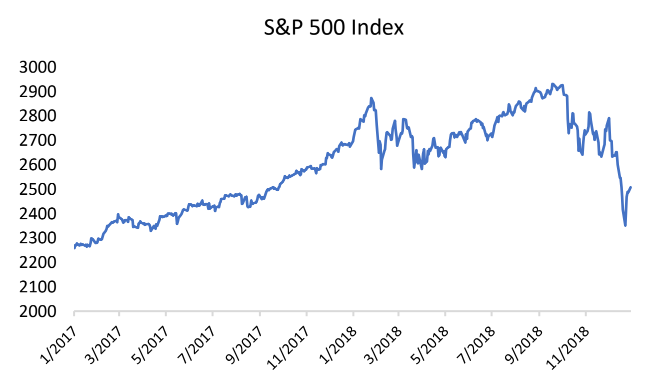
FREEDOM WEALTH ALLIANCE

Commentary

Big Market Selloff in Q4; Current Fundamentals Still Positive

Investors shunned risk assets in Q4 as global equity, credit and commodity markets declined. The S&P 500 declined 20%[1] from its September highs to its December lows before rebounding to start the new year.



Source: S&P Dow Jones Indices LLC. Data as of 1/3/17-12/31/18.

It appeared that investors started to price in the fundamental risks that we have previously mentioned in our prior quarterly commentaries: extended valuations, trade tensions, higher interest rates, midterm election results and a slowing global economy. More recently, additional uncertainty from a U.S. government shutdown has added to the nervousness of the market.

Fundamentally, we believe the U.S. economy and corporate profits could remain modestly positive in 2019, which may support equity and credit markets going forward. According to the Wall Street Journal Economic Forecasting Survey[2], real GDP growth is anticipated to be in the mid-to-low 2% range for 2019. This is lower than the recent peak growth of 4.2% experienced in Q2 2018[3]. According to analyst estimates[4], earnings growth for the S&P 500 Index is forecasted to be 7.9% in 2019, but we believe these forecasts may come down. This is a slowdown from 2018 forecasted earnings growth of 20% that was partially driven by tax cuts implemented last year.

Corporate tax cuts implemented in 2018 are still in place and allow companies to generate higher profits and cash flow than they may have been able to do in a similar economic environment in the past. If the economy slows, the higher profits from a lower tax burden may allow companies to keep employees and corporate spending longer than they may have done in the past. This could support the markets going forward.

Highlights

- Markets may be pricing in slower growth prospects; expect volatility to continue.
- Short-term accelerated market volatility may not be driven by fundamentals, thus focus on fundamentals and a longer investment horizon.
- Valuations across asset classes are at lower levels not seen in years and may be an opportunity for longer-term investors.

Concerns Remain but Some May Already Be Priced In

Economic Slowdown. We remain concerned with the ongoing trade uncertainty and a continuation of a global slowdown, but markets have started to price this in and we do not see evidence of a recession at this time, in our opinion. We believe companies may reduce their outlooks for 2019, which could put short-term pressure on the markets.

Monetary Tightening. The Federal Reserve raised short-term interest rates 0.25% in December as highly anticipated by the market. We believe the Federal Reserve will continue to reduce monetary stimulus by raising short-term interest rates and shrinking its balance sheet, but believe the Fed is closer to the end of rate hikes than the beginning. During the equity market selloff, bonds rallied and interest rates fell. Should equity markets rally from here and the Fed continues to reduce monetary stimulus, high quality bond prices may decline.

Political Risk. We anticipate increased political uncertainty in the U.S. with the Democrats taking control of the House of Representatives. The recent government shutdown may just be the beginning of increased political tensions. If the shutdown is extended for months, it may increase negative sentiment and impact the U.S. economy and markets. In Europe, deadlines are quickly approaching for the U.K. to leave the European Union, which could cause additional volatility in overseas markets.

Focus on Fundamentals Not Short-Term Volatility

The structure of market participants is another concern for us, with what appears to be an increase in technology and computer algorithms magnifying the short-term volatility in the market. It is no longer the market of decades past. Higher volatility generally results in anxious investors, which can magnify moves to the upside or downside even further. We believe the abnormally low volatility in 2017 and the quick, steep market selloffs in Q1 and Q4 2018 may have been partially driven by computerized-driven and technical trading, rather than pure fundamentals. Although these types of markets can confuse investors, it can provide opportunities for patient, longer-term investors to take advantage of.

