RESOURCE CAPITAL MANAGEMENT, LLC
1ST QUARTER 2016 RESOURCE CAPITAL LONG 60 MODEL REPORT

Firm Information:

Location: Reno, Nevada
Year Founded: 2009
Total Employees: 2
Firm Registration: SEC
State of Nevada

Custodian: Wells Fargo
Approved Wells Faro Money Manager

Minimum Investment: $2,000,000

	Firm	Product
Assets ($mil):	+	+
Accounts:	+	

Key Personnel:

Henry Rolling, Founder,
Head of Quantitative Research
Managing Director, Portfolio Manager, Advisor
MBA, MS Economics, MS Finance

Portfolio Characteristics

P/E Ratio:	Verbal Disclosure
P/B Ratio:	Verbal Disclosure
Div Yield:	Verbal Disclosure
EPS:	Verbal Disclosure
Avg. Mkt. Cap:	$30 billion
Turnover	33% to 40%
# of Securities:	55 to 60

Benchmarks

Russell 1000 TR Value Index
Russell 1000 TR Index
S&P 500 TR Index

Resource Capital Management, LLC

("the Firm") is an SEC and Nevada registered investment advisor. The Firm is an asset management and investment advisory company specializing in the development and management of equity security portfolios. The Company utilizes a proprietary financial model employing a unique value approach to stock selection and portfolio construction.

OBJECTIVE

The Resource Capital strategy seeks to achieve capital appreciation and outperform key indices on an annual basis through value investing. Resource Capital's slow and steady investment discipline strives to create both short-term and long-term value.

PORTFOLIO POSITIONING

- ✓ GRAHAM &DODD
- ✓ CORE EQUITY
- ✓ DIVERSIFIED
- ✓ EQUALLY WEIGHTED
- ✓ QUANTITATIVE
- ✓ SMART BETA
- ✓ TAX EFFICIENT

HOW WE TRY TO MAKE MONEY

The Firm has developed a proprietary investment strategy which is based on selecting companies displaying a quality business model undergoing a persistent steady improvement. Companies undergoing such change:

- Are underappreciated by the market.
- Have the ability to generate persistent outperformance.

The Firm's slow and steady investment discipline strives to create both short-term and long-term value. Improving operating metrics which deliver profitability and balance sheet improvements will ultimately be rewarded by the market over time for the following reasons:

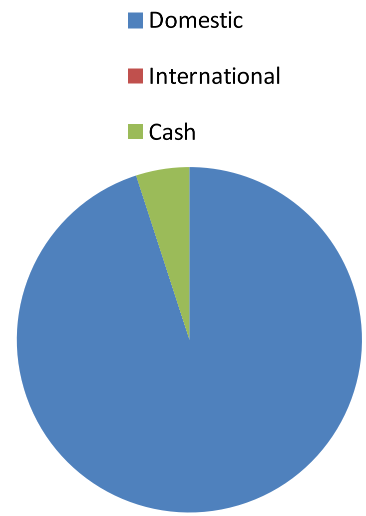
- The Firm's research indicates that companies which can effectively implement such operating improvements have the opportunity to not only create short term but also long term value for shareholders.
- Improvements in balance sheet and capital structure are keys to identifying investment opportunities which can create and maintain long term shareholder value.

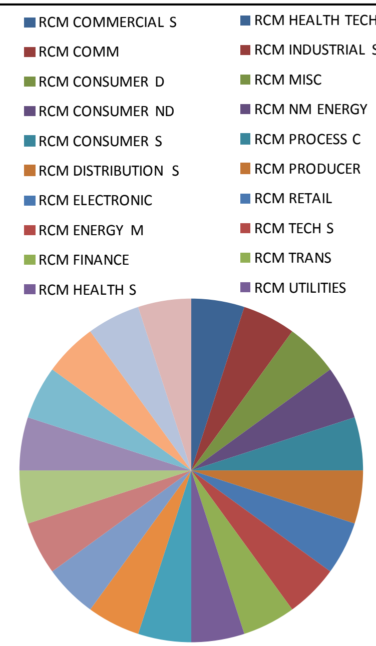
FACTORS UTILIZED TO CONSTRUCT THE RESOURCE CAPITAL PORTFOLIOS

The Firm's investment model utilizes single and broad fundamental factors to select the stocks of companies for the Resource Capital 60 Long Portfolio. The objective of utilizing the single and broad fundamental factors is to uncover companies that are improving operationally, that are valued fairly and that have measurable liquidity. The Firm utilizes the single and broad fundamental factors to determine the following:

- Identify whether a company has a solid business model from the perspective of key success metrics such as revenues, margins, and cash generation.

