Straight Arrow Financial Group Quarterly Update

Pete will be moving into his new house this summer

Liz's daughter Emma will be getting married

Sarah will be moving to NC – but don't panic…she'll still be working with us just from an office in NC. We're excited for the next chapter of her life to begin.

Jen will be a grandma for the 2nd time this September

We are truly blessed to have so many wonderful milestones to celebrate this year!

We would like to extend a special Thank You to all of you who have met with Quinn for your review meeting.

He is enjoying learning more about you on a more personal level and truly appreciates the learning opportunity that each of you bring to the office. *Thank you again!*

SAVE THE DATE…

for our Annual Picnic in the Park!
Saturday, August 16th, 2025
11:30am – 2pm
Richfield Fireman's Park on Hwy 175

<u>Dates to keep in mind:</u>

- June 16th - Estimated taxes need to be mailed in (Q2 2025)
- Sept. 15th – Estimated taxes need to be mailed in (Q3 2025)
- Aug. 16th – Annual Picnic in the Park

Commentary

Global Equity Markets Mixed While Bonds Rally in Q1

Financial markets began the year relatively strong, and investors were bullish following the Republican sweep of the November elections. As President Trump and his administration took office, investors were looking for direction. In a short period of time, the Trump administration quickly announced tariffs, immigration directives, government spending cuts and federal layoffs.

As the Trump administration started enacting its policies, investors appeared to rethink their bullishness. By mid-February, U.S. large caps reached their near-term peak and started to trend lower. To end the quarter, the S&P 500 and NASDAQ 100 Indices declined approximately 4% and 8%, respectively.[1]

Comparatively, international equity markets performed well in Q1. The MSCI ACWI ex USA Index, consisting of stocks of companies from developed and emerging countries, rallied approximately 5% in the quarter.[1] Foreign equity markets were also supported by foreign currencies rallying against a declining U.S. dollar throughout the quarter.

As U.S. risk assets declined, investors sought safety in high-quality bonds, with bonds rallying and interest rates declining. The 10-year U.S. Treasury Bond rallied roughly 4% in the quarter.[1]

Investors had been increasingly cautious throughout the quarter, waiting for President Trump to announce his administration's tariff policy. On April 2nd, President Trump announced a new 10% baseline global tariff increase on goods imported to the U.S., with additional tariffs on select countries based on the administration's calculations. Following the announcement, global equities sharply declined, safe-haven bonds rallied, and the U.S. dollar declined.

Shortly thereafter, on April 4th, China retaliated with its own 34% tariff increase on imported goods from the U.S. Following China's announcement, global equities declined further and the VIX, a measure of volatility for the S&P 500 Index, jumped higher. Investors now need to wait to see if any other countries retaliate in a similar manner.

S&P 500 Volatility Index (VIX)

Source: TradingView.com. As of April 4, 2025[2]

U.S. Fiscal Policy Uncertainty Driving Market Volatility

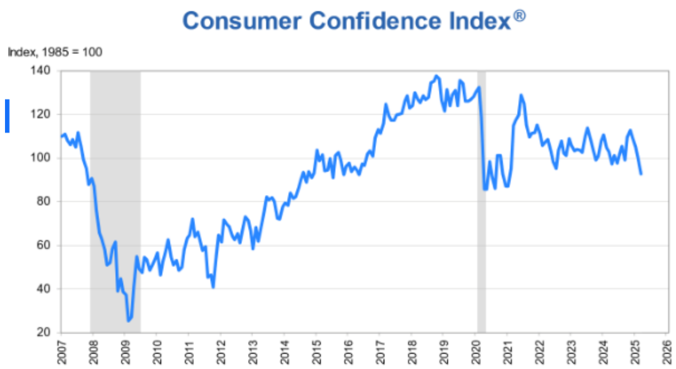
We stated in our Q4 investment commentary that government policies on tariffs, government spending, taxes and immigration could impact the economy, inflation, corporate earnings and financial markets. President Trump and his administration have been quickly working to implement their policies, but recent sentiment data and weakness in U.S. equity markets indicate elevated cautiousness.

Regardless of one's political beliefs, businesses, consumers and investors prefer clarity to make decisions. Without clarity, businesses and consumers may hold back on spending and investors may prefer to reduce risk exposure. This is what we may be starting to see in the economy and financial markets this year.

