CATAMETRICS® MANAGEMENT, LLC

As of October 31, 2017

Adaptive

Monthly Insights

What You Need To Know

The economy and the markets in October broadly followed the trajectory we experienced in the recent past: Consumer spending and growth are edging up, inflation continues to be low, and despite all the huffing and puffing, very little actually gets done in Washington. Yes, there was a brief resurgence of anti-free-trade activity, but no follow-through yet. Stocks were up, government bonds edged down, and the dollar strengthened a bit.

It is still probable that there will be some form of tax reform to come out of Congress, although it has neither the appetite nor the ability to make any profound changes to the tax system. The likely outcome will be minor changes that result in a slightly increased government deficit and an uncertain impact on the underlying economy.

Among noteworthy developments in the economy were reasonably strong GDP numbers for the third quarter. An uptick in inventories and a reduction in imports kept GDP at the 3% level. Additionally, the trend in the level for personal consumption moved higher in September. However, one should bear in mind that the GDP and consumer expenditure numbers may be distorted by the recent hurricanes, and we will need to see how well the numbers hold up through the October report, which will come out at the end of November.

A particularly encouraging observation is that the recent GDP numbers show an increase in capital expenditure by businesses as earnings reports have been strong. Investments in commercial buildings declined but remained very strong in equipment and intellectual property investments. There is a strong correlation between productivity over time and capital investment. So, this should contribute to an increase in overall per capita GDP. All this bodes well for a rising market. It certainly seems that the underlying economy is gathering strength in a measured but solid manner.

Absent any sudden changes in actual policy making in Washington or external shocks, we believe it likely that the markets will continue to follow their recent trajectories. Federal Reserve policy is still slowly moving the federal funds rate up and is likely to move it again in December, from 1.25% to 1.5%. This gradual move with plenty of warning has been easy for the markets to accept, although it will still keep pressure on bond markets as rates continue to move up.

International markets also appear on a positive track, although the improvement in the dollar has reduced some of the impact when compared to earlier in the year. As the dollar rises, the value of securities denominated in other currencies will decline relative to their domestic markets. However, they remain good additions to the portfolio as most international markets are undervalued relative to the US markets at current levels.

Combining active fund selection with rigorous risk management, the Adaptive strategies seek to help you take advantage of trends in the market.

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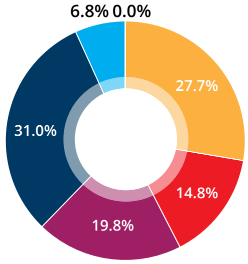
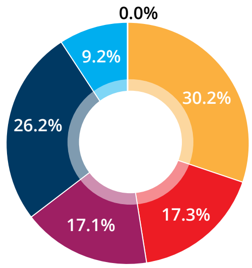
Asset-Class Allocations



Adaptive Global Market Portfolio Strategy

Objective: Pursuing modest growth through a globally diversified and actively managed portfolio over the intermediate to long-term horizon

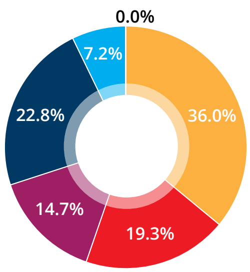
	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive Global Market Portfolio	1.26%	1.26%	12.07%	13.01%	15.56%
R3000 / ACWI ex-US / JPM GABI (27/19/54)	0.74%	0.74%	11.75%	11.22%	14.29%



Adaptive Moderate Strategy

Objective: Pursuing moderate growth through a globally diversified and actively managed portfolio over the intermediate to long-term horizon

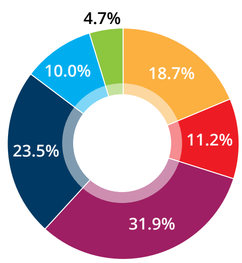
	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive Moderate Growth	1.29%	1.29%	12.76%	14.54%	17.39%
R3000 / ACWI ex-US / JPM GABI (32/23/45)	0.96%	0.96%	13.01%	13.26%	16.81%



Adaptive Growth Strategy

Objective: Pursuing growth through a globally diversified and actively managed portfolio over the long-term horizon

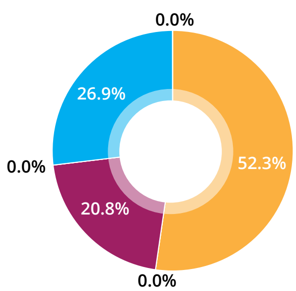
	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive Growth	1.51%	1.51%	13.39%	15.72%	18.80%
R3000 / ACWI ex-US / JPM GABI (35/25/40)	1.08%	1.08%	13.70%	14.41%	18.22%



Adaptive Defensive Strategy

Objective: Seeking to preserve wealth while pursuing modest growth through a globally diversified and actively managed portfolio over the intermediate to long-term horizon

