

NEWSLETTER AND CAPITAL MARKETS REVIEW

MARCH - APRIL 2022

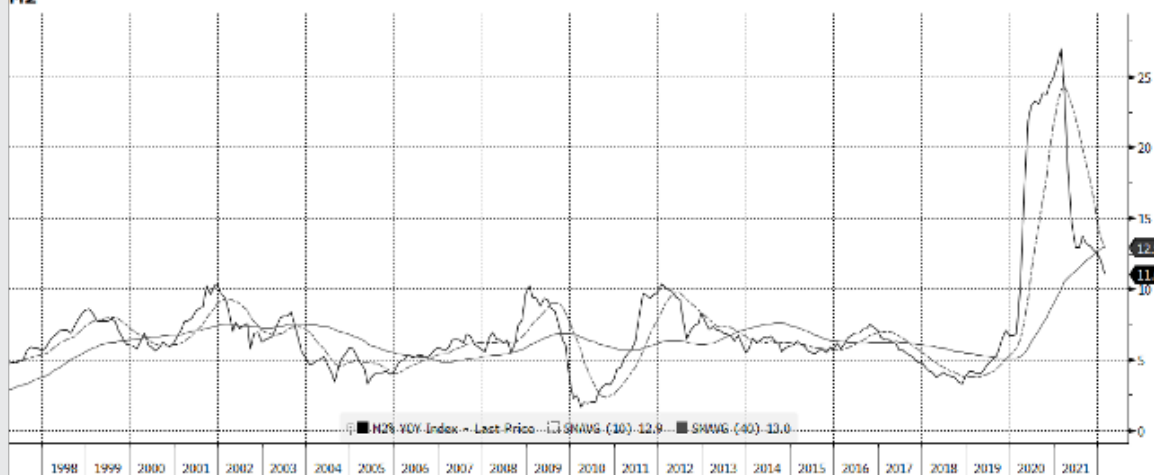
Ukraine and Russia have been driving the headlines, but as we have discussed regularly across 2022, it is not the whole global economic story. The sanctions regime wrapped around Russia is not that consequential for economies and markets other than Russia's. What is at issue is their central role in the global energy mix for petroleum and natural gas, and Ukraine's in the global food supply. Both are adding inflationary fuel to the fire. However, the story driving capital markets is inflation and policy. We are at a critical moment of regime change at the end of a 40 year decline in interest rates and, with a few pauses, more than 20 years of accommodative policy from the Federal Reserve starting with the Tech Bubble rupture and 9/11, if not even earlier after the Asian Contagion currency crisis. There are some similarities to the 70's, but many differences that tell us we are entering uncharted waters, certainly as today's market participants were early-career or not even a glint in their parents' eyes the last time we experienced high inflation, global conflict including squaring off with Russians, and a Fed aggressively tightening policy rates.

Growth in the broad US money supply (M2) is slowing, but still remains high by historical measures. Beginning with the first real effects of the pandemic felt in North America and encompassing the ensuing two-year period from February 2020 to February 2022, M2 grew nearly 41%, the highest two-year growth rate since at least 1970 according

to US Federal Reserve records. To place that in context, the average pre-pandemic two-year growth rate was just under 14%. The extraordinary growth in the monetary base is undoubtedly related to unprecedented fiscal and monetary policy measures taken in response to the pandemic shutdowns. We believe the tide is now going back out on the M2 pool. The Fed is raising policy rates, although how aggressively remains to be seen, and will likely begin reducing the size of its balance sheet as well. Extreme Washington DC largess has come to an end as well with any discussion of further programmatic stimulus shifting further and further to the back of the desk as we close in on midterm elections, at which time one or both houses of Congress may shift control moving the country further toward practical if not explicitly policy-based austerity.

