



## iSectors® Liquid Alternatives Allocation Overview

**iSectors® Liquid Alternatives Allocation** provides investors with a diversified portfolio of alternative investments including: hedge funds, private equity, and real assets (soft commodities, precious metals, natural resources, real estate, etc.). Designed for investors that lack important alternative investments in their overall portfolio, the iSectors Liquid Alternatives Allocation is transparent, diversified, liquid on a daily basis, and low cost, relative to alternative investments that were historically available only as limited partnerships.

**Benefits of Alternative Investments** — The attractiveness of alternative investments is the potential for better risk-adjusted returns. This is best exemplified by university endowment fund managers such as Yale University’s David Swensen. Recognizing that stock and bond markets are efficient (and thus offer few under-valued opportunities), these managers have invested a greater percentage of their portfolios in alternative asset classes. As a result, they have profited from the inefficiencies within those alternative asset classes while, at the same time, they reduce risk because of the low correlation between alternatives and stocks or bonds.

**The Traditional Problem** — Alternative investments (i.e., hedge funds, private equity and real assets) have historically been restricted to institutional and high net-worth or accredited investors (those whose net worth exceeds \$1 million). These legal restrictions (meant to protect investors) were primarily due to the fact that they are unregistered securities (like limited partnerships), require large investment minimums, lack transparency, tend to be very illiquid, have high fees (1% to 2% management and 20% of profits), and have complicated tax reporting issues (such as annual K-1 tax reports).

**The Liquid Alternatives Solution** — In recent years, many alternative investments have become available in the form of liquid, registered securities. These include: open and closed-end mutual funds, ETFs, and ETNs. iSectors has combined liquid alternative investments in real assets, hedge fund strategies and private equity into the Liquid Alternatives Allocation model so investors can obtain the potential benefits of alternative investments (in the form of liquid registered securities) without the drawbacks typically associated with unregistered private partnerships.

iSectors Liquid Alternatives Allocation is available as a separately managed account (SMA) held in the client’s name at an independent custodian. The Liquid Alternatives Allocation model maintains low expenses relative to limited partnerships, provides daily pricing, daily performance updates, and timely year-end tax reporting.

For more information about iSectors® Liquid Alternatives Allocation, contact Scott Jones at [Scott.Jones@isectors.com](mailto:Scott.Jones@isectors.com) or call 800.869.5184.

*Diversification does not ensure a profit nor prevent a loss in a general market decline. iSectors Liquid Alternatives Allocation model is not guaranteed and will fluctuate in value. See reverse for additional disclosure information.*

### What Are Alternative Investments?

Examples including private equity hedge funds, commodities, precious metals, real estate and foreign currency.



iSectors®, LLC a series of 14 proprietary index-based ETF asset allocation models. iSectors, LLC is an affiliate of Sumnicht & Associates, LLC (Sumnicht) and, as such, iSectors and Sumnicht share certain employees' services. iSectors became a separate Registered Investment Advisor in August, 2008. iSectors is a registered trademark of Sumnicht Holdings, LLC.

The historical performance results of investment indices have been provided for general comparison purposes only. The indices reflect the reinvestment of dividends and income and do not reflect deductions for fees, expenses or taxes. The indices are unmanaged and are not available for direct investment.

For reasons including, but not limited to variances in portfolio account holdings, investment management fees, market fluctuations, the date an account was opened and any account contributions or withdrawals, the performance of a specific client's account vary substantially from the indicated iSectors composite performance. 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 investments and/or investment strategies devised or managed by iSectors) will be either suitable, profitable or equal the corresponding indicated performance level(s) for a client's portfolio.

Sumnicht claims iSectors allocation models are compliant with the Global Investment Performance Standards (GIPS<sup>®</sup>). Sumnicht claims that the allocations are GIPS compliant since each allocation's respective inception dates and have been GIPS verified from 1/1/2008 to 12/31/2014, as of the verification date of 11/19/2015. The allocation composites include both institutional and individual client accounts whereby iSectors has sole portfolio discretion with investment objectives matching that of each specific allocation. Performance in this publication is shown in US dollars, gross of fees, including the reinvestment of dividends, and do not reflect the impact of taxes. Returns will be reduced by investment manager, platform, custodial, trading and advisory fees, if applicable. Past performance is not indicative of future results. To obtain a compliant presentation and a list and description of the firm's composites, please contact Chuck Self at (920) 257-5168 or [chuck.self@isectors.com](mailto:chuck.self@isectors.com).

This is not an offer to buy, nor an offer to sell securities. Information pertaining to iSectors' advisory operations, services, and fees is set forth in iSectors' current disclosure statements (Form ADV Brochure, Part 2), a copy of which is available upon request.

This presentation has not been approved by FINRA or SEC.