

How to Invest Today for a Better Tomorrow

Janet Brown, President



Agenda

- How to Succeed

Active or Passive?

Select by current performance

- The Way You Invest Matters

Sustainability = Profitability

- What about Fixed Income?

Risk and opportunity when rates rise

- Secrets to long-term investment success

Flexibility, Discipline and Humility

Who is FundX?

- Woman-owned and led firm
- 50-year history of helping investors build wealth, navigate changing markets and meet lifelong goals.
- One of the first registered investment advisors (RIAs) to use no-load funds to manage client accounts in 1969; now manages more than \$900 million
- 20-year experience managing sustainable responsible and impact (SRI) portfolios
- Publisher of NoLoad FundX newsletter

Publications



March 2018
Data to 2/28/2018



Fund Intelligence
Institutional Asset Management Awards 2017
FundX: Top Fixed-Income Manager
(among 4 other short-list finalists, sub \$1 billion plans)

What's Working

Markets around the world fell in February, and as usual, some stocks held up better than others. U.S. markets outpaced foreign markets, and growth funds did better than value funds.

Large-cap U.S. growth funds dominate the top ranks in Class 3. In Class 2, technology-heavy U.S. growth funds are highly ranked, and most emerging markets funds are now holds. Technology leads in Class 1 where 10 of the top 15 funds are technology related.

Fixed Income

Interest rates continued their ascent in February as the 10-year Treasury yield reached 2.94% for the first time in four years. Ultra short-term and floating-rate funds were flat for the month, but all other bond categories lost money. (Bond prices move inversely to yields.) Worst hit were long-term government bonds (down almost 3%) corporate bonds (down 1.5%) and high yields (off 1.1%).

MARKETS One Step Back

After a tremendous run, stocks gave back some gains in February. The tech-heavy Nasdaq 100 held up best, down -1.3%. The large-cap S&P 500 and Dow Jones Industrial Average and the small-cap Russell 2000 indexes each lost about 4%.

Developed foreign markets, as measured by the MSCI EAFE, were down nearly 5%. The MSCI Europe and Emerging Markets indexes each lost about 6%.

Most global markets have all now experienced their first full correction (decline of 10% or more) in nearly two years. We have been warning that this was likely overdue, and despite a healthy jump off the February lows, we can't say with certainty that the worst is behind us. We do know that sell-offs are normal and that market action is typically two steps forward and one step back.

Markets have been buoyed by excellent earnings reports. Most companies have been beating expectations this year so far. Unemployment is low and consumer confidence is strong.

Interest rates pose a challenge as higher rates can hurt stocks and most bonds. Rates continued to climb in February. The Federal Reserve remains on a path to raise rates gradually based on their assessment that the economy is strong, inflation is expected to increase, and fiscal stimulus could offset some of the drag of higher interest rates.

What steps can you take now since we can't predict what the future will hold? First, keep a long-term focus. Try not to read too much into one month's market action. January's gains didn't mean that the market would keep moving up, and February's volatility doesn't mean that the market will keep falling. Next, consider looking back on your results versus

Highlights

2

What to Expect of Upgrading

4

Why Own 5 Growth Funds?

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Scottrade now TD Ameritrade

Next Issue Publication Date April 3rd

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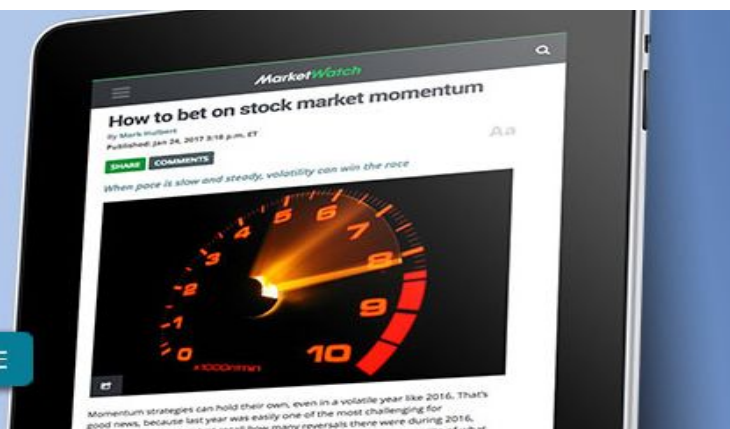
A Publication of FundX Investment Group. Professional Money Management Since 1969



THE BEST-PERFORMING MOMENTUM STRATEGY OVER THE LONG TERM

— MARKETWATCH, JANUARY 24, 2017

[READ FULL ARTICLE](#)



SUBSCRIBE TO NOLOAD FUNDX



Keep your portfolio invested in top-ranked funds and ETFs. Join thousands of subscribers to NoLoad FundX.

[SUBSCRIBE TODAY!](#)

TOP FUND NEWSLETTER



"The best-performing momentum strategy over the long term" Marketwatch, Jan 2017
[Read more](#)

SIGN-UP

Learn more about NoLoad FundX's unconventional approach to investing.



[SIGN UP](#)

AS SEEN ON...

WSJ

The
New York
Times

INVESTOR'S
BUSINESS
DAILY



TheStreet

YAHOO!
FINANCE

Our Upgrading Strategy

A disciplined response
to changing markets
allows us to
capitalize on major market trends

Market Predictions are All Over the Map

Differing Opinions Can Leave Investors Unsure About Where to Invest

“We like Japanese and European equities due to cheap valuations and monetary boosters.”

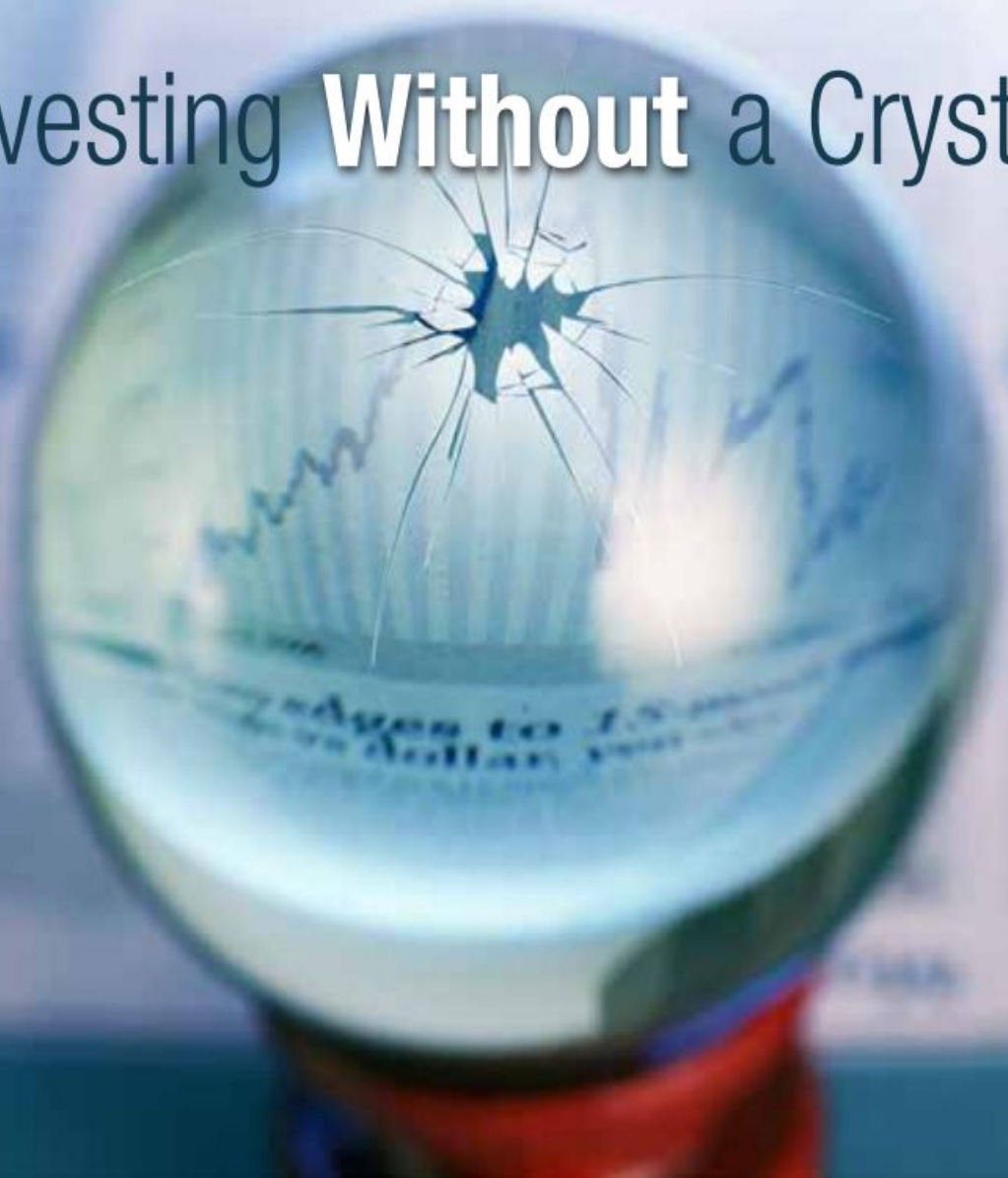
BlackRock market
outlook 2015



“We expect developed international stocks to lag those in the United States and emerging markets for several reasons: weaker economies, slower application of stimulus in Europe and valuations that don’t account for the risks.”

Schwab market
outlook 2015

Investing **Without** a Crystal Ball



Don't Get Distracted by Headlines

Don't Forecast.

Accept the market's trends whether or not we understand the reasons for these trends.

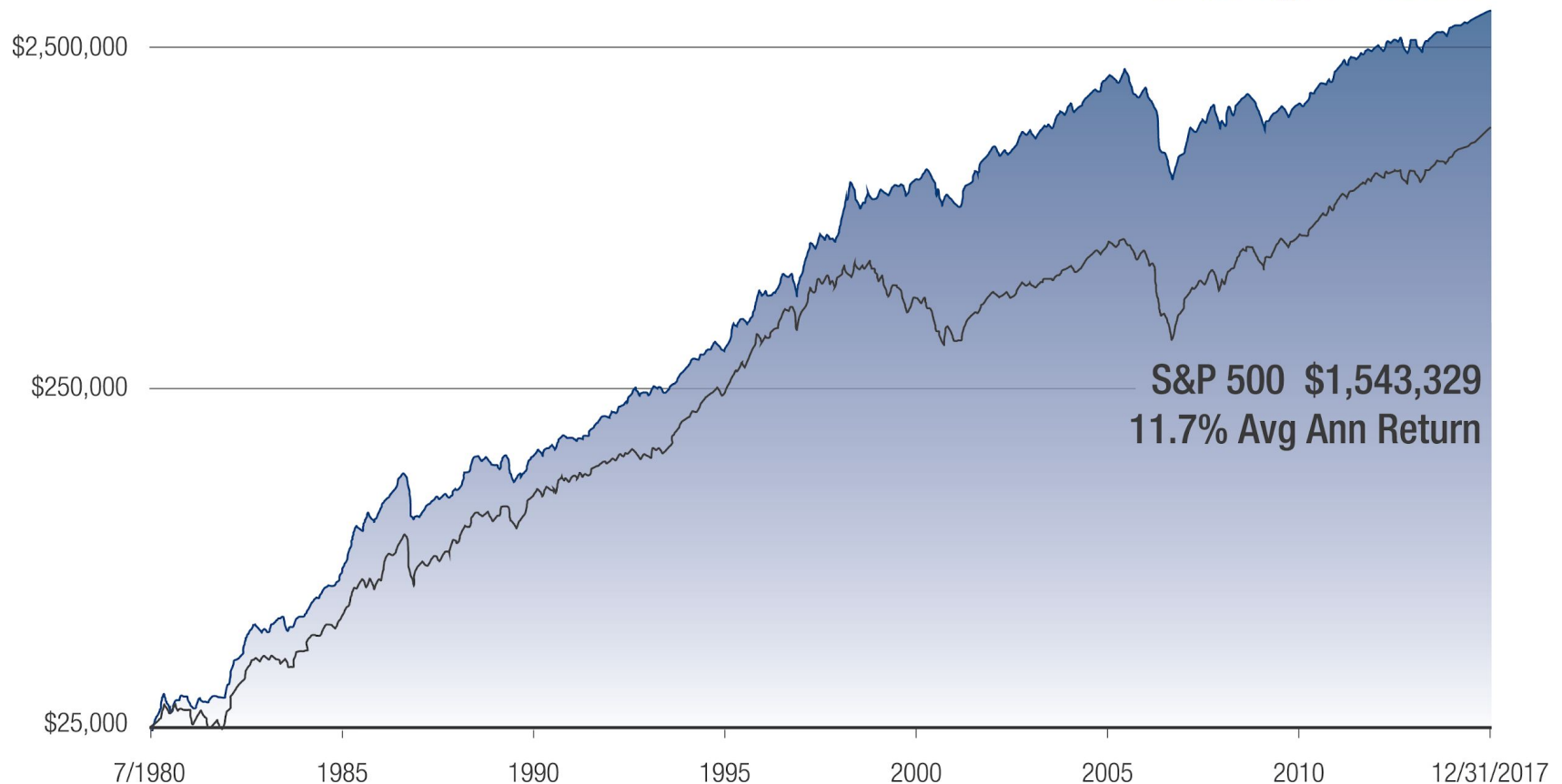
Changing Markets Offer Opportunity

NoLoad FundX Class 3 vs S&P 500

Growth of \$25,000 from 12/31/2016 to 12/31/2017

NoLoad FundX Class 3 \$3,484,172

14.1% Avg Ann Return



See Disclosure 1. Model Portfolio Performance at slides 65 & 66.

