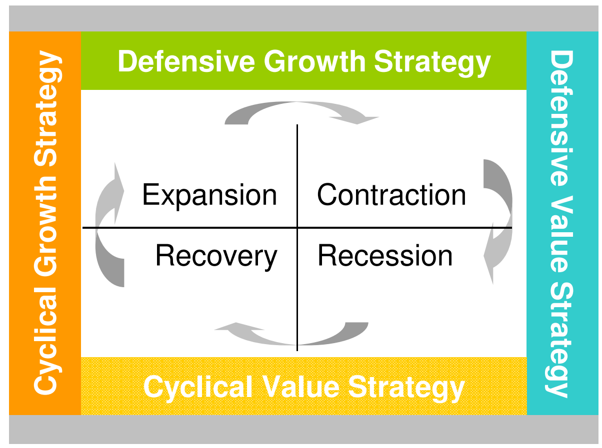
SmartALPHA™ Strategy Indexes

Conceptual Framework

Executive Summary

- The SmartALPHA™ Strategy Indexes are a suite of four rules-based, alpha-seeking equity strategies designed to provide active and flexible exposure throughout the economic cycle.
- These strategies' ultimate goal is to outperform the S&P 500 over a market cycle through both stock selection and sector allocation.
- We leverage the positive interaction of value and quality factors within sector groups and construct four strategies, each designed to excel in a specific phase of the business cycle.
- In opposition to fundamentally weighted or tilted indexes, the SmartALPHA™ Indexes are eminently active strategies with concentrated exposures to "alpha factors" – companies' fundamental and valuation characteristics known to predict future out-performance.
- Our active approach with concentrated, equal-weighted portfolios and quarterly reconstitution ensures that strategy profiles are consistently maintained throughout the economic cycle.
- SmartALPHA™ strategies are dynamically driven by their intended exposure to certain fundamental and valuation attributes, are concentrated, and do not necessarily reside in a particular style box. Our ultimate goal is to provide the highest total return available to investors from harvesting refined factor premiums throughout the economic cycle.



Massimo Santicchia
Co-founder and Chief Investment Officer
Crest Investment Partners
Massimo.Santicchia@CrestInvestmentPartners.com

Evolution of Indexes

An index is a statistical measure of the changes in a portfolio of stocks representing a portion of the overall market. The first indexes ever created such as the Dow Index (1896) and the S&P Index (1923) were formulated to track the performance of the overall market. Later in 1974, the first retail index fund - the Vanguard 500 - was launched. Today broad indexes such as the S&P 1500 or the Russell 3000 capture over 95% of the investable U.S. equity markets. Afterwards a number of investable products were created based on indexes. In 1993 the first ETF – the SPDR S&P 500 - was introduced and from that point to the end of 2012, assets in Index-based ETFs went from $66 billion to over $1 trillion. Today about 40% of all assets are invested in broad market indexes such as the S&P 500, according to the Investment Company Institute. The industry has been evolving towards the creation of different types of indexes and investable products. Investors now have access to indexes that track narrow market segments such as economic sectors and industries. Similarly, numerous thematic indexes have been created to capture specific investment trends such as global infrastructure or clean energy.

More recently, some investors have started to recognize the limits of cap-weighted indexes and started to design indexes in which stock weights are not proportional to their market capitalizations but to accounting metrics such as book value or earnings. Although these are commonly called "smart-beta" indexes, they are, in effect, active strategies as the weighting schemes they employ tend to result in structural tilts toward stocks that score high on certain factors known to be associated with future performance (i.e., the value premium).

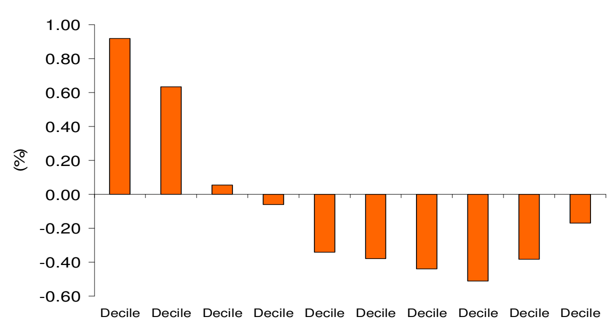
Despite their popularity, we believe that the fundamentally weighted or smart-beta indexes are actually sub optimal as they do not fully exploit the inefficiencies they are trying to benefit from through their weighting schemes.

