ENTASIS ASSET MANAGEMENT

QUARTERLY NEWSLETTER

3Q2016

Clients, Friends and Peers,

Thank you for taking the time to open our quarterly newsletter. This newsletter is designed to consolidate news relevant to your portfolio, review our investment decision-making process, highlight our research and discuss topics that are relevant to clients.

We assume all of you have access to television, the Internet and social media. Collectively, they have made information abundant, easily accessible and virtually immediate. This makes sharing anything in a quarterly newsletter seem potentially stale, obvious or repetitive. We will do our best to keep thoughts concise, avoid rehashing topics and make at least one section of the newsletter a useful read to those receiving it.

Let us know if we have achieved any of those goals. Your feedback is always appreciated.

Bob Charles Mark

Contents

Market Performance

Annualized Returns (As of 9/30/16)

Source: Morningstar Direct

Index Name	Index Category	1 year	3 year	5 year	10 year
S&P 500 Index	Large Cap Stocks	15.43	11.16	16.37	7.24
Russell 1000 Index	Mid/Large Cap Stocks	14.93	10.78	16.41	7.40
Russell 1000 Growth Index	Growth Stocks	13.76	11.83	16.60	8.85
Russell 1000 Value Index	Value Stocks	16.20	9.70	16.15	5.85
Russell 2000 Index	Small Cap Stocks	15.47	6.71	15.82	7.07
MSCI EAFE Index	Non-U.S. Developed Market Stocks	6.52	0.48	7.39	1.82
MSCI Emerging Markets Index	Emerging Markets Stocks	16.78	-0.56	3.03	3.95
MSCI ACWI Ex USA Small Cap Index	Non-U.S. Small Cap Stocks	13.38	3.52	8.60	4.59
BofAML Preferred Stock Fixed Rate Index	Preferred Stocks	10.05	9.75	8.07	3.41
Barclays Municipal Bond Index	U.S. Municipal Bonds	5.58	5.54	4.48	4.75
Barclays Aggregate Bond Index	U.S. Bonds	5.19	4.03	3.08	4.79
Barclays Intermediate U.S. Gov/Credit Index	Government/Corporate Bonds	3.52	2.80	2.45	4.17
BofAML U.S. Treasury Master Index	Treasury Bonds	4.33	3.71	2.32	4.53
BofAML U.S. Mortgage Backed Securities Index	Mortgage Backed Bonds	3.66	3.57	2.63	4.66
BofAML U.S. Corporate Master Index	Corporate Bonds	8.50	5.60	5.23	5.86
BofAML U.S. High Yield Master II Index	High Yield Bonds	12.82	5.28	8.24	7.68
BofAML Convertible Bonds Index	Convertible Bonds	10.34	7.92	12.11	7.78
BofAML Euro Broad Market Index	European Bonds	7.18	-0.10	2.52	3.82
BofAML Local Debt Market Plus Index	Emerging Markets Bonds	14.30	-1.72	0.55	4.29

Calendar Year Returns (QTD and YTD as of 9/30/16)

Source: Morningstar Direct

	QTD	YTD	2015	2014	2013	2012	2011
S&P 500 Index	3.85	7.84	1.38	13.69	32.39	16.00	2.11
Russell 1000 Index	4.03	7.92	0.92	13.24	33.11	16.42	1.50
Russell 1000 Growth Index	4.58	6.00	5.67	13.05	33.48	15.26	2.64
Russell 1000 Value Index	3.48	10.00	-3.83	13.45	32.53	17.51	0.39
Russell 2000 Index	9.05	11.46	-4.41	4.89	38.82	16.35	-4.18
MSCI EAFE Index	6.43	1.73	-0.81	-4.90	22.78	17.32	-12.14
MSCI Emerging Markets Index	9.03	16.02	-14.92	-2.19	-2.60	18.22	-18.42
MSCI ACWI Ex USA Small Cap Index	7.91	7.70	2.60	-4.03	19.73	18.52	-18.50
BofAML Preferred Stock Fixed Rate Index	1.22	6.37	7.58	15.44	-3.65	13.59	4.11
Barclays Municipal Bond Index	-0.30	4.01	3.30	9.05	-2.55	6.78	10.70
Barclays Aggregate Bond Index	0.46	5.80	0.55	5.97	-2.02	4.21	7.84
Barclays Intermediate U.S. Gov/Credit Index	0.16	4.24	1.07	3.13	-0.86	3.89	5.80
BofAML U.S. Treasury Master Index	-0.33	5.31	0.83	6.02	-3.35	2.16	9.79
BofAML U.S. Mortgage Backed Securities Index	0.61	3.72	1.46	6.07	-1.39	2.59	6.14
BofAML U.S. Corporate Master Index	1.44	9.11	-0.63	7.51	-1.46	10.37	7.51
BofAML U.S. High Yield Master II Index	5.49	15.32	-4.61	2.51	7.41	15.55	4.37
BofAML Convertible Bonds Index	8.13	8.53	-1.15	9.97	26.60	13.63	-3.76
BofAML Euro Broad Market Index	2.18	9.58	-9.30	-2.48	6.89	12.95	-0.06
BofAML Local Debt Market Plus Index	1.96	13.38	-12.02	-4.50	-5.75	13.87	-0.12

