Published by SL Advisors, LLC

In Pursuit of Value

February, 2016

Why the Tortoise Beats the Hare *(posted on our blog Jan 31 2016)*

There may have been a time when the long view predominated among investors, but if it did it's more likely to be a fable than an historical fact. We live in an age when far too many investors are necessarily familiar with the Vix index (an index of equity market volatility), and this makes the decidedly unsexy world of low volatility investments especially appealing. People want to beat the averages, and they often try and do so in a hurry. In fact, one of the most reliable ways to win at investing is to be content at winning slowly.

We've run low volatility strategies for many years. We used to call them "Low Beta" to indicate their connection with the Capital Asset Pricing Model (CAPM) and a flaw we seek to exploit, but few people outside of Finance care about Beta and so this month we renamed them to be more plainly descriptive. The amount of return you expect depends on the amount of risk you're willing to take; low volatility stocks suggest low returns, and yet investors who follow such a strategy wind up turning some of the worst instincts of other investors to their advantage. The renamed strategies are listed below. Nothing else has changed other than their names. Strategy descriptions are available on our website, or you can ask for more information.

New Name	Old Name
Low Vol Long Only	High Dividend Low Beta
Low Vol Hedged	Hedged Dividend Capture
Low Vol Best Ideas	Low Beta Long-Short

In our opinion, the persistent relative outperformance of low volatility stocks relies on an interesting behavioral finance quirk. A substantial portion of actively managed equity portfolios are benchmarked against an equity index, ranging from large separately managed institutional accounts to retail-focused mutual funds. Because the investors are human, they tend to focus most closely on the relative performance of their chosen manager when returns are positive; when returns are negative they're more concerned with the magnitude of the losses rather than whether they look good compared with a benchmark. Just think back to your own experience of evaluating positive and negative investment results to see if this reflects your own biases. We ought to value beating the benchmark by 2% in any year, but it turns out to be more valuable when returns are positive.

Active managers on average respond to this by structuring portfolios that are more likely to outperform a rising market. This is most easily done by investing in stocks that have higher beta (or volatility) than the market because they will probably go up faster. Their proclivity to fall faster hurts the manager less, since assets are best raised in a rising market. Therefore, equity managers who are not personally invested alongside their clients have an incentive to run portfolios that are more risky than the market. An alternative interpretation is that investors inadvertently favor such managers, but in any event it's why low volatility stocks outperform. Although low volatility stocks are widely owned, they're not widely owned by active managers because they don't rise enough in a bull market.

This is a form of principal-agent risk, and the most effective alignment of interests is to ensure that your chosen active manager is substantially invested alongside the client. This is what we practice at SL Advisors, and in 2015 low volatility exposure provided a welcome distraction from the turmoil of MLPs.

Some pundits regularly lament the increasingly short-term nature of today's investors. John Kay's

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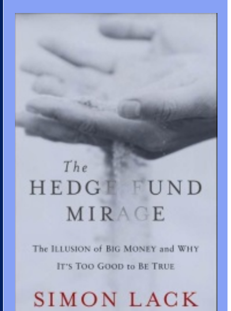

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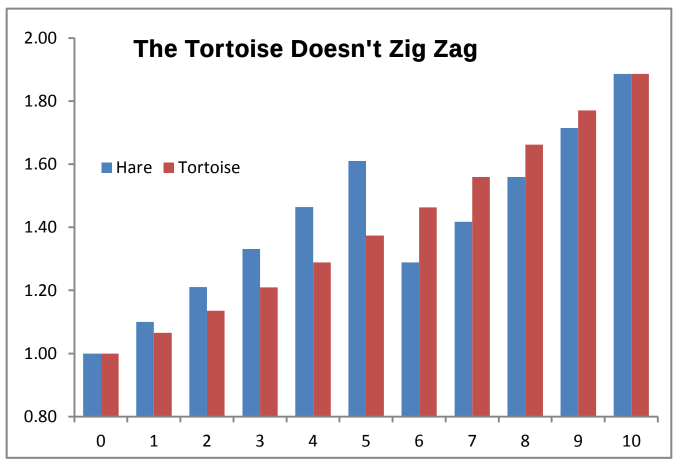
recent book *Other People's Money; The Real Business of Finance* is a fascinating read for those who fret that today's capital markets are overly dedicated to trading rather than their more appropriate purpose of efficiently channeling savings to those businesses that can deploy capital in attractive ways. I am increasingly in that camp. The media, and most especially broadcast media, meets a very real need of their viewers to figure out where the market's going today. It should be a misplaced need if you're investing for the long run but today's extraordinarily cheap access to public equity markets is wonderful if not wholly beneficial. The narrow difference between a day trader in stocks and one who spends his days betting on sports renders both little more than punters managing their shrinking capital.

