



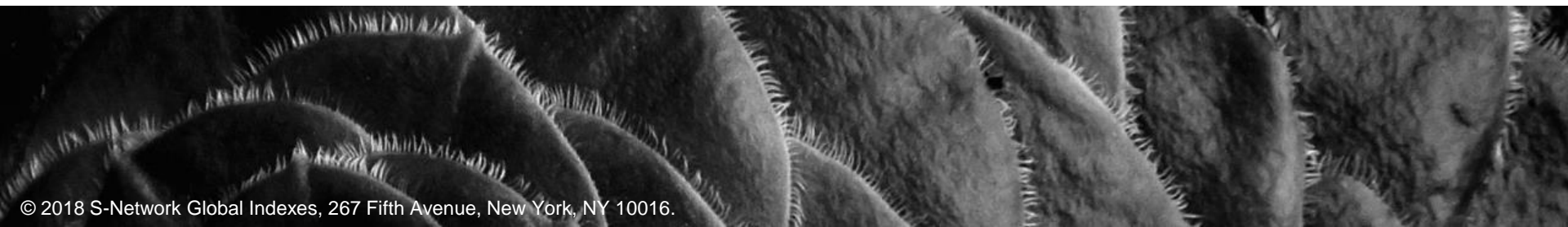
S-Network BlackSwan Core Index (SWANXT)

Q1 2019

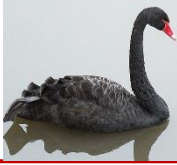
Index Description



- A Black Swan event is one that is rare, unpredictable, impactful and difficult to attribute to reason, even after its occurrence.
- The index is designed to help protect capital against Black Swan events.
- With the majority of assets in historically low-volatility Treasuries, remaining assets are used to purchase “in-the-money” calls (options with a strike price below the market price on the S&P 500 ETF Trust).
- The goal is to achieve capital appreciation above inflation while minimizing volatility as compared to standard asset-allocated investments.



Index Rationale



Allocation:

- 90% Treasury bond ladder targeting near 10-year Treasury's modified duration (rebalanced twice per year)
- 5% June 70 delta SPY option target (rebalanced once per year)
- 5% December 70 delta SPY option target (rebalanced once per year)

Rebalancing of options:

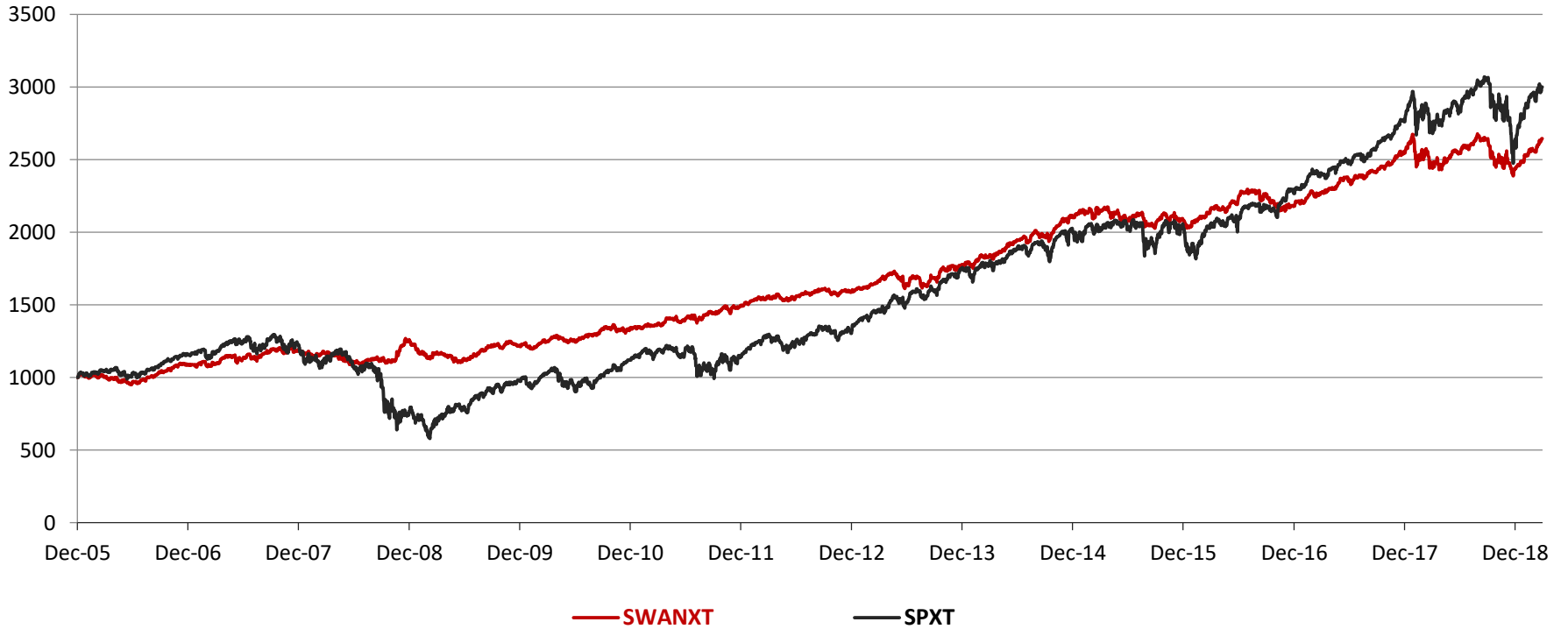
- Every 6 months, either the June option or the December option will be rolled to the following year.
- If options are at a net loss on the first trading day of rebalance month, the index is rebalanced on the first business day of trading of that rebalance month (June or December).
- If options are at a gain, rebalance occurs at 365+1 trading days for the option to make the gain long-term.