RESOURCE CAPITAL LONG 60





- Identify positive changes in a company's income statement which drive balance sheet and capitalization structure improvements.

PORTFOLIO CONSTRUCTION PROCESS

A total universe comprised of approximately 3500+ companies is filtered to eliminate non-qualifying securities. The remaining companies are ranked and sorted within narrow GICS Sectors utilizing single and broad factors. Based upon the model ranking process, the stock of a company is either included or excluded from the Resource Capital 60 Long Model Portfolio. Sector exposure is broadly diversified and equally weighted. Individual securities are equally weighted as well.

WHY INVEST IN THE RESOURCE CAPITAL STRATEGY?

The Firm has developed a unique value investment strategy that attempts to include operationally improving companies in a value portfolio before the market effectively identifies these operational improvements. The security identification and portfolio construction processes employed by the Firm make the strategy unlike other quantitative and fundamental approaches. In a dynamic economy and marketplace, there are always a select few companies which are able to improve their operational efficiencies and thereby drive improvements in their capital position. When the market identifies these improvements, these companies may be poised to exceed expectations and thus have an opportunity to outperform the market.

KEY DIFFERENTIATORS

The Firm's strategy is really simple:

- Good companies getting better.

The Firm's strategy is a unique and disciplined way of identifying portfolio holdings:

- The universe analysis and subsequent portfolio development and construction processes are deeply rooted in proprietary Cash Flow Analytics.

What the Firm's strategy is not:

- No Reliance on Optimization
- Does not use Regression
- Not another Value Momentum Anomaly

What the Firm's strategy is:

- Identifies persistent change that other market participants are slow to pick up on or perceive.

RESOURCE CAPITAL HIGHLIGHTS

- Approved Wells Fargo Money Manager
- The AlphaBetaWorks Performance Analytics Platform (αβwPAP) analyzed the positions and performance of Resource Capital Model 60 Fund (RC60) from January 2001 through December 2014. Skill analytics indicate very significant statistical evidence of overall security selection skill, mixed statistical evidence of overall market timing skill, and very significant statistical evidence of overall active management skill over the past three years.

High skills are significantly predictive of future active returns.

- Model portfolio performance reporting verified by Ashland Partners and Company, LLP.
- Model portfolio-return performance verified by Ashland Partners and Company, LLP.

CONCLUSION

Our core belief hinges on the notion that improving operating metrics which deliver profitability and balance sheet improvements will ultimately be rewarded by the market over time.

The Firm strives to create both short term and long term returns while mitigating risk as much as possible. Through rigorous testing and diligent algorithmic construction of the Resource Capital Long 60 Portfolio, the Firm seeks to outperform the following benchmark on an annual basis:

- Russell 1000 TR Value Index
- Russell 1000 TR Index
- S&P 500 TR Index

Additionally, the low level of turnover and tax sensitivity in the portfolio rebalancing process may assist in generating a better performance outcome for taxable clients.

Supplemental Information: Model Portfolio Performance: Trailing Returns			
2016	2016 1st Qtr Model	3 Yr Model	5 Yr Model
Manager Gross	**4.96%**	20.37%	23.17%
Rus 1000 V TR Index	**1.61%**	13.05%	11.25%

Trailing Returns: Total return for different time frames ending with a common date. Returns for periods longer than one year are annualized. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information Model Portfolio Performance: Calendar Year Returns				
	2016 1st Qtr Model	2015 Model	2014 Model	2013 Model
Manager Gross	**4.96%**	1.26%	16.97%	47.99%
Rus 1000 V TR Index	**1.61%**	-3.94%	13.46%	32.54%

