Market Update and Model Portfolio Reviews 7/31/2018

For the month of July, investment grade domestic bonds* were relatively flat, up 0.02% and down -1.59% for the year. Month over month, large cap domestic equities** finished up 3.72% and, year to date, up 6.47%. Industrials bounced back this month, up 7.32% and back to positive on the year up 2.29%. All eleven S&P 500 sectors were positive this month, with the Real Estate sector having the lowest positive return relative to the sectors, up 1.08%. On the year, three sectors are still negative: Consumer Staples, Materials, and Telecom Services, down -4.83%, -0.21%, and -6.22%, respectively. That said, these same three sectors were up 4.07%, 2.96%, and 2.33%, respectively, over the month.

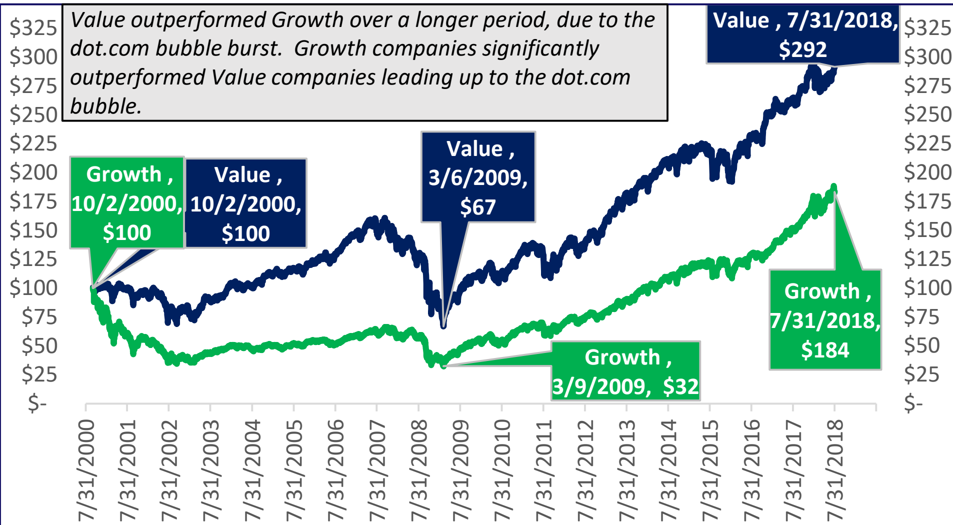
YTD 7/31/18 Net of Fees	% Return Strategy	% Return Benchmark	Relative Over (Under) Performance
Ultra Conservative	-0.64%	-0.80%	0.16%
Conservative	-0.46%	0.00%	-0.46%
Moderate	-0.16%	0.79%	-0.95%
Balanced	-0.20%	1.59%	-1.79%
Growth and Income	-0.14%	2.39%	-2.53%
Growth	0.32%	3.18%	-2.86%
Aggressive	0.41%	3.98%	-3.57%
Ultra Aggressive	0.44%	4.78%	-4.34%

