

CORE BRANDS EQUITY PORTFOLIO

Benchmark: S&P 500 Index



Q3
2017

Accuvest Global Advisors serves as an investment advisor to high-net-worth families, foundations and endowments, as well as a sub-advisor to financial institutions.

The Brands Index is an equally weighted universe of the 200 most relevant global brands. Each quarter, the Accuvest Investment Committee creates a “best of the best” blue chip brands portfolio of 30-40 companies based upon 3 distinct, multifactor screens:

1. Sustainable Yielders
2. Operating Kings
3. Price Momentum Leaders

Quarterly Investment Process



Performance and Value Added Analysis

Alpha Brands Core	+7.66%
S&P 500	+4.48%
Brands Index	+3.80%
Relative Performance	+3.18%

Sector Effect	-1.01%
Security Selection Effect	+4.29%
Interaction Effect	-0.10%
Total Attribution	+3.18%

Helped

- ▶ Consumer Discretionary Security Selection
- ▶ Healthcare Security Selection
- ▶ Industrials Security Selection
- ▶ Ferrari, Kering, Gap, Kohls, General Motors

Hurt

- ▶ Consumer Discretionary Overweight
- ▶ Telecomm Stock Selection
- ▶ Zillow, Coach, Darden Restaurants

Quarterly Attribution Summary

Performance

- ▶ Alpha Brands Core +7.66%
- ▶ S&P 500 +4.48%
- ▶ Relative Performance +3.18%

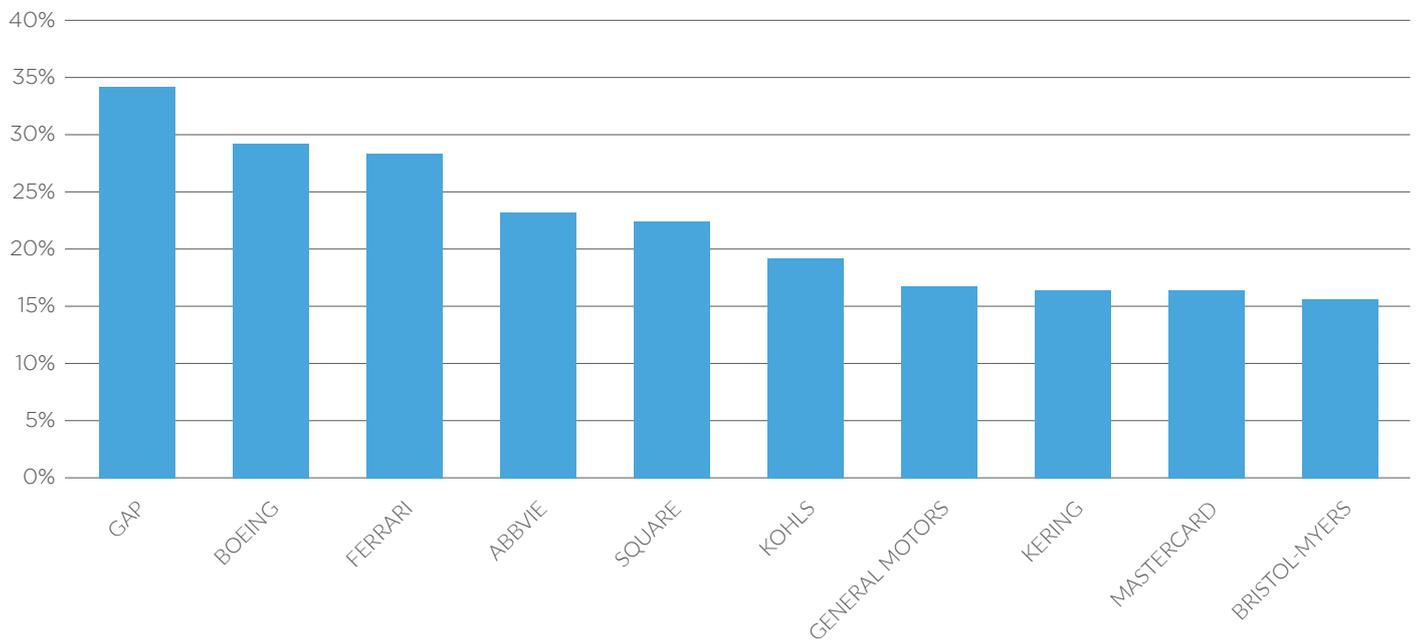
Helped

- ▶ Discretionary Sec Selection
- ▶ Healthcare Sec Selection
- ▶ Industrials Security Selection
- ▶ Ferrari, Kering, Gap, Kohls, General Motors

