Dear Participants,

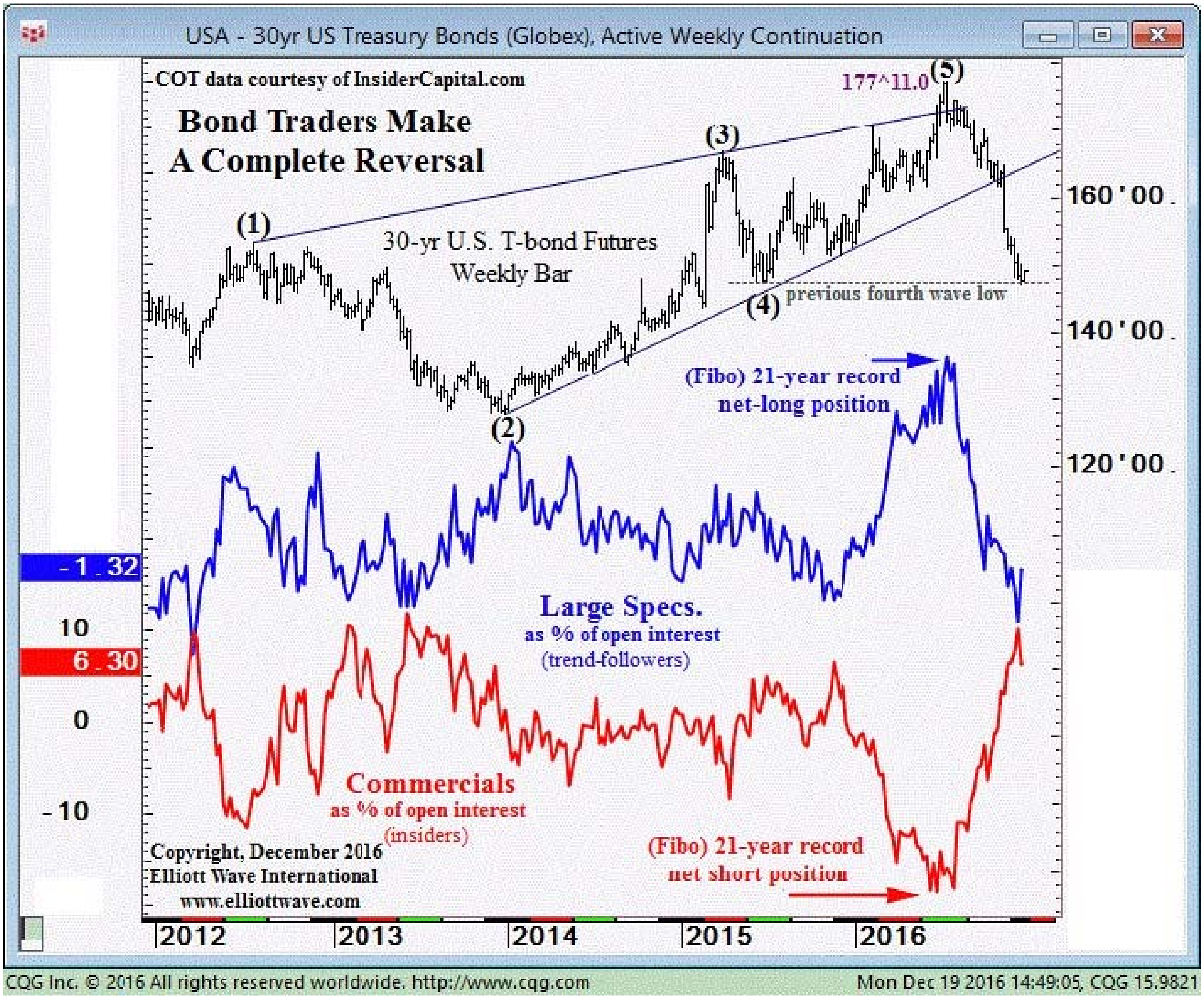
We want to reach out to wish you all a Merry Christmas and a Happy New Year and to tell you thank you for your continued trust and confidence! All of us here at Acadian Wealth Management wish you the best and want to remind you all that we are here for you should you need any help regarding your 401(k) account investment decisions.

