STAYING TACTICAL
WITH SECTOR INVESTING

WEALTHMANAGEMENT

Sector rotation investing is a tactical strategy of rotating weightings between the varied business sectors of the S&P 500® based on the economic cycle.

Sector investing makes good sense, and at WT Wealth Management we believe it makes good investing sense.

Sectors are groups of companies in similar businesses, which are driven by similar forces, good and bad. In the early stages of an economic recovery, history has shown that most sectors tend to rise across the board. However, research has shown that there can be laggards such as utilities, telecom and consumer staple companies as investors exit sectors that are generally regarded to have greater safety and become more aggressive in their mindset. Examining historical look-backs have also shown that in the early stages of economic recovery, sectors like Finance, Technology, Consumer Discretionary and even Materials have the most demand as growth and consumption improves and spending becomes looser. Much of this is common sense and most people can see and understand why these sectors would perform in this way.

History has shown that this is how sectors typically behave in a normal business cycle, though no two business cycles are the same. Economic circumstances vary with each recovery cycle, as does the degree to which each sector will out or underperform.

NO PRECEDENT IN RECENT HISTORY

We have all heard that past performance is no indication of future results. This recovery is no different.

With that said, in our opinion, there is really no precedent for the current extended, six-year recovery cycle we are experiencing. This is a recovery, facilitated by a historically liberal monetary policy courtesy of the Federal Reserve, in an effort to recover from the worst recession in 80 years.

The unprecedented series of QE is what makes this recovery cycle so different and why experts are so hard-pressed to determine whether we're in the early, mid or late-cycle stage of the economic recovery. Nothing is crystal clear and nearly everyone is guessing. In addition, the economic weakness that Europe is currently experiencing is affecting the U.S. economy and in particular, large U.S. multinationals that depend on worldwide demand to generate a large portion of their revenues. A stronger dollar isn't helping multinational earnings either. As earnings season has entered its third week, companies that do business around the world are warning that the strong dollar will impact future earnings in 2015.

NO PREDCEDENT CONTINUED ON P2

NO PRECEDENT IN RECENT HISTORY CONTINUED

Unfortunately, as the world has become smaller determining where in the economic cycle we currently lie has become more difficult. It's not just about the U.S. anymore. Our economy is effected but the millions of economic factors in Asia, Europe and the dozens of other major trade partners we provide and give goods and services to around the world.

Of course, in today's economic environment, portfolio managers continue to concern themselves with what impact increasing interest rates may have on their clients' portfolios. Economists are trying to figure out whether we are in early-, mid- or late-cycle stages of the recovery. Regardless of where we may be, one thing that seems certain, in our opinion, is that the Fed will begin raising short-term interest rates in late 2015 or early 2016 and we feel that signals a mature recovery.

SECTOR STRATEGY—A TACTICAL APPROACH

A pillar of the WT Wealth Management style is a sector rotation strategy that allows us to take a more active approach to client portfolios without deviating from their long-term plan. We believe a disciplined sector rotation strategy allows us to be somewhat opportunistic while taking advantage of economic trends. Understanding the economic cycle can allow us to potentially quantify the performance of certain industries and their related sectors. As we all know, past performance is not predictive of future returns, but we believe the historical performance of the different sectors has shown some clear "trend" patterns over time.

Sector rotation strategies have been shown to have more diverse returns and lower correlation than many other style diversification strategies (growth vs. value, international vs. domestic) across most economic cycles—but particularly in periods of rising rates and extended economic recoveries.
How Sector Investing May Help to Enhance Returns and Manage Risk.

HOW SECTOR INVESTING MAY HELP TO ENHANCE RETURNS AND MANAGE RISK

We believe there are two ways to generate good returns: by riding the updrafts or by avoiding the downdrafts. At WT Wealth Management we constantly review and measure risk vs. reward it's the essence of what we do. Minimizing downside participation is a daily focus to our overall investment strategy in order to consistently produce results throughout a full market cycle.

From a volatility perspective, we would expect that sectors would exhibit a wide range of price movements over an entire economic cycle. We feel that by tilting away from the sectors that perform worst during periods of economic stress and tilting towards those that tend to historically outperform we feel we could potentially be able to dampen the effect of overall volatility on the portfolio.

While a rising economic tide lifts all sectors to one degree or another, specific sectors often benefit to different degrees and at different points in the economic cycle.

HOW SECTORS HAVE PERFORMED IN VARIOUS ECONOMIC CYCLES

We believe the data is fairly convincing; that different sectors respond in vastly different ways to the various phases of the business/economic cycle.