The returns presented above are intended to provide you with a perspective of returns across a variety of asset classes. Too often the “market” is only discussed in the context of highly publicized indexes such as the S&P 500 Index. Portfolios and investment opportunities are influenced by a much broader set of circumstances. We hope this data provides the foundation for a much better understanding of the “market” than the headlines. Index descriptions are provided at the end of the newsletter, but brief category descriptions are included in the table.

How should you use the information provided in the table?

- The returns are not projections. They are historical. Future returns will vary.
- Annualized returns can generally be used to understand historical return trends.
- Calendar returns provide a general understanding of year-by-year return volatility.

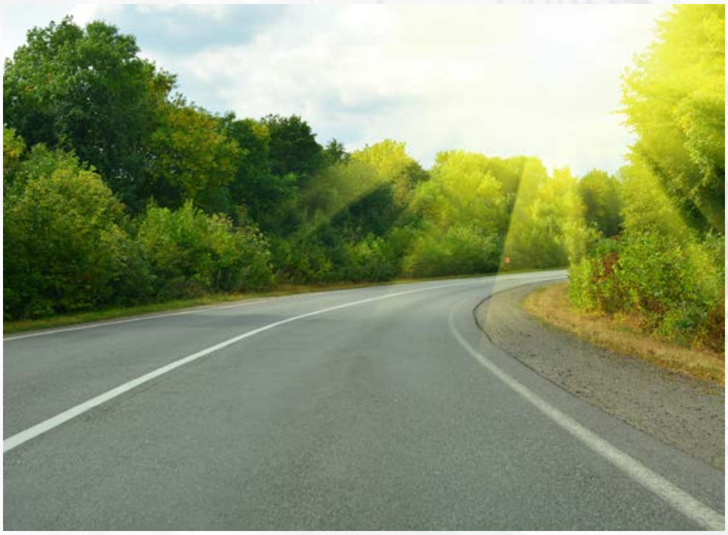
Using Market Data

Discussing what influenced markets, over any short period, is a difficult proposition. There are mountains of information and data moves very rapidly. Consequently, cause and effect relationships between the information and market movements, while easily assigned by the press, analysts and economists, are often times spurious or untrue. At minimum, they are hastily researched.

Fundamentally, the price of any asset is generally driven by the relationship between supply and demand for that asset. High demand plus limited supply generally yields higher prices and low demand plus abundant supply generally yields lower prices. Supply and demand pull at each other until a fair price is decided. Over short periods, we see the supply/demand pull occur almost immediately based on reactions to headline news. Over the long-term, we tend to see asset supply and demand swing back and forth until it settles around the weight of some consistent trends in data. So, what is right?

Right, in our view, is really a matter of perspective. We are long-term investors. We do not try to be right every quarter. We think that requires too much risk and volatility. As a result, we do not draw conclusions about supply/demand relationships each quarter. We strive to use the weight of data, analysis and evidence over long periods to help shape our view of the horizon. To use an analogy, if we were driving a car, we try to look into the turn as far as we can. We want to avoid as much jerking of the car as possible.

The United Kingdom's "Brexit" vote (decision to leave the European Union) at the end of the second quarter is a nicely teed up example of why we choose our long-term perspective. Markets moved aggressively lower after news of the vote. However, concern quickly waned as investors came to realize that any impact from the vote would be hard to determine for at least the next 12-24 months. We certainly believe there are long-term implications, but we are reserving judgment until we can weigh the data and evidence to understand the long-term implications.



