

## Performance Review and Commentary

4th Quarter (October 1, 2017 through December 31, 2017)

Account	This Qtr.	YTD	Since Inception	Allocation Benchmark*	This Qtr.	YTD	Since Inception
IRA	↑X.X%	↑X.X%	↑X.X%	Balanced	↑X.X%	↑X.X%	↑X.X%

\*See page 2 for Allocation Benchmark details

### Composite/Model Performance

Wallick Investments' Portfolio Composites	This Qtr.	YTD	Annualized Since Inception	Index**	This Qtr.	YTD	Annualized Since Inception
WI Core Growth	↑6.20%	↑21.15%	↑11.42%	Equity <sup>1</sup>	↑5.89%	↑20.84%	↑9.66%
WI Core Value	↑4.49	↑19.11	↑9.66	Equity <sup>2</sup>	↑6.45	↑22.32	↑9.43
WI Aggressive	↑8.64	↑16.33	↑13.04	Equity <sup>7</sup>	↑5.15	↑17.86	↑12.34
WI Fidelis	↑5.67	↑21.83	↑16.53	Equity <sup>3</sup>	↑5.89	↑20.84	↑13.93
WI Hedge	↓3.60	↓16.00	↓5.94	Commodity <sup>4</sup>	↑4.94	↑0.76	↓6.07
WI Preferred Stock	↑0.07	↑6.60	↑6.19	Preferred Stock <sup>5</sup>	↓0.22	↑8.10	↑5.92
WI Bonds	↑0.16	↑3.65	↑3.23	US Bond Mkt. <sup>6</sup>	↑0.42	↑3.56	↑3.63
WI Low Vol Model	↑6.84	↑21.14	↑14.50	Equity <sup>8</sup>	↑3.58	↑11.36	↑12.97
WI Excelsis Model	↑5.36	↑23.10	↑22.16	Equity <sup>9</sup>	↑6.64	↑21.78	↑20.61

\*\*See page 2 for Index details

### Modern Portfolio Theory Statistics (1/1/2017 – 12/31/2017)

Wallick Investments' Equity Composites	Beta	Index Return	Actual Return	Total Over/Under	Over/Under Due to Beta	Over/Under Due to Alpha	R-Squared
WI Core Growth	0.91	20.84	21.15	0.31	-1.88	2.19	86.56
WI Fidelis	0.94	20.84	21.83	0.99	-1.25	2.24	93.22
WI Core Value	0.94	22.32	19.11	-2.21	-1.34	0.87	91.33

Composite and model portfolios are developed and managed by Wallick Investments, LLC.

Composite and model performance is reported excluding fees. Index performance for composites and models excludes fees. Index performance for models also excludes dividends. Models do not represent an actual account or a composite of accounts. Each client's portfolio holdings and weightings vary based on individual time frames and risk tolerances. The portfolio composites and models display data to illustrate past performance and do not guarantee future results. Year-to-date totals may not be equivalent to each quarter totaled due to rounding and end of quarter dividends.

**Beta:** A measure of a portfolio's sensitivity to its benchmark's movement. The benchmark's beta is 1.00. Accordingly, if a portfolio has a beta of 0.85, it would be expected to outperform its benchmark by 15% in a down market and underperform by 15% in an up market.

Note: a low beta does not equate to low volatility. The betas used in this presentation are those calculated by Morningstar® for 1 year.

**Alpha:** A measure of the difference between a portfolio's actual return and its expected performance, given its level of risk as measured by beta. Alpha can be used to directly measure the value added or subtracted by a portfolio manager.

**R-Squared:** Reflects the percentage of a portfolio's movements that can be explained by movements in its benchmark index.

## Overall Equity Environment = 2

- 1 - Favorable
- 2 - Neutral
- 3 - Unfavorable

Leading Economic Indicators were up 0.40% in the last month (November) and up 3.0% over the last 6 months. Positive six-month numbers indicate improving economic conditions.

Chicago Federal Reserve's National Activity index was up 0.27 last month (December) and the three-month average was at 0.42. A three month average reading of 0 indicates a normal level of economic activity. A reading below -0.70 suggests a recession. A reading above 0.70 after two or more years of expansion suggests potential inflation.

