



Redefine the Investor Experience

2020

a NEW VISION *for* INVESTING

In This Presentation



- Understanding the Math of Large Losses
- Why the Average Investor Fails to Buy and Hold
- How to Create a Better Experience for Investors
- Introducing Cy: A Revolutionary Turnkey Asset Management Platform (TAMP)

Why Investors Fail to Buy and Hold



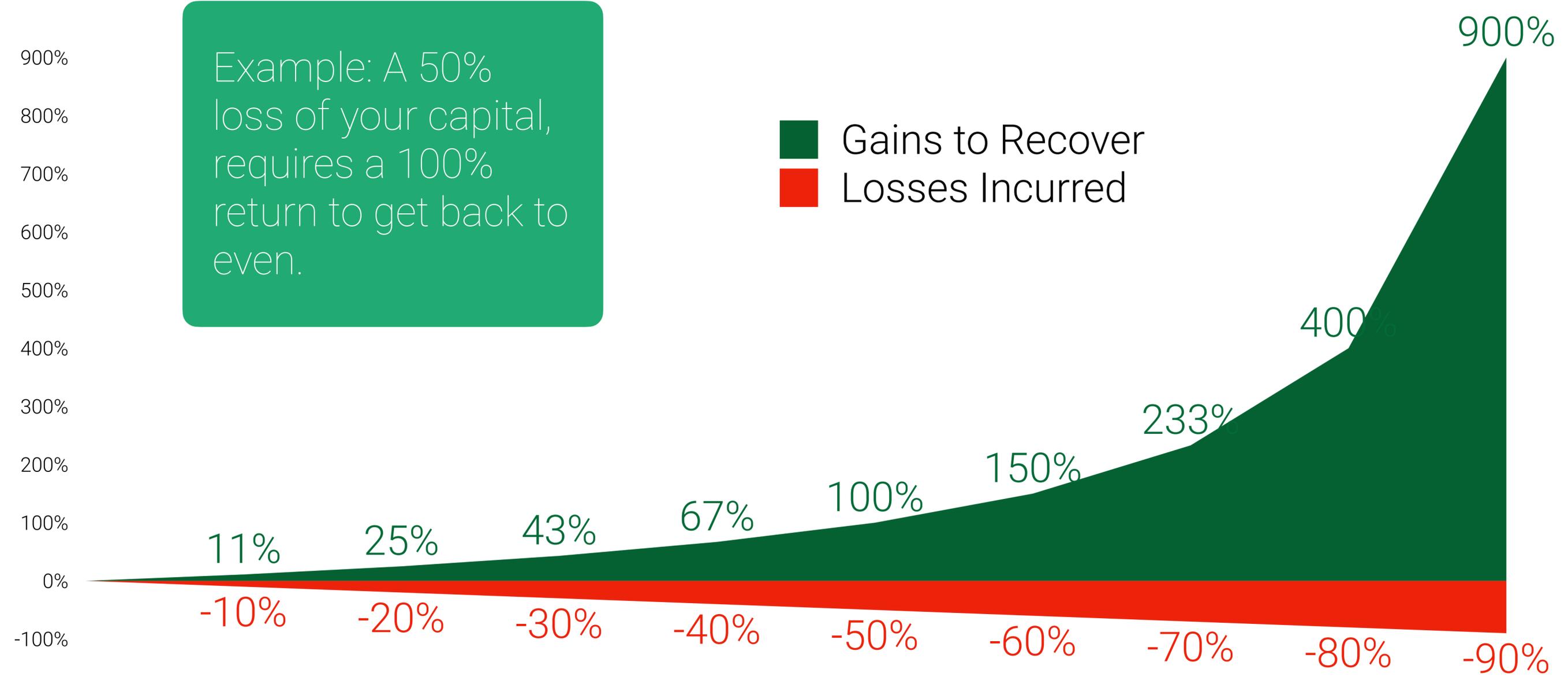
- The buy and hold mantra has become all the rage during the extended bull market that has made investing look easy, but we know that investing is never easy.
- In our experience, buy and hold leads investors to bail and fail.
- The average investor fails to capture market returns through traditional approaches.
- We believe that is because large losses drive them out of markets.

