STRATEGY: Tactical Income

FACT SHEET - October 31, 2018

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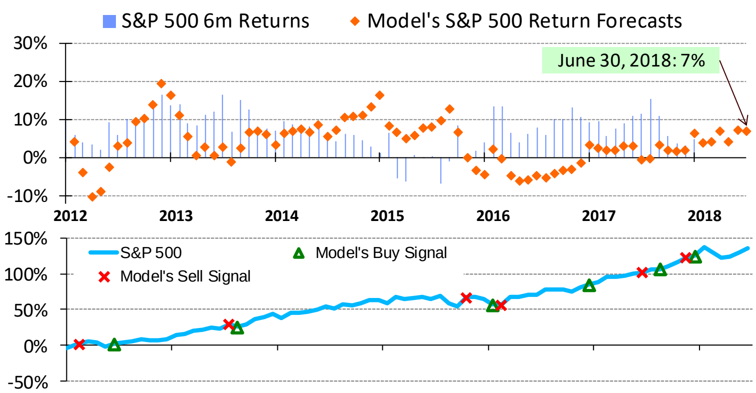
FIRM'S INVESTMENT PHILOSOPHY

Model Capital Management LLC (MCM, we) is an investment manager that focuses exclusively on tactical management. Tactical management is a strategy that invests in asset classes with the best return-risk outlook. As opposed to buy-and-hold, this strategy alters portfolio allocations based on expected returns and risks – attempting to avoid significant market downturns, but to participate in the upside. However, it is as challenging as all of active management, and simplistic methods can hardly work. We think that tactical management can be successful if we incorporate fundamental factors that drive markets as part of a forward-looking (forecasting) approach.



"Model Return Forecast" for 6-month S&P 500 return is MCM's measure of attractiveness of the market, but is not promissory, and does not constitute an investment recommendation. The forecast shown may not be up to date, and may change at any time. Source for the S&P 500 actual returns: S&P Dow Jones.

To decide whether to allocate to risky assets, we utilize our statistical model to forecast 6-month equity index returns. We developed the model since 2003 and applied it to asset management since 2012. It includes over 20 fundamental factors such as valuation and economic variables. It dynamically adjusts to the market environment by detecting the factors that tend to "work" at any point in time. Given the forecast, we then invest the strategies either in risky assets, or in fixed income/cash markets. We offer U.S. tactical strategies ranging in risk profiles from Income, to Stocks-Bonds (average balanced), to 2xStocks-Bonds (growth, up to 2x leverage).

All our strategy portfolios are long-only. Forecasts typically generate 2-5 re-allocation trades per year, and the strategies have low trading volume. We use only broad-index ETFs as an efficient way to implement the portfolios, which are well diversified across securities and sectors, are highly liquid and have low expenses. Each strategy intends to deliver added return vs. its respective benchmark, with comparable volatility, and with lower maximum drawdown than benchmark.

STRATEGY PROFILE: TACTICAL INCOME

Benchmark: Barclays U.S. Aggregate Bond Index

The objective of the strategy is to generate income from exposures to U.S. fixed income markets, and total return from participation in various fixed income markets while heavily emphasizing managing downside risk, through the combination of multiple U.S. asset classes including Treasuries, corporate bonds, cash equivalents, and high-yield bonds (up to 40% of the portfolio). A set of proprietary models is utilized by the manager to evaluate attractiveness of risk-return for each asset class. Each model uses several indicators that historically proved to identify or lead changes in asset class risk-return trends.

In an environment of low or rising interest rates, managing duration risk is critical – we manage the risk based on our Duration decision model. If the risk is high, we keep the portfolios invested in short-term bonds, and extend duration if this risk is below average and/or if the risk premium is sufficiently high. Similarly, we manage corporate bond, inflation-protected bond, and HY bond allocations based on the respective decision model for each asset class.

