BRINKER
CAPITAL INVESTMENTS

Global & Balanced

We Believe Global, Balanced, Risk-Budgeted ETF Portfolios Help Investors Succeed Over Time

The Right Path for Investors

As global investors, we believe diversification across domestic and international markets provides better risk-adjusted performance than domestic-only portfolios. As asset allocators, we believe balancing risk and return requirements can help investors attain desired results. These are Brinker Capital's guiding investment philosophies. We stand by them when markets perform favorably, as well as when they don't. Our overarching goal is to help investors succeed, and we believe our approach is the best path to do so. Global, balanced portfolios are more likely to behave as expected and achieve smoother returns over time, which helps investors stay the course by staying invested.Though we believe global, balanced portfolios help investors succeed, we recognize that the market environment has not always been favorable for them. Since the financial crisis of 2008, U.S. stocks have experienced one of the longest and strongest bull markets in history, while international stocks have underperformed on a relative basis. Similarly, less-correlated asset classes, such as bonds and commodities, have also performed relatively poorly.

Nonetheless, we are staying true to our global, balanced portfolio management approach and believe it still makes sense for investors. Within the following pages, we will review the reasons global, balanced portfolios still work, and illustrate their benefit for investors in the long term.

KONSTANTIN (KOSTYA) ETUS

Portfolio Manager, Brinker Capital

A World of Opportunities

Global portfolios break out of domestic borders and invest in asset classes across various global regions to take advantage of favorable economic and market conditions abroad. Historically, globally diversified portfolios have earned superior risk-adjusted returns over the long run compared to portfolios composed of only domestic stocks. In recent years, underperformance in international investments has made investors wary. But it is important to realize that the inherent benefits of international diversification have not changed. Overall, we believe investing globally within stocks and bonds results in a better investor experience over time.

> Countries outside the U.S. now comprise 47% of the world's market.

MARKET SHARE

While the U.S. still makes up the majority of the global market, international markets have grown over time and now account for 47% of the world's market.

Investments based on market capitalization would be almost evenly split between international and domestic stocks. While market capitalization tends to be the traditional view of financial markets, some U.S. investors shy away from large allocations to international because:

- Many international markets are not as developed as the U.S., which may introduce greater uncertainty and increased (perhaps exaggerated) fear of an investment. Staying within U.S. borders may appear safer to some investors.
- Many investors exhibit bias toward their home countries. This is not just a U.S. phenomenon. More information may be readily available about a domestic market within home borders and investors may be more comfortable investing in their countries of residence.

This domestic favorability creates imperfect global markets, which allows investors to take advantage of growth opportunities overseas. Coupled with international's enormous market share, global opportunities are significant for investors.

SHARE OF GLOBAL MARKET CAPITALIZATION

U.S.: 53%
Europe Developed: 16%
Japan: 8%
U.K.: 7%
Emerging Markets: 7%
Asia Developed: 6%
Canada: 3%

Weights in MSCI All Country World Index Source: Morningstar Direct Data as of 11/30/2015

