WST Capital Management

THE BRIDGE BETWEEN PROTECTION AND GROWTH®

GLOBAL ALLOCATION RISK-MANAGED

4Q 2018 Commentary

CAPITAL
MANAGEMENT

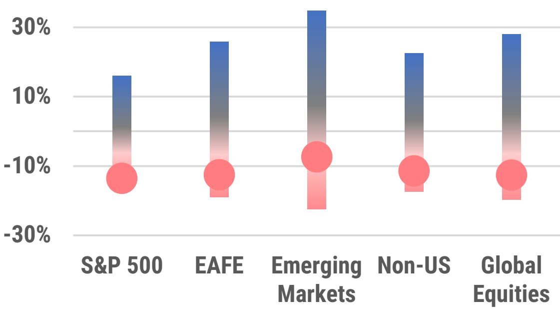
4Q 2018 | Global Equity Markets Review

WST CAPITAL MANAGEMENT

Executive Summary

The fourth quarter saw global stocks suffer their worst result since 2011, and their second-worst result since the current bull market began in March 2009. US shareholders were harshly reacquainted with volatility, which had essentially dissolved during 3Q as markets pushed past highs achieved earlier in the year. Ultimately 4Q was the most dramatic chapter thus far in a story that has plagued investors with varying intensity throughout 2018: increasing signs of global economic slowdown, the impact of shifts in US monetary policy and the US-China Trade War. Global stocks fell 12.7% in the quarter, closing out 2018 down 8.9%.

Quarterly Returns: Best, Worst & 4Q
10 Years Ended December 31, 2018

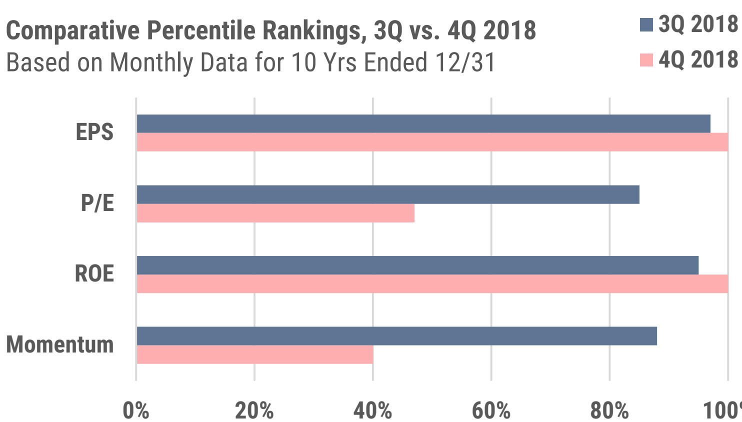


The US led equities lower as the S&P 500 – suffering its worst monthly return since February 2008 – fell 9.0% in December to end the quarter down 13.5% and the year down 4.4%. The sell-off gained in severity further down the capitalization spectrum, and the equal-weight S&P underperformed. From a sector perspective only equal-weight Technology and Communication Services outperformed, reflecting heavy losses among the exact names that headlined much of the upside earlier in the year: Apple, Facebook, Google and Microsoft saw double-digit losses and cost the S&P a combined 240 basis points. The Russell 2000 fell 11.9% in December alone, correcting substantially over the quarter and ending the year down 11%.

As shown in the percentiles chart at right, sentiment (i.e., anxiety) and not fundamentals seem to drive such negative outcomes in US equity. Measured by percentile relative to the prior 10 years of monthly data, S&P 500 EPS and ROE improved, in fact, between 3Q and 4Q. P/Es contracted sharply and price momentum dissolved in short order, however.

Developed ex-US markets, as measured by the MSCI EAFE, fell approximately 12.5% during the quarter, reflecting fragile confidence in Eurozone economic prospects as well as political instability.

Comparative Percentile Rankings, 3Q vs. 4Q 2018
Based on Monthly Data for 10 Yrs Ended 12/31



Emerging market shares, as measured by the MSCI Emerging Markets Index, interestingly were spared much of the pain and fell just 7.6% despite a -10.7% return for China, which represents just less than a third of the index. Headed into 4Q emerging stocks lagged the S&P by over 18% on both a year-to-date and 1-year basis - that deficit was cut nearly in half in the course of a quarter, with emerging steadily gaining in relative strength as global markets fumbled. Disaggregating MSCI EM Index performance in December – the strongest relative showing during the quarter - shows losses of less than 2% in Korea, Taiwan and Brazil (together a third of the index), while India and South Africa – together around 15% - were only modestly negative. Outside of China and other Asian countries caught in the trade war cross-fire, emerging economies appear to be benefitting from a combination of inflection points, better-performing local currencies and a moderated guidance by the US Fed.

