



# Alpha Mid-Cap Power Index Managed Account

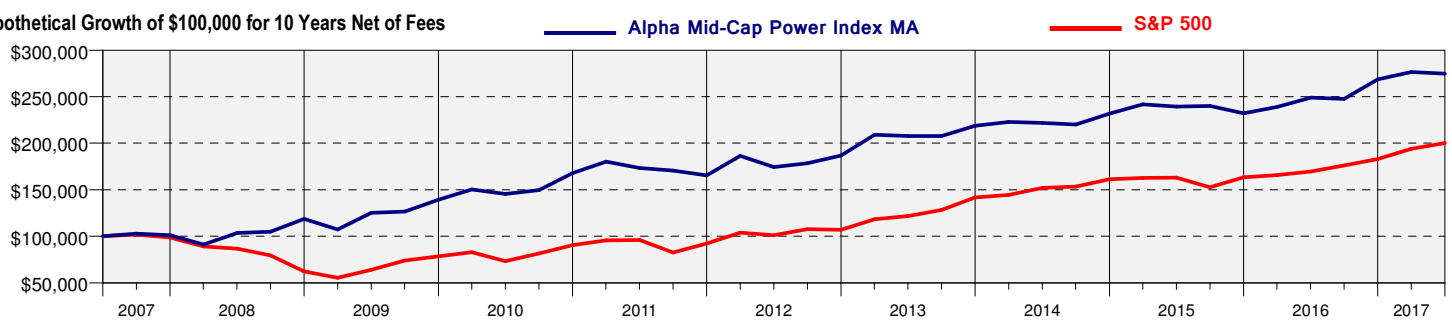
June 30, 2017

**Strategy Philosophy:** The Alpha Mid-Cap Power Index Managed Account is an asset allocation strategy which exploits two seasonal influences on the stock market. These seasonal forces have historically “skewed” returns into certain months of the year and specific sub-periods in the final three months of the year. In general, the long-term returns of the stock market tend to be skewed into a six to seven month period beginning in late-October, which we refer to as the “power zone”. The bulk of bear markets and other market corrections tend to occur in the five to six month period from May to November, which we refer to as the “dead zone”. We believe that this skewing of returns is the result of the “annual forecasting cycle” which is caused by calendar-driven practices in the investment community. For long-term investors seeking to control risk, the prudent course of action is to avoid equity market exposure during the “dead zone” and sit it out in conservative bonds. This policy has paid off in spades over the past 60+ years, especially during multi-year bear markets. Since the annual forecasting cycle is a reflection of human nature, there is every reason to believe that it will continue to exert an influence on the distribution of stock market returns, tilting the playing field in favor of long-term investors who exploit it. For more detailed information about this strategy, please refer to the Alpha Mid-Cap Power Index Managed Account brochure.

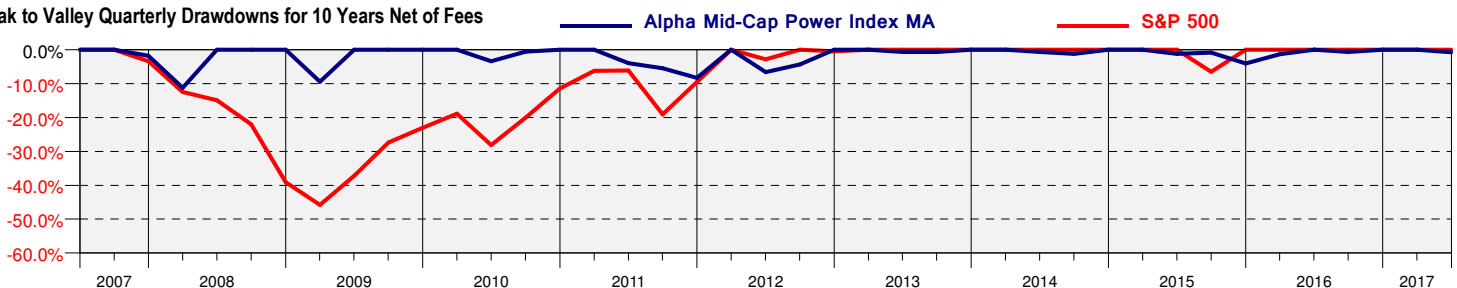
**Strategy Description:** Each year, the Alpha Mid-Cap Power Index Managed Account holds an S&P MidCap 400 Index fund from late-October to the end of May and then invests in an Intermediate Treasury Index fund for the remaining months of the year. As a result, equity exposure is constrained to 60% of the available trading days each year. During the fourth quarter of each year, the strategy raises the beta of the mid-cap index fund by 50% during three “power period” trades totaling 20 days. These three sub-periods are influenced by end-of-month and holiday seasonal forces which are particularly robust in small and mid-cap stocks.