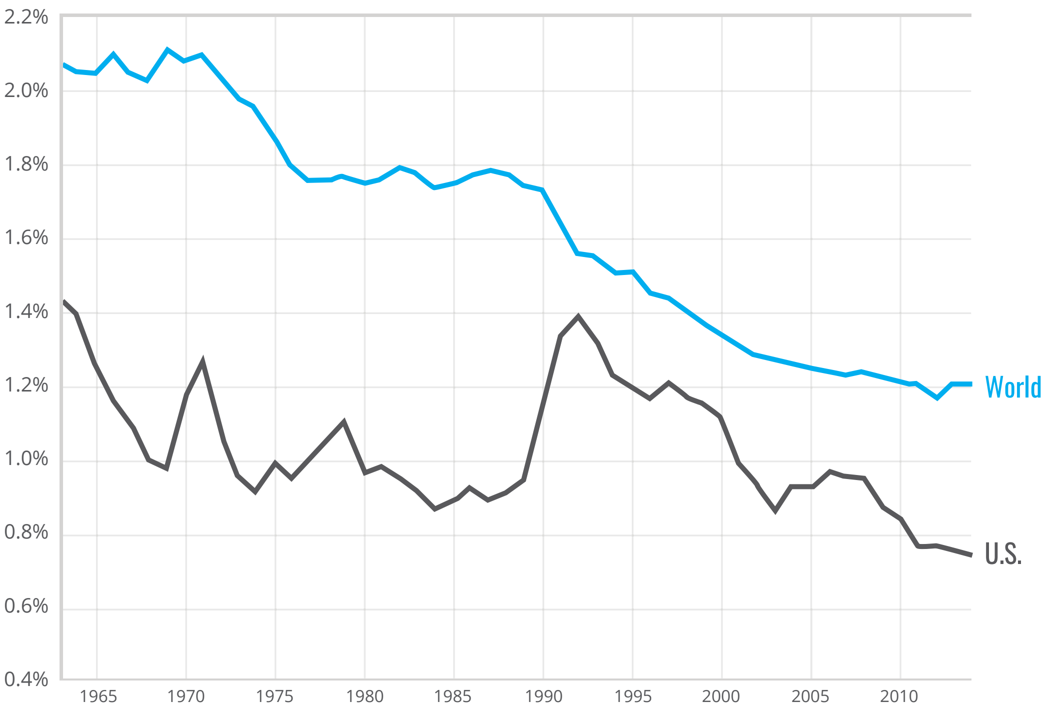
GROWTH

International markets are experiencing greater population growth than the U.S., which leads to more consumption and expanded gross domestic product (GDP). Currently, the U.S. produces less than a quarter of the world's GDP, so investors must reach internationally to capture world growth.

- In the U.S., population growth is relatively low and has been declining over the last couple of decades. Many international countries have higher population growth rates that continue to rise. A larger population leads to increased consumption, which can expand GDP growth.
- Many factors make international markets attractive places for investment allocation. For example, India has some of the most favorable demographics in the world, including low median population age, high expected population growth, and an expanding middle class.

A variety of economic conditions overseas allow investors to take advantage of growth opportunities.

POPULATION GROWTH RATE



Data from World Bank
As of 10/16/2015

> "The U.S. produces less than a quarter of Global GDP

SHARE OF GLOBAL GDP

- U.S.: 24%
- China: 14%
- Japan: 6%
- Germany: 5%
- U.K.: 4%
- France: 4%
- India: 3%
- Brazil: 3%
- Italy: 3%
- Canada: 2%
- Other: 31%

