3Q 2019 Perspectives
Low Volatility Portfolio – U.S. Large Cap Stocks

EXECUTIVE SUMMARY

- In 3Q, security selection was favorable relative to the S&P 500 with the majority of positions realizing gains. Although the Low Volatility Strategy is more sector neutral than many other 'low vol' strategies, asset allocation also proved beneficial as the Real Estate, Utilities, and Consumer Staples sectors outperformed. Overall, the Low Volatility Strategy had a great quarter and outperformed its benchmark, the S&P 500 Total Return Index.
- The White House's decision to implement a new round of 10% tariffs on $300 billion of Chinese imports sparked a market selloff and increased concerns that the trade conflict will exacerbate a global economic slowdown. The Chinese vowed retaliation and insist the halting of further tariffs is a necessary precondition for any deal. The White House maintained that it is not interested in a 'partial deal' and that IP protection and reform of state support of private industry remain necessary elements of any deal.
- Early in 3Q 2019, the S&P 500 broke a familiar 3,000 level before dropping sharply in August and subsequently recovering enough to end the quarter modestly higher. As of now, hopes for a U.S./China trade deal have been revived and investors appear to expect more accommodative monetary policy from the Federal Reserve.

ATTRIBUTION ANALYSIS

Security selection was favorable as investors continued to bid up the price of quality, stable companies. WU reached a ten-year high after announcing a partnership with AMZN and receiving favorable analyst coverage following a 'positive' investor day. PG gained after an earnings beat triggered analyst upgrades and price-target increases. RTN rose after reporting stronger than expected operating results across all five segments and raised its outlook. DIS, which had been the best performer over the prior quarter, gave back some gains as competition and price inflation concerns pressured media streaming companies. AFL came under pressure after reports suggested the Japan Post was alleged to have engaged in improper sales of Aflac policies in Japan. WM fell with peers in mid-September in what might have been a sector rotation from the outperforming waste management stocks into underperforming oilfield servicers.

TOP 3	BOTTOM 3
WU	DIS
PG	AFL
RTN	WM

PORFOLIO ACTIVITY

The Low Volatility Portfolio is rebalanced quarterly and securities are bought and sold during the rebalance. The following positions were bought and sold during the most-recent rebalance after the quarter's end (9/30/19).

BOUGHT	BR
SOLD	RTN

3Q 2019 Perspectives
Low Volatility Portfolio – U.S. Large Cap Stocks

OUTLOOK AND POSITIONING

Deteriorating trade relations, heightened tensions in the Middle East, political conflict in Washington, and mixed economic data contributed to a turbulent quarter. The trade relationship between Beijing and Washington deteriorated substantially over the quarter. Notable developments include the U.S. State Department's approval of a $2.2 billion arms sale to Taiwan, the White House's announcement of 10% tariffs on an additional $300 billion of Chinese imports and 'blacklisting' of technology firms by both sides. An attack on Saudi oil facilities raised tensions in the region just as talks between Washington and Tehran looked conceivable. Political turbulence continued following Robert Mueller's testimony before Congress and reports of a scandal involving Ukraine's government and the President. The U.S. consumer remained strong over the quarter as domestic housing, manufacturing, and automotive industries languished, despite lower financing rates. Looking forward, we expect global trade and political developments to dominate the market's attention. Throughout the rest of the year, we expect a 'mixed-message' environment will allow volatility to remain heightened with upside risk to positive trade developments and downside risks to weak macroeconomic data/investor sentiment.

COMPOSITE RETURNS

As of 9/30/2019	Since Inception 1/1/12*	QTD	YTD	1 Year	3 Year*	5 Year*
Low Volatility (Gross)	14.26%	3.30%	21.64%	15.00%	13.58%	12.99%
Low Volatility (Net) ^	12.72%	2.84%	20.01%	12.95%	11.56%	11.24%
S&P 500 Total Return Index	14.12%	1.70%	20.55%	4.25%	13.39%	10.84%

*Annualized Returns.
Performance is presented gross and net of advisory fees. ^Net highest bundled fee assumes all accounts are wrap accounts and are charged the highest applicable fee for a specific period. The current highest bundled fee is 1.80%; this total fee is inclusive of Gyroscope Capital's sub-advisory fee. Past performance is not indicative of future returns. The U.S. Dollar is the currency used to express performance.

Gyroscope Capital Management Group, LLC, an SEC registered investment advisor, does business as Gyroscope Capital Management Group. Gyroscope Capital Management Group, LLC is an Independent Investment Advisory Affiliate of Moors & Cabot. Investment Advisor Representative's may be dually registered with Moors & Cabot.

Gyroscope Capital Management Group, LLC ("GCMG") claims compliance with the Global Investment Performance Standards (GIPS®).

The Large Cap Low Volatility Composite includes all portfolios that are at least 90% invested in our 30 stock portfolio that focuses on large cap equities with low-beta and low volatility and for comparison purposes is measured against the S&P 500 Total Return Index. The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value.

Prospective clients and other interested parties can obtain a copy of the Compliant Presentation and/ or a list of the firm's composite descriptions by contacting Robert Carr by phone at 1-866-459-9998 or by email at rcarr@moorscabot.com.

LOW VOLATILTY STRATEGY QUICK LINKS

FACT SHEET | STRATEGY DESCRIPTION | STRATEGY PRESENTATION | RETURNS

Thank you for investing with us!