



SWAN | Advisor Forum 2019

Investing Redefined™

April 28th – 29th, 2019

More than an Asset Manager – An Overlay Manager

Panel Discussion

Moderator: Marc Odo, CFA®, CAIA®, CIPM®, CFP®

More than an Asset Manager

An Overlay Manager

Panelists:



Rob Swan

Portfolio Manager, Chief Operations Officer
Swan Global Investments

Moderator:



Marc Odo, CFA[®], CAIA[®], CIPM[®], CFP[®]

Client Portfolio Manager
Swan Global Investments



Micah Wakefield, CAIA[®]

Portfolio Manager, Director of Research and Product Development
Swan Global Investments

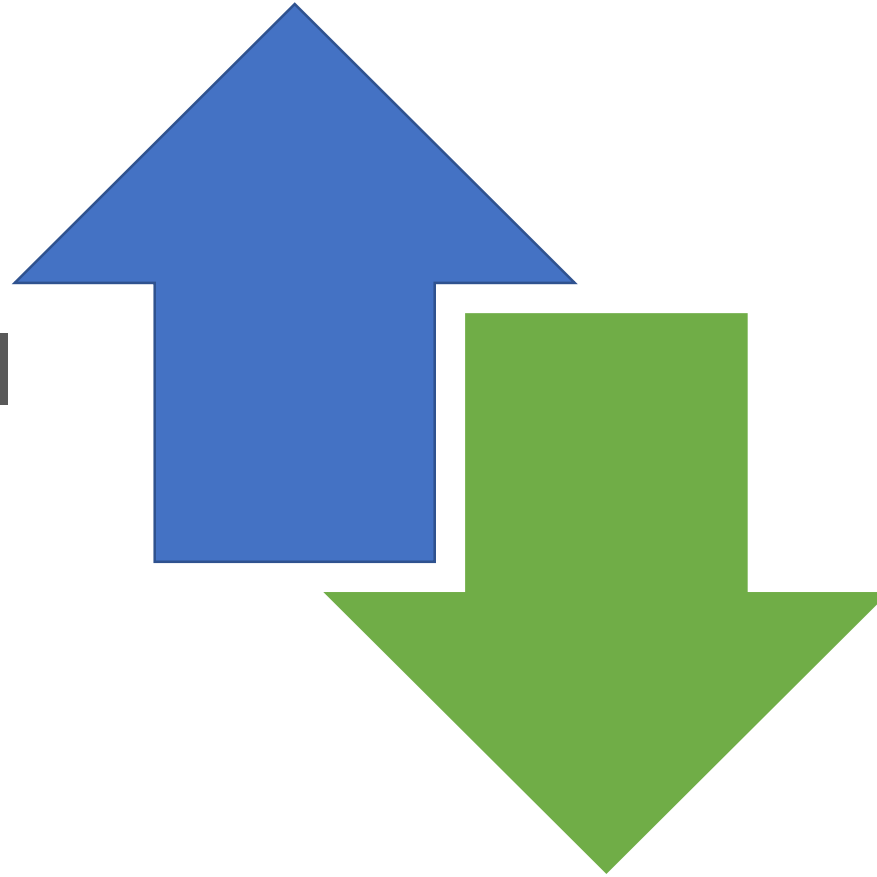


Chris Hausman, CMT[®]