Country Share of World GDP
Source: NDR Data as of 12/31/2014

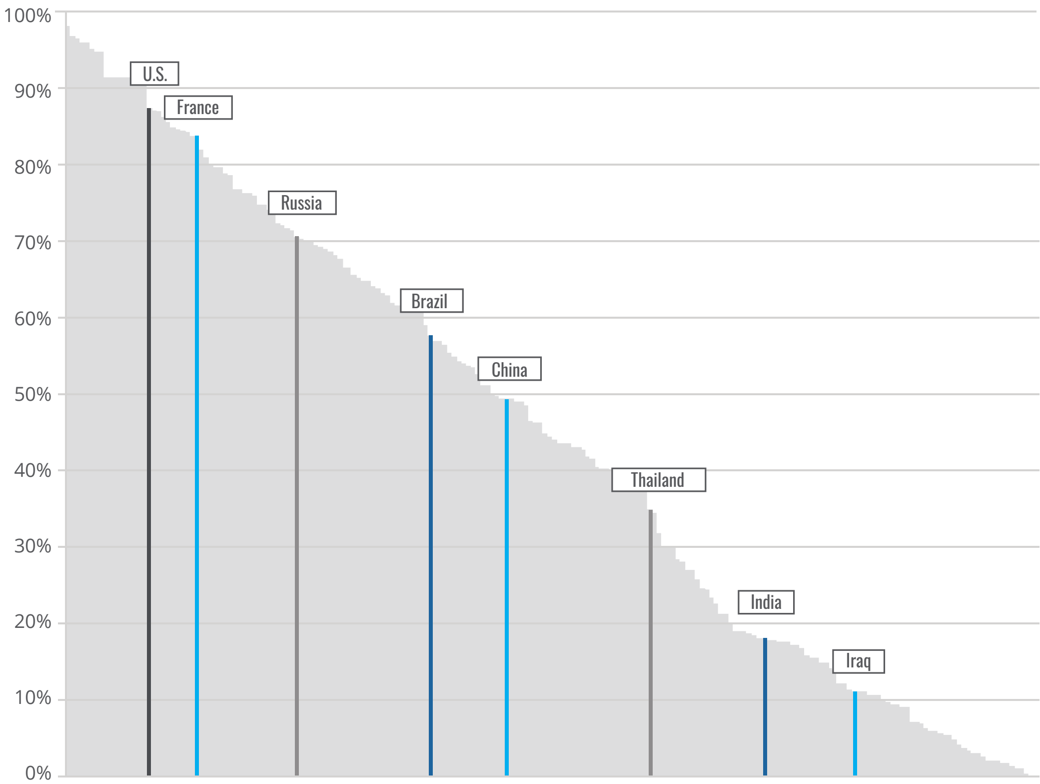
ADVANCES & REFORMS

Technological advances and structural reforms have opened new investable markets and driven progress in many developing countries. Some countries are behind the curve in modern technology and are currently building infrastructure to increase car usage, cell phone and Internet service, and electricity. When completed, these developments will have a considerable impact on productivity.

- Other countries are seeing progress through reforms in governmental regulations. For example, China opened its mainland stock market in 2014 to foreign investors and allowed its people to invest in the offshore Hong Kong market. In 2015, it un-pegged its currency (keeping it at a fixed rate) so it could be recognized by the International Monetary Fund as a reserve currency. Both moves helped China grow as an economic power.

These types of advances and reforms in developing markets narrow the gap between more developed countries, such as the U.S., and are viewed favorably by financial markets.

INTERNET USERS AS PERCENT OF POPULATION



Data from World Bank
As of 10/16/2015

> As international markets continue to advance, investors will benefit from global opportunities.

Finding the Right Balance

A balanced portfolio is typically associated with asset allocation and has exposure to multiple asset classes to achieve more stable, risk-adjusted long-term returns. In times of market uncertainty, it is important for investors to stay invested, and a good way to weather the storm is through a diversified portfolio.

Diversification is the main benefit of balanced portfolios. Combining asset classes with low correlations (a statistical measure of securities' movements in relation to each other) tends to produce portfolios with lower volatility. These typically lead to steady returns and help eliminate short-term market noise, which can help meet investor expectations for rates of return given a specific investment strategy.