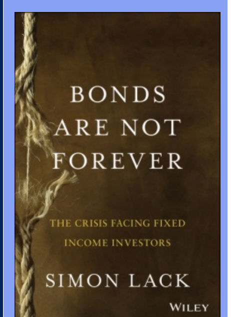
The case that short term rules isn't limited to perusing the media. Some of today's investment products provide additional evidence. Leveraged ETFs, the subject of a blog in June 2014 (see Are Leveraged ETFs a Legitimate Investment?) are not intended to be used as part of any long term investment strategy and their prospectus plainly says so. Their successful existence illustrates the demand for cheap ways to bet on the market's direction. Consenting adults are generally free to engage in any behavior they wish as long as it doesn't hurt anybody else. Since such investments eventually have to go to zero (see "Compounding" below), the facilitation of self-harm to the buyers of one's products surely puts the seller in the company of casino owners if not worse.

Compounding returns has long been a reliable way to build wealth, but it's important to make it work for you. Most readers will be aware that a 10% drop in a security requires an 11% jump to get back to even. Lose half your value and prices then need to double. This means that a security that is up 2.00% on half of trading days and -1.96% on the other half will remain stubbornly at your purchase price in spite of the up days being bigger than the down days. However, obtaining such exposure through a 2X Leveraged ETF, which has to rebalance its leverage every day, would have you lose 10% in the course of a year. Maintaining constant leverage causes you to buy more of the asset after it's risen, and sell more after it's fallen, a self-destructive course of action. In the stylized chart of two growing companies (*Source: SL Advisors*), Hare and Tortoise, Hare grows earnings at 10% annually with one stumble when they drop 20%. Tortoise grows at 6.55% every year, thereby equaling Hare's 10 year compound growth rate. They reach the same place, but you'd rather own Tortoise for the less stressful ride even though their visible growth rate is only two thirds of Hare. The power of compounding works best with low volatility.



Closed end funds, perhaps most spectacularly including those focused on Master Limited Partnerships, employ leverage. As bad as the Alerian Index was in 2015 at -32.6%, it was possible to do far worse. A Kayne Anderson fund (KYN) lost 51% in part because it was forced to reduce leverage following market drops, as noted in last month's newsletter. Two leveraged MLP-linked exchange traded notes (ETNs) issued by UBS did even worse, as briefly noted at the end of a recent blog (How Do You Break a Pipeline Contract?).

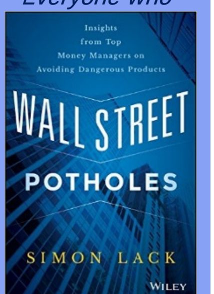
This letter began by expounding on the beauty of low volatility before moving on to the perils of leverage. If it's not already clear, they are connected. Positive returns that don't vary that much will often get you to a better place than those that fluctuate widely. Compounding works better with low volatility. It's an area of investing where the low volatility, boring tortoise beats the volatile hare. If Aesop was a client of SL Advisors today, he would be in our Low Vol Strategy.



SL Advisors, LLC focuses on investment strategies that provide income without relying on fixed income securities

A book written by Wall Street insiders that reveals how unsuspecting individual investors are often steered towards high-fee investment products that deliver poor results.

Everyone who



relies on others for financial advice should read this book so they can ask the tough questions that will help them achieve better investment results at less cost.