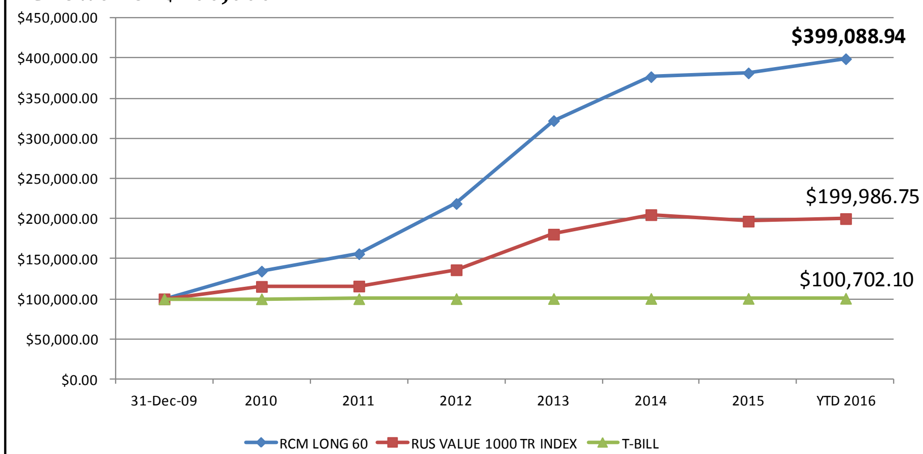
Calendar Year Returns: Returns for individual calendar years. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance
Annualized Rolling Return Analysis

	Qtr MODEL	1 Yr MODEL	3 Yr MODEL
Periods	24	21	13
High Return	19.46%	62.67%	162.76%
Low Return	-16.14%	1.26%	74.40%
Average Return	5.68%	28.90%	125.85%

Annualized Rolling Return Analysis Chart: A graphical representation of the range of a manager's before fee returns across rolling time periods. This chart analyzes all of the possible holding periods (based on quarterly data) for each time frame and displays the highest, lowest and average returns. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance
Growth of $100,000



Growth of $100,000 Chart: A graphical representation of the performance of a $100,000 investment in the manager's composite, beginning ten years ago or at inception of the product. The above graph is for illustrative purposes only. Past performance is not indicative of future performance and results. Gross performance represents returns before the deduction of any investment management fees. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance

Standard Deviation	2015 - 1 Yr	3 Yr	5 Yr
Manager	14.80%	11.50%	14.24%
RUS 1000 V TR Index	12.93%	10.25%	11.65%

Standard Deviation: A statistical measure of the historical volatility of a portfolio. Managers with higher standard deviations will tend to experience larger swings in portfolio value, in both up and down markets. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance

Sharpe Ratio	2015 - 1Yr	3 Yr	5 Yr
Manager	0.08	2.18	2.01
RUS 1000 V TR Index	-0.31	1.57	1.28

Sharpe Ratio: A ratio to measure risk-adjusted performance. It is calculated by subtracting the risk-free rate (usually the 91-day US -TBill rate) from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. A higher Sharpe ratio suggests that the manager has achieved a higher return than would have been expected by the amount of risk (as measured by the standard deviation) incurred. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance (RC Long 60 Monthly Returns)

YEAR	MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2016	**RC Long 60 Model**	**-5.17%**	**2.34%**	**7.80%**									
	RUS 1000 V TR	**-5.28%**	**0.00%**	**7.27%**									
2015	RC Long 60 Model	-2.43%	7.36%	0.64%	1.66%	3.34%	-2.80%	-0.83%	-4.02%	-4.87%	8.18%	-0.65%	-3.35%
	RUS 1000 V TR	-4.00%	4.83%	-1.38%	0.92%	1.19%	-2.01%	0.46%	-5.98%	-3.02%	7.53%	0.37%	-2.16%
2014	RC Long 60 Model	-2.45%	5.68%	2.99%	0.19%	3.21%	2.26%	-1.33%	2.86%	-4.02%	2.40%	3.74%	0.66%
	RUS 1000 V TR	-3.55%	4.32%	2.39%	0.95%	1.46%	2.61%	-1.70%	3.68%	-2.06%	2.25%	2.05%	0.61%
2013	RC Long 60 Model	8.31%	1.54%	3.74%	2.43%	4.24%	-0.98%	6.26%	-1.50%	6.64%	4.36%	2.15%	3.11%
	RUS 1000 V TR	6.50%	1.44%	3.96%	1.51%	2.57%	-0.88%	5.40%	-3.79%	2.51%	4.38%	2.79%	2.53%
2012	RC Long 60 Model	9.98%	6.66%	2.12%	0.31%	-7.14%	4.87%	2.66%	6.58%	2.06%	1.12%	2.06%	4.27%
	RUS 1000 V TR	3.78%	3.99%	2.96%	-1.02%	-5.86%	4.96%	1.03%	2.17%	3.17%	-0.49%	-0.04%	2.07%

