

Mayor

Clay Koplin

Council Members

James Burton

Kenneth Jones

Jeff Guard

Robert Beedle

Anne Schaefer

David Allison

James Wiese

City Manager

Alan Lanning

City Clerk

Susan Bourgeois

Deputy Clerk

Tina Hammer

Student Council

Olivia Carroll

**City Council Work Session
February 7, 2018 @ 6:00 pm
Cordova Center Community Rooms
Agenda**

A. Call to order

B. Roll call

Mayor Clay Koplin, Council members James Burton, Kenneth Jones, Jeff Guard, Robert Beedle, Anne Schaefer, David Allison and James Wiese

C. Work Session topics:

1. UBS Financial City Investments

2017 update..... (page 1)

Central Treasury..... (page 2)

Permanent Fund..... (page 7)

Totals..... (page 12)

D. Adjournment

If you have a disability that makes it difficult to attend city-sponsored functions, you may contact 424-6200 for assistance.

Full City Council agendas and packets available online at www.cityofcordova.net



UBS Financial Services Inc.

3000 A Street, Suite 100
Anchorage, Alaska 99503

Chad Adams, CFP®
Portfolio Manager
chad.adams@ubs.com
Direct: (907) 261-5971

January 4th, 2018

City Council Members and Staff
City of Cordova, Alaska
602 Railroad Avenue
Cordova, Alaska 99574

Dear Council Members and Staff,

The City had a total of **\$9,142,193** (including accrued interest), on deposit with UBS, distributed among five funded accounts as of December 31st, 2017. Three of these accounts are under active investment management, utilizing the UBS Portfolio Management Program (one Moderate Conservative World Allocation Portfolio within the Permanent Fund, as well as a Quality Fixed Income portfolio in both the Central Treasury and Permanent Fund). Both the Permanent Fund and Central Treasury also contain an additional account, primarily used for cash management.

The City experienced a net gain of **\$922,258** in 2017, which was comprised of the Permanent Fund's return of **11.07%** and the Central Treasury's return of **4.64%**. For 2017, considering the City's conservative positioning, we are pleased with the results, especially when adjusted for risk and the need to provide short-term liquidity.

The City originally invested \$25,576,293 with UBS in late 2009. Since that time there have been expenditures of \$19,259,087 drawn from the portfolio, many of which occurred very early on in the life of the portfolio. During that same time period the City has experienced net cumulative investment gains of **\$2,825,259**. *Contrast this with the approximately **\$100,000** in cumulative gains, which would have been received had Cordova elected to remain invested in the money market alternative where, for many years, the City had previously held all investment assets.* At the same time, the portfolio has been able to absorb numerous and substantial withdrawals. For example in the last two years alone, withdrawals have totaled **\$8,455,660**.

Working with the City to develop, adopt and fully implement the current investment policy statement was a multi-year project. We feel has proven to be the right course of action and has substantially increased the return on investment, despite having to maintain a high degree of liquidity at all times.

When animal spirits are high and *Return Envy* or *Loss Aversion* rear their destructive heads, many investors make the critical mistake of playing the "should have, could have, would have" game. The temptation to look back at what did, or did not work in the recent past and project that into the future is a very human trait. Despite decades of experience managing money for other people, sometimes we find ourselves swept up in the second-guessing game. We have to constantly remind ourselves that, none of us has the benefit of driving in the rear view mirror. The road ahead is always obscured by economic and geopolitical uncertainty and only becomes clear in hindsight. We feel strongly that taking on additional risk at this time would be dangerous.

The City remains highly diversified across a broad range of asset classes, to include Stocks, Bonds and Alternative investments. In addition, we incorporate an additional level of diversification and risk management by allocating assets to several different investment management firms and styles within each asset class. We stick by our long-standing policy of not trying to second guess market reactions. We look forward to meeting with the council on the February 7th to review the current asset allocation and discuss the importance of managing risk and potential portfolio changes moving forward.

As always, we greatly appreciate the opportunity to continue to serve the City and citizens of Cordova.

