Adhesion Investable Index Series
US All Cap Core
Benchmark: Russell 3000

Adhesion wealth
A Vestmark Company

4th Quarter
2020

The Portfolio
Adhesion's Investable Index Series was designed to provide advisors with a portfolio that behaves in a manner similar to the all cap oriented Russell 3000 index. At the same time, the portfolio allows for customization and active overlay management techniques through individual security ownership.
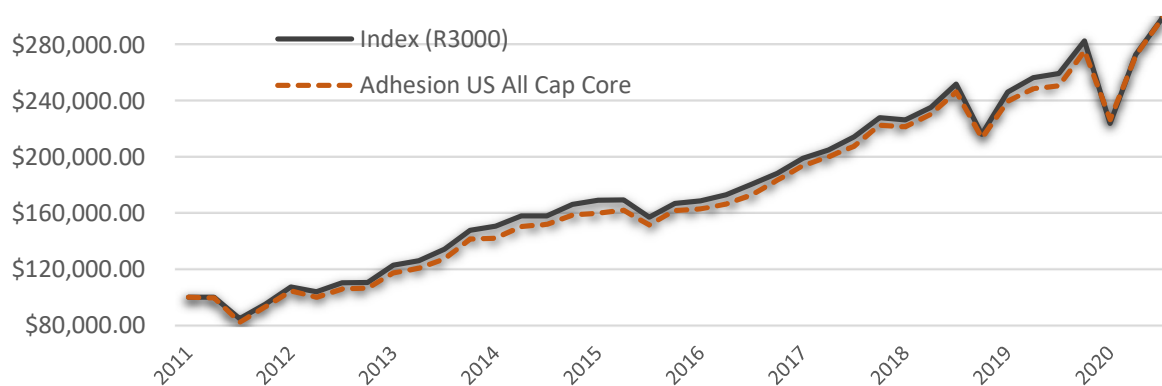
The Purpose
Professional Investment Advisors may use the Strategy to serve a number of construction objectives inside of client portfolios. Advisors may wish to use it as a core module inside of a larger core/satellite portfolio. It may also be suitable as a starting point to express a client's lifestyle- or religious- specific preferences that could otherwise not be expressed through a pooled vehicle such as an ETF or Mutual Fund. And finally, it may be utilized as tax-aware module within a portfolio where a client's tax lots may be loss-harvested while at the same time demonstrating index-like tracking characteristics.

The Approach
While the model itself is not managed in a tax sensitive fashion, the structure does help facilitate account level tax management since it permits individual tax lot ownership. Specifically, advisors who invest their clients in this model, may on an account-by-account basis choose to introduce their own form of personalization to the portfolio. This may come in the form of client-specific tax considerations, religious or lifestyle preferences or other portfolio considerations such as over-concentration and cash requirements.

Growth of $100,000 (Gross of Fees. As of 12/31/2020)[1]

Index (R3000)
Adhesion US All Cap Core

About the Index[2]
Russell 3000. The market-capitalization weighted index measures the performance of 3000 of the largest US traded stocks in US equity market based on total market capitalization. Maintained by FTSE Russell, and launched in 1984, the Russell 3000 is designed to be a 'total market' index that is a super-set of the Russell 1000 and Russell 2000.

Rolling Composite Returns (as of 12/31/2020)[1]

	QTD	YTD	1-Year	3-Year	5-year
Adhesion US All Cap Core (Gross)	12.38%	21.39%	21.39%	14.58%	15.69%
Adhesion US All Cap Core (Net)	12.30%	21.03%	21.03%	14.24%	15.34%
Index (R3000, TR)	14.68%	20.89%	20.89%	14.49%	15.44%
Return Variance (vs Gross)	-2.30%	0.50%	0.50%	0.09%	0.25%

Tracking Error

Period	Result
Jan 2017	1.83
Jan 2018	1.76
Jan 2019	1.76
Jan 2020	1.42
Jan 2021	1.72

Calendar Year Returns[1]

	2020	2019	2018	2017	2016
Adhesion US All Cap Core (Gross)	21.39%	29.25%	-4.12%	21.39%	13.48%
Adhesion US All Cap Core (Net)	21.03%	28.87%	-4.42%	21.03%	13.14%
Index (R3000, TR)	20.89%	31.02%	-5.24%	21.13%	12.74%
Return Variance (vs Gross)	0.50%	-1.77%	1.12%	0.26%	0.74%

Top 10 Index Industries (as of 12/31/2020)

Adhesion US All Cap Core
Index (R3000)

Auto & Truck, Major Banks, Railroads & Shipping, Medical Supplies, Drugs, Financial Services, Electronics, Retail Soft Goods, Computers, Computer S/W
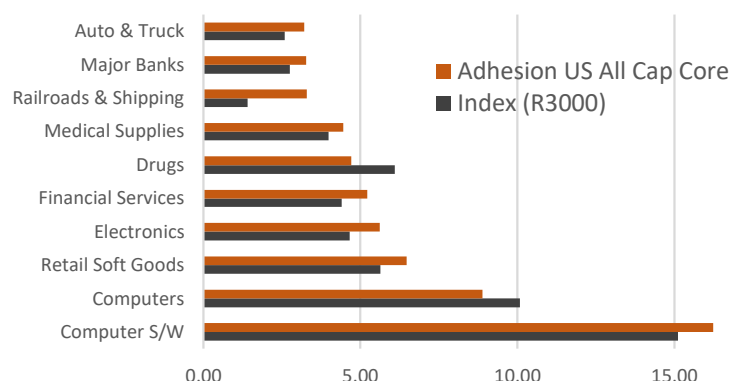
Adhesion Investable Index Series
US All Cap Core
Benchmark: Russell 3000

