



Quarterly Performance Review & Attribution

Swan Defined Risk U.S. Large Cap
Q1 2025 Review

For Financial Professional Use Only

2025 First Quarter Review

The markets started out strong in 2025, with the S&P 500 setting an all-time high of 6,144 on February 19th. However, as uncertainty surrounding the true intent of President Trump's trade policy gripped investors the markets started to sell-off. The S&P 500 ended the quarter with a -4.3% return.

Since the U.S. equity market started its bull run in October 2022, most of gains have been driven by the so-called "Magnificent Seven" megacap technology stocks and the promise of an A.I. future. This narrative was rattled by rumors of the much cheaper DeepSeek A.I. models out of China as well as the threat these global giants would face if deglobalization accelerates. If one were to separate the Mag-7 returns from the other 493 stocks in the S&P 500, their estimated Q1 returns were -14.7% and +1.0%, respectively.

Markets thus shifted to previously unpopular segments of the market. Value stocks (+2.1%), foreign markets (+7.0%), emerging markets (+3.0%), and bonds (+2.8%) all benefited from the rotation out of the Mag-7.

While uncertainty has been creeping back into the market, it seems unlikely that the Fed will provide a fillip to the market with any significant rate cuts. The Fed remains data dependent and focused on squeezing inflation down closer to its stated goal of 2.0%.

With the possibility of "the Fed put" and "the Trump put" in question, investors are left to fend for themselves. Swan Global Investments has had hedging via put options at the heart of its Defined Risk Strategy since its inception in 1997.

2025 Returns as of 3/31/2025

	Q1	YTD		Jan	Feb	Mar
S&P 500	-4.27%	-4.27%		2.78%	-1.30%	-5.63%
Russell 2000	-9.48%	-9.48%		2.62%	-5.35%	-6.81%
MSCI EAFE	7.01%	7.01%		5.26%	1.95%	-0.29%
MSCI EM	3.01%	3.01%		1.81%	0.50%	0.67%
Russell 1000 Growth	-9.97%	-9.97%		1.98%	-3.59%	-8.42%
Russell 1000 Value	2.14%	2.14%		4.63%	0.41%	-2.78%
Bloomberg US Agg Bond	2.78%	2.78%		0.53%	2.20%	0.04%

Source: Morningstar Direct

Swan Defined Risk U.S. Large Cap

Performance Attribution & Summary

While the S&P 500 was down by a modest amount, -4.3% during the first quarter, there was a wide degree of dispersion within the various sectors of the index. Obviously, the Tech sector was down 12.7% with the Magnificent Seven sell-off, but the economically-sensitive sector of Consumer Discretionary had a similar return of -13.8%. Conversely, the more defensive sectors like Consumer Staples (+5.2%), Energy (+9.9%), and Utilities (+4.9%) had gains as investors grew more cautious.

The Swan Defined Risk U.S. Large Cap Strategy performed well versus the S&P 500 during the first quarter of 2025. The Strategy had a return of -1.1%, offsetting almost three quarters of the -4.3% decline of the S&P 500.

Core Equity: the S&P 500-based ETFs representing the core equity exposure declined in value by 3.2% during the first quarter, well within the realm of expectations in a down market.

Hedge: the Strategy entered 2025 with two-year put options set to a market of 6200. With the S&P 500 ending the first quarter at a 5612, the put options were “in-the-money” on March 31st. The hedge portion was up 2.3% during the quarter. While most of the gains in the put options were due simply to the drop in the S&P 500, the put options also benefited from an uptick in volatility and changes in anticipated rate cuts. If the S&P 500 continues its decline, Swan will seek opportunities to re-hedge and re-balance the Strategy’s holdings.

Swan Defined Risk U.S. Large Cap Strategy
as of 3/31/25

	Q1	Q2	Q3	Q4	YTD
Core Equity	-3.21%				-3.21%
Hedge	2.33%				2.33%
Fees/Other	-0.15%				-0.15%
Total Portfolio (Net)	-1.11%				-1.11%
S&P 500	-4.27%				-4.27%
Over / Under Performance	3.16%				3.16%

Average Annualized Returns
as of 3/31/25

	Inception Date	1YR	3YR	5YR	10YR	Since Inception
Swan DRS U.S. Large Cap Strategy	7/1/1997	6.84%	5.06%	8.49%	5.29%	7.43%
S&P 500	-----	8.25%	9.06%	18.59%	12.50%	8.85%

Sources: Swan Global Investments and Zephyr StyleADVISOR; Indices are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. DRS results are from the Swan Defined Risk U.S. Large Cap Composite, net of fees.

IMPORTANT DISCLOSURES:

The Swan Defined Risk Strategy, Swan DRS US Large Cap, or Swan DRS as used in this document refer to the Defined Risk U.S. Large Cap Strategy Composite.

