Market & Portfolio Strategy Review

Third Quarter 2016

Alsworth Capital Management, LLC

Market Review

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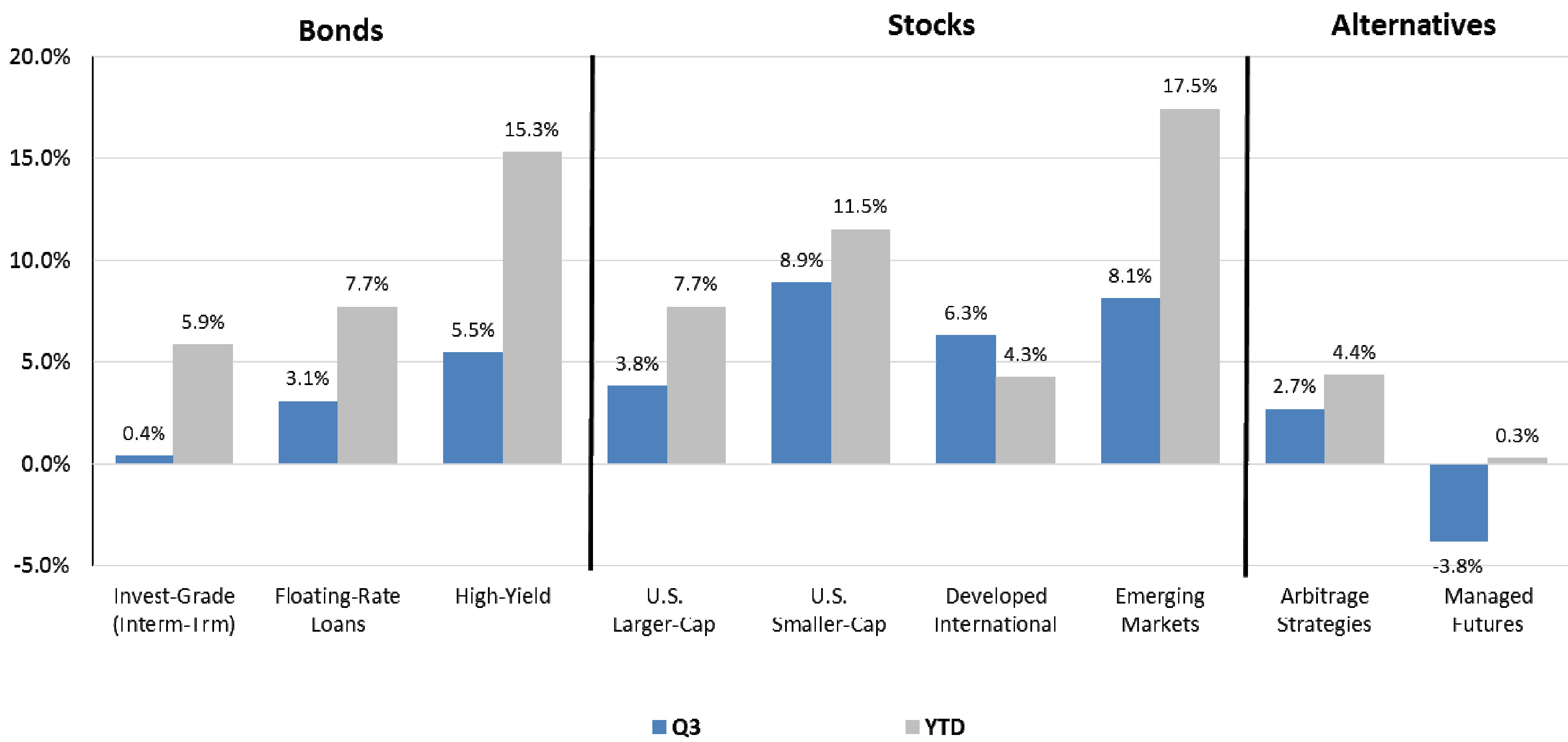
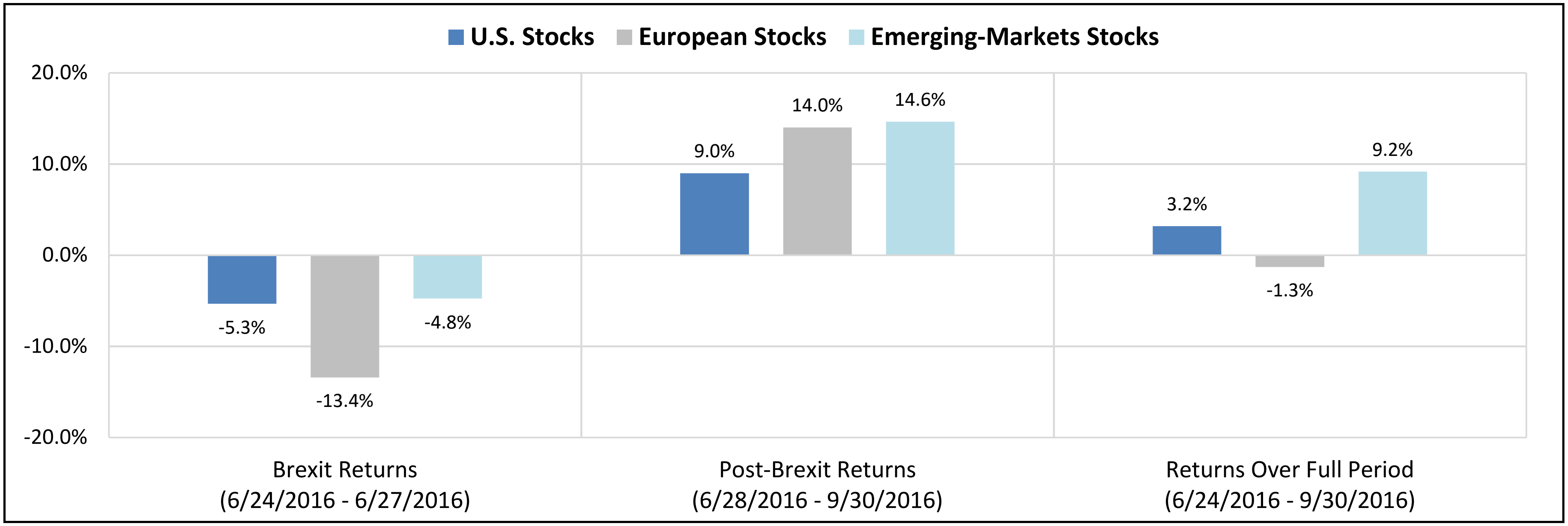