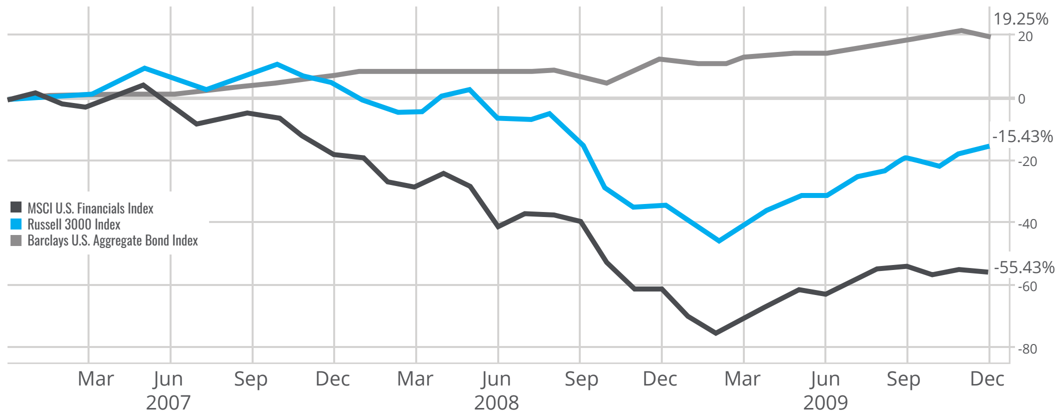
RISK REDUCTION

- Investing in balanced portfolios is appropriate for risk-averse investors looking at longerterm horizons. Correlations between specific asset classes may shift over time but generally exhibit consistent trends. Some asset classes become more closely correlated in significant market downturns; thus, it is important to diversify among assets that maintain low correlations in most market environments.
- Balanced portfolios also decrease the risk of single sector investments. For example, investing in only financial stocks during the financial crisis of 2008 would have resulted in heavy losses. But by increasing the variety of positions in a portfolio, investors benefit from the resulting less-concentrated approach. As shown in the example below, a diversified domestic equity portfolio generated superior performance from 2006-2009 (and would have certainly benefited with an allocation to bonds).

Because there are significant differences in returns of various asset classes over time, it is important to diversify allocation options.

ASSET CLASS PERFORMANCE DURING THE FINANCIAL CRISIS

Total Returns from 12/29/06-12/31/09



Source: Bloomberg Finance L.P.

DIFFERING EXPOSURES

Different asset classes (stocks, bonds, commodities, etc.) perform differently in various market environments. Having exposure to a wide variety of asset classes limits the liability of a significant drop in any one asset.

- Asset class performance is hard to predict and may be impossible to know in any given year. Rarely will a single asset class consistently outperform for multiple years (as seen in the chart below).

Investing in a portfolio diversified across various asset classes allows investors to glide more smoothly through the middle of the pack.

> Diversification across asset classes protects investors in different market environments.

