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|---------------------|------------------|------------------------|------------------|
| <b>Objective:</b>   | Long-Term Growth | <b>Process:</b>        | Quantitative     |
| <b>Asset Class:</b> | Global Equity    | <b>Implementation:</b> | ETFs             |
| <b>Holdings:</b>    | 10               | <b>Style Box:</b>      | Multi-Cap Blend  |
| <b>Inception:</b>   | June 2007        | <b>Structure:</b>      | SMA <sup>5</sup> |

**Description:**

This strategy delivers global exposure to multiple asset classes through continuous exposure to ETFs representing 10 broad asset markets worldwide. Portfolio weightings among the 10 sectors are rebalanced quarterly using a quantitative discipline to systematically over-weight sectors that demonstrate recent relative price strength, while reducing exposure to sectors that exhibit relative weakness. The strategy seeks to exploit momentum effects in various asset classes using low-cost ETFs that track widely recognized index benchmarks.

**Process:**

At the end of each calendar quarter in March, June, September and December, the 10 equity market sectors in the strategy's investment universe are ranked according to trailing 12-month performance. The three top-performing sectors receive an over-weight allocation for the subsequent quarterly holding period. The three bottom-performing sectors are under-weighted for the subsequent holding period, while four sectors receive a neutral weight each quarter. This re-weighting discipline is repeated every three months.

The 10 asset markets are: Domestic Large Value, Domestic Large Growth, Domestic Mid-Cap, Domestic Small-Cap, International Equity, Emerging Markets, Japan, Global Natural Resources, Real Estate and High-Yield Credit.

**Role in Portfolio:**

The Tactical Global Growth strategy participates in the long-term growth of the global equity markets. The discipline of tilting the sector weightings in the portfolio toward relative strength incorporates a momentum effect into the portfolio to exploit the historical tendency for relative strength to persist in the asset markets with a probability in excess of 50%. This strategy can serve as a core position for investors seeking global diversification within the equity portion of their portfolio.

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<sup>5</sup> The acronym SMA refers to "Separately Managed Account."

## DISCLOSURES

### Introduction

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The **S&P 500 Index** is a stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The index components and their weightings are determined by S&P Dow Jones Indices.

**MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

**MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

**S&P North American Natural Resource Index** is an equity index that represents U.S. traded securities across a broadly defined North American Natural Resource sector. S&P Indices uses GICS® to determine a company's classification. The index is modified-capitalization weighted, where a stock's weight is capped at a level determined on a sector basis.

**FTSE NAREIT U.S. Real Estate Index:** An equity index that represents traded securities in the U.S. market structured as real estate investment trusts (REITs).

**Bank of America/Merrill Lynch Government/Corporate 1-5 Year Bond Index** is an index consisting of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to five years.

**Barclays Capital Aggregate Bond Index** is a broad index of domestic investment grade fixed income securities designed to reflect the domestic investment grade bond market. The index includes U.S. government bonds, agency securities, and corporate bonds across the entire spectrum of the maturity yield curve.

Capital Advisors changed the name for three of its investment strategies on August 7, 2015. C Tactical Dynamic Allocation was changed to Capital Advisors Tactical Dynamic Allocation. C Tactical Global Growth was changed to Capital Advisors Tactical Global Growth, and C Tactical Equity Income was changed to Capital Advisors Tactical Global Income. The investment process did not change for any of the strategies.

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