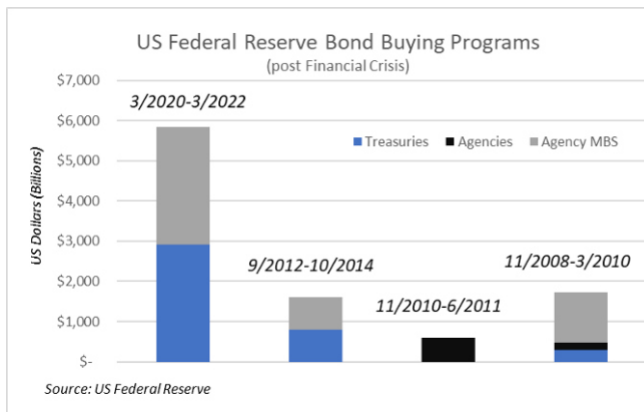
As we have discussed numerous times in our newsletters and blogs, the combination of lingering policy decisions from the post-Financial Crisis period and new actions taken in the face of the COVID-19 pandemic led to the Fed's balance sheet reaching \$5.8 trillion, achieving more than twice the ratio to GDP that it was during the Financial Crisis. The distinction between the looming Fed bond buying reduction and previous cycles, noted on the "US Federal Reserve Bond Buying Programs" chart, is historically policy rates were not raised, basically remaining zero as those bond buying programs ended.

US Broad Money Supply Growth
M2



Review and Outlook cont'd

Why is this important? The government liquidity glut fueled the recovery in asset prices and the economy, but also amplified or even caused inflationary pressures across broad segments of the economy that have not been experienced in more than 40 years. Seeing the law of unintended consequences at work, the stimulus, which was admirably intended to support wide swaths of the population and particularly the most economically fragile, has contributed to painful inflation that has the same effect as increasing taxes for many basic-wage earners. Even though wages have been rising recently as we have seen in what is (for the most part incorrectly) called the Great Resignation, wages had been largely static for years previously, but fortunately inflation remained low at the same time, so the loss of purchasing power was not as extreme. Now inflation is ripping at a multiple of these wage gains, meaning basic-wage earners are accelerating backwards in terms of economic capacity.



Now, the Fed really has no choice but to aggressively increase rates and reign in the balance sheet to bring inflation to heel, an economic condition capital markets have not experienced since the Volcker Fed and President Reagan. As we and others have regularly pointed out, the Fed has shown a hesitancy to act in the last several cycles. Now, that hesitancy, at the same time money was being poured into the economy by Congress and structural and pandemic-related supply chain issues were touching off inflation hot spots, has left us all in challenging circumstances.

[charts and data courtesy US Federal Reserve, Bloomberg LP © 2022]

Portfolio Positioning

Earlier in the quarter, we took steps to reduce our exposure to equity risk as the capital markets digested their nearly unprecedented run- up since the pandemic nadir in March of 2020. Our feeling has been that signals of transient inflation are becoming more systemic and, combined with a regime change from the Federal Reserve from stimulating to tightening, the short-term prospects for equities are less attractive. Since that time markets took a brief respite and even rallied a bit before continuing to grind and sometimes lurch lower. We subsequently took a further incremental step away from equities in both US and foreign markets as we look for the catalyst that will define the bottom of this downward trajectory, the recent bear market rally in US equities notwithstanding. Within our ETF models, we made the shift primarily in US large cap growth and in Developed Europe equities, and in our ESG models through core and growth-biased large cap equities and broad international equities. All proceeds were committed to cash and cash equivalents for the moment. This further reinforces our underweight allocation to equities overall as well as keeping a modest underweight in fixed income, with cash now even more overweight. Within global equities, we materially lowered US exposure, kept an underweight in Emerging Markets, and established an underweight with respect to Eurozone stocks while continuing an underweight in Japan. Within fixed income, we are overweight in the US with a preference for mortgages and investment grade corporate credit. We have little to no exposure to non-US fixed income except through Green Bonds in our ESG series portfolios. All portfolios holding fixed income maintain lower duration than the benchmark.



