

# Investment strategy recommendation

This personalized investment strategy recommendation has been prepared exclusively for Sample Client.

**In this document, you will learn more about:**

- **The idea** behind multi-asset class investing and how it can help you reach your long-term goals
- Building the right investment solution for your personal situation through a **disciplined process**
- A customized investment strategy recommendation designed to help you achieve **better outcomes**

**Presented by**

**Joe Sample, CLU, ChFC**

September 25, 2020

# Welcome

Thank you for the opportunity to review your financial goals and to provide you with a customized investment strategy recommendation.

Since 1987, Brinker Capital has been implementing our best **ideas** to help investors reach their long-term goals. Our **disciplined**, multi-asset class investment philosophy is the foundation behind everything we do.

You can expect a personalized and straightforward approach to helping you reach your goals. Based on the information you have shared, we have developed this recommendation to help you achieve better **outcomes**.

If you have questions about the proposed investment solutions or need adjustments made, please work with your financial advisor, **Joe Sample, CLU, ChFC**.

Based on the information you have shared, investment recommendations will be designed across the following accounts:

Account Name	Type	Amount	Risk Profile	Objective
■ John Smith and Jane Smith JTWROS	JTWROS	\$250,000	Moderate	Long-term growth of capital with moderate volatility
<b>Sample Client Total</b>		<b>\$250,000</b>		

## Your Investment Profile



# Designed around you

## Collaborating to implement the best ideas to help you reach your goals

With your financial advisor as your guide, we will work together to identify the right investment strategies and allocations to meet your unique needs.



### Your financial advisor will

- Work with you to identify goals and objectives, risk tolerance and time horizons
- Understand your investment priorities
- Meet with you regularly to explain your investment progress and keep you informed
- Assist you in re-evaluating your investment objectives whenever your needs change

### As an investor, you are best served when you

- Identify the purpose of your investments
- Provide your advisor with a clear understanding of your expectations
- Include all relevant family members in annual discussions of your plan
- Share any special considerations or changes to your life circumstances

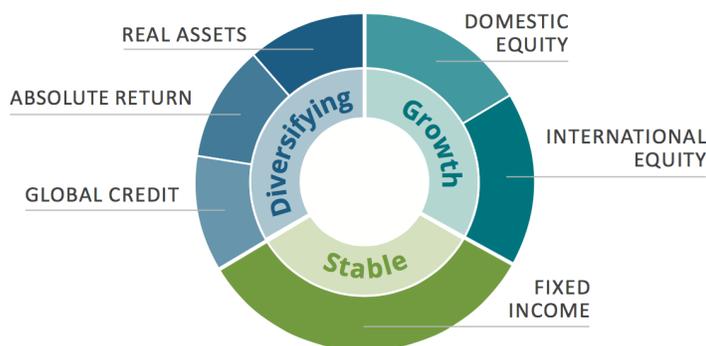
### Brinker Capital will

- Diversify your assets across multiple asset classes within your strategy
- Perform extensive due diligence on every money manager we consider investing with
- Carefully select the right managers to deliver the best outcomes
- Ensure that all investments maintain our rigorous due diligence standards
- Monitor portfolio activity and style consistency

