



MANAGED INVESTMENT MODEL

Foundational Equity Portfolio



BENCHMARK

MSCI All Country World Index All Cap



OBJECTIVE

To be used as a core piece of client equity portfolios and seeks to provide clients with broad exposure to global equity markets.

Investment Strategy

This strategy will emphasize a long-term, strategic approach to asset allocation, buy and hold investing, and the management of fund operating expenses. Furthermore, the strategy seeks to provide broad diversification to eliminate company specific risk associated with investing in individual stocks and seeks to carry only systematic risk.



ACTIVE AND PASSIVE FUNDS

This strategy uses active and passive funds to provide broad exposure to global equity markets.

Our managers believe many markets are efficient, and active mutual fund managers are unable to consistently outperform their benchmark indices net of fees in these markets. In these asset classes, the higher fees paid for active management may significantly reduce investor returns over a long investment horizon. However, our team believes active management may be appropriate for other markets either due to (1) a lack of efficiency in these markets due to a lack of mainstream analyst coverage, limited market structures or liquidity, or unique barriers to entry; or (2) unique risks that require an active manager to control and manage such as currency risk, sovereign risk, structural risk, and accounting risk.



LONG TERM STRATEGY

This strategy takes a long-term strategic view to asset allocation and portfolio management.

The strategy will set its target asset allocation based on long-term market and economic trends and expectations rather than in anticipation of near-term asset class performance or in response to recent market movements. The model will evaluate its target asset allocation annually prior to rebalancing to ensure asset class targets correspond to the firms long-term risk and return expectations.



EVALUATION PROCESS

Long-term asset class expectations are formulated by the Portfolio Manager and consider various quantitative and qualitative factors.

Factors considered when formulating capital market expectations include asset class valuation ratios relative to their historic averages, long-term earnings growth expectations, sustainable long-term GDP growth rate expectations, demographic trends, regulatory risks and sovereign nation risks. For example, when evaluating an asset class, it may have a high potential long-term GDP growth rate due to a young and growing population, however, the asset class may not be over-weighted if the asset class carries substantial structural risk due to inadequate market and accounting regulations.

Suitability and Best Interest



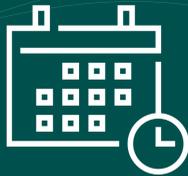
RISK TOLERANCE

This portfolio is suitable for clients seeking **exposure to global equity markets** with moderate-to-moderate high-risk tolerances.



PORTFOLIO ALLOCATION

This portfolio is meant to be a **core-piece** of client portfolios and may either be used as the entirety of a client's equity portfolio or used in tandem with various satellite equity strategies to provide clients with exposure to equity markets.



TIME-HORIZON

This portfolio is suitable for investors with long-term investment horizons of **over ten years**, or to fund long-term financial objectives.

Risk Management

Like all equity investments, this portfolio carries risk outlined below:

ASSET ALLOCATION RISK

Asset allocation risk is the risk which arises from the asset allocation of a given strategy. The Foundational Equity Portfolio is a global strategy and encompasses the majority of the global equity markets. The strategy will underperform certain asset classes over various time periods due to its global nature, especially during periods when the performance of international and domestic stocks significantly differs from one another. The strategy emphasizes diversification and focuses on providing exposure to a wide range of equity asset classes, so investors will hold an allocation to the top performing equity asset classes regardless of their class.

ACTIVE RISK

Active risk arises when a portfolio's asset allocation or mix of securities diverges from that of its index. The Foundational Equity Model uses discretion in its asset allocation decisions and may diverge significantly from that of its market capitalization weighted benchmark, the MSCI All Country World Index. This may lead to the strategy overweighting underperforming asset classes, and underweighting out performing asset classes over time. Furthermore, the portfolio implements active mutual funds within certain asset classes which may result in the selected funds underperforming their respective benchmarks over short or long periods of time.

STOCK MARKET RISK

Stock market risk is the general risk that investments in equity markets may decline over short or long periods of time. While over a long period of time buy and hold investments in the stock market have been profitable, there is the potential markets may see periods of extended depression, and if an investor invests at or near a market peak, they may see a prolonged loss in principal over a period of months or years. Declines in equity markets may be a result of slowing or negative economic growth, a decline in the market's valuation multiples or a change in the interest rate environment – specifically rising rates resulting in an increase in the discount rate applied to companies' future earnings.

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Diversification and asset allocation strategies do not assure profit or protect against loss. Past performance is no guarantee of future results. Investing involves risk. Depending on the investments, there may be varying degrees of risk. Investors should be prepared to bear loss, including loss of principal.