55ip Risk Management Capabilities

55ip provides portfolio construction and rebalancing algorithms aimed at protecting investors from extreme losses through increased diversification and monitoring the effectiveness of diversification in protecting capital in various market conditions.

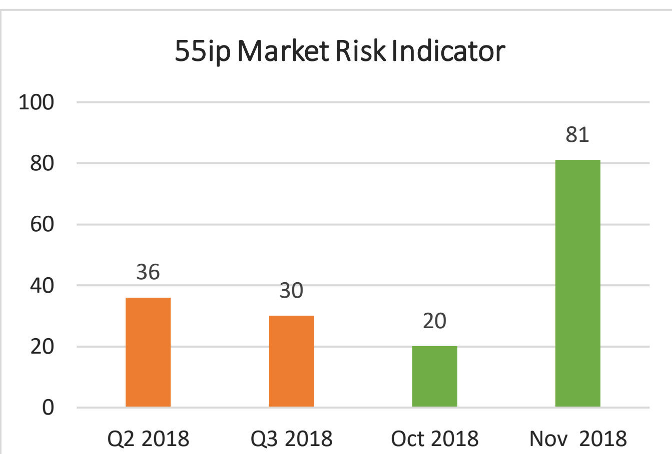
55ip believes asset class diversification is helpful, but its effectiveness is limited in certain market conditions when there is a high degree of correlation. We help advisors leverage investment science to address these limitations by dynamically shifting asset allocation from higher volatility assets such as equities to lower volatility assets such as short duration fixed income.

55ip Risk Indicators

Market Risk Indicator (MRI)

55ip MRI guides allocation among global equities and a shelter basket (cash equivalents and other stable asset classes) to protect investors from extreme losses due to correlated and down markets. Based on the 55ip MRI score, exposure is dynamically adjusted to minimize the drag due to such allocation while aiming to provide protection when most needed. This becomes significantly important for investors who are averse to losses because of income or other needs.

The MRI score can range from 0 (lowest possible downside risk assessment) to 100 (highest possible downside risk assessment). (See White Paper). The MRI score is based on several indicators for **Valuations** (e.g. price to book ratio), **Macroeconomic Conditions** (e.g. manufacturing sentiment index), **Financing Indicators** (e.g. Trend indicators) and **Return Stability** (e.g. multi-asset VIX).



55ip Market Risk Indicator (MRI) score went from 20 in October 2018 to 81 in November 2018.

Pre-November MRI Values:

Pre-November MRI Values called for a modest reduction in equity risk exposure, based primarily on concerns about market valuation levels and growth-related volatility. These concerns have been with us for a few months now with some market indicators suggesting volatility is likely to increase, but did not raise immediate alarms since the timing of the volatility spike was highly uncertain.

Market performance over the past few months affirmed this approach. After a period of calm, valuation concerns in equities have come to the fore, prompted by the increasing focus on tightening monetary policy and leading to the recent spike in market volatility.

November MRI

A 40.5% allocation in shelter basket relative to the maximum equity allocation was made in a standard 55ip-powered portfolio. For example, with the MRI score at 81, a portfolio with 100% maximum equity will have a 40.5% shelter basket allocation and 59.5% equity allocation.

Within our valuation metrics, our analysis still indicates rich valuations in line with the past previous months.

Financing risks that measure uncertainty have seen two recent changes. First, credit spreads are widening, suggesting higher financing risk from high yield and fixed income markets. Secondly, short term downtrend for prices suggests the market is lowering its risk appetite.

Within our Return Stability indicators, the intraday return patterns suggest high instability, making the distribution of returns more difficult to forecast.

Taken together, the MRI is in the higher range and suggests a higher likelihood of an extreme market move than most of last year or the first part of this year. Whether the market move is up or down will depend on how and when the risk will be resolved. For those clients who cannot afford to face extreme losses or don't have time to recover from them, it is prudent to increase their shelter basket positions to decrease overall risk.

Diversification Risk Indicator (DRI)

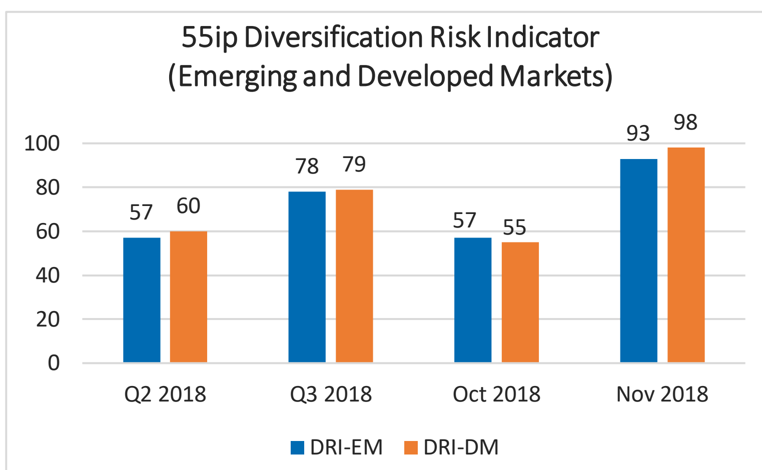
55ip DRI guides allocation among US and non-US equities to protect from times when international exposure could lead to increased risk instead of diversification and risk reduction. This score is comprised of two regional components. DRI for Emerging Markets (DRI-EM) guides allocation between emerging market equities and US domestic markets. DRI for Developed Markets (ex-US) (DRI-DM) guides allocation between developed market equities and US domestic markets.

DRI score can range from 0 (lowest possible downside risk assessment) to 100 (highest possible downside risk assessment).

The regional risk scores, DRI for Emerging Markets (DRI-EM) and Developed Markets (DRI-DM) went from 57 and 55 to 93 and 98, respectively.

These DRI-EM and DRI-DM measures will decrease the EM equity allocation by 46.5% relative to the maximum possible EM equity allocation and decrease the DM equity allocation by 49% in a standard 55ip-powered portfolio.

The increase in risk expectations was driven by increased weaknesses in international equity markets, both Emerging and Developed, due to trade war fears and looming crises in emerging market currencies. Compared to last month, the short term downtrend for prices has amplified resulting in higher values for DRI.



Our regional risk measures indicate Emerging and Developed equity markets risk relative to US equity markets have increased following the sell-off observed in the international equity markets over the previous ten months, when international equities peaked in late January 2018.

Please contact us with any questions at 617.960.9559.

Disclaimer

55ip is the marketing name used by 55 Institutional Partners, LLC, an investment technology developer, and for investment advisory services provided by 55I, LLC, an SEC-registered investment adviser. These materials are intended for Registered Investment Advisors only and describe a risk management strategy that may not work as intended, in part because the strategy is not modified more frequently than monthly. As a result, the strategy cannot be counted on to provide protection to client portfolios. Even when using the strategy, portfolios remain subject to multiple risks, including the risk of loss of the entire amount invested. 55ip has been calculating the MRI monthly and applying it to managed assets since April 2016. 55ip has calculated a hypothetical monthly MRI back to April 2004 using varying inputs and blends of indicator categories.

The information contained herein is subject to change without notice, is not complete and does not contain certain material information about the investment strategy, including additional important disclosures and risk factors associated with such investment and information about fees, trading costs and taxes. Neither the U.S. Securities and Exchange Commission nor any state securities administrator has approved or disapproved, passed on, or endorsed, the merits of this document.