Source: Morningstar Direct. Using price and USD returns of investable indices. See disclosure page for benchmark definitions.

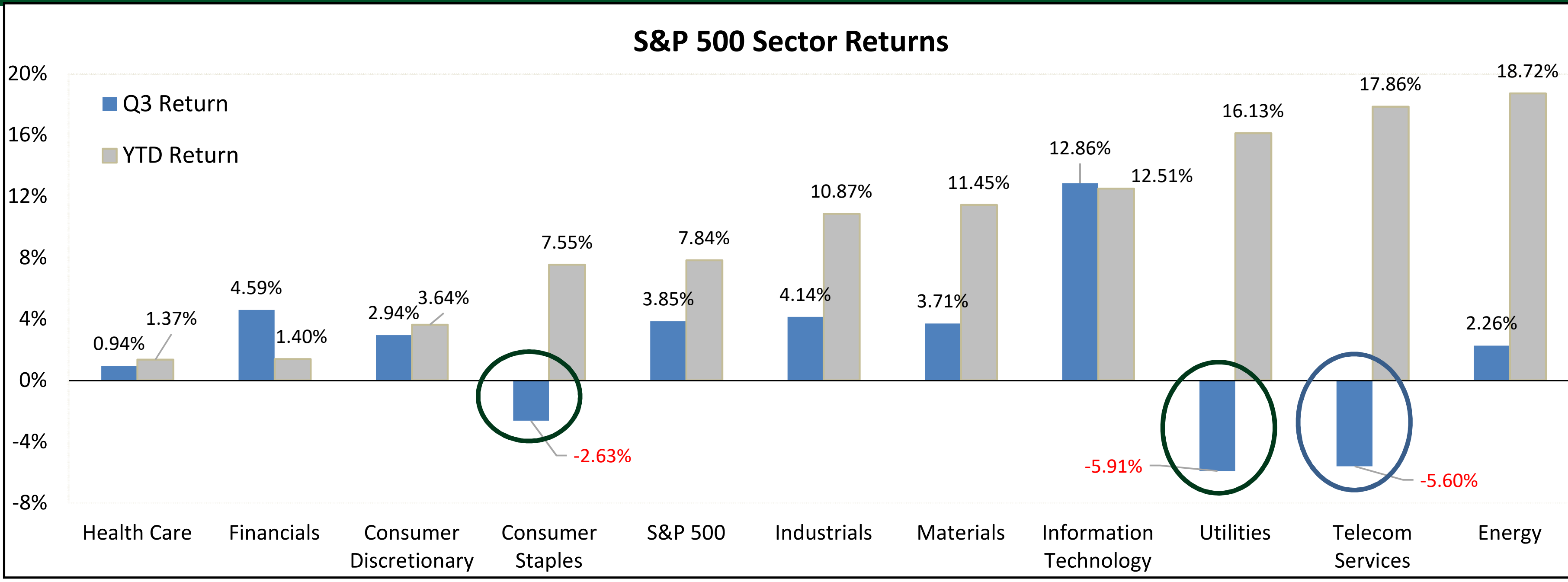
Stock Markets Reversed and Rallied Sharply Following the Brexit Vote



- In the vote's immediate aftermath, and after careful consideration, we decided not to make any changes to our portfolios.
- In our assessment, Brexit did not materially impact our longer-term five-year outlook and assumptions for European corporate earnings growth and valuations.
- Therefore, we held our positions at a time when many investors were fleeing to traditional safe-haven assets. That decision proved beneficial for our portfolios' performance in the third quarter, as European stocks rebounded 14% from their Brexit low while core bonds gained just 0.5% over the same period.

