

We bring **CLARITY, DIRECTION AND DISCIPLINE** to financial choices you make every day

Callan Capital

Portfolio Review



Callan Capital Asset Management Philosophy

We believe that asset allocation through a well-diversified portfolio is the primary driver to success; as such, we use low cost, passive strategies which allow us to be sensitive to expenses. We believe that wealth is created through successful participation in the global markets, not speculation. The mission of Callan Capital is to deliver superior risk-adjusted performance and enhanced returns through tactical, model-driven portfolio design.

Asset Class Returns

																2003 -2017	
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD	Ann.	Vol.
EM Equity 56.3%	REITs 31.6%	EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Small Cap 9.5%	EM Equity 12.7%	EM Equity 23.0%
Small Cap 47.3%	EM Equity 26.0%	Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Large Cap 6.5%	Small Cap 11.2%	REITs 22.3%
DM Equity 39.2%	DM Equity 20.7%	DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. 25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	Asset Alloc. 1.9%	REITs 11.1%	Small Cap 18.8%
REITs 37.1%	Small Cap 18.3%	REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	REITs 1.9%	Large Cap 9.9%	Comdty. 18.8%
High Yield 32.4%	High Yield 13.2%	Asset Alloc. 6.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Cash 0.9%	High Yield 9.6%	DM Equity 18.4%
Large Cap 28.7%	Asset Alloc. 12.8%	Large Cap 4.9%	Asset Alloc. 16.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 16.5%	High Yield 14.8%	Asset Alloc. 0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	DM Equity 0.0%	DM Equity 8.6%	Large Cap 14.5%
Asset Alloc. 26.3%	Large Cap 10.9%	Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	High Yield -0.9%	Asset Alloc. 8.3%	High Yield 11.3%
Comdty. 23.9%	Comdty. 9.1%	High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Fixed Income -1.6%	Fixed Income 4.1%	Asset Alloc. 11.0%
Fixed Income 4.1%	Fixed Income 4.3%	Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	Comdty. -2.1%	Cash 1.2%	Fixed Income 3.3%
Cash 1.0%	Cash 1.2%	Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -4.4%	Comdty. -0.3%	Cash 0.8%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management. Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index. The Asset Allocation portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI

EAFE, 5% in the MSCI EME 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/02 – 12/31/17. Please see disclosure page at end for index definitions. All data represents total return for stated period.



Household Performance Report

Household: San Diego Kiwanis Club Foundation
 Period: 2/6/2008 to 7/31/2018

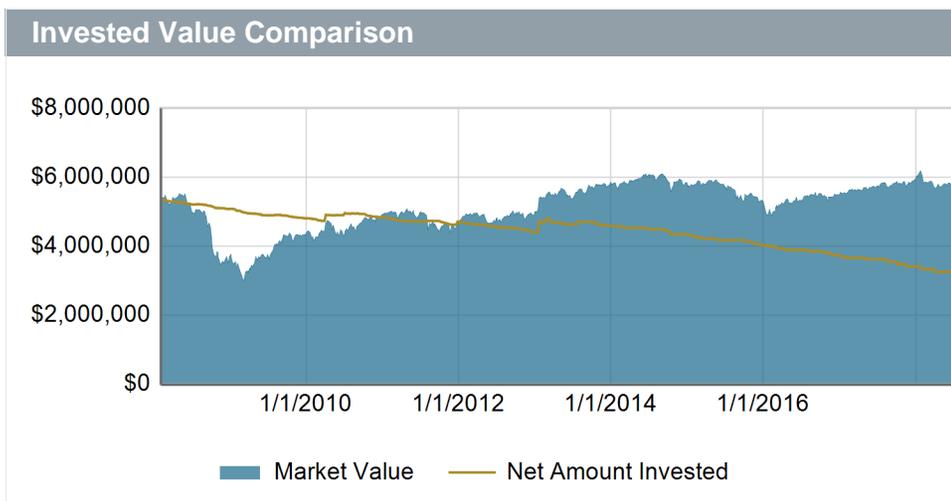
Accounts Included in this Report						
Account	Account Type	Custodian	Account Number	Management Strategy	Model	Market Value
SD Kiwanis Club Foundation Investments	Charity Non-Profit	Schwab	****5856	Managed Account		\$5,715,411.55
						\$5,715,411.55

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.

Activity Summary						Allocation Summary	
	YTD	1-Year	3-Year	5-Year	Inception		
Beginning Market Value	\$5,952,897.69	\$5,843,617.56	\$5,713,851.04	\$5,645,268.52	\$5,362,875.59*		
Net Contributions	(\$289,601.75)	(\$500,550.44)	(\$1,052,266.00)	(\$1,585,266.00)	(\$2,232,114.61)		
Income & Expenses	\$44,204.31	\$144,111.89	\$395,558.25	\$631,853.58	\$1,045,035.38		
Market Value Increase/Decrease	\$7,911.30	\$228,232.54	\$658,268.26	\$1,023,555.45	\$1,539,615.19		
Ending Market Value	\$5,715,411.55	\$5,715,411.55	\$5,715,411.55	\$5,715,411.55	\$5,715,411.55		
Time Weighted Return (Net)	0.93 %	6.62 %	6.50 %	6.03 %	4.95 %		

Asset Category	Allocation
Domestic Equity	36.5 %
Fixed Income	28.8 %
International Equity	24.4 %
Alternative Investments	10.3 %
Money Market	0.0 %

* Initial contribution amounts



Index Comparison

	YTD	2017	2016	2015	2014	2013	2012
San Diego Kiwanis Club Foundation	0.93 %	14.29 %	9.79 %	-4.08 %	3.96 %	14.14 %	11.67 %
Kiwanis Growth	1.95 %	14.52 %	7.46 %	-1.83 %	6.66 %	15.52 %	12.14 %
S&P 500	6.47 %	21.83 %	11.96 %	1.38 %	13.69 %	32.39 %	16.00 %
MSCI EAFE + EM (TR Net)	-1.52 %	28.05 %	3.24 %	-4.18 %	-4.28 %	16.10 %	17.54 %
Bloomberg Barclays Intermediate US Aggregate	-0.99 %	2.27 %	1.97 %	1.21 %	4.12 %	-1.02 %	3.56 %

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.



Asset Class Performance Summary

Household: **San Diego Kiwanis Club Foundation**
 Period: **2/6/2008 to 7/31/2018**

Asset Category Performance

Asset Category	Market Value	Weight	YTD Return	2017 Return
Domestic Equity	\$2,086,884.64	36.5%	4.2%	18.8%
Fixed Income	\$1,644,342.69	28.8%	0.3%	3.7%
International Equity	\$1,396,313.08	24.4%	-2.1%	29.7%
Alternative Investments	\$586,234.86	10.3%	3.9%	2.5%
Money Market	\$1,636.28	0.0%	0.7%	0.3%
Portfolio	\$5,715,411.55	100.0%	0.9 %	14.3 %

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.

Disclaimers

Neither Callan Capital, and the services or strategies it provides, nor its advisors, provide individual tax or legal advice. Clients should review planned financial transactions and wealth transfer strategies with their own tax and legal advisors. Data in this presentation is being provided for informational purposes only and/or in response to your request. Certain material in this presentation has been produced using a spreadsheet designed by Callan Capital. In the event of any discrepancy between it and data produced by the Custodian through client statements, the recipient must rely on your client statements. Information herein, including but not limited to research, market valuations, calculations and estimates is believed to be reliable but Callan Capital does not warrant its completeness or accuracy.

Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance data quoted. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. In general the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. Leverage can increase market exposure and magnify investment risk.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS and does not guarantee future positive returns. Opinions and estimates constitute our judgment and are subject to change without notice. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The performance results have been compiled solely by Callan Capital, and have not been independently verified. In calculating account performance, Callan Capital has relied upon information provided by the account custodian.

The volatility of the S&P 500, MSCI EAFE + EM and Bloomberg Barclays Intermediate US Aggregate may be similar to that of a portion of the investor's portfolio. It is included in this review to give the investor an understanding of market performance of the S&P 500 stock market index containing the stocks of 500 large cap corporations, most of which are American, MSCI EAFE + EM containing Large and Mid cap stocks providing coverage of Developed and Emerging Markets excluding the US, Bloomberg Barclays Intermediate US Aggregate Index is a market-capitalization-weighted index of US investment grade bonds. This is intended for educational and informative purposes. Note: You cannot invest directly in an index.

The volatility of the benchmark indices may be materially different from the individual performance attained by a specific investor. In addition, strategy holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark with which to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices.

The S&P 500 Index is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.

leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index

MSCI EAFE + EM (TR Net) is an equity index which captures large and mid cap representation across 21 Developed Markets (DM) countries and 23 Emerging Markets Countries around the world. With 1,765 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The Bloomberg Barclays Intermediate US Aggregate The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency.)

MS Cat Avg Energy Limited Partnership Morningstar Energy Index - ETF Tracker. The Index consists of companies that produce or refine oil and gas, oil field services and equipment companies, and pipeline operators.

S&P US REIT The S&P U.S. REIT Index defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

Criteria for choosing the Growth Model Benchmark are as follows:

- a. 34.68% S&P 500, 31% Bloomberg Barclays Intermediate US Aggregate, 24.32% MSCI Eafe + EM, 5% MS Cat Avg Energy LP, 5% S&P US REIT

Domestic Equity A stock or any other security representing an ownership interest in a company headquartered in the United States.

International Equity Shares of companies, which are headquartered outside of the United States.

Fixed Income A type of investment under which the borrower or issuer is obligated to make payments of a fixed amount on a fixed schedule.

Alternative Investment An investment that is not one of the conventional investment types. Ex: Private Equity, hedge funds, managed futures, real estate, commodities and derivatives contracts.

Money Market Financial instruments with high liquidity and very short term maturities.

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.

Report Data Disclaimer

For the above report, bond accrual is included in market values. Performance returns are calculated using time-weighted rate of return (TWR), net of fees. ** The first 12 month returns are not annualized * Asset Level Return is Gross of Fees

For one-on-one presentation only, not for distribution. This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.