Comparative Index Returns (%)	1 Mo.	3 Mo.	1 Yr.
S&P 500 Index	-9.0	-13.5	-4.4
S&P 500 Equal-Weight Index	-9.7	-13.9	-7.6
S&P 500 Growth Index	-8.6	-14.7	0.0
S&P 500 Value Index	-9.5	-12.0	-9.0
Russell Mid Cap Index	-9.9	-15.4	-9.1
Russell 2000 Index	-11.9	-20.2	-11.0
S&P MLP Index	-9.0	-17.8	-11.7
MSCI EAFE Index	-4.8	-12.5	-13.4
MSCI Emerging Markets Index	-2.6	-7.4	-14.2
MSCI All Country World Index	-7.0	-12.7	-8.9
MSCI ACWI ex-US Index	-4.5	-11.4	-13.8
BBg Barc US Aggregate Bond Index	1.8	1.6	0.0
BBg Barc US Corporate High Yield Index	-2.1	-4.5	-2.1
60% MSCI ACWI/ 40% BBg Barc US Agg Bond	-3.5	-7.0	-5.2

S&P Global BMI Sector Returns (%)	1 Mo.	3 Mo.	1 Yr.
Consumer Discretionary	-7.1	-15.2	-10.4
Consumer Staples	-6.1	-6.8	-10.0
Energy	-9.5	-21.6	-14.5
Financials	-7.9	-11.8	-14.7
Health Care	-8.4	-11.1	1.6
Industrials	-8.1	-16.0	-15.0
Information Technology	-7.7	-17.0	-5.9
Materials	-3.8	-13.9	-16.8
Communication Services	-6.2	-11.8	-14.6
Utilities	-2.0	0.6	1.7
Global Property	-4.7	-5.1	-7.0

Key Indicators	Current	1 Mo. Change	YTD Change
US 10-Year Tsy Yield (%)/ bps	2.68%	-33	+25
SPDR Gold Trust Price ($)	$121	+$6	-$2
WTI ($/ bb)	$45	-$5	-$15
VIX (Level)/ % Change	25.42	+41%	+130%

Source: FactSet for all index and market data, with all index returns shown in US dollars in table as of December 31, 2018. For index and key indicators definitions, please see notes & disclosures. Chart source: FactSet, showing the S&P 500 EPS (LTM), P/E (LTM), ROE, and price momentum (an average of the 3-, 6-, 12-, 36 and 72-month price change) statistics as of 12/31/2018 as a percentile relative to the previous 10 years' worth of monthly data.

4Q 2018 | Fixed Income Markets Review

WST CAPITAL MANAGEMENT

Executive Summary

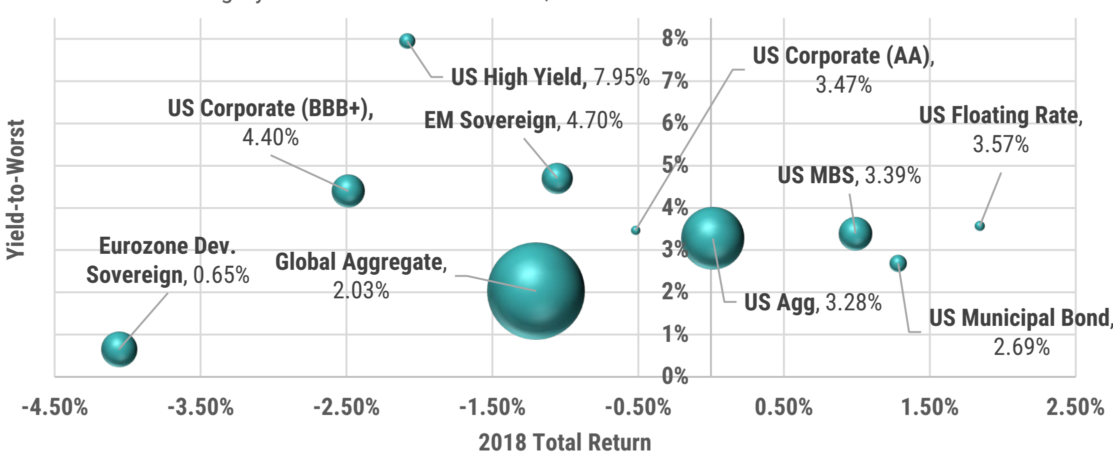
After limping along through most of 2018 fixed income broad markets delivered a strong 4Q to close the year, with yields falling across core indices and sectors as global equities entered a tailspin driven by heavy losses in the US. The global bond rally took flight in December, and the Bloomberg Barclays Global Aggregate Index recovered much of its year-to-date losses, ultimately posting a -1.20% return for 2018. The Bloomberg Barclays US Aggregate Bond Index notched a strong quarterly result (+1.64%) to close out the year flat. Contrary to 2018's overall pattern, which favored shorter-dated and floating-rate fixed income, longer-dated bonds drove positive results during the quarter.

