Risk-Efficient Investment Portfolios from AlphaSimplex Group

Strategies that put risk management first

Agenda

- About AlphaSimplex Group (ASG)
- The need for active risk management
- Introducing the AlphaSimplex Risk-Efficient Portfolios

Important risk information

International and emerging markets investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

Stock investing may involve risk including loss of principal.

Commodity-related investments, including derivatives, may be affected by a number of factors including commodity prices, world events, import controls, and economic conditions and therefore may involve substantial risk of loss.

High yield/junk bonds (grade BB or below) are not investment-grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity and redemption features.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and 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 a fund's shares is not guaranteed and will fluctuate.

Investing in mutual funds involves risk, including possible loss of principal. Investments in specialized industry sectors have additional risks, which are outlined in the prospectus.

Value investments can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time.

Managed Futures funds use systematic quantitative programs to find and invest in positive and negative trends in the futures markets for financials and commodities. Historically, the benefit of managed futures has been solid long-term returns with very low correlation to equities and fixed-income securities.

Nontraditional 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.

An investment in Exchange Traded Funds (ETF), structured as a mutual fund or unit investment trust, involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks such as not diversified, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking errors.

AlphaSimplex Group

AlphaSimplex Group: Background

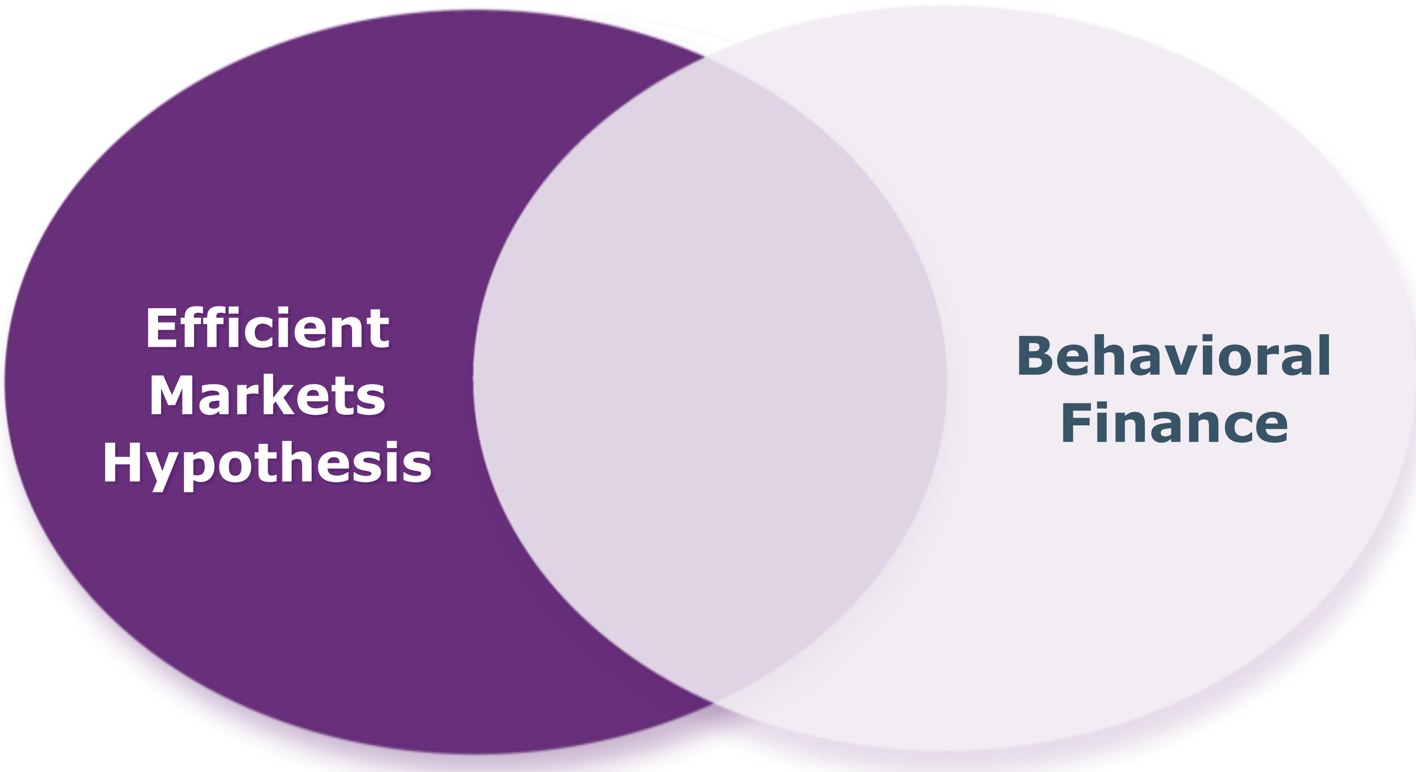
AlphaSimplex: Founded in 1999 by MIT professor **Dr. Andrew W. Lo,** Chairman and Chief Investment Strategist

Dr. Lo is a widely recognized authority in the fields of alternative investments, behavioral finance and risk management.