Source: DALBAR

The Math of Large Losses

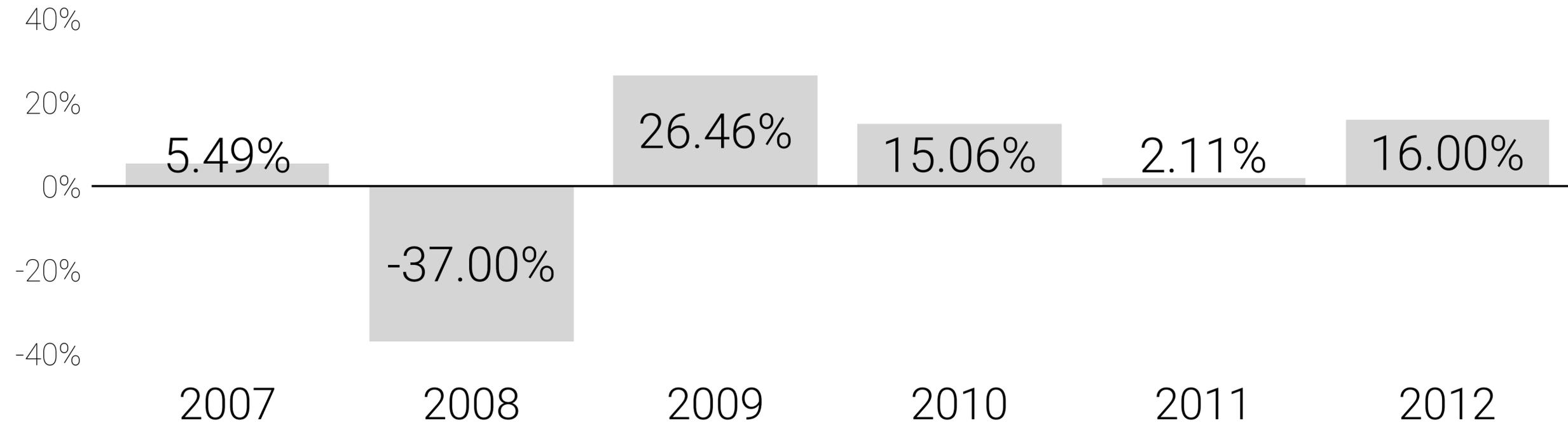


Example: A 50% loss of your capital, requires a 100% return to get back to even.



Source: WBI. Indices are unmanaged and may not be invested in directly. Past performance is not indicative of future results.

The Recovery Illusion



Source: Morningstar as of 12/31/2019. Total Return, Daily.
Past performance is not indicative of future results. Indexes are unmanaged and cannot be invested in directly.

When would a passive S&P 500 investor have recovered from the 2008 Financial Crisis?

Markets Tend to Fall Fast & Hard, Recoveries can be Slow & Long



DOT-COM CRASH **9/2/2000 - 10/9/2002**

-47.41%	768
Max Drawdown	# of Days Peak to Trough
10/23/2006	1,475
Recovery Date	# of Days to Recover

FINANCIAL CRISIS **10/10/2007 - 3/9/2009**

-55.25%	517
Max Drawdown	# of Days Peak to Trough
4/2/2012	1,120
Recovery Date	# of Days to Recover

Source: Morningstar, 2020. Total Return, Daily.
Past performance is not indicative of future results. Indexes are unmanaged and cannot be invested in directly.

The Performance Illusion



Annual returns can trick investors into thinking that published returns are consistently achieved, when they are not. Focus on the sequence of returns - gains AND losses.

