

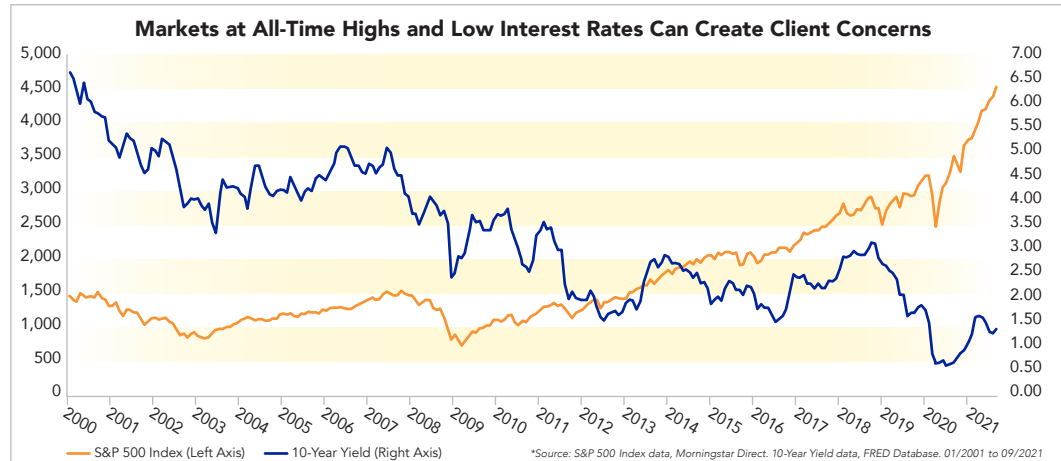
Q4
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Dynamic Portfolio Services



Quarterly Briefing

News and updates for advisors from the Portfolio Services team



Client Scenarios and Dynamic Portfolio Solutions

Rebalance Update

Last quarter's rebalance saw Dynamic portfolios generally reallocating from U.S. large-cap equities to short-term bonds and emerging market stocks. As we gear up for the fourth quarter rebalance, we may see more of the same as U.S. large and small companies continue to rally, while higher quality fixed income and emerging markets struggle.

Top Client Concerns

Investors may have many concerns in the current market environment. Dynamic has a wide variety of solutions to help meet client needs. Here are a few client scenarios and solutions:

Client 1: "The market continues to trade at all time highs and now there's a spike in volatility. I'm worried about a market correction. Should I be going to cash?"

Solution for Market Fear: Dynamic Defensive Portfolios.

Dynamic has different styles of ETF strategies to meet client needs based on where a client may be in their life cycle or based on their willingness to take on risk. The Defensive strategy may be well suited for those clients nearing retirement and looking for more stability, or clients with a strong aversion to risk, but still needing to maintain a certain level of growth to meet retirement goals. Dynamic utilizes a unique investment in the Defensive portfolio called the Buffer Protection Strategy. It helps investors maintain a level of protection in down markets while taking advantage

of growth opportunities in up markets. The portfolio also includes a fund investing in companies which have grown dividends consistently for the past 20 years, resulting in higher quality companies better able to weather the storm of a market downturn. Clients with an extreme fear of the market may find solace by investing in Dynamic Defensive Portfolios.

Client 2: "I'm in retirement and need income, but rates are so low right now and I'm worried about rising rates. How can I attain my income needs?"

Solution for Income Needs: Dynamic Yield Focused Portfolios.

While most Dynamic portfolios focus on enhancing returns at a given level of risk, the Yield Focused Portfolios are instead looking for higher yield at various risk levels. These portfolios are still invested in a well-diversified mix of equities and fixed income, but the allocations are tilted toward higher yielding securities. For example, the equity side is allocated more to high dividend paying stocks such as those within the utilities sector. The fixed income side is allocated to higher yielding bonds and floating rate loans. Additionally, it offers exposure to unique higher yielding asset classes such as REITs, preferred stocks and MLPs. As of June 30, the 12-month yield averaged close to 3% for the Yield Focused Portfolios, a welcomed sight for those interested in higher income generation in the current low-rate environment.

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The Dynamic Portfolio Services team is here to partner with you, enhance your experience and grow your business. Contact us to discuss Dynamic portfolios, investment performance, or the markets in general. We look forward to hearing from you!

Client 3: "Taxes may be increasing and I'm in a high bracket in a high tax state to boot. How can I increase my after-tax returns?"

Solution for Tax Sensitivity: Individual State-Specific Municipal Bond Separately Managed Accounts (SMA). The interest payments on municipal bonds are exempt from federal income tax and could be state tax exempt if issued in the state of residence. If a higher asset value client (typically over \$1 million) is in a taxable account and has sensitivity toward taxes, a municipal bond SMA may be a good solution for a portion of the account. Furthermore, if the client resides in a high-tax state, such as California, a state-specific bond allocation may be more advantageous. However, purchasing individual bonds is complex. That's why Dynamic has selected three investment firms specializing in the active management of individual bonds to offer variety in municipal bond solutions: Templeton Financial Services, RNC Genter and J.P. Morgan. These firms vary by size, investment style, minimums and fees. Contact the Dynamic Portfolio Services team for the best solution to a specific client situation.

BONUS: As discussed in the Q3 Quarterly Briefing, you can also enhance the tax efficiency of your equity holdings through Dynamic's Direct Indexing solutions.

There are countless client concerns out there. When you need help navigating them, don't hesitate to reach out to the Portfolio Services team and we can help come up with solutions together.
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