ALPHASIMPLEX

AlphaSimplex's investment philosophy is based on Dr. Andrew Lo's Adaptive Markets Hypothesis (AMH)

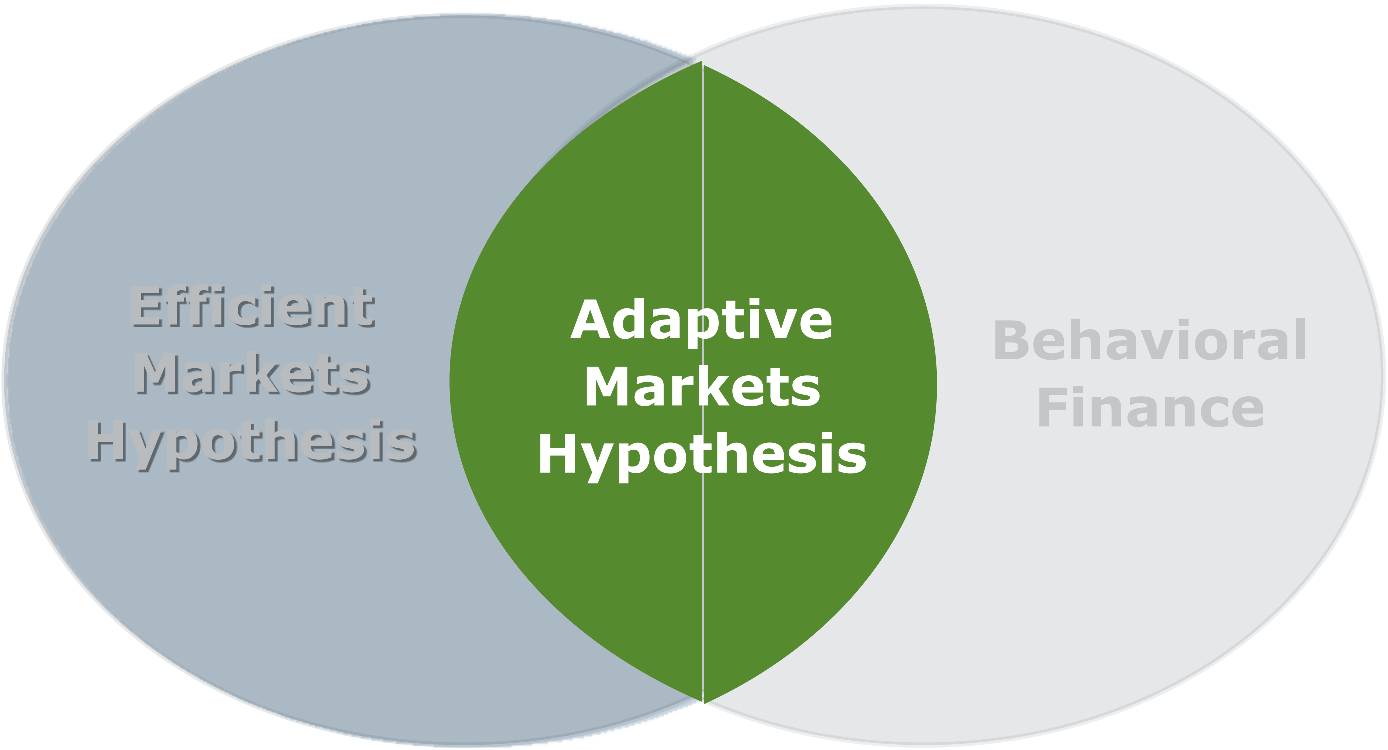
Traditional asset allocation
Not broken, just incomplete



Efficient Markets Hypothesis is an investment theory that states it is impossible to "beat the market" because the stock market's efficiency always results in share prices that incorporate and reflect all relevant information.
Behavioral finance is a field of study that applies psychology-based theories to the actions of investors in financial markets.

Asset allocation does not ensure a profit or protect against a loss.