Manager A- 33% Average Return

	Starting Value	Rate of Return	Ending Value
Year 1	\$1,000,000	99%	\$1,990,000
Year 2	\$1,990,000	-99%	\$19,900
Year 3	\$19,900	99%	\$36,600

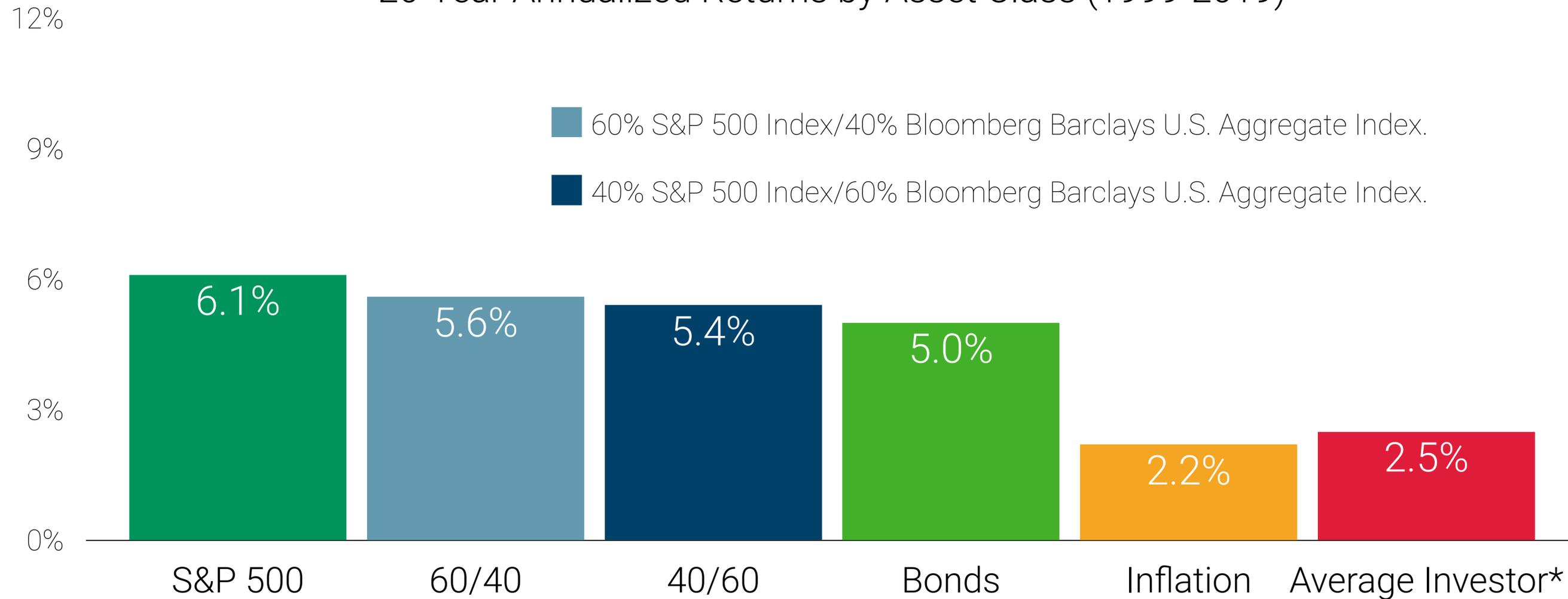
Manager B- 5% Average Return

	Starting Value	Rate of Return	Ending Value
Year 1	\$1,000,000	15%	\$1,150,000
Year 2	\$1,150,000	-15%	\$977,500
Year 3	\$977,500	15%	\$1,124,125

Source: WBI. Indices are unmanaged and may not be invested in directly. For illustrative purposes only. Past performance is not indicative of future results.

Investors vs. Markets

20-Year Annualized Returns by Asset Class (1999-2019)



Source: J.P. Morgan Asset Management. 2Q 2020 Guide to the Markets, 2020.

