Model for Individuals

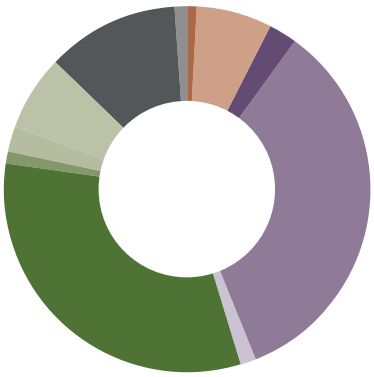
Q4 '18

Overview

This approach designed to accommodate portfolios with large allocations to the bond market, and is for clients seeking a dynamic process that seeks to lower portfolio risks and volatility by investing in liquid fixed income securities with a conservative maturity distribution. The goals are capital preservation, structural and sector diversification, high credit quality, and competitive yield. A combination of individual securities and bond ETFs are screened for credit quality, structural attractiveness, and liquidity. Portfolios are structured to accommodate the prevailing rate environment with changes based on economic factors.

Current Model

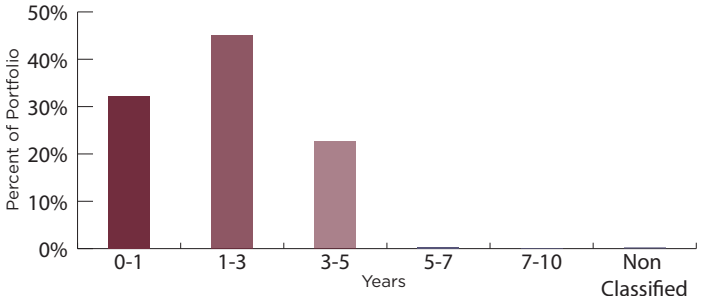
Allocations are subject to change without prior notice.



Basic Materials	0.27	Funds	0.22
Communications	6.73	Government	2.32
Consumer Cyclical	2.66	Industrial	6.72
Consumer Non-cyclical	34.58	Technology	11.99
Energy	1.34	Utilities	0.66
Financial	32.54		

Duration Distribution

(in years)



Statistics

Current Yield:	3.0%	Proposed Average Moody Rating:	A
		The quality of the portfolio	
Targeted Average Maturity:	2.4 years	Anticipated Number of Issues:	16
Time to receive the return		*Total number of bonds held*	
Duration	1.9 years	Floating Rate Notes:	21.3%

As of December 31, 2018
Source: Bloomberg

Duration is a measure of the sensitivity of the price—the value of principal—of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. **Current Yield**: the ratio of annual interest divided by asset price. **Average Maturity**: the average time for the return of a bond portfolio's return of principal. **Average Moody's Rating**: an average of the ratings assigned to individual assets based on the borrowers' ability to make principal and interest payments.
Investment grade bond ratings range from Aaa to Baa with Aaa the most highly rated. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Supplemental Information

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