

Inception Date: 1/2005

**STRATEGY OBJECTIVE**

The objective of the Global Balanced strategy is to provide outperformance versus the benchmark over time, while dampening volatility through asset class diversification. The multi-asset class strategy combines high-conviction active management with the diversification of low-cost, passive ETFs.

**OUTLOOK AS OF 3/31/18**

- Continued moderate economic growth should be positive for stocks, and increased earnings expectations tied to tax reform have reduced U.S. equity valuations.
- Market volatility has rebounded from low levels, but markets have already reacted to what is unlikely to turn into a full-blown trade war.
- International economies from Europe to Asia and across emerging markets have seen economic drivers soften to start 2018, which is likely to weigh on relative equity performance.
- Longer-term interest rates should rise moderately along with inflation expectations, while Fed rate hikes should increase short-term interest rates at a measured pace.

**PORTFOLIO POSITIONING AS OF 3/31/18**

- U.S. Health Care and Information Technology overweights leverage attractive cyclical and secular growth drivers.
- Positions in consumer-focused sectors provide exposure to ongoing consumer income and spending growth.
- Underweight to Europe anticipates weak economic growth in core countries as well as regulatory and political headwinds.
- Emphasis of short-duration fixed income, with increased floating-rate exposure, helps position for higher interest rates; reduced TIPS exposure after inflation expectations rose over last two quarters.

**Q1 ATTRIBUTION\***

**Positive Contributors:**

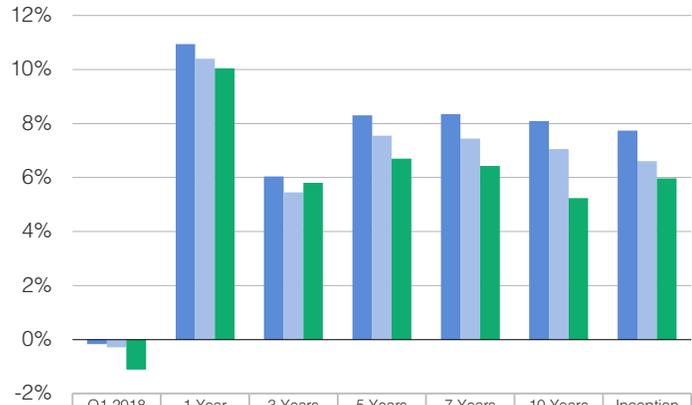
- Overweight
  - Short-Duration Fixed Income
  - U.S. Cons. Discretionary Eq.
- Underweight
  - U.S. Energy Equities

**Negative Contributors:**

- Overweight
  - U.S. Health Care Equities
- Underweight
  - U.S. Treasury Securities
  - Emerging Market Equities

**RISK AND RETURN SUMMARY\***

	Trailing 5 Years		Trailing 10 Years	
	Global Balanced	Benchmark	Global Balanced	Benchmark
Return	8.30%	6.70%	8.09%	5.24%
Standard Deviation	5.28%	5.39%	11.91%	11.42%
Alpha	2.14%	n/a	2.78%	n/a
Beta	0.91	1.00	1.02	1.00
Sharpe Ratio	1.50	1.17	0.65	0.43
R-Squared	86.9%	n/a	94.8%	n/a
Tracking Error	1.97%	n/a	2.72%	n/a
Upside Capture	105.9%	100%	116.6%	100%
Downside Capture	53.3%	100%	87.2%	100%



Source: IDC, WestEnd Advisors Returns for periods greater than one year are annualized. The blended benchmark for the Global Balanced strategy is 65% MSCI ACWI (Net) and 35% Bloomberg Barclays U.S. Government/Credit Bond Index.

WestEnd Advisors claims compliance with the Global Investment Performance Standards (GIPS®)

**PORTFOLIO COMPOSITION\***

Number of holdings: Typically 8 to 15

Equity Exposure: 50% to 80%

- U.S. Large-Cap: 20% to 55%
- U.S. Small/Mid-Cap: 0% to 12%
- International Equity: 10% to 50%

