Market Update and Model Portfolio Reviews 3/31/2019

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	1.77%	9.48%	1.65%	9.52%	5.55%	6.71%	8.12%
90% Equity	Global Benchmark	1.05%	10.95%	-2.24%	10.95%	0.81%	6.55%	8.78%
10% Bond	Domestic Benchmark	1.74%	12.12%	-1.59%	12.12%	7.61%	9.34%	10.73%

Aggressive		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.69%	8.65%	1.80%	8.65%	4.78%	5.59%	6.74%
80% Equity	Global Benchmark	1.13%	10.03%	-1.54%	10.03%	1.09%	6.03%	8.02%
20% Bond	Domestic Benchmark	1.77%	11.07%	-0.82%	11.07%	7.18%	8.51%	9.76%

Growth		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.60%	7.64%	1.96%	7.64%	4.38%	5.25%	6.37%
70% Equity	Global Benchmark	1.22%	9.11%	-0.84%	9.11%	1.38%	5.51%	7.26%
30% Bond	Domestic Benchmark	1.80%	10.01%	-0.08%	10.01%	6.73%	7.67%	8.78%

Growth and Income		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.54%	6.62%	2.18%	6.62%	3.74%	4.42%	5.32%
60% Equity	Global Benchmark	1.30%	8.19%	-0.14%	8.19%	1.66%	4.99%	6.50%
40% Bond	Domestic Benchmark	1.83%	8.95%	0.24%	8.95%	6.20%	6.90%	7.89%

Balanced		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.47%	6.29%	2.07%	6.29%	3.19%	3.89%	4.75%
50% Equity	Global Benchmark	1.38%	7.27%	0.56%	7.27%	1.94%	4.47%	5.72%
50% Bond	Domestic Benchmark	1.86%	7.90%	1.31%	7.90%	5.80%	5.97%	6.79%

Moderate		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.39%	5.78%	2.09%	5.78%	3.06%	3.84%	4.76%
40% Equity	Global Benchmark	1.47%	6.35%	1.26%	6.35%	2.22%	3.94%	4.94%
60% Bond	Domestic Benchmark	1.89%	6.84%	1.95%	6.84%	5.32%	5.11%	5.78%

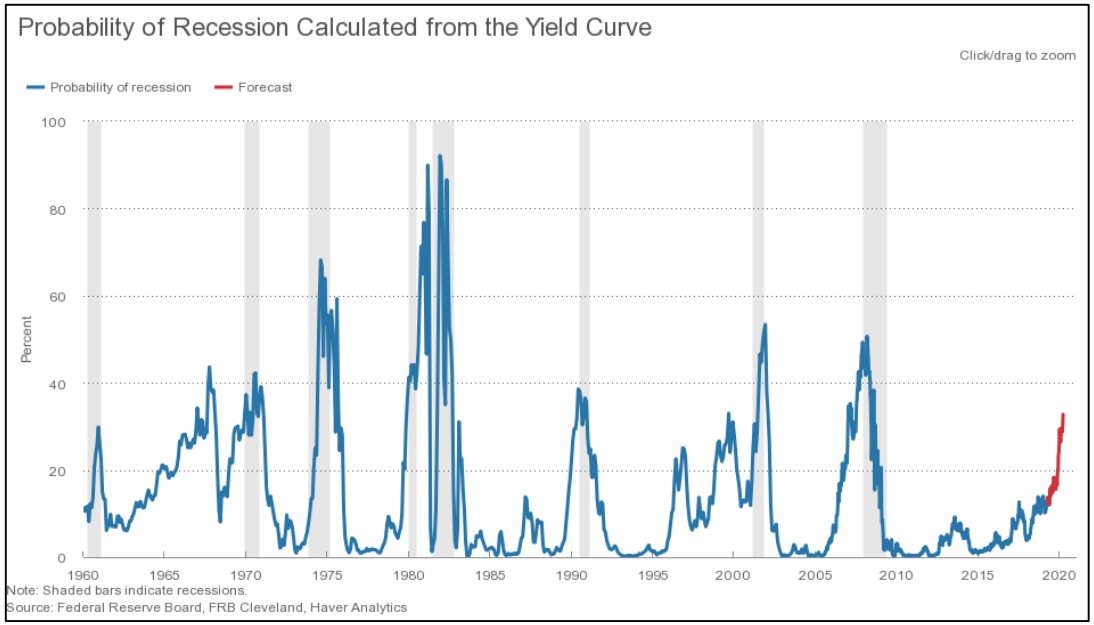
Conservative		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.32%	5.36%	2.10%	5.36%	2.56%	3.32%	4.01%
30% Equity	Global Benchmark	1.55%	5.43%	1.96%	5.43%	2.78%	3.41%	4.16%
70% Bond	Domestic Benchmark	1.93%	5.79%	2.57%	5.79%	4.83%	4.24%	4.76%

