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All investing involves risk, and asset allocation and diversification do not guarantee a profit or protection against a loss. Past performance is not indicative of future results.

The Vantage Strategies

Vantage 1.0 Strategies

The key element of construction is the use of three core allocations (“Core 1.0 Allocations”) that are comprised of cash (“Core Cash Allocation”) and mutual funds representing the following asset classes:

- Equities (“Core Equity Allocation”), and
- Bonds (“Core Bond Allocation”).

Vantage 1.0 Models

There are three Vantage 1.0 Models – Aggressive, Balanced, and Conservative. The underlying mutual funds and allocations of the Core 1.0 Allocations are the same in all Vantage 1.0 Models, with the only differences occurring with changes made to the aggregation of the Core Equity and Bond Allocations to meet the investment objectives of each respective 1.0 Model.

Monitor

Allocation changes to the Vantage 1.0 Models - and the timing of those changes - are determined by a proprietary risk management strategy formula, referred to as Risk Optimization.

Risk Optimization blends the Core Equity and Bond Allocations together in to ratios ranging between 100% Equities to 0% Bonds and 0% Equities to 100% Bonds. Using the S&P 500® Index as the internal benchmark, Beacon then calculates the five-year trailing beta on each allocation blend. It is this range of beta calculations that provides Beacon with a volatility map to then overlay onto each Vantage 1.0 Model. The Vantage 1.0 Aggressive, Balanced, and Conservative Models have target betas of approximately .70, .40, and .10, respectively. Each month, Beacon will choose the equity-to-bond ratio from our map of beta calculations that yields a beta falling within each Model's risk budget. By pegging each Model's risk level to a specific beta, Beacon believes that overall long-term risk can be reduced.

It is Beacon's opinion that equities control the majority of risk within the 1.0 Models - and as the equities held within the 1.0 Models become more volatile, their respective betas will naturally increase. To account for the possibility of more volatility driven by equities, Beacon, on a monthly basis, can allocate a larger portion of each Model from equities to bonds in order to bring each Model's overall beta (risk) back down to accepted levels. The same equity-to-bond adjustments are applied when equities become less volatile, just in reverse.

Vantage 2.0 Strategies

The key element of construction is the use of three core allocations ("Core 2.0 Allocations") that are comprised of cash ("Core Cash Allocation") and ETFs representing the following asset classes:

- Equities ("Core Equity Allocation"), and
- Bonds ("Core Bond Allocation").

Vantage 2.0 Models

There are three Vantage 2.0 Models – Aggressive, Balanced, and Conservative. The underlying ETFs and allocations of the Core 2.0 Allocations are the same in all Vantage 2.0 Models, with the only difference occurring with changes made to the aggregation of the Core Equity and Bond Allocations to meet the investment objectives of each respective 2.0 Model.

Core 2.0 Allocation Compositions

The Core Equity Allocation is currently composed of 11 non-proprietary equity-sector ETFs consisting of the following GICS®-defined economic sectors, each equally weighted at 9.09% (percentages may not total to 100% due to rounding): Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Communication Services, Utilities, and Real Estate.

The Core Bond Allocation is currently composed of the following 3 non-proprietary fixed income ETFs consisting of the following bond durations, each equally weighted at 33.33% (percentages may not total to 100% due to rounding): Long Term Bond; Intermediate Term Bond; and Short Term Bond.

The Core Cash Allocation is currently composed of a single cash position.

Monitors

Beacon has constructed the **Vantage Benchmark Index (“VBI”)** monitors to mirror the current compositions of the abovementioned Core 2.0 Allocations.

Allocation changes to the Vantage 2.0 Models - and the timing of the changes - are determined by a proprietary formula, represented by the Vantage Benchmark Index (VBI), which consists of two versions that mirror the composition of the abovementioned Core 2.0 Allocations.

