

Kalos Equity Commodity Strategy

Objective

The Kalos Equity Commodity Strategy invests in equities of firms operating in the natural resource and commodities markets. This investment approach for commodities can provide participation in long-term commodity price trends because corporate profitability of firms operating in the natural resource sectors are often strongly linked to commodity prices. In addition, this strategy provides investors access to a broad range of soft commodities, such as wheat, and hard commodities, such as metals. Holding equities of operating companies rather than commodities futures contracts or physical commodities also enables investors to potentially benefit from management and company specific value creation. This approach does not invest in commodities futures contracts or physical commodities.

Investment Approach

Only individual stocks are normally held in the portfolio although different types of holdings may be included in unique or special circumstances. Given the global nature of commodity markets, it is likely that some holdings are international¹ companies.

Management

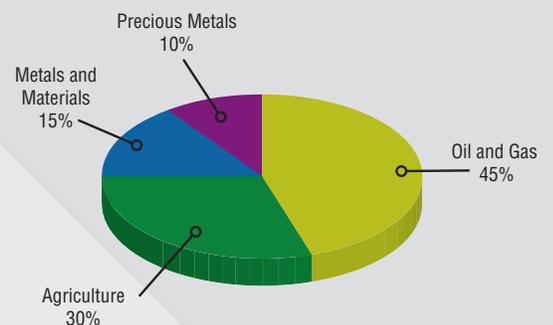
All positions are monitored and analyzed by management on at least a bi-weekly basis. Annual turnover of the portfolio is targeted at less than 20% although market conditions, special circumstances, and periods of market duress may lead to more or less frequent trading. As the strategy generally seeks to invest in companies that are growing or likely to experience near term share price appreciation, if an equity has already experienced significant

gains and is judged to offer inferior upside in the near future, it is not held, and short and long term taxes may be realized.

Risks

The equities of companies operating in the natural resource sector frequently experience different risks than those of the general stock market. Natural resource stocks can be affected by many different factors including commodity prices, global demand, geopolitical events, cartels, government policy, and other factors. Commodity stocks are not exactly correlated with commodity prices and may even move in the opposite direction of commodity prices, particularly in the short-term. In addition, factors that may adversely affect the general stock market can also affect natural resource equities.

Please read the disclosure, located on the reverse side which is integral to your investment decision-making process.



The chart above outlines the broad strategy allocation. Within any strategy, investments are diversified across various market sectors and specific investments. Exact allocation percentages allocated to different sectors in your account will vary over time for various reasons including market fluctuations, actions taken by your investment manager, evolving investment opportunities and/or risks, and the ongoing administration of your account.

¹If international positions are added to the portfolio, they could increase volatility due to socio-economic, market, and currency value instability. Their inclusion could also reduce portfolio volatility because of lower of correlation with other holdings.

Minimum Account Value is \$50,000.



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Explanation, Disclosure, and Disclaimer

Kalos and its affiliates do not guarantee any minimum level of investment performance or the success of any portfolio or investment strategy. Further, there can be no assurance that any portfolio will achieve its investment objective. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's securities, when redeemed, may be worth more or less than their original cost. Depending upon unique and changing client and market situations we may customize the construction and implementation of the portfolios for particular clients. Therefore, your return may be materially different from that of other Kalos Management clients with the same investment objective and any comparative benchmark provided. Registration of an investment adviser does not imply any level of skill or training.

Specific to Kalos Equity Commodity Strategy: The exposure to the commodities and stock markets that this strategy seeks to obtain creates inherent risks and limitations. Commodities price changes and expected volatility is likely to affect the prices of stocks operating in these markets both negatively and positively and can create substantial volatility. No attempt will be made to diversify into other sectors or asset classes outside of the natural resource and commodity sectors. The targeted focus of this strategy will likely result in price movements very different from the general stock market and could cause substantial under performance relative to the broader stock market. In addition, investing in equities carries both security selection and market risk which can cause substantial losses in individual holdings or across the entire portfolio. This strategy will hold equities – or other securities as appropriate – believed to provide growth or defensive advantages within the natural resource and commodities sector. While it is envisioned that all holdings will be stocks of individual companies, we recognize that future developments could make other investment vehicles more attractive, and it is possible that other vehicles could be added in part or whole to the strategy.

Specific to Kalos Fixed Income Strategies: In an environment where interest rates may trend upward, rising rates will negatively impact most bond funds and bond exchange traded funds, and fixed income securities held by a fund or exchange traded funds are likely to decrease in value. Bond funds and exchange traded funds, and individual bonds with a longer duration tend to be more sensitive to changes in interest rates usually making them more volatile than securities with shorter durations. Duration is a measure of a portfolio's price sensitivity expressed in years.



*Investment Advisory Services offered through Kalos Management, Inc.
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