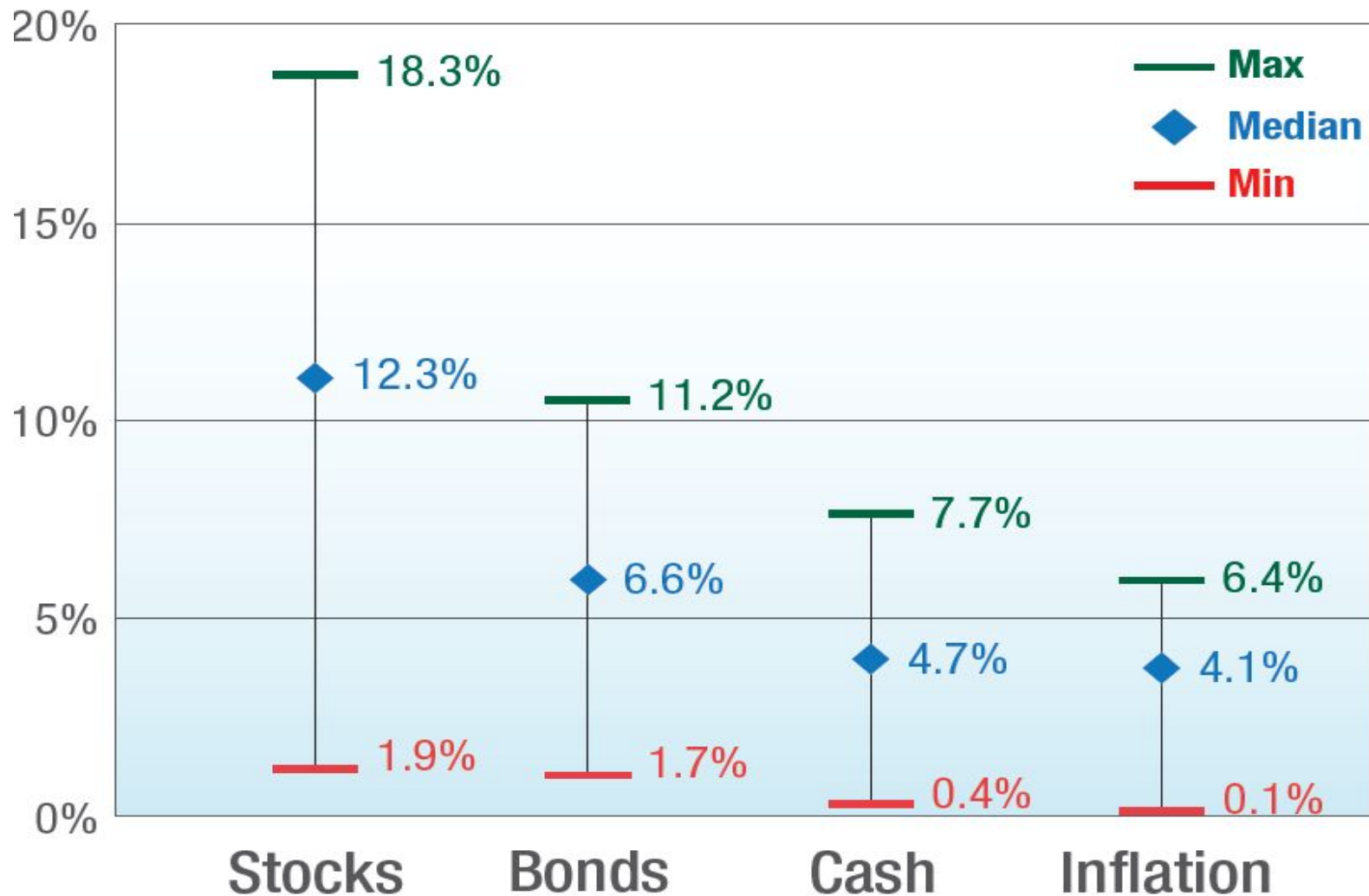
Make a Plan

Many plans work.

But choose one that you can stick with.

Stocks are the Best Performing Asset Class

Rolling 20-Year Returns since 1945



Once You Decide to Invest in Stocks – Active or Passive?

1. Track the Index

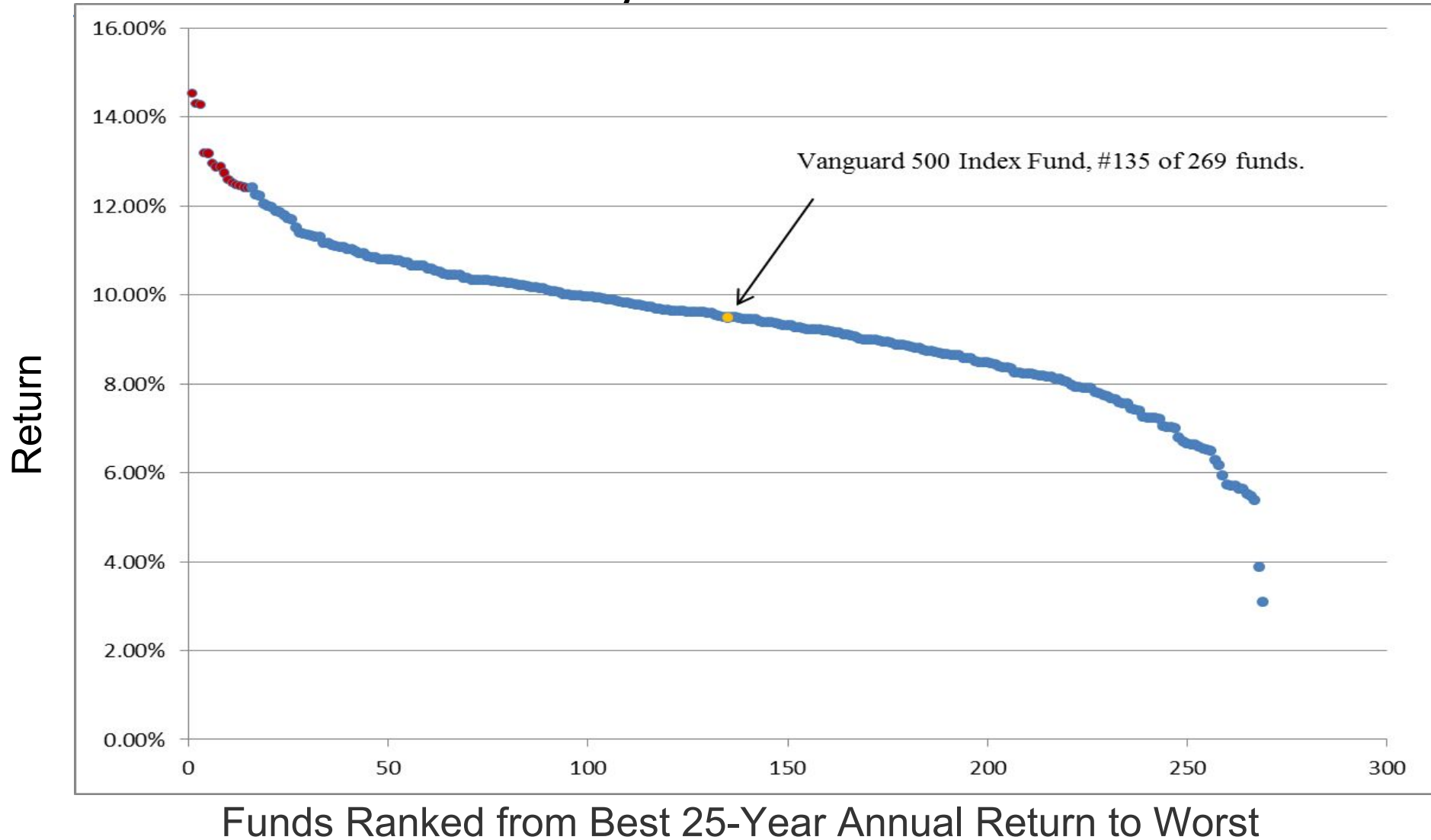
Problem: You'll never outperform the index.

2. Try to Beat the Index

Problem: You might not succeed.

Is It Worth Trying to Beat the Market?

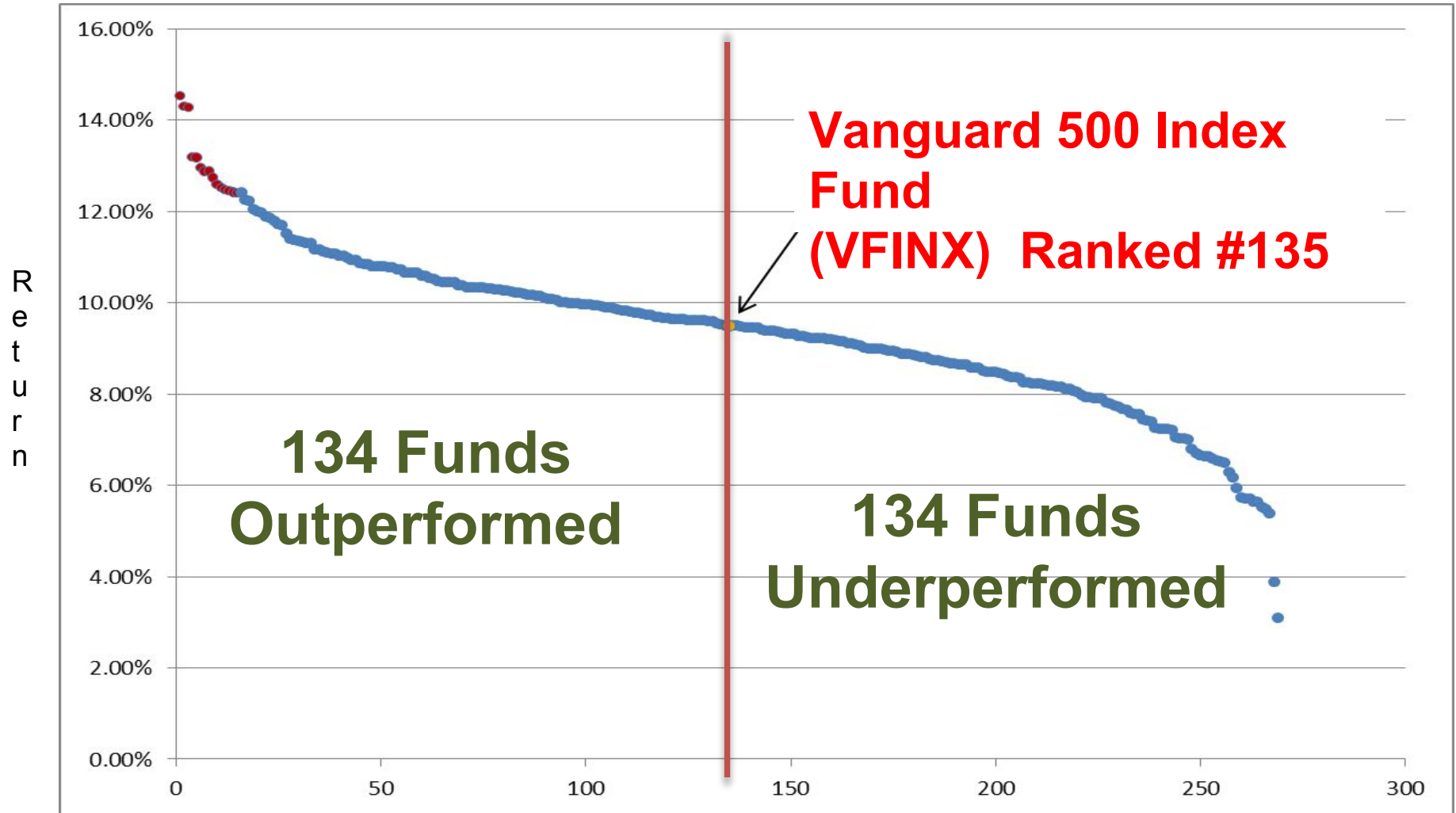
Study of 269 Funds



Observations on Fund Selection and Long-Term Performance: A Study of 306 Diversified Equity Mutual Funds, White Paper prepared by FundX Investment Group (2011)

Is It Worth Trying to Beat the Market?

