

EQIS ETF Models



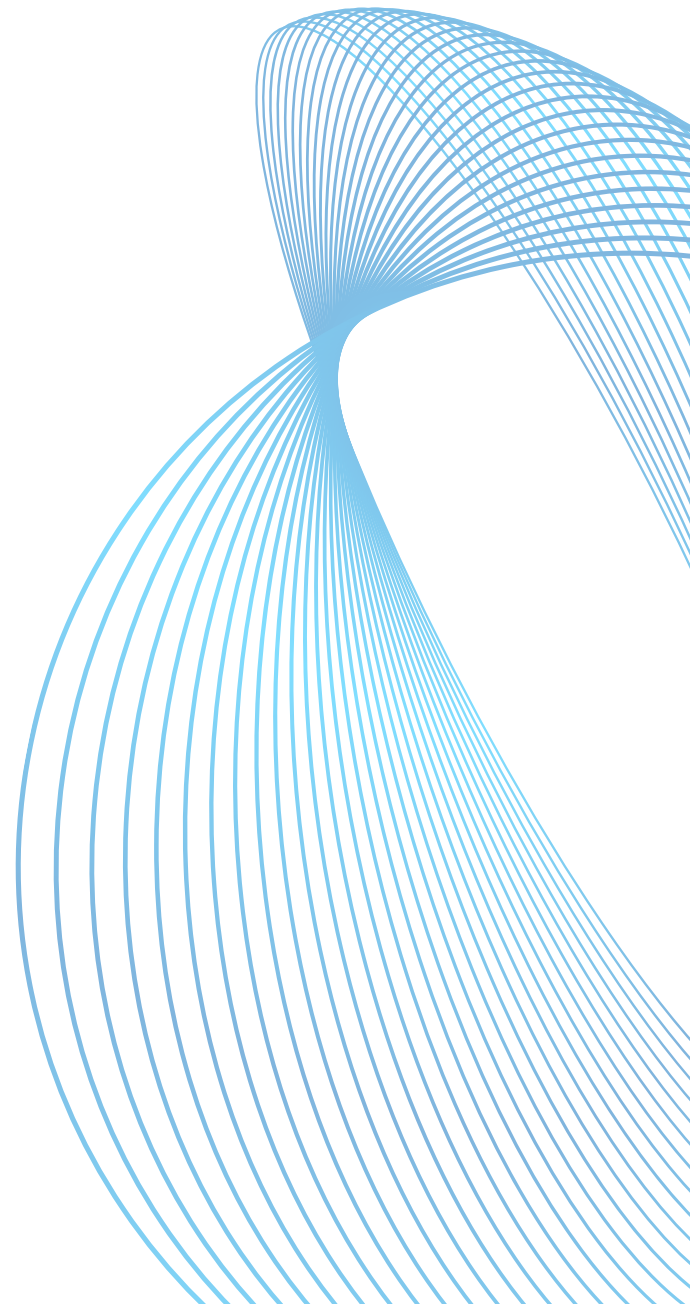
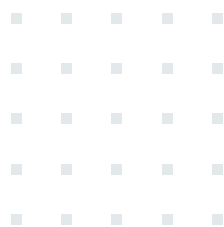


With ever-changing investment and economic conditions, creating and allocating an investment portfolio can be challenging.

Asset class selection, optimization, modeling, allocation, rebalancing, and due diligence take considerable time and expertise. Furthermore, with well over 3,000 individual ETFs to choose from, selecting one ETF over another requires practiced due diligence.

The EQIS ETF Models have been created for investors seeking a straightforward solution to their portfolio needs while taking advantage of ETFs' tax efficiency and lower cost.

EQIS ETF Models are each built to address a unique investment goal, supported by a professional investment team and a sophisticated risk-management process. Whether your risk tolerance is conservative, aggressive, or somewhere in-between, a model can be selected to suit your needs.



ETFs (exchange traded funds) are diversified funds that trade like stocks.



Low Cost

ETFs are generally a cost-effective investment option.



Tax Efficient

ETFs can provide a tax efficient solution for some investors.



Indexed Performance

ETFs generally seek consistent index-like performance.



