



**Zacks** *Advantage*

**Our Expertise is  
Your Advantage**

Performance driven, automated investing.

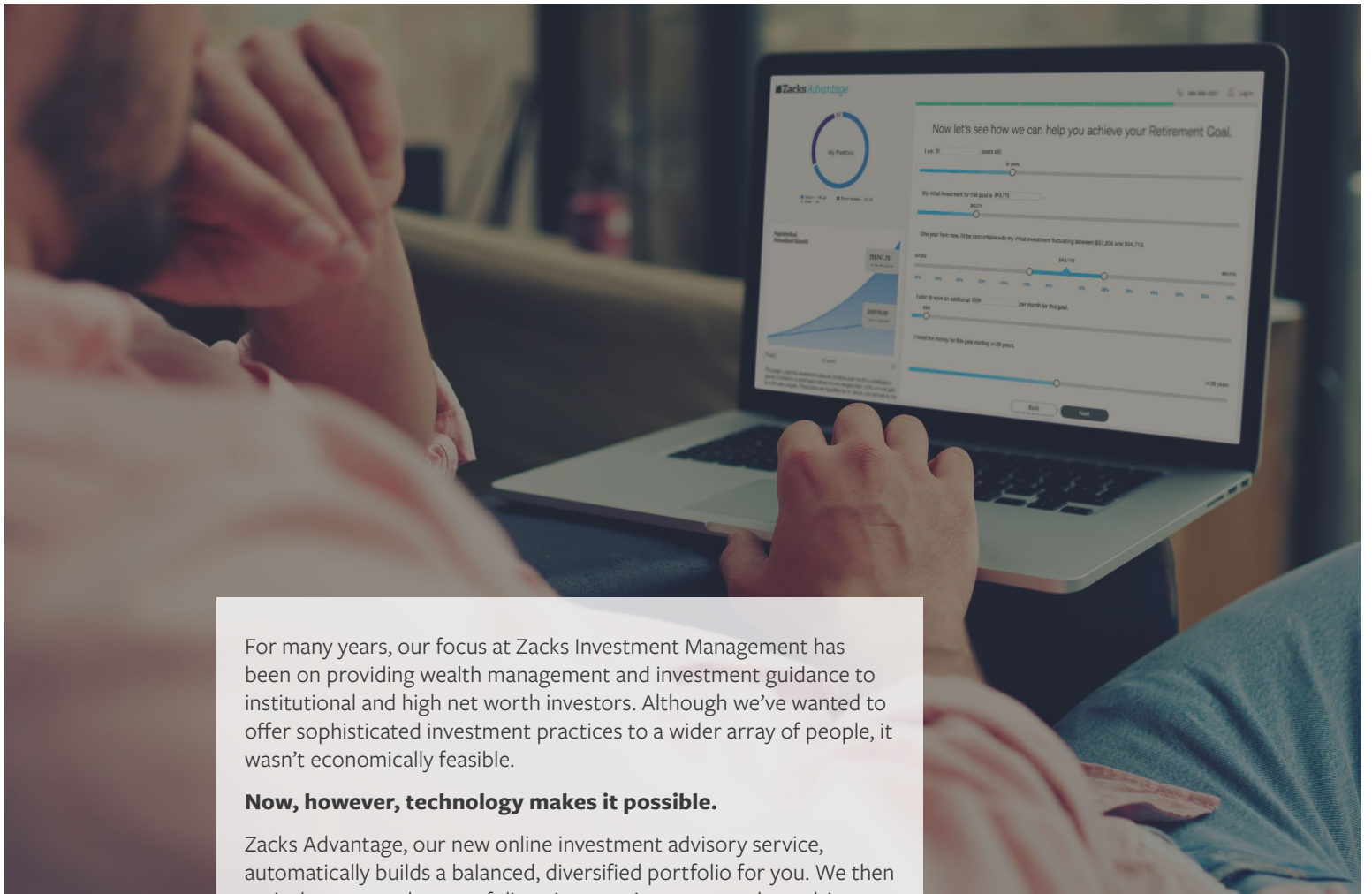
*That's the Zacks Advantage.*



[www.zacksadvantage.com](http://www.zacksadvantage.com)

1-888-989-2257

[support@zacksadvantage.com](mailto:support@zacksadvantage.com)



For many years, our focus at Zacks Investment Management has been on providing wealth management and investment guidance to institutional and high net worth investors. Although we've wanted to offer sophisticated investment practices to a wider array of people, it wasn't economically feasible.

