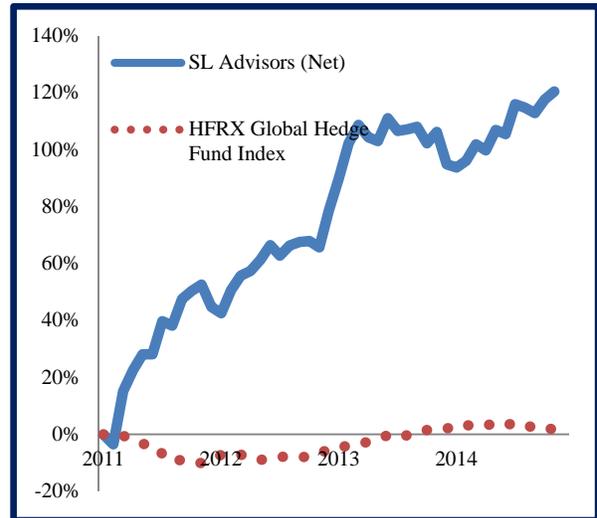


## A Focus on Absolute Uncorrelated Returns

### Low Beta Long Short Equity Strategy

The objective of this strategy is to deliver absolute returns that are uncorrelated to traditional asset classes. It aims to generate capital appreciation while remaining Beta neutral by maintaining a net long position in low beta equities hedged with the S&P500 (using SPY) to deliver uncorrelated returns. It deploys gross leverage of typically < 2:1 and targets volatility similar to the S&P500. Typical characteristics of long positions include low stock volatility, economically insensitive business, strong operating margins, low leverage, and market cap > \$1 billion.



Strategy usually has 15-20 positions sized based on the discount to present value of cash investors can extract over the life of the business.

Low Beta Long Short Strategy		
	Strategy (Net of Fees)	HFRX Hedge Fund Index
Since Inception: Total Cumulative Return	120.4%	1.6%
Since Inception: Annualized Return	22.9%	0.4%
Standard Deviation	14.7%	4.0%
Alpha	22.5%	N/A
Sharpe Ratio	1.6	0.1
Information Ratio	5.0	N/A
Correlation to S&P 500	0.19	0.76

The high absolute returns for a strategy uncorrelated to traditional asset classes should be noted by hedge fund investors whose alternative remains a hedge fund industry that has generated no returns for clients while being highly correlated to equity markets.

Disclosure: The objective of this strategy is to deliver absolute returns that are uncorrelated to traditional asset classes. It aims to generate capital appreciation while remaining Beta neutral by maintaining a net long position in low beta equities hedged with the S&P500 (using SPY) to deliver uncorrelated returns. It deploys gross leverage of typically < 2:1 and targets volatility similar to the S&P500. Returns for the Low Beta Long Short Strategy reflect the performance of a representative account of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of a 1% annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the HFRX Global Hedge Fund Index is shown for comparison purposes only. The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies. The Strategies are asset weighted based on the distribution of assets in the hedge fund industry. HFRX Global Hedge Fund Index is presented as it is a reasonable comparison for LBLs which seeks to generate absolute returns while remaining uncorrelated with equities. You cannot invest directly in an index. Past performance is no guarantee of future results.