Sincerely,

Chad Adams, CFP® and Buck Adams, CFP®, ChFC®

Enc: COC, Total portfolio, Central Treasury, Permanent Fund reports



Branch office:
 3000 "a" Street
 Suite 100
 Anchorage, AK 995034040

Financial Advisor:
 AURORA WEALTH MANAGEMENT
 9072615900

UBS Client Review

as of January 2, 2018

Prepared for

CoC - CT

Accounts included in this review

[^] performance and account start dates differ (see disclosures)

Account	Name	Type
UX XX542 [^]	• CT	• Basic Investment Account - Business
UX XX543	• BSA - Cash	• Business Service Account
UX XX046	• Quality Income	• Portfolio Management Program

What's inside

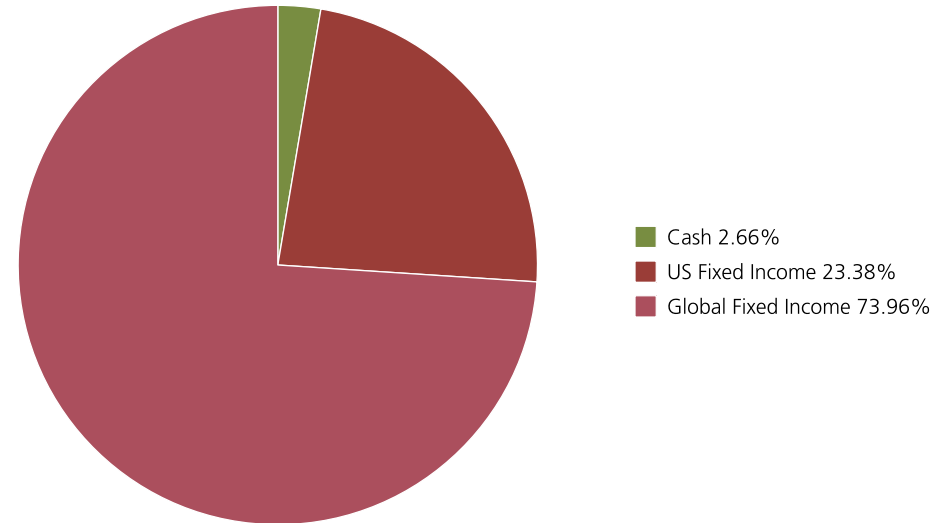
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Asset allocation review

as of January 02, 2018

	Market value (\$)	% of portfolio
Cash	28,256.69	2.66
Cash	28,256.69	2.66
US	28,256.69	2.66
Fixed Income	1,035,451.78	97.34
US	248,703.06	23.38
US Fixed Income	207,885.69	19.54
Government	40,817.37	3.84
Global	786,748.72	73.96
Global	786,748.72	73.96
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$1,063,708.47	100%

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations



Sources of portfolio value

as of December 31, 2017

	2009 09/17/2009 to 12/31/2009	2010 12/31/2009 to 12/31/2010	2011 12/31/2010 to 12/31/2011	2012 12/31/2011 to 12/31/2012	2013 12/31/2012 to 12/31/2013	2014 12/31/2013 to 12/31/2014	2015 12/31/2014 to 12/31/2015	2016 12/31/2015 to 12/31/2016	2017 12/31/2016 to 12/31/2017
Opening value	800,000.00	5,794,545.62	7,612,402.78	7,570,835.68	5,061,769.65	5,089,543.21	3,953,951.65	6,725,752.69	2,801,972.02
Net deposits/withdrawals	5,041,732.88	1,601,067.36	-246,325.06	-2,650,000.00	50,000.00	-1,200,000.00	2,791,308.16	-3,979,801.03	-1,806,892.12
Investment return	-47,187.26	216,789.80	204,757.96	140,933.97	-22,226.44	64,408.43	-19,507.11	56,020.36	69,945.39
Closing value	5,794,545.62	7,612,402.78	7,570,835.68	5,061,769.65	5,089,543.21	3,953,951.65	6,725,752.69	2,801,972.02	1,065,025.29
Net Time-weighted ROR	-0.87	4.24	3.13	2.58	-0.32	1.63	-0.25	1.80	4.64

Performance returns are annualized after 1 year. Investment return is the sum of dividends and interest income, change in accrued interest, change in market value and fees.

