

Market Update and Model Portfolio Reviews 6/30/2020

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	2.20%	21.56%	8.28%	8.28%	12.83%	11.15%	10.12%
	90% Equity		Global Benchmark	2.72%	17.73%	-6.12%	-6.12%	1.15%	2.56%	6.84%
	10% Bond		Domestic Benchmark	1.56%	18.09%	-2.80%	-2.80%	6.33%	7.52%	9.85%
	Aggressive			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
	Target Risk/Reward Profile		Model Strategy	2.06%	19.84%	9.56%	9.56%	13.85%	11.27%	9.45%
	80% Equity		Global Benchmark	2.48%	16.16%	-4.87%	-4.87%	1.80%	3.05%	6.53%
	20% Bond		Domestic Benchmark	1.45%	16.38%	-1.86%	-1.86%	6.53%	7.57%	9.26%
	Growth			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
	Target Risk/Reward Profile		Model Strategy	1.94%	18.01%	10.10%	10.10%	14.02%	11.12%	9.22%
70% Equity		Global Benchmark	2.23%	14.59%	-3.63%	-3.63%	2.44%	3.53%	6.21%	
30% Bond		Domestic Benchmark	1.34%	14.68%	-0.93%	-0.93%	6.71%	7.59%	8.66%	
Growth and Income			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.83%	16.21%	10.16%	10.16%	13.90%	10.79%	8.45%	
60% Equity		Global Benchmark	1.99%	13.02%	-2.38%	-2.38%	3.09%	4.01%	5.90%	
40% Bond		Domestic Benchmark	1.22%	12.98%	0.01%	0.01%	6.69%	7.31%	8.05%	
Balanced			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.67%	14.23%	9.49%	9.49%	13.00%	10.03%	7.80%	
50% Equity		Global Benchmark	1.75%	11.45%	-1.14%	-1.14%	3.73%	4.49%	5.58%	
50% Bond		Domestic Benchmark	1.11%	11.27%	0.94%	0.94%	7.03%	7.56%	7.40%	
Moderate			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.49%	12.18%	8.10%	8.10%	11.36%	9.08%	7.31%	
40% Equity		Global Benchmark	1.51%	9.88%	0.11%	0.11%	4.38%	4.96%	5.26%	
60% Bond		Domestic Benchmark	1.00%	9.57%	1.88%	1.88%	7.17%	7.50%	6.74%	
Conservative			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.30%	10.14%	7.03%	7.03%	9.99%	8.24%	6.41%	
30% Equity		Global Benchmark	1.27%	8.31%	1.35%	1.35%	5.67%	5.43%	4.94%	
70% Bond		Domestic Benchmark	0.89%	7.87%	2.81%	2.81%	7.29%	7.41%	6.07%	
Ultra Conservative			1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception	
Target Risk/Reward Profile		Model Strategy	1.17%	8.29%	6.09%	6.09%	8.84%	7.44%	5.70%	
20% Equity		Global Benchmark	1.03%	6.74%	2.60%	2.60%	5.67%	5.91%	4.61%	
80% Bond		Domestic Benchmark	0.78%	6.16%	3.75%	3.75%	7.29%	7.13%	5.40%	

DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. *Trailing returns as of 6/30/2020 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 6/30/2020. "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.

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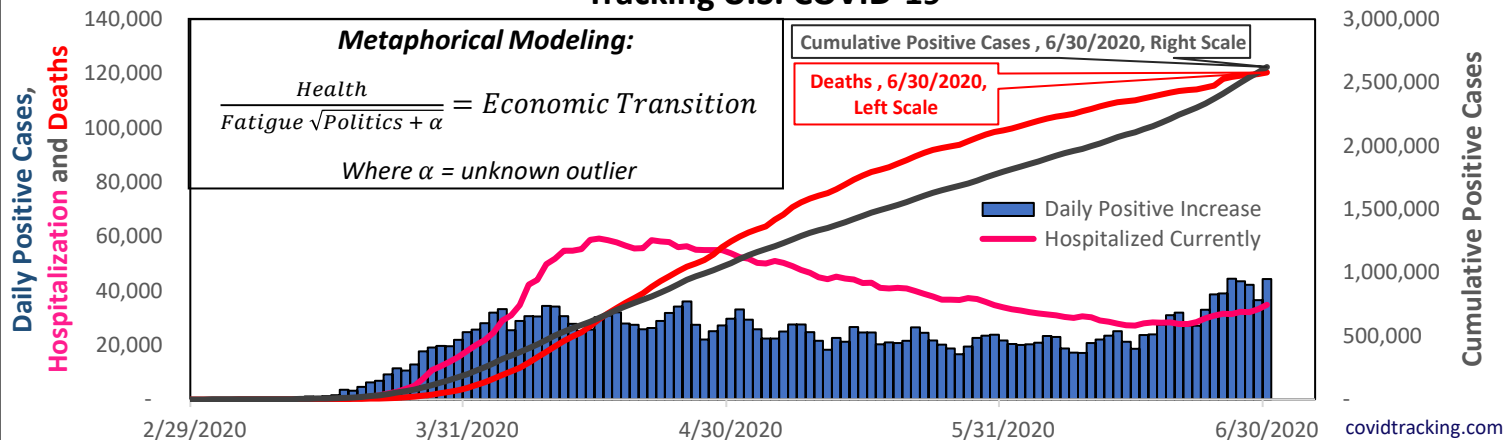
For the month of June, domestic large cap equities finished up [1.99%](#) and down [-3.08%](#) year to date. Investment Grade Bonds* finished the month up 0.63% and up 6.14% year to date. As markets rebounded at a historic pace from their recent March 23 low, we raised cash on May 26 to reassess our positioning and outlook. We were well positioned heading into the sharp down market and [our rotation](#) to [Risk On](#) seems to be favorable thus far. A seemingly v-shaped recovery in asset prices was not our base case, so in our view, it was prudent to raise cash and reevaluate the environment. This was an opportunity cost to raise cash, as the markets did continue to rebound, but our Risk On allocation weights did help us closely follow our benchmarks. Given the range of scenarios that are likely to play out in the near term, we focused our attention on higher probability outcomes over the medium to long-term. We must stay focus on the next two years, not the next two weeks. As we illustrated last month, we wanted to consciously allocate cash consistent with several concerns and themes: [the record amount of cash on the sidelines, a labor market skewed by the CARES act, a reallocating workforce, a potential second wave coming sooner than the fall \(although we would call what we are seeing now a second wave, medical professionals have asserted that this is still the first wave – regardless of interpretation of a wake zone, these are real risks to reopening the economy\), and an election year](#). Our core equity allocations remained biased to domestic large capitalization equity exposure, although history dictates that we move down the market capitalization spectrum and away from a growth bias in favor of a value bias. The disparity between winners and losers appears to persist as we move ahead, whereas during prior cycles we saw a more unified recovery across industries and market capitalizations. The companies seen right are all relative overweight's in our underlying model portfolio equity allocations (since our March transition to Risk On), compared to our domestic & global benchmarks. This has helped lead to strong relative performance on the year, across models, relative to our benchmarks. Previous defensive cycle industries and sectors have been replaced with household names seen right and investors have continued to favor these names into month end. On June 5 we allocated, from our May 26 cash raised, to the Leisure and Entertainment, Clean Energy, and the Semiconductor industries.

