

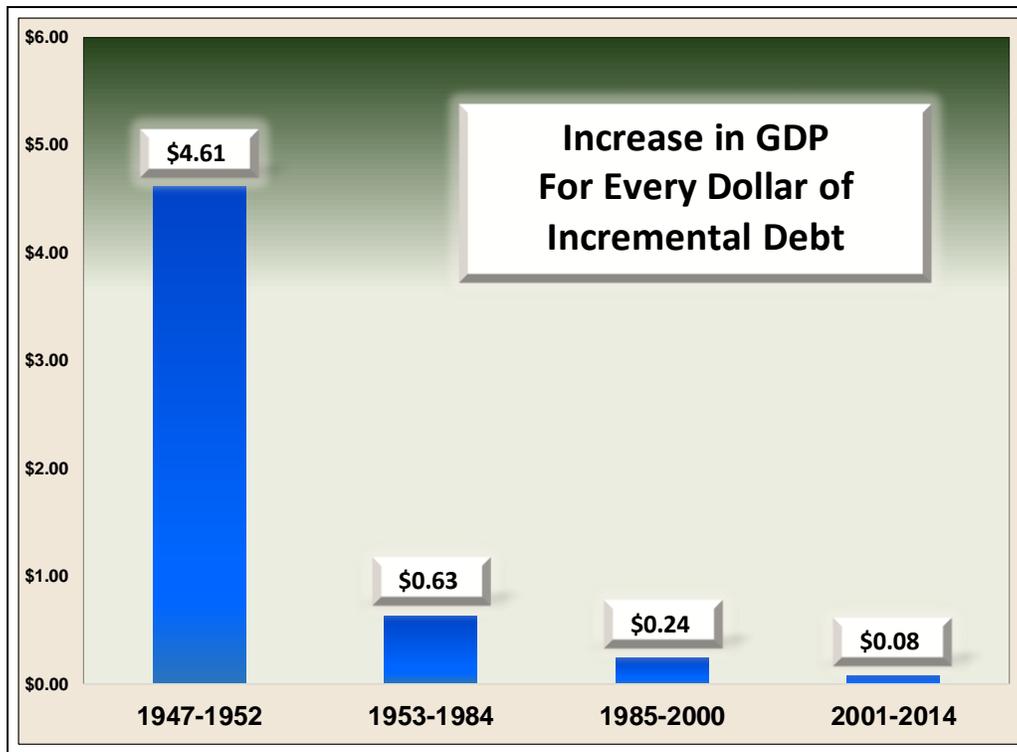


BUTLER, LANZ & WAGLER

The Advantages of an All-Weather Approach to Investing

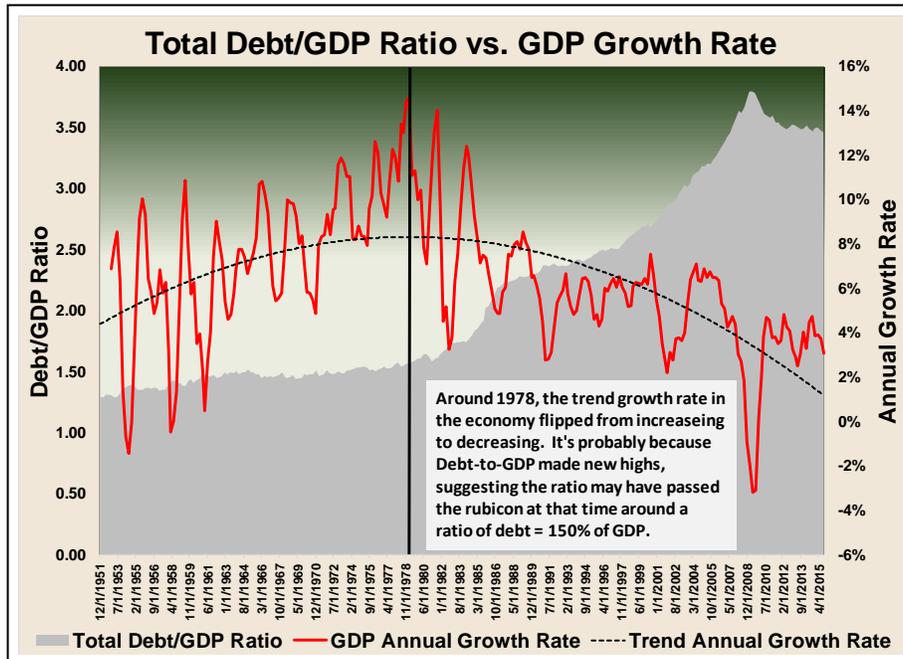
INTRODUCTION

- This document should be viewed as an "executive summary" introduction to what we call an "all-weather approach" to growth investing. It also serves as an introduction to Butler, Lanz & Wagler's All-Weather Growth Portfolio, which incorporates that "all-weather approach." Obviously, if you are interested in knowing more, we welcome an opportunity to discuss our unique approach with you in person, at your convenience.
- Quantitative Easing (QE) did not work to spark a sustainable economic boom. Nor did zero-interest rate policies (ZIRP), nor did negative interest rate policies (NIRP) in Europe.
- These extraordinary policy responses did, however, spark a bull market in stocks. That stock market surge has dramatically stalled coincident with a dramatic stalling in the Fed's bond-buying program – a.k.a. "quantitative easing."
- The reason QE and ZIRP have not sparked a sustainable economic boom in the US should be obvious (although it is not very apparent to those who make policy) – we have so much debt in the system that low interest rates, even if driven artificially to 0%, are not enough to incentivize borrowers to take on additional debt. In fact, QE and ZIRP have failed for 25 years in Japan. It's no coincidence that the Japanese are the global leaders in debt-to-GDP ratios, as well as stalled economies.
- And it's not particularly helpful to take on more debt, anyway. Incremental additions to debt no longer have as much economic bang as they once did. The chart below shows that dramatic decline.

