Monthly Insights

What You Need To Know

October has a reputation for being a scary month for markets. The great crash of 1929 occurred in October, as did the 1987 crash and the worst month of the 2008/2009 great recession. The S&P 500 is negative for the month of October 40% of the time and saw its worst monthly performance since 1965 in October (in 1987, when it was down 21.8%). Apparently, October can be a grim, dark period.

Of course, the truth is very different. The month of October may be negative 40% of the time, which is slightly less than the average for all months for the S&P 500 (down 41% of the time since 1965), and while it does have all those troubling months, it also had the largest monthly increase (16.3% in 1974). And this year, October recorded the second-best performance for the S&P in 2017. So far, it's been a pleasant fall.

Indeed, the picture of the economy appears to be at its best for the year right now. As the third-quarter earnings season has shown thus far, business is doing well and the concerns of natural disasters as well as global fears appear to have faded from market consciousness. Along with earnings, real GDP for the third quarter came in at 3% after the second quarter's 3.1%. This is the first time we have had two quarters of 3%+ growth since the middle of 2014.

Despite the strengthening of the US economy, inflation still appears to be no threat to the markets at the moment. Oil has risen of late and is now at a two-year high, but inflation is not rising at the core level. It remains well below the 2% target of the Federal Reserve.

The Federal Reserve will have new leadership next year, but this is unlikely to alter current Fed policy. The central bank will likely raise the funds rate in the December meeting (it left rates unchanged at the early November meeting) and will continue to reduce its balance sheet by letting securities that it purchased through "quantitative easing" mature and roll off. This policy has been viewed as supportive of the markets, but the markets appear inoculated from any distemper as this policy expires.

The rosy outlook extends to the global economy. Europe moved steadily up, and Japan has almost returned to its levels of 2007. Global stocks still have two things in their favor compared to the US: they have lower price/earnings ratios, and their earnings on both a trailing and forecast basis have been growing at faster rates than those in the US.

We aim to maximize your long-term returns by building globally diversified and low-cost strategies. Designed to follow a disciplined, fully invested approach, these strategies put the power of markets to work for you.

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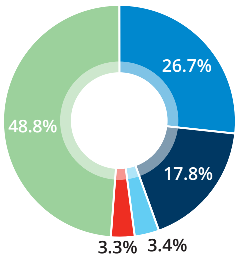
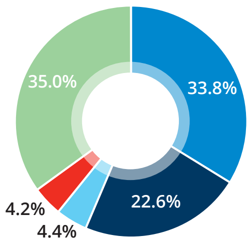
Asset-Class Allocations



Structured Global Market Portfolio Strategy

Objective: Seeking to preserve wealth while pursuing modest growth through a globally focused equity portfolio over the intermediate to long-term horizon

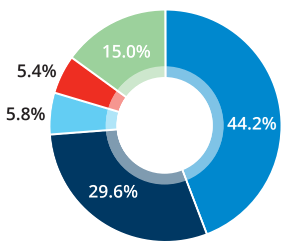
	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured Global Market Portfolio	0.91%	0.91%	10.48%	11.06%	4.79%	5.82%
Benchmark: R3 / MSCI ACWI ex-US / BBG Barclays US Agg (24/23/53)	0.99%	0.99%	10.78%	11.21%	5.36%	6.53%



Structured Global Balanced Strategy

Objective: Pursuing modest long-term growth though a globally focused equity portfolio while seeking to limit risk to investment capital

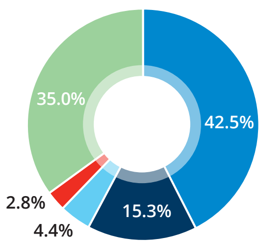
	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured Global Balanced	1.15%	1.15%	12.74%	14.49%	5.90%	7.46%
Benchmark: R3 / MSCI ACWI ex-US / BBG Barclays US Agg (33/32/35)	1.34%	1.34%	13.81%	15.40%	6.41%	8.08%



Structured Global Moderate Growth Strategy

Objective: Pursuing long-term growth through a globally focused equity portfolio while seeking to temper the impact of equity-market declines

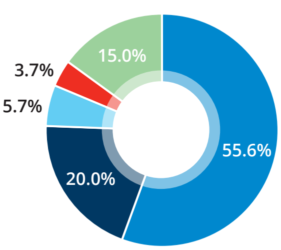
	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured Global Moderate Growth	1.50%	1.50%	16.07%	19.19%	7.25%	9.41%
Benchmark: R3 / MSCI ACWI ex-US / BBG Barclays US Agg (43/42/15)	1.74%	1.74%	17.25%	20.21%	7.52%	9.75%



Structured US-Focused Balanced Strategy

Objective: Pursuing modest long-term growth through a US-focused equity portfolio while seeking to limit risk to investment capital

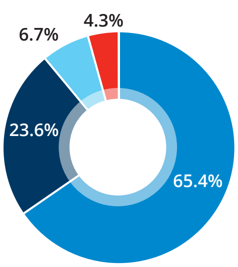
	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured US-Focused Balanced	1.16%	1.16%	11.95%	14.43%	6.31%	8.22%
Benchmark: R3 / MSCI ACWI ex-US / BBG Barclays US Agg (45/20/35)	1.38%	1.38%	13.01%	15.44%	6.97%	8.97%