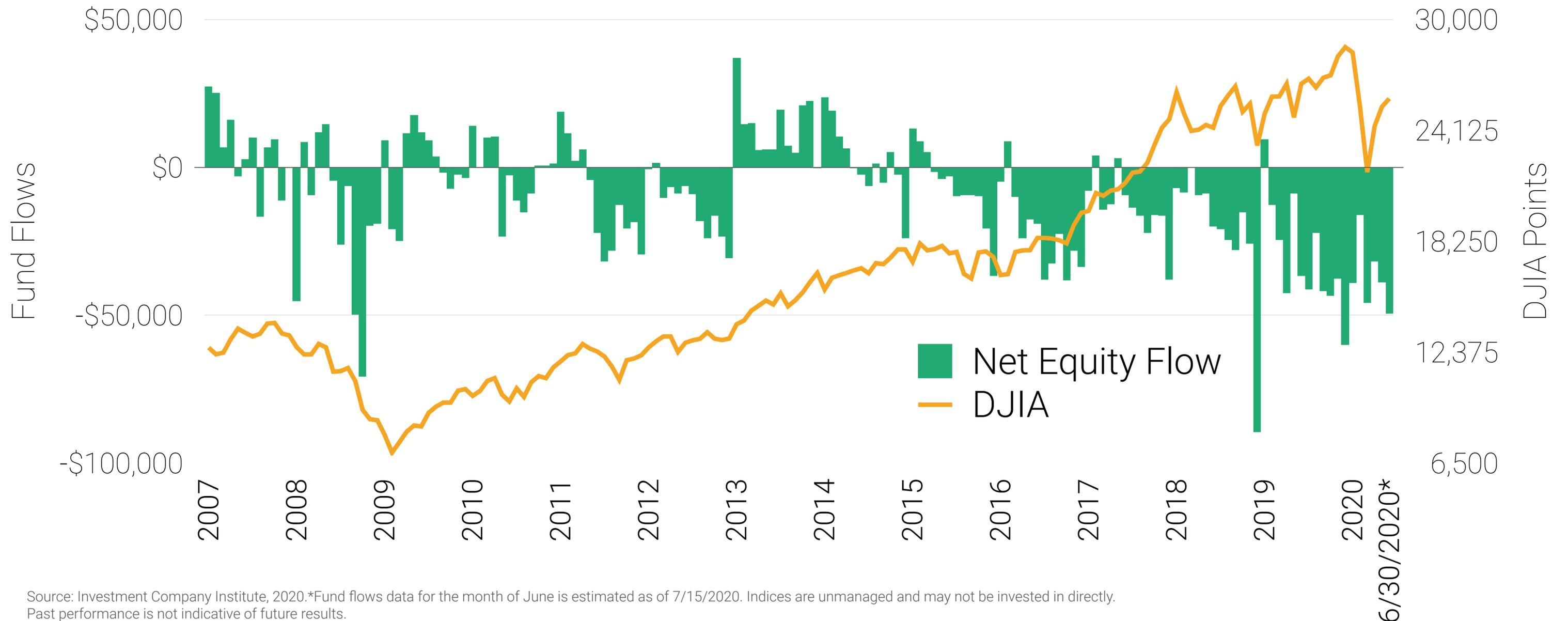
Indices are unmanaged and may not be invested in directly. Past performance is not indicative of future results.

*Average investor return provided by J.P. Morgan based on analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior.

The Proof is in the Flows



Monthly Fund Flows (Millions) in Declines & Recoveries 2007-2020



Source: Investment Company Institute, 2020.*Fund flows data for the month of June is estimated as of 7/15/2020. Indices are unmanaged and may not be invested in directly. Past performance is not indicative of future results.

How do we fix this?



Advisors need to help clients ***determine their real goals and risk level*** and create portfolios to meet those needs.

Advisors should serve as coaches, managing investor emotions through market turbulence and ***help them stay on track.***

What is Active Management?



Actively managed ETFs **do not seek to track the return of a particular index.**

An actively managed ETF's investment adviser, like that of an actively managed mutual fund, creates a **unique mix of investments** to meet a particular investment objective and strategy.