Benchmarks - Annualized time-weighted returns

US Treasury Bill - 3 Mos	0.02	0.13	0.07	0.08	0.05	0.02	0.03	0.26	0.82
Barclays US Agg Gov 1-5 Y	0.23	3.57	3.21	0.97	-0.12	1.18	0.93	1.02	0.69
Citigroup WGBI(USD)	-1.41	5.17	6.35	1.65	-4.00	-0.48	-3.57	1.60	7.49

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. **As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs.** For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier. Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cash flows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investors cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program

fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest. Change in Value may include programs fees (including wrap fees) and other fees.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Net of fees: When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

Performance Start Date Changes: The Performance Start Date for accounts marked with a '^' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor

for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Bond Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Variable Annuity Asset Allocation: If the option to

unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance,

annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Branch office:
 3000 "a" Street
 Suite 100
 Anchorage, AK 995034040

Financial Advisor:
 AURORA WEALTH MANAGEMENT
 9072615900

UBS Client Review

as of January 2, 2018

Prepared for

CoC - PF

Accounts included in this review

[^] performance and account start dates differ (see disclosures)

Account	Name	Type
UX XX544	• Mkt. Linked CD	• Business Service Account
UX XX545 [^]	• Quality Income	• Portfolio Management Program
UX XX546	• Mod-Con	• Portfolio Management Program
UX XX458	• Moderate	• Business Service Account

What's inside

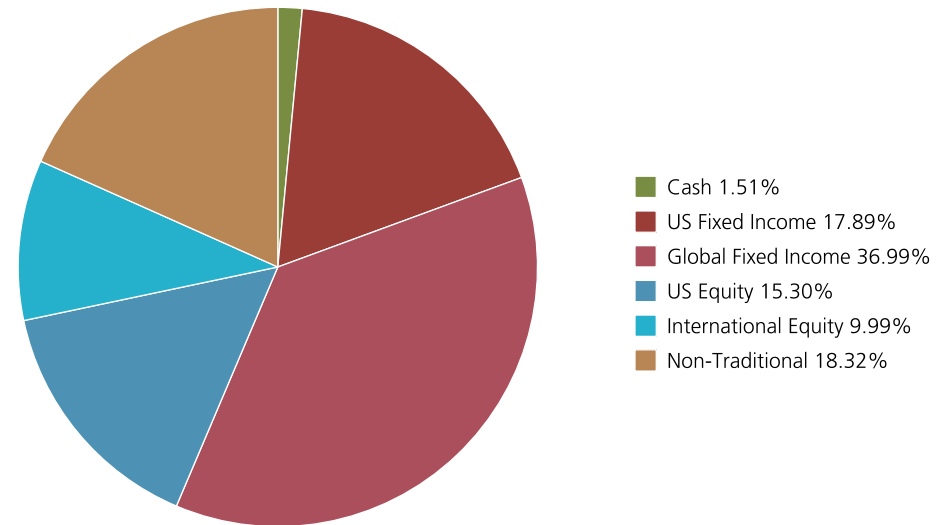
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Asset allocation review

as of January 02, 2018

	Market value (\$)	% of portfolio
Cash	121,894.60	1.51
Cash	121,894.60	1.51
US	121,894.60	1.51
Fixed Income	4,437,945.22	54.88
US	1,446,875.62	17.89
US Fixed Income	1,027,672.42	12.71
Government	234,843.00	2.90
Preferreds	184,360.20	2.28
Global	2,991,069.60	36.99
Global	2,991,069.60	36.99
Equity	2,045,472.70	25.29
US	1,237,685.44	15.30
Large Cap	966,438.79	11.95
Mid Cap	271,246.65	3.35
International	807,787.26	9.99
Developed Markets	600,002.96	7.42
Emerging Markets	207,784.30	2.57
Commodities	0.00	0.00
Non-Traditional	1,481,578.44	18.32
Non-Traditional	1,481,578.44	18.32
Hedge Funds	1,481,578.44	18.32
Other	0.00	0.00
Total Portfolio	\$8,086,890.96	100%