# Investment philosophy & beliefs

Focus on investor returns, not just investment returns

- 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				

# Investment philosophy

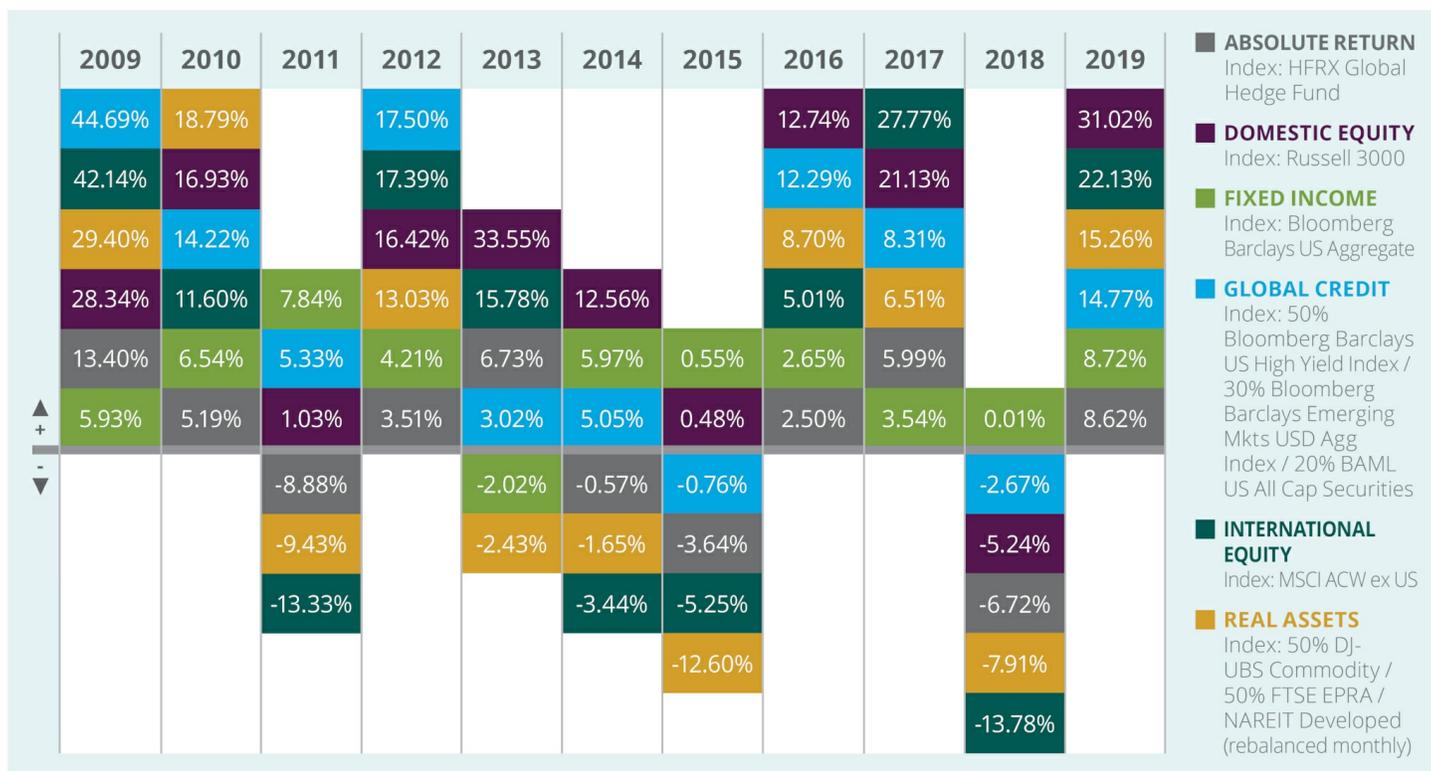
Diversification and consistency helps keep investors invested.

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



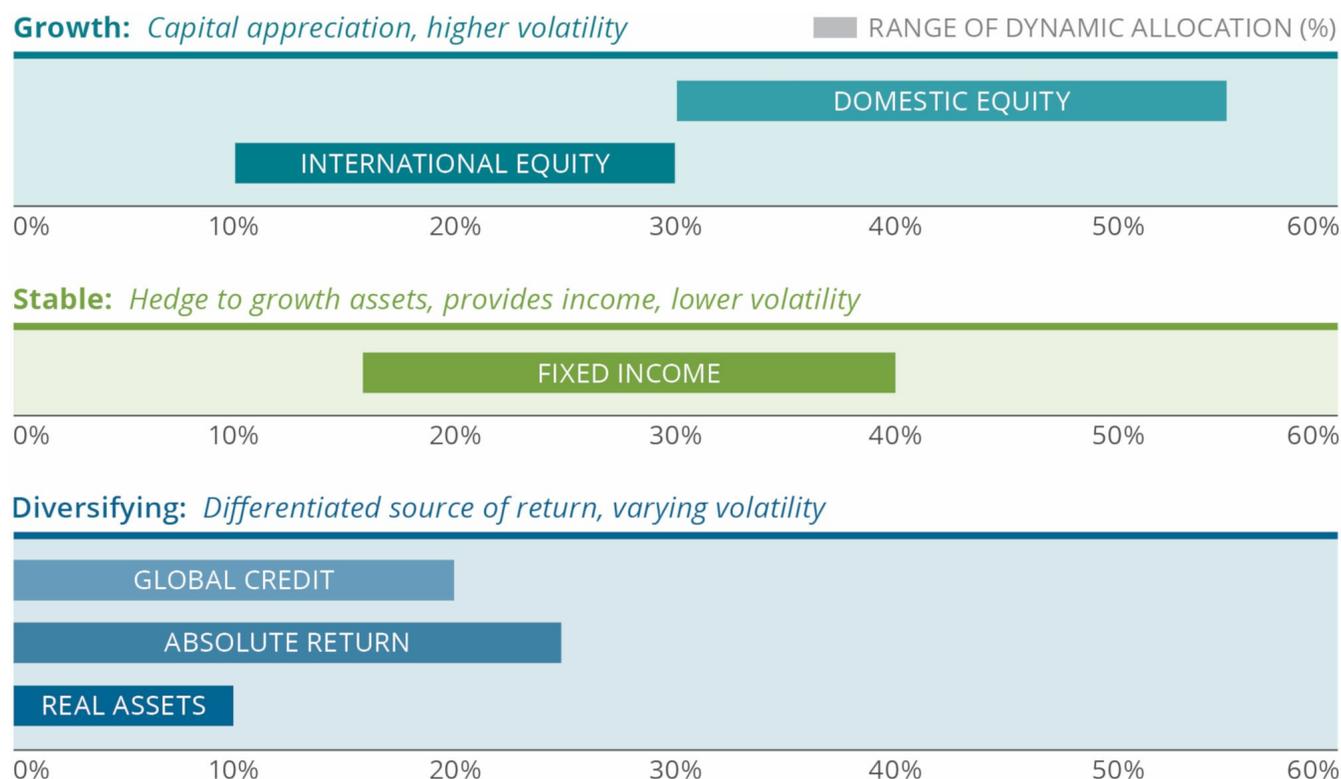
Prior to April 1, 2012, the Global Credit Index was comprised of the following: 50% Bloomberg Barclays US High Yield Index / 30% Bloomberg Barclays Emerging Markets USD Aggregate Index / 20% BAML Perpetual Preferred Security Index. Diversification does not ensure success or guarantee against loss. Please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