Risk Outlook

- **Inflation** – What once was episodic is being reinforced by ongoing and new challenges turning small concentrations of inflation into a system-wide problem. Price rises are becoming more prevalent across the economy, and the Russia-Ukraine conflict just adds insult to injury as energy markets ran up to levels not seen since the bubble preceding the Financial Crisis. In many regards it is surprising, maybe even astonishing, that inflation has not been more of a concern for years now. We are more than a decade in to post-Crisis easy monetary policy and a booming stock market only briefly interrupted by the pandemic and now inflation, the Fed and the Russia-Ukraine conflict. The coordinated government response to the economic damage of the pandemic was massive. Had all of that stimulus settled into the “real” economy, inflation would be on a tear. We believe that the capital markets have served as a pressure relief valve, with stimulus settling out of the real economy and into the markets inflating asset prices. Correlation does not equal causation, but there seems to be a relationship of some sort between the magnitude of the stimulus and the increase in aggregate value in just the public markets. The challenge now is distinguishing between inflationary hotspots with very clear causal links and pathways to resolution, and more systemic inflation with no focused direct causes and therefore no clear tools for fixing. We have seen spikes in prices of building materials and scarcity of new cars for purchase as examples. But, while we cannot discount those observations entirely, we principally see them as graphic examples of how interdependent world economies and supply chains are and how fragile they were with just-in-time inventory management. While investors have extolled just-in-time since Toyota popularized it, it introduced an inelasticity into global supply chains that was not capable of absorbing the blow of COVID. We liken this to everyone on the highway cruising at 70 Mph riding bumper-to-bumper and doorhandle-to-doorhandle. It works fine until somebody swerves or stamps on their brakes. This was further exacerbated by climate-related issues with beetle infestation and fire affecting Western timber stocks and storms knocking petro-chemical production capacity off line among several other challenges. The results were issues such as a microchip shortage affecting the ability of factories to finish automobiles for

delivery. We believe as major parts of the global economy get back in order that the current focused situations like cars, appliances, chips and building supplies will self-correct, but by then it may be too late as inflation becomes widespread and entrenched. The global sanctions regime surrounding Russia will also play in, challenging energy markets and holders of Russia debt, which will almost certainly add volatility to the inflation situation. In the meantime, as investors and market watchers, we are looking at the confluence of business practices that are not sustainable, resilient or adaptive and externalities like global health, territorial conflict and climate change which can and will disrupt businesses and markets again.

- **Rates** – More rate increases are coming from the Fed, although the slope of that increase is uncertain given competing forces like inflation, energy prices, and war. Even a slight normalization of the rate environment could have profound effects in fixed income markets, severely dragging down assets like 30-year Treasury Bonds which are normally seen as safe harbors from risk. Global financial instability may actually moderate that some as the US T Bond is the world’s mattress for protecting personal, sovereign and corporate wealth, which will pin down rates to some degree. Wall Street has been cautioning about the risk of rising rates since the end of the Financial Crisis in 2009, but we have yet to actually have to live with those risks because a slow grind recovery followed by a series of crises including COVID have conspired to hold central bank policy where it has been – accommodative. We can observe that rising rates, which are now upon us, are not welcome in markets that have enjoyed easy money for more than a decade now. This compels us to think about risk in globally diversified portfolios differently, where the traditionally more conservative parts of asset allocations may actually represent more material risk in the nearer term.



Risk Outlook [cont'd]

- **The National Balance Sheet** – Continuing on the related themes of inflation and rates, the Federal Reserve has started winding down the extraordinary measures they have been taking through asset purchases. That has a couple implications – one is telling the markets that the training wheels can come off. The Fed feels like their additional help is no longer as needed. That is positive in tone which should be good for market sentiment, but offset by the disappointment of losing a major bond investor. This does mean a more orderly bond market where institutional investors are not competing with the government for bond inventory. Again, this is good, but it also means less liquidity. This is a slow turn of the battleship of state. They are not really shrinking the balance sheet. Just growing it less fast, so most of the market reaction will be sentiment-driven rather than based on real stresses from lower liquidity.
- **COVID-19** – We are now looking at the global transition of SARS CoV-2 and COVID-19 from pandemic to endemic, and what that means for progress and prosperity in developed and developing economies. Vaccine deployment continues and close on its heels the promise of new therapies in pill form that may make addressing severe illness as simple for COVID as Tamiflu does for influenza. New strains of the virus may contest the efficacy of those vaccines, but after two years the world has become more adaptive to the challenge and the need to hit the “off switch” on the world economy is far less than the early stages when the virus represented all danger with no defense. As we have previously expressed, the global community remains vulnerable to a have/have-not dichotomy based on access to virus-fighting resources. Indications are that pricing will be calibrated according to economic capacity, which is a promising development that may help to reduce the gap between developed and developing nations in the same way COVAX is working to do so through access to vaccinations. With these developments we may be less than a year away from COVID no longer being a meaningful factor in global economies.
- **China and Russia** – One of our long-term risk themes continues to be our focus on Chinese Communist Party actions which have not materially

