



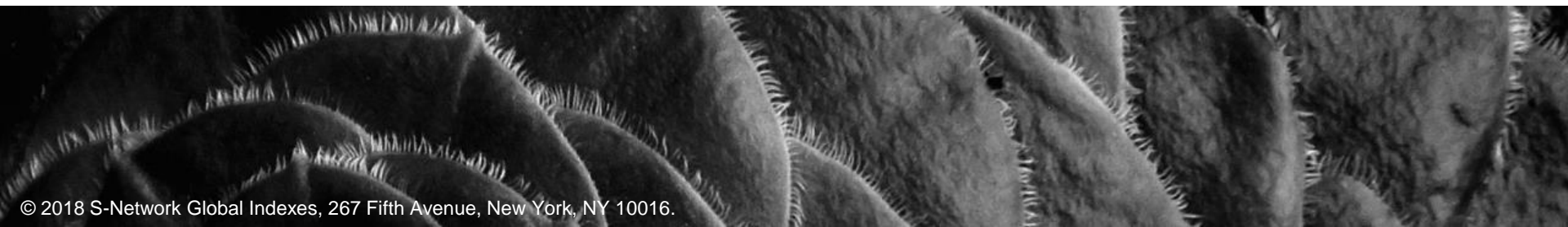
S-Network BlackSwan Core Index (SWANXT)

Q4 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 ETF Trust).
- The goal is to achieve capital appreciation above inflation while minimizing volatility as compared to standard asset-allocated investments.



Index Rationale



Allocation:

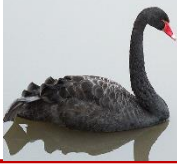
- 90% Treasury bond ladder targeting near 10-year Treasury's modified duration (rebalanced twice per year)
- 5% June 70 delta SPY option target (rebalanced once per year)
- 5% December 70 delta SPY option target (rebalanced once per year)

Rebalancing of options:

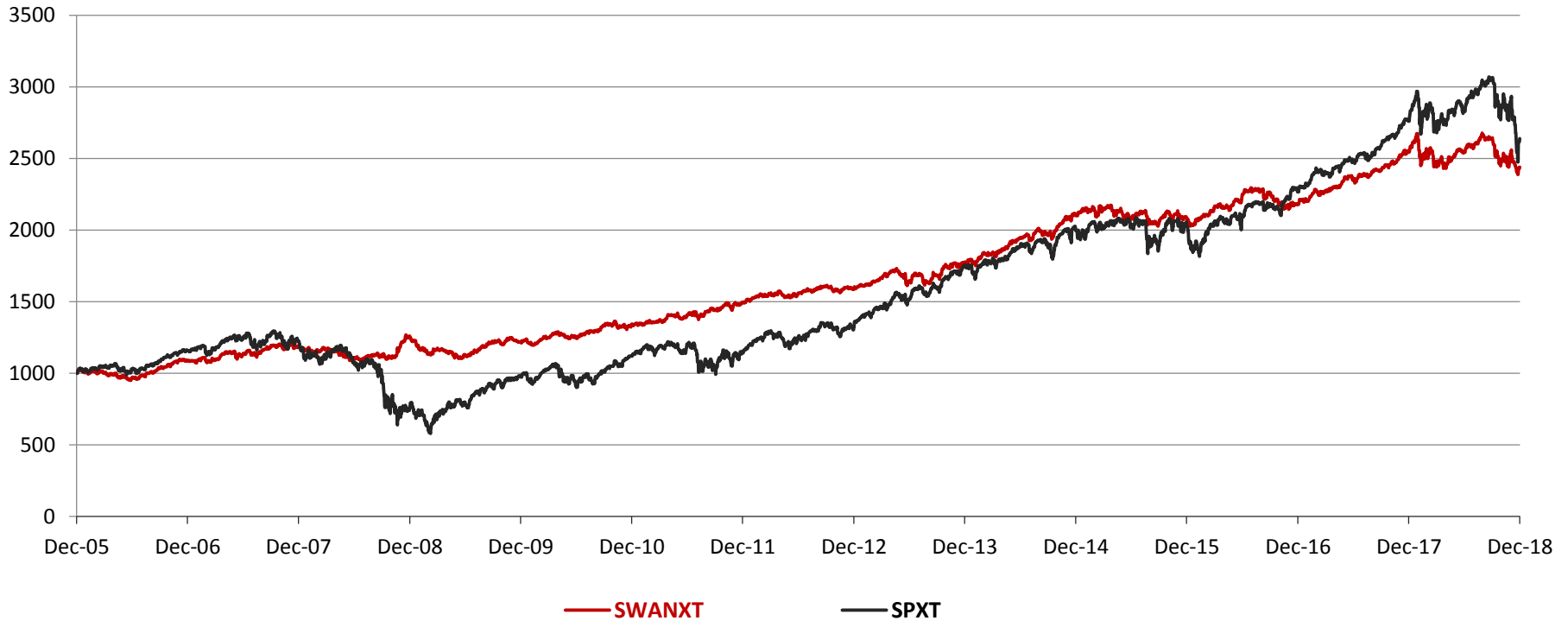
- Every 6 months, either the June option or the December option will be rolled to the following year.
- If options are at a net loss on the first trading day of rebalance month, the index is rebalanced on the first business day of trading of that rebalance month (June or December).
- If options are at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