**Now, however, technology makes it possible.**

Zacks Advantage, our new online investment advisory service, automatically builds a balanced, diversified portfolio for you. We then actively manage that portfolio using our rigorous, numbers-driven approach to seek improved returns versus standard benchmarks. Zacks Advantage gives you the best of both worlds: a low fee, low maintenance portfolio that is also actively managed to capitalize on market opportunities.

*We are so confident that you will enjoy the benefits of our actively managed, performance driven advisory service that we offer all of our clients the Advantage Pledge. If for any reason you are unsatisfied with our advisory service in the first year, we will refund 100% of your management fees. No questions asked.*

Whatever your long-term financial goal – saving for retirement, investing for a child's college education or anything in between – Zacks Advantage can help you pursue it. I invite you to discover how we give you access to expertise previously available only to high level investors. That's Zacks Advantage.

Sincerely,

*Scott Schneider*

**Scott Schneider**  
President  
Zacks Advantage

## How **Typical** Robo Advisors Work

A robo advisor is an automated system that attempts to do what personal advisors do: manage your investments according to your goals, time horizon and tolerance for risk.

**They generally have three things in common:**

A background image of two men in business suits standing and talking. The man on the left is older with grey hair, and the man on the right is younger with dark hair. They are both looking towards the right. The image has a blue tint.

### **Internet Based**

After you answer a few questions on the robo advisor's web site, its software will recommend a portfolio for you.

### **Computer Driven**

A robo advisor invests your money according to an array of formulas and analytics, without further human involvement. They are the epitome of "set it and forget it" investing.

### **Low Fees**

Robo advisors' main advantage is that they keep fees low, primarily through a combination of investing in Exchange Traded Funds (ETFs) and by not paying humans to manage your assets.

However, Zacks Advantage Is Much More Than a Typical Robo Advisor...



# Limitations of Typical Robo Advisors

While robo advisors offer a lot in the way of low fees and simplicity, **they also have short-comings:**

## Limited Flexibility

Robos don't stray from your initial asset allocation. If market or economic conditions change, they typically can't adapt, so they aren't as effective as human advisors at spotting opportunities or managing downside risk.

## Lack of experienced management

Robo advisors are a recent phenomenon, so no one knows how, or if, their algorithms will adapt to a bear market.

## Limited Customer Service:

If you prefer to talk with a knowledgeable person to solve problems or ask investment-related questions, you may be out of luck.

## Limited Investment Choices

Many robos only use ETFs from the broadest investment classes. There's little opportunity to focus on more specific security types to fine tune your portfolio.



# Not Your Typical Robo Advisor...

Zacks Advantage seeks to offer investors the pros of typical robo advisors, **and also address their limitations:**



## **Active Management by Experienced Investment Professionals:**

Zacks Advantage portfolios are actively managed by the highly experienced advisors at Zacks Investment Management (ZIM). Founded in 1992, ZIM manages portfolios using sophisticated strategies honed in all types of markets.

## **Knowledgeable Humans at Your Service**

If you ever have questions, or prefer some help setting up your portfolio, give us a call. One of our Wealth Management Analysts will be happy to assist you. Each is licensed to give investment advice (a perk other robo advisors may only provide for a fee or with certain account minimums, or may not offer at all).

## **Sophisticated Asset Classes**

With Zacks Advantage, your portfolio is built from 14 different asset classes ranging from large U.S. stocks to REITS to emerging market bonds. That gives our managers a lot of flexibility to seek enhanced returns and minimize risk.

## **Lower Fees for Larger Balances**

Paradoxically, some robo advisors INCREASE their fee for larger account balances. With Zacks Advantage, we LOWER fees for balances over \$100,000.

Our combination of experienced management and customer service can provide a level of trust you just won't find with other robo advisors.

**Zacks Advantage Customer Service:**

**1-888-989-2257**

# Historical Returns of Different Asset Classes and Mixes



Based on the information you provide on our questionnaire, Zacks Advantage software automatically creates a portfolio mix that matches your investment goals. To give you a sense of the volatility and return potential of different asset classes over time, consider the different hypothetical portfolios below. In general, a greater percentage of stocks will increase return potential but also increase short-term volatility. Bonds historically are more predictable, but for that reason usually offer lower returns than stocks.

