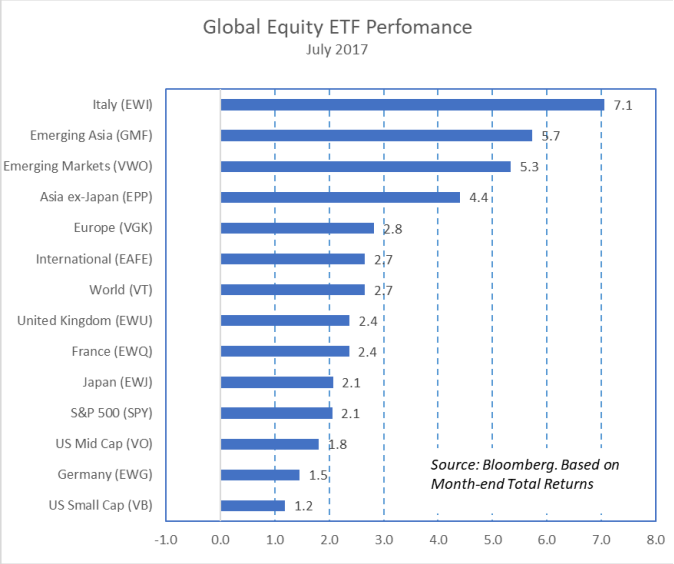
WCM | WILDE CAPITAL MANAGEMENT

JULY 2017 CAPITAL MARKET REVIEW

July was a strong month for corporate asset classes throughout the world. Higher growth segments in both stock and bond markets broadly led asset classes. The U.S. dollar continued its descent against major currencies.



Equity Markets*

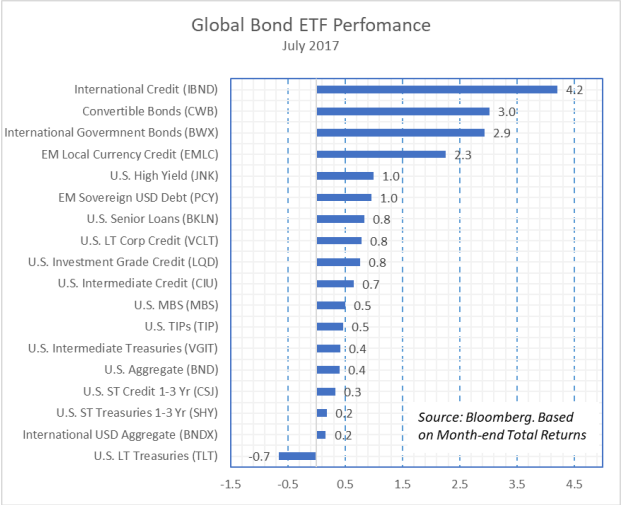
July was generally a robust month for equity markets across the globe. International markets largely outpaced the U.S. in dollar terms led by Italy, which delivered a strong 7.1% gain for the month. Asian stock markets also posted strong returns with emerging Asia advancing 5.7% and developed Asia climbing 4.4%.

Within the U.S., large cap stocks rose a respectable 2.1%, while mid-caps and small caps lagged, delivering 1.8% and 1.2%, respectively. Overall, U.S. equities lagged global counterparts which were aided by dollar weakness – the Bloomberg index contracted 2.6% in July.

Bond Markets*

Higher risk and higher growth areas of bond markets rallied impressively in July. Non-dollar denominated debt instruments were among the strongest performers with developed market corporate credit gaining 4.2% and international government bonds rallying 2.9%.

Within the U.S. bond markets, higher risk and higher yielding areas outperformed. Convertible bonds rose 3.0% and high yield climbed 1.0%. In contrast, long-term U.S. treasuries fell 0.7%.



