



GOOD HARBOR[®]
FINANCIAL, LLC

Tactical Select Fund

OVERVIEW

Tactical | Disciplined | Focused[®]

ABOUT GOOD HARBOR

Good Harbor Financial, LLC (“Good Harbor” or the “Adviser”) manages a comprehensive suite of investment strategies designed to fit into a wide range of portfolios, providing actively managed access to a broad range of global capital markets. Good Harbor’s flagship investment suite, Tactical Core, was founded on our belief that disciplined analysis of the relationships between capital markets, interest rates and the economy can produce sound data to determine tactical investment exposure for participation in equity market advances while mitigating downside risk. Our investment strategies are developed by an experienced team of individuals with strong quantitative backgrounds and who understand the responsibilities that come with professional asset management.

MANAGEMENT TEAM

Neil R. Peplinski, CFA founded Good Harbor in 2003 and serves as a Managing Partner. Mr. Peplinski previously worked as a portfolio manager for Allstate Investments, overseeing a portfolio of collateralized debt obligations. Mr. Peplinski earned his MBA with High Honors from The University of Chicago Graduate School of Business. He also holds a MSEE in Electromagnetics from The University of Michigan, and a BSEE in Electromagnetics from Michigan Technological University where he graduated *summa cum laude*.

David C. Armstrong serves as a Portfolio Manager. Mr. Armstrong joined Good Harbor in 2010 and became a member of the Investment Team in 2013. He previously worked as a Director of Research conducting analysis on the nature and structure of competition in the credit card market for financial services firms. Mr. Armstrong earned an MBA from the University of Chicago Booth School of Business, and a Bachelor of Arts from Knox College.

Yash Patel, CFA has served as Chief Operating Officer of Good Harbor since March 2010. Mr. Patel brings 14 years of professional experience to the firm. His responsibilities include the management and leadership of operations, technology, trading, and portfolio management. Prior to joining Good Harbor Financial, Mr. Patel was a quantitative equity analyst for Allstate Investments, developing and implementing model-driven trading strategies. Previous to that, he worked and consulted for hedge funds including Bridgewater Associates and Citadel Investment Group. Mr. Patel earned a MBA with Honors from The University of Chicago Booth School of Business and a BS CSE from The Ohio State University.

OBJECTIVE & PHILOSOPHY

The investment objective of the **Good Harbor Tactical Select Fund (the “Fund”)** is total return from capital appreciation and income. The underlying premise of the Fund is that a combination of tactical strategies can result in lower volatility if compared to each of the tactical strategies when held individually.

Tactical investment strategies can be a source of investment diversification within a portfolio. Combining tactical strategies together can further advantage a portfolio’s tactical allocation by providing the additional benefit of diversification within the portfolio’s tactical allocation.

Research has shown that tactical investments are less correlated to traditional strategic benchmarks, and are also less correlated to one another. As a result, combining tactical strategies together can be a source of diversification within the portfolio’s allocation because their volatilities tend to be uncorrelated. This is unlike traditional, strategic investments which are highly correlated to one another, often because their investment mandate is to closely track a selected index. Portfolio construction theory is based upon the idea that a combination of individual securities – each having different, uncorrelated volatilities – tends to exhibit lower risk than each of the securities individually. Similarly, blending tactical strategies together can be a source of diversification benefit within a portfolio’s tactical investment.

Thus, we believe that the proper implementation of tactical investments within an overall portfolio is through a multi-tactical approach.

INVESTMENT PROCESS

The Good Harbor Tactical Select Fund combines multiple tactical investment strategies into a single Fund. One of the objectives is to diversify the inherent model risk associated with tactical strategies in an attempt to generate favorable risk adjusted returns. Because many of these strategies are objective, model-based strategies, these types of strategies carry an inherent “model risk” – the risk that any given model may experience periods of outperformance as well as periods of underperformance. Blending tactical strategies can address the potential volatility associated with this model risk by diversifying across multiple models.

Good Harbor Financial utilizes an investment process whereby tactical asset allocation strategies are evaluated and selected for their ability to achieve the Fund’s investment objective and diversify risk within the portfolio. Our research shows that tactical diversification can be achieved by implementing a blended tactical allocation.

“Our research shows the proper implementation of tactical approaches in portfolio design requires the use of multiple strategies. The Tactical Select Fund strives to deliver on this research in a single vehicle.”

Good Harbor Financial defines a tactical asset allocation strategy as an investment strategy that targets a specific asset class, but has the ability to move away from, or entirely out of, that asset class under certain conditions.

The Good Harbor Tactical Select Fund combines tactical asset allocation strategies by initially evaluating the strategy's correlation and beta to a strategic benchmark. For example, strategies focused on the U.S. equity markets are compared to the S&P 500 Total Return Index, or similar; strategies focused on global equity markets, or a subset of the global equity markets, are compared to a representative market index. Strategies which are determined to have a high correlation (or R-squared) to a representative strategic benchmark are omitted since they are more likely to have risk and return characteristics that resemble strategic investments, and are not deemed to be truly tactical strategies. Strategies are then further evaluated based upon their correlation to other strategies within the Fund as well as their contribution to risk and return characteristics of the Fund.

The Fund holds Good Harbor and other affiliated strategies and may also hold non-affiliated strategies or funds. The Fund is also not constrained from holding other tactical funds which it determines to be complementary toward achieving the Good Harbor Tactical Select Fund's investment objective.

The Fund will incorporate multiple tactical asset allocation strategies selected by the Adviser. These may include (1) strategies that target U.S. equity markets; (2) strategies that vary their exposure to different sectors within a market, or tactical sector strategies (commonly referred to as sector rotation strategies); or (3) strategies that target non-U.S. equity markets such as foreign developed markets or emerging markets.

Once selected, the Adviser determines the allocation weights across the strategies which are held within the Fund's portfolio.

VEHICLE SELECTION

Under normal conditions, the Adviser will seek exposure to equities and treasuries (including cash) through a variety of investments which provide exposure to equity market, or equity sector, indices, including ETFs, ETNs, mutual funds, or other investments designed to provide exposure to a particular equity or government bond index, or to replicate the returns of one or more such indices.

At any given time, the Fund's portfolios will be invested in all equities, all treasuries or both equities and treasuries. Within each major asset category, further allocations are made across market capitalization or individual sectors, and duration. ■