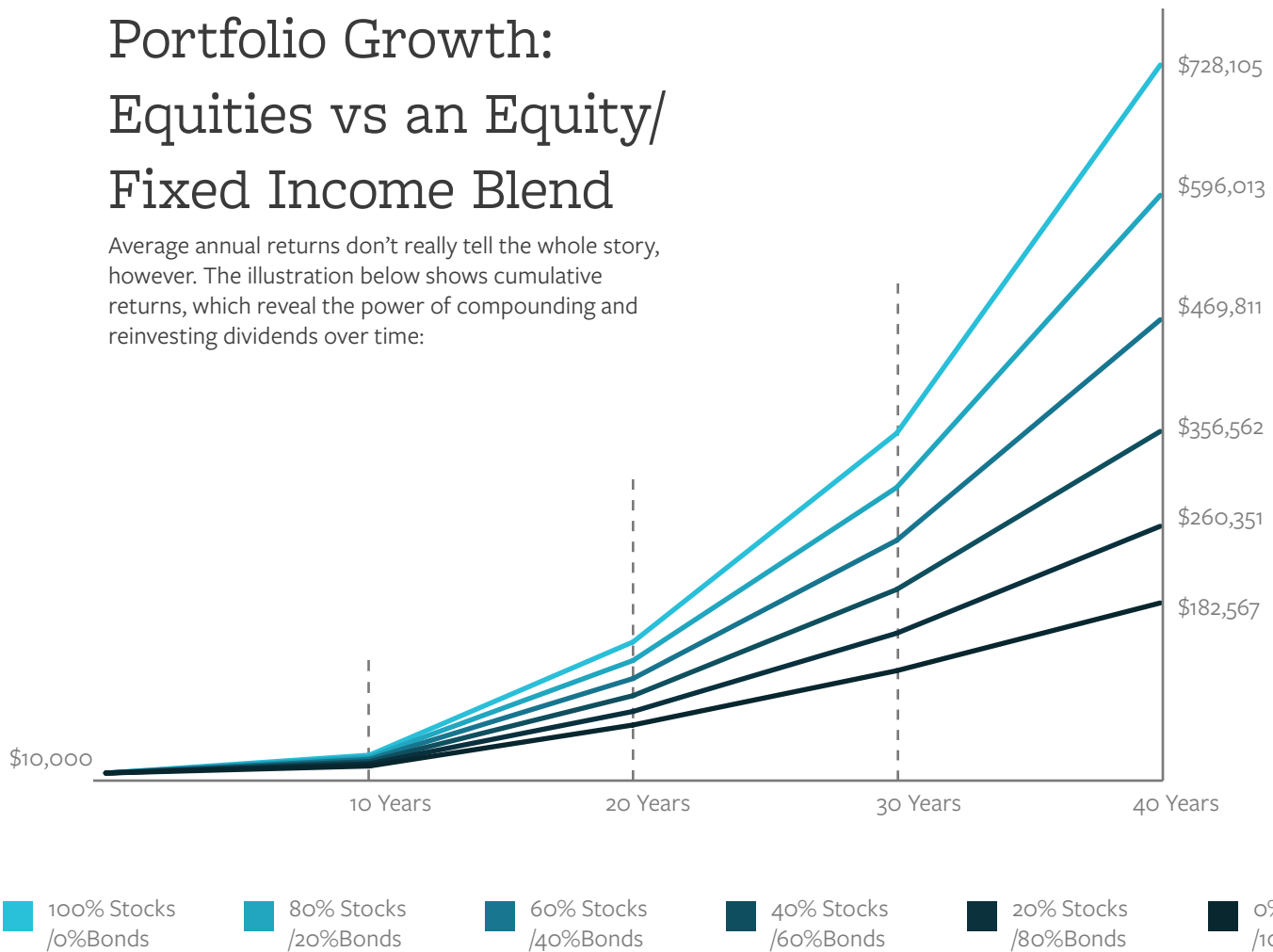
100% Stocks 0% Bonds		80% Stocks 20% Bonds		60% Stocks 40% Bonds	
Average Annual Return	<b>11.3%</b>	Average Annual Return	<b>10.8%</b>	Average Annual Return	<b>10.2%</b>
Best Year (1995)	<b>37.6%</b>	Best Year (1995)	<b>33.6%</b>	Best Year (1995)	<b>29.7%</b>
Worst Year (2008)	<b>-37.0%</b>	Worst Year (2008)	<b>-29.8%</b>	Worst Year (2008)	<b>-22.1%</b>
40% Stocks 60% Bonds		20% Stocks 80% Bonds		0% Stocks 100% Bonds	
Average Annual Return	<b>9.4%</b>	Average Annual Return	<b>8.6%</b>	Average Annual Return	<b>7.7%</b>
Best Year (1982)	<b>28.4%</b>	Best Year (1982)	<b>30.6%</b>	Best Year (1982)	<b>32%</b>
Worst Year (2008)	<b>-13.6%</b>	Worst Year (2008)	<b>-4.6%</b>	Worst Year (1994)	<b>-2.9%</b>

Average Annual Returns are based on a 40 year period ending 12/31/15

Source: Zacks Research System. Stocks represented by the S&P 500. Bonds represented by the Barclays Aggregate Bond Index. The examples are for illustrative purposes only and not based upon historical performance of the Zacks Advantage group of balanced portfolios.

