



**Appleton Group Managed Income Portfolio**

Inception: 4/1/2012

**PORTFOLIO MANAGEMENT TEAM:**

**Mark Scheffler - Senior Portfolio Manager**

Mr. Scheffler's commitment to objective, independent wealth management led him to establish The Appleton Group LLC in April of 2002. With over 19 years of experience in the financial services industry, Mark serves as portfolio manager for the firm's proprietary mutual fund and separately managed accounts.

**Peter Mutschler - Co-Portfolio Manager**

Mr. Mutschler serves as co-portfolio manager of our proprietary mutual fund and our separately managed accounts with Mr. Scheffler, performing all investment management activities including daily market research, trading, asset allocation, and position reconciliation.

**OBJECTIVE:** Total return (capital appreciation plus income)

**INVESTMENT STRATEGY:** The clearTREND™ Managed Income Portfolio invests mainly in a variety of fixed income and dividend paying Exchange Traded Funds (ETFs). It employs an ETF trend-following discipline designed to systematically adjust the portfolio in real time as market conditions change. This strategy seeks to invest exclusively in our targeted ETFs whose optimal price trend is rising, while reducing and/or eliminating exposure to those ETFs whose optimal price trend is falling.

**SUITABILITY:** This managed portfolio is utilized primarily by individual investors who seek a combination of income and portfolio growth and who seek professional guidance to manage (but not eliminate) investment risk.

**Holdings as of June 30, 2016**

	Target	Actual	12 M Yield
SPDR Barclays High Yield Bond (JNK)	20.0%	20.4%	6.29%
PowerShares Preferred (PGX)	20.0%	19.4%	5.71%
SPDR BRCLYS Capital Convertible Securities (CWB)	20.0%	19.6%	5.16%
Vanguard Short-Term Corp Bd Idx ETF (VCSH)	15.0%	16.4%	2.01%
iShares iBoxx Investment Corp Bond (LQD)	10.0%	11.8%	3.25%
iShares JPMorgan USD Emerging Markets (EMB)	10.0%	10.2%	4.66%
Cash	5.0%	2.2%	0.00%
<b>Weighted Average Yield</b>	<b>4.52%</b>	<b>4.59%</b>	

**PERFORMANCE**

	April - Dec 2012	2013	2014	2015	Q2 2016	YTD 2016
Managed Income	+5.70%	-1.97%	+3.01%	-1.58%	+3.22%	+7.14%
Barclays US Agg Bond TR	+3.90%	-2.02%	+5.97%	+0.55%	+2.21%	+5.31%

**Not FDIC Insured • May Lose Value • No Financial Institution Guarantee**

## General Disclosures:

Performance quoted represents past performance and is no guarantee of future results. The investment's performance may be impacted by its concentration in a certain type of security, adherence to a particular investing strategy or unique aspect of its structure and costs.

The Appleton Group Managed Income Composite is not a mutual fund. As market conditions fluctuate, the investment return and principal value of any investment will change. Before investing in any investment portfolio, the client and financial advisor should carefully consider the client's investment objective, time horizon, risk tolerance, and fees. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Appleton Group LLC utilizes ETFs as the primary underlying investment vehicle. Since each Appleton Group LLC Portfolio is a "portfolio of funds" an investor will indirectly bear fees and expenses charged by the underlying ETFs and investment companies in which Appleton Group LLC invests in addition to the Appleton Group LLC's fees and expenses.

The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings. Visit the Department of Labor's Website for an example showing the long-term effect of fees and expenses at [http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html). Fees and expenses are only one of the many factors to consider when you decide to invest in an option. Please consider whether an investment in a particular managed strategy, along with your other investments, will help you achieve your financial goals.

The Equal-Weighted Dispersion is 0.35%. The weighted annual report net expense ratio of the underlying ETFs is 0.33%

There are 20 accounts in AG Managed Income; Market Value of \$3.2 million which is 2.4% of Firm Assets which are \$133.8 million as of June 30, 2016.

## Principal Risks:

### *Loss of Money*

An investor may lose money when he or she buys or sells the investment, including part of the principal.

### *Market Volatility*

The market value of the portfolio's securities may fall rapidly or unpredictably due to changing economic, political or market conditions.

### *Active Management*

Performance is subject to the risk that the advisor's investment strategies are not suited to achieving the investment objective or do not perform as expected, which may cause the portfolio to lose value or underperform investments with similar objectives/strategies.

### *Portfolio Turnover*

Active trading may create portfolio turnover of 100% or more, potentially resulting in increased transaction costs.

### *Exchanged Traded Funds*

Assets invested in ETFs generally reflect the risks of owning the underlying securities they are designed to track, although they may be subject to greater liquidity risks and higher costs than owning the underlying securities directly due to their management fees.

### *Fund of Funds*

A portfolio's risks are closely associated with the risks of the securities held by underlying funds. The ability of the portfolio to meet its investment objective depends on the ability of the underlying funds to meet theirs.

### *Fixed Income*

The value of assets invested in fixed-income or debt securities may be susceptible to general movements in the bond market and are subject to increased interest rate and credit risk.

### *Foreign Securities*

Investments in foreign securities may be subject to increased volatility than U.S. securities. Foreign securities are subject to increased issuer risk. In addition, foreign securities are subject to increased costs. Many foreign markets are relatively small, and securities issued in less developed countries face the risks of nationalization, expropriation or confiscatory taxation, and adverse changes in investment or exchange control regulations. Political changes or diplomatic developments can also negatively impact performance.