Source: Morningstar Direct. Data as of 9/30/2016.

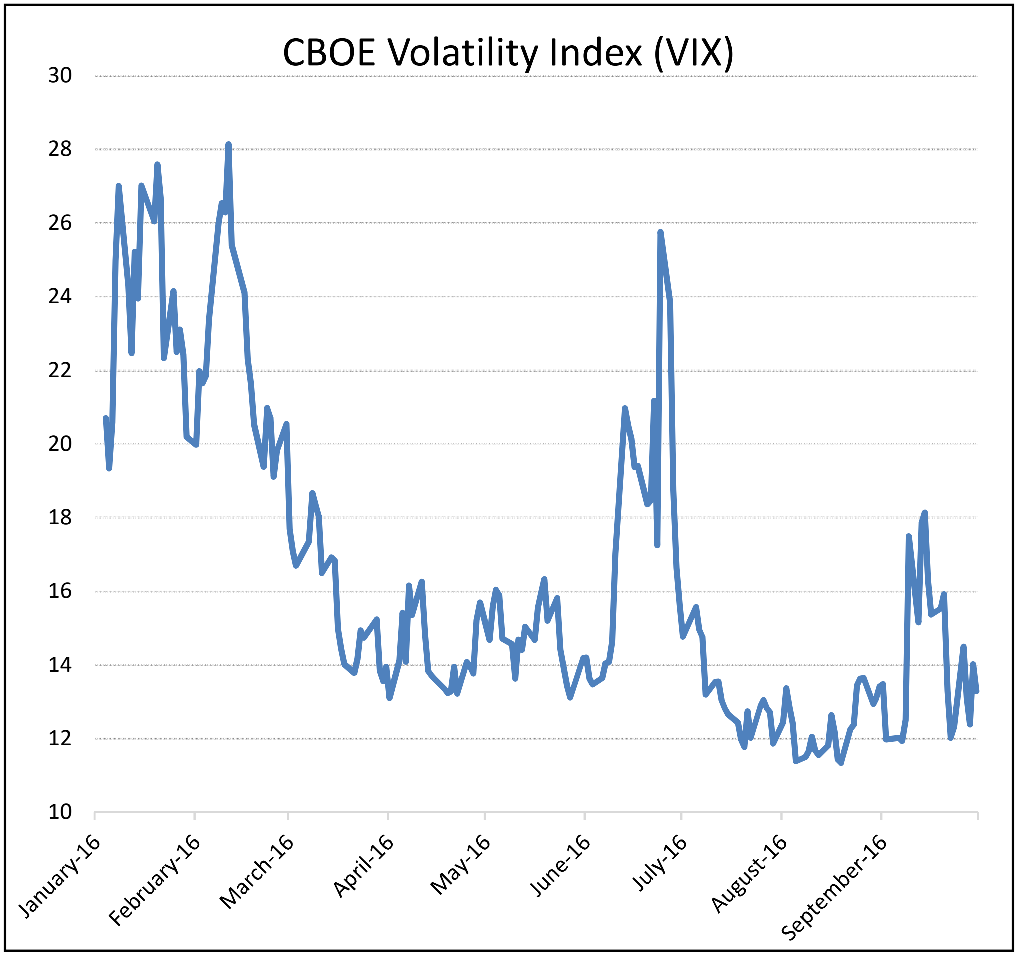
Higher Dividend-Yielding Stocks Underperformed Sharply as Interest Rates Backed Up in Q3



- The traditionally "defensive" yield-oriented sectors of the stock market, such as utilities, telecom, consumer staples, and REITs are areas where many investors appear to be "reaching for yield" as well as perceived safety, but where we and many of our active fund managers actually see significant risk.
- These trades can unwind quickly. These sectors' performance in August and early September shows they may be riskier than they seem to be. While the overall stock market was flat in August, the utilities and telecom sector fell roughly 6%. It certainly seems that these "defensive" plays are vulnerable to any hint of interest rate increases and are potentially higher risk than even the broad stock market, not to mention bonds.

Source: Morningstar Direct. Data as of 9/30/2016.

Volatility Picked up in September and We're Prepared for More of it Heading Into the Election



U.S. Presidential Election

Fed Rate Hikes

Global Central Bank Policy

Brexit Negotiations

Stock Markets Near All-Time Highs

Bond Yields Near All-Time Lows

Source: Yahoo Finance. Data as of 9/30/2016.