Ultra Conservative		1-Month	3-Month	6-Month	YTD	1-Year	2-Year	Inception
Target Risk/Reward Profile	Model Strategy	1.21%	4.67%	2.11%	4.67%	2.10%	2.86%	3.47%
20% Equity	Global Benchmark	1.64%	4.51%	2.66%	4.51%	2.78%	2.88%	3.36%
80% Bond	Domestic Benchmark	1.96%	4.73%	2.88%	4.73%	4.27%	3.42%	3.80%

*DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. *Trailing returns as of 3/31/2019 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 3/31/2019. "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 3/31/2019

For the month of March, domestic large cap equities closed out their best quarter since Q3 2009 although equities are still off from their September 2018 highs. For the month, large cap domestic equities** were up 1.94% and 13.65% on the year. Investment grade domestic bonds* nearly outpaced equities on the month up 1.92% and now up 2.94% on the year. If we ended the year with these numbers most asset managers would be satisfied with posting returns seen on both equity and fixed income. Last month, we voiced concern over the rising correlations on the upside as the diversification benefit continues to wane from traditional stock/bond portfolios. We continued to trim on both the equity and fixed income exposures as they have rallied into the end of the first quarter. On March 21, we trimmed both equity and fixed income exposures as the S&P 500 pushed into its year to date high. Returns from fixed incomes continued their strong rally into month end, while equities started to retreat from their year to date highs. Last month we indicated our highest levels of cash since tracking our model portfolios. This month end we bring new highs to our cash allocations within the model portfolios. Across the eight models, we now have an average weighting to cash of 22.26%, with 19.6% on the low side and 25.3% on the high side. We are very pleased with our relative performance over the last two quarters when looking at returns and risk-adjusted returns relative to our benchmarks. We entered into the fourth quarter last year with portfolios that we believed would benefit from a "risk-off" environment. Scaling up the risk as the market declined late in the fourth quarter while tapering back the risk as we have rallied in the first quarter this year has been the primary driver of relative outperformance with reference of the Moderate to Ultra Aggressive Model Portfolios. All models provided positive returns over the rolling six months with relative benchmark underperformance only arising in our Ultra Conservative and Conservative portfolios. The positive and relative underperformance for the two conservative portfolios were primarily driven by strong benchmark performance related to rising interest rates. We are mindful of duration management (interest rate risk) in the more conservative portfolios and are pleased with the overall performance over the period given the "risk-off" bias.