WILDE CAPITAL MANAGEMENT, 60 MORRIS TURNPIKE, SUMMIT, NEW JERSEY, 07901 (866) 894-5332
WWW.WILDECAPITALMGMT.COM CONTACT@WILDECAPITALMGMT.COM

WCM | WILDE CAPITAL MANAGEMENT

ASSET ALLOCATION UPDATE

We realigned our global equity positioning to further express our preference for the U.S. market and adjust sub-regional exposures. Within the fixed income portion of the portfolios, we also maintained our preference for the U.S. but adjusted our duration profile. Here are more details:

- Increased allocation to U.S. Information Technology stocks from cash holdings
- Removed U.S. Consumer Staples in favor of U.S. Financial stocks
- Removed U.K. equity position and raised exposure to the Eurozone
- Removed U.S. Short-term Corporate Credit and used the proceeds to expand U.S. Intermediate-term Corporate Credit

See the August 2, 2017 Portfolio Update on the WCM website for further detail or contact us with any questions.

**The returns cited in the above paragraphs reflect total return performance of exchange traded funds listed in the corresponding bar charts on this page.*

"July was a strong month for higher risk and higher growth asset classes throughout the world. The U.S. dollar continued to weaken versus other major currencies."

PORTFOLIO POSITIONING

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 ex-Japan and the emerging markets. With the previously mentioned increase to our Information Technology sector exposure, we have slightly increased our overweight to U.S. equities, 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.

WCM | WILDE CAPITAL MANAGEMENT

RISK OUTLOOK

Economic activity generally remains robust both home and abroad. Consumer and business sentiment indicators remain bullish, corporate earnings growth is expanding, while inflation remains in check. Fiscal policy in the developed world will most likely continue to be expansionary and monetary policy, on balance, should remain accommodative. Political risk across Europe has dissipated through the election cycle. All of these developments are constructive for global risk assets.

As expected, the Federal Reserve raised interest rates by 25 basis points (0.25%) in June but another hike by year end may be in doubt due to subdued inflation. The Fed's recent moves have been telegraphed and anticipated by market participants. There is some concern that volatility may resurface as the Fed begins to shrink its $4.5 trillion balance sheet. Another significant risk continues to be the Trump administration's ability to execute on policy. Healthcare legislation has stalled and the formal tax reform proposal is not expected until September. With the ongoing special investigation regarding Russian influence with the Trump presidential campaign, many market participants fear that the legislative agenda could be delayed for an extended period of time.

KEY EVENTS IN AUGUST

Week 1

- 8/1 Markit Mfg PMI (U.S., U.K., and Eurozone)
- 8/2 China Caixin PMI
- 8/2 Japan Nikkei PMI
- 8/2 Japan Consumer Confidence
- 8/3 U.K. BOE Bank Rate
- 8/3 Eurozone publishes economic bulletin
- 8/4 U.S. Employment Surveys
- 8/7 Eurozone Sentix Investor Confidence

Week 2

- 8/8 China Price Index Surveys
- 8/10-8/11 U.S. Price Index Surveys
- 8/13 Japan GDP

Week 3

- 8/15 U.K. Price Index Surveys
- 8/16 U.S. Housing Surveys
- 8/16 U.S. FOMC Meeting Minutes
- 8/17 U.S. Conf. Board Leading Indicators
- 8/17 Eurozone account of the monetary policy meeting

Week 4&5

- 8/22 China Conf. Board Leading Indicators
- 8/22 Eurozone ZEW Economic Surveys
- 8/24 U.K. GDP
- 8/24 Japan Price Index Surveys
- 8/24 Japan Leading Indicators (June)
- 8/29 U.S. Conf. Board Sentiment Surveys
- 8/30 U.S. GDP
- 8/30 U.K. GFK Consumer Confidence
- 8/31 China Caixin PMI (August)
- 8/31 Japan Nikkei PMI (August)

Wilde Capital Management, 60 Morris Turnpike, Summit, New Jersey, 07901 (866) 894-5332
www.wildecapitalmgmt.com contact@wildecapitalmgmt.com

WCM | WILDE CAPITAL MANAGEMENT

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.