Market Update and Model Portfolio Reviews 10/31/2020

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

Higher Risk/Reward Potential

Lower Risk/Reward Potential

Ultra Aggressive		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-1.44%	2.66%	15.48%	17.21%	19.28%	16.10%	11.49%
90% Equity	Global Benchmark	-1.98%	0.28%	13.01%	-1.38%	3.75%	7.49%	7.68%
10% Bond	Domestic Benchmark	-2.40%	-0.10%	11.45%	2.26%	8.12%	10.47%	10.40%

Aggressive		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-1.34%	2.12%	13.97%	17.60%	19.37%	15.87%	10.63%
80% Equity	Global Benchmark	-1.82%	0.07%	11.65%	-0.70%	3.81%	7.46%	7.24%
20% Bond	Domestic Benchmark	-2.21%	-0.29%	10.24%	2.57%	7.76%	10.21%	9.67%

Growth		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-1.20%	1.68%	12.62%	17.31%	18.78%	15.26%	10.20%
70% Equity	Global Benchmark	-1.65%	-0.13%	10.29%	-0.02%	3.87%	7.43%	6.79%
30% Bond	Domestic Benchmark	-2.02%	-0.47%	9.03%	2.87%	7.39%	9.93%	8.94%

Growth and Income		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-1.10%	1.25%	11.32%	16.50%	17.75%	14.60%	9.28%
60% Equity	Global Benchmark	-1.49%	-0.33%	8.92%	0.67%	3.94%	7.40%	6.34%
40% Bond	Domestic Benchmark	-1.82%	-0.66%	7.81%	3.18%	6.98%	9.39%	8.36%

Balanced		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-1.02%	0.89%	9.92%	14.92%	16.03%	13.41%	8.47%
50% Equity	Global Benchmark	-1.32%	-0.54%	7.56%	1.35%	4.00%	7.37%	5.89%
50% Bond	Domestic Benchmark	-1.63%	-0.85%	6.60%	3.48%	6.64%	9.29%	7.42%

Moderate		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-0.86%	0.56%	8.48%	12.62%	13.60%	11.97%	7.81%
40% Equity	Global Benchmark	-1.16%	-0.74%	6.20%	2.03%	4.06%	7.34%	5.42%
60% Bond	Domestic Benchmark	-1.44%	-1.04%	5.39%	3.79%	6.26%	8.94%	6.65%

Conservative		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-0.72%	0.20%	7.02%	10.62%	11.42%	10.65%	6.76%
30% Equity	Global Benchmark	-1.00%	-0.94%	4.84%	2.71%	4.18%	7.31%	4.95%
70% Bond	Domestic Benchmark	-1.24%	-1.22%	4.17%	4.09%	5.88%	8.56%	5.86%

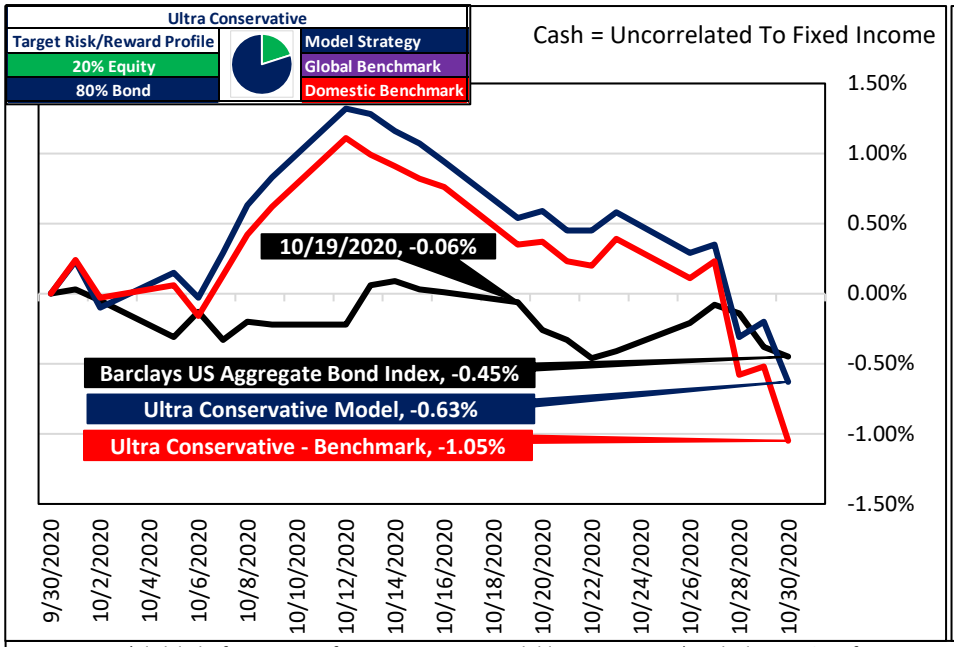
Ultra Conservative		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	-0.63%	-0.32%	5.46%	8.59%	9.26%	9.26%	5.83%
20% Equity	Global Benchmark	-0.83%	-1.14%	3.47%	3.39%	4.18%	7.28%	4.48%
80% Bond	Domestic Benchmark	-1.05%	-1.41%	2.96%	4.40%	5.47%	8.01%	5.19%

