

Market Update and Model Portfolio Reviews 6/30/2019

Model Strategies Trailing Returns* Compared to Respective Global and Domestic Benchmarks

	Ultra Aggressive			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
	Target Risk/Reward Profile		Model Strategy	3.46%	4.02%	13.97%	13.97%	9.45%	7.15%	9.01%
	90% Equity		Global Benchmark	5.75%	3.12%	14.42%	14.42%	3.96%	6.29%	9.24%
	10% Bond		Domestic Benchmark	6.26%	3.76%	16.36%	16.36%	8.65%	9.95%	11.26%
	Aggressive			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
	Target Risk/Reward Profile		Model Strategy	3.17%	3.88%	12.90%	12.90%	8.69%	6.19%	7.71%
	80% Equity		Global Benchmark	5.25%	3.08%	13.43%	13.43%	4.26%	5.89%	8.54%
	20% Bond		Domestic Benchmark	5.68%	3.62%	15.12%	15.12%	8.49%	9.12%	10.32%
	Growth			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
	Target Risk/Reward Profile		Model Strategy	2.85%	3.72%	11.67%	11.67%	8.22%	5.79%	7.30%
70% Equity	Global Benchmark		4.74%	3.04%	12.43%	12.43%	4.56%	5.49%	7.84%	
30% Bond	Domestic Benchmark		5.09%	3.48%	13.88%	13.88%	8.30%	8.28%	9.37%	
Growth and Income			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	2.55%	3.60%	10.47%	10.47%	7.69%	5.06%	6.29%	
60% Equity		Global Benchmark	4.23%	3.00%	11.44%	11.44%	4.86%	5.09%	7.12%	
40% Bond		Domestic Benchmark	4.51%	3.34%	12.64%	12.64%	7.88%	7.53%	8.56%	
Balanced			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	2.38%	3.50%	10.02%	10.02%	7.07%	4.47%	5.73%	
50% Equity		Global Benchmark	3.73%	2.95%	10.45%	10.45%	5.16%	4.69%	6.40%	
50% Bond		Domestic Benchmark	3.92%	3.20%	11.40%	11.40%	7.87%	6.58%	7.46%	
Moderate			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	2.21%	3.39%	9.38%	9.38%	6.79%	4.36%	5.69%	
40% Equity		Global Benchmark	3.22%	2.91%	9.46%	9.46%	5.47%	4.29%	5.68%	
60% Bond		Domestic Benchmark	3.33%	3.06%	10.15%	10.15%	7.62%	5.73%	6.49%	
Conservative			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	2.06%	3.30%	8.84%	8.84%	6.46%	3.97%	4.97%	
30% Equity		Global Benchmark	2.72%	2.87%	8.46%	8.46%	6.07%	3.88%	4.95%	
70% Bond		Domestic Benchmark	2.75%	2.92%	8.91%	8.91%	7.35%	4.86%	5.50%	
Ultra Conservative			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.84%	3.16%	7.99%	7.99%	6.00%	3.50%	4.43%	
20% Equity		Global Benchmark	2.21%	2.83%	7.47%	7.47%	6.07%	3.47%	4.21%	
80% Bond		Domestic Benchmark	2.16%	2.78%	7.67%	7.67%	6.90%	4.05%	4.60%	

DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. *Trailing returns as of 6/30/2019 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 6/30/2019. "Inception" refers to Inception to Date. Inception calculation assumes end of day market prices on 12/30/2016 for starting period values to calculate Inception to Date figures. Performance presented net of highest advisory fee. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is no guarantee of future results.

Market Update and Model Portfolio Reviews 6/30/2019

The month of June was an everything rally for asset classes. It was hard to find any traditional, long only, asset classes that did not have a positive month. For the month of June, domestic large cap equities** rebounded, up [7.05%](#), and up year-to-date [18.54%](#). Investment Grade Bonds* continued their momentum up 1.26% on the month and up 6.11% year-to-date. Treasury rates also continued their route lower across the yield curve, with the 10-year Treasury yield falling to the lowest level since November 2016. The 10-year Treasury yield has fallen from 2.69% to 2.00% since the start of the year. All eyes are pointed to the July 30-31 FOMC meeting, where market participants have shown their strong belief that the Federal Reserve will cut its target interest rate by at least 25 basis points (0.25%), with some seeing as much as a 50 basis point cut coming out of the meeting. We don't believe the Fed Funds target rate should be lowered at this point, but we present some cases below regarding why Jerome Powell and other voting committee members may still go ahead with the cut. If the Fed does cut interest rates, we believe that longer dated Treasury yields will go higher (not lower) in light of future prospects for growth and inflation. If the Fed does not cut interest rates, we believe longer dated Treasury yields will go lower, as it would dampen future prospects of higher inflation and growth.

