

# ARGUS CONSERVATIVE ETF PORTFOLIO

## INVESTMENT OBJECTIVE

The objective of the Argus Conservative ETF Portfolio is to seek a relatively high level of current income without incurring a high level of risk. Long-term capital appreciation is a secondary goal. Other Argus ETF Portfolios, Growth and Aggressive, seek higher levels of return but may take on higher levels of risk.

## INVESTOR PROFILE

The Conservative ETF Portfolio is designed for investors who are seeking current income, require capital preservation for near-term usage goals or have a low tolerance for risk. Long-term capital appreciation is not a primary goal of this Portfolio. This Portfolio is intended to be the most conservative of the three ETF Portfolios currently managed by Argus.

## PORTFOLIO CONSTRAINTS

The Argus Conservative ETF Portfolio includes Exchange Traded Funds (ETFs) selected from an ETF universe of coverage maintained by Argus Research. The Portfolio will seek to hold between 15 to 25 ETFs to gain the desired risk/return benefits of broad diversification among the multiple asset classes. Exposure will include both domestic and foreign investments, equities, bonds, cash equivalents, real estate and commodities. The selected ETFs in the Conservative Portfolio are weighted to deliver a standard deviation of returns lower than the S&P 500 and a yield near or greater than the current rate of inflation or the yield on the US Treasury five-year note. Target weights for equities will be lower and target weights for fixed income

will be higher than the other Argus ETF Portfolios. Volatility in the market may cause weights of some component holdings to move above or below the target ranges. The portfolios are monitored continuously by the Argus Model Portfolio team of Strategists and Analysts. Allocations and individual ETF holdings are reviewed regularly, and changes to the Portfolio are executed on an as-needed basis. Changes typically occur at least once per quarter, and are communicated to clients via Argus ETF Research Notes. No single issue is meant to represent more than 10% of the portfolio, but the volatility of individual holdings may result in one or more holdings exceeding this metric.

## TAXES

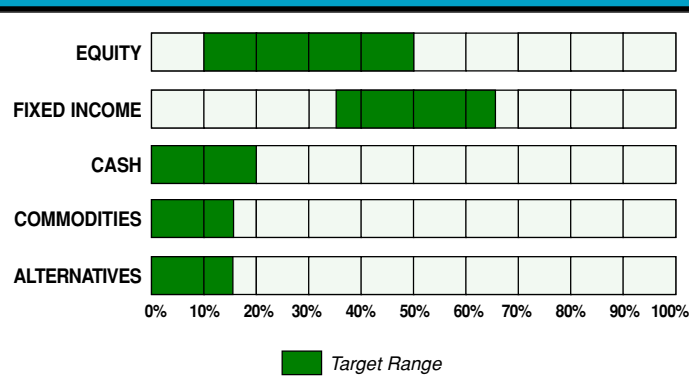
When possible the Portfolio Manager will consider tax consequences of transactions and seek to minimize taxes on capital gains by selling equities held more than one year, ensuring that gains will be taxed at the individual's capital gains rate and not at the individual's marginal rate. However, given the importance of portfolio income, excessive gains or losses may be harvested in less than a one-year holding period. In addition, an individual will be subject to dividends and capital gains distributions received from the ETFs held in the portfolio.

## TOP RECENT HOLDINGS

Vanguard Short-term Corp. Bond, PowerShares S&P 500 Low Volatility, iShares Core Total US Bond, Vanguard Short-term Bond, Schwab U.S. Dividend

INCEPTION DATE: 05/30/2014

## ASSET CLASS TARGET RANGE



**PORTFOLIO RISKS**

*An investment in the Conservative ETF Portfolio is subject to a range of market, income, sector, and management risks.*

**Market Risk**

Market risk is the possibility that market values of securities within the portfolio will decline. Investments in equity securities may be affected by changes in the stock markets which historically fluctuate substantially over time, sometimes suddenly and sharply. Moreover, different types of equities and sectors may rapidly shift in and out of favor depending on the market and economic conditions.

**Income Risk**

The portfolio's ability to generate income depends on the continuing payment of dividends by the securities selected for the portfolio. If dividends are reduced or eliminated, income from the Conservative ETF Portfolio will likely decline.

**Sector Risk**

The Conservative ETF Portfolio may emphasize certain sectors of the market, as such portfolio returns may deviate substantially from the benchmark or other diversified portfolios.

**Management Risk**

The portfolio manager may not be successful in selecting securities that collectively perform similar to the benchmark. Inclusion of securities is limited to the Argus Research universe of ETF coverage.

**ETF Risk**

The portfolio is subject to risks of holding individual ETFs, of which the majority follow an indexing strategy of fully replicating the holdings within an index regardless of market movement. As with any investment whose performance is tied to a market, the value of the investment will fluctuate from factors affecting the companies held in the indexed ETF or the ETFs tracking markets as a whole. In addition, ETF shares will be bought and sold in the secondary market at market prices. Although it is expected that the market price of ETF shares will approximate the ETFs net asset value (NAV), there may be times when the portfolio pays market prices more than NAV when it buys shares and receives less than NAV when it sells shares.

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