



ARTIFEX FOLIOS: INVESTMENT MANAGEMENT SERVICES

ARTIFEX ALTERNATIVE/HEDGE PORTFOLIO MODEL

FOLIO DESCRIPTION

OBJECTIVE

The strategy seeks stable returns with volatility that is less correlated to traditional asset classes.

DESCRIPTION

The Model may invest in stocks, ETFs, REITs, commodities, hard assets, leveraged funds, hedge funds, and hedge fund-of-funds with unusual profit potential, and with risk and return profiles non-correlated to traditional asset classes.

BENCHMARK

The AFG Alternative Benchmark is a proprietary benchmark comprised of a 98% position in the IQ Hedge Multi-Strategy Tracker ETF (symbol QAI), and a 2% cash position.

COMPETITIVE ADVANTAGES

- ▶ **Core holding.** The model is designed to be a core holding.
- ▶ **Low turnover.** The Model actively invests for the long term: the typical holding period of a stock is generally six months to three years.
- ▶ **Special situations.** Management only invests in securities that are merger and acquisition candidates, have turnaround potential, have activist investors, or are otherwise undiscovered opportunities.

PORTFOLIO MANAGER

Doug Kinsey, Chief Investment Officer, (Industry since 1988)
CFP®, AIFA®, CDFA®, BA, Ohio State University

ABOUT ARTIFEX

Artifex Financial Group, founded in 2007 by Doug Kinsey and Darren Harp, advises individuals, households, corporate pension plans, and investment management firms. Artifex also provides back office solutions, process improvement strategies, and employee development consulting for financial advisory firms. Our main goal is to help grow and protect your assets. Our philosophy is to empower clients to be true investors by providing thoroughly researched, common sense portfolios for the long-run. We believe in protecting net worth from permanent impairment and in growing assets in a prudent manner.

Performance statistics represent historical data as compiled by Folio Institutional and StatPro. Performance does not reflect trading in actual accounts, does not include the costs of commissions, and does not account for taxes. Results are calculated without fees; typical management fees start at 1.25% per year for retail clients. Individual and advisor client fee structures are individually negotiated. Past performance is no guarantee of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividend and capital gain distributions. Current performance may be lower or higher. As of December 31, 2013, the QAI allocation was 24.07% broad bonds, 20.35% U.S. equities, 13.48% short-term bonds, 7.83% international equities, 7.53% convertible bonds, 6.65% volatility, 6.31% TIPS bonds, 2.47% international bonds, 1.61% currencies, 0.76% corporate bonds, and -0.04% commodities. Artifex Folio Fact Sheets are published quarterly. Please contact us for additional performance data.

FOLIO FACTS

Inception Date	5/26/2010
Net Assets	\$7,500,000
Minimum Investment	\$50,000
Number of Holdings	24
Dividend Yield	0.51%

AVERAGE ANNUAL TOTAL RETURNS

AS OF 12/31/13

Period	AFG Model	AFG Alternative Benchmark
1 Year	26.20%	5.39%
3 Years	9.27	3.08
Inception*	12.34	3.82

CUMULATIVE TOTAL RETURNS

AS OF 12/31/13

Period	AFG Model	AFG Alternative Benchmark
3 Years	30.48%	9.52%
Inception*	52.05	14.47

YEAR-BY-YEAR RETURNS

AS OF 12/31/13

Period	AFG Model	AFG Alternative Benchmark
2013	26.20%	5.39%
2012	13.89	3.76
2011	-9.22	0.15
2010*	16.95	4.87

*5/26/2010

GROWTH OF \$100,000 VS BENCHMARK

SINCE INCEPTION THROUGH 12/31/13

AFG Model	AFG Alternative Benchmark
\$152,590	\$114,470



ARTIFEX FOLIOS: INVESTMENT MANAGEMENT SERVICES

ARTIFEX ALTERNATIVE/HEDGE PORTFOLIO MODEL**MARKET CAPITALIZATION**

AVERAGE MARKET CAP: \$36.62 BILLION

Size	Market Size	Percent
Mega Cap	\$100 Billion+	16.19%
Large Cap	\$10 – 100 Billion	64.97
Mid Cap	\$2 – 10 Billion	4.81
Small Cap	\$300 Million - 2 Billion	11.11
Micro Cap	\$50 – 300 Million	0.04