On June 11, we trimmed across multiple asset classes as we believed valuations continued to become lofty. In June, both U.S. and Global equities rebounded more quickly than their selloff in May in the hopes of a quick trade resolution and a more accommodating central bank (our Federal Reserve cutting interest rates). In general, and in model portfolios, bonds have done very well since April (and, really, the whole year) as the bond market started to anticipate a more accommodative central bank. From a portfolio management standpoint, when we see allocations in the portfolio seeming to all rising at the same time, it tells us that we need to decide which of these allocations we should take profits from. We do so to avoid the potential opposite occurring; seemingly all allocations falling at the same time. This is the reason diversification is important. We made a tactical decision to trim gains on both equity and fixed income allocations. In our view, markets were placing too much emphasis on unpredictable politics in the short run. With that view, we recognize the risk of not participating in a favorable political outcome, which in the short-run was the case. That was the qualitative/discretionary logic in tactically trimming gains, but not entirely removing all allocations, from the strategic portfolio weightings within equity and fixed income exposures. Specifically, we trimmed duration sensitive asset classes such as treasury coupon strip exposures, longer maturity investment grade corporate bond exposures, our core equity low volatility strategy exposure as well as our health care sector exposure. We took proceeds from these trimmed exposures and put them into Treasury exposures with less than one year to maturity.

On the month, all model strategies were positive and all trailed their respective benchmarks given the strength in the rebound from May's poor month. On the year, we are very pleased with how we have participated in a strong "up" market, while providing a smooth ride through the volatility in the month of May relative to our respective model benchmarks. Gold spiked up primarily due to tensions between the U.S. and Iran heating up, with a lesser degree related to rates falling in June. Gold does not pay interest like Treasuries, so there is an argument for gold when rates are lower. Gold is thought of as an inflation hedge, in addition to having some safe haven characteristics, and with lower rates there is a case for higher future inflation probabilities (this is why we would expect Gold to do well in a lower rate environment). Falling interest rates also makes the U.S. dollar less appealing to foreign market participants as the case for converting into dollars and purchasing Treasuries and other yielding instruments falls. The only negative exposure over the month in the model strategies was the long U.S. dollar exposure to other currencies. Finally, as a discount mechanism to nearly all cash flow generating assets, lower Treasury rates – all else equal – can give a lift to asset prices across the board.

With June's everything rally, we wanted to illustrate what historical returns have generated after longer periods of prolonged higher growth rates. To do so, below, is a annualized rolling ten-year return on the price index returns of the S&P 500. Utilizing data back to December 30, 1927, whenever we have had periods where the trailing ten-year annualized returns are above 15%, the average returns in the following 10 years have been -1.4%. A few items to note, are that the variations of returns are wide and that this does not include dividends or total returns. In March we briefly broke above the 15% trailing ten-year annualized return, which coincided with the March 5th 2009 low on the S&P 500. See the chart below for the average returns (within the rolling ten year average returns). The chart should not be used as a forecasting tool, but rather to provide historical insights.

DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. Measured by the Barclays US Aggregate Bond Index* - Morningstar. S&P 500 Total Return Index**. See "Model Disclosure" page for important disclosures and information. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). Past performance is no guarantee of future results. Total Period Measured 12/31/2016 – 6/30/2019. "Inception" refers to Inception to Date. Inception calculation assumes end of day market prices on 12/30/2016 for starting period values to calculate Inception to Date figures. Performance presented net of highest advisory fee. The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is no guarantee of future results.

Fight the Fed? Sure, but which Fed will show up in July.