US credit saw mixed results between investment-grade and junk and overall spreads widened significantly in both categories. After coming under some pressure earlier in the quarter due to mounting concerns about credit quality and ballooning corporate debt overall, investment-grade participated in the late rally and the AA corporate segment managed a gain of 108 basis points. Returns were positive, but weaker, further down the rating scale. High yield – which was the best-performing major index headed into 3Q – sold off in tandem with equities and the quarter's heavy losses (-4.53%) ultimately erased the last of the year's gains. The index finished 2018 down 2.07%.

Results were positive outside the US as well. December rallies in Europe overall served to cut quarterly losses, with 4Q setting most indices back by less than 50 basis points. The eurozone saw heavy losses early in 4Q as investors eyed political instability, disappointing economic and a looming fiscal showdown between the EU and Italy, whose debt was docked one notch on the rating scale. Headlines mellowed, however, and the S&P Eurozone Developed Sovereign Bond Index rallied alongside US treasuries and as core inflation fell alongside oil prices and industrial production – factors that, in aggregate, may stall tightening by European central banks.

December capped a breakaway quarter for emerging sovereign bonds; the ICE BofAML Emerging Sovereign Bond Index posted a 3.62% quarterly return and ended the year at -1.05%. Beginning in November, EM prices began to rally off the notion that a moderated course of US Fed rate-hikes might defer global portfolio rebalancing (i.e., into the US and away from higher-risk emerging issues) and soften the dollar in the process. Fed action and the more agreeable currency environment in December further supported a rally in EM sovereigns.

Fixed Income Market by Comparative Size, Yield & 2018 Total Return
Labels Indicate Category & YTW as of December 31, 2018



Source: FactSet for all index and market data, with all index returns shown in US dollars in table as of December 31, 2018.

Index Total Returns (%)	1 Mo.	3 Mos.	1 Yr.
S&P U.S. Current 10-Year Treasury Bond Index	3.00	3.90	0.08
S&P US Treasury TIPS	0.54	-0.44	-1.03
BBg Barc US Aggregate	1.84	1.64	0.01
S&P Global Dev. Sovereign ex-US Bond Index	0.92	1.45	1.07
S&P Eurozone Developed Sovereign Bond	1.78	-0.29	-4.04
S&P Pan-Europe Developed Sovereign Bond	1.81	-0.34	-4.28
ICE BofAML Emerging Markets Sovereign Bond	1.66	3.62	-1.05
BBg Barc Global Aggregate	2.02	1.20	-1.20
BBg Barc Global Aggregate ex-US	2.22	0.91	-2.14
BBg Barc US Corporate (AA)	1.81	1.08	-0.52
BBg Barc US Corporate High Yield	-2.14	-4.53	-2.07
BBg Barc Global Aggregate - Corporate	1.24	-0.81	-3.55
BBg Barc Global Agg Securitized - US MBS	1.81	2.08	0.99
BBg Barc Global Agg Securitized - US ABS	0.79	1.25	1.77
BBg Barc Municipal Bond Index	1.20	1.69	1.28
BBg Barc US Floating Rate Notes (<5 Yr)	-0.15	-0.13	1.83
S&P/LSTA Leveraged Loan	-3.16	-4.41	-0.62

Key Rates (%/ bps)	Current	1 Mo. Change	3 Mo. Change	1 Yr. Change
US 3 Month	2.45	+9	+26	+106
US 2 Year	2.50	-32	-31	+62
US 5 Year	2.51	-34	-44	+30
US 10 Year	2.68	-33	-37	+25
US 30 Year	3.01	-30	-18	+26
1 Month USD LIBOR	2.50	+16	+24	+94
3 Month USD LIBOR	2.81	+7	+41	+111
6 Month USD LIBOR	2.88	-2	+27	+104
12 Month USD LIBOR	3.01	-11	+9	+90

