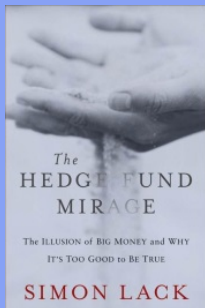




In Pursuit of Value

March, 2015

SL Advisors, LLC is an SEC-registered investment advisor offering separately managed accounts to individuals, family offices and institutions.



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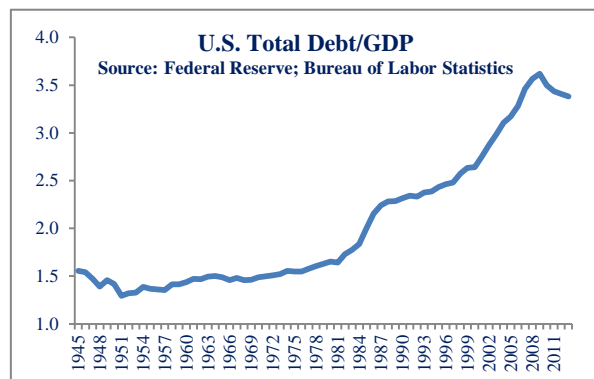
Interest Rates

At some point this year it's likely the Federal Reserve will raise interest rates, at least based on the signals they are providing. If they increase the Fed Funds rate in June, the earliest plausible timing, it will mark nine years since the last time they tightened. The Financial Crisis of 2008 was responsible for many superlatives; among those is that it was followed by the longest ever period without a Fed rate hike (the historical series begins in 1954 on the Fed's H.15 release).

The first rate hike following an extended absence is always fraught, and the Fed's regular communication reflects their appreciation of this. Even though it ought not to surprise when it happens, that's probably expecting too much. Although the initial rise will be one of the stories of 2015, more important is how high rates eventually move. Where is the equilibrium short term interest rate? What is the real yield (i.e. net of inflation) on ten year treasuries? These are the changed inputs that will affect the pricing of all other assets.

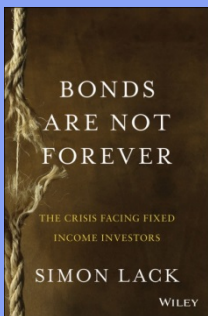
In *Bonds Are Not Forever; The Crisis Facing Fixed Income Investors*, I drew an analogy between the Government-controlled low interest rates that followed World War II and the attendant war-related jump in U.S. debt with the situation today. In the first instance there existed an explicit agreement between the Treasury and the Federal Reserve to maintain low rates so as to ease the debt burden while it was paid down. Of course, no such agreement exists today, and yet monetary policy quickly acknowledged that excessive debt requires low rates. Negative real rates (that is, nominal rates below inflation) reduce the real cost of debt and is the least painful form of wealth transfer from savers to borrowers.

Although the 2008 financial crisis was fundamentally about too much debt, total U.S. debt as measured by the Fed's Flow of Funds report continued to rise, reaching over \$56 trillion in 2013 (as a percentage of GDP it has moderated somewhat). This is private and public sector debt. As the household sector reduced leverage after 2008, the public sector increased its bond holdings, most notably through the Federal Reserve's program of Quantitative Easing which grew its balance to \$4.4 trillion before it stopped buying last October (however, it's still growing through reinvestment of interest income). Total Debt/GDP has moderated somewhat as the chart shows, but overall debt levels remain at historically very high levels. In short, this does still not look like an economy that is set up to withstand high interest rates. Therefore, we believe that rate rises will remain moderate either through the Fed's cautious approach or through an overly aggressive series of hikes being halted by an adverse GDP response to an onerous cost of financing. Low rates, and low real rates continue to be in our national interest.