Business, Consumer and Investor Confidence Weakening

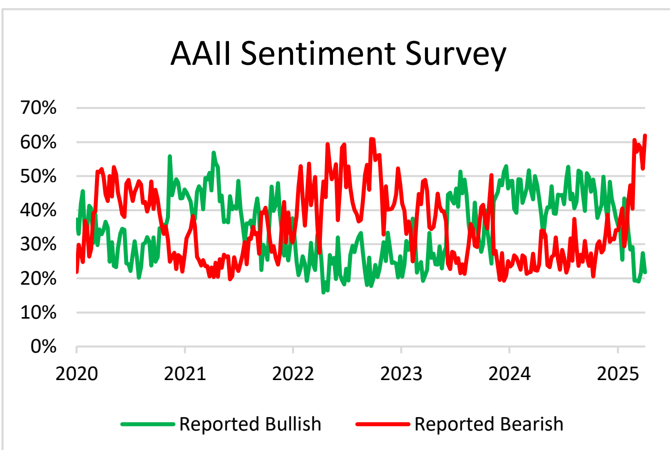
Earlier this year, there were signs of potential weakness in business and consumer sentiment as U.S. fiscal policy uncertainty increased. As U.S. equity market volatility increased, investor sentiment also started to show weakness.

According to the Conference Board's Consumer Confidence Survey®, consumer confidence has been trending lower following the COVID-19 pandemic recovery in 2021. Short-term consumer sentiment does not necessarily translate into weaker economic data or corporate earnings, but the U.S. economy is heavily consumer driven and weaker sentiment can potentially lead to a slowing economy.



Source: The Conference Board; NBER. Shaded areas represent periods of recession. As of March 25, 2025.[3]

Investors have also appeared to be increasingly cautious. According to the recent American Association of Individual Investors (AAII) weekly sentiment survey, investors have become increasingly bearish on their views of the stock market over the next six months.



Source: American Association of Individual Investors. As of April 3, 2025.[4]

With President Trump's tariff plan announced, and China's quick retaliation, businesses, consumers and investors will need to see what happens next. It will take time to determine whether President Trump can successfully translate his administration's policies to a stronger U.S. economy.

U.S. businesses and consumers have shown resiliency in uncertain times throughout history, but clarity and confidence are needed. Investors will need to determine whether the U.S. can remain resilient, or if this time is different. If the U.S. can remain resilient, longer-term investors may start considering taking advantage of opportunities during any shorter-term dislocations in the financial markets.

Economists and Equity Analysts Anticipate a Slowdown

With potential strain on businesses and consumers throughout the world due to trade uncertainty and higher prices from tariffs, economists appear to be reducing their economic growth estimates. Until U.S. fiscal policy is firmly established, economic uncertainty remains and forecasting the economy over the short-term may be difficult.

Equity analysts and market strategists were generally bullish to start the year, but we are starting to see U.S. company earnings estimates coming down. We often see earnings estimates begin optimistically higher, then come down over time, so this is not a surprise, but the magnitude of reductions will be important. With President Trump's tariff increases higher than what it appears many may have anticipated, corporate earnings estimates may continue to decline.

We have just entered the Q1 earnings reporting season. It will be important for investors to understand company management teams' forward guidance as to how President Trump's fiscal policies (tariffs, taxes, immigration, spending) may impact companies' revenues, costs and profit margins.

Fed Rate Cuts on Pause for Now

The U.S. Federal Reserve maintained the fed funds rate target range of 4.25-4.50% at both of its January and March meetings. The Fed has consistently stated that it will continue to monitor the economy, with its focus on maintaining price stability (moderate inflation) and full employment.

Thus far, inflation, as measured by the Personal Consumption Expenditures (PCE) Excluding Food and Energy Index, has remained between 2.5% and 3% over the last 12 months. At these sustained levels of annual inflation, the Fed does not appear to be eager to cut interest rates. We may need to see inflation get closer to 2% on a sustainable basis for the Fed to cut the fed funds rate further. Higher global tariffs may keep upward pressure on inflation over the near term and the Fed will need to navigate accordingly.

Personal Consumption Expenditures Excl. Food and Energy

Source: U.S. Bureau of Economic Analysis; FRED.[5]

From an unemployment rate perspective, the economy remains well below the levels of strain we have experienced in the past. Although the U.S. government has enacted layoffs, we may need to see the private sector reduce its labor force to see the unemployment rate move much higher from here.

U.S. Employment Rate

Source: U.S. Bureau of Labor Statistics; FRED.[6]

The potential implications of a shift in global tariff policy are a significant wildcard for the Fed to manage through. If the U.S. economy starts to show signs of weakness, the Fed may need to act and cut the fed funds rate to help support the economy.