The main appeal of smart-beta indexes — namely their simplicity — is at the same time their biggest weakness. In fact, smart-beta indexes are not specifically designed for harvesting factor premiums in the most efficient manner, but primarily for simplicity and appeal.[1]

For example, fundamentally weighted indexes hold stocks in proportion to their fundamentals such as book value or earnings. Thus, the difference between such indexes and a market cap-weighted index is due to differences in valuation of individual stocks whereby the fundamentally weighted index would hold a greater proportion of cheaper stocks based on book or earnings yield. Recent studies have shown that the added value of fundamentally weighted indexes is entirely attributable to the tilt toward the value premium.[2]

We have a few concerns with this approach. First, these fundamentally weighted strategies are naïve in their factors' choice and implementation. In fact, we have seen a number of strategies with weighting schemes based on revenue, earnings, dividends or book value. These fundamentals used to weight the indexes are mostly chosen based on how easy it is to model them or just on the data availability for a large universe. But they are not necessarily the optimal ones. Second, our empirical research shows that for selected alpha factors there is an quasi-linear relationship between factor exposure and future performance.

Figure 1. Book Yield Backtest – Average Quarterly Excess Returns over Large Cap Universe (1990-2012)



Source: Factset, Crest Investment Partners

[1] David Blitz, "How Smart is 'Smart Beta?', Journal of Indexes, March/April 2013. [2] Cliff Asness, " The Value of Fundamental Indexation", Institutional Investor, Oct. 2006; Chow, Hsu, Kalesnik, Little, "A Survey of Alternative Equity Index Strategies", Financial Analyst Journal, 2011, Vol. 67.

More importantly, the bulk of alpha resides in the stocks with the greatest exposure to those factors. For example, Figure 1 shows that over the 1990-2012 period only the cheapest stocks (decile 1 and decile 2) based on book-to-price ratio have generated high positive excess returns. A fundamentally-weighted strategy would overweight the stocks with the higher yields but it would also include the stocks in the index with unattractive valuations (and negative alpha), thus diluting the power of this value factor.

The SmartALPHA™ Approach

If the goal is to create higher expected return strategies by exploiting factor premiums such as size, value and momentum, a more focused approach is required. The table below is a simplified summary of our process.

Figure 2. Research Process Phases

Conceptualize	Discover	Implement
Focus on fundamental attributes associated with future excess returns. Draw from empirical finance and research.	Factors are extensively backtested to evaluate their forecasting power in various market conditions and cycles.	Executable trading strategies retain maximum power with acceptable portfolio turnover.

Source: Crest Investment Partners

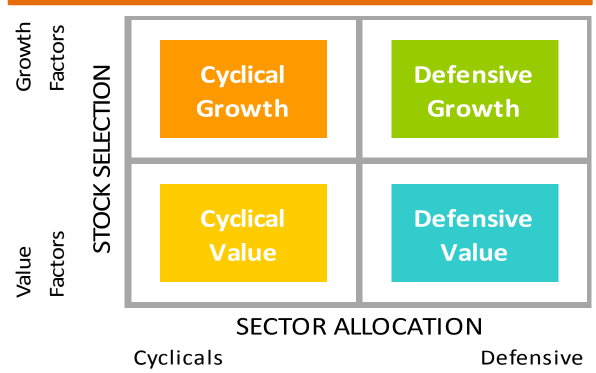
Conceptualization refers to the fundamental definition and classification of factors into distinct categories and sub-categories. For example value factors are categorized based on whether their calculation is based on assets, earnings or cash flows or weather they are adjusted for leverage or not. After factors are constructed, the process of alpha discovery and evaluation takes place whereby factors are simulated over extensive periods to assess their power and consistency to generate excess performance. Thereafter, factors with a low cross-correlation are refined and blended to exploit their positive interaction. In the implementation phase, these models are translated into executable portfolio strategies with realistic portfolio constraints such as turnover and industry exposure.

Ultimately, portfolio strategies are based on an optimal combination of fundamental factors that our empirical research has shown to provide consistent outperformance over various economic and market conditions.

SmartALPHA™ Strategy Indexes

The SmartALPHA™ Strategy Indexes are a suite of four rules-based, alpha-seeking equity strategies designed to provide active and flexible exposure throughout the economic cycle. Our model-building process follows the "divide and conquer" approach. We divide stocks into two groups – cyclical and defensive – and we then test and identify the best value and growth factors for each group. By leveraging the positive interaction of value and growth factors within sector groups, we construct four strategies: Cyclical Growth,