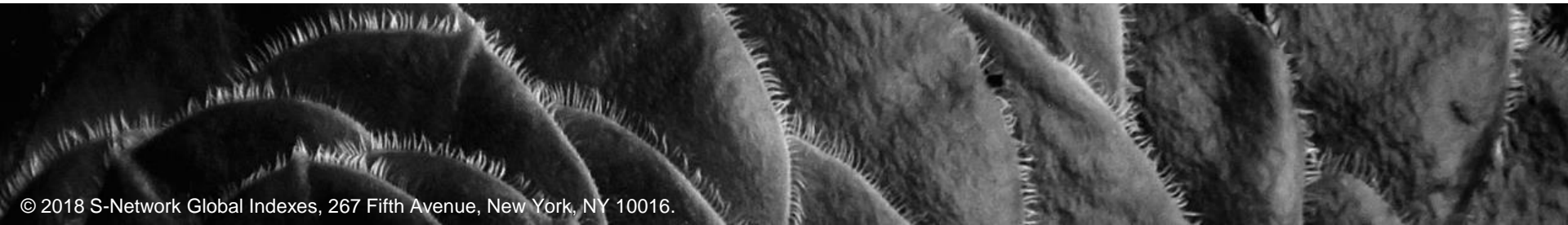
Historical Performance



S-Network BlackSwan Core TR vs. S&P 500 TR
(12/6/2005-3/31/2019)



Source: Bloomberg, as of 3/31/2019



Statistical Profile I



Total Return Appreciation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	164.58%	200.03%
10 Year	126.07%	338.09%
5 Year	43.83%	67.81%
3 Year	22.49%	46.25%
1 Year	6.66%	9.50%

Compound Annual Growth Rate		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.62%	8.65%
10 Year	8.50%	15.92%
5 Year	7.54%	10.91%
3 Year	7.00%	13.51%
1 Year	6.66%	9.50%

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 3/31/2019

Statistical Profile II



Annualized Standard Deviation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.32%	14.22%
10 Year	6.87%	12.69%
5 Year	7.63%	11.19%
3 Year	7.96%	10.73%
1 Year	10.55%	15.94%

Sharpe Ratio		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	0.8851	0.5761
10 Year	1.1614	1.1995
5 Year	0.8898	0.9142
3 Year	0.7319	1.1222
1 Year	0.4545	0.5086

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 3/31/2019

Statistical Profile III



Upside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	47.81%
10 Year	45.94%
5 Year	62.96%
3 Year	62.70%
1 Year	64.52%

Downside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	25.23%
10 Year	33.40%
5 Year	55.62%
3 Year	77.42%
1 Year	62.35%

*Since first month's end, 12/31/2003

Source: Bloomberg, as of 3/31/2019

Statistical Profile IV



Correlation (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.5565
10 Year	0.6209
5 Year	0.7807
3 Year	0.8296
1 Year	0.8893

Beta (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.2865
10 Year	0.3362
5 Year	0.5326
3 Year	0.6155
1 Year	0.5888

*Since first month's end, 12/31/2005

Source: Bloomberg, as of 3/31/2019

Statistical Profile V



R-Squared (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.3097
10 Year	0.3855
5 Year	0.6095
3 Year	0.6882
1 Year	0.7909

Source: Bloomberg, as of 3/31/2019

*Since first month's end, 12/31/2005

Key Highlights



- Goal is to achieve capital appreciation above inflation while minimizing volatility
- Stable long-term annualized returns create lowered standard deviation
- Since inception, Sharpe ratio greater than that of S&P 500
- Favorable upside-to-downside capture ratios
- Low Correlation, R-Squared, and Beta to S&P 500