Q1 Market Review

Equity Markets

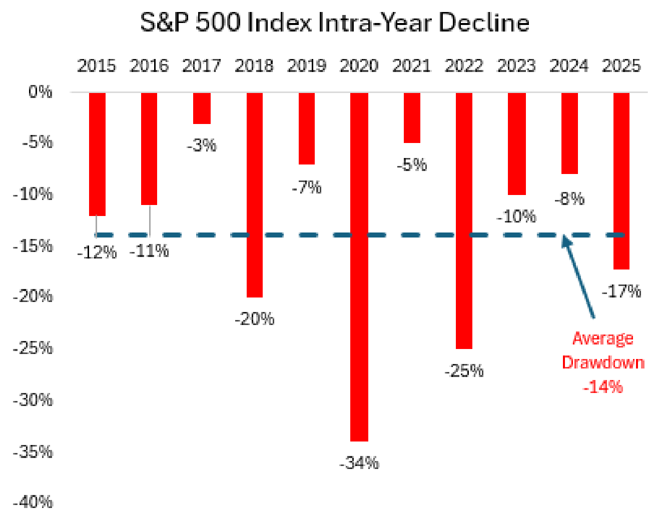
The U.S. equity markets were mixed in Q1, with growth companies' stocks and other higher volatility stocks underperforming more defensive and higher dividend-paying stocks. Investors diversified across company types and sectors benefited relative to those that were aggressively positioned in U.S. growth and speculative stocks to start the year.

U.S. equities experienced a quick decline from their highs over the course of a few months. From their relative market peaks through April 4, 2025, after President Trump's tariff announcement and China's retaliation, the S&P 500 Index declined 17%, the NASDAQ 100 Index declined 21% and the more volatile Russell 2000 Small Cap Index declined 25%.[1]

The average calendar year decline of the S&P 500 Index over the last ten years has been 14%, with three periods of 20% declines or more. With a 17% decline for the S&P 500 from its peak, the current decline is deeper than average, but within the other three 20% drawdowns over the last decade.

It is extremely difficult to accurately predict and position for a specific drawdown in any given year. At a minimum, investors should consider setting their expectations that an equity market drawdown of 10-15% in any given year is possible, and plan accordingly.

With political uncertainty elevated and the potential impacts from changing global tariff policies unknown, U.S. equity investors will need to determine at what point valuations and longer-term opportunities become attractive enough to start positioning for equity markets to rally.



Source: Morningstar Direct. 2025 data as of April 4, 2025[1]

Foreign developed and emerging market equities performed well in Q1. The MSCI EAFE Index (foreign developed countries' stocks) rallied approximately 7% and the MSCI Emerging Markets Index rallied roughly 3% in the quarter.[1] Potential Chinese government economic support and increased nationalistic support in Europe may have helped drive equity outperformance relative to the U.S. in Q1. A decline in the U.S. dollar relative to foreign currencies was an added tailwind for international equities' performance in the quarter. If global tariff and trade policy uncertainty results in a global economic slowdown, international equity markets may start to feel increased downside pressure.

Bond Markets

Bond markets rallied in Q1 as investors sought safety in bonds as the U.S. equity market declined. As bonds rallied, yields across the Treasury yield curve declined. The most interest rate-sensitive intermediate-term and longer-term bonds outperformed shorter-term bonds in the quarter.

Riskier, credit-sensitive bonds also performed relatively well in Q1. Higher yields in credit-sensitive bonds helped offset some downward price pressures as credit spreads widened a bit in the quarter.

Interest rates have been very volatile over the past few years as uncertainties around economic growth, inflation, U.S. debt levels and government policies persist. Intermediate- and longer-term interest rates have remained in a wide range, and we have yet to see materially higher or lower rates outside of that range.

Looking at the 10-Year U.S. Treasury yield over the last few years, it has remained between 3.5% and 5%. Following the rally in bonds, the yield is trading just below 4% as of April 4, 2025. Investors will need to determine if the yield can continue within that range or if significant changes in economic growth, inflation and U.S. debt levels drive the yield materially higher or lower than that range.

U.S. 10-Year Treasury Yield

Source: TradingView.com, April 4, 2025[7]

The Federal Reserve continues to reiterate it is data dependent and will be patiently monitoring economic data. New U.S. tariff policy and recent federal job cuts have the potential to impact inflation and the employment rate. The Fed will need to be patient to see if economic data worsens, and act accordingly.

The current fed funds rate target range is 4.25%-4.50%. According to the CME FedWatch Tool, financial markets are now pricing in the potential for a 100 basis points (1.00%) cut in the fed funds rate by the end of the year.[8] It appears that financial markets may be pricing in a sharper economic slowdown, and that the Fed may need to be more aggressive in cutting interest rates. Fed funds futures have been very volatile the last few years. Investors will need to consider the potential of false signals from the fed funds futures market and focus close attention on the signals from the Federal Reserve directly.

Commodity Markets

Commodity markets broadly rallied in Q1, but drivers of performance appeared a bit mixed. Tariff uncertainty may have put upside pressure on economically-sensitive commodity prices driven by a rush to buy commodities before any potential tariffs were implemented. A declining U.S. dollar may have also provided some additional support for commodities in the quarter.

Gold prices rallied over 18% in Q1. This may have been partially driven by the declining U.S. dollar, a decline in U.S. equity markets and political uncertainty surrounding tariffs and their impact on future inflation.