TREVOR M. CALLAN, CIMA®, CPWA®
Managing Partner



TIM S. CALLAN, CFP®, CPWA®
Managing Partner



RYAN J. CALLAN
Managing Partner

INVESTMENT COMMITTEE

Trevor M. Callan, CIMA®, CPWA®
Tim S. Callan, CFP®, CPWA®
Ryan J. Callan
Olivia Zaiya, MBA, J.D., CFP®

RELATIONSHIP MANAGEMENT

Trevor M. Callan, CIMA®, CPWA®
Tim S. Callan, CFP®, CPWA®
Olivia Zaiya, MBA, J.D., CFP®
Robert K. Neigert, J.D., LL.M. Tax

FINANCIAL PLANNING

Tim S. Callan, CFP®, CPWA®
Olivia Zaiya, MBA, J.D., CFP®
David B. Adams

OPERATIONS

Ryan J. Callan
Robert S. Mikulski
Kaitlin C. Coryell
Alyana C. Stokes

MARKETING

Daniella M. Boni, MBA



DANIELLA M. BONI, MBA
Managing Director, Marketing
and Communications



**OLIVIA ZAIYA, MBA, J.D.,
CFP®**
Managing Director, Financial
Planning



**ROBERT K. NEIGERT,
J.D., LL.M., Tax**
Managing Director,
Texas Region



ROBERT S. MIKULSKI
Managing Director, Operations and
Client Service



DAVID B. ADAMS
Director, Financial Planning



KAITLIN C. CORYELL
Senior Associate, Client
Service and Compliance



ALYANA C. STOKES
Associate, Operations and
Client Service

We bring **CLARITY, DIRECTION AND DISCIPLINE** to financial choices you make every day

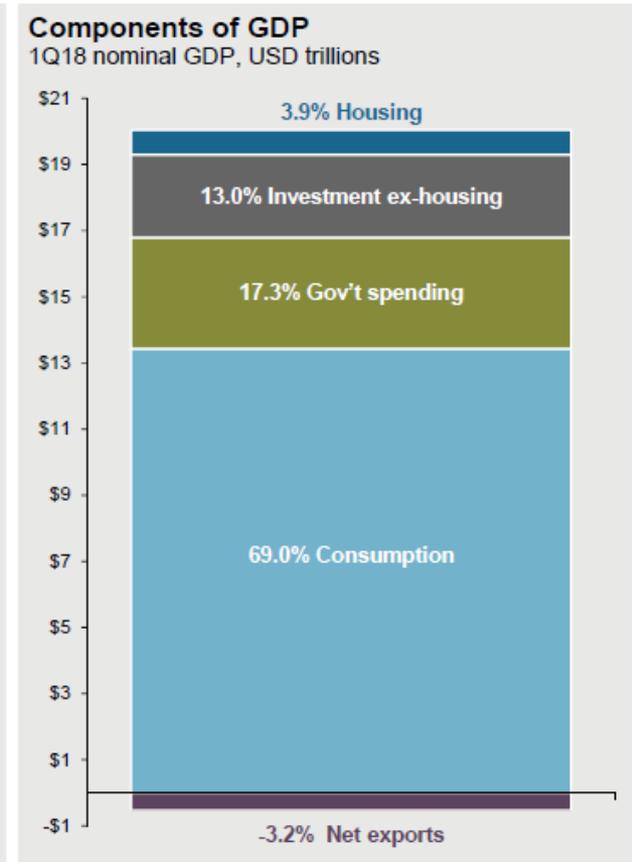
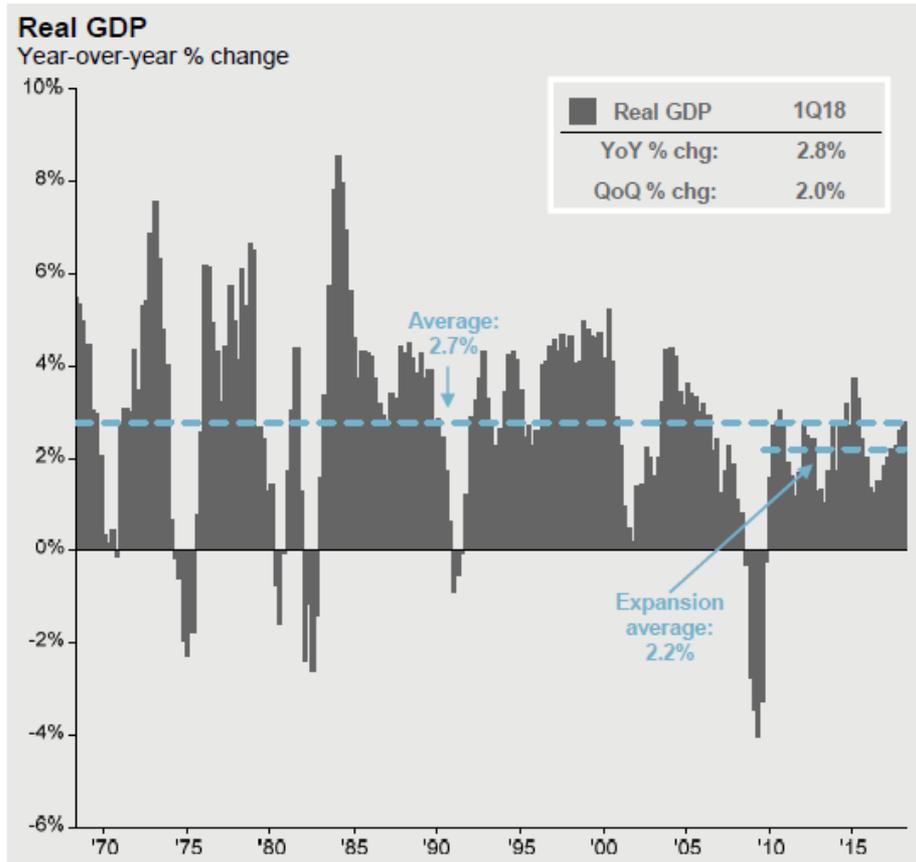
Performance and Financial Planning Review



**U.S. Economy, Federal
Reserve
and International
Economy**

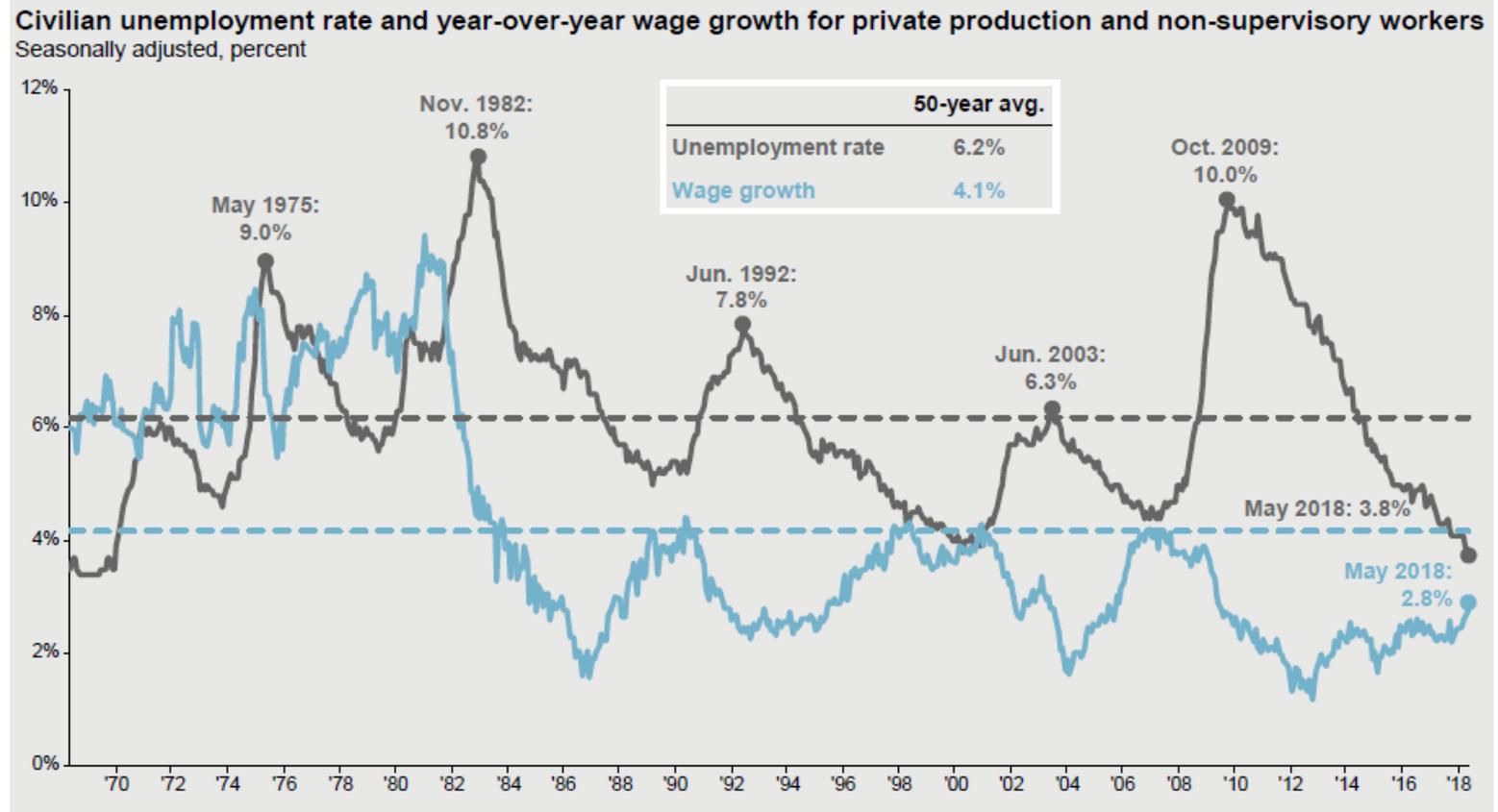


Economic Growth and Composition of GDP

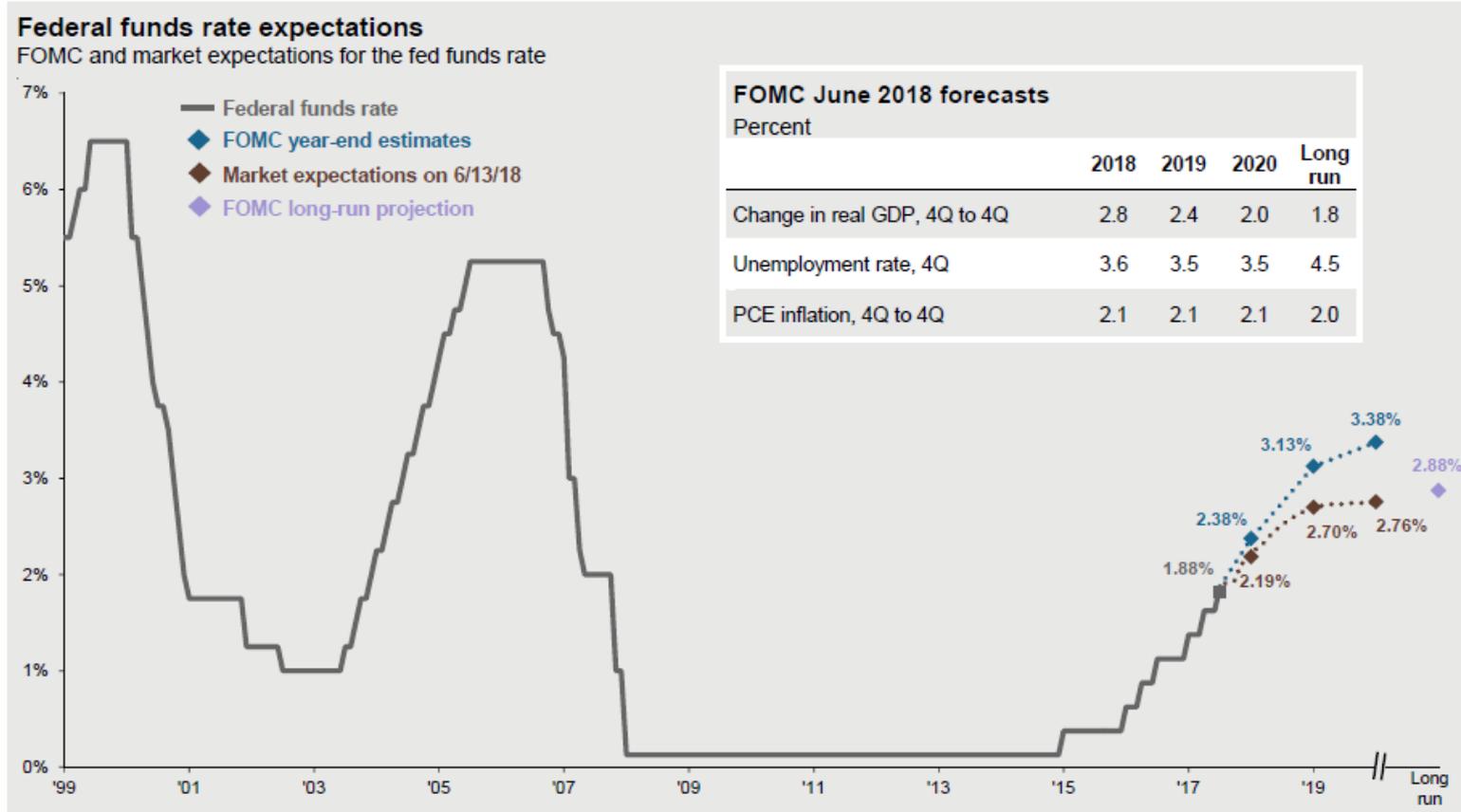


Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Quarter-over-quarter percent changes are at an annualized rate. Average represents the annualized growth rate for the full period. Expansion average refers to the period starting in the third quarter of 2009.