Sector Weights vs Benchmarks
(as of Jan 2021)

Source: Northfield Optimizer
Model: US Fundamentals Risk

Inner Ring: Index (Russell 3000)
Outer Ring: Model (Adhesion US All Cap Core)

- ■ Information Technology
- ■ Consumer Discretionary
- ■ Financials
- ■ Health Care
- ■ Industrial
- ■ Consumer Staples
- ■ Utilities
- ■ Material
- ■ Telecommunication
- ■ Energy

Portfolio Statistics (as of 12/31/2020)

	Model (Adhesion US All Cap Core)	Index (Russell 3000)
Beta	1.06	1.06
Price/Earnings*	21.98	22.25
Price/Book*	3.57	3.45
Price/Sales*	2.61	2.53
Dividend Yield*	1.73	1.56
Historical Earning %	7.75	9.94
Avg Market Cap (M)	133,530	102,379
Number of Holdings	100	3000
*Forward-looking based on historical data		

Top 10 Holdings (as of 12/31/2020) [3]

Security	%
Apple Inc Com	6.843
Microsoft	5.205
Amazon Com Inc	4.314
Adobe Systems	2.494
MasterCard	2.452
UnitedHealth Group	2.255
Tesla	2.093
Texas Insts Inc	1.895
Facebook Cl A	1.766
Fair Isaac Corp	1.686

About Adhesion

Adhesion Wealth Advisor Solutions is a company focused on providing innovative solutions for registered investment advisors. The Adhesion Platform is a comprehensive Managed Investing solution, providing model-based unified managed accounts, overlay & tax-optimized portfolio management, distinctive client reporting and managed back office services. With Adhesion, advisors stay at the forefront of the market and have a scalable, multi-custodian platform upon which to grow successful practices.

Portfolio Mandate

Target Tracking Error: 2.00%
Target Holdings: 100
Rebalancing: 2x a Year

Performance Verification

Provider: The Spaulding Group
Last Verification: January 2018
Verified Through: 09/30/2018

Disclosures

[1] Performance returns reflect live, uninterrupted client portfolios that were invested continuously in the composite since the inception of the strategy, with or without client customization or tax management. The performance numbers cited here are quarterly time weighted returns. All investments are subject to loss. Net of Fee return calculations reflect a deduction of a .31%, annual management fee - the highest management fee paid by any client in this composite Unlike the index, cash resulting from dividends and/or corporate actions are not automatically reinvested into client accounts. Instead, these are client decisions that are determined by the advisor on a case by case basis. Effective Q3, 2016 quarterly composite returns are computed using a market value weighted methodology versus a straight average method used for previous quarters. [2] Results of the index are provided for information only and do not suggest that the portfolio will be constructed in the same way as the index, mirror the volatility of the index or achieve returns similar to the index. Indices are unmanaged, include reinvestment of dividends and do not reflect transaction costs or the impact of advisory fees. [3] The holdings identified do not represent all of the securities purchased, sold or considered for the portfolio. It should not be assumed that investments in these securities or the portfolio generally were or will be profitable.

The graphs, charts and other visual aids are provided for informational purposes only. None of these graphs, charts or visual aids can of themselves be used to make investment decisions. No representation is made that these will assist any person in making investment decisions and no graph, chart or other visual aid can capture all factors and variables required in making such decisions. Please note, neither this presentation nor any particular content should be construed as investment advice. It is not a recommendation of, or an offer to sell or solicitation of an offer to buy, any particular security, strategy or investment product. Any analysis or discussion of investments, sectors or the market generally are based on current information, including from public sources, that we consider reliable, but we do not represent that any research or the information provided is accurate or complete, and it should not be relied on as such. The description of Adhesion's approach and the characteristics of its strategies and investments is based on current expectations and should not be considered definitive or a guarantee that the approaches, strategies, and investment portfolio will, in fact, possess these characteristics. Our views and opinions expressed in this report are current at the time of presentation and are subject to change. Past performance is not indicative of future results. This presentation is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person without the express consent of Adhesion.