Portfolio Manager, Managing Director-Risk
Swan Global Investments

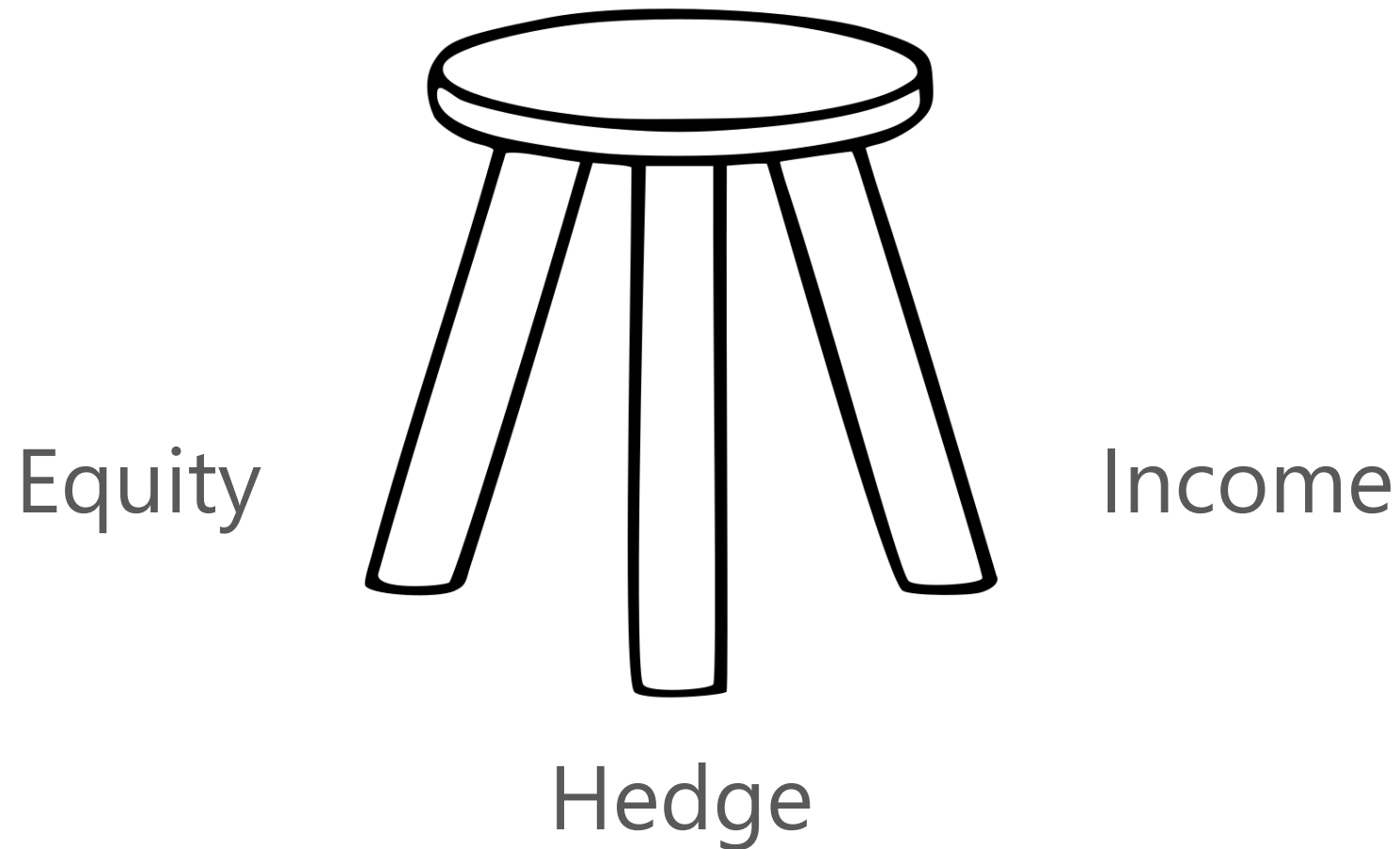
Directions for the DRS

DRS can be
rolled up to
portfolio level



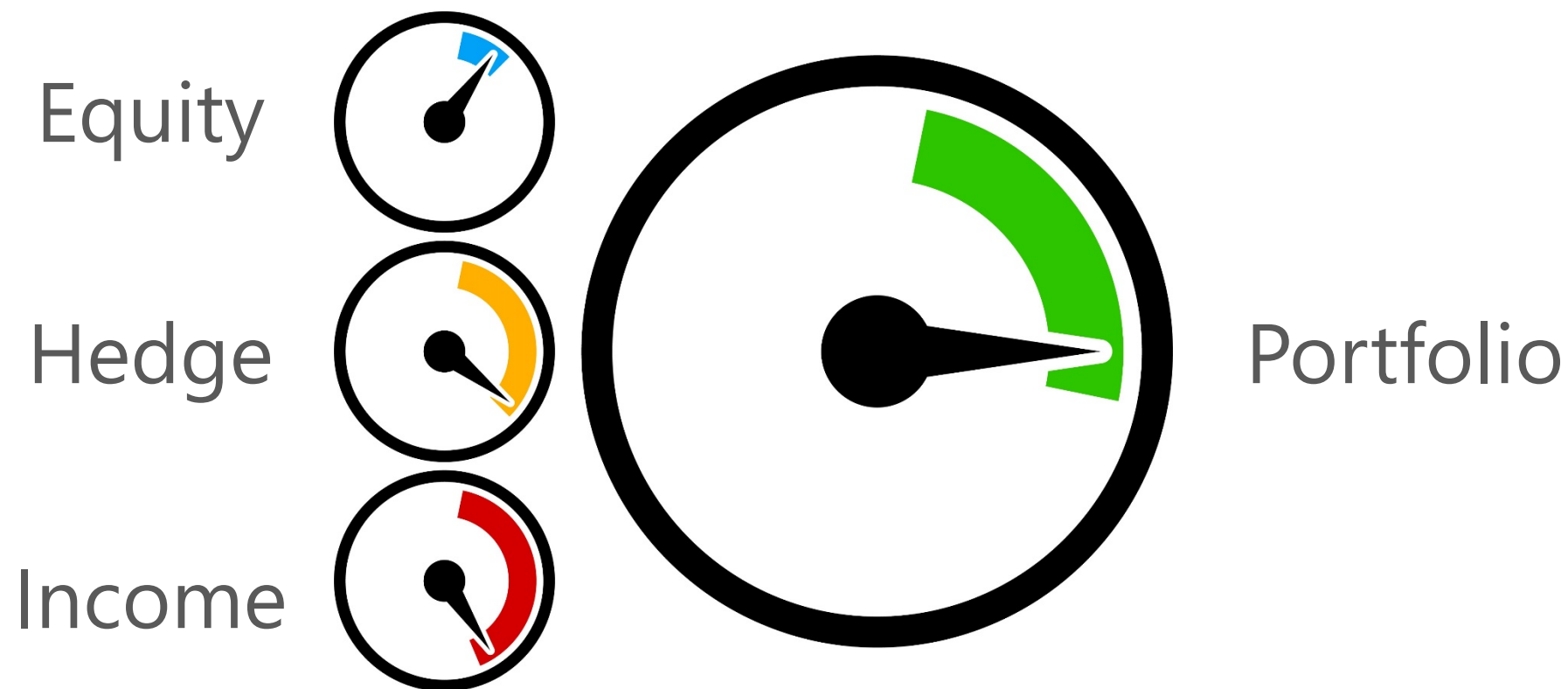
DRS can be *broken out* into its
constituent parts

Three Drivers of Return – Swan DRS





Risk Can Be Dialed Up or Down



Options with Core Equity

Swan Overlay is offered for the following indices and ETF's:

- S&P 500 Index
- Russell 2000 Index
- MSCI EAFE Index Fund (EFA ETF)
- MSCI EM Index Fund (EEM ETF)
- iShares iBoxx \$ High Yld Corp Bond ETF (HYG)

