Folio Institutional Monthly Advisor Call
August 27, 2014

Want to add a colleague to the invitation list?
Have an idea or request for a future Advisor Call?

Send us a note today via the conference chat on your screen.

The Folio Team

Bill Davis

Vice President
Folio Client Services

Helen Shepro

Chief Marketing Officer
Folio

Greg Vigrass

President
Folio Institutional

Today's Agenda

- **Introductions**

- **Service & Operations Update**

- **Featured Presentation**

  Utilizing Satellite Portfolios in your Practice – *An economic analysis of various regions and sectors*

  - Arno O. Mayer, CFA CFP, President of Financial Trust Asset Management & Chief Executive Officer of Financial Trust Research Partners LLC.
  - Michael J. Matthews, President of Financial Trust Research Partners LLC

- **Conclusion**

Arno O. Mayer, CFA CFP
President , Financial Trust Asset Management
Chief Executive Officer, Financial Trust Research Partners LLC

Michael J. Matthews
President of Financial Trust Research Partners LLC

Trending Now – Password Resets

As part of Folio Institutional's ongoing efforts to ensure the security of client accounts, we implemented a change that will affect both your clients' online experience and how you create your clients.

What's changed?

- ***How you create your clients.*** You will create a username, and your client will receive an email that includes a temporary link to set their own password. You will no longer be required to create a password for your client.
- ***How you assist your clients to change their password.*** Users with Account Manager-level access to a client will have the ability to initiate the password reset email, rather than redirecting clients to the Folio Institutional Customer Service Team.
- ***"Reset Password?" Path.*** Users will no longer have to verify full personal information, and instead will be able to send themselves the password reset email.

Why make these changes?

Trust. By keeping your access and your clients' access separate and confidential, you will avoid the appearance of being "in custody" of clients' assets.

Communication. To ensure validity of email addresses to deliver messages, many of which are required by law.

Confidentiality. Clients will be assured knowing that their password and secret question/answer are confidential.

Trending Now – Session Timeouts and Forms

Account Transfer Form
(Last Updated: 07/25/2014)

Customer Agreement
(Last Updated: 08/01/2014)

The Account Transfer Form and Customer Agreement have been updated. You can access the newest versions by visiting the Forms page in the Resources Center.

Due to popular demand, we have increased the security timeout feature from 15 minutes to 30 minutes.

Folio Institutional is now on Twitter and LinkedIn. Follow us for real-time updates on industry trends and new things happening at Folio.

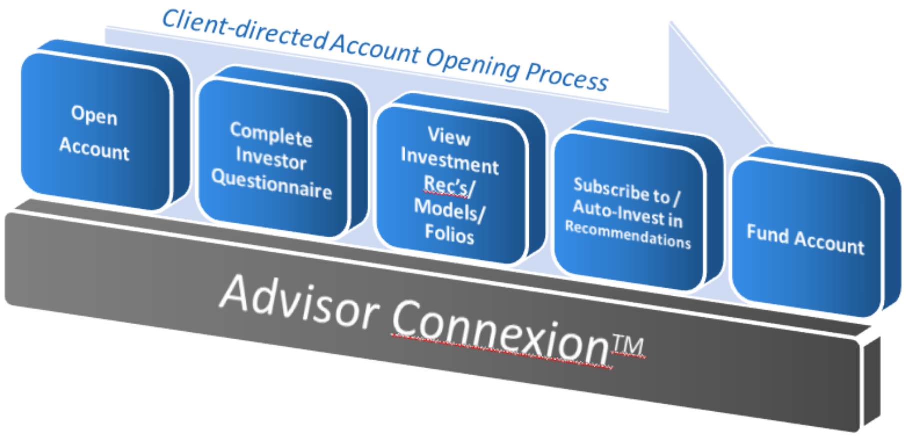
Folio Institutional ***@FolioAdvisor***

Photo source: servedfreshmedia.com/wp-content/uploads/2012/06/clock.jpg

Trending Now – Advisor Connexion

Advisor Connexion (AcX) is part of Folio Institutional's game-changing technology, helping RIAs compete with roboadvisors.

- **Seamless extension of existing Folio platform that provides branded, online service capabilities so you can grow your practice**
- **Provide clients with the best of online access and convenience, while delivering operational efficiency so you can serve more households cost-efficiently, regardless of account size**
- **Appeal to Gen D investors seeking a semi-DIY solution**



To learn more about Advisor Connexion or to view our recent Press Release, go to www.FolioInstitutional.com.

Trending Now – Compliance Reports for Audits

We take compliance reporting very seriously. We have observed that there is an ever increasing number of audits and have therefore taken steps to enhance our process to better serve your requests.

Going forward please follow the process outlined below:

- Send a detailed request to our compliance team at Compliance@FolioInvesting.com. In your request, include a detailed description of the data you need.

- Once we receive your request, we will review it together to ensure we provide you with the correct information. Generally, reports will be available within one business day of our review. We will provide you with an actual delivery date when we review the request with you.

