



# Investment strategy recommendation

This investment strategy recommendation  
has been prepared exclusively for  
Sample Client

**XYZ Securities**

**Joe Sample, CLU, ChFC**  
215-407-5555 | [joe@sample.com](mailto:joe@sample.com)

Dear Mr. & Mrs. Sample,

Thank you for the opportunity to review your investment objectives and to provide you with the following investment strategy recommendation. Working together as a team, Brinker Capital and XYZ Securities will focus on meeting your needs and achieving your goals.

This investment proposal will provide you with an overview of your investment objectives as well as insight into Brinker Capital's investment philosophy and approach. Since investments and the market can be complex, we aim to provide you with an improved understanding of our collaborative strategy to help you make more informed decisions.

Since 1987, Brinker Capital has cultivated what we believe are great ideas from actively listening to the needs of financial advisors and investors. As a leading independent investment management firm, Brinker Capital has maintained a disciplined, broadly diversified approach to helping investors achieve better outcomes.

If you have questions about the proposed investment strategy or need adjustments made, please contact XYZ Securities.

Sincerely,  
XYZ Securities  
and  
Brinker Capital Wealth Advisory

# Investment profile

The following is a summary of your investment objectives

## Sample Client Trust dated 1/1/2018 allocation factors

- **Primary investment objective:**  
Moderately Conservative - Long-term growth of capital with a modest level of volatility
  - **Time horizon:** Five to ten years
  - **Income requirements:** \$13,666.67 monthly
  - **Investment amount:** \$3,500,000
  - **Registration type:** Trust
  - **State of residency:** Pennsylvania
  - **Tax bracket:** 35%
  - **Subject to alternative minimum tax:** No
  - **Net worth, excluding residence:** \$1,000,000 - \$4,999,999
- 

## John Sample IRA allocation factors

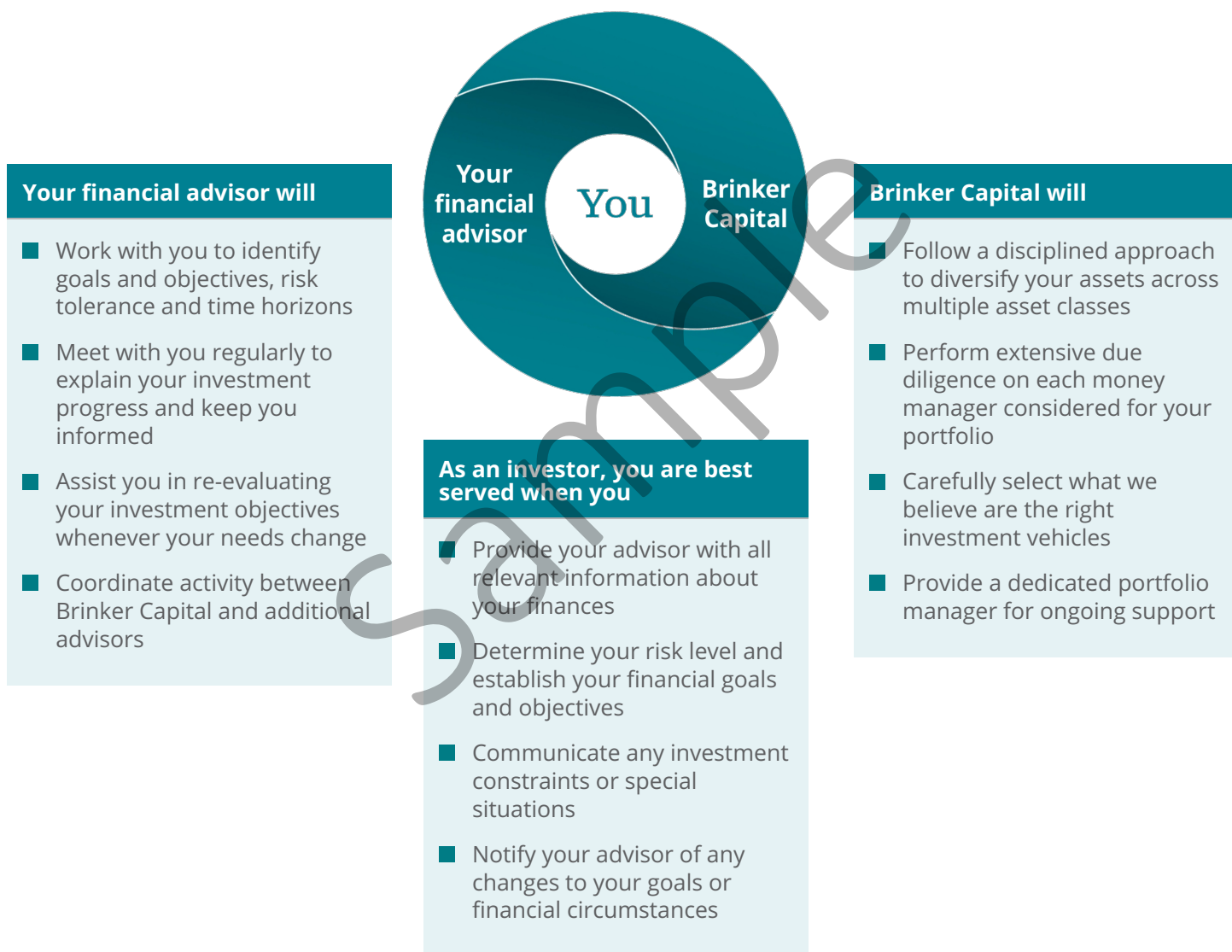
- **Primary investment objective:**  
Moderately Conservative - Long-term growth of capital with a modest level of volatility
  - **Time horizon:** Five to ten years
  - **Income requirements:** None
  - **Investment amount:** \$500,000
  - **Registration type:** IRA
  - **Tax bracket:** 35%
  - **Subject to alternative minimum tax:** No
  - **Net worth, excluding residence:** \$1,000,000 - \$4,999,999
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## Jane Sample IRA allocation factors

- **Primary investment objective:**  
Moderately Conservative - Long-term growth of capital with a modest level of volatility
  - **Time horizon:** Five to ten years
  - **Income requirements:** None
  - **Investment amount:** \$100,000
  - **Registration type:** IRA
  - **Tax bracket:** 35%
  - **Subject to alternative minimum tax:** No
  - **Net worth, excluding residence:** \$1,000,000 - \$4,999,999
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# A collaborative approach

Brinker Capital Wealth Advisory works with your financial advisor to identify the most appropriate investment strategy to meet your unique needs.



# Investment management

## About Brinker Capital

Brinker Capital provides investment advisory and management services through customized solutions to help individuals, families and institutions protect and build wealth.

We implement what we believe are **great ideas** with a **disciplined** approach to offer solutions designed to deliver **better outcomes** based on investors' personal goals.

As an independent, privately-owned investment manager backed by decades of discipline and fiduciary experience, we employ a multi-asset class approach to managing wealth.

This independence enables us to have the flexibility to make business changes, improve our enterprise, and act in the best interest of our clients. We believe that investing should be personal and focused on achieving goals and objectives.

**\$22.2 billion**  
in assets under management

Founded in **1987**

**Independent**  
investment management

**160** investment and service professionals

More than **57,000** investors have entrusted us with their wealth

We support over **5,100** financial advisors

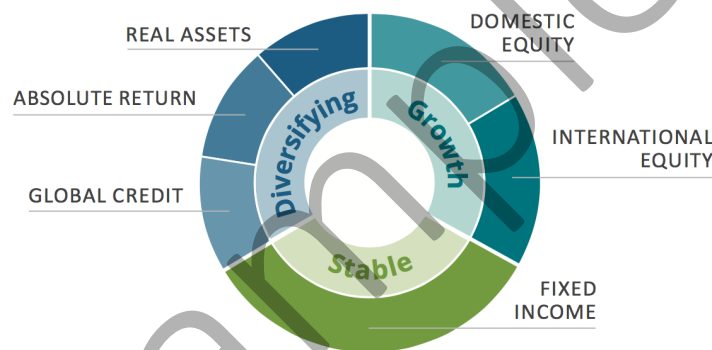
Portfolio track record of **23** years

As of June 30, 2018

# Investment management

## Philosophy and approach

- Wealth cannot be created if capital is not invested - and remains invested
- Thoughtfully constructing portfolios with a mix of **growth**, **stable** and **diversifying** assets enables investors to focus on outcomes
- Dynamic, multi-asset class portfolios can deliver more consistent risk-adjusted returns, keeping investors invested
- Accountability and alignment of interests with our clients is paramount



### Growth: Capital appreciation | Higher volatility

DOMESTIC EQUITY	Large cap	Mid cap	Small cap	Micro cap	All cap	Growth	Value	High dividend	Dividend growth	Private equity
INTERNATIONAL EQUITY	Developed markets	Emerging markets	Frontier markets	Small cap	Micro cap	Growth	Value	Private equity		

### Stable: Hedge to growth assets | Lower volatility | Income

FIXED INCOME	Short duration	Interm. duration	Long duration	Treasuries	Mortgage-backed securities	Invest. grade corporates	TIPS	Muni. bonds
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### Diversifying: Differentiated source of return | Varied volatility

GLOBAL CREDIT	US high yield		Non-US fixed income		Emerging market debt		Preferred stocks	
ABSOLUTE RETURN	Long/short credit	Long/short equity	Event driven	Global macro	Relative value	Merger arb.	Managed futures	Closed-end funds
REAL ASSETS	Natural resources		REITs		Commodities		MLPs	

Source: Brinker Capital. The chart is hypothetical in nature and is not intended to represent any Brinker Capital investment portfolio. Shown for illustrative purposes only.