shifted for the better in the COVID era. From aggression in the Asia-Pacific region to military tension along the border with India to suppression of Hong Kong citizens' rights and the interests of the Uighur population and the lack of contrition for their early role in failing to stop COVID-19 in its tracks, all may contribute to China-directed backlash or retaliation. There does seem to be regional coherency in the response as nearly all Pacific nations have aligned with the US against Chinese aggression. From lack of respect for intellectual property rights to involvement in global criminal drug trafficking to financial crimes and human rights abuses bordering on genocide, the country is finding it harder to get the global community to look the other way. We view this as a risk to investment in China and investment in companies reliant on a Chinese supply chain, but likely bullish for other parts of the Asia Pacific interested in usurping China's role as the manufacturing floor for the world. Meanwhile Russia continues to operate from other pages in the same playbook, manipulating natural gas markets in Europe and staging a full invasion of the sovereign nation of Ukraine. This is disrupting agricultural markets as the invasion interrupts Ukraine's ability to produce and provide agricultural products, and the global sanctions against Russia in response severely limit their own access to markets, effectively taking two consequential producers out of global markets. North America is food-independent, but because of the interconnectedness of global commodity markets, this kind of disruption may compound inflationary pressures in food.



ESG Considerations - Inflation and Housing

A lot of what environmental, social and governance-centric investing focuses on is the bottom of Maslow's Hierarchy of Needs. While ESG does touch on some areas higher on the pyramid around esteem and self-actualization, most of it tends to emphasize the physiological needs (air, water, food, sex/reproduction, sleep, clothing, and shelter) and safety (health, personal security, emotional security, and financial security). No surprise, these line up well with the UN Sustainable Development Goals. Previously we talked about ESG and access to dignified work post-COVID and in the face of inflation. This month we are going to examine shelter and inflation and the role of ESG-informed investment.

The challenges with housing lie in numerous different directions, but nearly all roads eventually lead back to access. Access is primarily determined by economic means, but not exclusively. Although less than historically, there can also still be an ethnic or racial component to access or lack thereof, although that challenge often manifests itself in economic terms as well. And increasingly, access is a challenge even for those that do not fall into the historical categories of those that have been disenfranchised. Certain urban and suburban areas have become so rarified in terms of property values, rents and taxes that people not just at the bottom but in the middle of the economic ladder are excluded from participation. And, access or the lack of access has a compounding effect. Access to safe and affordable housing has benefits in terms of individual, family and

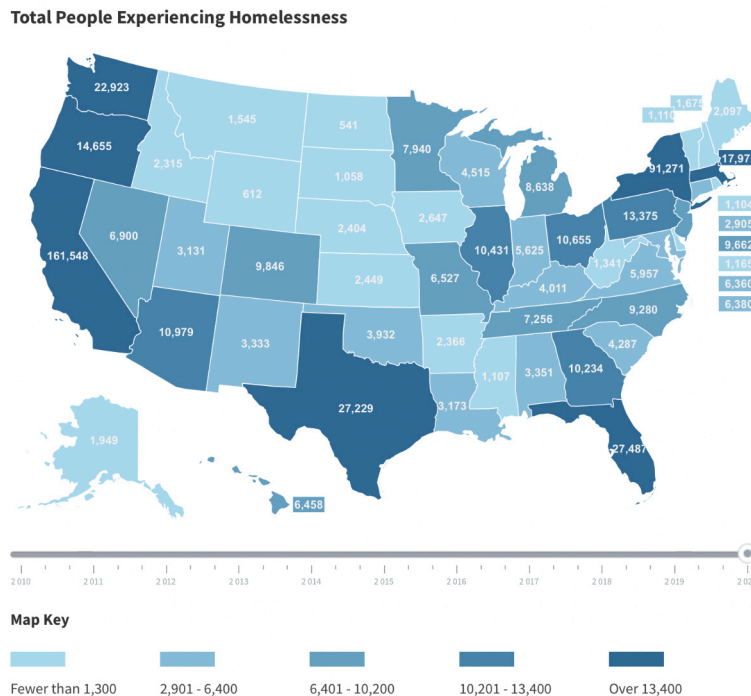
community health and stability, access to education, access and proximity to good work, and for homeowners the opportunity to participate in the capital growth of real estate over time. Being excluded from all of the above effectively removes rungs from the economic ladder and locks people into their disadvantage.