Industrial commodities also rallied in the quarter. The potential for government economic support in China and Europe may have added to bullishness in industrial commodities for the quarter.

Energy prices were higher in the quarter, driven by strength in natural gas contracts. WTI Crude Oil was slightly higher in the quarter and has remained volatile, driven by geopolitical concerns and supply/demand cross-currents.

Economically-sensitive commodities could be heavily impacted by a global slowdown. If the global economy slows, recent commodity price gains may be short-lived.

Currency Markets

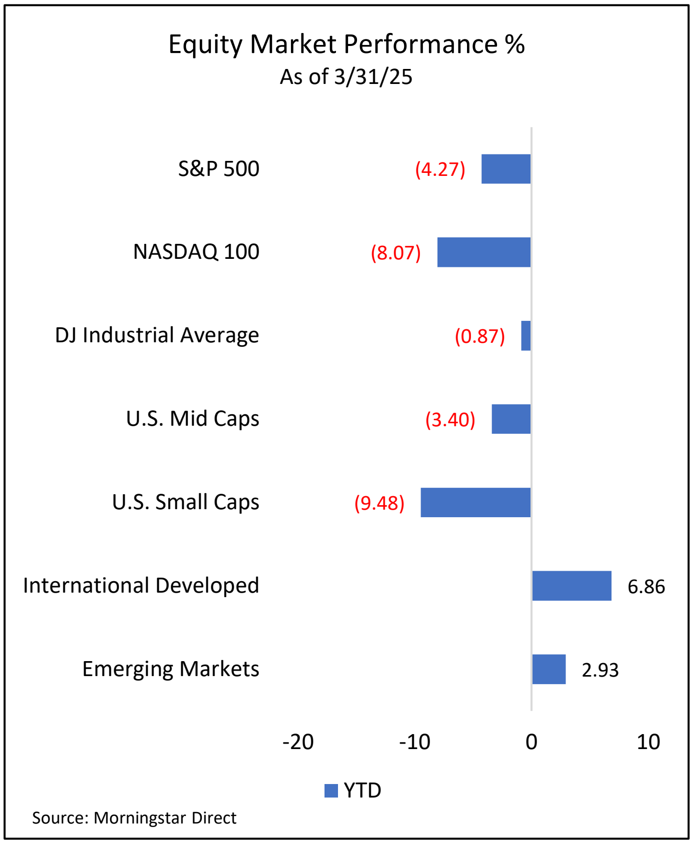
The U.S. dollar sharply declined in Q1 after a strong rally to end 2024. The U.S. dollar is often tied to the attractiveness of the level of interest rates and other U.S. assets relative to the rest of the world. As interest rates and U.S. equities declined in Q1, the U.S. dollar also declined.

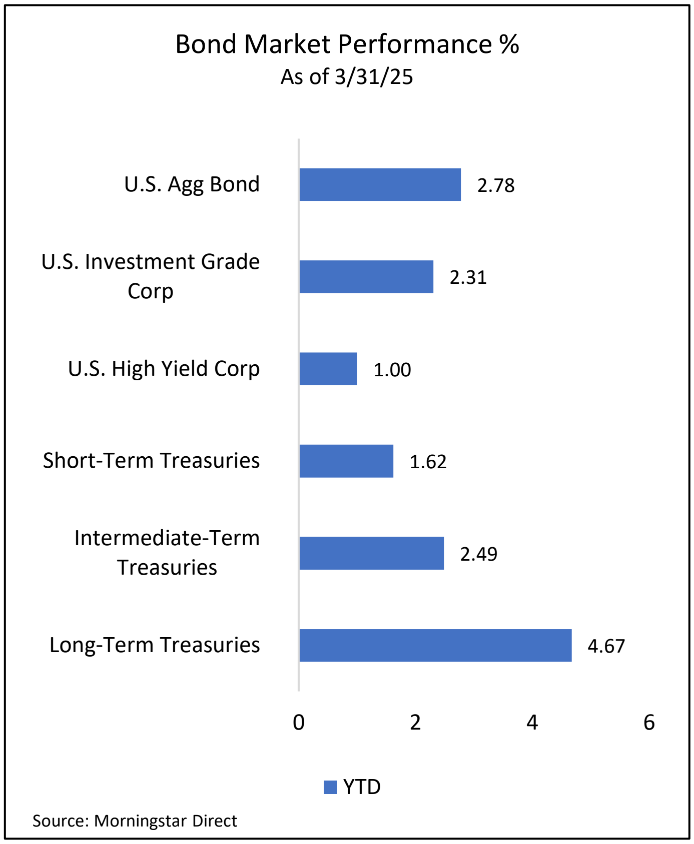
Investors will need to determine whether the U.S. economy can resume the strength it has demonstrated compared to the rest of the world over the last few years. The resulting outcome may then drive the path of the U.S. dollar.

