

ACG Market Review

Third Quarter 2018

Global Highlights:

- **Economy** – Small Business optimism is at all-time highs as robust earnings growth continues led by sustained expansion in all major U.S. sectors
- **Equities** – Domestic equity markets continue upwards while persistent fears of trade wars and rising U.S. interest rates negatively influenced foreign equities, with emerging markets taking the brunt of the hit despite strengthening fundamentals
- **Fixed Income** – Led by strong U.S. economic data, the 10-Year Treasury surpassed 3% for the third time this year pushing government bond prices down globally

Economic Expansion is Broadening

Consumer confidence has reached its highest level since 2000 as hiring figures remain strong and as wage growth begins to pick up. Optimism among small businesses, a large driver of the U.S. economy, also hit its highest level since inception of the National Federation of Independent Business (“NFIB”) survey more than 40 years ago. U.S. GDP for Q2 2018 came in well above expectations at +4.2%

Robust earnings growth continues led by continued expansion in all major sectors of the economy due to healthy levels of investment and business confidence.

Analysts estimates of +19.3% for year-over-year earnings growth rate during Q3 2018 would mark the third highest reported earnings growth rate for the S&P 500 since Q1 2011, trailing only the first two quarters of 2018. All eleven sectors are expected to report positive earnings growth, led by the Energy, Financials and Materials sectors. While double digit earnings growth is also expected for Q4 2018, more muted levels of earnings growth are estimated in 2019.

The Q3 2018 year-over-year projected revenue growth rate is estimated at 6.9% with ten of the eleven sectors expecting to report positive revenue growth.

The current 12-month forward P/E ratio is 16.8x vs. a 5-year average of 16.3x and a 10-year average of 14.5x. This P/E ratio estimate is slightly higher than the 16.1x estimate recorded at the beginning of the second quarter.

The U.S. manufacturing sector remained on its upward trend with an ISM reading of 61.3, which reflects “continued expanding business strength”. While “demand is still robust, the nation’s employment resources and supply chains continue to struggle. [Business owners] are overwhelmingly concerned about tariff-related activity, including how reciprocal tariffs will impact company revenue.”

Oil traded in the \$65 - \$75 dollar range during the third quarter, ultimately ending at \$73.25. This figure is down roughly \$1 from the end of the previous quarter, but up over \$20 from one year earlier.

U.S. Equity Markets are Narrowing

The S&P 500 ended the third quarter with a gain of +7.71%, pushing year-to-date returns up to +10.56%. Healthcare, Industrials and Telecom led all sectors during the quarter returning +14.53%, +10.00% and +9.94%, respectively. Materials (+0.36%) and Real Estate (+0.86%) were the two largest detractors despite positive absolute returns for the quarter. Small Cap stocks, as measured by the Russell 2000 Index, returned +3.58% for the quarter, propelling year-to-date returns up to +11.51%.

As bull markets age, equity markets typically narrow as fewer stocks outperform their broad market indices. During these occurrences, late cycle equity market leadership is usually concentrated in a few growth names resulting in periods of strong relative outperformance by the growth segments of the

market. The current bull market, which started in March 2009, is generally considered the longest bull market in modern U.S. history.

Yields Continue to Rise

As a result of increased confidence in the economy, the Federal Reserve announced another 25 basis point increase to the Federal Funds rate at the September FOMC meeting, the eighth hike since December 2015. The yield curve continued to flatten during the third quarter as long-term rates remain more anchored. Surveyed economists and strategists expect a Fed Funds rate above 3% by the end of this current cycle. This suggests that there is room for further rate hikes for the remainder of 2018 and into 2019.

Fixed income posted a slightly positive quarter as the Bloomberg Barclays Aggregate Bond Index gained +0.02%, bringing the year-to-date return to -1.60%. During the last two weeks of the third quarter, the 10-year Treasury rose above 3% again ultimately ending the third quarter at 3.08%, up 23 basis points from the end of the second quarter. High-yield outperformed investment grade bonds during the third quarter as fixed income investors continue to favor riskier assets.

Government bond prices around the globe posted negative returns as yields rose. Global bonds, as measured by the FTSE World Government Bond Index, ended the third quarter down -1.62%, leading year-to-date returns down to negative -2.55%.

Hiccup in International Equities

Developed international equities, as measured by the MSCI EAFE Index, ended the quarter up +1.35%, raising year-to-date returns to -1.43%. International small cap, as measured by the MSCI EAFE Small Cap, lost -0.88% during the quarter dragging year-to-date returns further negative to -2.19%.

As the U.S. equity markets led all major international indices, Europe ex-UK and Japan performed favorably while The UK fell on rising pressure of Brexit concerns and Asia Pacific ex-Japan declined due to a pull-back in most commodities.

Though the strength of the U.S. Dollar presented a headwind for overseas investments year-to-date, the third quarter saw a small reversal of that trend. The overall foreign currency effect on developed international returns during the quarter was positive at +1.00% as measured by the MSCI EAFE Index. Despite the popular notion that rising rates tend to coincide with periods of U.S. Dollar strength, the U.S. Dollar actually declined during 4 of the last 5 Fed tightening cycles going back to the mid-80s.

Emerging Markets Enter Bear Territory

Persistent fears of trade wars and rising U.S. interest rates negatively influenced foreign equities, with emerging markets taking the brunt of the hit during the third quarter despite strengthening fundamentals.

Emerging Markets continued to struggle during the third quarter as the MSCI Emerging Markets Index lost -1.09%, bringing year-to-date returns further down to -7.68%. Historically, the good news is that most bear market periods in Emerging Market equities are short lived. For example, the current drawdown is the third longest seen over the last thirty years.

Posturing around trade negotiations, Turkish debt fears, and weak local currencies vs. the U.S. Dollar negatively impacted Emerging Markets. If a full scale trade war develops, North America could potentially be the most effected, while Japan and the European Union could potentially see the least impact.

Risks

Monetary policy uncertainty, geopolitics, global trade tensions, the fragmentation within Europe, and terrorism remain to be the largest risks going forward.

Another risk to consider is hubris. U.S. Consumer Confidence is near all-time highs backed by strong economic data and a healthy job market. Today's confidence levels, as measured by the Conference Board, are higher compared to the peak recorded in 2007-2008 before the global financial crisis. In fact, over the last 50 years, the current confidence levels are second only to those experienced prior to the dot-com bubble.