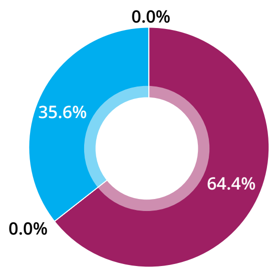
	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive Defensive	0.90%	0.90%	9.22%	9.70%	11.70%
R3000 / ACWI ex-US / JPM GABI / Cash (20/14/41/25)	0.57%	0.57%	8.85%	8.45%	10.75%



Adaptive US Balanced Income Strategy

Objective: Seeking income using US-focused ETFs while aiming to perform in line with a 50/50 equity/fixed income balanced US benchmark

	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive US Balanced Income	1.20%	1.20%	9.63%	11.38%	16.63%
R3000 / BBGBarc Agg (50/50)	1.12%	1.12%	9.69%	11.97%	15.86%



Adaptive US Income-Focused Strategy

Objective: Seeking income using US-focused ETFs while aiming to perform in line with the broad US bond market

	1 Month	QTD	YTD	1 Year	Since Inception (03/31/2016)
Adaptive US Income-Focused	-0.10%	-0.10%	4.61%	1.68%	6.00%
BBGBarc Agg (100)	0.06%	0.06%	3.20%	0.90%	2.82%

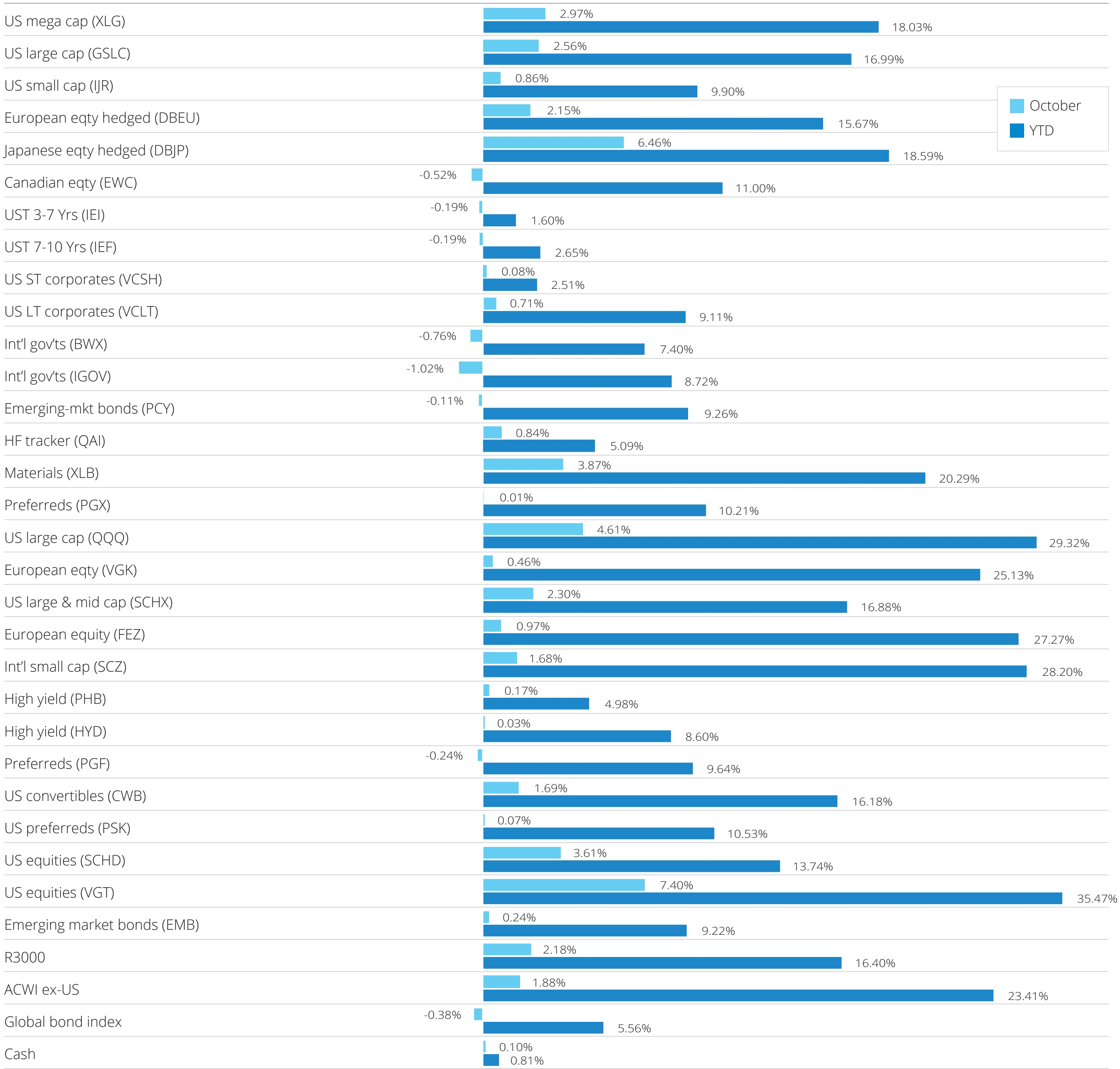
US equities | International equities | US bonds | International bonds | Total return, alternatives, multi-asset class | Cash