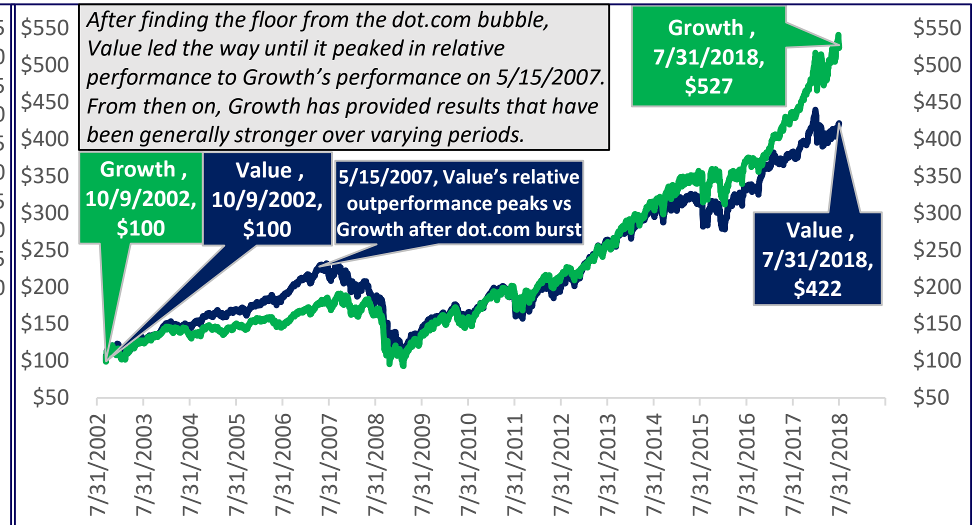
MTD 7/31/18 Net of Fees	% Return Strategy	% Return Benchmark	Relative Over (Under) Performance
Ultra Conservative	0.50%	0.61%	-0.11%
Conservative	0.63%	0.98%	-0.35%
Moderate	0.76%	1.36%	-0.60%
Balanced	0.72%	1.73%	-1.01%
Growth and Income	0.94%	2.10%	-1.16%
Growth	1.27%	2.47%	-1.20%
Aggressive	1.35%	2.85%	-1.50%
Ultra Aggressive	1.77%	3.22%	-1.45%

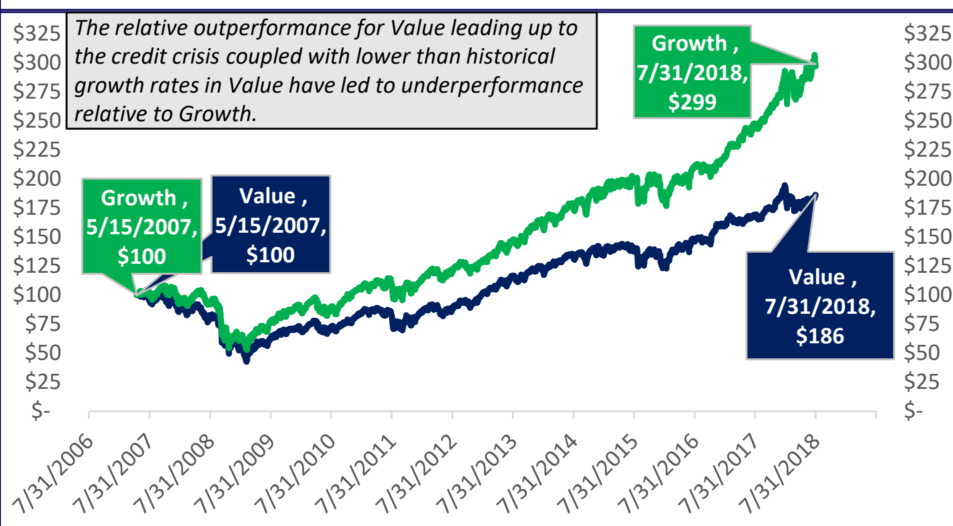
Month to date, the models all trailed their respective benchmarks and continued to be affected by the down turn in Gold prices. Spot Gold has been testing its June/July 2017 lows, which we believe is a resistance level. If we head lower from this level, the next resistance level appears to be from the December 2016 lows, and after that, the next low resistance level appears to be from December of 2015 lows. The case for lower Gold is likely attributed to higher short term interest rates (Gold itself does not pay interest) and relatively stable inflation. Long Yen to Dollar also provided negative attribution, with the Bank of Japan continuing to reaffirm its position to maintain lower interest rates to stay accommodative in their local economy. We did start to see a turn around in Domestic Investment Grade ("IG") Corporates last month. From a total percentage return standpoint, bank stocks were stronger, up 4.87%, and our heavier weighting to Consumer Staples stocks also was a positive beneficiary, up 3.96% on the month. We continued to maintain a heavier than normal weighting to cash across all portfolios, which was also a detractor in performance relative to the benchmark, given the benchmark's equities having a strong month. We believe that the relative performance between Value and Growth stocks have diverged from their long term average relative performances and that market participants may continue to see style rotation into Value oriented equities (see chart below or on next page). Our intentions for the month ahead are to put this cash to work with a heavier weighting to domestic Value oriented equities, to scale back our exposures in Growth oriented equities, and bias back to domestic equities by deliberately reallocating away from our existing international equities exposures. The bias away from international equity exposure includes our heavier weighting to UK equities. With just over half a year left before Brexit is set to occur, we believe the political uncertainty will begin to be reflected broadly in UK equity performance. We also believe that the ability for the Federal Reserve to continue on their rate hiking path will provide more powder when this business cycle eventually resets. Most other central banks around the world are just starting to signal potential rate hikes, and with globally low rates amongst larger developed international economies, there is not much in the way to stimulate foreign economies by way of lowering rates if a downturn were to occur in the next year to two years.