Allocation Examples

Period	Allocations
12/31/2017	60% TIPS, 40% Bank Loans
6/30/2017	100% TIPS
12/31/2016	60% ST Bonds, 40% Bank Loan
6/30/2016	100% Floating Rate Loans

Profile	Tactical Income
Style	Tactical Asset Allocation
Risk Profile	Fixed Income
Investment Grade Min/Max	60%/ 100%
High Yield Min/Max %	0%/ 40%
Strategy Launch Date	6/1/2016
Testing Start Date	1/1/2005
Benchmark Index	Barclays US Aggregate TR

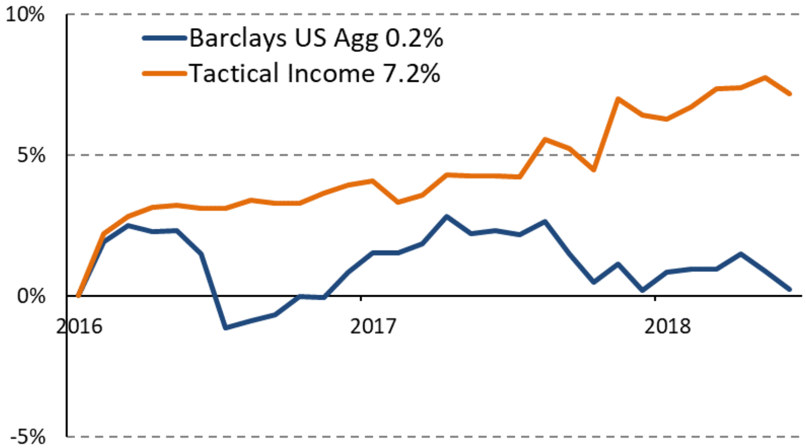
PERFORMANCE (Jun 1, 2016 – Oct 31, 2018)

Performance	Tactical Income	Benchmark	Relative	Risk	Tactical Income	Benchmark	Relative
2018 YTD	1.5%	-2.4%	3.9%	Standard Deviation	2.5%	0.8%	1.6%
2017	2.1%	3.6%	-1.5%	Beta (vs. Barclays Agg)	0.68	1.00	-0.32
Jun-Dec 2016	3.4%	-0.9%	4.3%	Sharpe Ratio	0.89	-0.72	1.61
Since Inception (ann)	2.9%	0.1%	2.8%	Information Ratio	3.63		3.63

Performance is presented starting from the strategy inception on June 1, 2016. Performance figures presented are net of all costs and of MCM's investment management fee of 0.5%. All realized and unrealized gains and losses, dividends, and interest are included in return calculation. MCM commenced offering the strategy and began managing accounts in accordance with the strategy from June 1, 2016. Actual account performance may vary due to timing of trades, security pricing, and trading expenses by each particular advisor.

The strategy outperformed its benchmark by 2.8% per annum.

CUMULATIVE RETURNS (Jun 2016 – Oct 2018)



The benchmark for the Tactical Income strategy is the total return of **Barclays US Aggregate Index**.

This benchmark is relevant due to similarity of its risk characteristics with those of the strategy.

REPRESENTATIVE ETFs CONSIDERED FOR THE STRATEGY

Type	Ticker	Security Name	AUM, $mil	Expense Ratio
Short Term	VCSH	Vanguard Short-Term Corporate Bond ETF	$19,190	0.07%
Corp Bonds	LQD	iShares iBoxx $ Investment Grade Corp. Bonc	$36,070	0.15%
Treasuries	IEF	iShares 7-10 Year Treasury Bond ETF	$7,560	0.15%
High Yield	HYG	iShares iBoxx $ High Yield Corporate Bonds	$18,540	0.50%
Bank Loans	BKLN	PowerShares Senior Loan ETF	$4,070	0.65%
Floating rate	FLOT	iShares Floating Rate Bond ETF	$5,770	0.20%
Inflation Ind	SCHP	Schwab US TIPS ETF	$2,050	0.05%

Source for AUM and expenses: Morningstar

Fund Expenses: MCM implements the desired portfolio exposures primarily with **low-cost index ETFs**. We select ETFs that meet our criteria of large AUM size, high liquidity, and low fees. We are not limited to any particular ETF sponsor. Most ETFs currently approved have expense ratios below 0.2%. Our choice of ETFs may change infrequently.