Unemployment and Wages

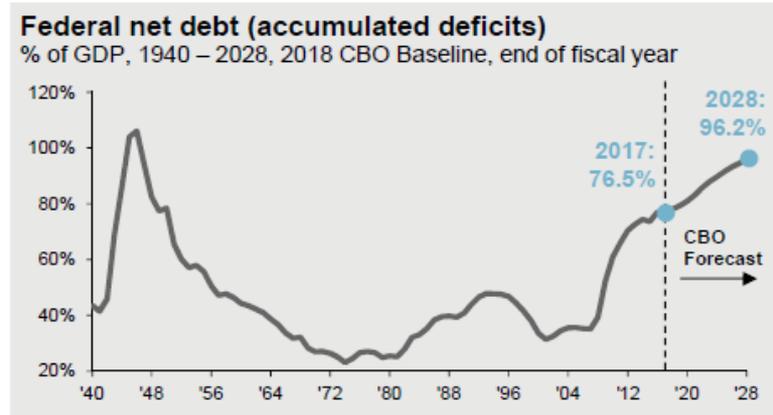
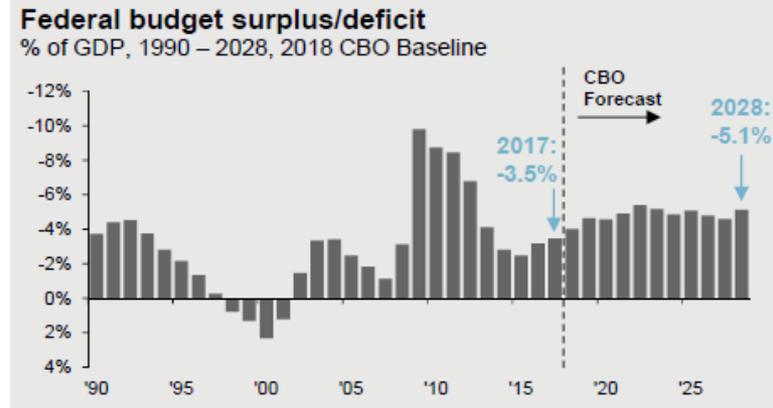
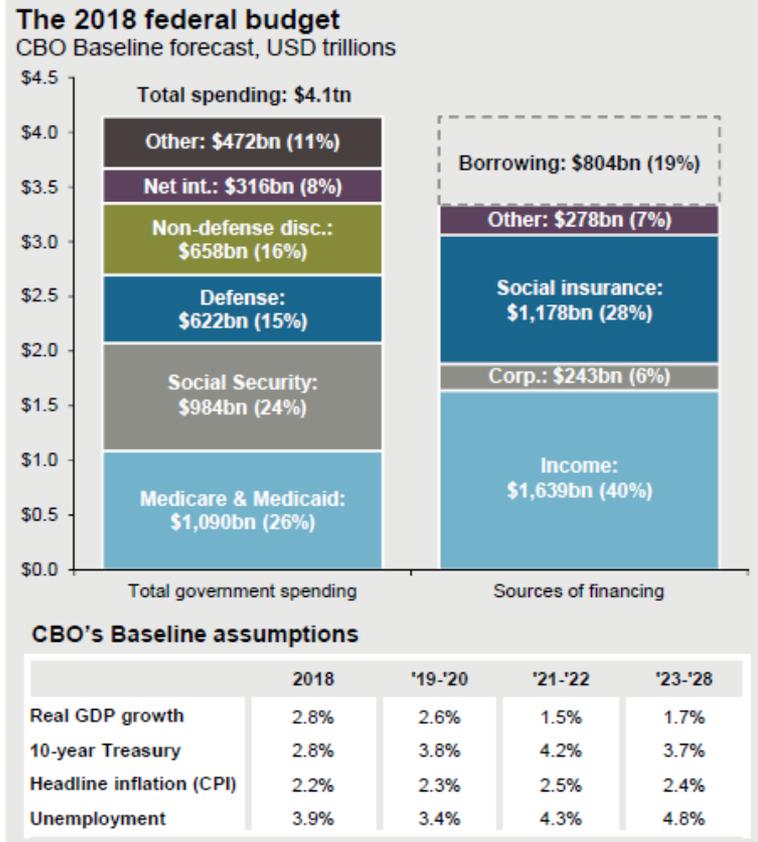


The Fed and Interest Rates



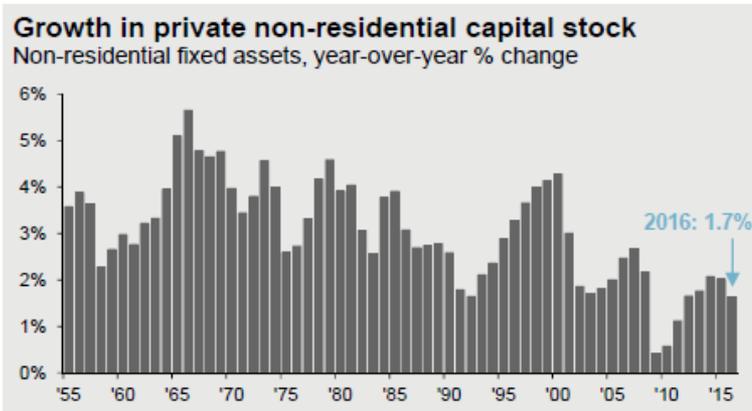
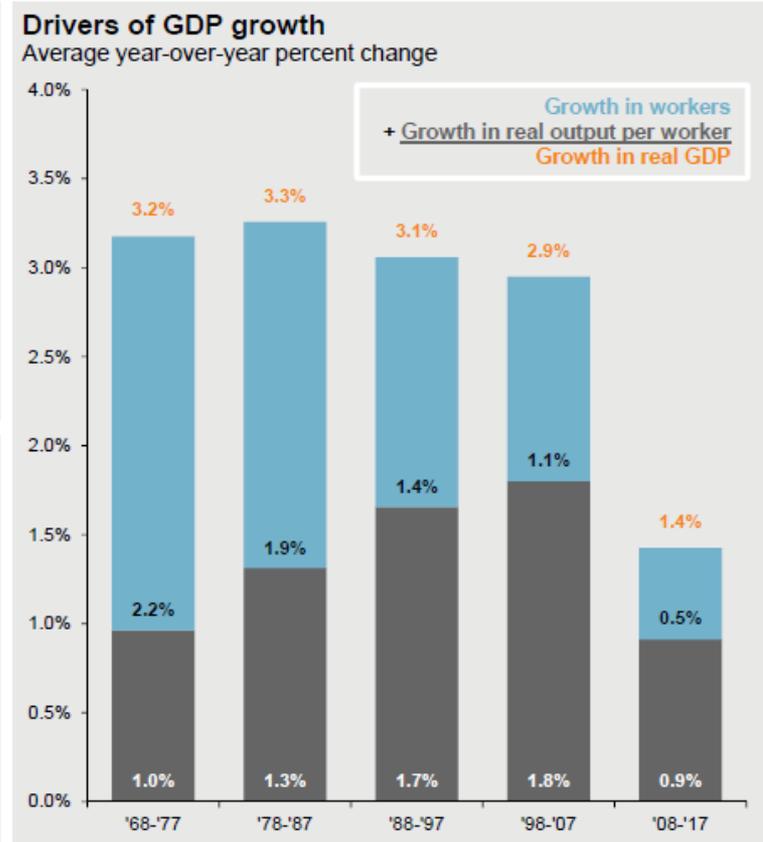
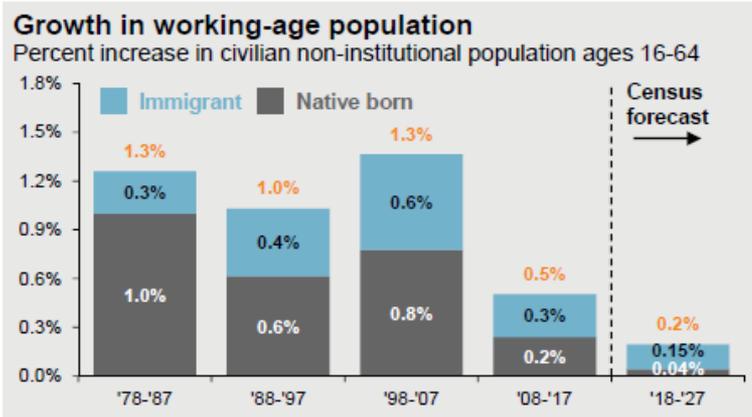
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are the federal funds rates priced into the fed futures market as of the date of the June 2018 FOMC meeting.