Investment Outlook & Positioning

Investment Outlook

- U.S. Equities: Risk
  - Profit margins are near record highs and unsustainable
  - Stocks are pricey and historical outcomes from current valuation levels are not encouraging
- Rising Interest Rates: Risk
  - Low returns expected for core bonds over the next five years
  - Active absolute-return-oriented fixed-income managers can manage yield and duration

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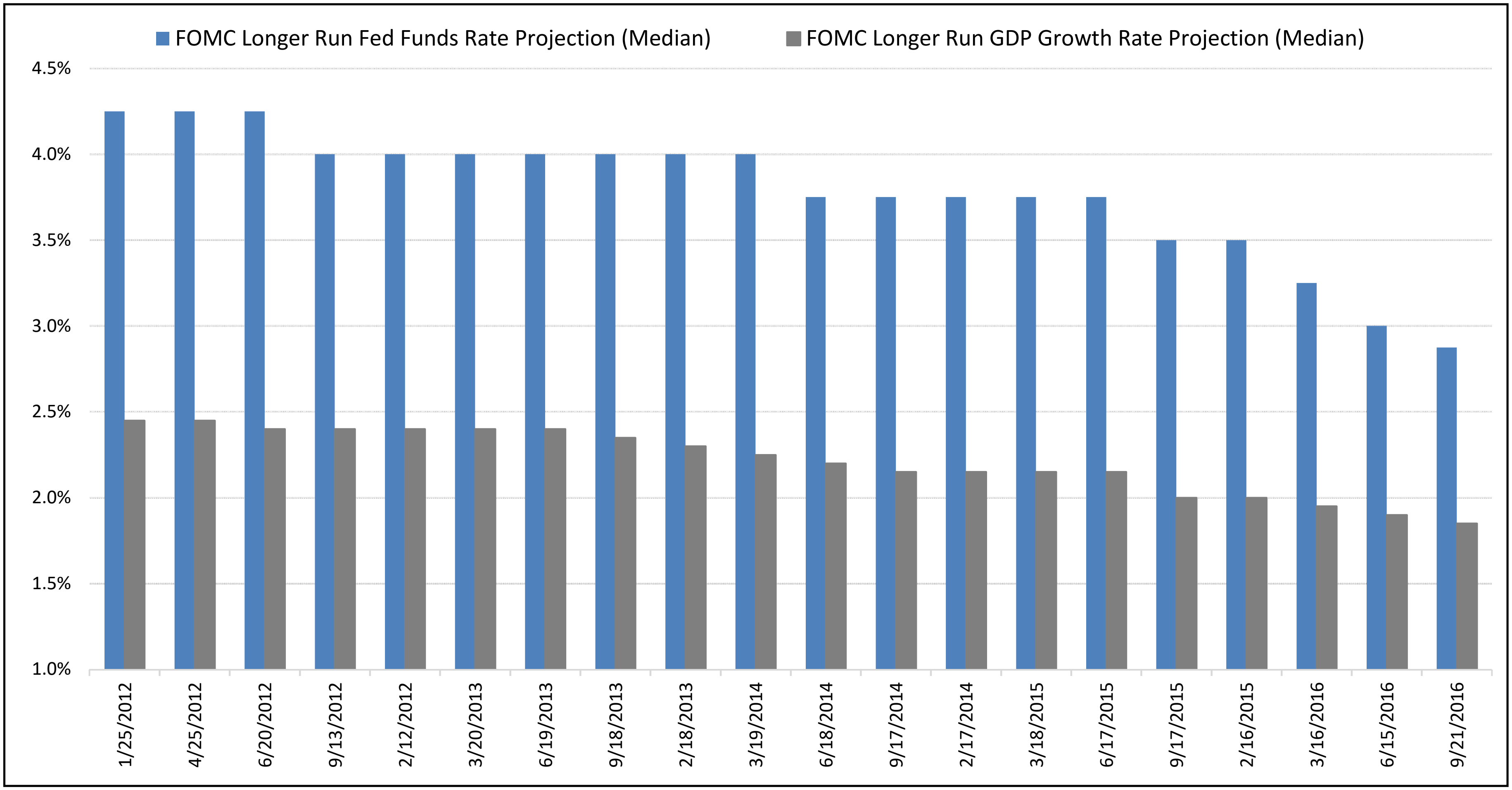