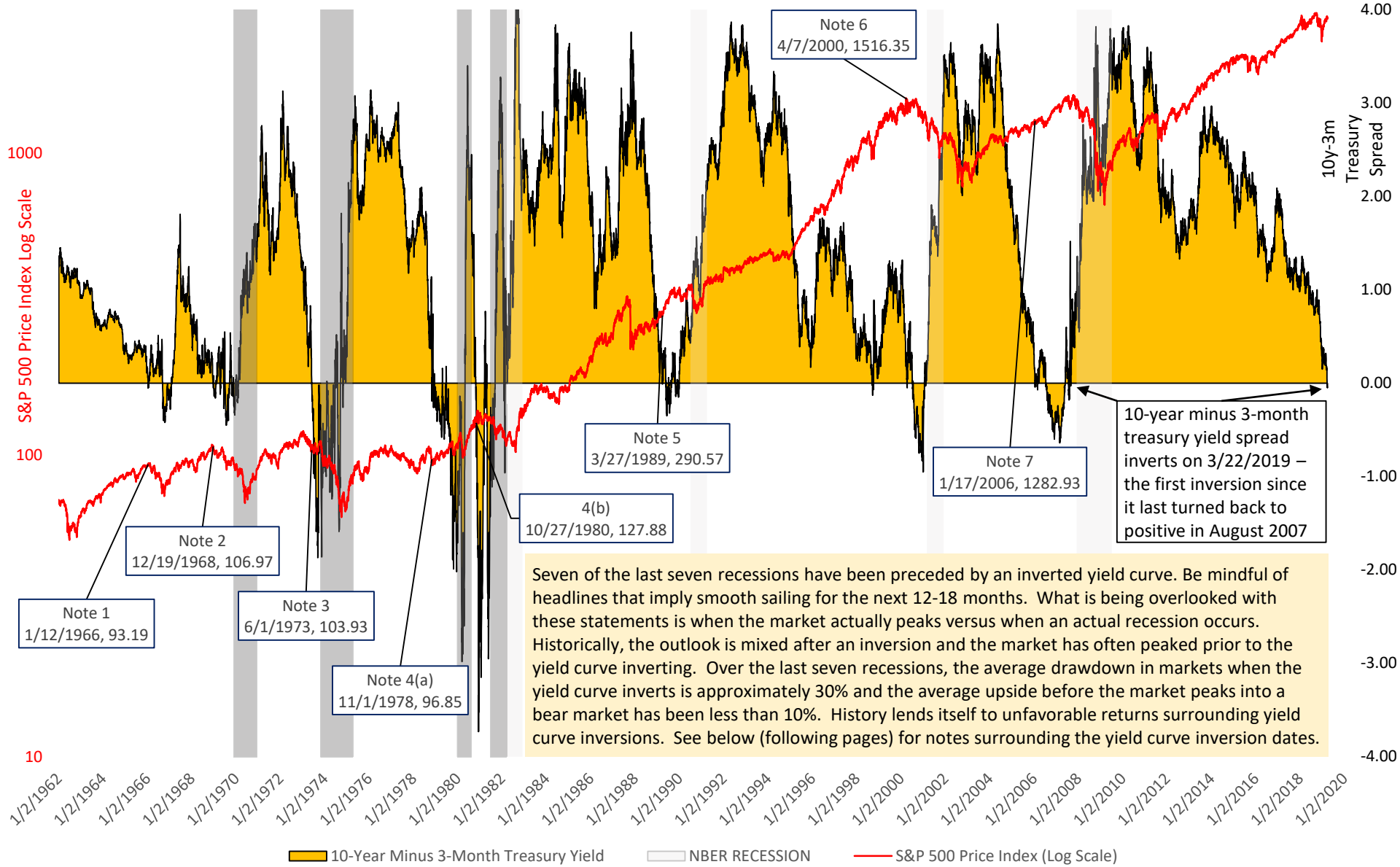


One of the most often referenced recession indicators started flashing red with the yield curve inversion on the ten year treasury and three month treasury yield spread. Seven of the last seven recessions have been preceded by an inverted yield curve. Be mindful of headlines that imply smooth sailing for the next 12-18 months for equities. We believe these historical views and headlines mask the mixed returns in markets surrounding periods when the yield curve inverts. Historically, the outlook is mixed after an inversion and the market has peaked three of the last seven times prior to the yield curve inverting and going into a recession and bear market. This means the market may have already found its high back in September of 2018. The average drawdown when the yield curve inverts is approximately 30% and the average upside before the market peaks has been less than 10%. On average, the market rises, but falls much more than the average rise surrounding the yield curve inversion. History lends itself to unfavorable returns surrounding periods of yield curve inversions. The classic phrase, "This time is different," overlooks what a full market cycle proves time and time again: Market cycles end and new ones begin. Maybe lower inflation compared to historical inflation is the case for, "This time is different."

Our argument against that case is so are rates. Interest and inflation rate differentials are still relative in comparing different time periods. Traditional lending borrows funds in the short run and lends out in the longer run. When this basic requirement of capital yields negative results; lending tightens and so does growth (the chicken versus the egg argument is synonymous here with lending and growth). This time looks different, but still carries various features from the last seven business cycles. This includes the driver of returns: future growth expectations. Our summary of the last seven recessions and relationship of the 10 year and 3 month treasury yield spread inversions are below.

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 – 3/31/2019. "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. 2019 FEDERAL RESERVE BANK OF CLEVELAND: Probability of Recession Calculated from the Yield Curve*

Classic Run for the Hills Headline: "More Reasons This Time May Be Different"



DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. 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 1/2/1962 – 3/29/2019. 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. The 10-Year Minus 3-Month Treasury Yield uses the daily constant maturity data back to 1/4/1982 and is backfilled with the spread on the 10-Year Constant maturity Minus the 3-Month Treasury Bill: Secondary Market Rate from 1/2/1962 to 1/1/1982. Data sourced from the Federal Reserve Bank of St. Louis, 10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity [T10Y3M], 3-Month Treasury Bill: Secondary Market Rate [DTB3], 10-Year Treasury Constant Maturity Rate [DGS10], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/T10Y3M, March 29, 2019 Recessions by the National Bureau of Economic Research and by the S&P 500 Price Return Index. When using the term "Market" we are referring to the S&P 500 Index.