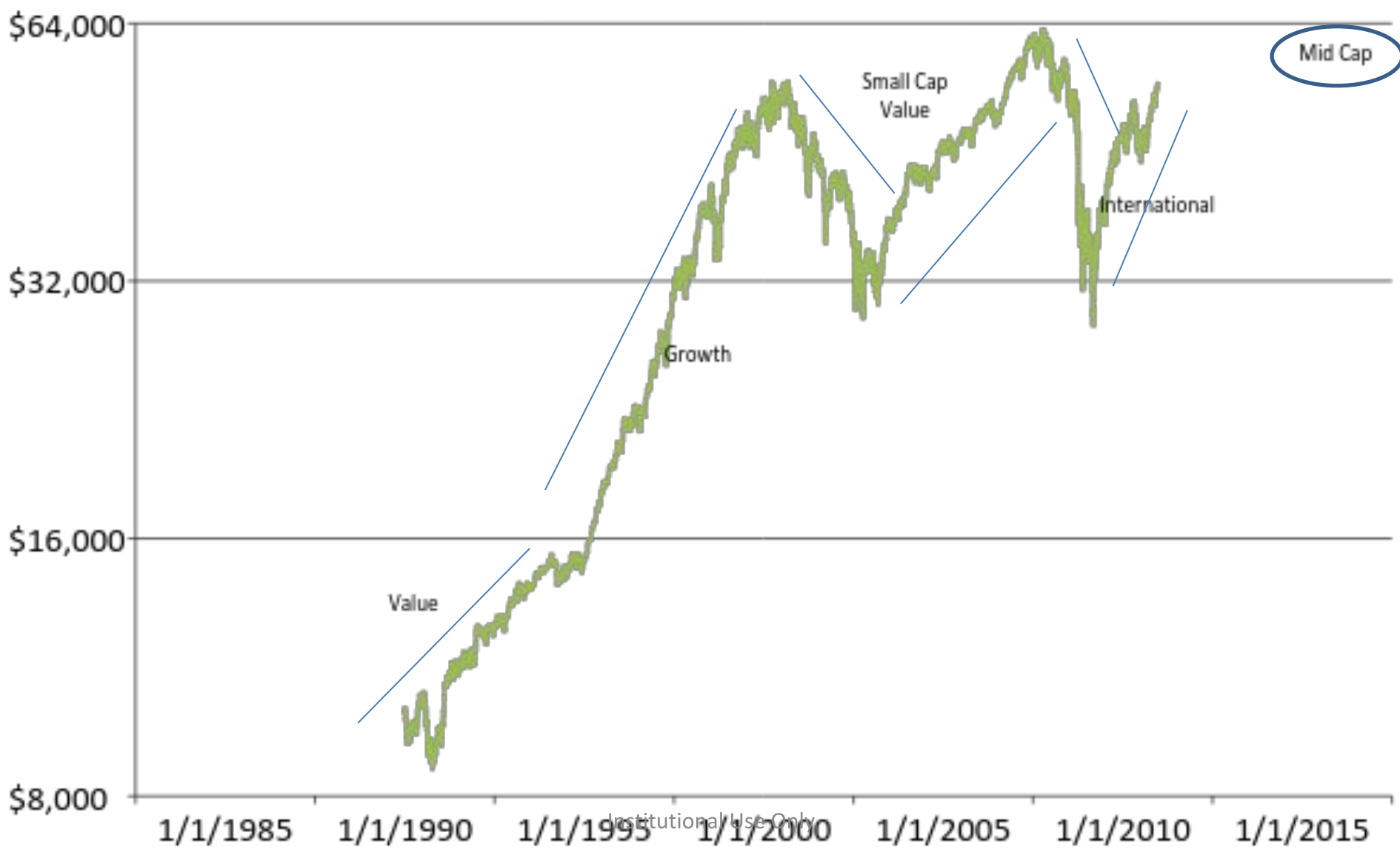
Study of 269 Funds



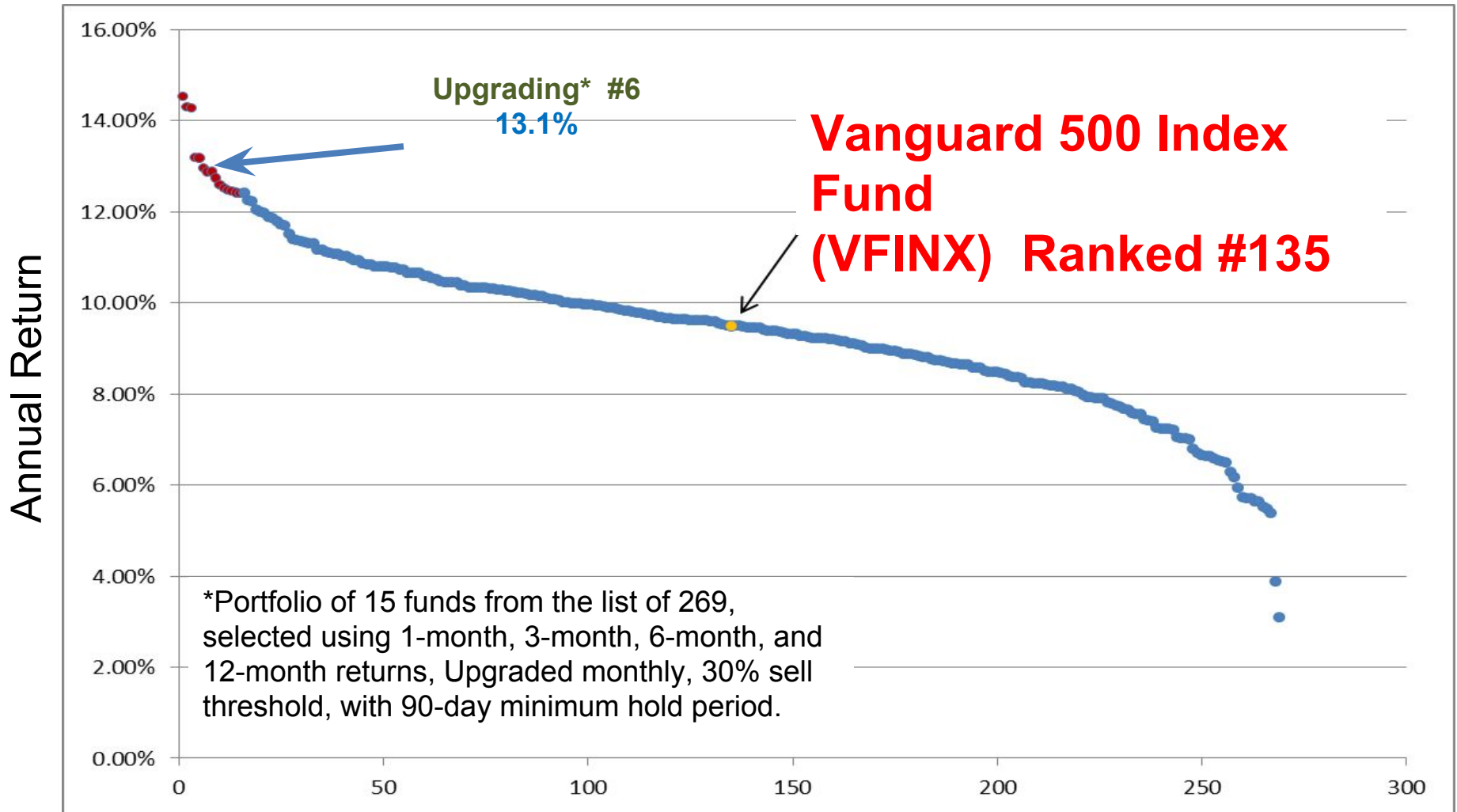
Funds Ranked from Best 25-Year Annual Return to Worst

S&P 500 Over 25 Years

Shows Various Market Leadership



Selecting Funds With No Forecasting: Upgrading Outperformed



Funds Ranked from Best 25-Year Annual Return to Worst

Choose What You Support

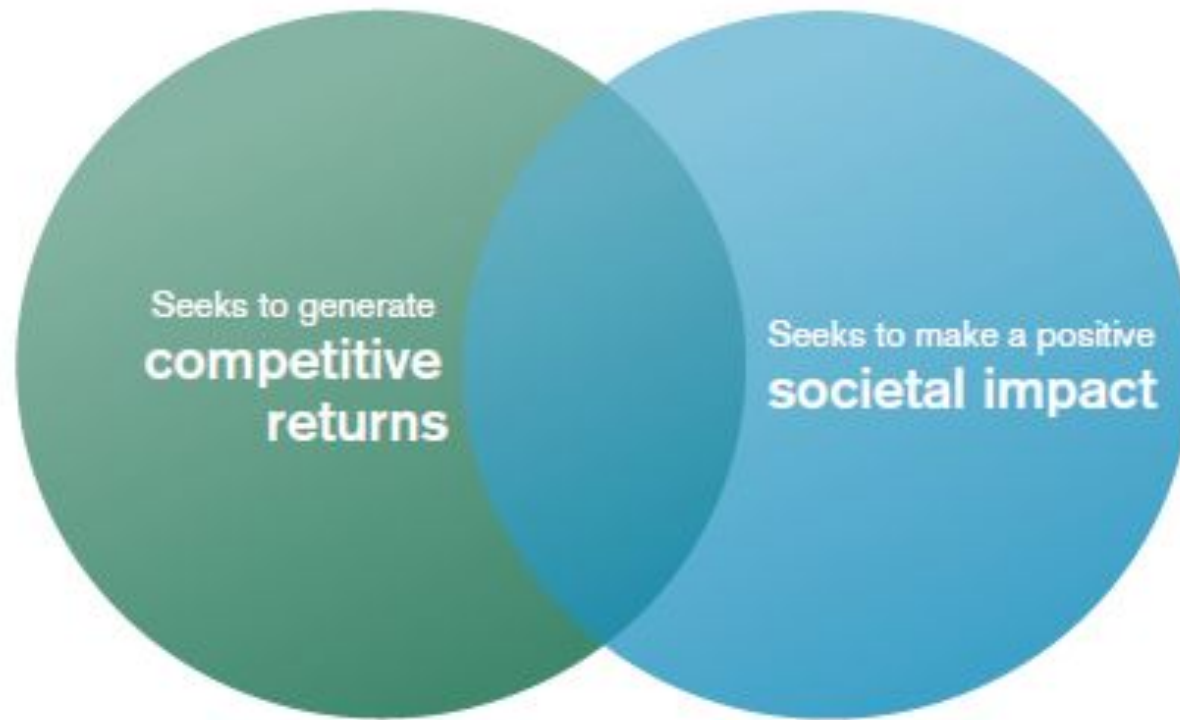
- Tobacco?
- For-Profit Prisons?
- Automatic Weapons?

Passive Index Funds are among the largest shareholders, according to Morningstar.

Why Choose
Between Your
Investments &
Your Values?



Why SRI?



Your Purchases Have Power

Which investment would you choose?

Investment 1:

Good performance

Investment 2:

Good performance

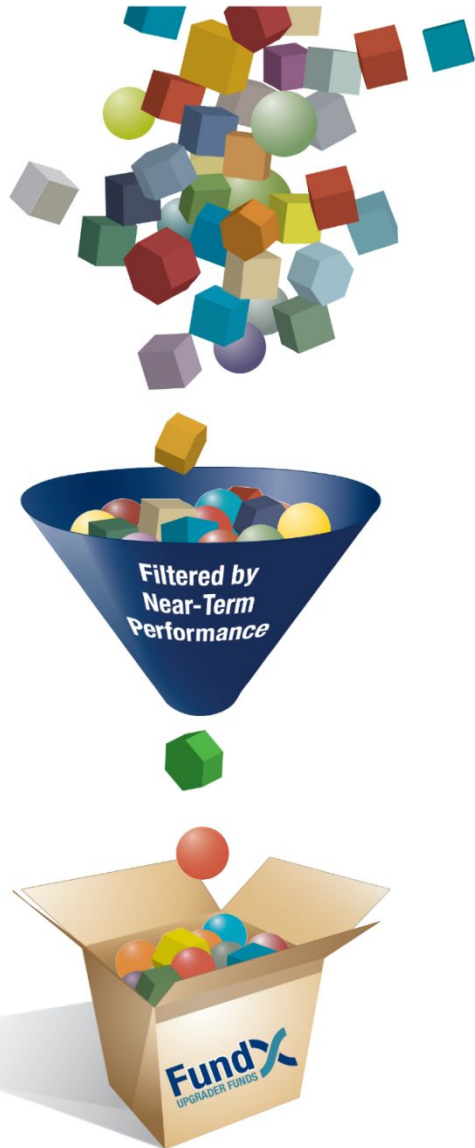
PLUS

Treats workers fairly

Contributes to a cleaner
environment

Produces safe products

Diverse Universe of SRI Funds & ETFs



Qualified SRI Funds and ETFs go into FundX Ranking:

- Small cap
- Large cap
- Growth
- Value
- International
- Domestic

**Ranking is Based on:
1 mo, 3 mo, 6 mo, and 12 mo
performance**

Sustainable Responsible Impact Investing ESG



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Environmental

- Climate change
- Clean, renewable energy
- Recycling/waste management
- Emissions
- Pollution