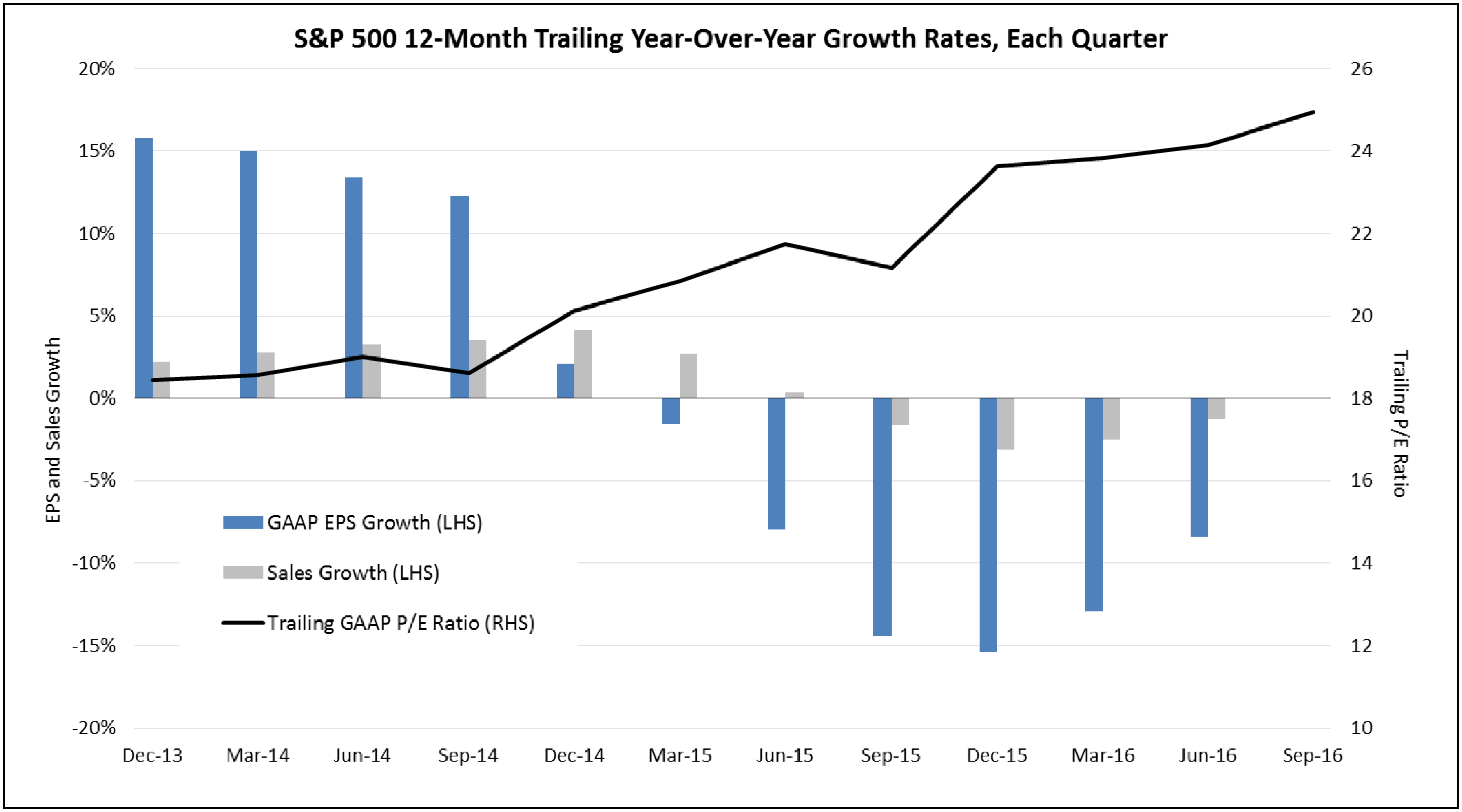
- International Equities: Opportunity
  - Attractive stock valuations despite recent elevated uncertainty
  - Probability is high that market earnings growth will be higher than current depressed levels indicate
- Alternative Strategies: Opportunity
  - Risk-adjusted return potential in up and down equity and bond markets
  - Diversification and a source of return independent from traditional stock and bond markets