# Portfolio Growth: Equities vs an Equity/ Fixed Income Blend

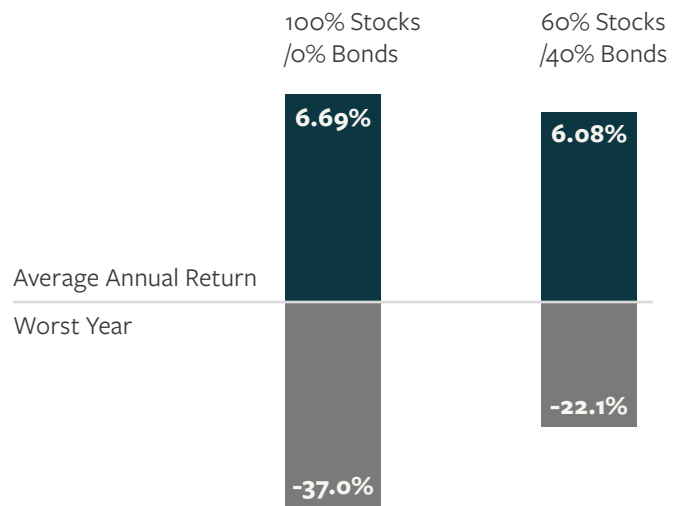
Average annual returns don't really tell the whole story, however. The illustration below shows cumulative returns, which reveal the power of compounding and reinvesting dividends over time:



Cumulative return of \$10,000 from 1/1/76

## The Preservation Power of a Diversified Portfolio

Proper diversification involves owning some assets that will lag when other assets sprint ahead. Some assets will generate positive returns while others generate negative returns, but overall this should lead to a smoother ride. Here we assume the worst possible timing in the last 40 years: **an investment at the beginning of 2008 – a year the S&P 500 lost 37% of its value – and how different asset mixes performed subsequently.**



Returns from 1/1/2008 through 12/31/2015

With the 60/40 portfolio, you would not have given up a lot in average annual total return versus 100% stocks, but you would have experienced a smaller loss in the worst year.



# Asset Classes

Our platform is much more sophisticated than just providing a mix of large cap stocks and treasury bonds. To help provide diversification, boost return potential and reduce volatility, Zacks Advantage's range of ETFs gives you access to an array of asset classes:

## Equity


- > **U.S. Large Cap Stocks** - The 500 largest publicly listed corporations in the U.S., based on market capitalization.
- > **U.S. Small Cap Stocks** - Smaller listed corporations in U.S. based on market capitalization. These stocks tend to be more volatile than large cap, but historically have had higher returns.
- > **International Developed Large Cap Stocks** - Stocks of large corporations that have their headquarters in developed countries outside the U.S.
- > **International Developed Small Cap Stocks** - Stocks of smaller corporations in developed economies outside the U.S. Again, these stocks tend to be more volatile, but have offered higher growth potential.
- > **International Emerging Market Stocks** - Stocks of corporations headquartered in developing countries such as China, India, Indonesia, Mexico, Brazil, etc.
- > **U.S. Exchange Traded REIT** - REITs or Real Estate Investment Trusts are companies that own and operate income producing real estate. These publically traded entities provide access to U.S. real estate as an investment opportunity. The performance of REITs tends to be highly correlated with inflation, more so than other asset classes. This makes them a perfect hedge against inflation, and they are often good income generators.
- > **International Exchange Traded REIT** - Offer exposure to international real estate, providing a further hedge against inflation and making the portfolio less sensitive to shocks in the U.S. economy.

## Fixed Income

- > **U.S. Short Term Treasury Notes** - 1-3-year debt issued by the U.S. government.
- > **U.S. Long Term Treasury Bonds** - 3-30 year debt issued by the U.S. government.
- > **U.S. Investment Grade Corporate Bond** - Debt issued by U.S. corporations. These have higher yields than U.S. government bonds, but also higher credit risk and liquidity constraints.
- > **International Developed Country Bond** - Debt issued by governments of developed countries like Europe, Japan and Australia.
- > **U.S. Corporate High Yield Bond** - Debt issued by U.S. corporations that offers a higher yield because of its higher probability of default.
- > **International Emerging Market Bond** - Debt issued by governments of developing countries such as India, China, Mexico, Indonesia, and Brazil.