Utilizing Satellite Portfolios in your Practice

Arno O. Mayer, CFA CFP President
Michael J. Matthews, Senior Analyst

FINANCIAL TRUST
ASSET MANAGEMENT

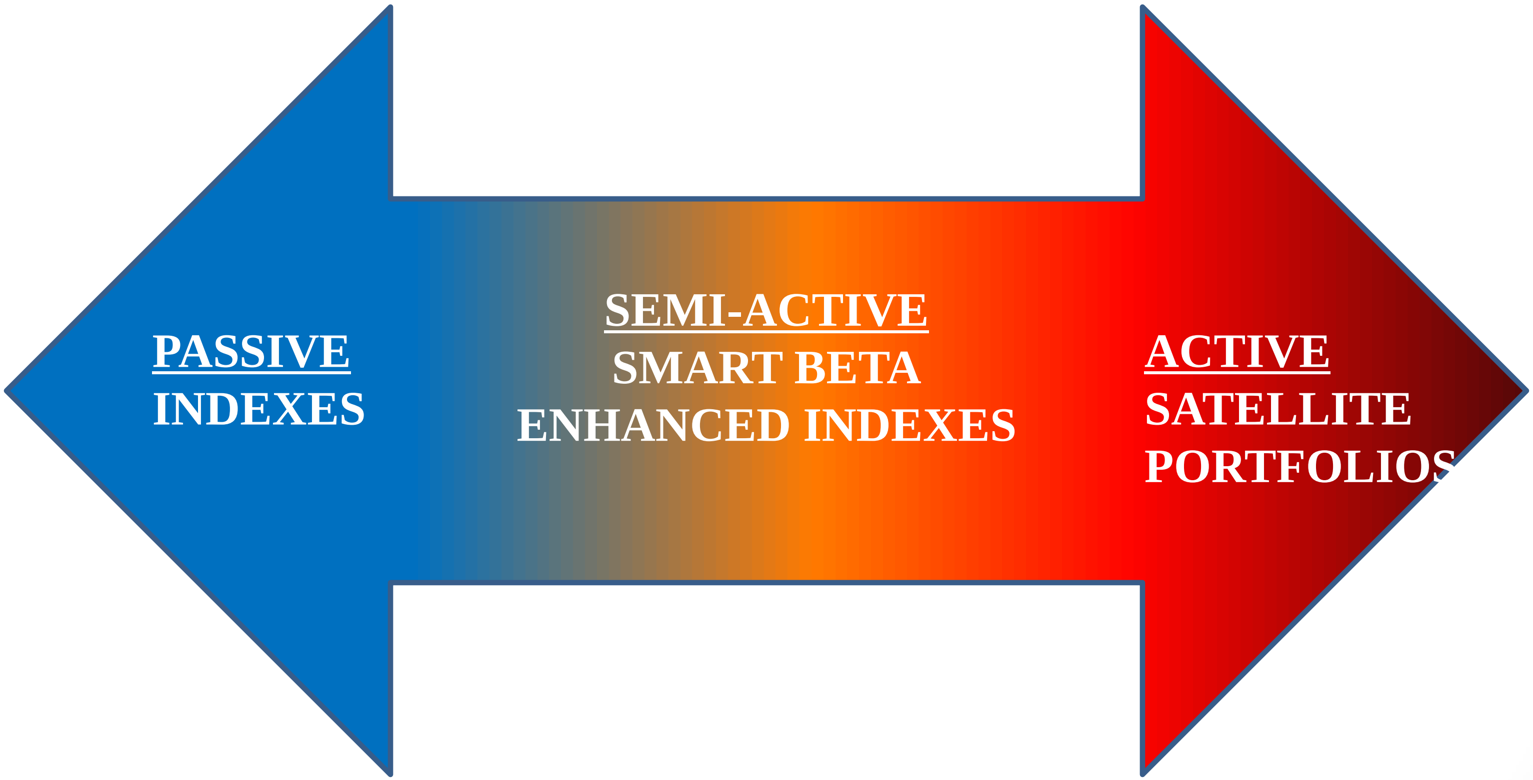
Company Profile

- Founded in 1989 and Specializes in Global Quantitative Research and Investment Management

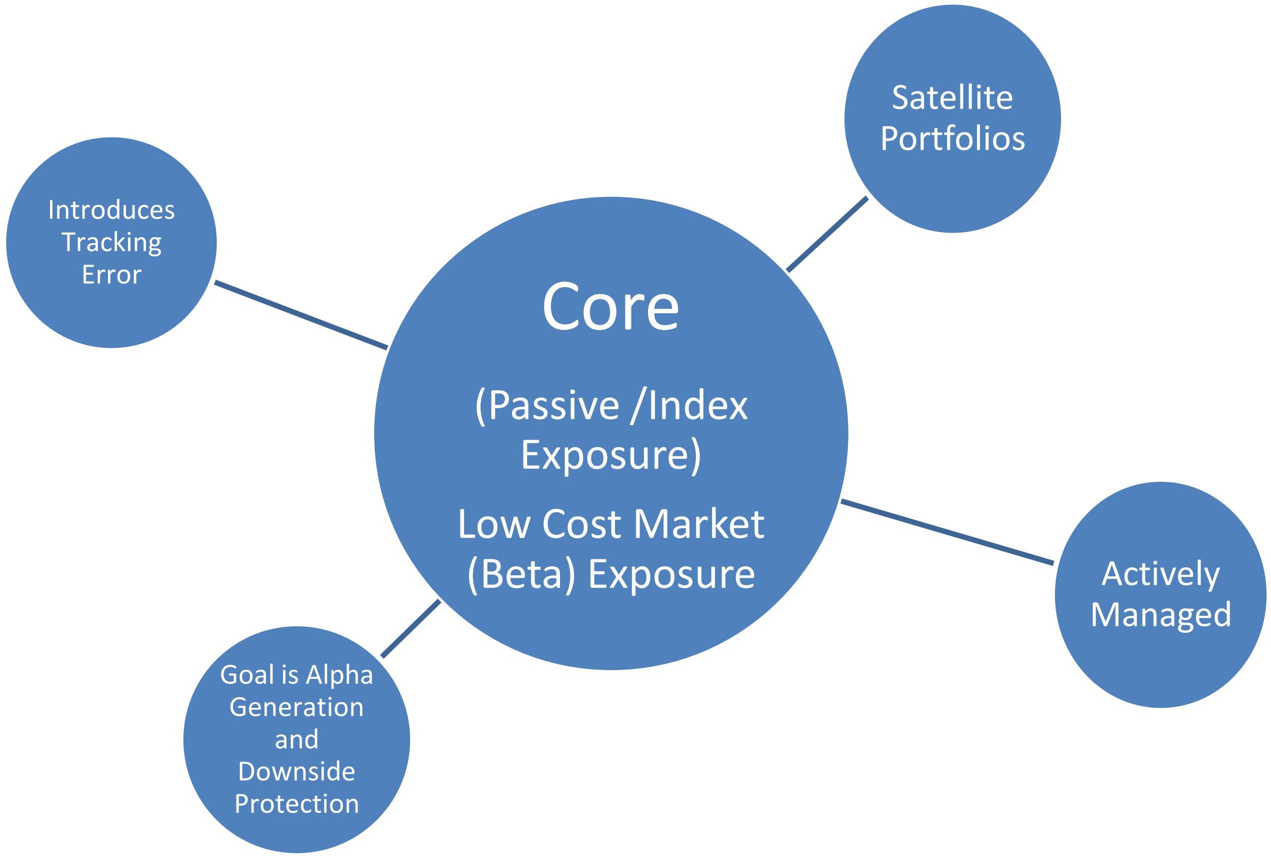
- Firm has won 190 Top Guns Awards from Informa/PSN, the world's longest running investment manager database.