# Asset allocation

Success is dictated by many wins versus a single decision

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



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.

# Manager selection

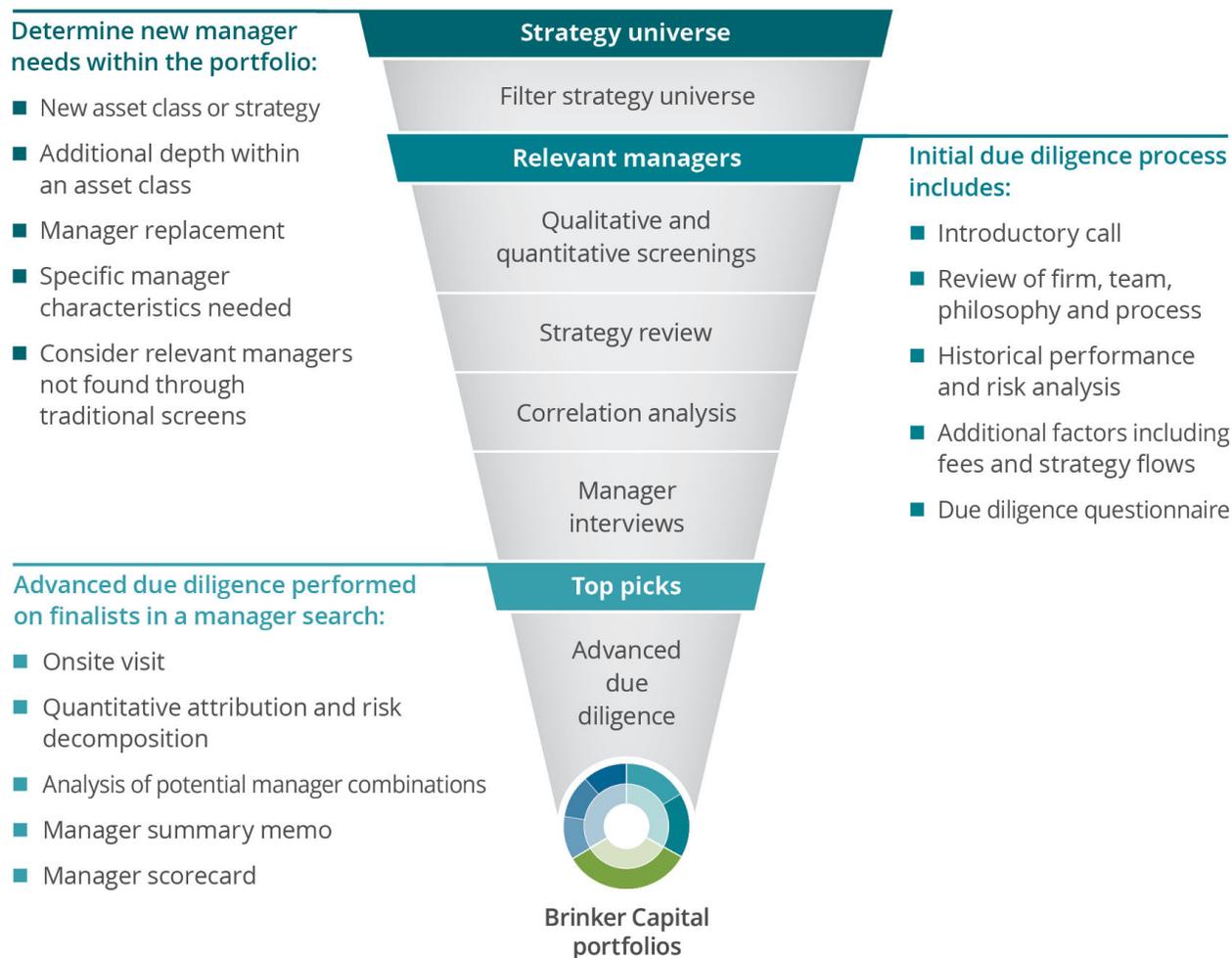
Active managers that create value exist and can be identified.