Understanding Market Drivers

Just as we try not to be influenced by every short-term data point, we do not try to read and understand every news story. We believe that at a certain point more information just creates an illusion of knowledge and doesn't necessarily improve perspective. Instead, we focus on a small group of market drivers we can understand and pay attention to data that we believe can have an impact on them.

Economy	Interest Rates	Earnings

In our view, if we have a general understanding of the direction of economies, interest rates and corporate earnings we can develop a solid foundation for asset allocation decisions and fundamental investment decisions. Importantly, we are not trying to predict market turns or perfect entry points. We don't believe that is possible – especially on a consistent basis. We have read way too many well-supported studies about the negative wealth compounding implications of market timing. Our goal is to collect information relevant to the identification of long-term trends.

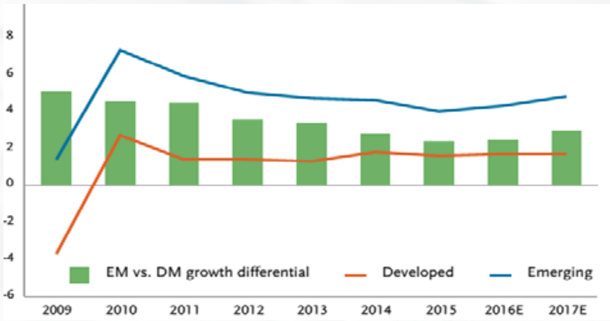
Global Market Drivers – 3Q16

Economy

Economic growth in developed market (DM) economies, such as the U.S., is positive, but flat or declining, and at low levels, relative to growth in emerging market (EM) economies. See chart below.

Interest Rates

In the short run, the Federal Reserve Board (FOMC) remained accommodative at its meeting in September due to economic uncertainty domestically and abroad. However, the decision to leave rates unchanged was not unanimous among its members, which increases the possibility the committee may raise rates at its December meeting.



Source: TCW/Metwest

Globally, interest rates also remained very accommodative as large developed markets such as the U.K., Europe and Japan either lowered rates or kept rates near zero during the quarter.

Earnings

Year-over-year earnings for the S&P 500 Index have declined for five straight quarters, and if recent trends continue, the third quarter will become the sixth straight quarter. See table below. If you compare each quarter to the quarter above it, each number is lower. Conversely, emerging market earnings have so far stabilized and trended higher in 2016, which follows a period of sustained earnings weakness since 2011. While not perfect over short periods, over the long run, performance generally moves in the same direction as broad market earnings (and earnings expectations).

S&P 500 Operating Earnings

2014 Q1	**2014 Q2**	**2014 Q3**	**2014 Q4**
108.85	111.83	114.51	113.01
2015 Q1	**2015 Q2**	**2015 Q3**	**2015 Q4**
111.5	108.3	104.14	100.45
2016 Q1	**2016 Q2**	**2016 Q3***	
98.61	98.17	101.98	
Source: S&P, *Projection			

Equity Comments

Equity Market Results

The S&P 500 Index moved higher by +3.85% in the third quarter. However, as is typically the case, the broad market return of the S&P 500 Index tells only one small piece of the story. Market capitalization, style and sector returns varied widely. After leading to start the year, so-called value stocks lagged so-called growth stocks (Russell 1000 Value Index +3.48% vs. Russell 1000 Growth Index +4.58%) and small-capitalization stocks performed better than large-capitalization stocks (Russell 2000 Index +9.05% vs. S&P 500 +3.85%) for the quarter.

One of the more interesting developments was a complete reversal of investor appetite for traditionally defensive, yield-oriented (companies that pay relatively large dividends) sectors such as utilities, consumer staples, telecom and real estate. After registering strong gains over the first half of the year, those sectors posted negative returns in the third quarter. The exact opposite was true for historically growth-oriented sectors of the market such as technology. The technology sector ended the first half of the year with a negative return, but shot higher in the third quarter on the back of a double-digit advance. Underlying performance of the sectors noted above helps to explain the difference in growth index and value index performance for the period.