# Investment management

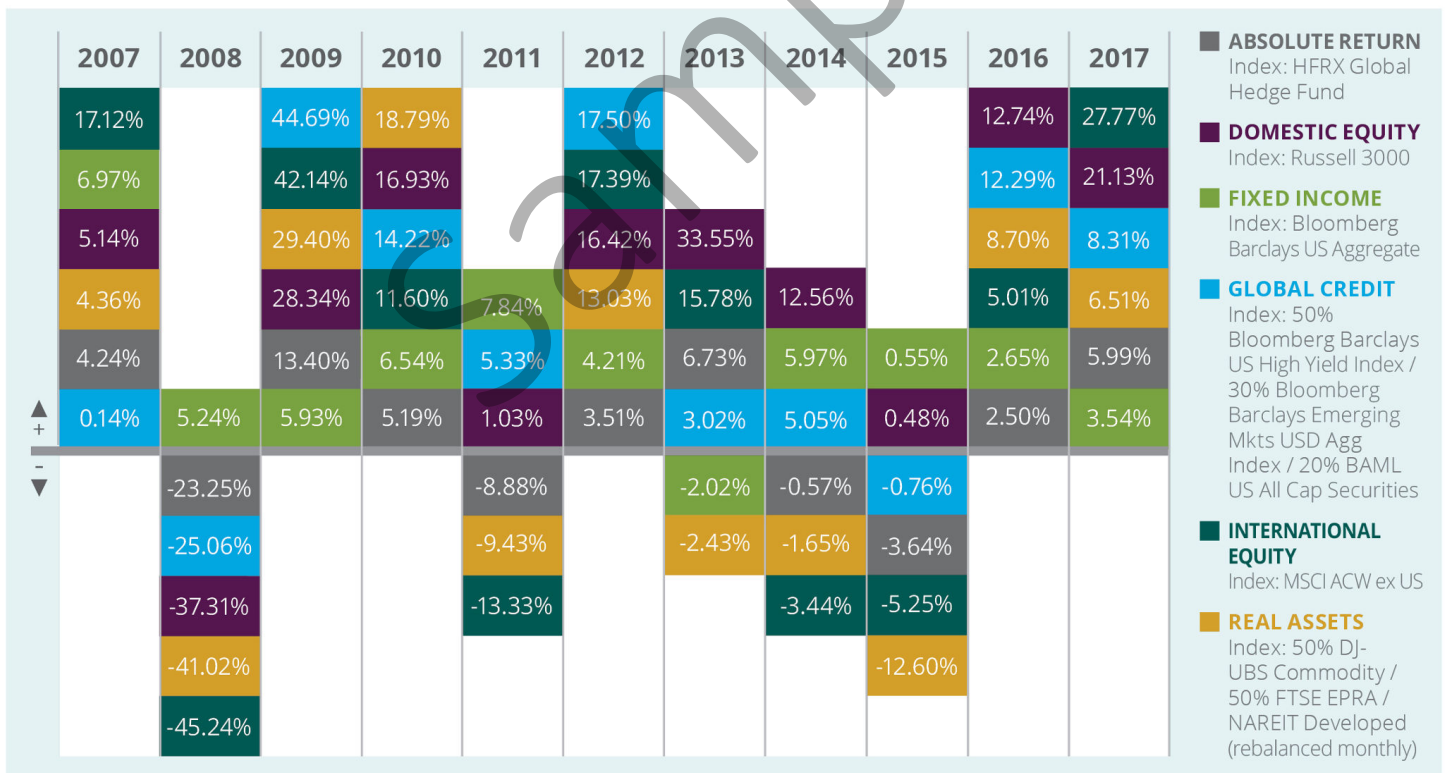
## Principles and competencies

The principles that guide us are:

- **Diversification** - Multi-asset class investing for more consistent, risk-adjusted returns
- **Innovation** - We seek opportunities beyond style boxes and published data
- **Active management** - Value creation through asset allocation and strategy selection

Our core competencies are:

- **Asset allocation** - We identify cyclical and secular trends to generate alpha
- **Manager due diligence** - Active managers who create value exist and can be identified
- **Portfolio construction** - We build dynamic portfolios across the risk spectrum



Prior to April 1, 2012, the Global Credit Index was comprised of the following: 50% Bloomberg Barclays US High Yield Index / 30% Bloomberg Barclays Emerging Markets USD Aggregate Index / 20% BAML Perpetual Preferred Security Index. Diversification does not ensure success or guarantee against loss. Please refer to the Disclosure and Glossary of Terms pages for additional information.

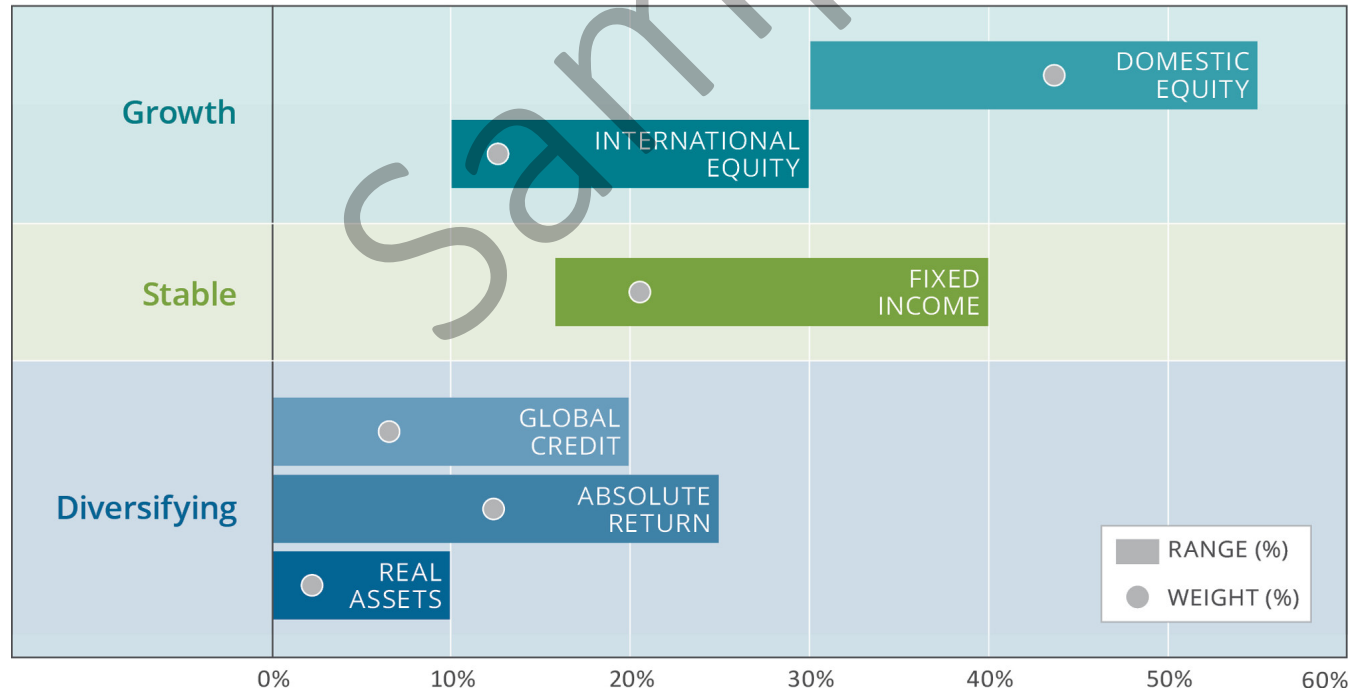
# Investment management

## Dynamic asset allocation

Our dynamic portfolios feature a strategic approach complemented by an active overlay.

- Set long-term strategic asset class weights
- Implement active shifts across and within asset classes
- Reallocations occur throughout the year as dictated by market conditions and our macro view

Ranges and allocations of a moderate portfolio



Source: Brinker Capital. The chart is hypothetical in nature and is not intended to represent any Brinker Capital investment portfolio. Shown for illustrative purposes only.



# Investment management

## Manager research and selection

Our comprehensive approach to portfolio design goes beyond style boxes and trending investment managers.

We consider the underlying positions of a holding, how the managers operate and how they may complement other managers within the portfolio. We find managers to play a specific role

within a portfolio and remain flexible in how we implement our multi-asset class investment philosophy.

