



# Alpha Multi-Income Strategy

September 30, 2017

**Strategy Philosophy:** The Alpha Multi-Income Strategy is designed for investors seeking to achieve capital appreciation and to generate income using an objective, systematic approach that places a strong emphasis on capital preservation and risk management. The strategy's objectives are to: 1) Generate income by typically holding a diversified portfolio of income-producing, low-expense fee mutual funds; 2) Achieve strong capital appreciation during stock market advances by holding a portfolio of mutual funds that maintains a high correlation to the S&P 500 Index; and 3) Reduce stock market related exposure and portfolio risk during extended stock market declines. Both above-average dividend yields and low mutual fund expense ratios have been highlighted as factors which can enhance the overall performance of a long-term investment strategy.

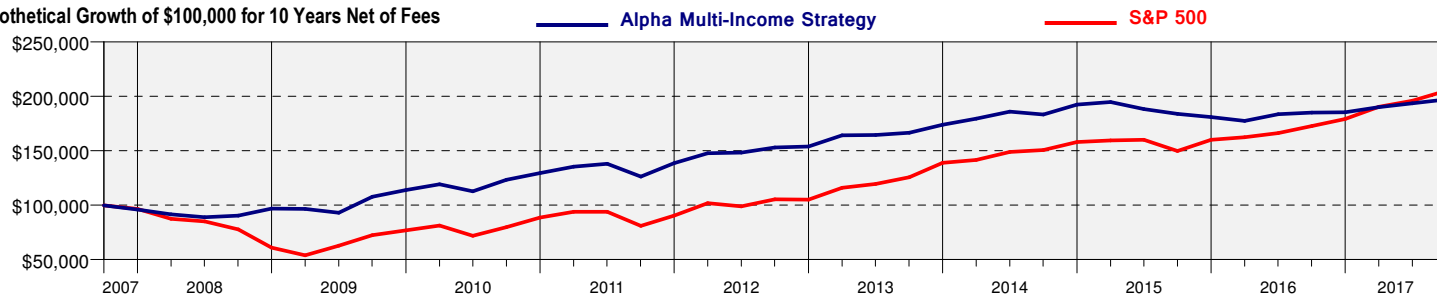
To reduce stock market risk exposure and to enhance capital preservation and income generation during an extended price decline in the stock market, the Alpha Multi-Income Strategy utilizes an objective, purely quantitative, market trend filter (Alpha Market Trend Filter) that can result in having the strategy move from five mutual funds into an intermediate-term U.S. Treasury bond fund. Because the strategy is highly correlated to the S&P 500 equity index, the signals from our market trend filter are based on the action of that index.

**Strategy Description:** When the Alpha Market Trend Filter is deemed "favorable" the strategy will hold five mutual funds, with the assets initially allocated 20% to each fund. We use Vanguard mutual funds exclusively because they offer low expense ratios while maintaining high-quality management. When the market trend filter is in "unfavorable" mode we remove our clients' assets from the risk of a declining stock market and hold a low volatility, intermediate-term government bond fund until our filter gives the signal to re-enter the stock market.

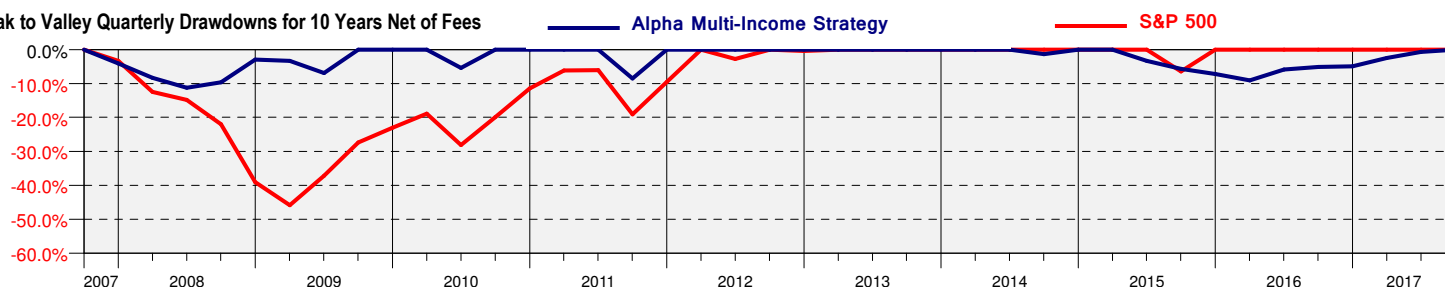
Accounts are rebalanced every twelve months starting from the "buy" signals generated by the Alpha Market Trend Filter. All switches occur on the last trading day of the month.