Know What You Own

Since ETFs track an index, you know exactly what's inside.



The Broad Classifications

EQIS ETF portfolio allocations are offered in Strategic Growth allocations utilizing passive, index-oriented ETFs, and in defensive allocations, utilizing a combination of active, flexible, and factor ETFs. The Strategic Growth allocations are also offered with the option to include liquid alternatives for further diversification. Additionally, Fixed Income Only and Multi-Asset Class Income strategies are offered for clients seeking specific diversification needs or income generation.



Portfolio Construction

The EQIS ETF portfolios are constructed based on the same rigorous process we apply to all of our models. This process tracks virtually all asset classes to construct our capital market assumptions, seeking to derive appropriate risk targets for each of the strategies objectives. Risk targets are based largely on a quantitative optimization of long-term correlations, returns, and standard deviation using a bootstrap distribution method. Once these targets are derived, Freedom then utilizes its forward-looking outlook and market research of individual holdings to create portfolio allocations in line with target risks and strategic objectives.



ETF Selection

With nearly as many ETFs as listed stocks on U.S. exchanges, selection, due diligence, and monitoring remain at the forefront of these strategies. By utilizing various software suites and database sets, we continually evaluate new and current listings. Our exhaustive due diligence review includes, among other things, expenses, index and methodology, sponsor firms, market makers and authorized participants, average spreads, exchange listing, fund size, underlying liquidity, history, and structure.



Diversification

Each portfolio allocation is created as a broadly-diversified, globally-balanced allocation targeting each distinct risk tolerance. The strategies are diversified across asset class, geographic region, market cap, style, and issuer.



Diversifying Asset Class

The EQIS ETF Models also include non-traditional assets and are offered with the optional alternative strategies. One reason institutional investors and the wealthy have experienced attractive risk-adjusted returns is that they often invest in assets beyond traditional stocks, bonds, and cash. These non-traditional assets often include real estate, commodities, preferreds, and alternative strategies. Because non-traditional assets are not strongly correlated with traditional assets such as stocks and bonds, holding some of these can bring down the overall risk of the portfolio. Non-traditional assets are not expected to provide greater returns than traditional stocks by themselves, but rather as part of a total portfolio allocation and risk diversification. Non-traditional assets are primarily included as diversifiers, while liquid alternative strategies are optional.



Diversifying Geographic Regions

The EQIS ETF allocations also include international, developed, and emerging markets assets to achieve a global allocation. Exposure to international assets is important because non-U.S. economies might grow faster than the U.S. economy. By investing internationally, investors should be able to obtain larger risk-adjusted returns in the long run. In addition, the economic cycles of non-U.S. economies do not move in perfect tandem with the U.S. economy. Therefore, investing internationally can provide risk-reduction as well as a larger opportunity set.

“The benefits of international diversification have been recognized for decades.”¹

1. Eugene Fama and Kenneth French, 1993, Common Risk Factors in the Returns on Stocks and Bonds, Journal of Financial Economics, Vol. 33, No. 1, 3-56



Diversifying Market Cap

The EQIS ETF Models invest across all three major firm size categories: large, medium, and small. Larger capitalization firms may be considered safer but tend to provide more modest returns over the long run, while smaller capitalization firms tend to be considered riskier but provide larger returns over time.² It's hard to say which is best, and these contentions may not always prove to be true. Therefore, the EQIS ETF Models invest across all three firm size categories.



Diversifying Style

Growth and Value. Value stocks have low market valuations relative to their earnings or book values. The low valuations may mean these stocks are undervalued and therefore have the potential to appreciate. Growth stocks have high valuations relative to their earnings or book values. The high valuations suggest these stocks are poised for future growth. Note that both value and growth stocks have the potential to grow. Economies go through cycles, as well as investment styles. Growth and value stocks are favored at different points of these economic cycles. While research shows that value stocks tend to outperform growth stocks on a long term risk-adjusted basis, growth can have prolonged periods of meaningful outperformance.² This is why Freedom allocates across both equity styles.