Because the markets can change quickly, we maintain active oversight of our portfolios. We strive to incorporate our best ideas into your portfolio so that it reflects our most up-to-date thinking and current market conditions.

### Determine new manager needs within the portfolio:

- New asset class or strategy
- Additional depth within an asset class
- Manager replacement
- Specific manager characteristics needed
- Consider relevant managers not found through traditional screens

### Advanced due diligence performed on finalists in a manager search:

- Onsite visit
- Quantitative attribution and risk decomposition
- Analysis of potential manager combinations
- Manager summary memo
- Manager scorecard

### Strategy universe

Filter strategy universe

### Relevant managers

Qualitative and quantitative screenings

Strategy review

Correlation analysis

Manager interviews

### Top picks

Advanced due diligence



Brinker Capital portfolios

### Initial due diligence process includes:

- Introductory call
- Review of firm, team, philosophy and process
- Historical performance and risk analysis
- Additional factors including fees and strategy flows
- Due diligence questionnaire

# Investment management

## Construction and monitoring



Daily

- Review absolute & relative performance of portfolios & managers
- Evaluate performance attribution
- Review market & economic charts
- Leverage investment research
- Communicate with managers



Monthly

- Meet to review findings
- Assess drift in major & sub asset class weightings
- Stress test & report on risk



Quarterly

- Reaffirm market outlook
- Review positioning for potential reallocations
- Assess the need for any new manager searches



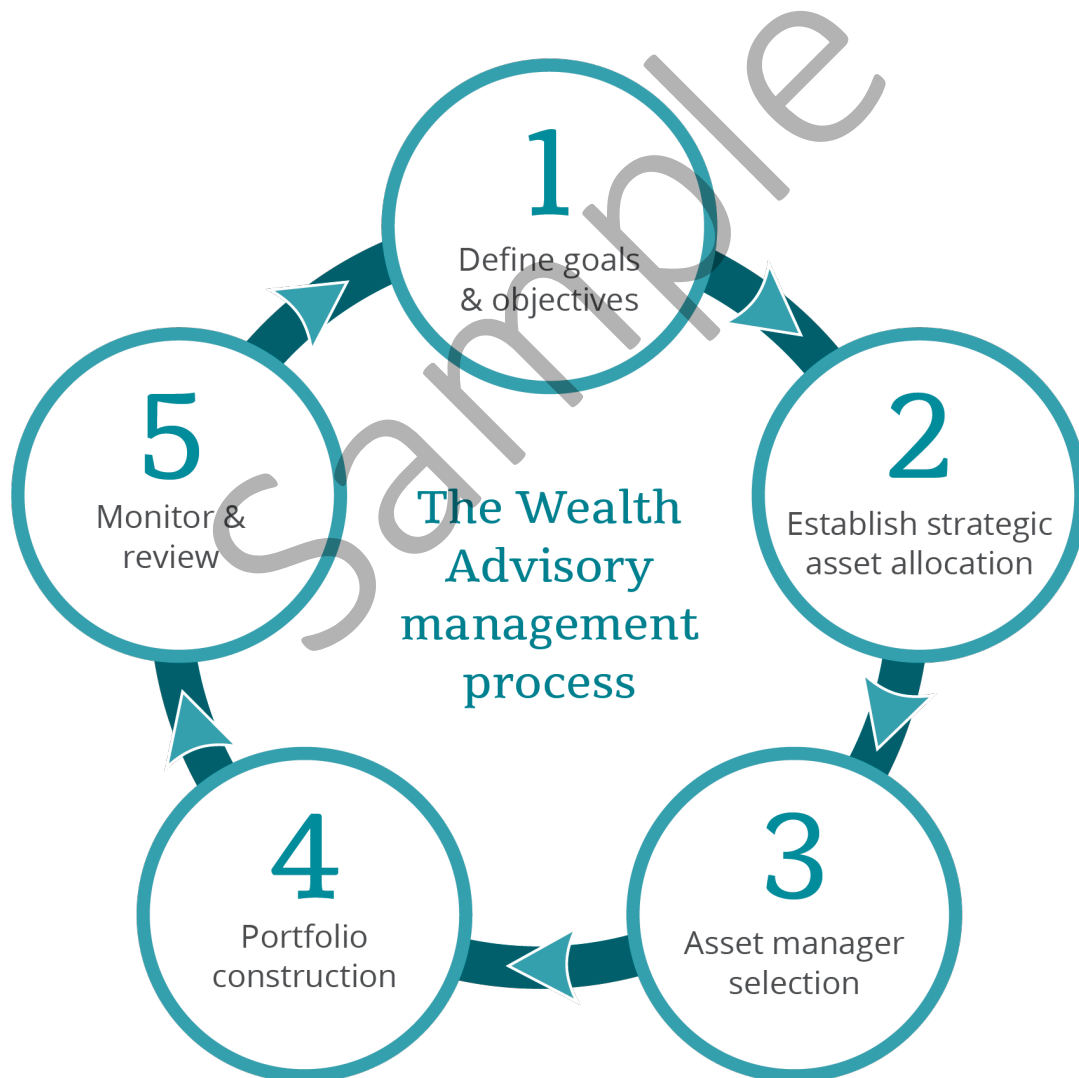
Annually

- Perform onsite meetings with all active managers
- Review annual manager questionnaire
- Complete a new manager scorecard
- Assess asset manager performance relative to expectations

# Portfolio design

## A comprehensive and customized approach

- Tailored portfolio and risk management
- Manager selection based on unique circumstances
- Asset allocation, which may reflect outside assets
- Tax considerations
- Goals-based investment solutions



# Portfolio allocation themes

Our market insights and risk positioning help shape portfolio allocations

Brinker Capital Market Barometer

Factors	Change	Negative	Neutral	Positive	Commentary
Short-term factors (<6 months)	Momentum		●		US indexes above moving averages; International indexes below
	Trend		●		Mixed
	Investor sentiment		●		Remains in neutral territory
	Seasonality	●			3Q and period preceding mid-term elections historically weaker
Intermediate-term factors (6-36 months)	Fiscal policy			●	Fiscal stimulus (tax cuts, deregulation); uncertainty over tariffs
	Monetary policy		●		Fed tightening; ECB and BOJ still modestly accommodative
	Inflation			●	Inflation measures approaching Fed's target
	Interest rate environment		●		Longer-term rates range-bound; further yield curve flattening
	Macroeconomic			●	GDP growth accelerating and should benefit from tax cuts
	Business sentiment			●	CEO and small business confidence at high levels
	Consumer sentiment			●	Remains elevated
	Corporate earnings			●	Global earnings growth at a high level
	Credit environment			●	Credit spreads behaved but watching for signs of stress
Long-term factors (36+ months)	Valuation		●		Global equity valuations have come down closer to LT averages
	Business cycle			●	Second half of cycle; long recovery but has been muted
	Demographics		●		Mixed (US and EM positive; DM negative)

Key investment themes

Theme	Primary implementation	Rationale
Reflationary policies	<ul style="list-style-type: none"> <li>Overweight equity</li> <li>Real assets</li> </ul>	<ul style="list-style-type: none"> <li>A new tax plan and a more benign regulatory environment will serve to boost growth and inflation</li> </ul>
The road to interest rate normalization	<ul style="list-style-type: none"> <li>Shorter duration</li> <li>Yield cushion</li> <li>Lower volatility absolute return</li> </ul>	<ul style="list-style-type: none"> <li>Long-term bias is for rates to move higher; road to rate normalization will be choppy and protracted</li> <li>Favor credit risk over interest rate risk</li> </ul>
Return of volatility	<ul style="list-style-type: none"> <li>Favor active management</li> </ul>	<ul style="list-style-type: none"> <li>Markets more susceptible to macro influences</li> <li>Exacerbated by increased passive ownership</li> </ul>
Inefficient and/or undiscovered markets	<ul style="list-style-type: none"> <li>Microcap</li> <li>Event driven</li> </ul>	<ul style="list-style-type: none"> <li>Active management can add significant value in inefficient asset classes</li> </ul>

As of July 2, 2018

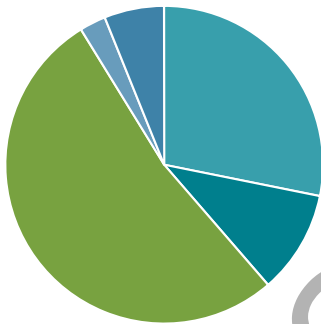
Source: Brinker Capital. Views may change over time. Themes and specific funds utilized to implement themes are discussed within the context of Brinker Capital's managed asset allocations and are based on current market conditions and constitute Brinker Capital's judgment and opinions, which are subject to change without notice. Past performance does not guarantee future results. Statements referring to future actions or events, such as the future financial performance of certain asset classes or market segments, are based on the current expectations and projections about future events provided by various sources, including Brinker Capital's Investment Management Group. These statements are not guarantees of future performance and actual events may differ materially from those discussed.