The Swan Defined Risk Strategy Contribution data is derived from the performance data of the applicable Swan Defined Risk U.S. Large Cap Composite only. The derivation process includes allocating the monthly total portfolio return (gross of management fees) to each Defined Risk Strategy (DRS) component (core equity, hedge and options trades) based on each component's gains/losses for the period relative to the total portfolio's gains/losses for the period. The resulting attribution is what Swan feels is a fair representation of how the Strategy components performed. Using and comparing the contribution data may be of limited use and is presented for illustrative purposes only. Total portfolio performance information is presented net of model management fee, ETF expenses, trading costs, and includes reinvestment of dividends and distributions.

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.

IMPORTANT DISCLOSURES:

Swan Global Investments, LLC DRS U.S. Large Cap Composite													S&P 500 ("The Benchmark")				
Year	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-Fees)	Standard Deviation (External Net-Of-Fees)	Sharpe Ratio (Net-Of-Fees)	# of Accts / Assets in Millions	Total Firm Assets (\$MM)	Dispersion (Internal) Gross-Of-Fees	Return	Cumulative Return	Annualized Return	Standard Deviation (External)	Sharpe Ratio
2014	6.11%	333.67%	8.74%	6.74%	416.60%	9.84%	0.28	4.75%	0.65	599 / 434.3	1,810.04	0.65%	13.69%	220.92%	6.89%	8.97%	0.29
2015	-2.23%	323.99%	8.12%	-1.64%	408.14%	9.18%	0.29	5.79%	0.61	766 / 473.21	2,446.11	1.36%	1.38%	225.36%	6.58%	10.47%	0.28
2016	8.90%	361.71%	8.16%	9.55%	456.68%	9.20%	0.29	5.38%	0.64	1,207 / 675.64	3,620.08	0.90%	11.96%	264.27%	6.85%	10.59%	0.31
2017	11.29%	413.84%	8.31%	11.96%	523.26%	9.34%	0.29	4.98%	0.67	1,630 / 982.45	4,975.33	0.78%	21.83%	343.79%	7.54%	9.92%	0.37
2018	-7.01%	377.83%	7.55%	-6.45%	483.07%	8.55%	0.31	6.23%	0.59	1,292 / 756.36	4,063.88	1.13%	-4.38%	324.34%	6.95%	10.80%	0.33
2019	14.69%	448.01%	7.85%	15.38%	572.73%	8.84%	0.31	7.01%	0.63	1,144 / 638.36	3,065.24	1.15%	31.49%	457.95%	7.94%	11.93%	0.40
2020	2.82%	463.45%	7.63%	3.44%	595.85%	8.61%	0.32	9.17%	0.61	893 / 501.09	2,236.86	1.75%	18.40%	560.60%	8.37%	18.53%	0.41
2021	15.38%	550.10%	7.94%	16.07%	707.68%	8.90%	0.33	8.07%	0.66	1,026 / 546.44	2,571.77	0.24%	28.71%	750.23%	9.13%	17.17%	0.47
2022	-10.98%	478.71%	7.13%	-10.45%	623.32%	8.07%	0.33	8.76%	0.57	818 / 414.59	2,202.24	0.40%	-18.11%	596.25%	7.91%	20.87%	0.38
2023	11.96%	547.94%	7.31%	12.64%	714.72%	8.24%	0.33	7.68%	0.58	736 / 403.99	2,105.95	0.42%	26.29%	779.27%	8.55%	17.29%	0.42

Composite Description: The DRS U.S. Large Cap Composite demonstrates the performance of qualified and non-qualified assets invested in DRS U.S. Large Cap strategies managed by Swan Global Investments, LLC since inception. It includes discretionary individual accounts whose account holders 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. Individual accounts own S&P 500 exchange traded funds and LEAPS associated with the exchange traded funds as well as multiple other option trades 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.

Performance results reflect the reinvestment of dividends and other earnings and are expressed in U.S. dollars. Gross-of-fee performance results 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). Net-of-fees returns are calculated by deducting the higher of either actual management fees or a model management fee equal to the highest tier of the fee schedule (0.60% annual, or 0.05% monthly) from the monthly gross-of-fee composite return. The composite includes portfolios that pay zero commissions on certain securities in the portfolio (e.g., exchange traded funds (ETFs)).

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, 2023. 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.

Portfolios in the composite may include non-DRS securities (securities that are not part of the Swan Defined Risk Strategy) that are excluded from composite performance.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

087-SGI-050525

About Swan Global Investments

Investing Redefined® - Since 1997, our distinct investment approach has been redefining investing by directly addressing the biggest threat long-term investors face: market risk.

Market risk is too big a threat to investors to be dealt with passively. So we hedge it.

Swan Global Investments is a leader in hedged and options strategies, providing goals-based investment solutions built on an “Always Invested, Always Hedged” philosophy that seeks capital appreciation, while mitigating market risk.

Our simple, yet innovative Defined Risk Strategy is a time-tested, goals-based investment approach that seeks consistent long-term returns by combining the benefits of passive investing with active risk management to mitigate risks to irreplaceable capital.



©2025 Swan Global Investments, LLC
1099 Main Avenue, Suite 206
Durango, CO 81301
Telephone: 970-382-8901