## HISTORICAL PERFORMANCE FOR PERIODS ENDING JUNE 30, 2017

Hypothetical Growth of \$100,000 for 10 Years Net of Fees



Peak to Valley Quarterly Drawdowns for 10 Years Net of Fees



Performance Results Net of Fees

Annual Calendar Year Returns Ended June 30, 2017																
	2 Qtrs.															
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Alpha Mid-Cap Power Index MA	2.26	15.69	0.21	5.98	17.18	12.79	-1.37	20.40	17.63	17.30	14.20	7.05	10.00	16.97	15.87	13.42
S&P:500	9.34	11.96	1.38	13.69	32.39	16.00	2.11	15.06	26.47	-37.00	5.49	15.79	4.91	10.88	28.68	-22.10
S&P:400 Mid Cap	5.99	20.74	-2.18	9.77	33.50	17.88	-1.73	26.64	37.38	-36.23	7.98	10.31	12.56	16.48	35.62	-14.51

Compound Annual Returns for Periods Ended June 30, 2017																
	Last Quarter	Last 1 Year	Last 2 Years	Last 3 Years	Last 4 Years	Last 5 Years	Last 6 Years	Last 7 Years	Last 8 Years	Last 9 Years	Last 10 Years	Last 11 Years	Last 12 Years	Last 13 Years	Last 14 Years	Last 15 Years
Alpha Mid-Cap Power Index MA	-0.64	10.33	7.18	7.43	7.22	9.52	7.98	9.52	10.31	11.47	10.64	11.26	11.39	11.63	11.41	11.90
S&P:500	3.09	17.90	10.73	9.61	13.18	14.63	13.05	15.41	15.29	9.71	7.18	8.34	8.36	8.20	8.95	8.35
S&P:400 Mid Cap	1.97	18.57	9.61	8.53	12.48	14.92	11.84	15.42	16.56	10.49	8.56	9.43	9.72	10.04	11.24	10.40

Risk Overview For Periods Ending 6/30/2017 Calculated Using Monthly Return Data	Last 1 Year		Last 3 Years		Last 5 Years		Last 7 Years		
	Alpha Mid-Cap Power Index	S&P 500	Alpha Mid-Cap Power Index	S&P 500	Alpha Mid-Cap Power Index	S&P 500	Alpha Mid-Cap Power Index	S&P 500	
Standard Deviation		7.52%	6.09%	8.96%	10.35%	8.53%	9.56%	9.26%	11.69%
Beta relative to Index		0.77	1.00	0.50	1.00	0.53	1.00	0.37	1.00
Alpha		-2.81		2.60		1.92		3.90	
Sharpe Ratio relative to Index		1.31	2.86	0.80	0.91	1.10	1.51	1.01	1.31
Correlation relative to Index		0.62	1.00	0.58	1.00	0.59	1.00	0.47	1.00
Maximum Drawdown		-1.25%	-1.82%	-10.29%	-8.36%	-10.29%	-8.36%	-11.03%	-16.26%

**Disclosure:** Past performance is not a guarantee of future performance. Returns presented above include both actual client performance and hypothetical (backtested) performance. Please see following page for complete disclosures.

## Disclosures to the Alpha Mid-Cap Power Index Managed Account Data and Illustrations

The Alpha Mid-Cap Power Index Managed Account is an asset allocation strategy which seeks to exploit two seasonal influences on the stock market. These seasonal forces have historically "skewed" returns into certain months of the year and specific sub-periods in the final three months of the year. Each year, the Alpha Mid-Cap Power Index Managed Account holds an S&P MidCap 400 Index fund from late-October to the end of May and then invests in intermediate-term bond funds from June to late-October. As a result, equity exposure is constrained to 60% of the available trading days each year. During the fourth quarter of each year, the strategy raises the beta of the mid-cap index fund by 50% during three sub-periods totaling 20 days. These three sub-periods are influenced by end-of-month and holiday seasonal forces which are particularly robust in small and mid-cap stocks.

For more detailed information about this strategy, please refer to the Alpha Mid-Cap Power Index Managed Account brochure.

**Actual client performance:** Performance presented since January 2010 represent actual net returns of the Alpha client composite. The net client composite returns include all internal accounts managed by Alpha Investment Management at various custodians that pay Alpha advisory fees ranging from 0.8% to 2.0% annually, and as such, individual results may vary. The Alpha client composite returns are calculated using the time-weighted rate of return method. The monthly composite level performance is calculated by asset-weighting portfolio performance, using end of month market values. Trade date accounting is used for calculation and valuation purposes. The composite returns are net of all fees and trading expenses and reflect reinvestment of dividends, interest and capital gains. Performance results do not reflect the impact of taxes.