Diversifying Issuer Sponsor and Index

Freedom recognizes the potential diversification merits of differing investment philosophies, and include ETFs from multiple providers, tracking various indices and methodologies. The Freedom Investment Committee continually reviews the ETF industry and model holdings for appropriateness.



Conclusion

The EQIS ETF Models are available for investors across the spectrum of risk tolerances, and address a variety of investment approaches and needs. The models are based on Freedom's capital market assumptions, our forward investment outlook, and rooted in our pillars of diversification. There are many ways in which investors differ and have unique needs. Freedom encourages you to work with your trusted financial professional to make sure that you have the right allocations to meet your current needs and future goals.

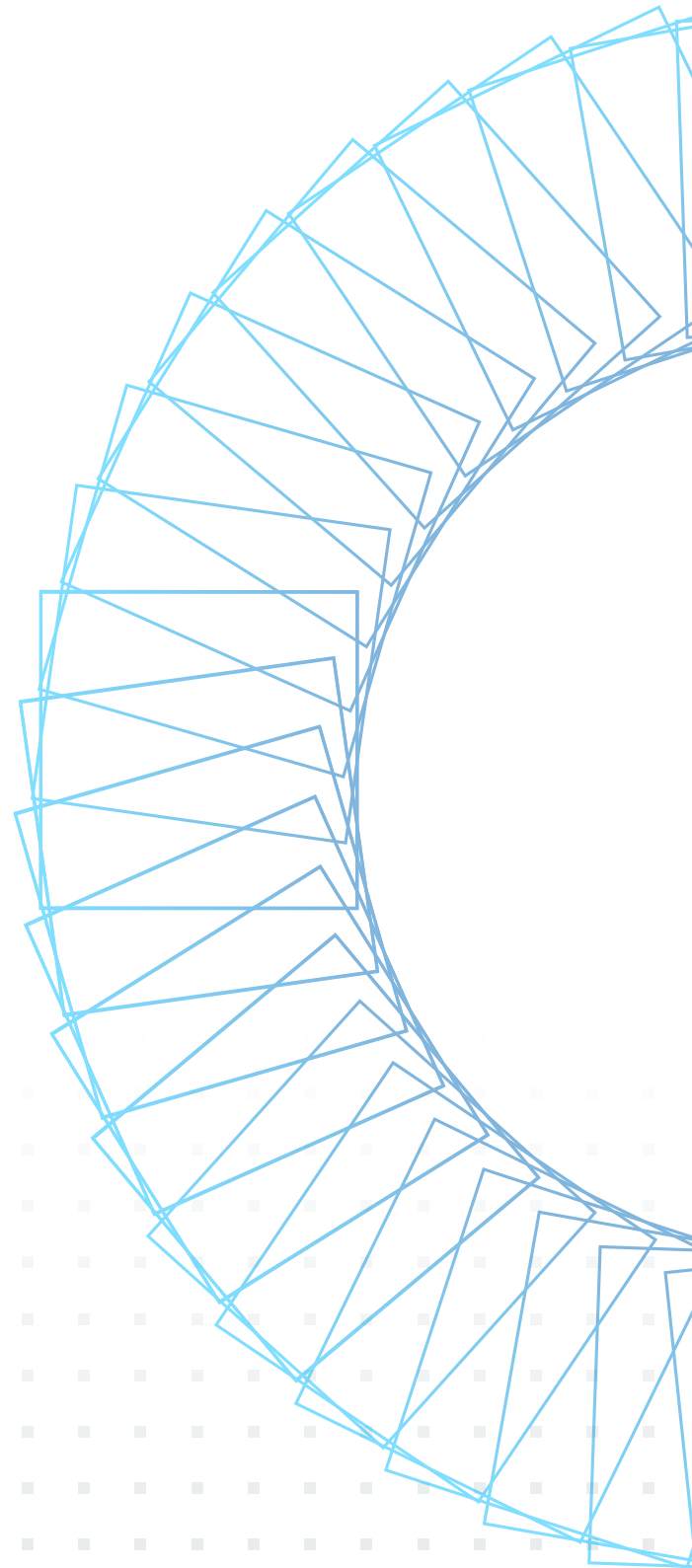
2. Kenneth R. French and James M. Poterba, 1991, Investor Diversification and International Equity Markets, American Economic Review, Vol. 81, No. 2, 222-226.