\$99 billion

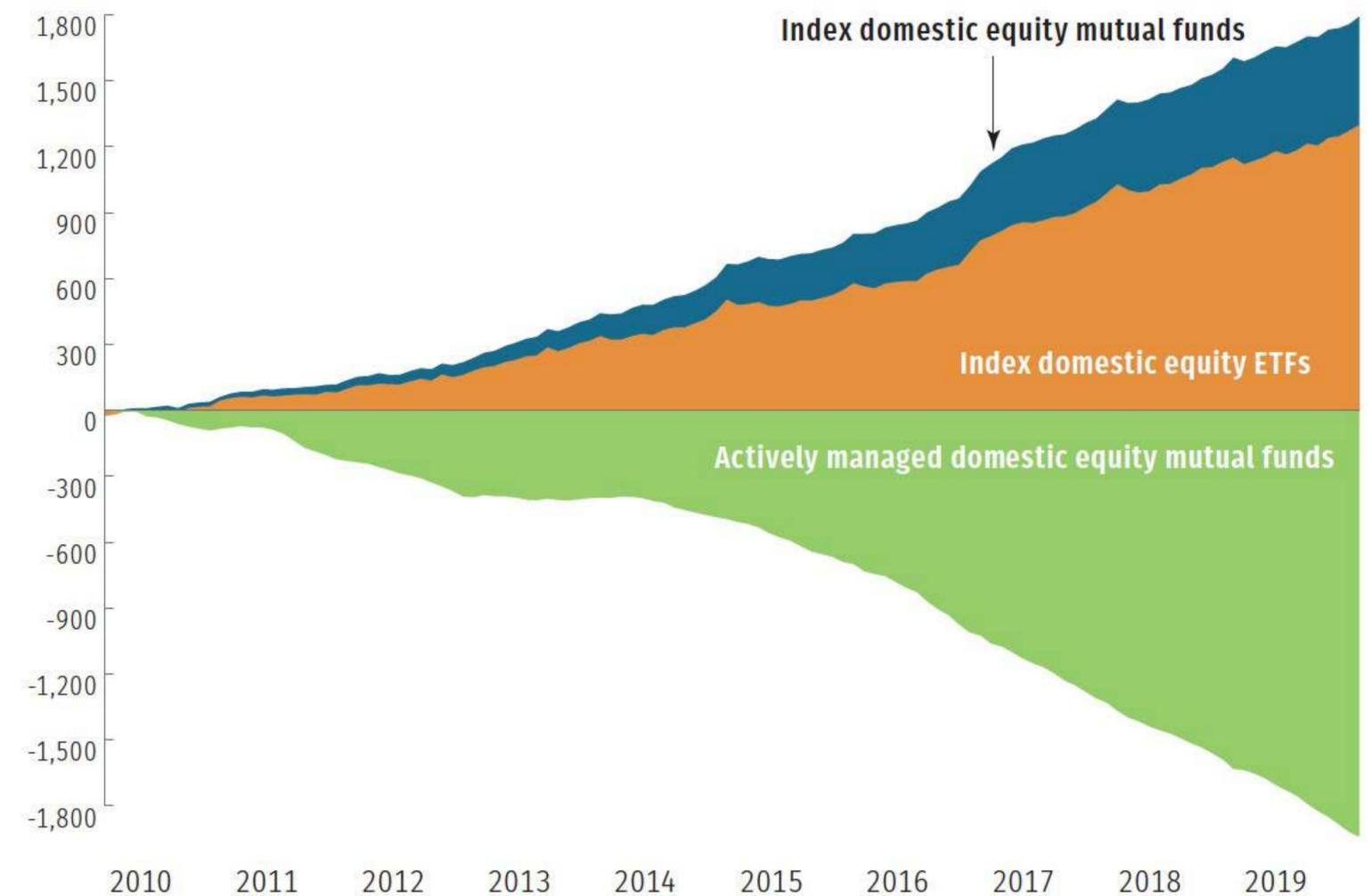
320 actively managed 1940 Act ETFs year-end 2019 net assets

Source: ICI, 2020.

The Active vs. Passive Debate



Cumulative flows to domestic equity mutual funds and net share issuance of index domestic equity ETFs, billions of dollars, monthly.



Source: ICI, 2020. Note: Mutual fund data include net new cash flow and reinvested dividends; ETF data for net share issuance include reinvested dividends.

Actively managed domestic equity mutual funds continued to experience net outflow, reflecting two major factors:

- redemptions to keep equity allocations at their portfolio targets alongside substantial gains in US stock prices during the year, and
- an ongoing shift to index-based products.

Active Underperformance Myth



The active vs. passive debate tends to focus on the average performance of active managers, undervaluing the top performing managers. Since 2000:

- The top 50% of active managers have outperformed the passive S&P 500 index.
- The top 50% experienced a lower average max drawdown than the S&P 500 Index.