Additional Disclosures

DEFINITIONS

Relative Return: The portfolio's return relative to its benchmark. It is calculated as the difference between the portfolio's annualized return and its benchmark annualized return for the same period. Active return can be used to measure the value added or subtracted by a fund manager relative to passive index benchmark.

Standard Deviation: measures the volatility, or the degree of variation of returns around the average return. The higher the volatility of investment returns, the higher the standard deviation will be. For this reason, standard deviation is often used as a measure of investment risk. A more volatile stock or investment would have a higher standard deviation.

Sharpe Ratio: A return-to-risk ratio developed by William Sharpe that measures the return generated per unit of risk. The return (numerator) is defined as the incremental average return over the risk-free rate (such as 3-month Libor). Risk (denominator) is defined as the standard deviation of these incremental
returns over the risk-free rate. A higher Sharpe Ratio would indicate an investment manager, method, or strategy achieving higher returns (relative to risk-free rate) per unit of risk.

Information Ratio: An active return-to-risk ratio that measures the active return (over benchmark) generated per unit of active risk. The active return (numerator) is defined as difference between the portfolio's annualized return and its benchmark annualized return for the same period. The active risk (denominator) is defined as the standard deviation of these active returns over the benchmark. A higher Information Ratio would indicate an investment manager, method, or strategy achieving higher active returns per unit of active risk. In active investment management analysis, Information Ratio is often considered to be a measure of skill of a manager or method.

PERFORMANCE CALCULATION

MCM commenced offering the strategy on June 1, 2016 by providing investment management in accordance with the Tactical Income strategy to other advisors and their investor clients. All performance figures presented are net of trading costs and of MCM's investment management fee of 0.5%. Past performance is not a guarantee of future returns.

Investment results are time-weighted performance calculations representing total return. Monthly geometric linking of performance results is used to calculate annual returns. All realized and unrealized capital gains and losses as well as all dividends and interest from investments and cash balances are included in return calculation.

The investment results shown are not representative of an individually managed account's rate of return, and differences can occur due to factors such as timing of initial investment, client restrictions, cash movement, etc. securities used to implement the strategies can differ based on account size, custodian, and client guidelines.

RISKS

The value of investments and the income derived from them can go down as well as up. Future returns are not guaranteed and a loss of principal may occur.

The investment strategy described herein does not ensure a profit and does not protect against losses in declining markets. Model Capital Management's risk-management process includes an effort to monitor and manage risk, but should not be confused with (and does not imply) low risk.

There are risks associated with any investment approach. Investors should carefully consider risks before Investing in this strategy. Only some of the risks are described as follows:

BENCHMARK

The benchmark for the Tactical Income strategy is the total return of the Barclays U.S. Aggregate bond index.

The index is chosen as benchmark based on similar risk between the benchmark and the portfolio's strategy. The benchmark has not been selected to represent that an investor's performance would follow it closely, but rather is disclosed to allow for comparison of the investor's performance to that of a well-known and widely recognized index.

Reference to a benchmark does not imply that the Tactical Income strategy will achieve returns, experience volatility, or have other results similar to the index. The composition of a benchmark does not reflect the manner in which the Tactical Income investment portfolio is constructed in relation to expected or achieved returns, investment holdings, asset allocation guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error targets, all of which are subject to change over time.

ABOUT THE MANAGER

Model Capital Management LLC ("MCM") is an independent SEC-registered investment advisor, and is based in Boston. Utilizing its fundamental, forward-looking approach to asset allocation, MCM provides asset management services that help other advisors implement its dynamic investment strategies designed to reduce significant downside risk. MCM is available to advisors on AssetMark, Envestnet, and other SMA/UMA platforms, but is not affiliated with those firms.

ABOUT THE INVESTMENT

Tactical Income strategy may be offered to investors as a separately-managed account (SMA) or as an investment portfolio on a custodian platform. In any and all cases, it is managed by the applicable Managing Advisor who holds custody of client assets, and sub-advised by Model Capital Management LLC. Terms and restrictions may apply, such as a minimum investment amount.