What does this have to do with investing and ESG? Housing is everywhere in our investment universe. It can be explicit, such as owning participation in a portfolio of residential mortgages, or investing in a real estate investment trust (REIT) that owns apartment buildings. Or, it can be indirect, like investing in the building trades or companies that provide raw materials

like timber and steel. It also is a big part of the business of community, regional and national banks, many of which are listed public companies and/or issue bonds into public markets. There are also derivative effects on housing like whether or not companies in which we invest pay their workers enough to live in the communities where the companies operate. Access and affordability also have echo effects related to

the businesses that serve the communities from gas stations to grocery stores as well as the tax base that supports schools and hospitals and infrastructure that make those communities vibrant and attractive and valuable. Back to Maslow's hierarchy, everyone lives somewhere, whether it is a mansion on a hill in wine country or a subway grate in the city, and therefore housing's relationship to investing is everywhere.

[Chart from US Interagency Council on Homeless, 2020]



ESG Considerations [cont'd]

Same tune, different key

Persistent social, environmental, and economic problems are practically institutionalized in the housing market, so much so that it takes the eruption of a crisis of the moment for people and markets to take notice. There are rising indicators of housing insecurity that do get noticed, but regrettably primarily for their effects and not their causes, like increasing homelessness and increasing crime. The last manifestation of the housing problem that truly grabbed investors' attention was the Financial Crisis of 2008. Again, it mostly got noticed for nearly wrecking the global financial system and not for the underlying causes. It is a useful reference point because this was a stark moment where solid ESG fundamentals incorporated into investment decisionmaking mattered in avoiding at least some of the carnage.

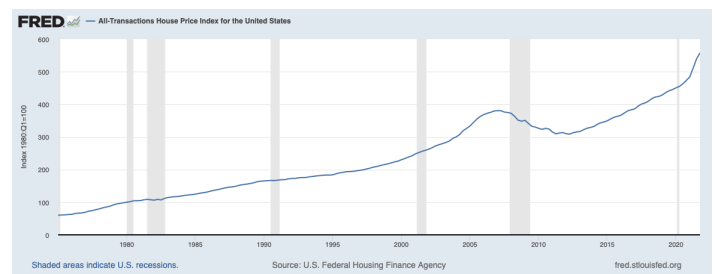
The headline for what broke the financial system was a failure of imagination. Underwriting and securitization were believed to be buffered from any real risk because diversification was a viable substitute for quality. If you spread your bets around enough, a few defaults here and there won't (literally) break the bank. Diversification failed as a shock absorber though. Not only was it impossible to separate the good from the bad loans, but poor quality was systemic. Everywhere investors looked there were badly underwritten loans with no capacity to soak up an increase in rates, a decrease in value, or really any other kind of financial disruption.

The real headline though was understood by ESG managers before it all broke – predatory lending. The country was so enamored of the idea that owning a home was a good and a just thing that nobody was looking at whether the people purchasing homes could afford them, particularly if conditions changed. Turns out of course that many could not but that didn't stop unscrupulous lenders from making the loans anyway. They were being securitized so fast that the front-line lenders often didn't own the risk for very long. Borrowing was cheap and property values kept rising so as long as assets appreciated at a higher rate than the interest on the overextended mortgages, the wheel could keep turning. ESG managers were looking both at the mortgages and the institutions writing them and recognized something essential – a lot of the loans were being made to people close to the economic margins where the lenders didn't look too closely at the credit

worthiness of the borrowers who could only truly afford these homes by borrowing almost all if not all of the principal value, and were only safe if rates stayed low and property values continued to rise. The loans were valued based on the property and not the borrower, but it was the borrower on the hook if the valuation was (and it was) wrong.

