

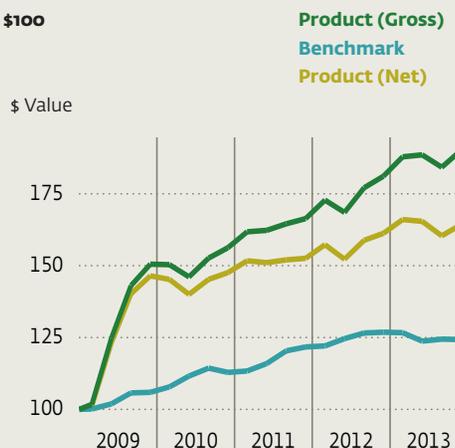
BTS Select Bond Asset Allocation Portfolio

Product Description

The goal of the BAA Program is to achieve equitylike returns with bondlike risk. The program moves assets among high yield bond, government bond, and money market mutual funds. BTS uses a broad range of market trend data, technical analysis, and economic factors to choose the sector that BTS believes will perform best in the current market environment. The appropriate time horizon for this investment is 3+ years.

Performance represents **hypothetical returns from the inception** of the Bond Asset Allocation Program (BAA) **on 9/11/96 through 12/31/09**, and actual returns based on Envestnet Portfolio Assets using Select BAA since 1/1/10. Both sets of returns reflect 100% allocations upon actual buy/sell signals. **The hypothetical performance** of BAA reflects allocation to a composite of 4 high yield (HY) funds or to a composite of 4 government bond funds depending upon the BTS buy signal and to T-bills (as determined by the Morningstar 3-Month T-Bill Index and as a surrogate for money market funds) upon a sell signal. The BAA and Select BAA programs use money market funds, not T-bills. The 4 HY funds were selected from Morningstar's universe of approximately 20 HY funds that have existed since 1/1/81, because we believe they are well-established and have been used with the program. The 4 government bond funds are the 4 largest by total assets as of 12/31/07. These funds were selected with the benefit of hindsight. Because BTS does not select particular funds for BAA, there are no assurances that these funds would have been used. Actual performance may be better or worse depending on the particular funds selected. The names of the funds in the composites are available upon request. The **hypothetical returns** reflect performance an investor would have obtained had it invested in the manner shown. They **do not reflect results that**

Performance: Growth of \$100



	2009	2010	2011	2012	2013
Product (Gross)	50.51	3.82	6.47	8.88	4.97
Benchmark	5.93	6.54	7.84	4.22	-2.02
Relative Returns	44.58	-2.72	-1.37	4.66	7.00
Product (Net)	46.46	0.77	3.36	5.71	1.90

Risk-Return Statistics ¹

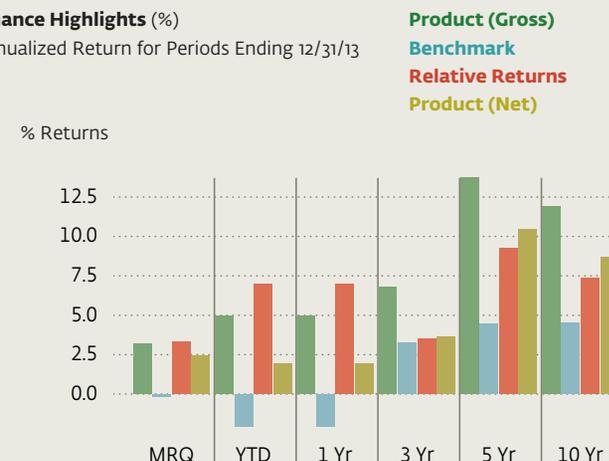
	Product		Bench
	3 Yr	5 Yr	5 Yr
Std. Deviation (%)	4.80	11.75	3.24
Sharpe Ratio	0.75	0.88	1.34
Alpha (%)	4.54	8.31	--
Information Ratio	0.06	0.51	--
Up Capture (%)	46.52	171.73	--
Down Capture (%)	-199.8	-177.1	--
	7	4	
Total Return (%)	Product		Bench
Best Qtr (04/09-06/09)	21.92	1.78	
Worst Qtr (04/10-06/10)	-3.57	3.49	
Best Year (2009)	46.46	5.93	
Worst Year (2010)	0.77	6.54	

Risk Statistics ¹

	3 Yr	5 Yr
Active Return (%)	0.00	0.06
Batting Average (%)	58.33	65.00
Beta	-0.23	0.59
Tracking Error	6.08	11.67
R Squared	2.23	2.62
Q-Score	n/a	n/a
Q-Risk	n/a	n/a
Q-Return	n/a	n/a
Q-Rank	n/a	n/a

