

# Dynamic Low Volatility | (Advisor) SMA FACT SHEET

Live Performance (capital invested) 3/3/2015 to Present

## Strategy

The Dynamic Low-Volatility (DLV) strategy constantly readjusts the portfolio's correlation to both the S&P 500 price and market volatility based on what it considers the overall health of the S&P 500. During sideways or non-trending periods, the strategy identifies and invests in the strongest S&P 500 stocks with both lower beta and lower volatility than the S&P 500 index. During normal market environments, the strategy will target a 60% correlation to the S&P 500. During strong upward-trending periods, the strategy will seek to increase both risk and correlation to the S&P 500 to increase potential returns.

Morningstar Rating  
9-30-2019

Overall ★★★★★

3 Year ★★★★★

The intent is to capture upside returns while mitigating downside volatility depending on market conditions, thus focusing on outperforming the S&P 500 during bear markets. In times of market distress, the strategy can move into 100% cash if the need arises.

Volatility target	30 – 50% of S&P 500 7% annualized	Beta exposure	0.00 – 0.45	Return objective	7 – 9% annualized
Number of holdings	0 - 30	Max position	3.25%	Max sector	30%

### Investment Philosophy

- Risk management is a key to generating alpha.
- Capitalization-weighted indexes tend to be inefficient.
- Forecasting future market direction is not required to outperform the market.
- Directional volatility can help drive returns.
- Systematic rebalancing captures alpha.

### Our Edge

We use unique directional, price based models that attempt to identify volatility based price momentum. Reducing volatility based price momentum allows for greater confirmation of price strength and price exhaustion. This approach allows our models to remain in a trade for the greatest price appreciation until price is near exhaustion or begins to fail. This method helps mitigate crowded trades, attempts to avoid momentum crashes and diversifies away from commonly followed momentum indicators.

### Portfolio Construction Framework



### Dynamic Low Volatility (Advisor) - December 2019

2019 was the best year for the S&P 500 since 2013, gaining 31.22% with dividends, ending the year at 18 times 2020 earnings. Q4 2019 saw an impressive rally for the S&P 500, gaining almost 9% off the back of a phase I trade deal with China coupled with the Fed expanding its balance sheet. As seen here ([click here for chart](#)), the Fed expanded its balance sheet from Sept 11<sup>th</sup> to Dec 25<sup>th</sup> 2019 by over \$400 billion. Over this same period of time the S&P 500 gained 240 points or 8.7%.

We were pleased with DLV's performance for 2019 gaining 17.40% vs. 10.65% for the HFRXEH (Long/Short Index). The 2019 beta exposure for DLV was roughly .30 for 2019, which is 70% less beta risk than the S&P 500 index. We feel the amount of risk to achieve this return vs. the S&P 500 was well within our stated investment objectives.

DLV is now sitting with 32% in cash as the portfolio has reduced its overweight exposure to utilities, REITS and Staples. The portfolio has been liquidating stocks, DLV's risk management protocol is finding it difficult to locate stocks that are not overly extended without heightening risk in the current environment. Currently, our S&P 500 model is approaching overbought with a 90 reading. Historically, 88% of the time the S&P 500 corrects 6% on average after registering a reading of 92, [see chart here](#).

