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# In Pursuit of Value

October, 2016

**Quarterly Outlook**

Unanimity is rarely found on market issues, but perhaps the single exception is the statement that, "It's a Difficult Market". To disagree is a secular form of blasphemy, and is sure to invite the Market Gods to quickly disabuse the offender of any notion of control of his P&L. It is therefore the least controversial thing one can say, and one of the most reliable opening gambits in the bonding of traders with one another.

So it is that 2016 has been a difficult market, although on a color scale from neutral green (easy) to deep red, blood-curdling, acidic, bubbling crimson this year has been yellow (never green – see first paragraph). Last year, for MLP investors anyway, was at the end of the Ph scale.

Surprises are what usually cause trouble, and forecasting them is by definition difficult. Fortunately the Federal Reserve hasn't provided any, at least for those who rely on them raising rates only when they've run out of reasons not to. The U.S. economy is complex with countless measures of its health, and like a patient undergoing every imaginable test there's always some cause for concern. The UK's Brexit vote (more on this below) was one of many reasons to delay an otherwise planned rate hike in June, and equity markets shuddered before resuming their ascent while economic growth was unaffected.

Pity the CFO or CIO who has funded liabilities or invested assets based on the Federal Open Market Committee's (FOMC) "forward guidance" of where they expect rates to be. Such trusting faith in the FOMC's forecasting ability (after all, they're trying to forecast their own actions) has been poorly rewarded. As the developed world has sought more strenuously to stoke inflation, the explanation of equity valuations has to include the actions of the Bond Refugee.

One conjures images of huddled bond investors drifting hopefully on boats to more welcoming environs. Their business suits are ragged, and each carries a sack of money seeking a home, albeit a sack with holes as negative real returns slowly leak away what they've brought. They are fleeing financial repression imposed by the world's central banks, and equities represent more fertile ground. Of the forecastable surprises that might cause a downward revaluation of stocks, one is an abrupt end to monetary policy as we know it. Fortunately, the trend is clearly for continued lethargy by the Fed. Given the ample warnings that have preceded no change in policy, one must assume that when they do reach a "This time I really mean it" emotional state they will be even more vociferous.

Fed Chair Janet Yellen -- so far, not that hawkish

Relative valuations between bonds and stocks continue to strongly favor the latter in our view (see September's newsletter, How Expensive Are Stocks?). Absent a wholly uncharacteristic shift to a hawkish stance by the FOMC, the bear case for stocks relies on surprises we can't see. As weeks pass without a shock, cash is inexorably put to work.

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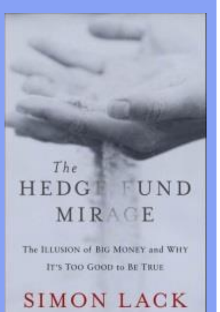


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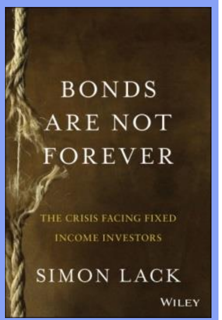
Today's seller of stocks must presumably hold cash while awaiting a better re-entry point. Apart perhaps from London property which has enjoyed a relentless multi-generation bull market, there are few attractive choices (see The Shrinking Pool of Cheap Assets). It's certainly not an easy market, because a surprise could expose inadequate valuations. But based on what we see today, a combination of stocks and cash depending on risk appetite still looks to be the best choice available. Avoid bonds. MLPs remain the cheapest sector in the equity market.

### The Phony War

Three months ago the UK chose Brexit, to the great surprise of most pundits and many UK friends of mine. The political and market turmoil that followed were brief, and most of us await further developments. Some have dubbed this relative inactivity the "phony war," evoking 1939 following war's formal declaration but before the 1940 bombing raids of Britain by Germany's Luftwaffe made it decidedly real. As I found on a recent trip back to London, the extended uncertainty and weak UK negotiating position are a source of great concern – Londoners voted overwhelmingly to Remain in the EU. For citizens in a global financial center it creates very real issues around job security, possible employment-dictated relocation to other EU countries, and questions about owning property. Whereas for a transplanted Brit safely in the U.S. and therefore largely immune to the consequences, the upcoming negotiations will be simply fascinating. But I most certainly share their concerns.