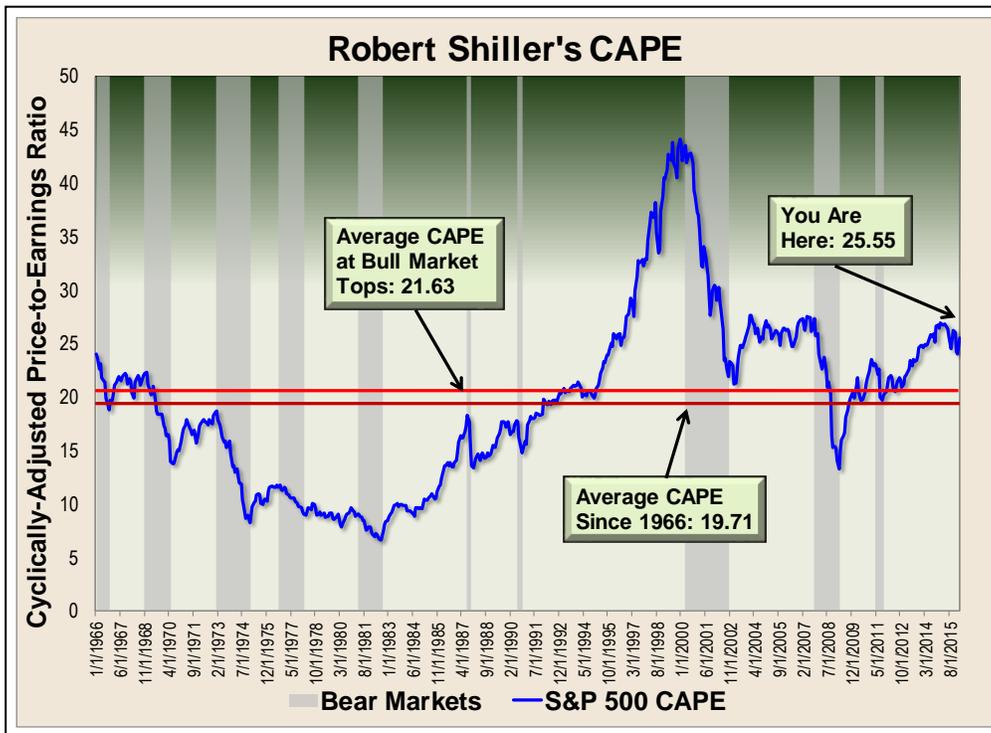


- In short, this is why we believe that debt will be the biggest impediment to economic growth going forward. It will act as a headwind to whatever policies are implemented by monetary and fiscal authorities.
- An academic debate has been raging for the last 6 or 7 years about whether slow economic growth causes high levels of debt, or vice versa. Both are true: countries may add to their total debt levels every year, but that total tends to skyrocket in times of crisis. But that additional debt also slows down future economic growth.

- Debt impedes an economy's ability to grow. The chart shows that when total debt (government, business and household) relative to GDP passed 150%, the trend growth rate also began to decelerate. That may be the debt-to-GDP rubicon.



- There are several reasons why high debt levels might impair an economy's ability to grow. But let's be clear about what debt is. Debt simply pulls future consumption into the current period. You get the loan proceeds to spend today in exchange for giving up future consumption upon repayment of the loan. It's that simple. We don't need to theorize on this too much – what is spent today must be repaid tomorrow. Or, we consume today at tomorrow's expense. Keeping that in mind, it should shock nobody that high levels of debt can impede economic growth. It does so in 3 general ways.
- First, high levels of debt may eventually force the issuer of the debt to offer higher interest rates due to the added risk of default. Higher interest rates slow economic growth.
- Second, many countries find that once the market demands higher interest rates on their country's government bonds (due to higher default risk), they try to pay down debt through higher tax rates. But higher tax rates also slow economic growth.
- But those things may or may not occur in high debt countries. But what will necessarily occur is that higher levels of government borrowing (to finance budget deficits, primarily) will crowd out the financing of the private sector. An investor cannot use the same money to finance the government and the private sector at the same time. He/she can invest in government bonds or the bonds of the private sector. That which goes into the government sector, by definition, cannot go to the private sector. Therefore, the financing of growth in the private sector is less than what it would have been with less government debt. That means less capital is deployed in the economy. Less capital means less economic growth, lower wage growth for workers, and a lower standard of living than what could have been achieved.
- Problem 1: How can stocks continue to grow if their ability to grow profits is impaired by a debt-laden, stagnating economy?
- Problem 2: Stocks are overvalued by just about any metric available. One of these metrics is Nobel laureate Robert Shiller's Cyclically-Adjusted Price to Earnings Ratio (CAPE). CAPE is simply a way to measure value in the stock market that factors in inflation and business cycles. High CAPE levels indicate the stock market is overvalued; low levels indicate the stock market is undervalued.



- Cliff Asness, Chief Investment Officer at AQR Capital Management, looked at historical levels of Shiller's CAPE and the following 10 years' real (net of inflation) returns. Not surprisingly, he finds that higher levels of CAPE lead to lower levels of future returns from stocks. Conversely, lower levels of CAPE are followed by higher returns from stocks over the following 10 years.
- According to Asness' research, given where CAPE is today we can expect 0.5% annual real returns from stocks over the next 10 years, on average.
- The two problems facing investors today, a reduction in liquidity provided by the Fed and an extremely overvalued stock market, calls for a different approach to navigating markets over the next 10 years. There is a different approach to growth investing that is uniquely suited for such an uncertain investment landscape - we call it the "all-weather approach."