There is much to consider coming into the July 30-31 FOMC meeting for both fixed income and equity investors. In a July 1st note to clients, we stated: “We also believe that the bond market may be setting itself up for disappointment, in the short term, if we do not see an interest rate cut from the Federal Reserve in July.” Fixed income investors suffered from the [Jobs report on July 5](#) surprising to the upside as it was viewed as lowering the probability of a rate cut in July. The market seemingly took Jerome Powell’s statement from his June press conference, “[an ounce of prevention is worth a pound of cure](#),” as almost a sure thing that the Federal Reserve Bank would implement an insurance interest rate cut at the end of July. In our view, there should not be a rate cut, although our belief versus the probability of a rate cut is difficult to distinguish. There are two reasons we believe there are a reasonable probabilities for a rate cut, as of this writing, for the July FOMC meeting: (1) the Fed succumbs to the markets pressure and conducts an insurance interest rate cut; and/or (2) the Fed uses [Core Inflation](#) as its primary justification for an interest rate cut (see the “Fed Fight” chart below). The quote “[an ounce of prevention is worth a pound of cure](#)” may indicate why the Fed may justify an interest rate cut, although we believe this quote has been taken out of context. Reading through the full press release, Fed Chair Powell eloquently danced around the rate cutting questions and never truly tipped his hand that a rate cut would take place in July. Chair Powell did make the case, in our view, that they would not make changes in July if there were favorable progressions regarding trade uncertainty, as indicated in his “crosscurrents” comments. In the short run, trade uncertainty concerns appears off the table. The second reason we see the Fed justifying an interest rate cut is simply due to core inflation coming in below its “symmetric” two percent inflation objection. There are a lot of different ways to measure inflation, and using just core inflation ignores the more volatile components of inflation, namely food and energy prices. The quote that comes to mind is, “don’t fight the Fed.” The issue is, which Fed is going to show up in July and which one do you, or don’t you, fight? There is a lot of time between now and the end of July for more data to flow through to help the Fed come to a rate policy decision. The Fed makes decisions using hindsight data and making qualitative estimates for forecasted data. Additionally, there are quantitative ways to derive an expected rate policy. See the charts below as an example from the Atlanta Fed. Using the Atlanta Fed’s website, the public can come up with their own calculation for the Taylor Rule (well, their own input assumptions) to generate different variations of the most commonly referenced formulas for setting central bank interest rate policy (and 25 variations below in the heat map). Utilizing the default inputs provided on the Atlanta Fed’s website, there is only one of 25 variations of the Taylor Rule that come close to suggesting a rate cut in the short run.

Taylor Rule Fed Funds Prescription Heatmap for 2019:Q2

Measure of gap (CBO consistent)

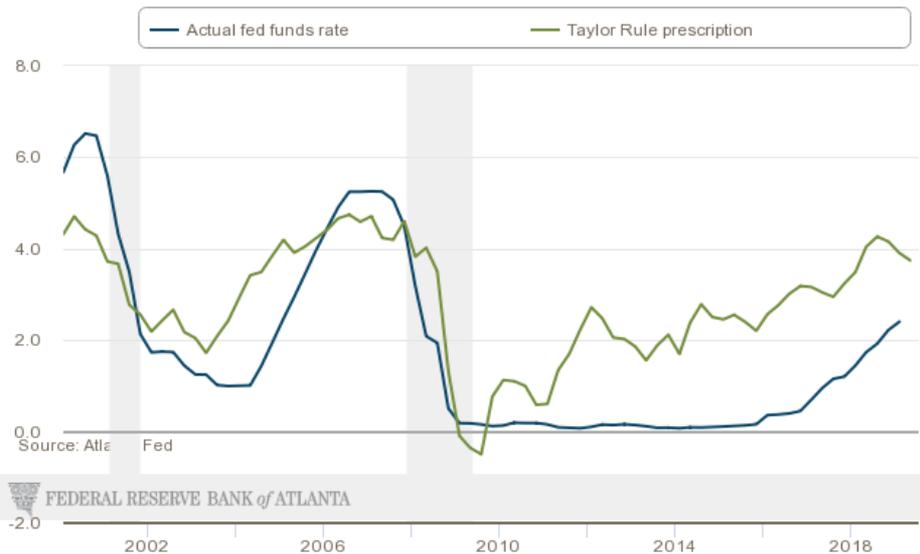
	U-3	ZPOP	U-6	Emp-Pop	GDP
2%	4.40	4.46	4.11	4.08	3.75
FOMC Longer-run	3.15	3.21	2.86	2.83	2.50
HLW 2017 model	2.82	2.88	2.53	2.50	2.17
LW 2003 model	3.05	3.10	2.76	2.73	2.40
LM 2015 model	3.60	3.65	3.30	3.27	2.94