Credit Spreads (bps)	Current	1 Mo. Change	3 Mo. Change	1 Yr. Change
US Corporate OAS	83	+7	+27	+34
US Corporate High Yield OAS	526	+108	+210	+183

Key Indicators	Current	1 Mo. Change	3 Mo. Change	1 Yr. Change
10 Yr-2-Yr Treasury Spread (bps)	18	-1	-6	-37
WTI ($/ bb)	$45.44	-$5.34	-$27.72	-$15.02
Core CPI	259	+.5	+1	+5
Breakeven Inflation: 5 Yr %/ bps	1.51%	-26	-52	-35
Breakeven Inflation: 10 Yr %/ bps	1.71%	-26	-43	-25

4Q 2018 | Strategy Commentary

International Select Risk-Managed (ISRM)

The ISRM composite returned -7.86% gross (-8.04% net) versus an MSCI ACWI ex-US Index that posted a return of -11.41%. ISRM closed out 2018 with a return of -8.34% gross (-9.00% net) versus -13.78% for the MSCI ACWI ex-US Index.

ISRM opened the quarter fully invested, splitting exposure between global low-volatility and a pair of global sectors – Technology and Consumer Discretionary. This positioning held until October market action prompted a reduction in global equity exposure and a rotation into short-dated US treasuries; global Health Care assumed the sole sector allocation. Later in the month the strategy extended duration modestly within the risk-off segment. That 1-3 year Treasury position gave way to international bonds at the beginning of December, and in turn the ex-US bond position was reduced modestly to fund an increased cash position mid-month. ISRM closed out the year by eliminating the broad-based global equity holding in favor of global Utilities (alongside global Health Care), bringing overall positioning to 50% global sectors and 50% international bonds and cash.

The strategy's outperformance was attributable largely to defensive moves around global equity volatility, but on an absolute basis the strategy received support from its fixed income holdings (all of which posted positive returns, led by ex-US bonds). Each of the equity sector holdings outperformed the benchmark during their respective holding periods, and the minimum-volatility global equity exposure outperformed during the sharp drawdown.

Diversified Income Risk-Managed (DIRM)

The DIRM composite returned 0.40% gross (+0.30% net) versus -7.58% for the NASDAQ Multi-Asset Diversified Income Index. The strategy ended the year up 1.03% gross (0.60% net) versus a -5.27% return for the index, which reflected sharp losses in riskier income segments – such as MLPs - with equity-like drawdown potential.

The strategy opened the quarter positioned conservatively, with around 60% in floating-rate fixed income and the balance in ex-US bonds; within a few days upward pressure on eurozone and emerging yields prompted a rotation fully into US floating-rate. That allocation held until the final few sessions in October, when ex-US bonds began to rally and the model reallocated to 50% international fixed and 50% US floating-rate. In late November the strategy reduced international bond exposure to fund a 20% position in municipal high yield, and several days later the floating-rate position (a roughly 48% weight) gave way to 1-3 year Treasury exposure.

Headed into 4Q the model had spent much of the year allocating within a small universe of assets. The overweight to floating-rate was a dominant theme complemented by opportunistic allocations to selective income segments – namely municipal high yield – in effort to find stability relative to the "all-weather" income objectives. 4Q saw market volatility rationalize valuations in some higher-risk income segments and prompt rallies in others, creating entry (and exit) points in some categories and driving momentum trends that opened up the model to a broader universe of opportunities.

Annualized Performance As of December 31, 2018	3 Mos.	1 Yr	3 Yrs	5 Yrs	Since Incep.
International Select RM Composite (Gross)	-7.86	-8.34	7.35	2.63	3.46
International Select RM Composite (Net)	-8.04	-9.00	6.60	1.89	2.71
MSCI ACWI ex-US Index	-11.41	-13.78	4.98	1.14	2.00
Diversified Income RM Composite (Gross)	0.40	1.03	3.73	3.50	3.83
Diversified Income RM Composite (Net)	0.30	0.60	3.29	3.06	3.40
NASDAQ Multi-Asset Div. Income Index	-7.58	-5.27	4.07	2.68	2.86
Global Allocation RM Composite (Gross)	-4.92	-0.90	6.53	-	4.23
Global Allocation RM Composite (Net)	-5.05	-1.39	6.03	-	3.75
60% ACWI / 40% Agg Blended Benchmark	-7.05	-5.22	5.26	-	3.75

Source: FactSet. Composite inception dates are 6/30/2013, 9/30/2013 and 12/31/2014 for ISRM, DIRM & GARM, respectively. Benchmark "since inception" performance reflects those dates.

