

Inception Date: 1/2013

### STRATEGY OBJECTIVE

The objective of the U.S. Sector strategy is to provide outperformance versus its large-cap U.S. equity benchmark over time, while dampening volatility through sector allocation. The strategy combines high-conviction active management with the diversification of low-cost, passive ETFs.

### OUTLOOK AS OF 6/30/18

- Recent economic data indicates a modest pickup in U.S. GDP growth, but we do not expect dynamic growth to be sustained given the progress already made in the economic cycle.
- Stocks should perform well in this economic environment, but trade policy concerns will likely continue to contribute to market volatility, even as a full-blown trade war remains unlikely.
- Sectors with attractive growth and stability of earnings should outperform going forward, while the most economically-cyclical sectors face risks to meeting elevated earnings expectations.
- Upward pressure on interest rates should continue from the Fed's measured short-term rate hikes, the recent rebound in inflation, and potential normalization of longer-term real interest rates.

### PORTFOLIO POSITIONING AS OF 6/30/18

- Consumer Staples exposure, increased to an overweight in Q2, and an overweight to Health Care provide attractively valued earnings stability in this extended economic cycle.
- Overweights to Consumer Discretionary and Information Technology leverage ongoing consumer strength and secular trends, including migration to digital media and payments.
- Avoidance of Energy, Materials, and Industrials limits portfolio reliance on dynamic economic acceleration.
- Avoidance of the Utilities and Real Estate Sectors reduces risk from rising interest rates.

### Q2 ATTRIBUTION\*

#### Positive Contributors:

Overweight

- Consumer Discretionary

Underweight

- Industrials

#### Negative Contributors:

Underweight

- Energy

### PORTFOLIO COMPOSITION\*

Number of holdings: Typically 4 to 5

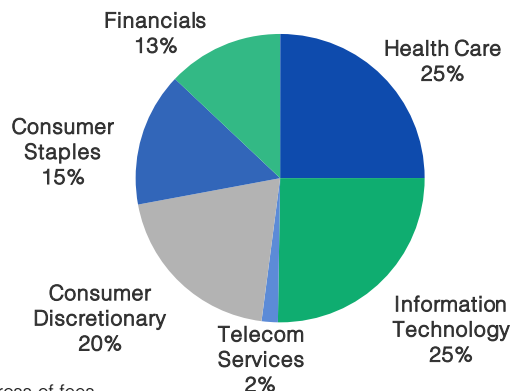
Maximum sector exposure: 35%

Target cash position: 2% to 5%

Annual turnover range: 2% to 47%\*\*

\*\*Based on three years ended 12/31/17.

### MODEL PORTFOLIO WEIGHTS\*



### CURRENT HOLDINGS\*

#### Consumer Discretionary

Consumer Discretionary SPDR ETF (XLY)

#### Consumer Staples

Consumer Staples SPDR ETF (XLP)

#### Financials

iShares U.S. Financial Services ETF (IYG)

#### Health Care

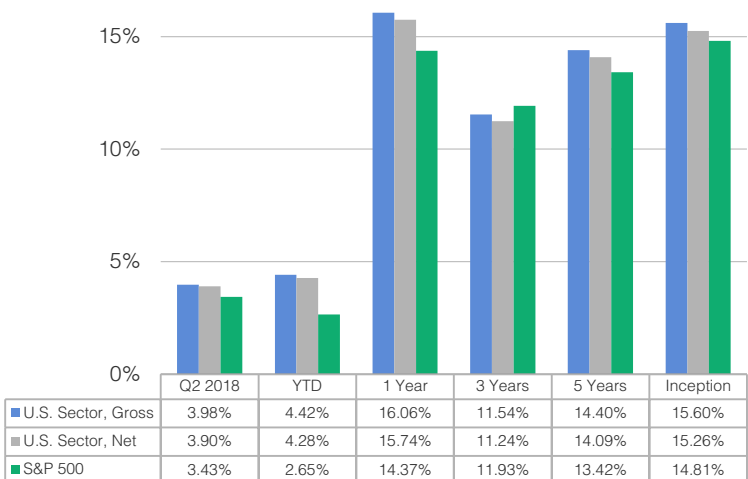
Health Care SPDR ETF (XLV)

#### Information Technology/Telecom Services

Tech/Telecom SPDR ETF (XLK)

### RISK AND RETURN SUMMARY\*

	Since Inception	
	U.S. Sector	S&P 500
Return	15.60%	14.81%
Standard Deviation	9.80%	9.58%
Alpha	1.02%	n/a
Beta	0.98	1.00
Sharpe Ratio	1.55	1.50
R-Squared	92.3%	n/a
Tracking Error	2.72%	n/a
Upside Capture	100.3%	100%
Downside Capture	92.8%	100%