TOP 10 HOLDINGS

AS OF 12/31/13

Symbol	Holding	Percent
MZOR	Mazor Robotics Ltd.	10.88%
DBV	PowerShares DB G 10 Currency Fund	8.99
SUNE	SunEdison, Inc.	8.09
AGX	Argan, Inc.	6.31
IMOS	ChipMOS Technologies (Bermuda)	5.26
GURU	Global X Funds	5.22
RMTI	Rockwell Medical Inc.	5.18
CSM	ProShares Large Cap Core Plus	5.08
ZINC	Horsehead Holding Corp.	4.96
WWW	Wolverine World Wide, Inc.	4.77

ARTIFEX PORTFOLIO MODELS**GROWTH & INCOME**

Dividend Growth Model
Equity Income Model
Prudent High Yield Model
Prudent Value Equity Model

INCOME

Laddered Bond Model
Core Fixed Income Model
Core Municipal Income Model

GROWTH

Alternative/Hedge Portfolio Model
Large Cap Core Equities Model
Return on Equity Model

AGGRESSIVE GROWTH

Cloud 9 Model
Hedge Fund Advisors Small Cap Model

PORTFOLIO STATISTICS

AS OF 12/31/13

	AFG Model
Alpha	3.71
Beta	2.39
Bear Market Capture	2.71
Bull Market Capture	3.02
Correlation	0.62
Price Earnings Ratio	16.48
Sharpe Ratio	0.80
Standard Deviation	15.60%

MARKET SECTORS

	AFG Model
Consumer Discretionary	9.32%
Consumer Staples	22.90
Energy	15.21
Financials	8.29
Health Care	7.52
Industrials	14.01
Information Technology	7.23
Telecommunication Services	6.10
Unclassified	2.65
Cash	2.26

FOR MORE INFORMATION**Artifex Financial Group**

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Investors should consider the investment objectives, risks, charges and expenses of the strategy carefully before investing. Aggressive growth stocks may be more susceptible to earnings disappointments, and the market may not favor aggressive growth-style investing. Investments in small and/or midsize companies increase the risk of greater price fluctuations. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions and factors related to a specific issuer or industry. Investors can lose money by investing in the strategy. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. The Model may be subject to greater price volatility than less concentrated portfolios. Allocations and holdings will vary over time.

Alpha is a measure of the portfolio's risk-adjusted performance. When compared to the portfolio's beta, a positive alpha indicates better than expected performance. A negative alpha indicates a worse than expected performance. Beta measures the fund's sensitivity to market movements; beta greater than 1 is more volatile than the market; beta less than 1 is less volatile than the market. Bear market capture ratio is a measure of performance in down markets; for example, a ratio of 0.80 indicates a decline of only 80% as much as the benchmark index. Bull market capture ratio is a measure of performance in up markets; a ratio of 1.20 indicates an increase of 20% more than the index. Correlation is a statistical measure of how two securities move in relation to each other. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Sharpe Ratio uses standard deviation to measure a portfolio's risk-adjusted returns. The higher a portfolio's Sharpe Ratio, the better the portfolio's returns have been relative to the risk it has taken. Standard Deviation measures the volatility of the fund's returns. Higher deviation represents higher volatility. Sharpe Ratio uses a fund's standard deviation and its excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk.

This fact sheet was prepared exclusively for the benefit and use of those persons to whom it is presented in order to indicate the feasibility of a possible investment and does not carry any right of publication, disclosure or use to any other person.

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Artifex Folios: Durable Investment Portfolios Customized to Your Goals