## HISTORICAL PERFORMANCE FOR PERIODS ENDING SEPTEMBER 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 September 30, 2017

	3 Qtrs.															
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Alpha Multi-Income Strategy	6.40	2.42	-5.97	10.58	13.00	10.92	7.09	13.63	17.53	1.22	-1.41	16.60	3.24	12.13	18.17	8.41
S&P:500	14.24	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

### Compound Annual Returns for Periods Ended September 30, 2017

	Last Quarter	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 Multi-Income Strategy	1.87	6.56	3.55	2.43	4.30	5.21	7.70	6.93	7.82	9.06	7.02	7.16	7.50	7.69	8.10	8.14
S&P:500	4.48	18.61	17.01	10.81	12.98	14.22	16.74	14.38	13.84	11.32	7.44	8.23	8.44	8.73	9.09	10.04

### Risk Overview

For Periods Ending 9/30/2017 Calculated Using Monthly Return Data	Last 1 Year		Last 3 Years		Last 5 Years		Last 7 Years					
	Alpha Multi-Income Strategy	S&P 500	Alpha Multi-Income Strategy	S&P 500	Alpha Multi-Income Strategy	S&P 500	Alpha Multi-Income Strategy	S&P 500				
Standard Deviation		4.78%	5.46%		5.38%	10.07%		5.86%	9.55%		7.00%	10.90%
Beta relative to Index		0.72	1.00		0.32	1.00		0.43	1.00		0.53	1.00
Alpha relative to Index		-6.03			-1.13			-0.88			-0.54	
Sharpe Ratio		1.24	3.29		0.39	1.04		0.85	1.47		0.96	1.30
Correlation relative to Index		0.83	1.00		0.60	1.00		0.71	1.00		0.82	1.00
Maximum Drawdown		-2.64%	-1.82%		-9.73%	-8.36%		-9.73%	-8.36%		-9.93%	-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 Multi-Income Strategy Data and Illustrations

The Alpha Multi-Income Strategy seeks to control risk through a quantitative, objective method that we call the Alpha Market Trend Filter. This completely objective risk-management formula seeks to identify prolonged bear markets in their early stages. At any point in time the market trend filter deems the stock market environment as “favorable” or “unfavorable”. When this filter is in “favorable” mode the strategy will hold a diversified portfolio of mutual funds. When the market trend filter is in “unfavorable” mode we remove our clients’ assets from the risk of a declining stock market and hold a low volatility, intermediate-term government bond fund until our filter gives the signal to re-enter the stock market. Accounts are rebalanced every twelve months starting from the “buy” signals generated by the Alpha Market Trend Filter. All switches occur on the last trading day of the month.

For more detailed information about this strategy, please refer to the Alpha Multi-Income Strategy brochure.

**Actual client performance:** Performance presented since February 2015 represent actual net returns of the Alpha client composite. The net client composite returns include only internal accounts managed in the strategy at Trust Company of America 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 Trust Company of America 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 at the custodial level.

**Hypothetical (backtested) performance:** Returns presented prior to February 2015 are hypothetical (backtested) and represent a reduction in gross returns of 2% annually for fees, applied quarterly, which would be expected in a real-time internally managed account. (Alpha’s maximum advisory fee is 2% per annum.) Actual mutual fund expenses are 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 model uses computer backtesting to reconstruct past returns based on the instructions of the strategy. The data used to construct the backtested results were calculated using the returns of the actual Vanguard mutual funds used in the strategy. Mutual fund expenses are accounted for in the backtested returns presented. The Vanguard mutual funds used are:

VDIGX – Vanguard Dividend Growth Fund Investor Class  
VEIPX – Vanguard Equity Income Fund Investor Class  
VGSIX – Vanguard REIT Income Fund Investor Class

VWEHX – Vanguard High-Yield Corporate Fund Investor Class  
VWINX – Vanguard Wellesley Income Fund Investor Class  
VFITX – Vanguard Intermediate Term Treasury Fund Investor Class

The backtested data was rebalanced every twelve months starting from the “buy” signals generated by the Alpha Market Trend Filter.

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.

**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 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.

Past performance does not guarantee future performance. No matter how positive the strategy’s returns have been over any time period, there can be no guarantee that the strategy will perform the same as it has in 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.

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