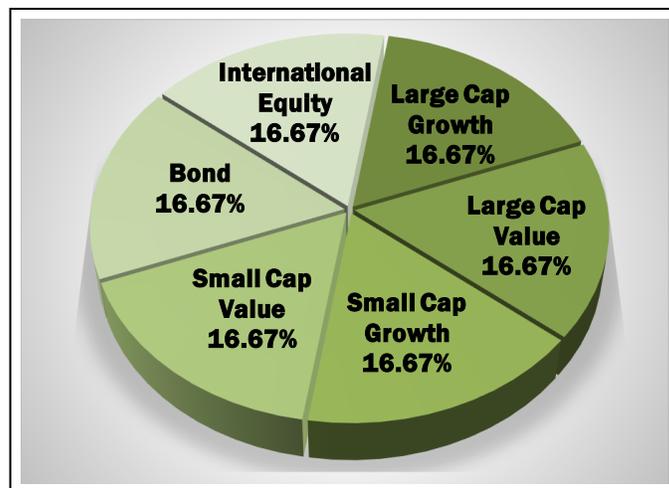
Range of CAPE	Average Returns Over Next 10 Years
5.2 - 9.6	10.3%
9.6 - 10.8	10.4%
10.8 - 11.9	10.4%
11.9 - 13.8	9.1%
13.8 - 15.7	8.0%
15.7 - 17.3	5.6%
17.3 - 18.9	5.3%
18.9 - 21.1	3.9%
21.1 - 25.1	0.9%
25.1 - 46.1	0.5%

BUY AND HOLD INVESTING POSES MORE RISK THAN MOST REALIZE

- A buy-and-hold strategy consists of buying an investment, or several investments (usually a combination of stocks, bonds, and/or mutual funds), and then holding them indefinitely.
- This is how the typical investor approaches growth investing. They own a few growth mutual funds, sprinkle in a little international exposure and bonds to be able to say they're diversified, and then they hope or pray for the best.
- The problem with this approach is that it exposes the investor to considerable risk and by now, after two drops of 50% in the S&P 500 in the past 14 years, most investors are painfully aware of this.

- In the last 14 years, the S&P 500, an unmanaged basket of 500 different stocks, has had drawdowns (a "drawdown" is a drop in value from peak to trough) of 49% in 2000 to 2002, and 55% in 2007 to 2009.
- Buy-and-hold investors employ this strategy usually at the behest of an investment professional. In 2000 and again in 2008, investors were urged to "hold through" these horrific downturns.
- The problem with buy-and-hold is not that stocks and stock mutual funds won't come back. They always have in the past, although there is no law that says they must. The problem is the time it takes to get the portfolio value back to where it was before the drawdown.
- Note that a 50% drawdown does not require a 50% return to break even. It takes a 100% return. On average, it takes at least 8 years to make 100% in stocks. Of course, if the central bank chooses to create another bubble, it may take less time.
- The older we get, or the more money we save, we are typically less willing to wait for a portfolio's drawdown to be made back. It takes too long.
- A typical buy-and-hold portfolio may look like the pie chart to the right.
- At first blush, this portfolio seems to be pretty well diversified. But the correlations are still very high.
- Correlation is a statistical measure of how similar the movements between two investments are. A correlation of 0.70 indicates that 70% of the movement in "Investment A" can be explained by the movements in "Investment B."
- Correlations can range between values of -1.00 and +1.00, indicating perfect negative and perfect positive correlations, respectively. When two investments are perfectly negatively correlated, an up-move in "Investment A" is explained entirely by a down-move in "Investment B."
- That typical portfolio in the pie chart, seemingly well-diversified, shows high degrees of correlation.

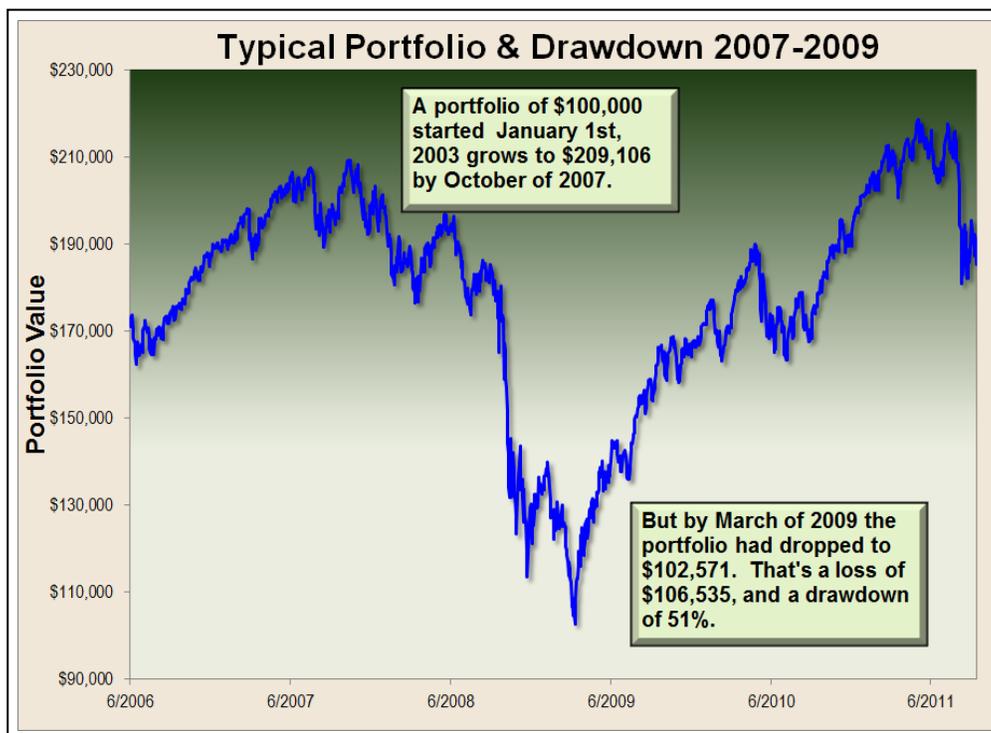
Portfolio Loss	Percentage Gain Needed to Break Even	Years to Break Even, Assuming 8% Annual Growth
20%	25.0%	2.90
25%	33.0%	3.74
30%	43.0%	4.63
40%	67.0%	6.64
50%	100.0%	9.01
70%	233.0%	15.64



TYPICAL PORTFOLIO ALLOCATION

	International Equity	Large Cap Value	Large Cap Growth	Small Cap Value	Small Cap Growth	US Corp Bonds
International Equity	1	0.784	0.562	0.782	0.611	0.114
Large Cap Value		1	0.839	0.779	0.921	0.547
Large Cap Growth			1	0.779	0.949	0.670
Small Cap Value				1	0.917	0.566
Small Cap Growth					1	0.640
US Corporate Bonds						1

- Note how many correlations in this portfolio are greater than 0.70. Correlations greater than 0.70 are bad because it indicates two assets are "highly positively correlated." If correlations are high, how can there be significant diversification? Every asset in this portfolio moves pretty much like all the other assets.
- That's why, in the Great Recession, this seemingly well-diversified portfolio still lost over 50%.

