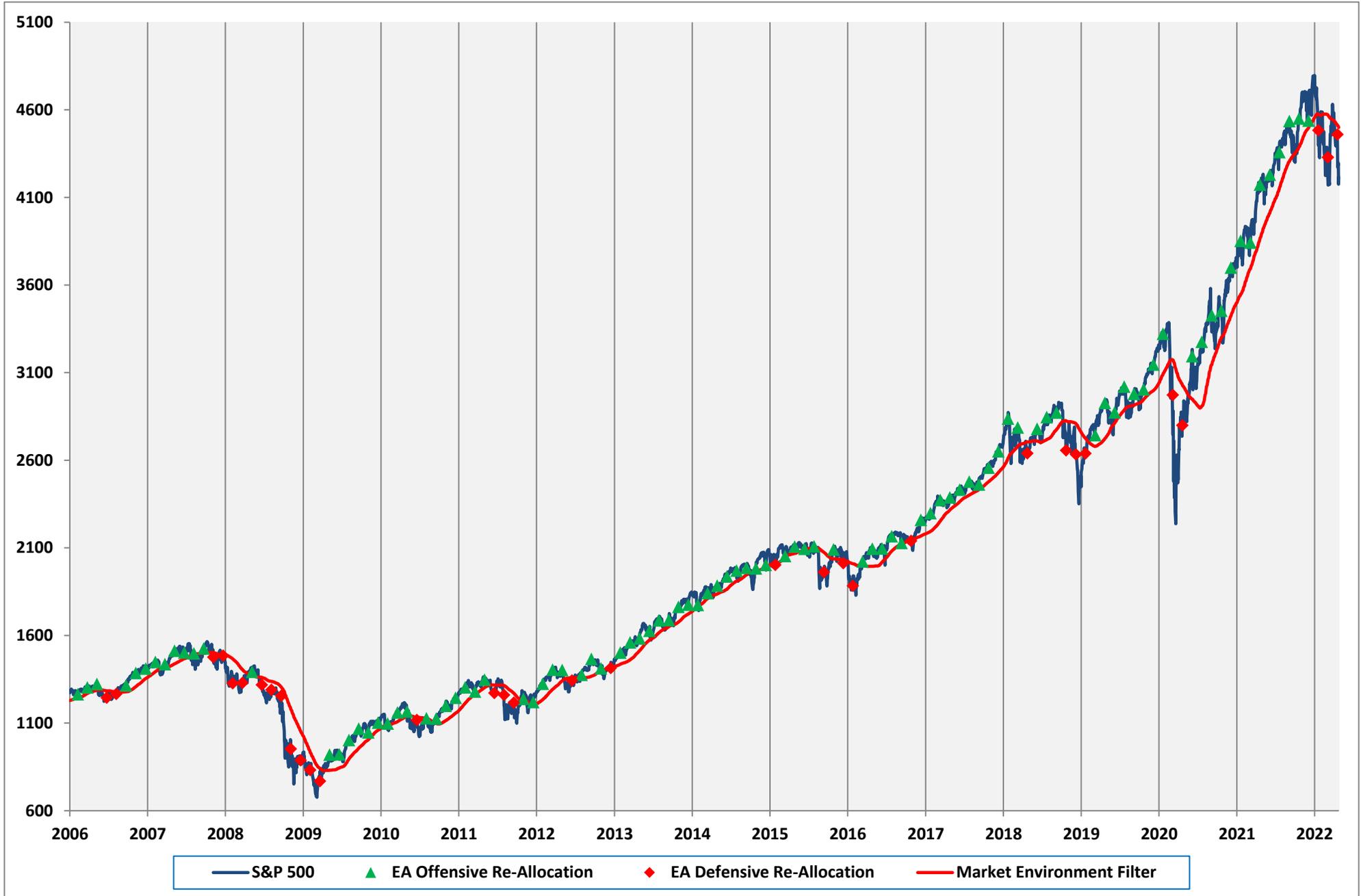


Hypothetical 45-Day Re-Allocation Cycle
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No graph, chart, formula or other device can, in and of itself, be used to determine which securities to buy or sell, or when to buy or sell such securities.

This piece may provide general investment information from sources deemed reliable but is in no way a solicitation to buy or sell any security. Past performance is not indicative of future results. Data is provided for informational purposes only and should not be construed as investment or tax advice. From time to time a particular fund used in a strategy may become unavailable for future use, in which case a replacement fund may be added. For a list of funds that have been added or removed from the program please contact us. The fund universe is subject to change without notice and on certain platforms may vary based upon availability. There is no assurance that objectives will be realized. There is risk of loss with all of Q3 Asset Management's investment strategies.

