

**Inception Date:** February 1, 2015

**Strategy Objective:**

The Swan Defined Risk U.S. Small Cap Strategy (DRS SC) seeks to provide capital appreciation via exposure to the U.S. Small Cap equity market while mitigating overall market risk.

**Strategy Description:**

A goals-based, risk-managed hedged equity approach designed for growth investors seeking to achieve superior risk-adjusted returns over a full market cycle with potentially less downside risk and volatility than Russell 2000 Index.

**Key Distinguishing Characteristics:**

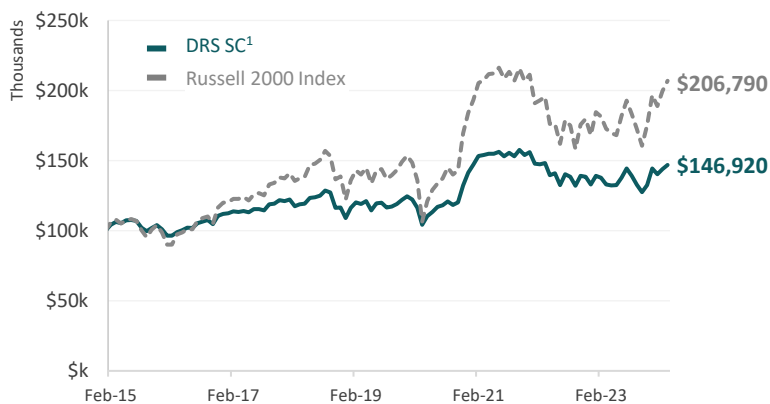
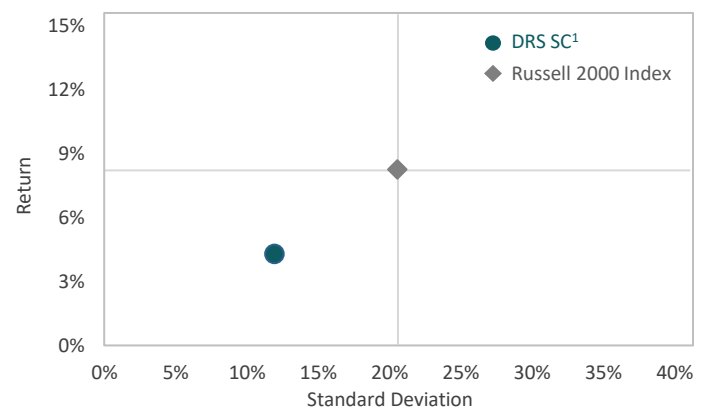
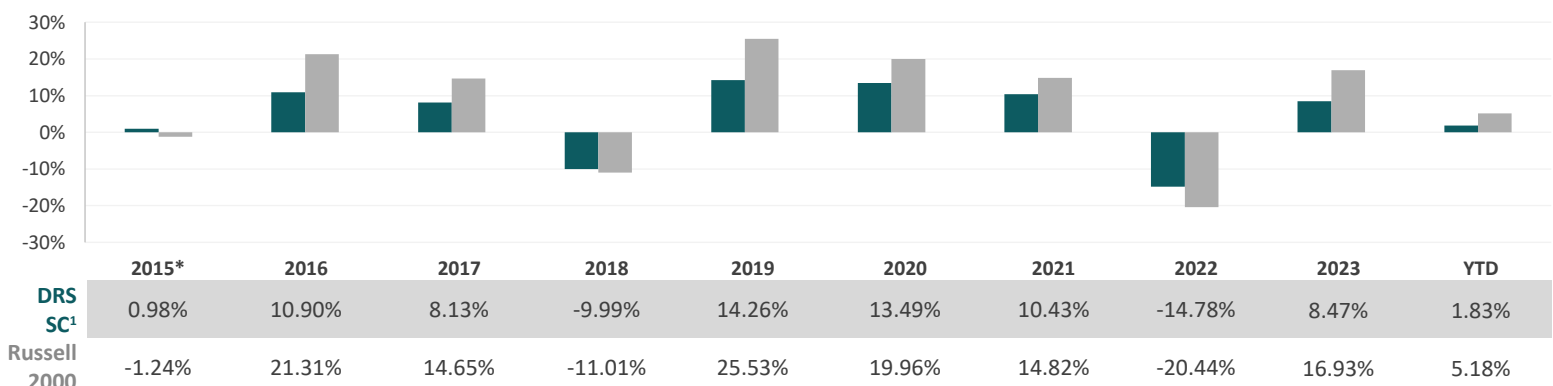
- Invested for growth, Hedged against risk
- Distinct, innovative approach to address market risk
- Diverse and time-tested options strategies
- No reliance on market timing or stock selection
- Proven track record seeking consistent returns while minimizing losses in bear markets