- Compliant with Global Investment Performance Standards (GIPS®) and verified by Ashland Partners

Passive-Active Management Continuum



Core-Satellite (Core-Explore) Approach



Factors Affecting the Degree of Market Efficiency

- Number of Market participants
  - Number of Investors
  - Analyst Coverage
  - Foreign Investment Restrictions

- Information Availability
  - Includes information on both trading activity and financial disclosures
  - Legal Institutions for fair disclosure
  - OTC vs. Exchange listed

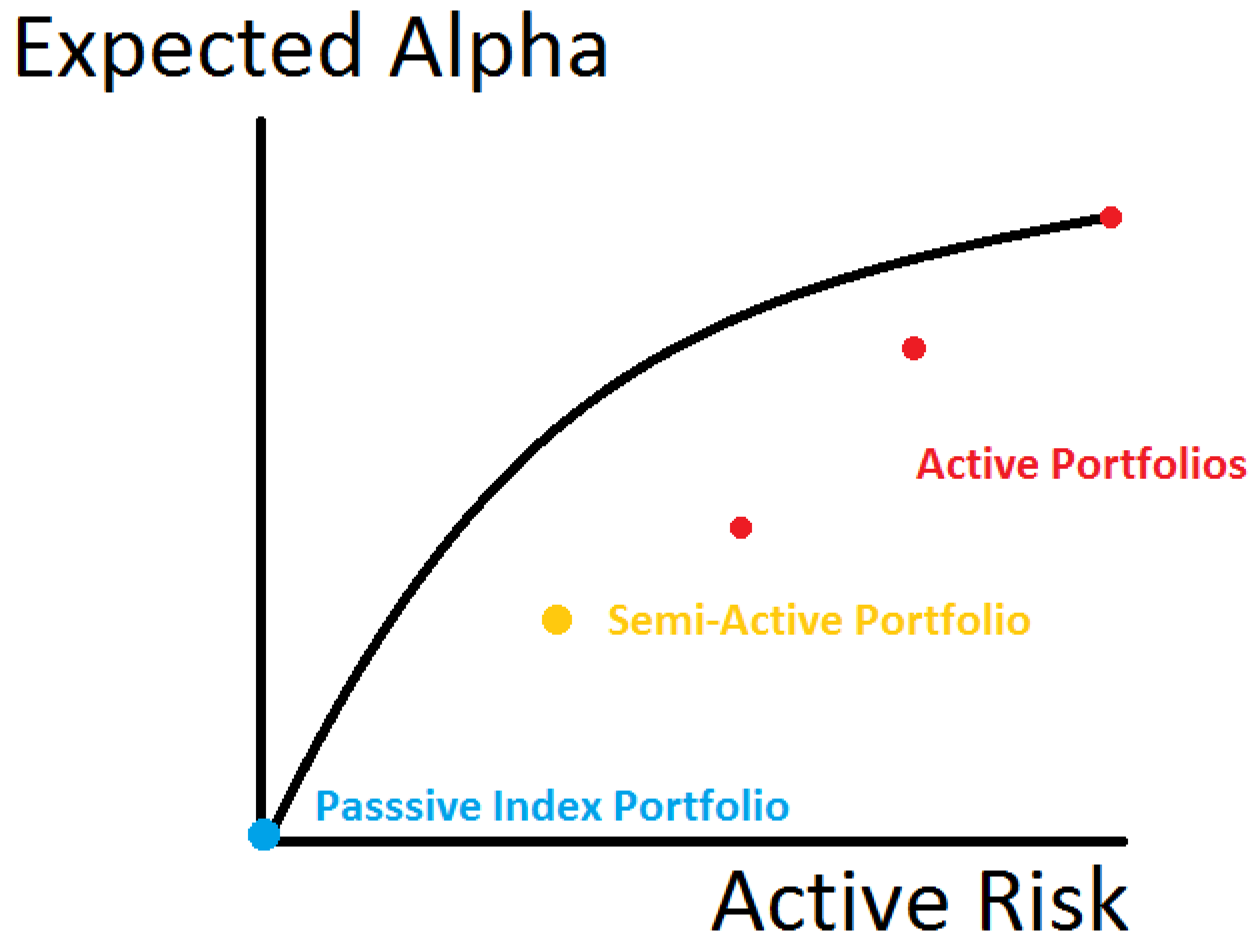
Source: CFA Institute

Factors Affecting the Degree of Market Efficiency

- Limits to Trading
  - Trading Costs
    - Transaction Costs
    - Information Acquisition Costs
  - Trading Restrictions