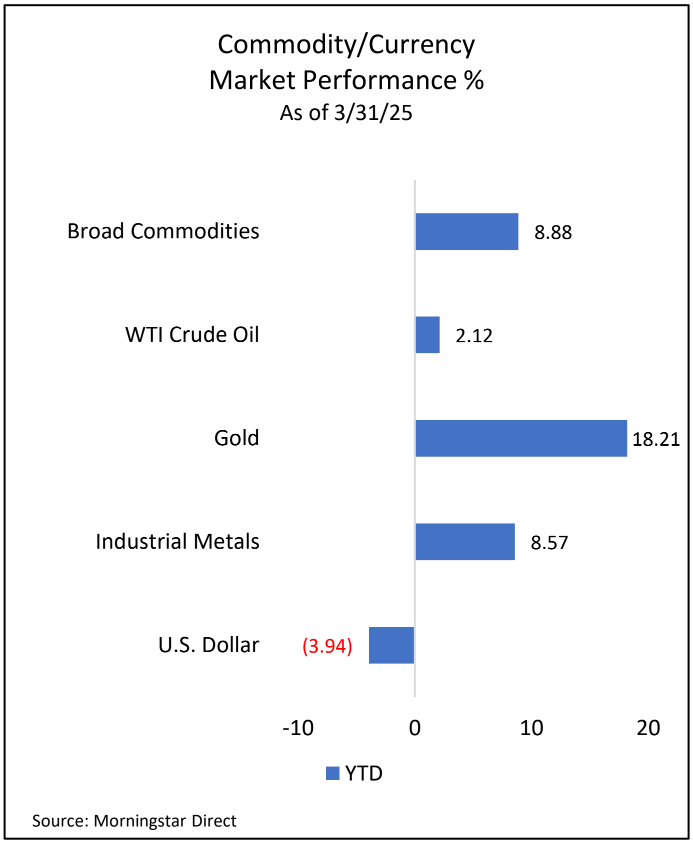
U.S. Dollar Index

Source: TradingView.com, April 4, 2025[9]

MARKET PERFORMANCE







INTRUA MANAGED PORTFOLIOS

INCOME PORTFOLIOS

The Income portfolios primarily invest in higher income-generating assets. This can include dividend-paying stocks, option-income strategies, investment grade bonds, high yield bonds, emerging markets debt and real estate securities. The portfolios' risk exposure is not tactically managed, which can result in poor performance in weak U.S. market environments.

Performance Review

The Income portfolios rallied in Q1 as income-generating assets generally outperformed assets that rely on capital appreciation for returns. The strongest positive contributor in the quarter was our exposure to foreign dividend growth companies. International equity markets outperformed U.S. markets in Q1, and our dedicated exposure to international stocks benefited. Our exposures to a valuation-focused, option income strategy and closed-end funds were also solid contributors in the quarter. Exposures to a multi-asset income manager, our second option income manager, and a global real estate income manager also generated positive returns in the quarter. Detractors in Q1 were driven by exposure to U.S. large and mid-cap dividend-paying companies.

Across the fixed income allocation, the bond managers performed well as interest rates declined and bond prices rallied. Our structural underweight to duration was a slight headwind in Q1 as interest rate-sensitive bonds outperformed.

For our Income – Ultra-Conservative portfolio, performance was solid as our allocation to active bond managers was beneficial as bonds rallied during the quarter. The portfolio's structural lack of equity exposure also benefited as U.S. equity markets declined in Q1.

Positioning

Risk Assets
The Income portfolios remain positioned across higher income-generating assets. This exposure includes allocations to dividend-growth and higher dividend-paying companies, option income, tactical income, closed-end fund income and global real estate income strategies. We believe this diversified approach may help maintain higher income generation with additional opportunities for potential capital appreciation.

Conservative Assets
The Income portfolios remain allocated to higher income-generating, credit-sensitive bond strategies. We prefer to allocate to core and tactical bond managers that have the flexibility to increase/decrease credit exposure as opportunities and risks arise. We continue to allocate across short-term and intermediate-term bond strategies to help diversify across interest rate exposures.

TOTAL RETURN PORTFOLIOS

The Total Return portfolios provide long-term diversified exposure across U.S. and international equities, bonds and income-generating assets. The portfolios are structured to participate in the upside of bullish equity and credit markets and provide moderate income generation. The portfolios' risk exposure is not tactically managed and can result in poor performance in weak market environments.

Performance Review

The Total Return portfolios were mixed in Q1 as U.S. equities declined, international markets showed relative strength and bond markets rallied. The Total Return portfolios' focus on diversification appeared to be beneficial in the quarter. The strongest contributors to performance were our dedicated exposures to international equity markets as international equities generally outperformed U.S. equities in the quarter. This included exposures to active core/value global equity, international developed large and small cap equity, and emerging markets equity managers. Our exposures to multi-asset income and closed-end funds also positively contributed in the quarter. Detractors in Q1 were primarily our exposures to U.S. equities and growth stocks, which underperformed.