We believe that markets generally overshoot to the upside and the downside. In 2017, a year with some of the lowest equity volatility in history, we believed markets were behaving abnormally and that the low volatility should not last. This proved correct in Q1 2018 as volatility quickly emerged. In our Q3 2018 quarterly commentary, we showed the drastic outperformance of U.S. equities and growth companies in 2018 relative to other equity types and asset classes. We thought U.S. equities and growth stocks may have overshot to the upside. Then in Q4 2018, markets sold off significantly and the exuberance was reduced.

The question that remains is whether the markets will overshoot to the downside over the short-term. Although that is possible, and short-term factors could push markets lower, fundamentals and better valuations could support markets going forward.

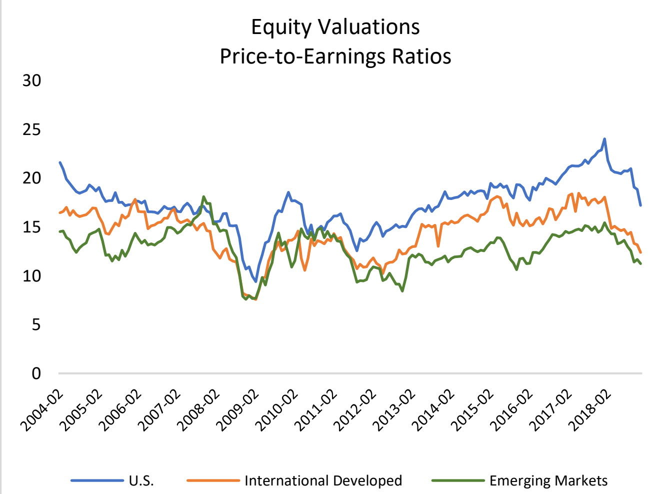
Investment Strategy

Increasingly Attractive Valuations Across Asset Classes

Following the deep selloff across equities, credit and commodities, valuations have become much more attractive than they have been in some time. Valuations have been a concern for us but much less so today. While we believe there are negative factors that could result in additional declines for risk assets over the shorter-term, for longer-term valuation-sensitive investors, we believe that gradually increasing exposure to risk assets may be a suitable option at this time.

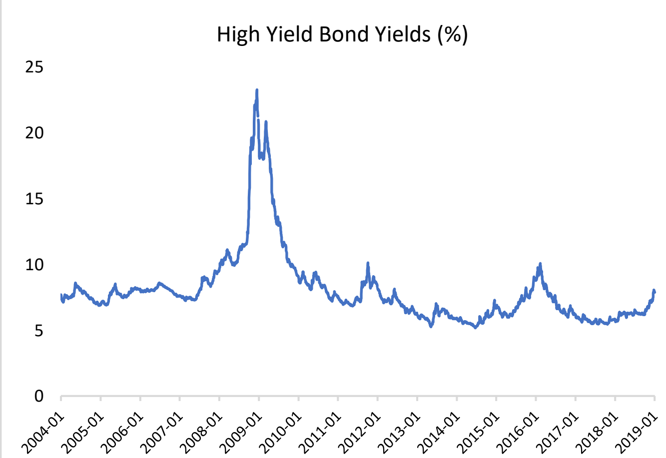
U.S. Equities. With the strength in U.S. corporate earnings in 2018 and the recent equity market selloff, U.S. equities are now trading closer to long-term average valuations. U.S. equity markets appear to be trading at approximately 30% lower valuations than they were roughly 12 months ago[4]. We would not be surprised if valuations continue to contract due to a continued slowdown and the other risk factors that we have already addressed. We do not believe U.S. equities are cheap, but for longer-term investors, U.S. equities appear to be more attractive than they have been in a while.

International Equities. International equity markets have also become more attractively valued, particularly in emerging markets. We are starting to see valuations that have not been this low in several years, which may be an opportunity for globally-minded investors.