Social

- Labor relations
- Human rights
- Workplace health & safety
- Diversity



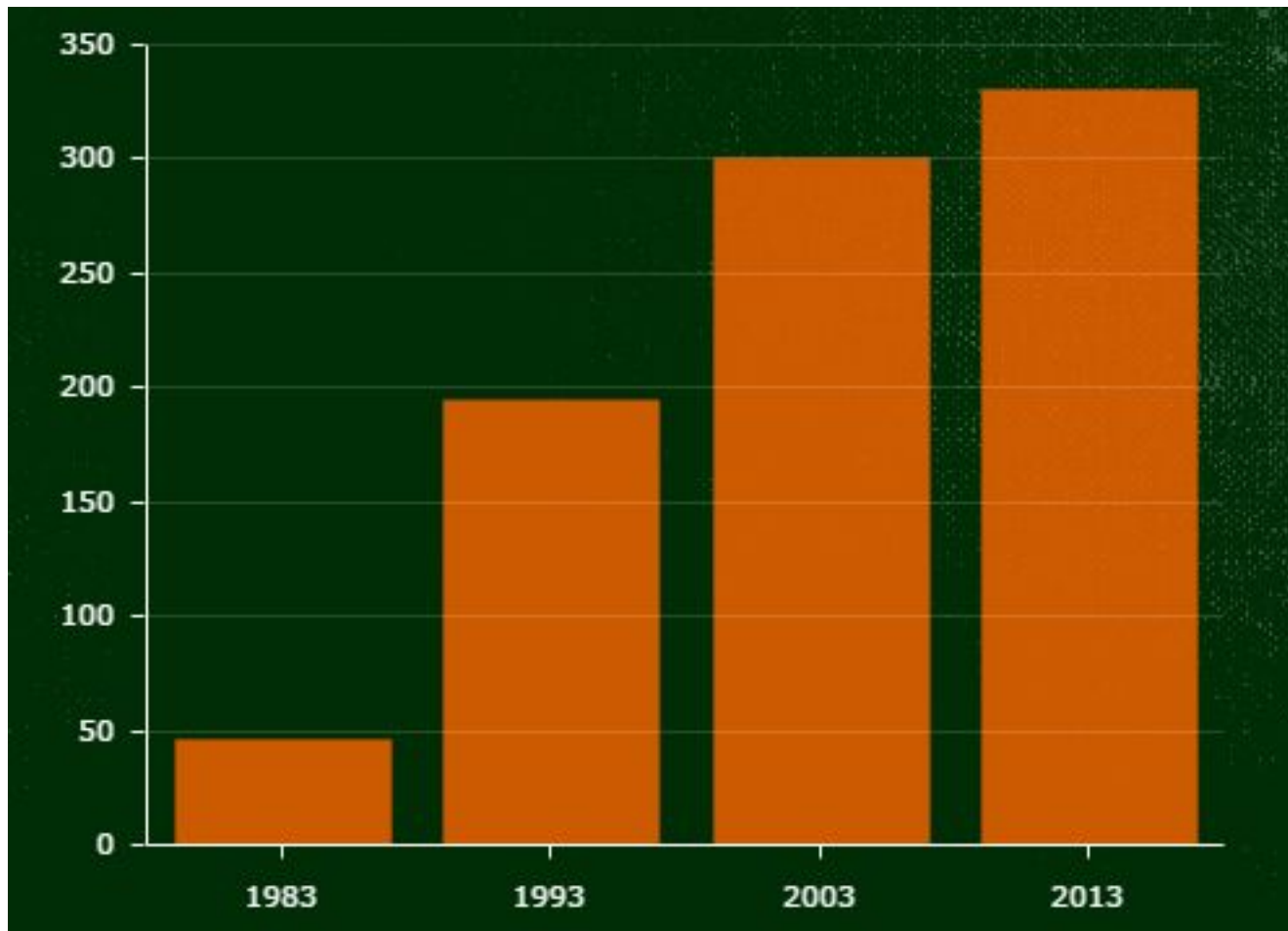
Governance

- Executive compensation
- Independent board of directors
- Diversity
- Transparency
- Corruption and bribery



CEO Pay grew 997%

Average worker pay grew 10.9%



In 2013 the CEO-to-worker Pay Ratio was 331:1. The CEO-to-minimum-wage-worker pay ratio was 774:1.

Data Source: Dant, Alastair and Russell, Karl. "The Pay at the Top." The New York Times. 4/12/14. Chart Source: Blades, Meteor. "CEO Pay at top companies now 331 times that of average worker, 774 times that of minimum-wage worker." Daily KOS, 4/16/14.

Performance

SRI portfolios perform just as well as conventional ones.

A review of more than 2,000 studies since the '70s found a positive link between sustainability factors and good financial performance.

Sustainability = Profitability

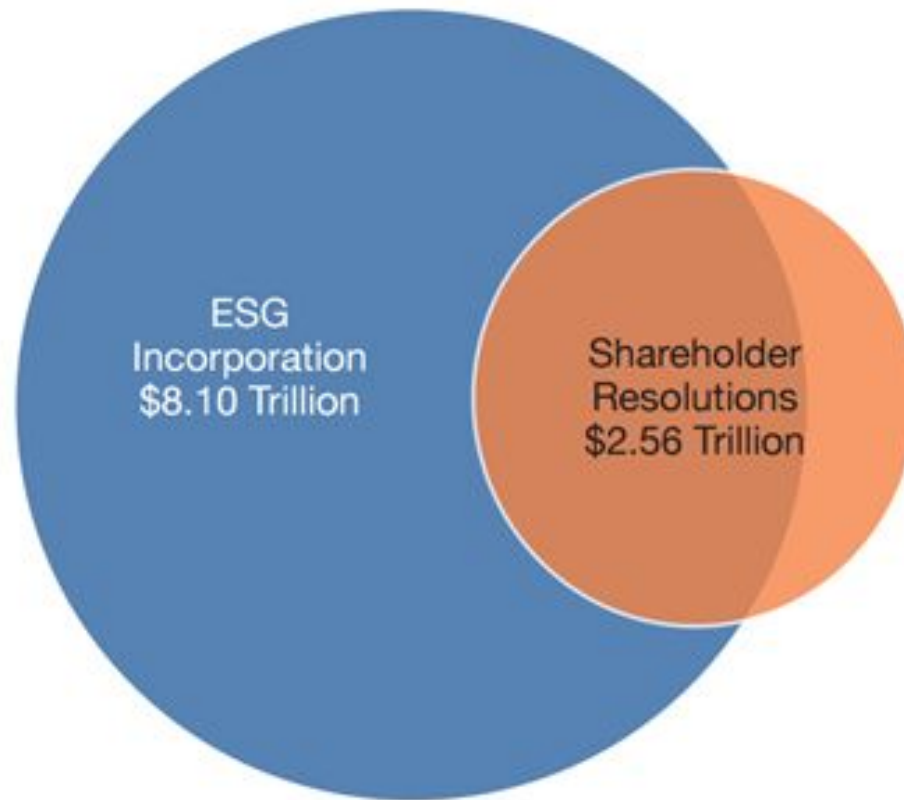
	ESG benefit	Company benefit
Better labor practices & workplace safety	Keeps workers safe	Fewer product defects, fewer boycotts or recalls
Renewable energy	Lower emissions and cleaner air; less reliance on fossil fuels	Lower operating costs
Gender diversity on corporate boards/executive teams	Promotes equality	Studies find companies that have more women in management are more profitable.

Sustainability = Financial Benefits

- Higher Revenue
- Lower Costs.
- Optimal Taxes.
- Investor Demand

In the U.S. alone, well over \$8.1 trillion is invested in various SRI strategies

Fig. 1.0: Sustainable and Responsible Investing in the United States 2016

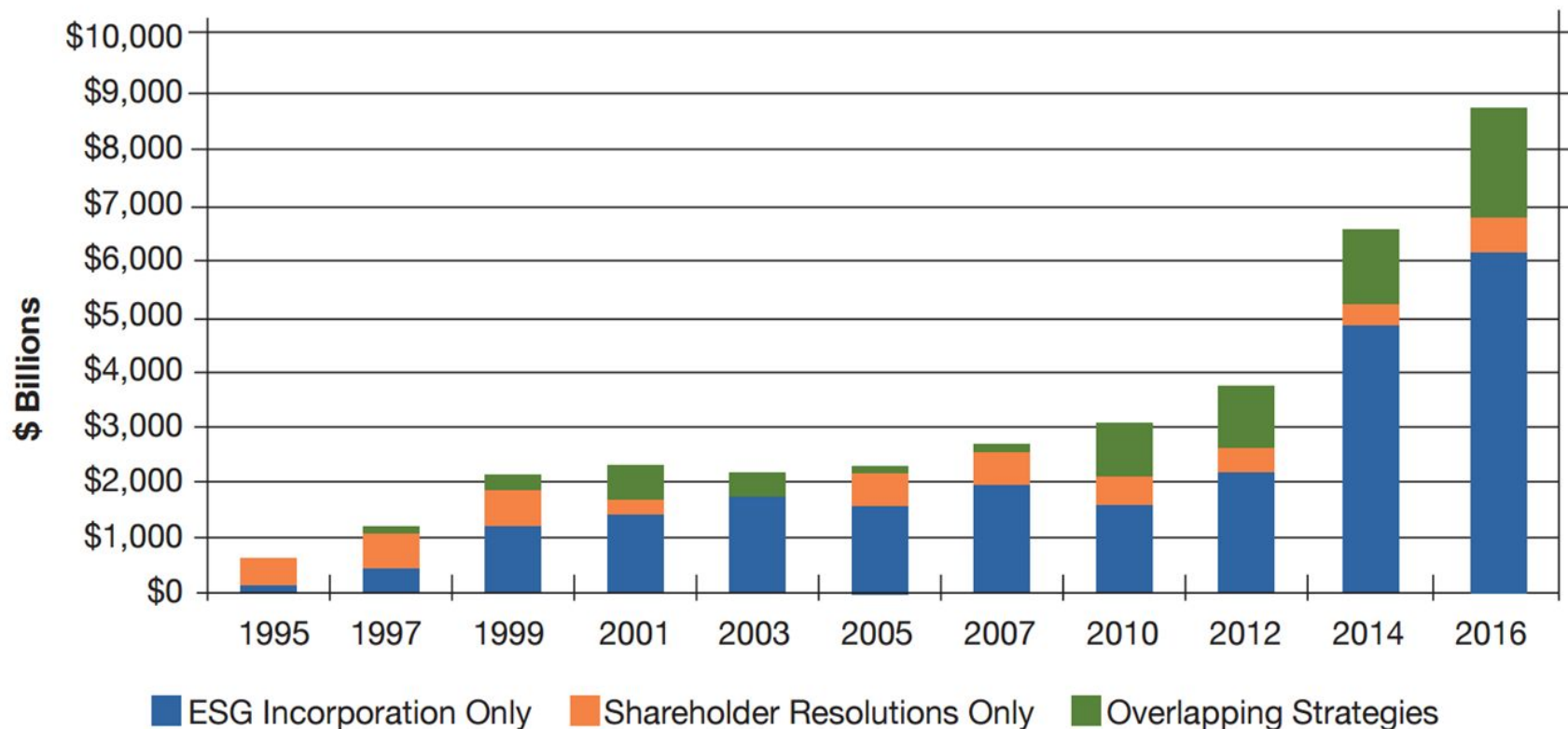


SOURCE: US SIF Foundation.

NOTE: ESG incorporation assets in this figure include those in community investing institutions.

Growth of SRI Strategies

Fig. A: Sustainable, Responsible and Impact Investing in the United States 1995–2016



SOURCE: Report on US Sustainable, Responsible, and Impact Investing Trends 2016: 11th Edition. US SIF, 2016.

SOURCE: US SIF Foundation.

Sustainable Strategies

1. **Divestment** - Avoid objectionable companies and industries
2. **Positive Screening** - Seek out companies with strong Environmental, Social, Gov't (ESG) policies
3. **Engagement** - Invest in companies in an effort to improve them

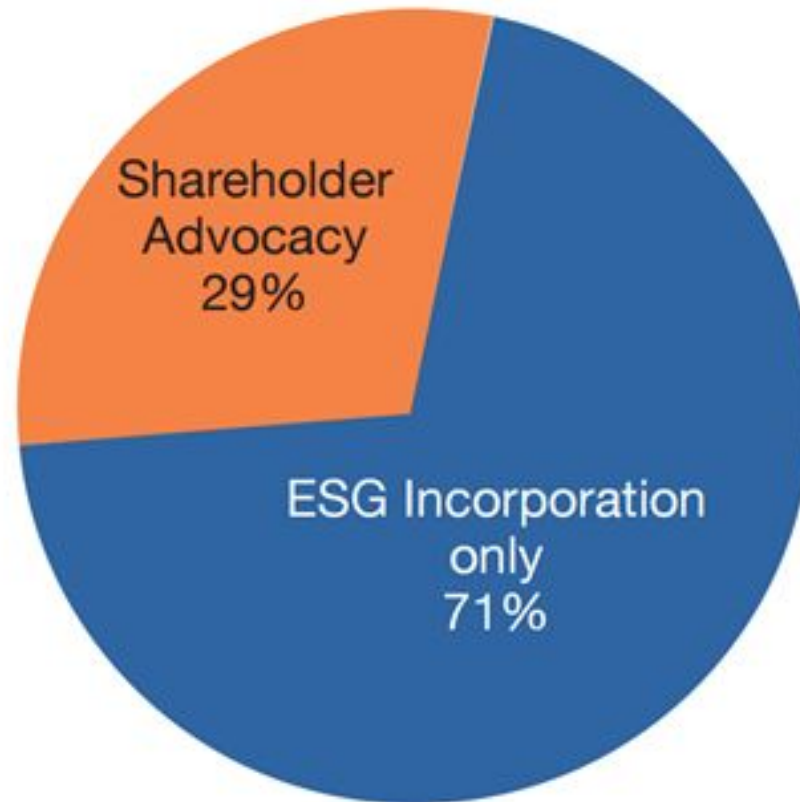
Your Purchases have POWER

Investors can:

- File shareholder resolutions
- Vote on proposals at shareholder meetings
- Bring important issues to the attention of company management
- Win media attention to help educate the public
- Change how a company operates
- Help companies move forward

Investors Change Corporate Behavior

Fig. 4.1: Shareholder Advocacy as Share of SRI Assets 2016



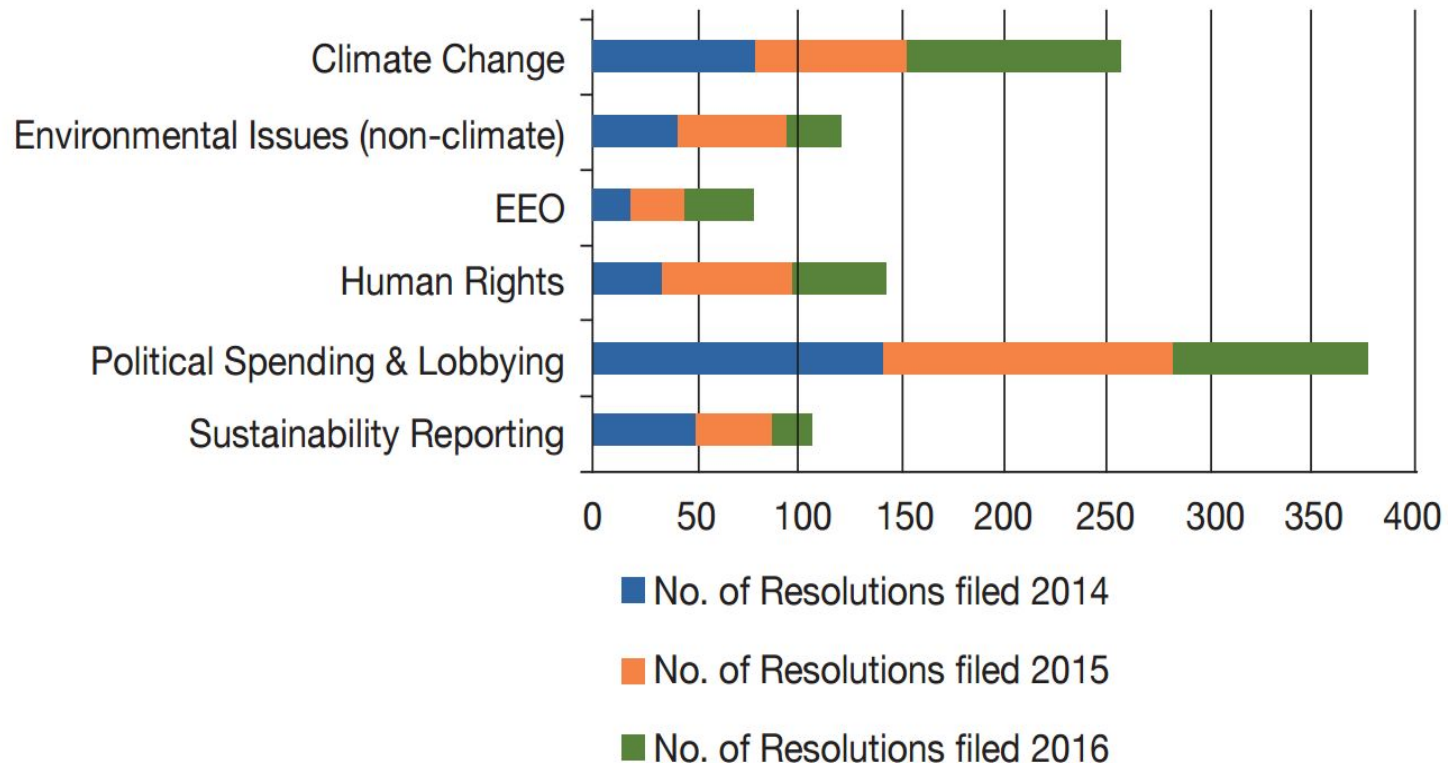
SOURCE: US SIF Foundation.

Engagement is Growing

- 50% more shareholder proposals on environmental and social issues in the last 10 years
- 500 proposals in 2016 alone.
- Filed by institutional investors and investment managers who collectively oversee a total of \$3 trillion

Important Issues

Fig. 4.4: Leading Environmental and Social Issues, by Number of Proposals 2014–2016



SOURCE: Sustainable Investments Institute, US SIF Foundation.

Success Stories

Target: Fewer harmful chemicals in children's products

Domini fund managers engaged with Target to encourage the company to reduce the use of toxic PVC plastic in children's products. (Other major retailers, like Walmart and Sears, soon followed suit.) Today, Target has a sustainable product standard that scores 7,000 products based on toxicity.

Success Stories

Utility companies: More efficient energy use

Calvert funds has prioritized engagement with electric utilities and 53 major corporations have committed to source 100% of their power from renewable energy in the next two decades.

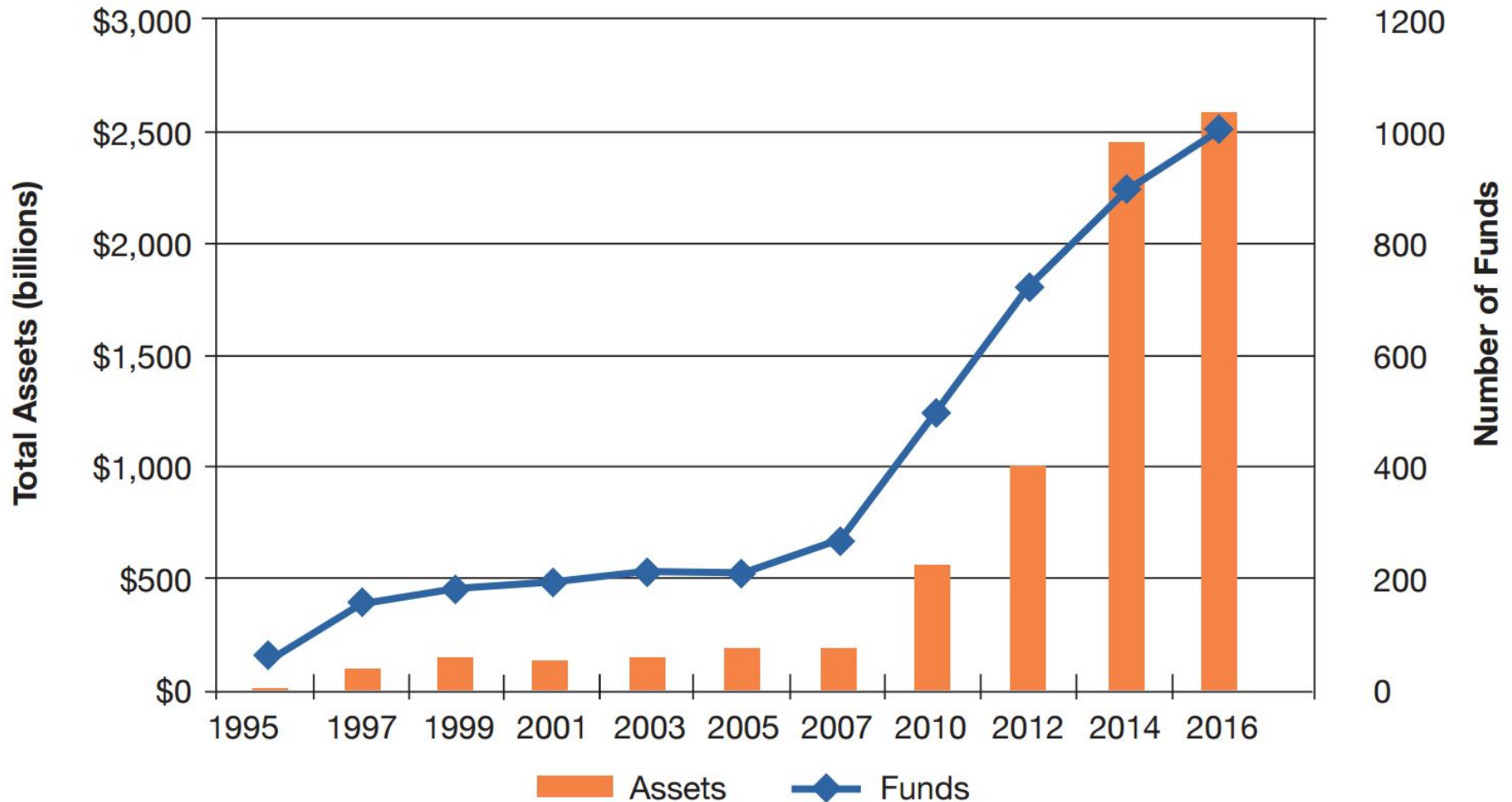
Success Stories

Home Depot: Smarter use of natural resources

Trillium engaged with Home Depot, which was one of the world's largest retailers of old-growth lumber at the time. Home Depot agreed to use more sustainably sourced wood, and by 2009, Home Depot had sold more Forest Stewardship Council (FSC)-certified wood than any other company in North America.

Sustainable Mutual Funds & ETFs

Fig. 2.13: ESG Funds 1995–2016



SOURCE: Report on US Sustainable, Responsible, and Impact Investing Trends 2016: 11th Edition. US SIF, 2016.

NOTE: This figure excludes separate account vehicles and community investing institutions. Beginning in 2014, other/not listed products are excluded from both fund counts and assets.

Two Kinds of Sustainable Funds

1. Self-identified

Typically these funds have 'sustainable' or 'responsible' in their fund names & they are required to invest in companies with high ESG ratings.

Example: Brown Advisory Sustainable Growth Fund

2. Undiscovered

Own companies with high ESG ratings but don't have a mandate to invest in these companies

Example: Primecap Odyssey Growth

How to Find ‘Undiscovered’ Funds

Sustainability ratings help you identify more sustainable funds

- Which ratings to use?
Many different options, including Morningstar & MSCI
- Are the ratings comprehensive?
Some funds ratings are based on only on part of its portfolio
- What will you do if a fund’s rating changes?
Monitor your funds regularly because ratings will change

The Same Challenge

- Which SRI funds to own now?
- When to move on to other funds?
- How to navigate changing market trends?

A Plan For Changing Markets

Upgrading

- A disciplined response to changing markets
- Designed to capitalize on major market trends
- 47-year track record

Market Leadership Rotates

Value – Growth
Large-cap – Small-cap
Domestic – International

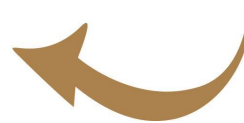


Value Managers
Seek Undervalued
Stocks

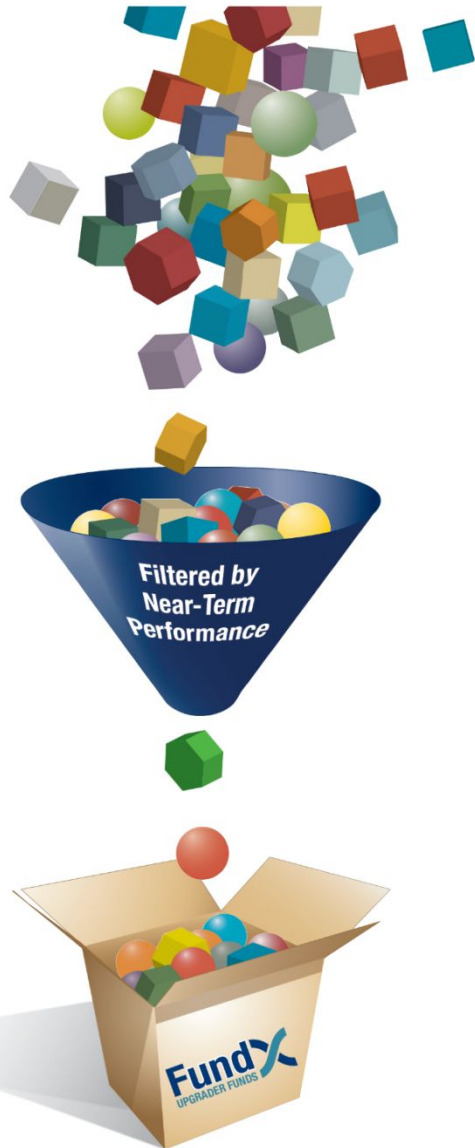
	Value	Growth
Large		
Small		

	Value	Growth
Large		
Small		

Growth Managers
Look for the Fastest
Growing Companies



Diverse Universe of SRI Funds & ETFs



Qualified SRI Funds and ETFs go into FundX Ranking:

- Small cap
- Large cap
- Growth
- Value
- International
- Domestic

**Ranking is Based on:
1 mo, 3 mo, 6 mo, and 12 mo
performance**

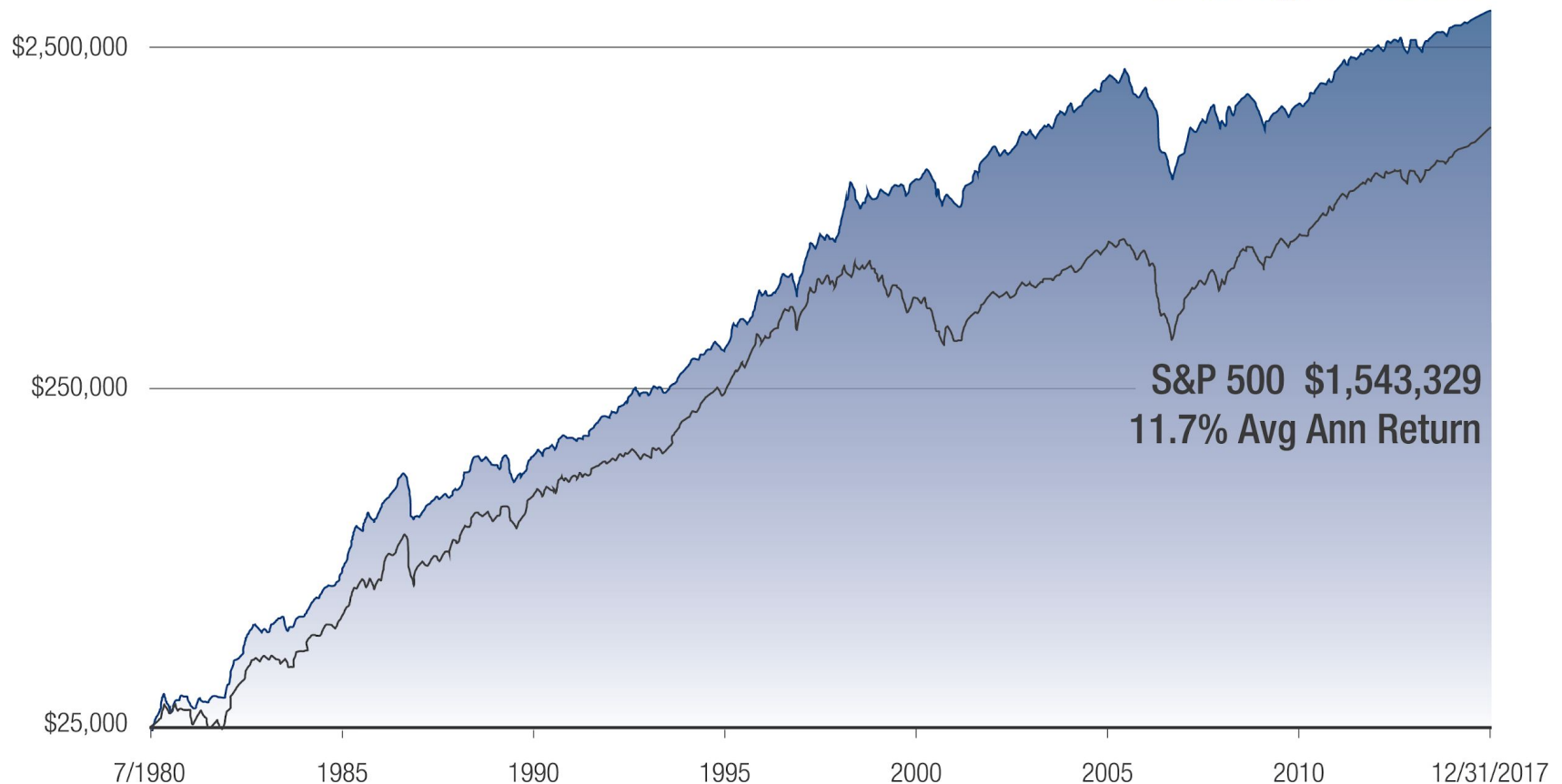
Changing Markets Offer Opportunity

NoLoad FundX Class 3 vs S&P 500

Growth of \$25,000 from 12/31/2016 to 12/31/2017

NoLoad FundX Class 3 \$3,484,172

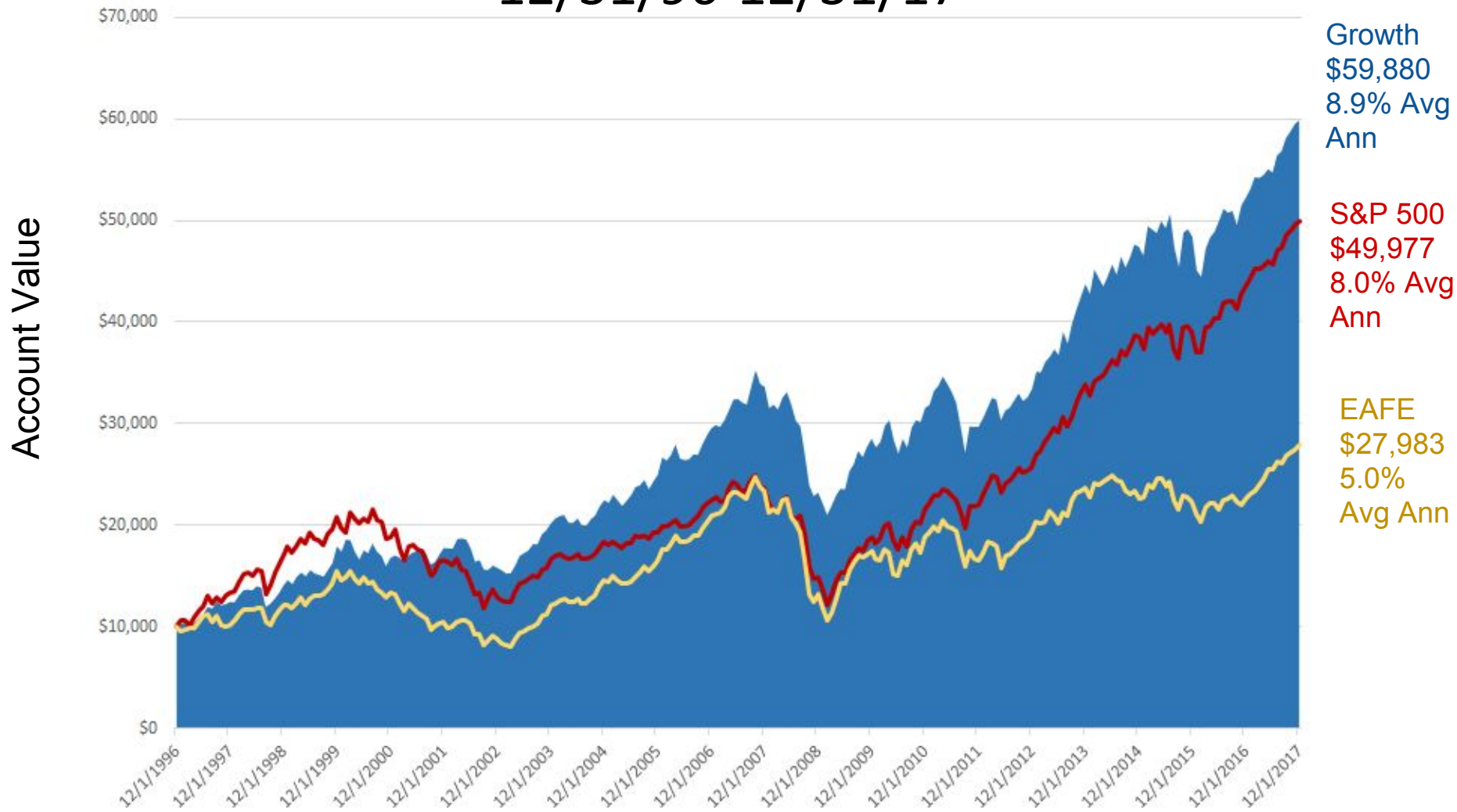
14.1% Avg Ann Return



See Disclosure 1. Model Portfolio Performance at slides 65 & 66.

Growth Model Class 3 vs S&P 500 vs EAFE

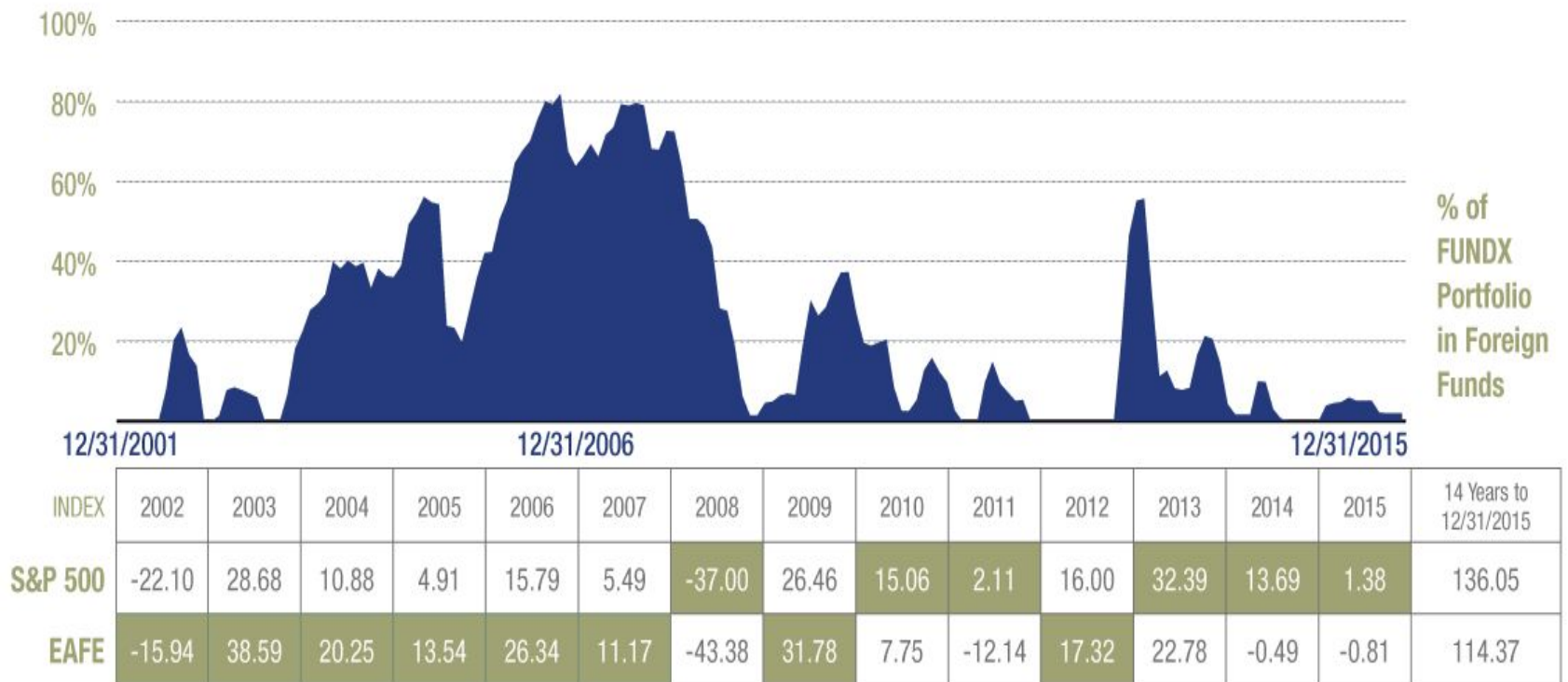
12/31/96-12/31/17



See Disclosure 1. Model Portfolio Performance at slides 65 & 66.

International Domestic Rotations

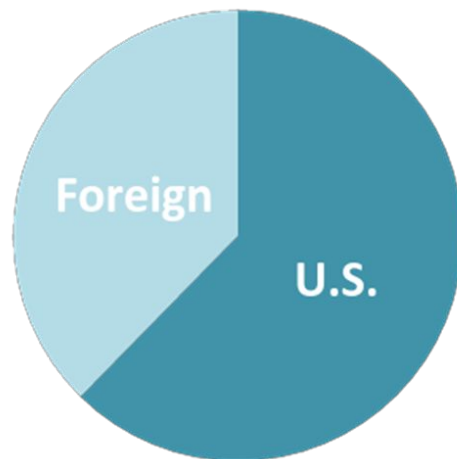
14 Years International & Domestic Performance