# Investment recommendation

Considering investment timeframe, objectives and risk profile, we recommend the following allocation:

## Sample Client

Account name	Strategy	Amount
Sample Client Trust dated 1/1/2018	Core Asset Manager	\$3,500,000
John Sample IRA	Core Asset Manager	\$500,000
Jane Sample IRA	Core Asset Manager	\$100,000
<b>Sample Client Total</b>		<b>\$4,100,000</b>



Asset class	Weight	Amount
DOMESTIC EQUITY	28%	\$1,155,000
INTERNATIONAL EQUITY	10%	\$430,000
FIXED INCOME	53%	\$2,155,000
GLOBAL CREDIT	3%	\$110,000
ABSOLUTE RETURN	6%	\$250,000

# Customized portfolio allocation

As of 8/31/2018. Holdings subject to change. Information shown for comparison purposes. Please refer to the Disclosure and Glossary of Terms pages for additional information.

Investment manager	Registration name	Amount	Weight	Estimated income
<b>DOMESTIC EQUITY</b>				
The London Company Income Equity Large Cap Value	Sample Client Trust dated 1/1/2018	\$345,000	8.41%	\$9,350
Sustainable Growth Advisors U.S. Large Cap Growth SMA Domestic Equity	Sample Client Trust dated 1/1/2018	\$325,000	7.93%	\$3,348
iShares Core S&P 500 ETF	Sample Client Trust dated 1/1/2018	\$165,000	4.02%	\$3,069
iShares Russell 2000 ETF	Sample Client Trust dated 1/1/2018	\$85,000	2.07%	\$986
GW&K SMID Cap Core	John Sample IRA	\$235,000	5.73%	\$2,491
<b>INTERNATIONAL EQUITY</b>				
Lazard Intl Equity Select ADR SMA International Equity	Sample Client Trust dated 1/1/2018	\$195,000	4.76%	\$4,154
iShares Core MSCI EAFE ETF International Equity	Sample Client Trust dated 1/1/2018	\$80,000	1.95%	\$2,376
Baron Emerging Markets Fund Emerging Markets	John Sample IRA	\$155,000	3.78%	\$760
<b>FIXED INCOME</b>				
Belle Haven Ladder PLUS SMA Municipal Fixed Income	Sample Client Trust dated 1/1/2018	\$2,055,000	50.12%	\$78,090
Roosevelt Current Income Portfolio	Jane Sample IRA	\$100,000	2.44%	\$4,690
<b>GLOBAL CREDIT</b>				
RiverPark Strategic Income Institutional Fund High Yield	John Sample IRA	\$110,000	2.68%	\$5,225

# Customized portfolio allocation

As of 8/31/2018. Holdings subject to change. Information shown for comparison purposes. Please refer to the Disclosure and Glossary of Terms pages for additional information.

Investment manager	Registration name	Amount	Weight	Estimated income
<b>ABSOLUTE RETURN</b>				
Asset Class Strategies Absolute Return	Sample Client Trust dated 1/1/2018	\$250,000	6.10%	\$3,325
AMG River Road Long-Short Fund			1.43%	
William Blair Macro Allocation Fund			1.36%	
IQ Hedge Multi-Strategy Tracker ETF			1.29%	
AQR Style Premia Alternative LV Fund			1.25%	
SilverPepper Merger Arbitrage Fund			0.51%	
Cash			0.27%	



# Portfolio analytics

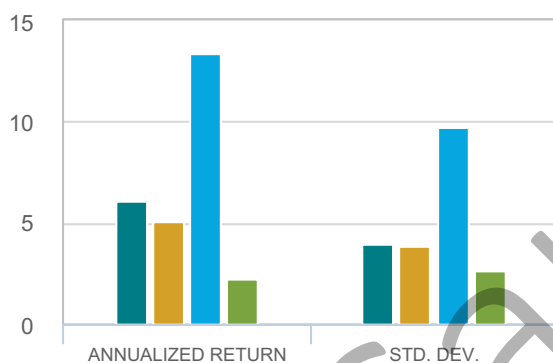
## Risk and return (gross of fees)

Allocating assets within a risk budget is one of the key elements for successful portfolio management.

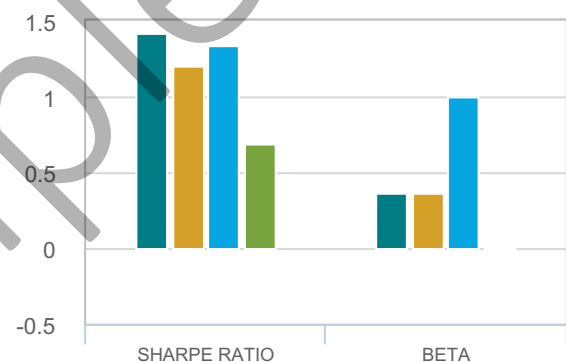
This analysis allows an investor to gain an understanding for the amount of risk the recommended strategy contains. In addition, it helps illustrate how this allocation might react in different market environments.

RECOMMENDED INVESTMENT STRATEGY  
Blended Benchmark  
S&P 500  
BB US Aggregate

### Risk and return (July 2013 - June 2018)



### Risk statistics (July 2013 - June 2018)



### Risk analysis (July 2013 - June 2018)

	Annualized return	Standard deviation	Sharpe ratio	Max drawdown	Beta
RECOMMENDED INVESTMENT STRATEGY	6.08%	3.97%	1.42	-3.20%	0.36
Blended Benchmark	5.06%	3.86%	1.20	-3.82%	0.37
S&P 500	13.41%	9.72%	1.34	-8.35%	1.00
BB US Aggregate	2.27%	2.68%	0.69	-3.28%	-0.02

Information shown above is based on the asset allocation created by Brinker Capital based on the information supplied by the client. The recommended investment strategy referenced does not have performance data available for the entire period. **The returns are calculated gross (before the deduction) of advisory fees payable to Brinker Capital or other expenses for services not covered by the advisory fee. These fees and expenses will reduce your return.** Investors may not invest directly in an index. Past performance is no guarantee of future results or trends. Please refer to the Disclosure and Glossary of Terms pages for additional information.

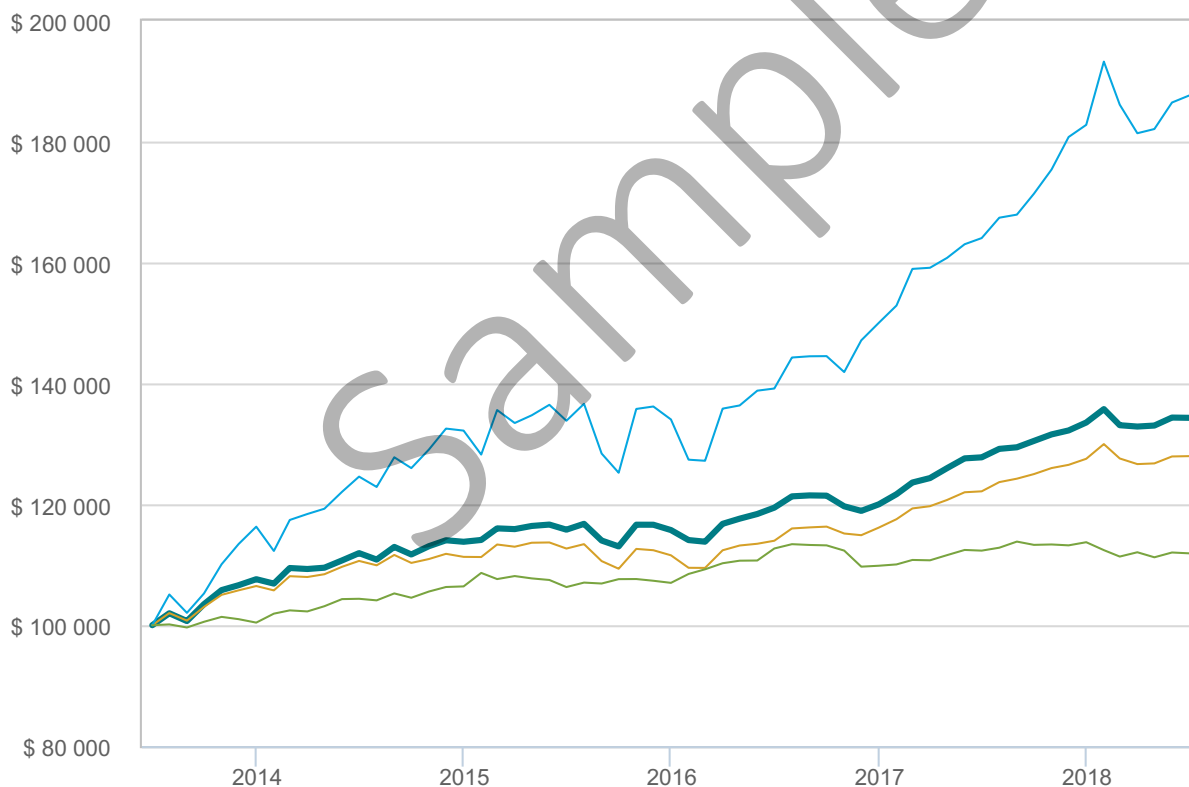
# Portfolio analytics

## A look at how the recommended investment strategy would have performed (gross of fees)

The performance graphs show the growth of a \$100,000 investment of the recommended investment strategy vs. Blended Benchmark, S&P 500 & BB US Aggregate.