One result of this is that the Federal Government consistently overestimates its cost of financing. A recent [article](#) highlighted that for almost twenty years the U.S. Treasury and Office of Management and Budget have expected higher yields on ten year treasuries (along with most economists) than actually occurred. Consequently, while there's rarely much to celebrate with respect to government finances, successive deficits have turned out to be less than budgeted based on forecast interest rates. In fact, you probably have to go back to 1994 when the Fed raised rates

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focuses on
investment
strategies that
provide income
without relying on
fixed income
securities*



sharply to find a time when there was an upside surprise. It certainly surprised Orange County at the time, whose aggressive investments in structured notes linked to short term rates collapsed and pushed them into bankruptcy.

The Federal Reserve has also been reducing its rate forecasts. The now ubiquitous “blue dots” which graphically represent each FOMC member’s forecast, have been reflective of a steadily delayed start of tightening. I began following these back in 2012 when the Fed first began publishing them as part of a move towards greater openness. The Fed isn’t much good at forecasting rates either, even though they have as much information as anybody and the opportunity to have policy follow their own forecasts. Three years ago they expected to have begun raising rates by 2013, so they’re likely to be at least two years late in that respect. What I find more interesting though is the evolution of their equilibrium rate, or the level at which they believe the Fed Funds rate is neutral. In 2012 the median forecast of FOMC members was 4% with several at 4.25%. As of last September (the most recent set of FOMC projections available) the median was 3.63%. Their inflation target of around 2% hasn’t changed, so the Fed has quietly embraced modestly lower real rates. The fact that equilibrium isn’t quite as far away should result in less urgency to get there.

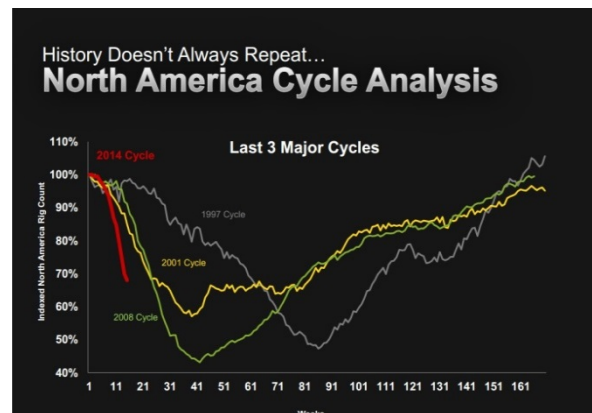
That all sounds a lot like a forecast, and forecasts can be wrong. A firm that invests solely in equities and shuns bonds needs to contemplate a bond market surprise that impacts stocks. Part of the solution is to limit one’s equity investments to companies with strong balance sheets and low leverage, which reduces their potential vulnerability to rising rates. This is the case with our Hedged Dividend Capture (DivCap) and High Dividend Low Beta (HighDiv) Strategies as well to most of the names in Deep Value. Another solution is to invest in companies with high growth rates, which is the case for our MLP Strategy and its related variations including the mutual fund we advise, because of the bias towards MLP General Partners that typically grow their distributions much faster than the underlying MLPs which they control. Both our core MLP Strategy and our Energy Infrastructure Strategy (also available in mutual fund format) should experience >10% distribution growth rates across the companies they own, compared with the Alerian MLP Index’s <5% growth rate in 2014.

The last series of Fed rate hikes ran from 2004-06 as Alan Greenspan followed a methodical 0.25% increase at every FOMC meeting (roughly twice a quarter). The Fed Funds rate rose from 1% to 5.25% during this time, a process that on a chart fairly resembles a staircase such was its regularity. Although rate hikes are a distant memory, I do recall commentators frequently challenging that the Fed was “behind the curve” and would need to move faster. In her most recent Congressional testimony Fed Chair Janet Yellen maintained the tradition of her predecessors in retaining her flexibility. The warnings are plain, and yet the Fed’s own inflation forecast has it below their 2% target until 2016. Continued labor market improvement is also a prerequisite for them to move. There are bound to be some critics that the Fed is moving too slowly, but they should have ample data supporting their cautious approach.