While economic growth is occurring around the globe, U.S. equities as the run-away relative outperformer vs. other global asset classes. Performance during mid-term election years has

historically been volatile as these years have experienced an average drawdown of 19%. Given this empirical evidence, coupled with diverging monetary policy compared to the rest of the globe, how much longer can the USA be an outlier?

Market Index Review – September 2018

Market Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500	0.57	7.71	10.56	17.91	17.31	13.95	11.97
Dow Jones Industrial Average	1.97	9.63	8.83	20.76	20.49	14.57	12.22
NASDAQ Composite TR	-0.70	7.41	17.48	25.17	21.70	17.72	15.72
MSCI EAFE	0.87	1.35	-1.43	2.74	9.23	4.42	5.38
Russell 2000	-2.41	3.58	11.51	15.24	17.12	11.07	11.11
Dow Jones U.S. Total Stock Market	0.16	7.11	10.58	17.58	17.05	13.42	12.05

Russell Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Russell 1000	0.38	7.42	10.49	17.76	17.07	13.67	12.09
Russell 1000 Growth	0.56	9.17	17.09	26.30	20.55	16.58	14.31
Russell 1000 Value	0.20	5.70	3.92	9.45	13.55	10.72	9.79
Russell MidCap	-0.64	5.00	7.46	13.98	14.52	11.65	12.31
Russell MidCap Growth	-0.43	7.57	13.38	21.10	16.65	13.00	13.46
Russell MidCap Value	-0.79	3.30	3.13	8.81	13.09	10.72	11.29
Russell 2000 Growth	-2.34	5.52	15.76	21.06	17.98	12.14	12.65
Russell 2000 Value	-2.48	1.60	7.14	9.33	16.12	9.92	9.52

Sector Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Materials	-2.09	0.36	-2.73	4.01	15.53	8.79	8.47
S&P 500 Consumer Discretionary	1.04	8.18	20.64	32.54	18.50	16.05	17.40
S&P 500 Consumer Staples	1.04	5.70	-3.34	2.93	7.56	9.20	10.03
S&P 500 Energy	2.59	0.61	7.46	13.94	10.73	1.32	3.93
S&P 500 Financials	-2.22	4.36	0.09	8.73	16.75	13.45	7.43
S&P 500 Health Care	2.93	14.53	16.63	18.35	14.81	15.91	14.48
S&P 500 Industrials	2.19	10.00	4.84	11.18	17.66	12.88	11.75
S&P 500 Information Technology	-0.33	8.80	20.62	31.49	27.68	22.40	17.10
S&P 500 Real Estate	-2.65	0.86	1.67	4.95	--	--	--
S&P 500 Telecommunication Services	4.26	9.94	0.75	4.39	9.75	6.65	8.89
S&P 500 Utilities	-0.60	2.39	2.72	2.93	10.61	11.06	9.04

International Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
MSCI Emerging Markets	-0.53	-1.09	-7.68	-0.81	12.36	3.61	5.40
MSCI Europe	0.36	0.80	-2.46	-0.30	7.71	3.70	4.85
MSCI Pacific	1.81	2.28	0.21	8.22	12.35	5.77	6.55
MSCI ACWI ex USA	0.46	0.71	-3.09	1.76	9.97	4.12	5.18
MSCI EAFE Small Cap	-0.72	-0.88	-2.19	3.73	12.39	7.96	9.68
MSCI Frontier Markets	-0.05	-1.98	-12.63	-7.73	5.32	2.87	-0.15

Bond Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
FTSE T-Bill 3 Months	0.17	0.50	1.29	1.57	0.80	0.49	0.32
BBgBarc US Municipal TR	-0.65	-0.15	-0.40	0.35	2.24	3.54	4.75
BBgBarc US Aggregate TR	-0.64	0.02	-1.60	-1.22	1.31	2.16	3.77
BBgBarc US Gov/Credit TR	-0.67	0.06	-1.85	-1.37	1.45	2.23	3.95
BBgBarc US Gov/Credit Int TR	-0.40	0.21	-0.76	-0.96	0.91	1.52	3.22
BBgBarc US Corporate High Yield TR	0.56	2.40	2.57	3.05	8.15	5.54	9.46
BBgBarc Global Aggregate TR	-0.86	-0.92	-2.37	-1.32	1.97	0.75	2.89
FTSE WGBI	-1.02	-1.62	-2.55	-1.54	1.68	0.20	2.21

Other Indices	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
HFRI FOF: Diversified Index	-0.07	0.49	1.27	3.35	2.96	3.13	2.60
HFRI FOF: Conservative Index	0.55	0.98	2.65	3.84	2.88	2.97	2.21
HFRI FOF: Strategic Index	-0.05	0.22	0.59	3.09	4.31	3.56	2.94
Wilshire Liquid Alternative TR USD	0.11	0.95	-0.68	0.83	1.86	1.34	1.88
FTSE EPRA/NAREIT Global TR USD	-2.35	-0.78	-0.79	2.95	7.77	6.17	6.71
Alerian MLP TR USD	-1.57	6.57	5.90	4.89	4.43	-2.72	9.18
Bloomberg Commodity Index TR USD	1.92	-2.02	-2.03	2.59	-0.11	-7.18	-6.24

Source: Morningstar, ACG

Returns include dividends; 3-year, 5-year and 10-year returns are annualized. Indices are unmanaged.

You cannot invest directly into an index. Past performance is not indicative of future results

