Published by SL Advisors, LLC

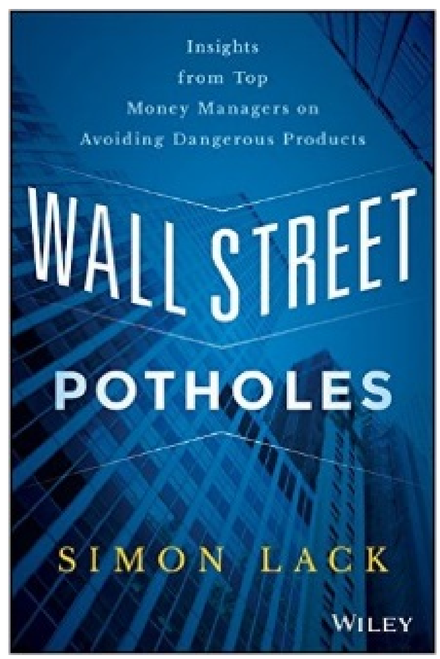
In Pursuit of Value

November, 2015

Wall Street Potholes

In the Summer of 2013 a new client called Penelope (not her real name) came to visit us with her husband. As we reviewed the investments she held based on her previous advisory relationship, we came across Inland American Realty, a hitherto unfamiliar type of security called a Non-Traded Real Estate Investment Trust (NTR).

Publicly traded REITs have been around a long time, and while we generally don't invest in them plenty of people achieve quite satisfactory results doing just that. But non-traded REITs are nasty little securities that exist in a regulatory gray area between what's appropriate for the retail investor and what should be limited to high net worth clients. They are registered securities, which qualifies them to be sold to the general public. But since they are not listed, there is no liquidity which would allow a buyer to exit. Their illiquidity ought to restrict their sale to qualified investors and institutions, but their public registration meets the requirements for sale to the general public.

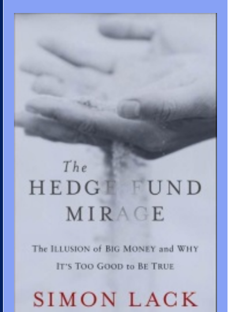


The standard of suitability and disclosure which governs how they are sold (for as you'll see, no fiduciary could recommend such an investment) is a low one. Underwriting fees of 15%, additional fees for buying, managing and selling property (which is, after all, what a REIT does) and incentive compensation are all common features. Prospectuses also list myriad conflicts of interest, since service providers are often affiliates and have contracts "not negotiated at arm's length". Such securities honestly should not exist, but the fact that they do shows that if you disclose to an investor all the ways in which you plan to rip them off, then you've met the legal standard if not a reasonable one. I suspect the reason such securities are not publicly listed is to avoid the dismal research coverage they would draw if traded on the stock exchange. The absence of commissions from secondary trading eliminates the interest of any investment analyst to write about them.

I was so shocked, and indeed affronted, as I read the prospectus following my introduction to these investments through Penelope, that I was moved to write about it in our June 2013 newsletter (titled Hotel California, since without liquidity, investors could check out but never leave). Financial services has done much to draw the public's opprobrium in recent years, and while many bad judgments were exercised not all the criticism and the fines heaped on Wall Street have been fair. But as long as securities like Inland American Realty exist, there will be ammunition for those who argue that investors' interests come second.

In 2010 an essay I wrote for Institutional Investor titled "Hedge Find IRR Has Been Pathetic" eventually led to my first book in 2012, *The Hedge Fund Mirage; The Illusion of Big Money and Why*

SL Advisors, LLC is an SEC- registered investment advisor offering separately managed accounts to individuals,



family offices and institutions.

Contact info:

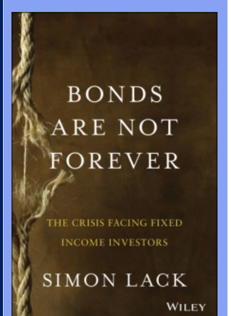
SL Advisors, LLC
210 Elmer Street
Westfield, NJ
07090
908-232-0830
sl@sl-advisors.com
www.sl-advisors.com

[It's Too Good To Be True](#). Once again, an essay has led to a book, called *Wall Street Potholes; Insights From Top Money Managers on Avoiding Dangerous Products*. It may be naïve or perhaps unfashionable, but I believe investing other people's money comes with the obligation to do your best work, honestly, and to charge appropriately. None of that should be at conflict with running a commercial business, but people who embrace conflicts of interest, egregious fees and other tools that hurt the overall client return ought to leave the business. We'd be better off for it.

As I lamented to industry friends, the low standards that sometimes apply, I heard of more examples like Penelope with other dubiously selected investment products. In the belief that sunlight is the best disinfectant, I partnered with four like-minded individuals to produce a book that we hope will be helpful to every retail investor out there. Each chapter reveals information that a financial salesperson somewhere would prefer investors didn't know. Some in the industry debate whether Finance is "a profession" such as medicine or law. One requirement is clearly an expectation of uniformly high standards of advice to clients, and in some small way we hope our book will further this cause.

CFA Institute, of which I am a charterholder as well as Vice Chair of the New York chapter's Market Integrity Committee, is committed to Putting Investors First as one area of focus in its Future of Finance Initiative. This is the one that interests me most. They have an Integrity List of actions CFA charterholders can take to "build trust and enhance your firm's reputation." The second bullet point (out of 50) is "Name and shame unethical behavior". That's pretty confrontational, in fact more so than CFA Institute is willing to go itself (as I've discovered when offering to write such blog posts for them). And yet, how will we ever raise standards unless we do so.