<u>Source</u>: CFA Institute

Efficient Frontier of Managers

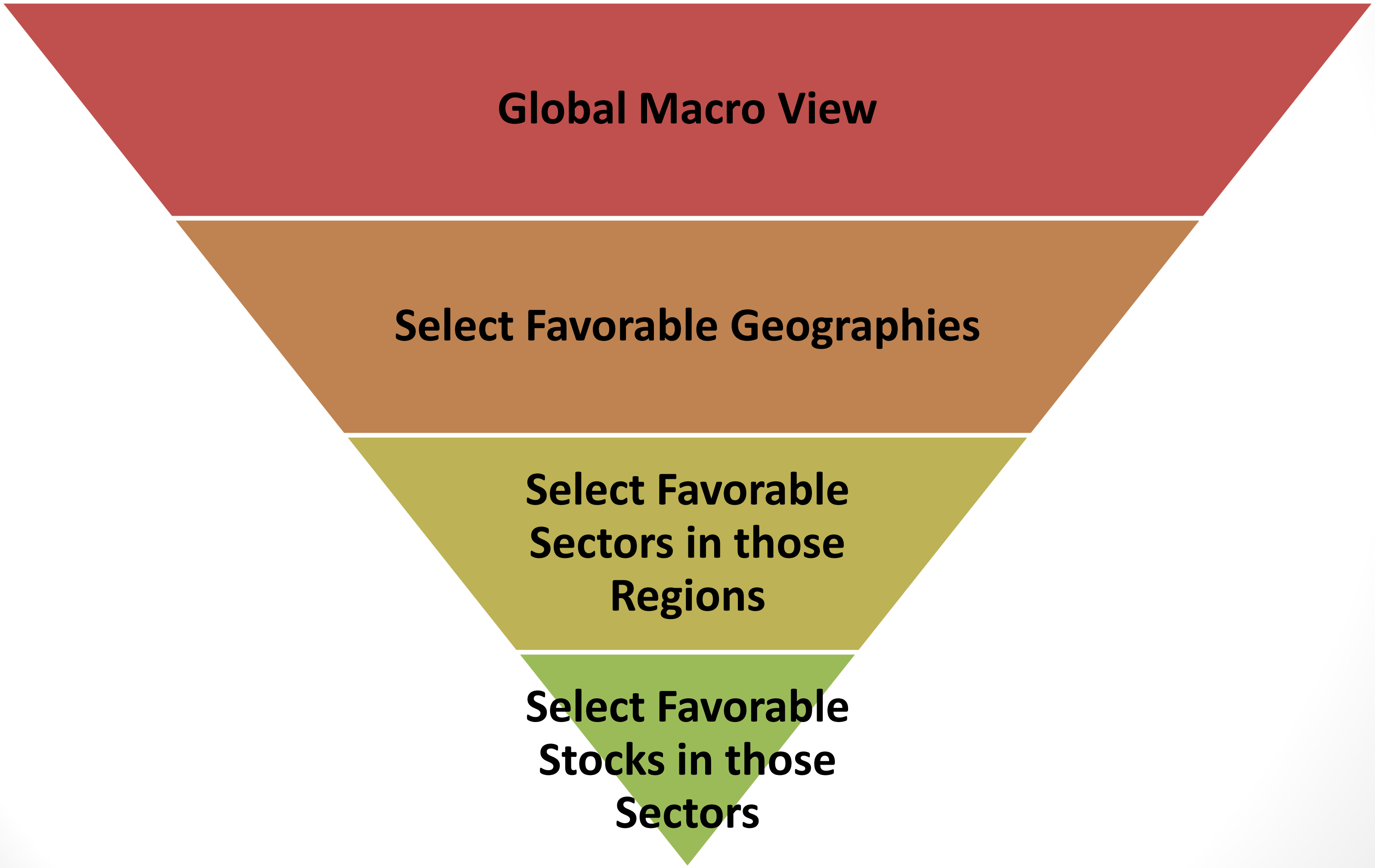


$$Information\ Ratio = \frac{Alpha}{Active\ Risk}$$

Market Capture Ratios

- Part of an active managers role is to play good defense.
- The Market Capture Ratio measures the manager's relative ability to gain more in up markets and lose less in down markets.
- $Upside/Downside\ CaptureRatio = \frac{Upside\ Capture}{Downside\ Capture}$
- Ratios > 1 indicate good performance based on this metric.