Source: Morningstar Direct. 12-month trailing price-to-earnings ratios. Data as of 2/2004-12/2018. U.S. equities represented by the S&P 500 Index. International Developed equities represented by the MSCI EAFE NR USD index. Emerging Markets equities represented by the MSCI Emerging Markets NR USD Index.

U.S. Credit. Credit markets, which have been trading at very unattractive levels for years, have also become more attractive as absolute yields have risen and credit spreads have widened. High yield bonds are now trading at yields over 7.8%[6]. This is the highest level since the oil-induced selloff in 2015/2016 and closer to longer-term averages. High quality bond prices (i.e. U.S. Treasuries) rallied as risk assets sold off in Q4, so high quality bonds may experience downward price pressures if investors start to prefer risk assets again.



Source: ICE Benchmark Administration Limited (IBA), ICE BofAML US High Yield Master II Effective Yield [BAMLH0A0HYM2EY], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/BAMLH0A0HYM2EY, January 4, 2019.

Commodities. Commodity prices have also fallen significantly, and oil prices in particular. Lower oil prices can reduce costs for consumers and businesses, which may help provide additional support to commodities and broader risk assets.

Defense and Diversification Remain Viable Strategies

In our last Q3 2018 investment commentary, we highlighted that defense and diversification had not worked very well for the last few years, but that investors should not give up on that premise. In Q4, investors that remained with defense and diversified portfolios were rewarded relative to those that remained in areas that had previously outperformed.

Table 1 shows the performance across asset classes in Q1-Q3 2018 and in Q4 2018. For those investors that did not chase the past performance of outperforming asset classes (i.e. U.S. growth stocks) and stuck with their long-term investment strategy, they were rewarded by either losing less or generating positive returns relative to the past outperforming areas. Investors should be reminded that Q4 performance should also not be extrapolated forward and that past performance is no guarantee of future performance.

Table 1: 2018 Asset Class Performance %

Index	Q1-Q3	Q4
U.S. Stocks		
S&P 500	10.56	-13.52
U.S. Growth Stocks		
S&P 500 Growth	17.24	-14.71
S&P Consumer Disc Select Sector	20.02	-15.20
S&P Technology Select Sector	19.24	-17.34
U.S. Value/Defensive Stocks		
S&P 500 Value	3.51	-12.04
S&P Cons Staples Select Sector	-3.16	-4.96
S&P Utilities Select Sector	2.73	1.36
International Stocks		
MSCI EAFE	-1.43	-12.54
MSCI Emerging Markets	-7.68	-7.47
U.S. High Quality Bonds		
BBgBarc US Agg Bond	-1.60	1.64
BBgBarc US Corp Bond	-2.33	-0.18
Precious Metals		
Bloomberg Sub Gold	-9.36	7.24
Tactical Global, Multi-Asset Trend Strategies		
SG Trend Index	-3.19	-5.09

Source: Morningstar Direct. Q1-Q3 data as of 1/1/18- 9/30/18. Q4 data as of 10/1/18-12/31/18. Performance is based on total returns.

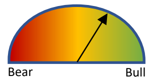
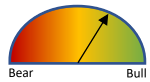
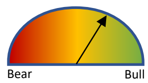
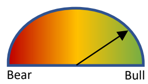
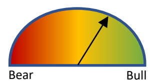
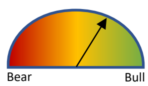
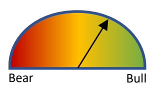
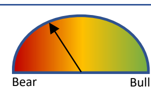
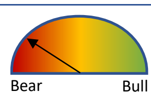
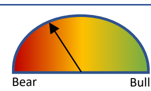
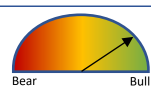
We continue to believe that defense and diversification can help reduce volatility and keep investors focused on their long-term objectives. Although defense and diversification may not always work, 2018 is a reminder that markets can decline quickly and defense and diversification may help in those environments.

Understanding Objectives and Investment Style is Key

It is uncertain as to which asset class will outperform over a short period of time. It is much more important for investors to be comfortable with a consistent investment strategy that matches their long-term objectives, risk tolerance and preferred investment style.