**Performance Summary: (2/1/15 to 03/31/24)**

	DRS SC <sup>1</sup>	Russell 2000 Index
Recent QTR (not annualized)	1.83%	5.18%
YTD	1.83%	5.18%
1 Year	10.55%	19.71%
3 Year	-1.56%	-0.10%
5 Year	4.32%	8.10%
10 Year	N/A	N/A
Inception (2/1/15)	4.29%	8.25%

**Risk and Return: (2/1/15 to 03/31/24)**

	DRS SC <sup>1</sup>	Russell 2000 Index
Standard Deviation (%)	11.94	20.57
Alpha (%)	-0.80	0.00
Beta	0.57	1.00
R-Square (%)	95.46	100.00
Sharpe Ratio	0.23	0.33
Max Drawdown (%) (month-end)	-19.02	-32.17

**Growth of \$100,000: (2/1/15 to 03/31/24)**

**Risk/Return: (2/1/15 to 03/31/24)**

**Annual Returns: DRS SC<sup>1</sup> and Russell 2000 Index (2/1/15 to 03/31/24) not annualized if less than a year**


\*2015 Annual Return is total returns (i.e., not annualized) from February-December 2015 consistent with initial Strategy implementation.

## The Defined Risk – Investment Process

### 1 Invest in Equities

To participate in equity markets.

- Always Invested in ETFs or a basket of stocks that closely represent the Russell 2000 Index

### 2 Hedge the Equities

To mitigate risks of bear markets.

- Always Hedged by actively managing long-term put options (LEAPs), generally one to two years to expiration, initially
- Purchased at, or near-the-money

### 3 Seek Additional Return

To offset the cost of the hedge.

- Actively managing shorter-term options portfolio
- Utilizing a disciplined, time-tested approach

## Footnotes and Disclosures

1- The Swan Defined Risk U.S. Small Cap Strategy or DRS SC as used in this document refers to the DRS U.S. Small Cap Composite.

Swan Global Investments, LLC is a SEC registered Investment Advisor that specializes in managing money using the proprietary Defined Risk Strategy ("DRS"). SEC registration does not denote any special training or qualification conferred by the SEC. Swan offers and manages the DRS for investors including individuals, institutions and other investment advisor firms.

All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may cause the performance results of a client's investment portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. All Swan products utilize the Defined Risk Strategy ("DRS"), but may vary by asset class, regulatory offering type, etc. Accordingly, all Swan DRS product offerings will have different performance results and comparing results among the Swan products and composites may be of limited use. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. Historical performance results for market indices and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Swan's investments may consist of securities which vary significantly from those in the benchmark indexes listed above and performance calculation methods may not be entirely comparable. Accordingly, comparing results shown to those of such indexes may be of limited use. The equity portion of portfolio is hedged using put options and the option income portion of the portfolio is actively managed to seek additional income. Both the equity and income portion of the strategy may experience losses in a market downturn but may be defined and mitigated by the hedge. The extent of potential losses will vary depending on many factors including, but not limited to; the options used, option strategy, expiration, prices, actions taken by portfolio manager. The adviser's dependence on its DRS process and judgments about the attractiveness, value and potential appreciation of particular ETFs and options in which the adviser invests or writes may prove to be incorrect and may not produce the desired results. There is no guarantee any investment or the DRS will meet its objectives. All investments involve the risk of potential investment losses as well as the potential for investment gains. Prior performance is not a guarantee of future results and there can be no assurance, and investors should not assume, that future performance will be comparable to past performance. Further information is available upon request by contacting the company directly at 970-382-8901 or [www.swanglobalinvestments.com](http://www.swanglobalinvestments.com).