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

Start with Article 50, the section of the Treaty of Lisbon which governs a country's exit from the EU. It prescribes a two year period for negotiation which as a practical matter won't be extended. The EU has generally refused to engage in "pre-negotiation" negotiations. Since triggering Article 50 appears to lead inexorably to Brexit two years later, it's unclear how much negotiating leverage the UK will have during this period. Optimistically, there may be a general desire on both sides to maintain goodwill but there's no guarantee of this. Prime Minister Theresa May has evidently concluded that the benefits of continued delay in commencing negotiations are limited, having announced their start within six months.

The Best Alternative To a Negotiated Agreement (BATNA) for the UK is to rely on World Trade Organization (WTO) terms of access to the EU. Which is to say, the UK is in a weak position to reject the terms of almost any conceivable post-Brexit EU relationship. Added to which, Brexit promoters promised controls on EU immigration to the UK combined with continued access to EU markets, whereas the EU seems adamant that people must move as freely as goods and services. These fundamentally different visions of life outside the EU seem totally irreconcilable.

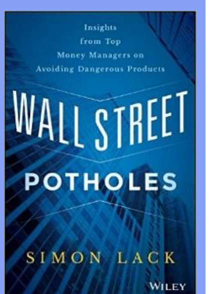
However the UK decides to trigger negotiations, and whatever they ultimately deliver, it's a good bet that the core promise of Brexiteers will not be deliverable. At which point there will be a crisis. Will the UK be forced to accept a Brexit on terms that were clearly not the basis on which the referendum result was achieved? Or will there be an opportunity to reconsider? Put another way, if the EU's logical negotiating strategy is to insist on unattractive terms so as to dissuade others from leaving, what could be a better endorsement of the beleaguered European project than a country changing its mind once faced with the reality of being outside?

Combine the high likelihood of eventual Brexit terms that don't match what was promised with the fact that current Prime Minister Theresa May was not elected in a general election and was even a (quiet) campaigner to Remain. It makes a second referendum, or an early general election, once the terms of Brexit are known highly likely. Among my London friends this is not a widely held view – and yet from 3,500 miles away albeit not as engaged in the issues as they are, it seems to this observer to be unavoidable. Brexit is not yet a certainty.

### 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.

*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 160%** | | | | *Index* | | *89%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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** | **-11.9** | **1.0** | **8.5** | **14.8** | **4.5** | **4.8** | **1.0** | **3.5** | **5.7** | | | | **34.0** |
| *Index* | *-11.1* | *-0.5* | *8.3* | *11.0* | *2.5* | *5.1* | *0.6* | *-1.3* | *1.3* | | | | *16.0* |

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.

| **Energy Infrastructure Strategy (1099s)** | | | | | | | **Since Inception** | | | **5%** | *Index* | | *-12%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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** | **6.9** | **0.1** | **6.1** | **10.6** | | | | **56.6** |
| *Index* | *-11.1* | *-0.5* | *8.3* | *11.0* | *2.5* | *5.1* | *0.6* | *-1.3* | *1.9* | | | | *16.0* |

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)

## Low Volatility Strategies

| Low Vol Long Only | | | | | | | Since Inception | | | 69% | *Index* | | *66%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **1.3** | **1.6** | **5.5** | **0.2** | **2.4** | **7.3** | **-0.9** | **-1.9** | **0.5** | | | | **15.7** |
| *Index* | *-1.7* | *1.0* | *6.0* | *-0.7* | *1.7* | *5.7* | *0.3* | *-1.9* | *-1.0* | | | | *9.5* |

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 | | | 39% | *Index 3%* | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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* | *0.3* | *5.5* |
| **2016** | **3.6** | **1.4** | **2.2** | **-0.6** | **1.2** | **7.5** | **-2.7** | **-2.5** | **0.0** | | | | **10.0** |
| *Index* | *-0.2* | *-1.5* | *-0.8* | *-1.9* | *0.4* | *-1.0* | *1.2* | *-0.4* | *0.4* | | | | *-3.8* |

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

| Low Vol Best Ideas | | | | | | | Since Inception | | | 115% | *Index* | | *-4%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **3.5** | **2.9** | **1.2** | **2.1** | **7.4** | **-1.5** | **-0.1** | **-3.3** | | | | **14.8** |
| *Index* | *-2.8* | *-0.3* | *1.8* | *-0.1* | *0.5* | *0.2* | *1.5* | *0.2* | *0.3* | | | | *1.1* |

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.