Federal Finances



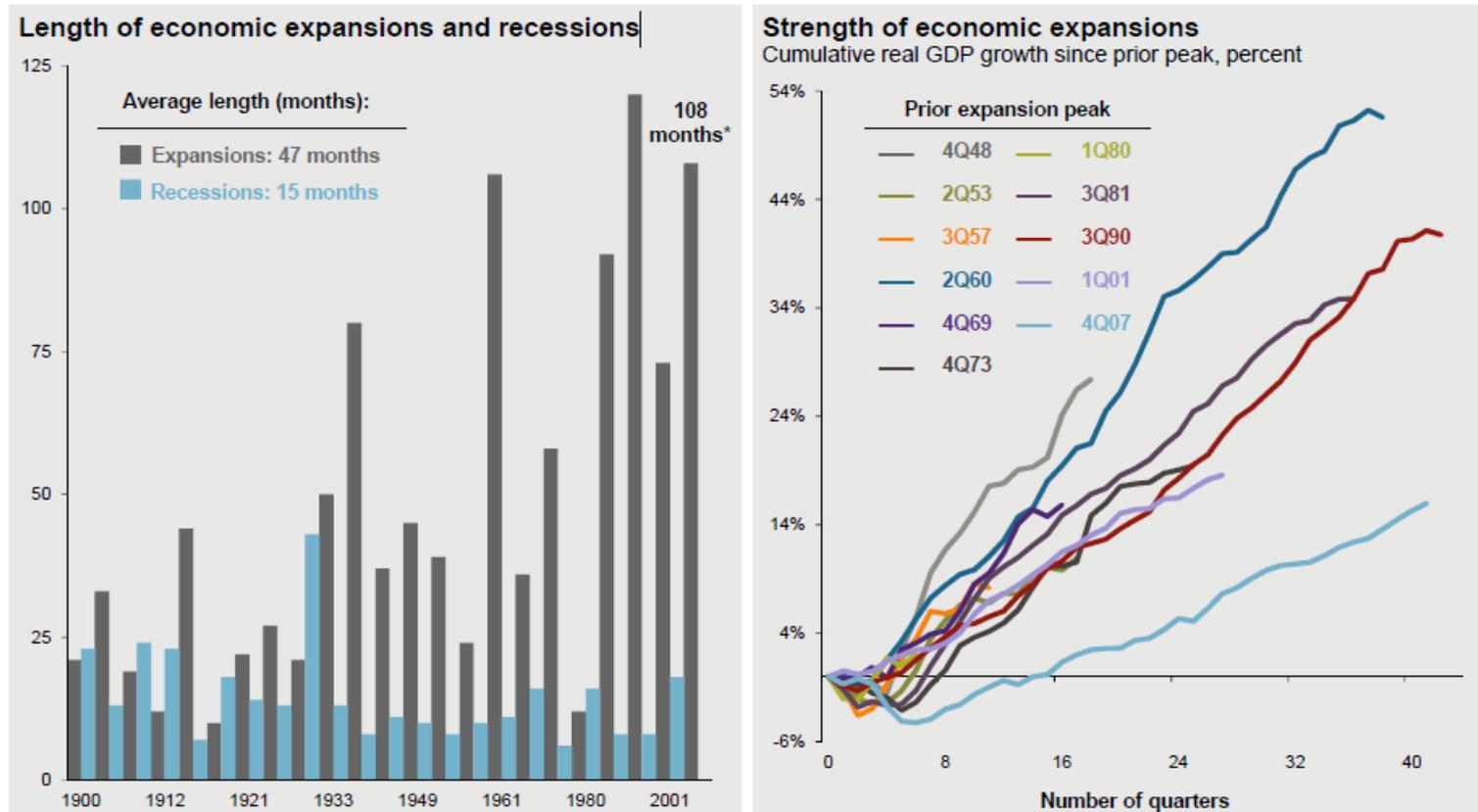
Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department. 2018 Federal Budget is based on the Congressional Budget Office (CBO) April 2018 Baseline Budget Forecast. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years (Oct. 1 through Sep. 30).

Long-Term Drivers of Economic Growth



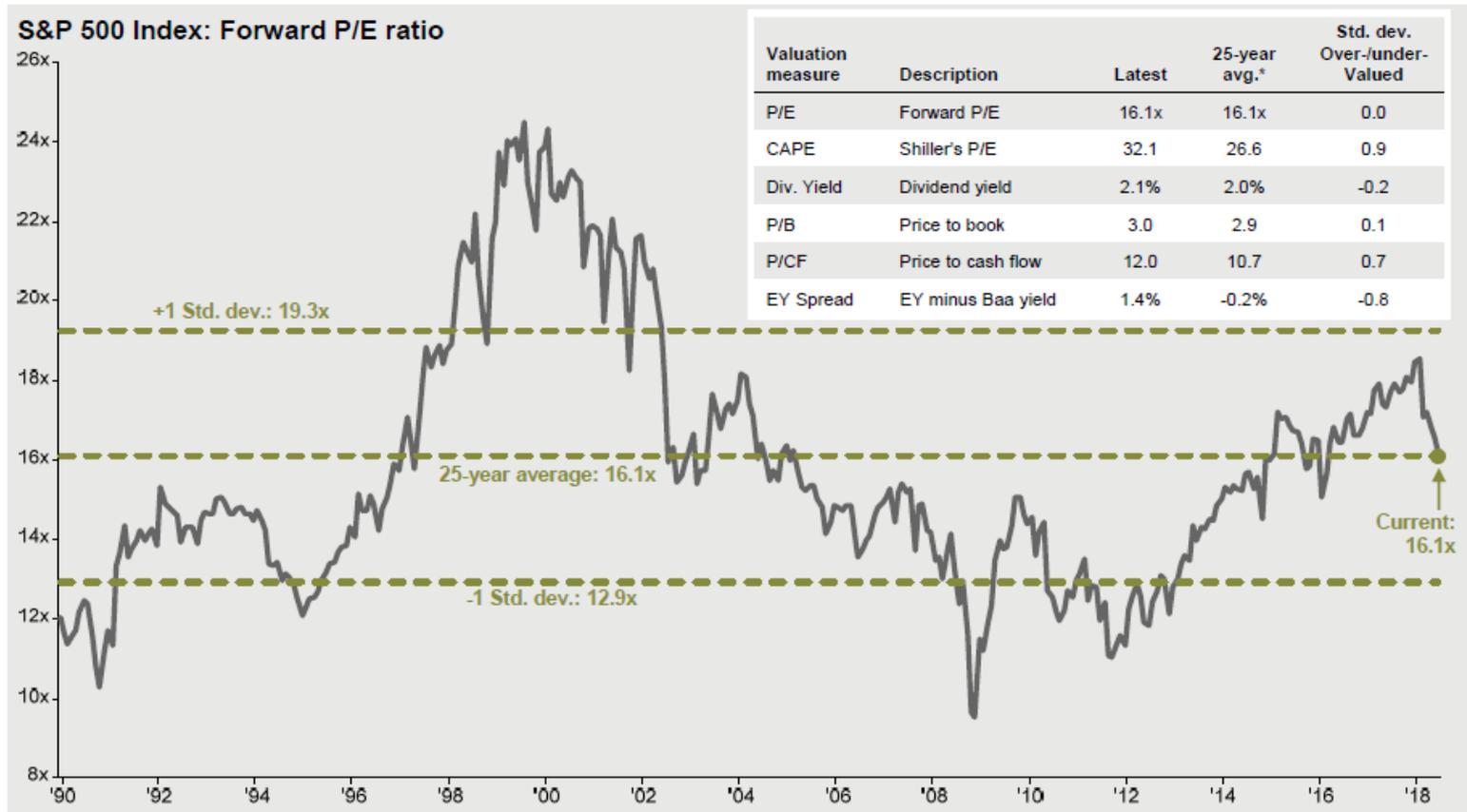
Source: J.P. Morgan Asset Management; (Top left) Census Bureau, DOD, DOJ; (Top left & right) BLS; (Right & bottom left) BEA. GDP drivers are calculated as the average annualized growth in the 10 years ending in 4Q of the last year. Future working age population is calculated as the total estimated number of Americans from the Census Bureau, per the March 2018 report, controlled for military enrollment, growth in institutionalized population & demographic trends. Growth in working age population does not include illegal immigration; DOD Troop Readiness reports used to estimate percent of population enlisted.

Length and Strength of Expansions



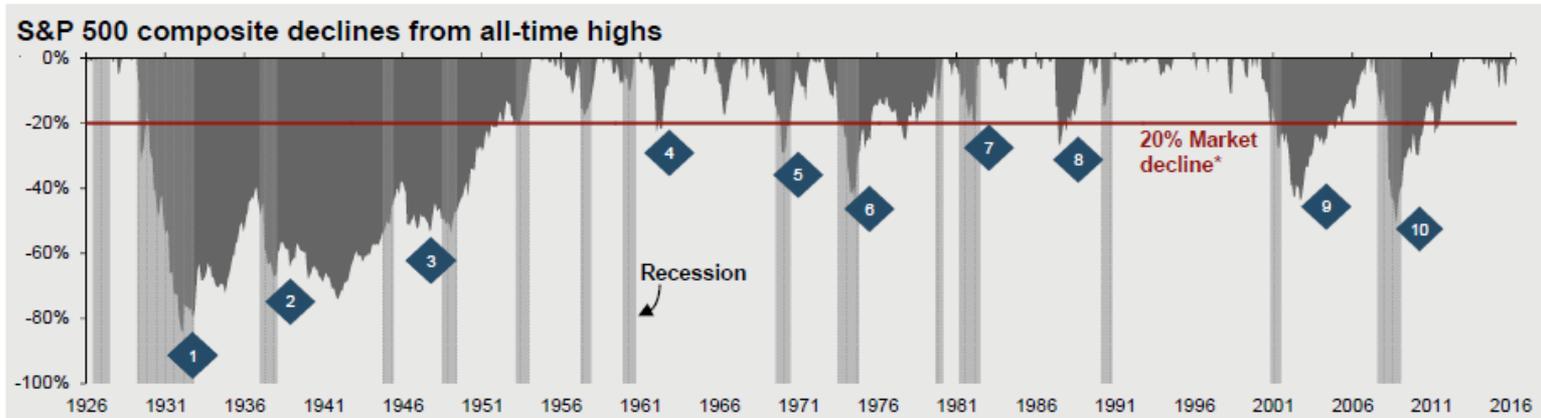
Source: BEA, NBER, J.P. Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through June 2018, lasting 108 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). These data can be found at www.nber.org/cycles/ and reflect information through June 2018.

S&P Valuation Measures



Source: FactSet, FRB, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price to earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since December 1989, and FactSet for June 30, 2018. Average P/E and standard deviations are calculated using 25 years of FactSet history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-month consensus dividend divided by most recent price. Price to book ratio is the price divided by book value per share. Price to cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 25 years for each measure. *P/CF is a 20-year average due to cash flow data availability.