Structured US-Focused Moderate Growth Strategy

Objective: Pursuing long-term growth through a US-focused equity portfolio while seeking to temper the impact of equity-market declines

	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured US-Focused Moderate Growth	1.51%	1.51%	14.98%	19.09%	7.78%	10.42%
Benchmark: R3 / MSCI ACWI ex-US / BBG Barclays US Agg (60/25/15)	1.79%	1.79%	16.09%	20.25%	8.31%	11.03%



Structured US-Focused Equity Growth Strategy

Objective: Aggressively pursuing long-term growth through a US-focused equity portfolio without concern for the impact of equity-market declines

	1 Month	QTD	YTD	1 Year	3 Years	Since Inception (01/31/2012)
Structured US-Focused Equity Growth	1.77%	1.77%	17.29%	22.65%	8.86%	12.07%
Benchmark: R3 / MSCI ACWI ex-US (70/30)	2.10%	2.10%	18.52%	23.97%	9.23%	12.46%

- US equities
- Developed international equities
- Global real estate
- Emerging-market equities
- US bonds

Asset-class allocations as of 7/31/2017

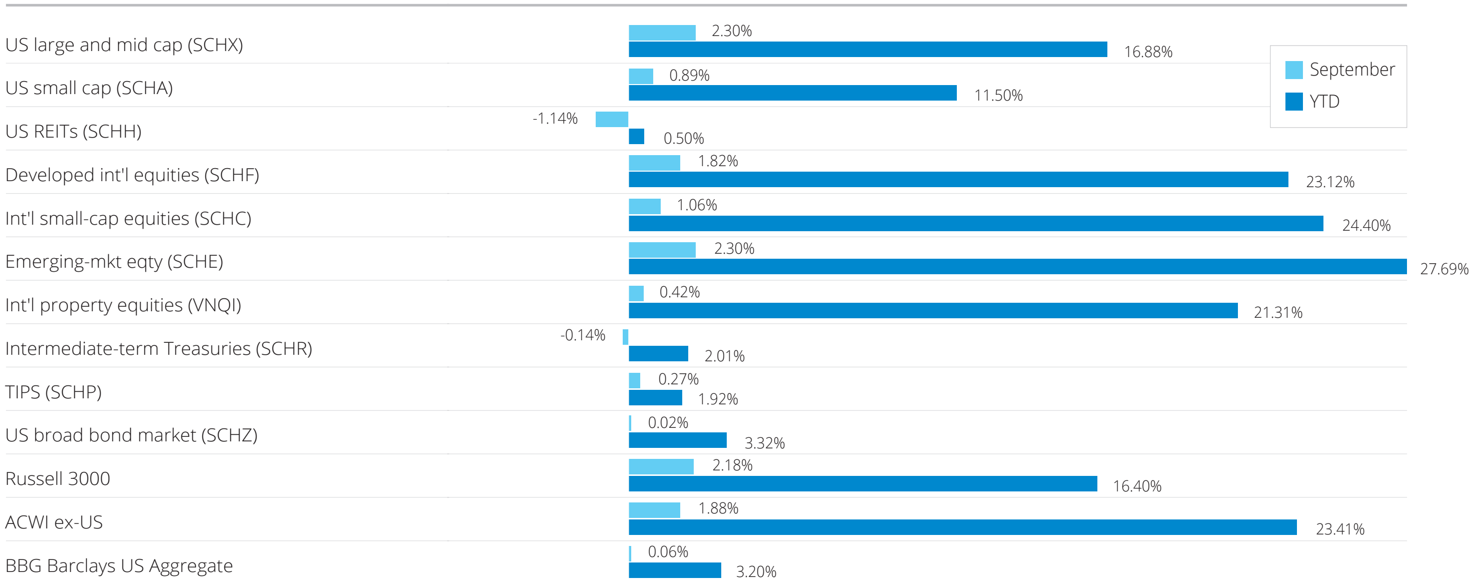
ETF Performance

- **SCHA:** 2017 has been noteworthy for the outperformance of large-cap stocks compared to small-cap stocks. This trend reversed in September, but then reasserted itself in October as the large- and mid-cap-based fund SCHX outperformed the small-cap SCHA by over 1.4%. SCHX is now up almost 17% for the year while the small cap is up less than 12%.

- **SCHE:** SCHH, which invests in real estate investment trusts (REITs), was one of two ETFs to decline for the month of October. REITs have had two strikes against them this year. They are considered income plays and so decline when interest rates rise, which happened in October. Additionally, retail properties have struggled this year as store sales have lost out to internet sales.

- **SCHR:** Rates rose in October as SCHR lost 0.14%. Overall, the fund has contributed 2% for the year. The TIPS ETF, which has bonds with a longer maturity but which readjusts as interest rates move up or down, gained 0.27% and is now up 1.92% for the year.

Structured ETF Returns



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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 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