Figure 3. SmartALPHA Index Framework



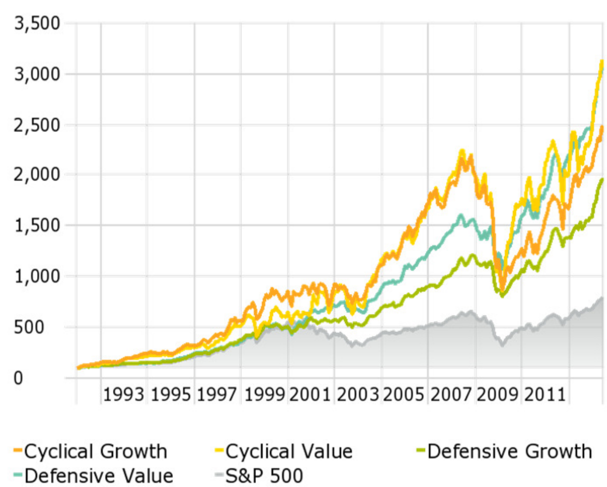
Source: Crest Investment Partners

Cyclical Value, Defensive Growth and Defensive Value (see Figure 3). Partitioning stocks into cyclical and defensive groups has significant advantages. First, estimating factor models on distinct groups of stocks with similar characteristics (i.e., cyclical and defensive) has the benefit of reducing "noise" (i.e., irrelevant information) and ultimately results in more robust models.[3] For example, stock-based ratios, such as P/E ratios are sensitive to business cycles. Because of the artificial influence induced by financial leverage, the price-to-earnings ratio prefers higher leveraged firms when earnings are at their peak and unlevered firms when they are at their trough. This problem is particularly acute for cyclical stocks for which is preferable to employ enterprise-based ratios such as EV-to-EBITDA to

[3] See for example: Sorensen E., Hua, R., and Qian, E. "Contextual Fundamentals, Models, and Active Management", Journal of Portfolio Management, Vol. 32, No.1, Fall 2005.

mitigate the distorting effect of leverage and to provide a better signal. Another example of a contextual factor is analysts' growth estimates. We found that this factor has different optimal estimation periods for cyclical and defensive stocks. In addition, we found that for defensive stocks, revenue growth plays an important role in identifying companies for which earnings forecasts are more likely to be reliable. Our model-building process results in four distinct strategy indexes. Figure 4 depicts the simulated, hypothetical performance of each index.[4] All four strategies have generated total returns well above the S&P 500. Specifically, the Cyclical Growth and Cyclical Value strategies outperformed the S&P 500 Index by 570 and 690 basis points respectively, per year, over the January 1991 through June 2013 period. The Defensive Growth

Figure 4. Growth of Indexes (01/1991-06/2013)



Source: Crest Investment Partners, Morningstar Direct

and Defensive Value strategies outperformed the S&P 500 Index by 460 and 690 basis points respectively, per year. As a result of our concentrated, intentionally active approach to portfolio construction, the four strategies exhibit a significant tracking error versus the S&P 500. More importantly, all four strategies display solid risk-adjusted performance with significant, positive alpha. As an alternative view of the sensitivity of portfolio performance to different states of the market, we analyze the variation in performance across the strategies in different market regimes.

In up markets - defined as months when the S&P 500 had a positive return - the Cyclical Value and Cyclical Growth strategies excel with average monthly returns of 4.6% and 4.2%, respectively versus 3.2% for the S&P 500 (see Figure 5).

In down markets, the Defensive Value and Defensive Growth strategies offer remarkable downside protection with average monthly returns of -1.7% and -1.9%, respectively versus -3.7% for the S&P 500. The maximum drawdown of the defensive strategies is also significantly better with a decline from peak to trough of only 33% versus 50.9% for the S&P 500. This asymmetric behavior of the defensive strategies in up and down markets, results in strong risk-adjusted performance, and in the long-term, contributes substantially to capital growth.

Figure 5. Risk and Return Statistics

	Cyclical Growth	Cyclical Value	Defensive Growth	Defensive Value	S&P 500
Return	15.2	16.4	14.1	16.4	9.5
Volatility	19.5	22.8	12.4	12.8	14.8
Down Capture Return	-4.2	-4.6	-1.9	-1.7	-3.7
Up Capture Return	4.2	4.6	2.8	2.9	3.2
Max Drawdown	-59.9	-61.7	-33.5	-33.3	-50.9
Tracking Error	9.3	12.7	9.9	10.0	--

Source: Crest Investment Partners, Morningstar Direct

In summary, we design and implement four active, rules-based strategy indexes, each driven by a set of deeply researched and uniquely constructed alpha factors. Simulated performance shows that each strategy generates significant performance in excess of the S&P 500 over the sample period. Our analysis also shows that the performance patterns of these strategies vary significantly in relation to different market regimes. In the next section we explore in depth the link of the strategies with the business cycle and their use in sector allocation decisions.