The most recent National Financial Conditions Index (NFCI) was -0.93. The NFCI is constructed to have an average value of zero and a standard deviation of one over a sample period extending back to 1973. A positive value indicates tighter monetary policy and a negative value indicates looser credit.

The Volatility Index (VIX) is at around 11.20. Low numbers (below 18) suggest less "fear/volatility."

From a valuation standpoint, the S&P 500's Price-to-Earnings (P/E) Ratio was 22.47 vs. 20.32 at the end of 2016, 18.13 at the end of 2015, 18.99 at the end of 2014, 18.65 at the end of 2013, 15.02 at the end of 2012, 13.47 at the end of 2011, 15.45 at the end of 2010, 18.57 at the end of 2009, 10.91 at the end of 2008, 16.63 at the end of 2007, 16.95 at the end of 2006, 16.42 at the end of December 2005 and 17.90 at the end of December of 2004. A P/E of 20 is considered overvalued and a P/E of 10 is considered undervalued.

In conclusion, stocks appear to be slightly overvalued based on historical trends, valuation criteria and forecasts. Economic conditions appear to be stable and improving.

## Performance Commentary

From a performance standpoint, 2017 was an "up" year for the Wallick Investments' equity portfolios and an "up" year for the indexes. The Vanguard Total Market Index was up 21.21 % and the S&P 500 was up 22.33%. WI Core Growth Composite outperformed its composite index by 0.31%. The Core Value Composite underperformed by 2.21%. WI Fidelis Composite outperformed by 1.99%. The performance variation of these portfolios can be attributed to both our risk exposure (beta) and our security selection (alpha). For non-equity portfolios, the WI Bond Composite was up 3.65% vs. the iShares Core Aggregate U.S. Bond Market up 3.56%. The WI Preferred Stock Composite was up 6.60% vs. its benchmark up 8.10%. Our WI Hedge Composite was down -16.00% vs. the Commodities Index's increase of 0.76%.

## \*Custom Allocations

**Aggressive:** 63% Vanguard 500 Index / 5% Vanguard Mid-Cap Index / 13% Vanguard Small-Cap Index / 9% Vanguard FSTE All-World ex-US Index / 5% Hedge / 5% Aggregate Bond Index

**Growth:** 52% Vanguard 500 Index / 4% Vanguard Mid-Cap Index / 11% Vanguard Small-Cap Index / 8% Vanguard FSTE All-World ex-US Index / 5% Hedge / 20% Aggregate Bond Index

**Balanced:** 42% Vanguard 500 Index / 3% Vanguard Mid-Cap Index / 9% Vanguard Small-Cap Index / 6% Vanguard FSTE All-World ex-US Index / 5% Hedge / 35% Aggregate Bond Index

**Moderate:** 31% Vanguard 500 Index / 2% Vanguard Mid-Cap Index / 7% Vanguard Small-Cap Index / 5% Vanguard FSTE All-World ex-US Index / 5% Hedge / 50% Aggregate Bond Index

**Conservative:** 24% Vanguard 500 Index / 2% Vanguard Mid-Cap Index / 5% Vanguard Small-Cap Index / 4% Vanguard FSTE All-World ex-US Index / 5% Hedge / 60% Aggregate Bond Index

## \*\*Composite Indexes

1. WI Core Growth Composite Benchmark: 50% Vanguard 500 Index / 10% Vanguard Mid-Cap Index / 30% Vanguard Small-Cap Index / 10% Vanguard FSTE All-World ex-US Index
2. WI Core Value Composite Benchmark: 90% Vanguard 500 Index / 10% Vanguard FSTE All-World ex-US Index
3. WI Fidelis Composite Benchmark: 50% Vanguard 500 Index / 10% Vanguard Mid-Cap Index / 30% Vanguard Small-Cap Index / 10% Vanguard FSTE All-World ex-US Index
4. WI Hedge: 100% iPath DJ-UBS Commodity ETN
5. WI Preferred: 100% iShares US Preferred Stock
6. WI Bonds: 100% iShares Core Aggregate US Bond Market
7. WI Aggressive: 10% Vanguard Mid-Cap Index / 90% Vanguard Small-Cap Index
8. WI Low Volatility Quality Distributions: 80% Vanguard 500 Index
9. WI Excelsis Model: 100% Vanguard 500 Index