Top Down Approach

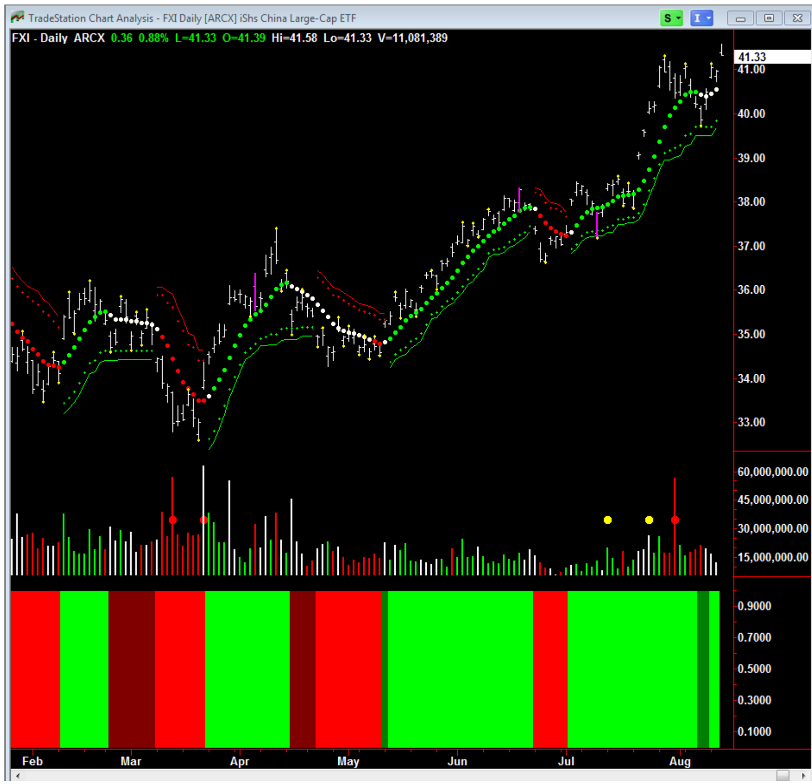


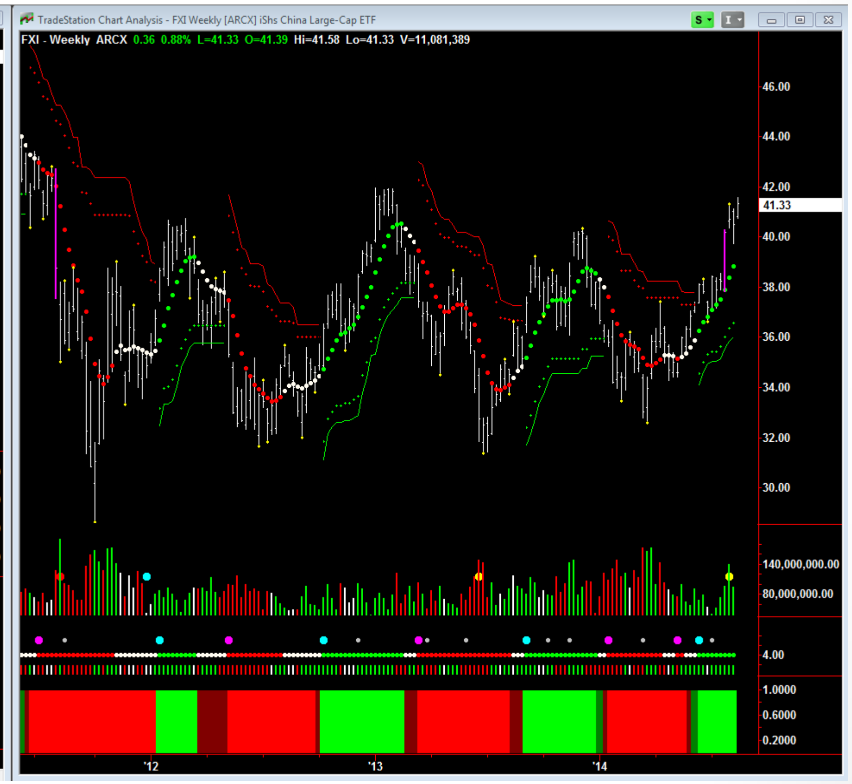
Country Factor Analysis

	Symbol	Desc	P/S	Comb. Rank	VML Rank	VAR Rank	Hawkeye Count
1	FXI	iShs China Large-Cap ETF	0.82	1	1	3	4
2	EWY	iShs MSCI S Korea Capped ETF	0.60	2	3	6	4
3	THD	iShrs MSCI Thailand Capped ET	0.89	3	2	8	1
4	EZA	iShs MSCI So Africa ETF	1.46	4	5	7	2
5	EWT	iShs MSCI Taiwan ETF	0.98	5	9	5	11
6	INDA	iShs MSCI India	1.82	6	14	1	4
7	EPU	iShs MSCI All Peru Cap ETF	0.87	7	4	12	6
8	EWH	iShs MSCI Hong Kong ETF	3.11	8	15	4	15
9	EWW	iShs MSCI Mexico Capped ETF	1.43	9	11	13	1
10	EIDO	iShs MSCI Indonesia ETF	2.36	10	8	17	2
11	EWC	iShs MSCI Canada ETF	1.69	11	24	2	6
12	EWJ	iShs MSCI Japan ETF	0.75	12	6	20	9
13	EPHE	iShs MSCI Philippines ETF	2.91	13	18	10	9
14	SPY	SPDR S&P 500 ETF	1.63	14	21	9	8
15	EWS	iShs MSCI Singapore ETF	1.34	15	22	11	4
16	GREK	Global X FTSE Greece ETF	0.62	16	7	27	9
17	EWK	iShs MSCI Belgium Capd ETF	1.03	17	16	23	9
18	EPOL	iShs MSCI Poland Cap ETF	0.84	18	10	30	11
19	ERUS	iShs MSCI Russia Capped ETF	0.63	19	12	32	15
20	EWA	iShs MSCI Australia ETF	1.75	20	31	14	9
21	EDEN	iShs MSCI Denmark Capped Inv	1.27	21	27	18	21
22	EWP	iShs MSCI Spain Capped ETF	1.19	22	26	21	8
23	EWM	iShs MSCI Malaysia ETF	2.71	23	29	19	6
24	EIRL	iShs MSCI Ireland Capped ETF	0.93	24	13	35	37
25	EWD	iShs MSCI Sweden ETF	1.63	25	19	31	9
26	ENOR	iShs MSCI Norway Capped Inv	1.06	26	25	26	10
27	EWZ	iShs MSCI Brazil Capped ETF	1.16	27	36	16	6
28	ARGT	Glbl X FTSE Argentina 20 ETF	1.57	28	39	15	4
29	EIS	iShrs MSCI Israel Capped ETF	0.95	29	35	22	5
30	EWO	iShs MSCI Austria Capped ETF	0.61	30	17	40	21
31	EWI	iShs MSCI Italy Capped ETF	0.48	31	30	28	9
32	EWN	iShs MSCI Netherlands ETF	0.83	32	20	38	35
33	EFNL	iShs MSCI Finland Capped Inv	0.92	33	34	25	9
34	EWG	iShs MSCI Germany ETF	0.71	34	23	37	21
35	EWU	iShs MSCI UK ETF	1.05	35	28	34	11
36	TUR	iShrs MSCI Turkey ETF	1.12	36	40	24	9
37	ENZL	iShs MSCI New Z'land Cap ETF	1.40	37	38	29	22
38	ECH	iShs MSCI Chile Capped ETF	1.14	38	33	36	18
39	EWL	iShs MSCI Switzerland Cppd ET	1.91	39	37	33	26
40	EWQ	iShs MSCI France ETF	0.89	40	32	39	11

