Essential Absolute Return Portfolio℠

Report for the Fourth Quarter of 2017

Philosophy
We believe that a disciplined, opportunistic approach to investing in a carefully researched set of open and closed end funds can deliver attractive risk-adjusted returns.

Objective
We seek a return that significantly exceeds the prevailing level of short term interest rates by investing for a combination of current income and short term capital appreciation. Limiting the risk of loss of principal is a secondary objective.

Essential Investment Partners

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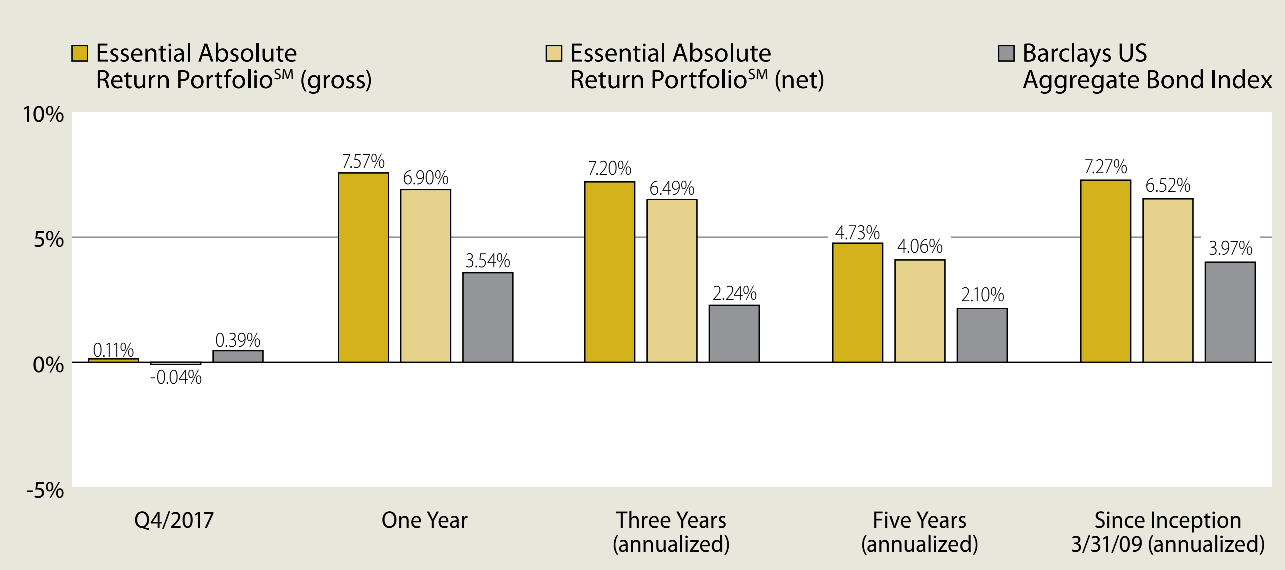
Essential Absolute Return Portfolio℠
Total Returns for Periods Ended December 31, 2017



Portfolio Manager's Commentary for Fourth Quarter of 2017

On the surface, things remained quite calm in the bond market during the fourth quarter. Trends that had been in place throughout 2017 continued: higher short-term rates and flat to modestly lower long term rates. The Federal Reserve raised the Federal funds rate once again in December, marking the third increase in 2017. More of the same is expected in 2018 as the US economy has posted stronger growth and the employment picture continues to tighten.

Despite the relative calm in the bond market, closed end funds generally lost value as discounts widened. Investors have become more concerned about future rate changes that could impact closed end funds negatively. As a result, discounts widened consistently for much of the quarter. They are not yet at super attractive levels but we have begun to add very selectively, only modestly reducing our defensive stance.

As we have noted in the last several quarterly reports, 2014 and 2015 tested the patience of investors in closed end funds. After reaching an interim peak in August of 2014, the Essential Absolute Return Portfolio℠ composite experienced its largest ever drawdown of nearly 8%, culminating in September of 2015. Since then, the composite has rallied very strongly, fully recouping the drawdown in April of 2016 and continuing to post strong gains through the third quarter of 2017. The exceptional gains for the past two years need to be viewed in this longer term context.