Domestic Oil Production

The U.S. rig count has reacted sharply in recent weeks to the collapse in oil prices. In our view this reflects the flexibility of much unconventional drilling in that decline rates are faster than for conventional wells and known oil reserves can easily be left in the ground until more favorable prices are available. Recent earnings reports for MLPs have generally reaffirmed previously communicated guidance, although in some cases planned growth capex has been curtailed.

The chart is from a recent presentation by oil servicer Haliburton (HAL). Rather than continue producing from unprofitable wells, many U.S. E&P companies are sufficiently nimble that they can slow operations quickly.



Performance Tables (Net of fees)

MLP Strategy						Since Inception 227%					Index 139%		
	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
<i>Index</i>	<i>-0.6</i>	<i>-0.5</i>	<i>-6.3</i>	<i>7.3</i>	<i>1.0</i>	<i>-4.9</i>	<i>-1.7</i>	<i>1.7</i>	<i>-17.2</i>	<i>-0.1</i>	<i>-17.1</i>	<i>-3.7</i>	<i>-36.9</i>
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
<i>Index</i>	<i>15.3</i>	<i>-4.2</i>	<i>0.7</i>	<i>11.0</i>	<i>9.3</i>	<i>-1.7</i>	<i>12.4</i>	<i>-3.2</i>	<i>4.8</i>	<i>2.9</i>	<i>6.4</i>	<i>6.6</i>	<i>76.4</i>
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
<i>Index</i>	<i>0.6</i>	<i>4.6</i>	<i>2.9</i>	<i>3.4</i>	<i>-5.4</i>	<i>5.6</i>	<i>7.5</i>	<i>-2.5</i>	<i>6.1</i>	<i>5.4</i>	<i>1.9</i>	<i>1.7</i>	<i>35.9</i>
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
<i>Index</i>	<i>3.0</i>	<i>3.5</i>	<i>-0.6</i>	<i>3.3</i>	<i>-5.0</i>	<i>1.1</i>	<i>-1.9</i>	<i>-1.1</i>	<i>-4.1</i>	<i>10.3</i>	<i>-0.2</i>	<i>5.8</i>	<i>13.9</i>
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
<i>Index</i>	<i>1.9</i>	<i>4.2</i>	<i>-4.0</i>	<i>2.2</i>	<i>-7.5</i>	<i>3.3</i>	<i>5.1</i>	<i>1.6</i>	<i>2.0</i>	<i>0.5</i>	<i>-0.8</i>	<i>-3.1</i>	<i>4.8</i>
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
<i>Index</i>	<i>12.6</i>	<i>0.9</i>	<i>5.4</i>	<i>0.9</i>	<i>-2.0</i>	<i>3.1</i>	<i>-0.5</i>	<i>-2.5</i>	<i>2.3</i>	<i>2.7</i>	<i>0.9</i>	<i>1.6</i>	<i>27.6</i>
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
<i>Index</i>	<i>0.6</i>	<i>-0.2</i>	<i>1.5</i>	<i>4.3</i>	<i>3.4</i>	<i>5.9</i>	<i>-3.5</i>	<i>8.2</i>	<i>-1.6</i>	<i>-4.6</i>	<i>-2.6</i>	<i>-5.6</i>	<i>4.8</i>
2015	-3.0	5.8											2.6
<i>Index</i>	<i>-3.1</i>	<i>2.1</i>											<i>-1.0</i>

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.

Hedged Dividend Capture Strategy ("DivCap")						Since Inception 24%					Index 2%		
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2011										0.3	0.3	3.6	4.3
<i>Index</i>										<i>0.6</i>	<i>-0.2</i>	<i>0.2</i>	<i>0.6</i>
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
<i>Index</i>	<i>0.4</i>	<i>-0.8</i>	<i>-1.2</i>	<i>-1.5</i>	<i>-0.4</i>	<i>-1.5</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.3</i>	<i>0.2</i>	<i>0.5</i>	<i>0.1</i>	<i>-4.7</i>
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
<i>Index</i>	<i>0.4</i>	<i>0.2</i>	<i>0.0</i>	<i>0.5</i>	<i>0.2</i>	<i>-0.6</i>	<i>0.6</i>	<i>-1.6</i>	<i>-0.1</i>	<i>1.4</i>	<i>0.6</i>	<i>0.2</i>	<i>1.7</i>
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
<i>Index</i>	<i>0.7</i>	<i>0.7</i>	<i>0.6</i>	<i>0.6</i>	<i>-1.8</i>	<i>0.4</i>	<i>0.2</i>	<i>0.9</i>	<i>0.3</i>	<i>1.0</i>	<i>-0.1</i>	<i>0.0</i>	<i>3.6</i>
2015	-0.1	-0.2											-0.3
<i>Index</i>	<i>0.1</i>	<i>0.4</i>											<i>0.5</i>