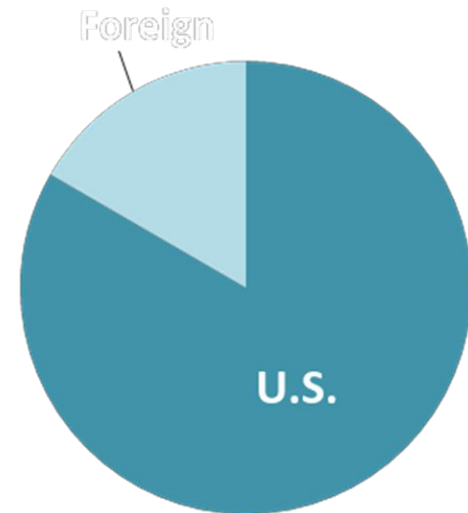
FundX SRI Portfolios Adapt

Global Market Leadership

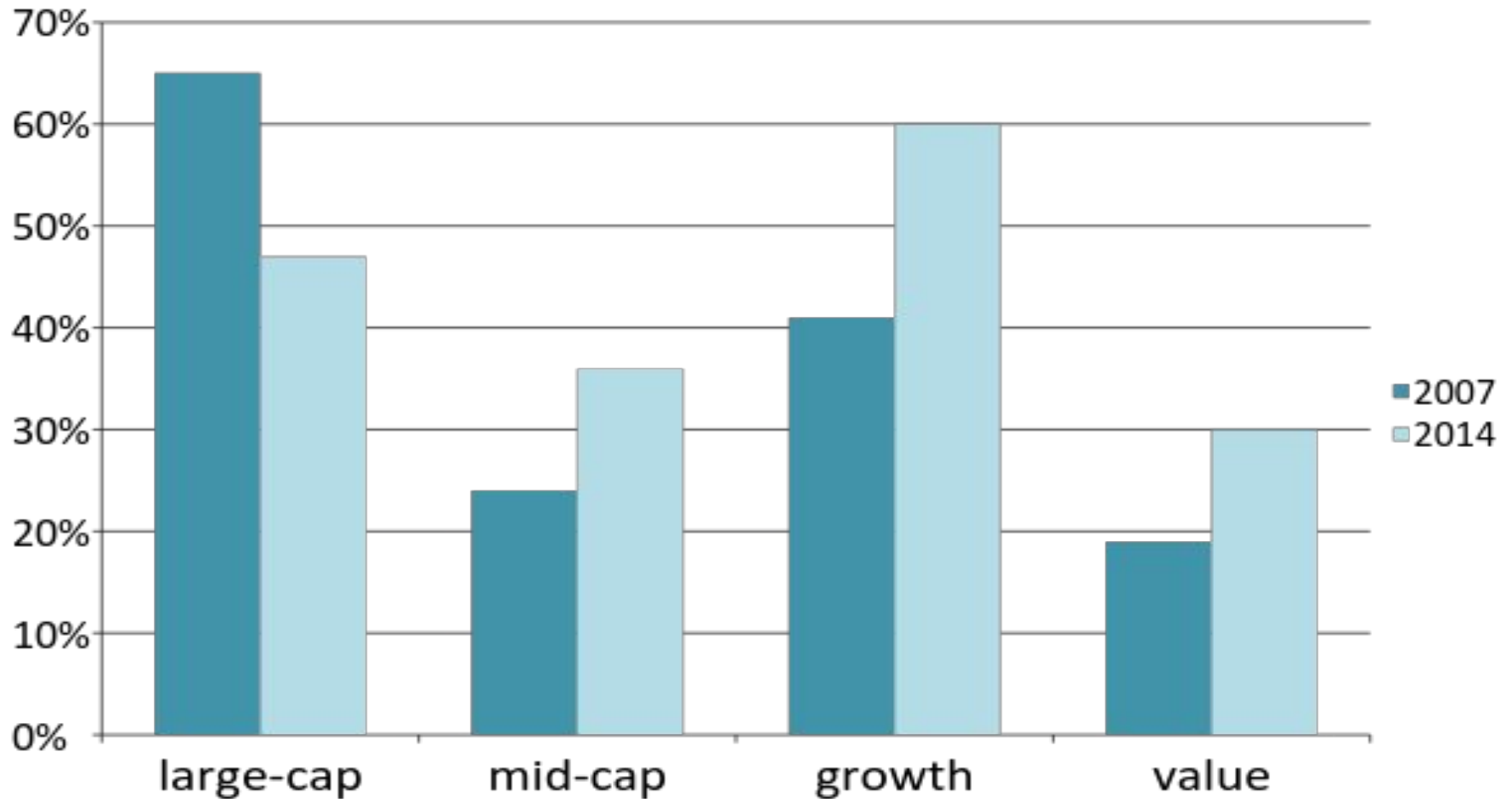
SRI Portfolio 2007



SRI Portfolio 2014

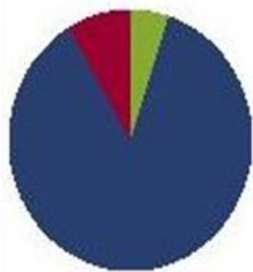


FundX SRI Portfolios Change Over Time



Global SRI Portfolio

Asset Allocation | Holdings Detail >>



	Long%	Short%	Net%
Cash	5	0	5
U.S. Stocks	87	0	87
Foreign Stocks	8	0	8
Bonds	0	0	0
Other	0	0	0
Not Classified	0	0	0
Total	100	0	100

World Regions | Holdings Detail >>

Greater Asia



Americas



Greater Europe



0-10 10-20 20-50 50-90 >90%

	Total Exposure (% of Stocks)
North America	94.59
Latin America	0.33
United Kingdom	2.68
Europe Developed	0.89
Europe Emerging	0.00

The Secret to Long-Term Investment Success

1. **Use Realistic Assumptions**

- Return Expectations
- Risk Tolerance
- Investment Strategy

2. **Set an Asset Allocation to Fund Your Goals**

- Beating Benchmarks is for Pros
- Play the Hand You Are Dealt

3. **Be Disciplined and Act to Your Advantage**

- Rebalance
- Monitor Your Results Vs. Your Assumptions
- Follow a Plan

Why Choose Us

Own a portfolio of ESG funds with strong returns

- Professionally managed portfolio of funds and ETFs with strong performance and high ESG scores.

Invest to engage

- Priority to SRI funds and ETFs that actively engage with companies to affect change

Time-tested investment approach

- FundX's global Upgrading strategy has a nearly 50-year history of capitalizing on market trends

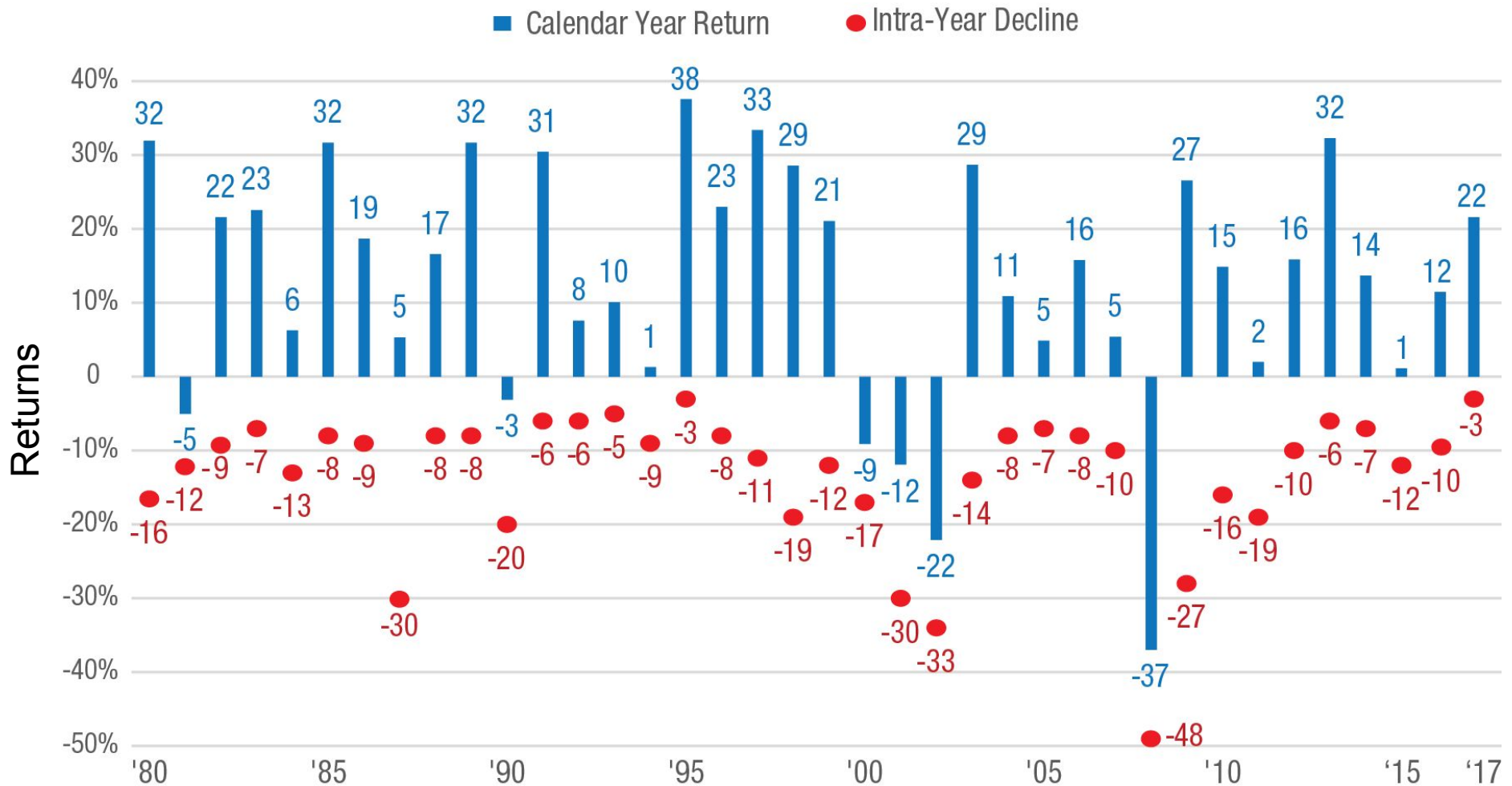
Experienced, active SRI management

- FundX has managed SRI portfolios for clients for decades

You Can Succeed if you...

- Select funds based on near-term performance
- Buy the top 10%, sell below the top 30%
- Review monthly and stay disciplined
- Are willing to underperform sometimes

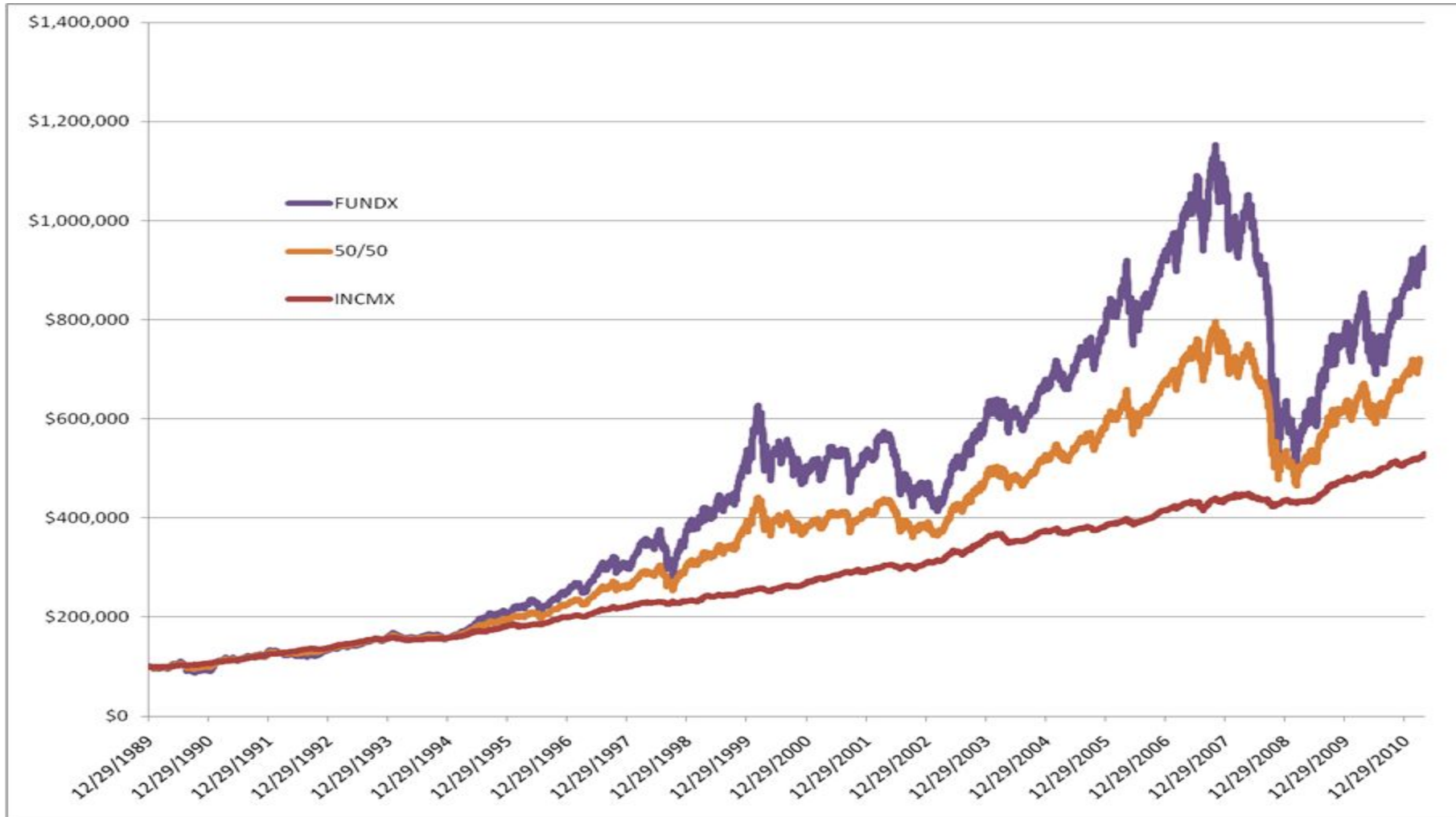
S&P 500 Calendar Year Returns & Intra-Year Drawdowns 1980-2017