Foreign developed and emerging equity markets performed better than the U.S. equity market in the third quarter. Developed foreign equity markets, as represented by the MSCI EAFE Index, returned +6.43%, while emerging foreign equity markets, as represented by the MSCI Emerging Markets Index, gained +9.03%. While much of the focus in global equity markets centered around the U.S. and Europe during the quarter, emerging markets continued to press higher due to relatively good news (in aggregate) surrounding broader economic conditions and a pick-up in corporate earnings growth.

S&P 500 Sector Performance

1H '16 Return %		3Q '16 Return %	
Consumer Discretionary	0.57	Consumer Discretionary	3.06
Consumer Staples	**10.41**	**Consumer Staples**	**-2.63**
Energy	15.52	Energy	2.24
Financials	-5.80	Financials	6.81
Health Care	0.68	Health Care	0.96
Industrials	6.37	Industrials	4.00
Information Technology	**-0.10**	**Information Technology**	**12.86**
Materials	7.36	Materials	3.75
Real Estate	**10.83**	**Real Estate**	**-2.12**
Telecommunication Services	**24.85**	**Telecommunication Services**	**-5.59**
Utilities	**23.46**	**Utilities**	**-5.90**

Source: Morningstar

Equity Market Comments

While positive for investors in the short run, the domestic equity market's move higher during the third quarter also resulted in an increase in valuation levels. At the end of the third quarter, the S&P 500's forward P/E was 16.9x. This compares to a 10-year average of 14.3x and a 20-year average of 17.2x.

Many equity market pundits describe the market in this context as "fairly" or "fully" valued when compared to long-term historical averages. Our view is that the market may be more expensive than many think.

Our view primarily stems from the fact that we believe forward earnings (next 12-months earnings for the S&P 500) paint too rosy of a picture. In order to achieve estimated earnings levels for the next 12-months, companies (in aggregate) will have to grow their earnings by approximately +15%. At this point in the economic cycle, we do not think this is likely. Profit margins have the potential to see pressure from increasing wages, and revenue growth is not likely to increase enough to offset the decline in margins. We believe the combination of those factors will result in lower-than-expected earnings and higher valuation levels even in the absence of a market advance.

Compared to the domestic equity market, we have a relatively more positive outlook for foreign equity markets. Emerging Markets, in particular, possess a number of positive characteristics.

1) Attractive valuation levels compared to the domestic equity market
2) Earnings appear to have bottomed and are showing signs of moving higher
3) Currencies are generally stabilizing relative to the U.S. dollar after a rough five years
4) Economic growth has broadly improved

Client Portfolio Impact

- Overall, we are taking a cautious approach among our equity investments.

- In domestic markets, we favor investments where we can gain exposure to companies that have demonstrated consistent growth (as opposed to high growth), are financially strong (low debt) and have differentiated business models.

- We believe the environment for emerging market equities is now more favorable than the domestic equity market when looking out over the short- to intermediate-term (next three to five years). We are balancing that positive picture with the awareness that economic turmoil from large, developed markets has the potential to spill over into emerging markets. Our investments in emerging markets are therefore biased toward risk conscious investments. We profile one in our Research Focus.

- We generally expect the equity portion of portfolios to perform in line or slightly lag the broad market in periods when the equity market is rising, particularly when the market advances significantly, and we believe that the equity portfolio will perform better than the market during periods when the equity market is declining. We believe this approach will reward our investors over a complete market cycle (a multi-year period that encompasses both sustained market advances and market declines).

Fixed Income Comments

Fixed Income Market Results

Fixed income returns were mixed for the quarter with results split mostly down quality lines. On the investment grade side, U.S. Treasuries and U.S. Municipal bonds posted negative quarterly returns. Higher yields across different maturities hurt performance in these areas. One positive area among the U.S. investment grade sectors was corporate bonds, which delivered a +1.44% return.

The historically riskier areas of the fixed income market saw strong returns as performance generally followed the post-Brexit recovery in equities during the third quarter. Standouts included convertible bonds, emerging market corporate bonds and U.S. high yield corporates, which returned +8.13%, +5.76% and +5.49%, respectively.