At Freedom Wealth Alliance, we manage several investment portfolios across investment style and risk levels. These include our U.S. Core, Global Core, ETF Core, Income, FlexTrend and Global Opportunities portfolios. It is extremely important for clients to work very closely with their financial advisor to determine which investment style and appropriate risk level is the best long-term fit to meet their objectives. Due to the recent decline in the equity markets, we believe it is imperative to have those conversations sooner rather than later.

FWA INVESTMENT COMMITTEE VIEWPOINTS

Asset Class	Bear ← → Bull	Viewpoints
Risk Assets		Global equity markets declined in December, led by weakness in U.S. stocks. Valuations across risk assets have become more attractive for longer-term investors, but volatility is anticipated to persist. Investors remain concerned about a global economic slowdown, trade tensions and central banks reducing accommodative support.
U.S. Equities		Investors have started to price in a slowing U.S. economy and corporate profit growth, but growth is anticipated to remain moderately positive. Valuations have come down closer to longer-term averages, but further multiple compression may be needed in this slower growth environment.
Foreign Developed Equities		International equities remain at a valuation discount to the U.S. and international economic growth expectations remain modest, but positive. Geopolitical risk remains a big issue. Brexit negotiations are approaching a March 2019 deadline with a lack of clarity on the direction the U.K. and E.U. will take.
Emerging Market Equities		A China slowdown persists, but valuations across emerging markets appear attractive for longer-term investors. Select emerging markets (Brazil, India, Indonesia) performed well in Q4, so investors should not just focus on China or the short-term.
High Yield Bonds		Absolute yields increased and spreads widened further in December, creating attractive opportunities in high yield bonds as fundamentals remain moderately positive. Investors should continue to consider high yield corporate bonds as an income producing risk asset relative to equities.
Emerging Markets Debt		Emerging market bonds rallied in December, but valuations remain attractive. Emerging market currencies can also provide potential upside returns. Continue to prefer an active manager to allocate to this space rather than a passive investment.
Commodities		Commodity prices continued to sell off due to anticipated slower growth, global trade uncertainty and a stronger dollar. Global growth is anticipated to remain positive, thus demand for commodities could push prices higher over time, albeit with significant volatility potential. Precious metals have shown to be a safe haven in the current selloff, but they have not proved to do so for several years, thus investors should be cautious in their expectations.
Conservative Assets		Short-term bonds appear more attractive as the Federal Reserve increased short-term rates. Intermediate- to longer-term bonds look less attractive following the rush to safety during the equity market selloff, which pushed government bond yields lower.
U.S. Government Bonds		As risk assets sold off, bonds rallied, pushing rates lower. If U.S. growth remains moderately positive and the Fed continues to reduce its balance sheet and raise short-term interest rates, yields may move back higher, pushing duration-sensitive bond prices lower.
U.S. Corporate Bonds		Corporate fundamentals remain modestly positive and credit spreads have widened, resulting in corporate bonds becoming incrementally attractive at this time.
Other		Valuations have improved across risk assets, thus the utilization for alternative strategies and other non-correlating asset classes might be less heavily needed. Diversification may remain a benefit to portfolios in a volatile market environment.

FWA INVESTMENT COMMITTEE

Eric Kulwicki, CFA
Senior Portfolio Manager
As the Senior Portfolio Manager, Eric leads the Freedom Wealth Alliance Investment Committee to determine investment strategy, drive research and construct multi-asset portfolios with a focus on managing risk for clients.

Kurt Rozman
President
Kurt is the President of Freedom Wealth Alliance, a full service and fast growing financial services firm founded in the Midwest. Kurt has spent over 25 years of his professional career managing a variety of tactical investment strategies for clients.

Shawn Hittman
Advisor
Shawn has been conducting in-depth analysis of the financial markets and building model portfolios for nearly 20 years. Shawn advises on macroeconomic trends and assesses where potential values and risks exist in the markets.

FREEDOM WEALTH ALLIANCE MANAGED PORTFOLIOS

U.S. CORE PORTFOLIOS

The FWA U.S. Core portfolios provide long-term exposure to core U.S. equity and bond markets. The portfolios may have some exposure to non-core markets, including foreign assets and lower quality fixed income. The portfolios are structured to participate in the upside of bullish U.S. equity and credit markets. The portfolios' risk exposure is not tactically managed by Freedom Wealth Alliance and can result in poor performance in weak U.S. market environments.

