PORTFOLIO UPDATE – NOVEMBER 17, 2017

We saw some volatility come back into markets over the last few weeks as China's growth appeared to moderate and the arduous legislative process to achieve tax reform began to play out in the U.S. Congress. However, with most investors confident that the Federal Reserve remains on track to raise interest rates next month, and the "buy on dips" mentality still intact, equity markets resumed their bullish trajectory. In the current environment of benign inflation and a flattening yield curve, we realigned the U.S. fixed income exposure within our portfolios and introduced some actively managed vehicles to best position within each segment. We also reduced our Eurozone equity exposure to a neutral weighting relative to our benchmark.

Within the short-term portion of our fixed income holdings, we sold out of inflation-protected Treasuries and purchased a diversified core bond portfolio. We believe inflation will remain in check for the foreseeable future and do not see a need for inflation protection. The new position has more credit exposure and should realize greater total return while minimizing duration risk. We have also chosen to use an actively managed investment vehicle. The active management gives us a more dynamic vehicle that can pursue opportunities within the eligible investment universe.

With reduced conviction in our floating rate loan position, we sold it and purchased preferred securities. We believe that interest rates will increase in a measured fashion and floating rate loan exposure offers limited upside potential in the near-term. Preferred securities are fixed income investments but also possess equity-like characteristics. For example, because they are lower in the capital structure, investors receive higher compensation for holding them. Because preferred securities are issued in multiple formats with distinct characteristics, we recognize the value of expertise in the space. Therefore, we have chosen to use an actively managed fund for this exposure.

Seeking to diversify our mortgage-backed securities exposure, we sold out of our existing position (which was concentrated in agency-backed mortgages) and moved into an income-oriented fund that primarily invests in mortgages. The new position is actively managed and will provide more diversified exposures across the mortgage sector. The fund will also dynamically manage portfolio duration to manage interest rate risk.

Within the equity portion of our portfolios, we reduced Eurozone exposure to a neutral weight relative to our benchmark. We are still bullish on the region based on improving economic growth and earnings momentum, but after advancing by 35% over the last 12 months, we believe this market may have gotten ahead of earnings and will underperform relative to other regions over the short term. This view is supported by market technical measures.

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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 emerging market equities. Our overweights to these 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.

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WILDE CAPITAL MANAGEMENT

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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.

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.

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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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