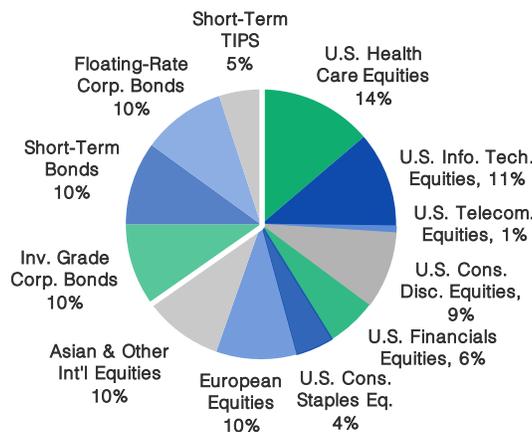
Fixed-Income Exposure: 20% to 50%

Target cash position: 2% to 5%

Annual turnover range: 13% to 60%\*\*

\*\*Based on 5 years ended 12/31/17

**MODEL PORTFOLIO WEIGHTS\***



**CURRENT HOLDINGS\***

**U.S. Equity Holdings: 45.5%**

- Consumer Discretionary SPDR ETF (XLY)
- Consumer Staples SPDR ETF (XLP)
- Health Care SPDR ETF (XLV)
- iShares U.S. Financial Services ETF (IYQ)
- Tech/Telecom SPDR ETF (XLK)

**International Equity Holdings: 19.5%**

- iShares Core MSCI Europe ETF (IEUR)
- Vanguard FTSE All-World ex-US ETF (VEU)
- Vanguard FTSE Pacific ETF (VPL)

**Fixed-Income Holdings: 35.0%**

- iShares iBoxx \$ Inv. Grade Corp. Bond ETF (LQD)
- iShares Floating Rate Bond ETF (FLOT)
- iShares 0-5 Year TIPS Bond ETF (STIP)
- SPDR Portfolio Short Term Corporate Bond ETF (SPSB)

\*Supplemental information based on Global Balanced Composite gross-of-fees.

Inception Date: 1/2005

## VARIABILITY OVER THE SHORT TERM\*

### Rolling 1-Year Returns

Periods of Outperformance: 34 out of 50 periods, or 68%

Average Annualized Outperformance: 1.75 percentage points

Source: IDC, WestEnd Advisors

## CONSISTENCY OVER THE INTERMEDIATE AND LONG TERM\*

### Rolling 3-Year Returns

Periods of Outperformance: 37 out of 42 periods, or 88%

Average Annualized Outperformance: 2.29 percentage points

### Rolling 5-Year Returns

Periods of Outperformance: 34 out of 34 periods, or 100%

Average Annualized Outperformance: 2.66 percentage points

Source: IDC, WestEnd Advisors

## HISTORICAL RETURNS

### Global Balanced Composite

Gross Net Benchmark

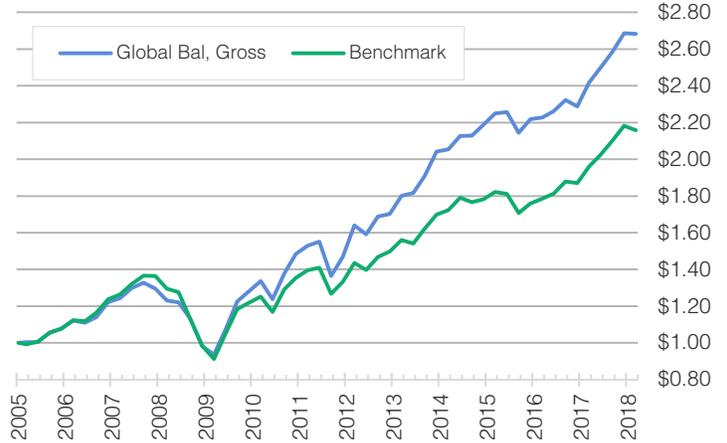
	Gross	Net	Benchmark
2018 YTD	-0.17%	-0.29%	-1.11%
2017	17.44%	16.83%	16.63%
2016	3.17%	2.58%	6.31%
2015	1.37%	0.77%	-1.26%
2014	7.17%	6.24%	4.88%
2013	19.89%	18.56%	13.46%
2012	15.85%	14.47%	12.31%
2011	-0.91%	-2.08%	-1.60%
2010	15.79%	14.41%	11.08%
2009	30.49%	28.82%	23.88%
2008	-24.25%	-25.22%	-27.88%
2007	6.07%	4.74%	10.24%
2006	13.53%	12.05%	14.75%
2005	7.60%	6.13%	7.92%

Source: IDC, WestEnd Advisors

For more information, please visit [www.westendadvisors.com](http://www.westendadvisors.com)

## GROWTH OF A DOLLAR\*

### GLOBAL BALANCED STRATEGY SINCE INCEPTION



Source: IDC, WestEnd Advisors

## INVESTMENT MANAGEMENT TEAM

Our Portfolio Management Team members put their extensive experience and expertise to work for the benefit of our clients.