Global Allocation Risk-Managed (GARM)

GARM IS A TARGET 60/40 SOLUTION ALLOCATING BETWEEN VARIOUS SUB-MODELS INCLUDING ISRM; THE REMAINING EQUITY COMPONENTS ARE RISK-MANAGED US STYLE AND SIZE SEGMENT MODELS. DIRM SERVES AS THE MAIN INCOME ALLOCATION.

The GARM composite returned -4.92% gross (-5.05% net) during 4Q, outperforming the blended benchmark, which returned -7.05% for the quarter. For the full-year period the strategy posted a return of -0.90% gross (-1.39% net) vs. -5.22% for the index.

GARM opened the quarter slightly overweight equities and tilted towards the US, with roughly 20% in global holdings (including Technology and Consumer Discretionary sectors) and no dedicated ex-US exposure. US equity tilted towards value in large cap and growth in mid- and small cap. The model shifted ex-US bond exposure to floating-rate early in the month.

GARM began to de-risk at the end of a volatile October, first bringing overall equity vs. fixed exposure to roughly 30/ 70, overweighting the US while limiting global sector exposure to Health Care and adding short-duration while trimming floating-rate. US large-cap growth exposure was eliminated mid-month and mid-cap growth dumped days later; these moves, along with a reduction in floating-rate, funded a 55% position in short-dated Treasuries and shook out overall equity exposure of just 10% across low-volatility global equity and global Health Care. Ex-US bond exposure was also trimmed to fund a modest allocation in municipal high yield. The overall equity vs. fixed allocation held through the end of the quarter, with the global equity allocation rotating to Utilities (alongside Health Care) at the end of December. In tandem with DIRM, the strategy made some adjustments to duration and geographical focus within fixed income. Overall, the strategy received the most support from asset-class positioning.

Source for all performance information: FactSet. Please see disclosures for composite definitions and information regarding performance commentary.

Observations & Outlook

Headed into 4Q, US equities appeared poised to cap off a truly breakaway year, buoyed by a strong economy, stellar earnings growth and a multitude of other factors that kept investors piling in despite stretched multiples (and to the detriment of other regions – emerging markets in particular). While there are plenty of long-term arguments for investment in US risk assets, it appears that in the short term these factors were essentially a house of cards that collapsed quickly along with investor confidence. As discussed on page 1, while 4Q did not even the score for other regions vs. the US, it greatly reduced the massive performance gap.

Although 4Q's sell-offs were not the first in 2018, they did seem to uncork volatility and dispersion – at the asset class, regional and sector levels – in a way that the first quarter correction did not. From a bird's-eye view the 1Q correction felt unusual in that while few assets were totally spared the pain, the equity sectors and styles that typically outperform in corrections did not; value stocks underperformed while gold and core bonds failed to preserve capital in a manner consistent with long-term historical trends, and high yield was no worse for the wear. 4Q - and particularly December - saw a return to historic form, however, with gold rising, core yields plummeting and junk selling off. Much has been made about the underperformance of the value indices during recent drawdown periods, but this may simply reflect a deficit in fundamental quality between value and growth.

Overall, however, 4Q featured the hallmarks of a "classic" flight to safety, and with respect to the US, in our view the major differences versus 1Q were dovishness by the Fed providing more relief to bonds than to shares and the growing anxiety and mounting economic impacts of the US-China Trade War. Outside the US, however, these same factors may have marked a turnaround for emerging markets, which have seen debt and equity alike hammered by the strong dollar and anticipated Fed action. A discussed on page 1, a disaggregated view of emerging markets shows pockets of strength even amid heavy China-driven losses and with mitigated pressure from US monetary policy and currency, emerging markets may be poised to rebound even if China hasn't reached an inflection point.

As we often emphasize, our views do not impact the model and political, monetary, fiscal and market headlines affect the model only to the extent that they drive prices, which in turn drive momentum. That said, we are comfortable offering the view that regardless of a still-strong economic backdrop and solid fundamentals underlying US companies, investor confidence feels very fragile. Meanwhile, volatility has created opportunity. All said, we believe dispersion should feature prominently going forward.