The Fed's Longer Run Estimate of GDP and the Federal Funds Rate Continues to be Ratcheted Downward



Source: U.S. Federal Open Market Committee. Data as of 9/21/2016.

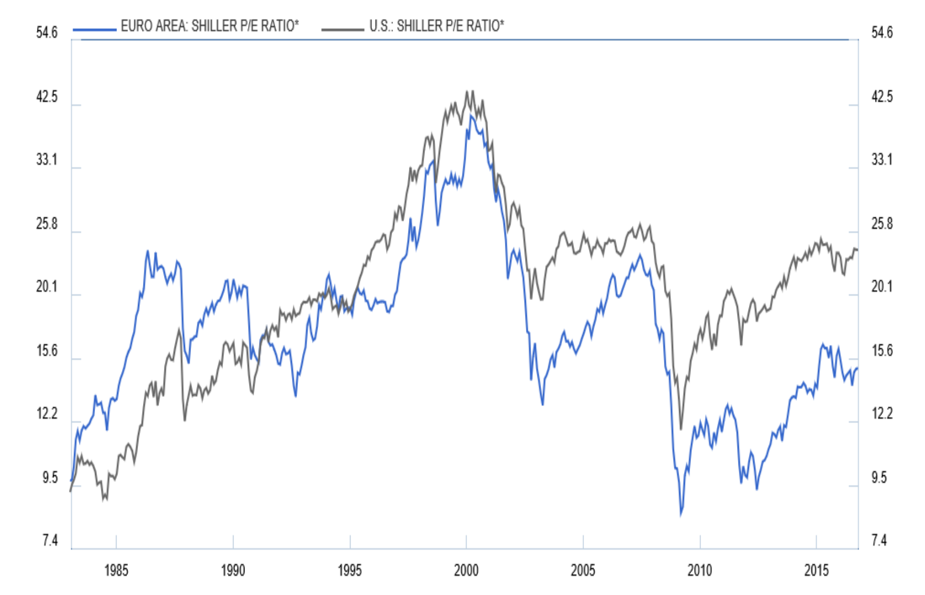
Valuations for U.S. Stocks Keep Rising Despite Declines in Corporate Earnings and Sales



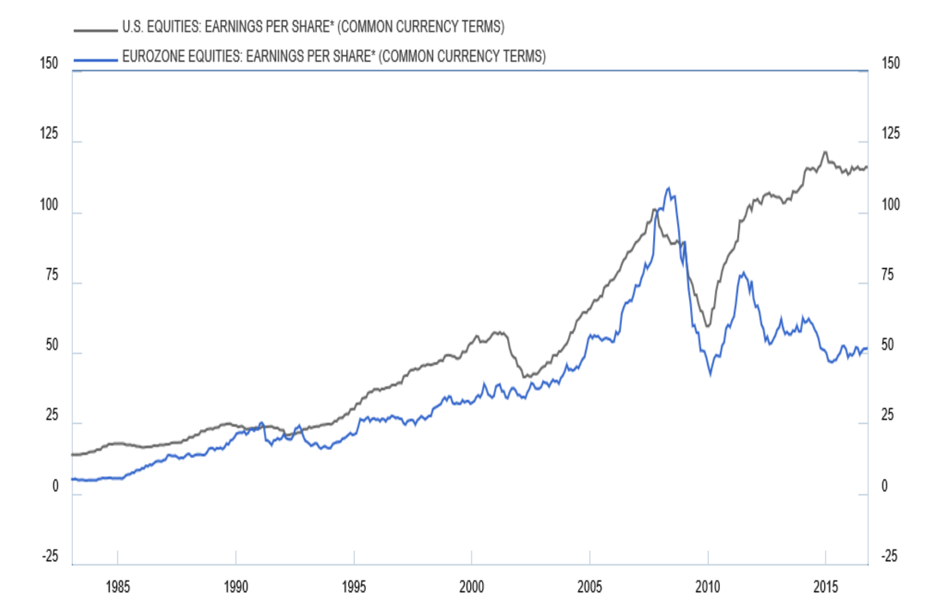
Source: Standard and Poor's. Data as of 9/30/2016.

