



ETF PORTFOLIO MANAGEMENT, LLC

January 2018

**Dear Investors:**

In 2017, the Income and Growth investable benchmark portfolio gained 15%. Global equities (VT) and U.S. commercial real estate (VNQ) gained 24% and 5%, respectively, while long-term Treasuries (TLT) rose by 9%.

Equities significantly exceeded their annualized return over the past decade. In fact, the leveraged investable benchmarks delivered extraordinary gains of 28% to 72% for the year.

We estimate the trailing 10-year annualized returns were 14% to 32%, producing total returns of 274% to 1,450%.

Watch List	2017 Return	10yr Annualized	10yr Total Return	Worst Year
<b>Investable Benchmarks</b>				
Income & Growth	15%	7%	103%	-4%
Income & Growth 2x	28%	14%	274%	-11%
Income & Growth 3x	42%	22%	642%	-13%
Income & Tech 3x	72%	32%	1,450%	-50%
S&P 500	22%	8%	124%	-37%
Long-Term Treasuries	9%	6%	88%	-22%
Warren Buffett	20%	8%	115%	-32%
David Swensen	15%	6%	81%	-26%

Note: Historical data shown is back-tested for informational purposes. Worst Year is worst calendar year since 2000. Past performance is not an indication of future results. na Not Available. See full disclosures enclosed and at [www.etfpm.com](http://www.etfpm.com).

The leveraged investable benchmarks have clearly delivered far better performance than the S&P 500 and other leading ETF growth portfolios. Over the past decade, we estimate that Income & Growth 3x gained 642% in total return, with relatively low risk, while the S&P 500 gained 124%. The Buffett and Swensen ETF growth portfolios rose by 115% and 81%, respectively.

Still, historical performance can never guarantee future results, and leveraged ETFs do not always function as expected. Therefore, we typically recommend employing our trend following risk controls and tactical rotation when making investment allocations with a material amount of risk assets or leverage.

As always, please let us know if you would like to plan a call or meeting to discuss.

We are wishing you and your family a happy, healthy and prosperous New Year!

David S. Kreinces  
 Founder & Portfolio Manager