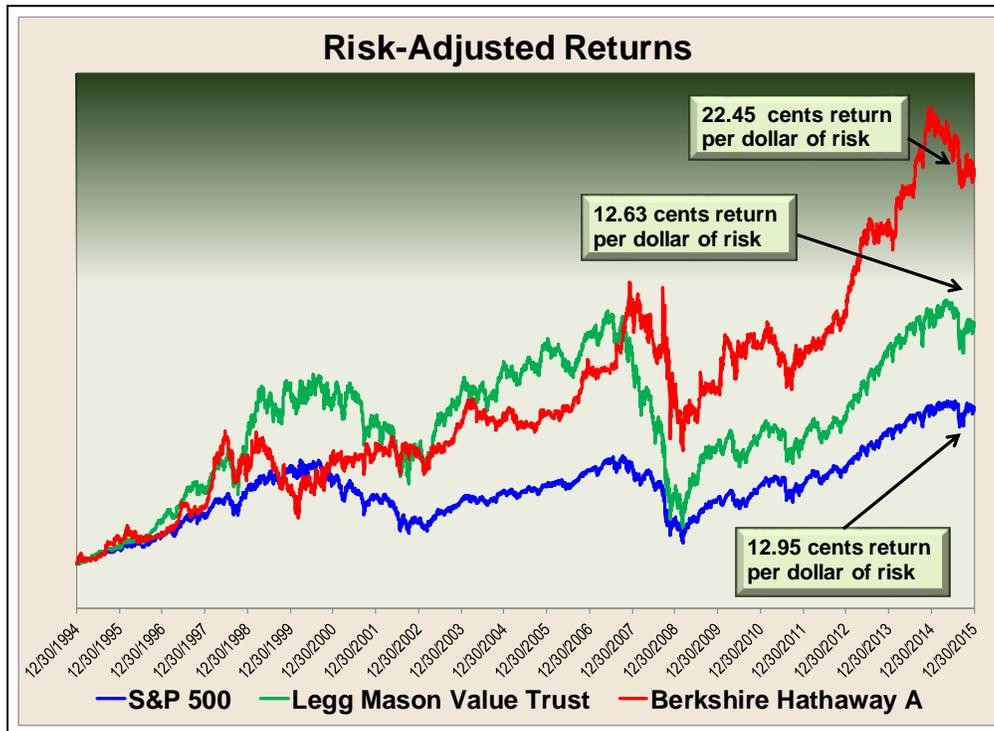


- When investors understand that they cannot wait to break even after a huge drawdown, they also understand the advantages of an investment approach that *maximizes investment returns relative to this risk*. If it isn't apparent already, the all-weather approach to growth investing has *maximizing return relative to the risks taken* as its primary objective.
- Because of this primary objective, we must address risk-adjusted returns.

RISK-ADJUSTED RETURNS

- Before talking about the all-weather approach in any kind of detail, we must first explain the concept of risk-adjusted returns.
- What's a better return, 10% annually or 20% annually? It's a trick question. We cannot possibly analyze which return is "better" because we don't know what risks were taken to generate the returns. Unfortunately, too few investors realize this.
- A bond which yields 20% in annual interest seems like a great opportunity at first, but if the company which issued the bond is teetering on the verge of bankruptcy, we would argue that 20% is not enough to compensate us for the risk taken. In a matter of a few years, the entire principal could be lost if the company goes bankrupt. However, if an investment professional has consistently generated 10% annual total returns by trading 3-month Treasury bills (which have no credit risk) with no leverage (another source of risk), we should be duly impressed.
- In order to better analyze investment opportunities, we must find a way to incorporate risk into the analysis of return. That's exactly what calculating risk-adjusted returns can do for us.
- Risk-adjusted returns are calculated in a number of different ways. We prefer to look at annual return divided by the largest drawdown (loss of portfolio value from peak to trough) over the time period being analyzed. For example, Legg Mason Value Trust has had an annualized growth rate of 9.16% per year for the 20 years ending December 31, 2015 (adjusted for dividend reinvestment). In that 21-year period, it had a maximum drawdown of 72.54%. Therefore, its risk-adjusted return is .1263 (9.16% divided by 72.54%). That means the mutual fund returned 12.63 cents for every one dollar of maximum risk taken over the 20 years under consideration.

- Over the same timeframe, Warren Buffet's Berkshire Hathaway "A" has averaged 11.55% per year with a maximum drawdown of 51.47%. That's a risk-adjusted return of .2245. For every dollar of maximum risk, he returns 22.45 cents per year in return.
- The risk-adjusted return of the S&P 500 over the same 20 years has averaged (adjusted for dividends) 7.35% per year with a maximum drawdown of 56.78% for a risk-adjusted return of .1295. For every dollar of maximum risk, buying and holding the S&P 500 would have returned just 12.95 cents per year.



- The larger the drawdown, assuming the same annual return, the lower the risk-adjusted return. Or, given the same level of drawdown, higher annual returns result in higher risk-adjusted returns. In other words, we can increase risk-adjusted returns by decreasing risk, increasing return, or both.
- Again, the objective of the all-weather approach is maximizing risk-adjusted returns. There are four ways the all-weather approach to growth investing does this.

