

Elessar Small Cap Value Managed Account Model

Product Description

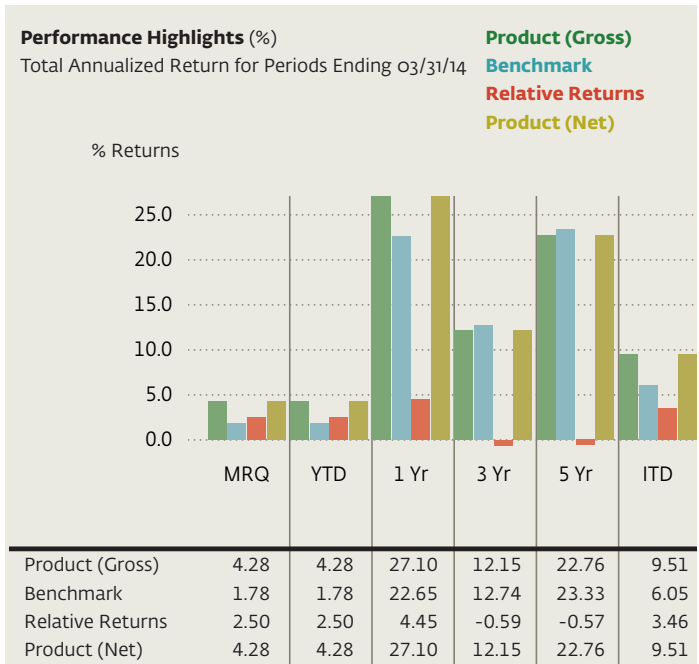
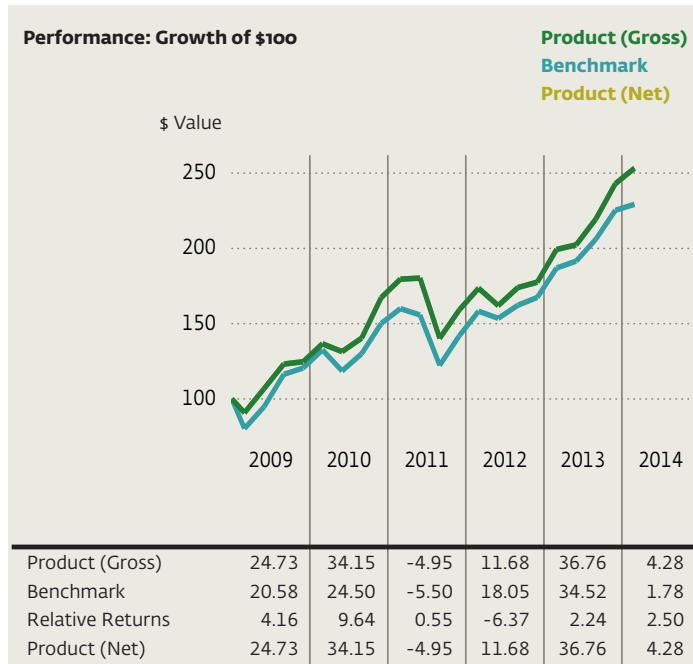
The Elessar Small Cap Value strategy relies on fundamental research, not technical analysis, insight trading, market timing nor sector or industry selection. Thus, the investment team's emphasis within small cap value investment management is on stock selection. The firm's selection process focuses on companies that possess the highest quality at the lowest possible price. Quality is measured by the company's historical return on capital while cost or price paid is usually measured by a company's current stock price-to-book valuation.

Elessar's proprietary combination of these quality and valuation factors is a quantifiable metric that has been incorporated into the firm's proprietary stock screen, the "Quality at an Acceptable Price Model" (QAPM). Trademarked by Elessar, QAPM is the first step in the stock selection process and allows the investment team to focus on investment candidates of the highest potential. QAPM is one step in the firm's investment selection process and is complemented by extensive bottom-up, fundamental due diligence.

Throughout the research process, the investment management team looks at a number of factors

including: validation of the company's accounting policies, investigation of the competitive environment, its competitive strengths/weaknesses, and confirmation of how management's successful execution of the company's business model in the past is likely to sustain strong financial returns in the future. As the team performs its bottom-up fundamental analysis, a top-down context is applied to identify cyclical and secular changes, both positive and negative, within a particular industry or sector.

Throughout the stock selection and portfolio construction process, all sector coverage and
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Risk-Return Statistics ¹	Product		Bench
	3 Yr	5 Yr	5 Yr
Std. Deviation (%)			
Sharpe Ratio			
Alpha (%)			
Information Ratio			
Up Capture (%)			
Down Capture (%)			
Total Return (%)	Product		Bench
Best Qtr			n/a
Worst Qtr			n/a
Best Year			n/a
Worst Year			n/a

Risk Statistics ¹	3 Yr	5 Yr
	Active Return (%)	
Batting Average (%)		
Beta		
Tracking Error		
R Squared		
Q-Score		
Q-Risk		
Q-Return		
Q-Rank		

Quick Facts (as of Mar 31, 2014) ²

Style Classification:	Small-Cap Value
Benchmark:	Russell 2000 Value
Product AUM(MM):	\$86
Inception Date:	Apr 1, 2006
Current # Holdings:	45
Avg. Annual Turnover:	59%

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 0.00%. 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.

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investment decisions are made in a collaborative manner by the three members of the Elessar investment team.

Firm Overview

Having endured the administrative burdens and lack of client service typical of bank run investment advisors, the firm's three principals left their positions at National City Bank in late 2005 to concentrate on small cap value investing and the needs of clients. Elessar Investment Management, LLC ("Elessar") was subsequently launched as an Ohio Limited Liability Company on April 1, 2006. Elessar is owned by Elennar Management Holdings, LLC ("Elennar"). Elessar is a registered investment advisor and is currently governed by the State of Ohio's Division of Securities.

Portfolio Characteristics ⁵		Equity Sector Distribution						World Regions	
(Actual Investor Holdings Will Vary)		0.0 %	10.0	20.0	30.0	40.0		Portfolio %	
Average Market Cap (MM)	\$1,044	Energy	7.6				Greater Asia	0.00	
Median Market Cap (MM)	\$1,041	Fin. Services	23.4				Japan	0.00	
Adjusted Price/Earnings Ratio	20.28	Industrials	15.6				Australasia	0.00	
Price/Book Ratio	1.61	Technology	23.4				Asia-Developed	0.00	
Return On Equity (1yr)	6.67	Cons. Cyclical	7.6				Asia-Emerging	0.00	
EPS Growth-Past 5 yrs	4.68%	Bas...	5.8				Greater Europe	2.67	
Debt to Total Capital	38.03	Comm. Svcs.	2.6				United Kingdom	0.00	
Current Yield (%)	1.33 ⁶	Healthcare	2.0				Europe-Developed	0.00	
		Real Estate	10.0				Europe-Emerging	0.00	
		Utilities	1.9				Africa/Middle East	2.67	
							Greater Americas	97.33	
							United States	97.33	
							Canada	0.00	
							Latin America	0.00	

Top Ten Holdings ⁵	
Security	%
Petroquest Energy, Inc.	3.42
Orbital Sciences Corporation	3.06
Argo Group International Holdings Ltd.	3.01
Wabash National Corporation	2.75
Domtar Corp	2.74
Iberiabank Corp	2.74
Corporate Office Properties Trust, Inc.	2.64
Microsemi Corp	2.61
CAI International, Inc.	2.60
NICE-Systems, Ltd. ADR	2.59

The data presented is as of Mar 31, 2014 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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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.

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⁶ 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

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