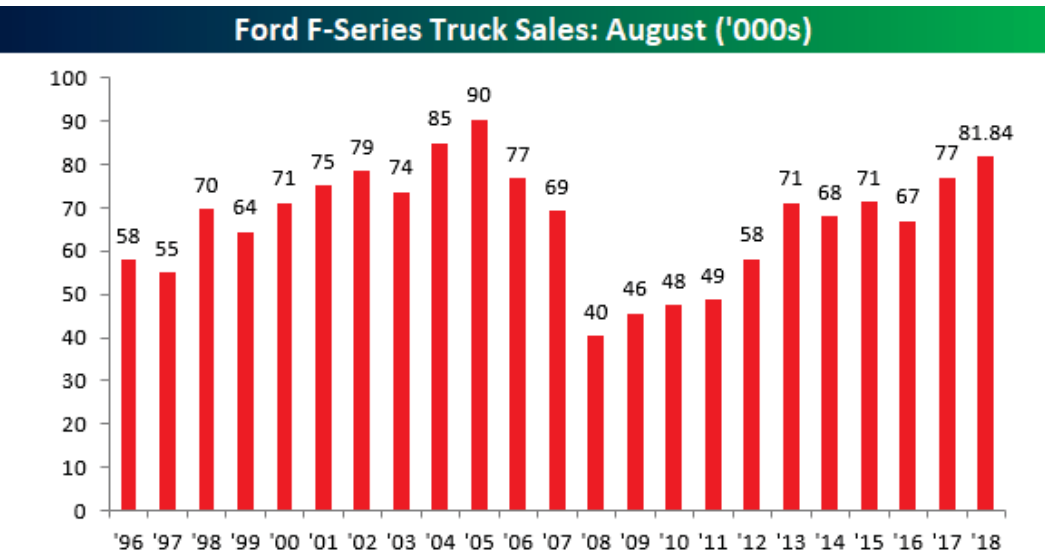
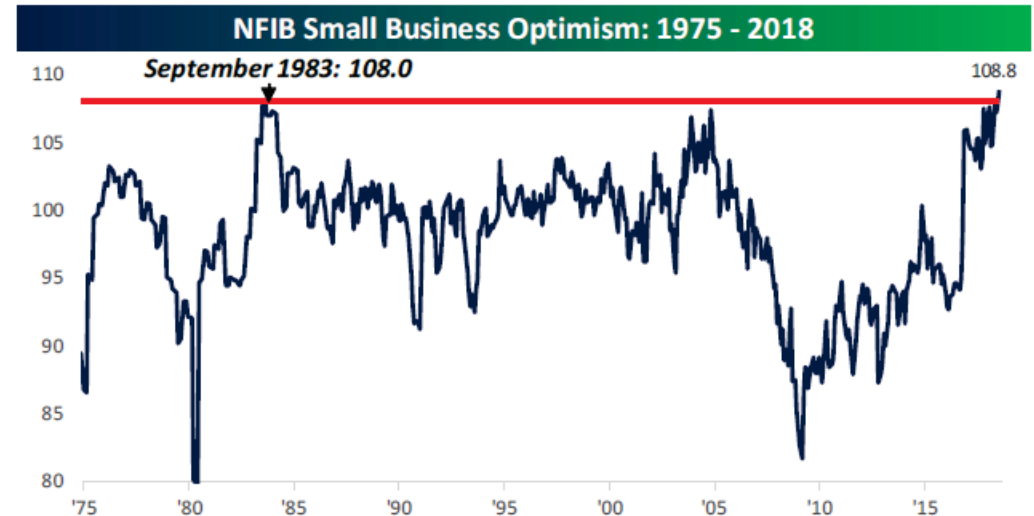
Q3 2018: The U.S. Bull Market Now the Longest Ever*



* The current Bull Market which started in March of 2009 is generally considered to be the longest Bull Market in modern U.S. history, but this is not without controversy. A Bull Market is generally accepted as a period during which stocks keep going up without falling more than 20%. Some point to the Bull Market from October 1987 - March 2000 as longer. This run, however, was interrupted by an S&P 500 peak-to-trough loss of 19.9% from July 16 to October 11, 1990. Many analysts round that 19.9% loss to 20% and declare two separate Bull markets, one from October 1987 to July 1990 and one from October 1990 to March 2000.

The Economic Expansion is Broadening...

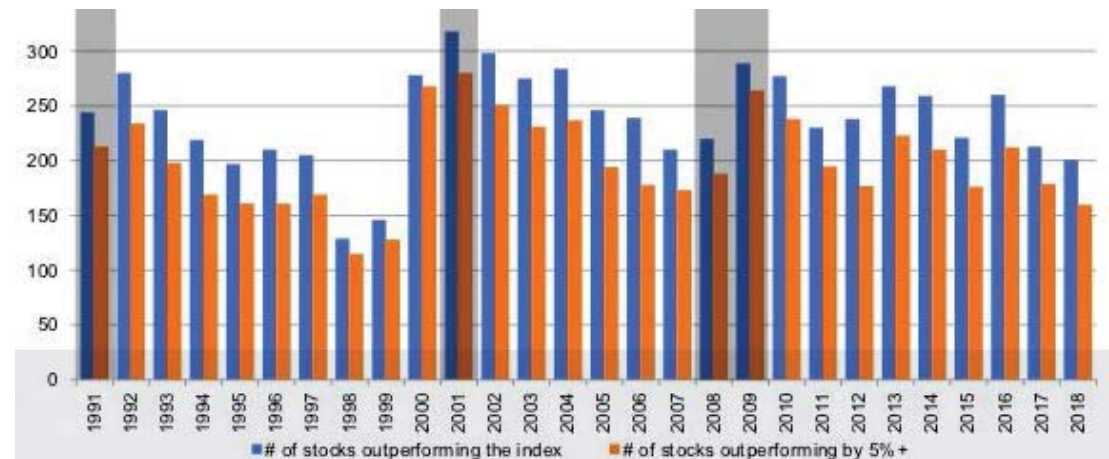
- Optimism among small businesses, a large driver of the U.S. economy, recently hit the highest level since the survey's inception more than 40 years ago
- Sales of Ford's top-selling F-Series pick-up truck, for example, have continued to increase since bottoming during the Financial Crisis 10 years ago



...While the Equity Market is Narrowing

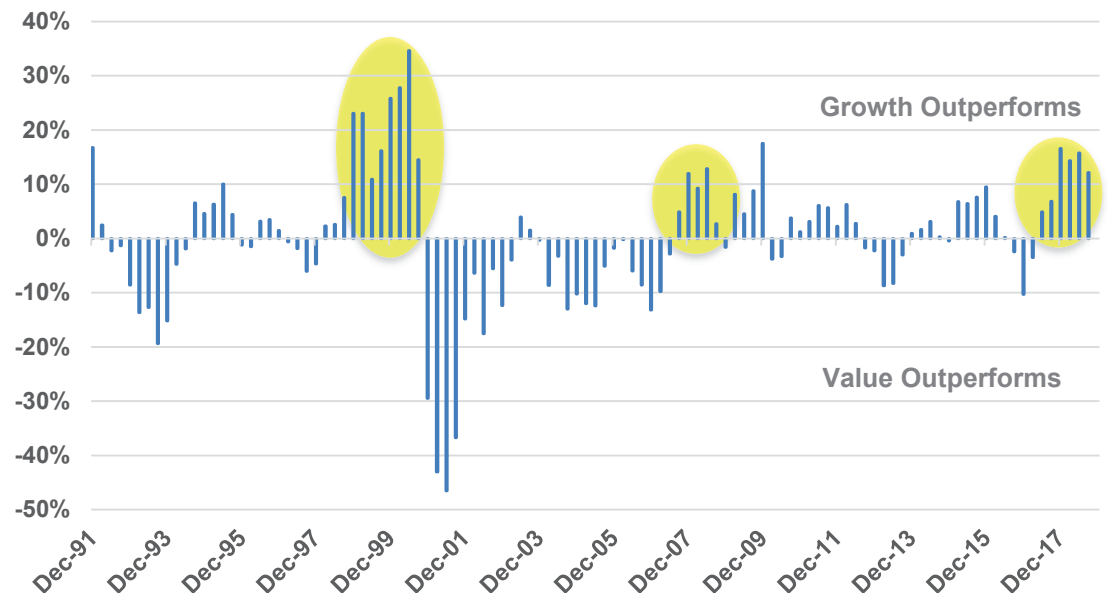
- As bull markets age, leadership typically consolidates with fewer stocks outperforming the broad market index. 2018 is more narrow than 2007, but less narrow than 1998/1999