Performance Highlights (%)

Total Annualized Return for Periods Ending 12/31/13



	MRQ	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Product (Gross)	3.20	4.97	4.97	6.76	13.72	11.90
Benchmark	-0.14	-2.02	-2.02	3.26	4.44	4.55
Relative Returns	3.34	7.00	7.00	3.50	9.27	7.35
Product (Net)	2.45	1.90	1.90	3.64	10.44	8.67

Quick Facts (as of Dec 31, 2013) ²

Style Classification:	Asset Allocated
Benchmark:	Barclays Capital U.S. Aggregate Bond Index
Product AUM(MM):	n/a
Inception Date:	Oct 1, 1996
Current # Holdings:	2
Avg. Annual Turnover:	n/a

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The performance quoted represents past performance. Past performance is not indicative of future results.

The value of an investment and the return on invested capital will fluctuate over time and, when sold or redeemed, may be worth less than its original cost.

Performance is displayed as both "Gross" and "Net". "Gross" represents performance that does not reflect advisory, custodial or program fees. "Net" represents performance that has factored in an assumed fee of 3.00%. Performance reflects the reinvestment of dividends, income and capital appreciation. For more information, on fees see the Notes section. ³

Benchmark indices reflect the reinvestment of dividends and income and not deductions for fees, expenses or taxes. Indices are unmanaged and not available for direct investment. ⁴

Performance shown is the model portfolio's historical performance as compared to a relevant benchmark. Model results have certain inherent limitations, particularly that such results do not represent actual trading and that they may not reflect the impact that material economic and market factors might have had on the asset manager's decision-making if the asset manager were actually managing clients' money. ⁵

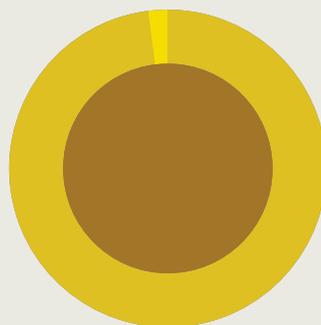
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Portfolio Characteristics ⁶

(Actual Investor Holdings Will Vary)

Average Market Cap (MM)	\$402
Median Market Cap (MM)	n/a
Adjusted Price/Earnings Ratio	n/a
Price/Book Ratio	1.72
Return On Equity (1yr)	-2.64
EPS Growth-Past 5 yrs	15.46%
Debt to Total Capital	62.07
Current Yield (%)	5.77 ⁷
Weighted Avg Gross Expense Ratio ⁸	0.87%
Weighted Avg Net Expense Ratio ⁹	0.78%

Asset Allocation



Style (top allocations)

%

Fixed Income

● High Yield	98.0%
● Cash	2.0%

Top Ten Holdings ⁶

Security	%
Rydex High Yield Strategy H	29.35
Direxion Dynamic High Yield Bond Inv	28.67
BTS Bond Asset Allocation A	9.59
DWS High Income Instl	4.89
Northern High Yield Fixed Income	4.89
Principal High Yield A	4.89
Ivy High Income A	4.89
Metropolitan West High Yield Bond M	4.88
SEI Instl Mgd High-Yield Bond A	4.88

Equity Sector Distribution

0.0 % 25.0 50.0 75.0 100.0

Utilities 100.0

The data presented is as of Dec 31, 2013 and may change at any time. Holdings information should not be considered a recommendation to buy or sell a particular security. Certain charts illustrate areas in which the portfolio may invest and may not be representative of current or future holdings. Diversification does not ensure a profit or protect against losses.

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any investor actually attained. Certain assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Changes in the assumptions may have a material impact on the hypothetical returns presented. **Hypothetical returns** have many inherent limitations. Other periods selected may have different results, including losses. Depending on the specific funds used, actual clients may have had investment results materially different from the

results portrayed in the model. **Performance show is materially different** from that of other BTS Select BAA Programs, which do not always make 100% allocations. Performance results are shown gross of the maximum possible fee of 2.75% through 12/31/09 and gross aggregate actual fees since 1/1/10.