We are also writing to update you in regard to our view of the position of the many markets to which you have access and to remind you of the UNCOMMON TOOLS AND INVESTMENT OPTIONS YOU HAVE AVAILABLE TO HELP YOU BENEFIT FROM DOWN MARKETS as well as up markets.

BONDS

THE BIGGEST DEVELOPMENT IN OUR VIEW IS: WE HAVE LIKELY ENTERED THE BOND BEAR MARKET WE HAVE BEEN WARNING YOU ALL ABOUT FOR SOME TIME. Those of you that HEDGED (meaning holding inverse positions to fully or partially cover other positions) your bond portfolio with the Inverse Long Dated Treasury Fund, should be smiling. While everyone has lost their shorts in bonds since September, and in a bigger way since the election, you have been making some pretty serious money in that fund. Since July, that fund should be up about 17%. In July, trend following Large Speculators (Hedge Funds) set a 21 year record net long positions in Treasury futures markets. At the same time, Insiders or the so-called "Commercials" held a 21 year record net short position in long dated treasuries. Nothing goes in one direction forever, and Commercials are almost always right at major market turns, and Hedge Funds (who instead of hedging, actually leverage their positions on an increasing basis) are almost heavily invested in the WRONG direction at important market turns. So, as we mentioned at the time, it was important to sell some of your bond positions and hedge them with the inverse long dated treasury fund.

Now the situation has reversed and the commercials are extremely net long bonds and the large funds are extremely net short. So, a rally in bonds is sure to follow and may have begun this week. So, it's time to sell some of those long dated inverse treasury positions and increase your bond portfolio. USE the coming bond rally as a time to sell down your bond positions and increase your inverse long dated treasury positions. We will do our best to notify you as, when and to the extent we reach common retracement levels. Given the complete reversal in the extreme opposing futures trader group positions, we expect a meaningful rally, probably to an unseen open chart gap that was created on the day of the Trump victory. It is just shy of the Fibonacci 61.8% retracement level, a very common retracement level. It will also be in the range of the 200 day moving average by the time the retracement is complete. Once we get there, I advise you to consider again fully, or at least meaningfully hedge your bond portfolio with that inverse fund. We expect long bonds to fall in the range of 20 to 25% after the current or pending retracement is complete. To give you a broader view, if former large bond cyles continue to repeat, this very year we may have transitioned from the END OF A THIRTY YEAR BULL MARKET IN BONDS TO THE BEGINNING OF A 30 YEAR BEAR MARKET IN BONDS. If these cycles prove to be a helpful forecasting tool, it underscores our concern in regard to relying only on the target date retirement funds, since they seem to progressively increase bond exposure as one nears his or her retirement age. Check out this Chart by Elliott Wave International (an outstanding service to which we've long subscribed). It shows what were are talking about. Also, you may notice the 5 wave sequence that resulted in the peak, takes the form of an ENDING DIAGONAL. This is a very bearish pattern.