Number of Stocks Outperforming the S&P 500 Index



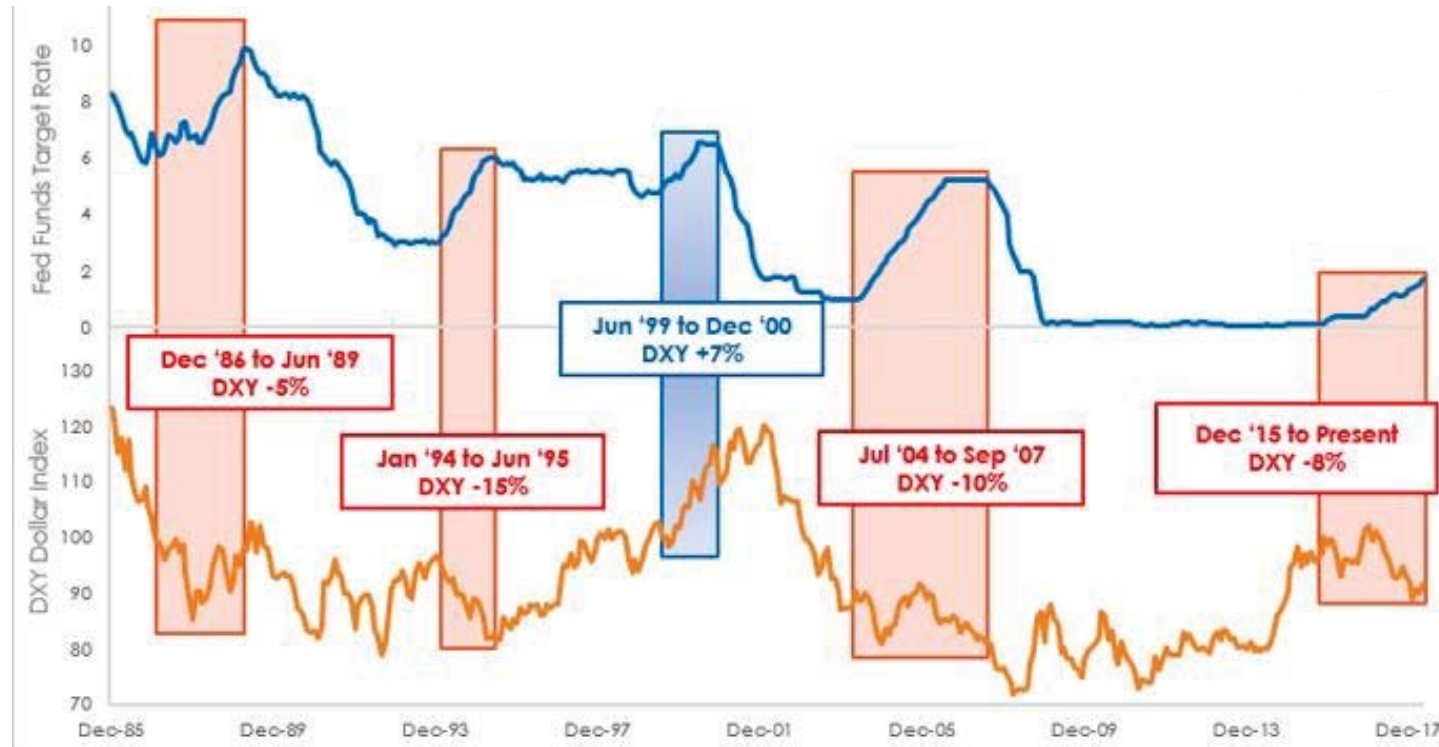
- As the market narrows, late cycle equity market leadership typically is concentrated in a few high flying growth names – resulting in periods of strong relative outperformance by that segment of the market

Russell 1000 Growth vs. Value Performance
(Rolling 1 year Relative Returns)



Foreign Markets: Currency Headwind for U.S. Investors?

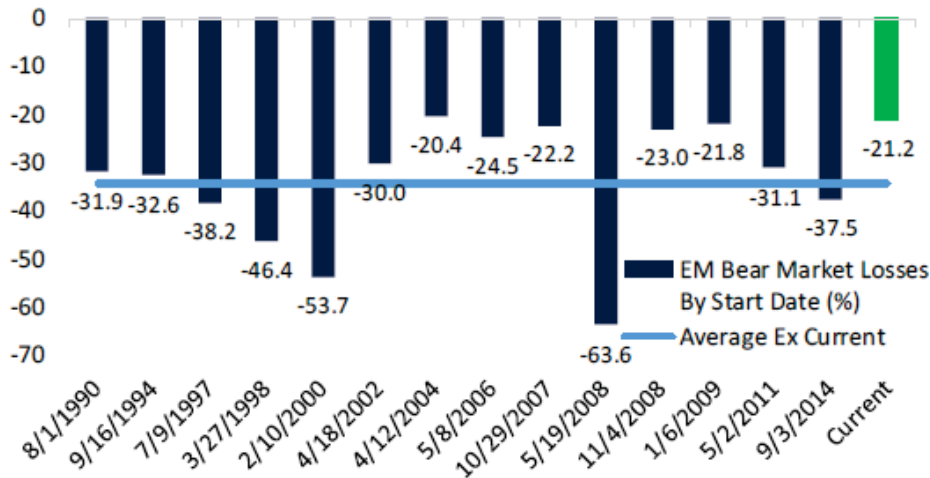
Fed Funds Target Rate vs. U.S. Dollar Performance



