



Quarterly Interest

**ALESCO
ADVISORS**

Reflecting on a successful, rewarding year

As 2017 draws to a close, the entire Alesco team would like to thank you for your continued confidence and support. We have enjoyed a successful year, highlighted by growth across a variety of metrics. Rest assured, we know these accomplishments are entirely due to your faith in our abilities.

Our team has now expanded to 23 associates and our assets under advisement are closing in on \$4 billion. We've welcomed more than 20 new clients in 2017 — many of whom were trusted referrals from existing clients. Together, these clients represent more than \$300 million in assets.

Alesco also continued to support our communities, including many human service and other nonprofit organizations, as well as cultural and community initiatives. Our team members give generously of their time and resources in their personal lives too, which is a point of great pride for me.

We continue to cherish the relationships we have with our clients, and we are honored that you trust us with such an important component of your lives. We remain committed to providing an unparalleled commitment to service, integrity and value that you've come to expect from us.

On behalf of all of us at Alesco Advisors, we wish you a safe and enjoyable holiday season — and a wonderfully prosperous 2018!

Jim Gould
Founder and President

Alesco's San Francisco team are leaders in the industry

Alesco San Francisco principals Katharine Earhart and Maya Lis Tussing had a busy fourth quarter.

[Katharine](#) was featured in three articles published by Kurtosys, a provider of digital experience platforms for financial services companies. In the article, "Former Robo-Advisor Exec Highlights Why Human Advice is Better," she explained the importance of human guidance in asset management, and understanding the value in person-to-person financial advice and education. Katharine was also one of eight industry experts in an article that looked at what the future of the asset management industry might be in five years. In a third piece, she shared her thoughts on the role women in today's financial services industry have in carving a path for tomorrow's women.



Meanwhile, her colleague, [Maya](#), was honored by the Women's CLUB of Silicon Valley, a women's leadership organization. She received the group's "Groundbreaker Award" for her outstanding service at its 2017 CLUBbie Awards. Maya developed and launched the "Make The Ask" program for the CLUB, a three-month interactive program to help women craft salary strategies and tactics to negotiate for more responsibilities and compensation. The program piloted this year and is planning a broader rollout in 2018.



CONTACT

585.586.0970 info@alescoadvisors.com alescoadvisors.com
120 Office Park Way, Pittsford, N.Y. 14534



Quarterly Interest

**ALESCO
ADVISORS**

Alesco releases white paper on importance of asset allocation

Alesco's Research Group recently authored an article titled, "Beyond Total Market Indexes: Improving on Simply 'Buying the Market.'" The piece underscores that, although the rising popularity of indexing and low-cost investing in recent years has been of great benefit to investors, focusing exclusively on costs should not result in neglect of the most important decision that investors face: asset allocation. Moreover, standard index funds often lack significant components of the complete investment market, such as micro cap stocks, Treasury Inflation-Protected Securities (TIPS), floating rate bonds, bank loans, and commodity futures.

Factor-based strategies, which overweight investments with characteristics that have theoretical and empirical evidence of providing higher returns over extended time periods, are also often overlooked if one adheres only to indexing. One example of this would be an allocation to value stocks, which have produced higher returns than simply investing in a total market index.

Lastly, there is value in the ability to make tactical allocation changes. While maintaining long-term allocations across multiple asset classes is often good advice, there are times when capital markets provide unusual opportunities or risks. This can result in missed opportunities and gives a portfolio manager one less tool with which to manage risk. In those times, the ability to make modest portfolio asset mix adjustments can be beneficial. For example, in the fixed income portion of our portfolios, we maintain an average duration near the market's historical average, even as the duration of the bond market has increased.

To read the full white paper, visit www.alescoadvisors.com/articles/beyond-total-market-indexes.com.

MICRO CAP STOCKS

Historical Returns
7/1926 - 8/2017

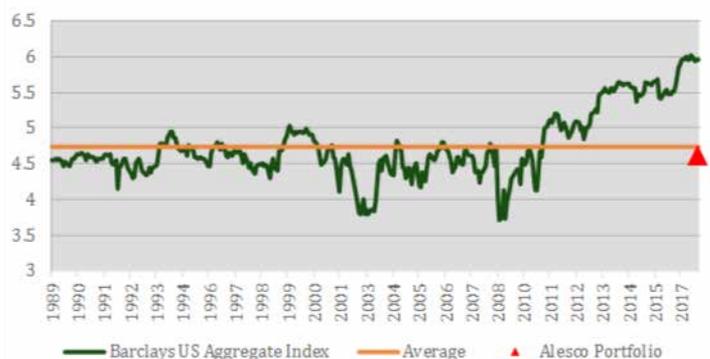


TOTAL MARKET INDEX

Historical Returns
7/1926 - 8/2017



FIXED INCOME DURATION



© Alesco Advisors LLC 2017. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

Past performance is not indicative of future returns. Total US Market = Fama/French Total US Market Index. Smallest 10% of Stocks = CRSP Decile 10 Index. Value Stocks = Fama/French US Value Research Index. All returns are annualized. Return data from Dimensional Fund Advisors. Historical duration for Barclays US Aggregate Index from Bloomberg. Data for duration for Alesco Fixed Income Portfolio from Morningstar Direct. Calculations by Alesco Advisors.

CONTACT

585.586.0970 info@alescoadvisors.com alescoadvisors.com
120 Office Park Way, Pittsford, N.Y. 14534