

ACTIVE INCOME X STRATEGY



A strategy designed for investors seeking a specific and steady income yield from a diversified portfolio of income-producing assets.

This actively-managed strategy uses exchange traded funds (ETFs) and/or closed-end funds (CEFs) in an attempt to:

- Reach an income yield target, as defined by the investor, between 3% and a maximum target percentage* (net of fees), while seeking to limit the amount of risk required to attain the net yield.
- Maintain diversified exposure to income-producing assets.
- Provide dependable yields in various market conditions.

Model Options

Investors can choose one of four Active Income X Strategy models, depending on their desired target income yield. Alternatively, models can be paired with a more traditional balanced allocation to provide additional income generation to an investor's current portfolio.

**CLS will seek the maximum yield, given current market conditions. Over the long term, CLS seeks a target yield of 6%.*

Active Income X

Target Yield Max*

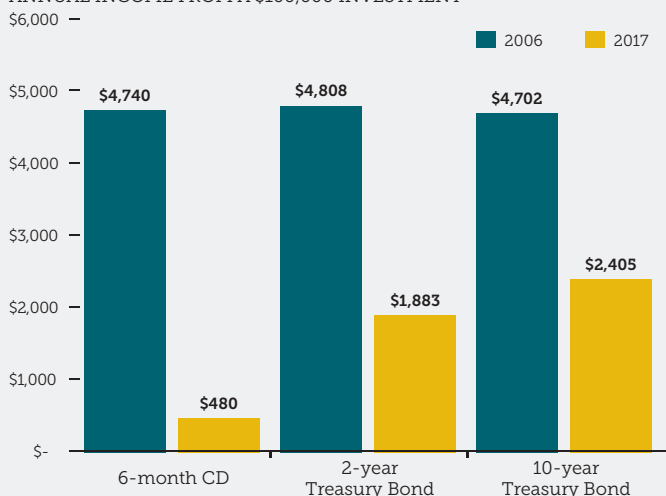
Target Yield 5%

Target Yield 4%

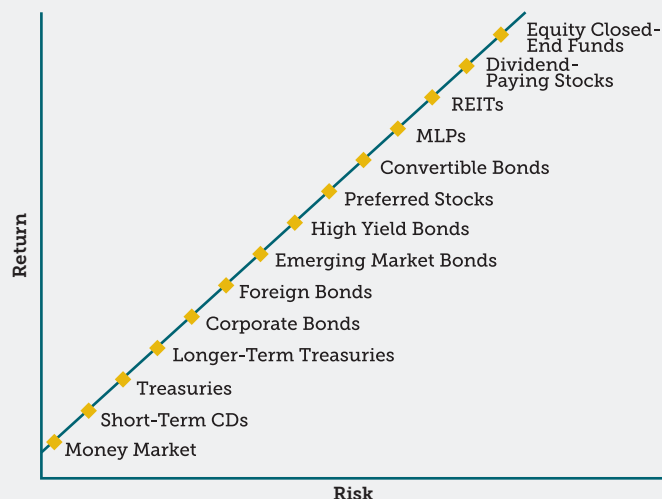
Target Yield 3%

Traditional "Safe" Sources of Income Are Yielding A Fraction of What They Once Did

ANNUAL INCOME FROM A \$100,000 INVESTMENT



A Broader Mix of Asset Classes Can Expand Opportunities For Yield and Price Gains



Source: J.P. Morgan Asset Management. Shown for illustrative purposes only. Income figures for Treasuries reflect yield to maturity, which may include gains or losses for bonds not priced at face value. Data as of 12/31/17.

ACTIVE INCOME X STRATEGY

Active Portfolio Allocation

Active Income X portfolios are globally diversified, utilizing a multi-asset approach to generate income. CLS portfolio managers monitor the relative income-generating ability across asset classes, and utilize CLS's five factors of analysis (valuations, economics, fundamentals, quantitative, and behavioral) to uncover potential opportunities in the market. In addition, the use of CEFs provide opportunity to buy assets at prices below their true value, as CEFs can often trade at discounts to their Net Asset Values.

Sample Portfolio Allocation at a Target Yield of 5%

Ticker	Fund	Allocation	Ticker	Fund	Allocation
EXG	Eaton Vance Tax-Managed Global Diversified Equity Income	23%	KYN	Kayne Anderson MLP	7%
PCI	PIMCO Dynamic Credit Income	11%	RVT	Royce Value Trust	6%
PHB	PowerShares Fundamental High Yield	10%	IEF	iShares Barclays 7-10 Year Treasury	6%
JPC	Nuveen Preferred Income Opportunities	9%	FTF	Franklin Limited Duration Income Trust	5%
PCY	PowerShares Emerging Market Sovereign Debt	9%	SRLN	SPDR Blackstone / GSO Senior Loan	4%
IGR	CBRE Clarion Global Real Estate Income	9%		Cash	1%

Any sample allocations displayed in this work are meant to serve as examples. Actual holdings may differ. This information should not be considered investment advice.

Strategy Considerations

- ▶ These portfolios are not substitutes for bond portfolios and will take on more risk than a conventional bond portfolio. Risks may include, but are not limited to those related to credit, equity, concentration, liquidity, duration, leverage, tax cost, and principal.
- ▶ High income asset classes and strategies typically carry a higher level of sensitivity to movement of interest rates. Active Income X is not immune to this tendency, and could potentially underperform non-income focused strategies in a period of rapidly rising rates. Interest rate sensitivity is managed by the use of floating rate bonds, in addition to targeting portfolio duration at a below market level.
- ▶ Relative to a total return portfolio, there are many ways Active Income X can potentially increase the level of income being produced (such as through modifying equity exposures or fixed income allocations, or utilizing non-traditional equity exposures, covered call strategies, or leverage). Active Income X has the ability to employ any of these tactics and will selectively apply them over time to reach stated yield targets, reduce overall portfolio risk, and pursue an attractive total return.

This material does not constitute any representation as to the suitability or appropriateness of any security, financial product or instrument. There is no guarantee that investment in any program or strategy discussed herein will be profitable or will not incur loss. This information is prepared for general information only. It does not have regard to the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that security values may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not a guide to future performance. Individual client accounts may vary. Investing in any security involves certain non-diversifiable risks including, but not limited to, market risk, interest-rate risk, inflation risk, and event risk. These risks are in addition to any specific, or diversifiable, risks associated with particular investment styles or strategies.

Yield is the income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. An ETF is a type of investment company whose investment objective is to achieve the same return as a particular index, sector, or basket. To achieve this, an ETF will primarily invest in all of the securities, or a representative sample of the securities, that are included in the selected index, sector, or basket. ETFs are subject to the same risks as an individual stock, as well as additional risks based on the sector the ETF invests in. A closed-end fund (CEF) is a publicly traded investment company that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. It represents an interest in a specialized portfolio of securities that is usually actively managed by an investment advisor and which typically concentrates on a specific industry, geographic market, or sector. The buying and selling in an active managed portfolio may result in higher fees and increased taxes. The price of a CEF fluctuate according to market forces (supply and demand) as well as the changing values of the securities in the fund's holdings. CEFs are subject to the same risks as an individual stock, as well as additional risks based on the sectors, leverage and/or options used in the fund. Net asset value, or NAV, is the price per share of a particular mutual fund or ETF. NAV is calculated by dividing the total value of all securities, less liabilities, by the number of shares outstanding. 1338-CLS-3/20/2018