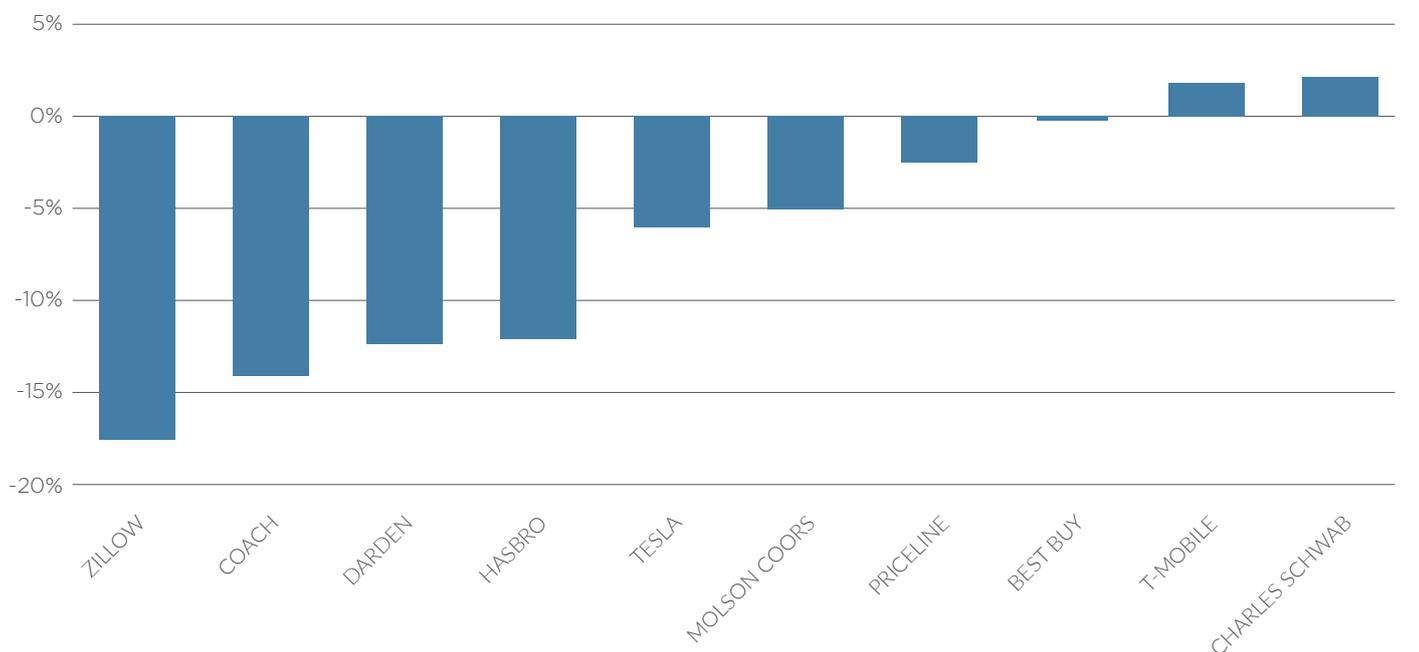
Hurt

- ▶ Discretionary Overweight
- ▶ Telecomm Stock Selection
- ▶ Zillow, Coach, Darden Restaurants