## Global Investment Performance Standards (GIPS®) Report

Year	Swan Global Investments, LLC DRS U.S. Small Cap Strategy Composite												Russell 2000 Total Return ("The Benchmark")				
	Net-Of-Fee Return	Net-Of-Fee Cumulative Return	Net-Of-Fee Annualized Return	Gross-Of-Fee Return	Gross-Of-Fee Cumulative Return	Gross-Of-Fee Annualized Return	Beta (Net-Of-Fee)	Standard Deviation (External) (Net-Of-Fee)	Sharpe Ratio (Net-Of-Fee)	# of Accts / Assets in Millions	Total Firm Assets (\$MM)	Dispersion (Internal) Gross-Of-Fees	Return	Cumulative Return	Annualized Return	Standard Deviation (External)	Sharpe Ratio
2015*	0.98%	0.98%	0.98%	1.90%	1.90%	1.90%	N/A	N/A	N/A	1 / 0.52	2,446.11	<6	-1.24%	-1.24%	-1.24%	N/A	N/A
2016	10.90%	11.99%	6.08%	12.02%	14.15%	7.15%	N/A	N/A	N/A	1 / 19.06	3,620.08	<6	21.31%	19.81%	9.89%	N/A	N/A
2017	8.13%	21.09%	6.78%	9.21%	24.67%	7.85%	N/A	N/A	N/A	1 / 36.06	5,030.83	<6	14.65%	37.36%	11.50%	N/A	N/A
2018	-9.99%	8.99%	2.22%	-9.08%	13.35%	3.25%	0.58	9.45%	0.16	1 / 44.53	4,063.88	<6	-11.01%	22.23%	5.26%	15.79%	0.29
2019	14.26%	24.54%	4.56%	15.41%	30.81%	5.62%	0.59	10.17%	0.36	2 / 37.12	3,065.24	<6	25.53%	53.43%	9.10%	15.71%	0.50
2020	13.49%	41.34%	6.02%	14.63%	49.96%	7.09%	0.56	14.51%	0.43	2 / 34.74	2,236.86	<6	19.96%	84.05%	10.86%	25.27%	0.48
2021	10.43%	56.09%	6.65%	11.60%	67.35%	7.73%	0.56	12.96%	0.52	2 / 41.81	2,571.77	<6	14.82%	111.33%	11.42%	23.35%	0.55
2022	-14.78%	33.02%	3.67%	-13.89%	44.12%	4.72%	0.56	14.32%	0.24	2 / 39.87	2,202.24	<6	-20.44%	68.14%	6.78%	26.02%	0.29
2023	8.47%	44.28%	4.20%	9.60%	57.95%	5.26%	0.57	12.69%	0.23	2 / 33.68	2,105.95	<6	16.93%	96.60%	7.88%	21.11%	0.31

Annualized As Of 12/31/2023	Composite		Benchmark
	Gross Return	Composite Net Return	
Since Inception	5.26%	4.20%	7.88%
10 Year	N/A	N/A	N/A
5 Year	6.86%	5.77%	9.97%
3 Year	1.75%	0.69%	2.22%
1 Year	9.60%	8.47%	16.93%

+ : 2015 Annual Returns are total returns (i.e. not annualized) from February-December consistent with initial Strategy implementation.  
 N/A: Standard deviation, Beta, and Sharpe Ratio of the Composite and Benchmark are not presented as 36-month returns are not available  
 <6: Measure of internal dispersion is not displayed because there are less than six accounts included in the composite for the calendar year.

Compliance Statement: Swan Global Investments, LLC ("Swan") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Swan has been independently verified by The Spaulding Group for the periods July 1, 1997 through December 31, 2022. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. To receive copies please call 970-382-8901 or email [operations@swanglobalinvestments.com](mailto:operations@swanglobalinvestments.com).