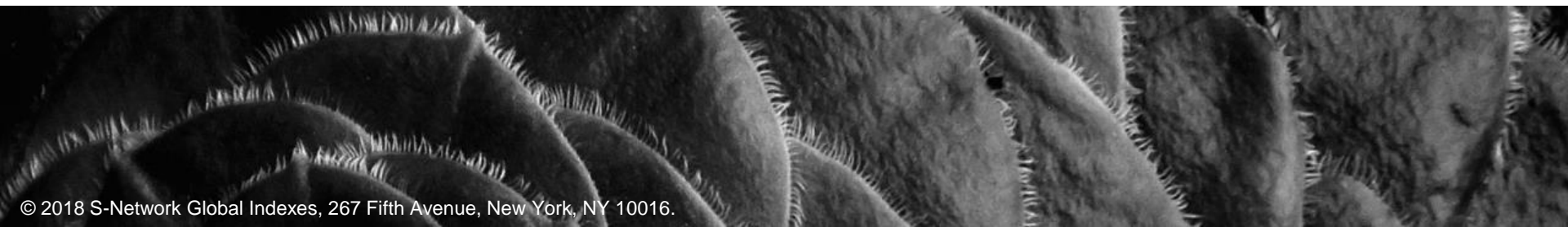
Historical Performance



S-Network BlackSwan Core TR vs. S&P 500 TR
(12/6/2005-12/31/2018)



Source: Bloomberg, as of 12/31/2018



Statistical Profile I



Total Return Appreciation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	144.09%	164.00%
10 Year	94.84%	243.03%
5 Year	37.30%	50.33%
3 Year	17.43%	30.42%
1 Year	-4.09%	-4.38%

Compound Annual Growth Rate		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.11%	7.75%
10 Year	6.90%	13.12%
5 Year	6.54%	8.49%
3 Year	5.50%	9.26%
1 Year	-4.09%	-4.38%

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

Source: Bloomberg, as of 12/31/2018

Statistical Profile II



Annualized Standard Deviation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.30%	14.19%
10 Year	7.28%	13.60%
5 Year	7.51%	10.94%
3 Year	7.72%	10.95%
1 Year	11.00%	15.33%

Sharpe Ratio		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	0.8247	0.5201
10 Year	0.9023	0.9499
5 Year	0.7940	0.7402
3 Year	0.5922	0.7660
1 Year	-0.5076	-0.3490

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

Source: Bloomberg, as of 12/31/2018

Statistical Profile III



Upside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	47.15%
10 Year	44.79%
5 Year	62.97%
3 Year	60.72%
1 Year	64.62%

Downside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	25.23%
10 Year	35.96%
5 Year	51.85%
3 Year	61.24%
1 Year	71.01%

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

Source: Bloomberg, as of 12/31/2018

Statistical Profile IV



Correlation (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.5494
10 Year	0.6571
5 Year	0.7753
3 Year	0.8049
1 Year	0.9140

Beta (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.2826
10 Year	0.3515
5 Year	0.5320
3 Year	0.5673
1 Year	0.6559

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

Source: Bloomberg, as of 12/31/2018

Statistical Profile V



R-Squared (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.3018
10 Year	0.4318
5 Year	0.6010
3 Year	0.6479
1 Year	0.8354

Source: Bloomberg, as of 12/31/2018

*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