In the Total Return taxable bond allocation, our allocation to active bond managers was a positive as interest rates declined and bond prices rallied. The bond managers with the heaviest duration exposure generally outperformed those that were underweight duration in the quarter. For the Total Return Muni bond allocations, our exposure to active bond managers was a positive overall in the quarter where positioning was a key driver for performance in a mixed muni market environment.

Positioning

Risk Assets

The Total Return portfolios maintain diversified exposure across U.S. and international equities, with an additional allocation to higher income-generating assets. Across equities, we prefer to remain diversified across management style, market cap and geography. Within our income-generating assets, we also prefer exposure to multiple asset classes, including dividend-paying equities, credit-sensitive bonds, option income and closed-end funds. We continue to prefer a mix of passive index, fundamentally-driven, rules-based and actively-managed strategies to construct the Total Return portfolios.

Conservative Assets

The Total Return portfolios remain allocated to actively-managed bond strategies. We remain balanced across core, investment grade bond managers and more tactical bond managers that have the flexibility to allocate across the bond markets. We believe these bond managers have the depth and experience to successfully navigate the complex bond markets over time.

U.S. CORE PORTFOLIOS

The U.S. Core portfolios provide long-term exposure to core U.S. equity and bond markets. The portfolios may have some exposure to non-core markets, including foreign assets and lower-quality fixed income. The portfolios are structured to participate in the upside of bullish U.S. equity and credit markets. The portfolios' risk exposure is not tactically managed and can result in poor performance in weak U.S. market environments.

Performance Review

The U.S. Core portfolios were mixed in Q1 as U.S. equities declined while bonds rallied. The U.S. Core equity allocations were weak across all positions in the quarter. Our exposure to a dividend growth manager held up better in the quarter as investors appeared to favor income-generating assets. Our exposures to growth stocks and mid/small cap stocks were the weakest performers in the quarter as more volatile areas of the market generally underperformed in Q1.

In the U.S. Core portfolios' taxable bond allocation, our exposure to active bond managers positively contributed to the portfolios as interest rates declined and bonds rallied in the quarter. Managers with heavier allocations to interest rate-sensitive bonds generally outperformed in Q1. In the U.S. Core Muni portfolios muni bond allocation, performance was positive overall in Q1. Individual muni bond manager performance was a bit mixed, as duration and sector positioning were key factors in driving performance in the quarter.

Positioning

Risk Assets
The U.S. Core portfolios remain allocated across the U.S. equity market through passive, fundamentally-driven, rules-based index and actively-managed strategies. We remain diversified across investment styles and market cap, with a preference for exposure to higher-quality, growing companies.

Conservative Assets
The U.S. Core portfolios maintain diversified exposure to core, investment grade bond strategies alongside more tactical bond strategies. We continue to prefer exposure to core bond strategies that may act as a diversifier to equities should bonds rally when equities decline. We also continue to prefer exposure to tactical bond managers that can increase exposure to credit risk when risk assets decline and opportunities in credit-sensitive bonds become available.

SOURCES

1. Morningstar Direct. Performance provided as total returns. U.S. Mid Caps is defined by the Russell Mid Cap TR USD index. U.S. Small Caps is defined by the Russell 2000 TR USD index. U.S. Growth is defined by the Russell 3000 Growth TR USD index. U.S. Value is defined by the Russell 3000 Value TR USD index. International Developed is defined by the MSCI EAFE NR USD index. Emerging Markets is defined by the MSCI Emerging Markets NR USD index. U.S. Agg Bond is defined by the Bloomberg U.S. Aggregate Bond TR USD index. U.S. Investment Grade Corp is defined by the Bloomberg U.S. Corporate Investment Grade TR USD Index. U.S. High Yield is defined by the Bloomberg High Yield Corporate TR USD index. Broad Commodities is defined by the Bloomberg Commodity TR USD index. WTI Crude Oil is defined by the Bloomberg Sub WTI Crude Oil TR USD Index. Gold is defined by the Bloomberg Sub Gold TR USD Index. Industrial Metals is defined by the Bloomberg Sub Industrial Metals TR USD Index. Short-Term Treasuries defined by the Bloomberg 1-3 Yr U.S. Treasury TR USD index. Intermediate-Term Treasuries defined by the Bloomberg Intermediate U.S. Treasury TR USD Index. Long-Term Treasuries defined by the Bloomberg Long-Term U.S. Treasury TR USD Index.
2. TradingView. Volatility S&P 500 Index. Retrieved from https://www.tradingview.com/chart/S5oI8Odc/?symbol=TVC%3AVIX, April 4, 2025.
3. The Conference Board. U.S. Consumer Confidence Survey®. https://www.conference-board.org/topics/consumer-confidence. March 25, 2025.
4. American Association of Individual Investors. Sentiment Survey Historical Data. https://www.aaii.com/sentimentsurvey/sent_results. April 3, 2025
5. U.S. Bureau of Economic Analysis, Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index) [PCEPILFE], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PCEPILFE, April 3, 2025.
6. U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/UNRATE, April 3, 2025.
7. TradingVIew.com. U.S. 10-Year Treasury Yield. Retrieved from https://www.tradingview.com/chart/S5oI8Odc/?symbol=TVC%3AVIX. April 4, 2025.
8. CME FedWatch Tool. Retrieved from https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html. April 4, 2025.
9. TradingView.com. U.S. Dollar Index. Retrieved from https://www.tradingview.com/chart/S5oI8Odc/?symbol=TVC%3AVIX. April 4, 2025.