# Dynamic Low Volatility

## Return March 2015 –Jan 2020

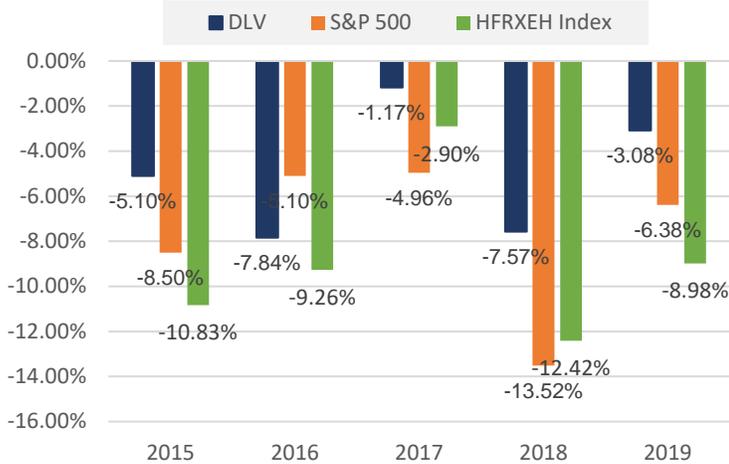
	Month to Date	Quarter to Date	Year to Date	Strategy Inception to Date
<b>DLV</b>	<b>3.40%</b>	<b>%</b>	<b>3.40%</b>	<b>37.13%</b>
<b>HFRXEH</b>	<b>1.10%</b>	<b>%</b>	<b>1.10%</b>	<b>7.24%</b>

Since inception all return on capital has been partners allocations of capital and has been solely managed by Trowbridge's Chief Investment Officer.

## Statistics March 2015 – Oct 2019\*

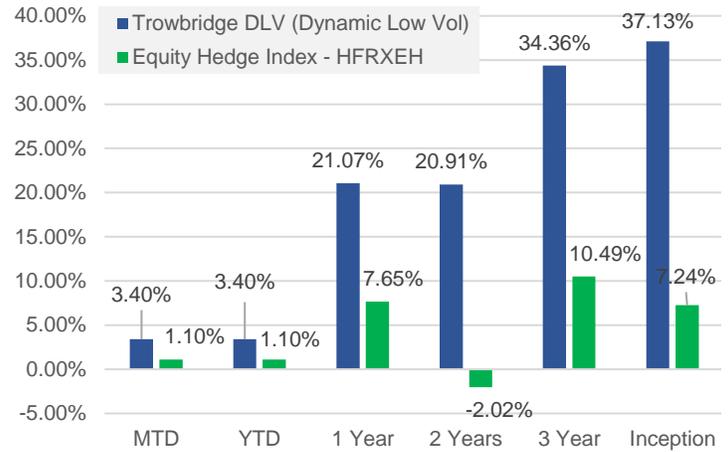
	Downside Capture	Sharpe Ratio*	Beta	R <sup>2</sup>	Max Drawdown	Volatility
<b>DLV</b>	<b>31.74</b>	<b>1.18</b>	<b>0.32</b>	<b>31</b>	<b>7.84%</b>	<b>6.91%</b>
<b>HFRXEH</b>		<b>0.38</b>	<b>0.37</b>	<b>19</b>	<b>12.42%</b>	<b>5.70%</b>

## Max Drawdowns Per Calendar Year



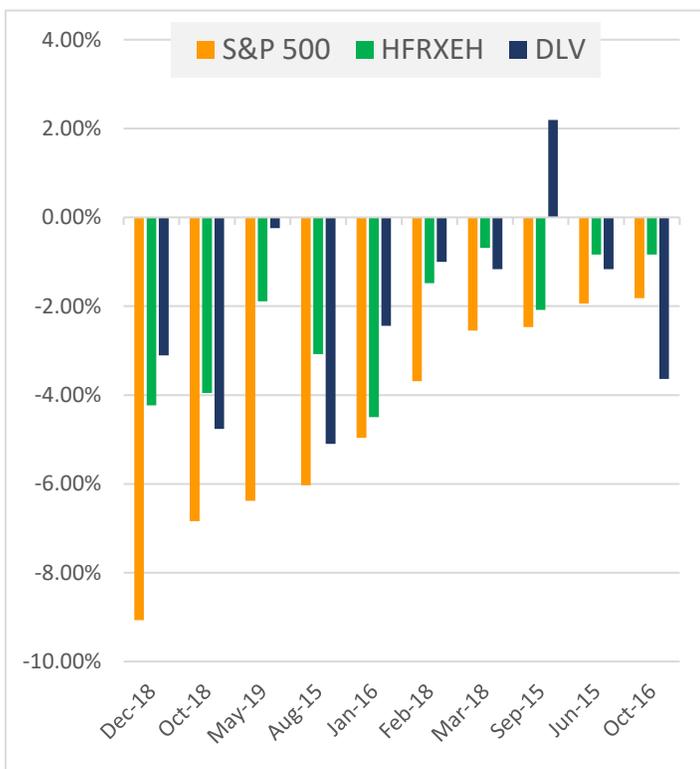
Draw downs are calculated on monthly performance and not daily. S&P 500 Monthly Returns have been calculated using Morningstar S&P 500 TR and Yahoo Finance Daily data. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The performance figures are net of fee performance for subadvisor fee of .35%. Actual investment advisory fees incurred by clients may vary.

