



PORTFOLIO UPDATE – FEBRUARY 20, 2018

U.S. interest rates have risen significantly over the past few months and investors are not taking it lying down. Equity markets sold off in late January into early February as market participants played out how higher rates and true inflation could impact the economy and corporate earnings. Interest rates have continued to trend up and it appears we may have finally reached what many have predicted for a number of years – the end of the bond bull market dating to the early 1980s. With signs of economic growth momentum and the Federal Reserve continuing on the path to normalize policy, we believe that interest rates will continue to move upward from here. To address potential principal risk, we have taken action to further reduce interest rate risk in our portfolios by selling our U.S. intermediate corporate credit position.

At this time, we have also chosen to move out of a currency hedged equity position in Japan and replace it with a non-hedged vehicle. This follows a recent change we made within our international fixed income positioning and reflects our current thinking regarding the U.S. Dollar (please see the Portfolio Update dated February 1, 2018). Based on a number of factors including U.S. fiscal policy and global central bank policy, we believe the U.S. Dollar may continue to weaken relative to other major currencies. Therefore, we have made this change to our dedicated Japanese equity position to gain local currency exposure.

In terms of overall positioning, we continue to maintain a preference for the U.S. across equities and fixed income. Within U.S. equities, we have a significant commitment to large cap stocks with a corresponding underweight to mid and small cap stocks. We also continue to 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, with the sale of our U.S. intermediate credit exposure, we are now underweight across both U.S. and non-U.S. regions while maintaining a preference for corporate credit. Our portfolios maintain lower duration than the benchmark. Our cash position is now overweight relative to our benchmark.



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.