



In Pursuit of Value

July, 2016

Quarterly Outlook

"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."

This Mark Twain quote is an apt description of financial market views on the probability of a Brexit vote. Hence, the subsequent pricing adjustment has been violent. Although the opinion polls were close, the betting markets which demand more thoughtful decisions of their participants were clearly signaling that Remain would win. So now we'll endure a live ammunition class of how you leave the EU.

There is a wide range of possible paths and eventual outcomes. If Behavioral Finance teaches that we are often over-confident of our forecasts, now is a time to be mindful of this. It's likely we'll all become more intimately versed in the nuances of the Treaty on European Union, Article 50, which governs how a member state leaves the EU. It's also likely we'll get used to a very long process. Businesses will adapt to years of uncertainty, and we'll accept the rumble of exit negotiations in the background.

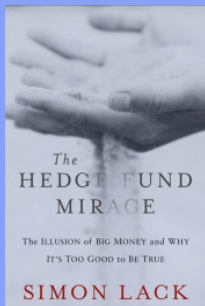
It's not as certain as many might think that the UK will leave the EU, although that is the most likely outcome. None of the major political parties campaigned to leave and around 75% of current Members of Parliament were in the Remain camp. Parliament has to vote to trigger Article 50, and they may not. Although the next election is not due until 2020, one could be called earlier with the major issue being to accept the terms of exit, which would by then be better understood. It's likely UK voters will have one further opportunity to vote in some form.

When leading Brexit campaigner Boris Johnson shocked everyone by declining to run for Prime Minister (PM), it simply confirmed the absence of leaders with good judgment in Britain. The people there deserve far better. Johnson presumably assessed that the UK is already slipping into recession and ducked the responsibility of explaining as PM why. The UK will experience some of the negatives of leaving without any of the possible benefits which may provoke demands for another referendum as Leavers regret their vote. Alternatively, if the UK's economy doesn't suffer that much it could embolden EU critics in other member countries, leading to an improved offer to the UK to stay. Or the EU could collapse under the weight of the disastrous Euro, widely divergent intra-EU economic performance, a refugee crisis and weak political legitimacy from electorates whose opinions are rarely sought. Brexit is not just a UK problem.

What does seem likely is that this will be the dominant issue in UK politics for several years, and that uncertainty around the ultimate outcome will prevail perhaps even up until the final, irrevocable decision. As if to punctuate the collapse of the natural order of things, England's humbling exit from Euro 2016 (a quadrennial soccer tournament) in France at the hands of lowly Iceland prompted many to note that only England could exit Europe twice in one week. England's team was distracted by the impact on their multi-million pound salaries of the collapse in Sterling. A pro-EU England supporter could not be more depressed at



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

recent developments.

Those who incorporate international equity exposure for its diversification benefits are finding that they're assured of being involved in just about any global financial crisis, including the current nascent one. Diversification may be the only free lunch in Finance, but that doesn't mean it's always appetizing. Over the two business days following the surprising vote, around \$3TN was wiped off the value of global equity markets. The U.S. wasn't immune.

Energy Infrastructure, which includes Master Limited Partnerships (MLPs), is a wonderfully provincial asset class. You're unlikely to see any of their quarterly earnings reports open with an admission that the Brexit vote hurt their business. Their stock prices may well gyrate along with the broader equity markets, but the cashflow generating capabilities of, say, Transco (Williams Companies' (WMB) extensive pipeline network down the eastern U.S.), or REX (Tallgrass's (TEGP) natural gas pipeline from Wyoming to Eastern Ohio) are about as far from a Brexit vote as you can get. How pleasant to be invested in assets that are over here not over there.

Low Volatility stocks also allow the luxury of slothful decision making. There's rarely any need to hastily decide on new exposure. We don't know how the Brexit vote will impact the UK economy, the Eurozone or indeed global markets. We delegate such decisions to the many corporate managers at the global companies that populate this strategy. They are collectively better situated to shift exposure and capital to protect themselves and exploit opportunities.