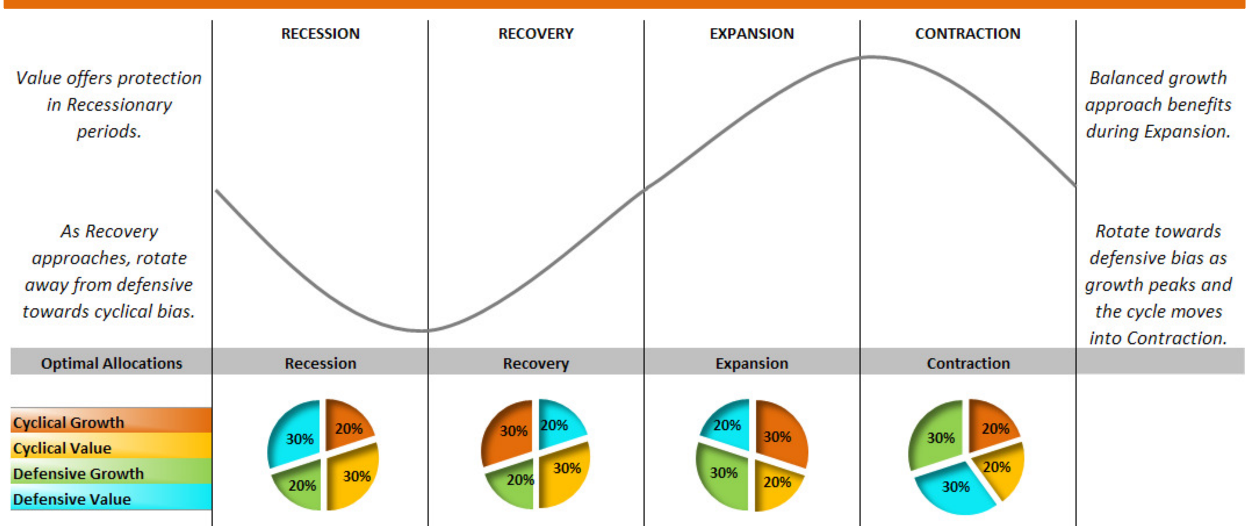
[4] Past performance is not indicative of future results. Performance shown above is simulated hypothetical history. Live performance of the indexes starts on 06/29/2012, prior to it performance is based on a quantitative, rule-based backtest. Timely updates of live performance of the Indexes are posted on our site www.crestinvestmentpartners.com

Sector and Style Allocation Applications

Another benefit of our sectorial partition is that the relative performance of cyclical and defensive stocks is closely related to the business cycle. During periods of economic growth, cyclical stocks tend to perform well, fueled by earnings growth on widening corporate margins and investor optimism about the future. As the expansion phase matures, corporate margins peak while capacity constraints drive inflationary pressure and prompt the FED to tighten monetary policy. As a result, earnings contract rapidly, investor risk aversion rises and defensive stocks outperform. In addition to a cyclical-defensive cycle, the relative performance of growth and value stocks defines the "style cycle". The growth-value dimension overlays and interacts with the cyclical-defensive dimension. For example, during the recovery and expansion phases, earnings growth becomes "abundant", value stocks tend to perform well, as investors feel more confident about the economic prospects and their risk aversion decreases. As the recovery matures and margins peak, earnings growth becomes "scarce" and investors move towards higher-quality companies with more persistent growth.[5] The SmartALPHA™ strategies leverage the intuition and empirical evidence that the sector and style dimensions interact throughout the business cycle.

This new, richer framework offers investors the opportunity to implement sector allocation strategies in a more precise and effective way. Figure 6 was developed empirically by overlaying the simulated performance of the SmartALPHA™ strategies with the four phases of the business cycle.[6] According to our framework, in the recovery phase, deep value, cyclical stocks is the place to be. However, into the expansion phase, as the advance matures and earnings growth nears its peak, a balanced approach that combines cyclical growth stocks with defensive growth stocks is optimal. Similarly, during contraction phases, our model urges full exposure to defensive issues to mitigate portfolio losses. Into the recession phase, as recovery approaches, the model advises an equalized exposure to defensive and cyclical value stocks to participate in the upcoming market rebound. The performance of the SmartALPHA™ strategies varies along a continuum that enables a progressive and synchronized change in sector and style emphasis in relation to the business cycle. The ability to contemporaneously fine tune the sector-style allocations, allows investors to more precisely and effectively implement their views of the economy and to ultimately add value through both stock selection and sector allocation.