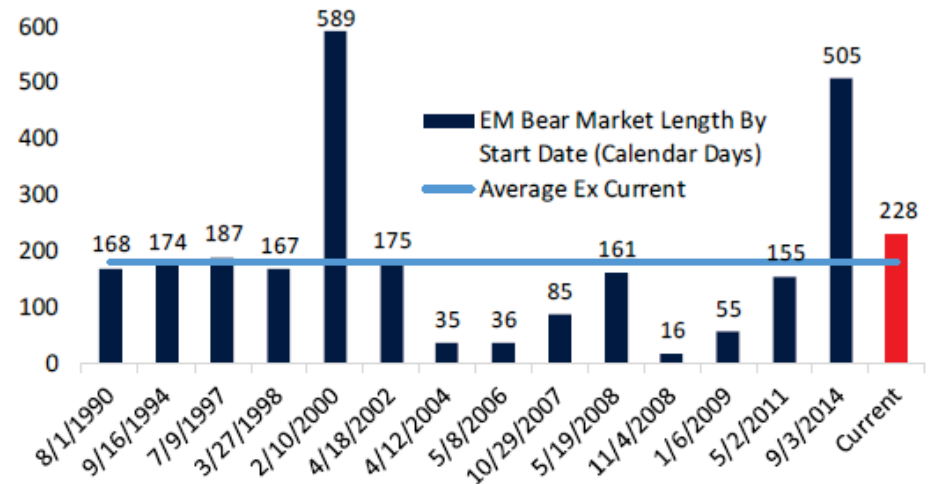
- Year-to-date, foreign currency weakness vs. the U.S. Dollar has been a headwind to U.S. investors with overseas investments
- Despite the popular notion that rising rates tend to coincide with periods of dollar strength, the U.S. Dollar has actually declined in 4 of the last 5 Fed tightening cycles

Emerging Markets: Bear Markets Typically Shallow and Short

Emerging Markets Bear Market Losses
(by Start Date and % Loss)



Emerging Markets Bear Market Lengths
(by Start Date and # Days)



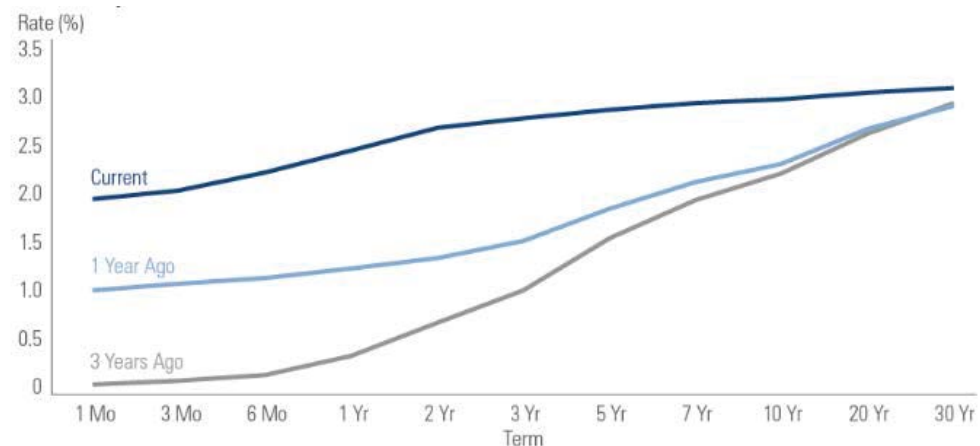
- With the notable exception of the 2008 Financial Crisis, recent bear markets in Emerging Market equities have been relatively shallow

- In addition, most bear market periods in Emerging Market equities are fairly short lived. The current bear market is actually the third longest in the last three decades at over 228 days

Bonds: Yields Continue to Rise

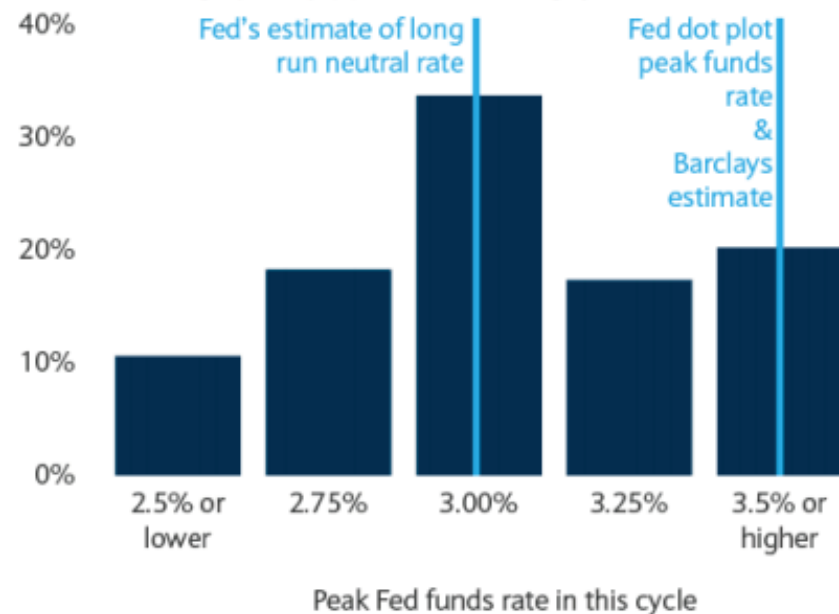
- With increased confidence in the economy, the Federal Reserve continues to raise short-term interest rates. The yield curve continues to flatten as long-term rates remain more anchored