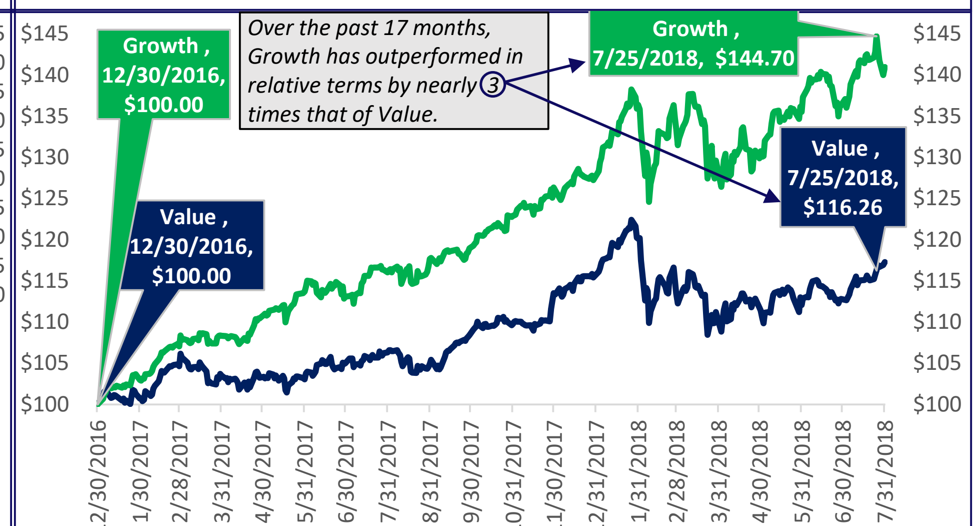
Growth or Value?

These two styles of investing don't seem to be going out of style anytime soon. The characteristics that define [Growth]() and [Value]() companies are impacted differently throughout economic cycles. Companies may also change from Growth to Value and vice versa over time. There is plenty of reading available on the two approaches, but we would like to illustrate why we are changing our allocations to be more heavily weighted to Value. Our view is that the driving catalyst for Growth stocks (higher expected revenues and profits) are hitting their cycle highs, which will lead to poorer relative performance when compared to Value companies. Although we don't believe we are at the same euphoric levels from the bursting of the dot.com bubble, we believe the characteristics that define Value companies will lead to relative outperformance compared to Growth companies. The charts below illustrate hypothetical growth of $100 invested in Growth and Value stocks over various periods









[DISCLOSURE]() (Click links for sources. If in print, sources available upon request). See "Model Disclosure" page for important disclosures and information. Calculations & Definitions available upon request. Charts represent the hypothetical growth of $100. Multiple periods measured each with the corresponding end date of 7/31/2018, start dates are based on callout boxes within the respective chart. "Growth" is represented by using the [SPDR® Portfolio S&P 500® Growth ETF](). "Value" is represented by using the [SPDR® Portfolio S&P 500® Value ETF](). Alternative Capitalis, LLC has not been endorsed and is not affiliated with State Street Global Advisors. State Street Global Advisors does not endorse the use of this information presented herein nor endorse Alternative Capitalis, LLC. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice. ***The results do not represent actual trading and actual results may significantly differ from the theoretical results presented.***

