WBI®

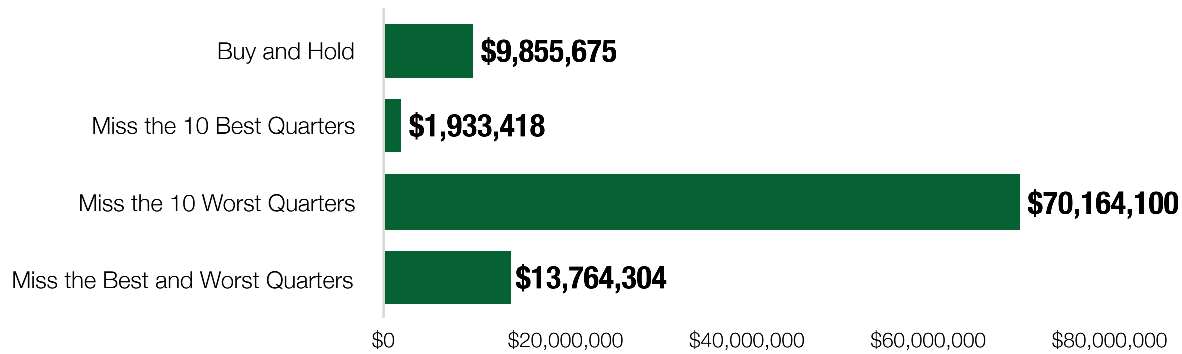
GLOBAL TACTICAL ROTATION

THE PROBLEM WITH BUY & HOLD

WBI does not stand for "We Beat Indexes"; it stands for Wealth Builders, Inc. At WBI, we believe preserving capital to unleash the powerful benefits of compounding is the most important element of a successful investment approach. For many years, investors have been led to believe that low cost is better. Or, that a well-diversified approach will help cushion losses in a bear market. However, even a well diversified, passive, low-cost index approach can give you more risk and loss than you are willing to tolerate.

Since 1900, a market decline of 10% occurs on average once every year, 15% every two years, 20% every four years and 40% every six years.[1] From the 2007 market high to the 2009 low, the Dow Jones Industrial Average declined 53.78%. For many years, investors have been taught that if you try to avoid large losses, you will miss the 10 most powerful positive days of return. Without those days, so the 1970s buy and hold theory says, investing is not a worthwhile endeavor. We believe passive investing, which is based on a flawed 40-year-old philosophy, is not the way to win at investing.

Hypothetical Investment of $100,000
Dow Jones Industrial Average Index 1950-2016



Source: Bloomberg, 2017. Indices are not managed and may not be invested in directly. Past performance is not indicative of future results.

Years ago, in an effort to find a better way to invest, we refocused the concept to see how the 10 best or worst quarters affect an investor over a lifetime of investing. If you were to buy and hold a hypothetical investment of $100,000 in the Dow Jones Industrial Average from 1950 through 2016, the investment would have grown to $9,855,675. However, your success — relative to buy and hold — would have been greatly hampered by missing the 10 best quarters, ending with a disappointing capital balance of $1,933,418. Surprisingly, by missing the 10 worst quarters, $100,000 invested would have grown to over $70 million. As it turns out, missing the worst quarters was 7 times more powerful than a buy and hold approach. Even if you gave up the 10 best quarters to miss the 10 worst quarters, you would have ended the period with $13,764,304 or 40% more capital than the passive index approach.

The results from our original best and worst quarters study, performed over 30 years ago, formed the basis for WBI's unique active and risk-managed investment process. Our active approach offers investors an alternative to a traditional passive buy and hold approach. For over 25 years, our goal has been to help investors have more successful outcomes.

"Compound interest is the eighth wonder of the world. He who understands it, earns it…He who doesn't…pays it."
—Albert Einstein

OUR PHILOSOPHY

Our goal is to provide you with a wealth-building investment approach that provides a blend of bull market return and bear market capital preservation. WBI's active investment process seeks to manage risk to capital, unleash the benefits of compounding, and to grow capital efficiently through good and bad market cycles. Over long periods of time, the powerful benefits of compounding are set free by reinvesting interest and dividends. This is a major reason why we focus our stock selection almost exclusively on dividend-paying stocks.

About the Strategy

Launched in 1992, the WBI Global Tactical Rotation SMA aims to:

- Provide responsive risk management across a broad universe of assets. Designed as a moderate investment strategy, it uses several methods to identify and allocate among investment opportunities.
- Provide access to investments in any global asset class, geographic region, country, index, sector, industry, equity style or market capitalization using Exchange Traded Funds (ETFs)
- Portfolio also uses dividend-paying stocks

Performance Metrics

January 1, 2000 to December 31, 2016

	Rate of Return	Best 4 Quarters	Worst 4 Quarters	Max. Drawdown	Upside Capture Ratio	Downside Capture Ratio	CPR
Global Tactical Rotation	3.68%	36.17%	-27.71%	-28.72%	68.07%	59.72%	1.14
MSCI Index	3.66%	53.24%	-42.19%	-48.59%	100.00%	100.00%	1.00

Data provided by PSN and Morningstar, Net of Fee, Quarterly Return, 2017. MSCI Index is representative of the MSCI World TR Gross Index. Return is annualized for periods of 1 year or more. Indices are not managed and may not be invested in directly.