Asset-class allocations as of 9/29/2017

ETF Commentary

- The Adaptive strategies have in the past few months had a significant part of their US large-cap exposure in the tech-heavy QQQs, and with the QQQs returning 4.61% in October, this tilt contributed meaningfully to the performance of the four non-income strategies.
- To continue on the tech theme, another strong but smaller allocation in these strategies is the Vanguard Information Technology ETF (VGT), which was up 7.40% in October.
- The third significant performer was the hedged Japanese equity ETF DBJP, which returned 6.46%. US bond ETFs tended to be slightly down, and the two international bond ETFs BWX and IGOV were down 0.76% and 1.02%, respectively.
- The US balanced income strategy benefitted from its equity exposures, with US mega-cap ETF XLG up 2.97%. The weakest performing group in the income strategies was the preferred ETFs, which returned between +0.07% and -0.37%.

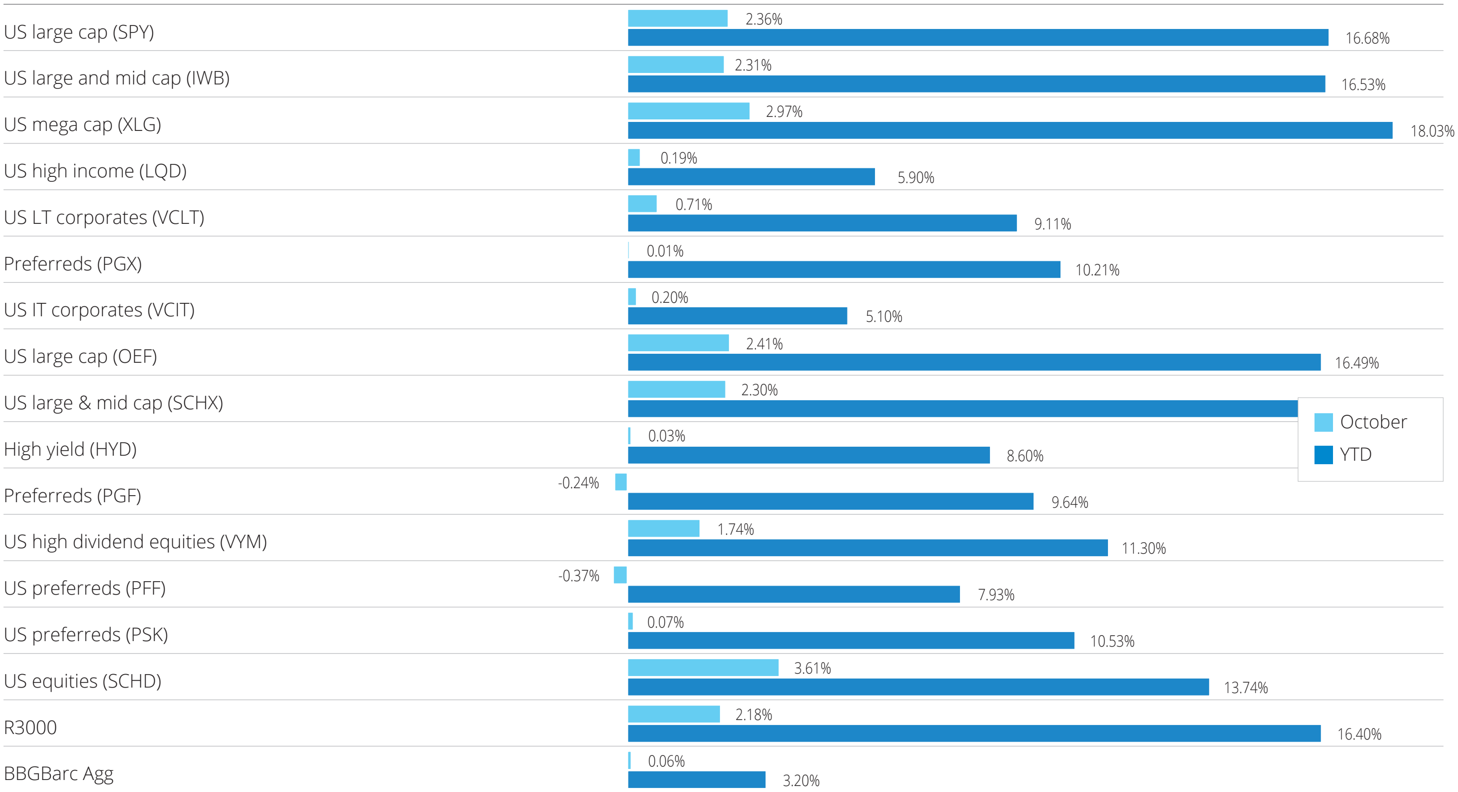
ETFs used by the Global Adaptive strategies