In such markets, the ability to be agile and systematically overweight currently favored market areas and underweight currently disfavored market areas creates margin for tactical strategies to add value versus static allocations. Given the fundamental comparisons of companies underlying US growth vs. value indices currently (and especially taking into account the differences between capitalization segments), simply rotating between the styles from a buy-and-hold perspective is unlikely to provide timely exposure in either risk-off or risk-on environments. We believe that the ability to more specifically align cap- and style exposure with momentum will be an important aspect of navigating opportunities in US equity going forward. Likewise, in a period where macro headlines and fiscal policy in the US are driving disparate outcomes in non-US equity – restoring shine to emerging, for example, while EAFE names continue struggle– tactical investing is a framework both for managing risk while remaining globally diversified and for leaning into precise drivers of global equity upside.

Finally, as discussed on page 2, 4Q also produced movement and dispersion in global fixed income after a largely negative year that saw floating-rate and high yield propped up by the uniquely unappealing prospects in the rest of the market. In 4Q, floating-rate saw surprising volatility as duration rallied and high yield struggled alongside equities due to that factor and growing concerns about quality in credit markets overall. Going forward we believe active quant approaches will have more value to add, not just by managing duration but also by harvesting yield around entry and exit points that have finally opened up in credit. Opportunistic allocation outside the US is another valuable tool, as yields rise or fall based on macro trends and political developments in Europe.

Ultimately our goal is to protect capital when necessary and when possible, systematically capture opportunity created by volatility. December, in our view, manifested the fragility of investor confidence through volatility and continued losses despite no major catalyst. In such an environment, any reason to sell can look like a good one, and thus rallies can live and die in the span of few hours. We believe the current environment continues to underscore the argument for rotational and risk-managed investing, and we appreciate your confidence in our strategy.

The above information represents opinions that are subject to change. Please see notes & disclosures.

Asset Class Reviews Notes & disclosures

WST CAPITAL MANAGEMENT

Index Returns

All returns shown trailing 12/31/2018 for the period indicated. "YTD" refers to the total return as of prior-year end, while the other returns are annualized. 3-month and annualized returns are shown for:

- The S&P 500 index is comprised of large capitalized companies across many sectors and is generally regarded as representative of US stock market and is provided in this presentation in that regard only.
- The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The S&P 500 equal-weight index (S&P 500 EWI) series imposes equal weights on the index constituents included in the S&P 500 that are classified in the respective GICS® sector.
- The S&P 500 Growth Index is comprised of equities from the S&P 500 that exhibit strong growth characteristics and is weighted by market-capitalization.
- The S&P 500 Value Index is a market-capitalization weighted index comprising of equities from the S&P 500 that exhibit strong value characteristics such as book value to price ratio, cash flow to price ratio, sales to price ratio, and dividend yield.
- The Russell 3000 Index tracks the performance of 3000 U.S. corporations, determined by market-capitalization, and represents 98% of the investable equity market in the United States.
- The Russell Mid Cap Index measures the mid-cap segment performance of the U.S. equity market and is comprised of approximately 800 of the smallest securities based on current index membership and their market capitalization.
- The Russell Micro Cap Index is a market-capitalization weighted index that measures the performance of 2000 small-cap and mid-cap securities. The index was formulated to give investors an unbiased collection of the smallest tradable equities still meeting exchange listing requirements.
- The MSCI All Country World Index provides a measure of performance for the equity market throughout the world and is a free float-adjusted market capitalization weighted index.
- The MSCI EAFE Index is a market-capitalization weighted index and tracks the performance of small to large-cap equities in developed markets of Europe, Australasia, and the Far East.
- The MSCI Emerging Markets Index is a float-adjusted market-capitalization index that measures equity market performance in global emerging markets and cannot be purchased directly by investors.
- The S&P 500 Sector indices are into sectors as defined by the widely used Global Industry Classification Standards (GICS) classifications. Each sector index comprises those companies included in the S&P 500 that are classified as members of respective GICS® sector.
- The Barclay's US Aggregate Index, a broad based unmanaged bond index that is generally considered to be representative of the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market.
- The Bloomberg Barclay's US Corporate Bond Index (AA), which measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.
- Bloomberg Barclay's Global Aggregate Securitized- US Mortgage-Backed Securities, which is a component of the Bloomberg Barclay's US Aggregate Index and measures investment grade mortgage backed pass-through securities of GNMA, FNMA, and FHLMC.
- Bloomberg Barclay's Global Aggregate Securitized- US Asset-Backed Securities, which is a component of the Bloomberg Barclay's US Aggregate Index and includes the pass-throughs, bullets, and controlled amortization structures of only the senior class of ABS issues.
- The Blomberg Barclay's US Floating Rate Notes (<5 Yr) Index, measures the performance of U.S dollar-dominated, investment grade floating rate notes with maturities less than 5 years.
- The Bloomberg Barclay's Municipal Bond Index, which measures investment grade, tax-exempt bonds with a maturity of at least one year.
- The S&P/ LSTA Leveraged Loan Index is designed to reflect the performance of the largest facilities in the leveraged loan market.