VBI-Equity

Beacon monitors the VBI mirroring the Core Equity Allocation (“VBI-Equity”) daily. When the VBI-Equity falls by 10% from its previous high, based on closing prices, the Core Equity Allocation is liquidated the following business day with the proceeds from that liquidation invested in the Core Bond Allocation the day after. **There is no guarantee that losses from the Core Equity Allocation will be limited to 10% or less, and there is the potential for larger losses due to rapidly moving prices.**

Some of the ETFs used in the Core Equity Allocation/VBI-Equity were not available during the time period presented:

For periods between July 1, 2000 and September 30, 2004, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Consumer Staples Select SPDR (XLP); Materials Select SPDR (XLB); Financial Select SPDR (XLF); Health Care Select SPDR (XLV); Energy Select SPDR (XLE); Technology Select SPDR (XLK); Utilities Select SPDR (XLU); Consumer Discretionary Select SPDR (XLY); Industrial Select SPDR (XLI); iShares Dow Jones US Real Estate (IYR); and Fidelity Select Telecommunications (FSTCX).

For periods between January 1, 1999 and June 30, 2000, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Consumer Staples Select SPDR (XLP); Materials Select SPDR (XLB); Financial Select SPDR (XLF); Health Care Select SPDR (XLV); Energy Select SPDR (XLE); Technology Select SPDR (XLK); Utilities Select SPDR (XLU); Consumer Discretionary Select SPDR (XLY); Industrial Select SPDR (XLI); Fidelity Real Estate Investment (FRESX); and Fidelity Select Telecommunications (FSTCX).

For periods between March 24, 1993 and December 31, 1998, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Fidelity Select Consumer Staples (FDFAX); Fidelity Select Materials (FSDPX); Fidelity Select Financial Services (FIDSX); Fidelity Select Health Care (FSPHX); Fidelity Select Energy (FSENX); Fidelity Select Technology (FSPTX); Fidelity Select Utilities (FSUTX); Fidelity Select Consumer Discret. (FSCPX); Fidelity Select Industrial Equipment (FSCGX); Fidelity Real Estate Investment (FRESX); and Fidelity Select Telecommunications (FSTCX).

VBI-Bond

Beacon monitors the VBI mirroring the Core Bond Allocation (“VBI-Bond”) daily. When that VBI falls by 4% from its previous high, based on closing prices, the Core Bond Allocation is liquidated the following business day, with the proceeds from that liquidation invested in the Core Cash Allocation. Such action does not guarantee that losses from the Core Bond Allocation will be limited to 4% or less and, in many cases, Core Bond Allocation losses could be greater than 4% as current bond-ETF holdings may be more sensitive to several risks that affect bond pricing than the VBI-Bond. In addition, there is the potential for larger losses due to rapidly moving prices.

Some of the ETFs used in the Core Bond Allocation/VBI-Bond were not available during the time period presented:

For periods between June 20, 1996 and April 9, 2007, the Core Bond Allocation is composed of the following 3 bond ETFs, each equally weighted at 33.33% (Percentages may not total to 100% due to rounding): Vanguard Long Term Bond (VBLTX); Vanguard Intermediate Term Bond (VBIX); and Vanguard Short Term Bond (VBISX).

For periods between March 24, 1993 and June 19, 1996, the primary 2.0 Bond Model is composed entirely of the Vanguard Total Bond Market (VBMFX).

Vantage 3.0 Strategies

The key element of construction is the use of four core allocations ("Core 3.0 Allocations") that are comprised of cash ("Core Cash Allocation") and ETFs representing the following asset classes:

- Equities ("Core Equity Allocation"),
- Bonds ("Core Bond Allocation"), and
- Alternatives ("Core Alternative Allocation").

Vantage 3.0 Models

There are five Vantage 3.0 Models – Aggressive, Balanced, Alternatives, Bond, and Conservative. The underlying ETFs and allocations of the Core 3.0 Allocations are the same in all Vantage 3.0 Models, with the only differences occurring with changes made to the aggregation of the Core Equity and Bond Allocations to meet the investment objectives of each respective 3.0 Model.

The Core Alternative Allocation is available (as an alternate to the Core Equity Allocation) for those investors seeking additional diversification beyond the Aggressive, Balanced, and Conservative Models, with the understanding that alternative investments are speculative and involve a high degree of risk that is not suitable for all investors.