Hypothetical Performance Disclosure:

Unless otherwise noted, all data is considered hypothetical. Hypothetical performance results have certain inherent limitations. Unlike an actual performance record, simulated trades do not represent actual trading. Also, since the trades have not actually been executed, the results may have over or under compensated for the impact, if any, of certain market factors such as lack of liquidity. You may have done better or worse than the results portrayed. Hypothetical testing does not involve financial risk and therefore may not necessarily depict an investor's ability to tolerate such risks. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. Research is reflective of the mutual funds or exchange traded funds (ETFs) outlined for each respective program. Results portrayed reflect the reinvestment of dividends. Funds used in the research report may or may not be available to use in the future. Additionally, such funds may not have always been available on a specific trading platform in the past. Q3 Asset Management may alter the methodology associated with a strategy at their discretion. Under such a scenario, it's possible that some of the data reflected in the research report may differ from the actual strategy being implemented. Under certain circumstances hypothetical performance results may include data provided by a third-party, such as a signal provider or sub-advisor. Variable annuity results may not include all insurance or "rider" charges that may be part of the product as such fees vary by individual. When a "Money Market" fund is used in hypothetical data, performance for that portion of the investment is calculated at 0%. Results shown assume a base "mortality & expense" charge as outlined in the research report. Because some of the mutual funds available on certain platforms and variable annuities may not have historical performance data for the entire time period tested, we may use an alternative share class or "clone" fund to conduct the research. If a "clone" fund is utilized in the research report, it is outlined accordingly. Such "clone" funds are expected to have a high correlation to the actual fund used in the strategy. All data is net of maximum advisory fees of 2.5% annually but may not include custodial fees that may be charged. Advisory fees are deducted quarterly in arrears (0.625% quarterly) in each respective quarter ending month (March, June, September and December). Actual advisory fees are deducted approximately 2 weeks after each quarter ending month. ETF based strategies deduct an additional fee of 0.5% annually (deducted quarterly in arrears) to account for commissions and slippage, for the testing period. Historical data used in testing is provided by Commodity Systems, Inc. (CSI) and Morningstar. Results do not take into consideration any tax consequences that may arise from an active investment approach.

Model Performance Disclosure:

Performance data for many strategies include "model account performance." Results are time-weighted geometrically linked returns. Selection of "model accounts" is based on the longevity of the account along with identifying those accounts with minimal additions and withdrawals. It's possible that a model account will change based on a number of factors including the termination of the model account and/or a strategy change. For most strategies, model accounts are representative of an actual account held by one of the principals of Q3AM. Under certain circumstances model account information may include data provided by a third-party, such as a signal provider or sub-advisor. In such cases, Q3AM did not necessarily have client accounts invested in the program over the time frame presented. Additionally, Q3AM may have had a minimal portion of total assets in a particular model over certain time periods. While it is expected that other accounts would have achieved returns similar to those presented, it is possible that returns may vary based upon the size of the account, where the account is held, and other factors. All data is net of maximum advisory fees of 2.5% annually but may not include custodial fees. In situations where a model account is charged less than 2.5%, the difference is factored in to simulate a maximum advisory fee. Results do not take into consideration any tax consequences that may arise from an active investment approach.

Definitions & Additional Disclosures:

Index/Benchmark Performance: is either (1) that of the Vanguard 500 Fund (Ticker: VFINX), Vanguard Total Bond Fund (Ticker: VBTFX), or a combination of the two, as noted; or (2) the Vanguard Market Neutral Fund (Ticker: VMNFX). Index data reflects the reinvestment of dividends.

Drawdown: Measures the largest negative change in value of an investment, from its highest peak to its lowest valley. Our drawdown figure utilizes monthly values. Maximum Drawdown Length describes the maximum amount of time, in months, that the strategy was below its highest peak.

Standard Deviation: Measures the amount of volatility associated with an investment. The higher the figure, the more volatility you should expect. If an investment has an average annual return of 10% and a standard deviation of 15%, one might conclude the "average range" of the return would be -5% to 25% (10% +/- 15%). It's important to note that upside volatility, which is good, is measured in the same way as downside volatility. This is why it's important to also look at the "Drawdown" and "Sharpe ratio" when evaluating an investment.

Sharpe Ratio: Also referred to as "risk-adjusted return." It is calculated by subtracting the risk-free rate of return (13-week T-Bills) from the annualized rate of return (of the investment), and then dividing this figure by the standard deviation. The higher the number the better.

Alpha: Measures the difference between the investment's actual returns and expected performance, given its level of risk (as measured by beta). A positive alpha indicates the investment has performed better than its beta would predict. In contrast, a negative alpha indicates the investment has underperformed, given the expectations established by the investment's beta.

Beta: Measures the volatility of the investment in comparison to the Index. It can be thought of as the tendency of the program's returns to respond to swings in the benchmark. A beta of 1 indicates that the strategy should move similar to the benchmark. A positive number less than 1 means the program should be less volatile than the benchmark. A number greater than 1 means the program should be more volatile than the benchmark. A negative number means that there should be inverse correlation between the program and the benchmark.

Strategy Launch Date: Identifies the date that the strategy began trading or the research report was initially developed, whichever occurred first. For Multi-Strategy Reports, please reference the individual strategy report for launch dates.

For a list of all recommendations made in the preceding twelve months, including hypothetical trade histories, please contact our office directly. No graph, chart, formula or other device can, in and of itself, be used to determine which securities to buy or sell, or when to buy or sell such securities, or can assist persons in making those decisions. Material market or economic conditions such as the "technology bubble" of the late 1990's and the severe market downturn of 2008 had a large impact on the research and hypothetical performance results associated with all of Q3's investment strategies – therefore such results may not be repeatable. Be sure to consult your financial and tax advisor prior to investing. Any reference to or use of the term "registered investment advisor" does not imply that Q3 Asset Management or any person associated with Q3 Asset Management has achieved a certain level of skill or training. For additional information please see Q3 Asset Management Corporation's ADV, which is available upon request.