This supplemental information is for illustrative purposes only. This does not represent the results of actual investment. No assurances can be made as to the actual investment performance which could have been achieved. **All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance (RC Long 60 Quarterly Returns)

YEAR	QUARTER	1st Q	2nd Q	3rd Q	4th Q
2016	**RC Long 60 Model**	**4.96%**			
	RUS 1000 V TR	**1.61%**			
2015	RC Long 60 Model	5.43%	2.11%	-9.45%	3.87%
	RUS 1000 V TR	-0.75%	0.07%	-8.40%	5.60%
2014	RC Long 60 Model	6.17%	5.75%	-2.58%	6.94%
	RUS 1000 V TR	3.02%	5.10%	-0.18%	4.98%
2013	RC Long 60 Model	14.09%	5.73%	11.61%	9.92%
	RUS 1000 V TR	12.31%	3.20%	3.95%	10.01%
2012	RC Long 60 Model	19.80%	-2.32%	11.67%	7.61%
	RUS 1000 V TR	11.12%	-2.20%	6.49%	1.53%

This supplemental information is for illustrative purposes only. This does not represent the results of actual investment. No assurances can be made as to the actual investment performance which could have been achieved. The above tables represent the monthly and quarterly returns of **Model Portfolios** versus the monthly return of the RUS 1000 TR VALUE INDEX, since inception of the **Model Portfolios**. Past performance is not indicative of future performance. The **Model Portfolio** performances have been measured on a monthly and quarterly basis from January 1, 2010 to December 31, 2015. Periods are geometrically linked to obtain the quarterly and annual results. The US Dollar is the currency utilized to express performance. **From January 1, 2010 to December 31, 2015, the Resource Capital Long 60 are Model Portfolios. During this period the Resource Capital Long 60 Model Portfolios were either forwarded to parties, notarized and or mail stamped for verification, purchased by the company, by other companies or by individuals who received the December 31, Resource Capital Long 60 stock selections. Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance

Drawdown Analysis

Max Drawdown

	Since Inception
Manager	-16.19%
Index	-18.79%

Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.

Supplemental Information: Model Portfolio Performance

Success Ratios vs. Index

Individual Quarterly Returns:	75.00%	3 Year Rolling Return/Risk:	100.00%
3 Year Rolling Returns:	100.00%	5Year Rolling Return/Risk:	-
5 Year Rolling Returns:	-	Number of Quarters Analyzed:	21

Success Ratios vs. Benchmark: In rolling periods analysis (see below), the percentage of time periods when the manager outperformed its benchmark. **Return/Risk Ratio:** A measure of risk-adjusted return. This is the return per unit of risk, where risk is represented by the volatility (standard deviation) of quarterly returns. The return/risk ratio is calculated by dividing the total return over a given time period by the standard deviation over the same time period. A higher return/risk ratio indicates that a manager has achieved more return relative to the amount of risk (volatility) incurred. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance

Five Year Downside Risk

	# of Negative Quarters	Worst Quarter	Worst 4 Quarters
Manager	4	-16.14	1.26
Index	4	-16.21	-3.94

Five Year Downside Risk: Measures of negative performance over the most recent 5 years.
Negative Quarters: The number of quarters over the past 5 years in which the manager's return was negative.
Worst Quarter: The manager's lowest single quarter return over the past 5 years.
Worst 4 Quarters: The manager's worst 1 year return over the past 5 years (any four consecutive quarters, not necessarily a calendar year).

Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.