Figure 6. SmartALPHA Strategies Allocations Emphasis Through the Business Cycle



Source: Crest Investment Partners

[5] See for example Richard Bernstein, Style Investing, John Wiley & Sons, Inc. 1995 and Fama E. and French K., "The Anatomy of Value and Growth Stock Returns", FAJ, Vol. 63, No. 6, 2007. [6]We employ the output gap model to determine the business cycle phases as in Taylor G. book's, "Investment Timing and The Business Cycle", John Wiley & Sons, 1998.

Portfolio Attributes of SmartALPHA™ Strategies

The main features of the SmartALPHA™ strategies can be summarized in three points:

- Truly active
- Alpha-seeking
- Diverse

Truly Active. The goal of active managers is to generate returns greater than their benchmarks. A portfolio strategy holding all the stocks in the same proportions as its benchmark is, by definition, a passive strategy. Thus, an active manager can only add value by deviating from his benchmark index. A manager can do this in two different ways: by stock selection or factor timing. Stock selection involves active bets on individual stocks. Factor timing, also known as tactical asset allocation, involves time-varying bets on sectors or styles.

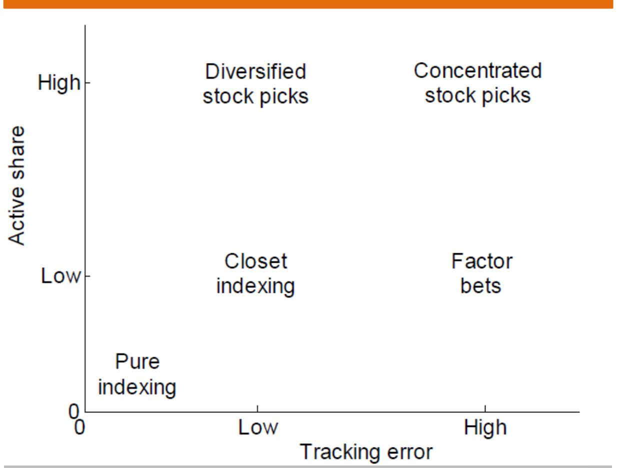
Figure 7 captures both the magnitude and type of active management. Active share is a proxy for stock selection, while tracking error is a proxy for tactical allocation. Active share represents the share of portfolio holdings that differ from the benchmark index holdings, placing equal weight on all active bets regardless of diversification and thus emphasizing stock selection.[7]

Tracking error measures the volatility of portfolio return around a benchmark index, thus emphasizing exposure to systematic factor risk (such as sector and industry exposure). Managers who emphasize stock selection while maintaining neutral exposures to sectors and style factors reside in the upper left corner of the scatter in Figure 7 (diversified stock picks). Conversely, managers who emphasize sector and style allocation without betting on individual stocks reside in the lower right corner of the scatter (Factor bets). Passive, index–type funds take no active bets and reside in the lower left corner (pure indexing). Managers who emphasize both stock selection and sector allocation reside in the upper right quadrant (concentrated stock picks).

Figure 8 confirms the "benchmark-hugging" tendency of the majority of mutual funds. Only a meager 30% of the funds display an active share above 80% and only a paltry 8% of the funds have generated a tracking error above 10%.[8]

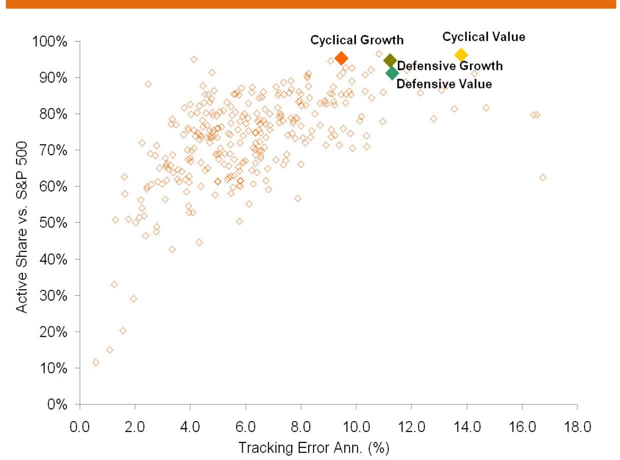
With an active share above 90% and a tracking error above 10%, the SmartALPHA™ strategies are prominently active strategies designed to add value through both stock selection and sector allocation.

Figure 7. Active Management Analysis Framework



Source: Cremers and Petajisto (2009)

Figure 8. Active Management Analysis Scatter



Source: Crest Investment Partners, Morningstar Direct

[7] Antti, Petajisto, 2013, Active share and mutual fund performance; Martijn Cremers and Antti Petajisto, 2009, How Active is your fund manager? A new measure that predicts performance, both available on www.ssrn.com

[8] Universe employed is the Lipper large-cap core, value and growth funds based on the most recent available holdings filings. Active share was calculated relative the S&P 500 and a 10-year tracking error was employed.

