

# Kalos U.S. Fixed Income Strategy

## Objective

The Kalos U.S. Fixed Income Strategy seeks to provide investors exposure to a diversified U.S. fixed income portfolio. Investments are diversified according to multiple different characteristics including average maturity, duration, credit quality, yields, government securities, corporate bonds, and possibly other characteristics. Returns are expected to result primarily or exclusively from interest income rather than growth of principal.

Credit quality of most or all holdings are investment grade, but high-yield bonds may be included in limited amounts. Duration and maturities generally focus on mid-term holdings, but shorter or longer term positions may also be added depending on various interest rate, inflation, economic, and market conditions and expectations.

## Investment Approach

Portfolio managers seek to provide exposure to broad-based, highly diversified, fixed income investments. Exchange traded funds, an investment vehicle that seeks to closely track specific stock and bond indexes, are used to gain exposure to specific fixed income sectors. 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. The investment approach emphasizes minimal trading. Tax efficiency is not specifically targeted other than what results from management's limited trading emphasis.

## Management

Holdings are monitored at least bi-weekly and adjusted by portfolio managers in an effort to achieve the strategy's investment objectives. Portfolios are traded as deemed necessary to adjust to changes in interest rates, current or expected yields, credit quality, principle risk, market conditions, government policy, international events or other relevant factors.

## Risks

Bonds and fixed income investments are subject to interest rate, credit and inflation risk. Bonds can be adversely affected by inflation, economic conditions, investor sentiment, government debt policy, and various other factors that influence bond yields and pricing. The default rate may be higher for high-yield bonds.

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



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Minimum Account Value is \$25,000.

# Explanation, Disclosure, and Disclaimer

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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.  
an SEC Registered Investment Advisor.*

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