Key Indicators & Rates

Key Indicators correspond to various macro-economic and rate-related data points that we consider impactful to equity markets.

- The US 10-Year Treasury Yield (%)/bps, is the return on investment for the U.S. government's 10-year debt obligation and serves as a signal for investor confidence.
- SPDR Gold Trust Price ($), is an investment fund that reflects the performance on the price of a gold bullion, less the Trust's expenses.
- West Texas Intermediate, which is an oil benchmark and the underlying asset in the New York Mercantile Exchange's oil futures contract.
- CBOE Volatility Index (Level)/% Change, which uses price options on the S&P 500 to estimate the market's expectation of 30-day volatility.

Key Rates are shown for US Treasurys and London Interbank Offered Rate (LIBOR), the interest rate at which banks offer to lend funds (wholesale money) to one another in the international interbank market. LIBOR is a key benchmark rate that reflects how much it costs banks to borrow from each other. "Current" refers to the percentage rate as of 3/31/2018, while the rates of change are stated in basis points.

Credit Spreads

Credit Spreads shown comprise the Option-Adjusted Spread of the indices indicated, versus the US 10-Year Treasury Yield. "Current" refers to the spread as of 3/31/2018, while the rates of change are stated in basis points.

This commentary also includes performance figures for the SPDR Gold Trust (GLD), used as a proxy for the performance of the asset class, given the security's prominence as a means of accessing exposure to the asset class. We believe use of this proxy is appropriate in the context of providing our clients and Advisors with relevant information about markets. We consider an index to be a portfolio of securities whose composition and proportions are derived from a rules-based model. See the appropriate disclosures regarding models, indices and the related performance. You cannot invest directly in an index and the performance of an index does not represent the performance of any specific investment. Some of the information enclosed may represent opinions of WST and are subject to change from time to time and do not constitute a recommendation to purchase and sale any security nor to engage in any particular investment strategy.

Additional Notes & disclosures

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Performance Commentary Disclosures

Performance observations relative to positioning are derived from analysis of representative accounts for each strategy. These accounts were selected on the basis of non-performance factors such as longevity, stability, minimal flows and adherence to the model. Performance attribution is an analytical process used to understand the factors contributing to a portfolio's relative performance. For equity portfolios, it dissects a portfolio's relative performance into sector weighting and security decisions. “Contribution” refers to contribution to total return. Discussions of asset class, equity sector, fixed income sector, commodity and cash holdings are generalized discussions of the portfolio’s holding corresponding to those categories and may or may not constitute a comprehensive list of securities held during the performance period. Sector attribution and security contribution to return are calculated based on the gross-of-fees return of the representative account selected as described above, for a Measurement Period defined as the three-month period ended as of the date indicated. Returns, holdings and characteristics may differ between accounts managed according to the strategy. Available at request is information on calculation methodology and a list showing every holding’s contribution to the overall account’s performance during the measurement period. To request this information, please email info@wstam.com or contact the representative who provided this information.

Composite Information

The International Select Risk-Managed Composite has an inception date of September 30, 2013 and consists of all fee-paying, fully discretionary accounts under active management at WST that adhere to the International Select Risk-Managed strategy. The strategy utilizes a tactical approach built on a proprietary quantitative framework that is designed to achieve attractive risk-adjusted returns through capital appreciation and income. The International Select Risk-Managed strategy invests in a broad range of the International Equity market from Developed to Emerging. The strategy will take a focused approach to the International market by generally investing 50 to 100% of the portfolio in a broad international index and/or 25% each in two Global Sector indices. During less favorable environments or when attractive investment opportunities are limited, the strategy has the flexibility to invest in bonds or a money market fund. This strategy is generally implemented through the trading of mutual funds or exchange-traded funds. Prior to October 24, 2016, the International Select Risk-Managed strategy was referred to by WST as the WST Asset Manager – Focused International Equity strategy. The composite was created October 2016. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 9/30/2013 (strategy inception)-present relate only to a limited group of the adviser’s clients selected based on suitability and risk tolerance. This factor has not had a material effect on performance but could lead to the termination of the composite in the event of significant outflows. The composite is measured against the MSCI ACWI ex USA Index Gross Returns. The MSCI ACWI ex USA Index is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies.