Source: TradeStation, Hawkeye Traders

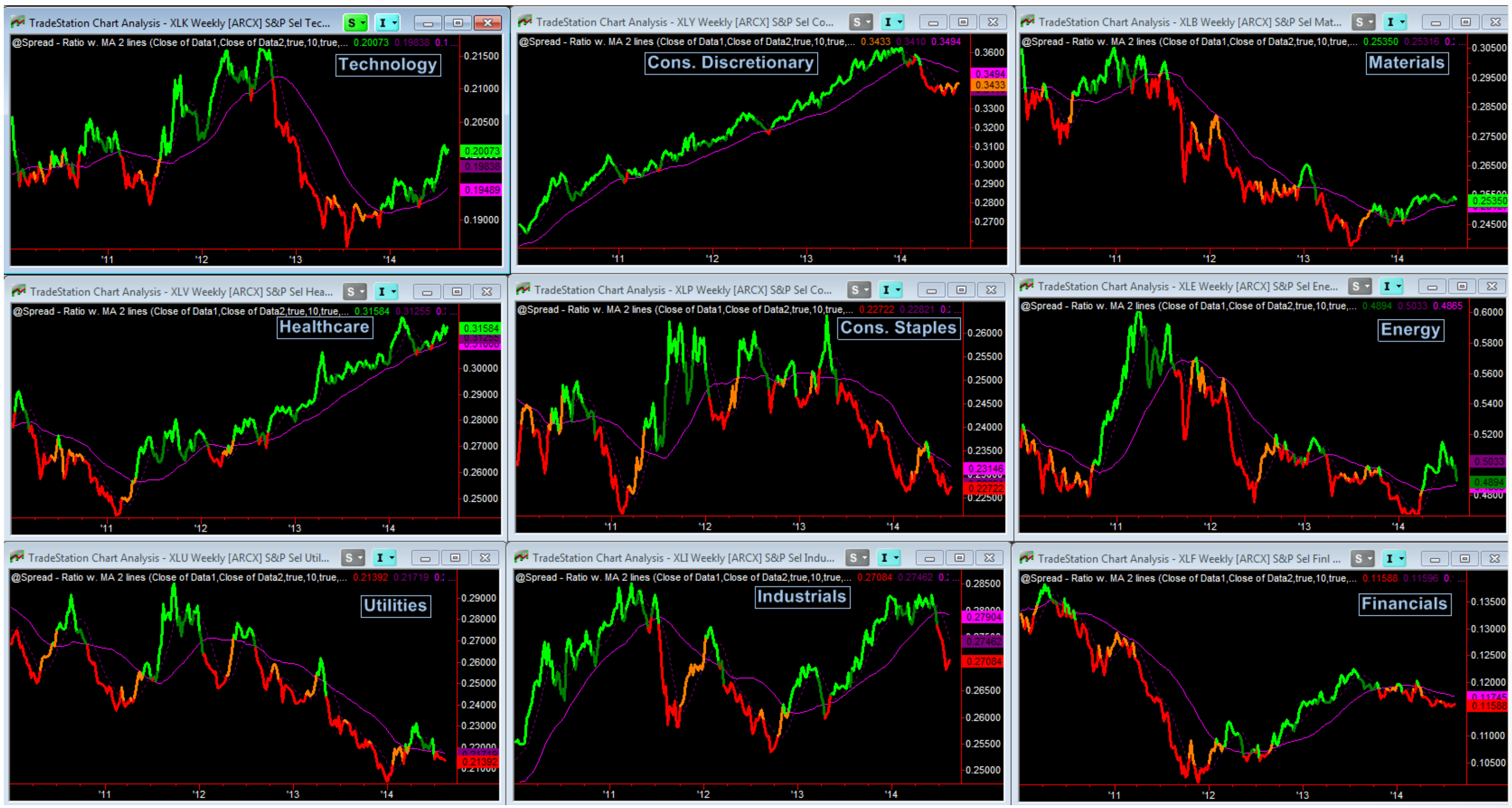
Volume Price Analysis: China





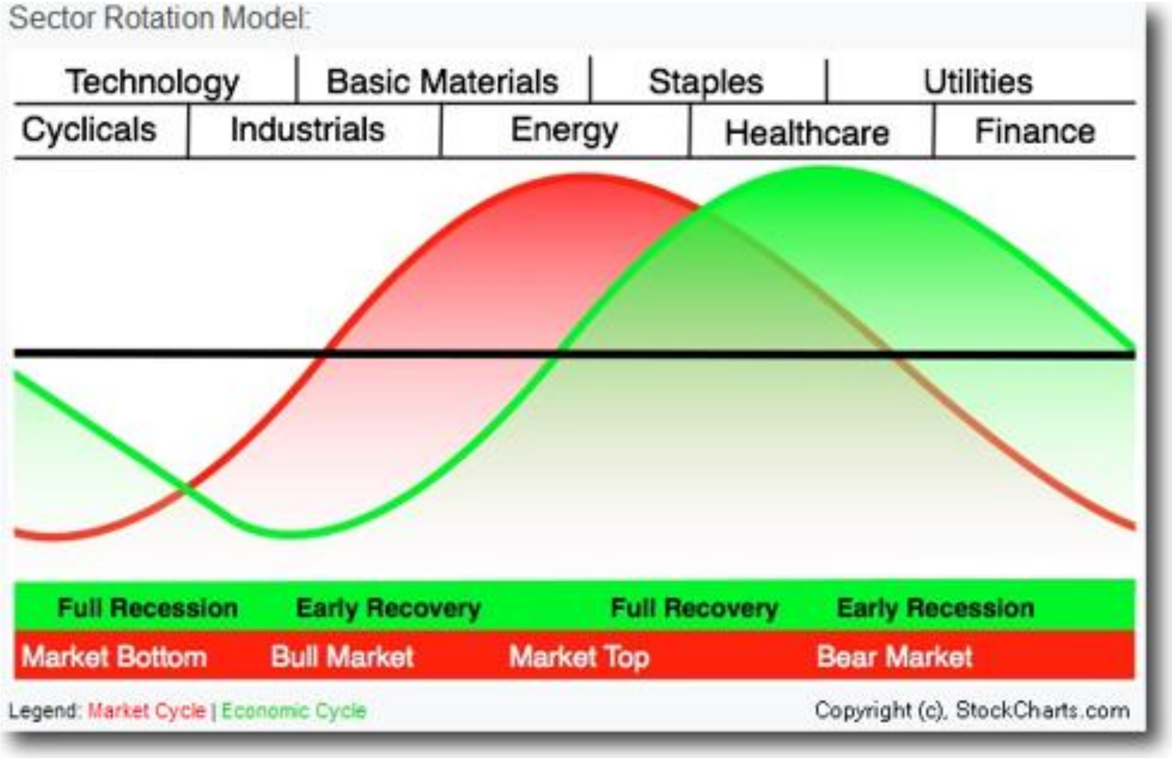
<u>Source</u>: TradeStation, Hawkeye Traders