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.



# Construction & monitoring

Our disciplined investment oversight process.



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

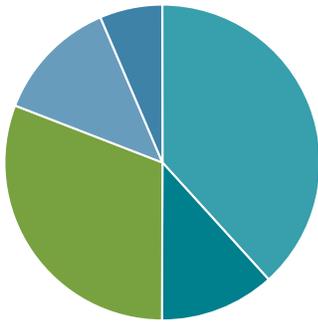
- Perform onsite meetings with all active managers
- Review annual manager questionnaire
- Complete a new manager scorecard
- Assess asset manager performance relative to expectations

# Investment recommendation

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

## Sample Client

Account name	Strategy	Amount
John Smith and Jane Smith JTWROS	Destinations Balanced Income Taxable Strategy	\$250,000
<b>Sample Client Total</b>		<b>\$250,000</b>



Asset class	Weight	Amount
DOMESTIC EQUITY	38%	\$95,678
INTERNATIONAL EQUITY	12%	\$29,460
FIXED INCOME	31%	\$77,041
GLOBAL CREDIT	13%	\$31,781
ABSOLUTE RETURN	6%	\$16,040

# Destinations

## Balanced Income Taxable Strategy (gross of fees)

John Smith and Jane Smith

JTWROS

\$250,000

### Portfolio Objectives

Seeks to provide a balance of high current income and long-term capital appreciation with a moderate level of volatility.

### Portfolio Highlights

- 1 Broad Asset Class Exposures: Portfolio is diversified across multiple asset classes with an emphasis to equities and a substantial commitment to fixed income and alternatives.
- 2 Many Diverse Strategies: The asset classes and sub-asset classes that comprise this Portfolio will have a bias toward income-oriented strategies across all asset classes.
- 3 Supports an Overall Investment Strategy: Portfolio is designed for taxable investments and has a balanced objective of providing current income and seeking to achieve competitive risk-adjusted returns over the long term.

### Portfolio Structure

The Portfolio has a bias towards income producing assets and maintains a strategic target of 55% growth assets and 45% stable assets. Growth assets could include global equities, real assets, higher volatility absolute return, and private equity. Stable assets could include fixed income and low volatility absolute return. The fixed income allocation will emphasize municipal bonds. Investors should have an investment time horizon of 5+ years and understand that the pursuit of these objectives with this allocation will likely produce a higher level of volatility.

### Portfolio Management Team

#### Jeff Raupp, CFA

Chief Investment Officer  
22 years of industry experience  
BS University of Delaware  
MBA Villanova University

#### Amy Magnotta, CFA

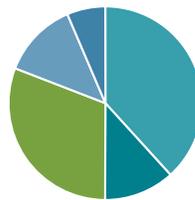
SVP, Head of Discretionary Portfolios  
18 years of industry experience  
BS Lehigh University

#### Leigh Lowman, CFA

Investment Manager  
13 years of industry experience  
BA Wittenberg University

The Growth of \$100,000 chart reflects a hypothetical \$100,000 investment made at inception with no additional trading and all dividends reinvested. Past performance is no guarantee of future results or trends. **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.**

### Asset Class Breakdown as of 6/30/20

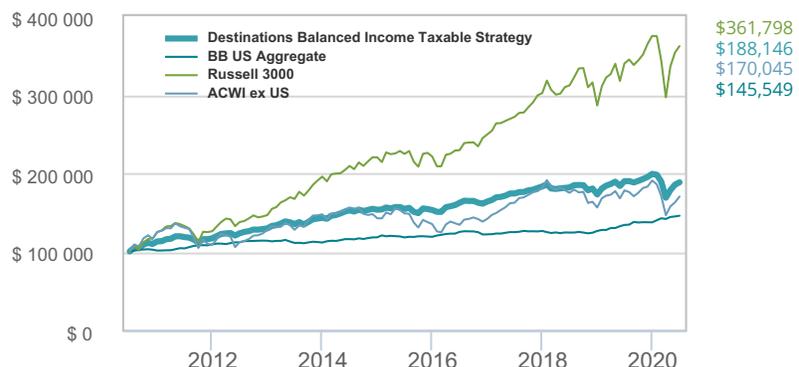


	Weight
Domestic Equity	38%
International Equity	12%
Fixed Income	31%
Global Credit	13%
Absolute Return	6%