Alpha-Seeking. A high active share is not per se predictive of future performance. From an active management standpoint, what drives the active share of a portfolio is the manager's investment philosophy and process which are reflected in the fundamental characteristics of the portfolio. Thus a value manager would hold stocks with significantly lower valuation ratios than the average market regardless of their holding size within a benchmark index.

Ideally, investment merit should drive security selection and portfolio construction – not the holdings and sector composition of a benchmark.

The SmartALPHA™ approach focuses on financial attributes with proven ability to predict portfolio returns and selects only the highest scoring stocks (i.e., the stocks with the greatest probability to out-perform).

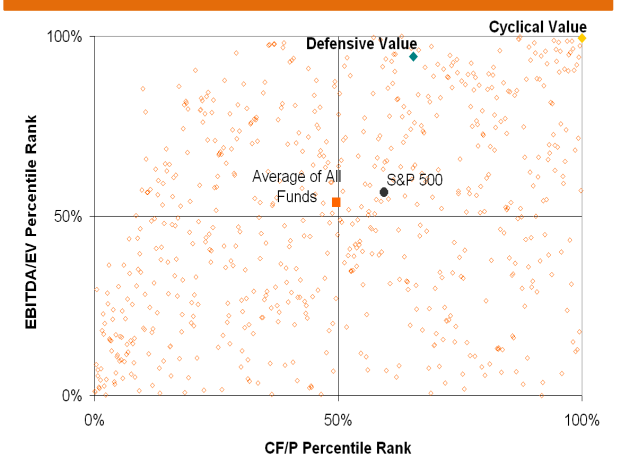
This is visually apparent in Figure 9 and Figure 10 where Crest's SmartALPHA™ Indexes are compared with the Lipper universe of equity funds based on their exposures to selective drivers of stock returns. In line with the existing research literature, the scatters indicate that institutions, in aggregate, take almost no bet on characteristics known to predict returns.[11]

For example, of the entire Lipper large-cap universe (643 growth, value and core equity funds) we find that only 43% of the funds have a EBITDA-to-enterprise value ratio or a free cash flow-to-enterprise value ratio above the S&P 500 average. In addition, only 69 funds have a holdings-weighted average EBITDA/EV ratio in the top quintile in relation to the S&P 500 distribution; and only 15 funds are in the top quintile by cash flow yield. Similarly, when we look at growth factors, we find that only 54% of funds display an earnings momentum factor above the S&P 500's average. In addition, none of the funds fall in the top quintile of the distribution of the earnings growth momentum factor. We believe that this lack of focused exposure to predictive value and growth attributes is one of the main causes of the well-documented performance mediocrity of mutual funds.

Conversely, the four SmartALPHA™ strategies tend to locate in the upper right quadrant of the matrixes, away from the majority of funds and the S&P 500, thus reflecting their "pure" targeted exposure to the growth and value alpha factors.

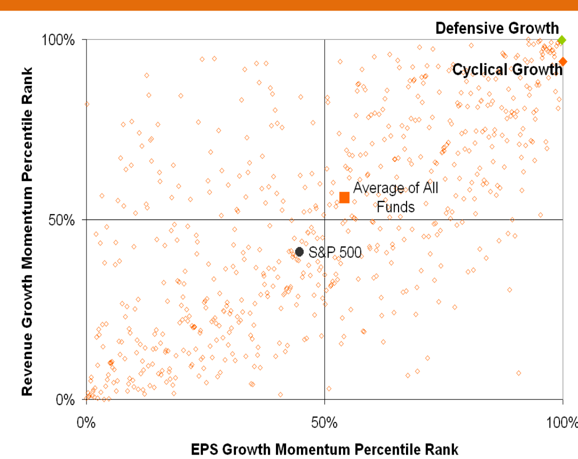
Their focused nature, disciplined and consistent process in their pursuit of alpha is what sets apart the SmartALPHA™ strategies from the other available equity indexes and actively managed funds.

Figure 9. Alpha-Factor Matrix – Value



Source: Crest Investment Partners, Factset

Figure 10. Alpha-Factor Matrix - Growth



Source: Crest Investment Partners, Factset

[11]Jonathan Lewellen, Institutional Investors and The Limits of Arbitrage, Journal of Financial Economics, 2011

Diverse. The four strategies exhibit relatively low cross-correlations of excess returns. In Figure 11 we report the correlation of monthly returns in excess of the S&P 500.