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Model Disclosure

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Thus, the performance shown does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed. Model portfolio performance is shown net of the model advisory fee of 1.25%, the highest fee charged by Alternative Capitalis, LLC. This reflects a change from Alternative Capitalis, LLC highest fee charged to a client(s) account from 1% to 1.25% annually. April 1, 2018 model performance to most recent date presented adjusts for the higher 1.25% annual fee. Model portfolio performance is shown net of the sample trading costs based on our Custodian's, TD Ameritrade Institutional, trading costs. Performance does not reflect the deduction of other fees or expenses, including but not limited to brokerage fees, custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by Alternative Capitalis, LLC. The performance calculations have not been audited by any third party. Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, the reinvestment of dividends, the length of time various positions are held, the client's objectives and restrictions, and fees and expenses incurred by any specific individual portfolio. The performance calculations are based on a hypothetical investment of $100,000 for both the model and benchmarks presented. On July 23, 2018, we corrected previously reported month end performance reports to account for transactions costs (trading fees) related to rebalancing model portfolios. The month end reports effected ranged from 2-28-2018 to 5-31-2018. Prior reports accounted for transaction costs related to trading fees. The four reports have been corrected and updated on Alternative Capitalis, LLC website (www.altcapitalis.com). 2-28-2018 had the largest variance in incorrect performance reported with an average of 9 BPs ("basis points") (0.09% or 9/100 of 1.00%) of overstated positive performance in the models and ranged as high as 15 BPs to as low as 2 BPs. A comparison chart of the variances in reported performance can be provided upon request. **Benchmarks:** The performance results shown are compared to the performance of the performance of a blended ETF (exchange-traded-fund) portfolio comprised of the following two ETF's symbols, SPY & AGG, are described below. The benchmarks used are investable ETFs and their performance calculation is inclusive of the highest fee charged to a client(s) account, 1.25% annually. This will reduce the total return of the investable benchmark by the annualized rate of 1.25%. The ETF symbol SPY (SPDR® S&P 500® ETF Trust) which seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index (the "Index"). Visit https://us.spdrs.com/en/etf/spdr-sp-500-etf-SPY for more information about the ETF. The S&P 500® Index results do not reflect fees and expenses and you typically cannot invest in an index. The ETF symbol AGG (iShares Core U.S. Aggregate Bond ETF). The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. (the "Index"). Visit https://www.ishares.com/us/products/239458/ishares-core-total-us-bond-market-etf for more information about the ETF. The index composed of the total U.S. investment-grade bond market results do not reflect fees and expenses and you typically cannot invest in an index. The benchmark is blended representing a weighting of a percentage (%) to SPY and percentage (%) to AGG based on the respective model weights below. Unless otherwise indicated, the benchmarks are not rebalanced to maintain their original weighting over the period measured. Instead, they are comprised of the starting allocation and will shift given the prevailing market environment over the period measured. **Return Comparison:** To benchmark the results, the ETF (exchange-traded-fund) symbol SPY (SPDR® S&P 500® ETF Trust) which seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index (the "Index"). The S&P 500 was chosen as it is generally well recognized as an indicator or representation of the stock market in general and includes a cross section of equity holdings. In addition, the ETF symbol AGG was chosen as a benchmark. The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. The total U.S. investment-grade bond market was chosen as it is generally well recognized as an indicator or representation of the bond market in general and includes a cross section of debt holdings. For each respective model benchmark the performance measurement weightings are as follows to SPY / AGG %: 20/80, 30/70, 40/60, 50/50, 60/40, 70/30, 80/20, 90/10 % respectively for Ultra Conservative, Conservative, Moderate, Balanced, Growth & Income, Growth, Aggressive, Ultra Aggressive. **OPTIONS TRADING RISK DISCLOSURE**: Options Trading – Both the purchase and writing (selling) of options contracts –involves a significant degree of risk not suitable for all investors. Investors should carefully consider the inherent risks and financial obligations associated with options trading as further detailed in the Options Clearing Corporate booklet "Characteristics and Risks of Standardized Options."

The results do not represent actual trading and actual results may significantly differ from the theoretical results presented.