Balanced mutual funds are allocated in the 'Other' category



Sources of portfolio value

as of December 31, 2017

	2009 09/21/2009 to 12/31/2009	2010 12/31/2009 to 12/31/2010	2011 12/31/2010 to 12/31/2011	2012 12/31/2011 to 12/31/2012	2013 12/31/2012 to 12/31/2013	2014 12/31/2013 to 12/31/2014	2015 12/31/2014 to 12/31/2015	2016 12/31/2015 to 12/31/2016	2017 12/31/2016 to 12/31/2017
Opening value	16,384,107.34	8,560,297.33	3,758,471.31	4,774,731.38	6,652,800.94	9,859,714.58	10,194,351.69	9,531,245.01	8,593,822.33
Net deposits/withdrawals	-7,794,834.92	-5,175,474.82	901,341.06	1,700,000.00	2,569,672.38	0.00	0.00	-1,300,000.00	-1,368,966.96
Investment return	-28,975.09	373,648.80	114,919.01	178,069.55	637,241.26	334,637.11	-663,106.68	362,577.31	852,312.93
Closing value	8,560,297.33	3,758,471.31	4,774,731.38	6,652,800.94	9,859,714.58	10,194,351.69	9,531,245.01	8,593,822.33	8,077,168.30
Net Time-weighted ROR	-0.78	4.54	2.93	3.31	9.08	3.39	-6.50	3.82	11.07

Performance returns are annualized after 1 year. Investment return is the sum of dividends and interest income, change in accrued interest, change in market value and fees.

Benchmarks - Annualized time-weighted returns

US Treasury Bill - 3 Mos	0.02	0.13	0.07	0.08	0.05	0.02	0.03	0.26	0.82
Barclays US Agg Gov 1-5 Y	0.37	3.57	3.21	0.97	-0.12	1.18	0.93	1.02	0.69
Citigroup WGBI(USD)	-0.55	5.17	6.35	1.65	-4.00	-0.48	-3.57	1.60	7.49
MSCI EAFE-NR	2.28	7.75	-12.14	17.32	22.78	-4.90	-0.81	1.00	25.03
S&P 500	5.33	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83
DJ UBS Commodity	11.19	16.83	-13.32	-1.06	-9.52	-17.01	-24.66	11.77	1.70
HFRX Global Hedge Fund	2.77	5.19	-8.87	3.51	6.72	-0.58	-3.64	2.50	5.99

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UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

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Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor

for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Bond Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Variable Annuity Asset Allocation: If the option to

unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance,

annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Branch office:
 3000 "a" Street
 Suite 100
 Anchorage, AK 995034040

Financial Advisor:
 AURORA WEALTH MANAGEMENT
 9072615900

UBS Client Review

as of January 2, 2018

Prepared for

CoC - TOT

Accounts included in this review

* excluded from performance exhibits ^ performance and account start dates differ (see disclosures)

Account	Name	Type
UX XX542^	• CT	• Basic Investment Account - Business
UX XX543	• BSA - Cash	• Business Service Account
UX XX544	• Mkt. Linked CD	• Business Service Account
UX XX545^	• Quality Income	• Portfolio Management Program
UX XX546	• Mod-Con	• Portfolio Management Program
UX XX046	• Quality Income	• Portfolio Management Program
UX XX458	• Moderate	• Business Service Account
5X XX092*	• LOC	• Premier Variable Credit Line

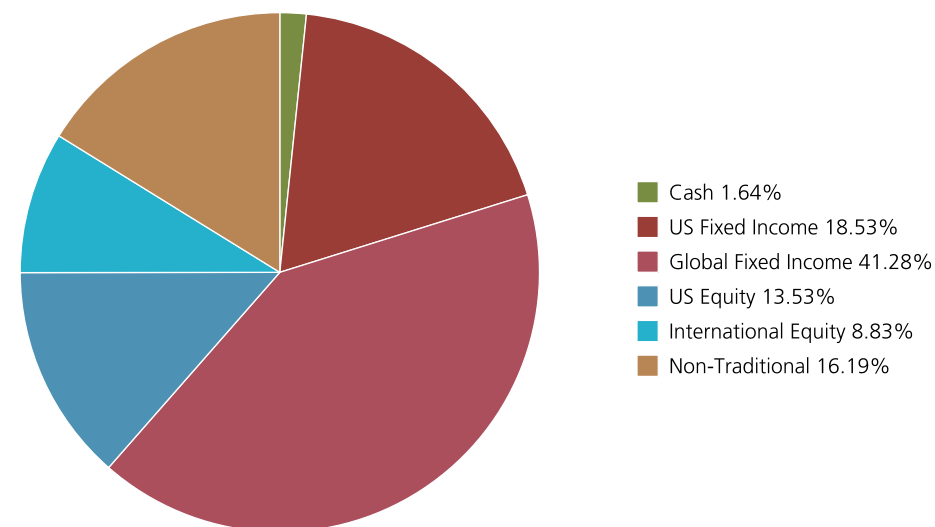
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Asset allocation review

