SONNET

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Allocation Meter

DIVERSIFIED TACTICAL OPPORTUNITIES

Diversified Tactical Opportunities ("DTOPP") is an actively managed tactical strategy that seeks unique opportunities in foreign and domestic equity markets. Examples of unique opportunities include but are not limited to technical, fundamental, situational, value, growth, and/or mean-reversion opportunities. DTOPP invests in securities representing asset classes, sectors, countries, and/or individual stocks.

OBJECTIVES

Diversified Tactical Opportunities targets portfolio growth in bull markets and seeks reduced participation in extended bear markets. DTOPP seeks unique equity investment opportunities. DTOPP may invest some or all assets in broad-based equity securities while seeking and/or waiting for unique opportunities. DTOPP uses a proprietary quantitative-based model designed to reduce overall exposure to equities by up to 50% when equities are weak, as determined by a sell signal on the model.

PROCESS

Diversified Tactical Opportunities starts with a large universe that includes equity securities representing asset classes, sectors, countries, and/or individual stocks. DTOPP then evaluates securities for unique opportunities including but not limited to technical, fundamental, situational, value, growth, and/or mean-reversion opportunities. DTOPP uses a proprietary quantitative-based model designed to reduce overall exposure to equities when equities are weak, as determined by a sell signal on the model. DTOPP strives to reduce participation in extended bear markets by raising up to 50% cash (via money market) upon a sell signal on the model. Proceeds are reinvested back into equity securities as buy signals re-emerge. This strategy is not managed for tax efficiency and may incur a high percentage of short-term capital gains, possibly up to 100%.

RISK MANAGEMENT

Diversified Tactical Opportunities relies upon diversification and a proprietary quantitative-based tactical model that has the ability to raise cash in weak markets (via money market) as key elements of the risk management process.

RISK OF LOSS

As with any strategy, there is no guarantee that this strategy will be profitable or meet its objectives. Investors may own securities that lose a substantial portion of value or possibly drop to $0 in value, resulting in substantial or complete losses for the portfolio. Quantitative-based models can generate negative alpha in certain market conditions or lose money. Markets that lack extended trends and volatile markets with quick price reversals can be problematic for the tactical component of the model by generating false buy and false sell signals. This strategy may sell a security or raise cash near a relative price low then buy back later at a higher price. This strategy may buy a security or reduce cash near a relative price high then sell later at a lower price. This strategy may underweight or have no exposure at all to securities that perform well. This strategy may have exposure to securities that perform poorly for an extended period of time. This strategy may have high exposure to cash and/or money market securities at times when it would have been more beneficial to be invested in other securities.

MODELS

Three models targeting various percentages of equity asset class bull market exposure are available. Aggressive models target 98% equity exposure; Growth models target 80% equity exposure; Balanced models target 60% equity exposure.