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Adhesion Investable Index Series
US Large Cap Core
Benchmark: S&P 500

The Portfolio
Adhesion's Investable Index Series was designed to provide advisors with a portfolio that behaves in a manner similar to the broad-market Standard and Poor's 500 index. At the same time, the portfolio allows for customization and active overlay management techniques through individual security ownership.
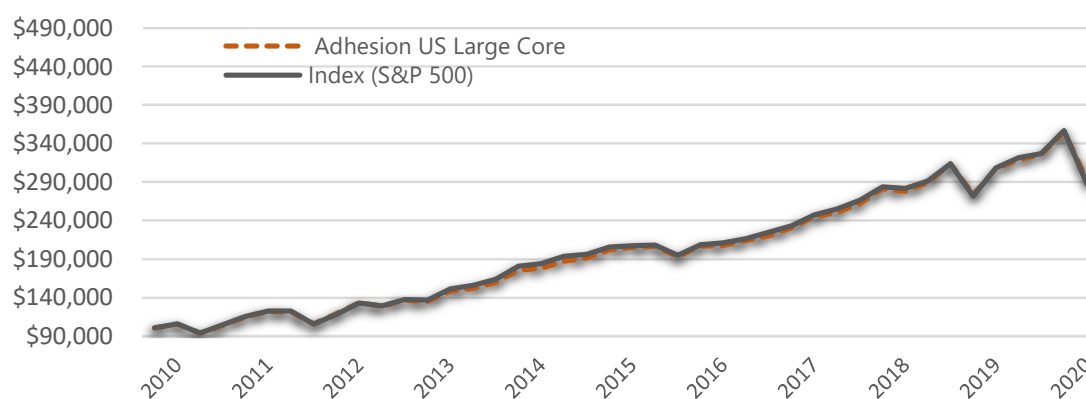
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Growth of $100,000 (Gross of Fees. As of 12/31/2020)[1]

About the Index[2]

S&P 500 The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

Rolling Composite Returns (as of 12/31/2020)[1]

	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Adhesion US Large Core (Gross)	11.59%	20.24%	20.24%	14.99%	15.63%	14.06%
Adhesion US Large Core (Net)	11.51%	19.88%	19.88%	14.64%	15.28%	13.72%
Index (S&P 500, TR)	12.15%	18.40%	18.40%	14.18%	15.22%	13.88%
Return Variance (vs Gross)	-0.56%	1.85%	1.85%	0.81%	0.41%	0.18%

Tracking Error

Period	Result
Jan 2017	1.47
Jan 2018	1.42
Jan 2019	1.36
Jan 2020	1.12
Jan 2021	1.16

Calendar Year Returns[1]

	2020	2019	2018	2017	2016	2015
Adhesion US Large Core (Gross)	20.24%	29.54%	-2.40%	22.00%	11.44%	2.60%
Adhesion US Large Core (Net)	19.88%	29.17%	-2.71%	21.64%	11.10%	2.29%
Index (S&P 500, TR)	18.40%	31.49%	-4.39%	21.83%	11.96%	1.38%
Return Variance (vs Gross)	1.85%	-1.94%	1.99%	0.17%	-0.52%	1.22%

Top 10 Index Industries (as of 12/31/2020)
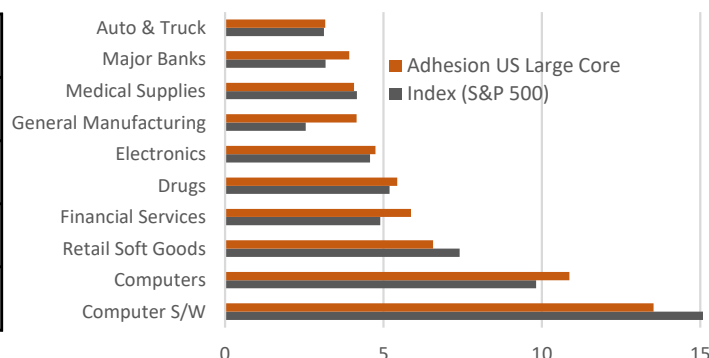
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US Large Cap Core
Benchmark: S&P 500

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4th Quarter
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Sector Weights vs Benchmarks
(as of Jan 2021)

Source: Northfield Optimizer
Model: US Fundamentals Risk

Inner Ring: Index (S&P 500)
Outer Ring: Model (Adhesion US Large Core)

- Information Technology
- Consumer Discretionary
- Financials
- Health Care
- Industrial
- Consumer Staples
- Telecommunication
- Utilities
- Energy
- Material

Portfolio Statistics (as of 12/31/2020)

	Model (Adhesion US Large Core)	Index (S&P 500)
Beta	1.00	1.00
Price/Earnings*	22.58	22.62
Price/Book*	4.07	3.67
Price/Sales*	2.82	2.69
Dividend Yield*	1.72	1.65
Historical Earnings %	13.30	10.69
Avg Market Cap (M)	221,155	176,727
Number of Holdings	100	500

*Forward-looking based on historical data

Top 10 Holdings (as of 12/31/2020) [3]

Security	%
Apple Inc	7.085
Microsoft Corp	5.901
Amazon Com Inc	4.596
Tesla Inc	2.501
Alphabet Inc Cl A	2.296
Thermo Fisher Scientific Inc	2.006
JP Morgan Chase & Co	1.958
Alexandria Real Estate	1.886
Facebook Inc Cl A	1.840
UnitedHealth Group	1.735

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Rebalancing: 2x a Year

Performance Verification

Provider: The Spaulding Group
Last Verification: January 2018
Verified Through: 09/30/2016

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