Fixed Income Market Comments

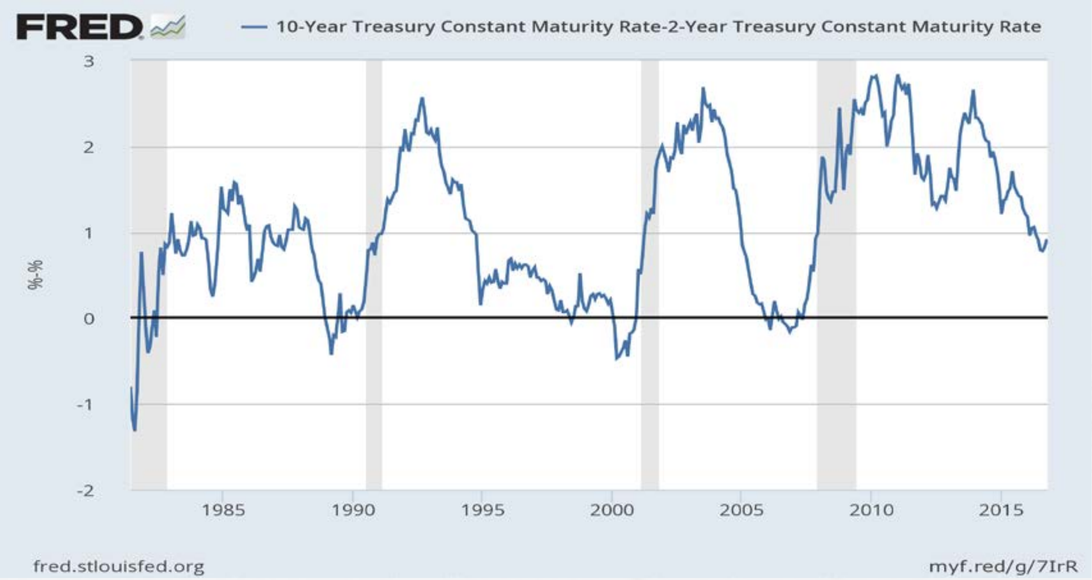
U.S. Interest Rates

We expect interest rates to drift moderately higher from current levels. We believe Federal Reserve policy is currently signaling a rate hike in late 2016/early 2017 and we estimate that fair value for the 10-year Treasury is, consequently, about 2.00%. As of quarter-end it was 1.60%.

Yield Curve

The Treasury yield curve is moderately steep relative to history. (See chart below comparing the 10-year Treasury yield to the 2-year Treasury yield.) A steep yield curve means long maturity Treasuries have comparably high yields to short maturity Treasuries.

If the Federal Reserve moves to hike interest rates as we expect, and the economic environment stays similar, we believe a flatter yield curve is likely. A flat yield curve means short maturity Treasuries have comparably similar yields to long maturity Treasuries.



Fixed Income Comments

Sector & Quality Management

The U.S. credit cycle and economic cycle tend to be highly correlated. As a result, we believe the credit cycle has also entered its later stages. Corporations have increasingly added debt to their balance sheets to acquire other companies and repurchase their own stock. At the same time, we have seen revenues, profits and free cash flow all show limited, if any, progress. Credit spreads (the difference in yield between a Treasury Bond and Corporate Bond of similar maturity but different credit quality) are currently hovering around their long term averages. The data seems to indicate that credit spreads reached their lows for this cycle in the summer of 2014. We expect them to be somewhat volatile going forward as bouts of illiquidity exacerbate sell-offs. One area in which we are currently seeing opportunity is local currency bonds from select emerging market countries that have underperformed over the intermediate past (roughly 4 years). As a result, they have higher yields than their developed market counterparts and are attractive from a relative value standpoint.

Investment Vehicle Selection

We believe the time for using passive management in risky sectors has passed. Going forward, it is our view that active management has the potential to outperform in most sectors of the market, as a rising tide will no longer be lifting all boats. In this last phase of the credit cycle, issuer selection will be paramount.

Client Portfolio Impact

- We are taking slightly less interest rate risk than client and strategy benchmarks.

- Given the current scenario, the 2-year to 4-year area of the yield curve are most vulnerable from a total return perspective. We are positioning portfolios to have less exposure to this area of the yield curve than client benchmarks.

- We are maintaining a neutral to slight overweight position to credit related sectors. We believe the income earned from investing in these sectors creates the potential for outperformance compared to other sectors over the long-term. We are offsetting some of the risk of being overweight to the credit sectors by investing in high quality bonds in these areas.

- We have a meaningful allocation to non-traditional areas of the fixed income markets because, if managed properly, we believe they have the potential to perform relatively well regardless of the direction of interest rates.

- We are favoring active managers focused on defensive portfolio positioning and managing downside portfolio risk.