THE ALL-WEATHER APPROACH TO GROWTH INVESTING

- What exactly is an all-weather approach to growth investing? It's the use of certain strategies in order to produce acceptable performance over a variety of economic and market environments. To do this is to implicitly maximize risk-adjusted returns. There are four basic strategies, or tenets, to an all-weather approach.
- The very rich have been employing these strategies for the last 100 years. Unfortunately, the average investor could not utilize them until just recently. Two changes to the financial services industry have finally allowed the average investor to invest like the uber-wealthy.
- Technology has changed the investment industry such that investment advisors can make money on smaller accounts. They're no longer forced to restrict themselves to the service of millionaires and billionaires. The second change in the industry is the innovation seen in the types of securities available to all investors. This has benefited the smaller investor to a greater degree than the wealthy, who already had access to these types of securities.

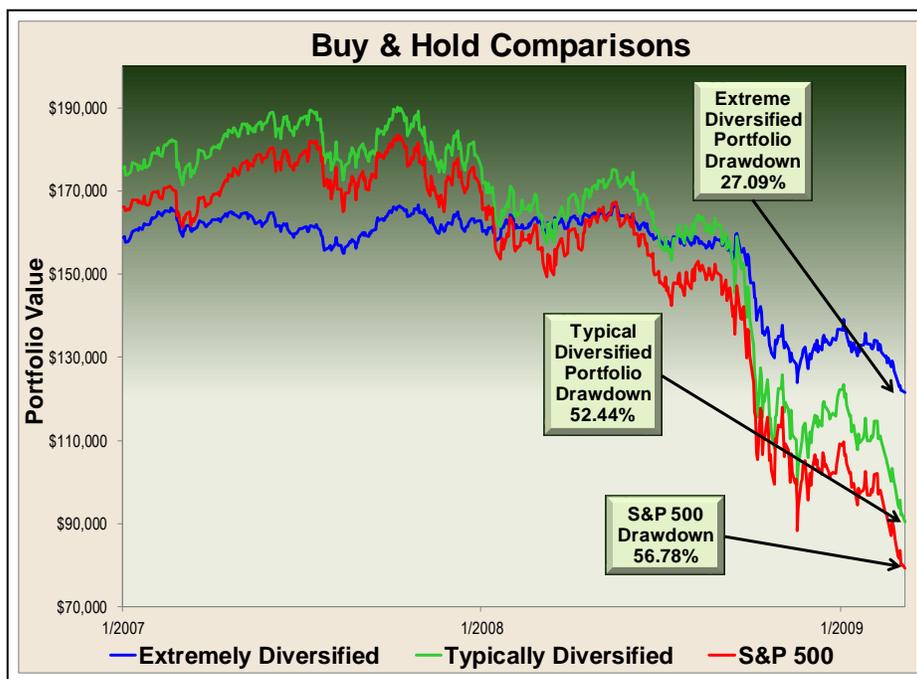
THE FOUR TENETS TO THE ALL-WEATHER APPROACH

- **Tenet #1** - Extreme diversification. True diversification, unlike the typical portfolio above, requires diversification by geography (US only vs. global markets), diversification between debt and equity (bonds vs. stocks), diversification by type of asset (hard asset vs. paper asset, i.e. commodities and gold vs. stocks and bonds) and diversification by currency (US dollar vs. all other currencies). There are environments that favor one or more of the types of these assets while other environments might favor completely different asset types. For example, there are long periods of time that favor paper assets like stocks and bonds, which ultimately give way to environments that favor hard assets like commodities and gold.
- We can see the advantages extreme diversification offers by looking at correlations again. Recall how many of the relationships in the typical portfolio had high correlations. This was seen in the correlation chart above. Contrast that to the following extremely diversified group of asset classes.

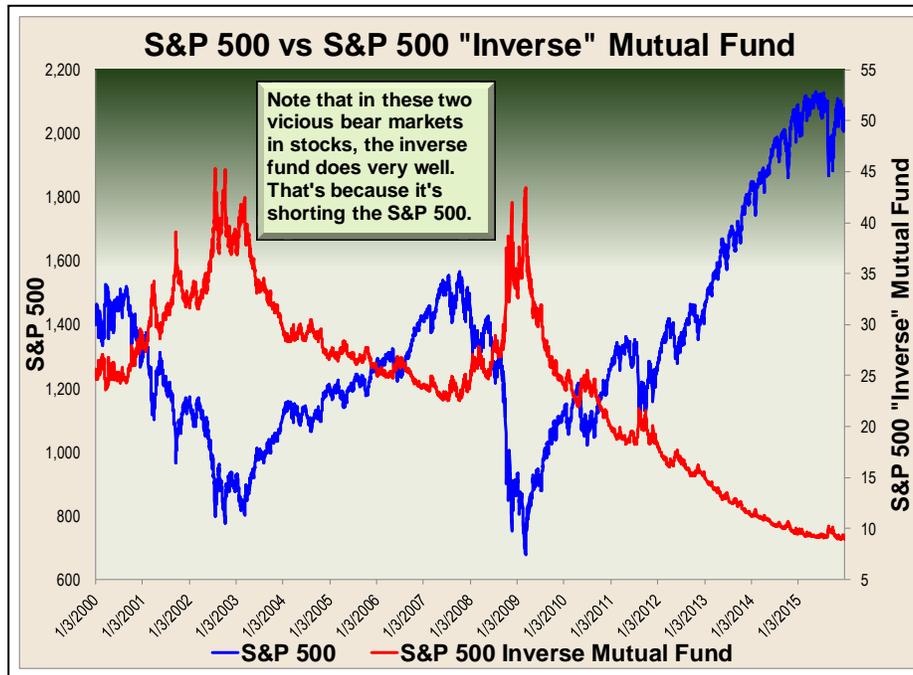
MORE DIVERSIFIED ASSET CLASSES CORRELATION