Inflation target: 2 percent
 Inflation measure: Core PCE inflation, 4-quarter
 Fed funds rate: Predicted effective fed funds rate assuming no change in target range (2.3958)
 Weight on gap: 0.5
 Interest rate smoothing: 0
 Source: Atlanta Fed

FEDERAL RESERVE BANK of ATLANTA

Exported on: Friday, July 5, 2019

Actual Fed Funds Rate and Taylor Rule Prescription



FEDERAL RESERVE BANK of ATLANTA

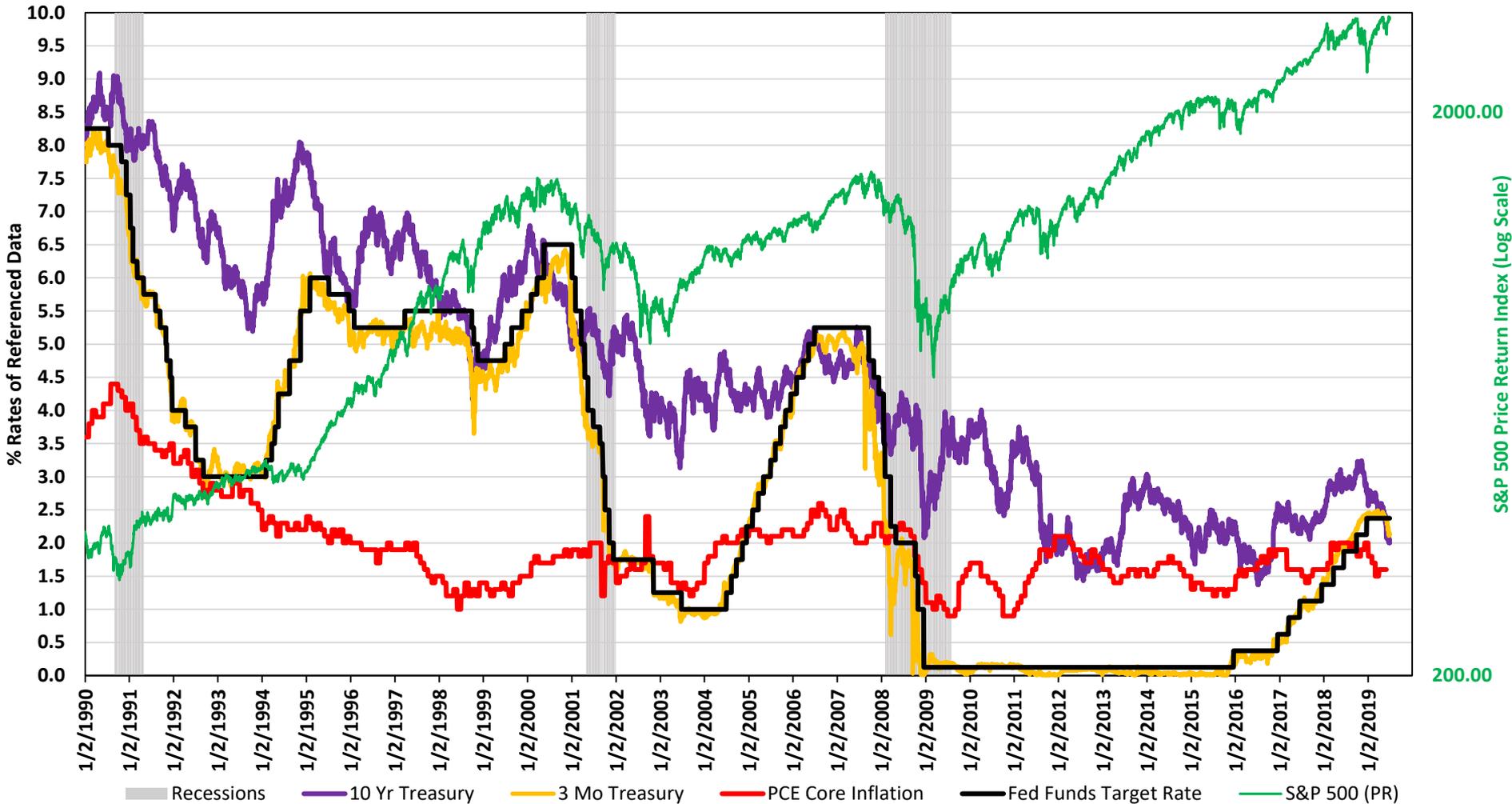
Exported on: Friday, July 5, 2019

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Fed Fight

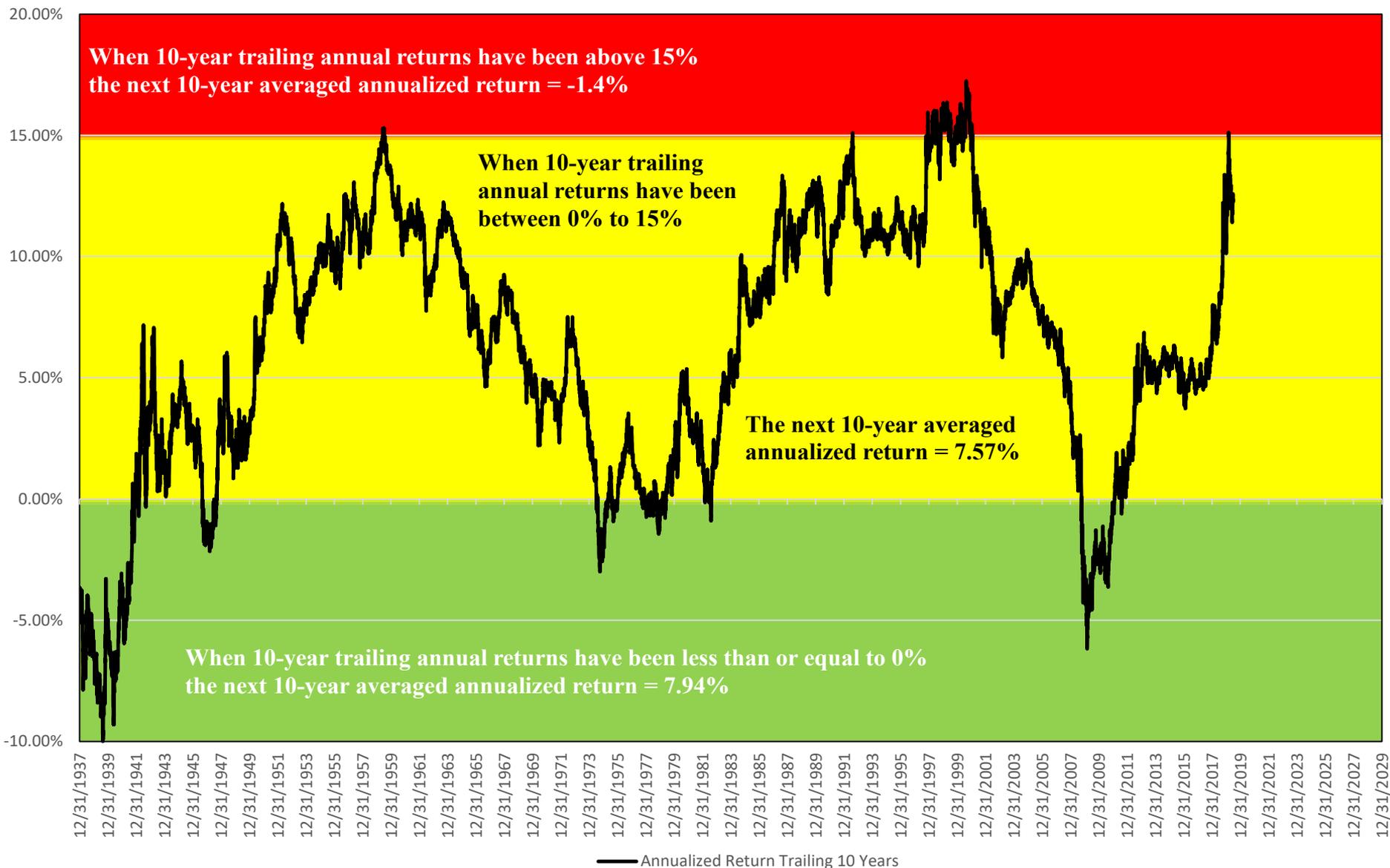
Suggestions on How to View This Chart:

The 10-Year Treasury Yield has generally been able to lead Fed Policy Rates or, said differently, bully the Fed into making changes in policy rates. From a rate cutting perspective, visually you can see this when the **Purple** line crosses below the **Black** line. The **Red** line is the annual rate of change in personal consumption expenditures index (excluding food and energy) and more commonly referred to as the core inflation measure. The **Orange** line is the Three Month Treasury Yield. Larger deviations in the Three Month Treasury Yield from the Fed Funds Target Rate have generally been consistent with a rate cut to follow. Also noteworthy is that the prior two recessions have been preceded with a 10 Year Treasury Yield below both the Fed Funds Target Rate and the Three Month Treasury Yield. This chart appears to make the case that the Fed will cut interest rates, outside of an upside surprise in inflation. What this chart omits is the strength, or perceived strength, in the labor market, which would make the current case to leave policy rates unchanged at the end of July.



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Rolling 10 Year Trailing Annual Returns on the S&P 500 Price Index



DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. Data calculated using the [S&P 500 Price Return Index](#). Total Period Measured for data set from 12/30/1927–6/30/2019. Total Period presented from 12/31/1937–6/30/2019. The results do not represent actual trading and actual results may significantly differ from the results presented. See “Model Disclosure” page for important disclosures and information. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). Past performance is no guarantee of future results.

Alternative Capitalis, LLC
233 Harvard St, #307,
Brookline, MA 02446*

P. 551-ALT-FIRM (258-3476)
WWW.ALTCAPITALIS.COM
Facebook.com/ALTCAPITALIS
Info@AltCapitalis.com



Model Disclosure

Alternative Capitalis, LLC is a registered investment adviser. Information presented herein 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. **Model Performance Disclosure:** The performance shown represents only the results of Alternative Capitalis, LLC's model portfolios for the relevant time period and do not represent the results of actual trading of investor assets. Model portfolio performance is the result of the application of the Alternative Capitalis, LLC's proprietary investment process. Model performance has inherent limitations. The results are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment account. 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.](#)" 233 Harvard St, #307, Brookline, MA 02446 is Alternative Capitalis, LLC's client facing address. All books, records, receipts, correspondence (mailing address) and day to day operations are located at 1565 West St, Wrentham, MA 02093.

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

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Model Disclosure Continued

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ETF	Earliest Available Price Data for ETF	Backfill Index 1	Earliest Available Data for Index Backfill 1	Backfill Index 2	Earliest Available Data for Index Backfill 2
BNDX	5/31/2013	ICE BofAML Global Broad Market Index	9/22/1998	N/A	N/A
VT	6/24/2008	MSCI All Country World Index TR	12/29/2000	S&P 500 (TR) Index	9/22/1998
BND	4/3/2007	Barclays US Aggregate Bond Index	9/22/1998	N/A	N/A