Research Focus

Seafarer Overseas Growth & Income (SIGIX)

Seafarer Capital Partners, LLC ("Seafarer") was founded in 2011 as an investment advisor focused on emerging markets. Andrew Foster is Chief Investment Officer and has been the lead portfolio manager of the Overseas Growth & Income Fund since its inception in February, 2012. Prior to founding Seafarer, Andrew worked at Matthews Asia, where he was the Director of Research, Acting Chief Investment Officer and portfolio manager.

Seafarer believes that investors in emerging markets structurally overprice high growth and underappreciate sustainable growth, liquidity and solvency. This leads Seafarer to favor companies with seasoned operating histories and proven business models that are capable of producing steady, long-term expansion as opposed to short-term rapid growth.

The team incorporates current income into the process because it believes income helps to validate the quality of corporate growth, provides a standardized way to measure value across markets and helps to "anchor" the portfolio. In addition, the financial strength needed to pay dividends helps to somewhat mitigate volatility during periods of market uncertainty.

Research is a critical component of their investment process – particularly what we describe as on-site, "boots on the ground" research. Key objectives for their on-site research trips include gaining an understanding of each company's competitive landscape and identifying the motivations of the "control party" or the individuals driving company decisions. The team meets with 300 or more companies per year. Research trips are typically two weeks at a time. The goal is to visit 30-40 companies with the hope of producing one or two solid, new ideas for the portfolio.

One fairly unique aspect of the team's investment strategy is that it will opportunistically invest across the company's capital structure (equity, bonds, convertible bonds and preferred stock) in whatever financial instrument it believes is most attractively priced.

The strategy has generated above benchmark returns since inception, driven by strong stock selection across most sectors of the market. The manager has also shown strong stock selection ability across all emerging market regions.

Research Background

I first followed Andrew Foster's progress at Matthews Asia because he appeared to be a talented portfolio manager. However, he was focused solely on Asian markets at the time, which was too

Charles (CJ) Batchelor, CFA
Chief Investment Officer - Equity

Summary

Seafarer believes that investors in emerging markets structurally overprice high growth and underappreciate sustainable growth, liquidity and solvency.

Research is a critical component of their investment process – particularly what we describe as on-site, "boots on the ground" research.

The manager has shown strong stock selection ability across all emerging market regions.

We utilize the Fund as a complementary option to developed foreign managers in client portfolios.

Characteristics

- 40-60 positions
- Invests across all market caps, but generally has a lower weighted average market cap than the MSCI Emerging Markets Index
- Position sizes commonly 1.5%-4.0%
- 3-5 year investment horizon

narrowly focused in my opinion. I became much more interested when I learned that he had founded Seafarer and was set to manage an emerging markets product with a much wider investment mandate. I spoke with Andrew on the phone for the first time in February 2014 in order to gain better insight into the firm, investment process, team and overall business plan. While I was impressed with Andrew during our first conversation, I felt that it was too early to make an investment considering the firm was relatively new and it was still focused on getting the business up and running. I also wanted to see progress in the hiring of additional team members (research analysts and other support staff) because I felt too much of Andrew's time, and other key members' time, was being spent on non-research and non-portfolio management efforts. A patient approach allowed me to gain a much better understanding of the firm, the research process and how the portfolio would be managed. It also provided the opportunity to validate information from the first call with Andrew, such as team growth and business development.

I remained in contact with the firm and was pleased with its progress over the next two years, so I scheduled an on-site due diligence trip to its headquarters in Larkspur, California near the end of 2015. I spent roughly a half day at the firm, meeting with Andrew Foster, research analysts and other personnel in areas such as trading and compliance. I came away from the on-site meeting thoroughly impressed with the team. I was particularly pleased with their focus on research, candor during our conversations, shareholder-orientation and patient approach to overall firm growth. The combination of the factors noted above, in addition to many others that are outlined below, helped me to conclude that we should invest client assets in the Seafarer Overseas Growth & Income Fund.