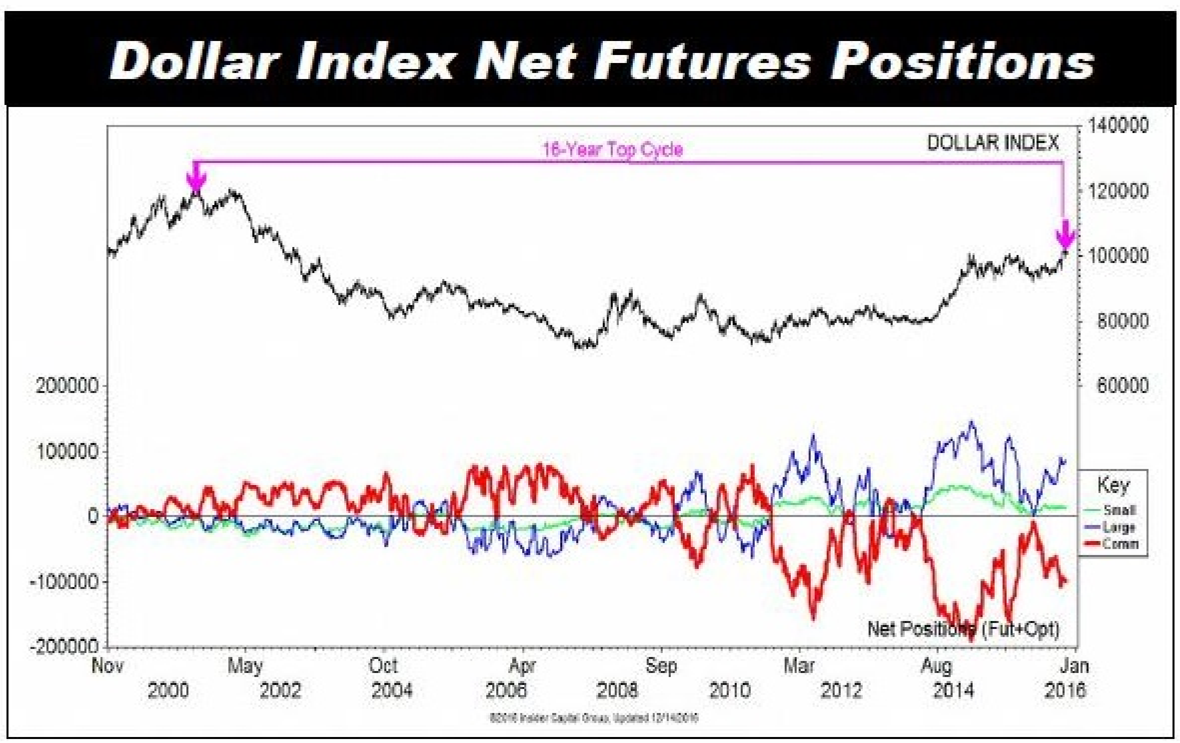


P.S. on the effects of a bond bear market. If we are now in a bear market in bonds, in the not to distant future, this will be the death knell of bull markets in stocks. The cash fuel that a rising bond market provides lifts all boats, like real estate and stocks. When the opposite happens, its a serious tightening and is highly deflationary. So, sooner or later, if this bond bear market is in effect, the next leg down will likely topple U.S. Stocks. So, as the retracement of this first leg down plays out, it is likely going to be a good idea to once again, (in addition to reducing bond positions and hedging back up the inverse long dated treasury fund) reduce stock positions, add to your US. Treasury Money Market account and, hedge any remaining stock positions with your inverse stock funds. So, beware of any market fueled by debt instruments, such as real estate and stocks.

US Dollar and Currencies.

In our subscription services with Steve Briese of Insider Captial, he has taken note of a 16 year US Dollar Cycle. It appears that we are now in the final leg up of a final dollar top. That means precious metals, commodities (including energy), currencies, and emerging market stocks and bonds are likely putting in the final legs of their bear markets (our expectations is somewhere between the middle of the first quarter of next year to the middle of the 3rd quarter of next year). Once the dollar tops, you'll want some portion of any cash positions to be in one or more of your currency funds. You'll also want a substantial if not majority portion of your bond portfolio in you local currency emerging market bond fund. Once the dollar tops, you'll certainly want very meaningful exposure in your emerging market stock funds.

See the chart below. Notice that the last top in the dollar, back in 2000 was more of the blow-off top variety. If that's the case this time, the dollar has quite a bit more to go. Blow-off tops are easier to recognize and can provide much greater confidence in increasingly aggressively working your way into counter-ending-trend position.



U.S. Stocks - BEWARE!!!