Manager Performance Ranking	# of Products in Ranking	Average Net of Fee Performance for Ranking	Average Growth of \$1M* for Ranking	Average Max Drawdown for Ranking	Average Alpha for Ranking
Top 10%	25	9.71%	\$5,387,134	-49.63%	5.61%
Top 20%	50	8.89%	\$4,711,415	-48.78%	4.79%
Top 25%	63	8.59%	\$4,493,113	-48.76%	4.50%
Top 30%	76	8.34%	\$4,314,420	-48.57%	4.26%
Top 40%	101	7.94%	\$4,044,206	-48.45%	3.85%
Top 50%	126	7.62%	\$3,842,356	-48.34%	3.49%
Active Equity Large Blend Universe		6.39%	\$3,161,711	-48.84%	2.07%
S&P 500 Index		5.40%	\$2,578,787	-50.90%	

Source: Morningstar, Net of Fee, 1/1/2000 through 12/31/2017. *Hypothetical \$1,000,000 investment. Rankings based on growth of investment.

Past performance is not indicative of future results. Indexes are unmanaged and cannot be invested in directly. 252 actively managed products in the U.S. Equity Large Blend Morningstar Global Category Universe. Definitions can be found on slide 18.

The Cyborg Advisor



A Cyborg is a being with both artificial and natural systems. Both human and machine.

WBI Technologies' Cy is programmed to defend humans by bringing a technology that aids in defending against the dark fate of low-cost passive indexing.

We believe that bringing human advisors and Cy's technology together creates unbelievable value-add synergies for the client.

Advisors bring the personal touch through advice and vital customer service. Cy targets higher returns above low-cost indexing or robo-DIY platforms.

What can Cy do for you?



**Starts with a universe
of 30,000+ mutual
funds, ETFs, and
SMAs and then
analyzes...**

millions

of data points analyzed for manager selection and ranking

thousands

of portfolio simulations to arrive at the optimal blend of managers that aim to produce the targeted outcome your client requires