Sector Relative Performance Analysis



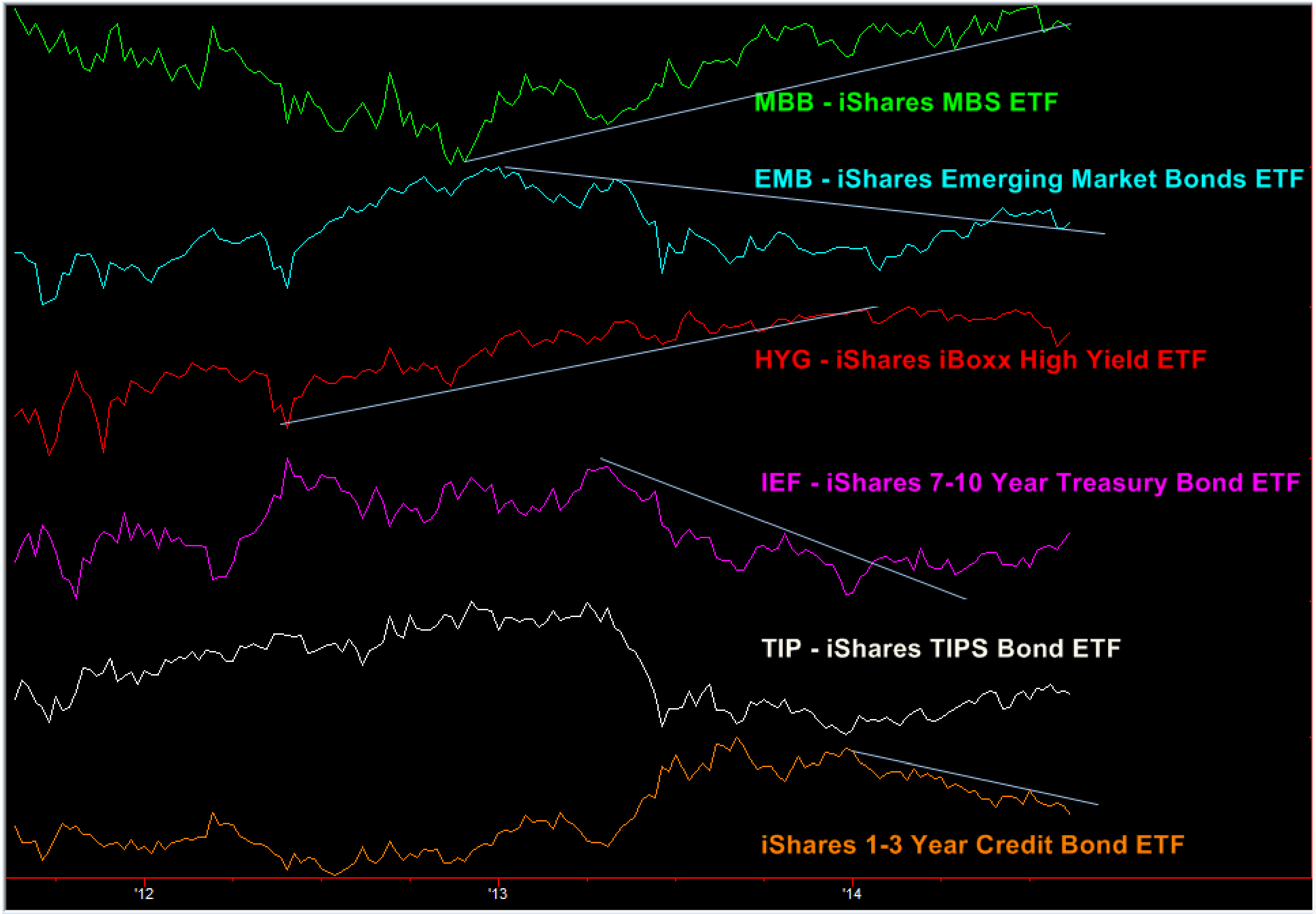
<u>Source</u>: TradeStation

Sector Rotation Model



<u>Source</u>: StockCharts.com

Fixed Income Relative Performance Analysis



<u>Source</u>: Tradestation

FTAM Active Equity Strategies

- US
  - ValueMomentum Leaders™
  - Health Value™
- International
  - International ValueMomentum™
  - Asia ValueMomentum™
  - Europe ValueMomentum™
  - Latin ValueMomentum™
- Global
  - Disciplined Dividend Income™
  - Global REIT™
  - Global Resources™
- Fixed Income
  - Flexible Income™
  - All Weather Flexible Income
  - Credit Opportunities

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Disclosure

Financial Trust Asset Management, Chartered (Financial Trust) is a fee-only state-registered investment advisor. Information about the qualifications and business practices of Financial Trust Asset Managemen Chartered can be found on the SEC's website