SL Advisors, LLC



focuses on investment strategies that provide income

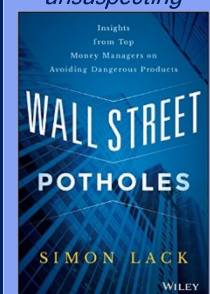
without relying on fixed income securities

Sameer Jain, a senior executive at American Realty Capital, advocates NTRs because of "illiquidity that favors the long-term investor", because it impedes "panic selling" or indeed any selling at all. He further argues that they are less risky than publicly traded REITs because their prices don't fluctuate, although this is only possible because there are no tradeable prices at all without liquidity. You can judge for yourself whether such advice meets any reasonable standard, or simply puts the client's interests far behind those of American Realty. One wonders what they think of their regulator, FINRA, finding it necessary to issue an Investor Alert concerning NTRs. Why isn't this warning shared with every potential investor before they commit funds the way tobacco products carry government health warnings? NTRs are by no means the only example of investments designed to extract substantial fees from the client. Our book covers many of them.

Energy Infrastructure Investments

Although we run six investment strategies, energy infrastructure accessed through Master Limited Partnerships (MLPs) as well as C-corps represent the most important part of our business. After reading last month's newsletter, one of our energy infrastructure clients expressed the wish that our recent results were as pleasant as my writing. I accept the compliment and heartily wish for the same! 2015 is shaping up to be the worst year for MLPs as measured by the Alerian Index since 2008, and the second worst in its 20-year history since 1996. Although our relative performance versus the index has remained positive, the sector's overall returns will quite understandably command attention. In recent weeks I have personally increased my exposure to the sector since values are so much more compelling than the alternatives on offer. As readers of our weekly blog will know, we have sought ever new ways to articulate a bullish view. Investing without leverage in companies with strong balance sheets lessens the need to get the timing precisely right, because timing the market is one of the hardest things to do. Few are good at it. Distribution yields and growth prospects in our opinion provide a compelling case for an overweight, although recent months have been as unpleasant for us as anyone. This too shall pass.

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 (Net of fees)

MLP Strategy							Since Inception 146%				*Index 83%*		
	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**	**6.2**			**-22.5**
Index	*-3.1*	*2.1*	*-4.2*	*6.2*	*-3.6*	*-8.3*	*-3.2*	*-5.0*	*-15.3*	*9.7*			*-24.0*

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 27%					*Index 7%*		
	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**	**1.7**			**1.9**
Index	*0.1*	*0.5*	*1.0*	*-1.5*	*-0.4*	*1.1*	*1.4*	*0.2*	*2.0*	*1.2*			*5.7*

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

Energy Infrastructure Strategy							Since Inception -6%				*Index -15%*		
	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**	**5.6**			**-27.4**
Index	*-3.1*	*2.1*	*-4.2*	*6.2*	*-3.6*	*-8.3*	*-3.2*	*-5.0*	*-15.3*	*9.7*			*-24.0*

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		50%	*Index*		*50%*
	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**	**6.2**			**2.5**
Index	*-0.4*	*1.5*	*-0.3*	*-2.0*	*0.9*	*-1.8*	*4.3*	*-4.9*	*-0.4*	*6.8*			*3.3*

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		120%	*Index*		*140%*
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2009								**1.1**	**11.3**	**0.5**	**3.5**	**9.9**	**28.8**
Index								*3.6*	*3.7*	*-1.9*	*6.0*	*1.9*	*14.0*
2010	**-1.2**	**4.0**	**4.1**	**3.1**	**-3.9**	**-4.4**	**5.1**	**7.3**	**7.9**	**2.1**	**0.1**	**2.8**	**29.5**
Index	*-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	**0.3**	**2.3**	**2.0**	**2.5**	**-2.2**	**-2.8**	**0.5**	**-5.0**	**-9.0**	**12.1**	**-0.3**	**-0.4**	**-1.4**
Index	*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	**4.3**	**5.3**	**0.9**	**1.9**	**-8.7**	**3.9**	**0.7**	**3.6**	**3.3**	**-1.0**	**-2.5**	**1.1**	**12.7**
Index	*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**	**0.7**	**4.4**	**1.5**	**2.2**	**-1.5**	**4.2**	**-1.2**	**1.8**	**3.0**	**2.1**	**5.2**	**32.5**
Index	*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	**-4.8**	**5.3**	**0.3**	**2.2**	**1.4**	**4.7**	**-2.4**	**6.4**	**-5.5**	**-1.4**	**-0.6**	**-1.7**	**3.0**
Index	*-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	**-6.1**	**9.1**	**1.2**	**0.6**	**-1.2**	**-2.6**	**-3.2**	**-4.8**	**-11.4**	**6.9**			**-12.8**
Index	*-3.0*	*5.7*	*-1.6*	*1.0*	*1.3*	*-1.9*	*2.1*	*-6.0*	*-2.5*	*8.4*			*2.7*

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

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

Low Beta Long/Short Strategy ("LBLS")							Since Inception		99%	*Index*		*-3%*
	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**	**-0.8**	**2.1**	**-1.2**	**-2.9**	**-2.8**	**0.3**	**-0.4**	**-2.7**	**-3.4**			**-12.5**
Index	*-0.3*	*2.0*	*0.3*	*0.2*	*0.3*	*-1.3*	*0.0*	*-2.2*	*-2.1*	*1.5*			*-1.6*

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

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.

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/

Follow us on **Twitter** @SimonLack

Contact info:

SL Advisors, LLC
210 Elmer Street
Westfield, NJ 07090-2128
908-232-0830
sl@sl-advisors.com
www.sl-advisors.com

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. Thie DJ Corporate Bond Index is presented as the manager believes DivCap 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.

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 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 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 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 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 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 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.