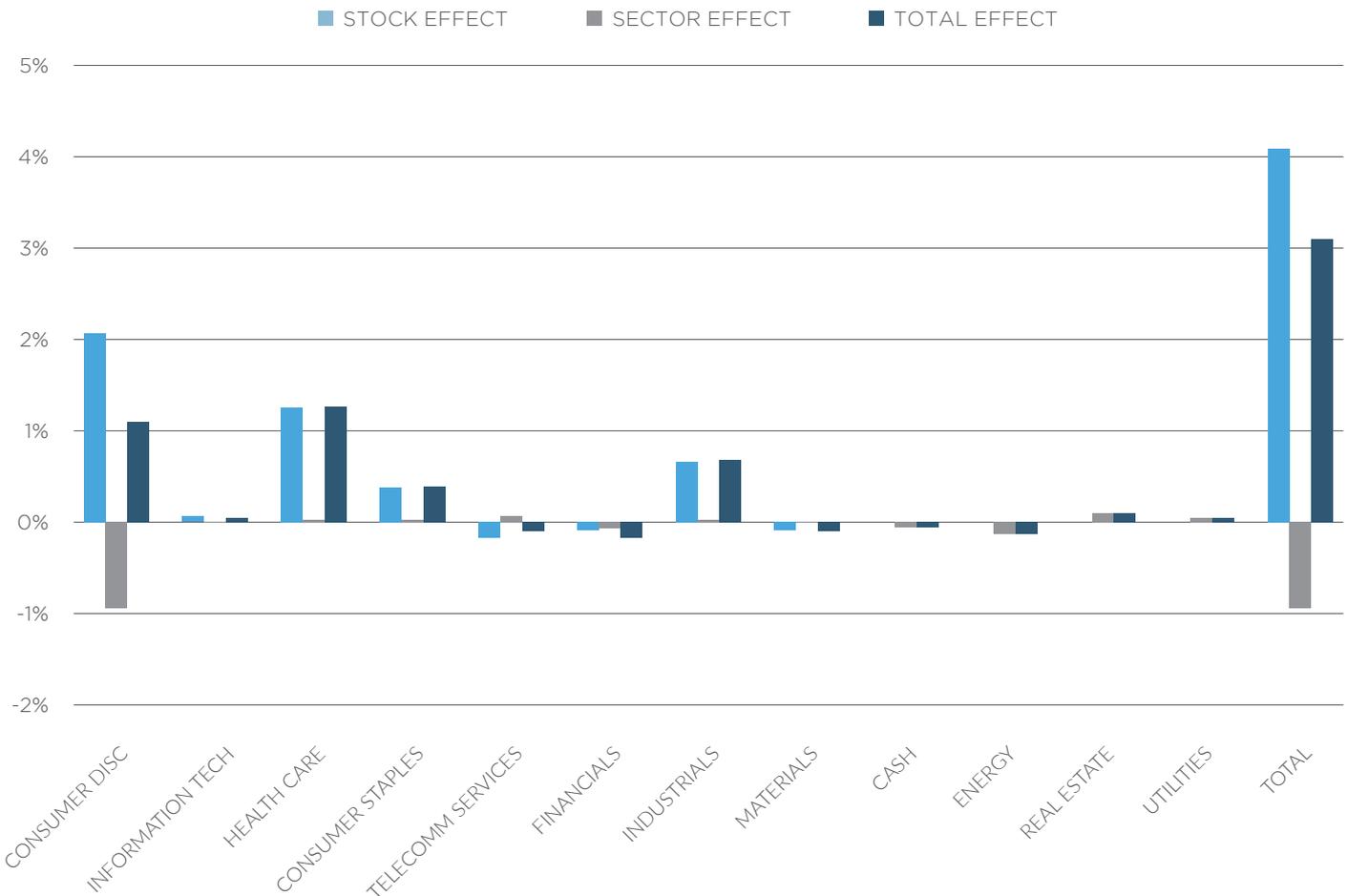
Top Performers



Bottom Performers



Latest Quarter Attribution



Latest Quarter Attribution as of 9/30/2017

Sector	Portfolio Average Weight	Benchmark Average Weight	Portfolio Return	Benchmark Return	Sector Selection	Stock Selection	Total Effect
Consumer Disc	39.3%	12.1%	2.5%	0.1%	-1.0%	2.2%	1.2%
Information Tech	22.5%	23.0%	2.0%	2.0%	0.0%	0.1%	0.1%
Health Care	11.6%	14.4%	1.8%	0.5%	0.0%	1.3%	1.3%
Consumer Staples	8.4%	8.6%	0.3%	-0.1%	0.0%	0.4%	0.4%
Telecomm Services	5.5%	2.1%	0.2%	0.1%	0.1%	-0.2%	-0.1%
Financials	5.3%	14.4%	0.2%	0.8%	-0.1%	-0.1%	-0.2%
Industrials	3.2%	10.1%	0.9%	0.4%	0.0%	0.7%	0.7%
Materials	2.5%	2.9%	0.1%	0.2%	0.0%	-0.1%	-0.1%
Cash	1.9%	0.4%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Energy	0.0%	5.9%	0.0%	0.4%	-0.1%	0.0%	-0.1%
Real Estate	0.0%	2.9%	0.0%	0.0%	0.1%	0.0%	0.1%
Utilities	0.0%	3.2%	0.0%	0.1%	0.1%	0.0%	0.1%
TOTAL	100.0%	100.0%	7.9%	4.5%	-1.0%	4.3%	3.2%

PERFORMANCE ATTRIBUTION Relative to the S&P 500 Index for the quarter ending 9/30/17