Supplemental Information: Model Portfolio Performance

Up/Down Quarter Comparison

	# Positive Quarters	# Negative Quarter	Avg. Qtly Return	Avg. Pos. Return	Avg. Neg. Return
Manager	16	4	5.68	9.00	-7.60
Index	14	6	2.93	6.21	-4.71

Up/Down Market Capture Ratios: A measure of managers' performance in up and down markets relative to the market itself. A down market is one in which the index's quarterly return is less than zero. To calculate down-market capture ratio, we link returns for the manager and the market for all down-market quarters over the selected time frame, then divide the manager's return during down-market quarters by the index's return during the same quarters. To calculate up-market capture ratio, this same process is carried out using returns from periods when the index's return was greater than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. Caution: The up/down capture ratios can be deceiving if the nominal numbers involved are small. For example, if a manager's return during down-market periods was -3%, while the index's return during those same periods was -1%, the manager's down market capture ratio would be 300. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

Supplemental Information: Model Portfolio Performance

Index Relative Statistics

	2015 - 1Yr	3Yr	5Yr
Alpha	5.19	7.80	12.33
Beta	.98	.94	1.01

Alpha - Incremental return generated versus an index after accounting for volatility in the form of beta. A positive alpha suggests risk-adjusted value added by the money manager versus the index. Beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.
Beta - Measures the risk level of the manager. Beta measures the systematic risk, or the return that is attributable to market movements. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

	2015 - 1Yr	3Yr	5Yr
R-Squared	86.34	85.59	83.90
Tracking Error			

R-Squared - A statistic that measures the reliability of alpha and beta in explaining the return of a manager as a linear function of the market. It is produced by regression analysis. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.
Tracking Error - A measure of how similar the manager's behavior is to the benchmark. A lower tracking error indicates that the manager tracks its benchmark closely. A tracking error of zero would indicate that the manager tracked its benchmark perfectly. This would not necessarily indicate that the manager and index provided the exact same return, just that the direction and magnitude of their returns were perfectly correlated. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. All performance data is reported gross of fees and taxes.**

12/31/2015 Top 10 Performers (Model Portfolio)

Security Name	**Return Performance from 12/31/2014 to 12/31/2015**	**% of Portfolio**
Valero Energy Corporation	46.79%	1.82%
Kraft Foods Group, Inc.	46.63%	1.82%
Cigna Corporation	42.24%	1.82%
Owens Corning	33.41%	1.82%
ManpowerGroup Inc.	25.91%	1.82%
PartnerRe Ltd.	25.09%	1.82%
Aetna Inc.	22.87%	1.82%
AGL Resources, Inc.	21.65%	1.82%
Goodyear Tire & Rubber Company	15.36%	1.82%
Celanese Corporation Class A	14.29%	1.82%

The Top Ten Holdings list represents the top performers and the largest percentage of holdings in a representative account of the style as of the date shown above and is subject to change without notice. The mention of specific securities is not a recommendation or a solicitation for any person to buy, sell or hold a particular security. Holdings shown are as of 12/31/15 and subject to change. As portfolios are separately managed the individual client account holdings will vary perhaps significantly, from those listed on this factsheet. Information such as industry sector allocation percentages and market capitalization percentages will also vary from the information listed on this factsheet. A client opening an account today may or may not be invested in securities or sectors based upon the percentages shown on this factsheet. For the most recent portfolio composition please contact your Financial Advisor. **Please see the Performance* Disclosure on pages 9-10 of this Brochure. The Resource Capital Long Portfolio - When making investments in equity securities, there is a risk that a portion or all of your investment funds could be lost. The Resource Capital Long Portfolio is an investment in equity securities. All performance data is reported gross of fees and taxes.**

THE RISK OF LOSS

When making investments in equity securities, there is a risk that a portion or 100% of your investment funds could be loss. The RESOURCE CAPITAL LONG PORTFOLIO is an investment in equity securities. RESOURCE CAPITAL's management attempts to invest 90% to 95% of a clients managed account into equity securities.

Disclosure Requirements for Investment Advisers

Investment advisers provide a wide range of advisory services and play an important role in helping individuals and institutions make significant financial decisions. To allow clients and prospective clients to evaluate the risks associated with a particular investment adviser, its business practices, and its investment strategies, it is essential that clients and prospective clients have clear disclosure that they are likely to read and understand. That is why the Securities and Exchange Commission (SEC) has adopted amendments to Part 2 of Form ADV to require investment advisers to provide new and prospective clients with a brochure and brochure supplements written in plain English. These amendments are designed to provide new and prospective clients with clearly written, meaningful current disclosure of the business practices, conflicts of interest, and background of the investment adviser firm and the firm's employees who provide advice.