EQIS Exchange Traded Funds (ETFs)

ETFs are individual accounts that are composed solely of exchange-traded funds. Each is a consolidated account comprising a variety of ETFs that each correlate to an index. Due to the less active trading style of ETFs, they may have lower fees versus and be more tax efficient than a UMA portfolio.

EQIS ETF Models Overview:

- A mix of diversified ETFs.
- Designed for a spectrum of risk tolerances.
- Offered to clients seeking a more passive management strategy.
- Tax-efficient and potentially lower cost.
- ETFs track an index to ensure transparency.

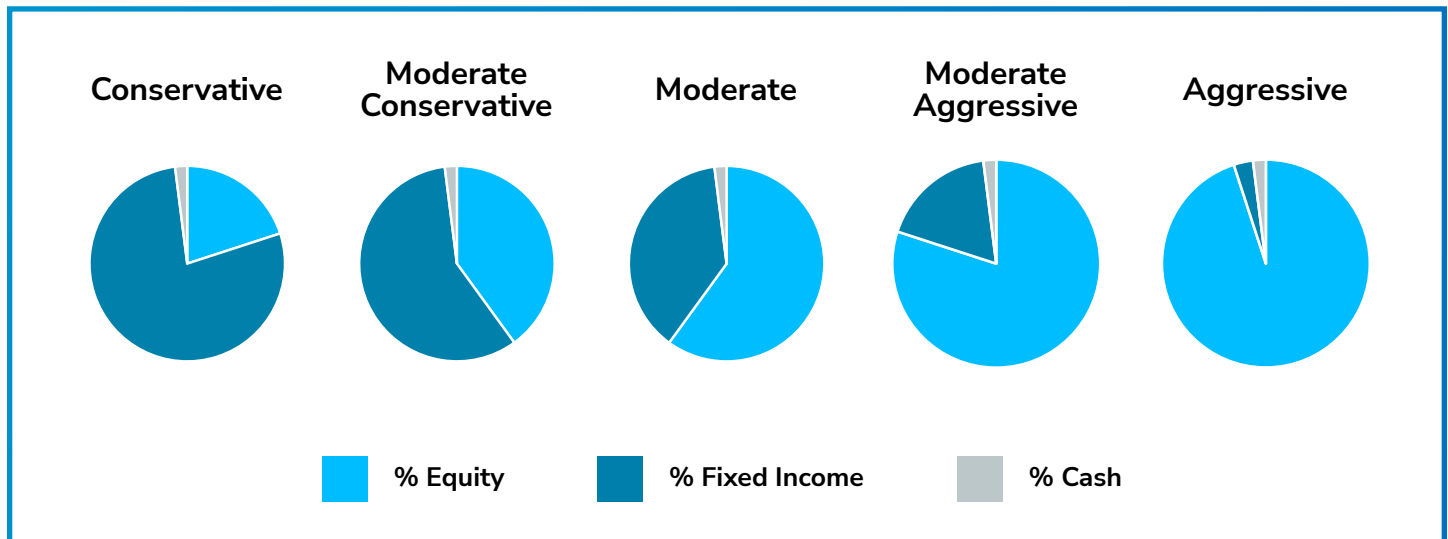


EQIS Strategic Growth ETF

The EQIS ETF Strategic Growth Model deploys a more classic allocation of strategic ETFs for core domestic and international equity and fixed income exposure.

Model Overview:

- Consists primarily of strategic managers who are typically single asset class managers.
- Is diversified with the inclusion of non-traditional asset classes such as real estate and commodities.
- Generally exhibits returns that are more in line with broad market blended indices.



For current information on EQIS Models, including asset allocation, holdings, weights, returns, and additional portfolio characteristics, please visit the Model Center.