Model Strategy Allocations as of December 31, 2017

Closed end fund convergence trading positions	49.2%
Core fixed income investments	33.8%
Core absolute return investments	5.3%
Closed end fund corporate action positions	0.0%
Cash and other	11.7%
	100.0%

Top Five Positions as of December 31, 2017

PIMCO Income Fund	10.7%
Aquila Three Peaks High Income Fund	10.7%
BlackRock Credit Allocation Income Trust	8.9%
Carillon Reams Unconstrained Bond Fund	8.7%
River North DoubleLine Strategic Opportunity Fund	6.2%

For the fourth quarter, the Essential Absolute Return Portfolio℠ composite posted a small gain of +0.11% gross of fees, and a small loss of -0.04% net of fees, compared to a gain of +0.39% for the Barclays US Aggregate Bond Index. For the full year, the Essential Absolute Return Portfolio℠ composite posted returns of +7.57% (gross of fees) and +6.90% (net of fees), compared to a gain of +3.54% for the Barclays US Aggregate Bond Index.

There was no cohesive theme to closed end fund prices during the quarter, except that discounts generally drifted wider across a wide variety of fund strategies. Our largest closed end fund weighting continues to be in floating rate loan funds, with the expectation that these funds will fare well in the rising rate environment we anticipate. Discounts on these funds have been trending wider for several months now but not enough for us to make significant purchases yet. We expect that negative volatility will re-appear at some point and give us the opportunity to add closed end positions back at more favorable prices. Until then, we have a substantial portion of the portfolio in relatively conservative open end bond funds, keeping our "powder dry."

While we have a substantial portion of the portfolio in credit sensitive sectors, we are watching for signs that the rally in credit is cooling off. For now, the economy has been registering stronger growth, keeping spreads tight. And we have relatively little lower quality high yield debt exposure in the portfolio. If spreads start to widen, we will not hesitate to move toward a higher quality credit bias. In the meantime, we are happy to "earn the coupon" on most portfolio holdings.

Jon Zeschin, CPA/PFS, CFP®
Portfolio Manager

Important Information

Essential Investment Partners, LLC ("EIP") is registered as an investment adviser with the U.S. Securities and Exchange Commission and will transact investment advisory business in states only to the extent EIP has made or is exempt from the requisite notice filings. No follow up or individualized responses to persons in other jurisdictions that involve either rendering or attempting to render personalized investment advice for compensation will be made absent compliance with applicable legal requirements, or an applicable exemption or exclusion.

Essential Absolute Return Portfolio℠ is a composite of portfolios managed by EIP in this strategy. This Portfolio may be used as a model for recommendations to other advisory clients, depending on the clients' individual needs, financial condition and risk tolerance. Holdings in an individual client's portfolio may vary from the holdings presented herein.

Composite returns are calculated as time-weighted total returns, reflecting the reinvestment of dividends and capital gains, the effects of cash holdings and the deduction of brokerage commissions on transactions. Dividends and other distributions are recorded when received in cash or additional shares, regardless of when such distributions may be recognized for income tax purposes. "EARP gross" means the total return composite for the Essential Absolute Return Portfolio℠ without the effect of management fees, and the "EARP net" reflects the "EARP gross" returns adjusted for the effect of charging fees to each account in the composite. Performance prior to 1/1/2011 reflects a hypothetical fee based on EIP's standard fee schedule of 1% of assets per annum up to $2 million, 0.75% of assets per annum on the next $3 million of assets and 0.50% of assets per annum on assets in excess of $5 million, billed quarterly in arrears, which was the highest fee schedule charged to any client during the period using the Essential Absolute Return Portfolio℠. Performance from 1/1/2011 reflects actual fees charged to clients. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The composite contains all accounts which are or were managed as standalone portfolios using this strategy. The portfolio management team changed in March, 2011 and in October, 2015. *Past performance does not guarantee future results.*

This information is for illustrative purposes only; nothing contained herein is intended as investment advice or an opinion regarding the appropriateness of any investment, or a solicitation of any type.

 Please obtain and read the SEC Form ADV for Essential Investment Partners, LLC for more complete information regarding the firm and its services.

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