What is Form ADV?

Form ADV is the uniform form used by investment advisers to register with both the SEC and state securities authorities. The form consists of two parts. Part 1 requires information about the investment adviser's business, ownership, clients, employees, business practices, affiliations, and any disciplinary events of the adviser or its employees. Part 1 is organized in a check-the-box, fill-in-the-blank format. The SEC reviews the information from this part of the form to manage its regulatory and examination programs. Although designed for a regulatory purpose, investment adviser filings of Part 1 are available to the public on the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

Part 2 requires investment advisers to prepare narrative brochures that include plain English disclosures of the adviser's business practices, fees, conflicts of interest, and disciplinary information. The brochure is the primary disclosure document for investment advisers. Investment advisers are required to deliver to advisory clients their brochures, which will be made available to the public on the IAPD website.

Amendments to Part 2 of Form ADV

As amended, Part 2 of Form ADV now includes two sub-parts, Part 2A and Part 2B. Part 2A contains 18 disclosure items to be included in the investment adviser's brochure. In addition, investment advisers will now be required to deliver annually to clients a summary of material changes to the brochure along with either a revised brochure or an offer to deliver a copy of the revised brochure. Part 2B is called the "brochure supplement" and includes information about the specific individuals, acting on behalf of the investment adviser, who actually provide the investment advice and interact with the client.

Brochure

Investment advisers must provide their prospective and existing clients with a narrative brochure written in plain English. As amended, Part 2A of Form ADV contains 18 separate items, each covering a separate disclosure topic, to be included in the brochure. To make it easier for investors to compare the brochures of different investment advisers, advisers must respond to each item in Part 2A in the order listed in the form, using the same headings provided by the form. Much of the disclosure required in Part 2A addresses an investment adviser's conflicts of interest with its clients, and is disclosure that an investment adviser, as a fiduciary, must make to clients. The required disclosures include:

> ***Advisory business*** – An investment adviser must describe its advisory business, including the types of advisory services offered, whether it holds itself out as specializing in a particular type of advisory service, and the amount of client assets that it manages.

Fees and compensation – An investment adviser must describe in its brochure how it is compensated for its advisory services, provide a fee schedule, and disclose whether fees are negotiable. The investment adviser must also disclose whether it bills clients or deducts fees directly from clients' accounts, or whether the client may select either method, and how often it assesses fees. In addition, the investment adviser must describe the types of other fees or expenses, such as brokerage, custody fees, and fund expenses that clients may pay in connection with the advisory services provided to them by the investment adviser.

Performance-based fees and side-by-side management – An investment adviser that accepts performance-based fees or that supervises an individual who accepts such fees must disclose this fact. If the investment adviser also manages accounts that are not charged a performance fee, the adviser must explain the conflicts of interest that arise from the simultaneous management of these accounts and must describe how it addresses those conflicts.

Methods of analysis, investment strategies, and risk of loss – Investment advisers must describe their methods of analysis and investment strategies and explain that investing in securities involves risk of loss which clients should be prepared to bear. Investment advisers must also explain the material risks involved for each significant investment strategy or method of analysis they use and for any particular type of security they recommend primarily. Investment advisers must explain those risks in greater detail if the risks are unusual or significant. If the primary strategy involves frequent trading of securities, investment advisers must explain specifically how frequent trading can affect investment performance.

Disciplinary information – An investment adviser must disclose in its brochure material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Certain disciplinary events are presumed to be material if they occurred within the last 10 years. An investment adviser must deliver promptly to clients updated information regarding disciplinary events if it is updating a brochure to add a new event or to change material information about a disciplinary event.

Code of ethics, participation or interest in client transactions, and personal trading – An investment adviser must describe briefly its code of ethics and state that a copy is available upon request. If the investment adviser or a related person recommends to clients, or buys or sells for client accounts, securities in which the adviser or related person has a material financial interest, the adviser must describe this practice and the conflicts of interest presented by such a practice. An investment adviser must also disclose whether it or a related person invests in the same securities that it recommends to clients or in related securities, such as options or other derivatives, and must describe the practice and discuss the conflicts involved and how it addresses those conflicts. In addition, an investment adviser that trades in the recommended securities at or around the same time as the client must describe the practice and discuss the conflicts presented by that practice and how the adviser addresses them.