European Stocks are Cheap and Offer Attractive Long-Term Return Potential

Valuations for Europe are far below U.S. stocks



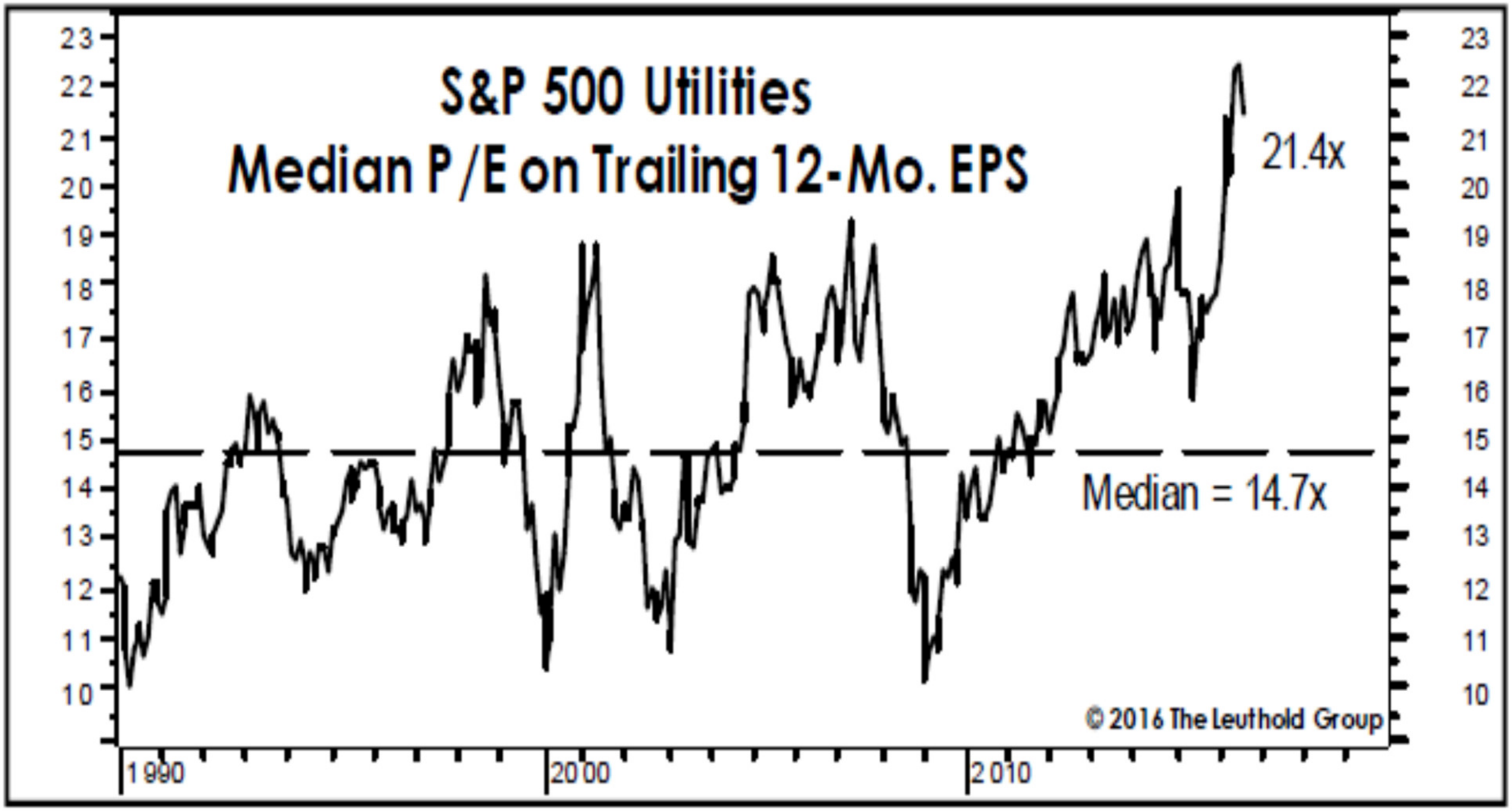
European Corporate Earnings are Very Depressed



- European stocks have already gone through a crushing earnings recession.
- Market expectations for earnings growth over the next few years are depressed. However, our analysis suggests earnings growth will improve and be higher than what the market is expecting.
- While Brexit increases near-term uncertainty from a macro perspective, we believe it won't have a material impact on European companies' ability to do business and generate profits.
- For example, roughly 45% of Europe's revenue comes from outside the eurozone, where the International Monetary Fund expects economic growth next year to be much better (2.5% for the United States, 3.3% for other advanced economies, and 4.5% for emerging markets).