The ETF symbol BNDX (Vanguard Total International Bond ETF). The Vanguard Total International Bond ETF attempts to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). Visit <https://investor.vanguard.com/etf/profile/BNDX> for more information about the ETF. The ETF symbol VT (Vanguard Total World Stock ETF) seeks to track the performance of the FTSE Global All Cap Index, which covers both well-established and still-developing markets. Visit <https://investor.vanguard.com/etf/profile/VT> for more information about the ETF. The ETF symbol BND (Vanguard Total Bond Market ETF). The Vanguard Total Bond Market ETF attempts to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index and attempted to track the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009. Visit <https://investor.vanguard.com/etf/profile/BND> for more information about the ETF. The benchmark is blended representing a weighting of a percentage (%) to BND, percentage (%) to VT and percentage (%) to BNDX 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 symbol BNDX (Vanguard Total International Bond ETF) attempts to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). The Vanguard Total International Bond ETF was chosen as it is generally well recognized as an indicator or representation of the global bond market, ex-U.S. bonds, and tracks an investment-grade, non-USD denominated bond index, hedged against currency fluctuations for U.S. investors. The ETF symbol VT (Vanguard Total World Stock ETF) seeks to track the performance of the FTSE Global All Cap Index, which covers both well-established and still-developing markets. The Vanguard Total World Stock ETF was chosen as it is generally well recognized as an indicator or representation of the global stock market and tracks a market-cap-weighted index of global stocks covering approximately 98% of the domestic and emerging market capitalization. The ETF symbol BND (Vanguard Total Bond Market ETF) attempts to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index and attempted to track the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009. The Vanguard Total Bond Market ETF was chosen as it is generally well recognized as an indicator or representation of the U.S. Domestic bond market, and tracks a broad, market-value-weighted index of U.S. dollar-denominated, investment-grade, taxable, fixed-income securities with maturities of at least one year. For each respective model benchmark the performance measurement weightings are as follows to BND/VT/BNDX %: 66/20/14, 57.8/30/12.3, 49.5/40/10.5, 41.2/50/8.8, 33/60/7, 24.7/70/5.3, 16.5/80/3.5 and 8.2/90/1.8 % respectively for the Ultra Conservative, Conservative, Moderate, Balanced, Growth & Income, Growth, Aggressive and Ultra Aggressive Global Benchmarks. **DRAWDOWN ASSUMPTIONS:** Domestic Benchmark -36.90%, Global Benchmark -41.00%, and Growth & Income Model -18.00% (see "Third Party Disclosures" page). Limitations of the assumptions include, but are not limited to, backfill index bias, time period bias and assume no changes to the model presented over the drawdown period. An advisory fee of 1.25% is also included in the calculation for the model and benchmarks over the drawdown period. Transaction fees for the model over the drawdown period are excluded as positions are assumed to be held constant. The benchmark drawdowns use the as calculated drawdowns over the periods measured from 10/9/2007 to 3/9/2009 for the domestic benchmark and from 10/31/2007 to 3/9/2009 for the global benchmark. The Growth & Income Model uses third party software to present a hypothetical drawdown in which calculations of the current holdings were not available during the drawdown period relative to the benchmark. There is no guarantee as to the accuracy of the third party drawdown assumptions nor should one draw any conclusions as to the accuracy and likelihood of the data presented. The Growth & Income Model drawdown assumption is based on a third party report dated September 24, 2018 (This report is available upon request).

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Alternative Capitalis, LLC
233 Harvard St, #307,
Brookline, MA 02446*

P. 551-ALT-FIRM (258-3476)
WWW.ALTCAPITALIS.COM
Facebook.com/ALTCAPITALIS
Info@AltCapitalis.com



Explanations & Disclosures Continued:

Third Party Disclosures

Hidden Levers

IMPORTANT: The projections generated by HiddenLevers regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Assumptions on rates of return and standard deviation used in this analysis are based on historical return data for each security and asset class. Past performance is no guarantee of future results. Results may vary with each use and over time. You cannot invest directly in a benchmark or index. Index results do not reflect fees, expenses, or sales charges incurred when making investments. Methodology Used to Generate this Report: Definitions: Beta - Beta measures the relationship between an investment and a major market index (the S&P 500 is used in this report). A beta of 1.0 means that a 1% rise in the S&P 500 could lead to a 1% rise in the investment, while a beta of -0.5 means that a 1% rise in the S&P 500 could lead to a 0.5% drop in the investment. The beta for an investment is determined by using regression analysis to measure the relationship between the returns of the investment and the returns of the S&P 500. HiddenLevers uses 10 years of data to measure the beta for an investment. For investments with less than 10 years of history, all available historical data is used. Cross Correlations - HiddenLevers measures the correlation between every pair of investments in the portfolio. The correlation results can vary between 1 and -1, where a correlation of 1 means that two investments move together perfectly over time, and a correlation of -1 means that two investments move in opposite directions over time. Expected Return - This is the 5-year total return of the portfolio based on the stress test scenarios selected for the report. The system takes the weighted average of the economic scenarios to calculate a one-year return, which is then compounded to determine the five-year return. Lever - HiddenLevers tracks different levers (economic indicators) like CPI, US GDP Growth, and oil prices, and uses movements in these levers to define economic scenarios. Lever Impact - The lever impacts section describes the impact of different economic levers on the portfolio as a whole. An S&P lever impact of 1.0, for example, means that a 1% rise in the S&P 500 is projected to lead to a 1% rise in the portfolio. HiddenLevers similarly measures the impact of a range of economic levers on the portfolio. Maximum Drawdown (MDD) - this is measured as the largest percentage drop in a position during the timeframe of measurement. Click the + sign on the Risk Measures box to see the timeframe of measurement for Max Drawdown in the top right hand corner of the box. Scenario - A scenario is a representation of a major macro-economic or geopolitical event which has the potential to impact investment returns. HiddenLevers models scenarios as a set of up-or-down movements in any of the economic indicators (levers) in the system. Scenario Impacts - Using HiddenLevers' stress testing model, an upside and downside impact are projected for the portfolio in each scenario. Most scenarios are modeled with multiple potential outcomes, with both positive, neutral, and negative outcomes considered. The best and worst projections are derived from running the different scenario outcomes against the portfolio in HiddenLevers model. The scenario-based stress testing model is discussed in detail in the Method section below. Sharpe Ratio - The Sharpe Ratio is the a measure for calculating risk-adjusted return, and this ratio has become the industry standard for such calculations. It was developed by Nobel laureate William F. Sharpe. The Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. HiddenLevers calculates the Sharpe ratio by subtracting short term (1M) T-bill rates from the portfolio's annualized total return, and then dividing by the portfolio's volatility (annualized standard deviation). Stress Test Risk/Reward - The Stress Test Risk/Reward compares the portfolio's potential downside risk against the 5 year expected return of the portfolio. Downside Risk: This is the maximum downside calculated across all of the scenarios included in the report. 5 Year Expected Return: HiddenLevers first calculates the expected return for the portfolio by calculating the one-year weighted average expected return across all included scenarios. The one-year expected return is then compounded to obtain a 5 year return estimate. Historically, major downside events occur roughly twice a decade, making 5 years an appropriate timeframe for comparison of long term returns and downside scenario risk. Volatility - HiddenLevers measures volatility as the annualized standard deviation of an investment or portfolio, expressed in percentage terms. The standard deviation is calculated using weekly data points, and is then annualized by multiplying by the square-root of 52 (number of periods in one year). Method: This report describes one or more potential scenarios, and shows the HiddenLevers-model based performance for the portfolio in each scenario. The steps below are performed to generate the projections: Scenario -> Levers -> Assets (Stocks etc.) -> Portfolio Return A scenario pushes levers up or down, which in turn push assets up or down, which in turn impact a portfolio's modeled return in the scenario. As defined above, a scenario is modeled as a set of movements in the levers. Regression analysis is used to determine the historical (prior 10 year) relationship between each lever and each asset in the portfolio. The model is then run 2500 times for each scenario/portfolio combination. In each iteration, the model projects the returns for each asset using the historical regression coefficients for each lever, and using the scenario assumptions on how each lever will change. The model varies the regression coefficients for each iteration using a normal distribution around their mean (similar to a Monte Carlo model's varying of expected returns across iterations), and aggregates the results of the 2500 iterations to find a mean portfolio return with a 95% confidence interval. The confidence interval is displayed on the report as "margin of error" for each scenario. Limitations and Assumptions: This report describes one or more potential scenarios that may or may not occur. Each scenario discussed in this report is defined by the economic assumptions listed in the Macro Impact section of each scenario page. HiddenLevers does not guarantee that any particular scenario will occur as modeled in this report. HiddenLevers uses historical analysis in the creation of this report, and past performance is not a guarantee of future results. The information contained in this report is not to be construed as advice and should not be confused as any sort of advice. Investors should consider this report as only a single factor in making their investment decision. Gxworks LLC, maker of software used to create this report, makes the following disclosures: Gxworks LLC's mission is to educate and provide useful macro risk analytical tools to help provide data to assist with the investment decision process. We rely on financial data, including stock prices, provided by third parties. The data is believed to be accurate, but HiddenLevers does not guarantee or warranty this data. This report is intended only as an informational tool for you and your investment advisor, and should not in any way be construed as investment advice by HiddenLevers. If you make investment decisions based on information you receive in connection with this report, you do so at your own risk and neither HiddenLevers nor its employees will be liable for any losses that you may incur. GxWorks LLC (dba HiddenLevers), its employees, officers or affiliates, in some instances, may have long or short positions or holdings in the securities or other related investments of companies mentioned herein. Users of this should conduct their own independent research and due diligence and consult with their investment advisor before making any investment decisions or recommendations. Hidden Levers does not endorse Alternative Capitalis, LLC. Past Crashes: Financial Crisis 9/1/08 - 3/9/09 This scenario covers the timeframe from September 1, 2008 through March 9th, 2009, and measures the historical change of each lever over those dates. This scenario outcome reflects the economic movements between Sept. 1, 2008 and March 9th, 2009. For monthly and other less granular levers, the nearest time period is used. Timeframe: 6 Months. Please visit <https://www.hiddenlevers.com/> for more information.