A model portfolio of the same name as this strategy may be managed by Alpha and offered by investment advisors at various trading/investment platforms, TAMPs, and/or custodians outside the parameters of the internal Alpha client composite returns. Assets invested in such model portfolios may experience significant dispersion in returns from those of the internal Alpha client composite. The causes of dispersion may include, but are not limited to, higher or lower advisory fees, custodial fees, trading expenses, the date on which a client engaged Alpha's investment management services, and the preference/availability of funds used to implement the strategy (i.e. ETFs vs. mutual funds) at the custodial level.

**Hypothetical Backtested Performance:** Returns presented prior to January 2010 are hypothetical (backtested) and represent a reduction in gross returns of 3% annually for fees and expenses, applied quarterly, which would be expected in a real-time internally managed account. (Alpha's maximum advisory fee is 2% per annum. The additional reduction of 1% is approximate for mutual fund expenses not already incorporated in the hypothetical returns.) Returns assume reinvestment of dividends and interest. Performance results do not reflect the impact of taxes. The backtested data does not account for any additional fees and/or trading expenses that may have been incurred at the custodial level. Backtested performance does not represent actual account performance. The backtested computer model represents a precise asset allocation formula for the Alpha Mid-Cap Power Index Managed Account strategy using the S&P 400 MidCap Index and the Bloomberg Barclays Intermediate Treasury Bond Index. The hypothetical backtested computer model applies the rules of the strategy to indexes rather than actual investment vehicles which cannot be used in actual investing. The actual strategy invests in index funds and bond funds, which may have results different from the indexes themselves. The backtested data does include interest and dividends attributed to each index. Even though the construction of the strategy is mechanical, objective, and fully disclosed, hypothetical model results have inherent limitations due to the fact that they do not reflect actual trading and may not reflect the impact that material economic and market factors might have had on the advisor's decision-making if actual client funds had been invested in the strategy. No matter how positive the model returns have been over any time period, the potential for loss is always present due to factors in the future which may not be accounted for in the model.

Performance results from January 2000 to March 31, 2017 have been examined by an independent third-party accounting firm, Ashland Partners & Company LLP. Copies of Ashland's examination reports are available at our website at [www.alphaim.net](http://www.alphaim.net).

**Cautions:** The SEC mandates that we state: The investment strategy that the backtested results were based upon can (theoretically) be changed at any time with the benefit of hindsight in order to show better backtested results, and (theoretically) the strategy can continue to be tested and adjusted until the desired results are achieved. Please note that Alpha has not made any data-fitting adjustments to its managed account model. Backtested or hypothetical data must be approached with caution because it is constructed with hindsight and may not reflect material conditions that could affect a manager's decision process, thus altering the application of the discipline. There is no assurance that these backtested results could, or would have been achieved by Alpha during the periods presented.

The data used to construct the backtested results were obtained from third-party sources, including a database provided by Callan Associates, one of the oldest and largest institutional investment consultants in the U.S. While Alpha believes the data to be reliable, no representation is made as to, and no responsibility, warranty or liability is accepted for the accuracy or completeness of such information. The information and opinions expressed in this document are for informational purposes only. Any recommendation or opinion made in this document may not be suitable for all investors. The information contained herein does not constitute and should not be construed as investment advice, an offering of investment advisory services, or an offer to sell or a solicitation to buy any security.

Investors should be aware that the use of leveraged funds for 20 days in the fourth quarter of each year increases the volatility and risk of the equity component of the strategy. Leverage can magnify the losses of an investment during a down market. Given the potential risks involved, strategies employing leverage may not be suitable for all investors.

Past performance does not guarantee future performance. While Alpha believes that the factors which have historically "skewed" market returns into the "power zone" (consisting of the time period from late-October to late-May) will continue to affect the market statistically over time, there can be no guarantee that this effect will persist or that it will have the same intensity as past time periods.

**Index Information:** The historical performance results of indices are provided exclusively for comparison purposes only, as to provide general comparative information to assist an individual client or prospective client in determining whether the performance of an Alpha strategy meets, or continues to meet, his/her investment objective(s). It should not be assumed that the performance of Alpha account holders will correspond directly to any index presented or any other comparative index. In the event that there has been a change in a client's investment objectives or financial situation, he/she is encouraged to notify Alpha or their respective financial advisor immediately. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investment strategies devised or undertaken by Alpha) will be either suitable or profitable for a client's or prospective client's portfolio.

*Alpha Investment Management, Inc. is a SEC registered investment advisor. Such registration does not imply a certain skill or training and no inference to the contrary should be made. Information pertaining to Alpha's advisory operations, services, and fees is set forth in Alpha's current Form ADV Part II, a copy of which is available from Alpha upon request. Information pertaining to any mutual fund that is used in the execution of an Alpha strategy is set forth in each respective mutual fund's prospectus and is available directly from the fund.*