Brokerage practices – Investment advisers must describe the factors that they consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of brokers' compensation. Investment advisers must also disclose **soft dollar practices** (research or other products or services, other than execution, provided by brokers or a third party to the investment adviser in connection with client transactions); **client referrals** (using client brokerage to compensate brokers for client referrals); **directed brokerage** (asking or permitting clients to send trades to a specific broker for execution); and **trade aggregation** (bundling trades to obtain volume discounts on execution costs). Investment advisers are required to explain how they address the various conflicts of interest associated with these practices.

Brochure Supplement

Part 2B of Form ADV is called the "brochure supplement." An investment adviser must give a client a brochure supplement for each individual that it supervises who: (1) formulates investment advice for that client and has direct client contact; or (2) makes discretionary investment decisions for that client's assets, even if the supervised individual has no direct client contact.

The brochure supplements contain information about the educational background, business experience, and any disciplinary history of the specific individuals who provide advisory services to the client. Brochure supplements may be separate documents or incorporated into the firm brochure. An investment adviser must deliver a brochure supplement that provides information about an employee either before or at the time that the employee begins to provide investment advice to a client. The investment adviser must deliver promptly to clients updated information regarding disciplinary events if it is updating a brochure supplement to add a new event or to change material information about a disciplinary event.

Part 2B of Form ADV consists of six items, including:

Educational background and business experience – The brochure supplement must describe the supervised individual's formal education after high school and his or her business experience for the past five years.

Disciplinary information – The brochure supplement must disclose any legal or disciplinary event that is material, and include certain disciplinary events that are presumed to be material to such an evaluation if they occurred during the last 10 years.

Other business activities – The brochure supplement must describe the supervised individual's other business activities and any material conflicts of interest that such participation may create. It must also include information about any compensation – bonus or non-cash – that the supervised individual receives based on the sales of securities or other investment products, as well as an explanation of the incentives this type of compensation creates.

Additional compensation – The brochure supplement must describe arrangements in which somebody other than the client provides the supervised individual an economic benefit, such as a sales award or other prize, for providing advisory services.

Supervision – An investment adviser must explain how it supervises the supervised individual, including how it monitors the advice provided to the client by the supervised individual and must include the name, title, and telephone number of the individual's supervisor.

If investment advice is provided by a team comprised of more than five supervised individuals, brochure supplements need only be provided for the five supervised individuals with the most significant responsibility for the day-to-day advice provided to the client.

Brochure supplements are not filed with the SEC. However, the public can obtain information about advisory personnel, including disciplinary information, through the IAPD system at http://www.adviserinfo.sec.gov.

Performance* Disclosure

All performance data is reported gross of fees and taxes.

Resource Capital follows GIPS standards when reporting portfolio performance results. The firm out sources the GIPS compliance process to an impartial third party. This ensures that the firm's performance data is verified via an impartial third party. If any section above has an "*" symbol, the firm will provide additional information related to that section upon request.

The firm's investment model and process has been developed via extensive research and extensive programming. The firm's investment model is a static model that utilizes limitation filters to construct unique universes of equity securities which are segmented into specific sectors. The investment model utilizes several fundamental financial factors to calculate a score for each equity security in order to rank the security within a specific sector. If there is a tie score within a sector, the investment model utilizes certain fundamental financial factors as tie breakers. Once the equity securities are ranked, equity portfolios are then constructed by the investment model. The firm's equity portfolio construction method has been back tested using stock exchange data from 1985 to 2009 and implemented on Model Portfolios from January 1, 2010 to December 31, 2015. Throughout the back testing phase utilizing 25 years of data and the 4 years of the Model Portfolio, the equity portfolios constructed by the firm's investment model have outperformed the RUS 1000 TR VALUE INDEX annually.

Supplemental: Supplemental information is for illustrative purposes only. The supplemental information in this document does not represent the results of actual investment. No assurances can be made as to the actual investment performance which could have been achieved.