ETF Commentary

- The Adaptive Income portfolios include some equity holdings as part of a balanced portfolio. This month, the strength of large cap ETFs such as OEF (up 2.4%) and IWB (up 2.3%) contributed to the portfolio's outperformance of the benchmark.
- Because interest rates rose again in October, fixed-income based ETFs struggled. HYD, which performed well in September, was flat in October. PGF, which holds preferred equities, fell by 0.2%. Preferred ETF PSK rose a very modest 0.1%.
- The corporate fixed-income based ETFs (LQD +0.2%, VCIT +0.2%, VCLT +0.7%) all provided modest performance for the month, in-line with the global fixed-income index. The spreads between corporates and Treasuries have declined in recent weeks, as earnings growth gives greater debt coverage to corporate bonds.

ETFs used by the Adaptive US Income strategies



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The S&P 500 Index is a commonly recognized, market-capitalization-weighted index of 500 widely-held companies, designed to measure the performance of US large-cap stocks. The Russell 3000 Index is a free float-adjusted, market-capitalization-weighted index which measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The MSCI All Country World Index [ACWI] is designed to measure the performance of the global equity market and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed and emerging countries throughout the world. The MSCI ACWI ex-USA Index is designed to measure the performance of the global equity market excluding the US component and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed- and emerging-market countries. The Bloomberg Barclays US Aggregate Bond Index [BBG Barc Agg] provides a broad-based measure of the fixed-rate US investment-grade debt market. The Bloomberg Barclays Global Aggregate Bond Index [BBG Barc Global Agg] measures global investment-grade, fixed-rate debt from both developed- and emerging-markets. The J.P. Morgan Global Aggregate Bond Index (JPM GABI) provides a broad-based measure of the global fixed-rate, investment-grade debt markets. The JPM GABI is a US dollar denominated, investment-grade index with asset classes from developed and emerging markets. Cash refers to overnight Fed funds.

The Risks of ETFs

Exchange-traded funds (ETFs) are subject to risks similar to those of stocks, such as market, interest rate, foreign exchange, and liquidity risks. An investor in ETFs may bear indirect fees and expenses charged by the ETFs in addition to their direct fees and expenses, and is subject to the risk of loss of principal. ETF sponsors may suspend trading in ETFs and may not honor redemption requests. ETFs may trade at a discount or premium to their net asset value and are subject to the market fluctuations of their underlying investments. When considering investing in an ETF, you should consult your financial advisor and accountant on how investing in the fund will affect your taxes.

Before investing in an ETF, you should read both its summary prospectus and its full prospectus, which provide detailed information on the ETF's investment objective, principal investment strategies, risks, costs, and historical performance (if any). The SEC's EDGAR system, as well as Internet search engines, can help you locate a specific ETF prospectus. You can also find prospectuses on the websites of the financial firms that sponsor a particular ETF, as well as through your broker.
Past performance is no guarantee of future results of any ETF.

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The gross and net results of back-tested performance in CMM Content are based on simulated and hypothetical portfolios, which have certain inherent limitations. Unlike the results shown in the performance record of an actual investment portfolio, back-tested results do not represent actual trading. Because the trades assumed in CMM's presentations have not actually been executed, the results shown may have under- or over-compensated for the impact, if any, of certain market factors such as lack of liquidity or the ability to obtain the execution prices that have been assumed.

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The results for simulated or hypothetical trading should also be considered with the understanding that a back-tested strategy is designed with the benefit of hindsight, and it is therefore likely that any actual strategy or program, had it existed during the period for which results are shown in CMM Content, would have been different from the assumed strategy. No representation is being made that any account will, or is likely to, achieve profits or losses similar to these being shown.

Inherent in all simulated historical return calculations is the fact that unequal growth in the values of a portfolio's components will cause the asset-weights to differ from their assumed theoretical weights. To counteract this effect would require daily adjustments and the net impact on the simulated returns would be either a small incremental gain or loss. Similarly, the same effect applies to constant weight performance indices such as the traditional 60% equity/40% fixed income benchmark. We do not model this effect for either our simulated strategy return or the performance indices.

Past performance is not a guarantee of future performance, and simulated hypothetical returns likewise have no bearing on potential future actual returns. Investment decisions based on any strategy presented in CMM Content may generate losses, potentially large losses, the sizes of which it is not possible to estimate.

11/6/2017