Performance Tables

Midstream Energy Infrastructure

(General Partner Focused)

MLP Strategy (K-1s)							Since Inception 71%				*Index*		*45%*
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2008	**-0.6**	**3.1**	**-0.7**	**2.0**	**4.2**	**-10.6**	**-1.9**	**0.7**	**-14.9**	**-1.0**	**-22.0**	**2.9**	**-35.5**
Index	*-0.6*	*-0.5*	*-6.3*	*7.3*	*1.0*	*-4.9*	*-1.7*	*1.7*	*-17.2*	*-0.1*	*-17.1*	*-3.7*	*-36.9*
2009	**15.5**	**-2.0**	**5.1**	**5.9**	**10.0**	**-1.0**	**10.2**	**0.2**	**1.1**	**2.3**	**6.3**	**5.1**	**75.0**
Index	*15.3*	*-4.2*	*0.7*	*11.0*	*9.3*	*-1.7*	*12.4*	*-3.2*	*4.8*	*2.9*	*6.4*	*6.6*	*76.4*
2010	**0.8**	**5.5**	**2.1**	**2.5**	**-4.4**	**5.2**	**5.9**	**-1.5**	**5.1**	**2.1**	**3.3**	**2.8**	**33.0**
Index	*0.6*	*4.6*	*2.9*	*3.4*	*-5.4*	*5.6*	*7.5*	*-2.5*	*6.1*	*5.4*	*1.9*	*1.7*	*35.9*
2011	**1.3**	**5.2**	**0.1**	**2.7**	**-4.2**	**1.9**	**-2.4**	**-0.2**	**-3.3**	**9.2**	**0.2**	**6.9**	**17.6**
Index	*3.0*	*3.5*	*-0.6*	*3.3*	*-5.0*	*1.1*	*-1.9*	*-1.1*	*-4.1*	*10.3*	*-0.2*	*5.8*	*13.9*
2012	**1.7**	**5.3**	**-3.6**	**0.9**	**-7.0**	**3.3**	**5.8**	**3.2**	**2.3**	**-0.8**	**0.3**	**-3.0**	**7.8**
Index	*1.9*	*4.2*	*-4.0*	*2.2*	*-7.5*	*3.3*	*5.1*	*1.6*	*2.0*	*0.5*	*-0.8*	*-3.1*	*4.8*
2013	**12.9**	**1.8**	**5.8**	**-0.5**	**-1.1**	**2.7**	**0.3**	**-0.3**	**1.4**	**2.4**	**4.1**	**3.5**	**37.3**
Index	*12.6*	*0.9*	*5.4*	*0.9*	*-2.0*	*3.1*	*-0.5*	*-2.5*	*2.3*	*2.7*	*0.9*	*1.6*	*27.6*
2014	**1.5**	**2.6**	**3.9**	**2.4**	**5.6**	**9.6**	**-4.0**	**7.5**	**-1.5**	**-4.0**	**0.4**	**-3.0**	**21.9**
Index	*0.6*	*-0.2*	*1.5*	*4.3*	*3.4*	*5.9*	*-3.5*	*8.2*	*-1.6*	*-4.6*	*-2.6*	*-5.6*	*4.8*
2015	**-3.0**	**5.8**	**-0.9**	**4.9**	**-2.5**	**-4.8**	**-4.9**	**-6.1**	**-17.4**	**6.1**	**-8.2**	**-14.3**	**-39.0**
Index	*-3.1*	*2.1*	*-4.2*	*6.2*	*-3.6*	*-8.3*	*-3.2*	*-5.0*	*-15.3*	*9.7*	*-8.1*	*-3.6*	*-32.6*
2016	**-11.7**												**-11.7**
Index	*-11.1*												*-11.1*

Returns do not include cash balances prior to May 2010. The Index is the Alerian MLP Index, AMZX. Past performance is not indicative of future returns.

Energy Infrastructure Strategy (1099s)							Since Inception			-36%	*Index*		*-33%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2013								**1.2**	**0.8**	**4.2**	**-0.3**	**6.2**	**12.5**
Index								*-0.5*	*2.3*	*2.7*	*0.9*	*1.6*	*5.3*
2014	**0.9**	**1.6**	**0.1**	**4.3**	**5.0**	**10.1**	**-2.6**	**6.7**	**-4.1**	**-2.2**	**-2.8**	**-1.1**	**16.1**
Index	*0.6*	*-0.2*	*1.5*	*4.3*	*3.4*	*5.9*	*-3.5*	*8.2*	*-1.6*	*-4.6*	*-2.6*	*-5.6*	*4.8*
2015	**-6.7**	**5.7**	**1.8**	**4.2**	**-5.3**	**-2.0**	**-6.8**	**-10.2**	**-15.5**	**5.4**	**-12.8**	**-18.1**	**-48.2**
Index	*-3.1*	*2.1*	*-4.2*	*6.2*	*-3.6*	*-8.3*	*-3.2*	*-5.0*	*-15.3*	*9.7*	*-8.1*	*-3.6*	*-32.6*
2016	**-3.8**												**-3.8**
Index	*-11.1*												*-11.1*