ESG managers largely avoided investing in the equities or the bonds of these lenders, from giants now as extinct as the T-Rex like Countrywide and Washington Mutual. It cost those managers in the latter stages of the boom in relative performance because the financial sector was roaring riding the housing bubble. But when the wheels came off the market, those managers were vindicated. None of them could really have imagined that the whole system could collapse, but by starting at the most deeply fundamental level and applying principles of economic and social justice to evaluating the business models, they still got to the right answer – the system was built on a faulty and fragile foundation.

Several reforms were put into the system and we now have ideas like "Too Big to Fail", leverage and capital adequacy ratio requirements, and better discipline in consumer banking practices, but the system is fundamentally the same. At the time of the government bailouts there was a lot of discussion of "moral hazard". If we rescue the bad actors not only will they continue acting badly, other institutions will see there is no downside and ample reward for doing likewise. Fast forward to today, and we are in the throes of the end of a new housing bubble, and rates are rising and property values are set to level off or even fall.



Up and to the Right – The Rapidly Climbing Cost of Home Ownership in the US. Chart courtesy of FRED, St. Louis Federal Reserve, Data Through Oct. 2021



ESG Considerations [cont'd]

Did we learn anything since the last crisis?

It would be safe to assume there is not much new since we collectively learned very little, or at least did the bare minimum, with what we did learn from the last crisis. There is one major structural difference though. In the wake of the collapse that really began in earnest in 2008, a lot of housing ended up abandoned or on the road to abandonment. Families were staying in homes on the path to foreclosure without paying simply waiting out the banks and the sheriff departments because there were so many defaults it was taking months or even years to close out proceedings.

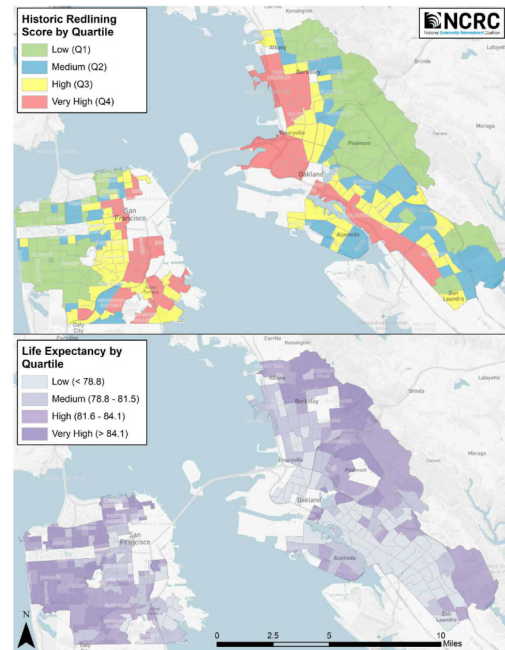
As the inventory of vacant homes exploded and the need for rentals continued to rise, investors started showing up in increasing numbers. Yes, there were short-sale house flippers and private individuals who would buy a few properties to fix and flip or to keep and rent, but what changed was Wall Street's interest. Instead of buying mortgages they started buying the properties. We had a new and unnatural market participant buying properties by the bushel not to live in, or to renovate and sell, or to keep as a vacation home, but as purely a financial asset. Homes have been bought and "portfolioized", and America now has a new class of landlords in it exclusively for the cash flow and the trade. The market responded as it always does. Capital went in search of inefficiencies that spell opportunity.

