## 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.

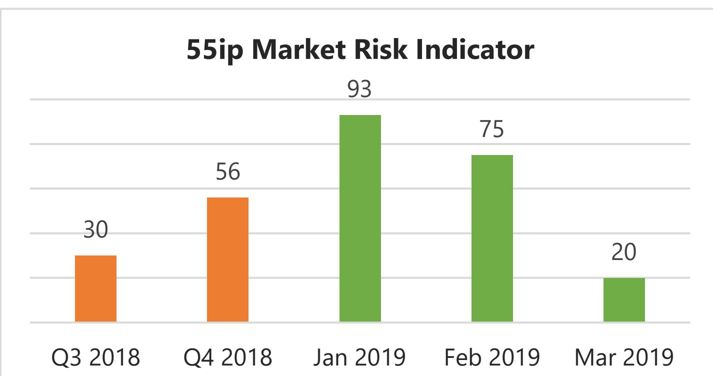
55ip believes asset class diversification is helpful, but its effectiveness is limited in certain market conditions when there is a high degree of correlation. We help advisors leverage sophisticated quantitative capabilities to address these limitations by dynamically shifting asset allocation from 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 decreased from 75 in February 2019 to 20 in March 2019.**

Based on this score, a 10% allocation in the shelter basket relative to the maximum equity allocation was made in a standard 55ip-powered portfolio. For example, a portfolio with 100% maximum equity will have a 10% shelter basket allocation and 90% equity allocation.

In summary, March MRI score has decreased substantially since the beginning of the year. Related measures aligning with the decrease in MRI score include: US and Developed Equity markets posted two consecutive months of gains and positive economic indicators present a more stable current environment. The VIX, a published measure of implied risk, has come down from its December highs. Below are more details on each of the metrics contributing to MRI.

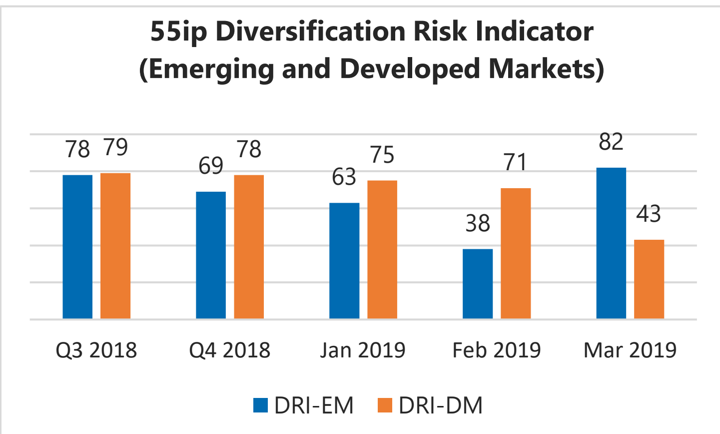
- **VALUATION METRICS:** Our analysis indicates valuation concerns which contributed to our March MRI score. Global equity markets posted positive returns in February, continuing the rebound in 2019. However, historically high valuations against the backdrop of uncertainty in earnings growth warrant a cautious posture.
- **MACROECONOMIC METRICS:** Macroeconomic indicators have remained steady. Consumer confidence increased more than expected in February, a sign that consumers are more optimistic compared to the previous three months. In addition, measures of economic health for the manufacturing and service sectors improved this month.
- **FINANCING METRICS:** Compared to February, overall financing risks were lower. Improvement in credit market conditions as well as gains in equity markets supported a significantly lower contribution to the overall March MRI score.

- **RETURNS STABILITY METRICS:** Return stability indicators have improved and for the most part did not contribute to the March MRI score. Measures which evaluate investors' perception of future volatility, concerns over significant negative market events, and the degree of confidence about the likelihood of investment returns suggest a view of less market risk. Compared to recent months, we observe price movements across asset classes are more correlated are moving more closely together, which implies systemic risk is present.

## 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 scores 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) increased from 38 to 82 while DRI for Developed Markets (DRI-DM) decreased from 71 to 43.**

The DRI-EM measure will decrease the EM equity allocation by 41% relative to the maximum possible EM equity allocation. The DRI-DM measure will decrease the DM equity allocation by 21.5% in a standard 55ip-powered portfolio.

Compared to February, our March DRI EM increased significantly. Relative to U.S. markets, we observe increased market risk in emerging markets. In addition, our short-term momentum measures of emerging markets equity performance were less favorable this month.

DRI-DM was much lower compared to last month driven by improvement in the relative short-term momentum of developed markets relative to U.S. Equity. Positive signs in short term momentum also contributed to a lower March DRI DM.

Please contact us with any questions at 617.960.9559.

### Disclaimers

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.