Figure 11. Correlation of Monthly Excess Returns

	Cyclical Growth	Cyclical Value	Defensive Growth	Defensive Value
Cyclical Growth	1			
Cyclical Value	0.44	1		
Defensive Growth	-0.13	-0.36	1	
Defensive Value	-0.13	-0.20	0.84	1

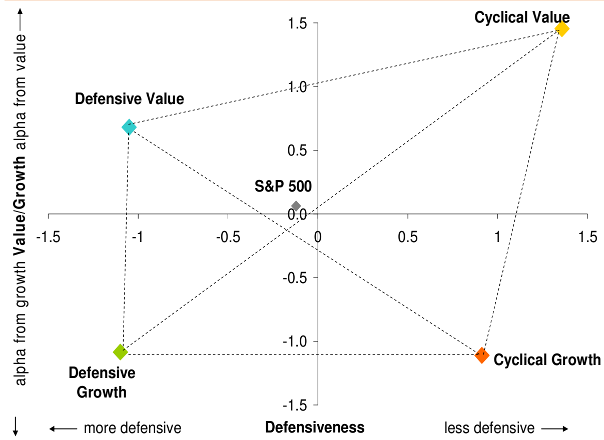
Source: Crest Investment Partners, S&P Dow Jones Indices

With exception of the two defensive strategies, the cross-correlation figures are low or negative, thus highlighting the distinctive return patterns of the four strategies. Importantly, as we have showed on page 5, the performance patterns are linked to the macro backdrop with each strategy excelling in specific stages of the economic cycle. In addition, the combination of high expected alpha and low cross-correlations imply that portfolio efficiency can be enhanced by blending the strategies.

This distinct performance pattern is the direct result of our methodology that divides the universe into two mutually exclusive groups – cyclical and defensive - and applies two diametrically opposed factors – growth and value – to create the four strategies. This diversity can be quantified and visualized in Figure 12 as the geometric distance among the four strategies on a two-dimensional plane with x (horizontal axis) being the cyclical-defensive dimension and y (vertical axis) the growth-value dimension.[12]

Not surprisingly, and consistent with the return correlation analysis, Figure 12 shows that the Cyclical Value and the Defensive Growth strategies are the "most distant" (i.e., most different) from each other.

Figure 12. Distance Between Strategies



Source: Crest Investment Partners

Conversely, the shortest distance is between the Defensive Growth and Defensive Value strategies.

Intuitively, the greater the distance between two strategies the greater the potential portfolio diversification benefits from a strategy-blending approach.

In summary, we purposely designed the four strategies to have distinct fundamental and risk and return attributes. Our model-building methodology is transparently reflected in the structure of the portfolios which consistently exhibit our targeted factor and sector exposures.

This strategy differentiation provides a rich framework to structure portfolios with allocations customized to specific risk profiles and to dynamically change them in relation to one's view of the economic and business cycles.

[12] We calculate the portfolios' exposure to selected growth and value factors and to the degree of "defensiveness". Defensiveness is the portfolio expected average monthly returns in down markets and is based on the historical downside volatility. All values are standardized (z-scores). The distance between the strategies varies over time as a function of their specific sector composition and the loading on the growth and value factors.

Conclusion

Typically, to measure the drivers of portfolio performance an *ex-post* attribution analysis is performed. Such analysis explains why a portfolio's performance differed from the benchmark. This difference between the portfolio return and the benchmark return is known as the *active* return. Attribution analysis also quantifies the relative contribution of the two main drivers of performance: stock selection and sector allocation.

From a strategy design – *ex-ante* – standpoint, it is critical to identify the key fundamental and valuation attributes that drive stock returns. These factors are "contextual" – they need to be evaluated in relation to certain other economic and fundamental characteristics such as sector composition and sensitivity to the business cycle.

We leverage the positive interaction of value and growth factors within sector groups and construct four strategies – Cyclical Growth, Cyclical Value, Defensive Growth and Defensive Value. Each strategy is designed to excel in a specific phase of the business cycle.

The four strategies exhibit relatively low cross-correlations of excess returns. This distinct performance pattern is the direct result of our methodology that divides the universe into two mutually exclusive groups – cyclical and defensive – and applies two diametrically opposed factors – growth and value – to create the four strategies.

SmartALPHA™ strategies are dynamically driven by their intended exposure to certain fundamental and valuation attributes, are concentrated, and do not necessarily reside in a particular style box.

In contrast to fundamentally weighted or tilted indexes, the SmartALPHA™ Indexes are eminently active strategies with concentrated exposures to "alpha factors" – companies' fundamental and valuation characteristics associated to future out-performance.