Why we like Seafarer

- Seafarer is employee-owned
- Andrew Foster is an experienced portfolio manager in an under-followed area of the market
- Strong investment culture and they are willing to close products to preserve process integrity
- Portfolio managers are also analysts
- Research is conducted in-house with little if any reliance on third-party research
- Few portfolio constraints
- The investment process emphasizes long-term investing
- The firm has proven to be shareholder-friendly from a fee perspective

How we use Seafarer Overseas Growth & Income Fund (SIGIX)

We utilize the Fund as a complementary option to developed foreign managers in client portfolios. Our all equity portfolio is roughly 70% U.S. and 30% non-U.S. investments. Seafarer comprises a portion of the non-U.S. equity exposure in client portfolios that have an equity component. We believe Seafarer increases the investable universe for client portfolios, there is minimal overlap (individual security) with foreign equity managers that may be owned alongside it in portfolios, and we view downside protection as attractive relative to other emerging markets options. Our expectation is that the Fund will provide differentiated exposure to emerging market equities without necessarily being as volatile. We like those characteristics given the volatile nature of emerging markets as an asset class.

*Seafarer announced that it closed the Fund to new investors as of September 30, 2016. Despite the Fund closure, Entasis clients (current and future clients) will continue to have access to the Fund since we made an investment prior to the Fund's closure. This is an ideal situation for our clients because they now have access to what we believe is a solid investment team that they otherwise would not have if they invested directly.

Client Focus

This quarter our Client Focus is on Fees.

We believe the average investor pays too much for investment advice. We also believe that most investors do not have a clear understanding of the fees that they pay.

How much are you paying for financial advice?

How well do you understand fees?

The answer to those questions should be clear. It is our aim to make the answers to those questions easy for our clients. We have prepared some resources to help.

First, we have prepared a financial advisor questionnaire that is designed to allow clients and prospects to have an open conversation with us or their current advisor about fees and a number of other topics. We encourage everyone to open a constructive dialogue about fees so you know how much you are paying for financial advice. We believe it is the duty of advisors to provide clarity to clients about the amount of fees being paid and we strive to be very transparent. Click here for a copy of the questionnaire or Contact Us to receive a copy by email.

Second, we believe fees should be understandable. They should be explained well and summarized in a way that removes obscurity about the type and amount of fees. Generally speaking, the total cost paid by investors is comprised of three categories of fees: Product, Platform and Advisor.

Advisor Fees = Fees paid to an advisor for services. Billing practices vary by advisor. Examples include an asset-based or advisory fee, flat dollar fees by service, hourly rates and commissions. Some advisors charge a mix of those structures.

Product Fees = Charges for certain investments that ultimately flow through to clients. These fees are not billed directly, but lower returns. Mutual fund loads, 12b-1 fees and management fees are examples.

Platform Fees = Charges for trades such as commissions and mark-ups. These fees are incurred at the time trades occur.

If you are working with an advisor and do not have clear answers to the questions posed above, call us. We believe we can improve your experience.

Our Team

Bob Batchelor, CFA
CEO
Co-Founder

Bob J. Batchelor, CFA is Co-Founder and Chief Executive Officer of Entasis Asset Management. Bob has 19 years of experience in the investment industry. Prior to founding Entasis, Bob worked at Artisan Partners where he held a variety of roles including Head of Corporate Communications, Managing Director, Head of Marketing and Technology and Head of Marketing and Communications. He also served as a member of Artisan Partners Executive Committee. Before Artisan Partners, Bob worked at Strong Capital Management as Client Account Manager and Director of Investment Research and Communication.

Bob holds an M.B.A. from Marquette University and a B.B.A. from the University of Wisconsin-Madison. He has earned the right to use the CFA designation. Bob is a member of the CFA Institute and CFA Society of Milwaukee.

Bob currently resides in New Berlin, WI with his wife Christine and their three children – Courtney, Sam and Charlie.

C.J. Batchelor, CFA
CIO – Equity
Co-Founder

Charles J. (C.J.) Batchelor, CFA is Co-Founder and Chief Investment Officer – Equity of Entasis Asset Management. C.J. has 13 years of experience in the investment industry. Prior to founding Entasis, C.J. worked at Cleary Gull, a multi-billion dollar investment advisory firm, as Director of Investment Research. He also served as a member of Cleary Gull's Investment Policy Committee, Investment Committee and Equity Strategy Group.

C.J. holds a B.B.A. in Finance from the University of Wisconsin-Milwaukee. He has earned the right to use the CFA designation. C.J. is a member of the CFA Institute and CFA Society of Milwaukee, where he currently serves on the Board of Directors.