## Global Investment Performance Standards (GIPS®) Report (Continued)

**Definition of the Firm:** Swan Global Investments, LLC is an SEC registered investment advisor providing asset management services utilizing the Swan Defined Risk Strategy (“DRS”), allowing its clients to grow wealth while protecting capital. Please note that registration of the adviser does not imply a certain level of skill or training. Swan Global Investments, LLC is affiliated with Swan Capital Management, LLC, Swan Global Management, LLC and Swan Wealth Management, LLC.

**Firm Redefinition:** Previously Swan offered and managed The Defined Risk Strategy for its clients which were individual investors. Swan redefined itself to include all client types, including individuals, institutions and sub-advised clients, as of January 1, 2010. This redefinition resulted in a change to Swan’s 2009 performance numbers, due to adding all sub-advised clients beginning on June 30, 2009. Additionally, Swan created affiliated entity Swan Capital Management, Inc. on April 13, 2012 to be an advisor and distributor of the Swan Defined Risk Fund launched in July 2012. In December 2014, Swan Capital Management, Inc. converted to Swan Capital Management, LLC. Swan created affiliated entity Swan Wealth Management, LLC to serve as the portfolio manager of the DRS in 2014, and subsequently created affiliated entity Swan Global Management, LLC to serve as the portfolio manager of the DRS starting in 2015.

**Name Changes:** Swan Consulting, Inc. changed its name to Swan Wealth Advisors, Inc. on April 8, 2011 to better reflect that the Company is a money management firm. Investment consulting firms generally do not manage money. Swan Wealth Advisors, Inc. changed its name to Swan Global Investments, LLC on December 5, 2014 to better reflect that the Company is a money management firm rather than an advisor. Advisors are the Company’s clients, and it does not want to give the impression that the Company is competing with other advisors. Instead, Swan Global Investments, LLC offers investment products and manages money for sub-advised clients and the mutual funds of its affiliate Swan Capital Management, LLC.

**Composite Inception Date:** The inception of the DRS U.S. Small Cap Composite was February 1, 2015.

**Composite Creation Date:** The DRS U.S. Small Cap Composite was created on January 1, 2017.

**Composite Description:** The DRS U.S. Small Cap Composite demonstrates the performance of separately managed account(s) invested in the DRS U.S. Small Cap Strategy and the Defined Risk U.S. Small Cap Fund. DRS U.S. Small Cap accounts seek the upside potential of owning stock and the desire to minimize the downside risk associated with owning stock. The Composite relies on LEAPS and other options to manage this risk. The portfolios invest in exchange traded funds (ETF) that own domestic small, mid, and large capitalization securities, as well as foreign, and LEAPS associated with the ETF as well as multiple other option spreads that represent other indices that are widely traded. The Defined Risk Strategy was designed to protect investors from substantial market declines, provide income in flat or choppy markets, and to benefit from market appreciation. Stock and options are the primary components of the strategy.

**Returns:** Performance results reflect the reinvestment of dividend and other earnings, do not include the cost of sales loads, and are expressed in U.S. dollars. Gross-of-fee performance results for separately managed accounts do not reflect the deduction of the firm’s investment management fees, or custodial fees, but are net of all transaction costs and withholding taxes (if applicable). Gross-of-fee performance results for the Defined Risk U.S. Small Cap Fund do not include management fees and starting January 1, 2021 do not include 12b-1 fees (if applicable) but are net of transaction costs and all other operating expenses incurred by the Fund. Net-of-fee returns for separately managed accounts are calculated by deducting actual management fees from gross returns. The Net-of-fee performance results for the Fund are after management fees, 12b-1 fees, and all other operating expenses incurred by the Fund. The composite includes portfolios that pay zero commissions on certain securities in the portfolio (e.g., exchange traded funds (ETFs)).