Performance Review

The U.S. Core portfolios declined in Q4 as U.S. equity markets sold off significantly throughout the quarter. Dedicated exposure to smaller cap stocks further detracted from performance as small caps underperformed larger cap stocks. Our slight exposure to international markets also detracted from performance as international markets underperformed U.S. markets. Our positions in core bond managers helped performance, but one of our tactical bond managers declined due to less exposure to interest-rate sensitive bonds, which rallied in the quarter.

Risk Assets

- In November, we adjusted risk exposure across most portfolios to align with the FWA Risk Guidelines.
- The portfolios are structurally overweight U.S. equities through the utilization of a mix of U.S. equity index, U.S. equity enhanced index and global equity managers.
- We maintain some exposure to global equity managers that have the flexibility to find opportunities throughout the world.

Conservative Assets

- The bond allocation of the portfolios remain of a mix of core multi-sector bond managers that have the flexibility to adjust exposures and take advantage of opportunities as they see fit.
- Although our exposure to credit sensitive bond managers detracted from performance in Q4, we believe this exposure can help the portfolios perform well should markets stabilize or rally from here.

GLOBAL CORE PORTFOLIOS

The FWA Global Core portfolios provide long-term exposure to core U.S. and international equity and bond markets. The portfolios are structured to participate in the upside of bullish global equity and credit markets. The portfolios' risk exposure is not tactically managed by Freedom Wealth Alliance and can result in poor performance in weak global market environments.

In Q4, we repositioned the Global Opportunities SAS portfolios and All Equity portfolio to the Global Core portfolios.

Performance Review

The Global Core portfolios generated negative total returns in Q4 as U.S. and international equity and credit markets declined. Dedicated exposure to emerging markets helped protect some value as our emerging market positions declined less than core global markets in the quarter. Our positions in core bond managers helped performance, but one tactical bond manager was negative in Q4 due to less exposure to interest-rate sensitive bonds, which rallied in the quarter.

Risk Assets

- In November, as global equities continued to decline and valuations became more attractive, we increased exposure to global equities across the Global Core portfolios. This was done concurrently with the repositioning of the Global Opportunities SAS and All Equity strategies to the Global Core strategy.
- The portfolios remain diversified across U.S., international and global equity strategies. We believe this diversified mix allows for attractive investment opportunities for longer-term investors.
- The portfolios maintain dedicated exposure to emerging market equities, which appear attractive from a longer-term, fundamental value perspective.

Conservative Assets

- The portfolios are structurally overweight core and tactical bond managers that have the flexibility to allocate across bond sectors and geographies. We believe this flexibility can add value over time for longer-term investors.

ETF CORE PORTFOLIOS

The FWA ETF Core portfolios provide exposure to broad equity and fixed income markets through lower-cost, ETF investments. The portfolios have dedicated exposure to U.S. and international equities, high yield bonds and core, higher quality U.S. bonds. Portfolios are not tactically managed and are fully invested to the target allocation.

The Passive Portfolios were repositioned to the ETF Core portfolios in Q4.

Performance Review

In Q4, we reduced international equity exposure across the portfolios and adjusted overall risk exposure according to the FWA Risk Guidelines. This was done concurrently with the repositioning of the Passive portfolios to the ETF Core strategy. The ETF Core portfolios generated negative performance in Q4 as equity markets significantly declined. Dedicated exposure to emerging market equities added value relative to U.S. and international developed markets as emerging markets outperformed. High quality bond exposure added value as interest rates declined and bonds rallied in the quarter.

INCOME PORTFOLIOS

The FWA Income portfolios primarily invest in high income generating assets. This can include investment grade bonds, high yield bonds, dividend-paying stocks, emerging markets debt, real estate securities and MLPs.

In Q4, the Global High Income and Capital Preservation portfolios' names changed to the Income portfolios.

Performance Review

Most of the Income portfolios generated negative total returns in Q4 as equities and credit sensitive securities declined. Exposure to energy MLPs detracted from performance as oil prices fell significantly in Q4. Although high yield and emerging markets debt declined in Q4, they declined far less than equity markets. All three of our bond positions generated positive total returns as higher quality bonds rallied. The Income – Ultra-Conservative portfolio, which does not have any equity exposure, generated positive total returns as short-term and higher quality bonds rallied.