RANKED ANNUAL TOTAL RETURN OF KEY INDICES

(2001-2015)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Cumulative	Annualized	Std. Dev
Bonds 8.4%	Commodities 25.9%	Emerging Markets 55.8%	Emerging Markets 25.6%	Emerging Markets 34.0%	Emerging Markets 32.1%	Emerging Markets 39.4%	Bonds 5.2%	Emerging Markets 78.5%	Sm Cap Stocks 26.9%	Bonds 7.8%	Emerging Markets 18.2%	Sm Cap Stocks 38.8%	Large Cap 13.7%	Large Cap 1.4%	Emerging Markets 241.6%	Emerging Markets 8.5%	Emerging Markets 22.8%
Cash 4.1%	Bonds 10.3%	Sm Cap Stocks 47.3%	International Stocks 20.2%	Commodities 21.4%	International Stocks 26.3%	Commodities 16.2%	Cash 1.8%	Mid Caps 40.5%	Mid Caps 25.5%	Large Cap 2.1%	International Stocks 17.3%	Mid Caps 34.8%	Mid Caps 13.2%	Bonds 0.5%	Mid Caps 223.9%	Mid Caps 8.1%	Sm Cap Stocks 19.5%
Sm Cap Stocks 2.5%	Cash 1.7%	Mid Caps 40.1%	Mid Caps 20.2%	International Stocks 13.5%	Sm Cap Stocks 18.4%	International Stocks 11.2%	Global Balanced -23.9%	International Stocks 31.8%	Emerging Markets 18.9%	Cash 0.1%	Mid Caps 17.3%	Large Cap 32.4%	Global Balanced 6.0%	Cash 0.0%	Sm Cap Stocks 186.7%	Sm Cap Stocks 7.3%	International Stocks 17.5%
Emerging Markets -2.6%	Emerging Markets -6.2%	International Stocks 38.6%	Sm Cap Stocks 18.3%	Mid Caps 12.7%	Large Cap 15.8%	Global Balanced 8.9%	Sm Cap Stocks -33.8%	Sm Cap Stocks 27.2%	Commodities 16.8%	Global Balanced 0.5%	Sm Cap Stocks 16.3%	International Stocks 22.8%	Bonds 6.0%	Global Balanced -0.7%	Global Balanced 123.4%	Global Balanced 5.5%	Mid Caps 17.1%
Global Balanced -5.4%	Global Balanced -7.4%	Large Cap 28.7%	Global Balanced 11.1%	Global Balanced 7.3%	Mid Caps 15.3%	Bonds 7.0%	Commodities -35.6%	Large Cap 26.5%	Large Cap 15.1%	Mid Caps -1.5%	Large Cap 16.0%	Global Balanced 14.2%	Sm Cap Stocks 4.9%	International Stocks -0.8%	Large Cap 108.0%	Large Cap 5.0%	International Stocks 16.9%
Mid Caps -5.6%	International Stocks -15.9%	Commodities 23.9%	Large Cap 10.9%	Large Cap 4.9%	Global Balanced 13.7%	Mid Caps 5.6%	Large Cap -37.0%	Global Balanced 22.8%	Global Balanced 12.1%	Sm Cap Stocks -4.2%	Global Balanced 11.8%	Cash 0.0%	Cash 0.0%	Mid Caps -2.4%	Bonds 106.9%	Bonds 5.0%	Large Cap 15.0%
Large Cap -11.9%	Mid Caps -16.2%	Global Balanced 22.1%	Commodities 9.1%	Sm Cap Stocks 4.6%	Cash 4.8%	Large Cap 5.5%	Mid Caps -41.5%	Commodities 18.9%	International Stocks 7.8%	International Stocks -12.1%	Bonds 4.2%	Bonds -2.0%	Emerging Markets -2.2%	Sm Cap Stocks -4.4%	International Stocks 68.4%	International Stocks 3.5%	Global Balanced 9.6%
Commodities -19.5%	Sm Cap Stocks -20.5%	Bonds 4.1%	Bonds 4.3%	Cash 3.0%	Bonds 4.3%	Cash 4.8%	International Stocks -43.4%	Bonds 5.9%	Bonds 6.5%	Commodities -13.3%	Cash 0.1%	Emerging Markets -2.6%	International Stocks -4.9%	Emerging Markets -14.9%	Cash 25.3%	Cash 1.5%	Bonds 3.5%
International Stocks -21.4%	Large Cap -22.1%	Cash 1.0%	Cash 1.2%	Bonds 2.4%	Commodities 2.1%	Sm Cap Stocks -1.6%	Emerging Markets -53.3%	Cash 0.1%	Cash 0.1%	Emerging Markets -18.4%	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Commodities -14.4%	Commodities -1.0%	Cash 0.5%