one custom portfolio

built to target your loss and return needs

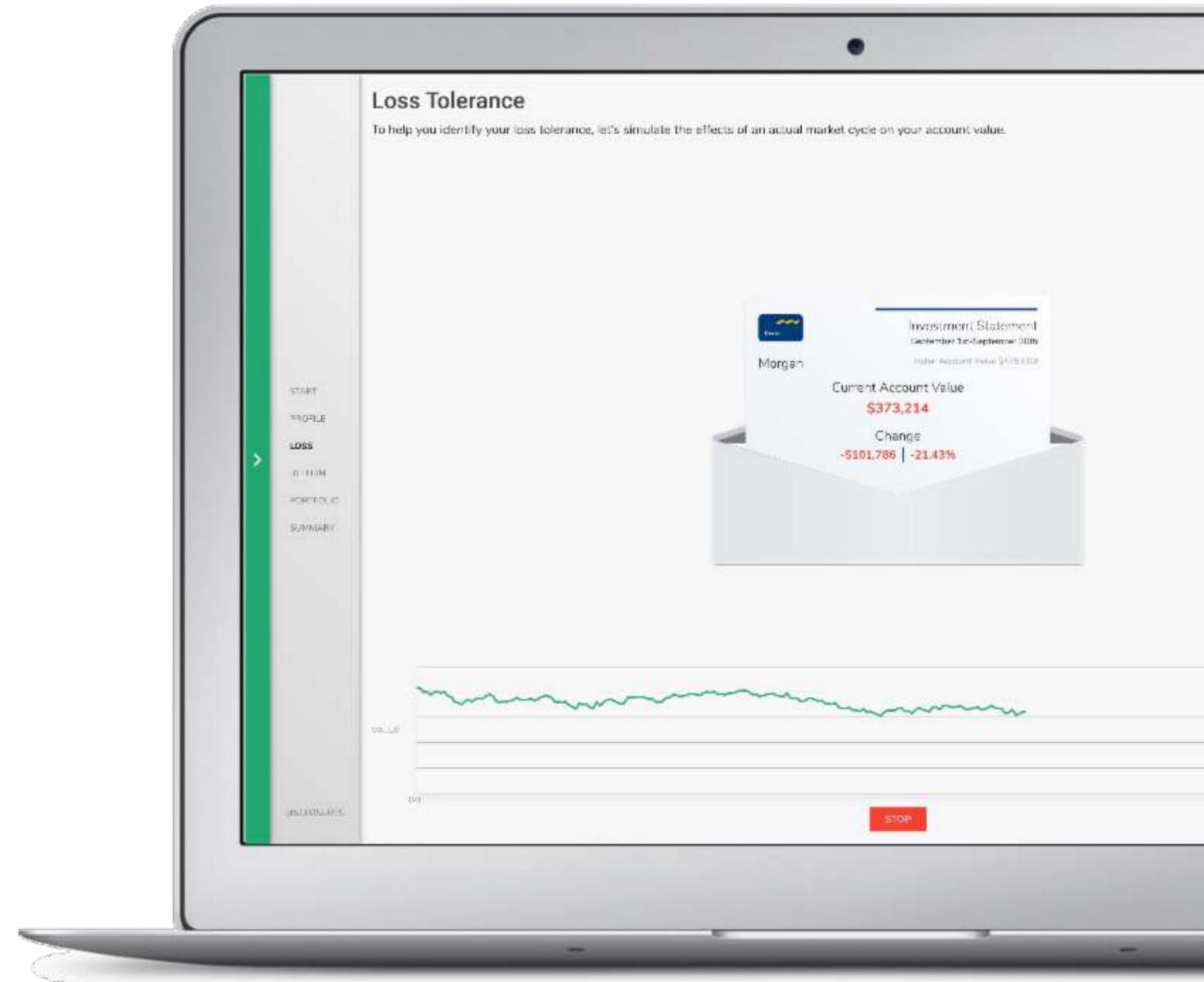
Ditch the Risk Ambiguity



What does your “Risk” Number, Conservative, Moderate, or Aggressive even mean?

Help clients better grasp investing risk and anchor portfolios to the number that matters in a way investors understand: **lost capital.**

Cy’s immersive Loss Calculator helps clients identify when they have had enough and are ready to cash out of markets.



There is always the possibility of loss, including the loss of initial investment. Since the portfolio optimization process is designed to identify available managers who have demonstrated superior risk and return outcomes over several full market cycles, Cy uses historical data from January of 2000 through the end of the most recent calendar year end. Cy's optimization process employs quarterly rebalancing of the manager allocations using the weights displayed above. This information is for illustrative purposes only and does not reflect an actual client account.

Visit investwithcy.com

Key Takeaways



- The Math of Large Losses does not support Buy & Hold
- The Average Investor fails to achieve their investing goals because losses regularly exceed their tolerance levels
- With Cy, Advisors can bring value to their business and partner with investors to help them navigate markets with a plan designed to achieve their goals.



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WBI has an inherent conflict of interest in investing in or recommending Affiliated ETFs as follows: 1) WBI and affiliates receive management fees from Affiliated ETFs. To avoid receiving two layers of management fees in situations where clients invest in Affiliated ETFs through SMA and Platform accounts, WBI will either: (i) waive the management fee at the account level; or (ii) credit the management fees paid by the Affiliated ETFs to WBI and its affiliates with respect to an account's investments in Affiliated ETFs against the account-level advisory fees the account owes WBI, and 2) WBI's affiliated broker-dealer, Millington Securities, Inc., receives compensation (including payment for order flow, commissions or other fees) for transactions effected on behalf of Affiliated ETFs. Trades WBI places through Millington will be subject to WBI's duty of best execution and applicable law.

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S&P 500 TR Index: includes a representative sample of large-cap U.S. companies in leading industries where all payouts (dividend) are reinvested automatically. Bloomberg Barclays US Aggregate Bond TR Index: a component of the US Universal Index and covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. Max Drawdown: A portfolio's maximum loss in a peak-to-trough decline before a new peak is attained. Max Drawdown Peak Date: The date at which the maximum drawdown began. Max Drawdown # of periods: The number of months in a peak-to-trough decline that encompass the maximum drawdown for an investment. Max Drawdown Recovery Date: The end-of-month recovery date of a trough-to-peak decline during a specific time period. Max Drawdown Recovery # of periods: The number of periods of the trough-to-peak incline during a specific period of an investment or fund.