We run three versions of our Low Volatility Strategy (Long Only, Hedged and Best Ideas). Although they are not designed for excitement and periods of outperformance are completely unpredictable, the past twelve months have reflected reasonably well on these strategies. Low Vol Hedged in particular incorporates some useful features. The hedge immunizes it to market moves but sharp falls in equities are often reflected disproportionately in the S&P500 (our short position) compared with the low volatility names we own. This feature manifested itself in the two days following Brexit, during which Low Vol Hedged was +1.0% while the S&P500 was -5.3%.

If you believe market timing is hard (and we do), then you structure your investments in such a way that making such calls isn't a key element of the strategy. Near term market direction is an endlessly fascinating topic of discussion but we are bullish on what we own. We further think the long term outlook for U.S. crude oil production is very positive. As noted in [Why Oil Could Be Higher for Longer](#), U.S. shale production enjoys many advantages over more conventional exploration and production projects, in that numerous wells can be drilled relatively quickly in familiar geology, with high and sharply declining initial production.

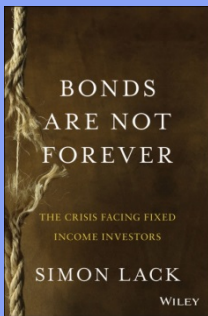
Shale drillers can stop drilling when prices are unattractive far more readily than can other producers, which is why the rig count collapsed last year. This represents a much more attractive risk profile than many conventional projects with their enormous capital requirements and pay-off horizons far enough out to preclude any realistic price hedge.

Between depletion of existing oil fields and new demand, the world needs around 6 million barrels a day of new supply annually, roughly 6% of global output. The \$1TN of [estimated](#) capex reductions through 2020 make it unlikely that the additional supply will be there at current prices. The U.S now produces 3.5Mbbbls/day of NGLs. Natural gas is our biggest source of electricity generation. Energy independence is in our future – to us this looks like a safer bet than figuring out what'll follow the Brexit vote.

We are invested in WMB and TEGP

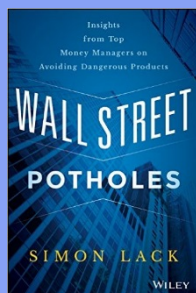
To Our Clients

At SL Advisors it's important to us that your investments with us are aligned with your financial situation and objectives. If there have been any relevant changes from your perspective or any reasonable restrictions you wish to impose, please let us know and we'll be happy to discuss appropriate modifications. Of course, anytime you have any questions or concerns don't hesitate to contact us. We value your business, and never forget the faith you have placed in us as stewards of your capital.



*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 135%				Index 86%		
	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	-3.7	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	-11.9	1.0	8.5	14.8	4.5	4.8							21.2
Index	-11.1	-0.5	8.3	11.0	2.5	5.0							14.6

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 -11%				Index -13%		
	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	-18.3	-48.3
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	-4.5	-0.7	10.8	12.2	5.7	7.0							33.4
Index	-11.1	-0.5	8.3	11.0	2.5	5.0							14.6