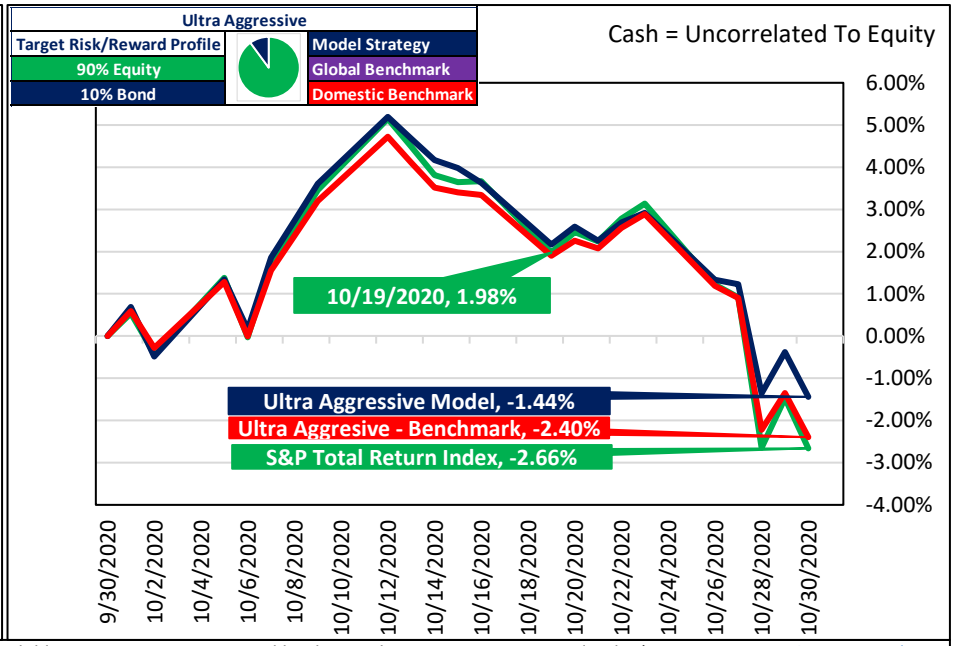
*DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. *Trailing returns as of 10/31/2020 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 10/31/2020. "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.*

Market Update and Model Portfolio Reviews 10/31/2020

For the month of October, for a second month in a row, domestic large cap equities finished down by -2.66%, but still up year-to-date by 2.77%. Investment Grade Bonds* finished the month down -0.45% and are up 6.32% year-to-date. Markets shrugged off record setting GDP figures as the economy "increased at an annual rate of 33.1 percent in the third quarter of 2020 (table 1), according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP decreased 31.4 percent." Although a jaw dropping figure, it is advisable to view this data on nominal levels rather than percentage changes that become annualized. The point is that we are still off from the nominal GDP level since the start of this year. Some of the largest companies in the S&P 500 index reported quarterly results during the last week of October that were on balance. Pretty good… but the guidance was generally negative and, in some instances, withdrawn. Markets are forward-looking, and when the largest companies provide negative or no guidance, that is going to rattle markets. Last month we highlighted some of our focus points as we advanced toward the November 3rd election. We again became tactically defensive in the short run as the items we highlighted last month either came to fruition or perceptions around those items started to price into the market. In the model strategies, we raised almost 20% cash from most of our exposures on October 19th. This was generally beneficial across the exposures and models as stocks, Treasuries, and most of fixed income sold off over the month. A few bright spots for the models came from our clean energy and banking exposures. All model strategies outperformed their respective benchmarks this month and over all of the trailing periods presented. At month end, we have planned (but not implemented) our new allocations from our tactically high cash levels and existing positions to shift somewhat from technology, discretionary, and traditional energy, and to overweight to financials, healthcare (including healthcare services), real estate (with the underlying real estate focused on communications, data centers and storage), and exposures to companies providing homebuilding and related services. These allocation assumptions are subject to change as we see some of our existing heavier allocations in technology and discretionary reprice to more reasonable valuations over the last week of the month.

Our decision to sell allocations was based on our belief that lower interest rate levels and generally higher equity valuations in the two broad asset classes would not offer diversification into the final weeks leading up to the election. The toughest challenge ahead is the decision of when to reenter.