## Returns\*NET Jan 2020

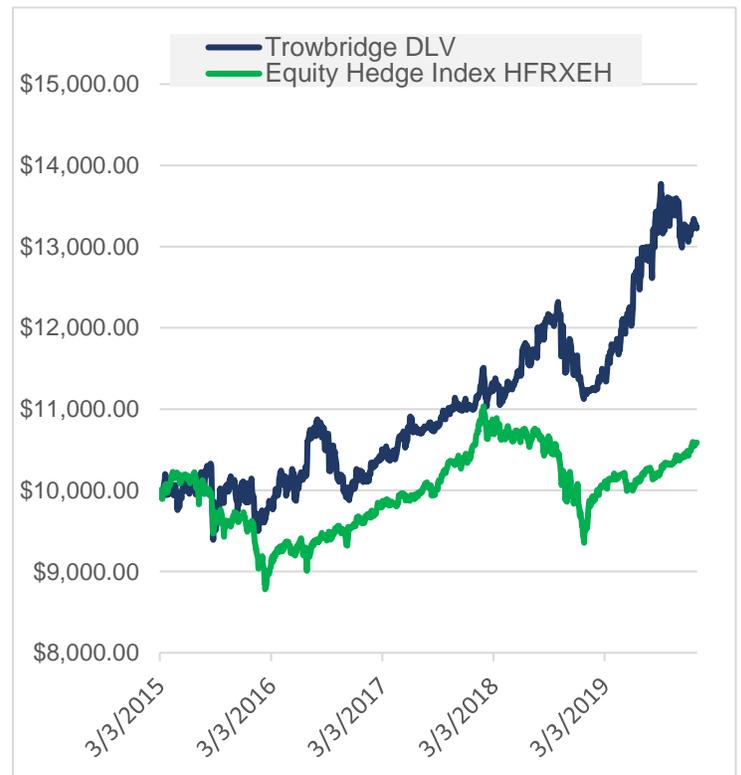


S&P 500 Monthly Returns have been calculated using Morningstar S&P 500 TR and Yahoo Finance Daily data. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The performance figures are net of fee performance for subadvisor fee of .35%. Actual investment advisory fees incurred by clients may vary. \*Morningstar and evestment data for statistics.

## Performance during the worst 10 S&P 500 month



## Growth of \$10,000 Since Inception\*NET



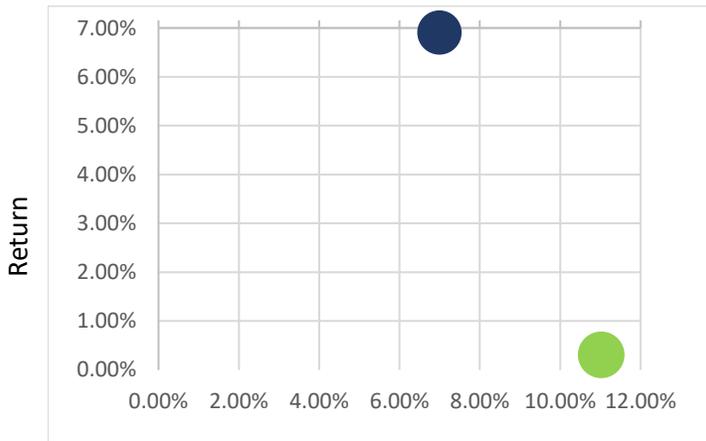
Performance data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns, and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The performance figures are net of fee performance for subadvisor fee of .35%. Actual investment advisory fees incurred by clients may vary. Performance does reflect dividends reinvested and commission generated from transactions. S&P 500 compounding return is calculated using daily data based on the closing price with dividends. Data provided by yahoo finance via Interactive Data.8

