



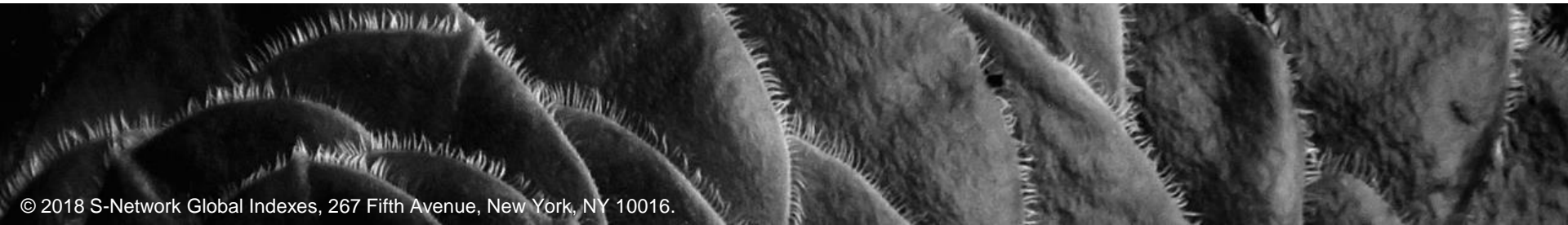
S-Network BlackSwan Core Index (SWANXT)

Q3 2018

Index Description



- A Black Swan event is one that is rare, unpredictable, impactful and difficult to attribute to reason, even after its occurrence.
- The index is designed to help protect capital against Black Swan events.
- With the majority of assets in historically low-volatility Treasuries, remaining assets are used to purchase “in-the-money” calls (options with a strike price below the market price on the S&P 500).
- The goal is to achieve capital appreciation above inflation while minimizing volatility as compared to standard asset-allocated investments.



Index Rationale



Allocation:

- 90% Treasury bond ladder targeting near 10-year Treasury's modified duration (rebalanced twice per year)
- 5% June 70 delta SPX option target (rebalanced once per year)
- 5% December 70 delta SPX option target (rebalanced once per year)

Rebalancing of options:

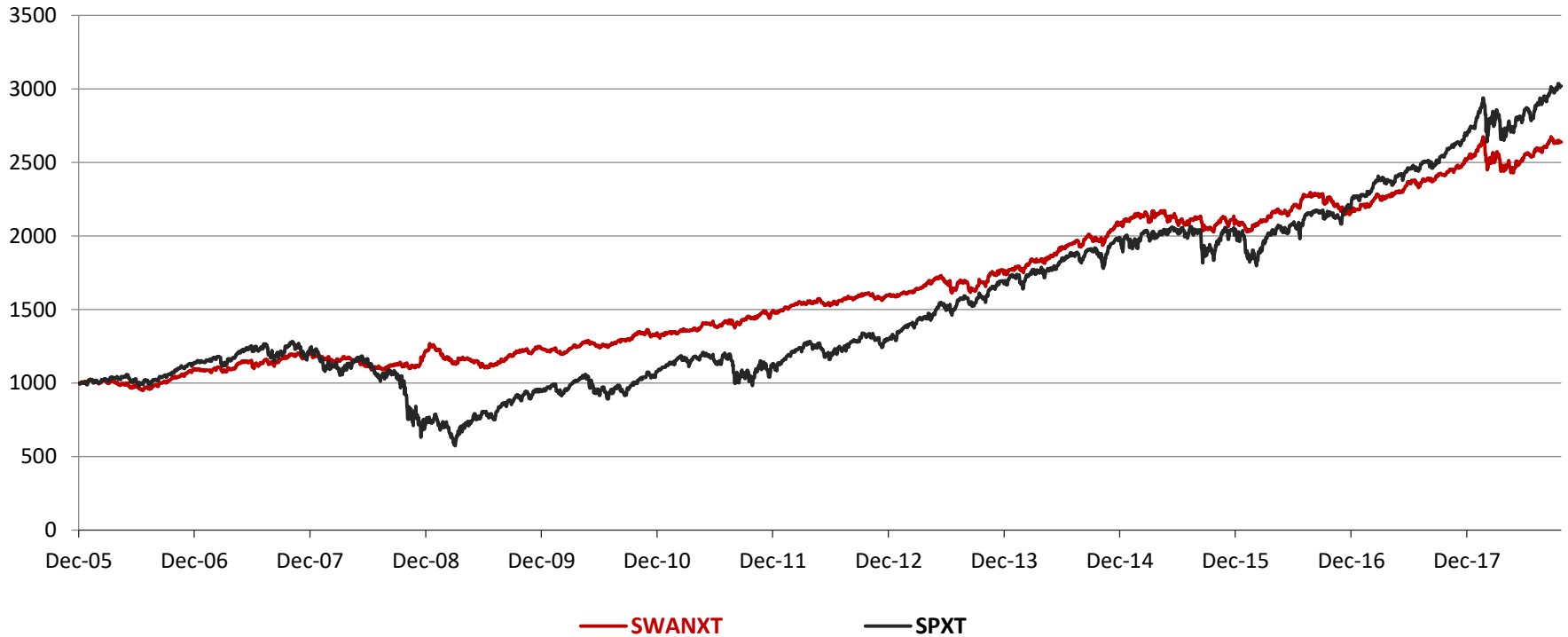
- Every 6 months, either the June option or the December option will be rolled to the following year.
- If options are at a net loss on the first trading day of rebalance month, the index is rebalanced on the first business day of trading of that rebalance month (June or December).
- If options are at a gain, rebalance occurs at 365+1 trading days for the option to make the gain long-term.