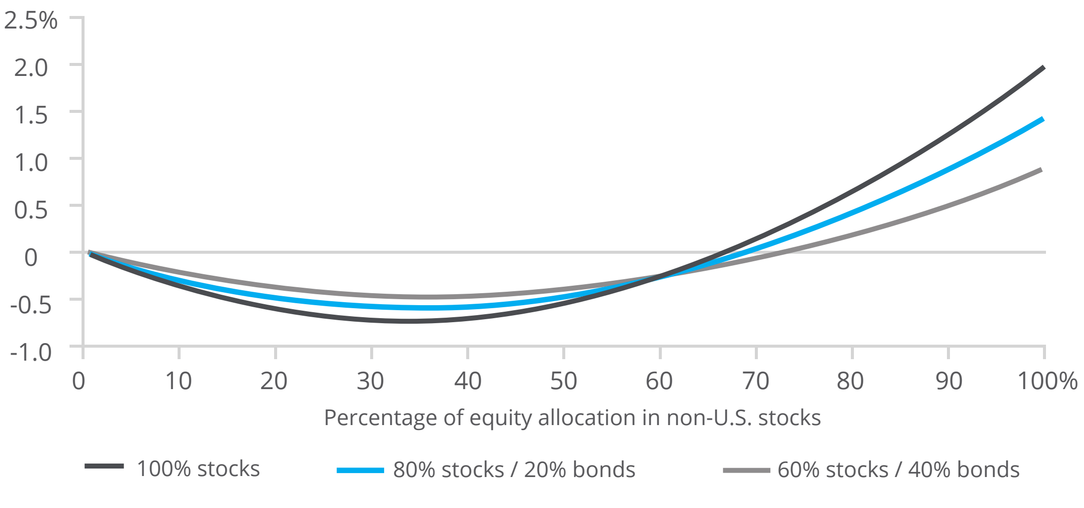
Global Balanced is represented by 60% stock and 40% bond with the stock portion being 60% domestic and 40% international. Domestic equities are represented by Russell 3000 Index, international equities represented by MSCI ACWI ex U.S. Index, and bonds represented by the Barclays Aggregate Index.
Source: Morningstar Direct

ALLOCATIONS

Beyond diversification, balanced portfolios provide an opportunity to fine tune investment objectives, including income generation, capital appreciation, capital preservation, or some combination thereof, through allocations tailored to each individual investor.

- The right balance in a portfolio depends on an investor's ability and willingness to take on risk. The traditional moderate allocation of 60% stocks and 40% bonds can be used as a baseline. Thus 80% stocks and 20% bonds would correspond to higher levels of volatility and be more appropriate for an investor with an appetite for more risk. Likewise, an allocation to 40% stocks
- If there is a desire for income generation, investors do not necessarily have to lower risk and allocate more to bonds. They could diversify their allocations with highdividend stocks, preferred stocks, Real Estate Investment Trusts (REITs), or Master Limited Partnerships (MLPs) to name a few. Such assets would allow investors to keep elevated risk levels while providing increased income. Similarly, if capital preservation becomes a more important factor, it may not be most prudent to allocate directly to cash. Allocating to higher-quality stocks and bonds, as well as to stocks exhibiting lower volatility could help protect investors in times of market turmoil and significant downturns.
- Since one of the main reasons to invest internationally is to increase diversification, it may make sense to focus on allocations that minimize volatility. In Vanguard's study, "Global Equities: Balancing Home Bias and Diversification," researchers found diversification benefits strengthen as more international investments are added up to the 30-40% range, a good allocation target to achieve optimal volatility levels. Furthermore, an allocation of nearly 70% in international equities still maintained lower volatility than a domestic-only portfolio. The traditional 60% stocks and 40% bonds portfolio exhibited lower volatility, as would have been expected.

AVERAGE ANNUALIZED CHANGE IN VOLATILITY WHEN ADDING NON-U.S. STOCKS TO A PORTFOLIO



Source: Vanguard. "Global
Equities: Balancing Home Bias and Diversification

Notes: U.S. equities represented by MSCI USA Index; non-U.S. equities represented by MSCI World Index ex USA from 1970 through 1987 and MSCI All Country World Index ex USA thereafter. Bond data represented by Salomon High Grade Index from 1970 through 1972, Lehman Long-Term AA Corporate Index from 1973 through 1975, and Barclays U.S. Aggregate Bond Index thereafter. Data through December 31, 2013.

SAVING US FROM OURSELVES

The natural human tendency is to buy winners and sell losers. This is sometimes referred to as performance chasing and typically leads to buying at peaks and selling at troughs. Sticking to a balanced portfolio avoids some of these dangerous behaviors.