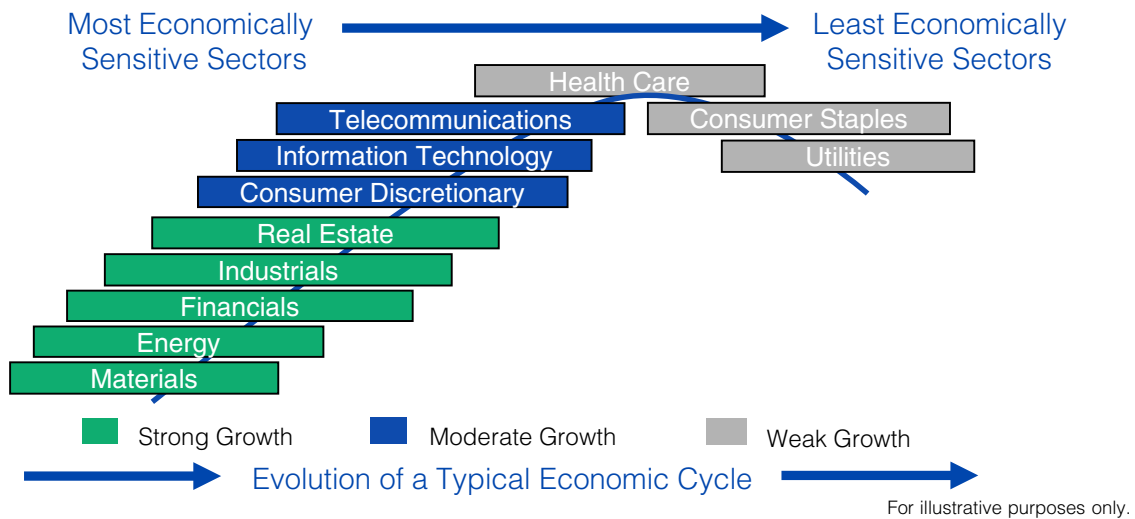


Source: IDC, WestEnd Advisors

Returns for periods greater than one year are annualized.

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

### THE IMPORTANCE OF SECTOR ALLOCATIONS



WestEnd actively positions 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.

### 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 which data merits emphasis and which 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 economy and U.S. equity markets, and invest in typically 4 to 5 equity ETFs from leading providers.

### HISTORICAL RETURNS

	U.S. Sector Composite		S&P	Russell
	Gross	Net	500	1000
2018 YTD	4.42%	4.28%	2.65%	2.85%
2017	25.08%	24.73%	21.83%	21.69%
2016	3.88%	3.59%	11.96%	12.05%
2015	7.06%	6.77%	1.38%	0.92%
2014	16.45%	16.13%	13.69%	13.24%
2013	31.16%	30.62%	32.39%	33.11%

Source: IDC, WestEnd Advisors

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

### 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, 12 years at WestEnd Advisors
- **Rob Pharr**, Chief Investment Officer and Portfolio Manager  
41 years of experience, 14 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 June 30, 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.

\* Total firm assets under management and advisement include \$3.0 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.

## 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' U.S. Sector Composite is invested primarily in U.S. equities. The objective of this portfolio is to provide investors a single investment vehicle with exposure to the U.S. equity Sectors and Industries. 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 priced daily and are denominated in U.S. dollars only. Performance returns include all discretionary accounts invested in the U.S. Sector model except for portfolios managed by WestEnd Advisors in a wrap-fee program. The U.S. Sector Composite creation date is December 31, 2012. While the U.S. Sector strategy invests in U.S.-based exchange-traded funds, at times there may be limited exposure to non-U.S. investments.

The performance shown is based on WestEnd Advisors' U.S. Sector Composite which includes all fully discretionary accounts invested in the U.S. Sector model except for Wrap-Fee (Wrap) and Unified Managed Account (UMA) accounts. While the accounts in the U.S. Sector Composite are invested according to the same model as Wrap and UMA accounts, performance may differ between the U.S. Sector 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.

The S&P 500® is used for comparative purposes only. The S&P 500®, our primary benchmark, includes approximately 500 stocks and is a common measure of the performance of the overall U.S. stock market. The S&P 500® Index measures the performance of 500 leading companies in the U.S. economy. The S&P 500® Index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities. The S&P 500® Index is designed to be an indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large-cap universe. The S&P 500® Index is a market capitalization-weighted index – each stock's weight in the index is proportionate to its market capitalization. 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 included in 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 the Global Investment Performance Standards (GIPS®), is available upon request by phone (888-500-9025) or email (info@westendadvisors.com).

Attribution Analysis is relative to the S&P 500® 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 limited number of sectors or industries may be subject to a higher degree of volatility than a portfolio whose investments are more diversified.

Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request.

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' U.S. Sector 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 June 30, 2018, WestEnd Advisors had \$764 thousand of assets in the U.S. Sector Composite. This information is included as supplemental information only.

July 2018