A Smarter Way to Invest

Alpha, Omega & CIGNX

Data as of 12/31/16

What Are They?

We use three separate investment algorithms - Alpha, Omega, and CIGNX - to determine how our various models and allocations are positioned at any given time. The extent to which each is used is described in the separate panels below.

Alpha and Omega are technically focused indicators controlled by Titan Capital Management. Their inputs include price, volume, and breadth measures from global indices including the S&P 500; monetary indicators such as the yield curve; and investor sentiment measures. These data points combine to give a short-term forecast of market direction via Alpha, and a long-term forecast via Omega.

CIGNX is our proprietary indicator of economic activity. The inputs include data points from various sectors of the economy including consumer, business, and government sectors. We measure the trend of each input and aggregate those into one reading of overall activity and trend in the domestic economy.

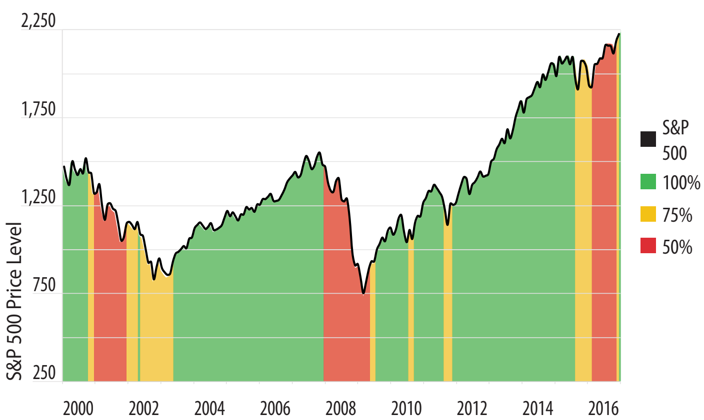
Application in Dynamic Allocations

We use all three indicators together to manage risk exposure in our Dynamic Allocations. Alpha and Omega give us an idea of where the short and long term trends of the market may be headed while CIGNX confirms that the fundamentals of the economy validate the market forecast. I will use an 80/20 portfolio with 80% equity exposure to demonstrate how we alter our exposure.

If Alpha, Omega and CIGNX are bullish, our example will remain at 80% equity exposure until more than one signal switches to bearish. When two signals go bearish, equity exposure is reduced by 25%. For our 80/20 example, this would be 60% equity. If all three signals are bearish, equity exposure is reduced by 50%. Our 80/20 example would now be at 40% equity.

When equity is reduced, we reallocate to more conservative income and alternative models until conditions begin to recover and our signals begin switching back to bullish. The table below summarizes our equity exposure in various scenarios, while the graph at the bottom shows the history of signals generated using this discipline since 2000.

Bullish Signals	3	2	1	0
Bearish Signals	0	1	2	3
% Max Equity	100%	100%	75%	50%



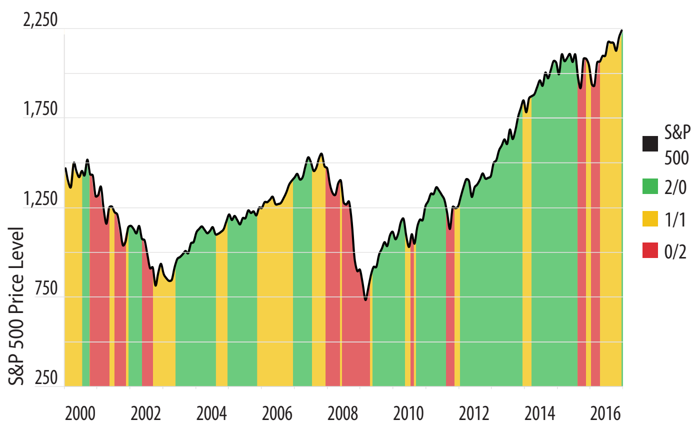
Application in Models

A selection of our actively managed models use Alpha and Omega exclusively to alter their market exposure.

Our Hedge model uses only two holdings: SSO (a 2x leveraged S&P 500 ETF) or cash. When both Alpha and Omega are bullish, this model will hold 100% SSO and return approximately twice the S&P 500; when both signals are bearish, it will switch to 100% cash and return 0%. During periods of mixed signals, the holdings will be split 50/50 and return approximately the same as the S&P 500.

Our Large, Mid and Small Cap models use a similar strategy as the Hedge, but only for a portion of their respective portfolios. At all times 80% of the assets will hold individual stocks while the remaining 20% is managed in the same manner as the Hedge model. This allows each to vary their exposure between 80% and 120% as summarized in the table below. The graph at the bottom displays the track record of these two signals working together and when both (2/0), one (1/1), or none (0/2) were bullish. Notice that this combination is more active than the discipline used in our Dynamic Allocations.

Bullish Signals	2	1	0
Bearish Signals	0	1	2
Large, Mid, Small Exposure	120%	100%	80%
Hedge Exposure	200%	100%	0%



Disclosures

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Carefully consider the investment objectives, risk factors, and charges and expenses before investing with A Smarter Way to Invest. This and other information can be found in A Smarter Way to Invest's Form ADV Part 2A, which can be obtained from your financial advisor, by calling (810) 588-6178 or by visiting www.ASmarterWaytoInvest.com.

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