Traditional asset allocation
Not broken, just incomplete

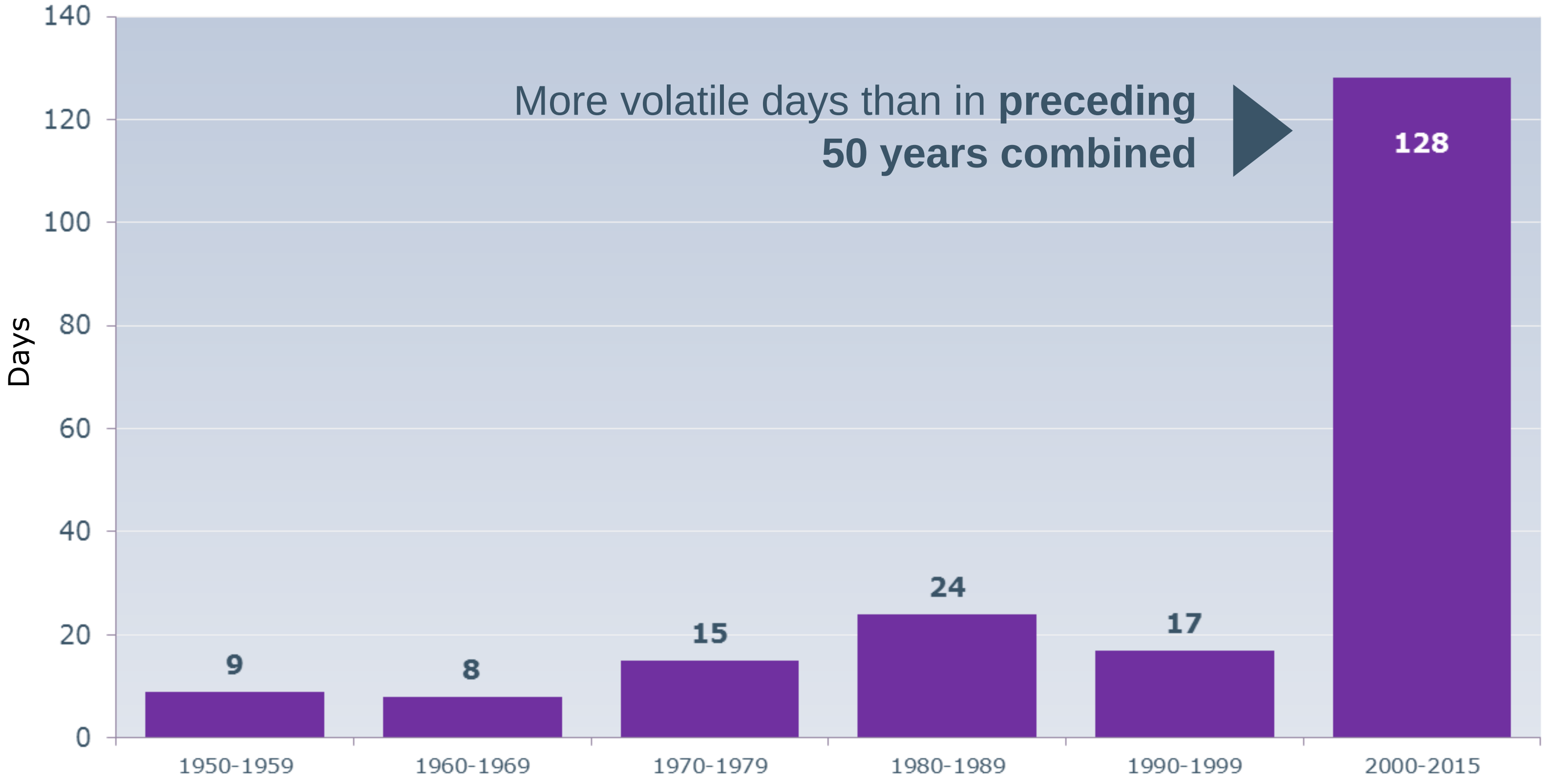


Adaptive Markets Hypothesis is Dr. Andrew W. Lo's framework for understanding financial market dynamics that reconciles Efficient Markets Hypothesis with behavioral finance anomalies.

The case for active risk management

Historically, stock market returns have been more volatile

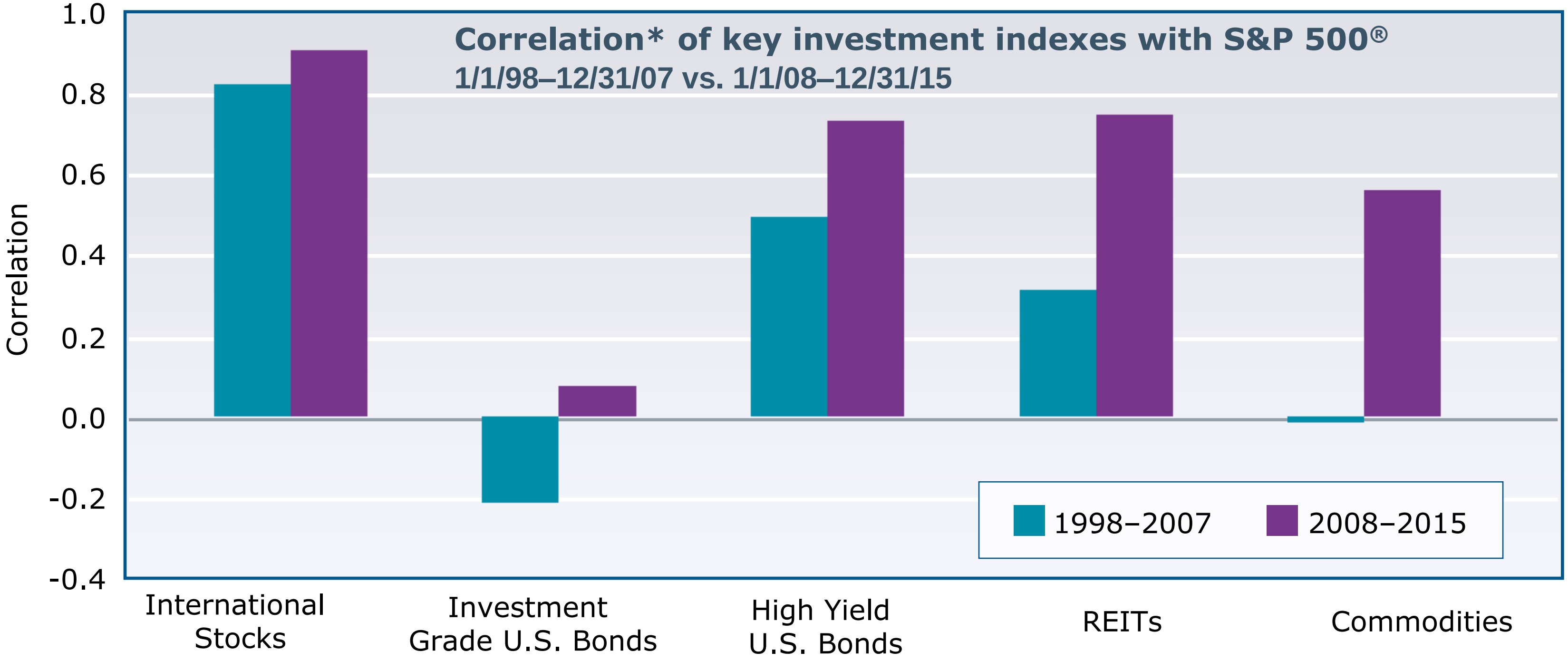
S&P 500® daily market swings of **3% or more**



Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results.
Source: S&P 500 daily returns from 1950 to 1987; Yahoo Finance. S&P 500 daily returns from 1988 to 2015; Morningstar Direct.
S&P 500 is an unmanaged index which cannot be invested into directly.

Correlations have increased

Effective diversification is harder to achieve due to **asset classes moving together**

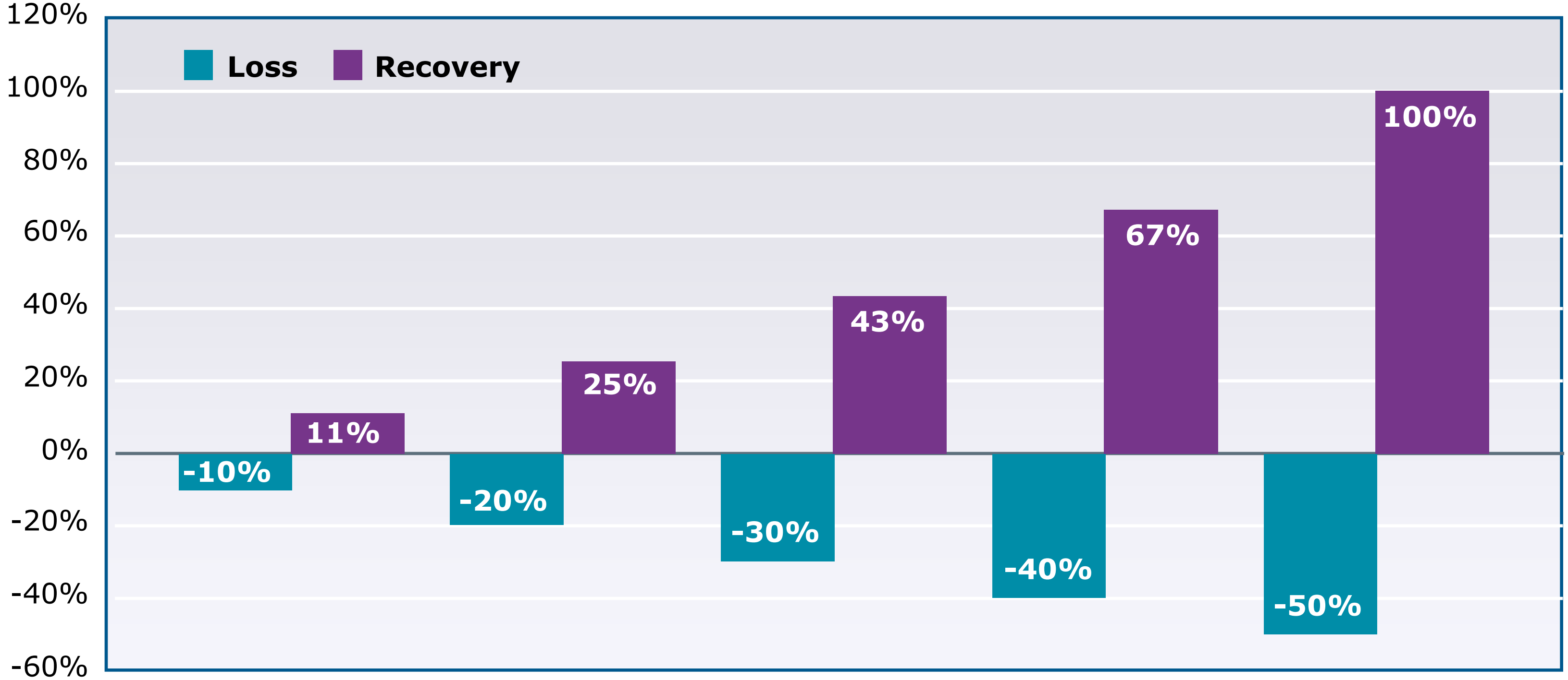


*Correlation is a statistical measure of how two securities move in relation to each other. Correlations are used in advanced portfolio management. Ibbotson & Associates 1926–2015; Natixis Investment Strategies Group. Dates reflect the last 8 years to represent the most recent market crisis versus the 10 years prior. International stocks represented by MSCI EAFE Index, investment-grade U.S. bonds represented by Barclays Aggregate Bond Index, high