[Visit Model Center](#)

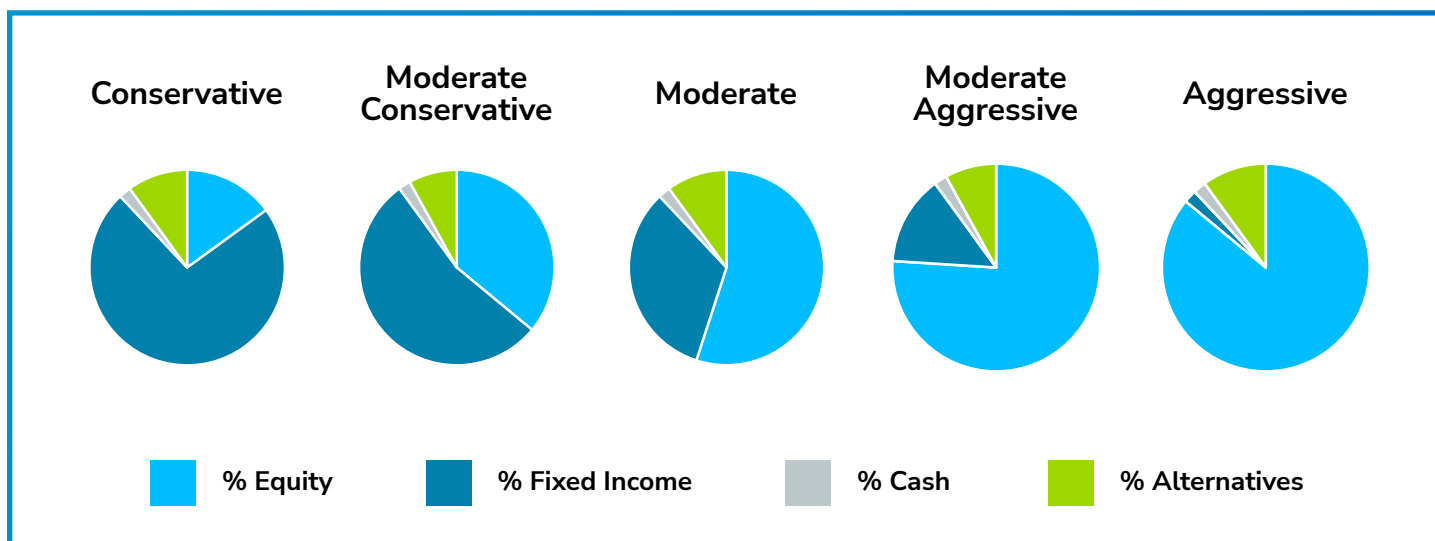


EQIS Strategic Growth Plus Alternatives ETF

The EQIS Strategic Growth Plus Alternatives ETF Model employs a classic allocation of strategic ETFs for core domestic and international equity and fixed income exposure. It offers a blend of strategic, tactical, and unique hybrid investment disciplines.

Model Overview:

- Further diversified by including non-traditional asset classes and liquid alternative strategies.
- The addition of liquid alternatives may significantly lower total model volatility.
- Designed to achieve a balance between investment strategy and fees.