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				75%	Index		70%
	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	
<i>Index</i>								<i>-0.9</i>	<i>1.7</i>	<i>-0.1</i>	<i>-0.2</i>	<i>-0.5</i>	<i>0.0</i>	
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	
<i>Index</i>	<i>5.0</i>	<i>2.7</i>	<i>4.9</i>	<i>3.8</i>	<i>-3.4</i>	<i>0.6</i>	<i>4.2</i>	<i>-4.8</i>	<i>2.0</i>	<i>4.6</i>	<i>1.2</i>	<i>1.1</i>	<i>23.6</i>	
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	
<i>Index</i>	<i>-2.5</i>	<i>3.7</i>	<i>2.1</i>	<i>1.9</i>	<i>1.0</i>	<i>2.2</i>	<i>-3.8</i>	<i>3.8</i>	<i>-0.9</i>	<i>4.9</i>	<i>3.2</i>	<i>0.9</i>	<i>17.5</i>	
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	
<i>Index</i>	<i>-0.4</i>	<i>1.5</i>	<i>-0.3</i>	<i>-2.0</i>	<i>0.9</i>	<i>-1.8</i>	<i>4.3</i>	<i>-4.9</i>	<i>-0.4</i>	<i>6.8</i>	<i>1.1</i>	<i>-0.1</i>	<i>4.3</i>	
2016	1.3	1.6	5.5	0.2	2.4	7.4							19.7	
<i>Index</i>	<i>-1.7</i>	<i>1.0</i>	<i>6.0</i>	<i>-0.7</i>	<i>1.7</i>	<i>5.7</i>							<i>12.3</i>	

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					47%	Index 1%	
	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	-0.1	2.8	-2.0	-1.1	-1.0	2.0	-1.2	1.0	1.6	-1.9	1.5	1.3
<i>Index</i>	<i>0.1</i>	<i>0.5</i>	<i>1.0</i>	<i>-1.5</i>	<i>-0.4</i>	<i>1.1</i>	<i>1.4</i>	<i>0.2</i>	<i>2.0</i>	<i>1.1</i>	<i>-0.5</i>	<i>0.3</i>	<i>5.5</i>
2016	3.6	1.4	2.2	-0.6	1.2	7.6							16.1
<i>Index</i>	<i>-0.2</i>	<i>-1.5</i>	<i>-0.8</i>	<i>-1.9</i>	<i>0.4</i>	<i>-1.0</i>							<i>-5.0</i>

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

Low Vol Best Ideas							Since Inception				127%	Index		-6%
	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	
<i>Index</i>			<i>-0.9</i>	<i>0.5</i>	<i>-1.4</i>	<i>-1.6</i>	<i>-0.1</i>	<i>-3.5</i>	<i>-3.0</i>	<i>0.8</i>	<i>-0.9</i>	<i>-0.4</i>	<i>-10.0</i>	
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	
<i>Index</i>	<i>1.7</i>	<i>1.4</i>	<i>0.0</i>	<i>0.1</i>	<i>-1.7</i>	<i>-0.3</i>	<i>0.5</i>	<i>0.5</i>	<i>0.4</i>	<i>-0.5</i>	<i>0.4</i>	<i>0.9</i>	<i>3.5</i>	
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	
<i>Index</i>	<i>2.0</i>	<i>0.4</i>	<i>0.7</i>	<i>0.6</i>	<i>0.7</i>	<i>-1.3</i>	<i>1.0</i>	<i>-0.9</i>	<i>1.0</i>	<i>1.2</i>	<i>0.6</i>	<i>0.4</i>	<i>6.5</i>	
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	
<i>Index</i>	<i>-0.1</i>	<i>1.6</i>	<i>-0.2</i>	<i>-0.7</i>	<i>0.5</i>	<i>0.9</i>	<i>-0.9</i>	<i>1.1</i>	<i>-0.8</i>	<i>-1.3</i>	<i>0.3</i>	<i>-0.8</i>	<i>-0.4</i>	
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	
<i>Index</i>	<i>-0.3</i>	<i>2.0</i>	<i>0.3</i>	<i>0.2</i>	<i>0.3</i>	<i>-1.3</i>	<i>0.0</i>	<i>-2.2</i>	<i>-2.1</i>	<i>1.5</i>	<i>-0.7</i>	<i>-1.3</i>	<i>-3.6</i>	
2016	2.1	3.5	2.9	1.2	2.1	7.6							20.9	
<i>Index</i>	<i>-2.8</i>	<i>-0.3</i>	<i>1.8</i>	<i>-0.1</i>	<i>0.5</i>	<i>-0.8</i>							<i>-1.8</i>	

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](http://www.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](http://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.

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.