yield bonds represented by Barclays High Yield Corporate Bond Index, REITs represented by MSCI U.S. REITs Index, and commodities represented by S&P Goldman Sachs Commodities Index.

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. Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Why it can be harder to recover from a larger loss

As drawdowns increase, the recovery required **grows** disproportionately larger



The loss and recovery are return values that, when taken together, leave a portfolio where it started from. For example, a $100 portfolio with a 50% loss leaves its value at $50. In order to get back to $100, the portfolio would need to gain another $50, which would be a 100% return. This chart is hypothetical and is being shown for illustrative purposes only.

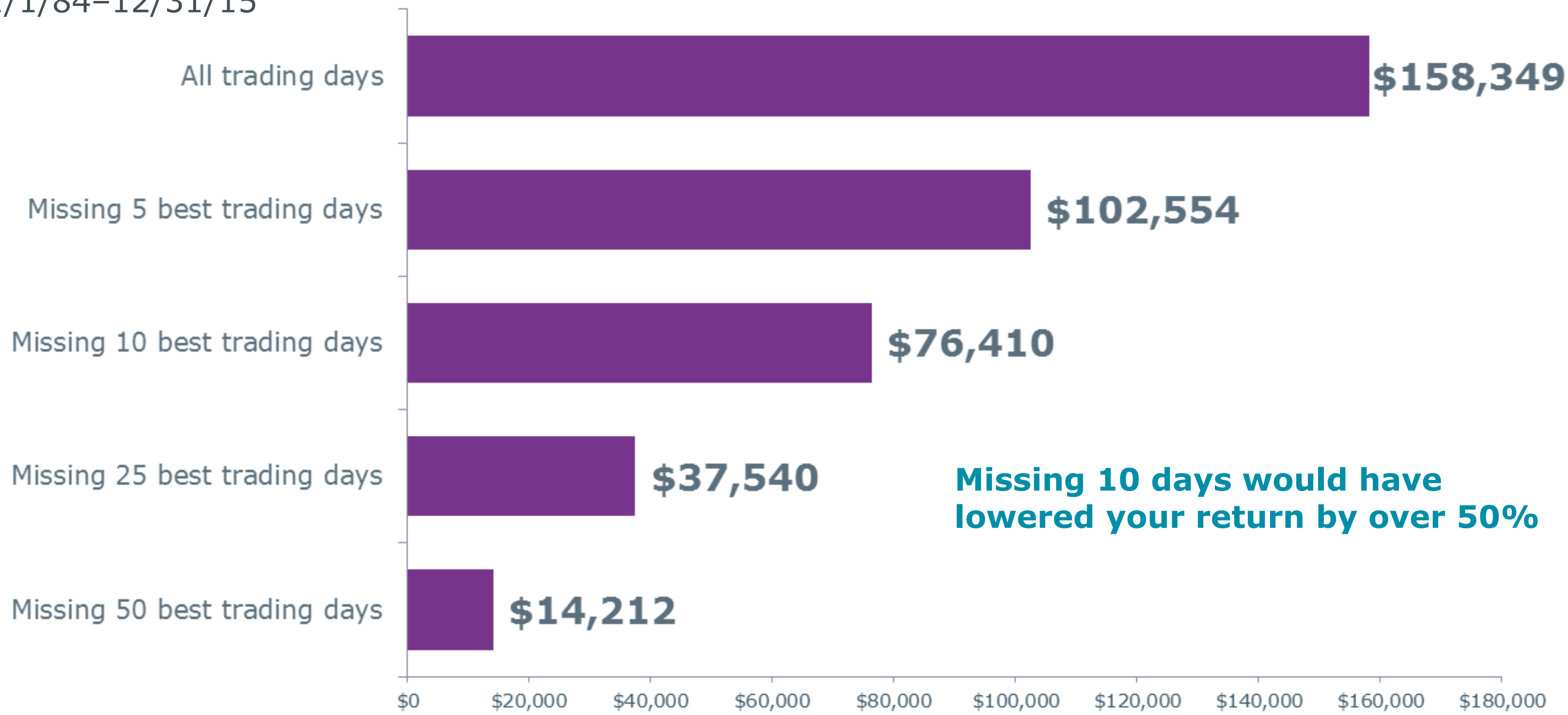
Source: NGAM Investment Strategies Group.