RECOMMENDED INVESTMENT STRATEGY	Blended Benchmark
	S&P 500
	BB US Aggregate

### Growth of \$100,000 (July 2013 - June 2018)



Information shown above is based on the asset allocation created by Brinker Capital based on the information supplied by the client. The recommended investment strategy referenced does not have performance data available for the entire period. The Growth of \$100,000 chart reflects a hypothetical \$100,000 investment made at inception with no additional trading and all dividends reinvested. **The returns are calculated gross (before the deduction) of advisory fees payable to Brinker Capital or other expenses for services not covered by the advisory fee. These fees and expenses will reduce your return.** Investors may not invest directly in an index. Past performance is no guarantee of future results or trends. Please refer to the Disclosure and Glossary of Terms pages for additional information.

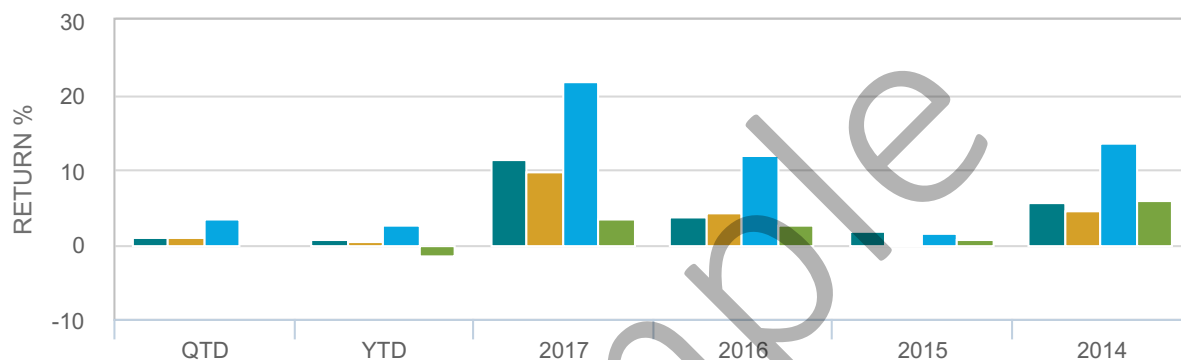
# Portfolio analytics

## Recommended investment strategy (gross of fees)

The following illustrates the recommended investment strategy versus Blended Benchmark, S&P 500 & BB US Aggregate.

RECOMMENDED INVESTMENT STRATEGY  
Blended Benchmark  
S&P 500  
BB US Aggregate

### Calendar year returns (January 2014 - June 2018)



	QTD	YTD	2017	2016	2015	2014
RECOMMENDED INVESTMENT STRATEGY	1.09%	0.58%	11.27%	3.68%	1.70%	5.75%
Blended Benchmark	1.04%	0.34%	9.79%	4.12%	0.23%	4.53%
S&P 500	3.44%	2.65%	21.82%	11.94%	1.39%	13.66%
BB US Aggregate	-0.16%	-1.62%	3.54%	2.65%	0.55%	5.97%

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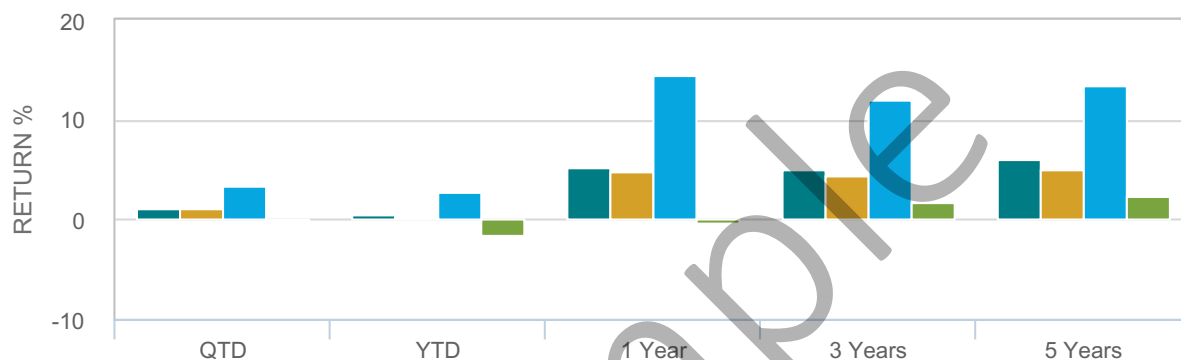
# Portfolio analytics

## Recommended investment strategy (gross of fees)

The following illustrates the recommended investment strategy versus Blended Benchmark, S&P 500 & BB US Aggregate.

RECOMMENDED INVESTMENT STRATEGY  
Blended Benchmark  
S&P 500  
BB US Aggregate

### Annualized returns (July 2013 - June 2018)



	QTD	YTD	1 Year	3 Years	5 Years	Std. dev.
RECOMMENDED INVESTMENT STRATEGY	1.09%	0.58%	5.12%	5.06%	6.08%	3.97%
Blended Benchmark	1.04%	0.34%	4.76%	4.33%	5.06%	3.86%
S&P 500	3.44%	2.65%	14.37%	11.92%	13.41%	9.72%
BB US Aggregate	-0.16%	-1.62%	-0.40%	1.72%	2.27%	2.68%

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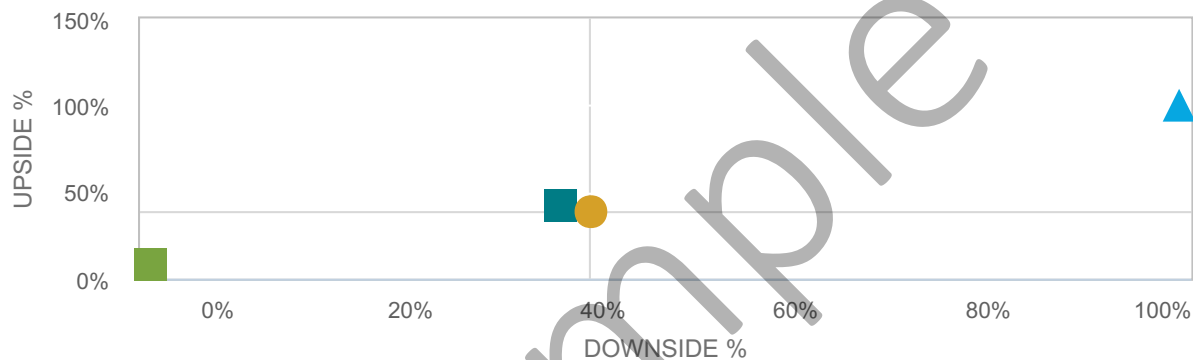
# Portfolio analytics

A look at how the recommended investment strategy would have performed (gross of fees)

The following illustrates the recommended investment strategy versus Blended Benchmark, S&P 500 & BB US Aggregate.

■ RECOMMENDED INVESTMENT STRATEGY  
● Blended Benchmark  
▲ S&P 500  
■ BB US Aggregate

## Upside / Downside (July 2013 - June 2018)



	# of qtrs		Average return		1 Year		S&P 500 Index		
	Up	Down	Up	Down	Best	Worst	Up capture	Down capture	R. squared
<span style="color: #00728f;">■</span> RECOMMENDED INVESTMENT STRATEGY	15	5	2.29%	-0.87%	12.18%	-1.90%	42.16%	35.73%	78.05
<span style="color: #f1a300;">●</span> Blended Benchmark	15	5	1.96%	-0.87%	10.79%	-3.42%	38.64%	38.77%	85.32
<span style="color: #00a0e3;">▲</span> S&P 500	18	2	4.01%	-3.59%	26.39%	-6.19%	100.00%	100.00%	100.00
<span style="color: #70ad47;">■</span> BB US Aggregate	14	6	1.32%	-1.16%	6.61%	-0.51%	8.17%	-7.02%	0.41