Firm Overview

Founded in 1979, BTS has been one of the nation's premier third party money managers, providing quantitative risk-management and portfolio solution for mutual fund and variable annuity clients looking for income and/or total returns over a three to five-

year period. BTS manages individual, corporate, and pension accounts and works with financial planners and registered representatives. BTS has multi-year track records in tactical fixed income and equity management, providing advisors and clients alike with the experience and service of an established money manager. BTS believes in a capital preservation approach seeking to deliver consistent, steady returns over the long haul, while mitigating downside risk to the extent possible. BTS gives you the flexibility to choose an investment approach that matches your clients' financial goals and personal preferences. By employing tactical approaches in the

portfolio, BTS can help you reduce market volatility and generate more consistent returns over time. To accomplish this, BTS offers a variety of fee-based tactical bond and equity programs - all designed to:

- Produce higher investment returns than a "buy and hold" strategy
- Preserve capital during market declines
- Reduce downside investment volatility to manage for a positive "sequence of returns"
- Produce strong compounded investment returns over time

¹ **Alpha** - A measure of a stock's risk-adjusted performance, considering the risk due to the specific stock, rather than the overall market. Alpha can be thought of as how the stock performed if the market has had no gain or loss. A large alpha indicates that the stock or mutual fund has performed better than would be predicted given its beta (volatility). **Beta** - A measure of a manager's performance relative to the market (benchmark index). A manager with a beta coefficient of 1.00 has experienced up and down movements of roughly the same magnitude as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. **Capture Ratio** - Up(Down) Capture Ratio is a measure of managers' performance in up(down) markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 1.10 suggests that the manager captured 110% of the market gain (performed ten percent better than the market) when the market was up. A down-market capture ratio of 0.90 suggests that the manager captured only 90% of the market loss when the market was down. **R-squared** - A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100.00. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0. **Sharpe Ratio** - A measure of risk-adjusted return. To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) is divided by the asset's standard deviation. **Standard Deviation** - A gauge used to measure risk, or volatility. It is a number indicating the variability of a set of numerical values about their arithmetic average. For example, a \$1 million portfolio with a quarterly standard deviation of 5% will fluctuate \$50,000 (5% of \$1 million) or less per quarter two-thirds of the time. The lower the manager's standard deviation, the more stable the portfolio's performance. High standard deviation suggests a portfolio with more fluctuation and volatility.

² Note: Performance returns & statistics are calculated using quarterly returns data as of date noted and is the most recent data made available by the asset manager. Portfolio performance returns are provided by a third-party data provider or the asset manager directly.

³ If client utilizes a custodian or advisor that separately charges client's account, these fees will not be reflected in the Net performance data. Depending on the exact fees agreed upon between client and advisor, the actual fees charged may be less than the assumed fee. Actual fees will vary depending on, among other things, the applicable fee schedule, the time period, investment performance and account size. For example, if \$100,000 were invested and experienced a 10% annual return compounded monthly for 10 years, its ending value, without giving effect to the deduction of advisory fees, would be \$270,704 with annualized compounded return of 10.47%. If an advisory fee of 0.95% of the average market value of the account were deducted monthly for the 10-year period, the annualized compounded return would be 9.43% and the ending dollar value would be \$246,355. For a description of all fees, costs and expenses, please refer to your financial advisor's Disclosure Brochure. Past performance is not indicative of future results.

⁴ Reported benchmarks are not intended as direct comparisons to the performance of the portfolio. Instead, they are intended to represent the performance of certain sectors of the overall securities market (e.g. equities, bonds, etc.). Respectively, the volatility and performance of the reported benchmark may be greater than or less than the volatility and performance of the investment portfolio.

⁵ Model Strategy returns are calculated by obtaining the weighted monthly returns of the strategy component holdings from the prior month-end to the current month-end. These weighted returns are then added to the prior month's return history and annualized. Performance is calculated based upon the historical asset allocations at the beginning of each month during the periods shown, which may differ from the current allocation. The holdings comprising the strategies and the allocations to those holdings have changed over time and may change in the future. The historical model performance has not been adjusted to reflect current fund allocations. The performance results of the underlying holdings in the model portfolio assume the reinvestment of dividends and other earnings. Model returns represent past performance and are not indicative of any specific investment. The model portfolio's current performance may be lower or higher than the performance data quoted as it represents past performance. An investment pursuant to this model portfolio is subject to market risk and an investor may experience loss of principal. The information is based on data received from the investment strategy manager and/or other sources, such as reporting service providers, but has not been independently verified.

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⁷ Yield is an indication of the current estimated dividends and interest vs. the current market value of the holdings. The yield represents the current amount of income that is being generated from the portfolio without liquidating the principal or capital gains on the portfolio. However, the yield will fluctuate daily and current or past performance is not a guarantee of future results

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⁸ *The weighted average of the gross expense ratios of the funds and/or ETFs used in the portfolio.*

⁹ *The weighted average of the net expense ratios of the funds and/or ETFs used in the portfolio. The fund net expense ratios reflect fee waivers by the underlying fund management companies, which may not be permanent.*

For Use in a One-On-One Presentation to Advisory Client Only