And then COVID hit

We have written and talked previously about our view that COVID accelerated a process that was already under way with an outward migration of people from the revitalized urban cores. City living is expensive and challenging, even more so when raising a young family, so our view is that it was inevitable that the Millennials, after colonizing the cities and driving a renaissance (and the gentrification of economically challenged neighborhoods), would bow to the same pressures and needs as their predecessors – affordability, convenience, transportation, schooling, etc. – and flee to the suburbs. We were also of the view that Boomers were similarly going to be winding down their city presence, maybe maintaining a pied-à-terre for business or dinner and a show, but retreating en masse to more hospitable conditions for winding into retirement. The pandemic packed perhaps a decade worth of that flow into a year as people accelerated plans, reevaluated their commitment to city life, or simply took advantage of the

virtuality of many types of work in the age of COVID to do the exact same thing from outside the bounds of a normal urban commute. This brought the pressure of the unconventional Wall Street buyer, rising costs for building materials, the big city emigre, and artificially low mortgage rates to even the most unexpected areas of the country, tightening supply, driving up prices, and crowding out poor and working-class families.

Bay Area: Life Expectancy in Relation to Redlined Areas



The Long Term Effects of Historic Redlining by the Home Owners Loan Corporation, Courtesy National Community Reinvestment Coalition, "Tracking the Legacy of Redlining: A New Method for Tracking the Origins of Housing Segregation", Meier and Mitchell, 2022

Renters got hit too

This same convergence of pressures also impacted the rental market, and was further aggravated by actions during the peak of the pandemic to protect economically vulnerable renters during the shutdown. By ordering landlords, private as well as corporate, to wait for or even never receive rents due while also suspending their access to the normal recourse of eviction, another kind of pressure built.



ESG Considerations [cont'd]

Sooner or later, those landlords would need to cover their own costs from mortgages to maintenance, and a catch-up was inevitable. As moratoria roll off the books rents spike, evictions resume in earnest, and the market pushes out those who cannot pay in favor of those who can.

And now

This has set up a situation where persistent multi-decadal issues with access to housing are being compounded by unnatural market pressure. Housing inflation only benefits those with an ownership stake, so the access gap is widening as prices rise and rates rise. In 2008 the big systemic problem was tricking people into becoming homeowners by making unsustainable loans to get them into homes they could not afford, impairing them financially for a generation. Now those same families who retreated to the rental market face another market-driven crisis with rents rising rapidly and the leap to homeownership getting even harder to make. The problem is there is no recourse from there. The next step is housing insecurity or complete homelessness.

How does ESG investing (begin to) address these challenges?

The challenges for the housing-insecure go far beyond what has been covered here, and ESG investing goes to great lengths, with mixed success, to begin addressing those challenges. Inflation brings a heightened urgency because the security gap is not even static – it is actively getting harder to achieve secure housing and more and more people are falling into the insecurity well while nothing else about their circumstances has changed.

ESG-centric investing that intersects with housing is tied to basic principles of human dignity and the justice of access to such a basic need. It takes a community-first approach to providing access to fairly priced capital specifically for affordable housing, community infrastructure and economic development that both puts housing within reach but also helps to lift economically marginalized individuals and families up so they can fully participate in the market for housing. This may take the form of investing in the securities and bonds of community banks, community development finance institutions (CDFIs) and community foundations to bank the under-banked and unbanked, purchasing mortgages covered under the Community Reinvestment Act (CRA), and investing in municipal securities funding

resources, infrastructure and housing that close the access gap to decent housing and improve the communities in which that housing exists, among many other pathways to improving capacity and access. This is an exercise in positive impact. It is not just about avoiding the bad-faith dealings of a Countrywide. It is taking an active role with investment capital in addressing the root problems with an expectation of a return of capital and a return on capital. This is not charity.