Core 3.0 Allocation Compositions

The Core Equity Allocation is composed of 11 non-proprietary equity-sector ETFs consisting of the following GICS®-defined economic sectors, each equally weighted at 9.09% (percentages may not total to 100% due to rounding): Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Health Care, Financials, Information Technology, Communication Services, Utilities, and Real Estate.

The Core Bond Allocation is currently composed of the following 4 non-proprietary fixed income ETFs consisting of the following bond durations, each equally weighted at 25% (percentages may not total to 100% due to rounding): Extended Duration Bond; Long Term Bond; Intermediate Term Bond; and Inflation Protected Bond.

The Core Alternative Allocation is currently composed of the following non-proprietary ETFs: 50.00% Powershares Global Listed Private Equity (PSP); and 50.00% Powershares DB Commodity Index No K-1 (PDBC).

The Core Cash Allocation is currently composed of a single cash position.

Monitors

Allocation changes to the Vantage 3.0 Models - and the timing of those changes - are determined by a proprietary formula, represented via a series of internal benchmarks that mirror the composition of the abovementioned Core 3.0 Allocations.

Beacon monitors the internal Equity/Alternative-mirrored benchmarks daily. When an Equity and/or Alternative-mirrored benchmark falls below what Beacon considers its low trend line, the mirrored Core Equity or Alternative Allocation position/holdings are liquidated the following business day, with the proceeds from that liquidation invested in the Core Bond Allocation the day after. Conversely, when a benchmark rises above what Beacon considers its high trend line, the mirrored Core Bond Allocation positions/holdings are liquidated the following business day, with the proceeds from liquidation invested back in the Core Equity and/or Alternative Allocation(s). ***This does not guarantee against losses from the Core Equity and/or Alternative Allocation(s). There is the potential for large losses due to rapidly moving prices.***

Some of the ETFs used in the Core Equity Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between July 1, 2000 and September 30, 2004, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Consumer Staples Select SPDR (XLP); Materials Select SPDR (XLB); Financial Select SPDR (XLF); Health Care Select SPDR (XLV); Energy Select SPDR (XLE); Technology Select SPDR (XLK); Utilities Select SPDR (XLU); Consumer Discretionary Select SPDR (XLY); Industrial Select SPDR (XLI); iShares Dow Jones US Real Estate (IYR); and Fidelity Select Telecommunications (FSTCX).

For periods between January 1, 1999 and June 30, 2000, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Consumer Staples Select SPDR (XLP); Materials Select SPDR (XLB); Financial Select SPDR (XLF); Health Care Select SPDR (XLV); Energy Select SPDR (XLE); Technology Select SPDR (XLK); Utilities Select SPDR (XLU); Consumer Discretionary Select SPDR (XLY); Industrial Select SPDR (XLI); Fidelity Real Estate Investment (FRESX); and Fidelity Select Telecommunications (FSTCX).

For periods between March 24, 1993 and December 31, 1998, the Core Equity Allocation is composed of the following equity sector ETFs, each equally weighted at 9.09% (Percentages may not total to 100% due to rounding): Fidelity Select Consumer Staples (FDFAX); Fidelity Select Materials (FSDPX); Fidelity Select Financial Services (FIDSX); Fidelity Select Health Care (FSPHX); Fidelity Select Energy (FSENX); Fidelity Select Technology (FSPTX); Fidelity Select Utilities (FSUTX); Fidelity Select Consumer Discret. (FSCPX); Fidelity Select Industrial Equipment (FSCGX); Fidelity Real Estate Investment (FRESX); and Fidelity Select Telecommunications (FSTCX).

Some of the ETFs used in the Core Alternative Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between October 24, 2006 and February 28, 2023, the Core Alternative Allocation is composed of the following ETFs: 33.34% Powershares Global Listed Private Equity (PSP); 33.33% Powershares DB Commodity Index (DBC); and 33.33% Powershares DB G10 Currency Harvest (DBV).