as of January 02, 2018

	Market value (\$)	% of portfolio
Cash	150,151.29	1.64
Cash	150,151.29	1.64
US	150,151.29	1.64
Fixed Income	5,473,397.01	59.81
US	1,695,578.68	18.53
US Fixed Income	1,235,558.11	13.50
Government	275,660.37	3.01
Preferreds	184,360.20	2.02
Global	3,777,818.33	41.28
Global	3,777,818.33	41.28
Equity	2,045,472.70	22.35
US	1,237,685.44	13.53
Large Cap	966,438.79	10.56
Mid Cap	271,246.65	2.97
International	807,787.26	8.82
Developed Markets	600,002.96	6.56
Emerging Markets	207,784.30	2.26
Commodities	0.00	0.00
Non-Traditional	1,481,578.44	16.20
Non-Traditional	1,481,578.44	16.20
Hedge Funds	1,481,578.44	16.20
Other	0.00	0.00
Total Portfolio	\$9,150,599.43	100%



Balanced mutual funds are allocated in the 'Other' category

Sources of portfolio value

as of December 31, 2017

	2009 09/17/2009 to 12/31/2009	2010 12/31/2009 to 12/31/2010	2011 12/31/2010 to 12/31/2011	2012 12/31/2011 to 12/31/2012	2013 12/31/2012 to 12/31/2013	2014 12/31/2013 to 12/31/2014	2015 12/31/2014 to 12/31/2015	2016 12/31/2015 to 12/31/2016	2017 12/31/2016 to 12/31/2017
Opening value	800,000.00	14,354,842.95	11,370,874.09	12,345,567.07	11,714,570.59	14,949,257.80	14,148,303.33	16,256,997.71	11,395,794.35
Net deposits/withdrawals	13,631,005.30	-3,574,407.46	655,016.00	-950,000.00	2,619,672.38	-1,200,000.00	2,791,308.16	-5,279,801.03	-3,175,859.08
Investment return	-76,162.35	590,438.60	319,676.97	319,003.52	615,014.83	399,045.54	-682,613.79	418,597.67	922,258.32
Closing value	14,354,842.95	11,370,874.09	12,345,567.07	11,714,570.59	14,949,257.80	14,148,303.33	16,256,997.71	11,395,794.35	9,142,193.59
Net Time-weighted ROR	-0.83	4.43	3.02	3.00	5.42	2.95	-3.95	3.73	9.98

Performance returns are annualized after 1 year. Investment return is the sum of dividends and interest income, change in accrued interest, change in market value and fees.

Benchmarks - Annualized time-weighted returns

US Treasury Bill - 3 Mos	0.02	0.13	0.07	0.08	0.05	0.02	0.03	0.26	0.82
Barclays US Agg Gov 1-5 Y	0.23	3.57	3.21	0.97	-0.12	1.18	0.93	1.02	0.69
Citigroup WGBI(USD)	-1.41	5.17	6.35	1.65	-4.00	-0.48	-3.57	1.60	7.49
MSCI EAFE-NR	0.55	7.75	-12.14	17.32	22.78	-4.90	-0.81	1.00	25.03
S&P 500	5.25	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83
DJ UBS Commodity	7.97	16.83	-13.32	-1.06	-9.52	-17.01	-24.66	11.77	1.70
HFRX Global Hedge Fund	2.70	5.19	-8.87	3.51	6.72	-0.58	-3.64	2.50	5.99

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The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor

for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Bond Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Variable Annuity Asset Allocation: If the option to

unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance,

annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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