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

Energy Infrastructure Strategy						Since Inception 29%					Index 11%		
	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
<i>Index</i>								<i>-0.5</i>	<i>2.3</i>	<i>2.7</i>	<i>0.9</i>	<i>1.6</i>	<i>5.3</i>
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
<i>Index</i>	<i>0.6</i>	<i>-0.2</i>	<i>1.5</i>	<i>4.3</i>	<i>3.4</i>	<i>5.9</i>	<i>-3.5</i>	<i>8.2</i>	<i>-1.6</i>	<i>-4.6</i>	<i>-2.6</i>	<i>-5.6</i>	<i>4.8</i>
2015	-6.7	5.5											-1.5
<i>Index</i>	<i>-3.1</i>	<i>2.1</i>											<i>-1.0</i>

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)

High Dividend Low Beta Strategy ("HighDiv")							Since Inception				73%	Index			79%
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD		
2011										5.9	0.1	4.0	10.3		
<i>Index</i>										5.9	1.2	3.2	10.5		
2012	-1.3	0.1	2.8	1.3	-1.8	4.2	1.8	-0.2	1.7	-0.1	0.8	-0.2	9.1		
<i>Index</i>	-0.5	1.9	2.8	1.1	-1.6	4.2	2.1	-0.9	1.7	-0.1	-0.2	-0.5	10.3		
2013	5.4	4.1	6.0	1.9	-1.6	0.4	4.0	-4.6	1.1	5.5	0.7	0.8	25.7		
<i>Index</i>	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	2.5	2.0	2.9	1.3	0.8	-2.4	5.1	-0.9	2.2	2.4	-0.2	12.7		
<i>Index</i>	-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	-1.3	2.7											1.4		
<i>Index</i>	-0.4	1.5											1.1		

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

Deep Value Strategy							Since Inception				177%	Index			158%
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD		
2009							8.5	1.0	11.3	0.4	3.5	9.8	39.3		
<i>Index</i>							7.6	3.6	3.7	-1.9	6.0	1.9	22.6		
2010	-1.1	3.8	6.6	3.5	-5.6	-4.5	5.2	7.0	7.8	1.2	1.0	2.7	30.2		
<i>Index</i>	-3.6	3.1	6.0	1.6	-8.0	-5.2	7.0	-4.5	8.9	3.8	0.0	6.7	15.1		
2011	0.2	2.2	1.9	2.5	-2.3	-2.9	0.6	-5.2	-9.2	12.3	-0.5	-0.6	-2.3		
<i>Index</i>	2.4	3.4	0.0	3.0	-1.1	-1.7	-2.0	-5.4	-7.0	10.9	-0.2	1.0	2.1		
2012	4.4	5.2	0.9	2.0	-8.8	3.8	0.7	3.6	3.3	-0.9	-2.6	1.0	12.4		
<i>Index</i>	4.5	4.3	3.3	-0.6	-6.0	4.1	1.4	2.3	2.6	-1.8	0.6	0.9	16.0		
2013	6.4	0.6	4.3	1.6	2.1	-1.6	4.3	-1.2	1.7	3.1	2.0	5.1	31.9		
<i>Index</i>	5.2	1.4	3.8	1.9	2.3	-1.3	5.1	-2.9	3.1	4.6	3.0	2.5	32.3		
2014	-4.7	5.2	0.3	2.3	1.3	4.7	-2.3	6.3	-5.6	-1.4	-0.7	-1.8	2.7		
<i>Index</i>	-3.5	4.6	0.8	0.7	2.3	2.1	-1.4	4.0	-1.4	2.4	2.7	-0.3	13.7		
2015	-6.0	9.1											2.5		
<i>Index</i>	-3.0	5.7											2.6		