DEFINITIONS

S&P 500® Index: The S&P 500® Index is a market cap-weighted stock market index of 500 companies across several industries. The index is often used as a broad representation of the common stocks of the largest publicly-traded companies in the United States.

S&P 500® Growth Index: The S&P 500® Growth Index is a subset of the S&P 500® Index, consisting of companies that exhibit above average growth based on sales, earnings and momentum.

S&P 500® Value Index: The S&P 500® Growth Index is a subset of the S&P 500® Index, consisting of companies that exhibit value, based on book value, earnings and sales to price.

Dow Jones Industrial Average Index: The Dow Jones Industrial Average Index is a price-weighted stock market index that tracks 30 large, publicly traded companies in the United States.

NASDAQ 100 Index: The NASDAQ 100 Index is a stock index that includes the largest 100 non-financial stocks traded on the Nasdaq exchange.

MSCI EAFE Index: The MSCI EAFE (Europe, Australasia and Far East) Index is a stock market index constructed to measure the performance of large cap and mid cap stocks across developed countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index: The MSCI Emerging Markets Index is a stock market index constructed to measure the performance of large and mid cap stocks across emerging countries around the world.

Emerging Markets: Emerging markets, also known as developing markets or developing countries, refer to countries, nations, and/or regions that are transitioning to more advanced economies. Relative to developed economies, emerging markets often have higher economic growth rates, lower per-capita incomes, higher sociopolitical instability, and less sophisticated financial markets. Investments in emerging markets can often be more volatile than in developed markets due to the potential for greater uncertainty in these markets.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is an unmanaged index that measures investment grade, U.S. dollar-denominated, fixed rate taxable bonds.

Bloomberg U.S. Corporate Investment Grade Bond Index: The Bloomberg U.S. Corporate Investment Grade Bond Index is a broad-based benchmark that measures the performance of investment-grade, fixed-rate, taxable corporate bonds issued by U.S. companies.

High Yield Bonds: High yield bonds refer to securities that are rated below investment grade by one of the established credit agencies (Standard & Poor's, Fitch, Moody's). These securities are often perceived as having greater risk of default.

Bloomberg High Yield Corporate Index: The Bloomberg High Yield Corporate Index measures the performance of U.S. dollar-denominated, high-yield (non-investment grade) corporate bonds.

Bloomberg U.S. Treasury Index: The Bloomberg U.S. Treasury Index measures the performance of U.S. Treasury bonds with maturities of one year or more. It includes fixed-rate, non-convertible, investment-grade securities issued by the U.S. Treasury.

Bloomberg Commodity Index: The Bloomberg Commodity Index is an index that is designed to provide diversified exposure to physical commodities via futures contracts.

Bloomberg Sub WTI Crude Oil Index: The Bloomberg Sub WTI Crude Oil Index is a sub-index of the Bloomberg Commodity Index that specifically tracks the performance of West Texas Intermediate (WTI) crude oil futures. It reflects the returns of WTI crude oil futures contracts traded on the New York Mercantile Exchange (NYMEX), providing a measure of the commodity's market performance.

Bloomberg Sub Gold Index: The Bloomberg Sub Gold Index is a commodity group sub-index of the Bloomberg Commodity Index that is composed of futures contracts on gold. It reflects the return of the gold futures price movements only and is quoted in U.S. dollars.

Bloomberg Sub Industrial Metals Index: The Bloomberg Sub Industrial Metals Index is a sub-index of the Bloomberg Commodity Index that tracks the performance of industrial metals futures contracts, providing a measure of price movements in metals such as aluminum, copper, nickel, and zinc.

Mutual Funds: Mutual funds are generally constructed as a pooled investment vehicle, managed by an investment firm. Mutual funds can be invested in stocks, bonds and other types of investments. Mutual funds are priced at net asset value (NAV) at the end of each trading day.