Risk Assets

- The portfolios maintain positions in global dividend paying stocks and energy MLPs, which appear to be offering above-average income generation at this time.
- The sell off in credit-sensitive sectors have resulted in better valuations across credit, including high yield and emerging markets. We continue to see potential opportunities in these areas.

Conservative Assets

- The portfolios maintain exposure to short-term, core and tactical bond managers. We believe these managers can generate attractive income and have the flexibility to navigate volatile bond markets.

FLEXTREND PORTFOLIOS

The FWA FlexTrend portfolios are structured to attempt to participate in the upside of persistent positive trending U.S. equity and credit markets and to protect value in persistent negative trending markets. The portfolios can significantly reduce risk and raise cash and/or conservative fixed income exposure in large market drawdowns. The portfolios may underperform in trendless or choppy market environments.

In Q4, the FlexTrend SAS portfolios converged to the FlexTrend portfolios.

Performance Review

In Q4, the FlexTrend portfolios generated negative total returns as equity and credit markets declined. As risk assets declined throughout the quarter, and negative trends persisted, the FlexTrend portfolios became increasingly defensive. Through December to the first week of January 2019, the FlexTrend portfolios became very defensively positioned. As a strategy that primarily focuses on market price trends, we will need to see persistent upward trends in the U.S. equity and credit markets for the portfolios to increase risk exposure.

Risk Assets

- In October, we continued to take advantage of diversification opportunities in the portfolios by adding two additional tactical equity strategies. The two tactical third-party managers increase and decrease equity risk based on different quantitative signals, which we believe can help diversify the portfolio over time. We also added a dedicated U.S. equity position to the portfolio that FWA can increase/decrease exposure to as our tactical trading model indicates. We sourced capital for these positions by selling out of non-tactical equity and bond funds.
- In December, we increased risk exposure in the Moderate and Moderately Aggressive portfolios in accordance with the FWA Risk Guidelines.
- In early January 2019, driven by persistent negative trends and a sell signal in our intermediate-term quantitative trend model, we reduced our U.S. equity exposure and reallocated proceeds to a short-term, multi-sector bond position. We anticipate that volatility could persist this year. Should trends become more favorable, we will be willing to increase our exposure to U.S. equities at that time.

Conservative Assets

- We maintain our positions across tactical core and credit bond managers to provide diversification of strategies for the FlexTrend portfolios.
- Our tactical credit positions are currently very defensively positioned to start the year but can increase risk as trends in credit markets turn positive.

GLOBAL OPPORTUNITIES PORTFOLIOS

The FWA Global Opportunities portfolios are diversified, multi-asset portfolios. Tactical adjustments are driven by forward-looking, value-oriented, fundamental analysis. The investment style tends to be contrarian in nature, becoming more defensive in what we believe to be overvalued markets, and more aggressive in undervalued fear-driven markets. Portfolios will generally remain fully invested, with minimal cash balances. May underperform in overvalued, momentum-driven markets.

Performance Review

In Q4, the Global Opportunities portfolios generated negative total returns as global equity and credit markets declined, but protected value relative to traditional global benchmarks. Our positions in emerging markets helped performance as emerging markets outperformed broader global equity markets. Our positions in high yield helped protect value as high yield significantly outperformed equities. Our positions in alternatives also protected value relative to equities. Our core bond allocation protected value, with most managers generating positive total returns for the quarter.

Risk Assets

- In October, we adjusted our equity exposure by selling out of our positions in energy infrastructure and financials and reallocated to global equity managers. As the global equity selloff and resulting lower valuations offered up better investment opportunities, we wanted to take advantage of the broader opportunity set offered by global equity managers.
- In November, we adjusted risk exposure across the Global Opportunities portfolios to remain inline with the FWA Risk Guidelines.
- In December, as equity markets continued to sell off, we increased exposure to U.S. equities to take advantage of better valuations in U.S. markets. We sourced this capital from selling out of our managed futures position.

Conservative Assets

- In December, as credit markets continued to sell off and spreads widened, we increased credit risk by selling out of our core bond position and reallocated to two of our multi-sector bond positions.