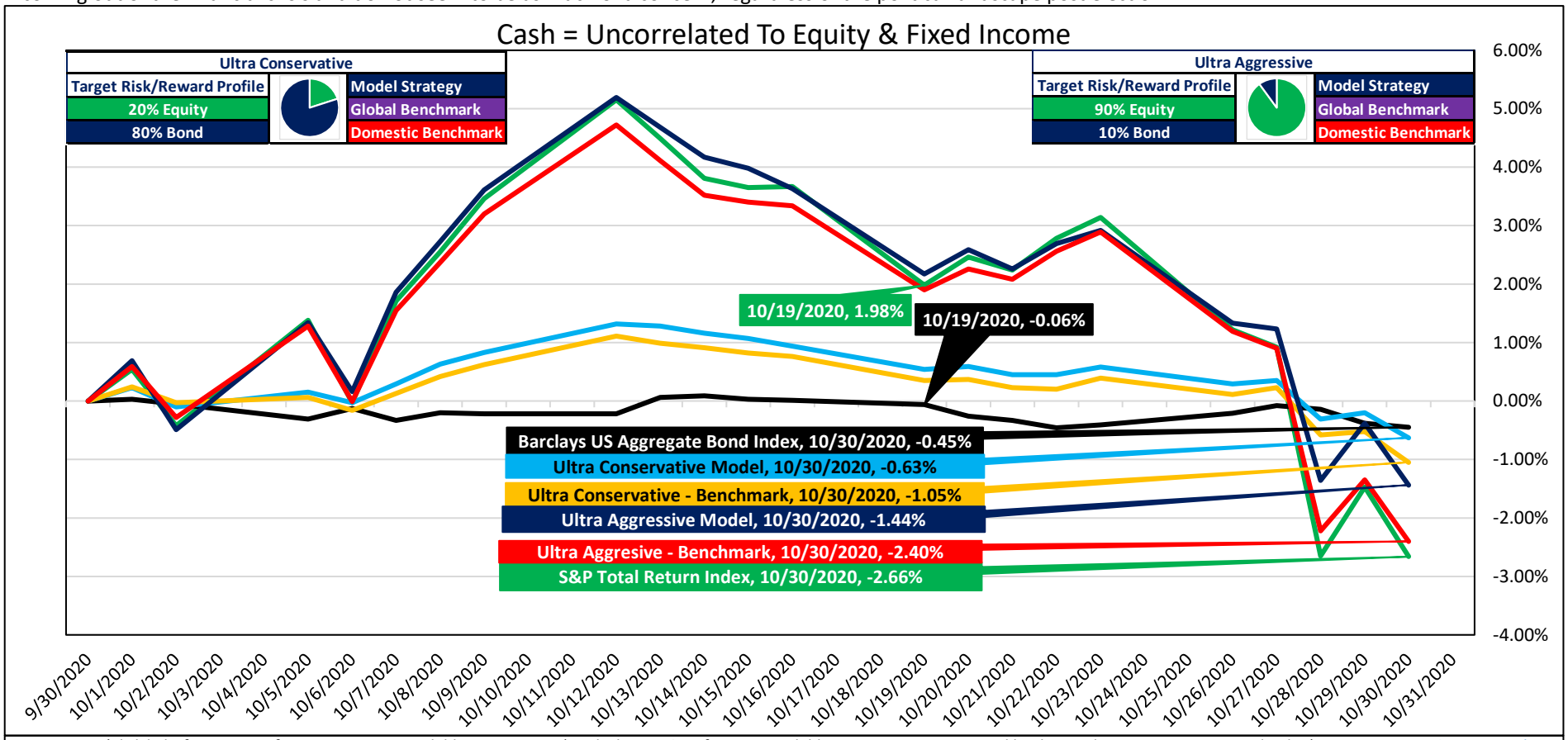




DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. Measured by the Barclays US Aggregate Bond Index - Morningstar. S&P 500 Total Return Index**. See "Model Disclosure" page for important disclosures and information. Views 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 – 10/31/2020 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.*

Election Jitters?

Not all asset classes finished October in the red, but nearly all classes began an orderly selloff starting in the middle of the month. Domestic utilities stocks, small cap stocks, emerging market stocks, and domestic high yield bonds, in aggregate, were positive on the month. When considering the cost-benefit for equities and bonds based on the Senate composition, a "blue-wave," where democrats take the White House, Senate, and maintain control of the House of Representatives, appears to be a damned-if-we-do and damned-if-we-don't outcome. In this scenario, additional fiscal stimulus will almost certainly be passed, so it's not if…but when? Does this mean we do not see stimulus until February? Do we get tax law changes effective in 2022, putting a burden on corporate profit margins? Does a split Congress and democratic White House make for the possibility of much lower or possibly even no additional stimulus, but also no change in corporate taxes? To be blunt, $2 Trillion is a massive amount of fiscal stimulus, and if we are in that range, then the effects of a higher corporate tax rate might be offset by some of the headwinds over the medium term. There is a range of scenarios that can play out after the election. Clean energy still seems well positioned for tax credits and breaks. Certain types of real estate, with lower effective tax rates, seem well positioned if higher taxes come into play, but also are at risk of rising interest rates. To balance the risk of rising interest rates, we believe that adding to financials (diversified banks, more specifically) will not only help better diversify the intended real estate allocation but also, as mentioned last month, continues to appear relatively attractive. The area that seems most at risk for further regulation does not seem like it will be diversified banks, but rather large capitalized technology companies (as we saw this past week with the Google/Alphabets antitrust case). Banks have been much more heavily regulated and scrutinized coming out of the financial crisis and do not seem to be as much of a concern, regardless of the political landscape post election.



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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.