**Fee Schedule:** The investment management fee schedule for separately managed account clients is as follows. Annual fees are 60 basis points (0.60%) on the first \$10 Million; 50 basis points (0.50%) on the next \$190 Million; 45 basis points (0.45%) on the next \$300 Million; 40 basis points (0.40%) on the next \$500 Million; and 35 basis points (0.35%) over \$1 Billion. Actual investment management fees incurred by clients may vary.

The Fund’s total annual net expense ratios are 186 basis points (1.86%) for Class A; 261 basis points (2.61%) for Class C; 161 basis points (1.61%) for Class I. This figure may vary from year to year.

**Benchmark:** The benchmark used for The DRS U.S. Small Cap Composite is the Russell 2000 Index, which is designed to measure the equity market performance of U.S. small-cap to mid-cap companies.

**Policies:** Policies for valuing investments, calculating performance, and preparing GIPS reports, as well as a complete list and description of composites and broad distribution pooled funds are all available upon request.

**Use of Derivatives:** The purchase and sale of options are a component of The DRS U.S. Small Cap Composite. Options are traded on both long-term and short-term horizons to reduce the risk of owning stock and to generate income. Since inception of The Defined Risk Strategy, options have been responsible for a significant portion of total returns. The DRS uses little or no leverage (<2% of total portfolio value). Portfolios are generally balanced annually with approximately 85-90% stock, 10-15% options. Please contact Swan Global Investments, LLC if you would like more detailed information on the use of options in The DRS.

**Leverage and Short Positions:** The DRS U.S. Small Cap Composite uses a combination of ETFs (long) and options, both long (portfolio has bought a position in a call or put option) and short (the portfolio holds a written call or put option) positions which constitute approximately 85-90% and 10-15% of the portfolio, respectively. The Defined Risk Strategy does not typically borrow money to buy stock on margin and as a result does not use leverage in the traditional sense. However, the DRS uses options as a material part of the strategy and by definition may constitute use of leverage since options typically control a large amount of the underlying security. This does not imply that The DRS portfolio is leveraged. The short option positions that are used to generate income are offset in whole or in part by the long stock and long options positions contained in the portfolio. Regardless, a margin account is required.

**Beta:** Beta for the Composite has been calculated using the standard formula: covariance of portfolio and benchmark returns divided by the variance in benchmark returns. The period used in calculations is February 1, 2015 through the end of the period and the frequency of returns used is monthly. Beta is based on net-of-fee returns. A beta greater than 1.0 indicates that the investment is more volatile than the index, whereas a beta between 0 and 1.0 indicates that the investment is less volatile than the market index. A negative beta indicates the investment performance is counter-cyclical to the Benchmark. Values are not displayed prior to 2018 to ensure enough measurement points for more meaningful statistical analysis.

**Standard Deviation (External):** Standard deviation measures the variability of the Composite’s monthly returns, and states that variability on an annualized basis. Annualized standard deviations of monthly returns for both the Composite and Benchmark have been calculated using the following method: Standard Deviation of 36 monthly returns multiplied by the Square Root of 12 (which annualizes it). This measure is based on returns that are net of Swan fees only. Values are not displayed prior to 2018 to ensure enough measurement points for more meaningful statistical analysis.

**Sharpe Ratio:** Sharpe Ratios for both the Composite and the Benchmark have been calculated using the standard formula of (Annualized Return – Risk Free Annualized) / Standard Deviation. The period used in calculations is February 1, 2015 through the end of the period and the frequency of returns used is monthly. Annualized Returns in this calculation are net-of-fee. Risk Free Return values used in calculations are based on 91 Day Treasury Bill returns for the same period. Values are not displayed prior to 2018 to ensure enough measurement points for more meaningful statistical analysis.

**Measure of Dispersion (Internal Standard Deviation):** The Composite dispersion is measured using standard deviation of Gross-of-Fees returns as stated above. The dispersion represents the variability of Gross-of-Fees returns within the Composite to remove the variance in fees per account. Only portfolios that were included in the Composite the entire year were included.

Internal dispersion is not displayed from inception to present as the Composite included less than six portfolios for each full year period.

**Currency:** All valuations are computed, and performance reported in U.S. dollars. Past results do not guarantee future performance.

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