Missing the stock market's best days

Missing the market's best-performing days can have a big **impact on investment growth**

Hypothetical growth of $10,000 invested in the S&P 500®

1/1/84–12/31/15



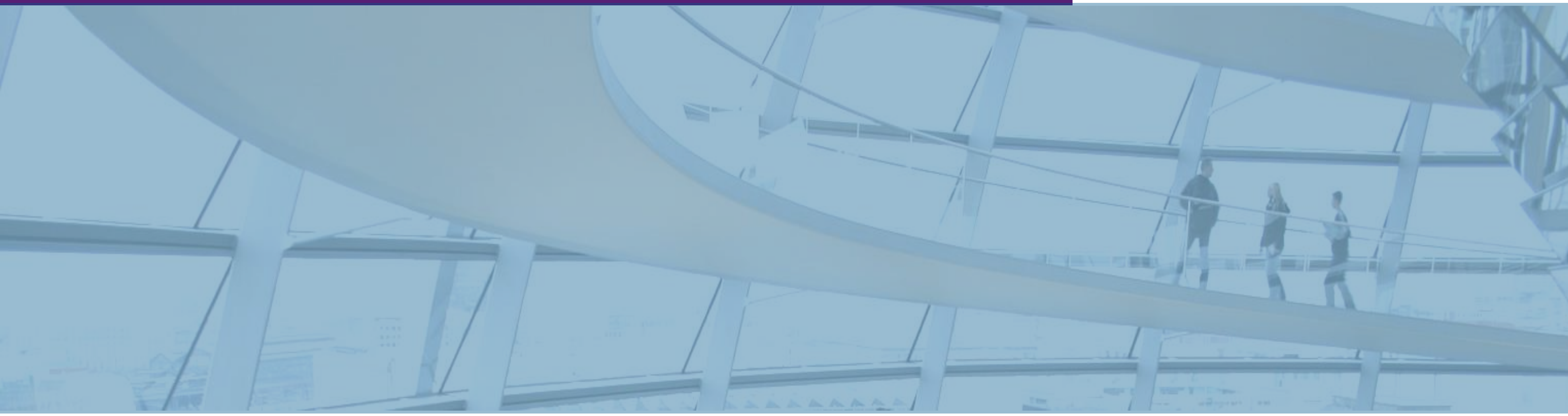
Past performance is no guarantee of future results. The indexes are unmanaged and do not incur fees. It is not possible to invest in an index. S&P 500® is an unmanaged market-weighted index of 500 of the nation's largest stocks from a broad variety of industries. The S&P 500® represents about 80% of the total market value of all stocks on the New York Stock Exchange.

Traditional asset allocation:
Can be incompatible with investor behavior and needs

- The time frame required for a traditional asset allocation approach:
  - May be much longer than your investment horizon
  - May involve market swings that are too dramatic
- Faced with the challenge of portfolio losses, investors may abandon their plan and become:
  - Too conservative to meet their long-term return objectives and goals
  - Too aggressive in an attempt to recover from those losses
- What's the solution?

  Manage portfolios to specific volatility targets

Asset allocation does not ensure a profit or protect against a loss.



Introducing the AlphaSimplex Risk-Efficient Portfolios

Risk-Efficient Portfolios

- Objective
  - Maximize total return and manage risk to a volatility target, as measured by standard deviation*
    - Standard deviation measures total volatility
    - Lower standard deviation indicates a less volatile portfolio
- Philosophy
  - ASG believes that asset allocation must adapt to changing market conditions and relationships. An approach that manages to a specific risk target can:
    - Help address investor objectives more consistently
    - Make it easier to remain committed to your investment

* There are no guarantees the standard deviation ranges or targets will be achieved. Asset allocation does not ensure a profit or protect against a loss.
Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility.

No strategy assures success or protects against loss.

Risk-Efficient Portfolios

Process:

Active volatility management

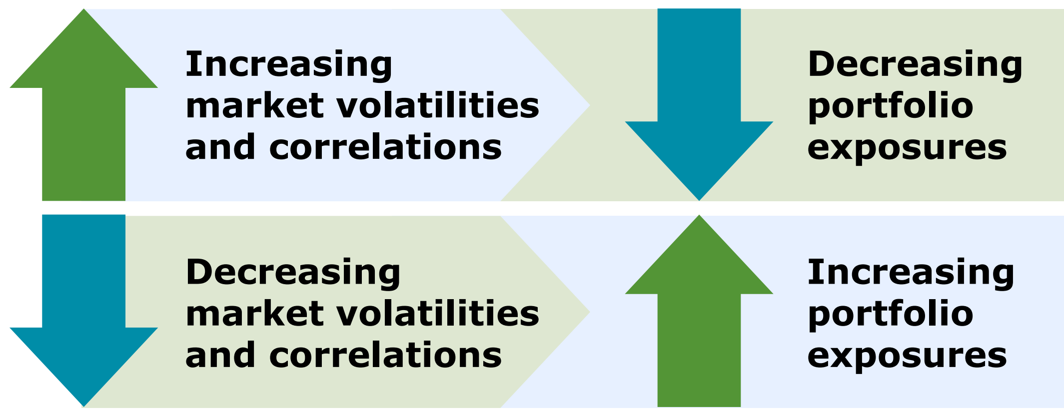
Monitored daily, rebalanced monthly* (or more frequently if needed)

Target volatility of portfolio

Portfolio weighting of each asset is a function of:

Individual asset volatilities

Correlation of asset returns



* Rebalancing may involve tax consequences.