For periods between September 20, 2006 and October 23, 2006, the Core Alternative Allocation is composed of the following ETFs: 33.34% Red Rocks Global Listed Private Equity Index; 33.33% Powershares DB Commodity Index (DBC); and 33.33% Powershares DB G10 Currency Harvest (DBV).

For periods between February 6, 2006 and September 19, 2006, the Core Alternative Allocation is composed of the following ETFs: 33.34% Red Rocks Global Listed Private Equity Index; 33.33% Powershares DB Commodity Index (DBC); and 33.33% DBIQ G10 Currency Future Harvest Index.

For periods between January 2, 1997 and February 5, 2006, the Core Alternative Allocation is composed of the following ETFs: 33.34% Red Rocks Global Listed Private Equity Index; 33.33% DBIQ Optimum Yield Diversified Commodity Index; and 33.33% DBIQ G10 Currency Future Harvest Index.

For periods between March 24, 1993 and January 1, 1997, the Core Alternative Allocation is composed of the following ETFs: 50.00% DBIQ Optimum Yield Diversified Commodity Index 50.00%; and DBIQ G10 Currency Future Harvest Index.

Beacon also monitors the internal Bond-mirrored benchmarks daily. When a Bond benchmark falls below what Beacon considers its low trend line, the mirrored Core Bond Allocation position/holdings are liquidated the following business day, with the proceeds from that liquidation invested in the Core Cash Allocation. Conversely, when a benchmark rises above what Beacon considers its high trend line, the portion of the holding represented by that index benchmark is liquidated from the Core Cash Allocation the following business day, with the proceeds from liquidation invested back in the Core Bond Allocation. ***This does not guarantee against losses from the Core Bond Allocation. The Core Bond Allocation is invested in bond ETFs with long maturities, which adds exposure to risks that affect market prices of bonds. In addition, there is the potential for larger losses due to rapidly moving prices.***

Some of the ETFs used in the Core Bond Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between January 29, 2008 and October 15, 2012, the Core Bond Allocation is composed of the following 4 non-proprietary fixed income ETFs, each equally weighted at 25.00%: Vanguard Extended Duration Treasury (EDV); Vanguard Long Term Bond (BLV); Vanguard Intermediate Term Bond (BIV); and Vanguard Inflation-Protected Securities (VIPSX).

For periods between April 10, 2007 and January 28, 2008, the Core Bond Allocation is composed of the following 4 non-proprietary fixed income ETFs, each equally weighted at 25.00%: Vanguard Long Term Treasury Bond (VUSTX); Vanguard Long Term Bond (BLV); Vanguard Intermediate Term Bond (BIV); and Vanguard Inflation-Protected Securities (VIPSX).

For periods between July 12, 2000 and April 9, 2007, the Core Bond Allocation is composed of the following 4 non-proprietary fixed income ETFs, each equally weighted at 25.00%: Vanguard Long Term Treasury Bond (VUSTX); Vanguard Long Term Bond (VBLTX); Vanguard Intermediate Term Bond (VBIIIX); and Vanguard Inflation-Protected Securities (VIPSX).

For periods between March 1, 1994 and July 11, 2000, the Core Bond Allocation is composed of the following 3 non-proprietary fixed income ETFs, each equally weighted at 33.33% (percentages may not total to 100% due to rounding): Vanguard Long Term Treasury Bond (VUSTX); Vanguard Long Term Bond (VBLTX); and Vanguard Intermediate Term Bond (VBIIIX).

For periods between March 24, 1993 and February 28, 1994, the Core Bond Allocation is composed of the following 3 non-proprietary fixed income ETFs: 66.67% Vanguard Long Term Treasury Bond (VUSTX); and 33.33% Vanguard Intermediate Term Treasury (VFITX).

Vantage 3.0 American Strategies

The key element of construction is the use of four core allocations (“Core 3.0 American Allocations”) that are comprised of cash (“Core Cash Allocation”) and certain American Funds’ mutual funds representing the following (sub)asset classes:

- U.S. equities (“Core U.S. Equity Allocation”),
- International equities (“Core Int’l Equity Allocation”), and
- Bonds (“Core Bond Allocation”).