### Annualized Performance as of 6/30/20

	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year
<b>Strategy</b>	1.61%	11.71%	-5.41%	-0.77%	2.67%	4.08%	6.52%
<b>BB US Aggregate</b>	0.63%	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%
<b>Russell 3000</b>	2.29%	22.03%	-3.48%	6.53%	10.04%	10.03%	13.72%
<b>MSCI ACWI ex US</b>	4.56%	16.30%	-10.76%	-4.39%	1.61%	2.74%	5.45%

### Growth of \$100,000 (7/1/10 - 6/30/20)



# Destinations

## Balanced Income Taxable Strategy (gross of fees)

John Smith and Jane Smith

JTWROS

\$250,000

### Portfolio Holdings

	Range	Weight
<b>Domestic Equity</b>	<b>(30%-55%)</b>	<b>38.27%</b>
<b>Destinations Large Cap Equity Fund 13.13%</b>		
T. Rowe Price Growth Stock		2.93%
Columbia Focused Large Cap Growth		2.75%
BlackRock S&P 500 Index		2.26%
Mellon Dynamic Large Cap Value		2.13%
Delaware Value		1.86%
Strategas Policy Opportunities		1.21%
<b>Destinations Small-Mid Cap Equity Fund 4.28%</b>		
Ceredex Mid Cap Value		1.81%
Driehaus Micro Cap Growth		1.58%
LMCG Small Cap Value		0.88%
iShares Core S&P Small Cap ETF		0.01%
iShares Core S&P Mid Cap ETF		0.01%
<b>Destinations Equity Income Fund 20.85%</b>		
Federated Strategic Value Dividend		13.15%
NWQ Global Equity Income		5.79%
iShares Core Dividend Growth ETF		1.58%
iShares Core High Dividend ETF		0.33%
<b>International Equity</b>	<b>(4%-15%)</b>	<b>11.78%</b>
<b>Destinations International Equity Fund 11.78%</b>		
MFS International Intrinsic Value		3.33%
T. Rowe Price International Growth		3.25%
Wasatch International Micro Cap		2.90%
Baron Emerging Markets		2.12%
iShares Core MSCI EAFE ETF		0.13%
iShares Core MSCI Emerging Markets ETF		0.06%
<b>Fixed Income</b>	<b>(15%-50%)</b>	<b>30.82%</b>
<b>Destinations Core Fixed Income Fund 3.31%</b>		
DoubleLine Total Return Tactical		2.12%
BlackRock US Aggregate Index		1.16%
iShares 20+ Year Treasury Bond ETF		0.04%
<b>Destinations Municipal Fixed Income Fund 17.93%</b>		
Fidelity Intermediate Municipal		9.03%
Northern Intermediate Municipal		8.90%
<b>Destinations Low Duration Fixed Income Fund 2.59%</b>		
CrossingBridge Low Duration High Yield		1.99%
DoubleLine Low Duration		0.46%
iShares Core 1-5 Yr USD Bond ETF		0.14%
<b>Cash 6.99%</b>		
PDS Cash Reserve		6.00%
Cash		0.99%
<b>Global Credit</b>	<b>(0%-30%)</b>	<b>12.71%</b>
<b>Destinations Global Fixed Income Opps Fund 12.71%</b>		
CrossingBridge Corporate Credit		6.60%
DoubleLine Low Duration Emerging Markets		5.05%
Nuveen Preferred Securities Opportunities		1.07%
<b>Absolute Return</b>	<b>(0%-25%)</b>	<b>6.42%</b>
<b>Destinations Multi Strategy Alternatives Fund 6.42%</b>		
Driehaus Event Driven		2.42%
LMCG Serenitas Relative Value Credit		1.86%
RiverNorth Opportunities		1.36%
JPMorgan Strategic Income Opportunities Fund		0.78%

### Key Statistics (7/1/10 - 6/30/20)

Inception Date	August 2006
Yield	2.45%
Expense Ratio	0.96%
Historical Beta	0.51
Sharpe Ratio	0.81

### Calendar Year Performance

	Strategy	BB US Aggregate	Russell 3000	MSCI ACWI ex US
2019	15.21%	8.72%	31.02%	22.13%
2018	-5.57%	0.01%	-5.24%	-13.78%
2017	11.73%	3.54%	21.13%	27.77%
2016	7.05%	2.65%	12.73%	5.01%
2015	-0.24%	0.55%	0.48%	-5.25%
2014	7.21%	5.97%	12.56%	-3.44%
2013	10.44%	-2.02%	33.55%	15.78%
2012	10.75%	4.22%	16.42%	17.39%
2011	3.49%	7.84%	1.03%	-13.33%