SOURCES

1. S&P Dow Jones Indices, LLC. S&P 500 Index Total Return data. Retrieved from *https://us.spindices.com/indices/equity/sp-500*
2. Economic Forecasting Survey, The Wall Street Journal, retrieved from http://projects.wsj.com/econforecast, January 4, 2019.
3. U.S. Bureau of Economic Analysis. Gross Domestic Product: Second Quarter 2018 (Third Estimate); September 27, 2018.
4. "Earnings Insight". FactSet. December 21, 2018.
5. Morningstar Direct. Data as of 12/31/18.
6. ICE Benchmark Administration Limited (IBA), ICE BofAML US High Yield Master II Effective Yield [BAMLH0A0HYM2EY], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/BAMLH0A0HYM2EY, January 4, 2019.

DEFINITIONS

S&P 500® Index: The S&P 500® Index is a market cap-weighted stock market index of 500 companies across a number of industries. The index is often used as a broad representation of the common stocks of the largest publicly-traded companies in the United States.

S&P 500® Growth Index: The S&P 500® Growth Index is a subset of the S&P 500® Index, consisting of companies that exhibit above average growth based on sales, earnings and momentum.

S&P 500® Value Index: The S&P 500® Growth Index is a subset of the S&P 500® Index, consisting of companies that exhibit value, based on book value, earnings and sales to price.

MSCI EAFE Index: The MSCI EAFE (Europe, Australasia and Far East) Index is a stock market index constructed to measure the performance of large cap and mid cap stocks across developed countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index: The MSCI Emerging Markets Index is a stock market index constructed to measure the performance of large and mid cap stocks across emerging countries around the world.

Emerging Markets: Emerging markets, also known as developing markets or developing countries, refers to countries, nations, and/or regions that are transitioning to more advanced economies. Relative to developed economies, emerging markets often have higher economic growth rates, lower per-capita incomes, higher sociopolitical instability, and less sophisticated financial markets. Investments in emerging markets can often be more volatile than in developed markets due to the potential for greater uncertainty in these markets.

Bloomberg Barclays U.S. Aggregate Bond Index: The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index that measures investment grade, U.S. dollar-denominated, fixed rate taxable bonds.

Bloomberg Barclays U.S. Corporate Bond Index: The Bloomberg Barclays U.S. Corporate Bond Index is an unmanaged index that measures investment grade, U.S. dollar-denominated, fixed rate taxable corporate bonds.

Bloomberg Commodity Index: The Bloomberg Commodity Index is an index that is designed to provide diversified exposure to physical commodities via futures contracts.

Bloomberg Sub Gold Index: The Bloomberg Sub Gold Index is a commodity group sub index that is composed of futures contracts on gold. It reflects the return of the gold futures price movements only and is quoted in U.S. dollars.

Société Générale Trend Index: The Société Générale (SG) Trend Index is designed to track the ten largest (by AUM) trend following CTAs and be representative of trend followers in the managed future space.

High Yield Bonds: High yield bonds refer to securities that are rated below investment grade by one of the established credit agencies (Standard & Poor's, Fitch, Moody's). These securities are often perceived as having greater risk of default.

Master Limited Partnerships: Master Limited Partnerships (MLPs) are limited partnerships that are publicly traded on an exchange. MLPs are a considered a business tax structure with the potential for tax-advantaged distributable cash flows to investors. Energy MLPs generally operate in the energy infrastructure industry, providing services related to oil and gas pipeline transportation, storage, refinery services, and processing.

Emerging Markets: Emerging markets, also known as developing markets or developing countries, refers to countries, nations, and/or regions that are transitioning to more advanced economies. Relative to developed economies, emerging markets often have higher economic growth rates, lower per-capita incomes, higher sociopolitical instability, and less sophisticated financial markets. Investments in emerging markets can often be more volatile than in developed markets due to the potential for greater uncertainty in these markets.

Mutual Funds: Mutual funds are generally constructed as a pooled investment vehicle, managed by an investment firm. Mutual funds can be invested across stocks, bonds and other types of investments. Mutual funds are priced at net asset value (NAV) at the end of each trading day.