Vantage 3.0 American Models

There are three Vantage 3.0 American Models – U.S., International, and Bond. The underlying mutual funds and allocations of the Core 3.0 American Allocations are the same in all Vantage 3.0 American Models, with the only differences occurring with changes made to the aggregation of the Core U.S. Equity, Int’l Equity and/or Bond Allocations to meet the investment objectives of each respective 3.0 American Model.

Core 3.0 American Allocation Compositions

Since January 1, 2018, the Core U.S. Equity Allocation is composed of the following mutual funds: 40.00% American Growth Fund of America (GAFFX); 30.00% American Fundamental Investors (FUNFX); 15.00% American SMALLCAP World (SFCWX); 15.00% American Washington Mutual (FWMIX).

Since January 1, 2018, the Core Int’l. Equity Allocation is composed of the following mutual funds: 70.00% American Europacific Growth (FEUPX); 15.00% American International Growth and Income (IGAIX); and 15.00% American SMALLCAP World (SFCWX).

Since January 1, 2018, the Core Bond Allocation is composed of the following mutual funds: 50.00% American Capital World Bond (WFBFX) (50.00%); and 50.00% American US Government Securities (USGFX).

The Core Cash Allocation is currently composed of a single cash position.

Monitors

Allocation changes to the Vantage 3.0 American Models – and the timing of those changes - are determined by a proprietary formula, represented via a series of internal benchmarks that mirror the composition of the abovementioned Core 3.0 American Allocations.

Beacon monitors the internal U.S. Equity and Int’l Equity-mirrored benchmarks daily. When a benchmark falls below what Beacon considers its low trend line, the mirrored Core U.S. Equity and/or Int’l Equity Allocation position/holdings are liquidated the following business day, with the proceeds from that liquidation invested in the Core Bond Allocation. Conversely, when a benchmark rises above what Beacon considers its high trend line, the mirrored Core Bond Allocation portion/holdings are liquidated the following business day, with the proceeds from liquidation invested back in the Core U.S. Equity and/or Int’l Equity Allocation(s).

Some of the ETFs used in the Core U.S. Equity Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between March 24, 1993 and December 31, 2017, the Core U.S. Equity Allocation is composed of the following mutual funds: American Growth Fund of America (AGTHX) (40.00%); American Fundamental Investors (ANCFX) (30.00%); American SMALLCAP World (SMCWX) (15.00%); and American Washington Mutual (AWSHX) (15.00%).

Some of the ETFs used in the Core Int'l Equity Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between December 1, 2008 and December 31, 2017, the Core Int'l. Equity Allocation is composed of the following mutual funds: American Europacific Growth (AEPGX) (70.00%); American International Growth and Income (IGAAX) (15.00%); and American SMALLCAP World (SMCWX) (15.00%).

For periods between March 24, 1993 and November 30, 2008, the Core Int'l. Equity Allocation is composed of the following mutual funds: American Europacific Growth (AEPGX) (82.00%); and American SMALLCAP World (SMCWX) (18.00%).

Beacon also monitors the internal Bond-mirrored benchmarks daily. When a Bond benchmark falls below what Beacon considers its low trend line, the mirrored Core Bond Allocation position/holdings are liquidated the following business day, with the proceeds from that liquidation invested in the Core Cash Allocation. Conversely, when a benchmark rises above what Beacon considers its high trend line, the mirrored position/holdings are liquidated from the Core Cash Allocation the following business day, with the proceeds from liquidation invested back in the Core Bond Allocation. ***This does not guarantee against losses from the Core Bond Allocation. The Core Bond Allocation is invested in bond mutual funds with long maturities, which adds exposure to risks that affect market prices of bonds. In addition, there is the potential for larger losses due to rapidly moving prices.***

Some of the ETFs used in the Core Bond Allocation/mirrored internal benchmarks were not available during the time period presented:

For periods between March 24, 1993 and December 31, 2017, the 3.0 American Bond Model is composed of the following mutual funds: American Capital World Bond (CWBFX) (50.00%); and American US Government Securities (AMUSX) (50.00%).

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120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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