What is CPR?

Capital Power Ratio (CPR) measures the up and down market participation of an investment relative to a market index. CPR is calculated by dividing the upside capture by downside capture over a specific time period. If the result is greater than 1.0 (higher is better), this indicates outperformance relative to the index. Positive CPR can lead to improved compounding and a larger capital base over full market cycles.

RETURN VS. CAPITAL

We believe it is far more important to focus on preserving and growing capital than focusing on return. Our investment management system is designed specifically to reduce risk and loss of capital in bear markets. Due to our risk-managed approach, we expect that our strategies may not produce the highest returns in every market cycle. By managing risk and preserving capital, we increase our ability to compound more efficiently than a passive buy and hold approach focused on getting all of the return in up markets. Let's take a closer look at our active risk-managed approach versus a passive index.

Index and Return Focused

Passive Buy and Hold Approach
MSCI Index

Period	Cycle	Starting Value	Cumulative Return	Gain/Loss	Ending Value
2000-2002	Bear	$1,000,000	-45.51%	-$415,105	$584,895
2003-2007	Bull	$584,895	124.21%	$726,499	$1,311,394
2008	Bear	$1,311,394	-40.33%	-$528,937	$782,457
2009-2016	Bull	$782,457	135.61%	$1,061,053	$1,843,510

Risk and Capital Focused

Active Approach with Risk Management
WBI Global Tactical Rotation SMA

Period	Cycle	Starting Value	Cumulative Return	Gain/Loss	Ending Value
2000-2002	Bear	$1,000,000	-18.19%	-$181,922	$818,078
2003-2007	Bull	$818,078	59.36%	$485,584	$1,303,662
2008	Bear	$1,303,662	-21.42%	-$279,283	$1,024,379
2009-2016	Bull	$1,024,379	80.51%	$824,750	$1,849,129

Data provided by Morningstar, Net of Fee, Monthly Return, 2017. MSCI Index is representative of the MSCI World TR Gross Index. Indices are not managed and may not be invested in directly.

INVESTMENT METHODOLOGY

WBI's time-tested Power Factor™ security selection software screens thousands of domestic and international stocks every night to find the companies with the best quality fundamentals and the highest dividend yields. This approach requires a stock to be a reasonable value, have positive revenue and earnings trends, and have positive price momentum. These hurdles are designed to keep us invested when market trends are favorable or to build cash when conditions indicate a high degree of risk with a low probability of success. Our risk management system applies a goal and a proprietary dynamic trailing stop (DTS) to each invested position. As a security appreciates towards the goal, the stop tightens in an effort to reduce risk and systematically harvest gains. The stop is not a market or limit order stop placed with a brokerage firm.

IMPORTANT INFORMATION

Past performance does not guarantee future results. This is not an offer to buy or sell any security. No security or strategy, including those referred to directly or indirectly in this document, is suitable for all accounts or profitable all of the time and there is always the possibility of loss. You should not assume that any discussion or information provided here serves as a substitute for personalized investment advice from WBI or from any other investment professional. If you have any questions regarding the applicability of specific issues discussed to your individual situation, please consult with WBI or your chosen professional advisor. This information is compiled from sources believed to be reliable, accuracy cannot be guaranteed. Information pertaining to WBI's advisory operations, services, and fees is set forth in WBI's Form ADV Brochure, a copy of which is available upon request.

Net of Fee Performance (NFP) is net of WBI's investment management fees and includes reinvestment of dividends and other earnings.

Benchmark performance does not include the deduction of transaction and custodial charges, or the deduction of an investment management fee, which would likely reduce indicated historical performance results. Because the strategy involves active management of a potentially wide range of assets, no widely recognized benchmark is likely to be representative of the performance of any managed account. Therefore, WBI managed accounts may own assets and follow investment strategies which cause them to differ materially from the composition and performance of the benchmarks shown on performance or other reports. Benchmark indices are unmanaged and may not be invested in directly.

The WBI Dynamic Trailing Stop (DTS) is not a stop loss order or stop limit order placed with a brokerage firm, but an internal process for monitoring price movements. While the DTS may be used to initiate WBI's process for selling a security, it does not assure that a particular execution price will be received.

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MSCI World TR Gross Index: captures large and mid-cap representation of 23 developed markets with 1,653 constituents, covering approximately 85% of free-float capitalization of each country. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed, or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Dow Jones Industrial Average Index (DJIA): comprised of 30 large, publicly owned, U.S. based companies. Up and Down Capture Ratios: used to evaluate how well a manager performed relative to an index during periods when the index is up or down. Maximum Drawdown: measures the peak-to-trough loss of an investment, indicating capital preservation. Power Factors™: Trailing 12-month dilutes earnings from continuing operations to price ratio (E/P); Trailing 12-month free cash flow to price ratio (CF/P); Trailing 12-month sales to price ratio (S/P).

WBI's Global Tactical Rotation Strategy is one of six separately managed account strategies currently offered by WBI. Other strategies may have different results.

[1] "What Past Market Declines Can Teach Us." American Funds. Web. 2017.

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