	Gold	Bonds	US Dollar	High Yield Bonds	SP500	REITs
Gold	1	0.839	-0.597	0.376	0.560	0.676
Bonds		1	-0.344	0.571	0.731	0.698
US Dollar			1	-0.017	-0.029	-0.524
High Yield Bonds				1	0.846	0.469
SP500					1	0.750
REITs						1

- While we are not recommending a portfolio of these asset classes be bought and held, it is interesting to see what would have happened during the last bear market had the investor done just that. And we will compare that to buying and holding the typical "diversified" portfolio and against buying and holding the S&P 500.
- During the bear market from 2007 to 2009 all three portfolios lost value, but the extremely diversified portfolio lost less than half the value of the other two. Simply buying and holding extremely diversified asset classes provided better downside protection due to better diversification. But again, we do not recommend buying and holding any portfolio.
- However, and this is important, an all-weather approach is actually much more diversified than the correlation matrix above indicates. Having the ability to go short these asset classes and the timing of each one of them actually adds to the diversification, and these subjects are covered when we address the next two tenets.



- **Tenet #2** - Have the ability to go "short" assets, as well as "long." "Going short" means making a bet that an asset's price goes down. "Going long" an asset means making a bet that an asset's price goes up. How else can you survive bear markets?



- There are some mutual funds that short the S&P 500, among other assets. They're called "inverse" funds. Note that the mutual fund that shorts the stock market does extremely well when the stock market itself is going down. That is exactly what we expect it to do, and what we need it do for us, but only when the time is right.
- Another way to look at shorting involves the old investment axiom "buy low, sell high." When we are long, we buy low first and sell high later. Successful shorting still requires us to buy low and sell high. We just sell high first, and then we buy low.
- Having the willingness and ability to sell short is absolutely essential to navigating different market environments successfully because markets don't always go up. Nor do they always go down. Shouldn't we have a way to make money in either environment?
- **Tenet #3** - Timing the market. When you time each disparately-correlated asset class, you are not only diversified because the asset classes themselves do not move in lockstep, but you are also diversified by the system that is timing each asset class. Obviously, this adds to the level of diversification of the portfolio and, at the same time, allows us to participate in just about every market environment possible.
- Proponents of buy-and-hold usually attack market-timing with two points. (1) Why not just buy and hold? Markets always come back. (2) It's impossible to time a market.
- Regarding the first issue, we don't want to buy and hold due to the risk of drawdowns and the destruction they inflict on investors. But there's another reason why buy-and-hold does not set well with us. It leads to incoherent investment decisions. For example, you've probably heard that if you have a portfolio of high-quality stock mutual funds, you should probably diversify it a little. We're told to add bonds to the mix. But bonds prices go down when interest rates go up. And interest rates go up for a number of reasons, but chief among them is that inflation is heating up. So, if you're buying and holding mainly stock funds, but added bonds to help diversify the portfolio, you can be fairly confident that bond funds are not going to perform well when inflation starts heating up. So why hold the bond fund in that environment?
- Shouldn't we be looking to reduce our exposure to bonds in that environment? Should we not use what we know about bond price behavior in inflationary times to our advantage? Or should we continue to hold the bond fund for the sake of saying we're diversified? Diversification is very important to investing, but this type of diversification seems incoherent. For this reason, we argue that we *should try to time markets*.

- The second issue of whether anyone can time the market successfully largely hinges on what is meant by "timing the market."
- Many investment professionals have turned the idea of timing the market into a "straw man" argument. They say that tops and bottoms in markets cannot be picked successfully with any degree of consistency. We agree.
- We use the term "timing the market" to mean "investing with the odds." It means that when the probability that a market goes up changes to suggest that the odds favor a down-move, we get out of that market, or short it.
- Many times, investment professionals tell us we shouldn't time the market because if we did, and missed only a few good days over a very long period of time, it would significantly and negatively impact our returns. We're usually shown this chart above.
- If you bought and held the S&P 500 from the beginning of 1997 to the end of 2015, you would have missed 0 of the best days because you were buying and holding that index. You would have averaged 5.52% per year. But had you been a wicked market-timer, and had been in cash for the 10 best days in that 18-year period, your returns would have dropped to 1.73% per year. And, if you had been so bad at timing the market to have been in cash for the best 40 days for the S&P 500, your return would have been a surprising -4.86% per year. In 18 years, the stock market is open about 4,525 days. Amazingly, missing only the 40 best of them drops the buy-and-hold annual return of 5.52% to -4.86%.
- Market professionals use this to show people the risk of trying to time the market. But it's disingenuous. The whole purpose of market-timing is to be in markets for their best days and out of the markets (or short) for the worst days. What would happen had the investor missed the *worst* days but had been fully invested for the best days? Those results are shown to the right.
- Missing the 40 worst days of the S&P 500 in the 18 years ending 2015 yields an impressive result of 18.08% in annual return. It is truly amazing that missing only the 40 worst days of the 4,525 that the stock market was open over these 18 years has this kind of an effect on investment results. However, it too is disingenuous. This kind of market-timing is nearly impossible to achieve. A more realistic assumption is that the investor has to give up the 40 best days in order to miss the 40 worst days. We call these days, both worst and best, "extreme days."
- Note that even if you had to give up the 40 best days in order to miss the 40 worst days, the performance still beats buy-and-hold. This implies it pays to try to time the market. But this is also unrealistic. A good market timer does not necessarily have to give up the best days in order to avoid the worst days.
- Market-timing is difficult. If it were easy, everyone would do it. That's why diversification amongst systems that time different disparately correlated asset classes are important.
- **Tenet #4** – Relative Strength. Relative strength tells you which assets are out-performing all others. It's a form of trend-following because out-performers tend to continue out-performing. All of our systems are trend-following systems, but relative strength allows us to not only own "stocks" in a broad sense, but to own only those sectors exhibiting trends stronger than that of the broad stock market.