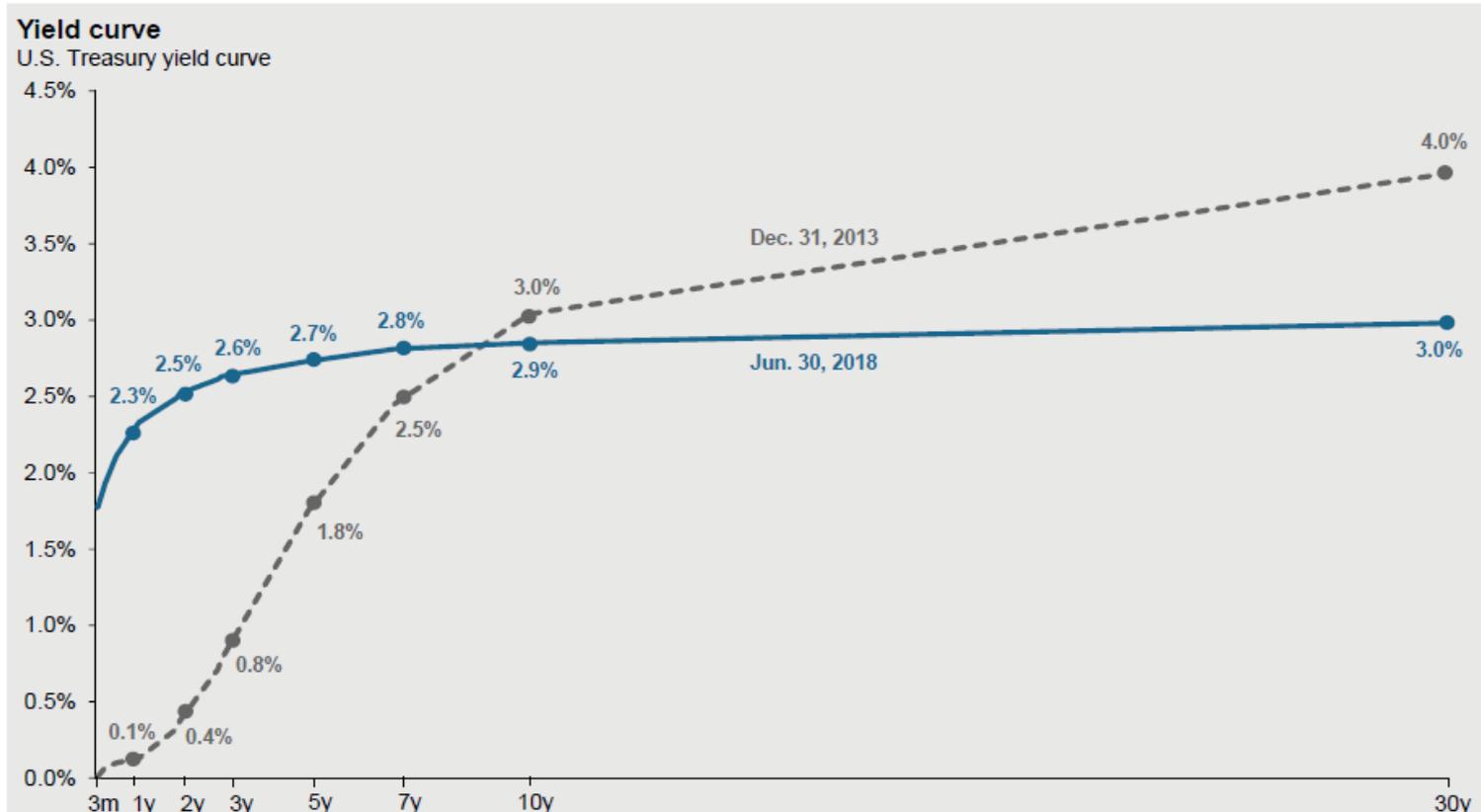
Bear Markets and Bull Runs



Characteristics of bull and bear markets

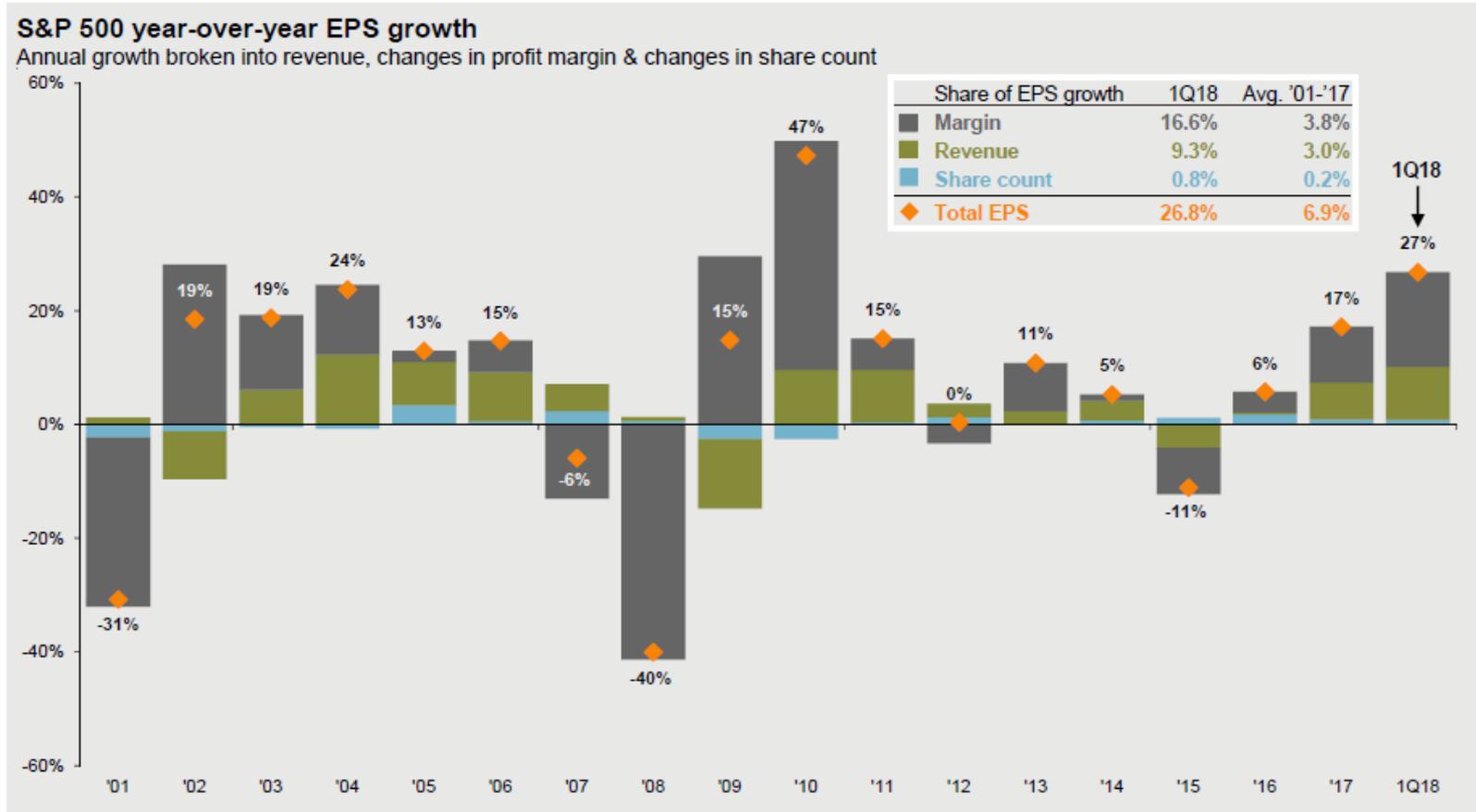
Market Corrections	Bear markets			Macro environment				Bull markets		
	Market peak	Bear return*	Duration (months)*	Recession	Commodity spike	Aggressive Fed	Extreme valuations	Bull begin date	Bull return	Duration (months)
1 Crash of 1929 - Excessive leverage, irrational exuberance	Sep 1929	-86%	32	◆			◆	Jul 1926	152%	37
2 1937 Fed Tightening - Premature policy tightening	Mar 1937	-60%	61	◆		◆		Mar 1935	129%	23
3 Post WWII Crash - Post-war demobilization, recession fears	May 1946	-30%	36	◆			◆	Apr 1942	158%	49
4 Flash Crash of 1962 - Flash crash, Cuban Missile Crisis	Dec 1961	-28%	6				◆	Oct 1960	39%	13
5 Tech Crash of 1970 - Economic overheating, civil unrest	Nov 1968	-36%	17	◆	◆	◆		Oct 1962	103%	73
6 Stagflation - OPEC oil embargo	Jan 1973	-48%	20	◆	◆			May 1970	74%	31
7 Volcker Tightening - Whip Inflation Now	Nov 1980	-27%	20	◆	◆	◆		Mar 1978	62%	32
8 1987 Crash - Program trading, overheating markets	Aug 1987	-34%	3				◆	Aug 1982	229%	60
9 Tech Bubble - Extreme valuations, .com boom/bust	Mar 2000	-49%	30	◆			◆	Oct 1990	417%	113
10 Global Financial Crisis - Leverage/housing, Lehman collapse	Oct 2007	-57%	17	◆	◆	◆		Oct 2002	101%	60
Current Cycle								Mar 2009	302%	111
Averages	-	-45%	24					-	160%	55

Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. *A bear market is defined as a 20% or more decline from the previous market high. The bear return is the peak to trough return over the cycle. Periods of "Recession" are defined using NBER business cycle dates. "Commodity spikes" are defined as significant rapid upward moves in oil prices. Periods of "Extreme valuations" are those where S&P 500 last 12 months' P/E levels were approximately two standard deviations above long run averages, or time periods where equity market valuations appeared expensive given the broader macroeconomic environment. "Aggressive Fed Tightening" is defined as Federal Reserve monetary tightening that was unexpected and/or significant in magnitude. Bear and Bull returns are price returns.



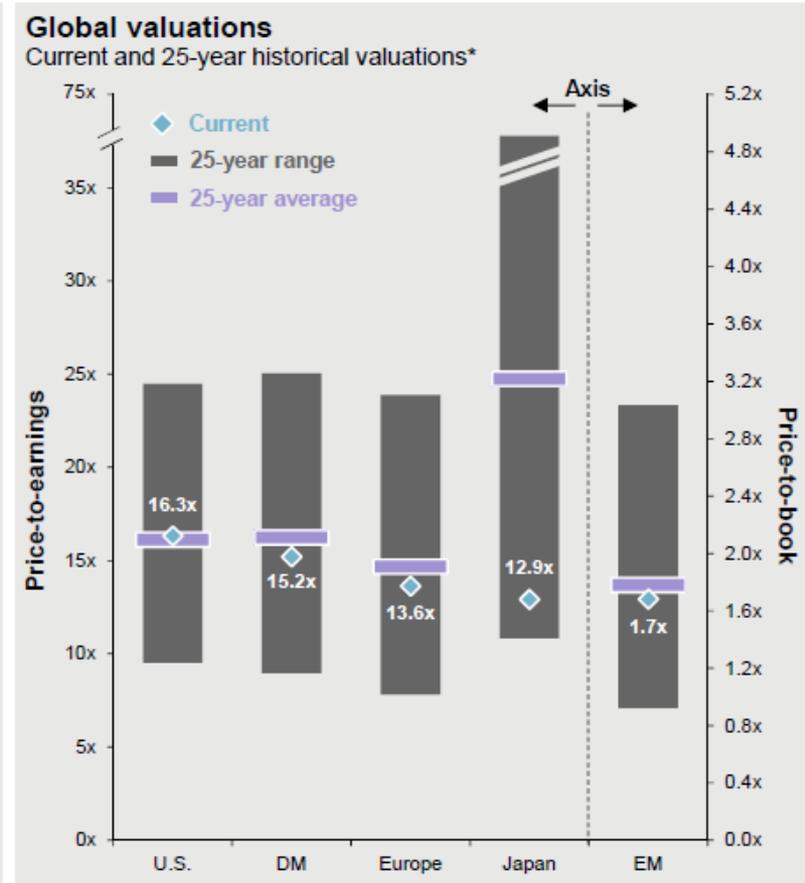
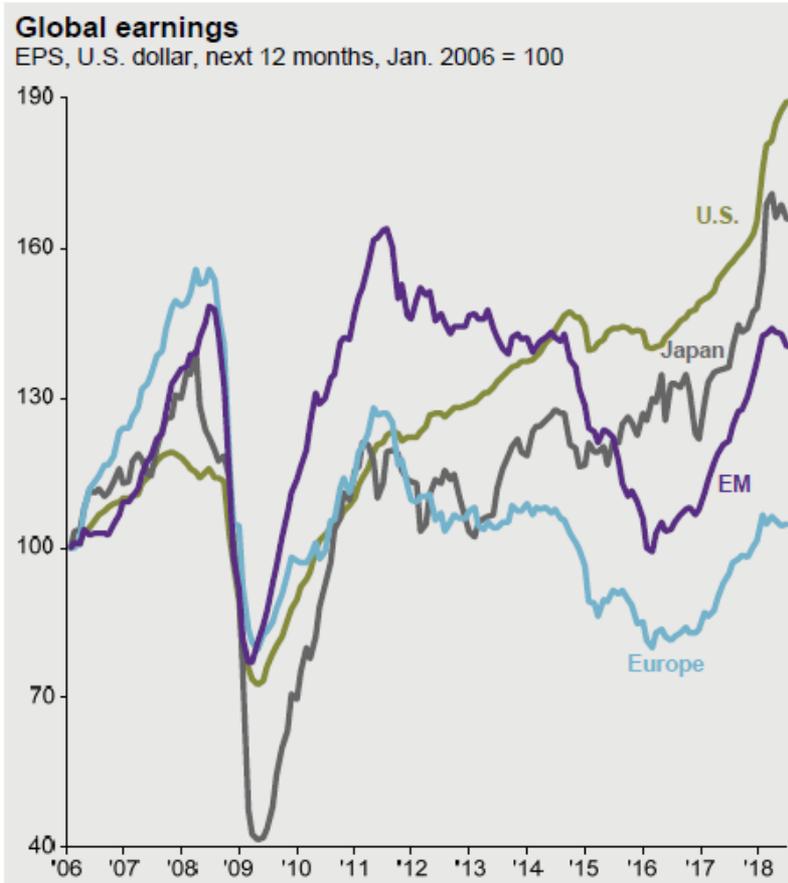
Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.