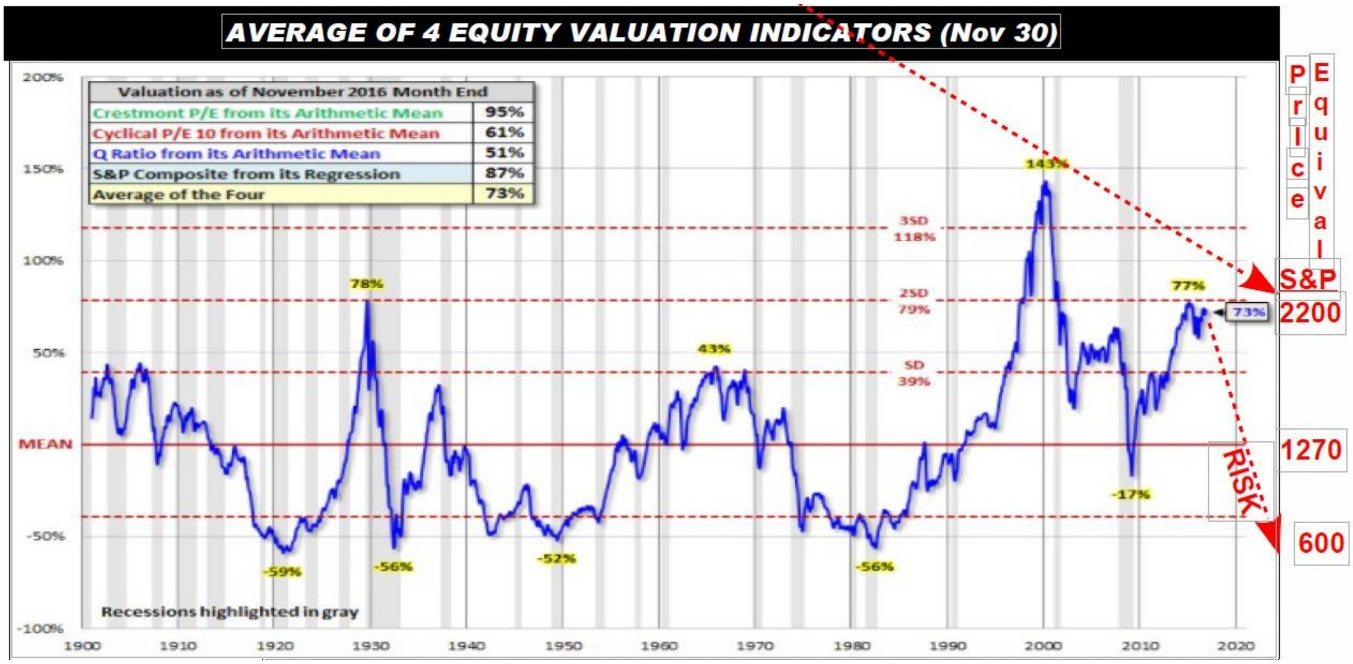
Wow, what a run since the March 2009 bottom, with literally no intervening bear markets excepting the brief one that ended in August of 2011. Currently, the U.S. Stock market is in its 3rd longest and 4th greatest bull market ***in history!*** Therefore, by all standards, this is very much a mature bull market. Don't ever forget, bull markets give birth to bear markets and bear markets give birth to bull markets. This is definitely the time to be cautious. Let's discuss why.

First, the average of four valuations metrics now has the stock market overvalued, as compared to the long term mean, by two standard deviations! This has only been exceeded twice in history, 1929 and 2000, both ending with dramatic and drastic bear markets of huge dimensions.

So, risk is VERY HIGH IN U.S. STOCKS and expected returns from this level are NOT worth the risk in our view. We could turn down any day or on the last trading day of the year with a Dow 20,000 (currently 19,960 as I write) or we could plod along in the first quarter to SP500 2,500 (currently 2,269 as I write). Sooner or later this is going to end badly. If we overshoot to the downside as much as we've overshot to the upside, we could see an SP500 of 600. That could be as much as a 76% drop before the coming bear markets turns, again, into an amazing buying opportunity.