Returns for average equity and fixed-income investors calculated by DALBAR. DALBAR uses data from the Investment Company Institute (ICI), Standard & Poor's, Bloomberg Barclays Indices and proprietary sources to compare mutual fund investor returns to an appropriate set of benchmarks. The study utilizes mutual fund sales, redemptions and exchanges each month as the measure of investor behavior. These behaviors reflect the "average investor." Based on this behavior, the analysis calculates the "average investor return" for various periods. These results are then compared to the returns of respective indexes. Ending values for the indexes and hypothetical equity and fixed-income investor investments are based on average annual total returns. Active Managers are typically managers who use security selection and weighting to outperform a benchmark index.

Although a company may pay a dividend, prices of equity securities – including those that pay dividends – fluctuate. Investing on the basis of dividends alone may cause an investor to buy or sell certain securities when circumstances may or may not be favorable.

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About the service. Cy is a proprietary algorithmic investment tool developed by WBI Investments, Inc. ("WBI") in conjunction with WBI Technologies LLC. The hypothetical Cy optimized portfolio and related output presented in this brochure is a sample output provided for illustrative purposes only, in order to provide an example of Cy's process, methodology and outputs. The target objectives applied for the sample optimized portfolio performance (worst calendar return of -10% and required rate of return of 8%) were selected as a common retirement investor preference, but may not be suitable objectives for all investors. Actual results may differ materially from those portrayed herein. Therefore, it should not be assumed that the future results of any specific investment strategies analyzed by Cy will be profitable or equal the results portrayed herein. Moreover, the analysis provided by the Cy optimization tool may vary with each use and over time.

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Model risk. Cy is a proprietary algorithmic investment model that seeks to develop a portfolio with the characteristics selected by an adviser using current and historical investment manager data. The models and techniques used by WBI in developing and designing the algorithms underlying Cy are based on the information and data available to Cy as well as on assumptions, assessments and estimates, all of which are subject to error. As a result, the algorithmic model may not account for all relevant factors or may not account for any such factors correctly. There can be no assurance that Cy's models or techniques will be effective. There is no assurance that the model will be successful in identifying a portfolio that provides the desired risk/return level, and the model may produce unexpected results, which can result in losses for an investor. The Cy algorithmic model, including the assumptions and parameters embedded in the model, is subject to review and adjustment from time to time in our sole discretion, and we will not provide notice of any changes to our model.

Risks Associated with Underlying Managers. As with all securities analyses, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, WBI does not control the underlying managers and there is a risk that a manager may deviate from the stated investment strategy that was the basis of Cy's analysis. Cy's analysis is also limited to the investment managers on a given platform and other investment managers not considered by Cy may have characteristics similar or superior to those being analyzed.

Risks of Third Party Data. Cy's analysis relies on the assumption that the managers or other data providers on a given platform are providing accurate, reliable and unbiased data and information. WBI makes no representations or warranties with respect to the third-party information utilized by Cy, and to the extent permitted by law we specifically disclaim and will not accept any responsibility for loss or damage arising out of use or reliance by you or any other person upon incorrect, incomplete, inaccurate, or misleading third party data accessed through Cy.

Affiliated investments. WBI serves as a subadviser to certain exchange-traded funds, and may separately offer its advisory services on any given platform (such funds and services referred to herein as ("WBI Proprietary Products"). Cy does not exclude WBI's Proprietary Products when analyzing the managers available on a particular platform. As such WBI may be subject to a conflict of interest with respect to potentially recommending WBI Proprietary Products. However, Cy's mathematical models analyze WBI Proprietary Product performance using the same methodology as any other adviser on a platform. The services are protected by a combination of copyright, trade secret laws and patent protection. Portions of the Services contain information and data from third party providers, subject to their own copyright provisions. WBI, its affiliate WBI Technologies, LLC and our third-party licensors retain ownership of all intellectual property rights of any kind related to the services, including applicable copyrights, trademarks and other proprietary rights. Neither the services nor the source code, or any part thereof may be extracted, modified, utilized to create a derivative work of, reverse engineered or decompiled.

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