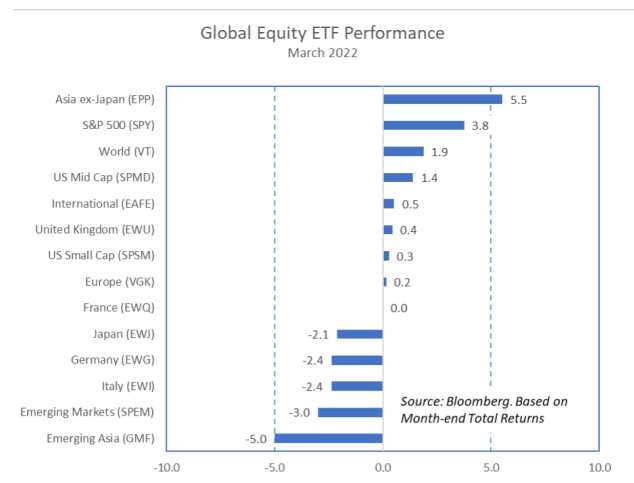


March 2022 Capital Market Review

A favorite and very visual expression of Wall Street is the “dead cat bounce”. That phrase is used to describe a falling market that appears to hit a bottom and then quickly bounce up like one would expect a happy and healthy cat to do, only to have the market immediately fall again back to the same level and stay there. It is not entirely clear whether the end of February through March was a legitimate recovery or the proverbial dead cat bounce, but overwhelming signals including rising inflation, Federal Reserve action and a very unappealing bond market strongly indicate the latter. It is certainly a reason to be concerned when the ultimate safe harbor, the long term US Treasury Bond, is the worst performing broad asset in listed markets, not because it failed to keep up with rising stock prices, but because it fell by more than large cap US equities rose.

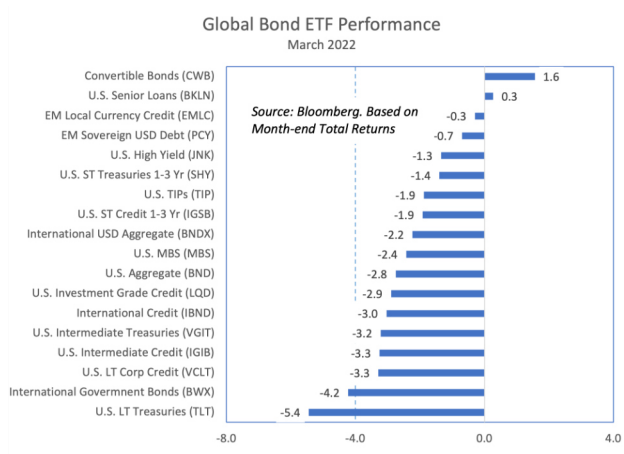
Equity Markets

Equities were decidedly mixed for the month, with Asia ex-Japan (EPP) putting in a strong performance with the US (SPY) closely following. Europe (VGK, EWQ, EWG, EWI) and to a lesser degree Emerging Markets (GMF, SPEM) felt the weight of the Russia-Ukraine conflict from rising energy costs, sanctions, and effectively removing Ukraine from the regional food supply. Further weighing on Emerging Markets is the surging pandemic in China which has been further exacerbating global supply chain challenges as China shuts down ports, factory cities, and even Shanghai in response to COVID's spread. Dispersion remains high across equity markets as the best returning asset (EPP) posted a solidly positive 5.5% while the worst (GMF) was almost equivalently negative at -5.0%. Interestingly, maximum dispersion was across the Asia-Pacific region with Australia carrying the month largely through natural resources while China pulled hard in the opposite direction.



Bond Markets

The only bright spot in bonds was in the asset that only passingly resembles fixed income – convertible bonds (CWB). Convertibles were carried to a positive 1.6% return because of their strong equity-like behavior, while everything else went down. This is continuing bad news from February when bonds posted similarly dismal returns, although the distribution of which assets did most poorly changed. EM Sovereign Debt (PCY) managed to mostly hold its ground after falling more than 8% the prior month, while long-term Treasuries (TLT) led the worst with a -5.4% return. Inflation-protected Treasury bonds (TIP), which had held fast with a positive return the prior month, as would be hoped in an inflationary environment, disappointed in March, posting -1.9%. More duration equated to worse total return as the US and the rest of the world respond to both inflation and global (un)coordinated tightening by central banks pushing up rates.



The returns cited reflect total return performance of exchange traded funds listed in the corresponding bar charts



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.



SUMMIT, NEW JERSEY, 07901

(866) 894-5332

WWW.WILDECAPITALMGMT.COM

CONTACT@WILDECAPITALMGMT.COM



VISIT US ON SOCIAL

FACEBOOK.COM/WILDECAPITALMGMT

INSTAGRAM.COM/WILDECAPITALMGMT

LINKEDIN.COM/COMPANY/WILDE-CAPITAL-MANAGEMENT