Like Buffet says, you have to be fearful when others are greedy and greedy when others are fearful. So WE ADVISE THAT EVERYONE HAVE SUBSTANTIAL POSITIONS IN THE TREASURY MONEY MARKET FUND, REDUCE STOCK POSITIONS MEANINGFULLY AND CONTINUE TO REDUCE THEM IF AND AS THE BULL MARKET IN US STOCK CONTINUES AND HEDGE YOUR STOCK POSITIONS WITH YOUR INVERSE STOCK FUNDS. When we reach oversold positions, we'll notify you so that you can reverse course for a time until all the risk is wrung out the market, which is likely to take 18 months or so from the peak. DON'T BE THE LAST FOOL TO BUY A STOCK MARKET PEAK!!!! Given extraordinary stimulus, this bull market may not end until it is the greatest in history, but given the bond markets meaningful leg down, it seems likely that time is indeed beginning to run very short (likely beginning with the next leg down in bonds). Finally, years ending in seven have been called the "death years" by among others, W.D. Gann. Years ending in 7 to name a few that included powerful bear markets include 1877, 1937 and 1987.

We expect to see small caps lead the way down, potentially even as the large caps continue higher, so, we think you ought to focus on the Inverse Russell 2000 fund through its first leg down and after the the small cap's first retracement of its initial legs down, consider broader inverse stock positions. The reason for this view is that CFTC COT reports show extreme long large fund positions juxtaposed against extreme short commercial positions in Russell 2000 futures and Dow Futures. Those are bearish configurations (the small caps and the Dow, which is only 30 stocks) . On the other hand, the S&P 500 is nearly the opposite and the NASDAQ has worked off the extremes reached in October in that market, so those markets do not yet sport that uber bearish configuration and may have some room to run.



Precious Metals.

They are deeply oversold and hated. So, we expect a meaningful rally in the near term. However, we may have to see some capitulation selling first after making a new low, since we are so near. This is certainly not certain because there are few bulls left to sell. If we don't make a new low and we see the overbought condition in the USD relieved in the interim, its conceivable we could have a monster rally in the precious metals in the near term. Such a move could be followed by a new leg down and a new low, so that situation is complicated and fluid. The foregoing notwithstanding, we advise a meaningful (in the 5% range) position in your Gold fund ONCE WE CONFIRM A TOP IN THE U.S. DOLLAR, most particularly if we are lucky enough to see a blow off top. We are not there yet, but precious metals are deeply oversold and a relief rally at some point would make a great deal of sense.

Emerging Market Stocks and Bonds. See discussion on the U.S. Dollar and currencies above.

CAUTION: If you head our advice and increase your money market exposure and even include inverse funds, remember this are HORRIBLE long-term investments. They can really help at times, but if and when you hold such positions, you must be actively looking to sell them and deploy the proceeds elsewhere. These are NOT buy-and-forget positions. In our view, in your plan, the only thing that is NOT an imprudent buy-and-forget position is the appropriate target date retirement fund or a blend of two designed to match your anticipated target retirement date.

Again, Merry Christmas and Happy New Year!!

DISCLAIMER:

This is a Market Alert and Potential Investment Opportunity notice. It does NOT constitute investment advice, which can only be provided in the context of full knowledge of an individual client's financial position and goals. Hence, this notice, and all such notices (whether or not this disclaimer is provided) should be considered by the participant in connection with advice from their own investment advisors.

Our obligation to the plan is to maintain sufficient investment options so that participants can manage risk and capitalize on opportunities. This free notice service is beyond our contractual duties to the plan and is provided as a supplemental service which participants are free to accept or reject.

Thank you for your attention to this notice. We greatly appreciate your trust and confidence in us and wish you and all of the participants the best in achieving your retirement objectives.

Best!

Gerald Crochet, JD, ChFC

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