The five largest companies in the S&P 500 Index are still in positive territory year to date as of June 26. As of June 26, the combined market capitalization has increased by more than \$1T for these five companies, while at the same time companies with negative performance year to date have lost over \$3.5T cumulatively in market capitalization.



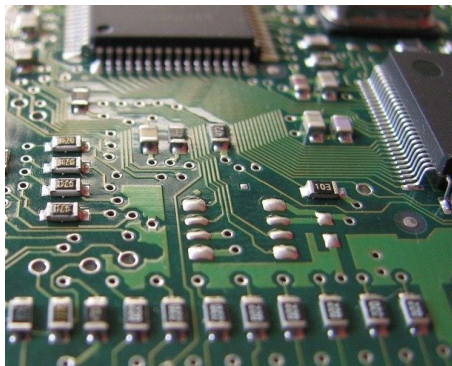
There is a wide dispersion of winners and losers as we enter the second half of the year.

Tracking U.S. COVID-19



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 – 6/30/2020 for performance presentation. "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. Companies illustrated above are held through Exchange Traded Funds and are not a buy/sell/hold recommendation.

Semiconductors



Clean Energy



Leisure & Entertainment



Record cash levels on the sidelines with historically low interest rates is an incentive for risk taking when returns on cash are so low (ignoring the obvious risk of loss potential). As asset managers, we want to frame our views and decisions as if we have all the answers. Realistically assessing risks should always be at the forefront of the investment allocation process. Valuations are rich in nearly all asset classes, and psychologically are also somewhat defying gravity when looking at a broad market returns chart given the concerns from the Pandemic. At the beginning of most economic recoveries, valuations are bound to appear lofty as forward guidance is reduced (or even eliminated) and future revenues and earnings potential are revised lower. It is hard to make the argument to ignore valuations at this stage (nor any stage), but at some point, things will get better. As we entered the month of June with elevated cash levels in our model portfolios, the risk over the medium to long-term should not be focused on increasing COVID-19 case counts (solely from an asset allocators' viewpoint) but rather competing against a mountain of money also on the sidelines debating when it is safe to reenter risk assets. We cannot assert that we will not have another bear market in the next six months, but on balance find more risk in being on the sidelines (in cash), over the medium to long-term. Let's discuss the barbell approach for allocating to additional equity risk on June 5th.

If we believed that there would be a strong vaccine candidate found in the next few months, manageable second wave of the coronavirus, and people adapting to new normal, then we would advocate for buying some of the hardest hit areas of Leisure and Entertainment industry. It is a possibility, right? Coming out of the month of May and into early June it seemed possible and, if so, looked more as a value opportunity. Will there be a smaller workforce in these subindustries after the coronavirus fears subside? It would seem so, which may offset some of the loss in demand. Employment costs tend to be the most expensive aspect of businesses. Mid-level and upper-level management seem to be in the likely crossfire in these subindustries as innovation disrupts the workforce at a faster level than previously impacted due to the Coronavirus. This carried our lowest weighting reallocation from cash and our lowest (of the three scenarios) conviction of our dash from cash. In June, it was the primary performance detractor to our positive model performance in June.

Our second implementation of deploying cash was towards clean energy exposures. This allocation weighs the potential impact of a one-term presidency and a new administration returning US policy towards clean energy and climate change. Globally this trend does not show any signs of slowing and likely may find an increased allocation away from our initial, carbon heavy, energy sector overweight.

Finally our largest of the three new themes tilted to the semiconductor industry. As institutions reallocate how their workforces, students, and stakeholders operate, we believe the work/teach from home and workplace/education landscape has only accelerated due to the pandemic. As institutions embrace this new teleculture, we believe the semiconductor industry stands to benefit – regardless of the COVID-19 range of scenario outcomes.

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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. **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.