The Diversified Income Risk-Managed Composite has an inception date of June 30, 2013 and consists of all fee-paying, fully discretionary accounts under active management at WST that adhere to the Diversified Income Risk-Managed strategy. The strategy utilizes a tactical approach built on a proprietary quantitative framework that is designed to achieve attractive risk-adjusted returns through capital appreciation and income. The strategy invests in exchange-traded funds covering a broad range of the corporate capital structure, debt to equity. In addition to a broad capital structure mandate, the strategy overlays a diverse asset class base such as Real Estate Investment Trusts ("REITs"), Master Limited Partnerships ("MLPs"), Dividend Strategies and High Yield Debt. During less favorable environments or when attractive investment opportunities are limited, the strategy has the flexibility to invest in an actively managed investment grade bond fund, treasuries or investment grade floating rate notes. This strategy is generally implemented through the trading of a limited universe of individual stocks or exchange-traded funds. Prior to October 24, 2016, the Diversified Income Risk-Managed strategy was referred to by WST as the WST Asset Manager – Diversified Income strategy. The composite was created October 2016. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 6/30/2013 (strategy inception)-present relate only to a limited group of the adviser’s clients selected based on suitability and risk tolerance. This factor has not had a material effect on performance but could lead to the termination of the composite in the event of significant outflows. Comparison with Market Index - The market index displayed for comparison to the Diversified Income Risk-Managed Composite is the NASDAQ US Multi-Asset Diversified Income Index. The NASDAQ Multi-Asset Diversified Income Index. The NASDAQ US Multi-Asset Diversified Income Index is designed to provide exposure to multiple asset segments, each selected to result in a consistent and high yield for the index. The Index is comprised of securities classified as US equities, US Real-Estate Investment Trusts (REITs), US preferred securities, US master-limited partnerships (MLPs) and a high-yield corporate debt ETF. For comparison purposes, the benchmarks are fully invested and actual performance may vary. Market indices are unmanaged and do not reflect the deduction of fees or expenses. We consider an index to be a portfolio of securities whose composition and proportions are derived from a rules based model. See the appropriate disclosures regarding models, indices and the related performance.

The Global Allocation Risk-Managed Composite has an inception date of December 31, 2014 and consists of all fee-paying, fully discretionary accounts under active management at WST that adhere to the Global Allocation Risk-Managed strategy. The strategy utilizes a tactical approach built on a proprietary quantitative framework that is designed to achieve attractive risk-adjusted returns through capital appreciation and income. The strategy generally invests 65% of the portfolio in a diversified global equity portfolio and 35% in an income strategy focused on the broad range of the corporate capital structure, debt to equity. In addition to a broad capital structure mandate, the strategy overlays a diverse asset class base such as Real Estate Investment Trusts ("REITs"), Master Limited Partnerships ("MLPs"), Dividend Strategies and High Yield Debt. During less favorable environments or when attractive investment opportunities are limited, the strategy has the flexibility to invest in an actively managed investment grade bond fund, treasuries or investment grade floating rate notes. This strategy is generally implemented through the trading of a limited universe of individual stocks or exchange-traded funds. Prior to October 24, 2016, the Global Allocation Risk-Managed strategy was referred to by WST as the WST Asset Manager – Global Balanced strategy. The composite was created October 2016. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 12/31/2014 (strategy inception)-6/30/2016 relate only to a limited group of the adviser’s clients selected based on suitability and risk tolerance. This factor did not have a material effect on performance but could have led to the termination of the composite in the event of significant outflows.

Comparison with market indices- The composite is measured against a blended benchmark comprised of 60% of the MSCI ACWI Index Gross Returns and 40% of the Bloomberg Barclays U.S. Aggregate Bond Index. The blended benchmark is rebalanced monthly. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Bloomberg Barclays U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income and dividends. Net of fee performance was calculated using actual management fees. Some accounts in the composite pay a "wrap fee" which is an all-inclusive or bundled fee based on a percentage of assets under management and may include investment management services, transaction costs/brokerage commissions, portfolio monitoring, consulting services, and custodial services. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee information as transaction expenses have not been deducted. Past performance is not a guarantee of future results.

Investment advisory fees are described in Wilbanks Smith & Thomas Asset Management, LLC’s Form ADV 2A. To illustrate the possible effect of fees on the total return of an account, what follows is an illustration: A client investing in the comparative index S&P 500 over the last 10 years (as of December 31, 2015) would have earned 7.31% return on an annualized basis. With the effect of fees at 2.00% per year, this client can then expect their net return to be 5.16% per year compounded over the same time period.