- **Fritz Porter, CFA**, Partner and Portfolio Manager  
19 years of experience, 10 years at WestEnd Advisors
- **Ned Durden**, Partner and Portfolio Manager  
21 years of experience, 11 years at WestEnd Advisors
- **Rob Pharr**, Chief Investment Officer and Portfolio Manager  
41 years of experience, 13 years at WestEnd Advisors
- **Ty Peebles, CFA, CPA**, Senior Investment Analyst  
8 years of experience, 4 years at WestEnd Advisors

## ABOUT WESTEND ADVISORS

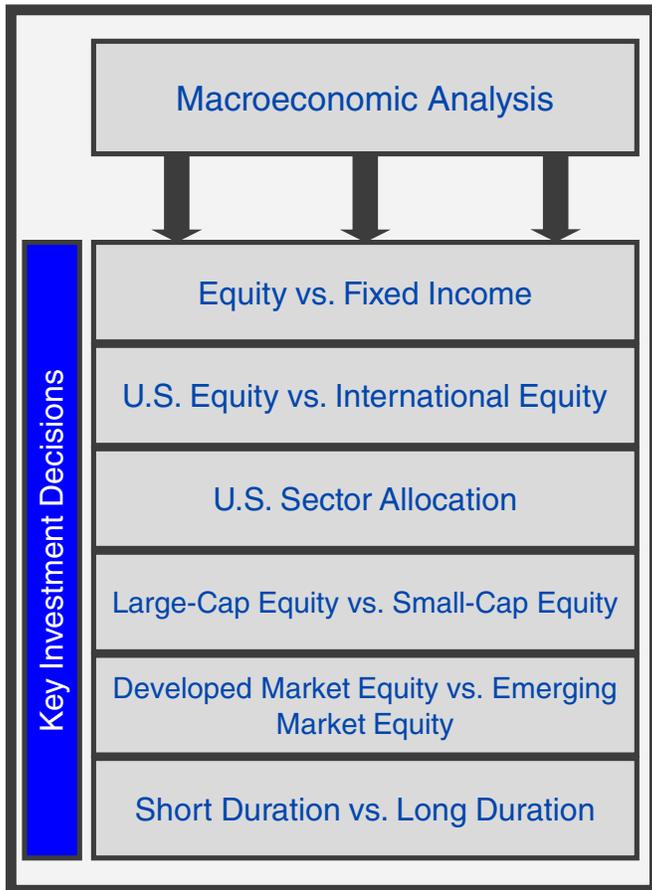
WestEnd Advisors is owned by five partners, all of whom are active in the firm. Our ability to analyze economic indicators, and to know which merit attention, has served our clients well for two decades. This top-down, macroeconomic-based investment approach was first employed in 1996 with our Large-Cap Core Equity strategy and is now applied across all of our investment offerings.

As of March 31, 2018, WestEnd Advisors' total firm assets under management and advisement were \$3.6 billion.\*\* We work in partnership with our clients and are committed to transparency, compliance, and sharing with investors what we know and learn. We are an employee-owned firm and have the independence to make decisions that are in the best interest of our clients.

\* Supplemental information based on the Global Balanced Composite gross-of-fees.

\*\* Total firm assets under management and advisement include \$2.8 billion of assets in Unified Managed Account (UMA) programs for which WestEnd provides model portfolios but has no discretion to effect trades and no supervisory responsibility over the assets in the program. This number has been derived from the most recent information provided by each of the participating UMA programs and may not be current as of the date stated above. This information is included as supplemental information only.