U.S. Treasury Yield Curve



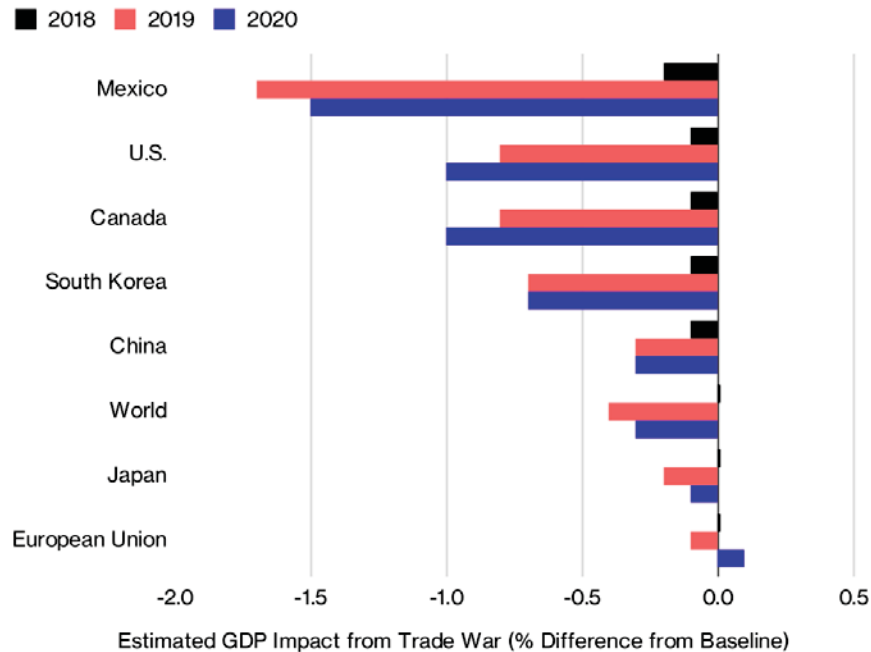
- When surveyed, A majority of economists and strategists expect the Fed Funds rate to peak above 3% - suggesting room for further rates hikes in late 2018 and into 2019

At what level do you expect the fed funds rate to peak in the current hiking cycle (upper end of range)?

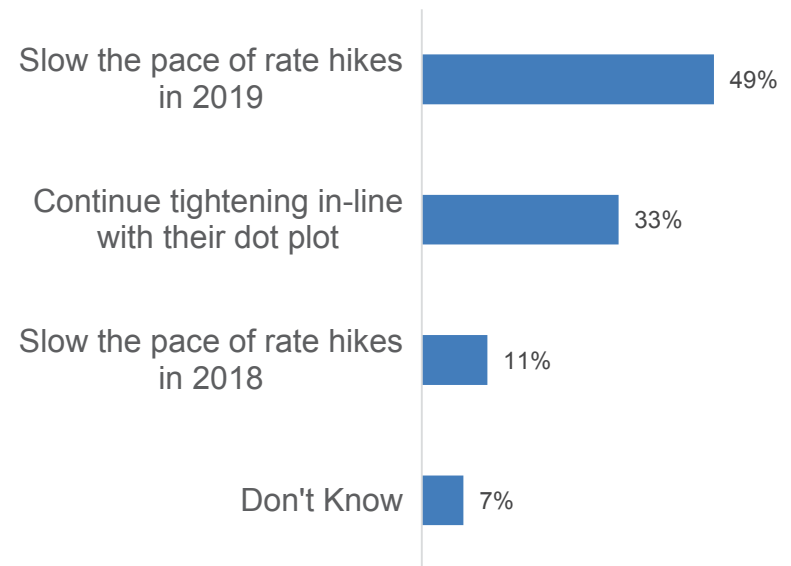


Risks: Trade War

Impact from Trade War
(% GDP)



Fed's Most Likely Reaction to Worsening Trade Tensions
(Survey Results)



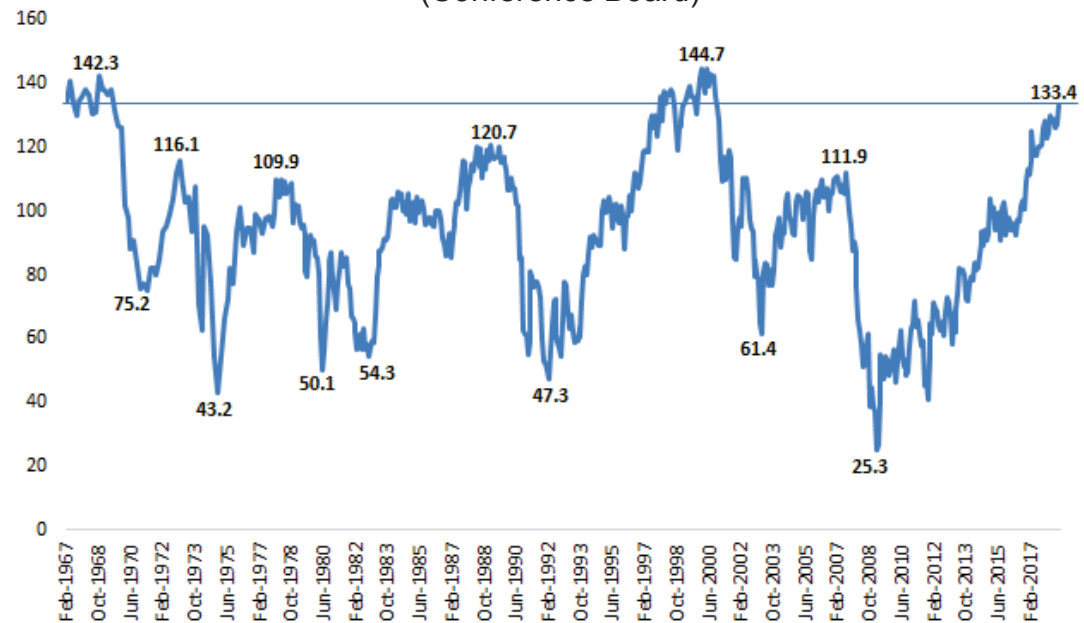
- In the event that a full scale trade war does develop, North America looks to be the region most negatively effected, while Japan and the European Union could potentially be least effected

- Merrill Lynch surveyed Wall Street economists and strategists on what they expect as the Fed's most likely reaction to increased trade tensions. Most respondents see a slowing pace of rate hikes as the Fed's most likely response

Risks: Too Much Confidence?

- With a strong economy and healthy job market, U.S. Consumer Confidence is again near all-time highs

U.S. Consumer Confidence
(Conference Board)



Forward Returns by Confidence Deciles
(Decile 1 = Lowest, Decile 10 = Highest)