C.J. currently resides in Muskego, WI with his wife Shelly and their two children – Addison and Ethan.

Mike Peters, CFA
CIO – Fixed Income
Co-Founder

Mike Peters, CFA is Co-Founder and Chief Investment Officer – Fixed Income of Entasis Asset Management. Mike has 14 years of experience in the investment industry. Prior to founding Entasis, Mike worked at Cleary Gull, a multi-billion dollar investment advisory firm, as Fixed Income Portfolio Manager. In his role he served as voting member of Cleary Gull's Fixed Income Strategy Group and Complement (Alternative) Strategy Group. Before Cleary Gull, Mike worked for several years at Madison Investment Advisors, a multi-billion dollar asset management firm, as a Fixed Income Analyst.

Mike holds a B.B.A. in Finance from the University of Wisconsin-Milwaukee. He has earned the right to use the CFA designation. Mike is a member of the CFA Institute and CFA Society of Milwaukee.

Mike currently resides in Oconomowoc, WI with his wife Kristen and their two children – Evan and Eli.

IMPORTANT INFORMATION

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The **S&P 500® Index** is a market capitalization weighted index that measures the performance of 500 leading companies in leading industries of the U.S. economy. The **Russell 1000® Index** measures the performance of roughly 1,000 U.S. large-cap companies. The **Russell 1000® Growth** Index measures the performance of U.S. large-cap companies with higher price/book ratios and forecasted growth values. The **Russell 1000® Value Index** measures the performance of U.S. large-cap companies with lower price/book ratios and forecasted growth values. The **Russell 2000® Index** measures the performance of roughly 2,000 U.S. small-cap companies. The **MSCI EAFE Index** is a market capitalization weighted index that is designed to measure the performance of developed markets, excluding the U.S. and Canada. The **MSCI Emerging Markets Index** is a market capitalization weighted index that is designed to measure equity market performance of emerging markets. **The MSCI ACWI Ex USA Small Cap Index** is a market capitalization weighted index that represents the performance of smaller capitalization companies in developed and emerging markets excluding the U.S.

The **Barclays Aggregate Bond Index** tracks the performance of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities with at least one year to final maturity. The **Barclays Intermediate U.S. Gov/Credit Index** tracks the performance of intermediate U.S. government and corporate bonds. The **Barclays Municipal Bond Index** is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.

The **BoAML Fixed Rate Preferred Securities Index** tracks the performance of fixed rate U.S. dollar denominated preferred securities in the U.S. domestic market. The **BoAML Treasury Master Index** tracks the performance of the direct sovereign debt of the U.S. Government. The **BoAML U.S. Mortgage Back Securities Index** tracks the performance of U.S. dollar denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by U.S. agencies in the U.S. market. The **BoAML U.S. Corporate Master Index** tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market. The **BoAML High Yield Master II Index** is a broad based index consisting of all U.S. dollar-denominated high-yield bonds with a minimum outstanding of $100 million and maturing over one year. The **BoAML All Convertibles All Qualities Index** measures convertible securities' performance of U.S. dollar denominated convertible securities not currently in bankruptcy with a total market value greater than $50 million at issuance. The **BoAML Euro Broad Market Index** gives exposure to euro-denominated investment grade debt publicly issued in the Eurobond or euro member domestic markets including government, quasi-government, corporate, securitized and collateralized securities. The **BoAML Local Debt Markets Plus Index** is a broad composite designed to track the performance of local currency sovereign debt of emerging markets countries.

Past performance is no guarantee of future results. All indices are unmanaged. Investors cannot invest directly in an index. Index returns do not include expenses.

Investment Terms

Valuation levels are typically shown by calculating the price level of an index or a company relative to any number of characteristics of an index or company. For instance, the price-to-earnings valuation metric looks at the price of an index (or stock) divided by the total earnings of an index (or stock). Based on the multiple (in this instance, the multiple is how much investors are willing to pay – the price – for a given amount of earnings), it provides investors with a general sense of how expensive, or cheap, the overall market is at the present time. While there are a significant number of valuation metrics that are used in practice, and many ways to vary/modify the calculation of the price-to-earnings ratio, in this summary we are focused on the price investors are willing to pay (the level of the S&P 500 Index) divided by earnings expectations for the equity market (S&P 500 Index) over the next 12 months. This valuation metric is referred to as the forward P/E.

A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt.

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