Underlying portfolio investments

Strategic Core

U.S. Equity

Loomis Sayles Growth Fund Y
Vaughan Nelson Value Opportunity Fund Y
Gateway Fund Y

International Equity

Oakmark International Fund I

Fixed Income

Loomis Sayles Core Plus Bond Fund Y
Loomis Sayles Ltd Term Gov't/Agency Fund
Loomis Sayles Senior Floating Rate

Alternative

ASG Managed Futures Strategy Fund Y
ASG Global Alternatives Fund Y
ASG Tactical U.S. Market Fund Y

Tactical Satellite

ETFs

SPDR S&P 500
iShares MSCI Germany
Industrial Select Sector SPDR
Health Care Select Sector SPDR
Consumer Discretionary Select Sector SPDR

Cash

The sample model was created by ASG for illustrative purposes only. It should not be considered investment advice. There is no assurance that all (or any) of these funds will be part of the ASG Risk-Efficient Portfolios.

Three models to choose from

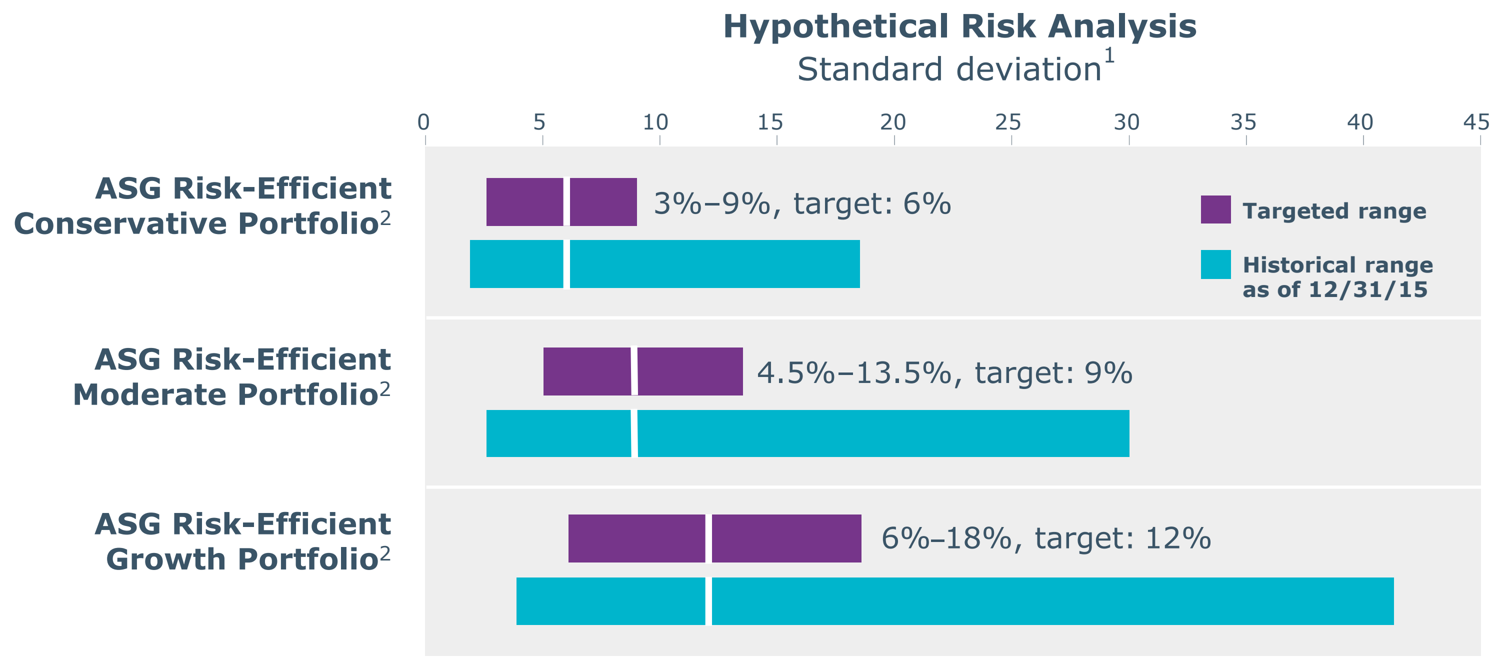
Portfolio themes, objectives, and volatility targets

