ANALYTICS INVESTMENT ADVISORS, LLC

Actively Passive[1]

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What?

- Irrational Behavior is neither random or senseless, but systematic and predictable;[2]
- The average equity mutual fund investor underperformed the S&P 500 by 8.2% in 2014 (see chart);
- The average annualize return for the average mutual fund investor for six time periods over the last 30 years was 5.6% less than the benchmark S&P 500 (see chart); and,
- In 2014, the 20-year and 30-year annualized return gap between active and passive investors was 6.2% and 11.1%, respectively (see chart).

Why?

Many investors: [3]

- Expect to find high returns with low risk;
- Are overconfident;
- Have aversion to losses;
- Do not diversify risk properly;
- Copy behavior of other investors even when outcomes are unfavorable;
- Tend to over-react to investment news; and,
- Believe that they will most likely be the benefactor of their investment decisions.

How?

- Exchange traded funds allow for active management of passive investments, and with thoughtful construction and disciplined execution of predetermined decision rules, irrational trading tendencies and behavioral distortions can be avoided;
- Exchange traded funds are ideal for sector investing allowing for simplicity, diversification, and structured growth potential;
- Tax advantaged accounts consisting of exchange traded funds are particularly appropriate for trailing stop orders (for example) to protect gains in volatile markets; and,
- The Performance Summary on the following page provides recent and historical statistical validation of the above observations.

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[1] A rhetorical figure of speech in which markedly contradictory terms emphasize the statement; oxymoronic.

[2] Ariely, Dan, *Predictably Irrational – The Hidden Forces That Shape Our Decisions,* Harper Collins, 2009, ii.

[3] Dalbar 21st Annual Quantitative Analysis of Investment Behavior, 2015 Advisor Edition, p.6.

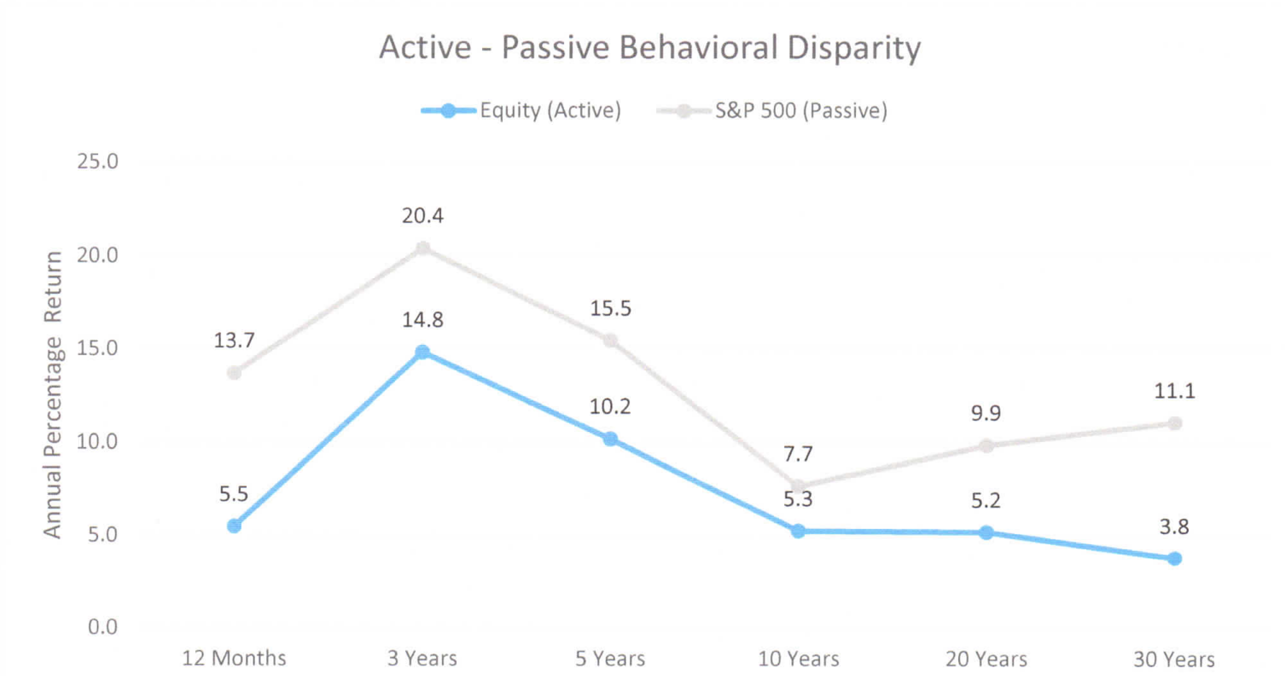
Exchange Traded Fund Investment Model

The investment strategies below are comprised entirely of Exchange Traded Funds (ETFs) which: 1) are a way to combine the potentially high returns of individual stock trading with the benefits of diversification of mutual funds; 2) are a basket of stocks that trade on an exchange with the simplicity and liquidity of an individual stock; 3) add flexibility and safety through diversification, access to varied markets; 4) are low cost and tax efficient; 5) trade under the jurisdiction of the Security and Exchange Commission offering protection and liquidity for orderly and continuous trading; and, 6) allow the ability to effectively monitor performance and effectuate sound risk management strategies; for example, stop and limit orders.

Performance Summary

			Year-to-Date*					
	2013*	**2014***	**---------------------9/30/2015---------------------**					
S&P 500	**29.60%**	**12.55%**	**-6.74%**	**AUM**	**Alpha****	**Beta****	**R^2 ****	**SD****
Barclay US TR	**-2.02%**	**5.97%**	**1.13%%**					
Cautious	32.73%	9.01%	-13.77%	1%	-.94	1.52	.68	6.51
Moderate	35.85%	12.92%	-6.55%	30%	3.31	1.39	.94	4.98
Assertive 1	38.40%	16.90%	-6.08%	32%	5.39	1.50	.87	5.49
Assertive 2	44.93%	24.83%	-5.37%	26%	6.65	1.78	.83	6.74
Aggressive	68.62%	2.07%	-15.19%	11%	9.41	3.07	.93	11.17

Alpha Difference between portfolio actual return and expected return.
Beta Expected change in portfolio returns per 1% change in the market index return.
R^2 Regression coefficient; percentage of variation in the regression equation explained by the independent variable.
SD Standard deviation; dependent variable.
* Net Size Weighted Returns, PortfolioCenter, Schwab Portfolio Technologies (Net of Standard Fees).
** Year-to-date Risk Return Statistics, Analytics Investment Advisors, LLC, 9/30/2015.



Dalbar 21st Annual Quantitative Analysis of Investor Behavior, p.4.