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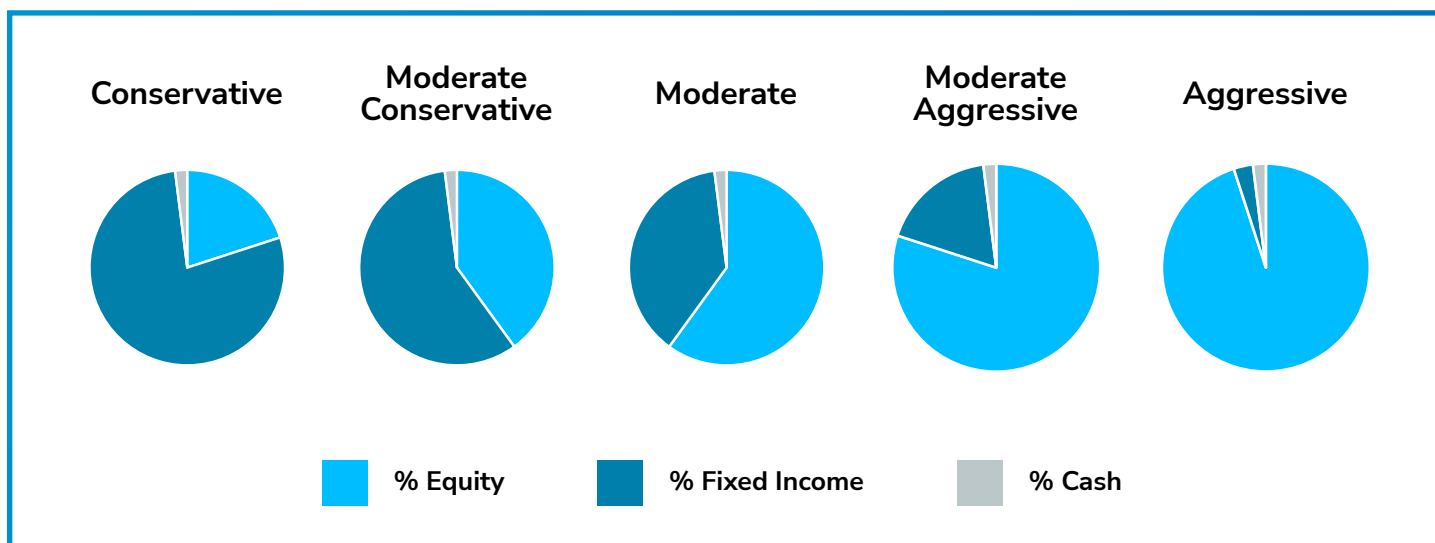


EQIS Dynamic ETF

The EQIS ETF Dynamic Model is constructed and managed in line with the Freedom market outlook and allocation process and focuses on downside protection with a cost-effective use of ETFs.

Model Overview:

- Utilizes predominantly tactical ETFs for core domestic and international equity and income exposure.
- Is allocated among individual ETFs selected for a degree of market protection and risk mitigation.
- Is designed to achieve a balance between investment strategy and fees.



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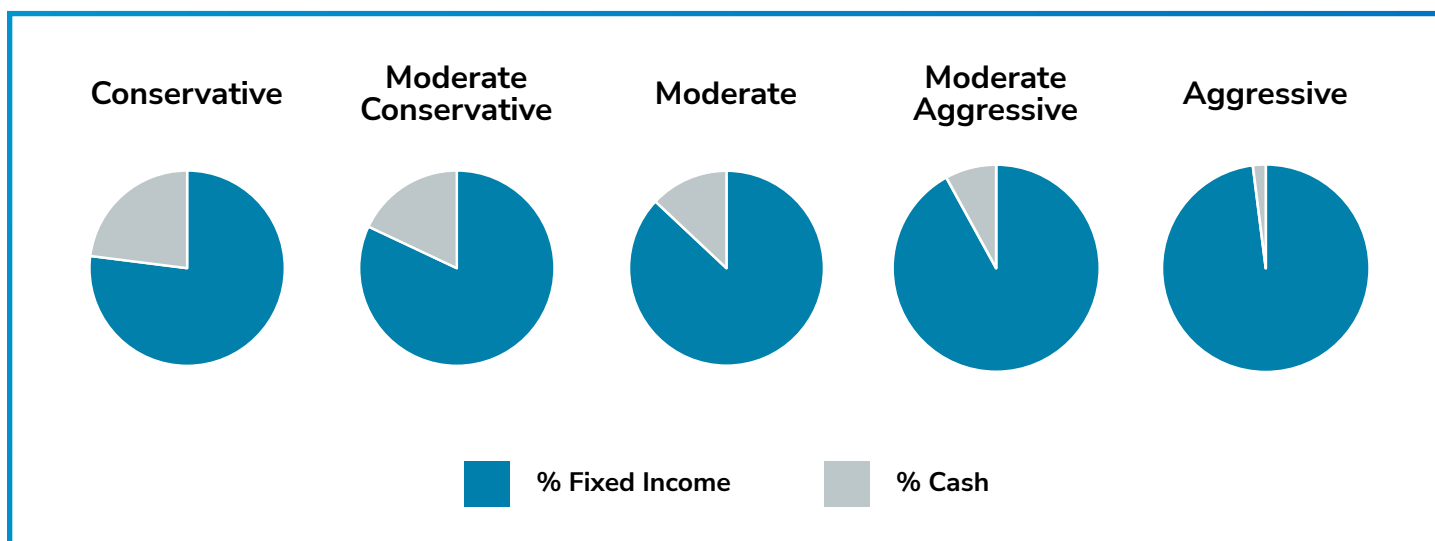


EQIS Fixed Income ETF

The EQIS ETF Fixed Income Model offers an allocation of exclusively fixed income ETFs to populate target allocations and is intended for investors seeking a high level of protection or diversification from equity models.