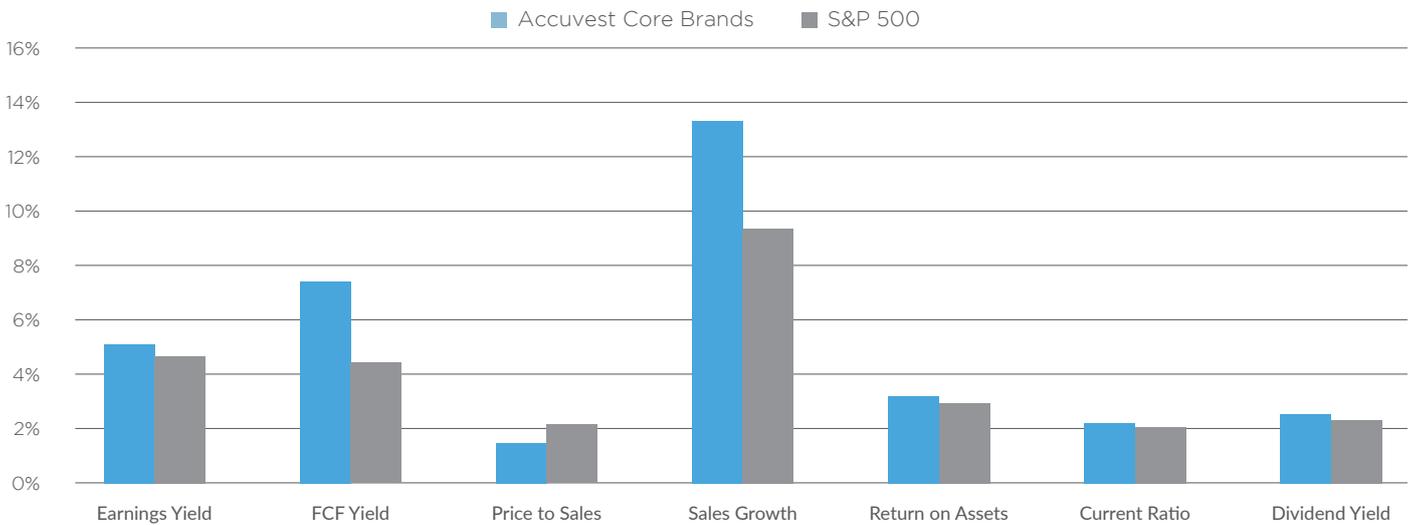
Industry Relative Allocations

Relative Allocations	Core Brands	S&P 500	OW/UW
Automobiles & Components	8.4%	0.7%	7.7%
Consumer Services	8.4%	1.8%	6.6%
Software & Services	19.9%	13.8%	6.1%
Retailing	11.2%	5.3%	5.9%
Consumer Durables & Apparel	5.6%	1.1%	4.5%
Food Beverage & Tobacco	8.4%	4.6%	3.8%
Telecommunication Services	5.5%	2.2%	3.3%
Semiconductors & Semiconductor Equipment	5.6%	3.7%	1.9%
Diversified Financials	5.7%	5.4%	0.3%
Insurance	2.8%	2.7%	0.1%
Media	2.8%	2.8%	0.0%
Pharmaceuticals, Biotechnology & Life Sciences	8.6%	8.8%	-0.2%
Commercial & Professional Services	0.0%	0.6%	-0.6%
Food & Staples Retailing	0.0%	1.8%	-1.8%
Household & Personal Products	0.0%	1.8%	-1.8%
Transportation	0.0%	2.2%	-2.2%
Technology Hardware & Equipment	2.8%	5.6%	-2.8%
Materials	0.0%	3.0%	-3.0%
Real Estate	0.0%	3.0%	-3.0%
Utilities	0.0%	3.1%	-3.1%
Capital Goods	2.8%	7.4%	-4.6%
Health Care Equipment & Services	0.0%	5.6%	-5.6%
Energy	0.0%	6.1%	-6.1%
Banks	0.0%	6.4%	-6.4%

Q3 to Q4 Industry Allocation Change

Q3 to Q4 Change	June	Sept	Change
Semiconductors & Semiconductor Equipment	0.0%	5.6%	5.6%
Diversified Financials	2.8%	5.7%	2.9%
Media	0.0%	2.8%	2.8%
Software & Services	19.4%	19.9%	0.5%
Consumer Services	8.2%	8.4%	0.2%
Banks	0.0%	0.0%	0.0%
Capital Goods	2.8%	2.8%	0.0%
Commercial & Professional Services	0.0%	0.0%	0.0%
Energy	0.0%	0.0%	0.0%
Food & Staples Retailing	0.0%	0.0%	0.0%
Food Beverage & Tobacco	8.4%	8.4%	0.0%
Health Care Equipment & Services	0.0%	0.0%	0.0%
Household & Personal Products	0.0%	0.0%	0.0%
Insurance	2.8%	2.8%	0.0%
Real Estate	0.0%	0.0%	0.0%
Technology Hardware & Equipment	2.8%	2.8%	0.0%
Transportation	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Telecommunication Services	5.6%	5.5%	-0.1%
Retailing	11.7%	11.2%	-0.5%
Materials	2.6%	0.0%	-2.6%
Automobiles & Components	11.1%	8.4%	-2.7%
Pharmaceuticals, Biotechnology & Life Sciences	11.5%	8.6%	-2.9%
Consumer Durables & Apparel	8.6%	5.6%	-3.0%

Brand Characteristics



Brand Highlights - Q3 2017

Sustainable Yielders



GAP +34.3%

