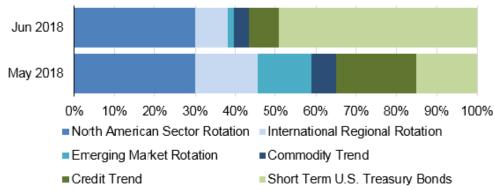
## Counsel Global Trend Strategy Reallocation

With market volatility increasing, and markets grinding lower over much of the last six months, particularly in Emerging Markets (EM), the Counsel Global Trend Strategy has moved to just under 50% in short-term treasuries. Refer to the graphic below.





Here's what's driving this change: In a nutshell, deteriorating price momentum in non-U.S. equity markets over the course of the year so far has been the driver of reducing both EM and International Equity exposure and the move into the safety bucket. Generally, the exposure reductions have occurred after reasonably long periods of upwards moves which the Counsel Global Trend Strategy participated in. The reductions can be further broken down between local equity market returns and currency returns, as particularly the second half of Q2 saw USD strength.

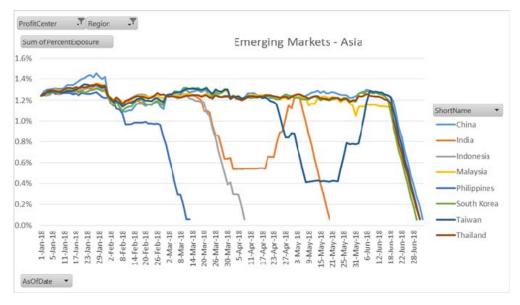
There are several factors that are behind this, including global trade fears (note the near uniform sell-off in EM Asia in late June in the charts below) and steadily rising U.S. interest rates. As equity markets have been choppy and volatile over this period, reducing those exposures is a good decision in our view, and the model run by Mount Lucas will look to buy International and EMs again if things stabilize and prices move up again.

Please see the charts below that detail the changes in exposure in both EM and International Equity over the course of the year so far. The final chart shows the allocation to the safety bucket, which is the mirror of the 'risk market' reductions.

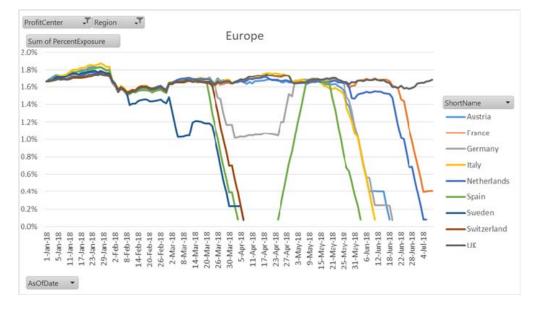
What does this mean for our Counsel Portfolios? Consider that in the Counsel Balanced Portfolio, Global Trend Strategy represents approximately a 10% holding, so the move to 50% safety means that Balanced Portfolio is now holding about 5% cash in addition to the marginal cash holdings it will have for daily liquidity and any other sub-advisor cash holdings. Other companies' wrap solutions don't have this form of an automatic safety valve. Only Counsel provides investors with this systematic, quantitative approach that will give some protection against markets trending further downwards.

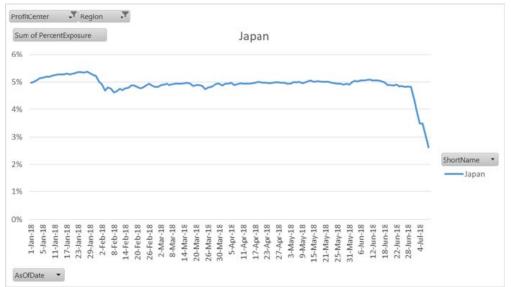


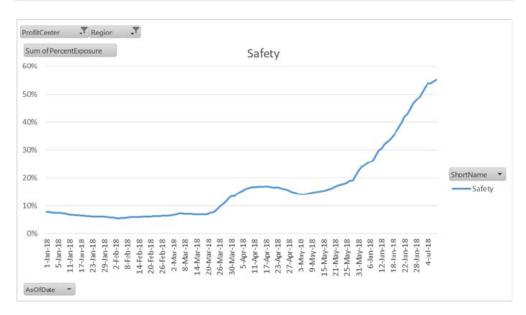




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