Source: Morningstar

Balance Risk & Volatility

Hypothetical Account Value



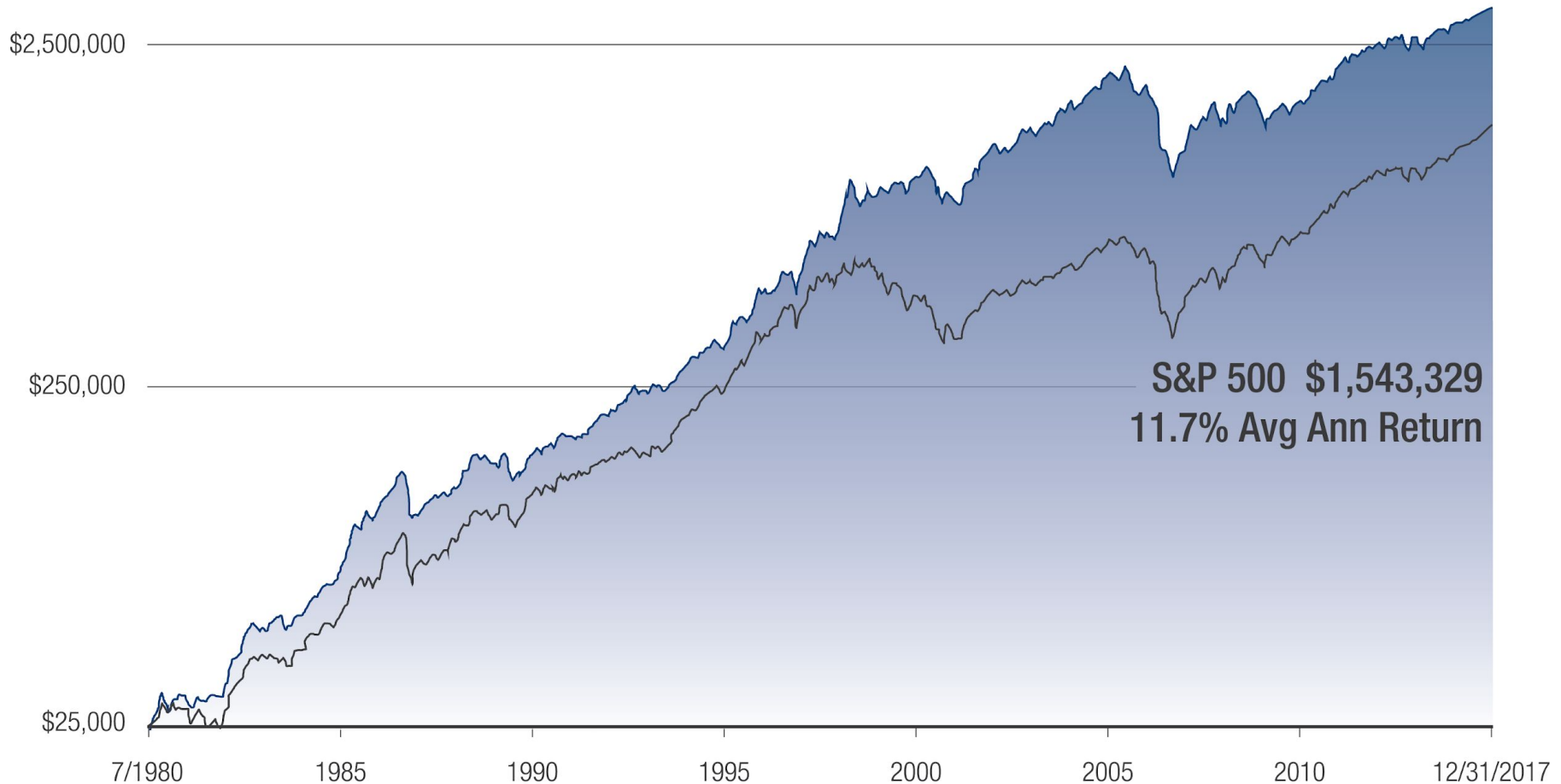
See Disclosure 2. Upgrader Funds Disclosure: FundX Upgrader Fund (FUNDX) at slide 66; and Disclosure 3. Upgrader Funds Disclosure: FundX Flexible Income Fund (INCMX) at slide 68.

Discipline is Rewarded Over time

NoLoad FundX Class 3 vs S&P 500

Growth of \$25,000 from 12/31/2016 to 12/31/2017

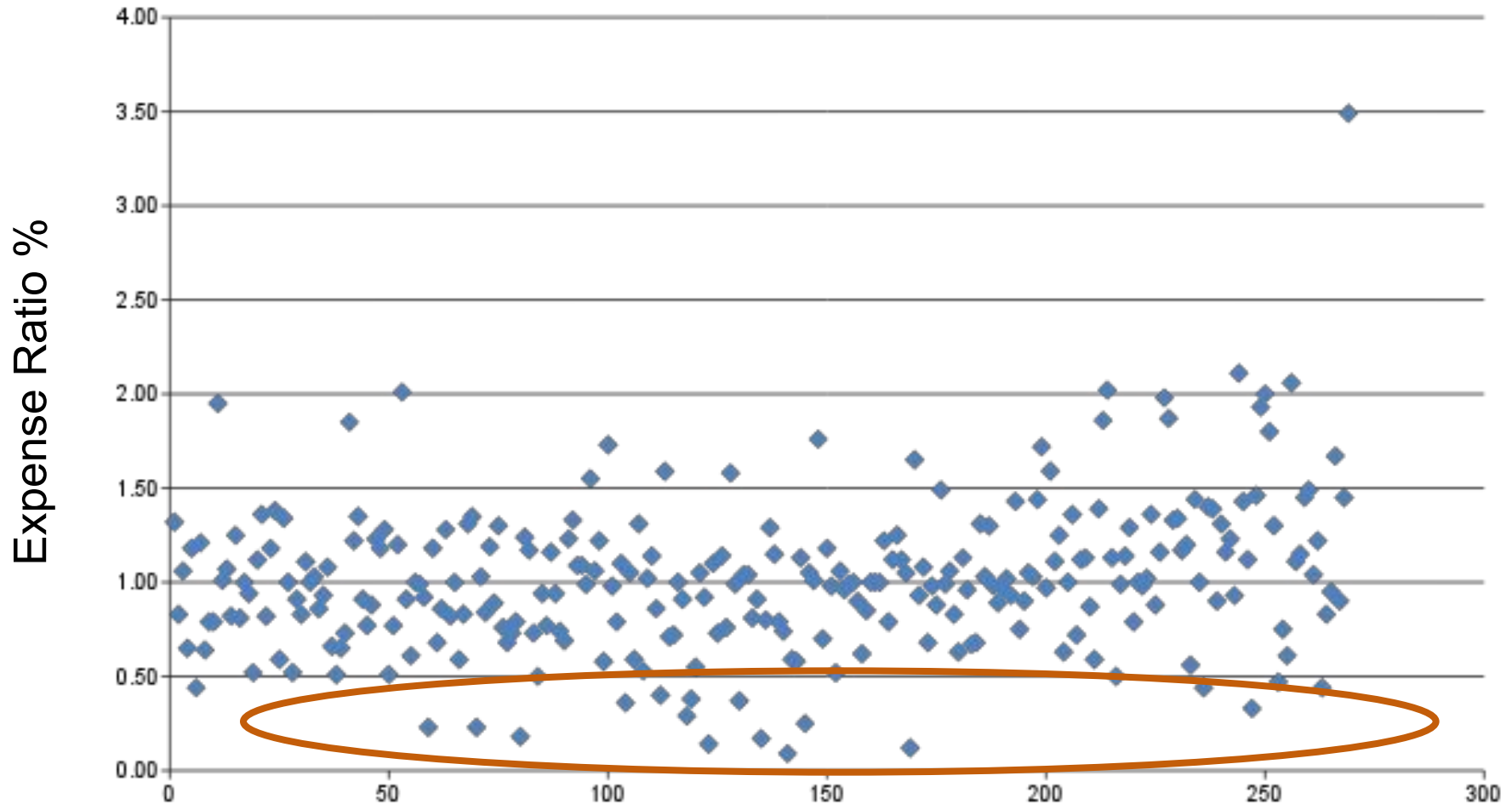
NoLoad FundX Class 3 \$3,484,172
14.1% Avg Ann Return



See Disclosure 1. Model Portfolio Performance Disclosure at slides 65 & 66.

Select for Low Expense?

We see no correlation between lower expenses and higher returns.




Funds Ranked from Best 25-Year (1990-2015) Annual Return to


Worst Observations on Fund Selection and Long-Term Performance: A Study of 306 Diversified Equity Mutual Funds, White Paper prepared by FundX Investment Group (2011)

*Data in Study updated in 2015 on remaining 269 funds.

Access the Upgrading strategy



Newsletter	<ul style="list-style-type: none">• Do-it-yourself• Lowest cost
Mutual Funds	<ul style="list-style-type: none">• Low minimum investment• Widely available
Separate Accounts	<ul style="list-style-type: none">• Higher minimum investment• Personal guidance



*I want to build wealth
and support a better world.*

SEND ME YOUR BEST TIPS ON SUSTAINABLE INVESTING.

NAME: _____

EMAIL: _____

WWW.FUNDX.COM

Thank You

www.fundx.com

800-323-1510

Disclosures

Disclosure 1 applies to slides 11, 49, 50, and 60.

1.) **NoLoad FundX Model Portfolio Performance.** NoLoad FundX is a newsletter published by FundX Investment Group and incorporates the firm's Upgrading strategy. The performance data shows model portfolio performance results calculated by Hulbert Ratings, LLC and Hulbert Financial Digest ("Hulbert"), independent data services that track the performance of investment newsletters. Hulbert began tracking NoLoad FundX in mid-1980.

The performance results do not represent actual trading and may not reflect the impact that material economic and market factors might have had on FundX's decision-making if FundX were actually managing clients' money. The performance results do not reflect the deduction of advisory fees, brokerage or other commissions, taxes, and any other expenses that a client would have paid or actually paid.

Funds and ETFs included in the newsletter are segregated into four risk classes based on historical volatility. Class 1 is invested primarily in sector and specialized stock funds; high risk and volatility. Class 2 is invested primarily in stock funds seeking capital appreciation; above average risk and volatility. Class 3 (also referred to as the "Growth Model") is invested primarily in stock funds seeking long term capital appreciation; average risk. Class 4 is invested in total return – balanced funds: a mix of stocks, preferred, convertibles, bonds and cash.

Monthly Upgrader Portfolio (MUP) is a core of Class 3 funds (typically 70%), and includes funds from Classes 1 and 2 (typically 30%). Class 3 is FundX's recommended risk category for building a core portfolio of mutual funds for long-term growth. With the exception of exchange traded funds, MUP funds are held for at least 90 days. The universe of funds in the four risk classes is not constant and includes both actively and passively managed funds. FundX managed accounts may experience different results.

The performance of the MUP and Classes 1, 2, 3, and 4 "Star Box Portfolios" or "Growth Portfolio" reflects results of hypothetical trades announced in each monthly issue of NoLoad FundX newsletter. Initially, the Star Boxes and MUP mechanically updated to the top five funds (excluding any funds with redemption fees longer than 30 days). In 2012, the Star Boxes became managed portfolios: starting then, each fund was held a minimum of 90 days (ETFs may be held for shorter periods), and was "sold" when its rank falls below our set sell threshold. Such changes to the methodology over time may have had either a positive or negative effect on the performance results.

Disclosures

Disclosure 1 Continued

Monthly Flexible Income Portfolio (MFIP) is comprised primarily of bond funds and ETFs, and may include a component (typically up to 30%) of balanced or total return funds.

The average annual return reflected in slides xxx (14.1%) is the average annual return for an “Upgraded” portfolio of Class 3 funds as described above. As with all historical data, past performance is not an indication of future results.

The average annual return reflected in slide x (8.9%) is the average annual return for and “Upgraded” portfolio of Class 3 funds, as described above for the period shown in the slide. As with all historical data, past performance is not an indication of future results.

The average annual return reflected in slide x (6.1%) is the average annual return for an “Upgraded” portfolio of Class 4 funds, as described above, for the period shown in the slide. As with all historical data, past performance is not an indication of future results.

For more information on how performance is calculated, please see <https://www.fundx.com/performance.aspx>.

The S&P 500 is a stock market index that tracks the 500 most widely held large capitalization stocks on the New York Stock Exchange or NASDAQ.

The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

The Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market and includes government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

The indices assume the reinvestment of capital gains and dividends, but do not reflect the deduction of management fees. It is not possible to invest in an index.

Disclosures

Disclosure 2 applies to slide 59.

2. FundX Upgrader Fund (FUNDX). FUNDX invests in a diversified portfolio of equity mutual funds and ETFs. FUNDX invests primarily in core diversified equity funds.

This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund since inception on 11/1/2001 for the period ending 9/30/2017. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees. This chart does not imply any future performance. The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The MSCI All Country World Index (ACWI) is a market capitalization weighted index that is designed to measure the equity-market performance throughout the world. You cannot invest directly in an index.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data quoted is current to the most recent month end. Returns shown are cumulative, unless otherwise noted.

Disclosures

Disclosure 3 applies to slide 59.

3. FundX Flexible Income Fund (INCMX). INCMX invests a mix of funds that can include short- or intermediate-term corporate or government bonds, high yield, global or emerging markets bonds, as well as low volatility alternatives to bond funds.

This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund Since Inception on 7/1/2002 for the period ending 9/30/2017. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees. This chart does not imply any future performance. The Barclay's Aggregate Bond Index is a market-capitalization-weighted index of investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. You cannot invest directly in an index.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data quoted is current to the most recent month end. Returns shown are cumulative, unless otherwise noted.