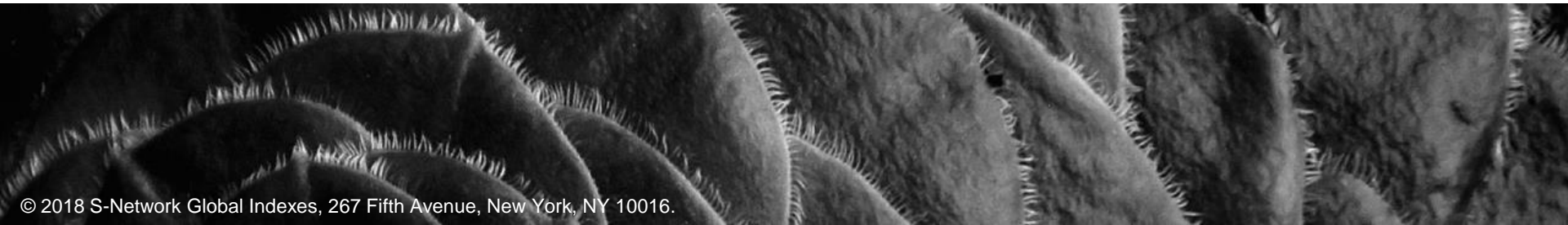
Historical Performance



S-Network BlackSwan Core TR vs. S&P 500 TR
(12/6/2005-9/30/2018)



Source: Bloomberg, as of 9/30/2018



Statistical Profile I



Total Return Appreciation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	163.95%	205.28%
10 Year	136.79%	209.62%
5 Year	56.88%	92.10%
3 Year	28.93%	61.43%
1 Year	9.15%	17.91%

Compound Annual Growth Rate		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.91%	9.15%
10 Year	9.00%	11.97%
5 Year	9.42%	13.95%
3 Year	8.84%	17.31%
1 Year	9.15%	17.91%

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 9/30/2018

Statistical Profile II



Annualized Standard Deviation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.00%	13.89%
10 Year	7.30%	14.40%
5 Year	6.68%	9.55%
3 Year	6.44%	9.18%
1 Year	7.95%	9.11%

Sharpe Ratio		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	0.9682	0.6230
10 Year	1.1749	0.8377
5 Year	1.3038	1.3627
3 Year	1.2107	1.6958
1 Year	0.9290	1.6770

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 9/30/2018

Statistical Profile III



Upside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	46.68%
10 Year	46.25%
5 Year	61.15%
3 Year	55.89%
1 Year	64.25%

Downside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	21.93%
10 Year	21.69%
5 Year	47.52%
3 Year	65.39%
1 Year	94.15%

*Since first month's end, 12/31/2003

Source: Bloomberg, as of 9/30/2018

Statistical Profile IV



Correlation (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.5185
10 Year	0.4973
5 Year	0.7251
3 Year	0.7419
1 Year	0.9274

Beta (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.2611
10 Year	0.2521
5 Year	0.5067
3 Year	0.5205
1 Year	0.8097

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 9/30/2018

Statistical Profile V



R-Squared (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.2689
10 Year	0.2473
5 Year	0.5258
3 Year	0.5504
1 Year	0.8601

Source: Bloomberg, as of 9/30/2018

*Since first month's end, 12/31/2005

Key Highlights



- Goal is to achieve capital appreciation above inflation while minimizing volatility
- Stable long-term annualized returns create lowered standard deviation
- Since inception, Sharpe ratio greater than that of S&P 500
- Favorable upside-to-downside capture ratios
- Low Correlation, R-Squared, and Beta to S&P 500