Sources of Earnings Per Share Growth



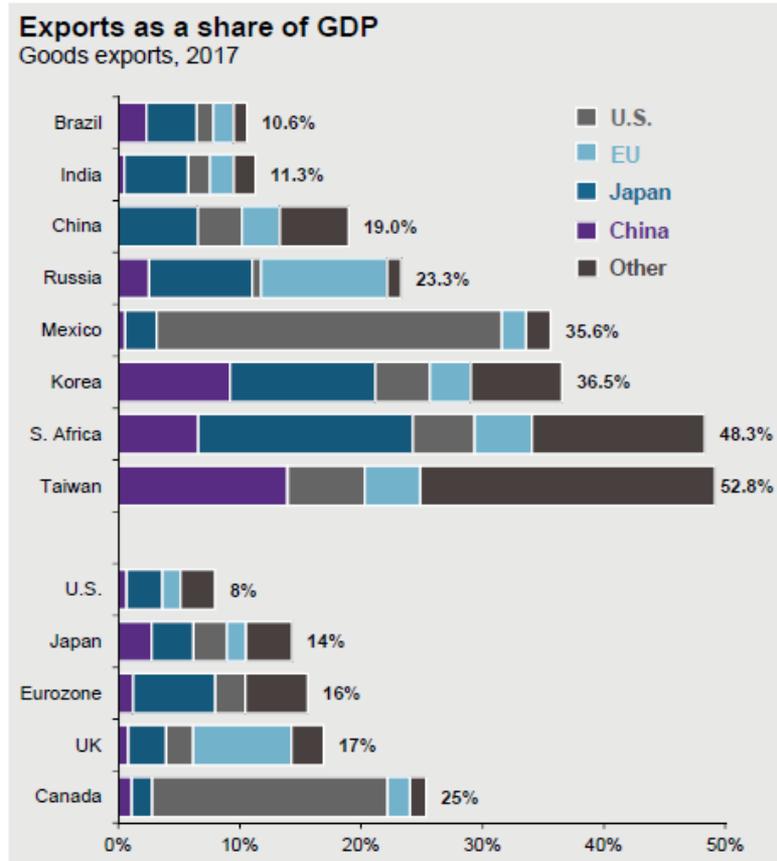
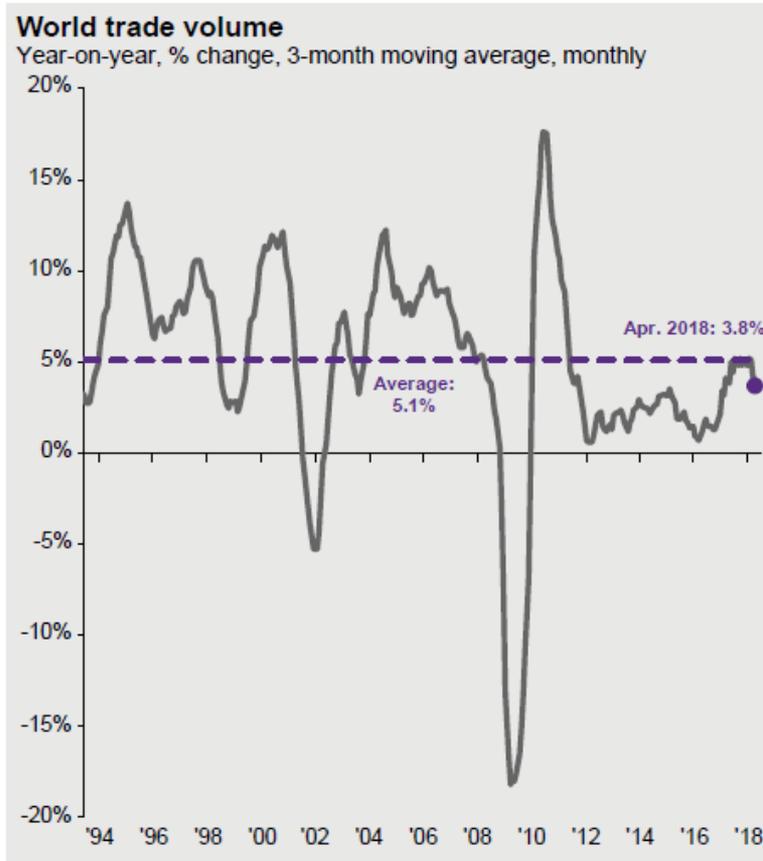
Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management. EPS levels are based on annual operating earnings per share except for the most recent quarter. Percentages may not sum due to rounding. Past performance is not indicative of future returns.

International Equity Earnings & Valuations



Source: FactSet, MSCI, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. *Valuations refer to NTMA P/E for Europe, U.S., Japan and developed markets and P/B for emerging markets. Valuation and earnings charts use MSCI indices for all regions/countries, except for the U.S., which is the S&P 500. All indices use IBES aggregate

earnings estimates, which may differ from earnings estimates used elsewhere in the book. MSCI Europe includes the eurozone as well as countries not in the currency bloc, such as Norway, Sweden, Switzerland and the UK (which collectively make up 46% of the overall index). Past performance is not a reliable indicator of current and future results.



Source: FactSet, J.P. Morgan Asset Management; (Left) Netherlands Policy Analysis; (Right) IMF.

Growing the Kiwanis Foundation

Donating your RMD to Charity

- Required Minimum Distributions begin after age 70 ½
- Up to \$100,000 per year directly to an eligible charity without paying income tax
 - Joint filers – spouse can also make \$100,000 per year charitable contribution
- Contribution must be made by 12/31 to exclude amount from taxable income
- Contributions can only be made from IRA's, not 401k's or other retirement accounts
- Cannot additionally claim a charitable contribution tax deduction
- Donate part, or all of your RMD
- A person in the 25% tax bracket who donates \$5000 to charity could reduce your income tax bill by \$1,250.

We bring **CLARITY, DIRECTION AND DISCIPLINE** to financial choices you make every day

Appendix



Financial Advisors Value Study

Quantifying your advisor's value

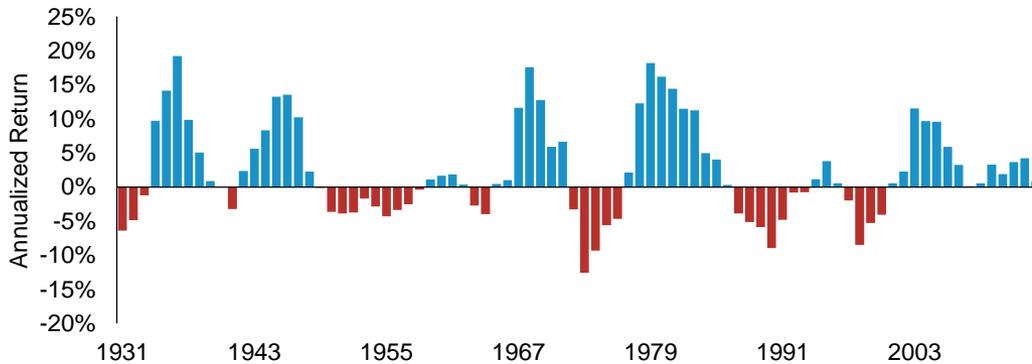
Potential value relative to
"average" client experience
(in percentage of net return)

	Potential value relative to "average" client experience (in percentage of net return)
Portfolio construction	
Suitable asset allocation using broadly diversified mutual funds/ETFs	>0%
Use of low-cost index-based products	.45%
Asset location between taxable and tax-advantaged accounts	0–.75%
Total-return versus income investing	>0%
Wealth management	
Regular rebalancing	.35%
Spending strategy for drawdowns	0–.70%
Behavioral coaching	
Advisor guidance to help adhere to financial plan	1.5%
Potential value added	"About 3%"