**INVESTMENT PROCESS**



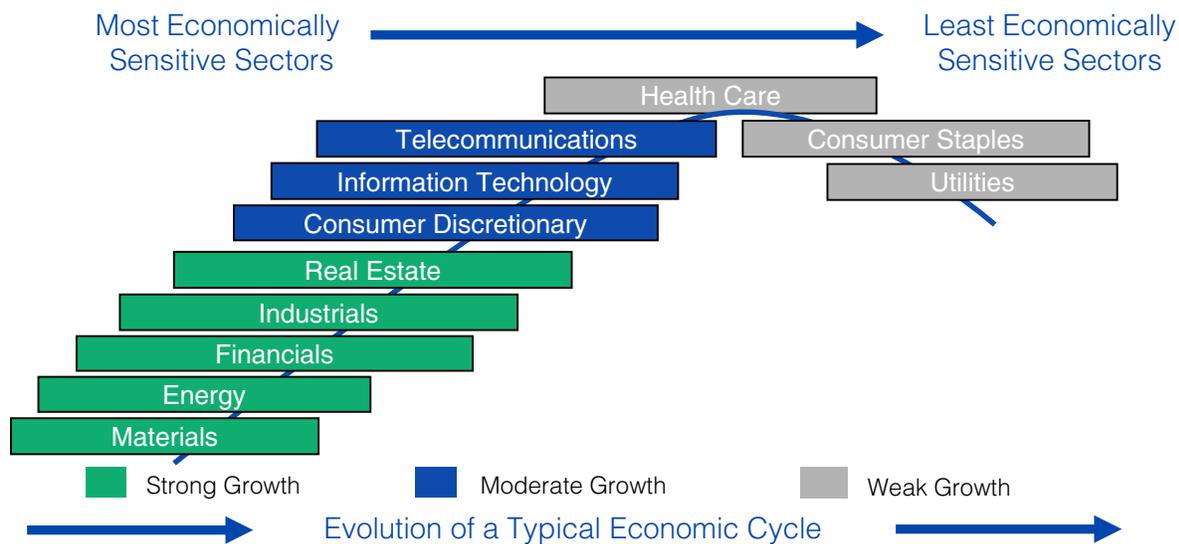
Economic trends are the winds that drive the direction of the markets. That is why we analyze hundreds of economic indicators to help direct our decisions. Over two decades of experience helps us determine what data merits emphasis and what does not.

We begin the investment process by aggregating more than 200 domestic and international economic measures into a proprietary database. Then we evaluate the data to identify areas of economic strength and weakness in the U.S. and abroad, and invest in 8 to 15 equity and fixed-income ETFs from leading providers.

**STRATEGY HIGHLIGHTS**

- **Length of track record** Top-down approach since 1996  
ETF implementation since 2005
- **High conviction** Flexibility to deviate from benchmark
- **Risk mitigation** Manage downside protection through geographic allocation and U.S. sector avoidance
- **Tax efficient** Typically low turnover and long-term holding periods

**THE IMPORTANCE OF SECTOR ALLOCATIONS**



For illustrative purposes only.

WestEnd actively positions the U.S. large-cap equity allocation of client portfolios in the most economically sensitive U.S. large-cap sectors when it expects strong growth, and transitions to less economically sensitive sectors as growth expectations wane.

## FOOTNOTES AND DISCLOSURES

WestEnd Advisors is an SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The firm is an independent investment management firm, 100% owned by its active principals. WestEnd manages both equity and fixed-income assets for individuals and institutional clients.

WestEnd Advisors' Global Balanced Composite includes all discretionary accounts invested in the Global Balanced model except for portfolios managed by WestEnd Advisors in a wrap-fee program. The Global Balanced Composite creation date is December 31, 2004, and the investment strategy for the Global Balanced Composite has been consistent since creation. WestEnd Advisors' Global Balanced Composite is invested in large-, mid-, and small-cap U.S. equities, international equities, U.S. fixed-income, and other assets, all through the use of exchange-traded funds, and/or high-grade money market instruments. Returns are achieved without the use of options, derivatives, or leverage of any kind. Results are calculated daily using the aggregate method, use trade date valuations, and include cash as well as the reinvestment of dividends, interest income, and other earnings, if applicable. Portfolio returns are weighted using beginning of period values plus weighted cash flows. Portfolios and composites are valued daily and are denominated in U.S. dollars only.

The performance shown is based on WestEnd Advisors' Global Balanced Composite which includes all fully discretionary accounts invested in the Global Balanced model except for Wrap-Fee (Wrap) and Unified Managed Account (UMA) accounts. While the accounts in the Global Balanced Composite are invested according to the same model as Wrap and UMA accounts, performance may differ between the Global Balanced Composite and Wrap and UMA accounts due to a variety of factors, including but not limited to: fees assessed by Wrap and UMA sponsors (e.g. wrap fees), Wrap and UMA sponsor- and client-imposed investment restrictions, and WestEnd Advisors' lack of trading discretion over UMA accounts.