# Put Our Expertise to Work for You



Institutions and elite investors have grown to trust and rely on Zacks Investment Management's experienced asset managers and rigorous, numbers-driven approach.

Now, advances in technology allow us to share that expertise with all investors.

We hope you'll take advantage of the opportunity to enjoy the best of both worlds. Because there's a lot at stake, and your money deserves the Zacks advantage.

It's easy to get started today!



**ADVANTAGE  
PLEDGE**

## The Zacks Advantage Pledge

Remember, we are so confident that you will enjoy the benefits of our actively managed, performance driven advisory service that we offer all of our clients the Advantage Pledge. If for any reason you are unsatisfied with our advisory service in the first year, we will refund 100% of your management fees. No questions asked.

## Three Simple Steps to Get Started



1. Answer a few simple questions to help dial in your investment goals, time horizon and risk tolerance. It only takes a few minutes.
2. Based on your input, a portfolio will be recommended refined to provide diversification, enhance performance and maintain tax efficiency.
3. You can start investing immediately. Our asset managers will actively adjust your holdings as needed, based on our analysis of market conditions.

Visit us at [zacksadvantage.com](https://zacksadvantage.com)

If you need assistance at any time, call us at **1-888-989-2257**

or email us at [support@zacksadvantage.com](mailto:support@zacksadvantage.com)

Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.

<sup>1</sup>Zacks Advantage strategies have a track record beginning July 2016. As a result, only limited comparisons can be made to Zacks' other strategies.

\*According to a 2015 Cerulli Global Analytics study which reported the average 2014 annual explicit client fee for sub-advisory separate accounts.

Universe Rankings: The Morningstar Universes used for comparative analysis are constructed by Morningstar (median performance) and data is provided to Zacks by Zepher Style Advisor. The percentile ranking for each of Zacks Strategy is based on gross comparison for Zacks Strategies vs. the indicated universe rounded up to the nearest whole percentile. Other managers included in universe by Morningstar may exhibit style drift when compared to Zacks Investment Portfolios. Neither Zacks Investment Management nor Zacks Investment Research has any affiliation with Morningstar. Neither Zacks Investment Management nor Zacks Investment Research had any influence of the process Morningstar used to determine this ranking.

Zacks Advantage offers separate and distinct strategies from other ZIM divisions, and therefore, limited comparisons can be made to Morningstar Universe Rankings.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison.

PSN Manager of the Decade: For ten year period ending December 31, 2011, PSN Manager of the Decade products, must have an R-Squared of 0.80 relative to the style benchmark, have returns greater than the style benchmarks and also Standard Deviation less than the style benchmark. At this point, the top ten performers for the latest 10 year period ending December 31, 2011 become the PSN Top Guns Manager of the Decade.

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The S&P 500 Index is a well-known, unmanaged index of the prices of 500 large-company common stocks, mainly blue-chip stocks, selected by Standard & Poor's. The S&P 500 Index assumes reinvestment of dividends but does not reflect advisory fees. An investor cannot invest directly in an index.

The Barclays Capital U.S. Aggregate Bond Index represents the price and yield performance, before fees and expenses, of the total United States investment grade bond market. An investor cannot invest directly in an index. The volatility of the benchmark may be materially different from the individual performance obtained by a specific investor.

Zacks Advantage "Advantage Pledge" Terms and Conditions The Advantage Pledge applies to the following investment advisory services and associated program fees: (i) Zacks Advantage Automated Advisory Accounts.

The Advantage Pledge does not apply to any other accounts managed by Zacks Investment Management or its affiliates, this program is exclusive to the Zacks Advantage platform and customers of the Zacks Advantage automated advisory service, a service owned and operated by Zacks Investment Management.

If at any time or for any reason you are not completely satisfied with the Zacks Advantage automated advisory service within the first year, at your request, Zacks Advantage, fully owned and operated by Zacks Investment Management, will refund the associated program fee up until the end of the first year of advisory service participation. Customers should make Advantage Pledge refund requests in writing by emailing support@zacksadvantage.com. Requests for refunds must be requested and received within 30 days after the first anniversary of opening the account to be eligible. After the first year of advisory service participation, the Advantage Pledge is no longer applicable. Zacks Advantage customers may participate in the Advantage Pledge one time per lifetime, even if they participate in multiple accounts.

The program fee is a percentage of the eligible assets in your Service account(s). You will receive a refund to your Participating Service account(s) within approximately four weeks of your request. No other fees, commissions, charges, expenses, or market losses will be refunded. Zacks Advantage, owned and operated by Zacks Investment Management reserves the right to change or terminate this offer anytime in the future after providing notice.



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