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# Portfolio analytics

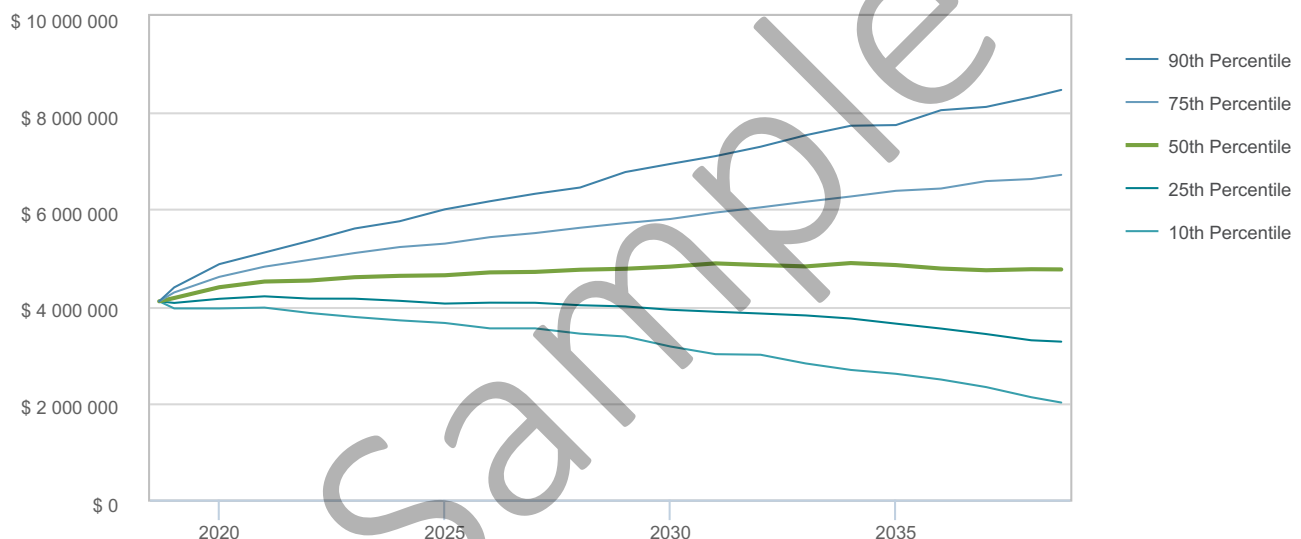
## Monte Carlo simulation

The following graph depicts simulated values of the recommended strategy under selected probability market scenerios over the investment time horizon. This may be useful in projecting outcomes.

### ASSUMPTIONS:

■ MONTHLY INCOME REQUIREMENT:	\$13,667
■ WITHDRAWAL START DATE:	8/1/2020
■ PORTFOLIO FEE:	1.25%
■ AVERAGE RETURN:	5.26%
■ STANDARD DEVIATION:	6.74%
■ INFLATION RATE:	3.00%

### Monte Carlo simulation as of 8/1/2020



The actual advisory fee may be more or less than the fee reflected in the above projection. Any additional fee and expenses will reduce the portfolio and your return. See the accompanying disclosure statement regarding performance results, benchmarks, the impact of fees and other information included in the investment strategy recommendation.

The purpose of this analysis is to provide investors with the probable 50th (Average), 10th (Lower 10 Percent), 25th (Lower 25 Percent), 75th (Upper 25 Percent) and 90th (Upper 10 Percent) percentile values that a selected portfolio will observe under hypothetical market scenarios over a period of time. 80% of simulation trials occur between the 90th and the 10th percentile range. 10% of simulated outcomes fall below the 10th percentile line and should be examined in order to help investors recognize their level of risk tolerance. This analytical technique in which a large number of simulations are run using random quantities for portfolio rate of return looks at the distribution of results to infer which values are most likely. The probability of various outcomes shown in this illustration is obtained by generating 5,000 random values within the upper and lower boundaries of returns.

The Monte Carlo calculations are based on the portfolio rate of return, the portfolio standard deviation (volatility), the time period analyzed and cash flows (contributions and withdrawals) made during the time period. Standard deviation is a statistical measure of the historical volatility of a portfolio or one or more of its assets. More generally, it is a measure of the extent to which numbers are spread around their average. The assumed returns are adjusted based upon the historical standard deviations of return for asset classes and/or securities which measure the volatility or deviation of annual returns of an asset class or security from its average. Changing any of these variables will impact the probability of achieving outcomes.

**IMPORTANT:** The projections or other information generated by AdvisoryWorld's Monte Carlo simulation application regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. This Monte Carlo simulation is for illustrative purposes to educate parties about the effects of volatility and uncertainty over time. Results may vary with each use and over time. Do not rely upon the results of this report to predict actual future performance of any investment or investment strategy.

# Portfolio analytics

## Risk and return projections

Recommended investment strategy	25th Percentile	50th Percentile	75th Percentile
Risk and return			
Annualized return forecast	5.26%		
Estimated value in 5 years	\$4,110,317	\$4,626,990	\$5,222,287
Estimated value in 10 years	\$3,994,830	\$4,773,247	\$5,718,133
Estimated value in 15 years	\$3,744,209	\$4,891,241	\$6,267,827
Estimated value in 20 years	\$3,266,221	\$4,759,731	\$6,715,167
Risk budget			
Annualized standard deviation forecast	6.75%		
Sharpe ratio forecast	0.49		
Probability of loss over a 1 year period	21.79%		
Probability of loss over a 5 year period	4.07%		
One year 95% value at risk	\$239,329		

As of 8/31/2018. Holdings subject to change. Information shown above is hypothetical and for comparison purposes only. Past performance does not guarantee or predict future results. Information based on Monte Carlo model is hypothetical in nature and shown for illustrative purposes only. Please refer to the Disclosure and Glossary of Terms pages for additional information.



# Portfolio analytics

## Cash flow projections

	25th Percentile		50th Percentile		75th Percentile	
	Withdrawal	Market value	Withdrawal	Market value	Withdrawal	Market value
2018		\$4,066,894		\$4,168,723		\$4,283,890
2019		\$4,152,142		\$4,391,242		\$4,605,705
2020	\$68,673	\$4,203,379	\$68,673	\$4,508,983	\$68,673	\$4,816,076
2021	\$168,302	\$4,155,961	\$168,302	\$4,529,237	\$168,302	\$4,957,824
2022	\$173,347	\$4,154,593	\$173,347	\$4,598,533	\$173,347	\$5,098,582
2023	\$178,544	\$4,110,317	\$178,544	\$4,626,990	\$178,544	\$5,222,287
2024	\$183,909	\$4,053,481	\$183,909	\$4,639,033	\$183,909	\$5,293,041
2025	\$189,425	\$4,072,114	\$189,425	\$4,698,054	\$189,425	\$5,426,738
2026	\$195,104	\$4,070,172	\$195,104	\$4,708,280	\$195,104	\$5,510,746
2027	\$200,953	\$4,019,213	\$200,953	\$4,753,213	\$200,953	\$5,620,956
2028	\$206,991	\$3,994,830	\$206,991	\$4,773,247	\$206,991	\$5,718,133
2029	\$213,200	\$3,925,359	\$213,200	\$4,817,146	\$213,200	\$5,802,395
2030	\$219,591	\$3,884,815	\$219,591	\$4,884,549	\$219,591	\$5,935,225
2031	\$226,174	\$3,847,963	\$226,174	\$4,850,178	\$226,174	\$6,042,665
2032	\$232,971	\$3,808,182	\$232,971	\$4,822,056	\$232,971	\$6,159,282
2033	\$239,958	\$3,744,209	\$239,958	\$4,891,241	\$239,958	\$6,267,827
2034	\$247,152	\$3,638,544	\$247,152	\$4,849,302	\$247,152	\$6,384,912
2035	\$254,561	\$3,536,964	\$254,561	\$4,777,627	\$254,561	\$6,432,245
2036	\$262,211	\$3,423,325	\$262,211	\$4,742,439	\$262,211	\$6,585,773
2037	\$270,075	\$3,294,593	\$270,075	\$4,763,684	\$270,075	\$6,628,140
2038	\$184,531	\$3,266,221	\$184,531	\$4,759,731	\$184,531	\$6,715,167

Information shown above is hypothetical and for comparison purposes only. Past performance does not guarantee or predict future results. Information based on Monte Carlo model is hypothetical in nature and shown for illustrative purposes only. Please refer to the Disclosure and Glossary of Terms pages for additional information.

# Dedicated investment resources

## Introducing your Brinker Capital portfolio management team

Your dedicated investment resources will work with you and your advisor throughout your relationship with Brinker Capital.

### Your portfolio management team will:

- Monitor your portfolio to ensure it is reflective of your investment strategy objectives
- Proactively provide reallocation advice as market conditions and opportunities warrant
- Provide access to specialized services, as appropriate, based on your investment management needs
- Work with you and your advisor to recommend appropriate changes to your investment strategy if financial circumstances change

### It is also important to stay abreast of your portfolio and the market, so we'll keep you informed through:

- Daily online account access
- Robust quarterly reports
- Market and investment commentary

### Your dedicated portfolio manager



#### Mitch Kerr

- 18 years of industry experience
- CFA; Series 7 & 66
- BBA Finance, University of Notre Dame

610-407-8394  
mkerr@brinkercapital.com

### Your dedicated investment strategist



#### Libin Jacob

- 6 years of industry experience
- Series 7 & 66
- BS Finance, Villanova University

610-407-5558  
ljacob@brinkercapital.com

# Client fees

Based upon this proposal, the fees for all assets are detailed below.