Note	S&P 500 Peak Date	S&P 500 Peak Value	Date of Inversion	Days Before (-) or After Peak in S&P 500	Change Before/ After Inversion	Downside Before/ After Inversion	Notes
1	2/9/1966	94.06	1/12/1966	-28	0.93%	-21.45%	The inversion on 1/12/1966 saw a short bear market starting one month after the initial inversion. The first month after the inversion, the market increasing nearly 1% only to commence it's bear market the month after the inversion, falling by over 22%. Why does this matter? The market rebounded to push through new highs at the time, but the trough (drawdown) after the inversion in 1968 was even lower than the one in 1966. This was not a false positive indicator in our view, as it did lead to a recession and even far worse bear market to follow. The inversion occurred 28 days before market peaked into a bear market. A technical recession started almost four years later but the market climbed just 15% before heading into the next downturn and recession. The takeaway: The downside risk far outpaced the upside risk once the initial inversion took place.
2	11/29/1968	108.37	12/19/1968	20	-1.29%	-35.22%	Recession December 1969 to November 1970 (11 months long). The yield curve inverted again in this economic cycle on 12/19/1968, 20 days after the market had already peaked on 11/29/1968. When the curve inverted, the market was off by over 1% and would fall by over 36% as the economy went into a recession. The takeaway: The prior inversion coupled with this inversion lead to a period of poor returns in markets, it took longer to play out, but inevitably did.
3	1/11/1973	120.24	6/1/1973	141	-13.56%	-40.08%	Recession November 1973 to March 1975 (16 months long). The yield curve inverted 6/1/1973, 141 days after the prior market high the market nearly halved by over 48% from its prior peak. The takeaway: the yield curve inverted about 5 months before the deep recession, but the market had already peaked before the yield curve inverted.
4(a)	2/13/1980	118.44	11/1/1978	-469	22.29%	1.41%	Part 1 of the Double Dip Recessions. Recession January 1980 to July 1980 (6 months long) & July 1981 to November 1982 (16 months long). The inversion on 11/1/1978 came 14 months before the recession and 469 days before the market correction of -17% during the recession.
4(b)	11/28/1980	140.52	10/27/1980	-32	9.88%	-19.91%	Part 2 of the Double Dip Recessions. Recession January 1980 to July 1980 (6 months long) & July 1981 to November 1982 (16 months long). The inversion on 10/27/1980 gave a little over a months notice to the market that peaked on 11/28/1980. The market climbed almost 10% after the inversion although the bear market wiped out those returns from the peak down by just over 27% and down just under 20% from the time of the inversion to the market trough.
5	8/25/1987	336.77	3/27/1989	580	-13.72%	-22.94%	October 1987 Crash, Recession Occurs After Equity Market Rebound: Recession July 1990 to March 1991 (8 months long). The stock market crash of 1987 did not receive any warnings from an inverted yield curve, but it did lay the groundwork for implementing circuit breakers across U.S. and Global exchanges. Circuit breakers in market terms refer to predefined trading halts by both individual securities and indexes (S&P 500 Index arguably the best example of a predefined market gauge to implement a trading halt for exchanges). You cannot put a trading halt on the S&P 500 itself, but stock markets (trading exchanges) reference the index for market wide trading halts. The yield curve inverted on 3/27/1989, yet this was while the market was still recovering from the massive drawdown that took place 580 days before from 8/25/1987 to 12/4/1987 (the market dropped as much as 33% over this period). The inverted yield curve was approximately 15 months before the recession and 476 days before the market corrected by just under 20% (7/16/1990-10/11/1990 -19.92%).
6	3/24/2000	1527.46	4/7/2000	14	-0.73%	-48.77%	Recession March 2001 to November 2001 (8 months long) * excluding a minor Inversion during the Long Term Capital Management Collapse. The yield curve inverts 14 days after the market peaks on 4/7/2000. From 3/24/2000 to 10/9/2002, the market falls over 49%. If we were to include the inversion on 9/10/1998, the inversion comes a year and a half before the market peaks, offering a monster return of over 55% and after the market falls from the dot.com bubble leaves the return from the initial inversion -20.75% to the market trough.
7	10/9/2007	1565.15	1/17/2006	-630	22.00%	-47.27%	Recession December 2007 to June 2009 (18 months long). The yield curve inverts 1/17/2006, 630 days before the market peaks. Market continues to rally by 22% from inversion until peak on 10/9/2007 and then falls by almost 57% and over 47% from when the yield curve initially inverted.

See above disclosures (or on previous page)

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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." 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.

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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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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.