cap Growth equity positioning and used the proceeds to increase our Large Cap Value equity holdings. This maintains our significant U.S. equity overweight relative to our benchmark and more evenly balances it out across market capitalization.

A look across the U.S. equity market reveals that value stocks (typically characterized by higher dividend yields and lower P/E ratios) have underperformed growth stocks (typically characterized by low or no dividends and above average earnings growth) meaningfully for most of 2017. We are seeing signs of mean reversion across market technical readings. We chose to realize the gains in our Small Cap Growth equities and redeploy the capital into Large Cap Value equities. Large Cap equities have outperformed this year relative to Small Cap and we believe that trend will continue.

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 the Eurozone, Asia ex-Japan and the emerging markets. Our overweights to these equity markets are primarily funded from non-U.S. bonds. Within fixed income, our exposure to U.S. corporate credit is 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.



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.