at www.adviserinfo.sec.gov or by requesting a copy of the firms ADV Part 2 A by contacting the Chief Operating Officer/Chief Compliance Officer, Lisa M. Marsden at lmarsden@financialtrust.net. The information in this material has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

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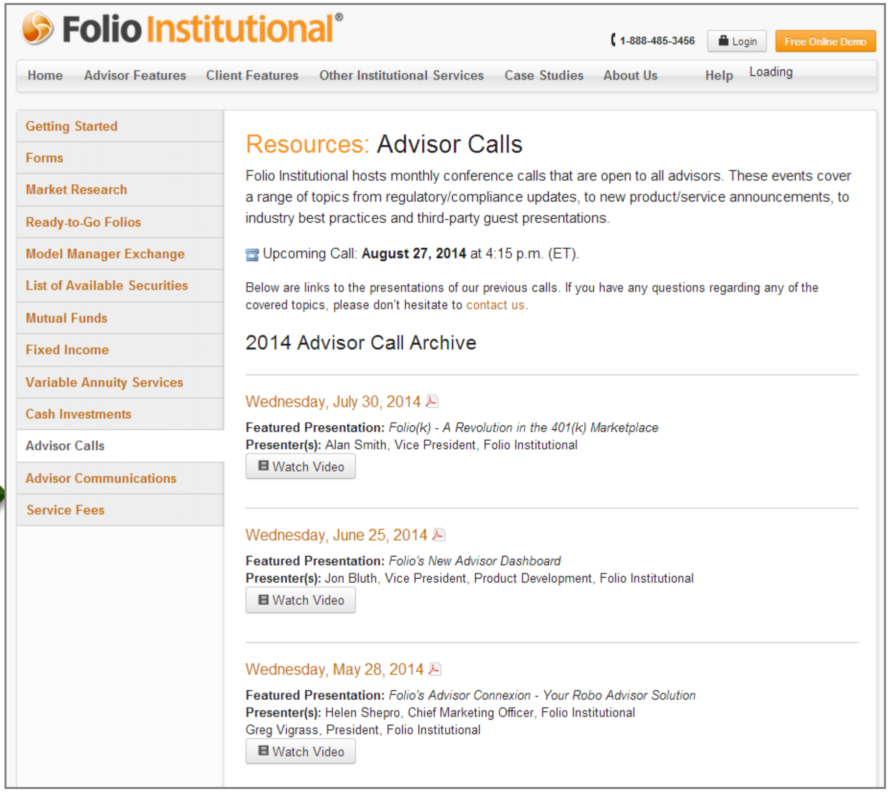
- **Download past presentations directly from the Folio Institutional Resources Page**
- **Recording of this call will be available online on August 29, 2014.**



Thank you for joining us.

September Advisor Call - Wednesday, September 24, 2014 | 4:15 PM ET

To invite additional team members, send us an email at Support@FolioInstitutional.com.

Advisor Direct Line	1-888-230-5635	
Email	Support@FolioInstitutional.com	
Hours	Monday-Friday	7:00 a.m.– 12:00 AM ET
	Saturday-Sunday	8:00 a.m. – 4:00 PM ET

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