# Dynamic Low Volatility

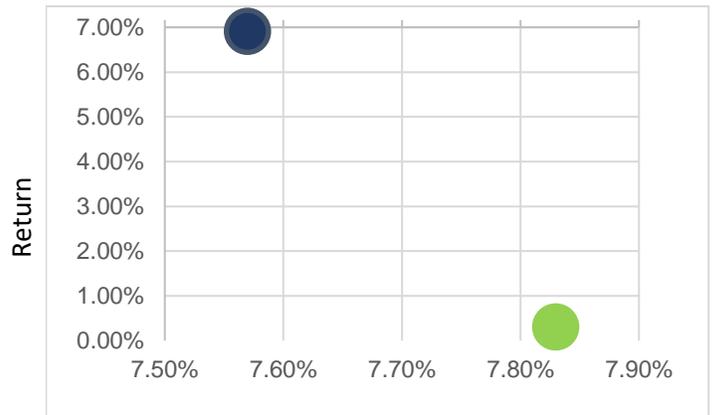
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
DLV			0.04%	-2.62%	3.36%	-1.17%	3.10%	-5.10%	2.19%	1.51%	-0.67%	-0.16%	<b>0.16%</b>
HFRXEH			0.60%	1.19%	-0.18%	-0.84%	-0.29%	-3.08%	-2.08%	1.90%	0.04%	-1.10%	<b>-2.33%</b>
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
DLV	-2.44%	0.81	3.04%	-0.99%	-0.12%	5.66%	2.30%	-3.48%	-0.71%	-3.64%	-0.29%	1.08%	<b>0.83%</b>
HFRXEH	-4.50%	-1.12%	2.79%	0.03%	0.44%	-1.47%	1.99%	-0.18%	1.53%	-0.84%	1.47%	0.18%	0.10%
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
DLV	2.11%	0.89%	0.55%	1.93%	1.38%	-1.25%	0.73%	0.24%	1.13%	1.51%	0.39%	1.17%	<b>8.52%</b>
HFRXEH	0.85%	1.17%	0.66%	0.72%	-0.57%	0.86%	0.87%	0.50%	1.82%	0.79%	0.87%	1.03%	9.98%
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
DLV	3.48%	-1.00%	-1.17%	1.24%	0.83%	1.22%	3.01%	2.26%	1.13%	-4.76%	0.08%	-3.11%	<b>3.07%</b>
HFRXEH	3.41%	-1.49%	-0.69%	-0.55%	0.30%	-0.67%	0.72%	-0.23%	-1.63%	-3.95%	-0.63%	-4.23%	-9.42%
2019	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
DLV	0.27%	1.11%	3.11%	2.86%	-0.24%	4.39%	2.02%	4.89%	-0.15%	0.49%	-3.08%	0.73%	<b>17.40%</b>
HFRXEH	3.92%	1.16%	0.79%	0.56%	-1.89%	1.39%	1.07%	-0.17%	0.88%	0.52%	0.88%	1.24%	10.65%
2020	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Year
DLV	3.40%												3.40%
HFRXEH	1.10%												1.10%

data quoted represents past performance. Past performance is not a guarantee of future results and current performance may be higher or lower than performance quoted. Investment returns, and principal value will fluctuate and shares when sold or redeemed, may be worth more or less than their original cost.