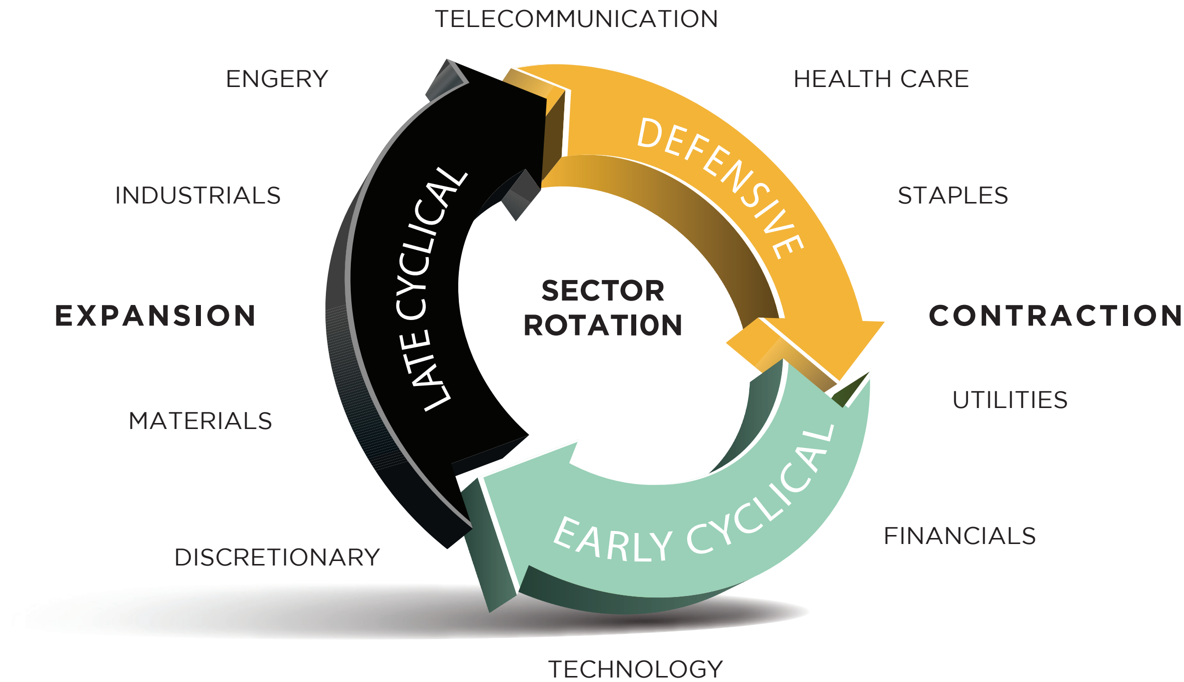
For instance, interest-sensitive sectors, such as Consumer Discretionary, Technology and Financials will likely benefit most in the early stages as more-confident buyers increase their borrowing to purchase cars, large

HOW SECTORS HAVE PERFORMED CONTINUED ON P3

HOW SECTORS HAVE PERFORMED...CONTINUED

appliances, houses and invest in technology and research while interest rates remain low. As the recovery picks up steam, growth dependent sectors, such as Industrials, Energy and Materials will generally experience gains as their sales begin to accelerate and as the economic recovery builds steam.

In the contraction phase of the economic cycle, sector performance can vary considerably. Typically, less economically sensitive sectors that provide the necessities of life—Healthcare, Consumer Staples and Utilities for instance, historically perform well. While at the same time, research data shows Energy, Industrials, Discretionary and Information Technology tend to underperform in contraction periods as a result of their consumption demand which is so closely tied to the ups and downs of the economy.



MARKET 2015

At WT Wealth Management we feel that we are in the 6th or 7th inning of the current economic recovery. History has proven that the economy usually continues to expand as rates rise and we have 100% confidence in the Federal Reserve to proceed with caution.

For 2015, in most portfolios, we continue to allocate to middle and late expansion sectors such as Materials, Industrials and Energy. However, we always view the world with caution, skepticism and a hint of pessimism so we also have additional exposure to Healthcare, Consumer Staples and Utilities just in case the economy suddenly weakens.

2015 should prove to be an interesting year. In our opinion we will see a first rate increase in nearly 9 years. As a result, markets will become more volatile and by the end of the year thoughts will turn to the 2016 Presidential election and potentially a new political party at the helm. New information to evaluate never stops.

This is a perfect time to re-evaluate your goals, objectives and overall risk tolerance. We are always here to help and would welcome the opportunity to sit down and review your situation and make adjustments to your portfolio based on your specific needs.

DISCLOSURE

WT Wealth Management is a manager of Separately Managed Accounts (SMA). Past performance is no indication of future performance. With SMA's, performance can vary widely from investor to investor as each portfolio is individually constructed and allocation weightings are determined based on economic and market conditions the day the funds are invested. In a SMA you own individual ETFs and as managers we have the freedom and flexibility to tailor the portfolio to address your personal risk tolerance and investment objectives – thus making your account "separate" and distinct from all others we potentially managed.

An investment in the strategy is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Any opinions expressed are the opinions of WT Wealth Management and its associates only. Information is neither an offer to buy or sell securities nor should it be interpreted as personal financial advice. You should always seek out the advice of a qualified investment professional before deciding to invest. Investing in stocks, bonds, mutual funds and ETFs carry certain specific risks and part or all of your account value can be lost.

In addition to the normal risks associated with investing, narrowly focused investments, investments in smaller companies, sector ETF's and investments in single countries typically exhibit higher volatility. International, Emerging Market and Frontier Market ETFs investments may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability that other nation's experience. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Bonds, bond funds and bond ETFs will decrease in value as interest rates rise. A portion of a municipal bond fund's income may be subject to federal or state income taxes or the alternative minimum tax. Capital gains (short and long-term), if any, are subject to capital gains tax.

Diversification and asset allocation may not protect against market risk or a loss in your investment.
At WT Wealth Management we strongly suggest having a personal financial plan in place before making any investment decisions including understanding your personal risk tolerance and having clearly outlined investment objectives.

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A copy of WT Wealth Management's current written disclosure statement discussing WT Wealth Management's business operations, services, and fees is available at the SEC's investment adviser public information website – www.adviserinfo.sec.gov or from WT Wealth Management upon written request.

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