Model Overview:

- Includes fixed income ETFs allocated to achieve specified risk objectives.
- Utilizes both strategic Beta ETFs (and can include “smart Beta”) and/or active ETFs.
- Are intended to provide diversification, capital preservation, or total returns relative to risk tolerance.



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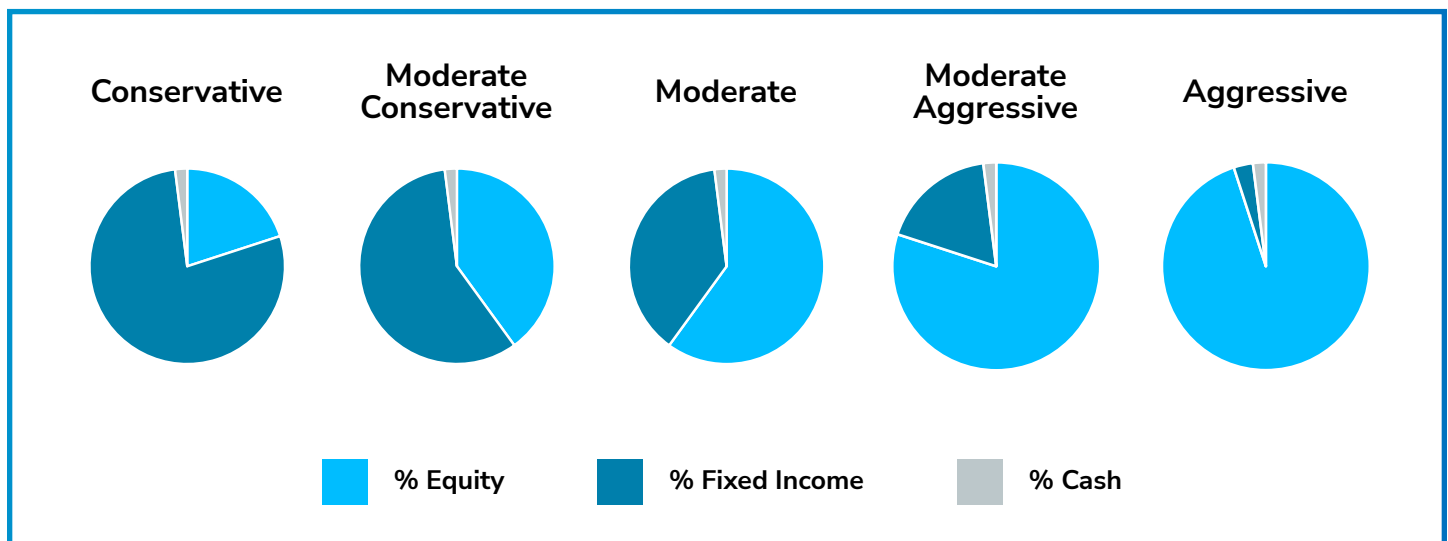


EQIS Multi-Asset Income ETF

The EQIS ETF Multi-Asset Income Model offers an allocation of primarily income-focused ETFs to populate target allocations. The Model allocation is based on the Freedom market outlook and allocation process but includes ETFs and asset classes focused on income.

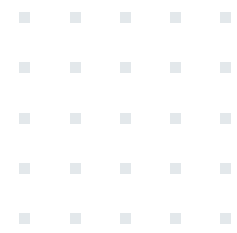
Model Overview:

- ETFs, asset classes, and allocations are designed and selected for income generation.
- Incremental equity exposure steps up with more aggressive allocations.
- Additional income-generating assets classes are sequentially introduced to the total allocation with increased levels of risk tolerance.



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