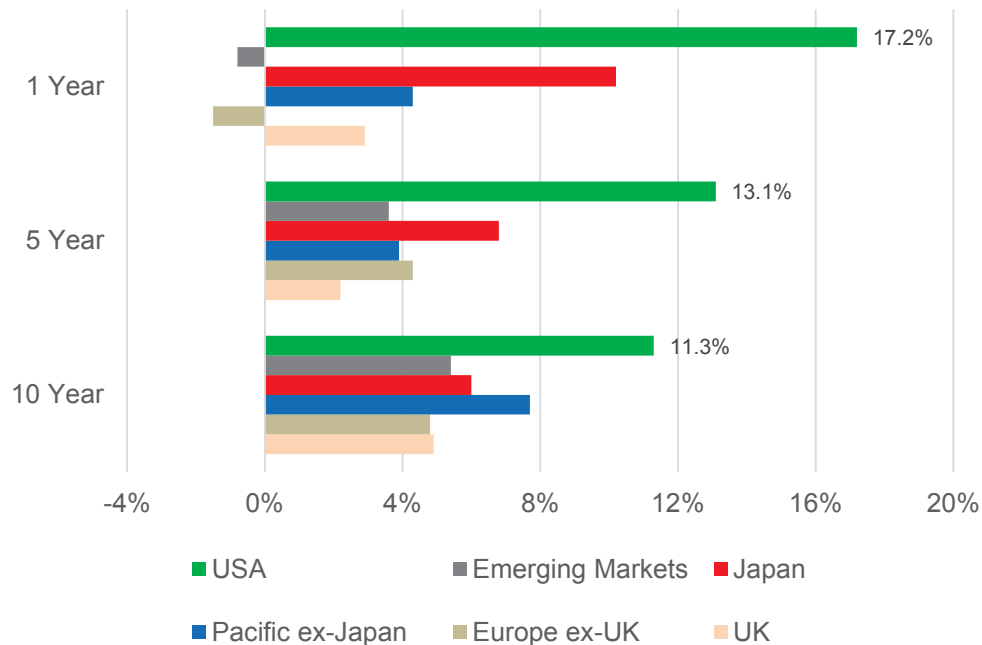
- Historically, however, Consumer Confidence readings in the highest decile (most confident) lead to forward returns that are on average negative in the short to intermediate-term

1967 - 2018		S&P 500 Average Forward Total Returns (Annualized)						
Quintile	Consumer Confidence	1-Yr	2-Yr	3-Yr	4-Yr	5-Yr	6-Yr	7-Yr
Decile 1	25 - 58	19.3%	14.9%	15.1%	16.0%	16.6%	16.0%	15.8%
Decile 10	128 - 144	3.8%	-0.1%	-1.4%	-0.2%	0.4%	1.4%	2.4%
All Values	25 to 144	12.2%	11.5%	11.2%	11.1%	11.1%	11.0%	10.9%

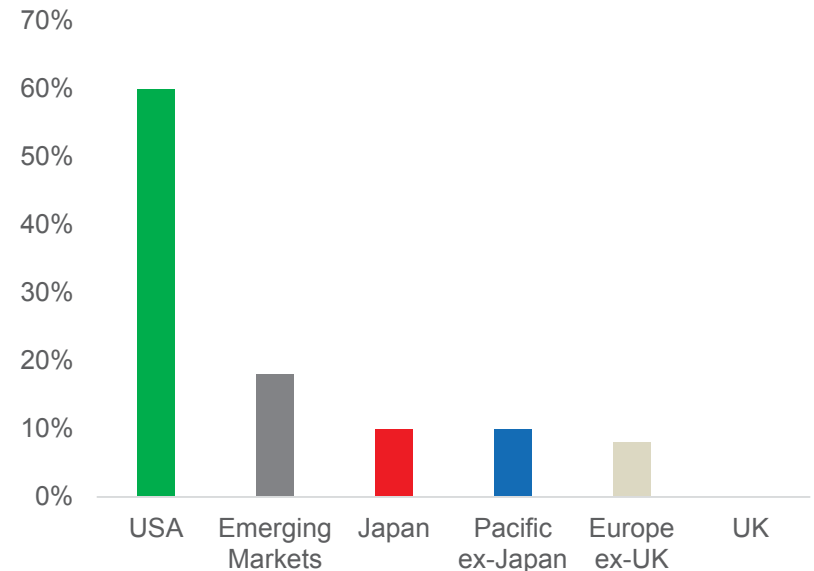
1967 - 2018		S&P 500 Average Forward % Positive Total Returns						
Quintile	Consumer Confidence	1-Yr	2-Yr	3-Yr	4-Yr	5-Yr	6-Yr	7-Yr
Decile 1	25 - 58	93%	93%	100%	100%	100%	100%	100%
Decile 10	128 - 144	59%	47%	45%	49%	37%	73%	94%
All Values	25 to 144	79%	88%	89%	90%	92%	98%	98%

Risks: How Long Can the USA be the Outlier?

Equity Market Performance by Region
(Annualized Trailing 1, 5 & 10 Year)



Which Region is Most Likely To Outperform over the next 12 months?
(Survey Results, % Respondents)

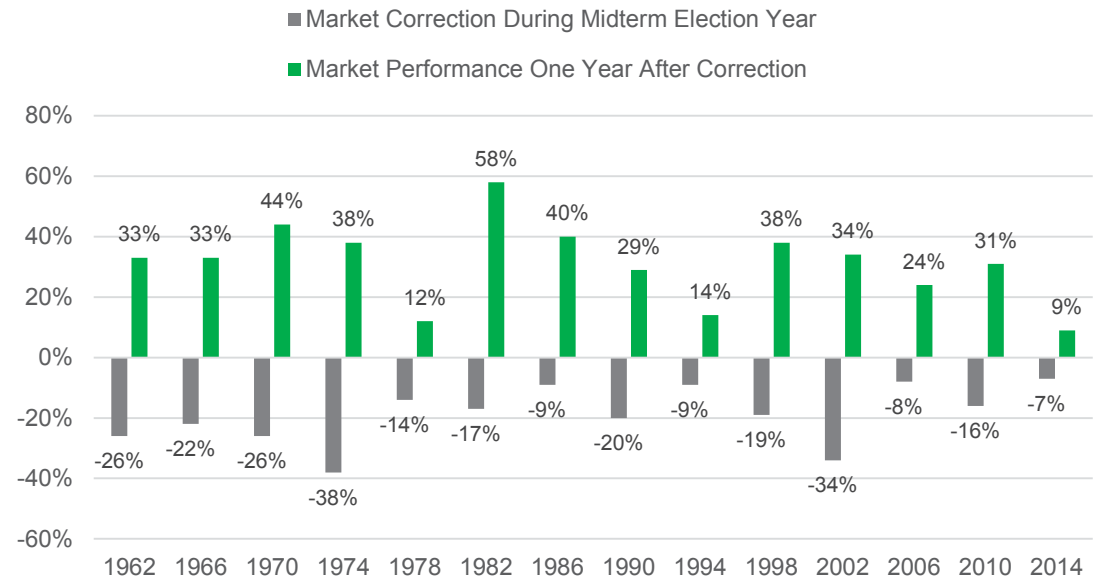


- Over the last 1, 5, and 10 years, U.S. equities have been the run-away relative outperformer vs. other regions
- As a result, a majority of market participants think this outperformance will persist – potentially leading to performance chasing tendencies