- To evaluate and quantify the human nature effect, we compared Morningstar's investor return data, which measures how the average investor fared in a fund over a period of time, to the total return of mutual funds in specific Morningstar categories over the last 10 years. The results were fairly consistent across various categories. The investor return underperformed the total return by about 1% to 2% per year. That difference is known as the behavior gap (i.e., the cost associated with human behavior).
- A key thing to notice is that the behavior gap was smaller for asset allocation funds when compared to funds in other categories. Investors in more diversified asset allocation funds, which exhibit smoother returns over time, are more likely to stay invested and not move money in and out at inopportune moments. In fact, Dalbar's study of "Quantitative Analysis of Investor Behavior" (2015) shows that asset allocation fund retention rates (holding periods) tend to be longer than those of equity or fixed income funds. Staying balanced and invested leads to better investor experiences over time."

> Diversified asset allocation funds tend to have smaller behavior gaps and thus better investor experience over time

It seems that no matter what people are investing in, they need to be saved from themselves.

TEN-YEAR BEHAVIOR GAP

CATEGORY	GAP
Asset Allocation	-1.07%
U.S. Large-Cap	-1.57%
U.S. Mid-Cap	1.88%
U.S. Small Cap	-1.74%
Foreign Large-Cap	-1.92%
Foreign Small/Mid-Cap	-1.29%

Effective Investment Approach

As the behavior gap illustrates, staying invested can be crucial to avoiding unnecessary losses. At Brinker Capital, our investment approach embodies key principles that avoid the pitfalls of performance chasing by seeking smooth returns over time and keeping investors on track to achieve their goals.

DISCIPLINE

- Discipline may be the most important attribute of long-term investing, and the truth is that many investors simply do not have it. Most people are investing for longer-term goals, such as retirement (which may be many years away), so why focus on the short term and potential deviation from end goals?
- It is easy to become frightened of what may be happening in the markets, particularly with endless chatter on the Internet and television, but it is important to cut out the short-term noise and focus on the primary, longer-term objective.

PROCESS

- With all of that market noise, it can be hard to know what information is valuable. One of the best ways to cut out the noise and ensure discipline is to have a well-defined investment.
- There are many factors to consider when choosing investments and allocations, and there is no one right answer to investment management. But it is important to determine a specific methodology that works over time and across various market environments. Utilizing this dedicated process helps investors weather the storm when markets act erratically by keeping emotions in check.
- No matter the investment process, there must be a consideration for risk management. Any process that only takes returns into account is sure to falter.
- An investment process must evolve as necessary and should be periodically reviewed to determine if adjustments and improvements need to be made.

RESEARCH

- Results are not achieved without hard work. There are many different areas of investment research analysis, including economic, fundamental, valuation, statistical, and technical. Each should play a role in the established investment process. Doing thorough research allows for effective evaluation of investment options and selection of the most attractive assets.
- Advances in financial markets have introduced more variety to investment options. It is no longer as simple as stocks versus bonds; there are now dozens of asset classes and ways to slice markets, including size, style, sector, industry, region, country, credit quality, duration, and correlation to traditional investments. All variations need to be fully understood and analyzed to determine the most appropriate portfolio construction. But this is not a set-itand- forget-it process. The universe of options needs to be consistently monitored to find new opportunities as quickly as possible.

The Path to Success

Success can never be guaranteed; however, there are fundamental truths to guide the way.

- Acheiving investment objectives can be assisted by a seasoned, credentialed, cohesive investment research and portfolio management team with diverse talents and strong leadership.
- Access to a vast variety of investment research tools, third party investment research, and technological infrastructure helps ground investment decisions in solid data.
- Ultimately, it is discipline, process, and research that help investors succeed.
- Based on our years of expertise, indepth research and analysis, and our understanding of the follies of performance chasing, we firmly believe global, balanced portfolios can mitigate risk and help earn long-term returns consistent with investor expectations.

It is important to stay disciplined and stay invested, especially during volatile markets. Choosing an investment manager who is committed to a disciplined investment philosophy is of paramount importance.

A consistent process that stays true to its core promise is what truly helps investors succeed.

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