### Standard Deviation

	1 Year	3 Year	5 Year	10 Year
Strategy	14.17%	9.96%	8.52%	7.34%
BB US Aggregate	3.50%	3.23%	3.05%	2.93%
Russell 3000	22.26%	17.45%	15.23%	13.91%
MSCI ACWI ex US	20.41%	15.72%	14.74%	15.15%

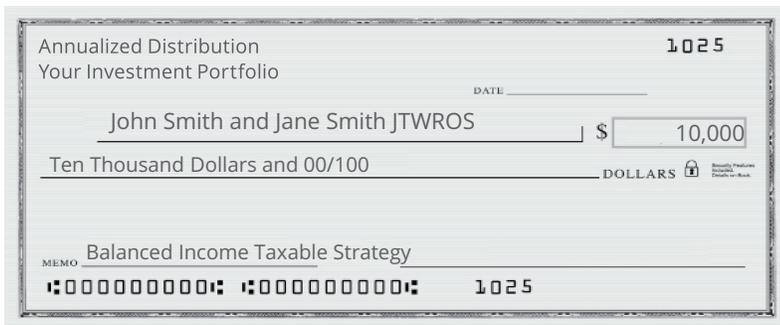
The holdings supplied are a complete list as of 7/14/2020. These may change prior to investment and are subject to change at any time. Allocations may not add to totals due to rounding of asset class and fund allocation percentages.

**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. Please refer to the Disclosure and Glossary of Terms pages for additional information.**

Historical Beta: A measure of a portfolio's sensitivity to market movements. Beta measured against S&P 500.  
Sharpe Ratio: A measure of a portfolio's excess return per unit of risk.

# Personalized Distribution Strategy

Based on your stated goals and objectives, this customized withdrawal strategy is designed to manage your investment portfolio while generating income to meet your spending needs.



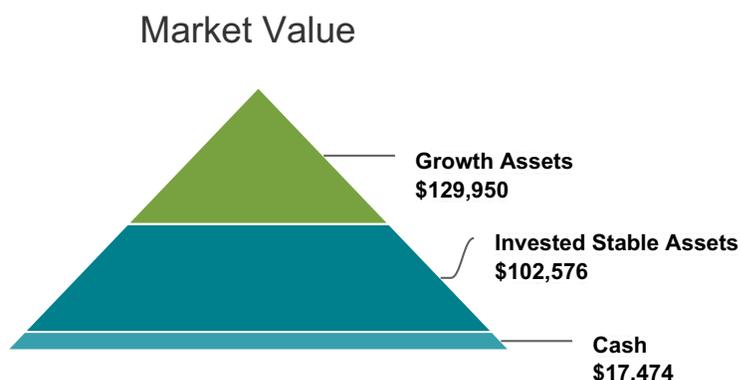
## Your Personalized Distribution Strategy:

- Delivers a "paycheck" for the period that you define.
- Utilizes thoughtful cash replenishment based on technical analysis.
- Provides customized reporting with an easy-to-read spending report.

Distribution Per Year	\$10,000.00
Market Value	\$250,000
Spend Rate	4.00%
Estimated Number of Years Your Savings Will Likely Last (50% Confidence)	36
Estimated Number of Years Your Savings Will Likely Last (90% Confidence)	24
Stability as a % of Market Value	48.02%
Distribution Stability in Years	12.00

## Your quarterly report will include:

- Monte Carlo simulation showing target vs. current spend rate.
- Tactical liquid cash reserve commentary
- Historical one-year spend rate vs. target spend rate
- Your current account status as illustrated below:

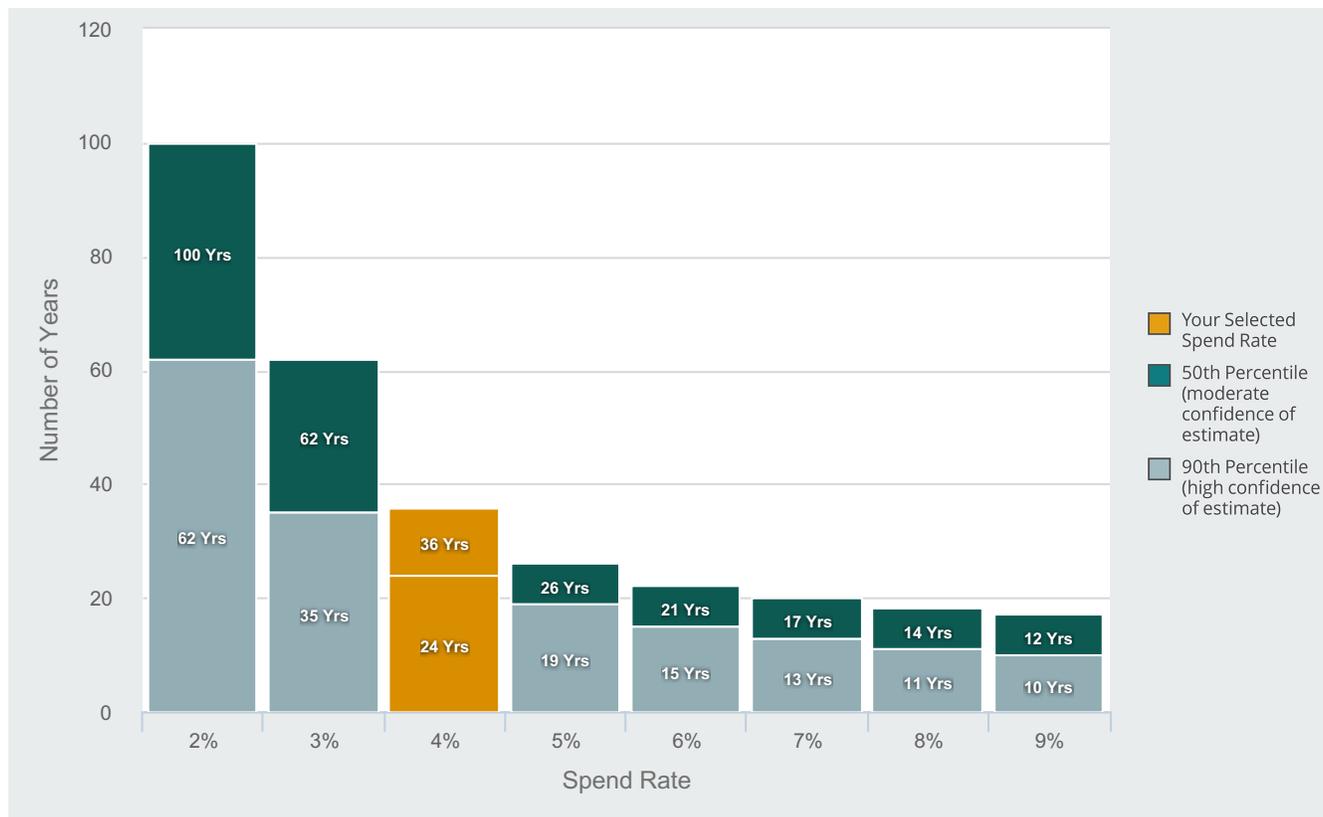


- Your account is **on track** to meet your stated goals and objectives.
- Work with your advisor to **evaluate** your current plan to stay on track.
- You are **at risk** of spending your assets before meeting your stated goals. Work with your financial advisor to review your overall strategy.

The above returns are hypothetical. Please refer to the Disclosure and Glossary of Terms pages for additional information.

# Personalized Distribution Strategy

The estimated minimum number of years that your savings will likely last at various withdrawal rates.



The illustration above is based on a Monte Carlo simulation, using 50% and 90% confidence levels, to determine the number of years a portfolio is likely to last at various withdrawal rates. The return and risk information used in the Monte Carlo simulation represents a blended portfolio which approximates the asset allocation of the recommended Investment Strategy. Asset class return, standard deviation and correlation data are forward looking estimates and are presented in the tables to the right. Asset class returns are assumed to be net of a one percent all-inclusive advisory fee. The deduction of any advisory fees greater than the assumed 1% fee will impact the duration of the account assets. The spending withdrawal rate/percentage is adjusted for 3% annual inflation. No representation that your portfolio will achieve projected performance or that the account will support distributions at the specified level for the projected period is intended. Actual market performance will materially impact the assets available to support distributions. The larger the percentage of the account invested in equities, the greater the volatility in account performance, which will impact the duration of the account assets.

**Stable Assets:** Investments which exhibit characteristics of below average risk and low return potential, such as cash and fixed income.

**Growth Assets:** Investments which exhibit characteristics of average to above-average risk with a higher return potential, such as domestic equities, international equities and commodities.

**50% Confidence:** Based upon the return expectations, 50% of all the Monte Carlo simulations were at least the presented number of years.

## Return Assumptions

Asset Class	Return	Standard. Dev.
Domestic Equity (DE)	7.00%	15.00%
International Equity (IE)	8.00%	18.00%
Fixed Income (FI)	4.00%	5.00%

## Correlation

Asset Class	DE	IE	FI
DE	1.00		
IE	0.90	1.00	
FI	0.00	0.00	1.00

**90% Confidence:** Based upon the return expectations, 90% of all the Monte Carlo simulations were at least the presented number of years.