Return Vs. Max Drawdown Since Inception



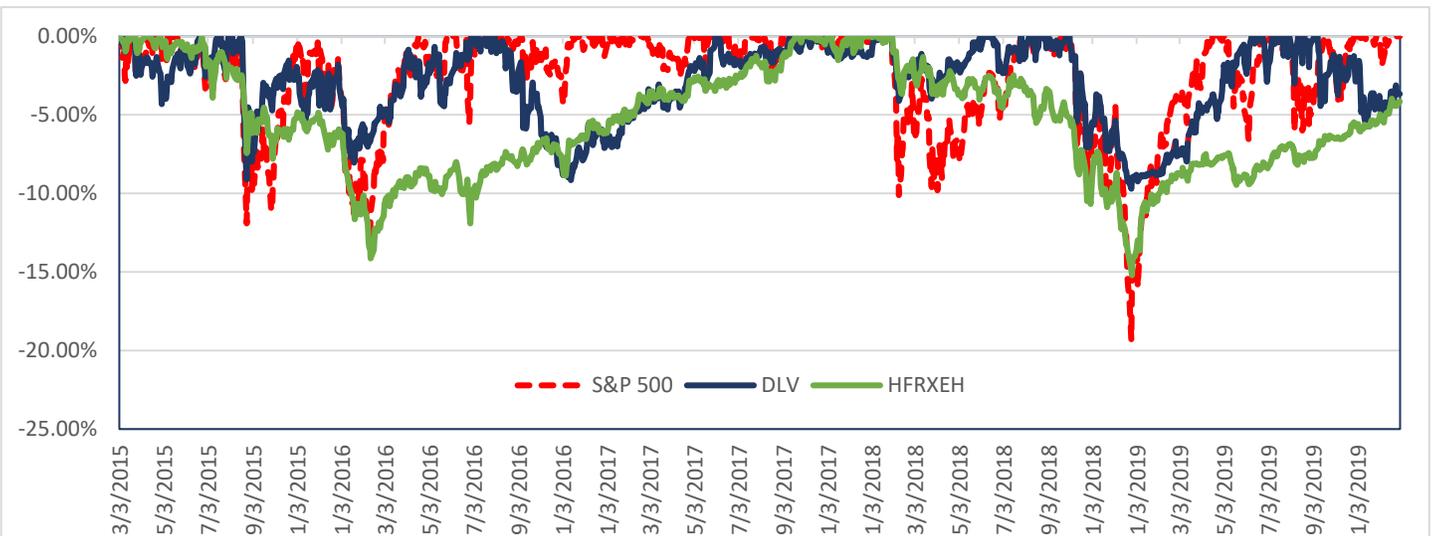
Return Vs. Volatility Since Inception



Max Drawdown

Downside Volatility

Volatility



# Dynamic Low Volatility

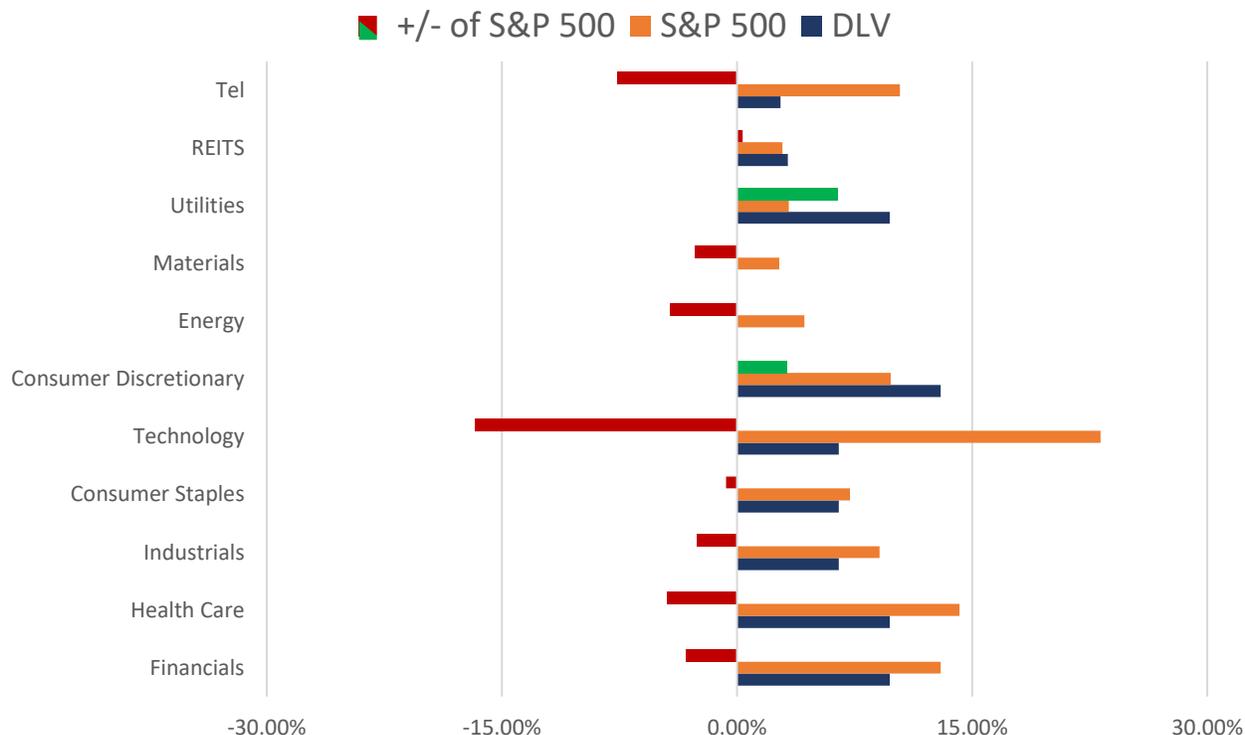
## CHARACTERISTICS

Average Weighted Market Cap (bn)	\$35B
Forward P/E (bn)	20.81
Trailing P/E(bn)	38.48
Price-to-Sales	2.98
Price-to-Book Value	5.22
Return-on-Equity	16.53
Enterprise Value/EBITA	13.443
Current Ratio	1.52
Beta	.36

## SECTOR ALLOCATION

Financials	9.75%
Health Care	9.75%
Industrials	6.50%
Consumer Staples	6.50%
Technology	6.50%
Consumer Discretionary	13.00%
Energy	0.00%
Materials	0.00%
Utilities	9.75%
REITS	3.25%
Tel	2.78%
Cash	32.22%
Total	67.78%

## DLV Vs S&P 500 SECTOR ALLOCATION



**IMPORTANT RISK CONSIDERATIONS:** Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. Limited Number of Investments: Because the fund has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a less concentrated fund. Industry/Sector Concentration: A fund that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated fund.