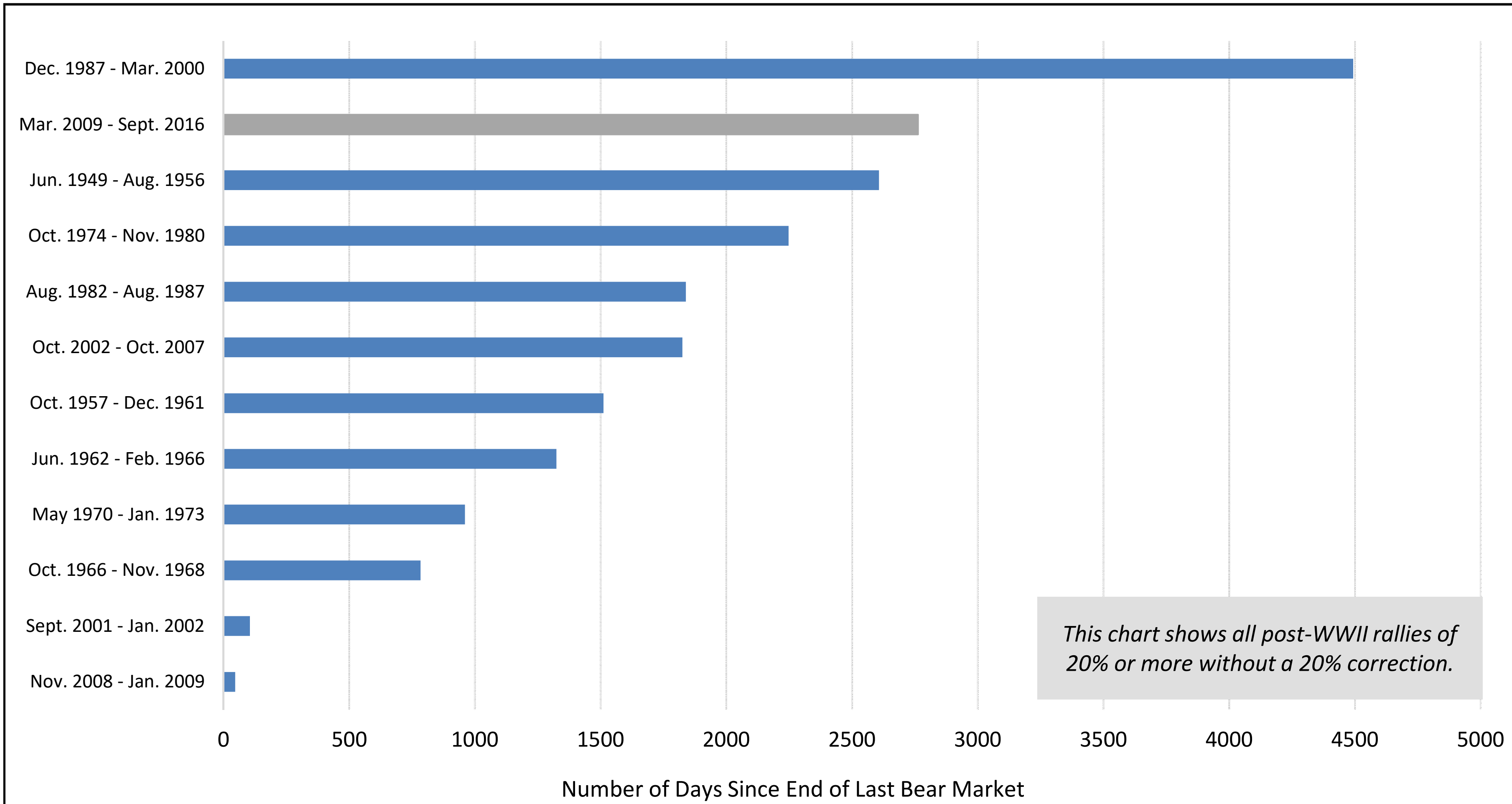
Source: BCA Research. As of 9/30/2016.

Valuations Have Soared for Higher-Yielding Sectors of the Stock Market



Source: The Leuthold Group. S&P 500 Utilities, data as of 8/31/16.

The Current Bull Market for U.S. Stocks is Now the Second Longest on Record and Stocks are Near All-Time Highs



Source: Morningstar Direct. Data as of 9/30/2016.

Our Base Case Economic Scenario Continues to be a Moderate Economic Recovery

SCENARIO	DEFINITION
Bull Case	U.S. economic growth is above average and/or earnings end the period above the long-term trendline. Helped by stronger non-U.S. growth, releveraging of the U.S. consumer, and corporate investment spending, a self-reinforcing global growth cycle develops.
Base Case	Moderate economic recovery continues with no major crisis, but a normal recession is likely within the five-year time horizon. Assumes GDP growth rates and interest rates start to "normalize" toward the end of our five-year horizon.
Bear Case	The economy falls into recession for any of various reasons, such as deleveraging/deflation from Europe or China, unexpected systemic shock, Fed policy error, etc. This scenario does not assume another severe financial crisis, i.e., not a repeat of 2008-2009.

As of 9/30/16

Estimated Asset Class Returns

Average Annual Returns Over Next Five Years

Equity Asset Classes

	Bear Case	**BASE CASE**	Bull Case
U.S. Larger Cap	-5.3%	**3.6%**	10.8%
Developed International - Europe	-5.3%	**13.6%**	20.8%
Emerging Markets	-1.0%	**10.1%**	17.0%
REITS	1.9%	**3.7%**	2.8%

Fixed-Income Asset Classes

	Bear Case	**BASE CASE**	Bull Case
Investment-Grade Bonds	1.7%	**0.9%**	-0.1%
High Yield Bonds	2.0%	**2.4%**	2.5%
Floating-Rate Loans	6.7%	**6.0%**	6.6%
Treasury Inflations Protected Securities (TIPS)	0.6%	**-0.3%**	-2.2%

Alternative Asset Classes

	Bear Case	**BASE CASE**	Bull Case
Alternative Strategies	Mid-single-digit returns in most scenarios		

As of 9/30/16, S&P 500 at 2168, Barclays Aggregate yield at 1.9%, MCSI EM Index at 903, BofA High Yield Cash Pay Index at 6.1%

Disclosures

Advisory services offered through Alsworth Capital Management, LLC, an independent Registered Investment Advisory firm. Broker Dealer services offered through Cadaret, Grant & Co., Inc. Member FINRA/SIPC. Alsworth Capital Management, LLC and Cadaret, Grant & Co. are separate entities.

Projections and opinions in this presentation are attributed solely to Shane Alsworth and Alsworth Capital Management, LLC.