## This fee covers the following costs associated with your investments:

- Asset allocation and portfolio construction by Brinker Capital
- All ongoing investment manager due diligence provided by Brinker Capital
- Fees paid to the separate account investment managers for asset management services
- Transaction/clearing costs generated in the purchase and sale of certain exchange-traded funds or equity securities in the portfolio. In certain cases, separate per-ticket charges may apply\*
- Custody of assets
- Detailed performance reporting, monthly statements and trade confirmations
- Continuous monitoring of your investment strategy, relative to your risk and objectives
- Proactive communications from your Brinker Capital portfolio manager
- Compensation to XYZ Securities and Joe Sample, CLU, ChFC for assisting in the development and ongoing monitoring of your investment strategy

Account name	Brinker Capital program	Assets	Fee
Sample Client Trust dated 1/1/2018	Core Asset Manager	\$3,500,000	1.24%
John Sample IRA	Core Asset Manager	\$500,000	1.25%
Jane Sample IRA	Core Asset Manager	\$100,000	1.47%
<b>Total Blended Fee for All Registrations</b>			<b>1.25%</b>

This blended fee will vary based upon the allocation of assets as well as changes in asset allocation, manager selection and total portfolio value (resulting from appreciation, depreciation, liquidations or additional contributions) for each registration. The blended fee reflects the fees payable with respect to the proposed initial assets invested. The total annual fee is exclusive of mutual fund and exchange-traded fund expense ratios, which are set forth in the prospectus for each fund.

\*While the Brinker Capital component of the fee is fixed, fees for different strategies vary and such fees may change based upon the allocations among managers and funds included in a strategy. Accordingly, the blended fee will fluctuate depending upon both the allocation among the strategies and the allocations within the strategies. See Schedule C of the Investment Advisory Agreement for a detailed breakdown of the components of the blended fee.

# Disclosure and Glossary of Terms

**Performance Data:** All return calculations are in U.S. dollars and are gross of advisory fees payable to Brinker Capital and any other expenses not covered by the advisory fee (see “Fees” section).

**Core Accounts:** The performance information for the Core Investment Strategy presents back-tested performance of a hypothetical account invested with the managers, mutual funds and other investments included in the recommended Investment Strategy based upon Brinker Capital's recommended allocation. No representation that any actual account has achieved such performance is intended. All calculations are based on monthly data and assume annual rebalancing of the account to the target allocations in the recommended Investment Strategy. Since Brinker Capital does not regularly rebalance Core accounts (unless specifically requested by the client) the actual performance of an account invested in accordance with the recommended Investment Strategy over the historical period would likely have differed from the performance information set forth herein.

The performance results for investment managers and private funds used to provide the performance information included herein are based on historical composite data provided to Brinker Capital by the proposed managers and funds or by third party sources. Brinker Capital has not independently verified such data but believes the sources for such data to be reliable and accurate.

The performance information should only be utilized as a generalized indicator of an investment manager's or fund's performance versus comparable indices and should not be used by a prospective investor for any other purposes, including an investor's specific and final determination regarding the selection of a manager or fund or specific investment decisions. **Furthermore, past performance of the managers, funds or other investments included in the recommended Investment Strategy is not a guarantee of future results or trends.**

**Calculation Methodology:** Since January 1, 1993, most managers utilize a consistent methodology, based on the Performance Standards of the Association for Investment Management and Research (AIMR-PPS), which became the U.S. and Canadian version of the Global Investment Performance Standards (GIPS®) in 2001 and converged with the GIPS standards on January 1, 2006, for computing the performance results. However, the individual managers that were responsible for compiling this performance data may have utilized divergent methodologies and composites in calculating these results and consequently direct comparisons between investment managers based on this information is not possible. All of the manager performance results included in the performance results for the Investment Strategy are time weighted performance calculations representing total returns for the full historical period and include appreciation and reinvestment of dividends and other income and are calculated prior to the deduction of advisory or management fees, but after the deduction of transaction expenses, where applicable. Transaction costs normally deducted from gross performance results are not deducted from wrap fee accounts included in a manager's composite. The results may or may not include the results from any wrap fee accounts. Detailed analysis of the performance results and other manager information, including specific information with respect to a manager's selection criteria for the accounts included in such manager's performance results and the manager's calculation methodology, are available upon request.

Actual Performance data is not available for Asset Class Strategies - Absolute Return for the period prior to 12/31/2015. In computing performance for the recommended Investment Strategy, Brinker Capital has used the return of HFRX Global for the period for which actual performance data is unavailable. Brinker Capital believes that HFRX Global is an appropriate proxy for Asset Class Strategies - Absolute Return performance given that it represents the most appropriate benchmark for the strategy employed by the investment manager. If Asset Class Strategies - Absolute Return had been in operation during the entire period, its return may have been higher or lower than HFRX Global returns.

**Fund Performance:** Mutual Fund and Exchange Traded Fund (ETF) performance information is based upon published performance of the mutual funds or ETFs, which must be calculated by the funds in accordance with rules and regulations promulgated by the Securities and Exchange Commission.

Certain mutual funds included in the Recommended Investment Strategy have not been in existence for the entire performance period and, therefore, actual performance data is not available for such funds. In computing performance for the recommended Investment Strategy, Brinker Capital has used the average return of the relevant Morningstar Category for the period for which actual fund performance data is unavailable. Performance information for and for the Barclays US High Yield 1-3 year Index was used for RiverPark Strategic Income Institutional Fund - High Yield prior to 10/01/2013. Morningstar Category average returns represent the unweighted average of returns of all funds in a particular Morningstar Category. Brinker Capital believes that this is an appropriate proxy for fund performance given that our investment approach allocates assets to various classes similar to those represented by the Morningstar Categories, and the use of Category average returns has neither a positive or negative bias regarding our selection of funds within a Category. If the funds had been in operation during the entire period, their returns may have been higher or lower than the Category average returns.

**Benchmarks:** Brinker Capital constructs the benchmark to match, to the best of its ability, the components of the recommended Investment Strategy to the appropriate indices so as to reasonably parallel the asset allocation of the Investment Strategy. However, the benchmarks are not intended to parallel the risk or investment style of any particular manager or mutual fund included in the recommended Investment Strategy or reflect guidelines, restrictions, correlations, concentrations, sector allocations or volatility of the portfolio of any such manager or mutual fund. The benchmarks are provided for comparative purposes only and do not represent actual performance. Figures for the indices reflect the reinvestment of dividends but do not reflect any management fees, transaction costs or expenses, which would reduce returns. Indices are unmanaged and an investor cannot invest directly in an index.

The Relative Return Blended Benchmark for Sample Client Trust dated 1/1/2018, John Sample IRA and Jane Sample IRA consists of 85.37% Moderately Conservative Taxable Blend (24% Russell 3000 Index/10% MSCI All Country World ex USA Index/51% ICE BofAML Municipal Securities (1-10 Y) Index/13% HFRX Global Hedge Fund Index/2% ICE BofAML 3 Month Treasury Bill Index)/ 14.63% Moderately Conservative Qualified Blend (23% Russell 3000 Index/10% MSCI All Country World ex USA Index/48% Bloomberg Barclays US Aggregate Bond Index/17% HFRX Global Hedge Fund Index/2% ICE BofAML 3 Month Treasury Bill Index).

**Fees:** The performance information does not reflect the deduction of advisory fees payable to Brinker Capital and any other expenses for services not covered by the advisory fee that an investor may incur, which will reduce a client's return. Brinker Capital charges one comprehensive fee for investment management services, which includes manager and fund due diligence, asset allocation, manager fees, custody fees and trading expenses and Solicitor fees. Brinker Capital's fee does not include the internal management fees and operating expenses of mutual funds in which a client's account is invested, which are reflected in the performance information contained herein.

Brinker Capital's fees are disclosed in Part II of its Form ADV. The net effect of the deduction of Brinker Capital's fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance. The chart below depicts the effect of a 1% management fee on the growth of one dollar over a 10-year period at 10% (9% after fees) and 5% (4% after fees) assumed rates of return. Looked at another way, \$10,000.00 invested at 10% for ten years would grow to \$25,937.42; at 9% it would grow to \$23,673.64.

Year	1	2	3	4	5	6	7	8	9	10
10%	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59
9%	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	2.17	2.37
5%	1.05	1.10	1.16	1.22	1.28	1.34	1.41	1.48	1.55	1.63

4%	1.04	1.08	1.12	1.17	1.22	1.27	1.32	1.37	1.42	1.48
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Sample

# Disclosure and Glossary of Terms

**60/40:** Portfolio composed of 60% Russell 3000 Index and 40% Bloomberg Barclays US Aggregate Bond Index.

**Absolute Return:** The total return that an asset achieves over a certain period of time. Absolute return differs from relative return because it is concerned with the return of a particular asset and does not compare it to any other measure or benchmark.

**Absolute Return Strategies:** Strategies that seek to generate positive absolute return regardless of the direction of financial markets.

**All Cap:** Investing in equity securities without regard to whether a company is characterized as small, medium or large.