The Index is the Alerian MLP Index, AMZX. August 2013 was a partial month. Past performance is not indicative of future returns

Performance Tables (Continued)

Low Volatility Strategies

Low Vol Long Only							Since Inception		49%	*Index*		*49%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2012								**0.2**	**1.9**	**0.0**	**1.0**	**-0.2**	**2.9**
Index								*-0.9*	*1.7*	*-0.1*	*-0.2*	*-0.5*	*0.0*
2013	**5.8**	**4.0**	**5.7**	**1.9**	**-2.0**	**0.2**	**4.1**	**-4.3**	**1.0**	**5.4**	**0.8**	**1.1**	**25.9**
Index	*5.0*	*2.7*	*4.9*	*3.8*	*-3.4*	*0.6*	*4.2*	*-4.8*	*2.0*	*4.6*	*1.2*	*1.1*	*23.6*
2014	**-3.5**	**2.7**	**2.0**	**2.8**	**1.4**	**0.9**	**-2.5**	**5.1**	**-0.8**	**2.2**	**2.5**	**-0.1**	**13.3**
Index	*-2.5*	*3.7*	*2.1*	*1.9*	*1.0*	*2.2*	*-3.8*	*3.8*	*-0.9*	*4.9*	*3.2*	*0.9*	*17.5*
2015	**-1.4**	**2.9**	**1.8**	**-1.2**	**-0.6**	**-2.2**	**2.7**	**-4.4**	**-1.0**	**6.0**	**-2.1**	**-0.4**	**-0.2**
Index	*-0.4*	*1.5*	*-0.3*	*-2.0*	*0.9*	*-1.8*	*4.3*	*-4.9*	*-0.4*	*6.8*	*1.1*	*-0.1*	*4.3*
2016	**1.6**												**1.6**
Index	*-1.7*												*-1.7*

The Index is the S&P 500 Low Volatility Index including dividends. Past performance is not indicative of future returns

Low Vol Hedged						Since Inception			31%	*Index 6%*			
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2011										**0.3**	**0.3**	**3.6**	**4.3**
Index										*0.6*	*-0.2*	*0.2*	*0.6*
2012	**-3.5**	**-2.0**	**1.2**	**1.7**	**1.2**	**2.2**	**1.1**	**-1.3**	**0.5**	**0.8**	**0.6**	**-0.6**	**1.8**
Index	*0.4*	*-0.8*	*-1.2*	*-1.5*	*-0.4*	*-1.5*	*-0.1*	*-0.1*	*-0.3*	*0.2*	*0.5*	*0.1*	*-4.7*
2013	**2.9**	**3.5**	**4.1**	**0.9**	**-2.8**	**1.1**	**1.4**	**-3.0**	**-0.4**	**3.2**	**-0.7**	**-0.4**	**10.0**
Index	*0.4*	*0.2*	*0.0*	*0.5*	*0.2*	*-0.6*	*0.6*	*-1.6*	*-0.1*	*1.4*	*0.6*	*0.2*	*1.7*
2014	**-1.6**	**0.0**	**1.9**	**2.4**	**0.3**	**0.0**	**-2.2**	**3.1**	**0.2**	**0.9**	**1.2**	**0.3**	**6.7**
Index	*0.7*	*0.7*	*0.6*	*0.6*	*-1.8*	*0.4*	*0.2*	*0.9*	*0.3*	*1.0*	*-0.1*	*0.0*	*3.6*
2015	**-0.1**	**-0.1**	**2.8**	**-2.0**	**-1.1**	**-1.0**	**2.0**	**-1.2**	**1.0**	**1.6**	**-1.9**	**1.5**	**1.3**
Index	*0.1*	*0.5*	*1.0*	*-1.5*	*-0.4*	*1.1*	*1.4*	*0.2*	*2.0*	*1.1*	*-0.5*	*0.5*	*5.6*
2016	**3.9**												**3.9**
Index	*-0.6*												*-0.6*

The Index is the HFRX Equity Market Neutral Index. Past performance is not indicative of future returns.