Stability as a % of Market Value: Percentage of portfolio invested in lower-risk, stable assets. Distribution Stability in Years: Estimated number of years which the current level of stable assets would support, given the current annual distribution.

The above returns are hypothetical. Please refer to the Disclosure and Glossary of Terms pages for additional information.

# Keeping you informed

Experienced perspectives and insight.

## Markets and macro-economic environment

- Outlooks
- Webinars
- White papers

## Investment team insight

- Commentary
- Educational information
- White papers

## Portfolio themes and account performance

- News flashes and reallocations
- Performance with risk/return and cash flow analysis
- Secure online and mobile access at [BrinkerCapital.com](https://BrinkerCapital.com)

**We understand that life changes and your time horizon, tolerance for risk, or tax situation may change as well.**

Your financial advisor will work with you to **understand your ideas** about your investment priorities and circumstances as they evolve over time.

Brinker Capital implements our **disciplined investment process** to allow for flexibility and change within your overall portfolio.

This team approach to your overall investment strategy is intended to help you **achieve better outcomes** over the long term.



Availability of communications and online access may differ based on investment adviser agreement.

# Program fees

Based upon this proposal, the fee for all assets in your Brinker Capital accounts is detailed below.

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

- Custody of the assets in your portfolio
- All ongoing asset manager and mutual fund due diligence provided by Brinker Capital
- Detailed performance reporting, monthly statements and trade confirmations
- Regular rebalancing of funds in your Destinations portfolio consistent with your investment strategy
- Compensation to XYZ Securities and Joe Sample, CLU, ChFC for assisting in the development and ongoing monitoring of your investment strategy

Account Registration	Brinker Program	Amount	Fee
John Smith and Jane Smith JTWROS	Destinations	\$250,000	1.37%
<b>Total Blended Fee for All Registrations</b>			<b>1.37%</b>

This blended fee will vary based upon the allocation of assets among Brinker Capital programs (e.g., Destinations, Personal Benchmark, and/or Core Asset Manager), 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 initial assets invested in each Brinker Capital program, determined as set forth above. The fees set forth above are calculated using Brinker Capital's current fee schedules for each program. Brinker Capital may change the fee schedule for any program on 30 days advance written notice to you.

The total annual fee is exclusive of mutual fund and ETFs expense ratios, which are set forth in the prospectus for each fund. A fund expense ratio represents the percentage of the fund's assets that go toward the expense of running the fund. A fund expense ratio reflects the fund's investment advisory fee, administrative costs, distribution fees and other operating expenses, which are paid by the fund and reduce the fund's net asset value. Brinker Capital will debit your account at the beginning of each quarter based on the previous quarter's ending balance. Your initial quarterly fee will be pro-rated based upon the beginning value of your account, and Brinker Capital will debit your account the month following your initial investment.

The fee for the Personalized Distribution Strategy feature for the John Smith and Jane Smith JTWROS Destinations account is an additional 0.10% of net asset value which is included in the fee stated above. The fee will be charged on Client's entire account, including the cash reserve portion. You may elect to terminate the Personalized Distribution Strategy feature at any time on 5 days written notice to Brinker Capital.

Your account may be invested in mutual funds for which Brinker serves as the investment adviser and receives an advisory fee (currently 0.39% of the funds' net asset value). Advisory fees paid to Brinker by such funds on your fund investment will be credited against, or offset and reduce, dollar-for-dollar the fee charged by Brinker on the account invested in such funds. Your fee in the above table is net of such offset.

# 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).

**Destinations:** The performance returns provided for **Destinations Qualified & Taxable Strategies and Destinations ETFh Qualified Strategies** are composed of accounts that were open for the full period and are invested in funds according to the asset allocation policy for the recommended Investment Strategy.

Detailed information regarding the Investment Strategy composite is available upon request. The composite returns are based on actual market values and are weighted accordingly. All calculations reflect the deduction of the respective fund’s internal management fees and expenses but are gross (before deduction) of advisory fees payable to Brinker Capital, which will reduce an investor’s return. Certain funds included in the performance information may no longer be available for purchase and may not be included in the recommended Investment Strategy. Brinker Capital may also determine to replace a fund due to a change in management or based upon Brinker Capital’s evaluation of the fund’s performance. Since Brinker Capital retains full discretion to add or replace funds in which the account is invested and to change the allocation among such funds, the historical performance of the recommended Investment Strategy may reflect the performance of funds which are no longer included in the recommended Investment Strategy. **Furthermore, past performance of the funds included in the recommended Investment Strategy is not a guarantee of future results or trends.**

**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.

**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.

**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

# 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 Investments, LLC, 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.

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**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.