

Overview

The strategy employs a dynamic, risk-managed approach which seeks to provide income to investors with a lower risk tolerance by allocating to income producing assets that are exhibiting a statistically higher yield relative to other income-producing assets.

Three Things to Know

- **Targeted Risk:** Multi-asset, income-oriented strategy designed to adapt quickly to changes in the income landscape, while maximizing income within a tightly controlled range for risk.
- **Unparalleled Diversification:** The strategy invests across traditional and non-traditional asset classes through the utilization of exchange traded funds which provides a broad and low cost opportunity set for managing risk and reward.
- **Unbiased Evaluation:** Salient's seasoned quantitative asset allocation team dynamically adjusts the strategy's mix of underlying income exposures on a weekly basis to adapt to fluctuating risks and global market conditions.

Process

Objective: The strategy seeks to maximize income through exposure to those asset classes that are exhibiting the highest level of current income per unit of risk.

- Utilizes a dynamic, systematic asset allocation process based on asset class yields relative to the 10-year U.S. Treasury.
- The strategy is optimized on a weekly basis to target a portfolio volatility range around 6.5% standard deviation while ensuring that the portfolio properly diversified by limiting the exposure to any single asset class to 20% of the portfolio.

Yield

Adaptive Income Composite	5.42
MSCI ACWI - Barcap Global Agg (15-85)	2.04

Portfolio Management

Nathan Rowader, Senior Portfolio Manager
19 years experience

Inception Date: July 1, 2012

Managed Assets: \$81,184,157 (3/31/18)

Source: Morningstar Direct

Trailing Returns

	1 Month	3 Month	1 Year	3 Year	Since Inception
Adaptive Income SMA Composite	0.24	-0.20	6.44	3.56	4.29
MSCI ACWI - Barcap Global Agg (15-85)	0.58	1.04	8.16	3.95	2.85

Source: Morningstar
Periods greater than one year are annualized
Returns are Preliminary
Inception Date - 7/1/2012
Net returns are calculated using a highest management fee of 0.50%
Shown as supplementary information. Please see important disclosures on the reverse side.

Standard Deviation

	1 Month	3 Month	1 Year	3 Year	Since Inception
Adaptive Income SMA Composite	—	—	3.86	5.14	4.93
MSCI ACWI - Barcap Global Agg (15-85)	—	—	3.44	4.82	4.51

Source: Morningstar
Periods greater than one year are annualized
Gross statistics in this section are preliminary
Inception Date - 7/1/2012
Net returns are calculated using a highest management fee of 0.50%
Shown as supplementary information. Please see important disclosures on the reverse side.

Adaptive Income SMA (ETF) - Portfolio Holdings

Portfolio Date: 3/31/2018



	%
VanEck Vectors High-Yield Municipal ETF	20.0
iShares iBoxx \$ High Yield Corp Bd ETF	15.0
iShares US Preferred Stock ETF	15.0
BBGBarc US Treasury Bill 1-3 Mon TR USD	14.5
iShares JP Morgan USD Em Mkts Bd ETF	13.0
iShares Core MSCI Emerging Markets ETF	10.0
SPDR® Dow Jones International RelEst ETF	10.0
iShares Core MSCI EAFE ETF	2.5
Utilities Select Sector SPDR® ETF	0.0
VanEck Vectors EM High Yield Bond ETF	0.0
Total	100.0

Source: Morningstar
These allocations may not reflect the current or future holdings of the portfolio. Shown as supplemental information. Percentages may not add up to 100% due to rounding.

Adaptive Income SMA - Risk Statistics

	Alpha	Beta	Up Capture Ratio	Down Capture Ratio	Tracking Error
1 Year	-0.91	0.90	78.09	72.74	2.34
3 Year	0.65	0.71	80.24	72.39	4.05
Since Inception	2.09	0.74	96.05	64.48	3.78

Source: Morningstar
Gross statistics in this section are measured against the blended index of 15% MSCI ACWI & 85% Barclays Global Aggregate
Information/statistics in each of these sections is current as of 5/31/17
Inception Date - 7/1/2012
Shown as supplemental information. Please see important disclosures on the reverse side.

Additional Disclosures

Adaptive Income Portfolio seeks to produce the highest level of income given a target level of risk. The portfolio invests across a diverse range of exchange traded funds and dynamically adjusts the portfolio's mix of assets to adapt to changing markets conditions.

The portfolio primarily invests in exchange-traded funds (ETFs) of securities and security indexes that represent general asset classes of both U.S. and overseas equity and bond markets. For comparison purposes the composite's primary benchmark is the blended index of 15% MSCI ACWI (All Country World Index) and 85% Barclays Global Aggregate Index. The MSCI ACWI is designed to measure the equity performance of developed and emerging markets. The Barclays Global Aggregate Index represents a broad-based measure of the global investment-grade fixed income markets, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. One cannot invest directly in an index.

The Salient Adaptive Income SMA was created July 1, 2012. Salient is the trade name for Salient Partners, LP, which together with its subsidiaries provides asset management and advisory services. Salient claims compliance with the Global Investment Performance Standards (GIPS®). Please call 800-994-0755 to obtain a compliant presentation and/ or a list of composite descriptions. Results are based on fully discretionary accounts under management in this style. The U.S. dollar is the currency used to express performance. Gross returns are stated after transaction costs but before management fees. Net returns are shown after transactions costs and management fees. Returns include the reinvestment of all income. Past performance does not guarantee future results.

Performance shown prior to June 2015 was achieved by the portfolio management team at Forward Management LLC. Forward Management LLC was acquired by Salient in June 2015