Risks: Midterm Elections Years Can Cause Volatility

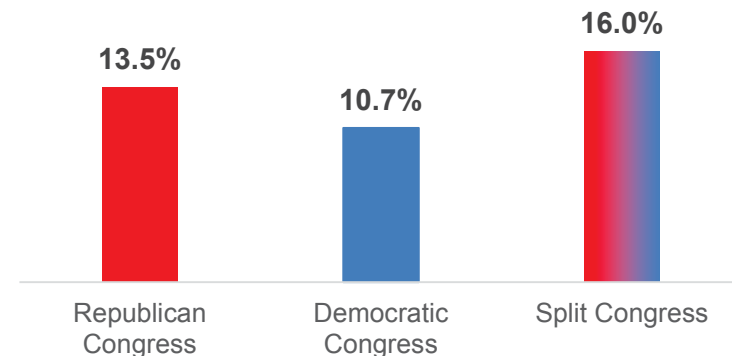
- In the year-to-date period leading into mid-term elections, the S&P 500 has historically experienced an average drawdown of 19%. Post-election, however, the market typically rallies as investors focus moves back to fundamentals

Performance During and After Mid-term Elections (1962 – 2014)



- Periods in which Congress was split (when the Senate was controlled by one party and the House controlled by the other) have resulted in the highest historical returns

Average Return by Political Party (1951 – Current)



INDEX DESCRIPTIONS

Asset class and reference benchmarks:

ASSET CLASS	BENCHMARK
U.S. Equity	Russell 3000 TR
Non-U.S. Equity	MSCI ACWI ex US NR
U.S. Fixed Income	Bloomberg Barclays U.S. Aggregate Bond TR
Global Real Estate (prior to 2008)	NASDAQ Global Real Estate NR
Global Real Estate (2008-present)	FTSE EPRA/NAREIT Global Real Estate NR
Commodities	Bloomberg Commodity TR USD
Cash & Cash Alternatives	Citi Treasury Bill 3 Mon USD

Alerian MLP: The Alerian MLP Index is the leading gauge of large- and mid-cap energy Master Limited Partnerships (MLPs). The float-adjusted, capitalization-weighted index, which includes 50 prominent companies and captures approximately 75% of available market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

Bloomberg Commodity Total Return Index: Formerly the Dow Jones-UBS Commodity Index TR (DJUBSTR), is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 3 Month U.S. Treasury Bills.

Bloomberg Barclay 10-Year Municipal: A rules-based, market-value weighted index engineered for the long-term tax-exempt bond market. This index is the 10 year (8-12) component of the Municipal Bond Index.

Bloomberg Barclay 10-Year U.S. Treasuries: Measures the performance of U.S. Treasury securities that have a remaining maturity of 10 years.

Bloomberg Barclays U.S. Aggregate Index: Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays Global Aggregate ex-U.S. Dollar Bond Index: Tracks an international basket of bonds that currently contains 65% government, 14% corporate, 13% agency and 8% mortgage-related bonds.

Bloomberg Barclays High Yield: Covers the universe of fixed-rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures and 144-As are also included.

Bloomberg Barclays U.S. Corporate High Yield: Composed of fixed-rate, publicly issued, non-investment grade debt.

INDEX DESCRIPTIONS (continued)

Bloomberg Commodity Index: The index is made up of 22 exchange-traded futures on physical commodities. The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity.

The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities.

Dow Jones U.S. Total Stock Market Index, which comprises all U.S. equity securities with readily available prices.

FTSE 3-Month Treasury-Bill Index: This is an unmanaged index of three-month Treasury bills.

FTSE EPRA/NAREIT Global Real Estate Index: Designed to represent general trends in eligible listed real estate stocks worldwide. Relevant real estate activities are defined as the ownership, trading and development of income producing real estate.

Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US.

HFRI Fund of Funds Conservative: FOFs classified as 'Conservative' exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more 'conservative' strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

HFRI Fund of Funds Diversified: FOFs classified as 'Diversified' exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the HFRI FOF Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

HFRI Fund of Funds Strategic: FOFs classified as 'Strategic' exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Strategic Index tends to outperform the HFRI Fund of Fund Composite Index in up markets and underperform the index in down markets.

MSCI All Country World Index Ex-U.S Index.: A market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. It includes both developed and emerging markets.

MSCI EAFE Index (Europe, Australasia, Far East): A free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The EAFE consists of the country indices of 21 developed nations.

MSCI EAFE Growth Index: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI EAFE Small-Cap Index: An unmanaged, market-weighted index of small companies in developed markets, excluding the U.S. and Canada.

MSCI EAFE Value: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

INDEX DESCRIPTIONS (continued)

MSCI Emerging Markets Index: Designed to measure equity market performance in 25 emerging market indexes. The three largest industries are materials, energy and banks.

MSCI Local Currency Index: A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market.

Price Earnings Ratio (P/E) is the price of the stock divided by its earnings per share.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investible U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-Cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-Cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investible U.S. equity market.

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investible U.S. equity market.

S&P 500 Consumer Discretionary: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

S&P 500 Consumer Staples: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

S&P 500 Energy: Comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

INDEX DESCRIPTIONS (continued)

S&P 500 Financials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector

S&P 500 Health Care: Comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector.

S&P 500 Industrials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector.

S&P 500 Information Technology: Comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Materials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Real Estate: Comprises those companies included in the S&P 500 that are classified as members of the GICS® real estate sector.

S&P 500 Telecom Services: Comprises those companies included in the S&P 500 that are classified as members of the GICS® telecommunication services sector.

S&P 500 Utilities: Comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

Wilshire Liquid Alternative Index: The Wilshire Liquid Alternative IndexSM measures the collective performance of the five Wilshire Liquid Alternative strategies that make up the Wilshire Liquid Alternative Universe. The Wilshire Liquid Alternative Index (WLIQA) is designed to provide a broad measure of the liquid alternative market by combining the performance of the Wilshire Liquid Alternative Equity Hedge IndexSM (WLIQAEH), Wilshire Liquid Alternative Global Macro IndexSM (WLIQAGM), Wilshire Liquid Alternative Relative Value IndexSM (WLIQARV), Wilshire Liquid Alternative Multi-Strategy IndexSM (WLIQAMS), and Wilshire Liquid Alternative Event Driven IndexSM (WLIQAED).

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