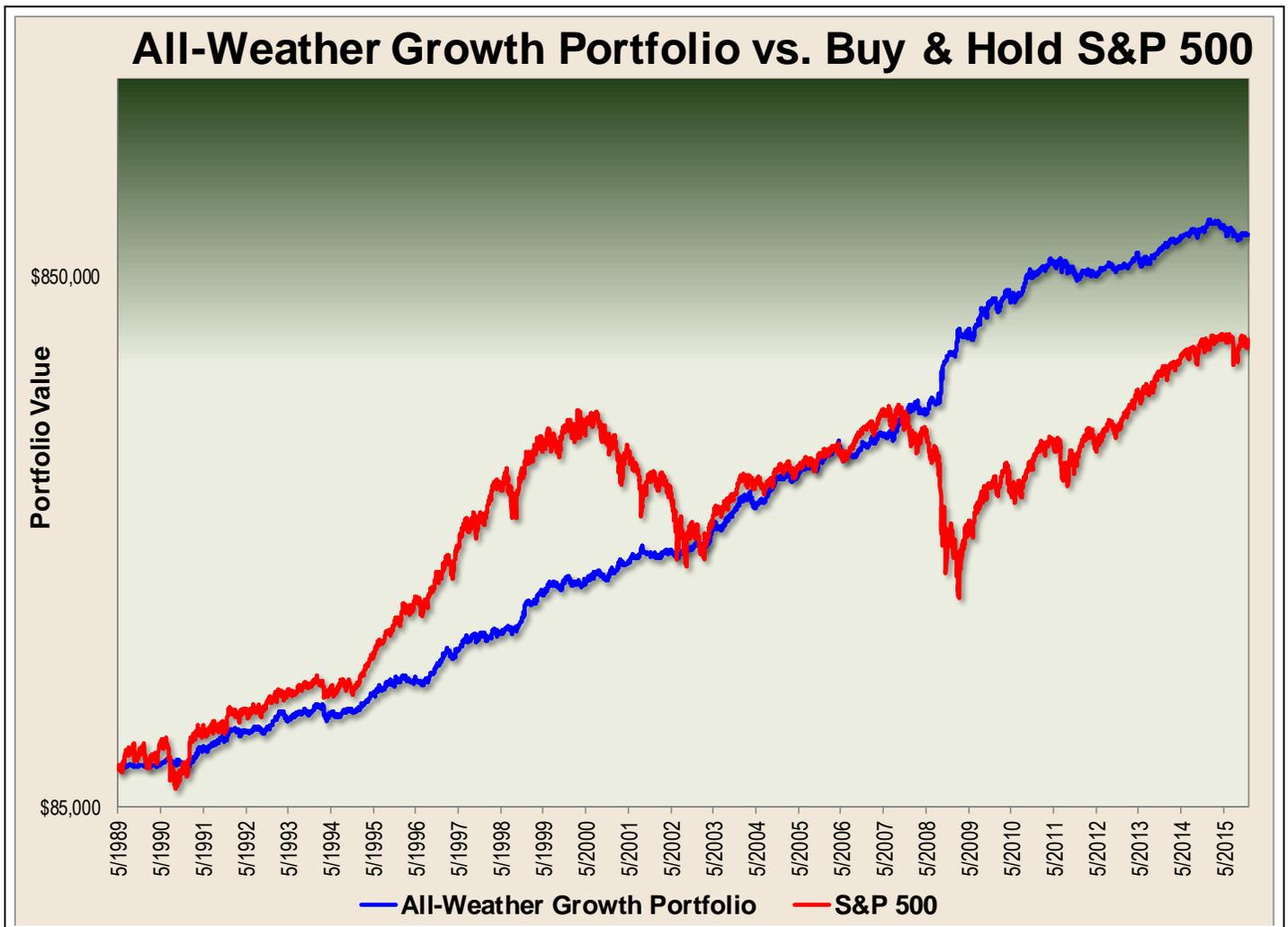
Number of Best Days Missed	Return Falls To	\$10,000 Grows To
0	5.52%	\$27,732.87
10	1.73%	\$13,851.17
20	-0.77%	\$8,635.55
30	-2.91%	\$5,710.36
40	-4.86%	\$3,881.42

Number of Worst Days Missed	Return Grows To	\$10,000 Grows To
0	5.52%	\$27,732.87
10	9.85%	\$59,640.05
20	12.97%	\$101,376.76
30	15.67%	\$158,955.90
40	18.08%	\$235,008.06

Number of Extreme Days Missed	Return Grows To	\$10,000 Grows To
0	5.52%	\$27,732.87
10	5.91%	\$29,787.21
20	6.24%	\$31,567.03
30	6.44%	\$32,729.94
40	6.47%	\$32,891.11

PERFORMANCE

- Butler, Lanz & Wagler has taken all of the tenets of the all-weather approach to create our All-Weather Growth Portfolio (AWGP).
- The All-Weather Growth Portfolio is a trend following system – usually a few (or more) asset classes are trending at any given period of time.
- Each of 6 disparately correlated asset classes are timed so that we are long, cash or short in each.
- In other words, extreme diversification, long/cash/short investing, market-timing and relative strength are all employed in the AWGP.
- The maximum drawdown is significantly less than the S&P 500, as well as most growth mutual funds.
- **Benefit #1** – Extreme diversification allows for a more robust portfolio – it helps reduce drawdowns.
- **Benefit #2** – Long/cash/short systems allow the portfolio to adapt to changing trends – this helps to increase returns and reduce drawdowns.
- **Benefit #3** – AWGP is not dependent on any one type of market environment – it can thrive in any environment; this helps produce consistent gains over time.
- **Benefit #4** – AWGP gives the investor exposure to asset classes they may not otherwise have exposure to, giving them a higher likelihood of finding "what's hot," which again, helps to reduce drawdowns.
- The end result is an approach which can deliver double-digit annual gains, limited drawdowns, and a higher level of consistency of returns than typical investment portfolios. [Please see "Disclosures" on page 13]



WHAT TO DO NOW

You should call Butler, Lanz & Wagler at **(913) 696-1919**. And, you should probably do it now. We know many people say, "I'll wait to think seriously about my investments until the Apocalypse starts." If that's you, please consider that by the time you realize a serious market sell-off has started, it may be too late to avoid all or even some of it.