	Risk-Efficient Conservative	Risk-Efficient Moderate	Risk-Efficient Growth
Investment theme	Risk-aware	Risk-aware	Risk-aware
Standard deviation	**6%** long-term annualized target with a range of 3%–9%	**9%** long-term annualized target with a range of 4.5%–13.5%	**12%** long-term annualized target with a range of 6%–18%
Volatility	The Portfolio Manager can take the volatility down to 3%	The Portfolio Manager can take the volatility down to 4.5%	The Portfolio Manager can take the volatility down to 6%
Allocation	Comparable to a 40%/60% stock/bond allocation	Comparable to a 60%/40% stock/bond allocation	Comparable to a 80%/20% stock/bond allocation

The ASG Risk-Efficient Portfolios are managed to a standard deviation target, but have flexibility to be within a range around the target depending upon market conditions. There are no guarantees standard deviation targets will be achieved. Targets correspond to historical average volatility for corresponding asset classes and weightings. A portfolio's realized volatility levels can be higher or lower than its target volatility at any given point in time. Volatility is not an indicator of expected return or a measure of protection against loss.

Standard deviation is a historical measure of the variability of returns. If a portfolio has a high standard deviation, its returns have been volatile. A low standard deviation indicates returns have been less volatile.

Risk-Efficient Portfolios from AlphaSimplex Group



Data source: Ibbotson Associates and internal calculations.
1. Risk is measured as 24-month rolling volatility as measured by Standard Deviation which is a statistical measure of historical volatility. The higher the standard deviation, the more risky the asset. 2. Volatility for the ASG Risk-Efficient Portfolios represents a range of volatility that ASG seeks in the management of the portfolios. There is no guarantee that the targets will be achieved. Target levels are subject to change. 3. Volatility of the Traditional portfolios represents an historical standard deviation based on the returns of the following static asset allocation portfolios: **Conservative** = 25% stock / 75% bond; **Moderate** = 45% stock / 55% bond; **Growth** = 62% stock / 38% bond. Stocks are represented by the S&P 500®TR Index (1926-2015); bonds are represented by the Intermediate Government Bond TR Index (1926-2015). Past performance is no guarantee of future results. It is not possible to invest in an index. Please see appendix for index definitions.

Potential benefits

AlphaSimplex Risk-Efficient Portfolios can offer*:

- Active **risk** management
- Allows you to stay invested in times of volatility
- Access to multiple managers through one point of access
- Active versus passive manager models that can provide diversification benefits[1]
- Competitive fee structure
- Monthly rebalancing[2]
- Consolidated reporting from LPL Financial

1 Diversification does not ensure a profit or protect against a loss.
2 Rebalancing may involve tax consequences.

* This strategy is not intended to outperform stocks and bonds during market rallies, and may underperform during periods of strong market performance.

Index definitions

The S&P 500® Index is a widely recognized measure of U.S. stock market performance. It is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation, among other factors.

The Barclays Intermediate Government Bond Index is a sub-index of the Barclays Government Bond Index covering issues with remaining maturities of between three and five years. Past performance is no guarantee of future results. It is not possible to invest in an index.

MSCI EAFE Index (Europe, Australasia, Far East) is an unmanaged index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada.

Barclays U.S. Aggregate Bond Index is an unmanaged index that covers the U.S.-dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, government-related, corporate, mortgage-backed securities, asset-backed securities, and collateralized mortgage-backed securities sectors.

Barclays U.S. Corporate High-Yield Bond Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market.

MSCI U.S. REIT Index is an unmanaged index that is composed of the most actively traded equity REIT (Real Estate Investment Trust) securities.

The S&P GSCI is a world-production weighted index that is based on the average quantity of production of each commodity in the index, over the last five years of available data. This allows the S&P GSCI to be a measure of investment performance as well as serve as an economic indicator.

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Disclosure

For MWP
Natixis Global Asset Management and LPL Financial are not affiliated. Securities and Advisory services offered through LPL Financial, a Registered Investment Advisor. Member FINRA/SIPC.

AlphaSimplex Group will act as Investment Advisor to LPL Financial.

The composite performance shown represents the performance achieved by ASG as a discretionary investment manager with trade implementation responsibility for the account included in the composite. The performance shown does not reflect the performance of MWP Program accounts, or any other accounts managed by ASG or any other third party "overlay portfolio manager", and the performance of MWP Program accounts may or may not be similar to the performance shown.

The Portfolios' marketing and sales support agent is NGAM Advisors, L.P. ("NGAM Advisors"). The distributors of the underlying affiliated fund components of the Portfolio are NGAM Distribution, L.P. ("NGAM Distribution") and Harris Associates Securities, L.P. ("Harris Associates"). AlphaSimplex, NGAM Advisors, NGAM Distribution and Harris Associates are wholly owned subsidiaries of Natixis Global Asset Management, S.A. ("Natixis Global Asset Management").

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AlphaSimplex Group, LLC claims compliance with the Global Investment Performance Standards (GIPS®). The track records for all composites have been updated accordingly.

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