Net-of-fee performance results are presented after investment management fees paid to WestEnd Advisors, as well as after brokerage or other commissions actually paid by clients in the management of their investment advisory account, but exclude any deductions for custodial fees. The current management fee schedule, as described in WestEnd Advisors' SEC Form ADV Part 2, is as follows: 1.00% for accounts valued at \$100,000 to \$4,999,999; 0.90% for accounts valued at \$5,000,000 to \$9,999,999; 0.75% for accounts valued at \$10,000,000 to \$24,999,999; 0.65% for accounts valued at \$25,000,000 to \$49,999,999; and 0.50% for accounts valued over \$50,000,000. Fees are negotiable where circumstances warrant.

Past performance is not indicative of future results. It should not be assumed that recommendations made in the future will be profitable. The information contained herein is not intended to be an offer to provide investment advisory services. Such an offer may only be made if accompanied by WestEnd Advisors' SEC Form ADV Part 2.

Effective January 1, 2017, the equity portion of the Global Balanced benchmark was changed retroactive to December 31, 2004 from the MSCI World (Gross) Index to the MSCI ACWI (Net) Index. WestEnd Advisors believes that the MSCI ACWI (Net) more accurately reflects the emerging markets equity component of the Global Balanced investment strategy and better represents the tax withholding on foreign dividends paid on the underlying holdings within the strategy's ETFs. Portfolio management processes, including underlying security selection, are unchanged as the strategy has always had exposure to emerging market securities through ETFs. Further information about the change is available upon request.

The MSCI ACWI (Net) Index, Bloomberg Barclays U.S. Government/Credit Bond Index, and Global Balanced benchmark are used for comparative purposes only. The MSCI ACWI (Net) Index is a free float-adjusted market

capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 47 country indexes comprising 23 developed and 24 emerging market country indexes. The total return of the MSCI ACWI (Net) Index is calculated using net dividends. Net total return reflects the reinvestment of dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The Bloomberg Barclays U.S. Government/Credit Bond Index measures performance of U.S. dollar-denominated U.S. Treasuries, government-related, and investment-grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have \$250 million or more of outstanding face value, must be fixed-rate, and non-convertible. The Global Balanced benchmark is composed of 65% of the MSCI ACWI (Net) Index and 35% of the Bloomberg Barclays U.S. Government/Credit Bond Index; is shown to reflect the investments in equity and fixed-income securities; and is rebalanced monthly. Benchmark returns are not covered by the report of independent verifiers.

The dispersion of annual returns is measured by the standard deviation of the asset-weighted portfolio returns represented within the composite for the full year. Dispersion is calculated based on gross returns and is not shown when there are five or fewer portfolios, as the calculation is not statistically meaningful.

A complete list and description of all WestEnd Advisors' composites, as well as a presentation that complies with the requirements of Global Investment Performance Standards (GIPS®), may be obtained by phone (888-500-9025) or email ([info@westendadvisors.com](mailto:info@westendadvisors.com)). Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.

Attribution Analysis is relative to the Global Balanced benchmark and was current as of the quarter specified in this presentation. A complete attribution report is available upon request.

Any portfolio characteristics, including position sizes and sector allocations, among others, are generally averages and are for illustrative purposes only and do not reflect the investments of an actual portfolio unless otherwise noted. The investment guidelines of an actual portfolio may permit or restrict investments that are materially different in size, nature, and risk from those shown. The investment processes, research processes, or risk processes shown herein are for informational purposes to demonstrate an overview of the process. Such processes may differ by product, client mandate, or market conditions. Portfolios that are concentrated in a specific sector or industry may be subject to a higher degree of market risk than a portfolio whose investments are more diversified.

Holdings, Sector Weightings, and Portfolio Characteristics were current as of the date specified in this presentation. The listing of particular securities should not be considered a recommendation to purchase or sell these securities. While these securities were among WestEnd Advisors' Global Balanced holdings at the time this material was assembled, holdings will change over time. There can be no assurance that the securities remain in the portfolio or that other securities have not been purchased. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presently in the portfolio. Individual clients' portfolios may vary. Upon request, WestEnd Advisors will provide a list of all recommendations for the prior year. As of March 31, 2018, WestEnd Advisors had \$1.1 million of assets in the Global Balanced Composite. This information is included as supplemental information only.

April 2018