



ARTIFEX FOLIOS: INVESTMENT MANAGEMENT SERVICES

ARTIFEX PRUDENT HIGH YIELD EQUITY MODEL

FOLIO DESCRIPTION

OBJECTIVE

The strategy seeks current monthly income through high-dividend paying stocks.

DESCRIPTION

The Prudent High Yield Equity Model is designed for investors who seek a higher-yielding equity portfolio.

LEADING COMPANIES

The Model invests only in leading stocks with above-average yields.

COMPETITIVE ADVANTAGES

- ▶ **High current yield.** The strategy seeks to produce a consistent portfolio yield of at least 6.00%
- ▶ **Disciplined stock selection.** Management runs a proprietary equity screen every four weeks to identify and replace portfolio holdings.
- ▶ **A unique niche.** The Model typically holds a large percentage of non tax-advantaged publicly traded limited partnerships in the search for current income.

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. The 10-Year U.S. Treasury Index is an unmanaged market-weighted index of investment-grade U.S. bonds.

Artifex Folio Fact Sheets are published quarterly. Please contact us for additional performance data.

FOLIO FACTS

Inception Date	1/17/2013
Net Assets	\$500,000
Minimum Investment	\$50,000
Number of Holdings	18
Dividend Yield	8.85%

AVERAGE ANNUAL TOTAL RETURNS

AS OF 12/31/13

Period	AFG Model	10-Year U.S. Treasury Index
Inception*	NA	NA

CUMULATIVE TOTAL RETURNS

AS OF 12/31/13

Period	AFG Model	10-Year U.S. Treasury Index
Inception*	16.77%	2.18%

YEAR-BY-YEAR RETURNS

AS OF 12/31/13

Period	AFG Model	10-Year U.S. Treasury Index
Inception*	16.77%	2.18%

GROWTH OF \$100,000 VS
10-YEAR U.S. TREASURY INDEX

AS OF 12/31/13

Period	AFG Model	10-Year U.S. Treasury Index
Inception*	\$116,770	\$102,180

*SINCE 01/17/2013.



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ARTIFEX PRUDENT HIGH YIELD EQUITY MODEL

MARKET CAPITALIZATION

AVERAGE MARKET CAP: \$2.58 BILLION

Size	Market Size	Percent
Large Cap	\$10 - 100 Billion	6.04%
Mid Cap	\$2 - 10 Billion	24.64
Small Cap	\$300 Million - 2 Billion	60.58
Micro Cap	\$50 - 300 Million	2.99
Nano Cap	\$0 - 50 Million	1.33

TOP 10 HOLDINGS

AS OF 12/31/13

Symbol	Holding	Percent
KKR	KKR & Co. LP	6.54%
RAS	Rait Financial Trust	6.42
NM	Navios Maritime Holdings Inc.	6.37
ETP	Energy Transfer Partners LP	5.96
CODI	Compass Diversified Holdings	5.89
CNSL	Consolidated Communications Holdings	5.85
FDUS	Fidus Investment Corp	5.82
GLP	Global Partners LP	5.72
NSH	NuStar GP Holdings, LLC	5.65
EXH	Exterran Holdings, Inc.	5.65

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	0.72
Beta	2.24
Bear Market Capture Ratio	N/A
Bull Market Capture Ratio	N/A
Correlation	0.33
Price Earnings Ratio	11.38
Sharpe Ratio	1.16
Standard Deviation	9.07%

MARKET SECTORS

AS OF 12/31/13

	AFG Model
Consumer Discretionary	1.13%
Consumer Staples	0.00
Energy	39.70
Financials	48.54
Health Care	0.00
Industrials	2.43
Information Technology	0.00
Telecommunication Services	3.01
Utilities	0.55
Cash	3.92

FOR MORE INFORMATION

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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 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