Returns do not include cash balances prior to November 2009. The Index is the S&P 500 including dividends

Low Beta Long/Short Strategy ("LBLS")							Since Inception				118%	Index			0%
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD		
2011			-3.5	19.4	6.5	4.5	0.0	9.1	-1.1	6.7	1.9	1.5	52.6		
<i>Index</i>			-0.9	0.5	-1.4	-1.6	-0.1	-3.5	-3.0	0.8	-0.9	-0.4	-10.0		
2012	-5.1	-1.6	5.7	3.3	1.1	2.4	3.2	-2.2	2.1	0.7	0.2	-1.3	8.6		
<i>Index</i>	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	6.2	6.5	3.2	-2.1	-0.7	4.0	-2.1	0.3	0.4	-2.8	2.0	24.5		
<i>Index</i>	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	-0.6	1.2	3.0	-1.0	3.6	-0.7	5.1	-0.6	-0.9	2.3	1.3	6.8		
<i>Index</i>	-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	-0.1											-1.2		
<i>Index</i>	-0.3	1.9											1.9		

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 Hedged Dividend Capture Strategy

An alternative to bonds, 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. The long positions are hedged 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 High Dividend Low Beta Strategy

This is the long-only version of our Hedged Dividend Capture Strategy (Long/Short), which has been actively managed and deployed since October 2011. 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 Deep Value Equity Strategy

A portfolio of undervalued stocks of high quality businesses that aims to outperform the S&P500. Investments are in listed U.S. equities trading significantly below the intrinsic value of the underlying enterprise. Potential investments are identified both qualitatively and quantitatively following which detailed research is performed to assess fundamental value. Desired characteristics of businesses include pricing power, low leverage, low costs of production, and attractive valuation. Valuation is defined to us foremost as the net present value of cash one can extract from proportional ownership of the business, then relatively using peer multiples and finally liquidation value. The portfolio is reassessed constantly and all holdings are rated for return potential and risk against their peer group to rebalance into what we believe are the most attractive opportunities. This strategy is part of the equity allocation for balanced accounts for individuals, and is also appropriate as an alpha seeking equity strategy for institutional accounts.

SL Advisors Low Beta Long-Short Strategy

Low Beta Long-Short is more concentrated than Hedged Dividend Capture ("DivCap") with added leverage and is not restricted to dividend paying stocks. It includes our best ideas from DivCap 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.

***Bonds Are Not Forever; The Crisis Facing Fixed Income Investors
is available at [Amazon.com](http://www.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.

Hedged Dividend Capture Strategy (“DivCap”)

Returns for the Hedged Dividend Capture 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 Hedged Dividend Capture 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 DivCap which seeks to generate returns while remaining uncorrelated with equities. This DJ Corporate Bond Index is presented as the manager believes DivCap can be an acceptable substitute for corporate bonds given its income generating objective. You cannot invest directly in an index. Past performance is no guarantee of future results.

High Dividend Low Beta Strategy (“HighDiv”)

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 High Dividend Low Beta 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 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 High Dividend Low Beta strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

Deep Value Strategy

The objective of this strategy is to outperform the S&P500 Index with a similar level of volatility by investing in a portfolio of undervalued publically traded securities. Returns for the Deep Value 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 S&P 500 index is shown for comparison purposes only. The S&P 500 index is comprised of stocks of large U.S companies and is widely recognized as a benchmark of U.S. stock market performance. This index tracks securities which most closely correlate to the securities in which the Deep Value strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

Low Beta Long/Short Strategy (“LBLS”)

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.