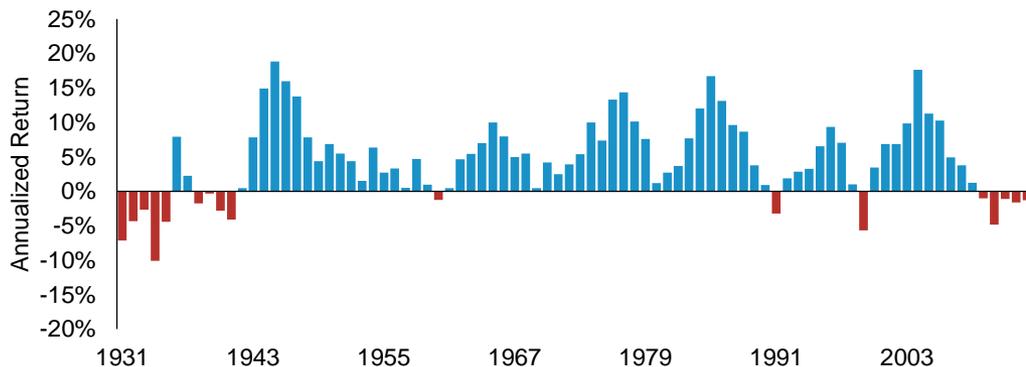
U.S. Size And Value Premiums

Five year moving average of the U.S. size and value premiums
Annual 1927 - 2014

US SIZE PREMIUM



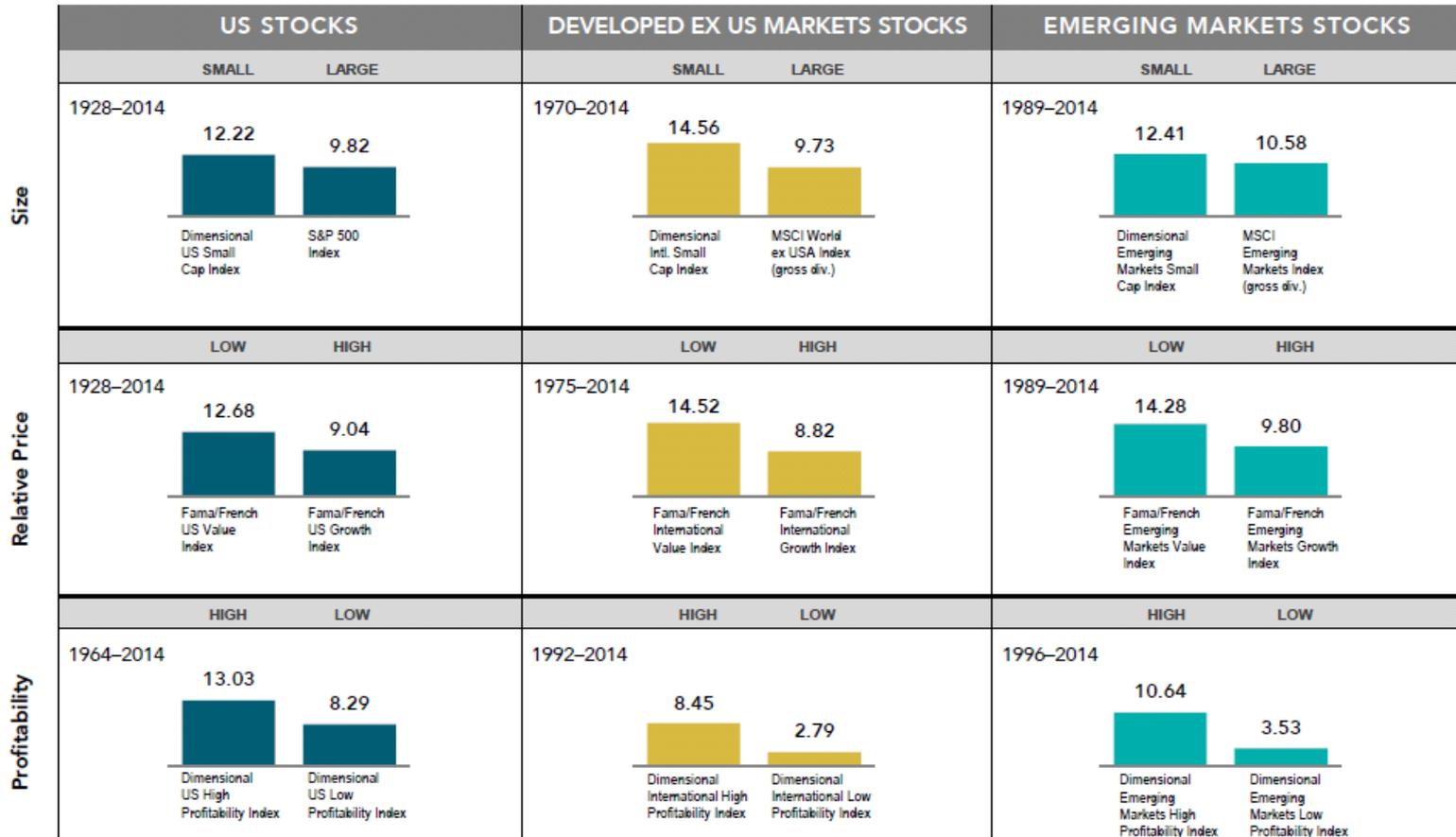
US VALUE PREMIUM



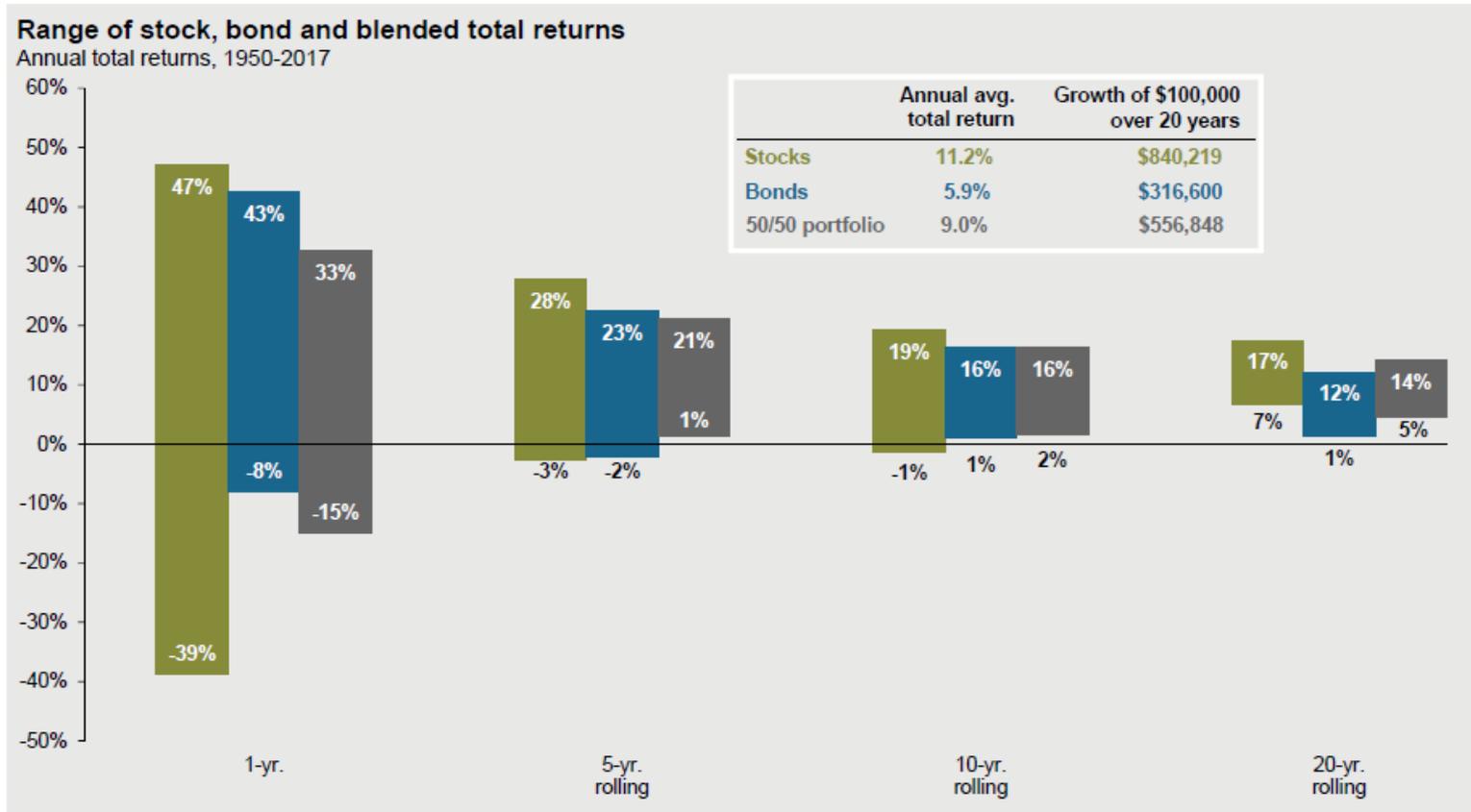
- On an annualized basis, small cap and value stocks have had more positive than negative five-year periods relative to large cap and growth stocks.
- Small cap and value stocks are still subject to extended periods of underperformance.

Historical Average Premium for Size, Value and Profitability

Illustrative index performance: Annualized compound returns (%) in U.S. Dollars

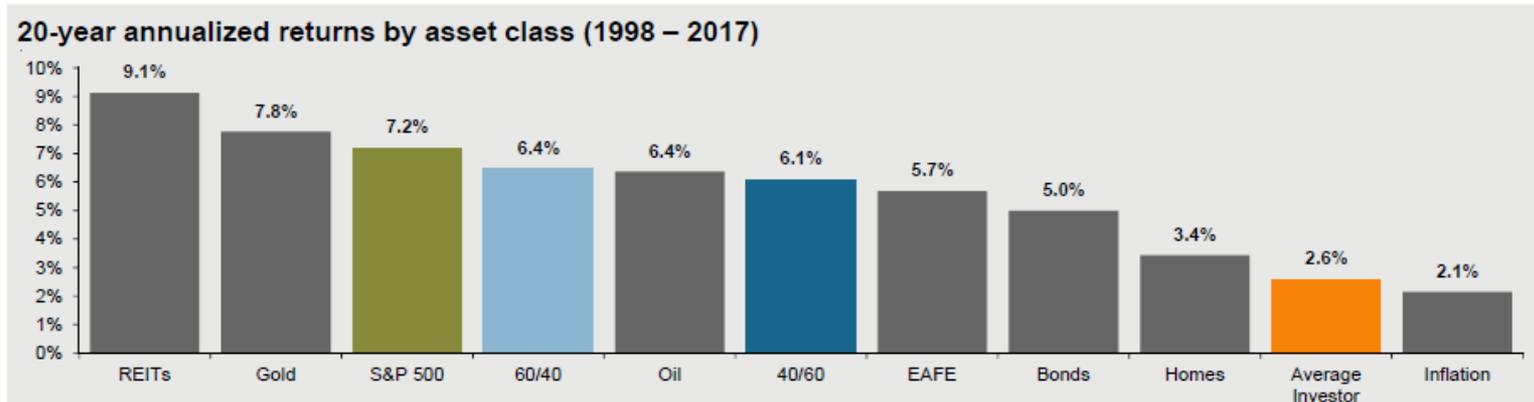
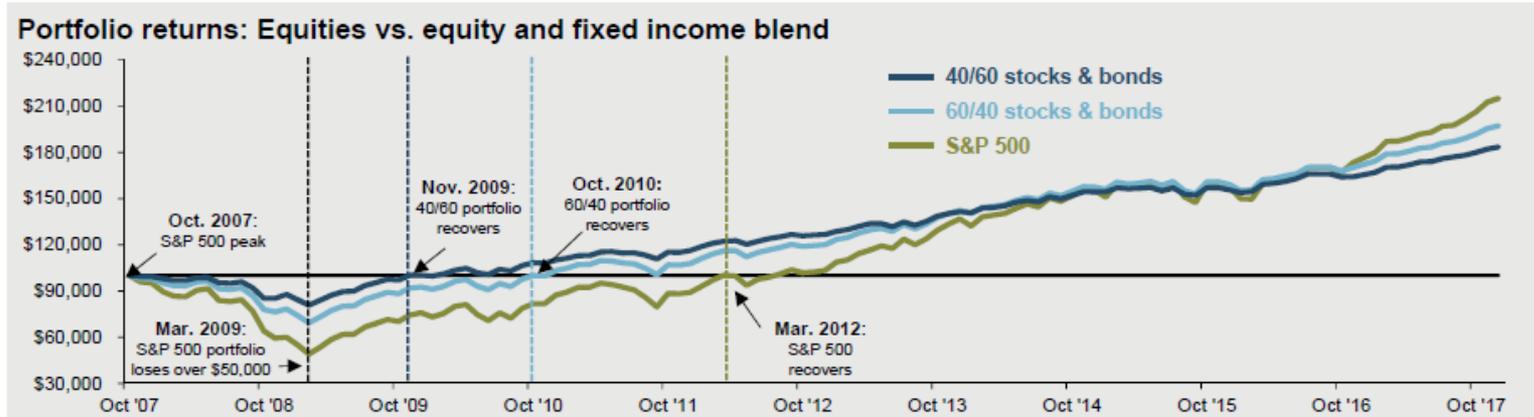


Diversification and Time



Source: Barclays, Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2017. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Barclays Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2017.

Diversification and Time



Source: J.P. Morgan Asset Management; (Top) Barclays, Bloomberg, FactSet, Standard & Poor's; (Bottom) Dalbar Inc. Indices used are as follows: REITs: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz., Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index.

The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/17 to match Dalbar's most recent analysis.