GAP entered the Core Brands portfolio based upon an attractive blend of high dividend yield and free cash flow to enterprise value paired with strong 1 year free cash flow growth. A turnaround in Gap Inc. sales is underway, following a third consecutive quarter of comparable-sales growth. Shorter product and design cycles are key to helping Gap improve merchandise traction and vie for market share amid competition from fast-fashion retailers. Traffic headwinds persist, which may prompt Gap to explore online marketplaces and bolster its products in loyalty categories. Management has said Athleta, its athletic banner, outpaces industry growth and shows potential.

Operating Kings



Mastercard +16.5%

Mastercard entered the Core Brands portfolio based on impressive operating margins, relative to its industry, and attractive 3 year sales growth. MasterCard's revenue growth should continue to benefit from the global shift to electronic payments, offset partly by growth in incentives paid to new and renewing partners. MasterCard aims for mid-teens EPS growth over the long term, driven by increased electronic payments and by targeting businesses, governments and consumers outside of card networks. MasterCard processed 17% of global card-payment volume in 2016 vs. 41% for China UnionPay and 35% for Visa including Visa Europe.

Price Momentum Leaders



Ferrari +28.4%

Ferrari was added to the Core Brands portfolio based upon an attractive blend of very positive price momentum and impressive operating margins and free cash flow growth. To lift lackluster Chinese demand and drive output closer to its technical capacity of 16,000 units, Ferrari will likely launch a utility vehicle in 2019, providing a consensus-busting 35% boost to Ebit. This will coincide with the hybridization of the product range, and a pure electric Ferrari can't be ruled out. Limited and special-series cars bolster earnings and should make up 33% of 2017 Ebitda on just 7% of volume. Ferrari is unique, being the only separately listed super-luxury auto brand.

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