We believe that there must be a resetting of the current markets back to some semblance of economic value. We would not recommend you wait for signs of that either. It's difficult to know if markets are simply pulling back, or if it will lead to a bigger drawdown. More importantly, with an all-weather approach, there's no need to wait. It can make money if markets boom and it can make money if they collapse. So why wait?

While a complete and total meltdown of the US economy is still a reasonably low probability, the risks of a "garden variety" financial or economic crisis are rising. One way to hedge against this is the all-weather approach. In our opinion, it's the best way to allocate risk assets for growth. It can do well in both an unfavorable environment and a "rosy" economic scenario. But it's not the only thing investors can do to be well-diversified and prepared for any economic environment. We've been talking about a three-bucket approach for the past year which features, in addition to risk assets (the All-Weather Growth Portfolio fits here), guaranteed assets and productive assets. When you schedule a meeting, we can talk about these other two buckets as well.

We are often asked if we have a minimum investment at Butler, Lanz & Wagler. No, we don't. We may have to make certain portfolio accommodations for accounts of \$50,000 or less, but we have no minimum.

Call **(913) 696-1919** to schedule a free one-hour consultation where we'll talk about this growth portfolio in detail, if you'd like. And, we'll talk about your situation. There are several advantages to coming into our offices and discuss what it would be like to have a professional money management firm handle your investments:

- 1) It's free, so you'll pay nothing to check us out.
- 2) It's confidential – we won't sell your name or pester you if you decide we are not a good fit.
- 3) You'll have an opportunity to go over our money management style in much more detail.
- 4) It's your opportunity to interview us. Ask us whatever you want.
- 5) We can give you our opinion on how you're currently situated in the markets versus where we would have you positioned.

So now you know the ins and outs of an all-weather approach to investing. To learn more about what we can do for you, simply call **(913) 696-1919** and schedule a free one-hour consultation. We'll look forward to seeing you then.

Disclosures:

The All-Weather Growth Portfolio (AWGP) is a portfolio of model systems developed by Butler, Lanz & Wagler, L.C. (BLW). The model performance presented has been back-tested and is strictly hypothetical. The performance was gathered using historical data obtained from yahoo finance, Reuters DataLink, and TradeStation. The information received from these third party sources, as well as the calculations made in constructing model performance, is believed to be reliable, but we cannot guarantee its accuracy or completeness.

The AWGP is an actively managed strategy and consists of the following asset classes: US stocks (Relative Strength Strategy), high yield bonds, US Treasury securities, REITs, the US dollar, and gold. Each of the markets systems are part of a long-short-cash model. The following securities were used to execute trades in the portfolio's historic performance construction and are currently used in the portfolio's trading activity: Rydex Commodities (RYMBX), Rydex Banking (RYBXX), Rydex Biotechnology (RYBOX), Rydex Electronics (RYELX), Rydex Energy (RYENX), Rydex Financial Services (RYFNX), Rydex Healthcare (RYHEX), Rydex Internet (RYINX), Rydex Leisure (RYLSX), Rydex Precious Metals (RYMNX), Rydex Technology (RYTHX), Rydex Telecommunications (RYTLX), Rydex Transportation (RYTSX), Rydex Utilities (RYUTX), Rydex High Yield (RYHGX), Rydex Inverse High Yield (RYIHX), Rydex Real Estate (RYHRX), ProFunds Short Real Estate (SRPIX), iShares MSCI Emerging Markets Index ETF (EEM), SPDR Gold Trust ETF (GLD), Deutsche Bank AG DB Gold Short ETN (DGZ), Rydex Series Trust Inverse S&P 500 Strategy (RYARX), iShares Barclays 20+ Year Treasury Bond ETF (TLT), ProFunds Rising Rates Opportunity Fund Inverse (RRPIX), ProFunds Rising U.S. Dollar Fund (RDPIX) and ProFunds Falling U.S. Dollar Fund (FDPIX). Where system trading signals were generated prior to the above funds' inception dates, proxies were used - either comparable securities or the underlying index itself. Securities held at any given time are completely a function of the timing system for each asset class. The portfolio is rebalanced on an annual basis. Asset classes are added to the model as they became available. Not all asset classes were available in 1989.

The AWGP was developed by retroactive application and is used solely to illustrate what performance would have been had the portfolio been created on May 31, 1989. The AWGP performance results take into account expected time-weighted rates of return, the reinvestment of dividends and other account earnings. AWGP's performance results take into account, and are therefore net of, BLW's investment management fees, commissions charged on trades, and the fees assessed directly by each unaffiliated mutual fund and/or exchange-traded fund holding that comprises the AWGP. An investment management fee of 2% has been used to show the net-of-fees performance. The reinvestment of dividends and other earnings may have a material impact on overall returns.

Because the model results are hypothetical they have inherent limitations due to the fact that they do not reflect actual trading and may not reflect the impact that material economic and market factors might have had on BLW's decision-making if actual clients had been invested in the model strategy. No matter how positive the model returns have been over any time period, the potential for loss is always present due to factors which may not be accounted for in the model. The nature of a back-tested model creates the potential for a financial professional to select superior performance results in order to get the desired model results. All economic and performance information is historical and not indicative of future results.

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made referenced to directly or indirectly, will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Moreover, you should not assume that any discussion or information provided here serves as the receipt of, or as a substitute for, personalized investment advice from BLW or any other investment professional. Further, the charts and graphs contained herein should not serve as the sole determining factor for making investment decisions. To the extent that you have any questions regarding the applicability of any specific issue discussed to your individual situation, you are encouraged to consult with BLW.

All performance results have been compiled solely by BLW, are unaudited, and have not been independently verified. Information pertaining to BLW's advisory operation, services, and fees are set forth in BLW's current disclosure brochure, available upon request.