Low Vol Best Ideas							Since Inception			92%	*Index*		*-8%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2011			**-3.6**	**19.4**	**6.5**	**4.6**	**0.1**	**9.2**	**-1.0**	**6.8**	**2.0**	**1.6**	**53.6**
Index			*-0.9*	*0.5*	*-1.4*	*-1.6*	*-0.1*	*-3.5*	*-3.0*	*0.8*	*-0.9*	*-0.4*	*-10.0*
2012	**-4.9**	**-1.5**	**5.8**	**3.4**	**1.2**	**2.5**	**3.3**	**-2.1**	**0.0**	**3.1**	**0.3**	**-1.2**	**9.8**
Index	*1.7*	*1.4*	*0.0*	*0.1*	*-1.7*	*-0.3*	*0.5*	*0.5*	*0.4*	*-0.5*	*0.4*	*0.9*	*3.5*
2013	**7.9**	**6.6**	**6.6**	**3.3**	**-2.0**	**-0.6**	**3.9**	**-2.0**	**0.4**	**0.4**	**-2.7**	**2.1**	**25.7**
Index	*2.0*	*0.4*	*0.7*	*0.6*	*0.7*	*-1.3*	*1.0*	*-0.9*	*1.0*	*1.2*	*0.6*	*0.4*	*6.5*
2014	**-5.6**	**-0.5**	**1.3**	**2.9**	**-1.0**	**3.5**	**-0.7**	**5.2**	**-0.5**	**-0.9**	**2.3**	**1.5**	**7.4**
Index	*-0.1*	*1.6*	*-0.2*	*-0.7*	*0.5*	*0.9*	*-0.9*	*1.1*	*-0.8*	*-1.3*	*0.3*	*-0.8*	*-0.4*
2015	**-1.2**	**0.0**	**2.1**	**-1.2**	**-2.9**	**-2.8**	**0.3**	**-0.4**	**-2.7**	**-3.4**	**-6.6**	**-0.2**	**-17.7**
Index	*-0.3*	*2.0*	*0.3*	*0.2*	*0.3*	*-1.3*	*0.0*	*-2.2*	*-2.1*	*1.5*	*-0.7*	*-1.3*	*-3.6*
2016	**2.1**												**2.1**
Index	*-3.2*												*-3.2*

The Index is the HFRX Global Hedge Fund Index. Returns are net of fees. Past performance is not indicative of future returns.

SL Advisors runs a variety of strategies focused on generating attractive risk-adjusted returns using public equities in long-only and long-short format. Contact us for more information, or go to our website: www.sl-advisors.com

SL Advisors offers separately managed accounts for individuals, family offices and institutions across various investment strategies. Client assets are held with Charles Schwab, the largest provider of custody services for independent registered investment advisors in the U.S. with client assets of $1.1 trillion (as of December 31, 2014). Client portfolios are completely transparent via Schwab's extensive website which provides real-time access to accounts and all supporting information. Detailed monthly statements are mailed directly to clients from Schwab.

SL Advisors MLP Strategy
This portfolio consists of approximately 15 investments in Master Limited Partnerships (MLPs) and publicly traded companies in energy infrastructure and related assets to receive a healthy and growing tax deferred income stream. MLPs are publicly traded interests primarily invested in energy infrastructure and related assets. They represent direct proportional ownership stakes in the underlying assets rather than securities in a corporation. Historically they have paid regular distributions which have steadily grown, and as such they can be suitable for investors seeking income generating investments with a tolerance for equity market exposure.

SL Energy Infrastructure Strategy
This strategy seeks to achieve its investment objective by primarily investing in the equity securities of the general partners of master limited partnerships ("MLPs") and the parent companies of general partners of MLPs (collectively, "GPs"). It holds some of the same names that are in the MLP Strategy but only invests in securities that generate 1099s for tax-reporting. As such, it may be appropriate for tax-deferred, tax-exempt and non-U.S. investors.

SL Advisors Low Vol Long Only Strategy
This strategy utilizes stocks of stable companies with high dividend yields to generate income with capital appreciation by investing in a diverse, unleveraged, hedged portfolio of U.S. equities. Companies are selected that possess a history of steady earnings growth, attractive dividend yields and are less volatile than the overall market. Academic research has shown the Capital Asset Pricing Model (CAPM) fails to explain risk-adjusted returns. Over long periods of time, high beta stocks tend to under-perform and low beta stocks tend to out-perform, on a risk-adjusted basis, which is inconsistent with predicted performance by the CAPM. This strategy attempts to take advantage of this persistent anomaly.