Our ultimate goal is to provide the highest total return available to investors from harvesting refined factor premiums throughout the economic cycle.

With an active share above 90% and a tracking error above 10%, the SmartALPHA™ strategies are prominently active strategies designed to add value through both stock selection and sector allocation.

Our active approach with concentrated, equal-weighted portfolios and quarterly reconstitution ensures that these strategy profiles are consistently maintained throughout the economic cycle.

Their focused nature, disciplined and consistent process in their pursuit of alpha is what sets apart the SmartALPHA™ strategies from the other available equity indexes and actively managed funds.

Portfolio Management Massimo Santicchia is a Co-Founder and Chief Investment Officer of Crest Investment Partners. He directs all aspects of the investment strategy as well as develops and manages quantitative equity portfolios. Santicchia has 17 years of investment experience including: S&P Investment Advisory Services LLC, as creator and portfolio manager of the JNL/S&P 4 funds and co-manager of the JNL/S&P Managed and Disciplined funds.

RISKS AND OTHER IMPORTANT CONSIDERATIONS

The views and opinions expressed are for informational and educational purposes only as of the date of writing and may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities and should not be considered specific legal, investment or tax advice. The information provided does not take into account the specific objectives, financial situation, or particular needs of any specific person. All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline.

Performance shown above includes simulated, or backtested, history. Peformance prior to 6/29/2012 is based on a quantitative, rules-based backtest. Please see disclosure on the bottom of this page for details on limitations of backtested history. Daily returns are available using the above-mentioned tickers through Bloomberg. The SmartALPHATM Strategy Indexes represented in this material do not reflect the actual trading of any client account. No representation is being made that any client will or is likely to achieve results similar to those presented herein. The SmartALPHATM Strategy Indexes have a live inception on date of June 29, 2012. Performance information presented prior to the inception date is backtested, simulated performance relying on Crest Investment Partners LLC's proprietary rules-based, quantitative models. The hypothetical results shown may under or over compensate for the impact of actual market conditions and other factors such as expenses. The results shown do not reflect the deduction of any advisory fees or expenses, nor trading costs, all of which will decrease the return experienced by a client. The performance is adjusted to reflect the reinvestment of dividends. None of the indexes referred to herein reflect the deduction of the fees and expenses to be borne by a client. Concentration, volatility and other risk characteristics of a client's account also may differ from the indices shown herein. Index data is provided only for reference purposes and is not intended to suggest that any client will achieve performance similar to, or better than, an index. All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals, and economic conditions, may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio. Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. There are no assurances that a portfolio will match or outperform any particular benchmark. Backtested performance results have inherent limitations, particularly the fact that these results do not represent actual trading and may not reflect the impact that material economic and market factors might have placed on the adviser's decision-making if the adviser were actually managing the client's money. These results should not be viewed as indicative of the adviser's skill. The S&P 500 Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as a representative of the equity market in general. The SmartALPHA™ Strategy Indexes (the "Indexes") which include SmartALPHA™ Cyclical Growth, SmartALPHA™ Cyclical Value, SmartALPHA™ Defensive Growth, SmartALPHA™ Defensive Value (the "Index") are the exclusive property of Crest Investment Partners LLC ("Crest"), which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) ("S&P Dow Jones Indices") to calculate and maintain the Index. S&P®, S&P 500®, and S&P Dow Jones Custom Indices® are registered trademarks of Standard & Poor's Financial Services LLC ("SPFS"); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed to S&P Dow Jones Indices. "Calculated by S&P Dow Jones Custom Indices" and its related stylized mark(s) are service marks of SPFS and have been licensed for use by S&P Dow Jones Indices and sublicensed for certain purposes by Crest. Neither S&P Dow Jones Indices, SPFS, Dow Jones nor any of their affiliates shall be liable for any errors or omissions in calculating the Index.

Important Notes

This does not constitute an offer or solicitation in any jurisdiction where to any person to whom it would be unauthorized or unlawful to do so. Opinions expressed are current opinions as of the date appearing in this material only. This information should not be considered investment advice or a recommendation to buy or sell any particular security. While every effort has been made to verify the information contained herein, we make no representations as to its accuracy. The information in this material and specific securities mentioned are not representative of all securities purchased, sold or recommended for advisory clients. Actual portfolio holdings will vary for each client and there is no guarantee that a particular client's account will hold any, or all, of the securities identified. It should not be assumed that any of the securities or recommendations made in the future will be profitable or will equal the performance of the listed securities. Past performance does not predict future results.

NOT FDIC INSURED │ NOT GUARANTEED │MAY LOSE VALUE