Performance Disclaimers

- PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS and does not guarantee future positive returns. Opinions and estimates constitute our judgment and are subject to change without notice. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The performance results have been compiled solely by Callan Capital, and have not been independently verified. In calculating account performance, Callan Capital has relied upon information provided by the account custodian.
- Callan Capital does not provide individual tax or legal advice, nor does it provide financing services. Clients should review planned financial transactions and wealth transfer strategies with their own tax and legal advisors. Callan Capital outsources to lending and financial institutions that directly provide our clients with, securities based financing, residential and commercial financing and cash management services. For more information, please refer to our most recent Form ADV Part 2A which may be found at www.adviserinfo.sec.gov.
- Data in the performance section of this presentation are net of all fees including but not limited to Callan Capital asset management fees, internal expenses of financial products such as mutual funds, custodial fees such as commissions charged by your custodian or other fees that your custodian may charge.
- Data in this presentation is being provided for informational purposes only and/or in response to your request. The information contained in this report has been gathered from sources we believe to be reliable, but we do not guarantee the accuracy or completeness of such information, and we assume no liability for damages resulting from or arising out of the use of such information. The performance numbers displayed herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Certain material in this presentation has been produced using a spreadsheet designed by Callan Capital. In the event of any discrepancy between it and data produced by the Custodian through client statements, the recipient must rely on your client statements. Information herein, including but not limited to research, market valuations, calculations and estimates is believed to be reliable but Callan Capital does not warrant its completeness or accuracy.
- Sections of this presentation may contain information regarding options, alternative investments and private investments. These investments are not suitable for everyone. Please make certain to understand these investment vehicles and the risks associated with them by reviewing the Offering Memorandum and Disclosure documents which describes the various risks and conflicts of interests relating to an investment and to its operations. Alternative investment products, including hedge funds and managed futures, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment. Often, alternative investment fund and account managers have total trading authority over their funds or accounts; the use of a single advisor applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, and none is expected to develop. There may be restrictions on transferring interests in any alternative investment. Alternative investment products often execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Additionally, alternative investments often entail commodity trading, which involves substantial risk of loss. Before making an investment in a hedge fund or managed futures fund, investors must read and examine thoroughly the respective Disclosure Document or Offering Memorandum. Performance of alternative investments is delayed.

Performance Disclaimers

- PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS and does not guarantee future positive returns.
- Composite model returns may include levered portfolio returns for portfolios that have incurred a margin balance but remain within a margin of plus or minus 2.20% size weighted dispersion (As defined further in the Performance Disclaimers.)
- Callan Capital's Income performance data represents a composite of all actual, fee-paying and non-fee paying, fully discretionary accounts with comparable investment objectives and risks currently managed by Callan Capital beginning 9/30/2009. From 9/30/2009 through 06/30/18 the performance represents a composite of all qualifying Income accounts managed by Callan Capital.
- Callan Capital's Income & Growth performance data represents a composite of all actual, fee-paying and non-fee paying, fully discretionary accounts with comparable investment objectives and risks currently managed by Callan Capital beginning 3/31/2007. From 3/31/2007 through 06/30/18, the performance represents a composite of all qualifying Income & Growth accounts managed by Callan Capital.
- Callan Capital's Growth performance data represents a composite of all actual, fee-paying and non-fee paying, fully discretionary accounts with comparable investment objectives and risks currently managed by Callan Capital beginning 3/31/2007. From 3/31/2007 through 06/30/18, the performance represents a composite of all qualifying Growth accounts managed by Callan Capital.
- Callan Capital's Aggressive Growth performance data represents a composite of all actual, fee-paying and non-fee paying, fully discretionary accounts with comparable investment objectives and risks currently managed by Callan Capital beginning 5/31/2008. From 5/31/2008 through 06/30/18, the performance represents a composite of all qualifying Aggressive Growth accounts managed by Callan Capital.
- The results portrayed have been compiled from actual size-weighted performance of a select group of client accounts using Callan Capital's investment models. The five investment models representative are Capital Preservation, Income, Income & Growth, Growth and Aggressive Growth. The portfolio performance figures shown represent actual returns size-weighted quarterly, by investment model, gross of fees.
- The index comparisons on the Callan Capital investment model are provided for informational purposes only and should not be used as the basis for making investment decisions. Furthermore, the performance of the Callan Capital investment model and an index may not be comparable.
- Callan Capital relies on the accuracy of © Orion Advisor Services for its calculation of size-weighted Callan Capital investment returns. The performance of the Callan Capital investment model is calculated based on the total of the weighted performance of each portfolio that is included in this measurement. Each quarter the weighted average return is calculated for all portfolios that are assigned to their respective Callan Capital investment model. The weighted quarterly returns are linked together for the total time period being calculated.
- There are no assurances that investment objectives will be achieved. Past results do not guarantee future performance. All investments involve risk, including loss of principal. Further, the investment return and principal value of an investment will fluctuate; thus investor's equity, when liquidated, may be worth more or less than the original cost. This document provides only impersonal advice and/or statistical data and is not intended to meet objectives or suitability requirements of any specific individual or account.
- **All performance figures do not reflect the deduction of investment advisory fees.** The deduction of investment advisory fees and other expenses that may be incurred will reduce the client's return. Investment advisory fees are described in Part II of Callan Capital's from ADV.

Performance Disclaimers

- **The effect of fees and expenses on performance will vary with the relative size of the fee and account performance:** For example, if \$10 million were invested and experienced a 10% compounded annual return for 10 years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 1.00% of average net assets per year for the 10-year period were deducted, the annual total return would be 8.92% and the ending dollar value would be \$23,673,637.
- **Example of the compounded effect of investment advisory fees:** A representative 1.00% management fee deducted from a portfolio quarterly (0.25%/quarter) would result in the following cumulative compound reduction of the portfolio time-weighted rate of return. 1-year: 1.004%, 2-year: 2.018%, 3-year: 3.042%, 4-year: 4.076%, 5-year: 5.121%, 6-year: 6.176%, 7-year: 7.241%, 8-year: 8.318%, 9-year: 9.405%, 10-year: 10.503%
- Each Callan Capital investment model includes portfolios within a margin of plus or minus 2.20% size weighted dispersion. Callan Capital investment model portfolio minimum is \$1,000,000. At least 2 portfolio's must be invested in a model for a model to be displayed in this advertisement. Callan Capital has other clients with specific objectives and specific risk profiles that are not included these Callan Capital investment model returns.
- Results shown are gross of fees and therefore would be lower if the applicable fees had been deducted from the Callan Capital investment during the period represented. Performance reflects dividends and earnings as reinvested by the portfolio rebalancing at the discretion of Callan Capital. Large capital flows can distort the rate of return. To minimize this effect, Callan Capital revalues the portfolio before each large capital flow of larger than 10% of the portfolio. Callan Capital does this by creating intervals around the capital flow so that an interval boundary occurs on the day prior to the capital flow. For example:

• 12/31/94	Beginning Value	\$32,145
• 01/20/95	Deposit	\$4,700
• 01/31/95	Ending Value	\$39,820
- Instead of a single interval from 12/31/94 to 01/31/95, the time period should be broken into two intervals: 12/31/94 to 01/19/95 and 01/19/95 to 01/31/95. The dividing point for the new intervals is the day before the capital flow (deposit, withdrawal, transfer or receipt of securities). The portfolio must be fully invested into the Callan Capital investment model before being included.
- Factors such as the size and performance of specific securities positions in accounts, the length of time certain positions are held, the timing of purchases and sales during the reporting period, client objectives, cyclical securities price trends, favorable and unfavorable news pertaining to securities, market trends and other factors all influence performance results materially. For these reasons, actual client account performance for any strategy would only match the Callan Capital investment's performance exactly if the investments and purchases and sales in a client's account matched those in the Callan Capital investment.
- Some or all of the securities or strategies reflected in the Callan Capital investment model performance during the period portrayed may not be Callan Capital's current recommended securities or strategies. Callan Capital models are subject to change without notice. Past performance is not indicative of future returns. Individual client performance may differ from the Callan Capital investment model performance displayed in this presentation.

Economic Review Disclosures

- The volatility of the S&P 500, FTSE All-World ex. USA, Barclays Aggregate Bond and Dow Jones-UBS Commodity Index may be similar to that of a portion of the investor's portfolio. It is included in this review to give the investor an understanding of market performance of the S&P 500 stock market index containing the stocks of 500 large cap corporations, most of which are American, FTSE All-World ex. USA containing Large and Mid cap stocks providing coverage of Developed and Emerging Markets excluding the US, the Barclays Agg. Bond index which corresponds generally to the price and yield performance before fees and expenses of the total United States investment grade bond market and the Dow Jones-UBS Commodity index measuring the commodity futures market. This is intended for educational and informative purposes.
- For one-on-one presentation only, not for distribution.
- **The economic slides contained herein provide comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, this economic review explores the implications of current economic data and changing market conditions.** The views contained herein are not to be taken as an advice or a recommendation to buy or sell any investment in any jurisdiction, nor is it a commitment from Callan Capital to participate in any of the transactions mentioned herein. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own professional advisers, if any investment mentioned herein is believed to be suitable to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yield may not be a reliable guide to future performance.
- **Domestic Equity** A stock or any other security representing an ownership interest.
- **International Equity** Shares of companies, which are headquartered outside of the United States.
- **Fixed Income** A type of investment under which the borrower or issuer is obligated to make payments of a fixed amount on a fixed schedule.
- **Alternative Investment** An investment that is not one of the conventional investment types. Ex: Private Equity, hedge funds, managed futures, real estate, commodities and derivatives contracts.
- **Money Market** Financial instruments with high liquidity and very short term maturities.

Index Definitions & Disclosures

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks. The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region. The **Russell 1000 Index®** measures the performance of the 1,000 largest companies in the Russell 3000. The **Russell 1000 Growth Index®** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index®** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell 2000 Index®** measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The **Russell 2000 Growth Index®** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 2000 Value Index®** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The **Russell Midcap Index®** measures the performance of the 800 smallest companies in the Russell 1000 Index. The **Russell Midcap Growth Index®** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. The **Russell Midcap Value Index®** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Index Definitions & Disclosures

Fixed income:

The **Barclays 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible. The **Barclays Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities. The **Barclays Municipal Index**: consists of a broad selection of investment- grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market. The **Barclays US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market. The **Barclays US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered. The **Barclays US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. The **Barclays US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC. The **Barclays US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury. The **Bloomberg Barclays US Agg Bond** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis. The index assumes that any cash distributions, such as interest, are reinvested back into the index. The **J.P. Morgan Emerging Market Bond Global Index (EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities. The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market. The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds. The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries. The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base. The **U.S. Treasury Index** is a component of the U.S. Government index.

Index Definitions & Disclosures

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class. The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc. The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex – U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed

between 1986 and 2013. The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC. The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database. The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List. The **NFI-ODCE**, short for NCREIF Fund Index - Open End Diversified Core Equity, is an index of investment returns reporting on both a historic and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get

back less than they invested. **Bonds** are subject to interest rate risks. Bond prices generally fall when interest rates rise. Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time creates the possibility for greater loss. **Derivatives** may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly

exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Index Definitions & Disclosures

Definitions Continued:

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property. The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time. **Equity market neutral strategies** employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short. **Global macro strategies** trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. **International** investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations. There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions. **Merger arbitrage strategies** which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. **Mid-capitalization** investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock. **Price to forward earnings** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment. **Real estate** investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower. **Relative Value Strategies** maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. **Small-capitalization** investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.