SL Advisors Low Vol Hedged Strategy
An alternative to bonds, this strategy combines the Low Vol Long Only Strategy with a short S&P500 position with the objective of making the portfolio beta neutral while still maintaining a net long equity exposure. Historically this strategy has exhibited monthly swings comparable to corporate bonds, and given the relative attractiveness of equities compared with investment grade bonds we believe it has a more attractive return outlook. This strategy may be considered as a substitute for a portion of an investor's fixed income allocation.

SL Advisors Low Vol Best Ideas Strategy
Low Beta Long-Short is more concentrated than Low Vol Hedged with added leverage and is not restricted to dividend paying stocks. It includes our best ideas from Low Vol weighted according to conviction rather than diversified, equal weight allocations. It is managed to be beta neutral and returns are driven very largely by individual stock selection. Interactive Brokers is custodian for assets in this strategy only.

Wall Street Potholes: Insights from Top Money Managers on Avoiding Dangerous Products
is available at Amazon.com.

Our blog, ***In Pursuit of Value***, is at: http://www.sl-advisors.com/blog/

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DISCLOSURES

MLP Strategy

Returns for the MLP Strategy reflect the performance of the composite of all discretionary accounts invested in this strategy. The returns shown reflect the deduction of an 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 Alerian MLP index is shown for comparison purposes only. The Alerian MLP is a float-adjusted, capitalization-weighted index, which tracks 50 large- and mid-cap energy Master Limited Partnerships (MLPs), capturing 75% of available market capitalization. This index tracks securities which most closely correlate to the securities in which the MLP strategy invests. You cannot invest directly in an index. Past performance is no guarantee of future results.

Energy Infrastructure Strategy

The Energy Infrastructure Strategy seeks to invest in the General Partners (GPs) of Master Limited Partnerships (MLPs) and other energy infrastructure businesses solely through C-corps rather than partnerships. Consequently, the tax reporting consists of 1099s rather than the K-1s common with MLPs. Returns for the Energy Infrastructure Strategy reflect the performance of a composite comprised of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of an 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 Alerian MLP Index is shown for comparison purposes only. The Alerian MLP Index is a float-adjusted, market-capitalization weighted index of publicly traded MLPs. This index best reflects the universe of stocks from which the Energy Infrastructure Strategy seeks to invest. You cannot invest directly in an index. Past performance is no guarantee of future results.

Low Vol Long Only Strategy

The objective of this strategy is to: (1) generate equity market returns over full market cycle with lower volatility (2) outperform S&P500 during periods of significant stock market underperformance (3) generate higher dividend income than the S&P500. Returns for the Low Vol Long Only Strategy reflect the performance of a composite comprised 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 S&P 500 Low Volatility index is shown for comparison purposes only. The S&P 500 Low Volatility index measures performance of the 100 least volatile stocks in the S&P500. The index benchmarks low volatility or low variance strategies for the U.S Stocks market. This index tracks securities which most closely correlate to the securities in which the Low Vol Long Only strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

Low Vol Hedged Strategy

Returns for the Low Vol Hedged Strategy reflects the performance of the composite of all discretionary accounts invested in this strategy. The returns shown reflect the deduction of an 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. As stated above, part of the objective of the Low Vol Hedged Strategy is to outperform the HFRX EM Neutral Index. The performance of the HFRX EM Neutral Index and the DJ Corporate Bond Index are shown for comparison purposes only. The HFRX EM Neutral Index consists of hedge funds that employ quantitative techniques to construct portfolios which are intended to be uncorrelated with equity markets. The DJ Corporate Bond Index is an equally weighted index of investment-grade corporate bonds. HFRX EM Neutral Index is presented as it is a reasonable comparison for Low Vol Hedged which seeks to generate returns while remaining uncorrelated with equities. The DJ Corporate Bond Index is presented as the manager believes Low Vol Hedged can be an acceptable substitute for corporate bonds given its income generating objective. index You cannot invest directly in an index. Past performance is no guarantee of future results.

Low Vol Best Ideas

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 Vol Best Ideas Strategy reflect the performance of a composite comprised 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 Low Vol Best Ideas 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.