Exchange Traded Funds: Exchange traded funds (ETFs) generally constructed in an attempt to track the performance of an underlying index. ETFs can be invested across stocks, bonds and other types of investments. ETFs can trade intra-day, similarly to common stocks.

Closed End Funds: Closed end funds (CEFs) are generally constructed as a pooled investment fund, actively managed by an investment management firm. Closed end funds can be invested across stocks, bonds and other types of investments. Closed end funds trade at a market price, which may be at a premium or discount to the net asset value of the underlying fund assets. Closed end funds may utilize leverage, which can potentially increase returns and volatility relative to non-leveraged funds. Closed end funds can trade intra-day, similarly to common stocks.

Risk Assets: Risk assets generally refer to assets that carry a perceived high degree of risk and price volatility. Risk assets can include stocks, lower quality bonds, highly interest rate-sensitive bonds, commodities, currencies and certain alternative strategies.

Conservative Assets: Conservative assets generally refer to assets that carry a perceived low degree of risk and price volatility. Conservative assets can include cash securities and higher quality, less interest rate-sensitive bonds.

Tactical Investing: Tactical or active investing is an investment strategy where investment decisions are driven by opinions based on gathered information. There are a number of different tactical investment styles, including, but not limited to, valuation-sensitive and momentum-driven styles. Tactical investing styles may also differ based on investment time horizons from days, weeks, months or years.

Passive Investing: Passive investing is an investment strategy that generally refers to buy and hold investing. This investment style does not attempt to make changes to portfolio allocations or investments based on opinions and information gathering.

Alternative Strategies: Alternative strategies refer to investments or investment styles that often incorporate non-traditional tactical investing methods, including, but not limited to, technical analysis, shorting, arbitrage, utilizing leverage and short-term tactical trading. Alternative strategies may also be referred to by their investment style categories, including, but not limited to, long/short equity, hedged equity, managed futures, unconstrained, and global macro. Alternative strategies may perform very differently from traditional asset classes, thus investors must be aware of the potential for widely differentiated performance relative to traditional stock and bond markets over shorter periods of time.

Fundamental Analysis: Fundamental analysis refers to making investment decisions based on gathered information, including, but not limited to, economic, sector, industry, company and security research in an attempt to forecast future investment performance.

Technical Analysis: Technical analysis generally refers to analyzing an investment's price performance over a specified time period in an attempt to predict future potential performance of that investment. Technical analysis is often utilized in momentum-driven investment styles and may not incorporate fundamental analysis when making investment decisions.

Drawdown: A market drawdown refers to the investment performance from peak-to-trough over a specified time period.

Price-to-Earnings Ratio: The price-to-earnings ratio (P/E ratio) is the ratio of a company's stock price to the company's earnings per share. The P/E ratio is often utilized as a metric in valuing a company.

Price-to-Book Ratio: The price-to-book ratio (P/B ratio) is the ratio of a company's stock price to the company's book value. A company's book value refers to the company's total assets minus its intangible assets and liabilities. A company's book value is listed on its balance sheet and is the total value of the company that shareholders would theoretically receive if the company was liquidated and liabilities were paid. The P/B ratio is often utilized as a metric in valuing a company.

Duration: Duration is a measure of the sensitivity of a bond's price to a change in interest rates. Generally, the higher the duration of a bond or portfolio, the higher the sensitivity of that bond or portfolio to changes in interest rates.

Credit Risk: Credit risk refers to the risk of default on debt, where the borrower fails to pay and the lender may lose a portion or all of the principal lent to the borrower. Generally, the higher the credit risk, the higher the yield and volatility of the security relative to other securities that are believed to have lower credit risk.

Currency Risk: Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged. Exposure to foreign currencies can come from direct investing in foreign currencies or from investing in foreign assets (stocks, bonds, real estate, etc.).

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual security.

Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

The term "portfolios" used in this piece is in reference to the Freedom Wealth Alliance model portfolios. Any reference to performance is based on estimated, unaudited, gross of fee performance of the model portfolios. Client accounts assigned a Freedom Wealth Alliance model portfolio may have positioning and performance that differs from the firm's model portfolios at any given time.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies. Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond and bond mutual fund values and yields will decline as interest rates rise and bonds are subject to availability and change in price. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market.

Asset management does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

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