Model Portfolios: The time period from January 1, 2010 to December 31, 2015 disclosed in this document represent **Model Portfolios ONLY**. No actual investment was made in the Model Portfolios and therefore no assurances can be made as to the actual investment performance which could have been achieved. As such, any financial or performance calculations in this document utilizing data from January 1, 2010 to December 31, 2015 are based solely on Model Portfolios and not Live Money Portfolios.

The Model Portfolios from January 1, 2010 to December 31, 2015 were developed and constructed by the Resource Capital financial model. The Resource Capital financial model is a static model. The model utilizes limitation filters to construct a unique universe of equity securities and segments the securities into specific sectors. The model utilizes fundamental financial factors to rank securities within sectors. The financial factors utilized in the ranking process of the Model Portfolios encompass quantitative as well as qualitative measures of equity securities. Once the equity securities were ranked, the Model portfolios that were constructed were comprised of either, 20, 40, 60 or 100 equity securities.

The Model Portfolio construction process had four distinct phases.

- The first phase was a screening process that filtered and reduced a larger universe of equity securities into a unique and firm relevant universe.
- The second phase generated a score for each equity security.
- The third phase segmented the equity securities into sectors and then distinctly ranked the equity securities within the sector.
- The fourth phase selected the top ranking equity securities within each sector for inclusion into the Model Portfolios.

The Model Portfolio Simulated Purchase

- The equity securities for the Model Portfolios were selected on December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014 respectively.
- The Model Portfolio equity securities were selected and recorded at the close price of the last trading day of the current year or at the open price of the first trading day of the next year.
- The Model Portfolios were not actually purchased. The December 31 close prices of a respective year or the January 1 opening prices of a respective year were utilized as the Model Portfolios stock prices. The prices were utilized in order to make simulated purchases of the Model Portfolio. The simulated purchase of the Model Portfolio was made by taking the total dollar amount of the investment and making equal dollar amount investments in each of the Model Portfolio's equity security regardless of the security's price. Therefore there was an equal weighting across all stocks and sectors that comprised the Model Portfolios.
- All of the Model Portfolio equity securities were held in the portfolio for one year.
- No equity securities were added or removed from the Model Portfolio during the one year holding period.
- At the end of the year, the Model Portfolios were rebalanced on December 31 and a new portfolio was established for the next year.

Back-Tested Portfolios

- Each back-tested Resource Capital long portfolio from January 1, 1985 to December 31, 2009 was constructed by the Resource Capital financial model utilizing the same fundamental factors, portfolio construction and execution processes.
- The performance history is compiled by looking back in time and applying a pre-specified strategy trading discipline to derive strategy performance. Back tested performance was derived from the retroactive application of a model with the benefit of hindsight.
- Modeled results may differ materially from actual results as they do not represent actual trading and may not fully account for commissions and other expenses a client would have paid. Modeled results may not reflect the impact that material economic and market factors might have had on the adviser's decision making if the adviser were actually managing the client's money.
- The performance results shown include the reinvestment of dividends and other earnings. The U.S. Dollar is the currency used to express performance. Additional information regarding the calculation methodology is available upon request.
- Actual performance would be reduced by investment advisory fees and other expenses that may be incurred in the management of the client's portfolio. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary.
- It should not be assumed that all clients follow the Model. Actual client investments are made with the client's investment objective, risk tolerance and income needs in mind.

The Model Portfolio

- Each Model Portfolio from December 31, 2009 to December 31, 2015 was constructed by the Resource Capital financial model utilizing the same fundamental factors, portfolio construction and execution processes that were utilized to construct each back-tested portfolio from January 1, 1985 to December 31, 2009.

From January 1, 2010 to December 31, 2015 the Resource Capital Long 60 portfolios were either forwarded to parties, notarized and or mail stamped for verification, purchased by the company, by other companies or by individuals who received the December 31, or March 30 of 2014 Resource Capital Long 60 stock selections. There can be no assurances that any individual and or entity actually purchased the Resource Capital Long 60 Portfolio stock selections. Only return performances for 2016 can be verified via actual trades made by the firm and or its personnel via Folio Investing, Inc. **When making investments in equity securities, there is a risk that a portion or all of your investment funds could be lost. The Resource Capital Long Portfolio is an investment in equity securities.**