Trowbridge Capital Partners LLC Dynamic Low Volatility (Advisor Class) SMA – GIPS March 1<sup>st</sup>, 2015 through Dec 31st 2019

For the Period Ending	Gross of Fees (%)	Net of Fees (%)	S&P 500 (%)	Composite 3 Yr Std Dev (%)**	S&P 500 3 Yr Std Dev (%)**	Number of Accounts	Composite Assets (\$ millions)	Composite Dispersion (%)	Strategy Assets	Total Strategy AUA (\$ millions)	Total Firm Assets under Management
2019	17.81%	17.40%	31.22%			1	5.00	n/a	5.98	0	35.42
2018	3.43%	3.07%	-4.38%	7.21%	10.37	1	2.50	n/a			36.01
2017	8.89%	8.52%	21.83%	n/a	13.73	1	2.50	n/a			19.00
2016	1.18%	0.83%	11.96%	n/a	16.74	1	2.50	n/a			10.00
2015	0.42%	0.16%	-1.14%	n/a	20.15	1	2.50	n/a			10.00

\* 2019 is through Dec 31st, 2019.

\*\* - For periods with less than 36 months of composite performance, no 3-year ex-post standard deviation measurement is available.

\*\*\* - Composite and benchmark performance represent non-annualized returns from March 1, 2015 through December 31, 2015.