Exchange Traded Funds: Exchange traded funds (ETFs) are generally constructed to attempt to track the performance of an underlying index. ETFs can be invested across stocks, bonds and other types of investments. ETFs can trade intra-day, similarly to common stocks.

Closed End Funds: Closed end funds (CEFs) are generally constructed as a pooled investment fund, actively managed by an investment management firm. Closed end funds can be invested across stocks, bonds and other types of investments. Closed end funds trade at a market price, which may be at a premium or discount to the net asset value of the underlying fund assets. Closed end funds may utilize leverage, which can potentially increase returns and volatility relative to non-leveraged funds. Closed end funds can trade intra-day, similarly to common stocks.

Risk Assets: Risk assets generally refer to assets that carry a perceived high degree of risk and price volatility. Risk assets can include stocks, lower quality bonds, highly interest rate-sensitive bonds, commodities, currencies and certain alternative strategies.

Conservative Assets: Conservative assets generally refer to assets that carry a perceived low degree of risk and price volatility. Conservative assets can include cash securities and higher quality, less interest rate-sensitive bonds.

Tactical Investing: Tactical or active investing is an investment strategy where investment decisions are driven by opinions based on gathered information. There are different tactical investment styles, including, but not limited to, valuation-sensitive and momentum-driven styles. Tactical investing styles may also differ based on investment time horizons from days, weeks, months or years.

Passive Investing: Passive investing is an investment strategy that generally refers to buy and hold investing. This investment style does not attempt to make changes to portfolio allocations or investments based on opinions and information gathering.

Alternative Strategies: Alternative strategies refer to investments or investment styles that often incorporate non-traditional tactical investing methods, including, but not limited to, technical analysis, shorting, arbitrage, utilizing leverage and short-term tactical trading. Alternative strategies may also be referred to by their investment style categories, including, but not limited to, long/short equity, hedged equity, managed futures, unconstrained, and global macro. Alternative strategies may perform very differently from traditional asset classes, thus investors must be aware of the potential for widely differentiated performance relative to traditional stock and bond markets over shorter periods of time.

Fundamental Analysis: Fundamental analysis refers to making investment decisions based on gathered information, including, but not limited to, economic, sector, industry, company and security research to attempt to forecast future investment performance.

Technical Analysis: Technical analysis generally refers to analyzing an investment's price performance over a specified time period to attempt to predict the future potential performance of that investment. Technical analysis is often utilized in momentum-driven investment styles and may not incorporate fundamental analysis when making investment decisions.

Drawdown: A market drawdown refers to the investment performance from peak-to-trough over a specified time period.

Price-to-Earnings Ratio: The price-to-earnings ratio (P/E ratio) is the ratio of a company's stock price to the company's earnings per share. The P/E ratio is often utilized as a metric in valuing a company.

Price-to-Book Ratio: The price-to-book ratio (P/B ratio) is the ratio of a company's stock price to the company's book value. A company's book value refers to the company's total assets minus its intangible assets and liabilities. A company's book value is listed on its balance sheet and is the total value of the company that shareholders would theoretically receive if the company was liquidated, and liabilities were paid. The P/B ratio is often utilized as a metric in valuing a company.

Duration: Duration is a measure of the sensitivity of a bond's price to a change in interest rates. Generally, the higher the duration of a bond or portfolio, the higher the sensitivity of that bond or portfolio to changes in interest rates.

Credit Risk: Credit risk refers to the risk of default on debt, where the borrower fails to pay, and the lender may lose a portion, or all of the principal lent to the borrower. Generally, the higher the credit risk, the higher the yield and volatility of the security relative to other securities that are believed to have lower credit risk.

Currency Risk: Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged. Exposure to foreign currencies can come from direct investing in foreign currencies or from investing in foreign assets (stocks, bonds, real estate, etc.).

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual security.

Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

The term "portfolios" used in this piece is in reference to the Straight Arrow Financial Group model portfolios. Any reference to performance is based on estimated, unaudited, gross of fee performance of the model portfolios. Model portfolio performance is calculated through Morningstar Direct based on model portfolio holdings. Client accounts assigned an Straight Arrow Financial Group model portfolio may have positioning and performance that differs from the firm's model portfolios at any given time.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies. Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond and bond mutual fund values and yields will decline as interest rates rise and bonds are subject to availability and change in price. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market.

Asset management does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

The fast price swings in commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

Precious metal investing involves greater fluctuation and the potential for losses.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Securities offered through LPL Financial. Member FINRA/SIPC. Straight Arrow Financial Group is another business name of Independent Advisor Alliance, LLC. All Investment advice is offered through Independent Advisor Alliance, LLC, a registered investment advisor. Independent Advisor Alliance, LLC is a separate entity from LPL Financial.

This research material has been prepared by Straight Arrow Financial Group, LLC.