**Annualized Return:** The gain or loss of a portfolio or index over the period of one year.

**Annualized Excess Return:** The annualized excess return is the return in excess of a market measure (such as an index fund) over the period of one year.

**Asset Allocation:** The process of deciding how to apportion investment capital between the various possible asset classes.

**Asset Class:** Category of assets such as equities and fixed income, and their subcategories, including large cap, small cap, commodities, etc.

**Average Return Up:** The average return during an up period.

**Average Return Down:** The average return during a down period.

**Bank of America Merrill Lynch:** Source: Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission. BofAML permits the use of the BofAML Indices and related data on an "as is" basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the BofAML Indices or any data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing, and does not sponsor, endorse, or recommend Brinker Capital, Inc., or any of its products or services.

**Best 1 Year:** The highest return generated over a one year period.

**Beta vs. Blended Benchmark:** Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move (both up and down) approximately twice as much as the benchmark.

**Blended Benchmark:** The rate of return produced by specific market indices representing the asset classes contained in your Recommended Investment Strategy.

**Bloomberg Barclays:** Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliated (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

**Bloomberg Barclays Emerging Markets USD Aggregate Index:** An index that covers the US dollar-denominated long-term tax-exempt bond market.

**Bloomberg Barclays US Aggregate Bond Index:** A broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

**Bloomberg Barclays US High Yield Index:** An index that measures the US dollar-denominated, below investment grade, fixed-rate corporate bond market.

**Bloomberg Barclays US Municipal Bond Index:** An index that covers the US dollar-denominated long-term tax-exempt bond market.

**Bloomberg Commodity Index:** An index made up of 22 exchange-traded futures on physical commodities. The index currently represents 20 commodities, which are weighted to account for economic significance and market liquidity. Weighting restrictions on individual commodities and commodity groups promote diversification.

**BofA Merrill Lynch US All Capital Securities Index:** Index that includes all fixed-to-floating rate, perpetual callable and callable securities.

**Closed-End Funds:** A pooled investment fund that raises a fixed amount of capital through an initial public offering and is listed and traded on a stock exchange.

**Commodities:** Basic raw materials and foodstuffs such as metals, petroleum, plantation crops, "softs," such as coffee and sugar, and grains and agriculture.

**Cumulative Return:** The compound return over a set period.

**Developed Markets:** Countries that are most developed in terms of its economy and capital markets.

**Dividend Growth:** Strategies with an emphasis on companies that increase the growth rate of their dividend payment.

**Down Capture:** A measure of how badly a manager was affected by phases of negative benchmark returns.

**Due Diligence:** The performance of those actions that are generally regarded as prudent, responsible and necessary to conduct a thorough and objective investigation, review and/or analysis.

**Duration (Short/Intermediate/Long):** Duration is the measure of a fixed income security's sensitivity to interest rate changes.

**Emerging Markets:** Emerging markets generally do not have the level of market efficiency and strict standards in accounting and securities regulation to be on par with developed economies, but emerging markets will typically have a physical financial infrastructure including banks, a stock exchange and a unified currency.

**Emerging Market Debt:** Term used to encompass bonds issued by countries and companies in emerging markets.



# Disclosure and Glossary of Terms

**Event Driven:** Seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as an earnings call, bankruptcy, merger, acquisition or spinoff.

**Expense Ratio:** A measure of what it costs an investment company to operate a mutual fund. An expense ratio is determined through an annual calculation, where a fund's operating expenses are divided by the average dollar value of its assets under management.

**Frontier Markets:** Countries that are less established than those in the emerging and developed markets.

**FTSE/EPRA NAREIT Developed Index:** An index designed to track the performance of listed real estate companies and REITS worldwide.

**Global Macro:** A strategy that bases its holdings, such as long and short positions in various equity, fixed income, currency, and futures markets, primarily on overall economic and political views of various countries' macroeconomic principles

**Growth Stocks:** Stocks of companies that exhibit growth characteristics and have shown an ability to grow at a faster rate than other firms.

**HFRX Global Hedge Fund Index (USD):** An asset weighted index comprised of all eligible hedge fund strategies, designed to be representative of the overall composition of the hedge fund universe.

**ICE BofAML US All Capital Securities Index:** An index that is a subset of the ICE BofAML US Corporate Index that includes all fixed-to-floating rate, perpetual callable, and capital securities.

**High Dividend:** Strategies that emphasize equities with above-market yields.

**Information Ratio:** The Information Ratio measures the excess return divided by the amount of risk the manager takes relative to the benchmark (active risk or tracking error of the portfolio).

**Intermediate Fixed Income:** Focuses on the intermediate portion of the yield curve (1-10 years).

**International Equities:** Strategies that target either developed economies (e.g. Western Europe, Japan, Australia, Canada) or emerging economies (e.g. China, Latin America, Eastern Europe).

**Investment Grade Corporates:** A debt security issued by a corporation and rated BBB-/Baa3 or higher by an established rating agency.

**Large Cap:** A company whose market cap typically exceeds \$17 billion (using Russell Index methodology).

**Long/Short Credit:** Seeks to take exposure to credit-sensitive securities, long and/or short, based upon credit analysis of issuers and securities, and credit market views.

**Long/Short Equity:** Strategies that seek to profit from stock gains in long positions and price declines in short positions.

**Managed Futures:** These funds typically take long and short positions in futures options, swaps and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum.

**Manager Tenure:** The length of time a portfolio manager has been responsible for managing the specific investment strategy.

**Master Limited Partnership (MLP):** An exchange-traded partnership that typically operates in the energy industry.

**Maximum Drawdown:** The maximum loss (compounded, not annualized) that the manager incurred during any sub-period. Drawdowns are calculated on quarterly returns.

**Merger Arbitrage:** Exploits merger activity to capture the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction.

**Micro Cap:** A company whose market cap is typically between \$30 million and \$700 million (using Russell Index methodology).

**Mid Cap:** A company whose market cap is typically between \$2 billion and \$17 billion (using Russell Index methodology).

**Mortgage-Backed Securities:** An asset-backed security secured by a pool of mortgages.

**MSCI** - Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for a component of any financial instruments or products or indices. None of the MSCI information 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. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

**MSCI All Country World Index ex USA:** A market-capitalization-weighted index maintained by MSCI Inc. and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World Index Ex-U.S. includes both developed and emerging markets.

**MSCI EAFE Index:** An equity index which captures large and mid cap representation across Developed Markets countries around the world, as defined by MSCI, excluding the US and Canada. With 927 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI Emerging Markets Index (MSCI Emg Mkts):** An equity index which captures large and mid cap representation across 24 Emerging Markets (EM) countries, as defined by MSCI. With 846 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Municipal Bond:** A debt security issued by a state or local municipality.

**Natural Resources:** Strategies that invest in equities of commodity-oriented companies.



# Disclosure and Glossary of Terms

**Preferred Stock:** A stock that entitles the holder to a fixed dividend, whose payment takes priority over common stock dividends.

**Private Equity::** Composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity.

**Real Assets:** Real assets consist of ownership interests in investment vehicles that typically invest in physical assets and exhibit a high correlation to inflation and provide high levels of current cash flow. Real assets include real estate, commodities, timber, and oil and gas interests.

**Real Estate Investment Trust (REIT):** A type of security that invests in real estate through property or mortgages and trades on major exchanges like a stock.

**Relative Value:** Attractiveness measured in terms of risk, liquidity and return of one instrument.

**Return:** The change in the value of a portfolio over an evaluation period, including any distributions made from the portfolio during that period.

**Russell:** Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

**Russell 3000 Index:** A market capitalization weighted index that seeks to be a benchmark of the entire U.S. stock market. This index encompasses the 3,000 largest U.S.-based companies.

**S&P 500 Index:** A market capitalization weighted index consisting of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a representation of large capitalization U.S. equities.

**Sharpe Ratio:** The Sharpe Ratio is a measure of reward per unit of risk. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, T-bills). The lower the Sharpe Ratio, the less return per unit of total risk the manager has generated.

**Small Cap:** A company whose market cap is typically between \$130 million and \$3 billion (using Russell Index methodology).

**Standard Deviation:** A statistical measure of volatility indicates the "risk" associated with a return series. The lower the number the less volatility.

**Tracking Error:** Tracking error, also known as the "active risk" of the portfolio vs. benchmark, is the variability of the excess returns in relation to the index. The tighter the tracking error (i.e., the lower the number), the less the variation of excess returns vs. the index. A lower tracking error indicates more consistency of excess returns around the index.

**Treasuries:** Notes and bonds issued by the US government.

**Treasury Inflation Protected Securities (TIPS):** A treasury security that is indexed to CPI inflation.

**Up Capture:** A measure of how well a manager was able to replicate or improve on phases of positive benchmark returns.

**US High Yield:** Bonds issued by corporations that are rated below BBB or Baa3, by an established credit rating agency.

**Worst 1 Year:** The lowest return generated over a one year period.

**# Quarters Up:** The number of positive periods for a given return series.

**# Quarters Down:** The number of zero and negative returns for a given return series.