N.A.- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

1. Trowbridge Capital Partners, LLC ("Trowbridge") is an independent registered investment adviser. Trowbridge claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TROWBRIDGE has been independently verified for the period's March 3<sup>rd</sup>, 2015 through Dec 31st, 2019. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

2. Dynamic Low Volatility (Advisor) The Dynamic Low Volatility portfolio will constantly readjust the portfolio's correlation to the S&P 500 and volatility based on the overall health of the S&P 500. The Strategy identifies and invests in the strongest S&P 500 stocks with both lower beta and lower volatility than the S&P 500 during sideways or non-trending periods. During normal market environments, the portfolio will target a 60% correlation to the S&P 500. During strong upwardly trending periods, the portfolio will seek to increase both risk and correlation to the S&P 500 to increase potential return.

The portfolio seeks to capture upside returns, while mitigating downside volatility depending on market conditions, therefore focusing on outperforming the S&P 500 during bear markets. Lastly, the portfolios have the ability to move into 100 percent of cash during market distress.

Accounts are removed from the composite at the month end prior to their account change of status. The composites include taxable and nontaxable discretionary accounts with no restrictions and meet the minimum asset size requirement of \$100,000 (as of Jan 31, 2019) for inclusion. The Dynamic Low Volatility Composite was created on August 1, 2018.

The firm maintains a list of composite descriptions, which is available upon request. Past performance is not indicative of future results.

3. The benchmark is the S&P500 Total Return Index which captures large and mid-cap representation across the U.S. with 500 constituents.

4. The U.S. Dollar is the currency used to express performance. Performance shown represents total returns that include income, realized and unrealized gains and losses. Gross of Fee returns are presented before the deduction of management fees. Net of Fee performance returns are reduced by model management fees. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

5. Annual advisory fees are calculated as a percentage of assets under management according to the following schedule: up to .35% on the first \$9,999,999 of assets under management; .30 % on assets between \$10,000,000 - \$39,000,000; .27 % on assets between \$40,000,000 - \$79,999,999; 0.25% on assets between over \$80,000,000-\$199,999,999, .22% on assets greater than \$200,000,000 although fees may be negotiated or waived in certain circumstances.

6 Internal dispersion is calculated using the asset-weighted standard deviation of all portfolios that were included in the composite for an entire year, net of fees. The 3-Year Standard Deviation represents the annualized standard deviation of actual composite and benchmark returns, using the rolling 36-months ended each year-end.

# Dynamic Low Volatility

## IMPORTANT DISCLOSURES

Trowbridge Capital Partners, LLC. claims compliance with the Global Investment Performance Standards (GIPS®). Past performance is no guarantee of future results. Performance results reflect the reinvestment of dividends and other earnings. Performance results are expressed and calculated in U.S. dollars. To receive a list of composite descriptions of Trowbridge Capital Partners, LLC. and/or a presentation that complies with the GIPS standards, contact Brett Golden at 917-653-3153, or write to Brett at [brett@trowbridgellc.com](mailto:brett@trowbridgellc.com).

The Manager began to actively trade and calculate the performance of the Dynamic Low Volatility on 3/2/2015. Before you invest in The Manager's Dynamic Low Volatility Portfolio, you are strongly encouraged to consult with your financial advisor. The Manager shall have the right at any time, in its sole discretion, to substitute any or all of the securities utilized within the investment strategy. Model Disclosure

Trowbridge Capital Partners, LLC. is a registered investment adviser. Information presented herein is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed.

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The performance shown represents only the results of Trowbridge Capital Partners, LLC. model portfolios for the relevant time period and do not represent the results of actual trading of investor assets. Model portfolio performance is the result of the application of the Trowbridge Capital Partners, LLC. proprietary investment process. Model performance has inherent limitations. The results are theoretical and do not reflect any investor's actual experience with owning, trading or managing an actual investment account. Thus, the performance shown does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed.

Model portfolio performance is shown net of the model advisory fee of [Retail Class .90%, Institutional Class .55% and Advisor Class .35% the highest fee charged by RIA Firm. Trading cost from Fidelity and Interactive brokerage are net of fees and can be provided to clients or potential clients at their request. Performance does not reflect the deduction of other fees or expenses, including but not limited to brokerage fees, custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by RIA Firm Name.

The performance calculations have not been audited by any third party. Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, [optional -the reinvestment of dividends], the length of time various positions are held, the client's objectives and restrictions, and fees and expenses incurred by any specific individual portfolio.

Benchmarks: Dynamic Alpha and Dynamic Low Volatility performance results shown are compared to the performance of the S&P 500 TR. Dynamic Alpha and Dynamic Low Volatility, Model performance is compared to the S&P 500 Index with all applicable dividends reinvested. The index results do not reflect fees and expenses and you typically cannot invest in an index.

Return Comparison: The S&P 500 was chosen for comparison as it is generally well recognized as an indicator or representation of the stock market in general and includes a cross section of equity holdings. Additionally, Trowbridge universe of stocks is largely comprised of S&P 500 stocks.

The index / indices used by Trowbridge Capital Partners, LLC. have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices. Indices are typically not available for direct investment, are unmanaged and do not incur fees or expenses.

The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is not indicative of future performance.

\*Performance information for the Dynamic Alpha is for illustrative purposes only and does not represent actual fund performance. For illustration of performance returns are net of fee and do not charge management fees, and no such fees or expenses were deducted from the performance shown unless otherwise noted.

This presentation (including any hypothetical/backtested performance results) is provided for informational purposes only and is subject to revision. This presentation relates to a rule-based model and related investment strategy which are managed by The Manager. This presentation is not an offer to sell or a solicitation of an offer to purchase an interest or shares ("Interests") in any pooled vehicle. The Manager does not assume any obligation or duty to update or otherwise revise information set forth herein. This document is not to be reproduced or transmitted, in whole or in part, to other third parties, without the prior consent of The Manager. Certain information contained in this presentation constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of an investment managed using The Manager's model or investment strategy may differ materially from those reflected in such forward-looking statements or in the hypothetical backtested composite results or the model's model performance results included in this presentation.

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Investors should understand that while the performance results may show a general rising trend at times, there is no assurance that any such trends will continue. If such trends are broken, then investors may experience real losses. The Manager nor any other person managed any product or account seeking to track the performance of the model prior to March 2, 2015. No representation is being made that any account will achieve performance results similar to those shown in this presentation. In fact, there may be substantial differences between backtested performance results and the actual results subsequently achieved by any particular investment program. As a result, the model theoretically may be changed from time to time to obtain more favorable performance results. There are other factors related to the markets in general or to the implementation of any specific investment program which have not been fully accounted for in the preparation of the hypothetical/backtested performance results, all of which may adversely affect actual portfolio management results. The information included in this presentation reflects the different assumptions, views and analytical methods of The Manager as of the date of this presentation.

The model's performance during the Backtested Period is not based on live results produced by an investor's actual investing and trading, but was achieved by the retroactive application of a model designed with the benefit of hindsight, and, other than the composite results, the model performance subsequent to March 2, 2015 is not based on live results produced by an investor's investment and trading, and fees, expenses, transaction costs, commissions, penalties or taxes have not been netted from the gross performance results. The performance results include reinvestment of dividends, capital gains and other earnings. As the Hypothetical Information was backtested, it does not reflect contemporaneous advice or record keeping by an investment adviser. Actual, live client results may have materially differed from the presented performance results. All information presented after the model inception date (March 2, 2015) is the model's model performance, which means it was calculated by The Manager in real-time (not on a backtested basis), but does not reflect the payment of any fees, commissions or expenses (except as otherwise described in this presentation).

Accounts and funds managed by an adviser using The Manager's model portfolios are subject to additions and redemptions of assets under management, which may positively or negatively affect performance depending generally upon the timing of such events in relation to the market's direction. The Hypothetical Information and model performance assume full investment, whereas actual accounts and funds managed by an adviser would most likely have a positive cash position. Had the Hypothetical Information or model performance included the cash position, the information would have been different and generally may have been lower. While there have been periodic updates and improvements to The Manager model, there have not been any material changes in the objectives or strategies of the model that have occurred that may affect results.

While The Manager believes the outside data sources cited to be credible, it has not independently verified the correctness of any of their inputs or calculations and, therefore, does not warranty the accuracy of any third-party sources or information.