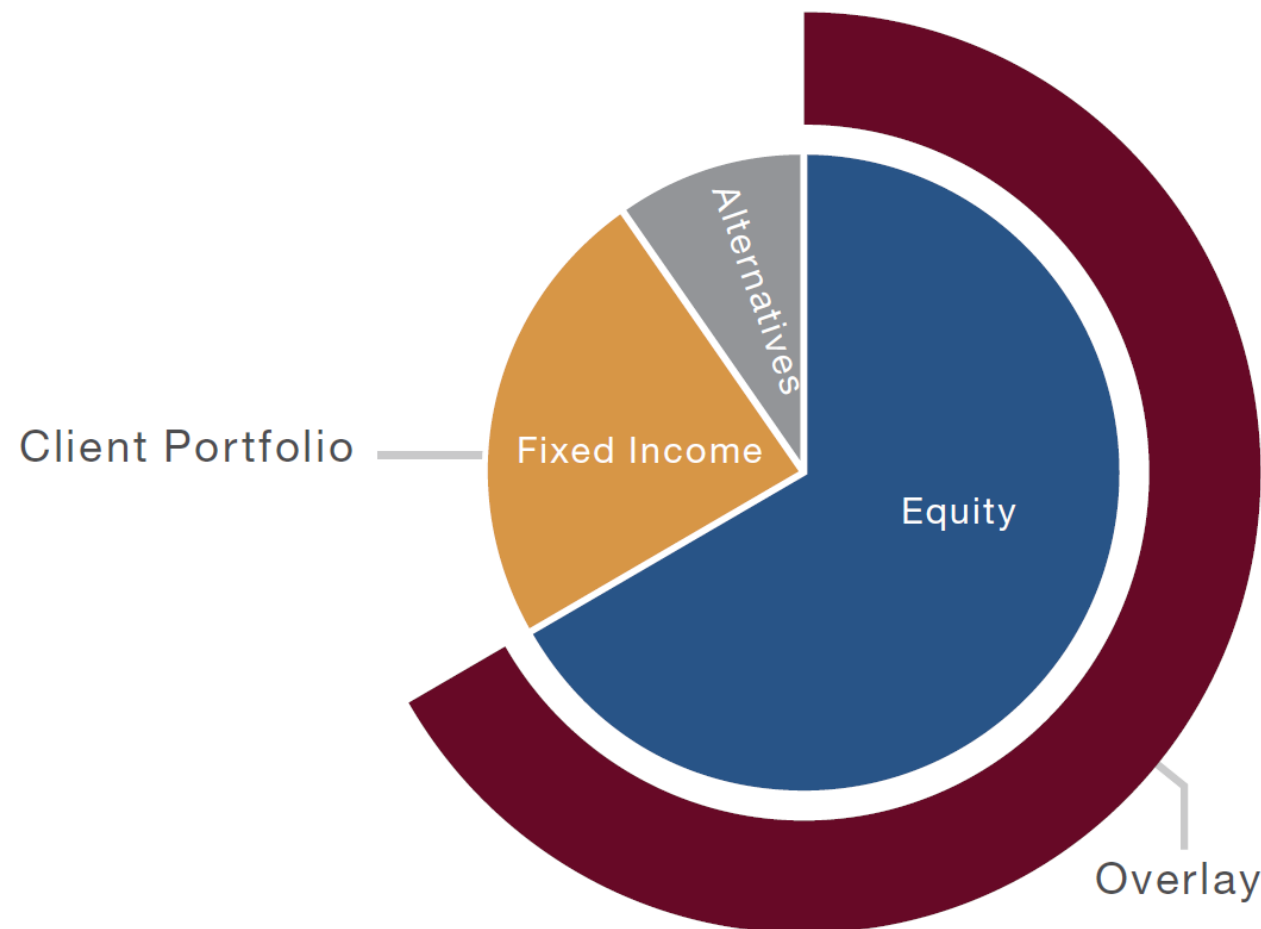
Swan Custom Overlay is available for the following purposes:

- Diversified portfolios
- Concentrated stock positions
- Tail risk hedging
- Portfolios seeking a shift in risk tolerance

Large drawdowns may impact spending rates and create long recovery times.

Swan Overlay Strategies can be used to:

- Manage volatility in underlying portfolios
- Hedge existing positions
- Reduce impact of market drawdowns
- Enhance portfolio returns



Portfolio Overlays to Address Risk Spectrum



Swan Overlay

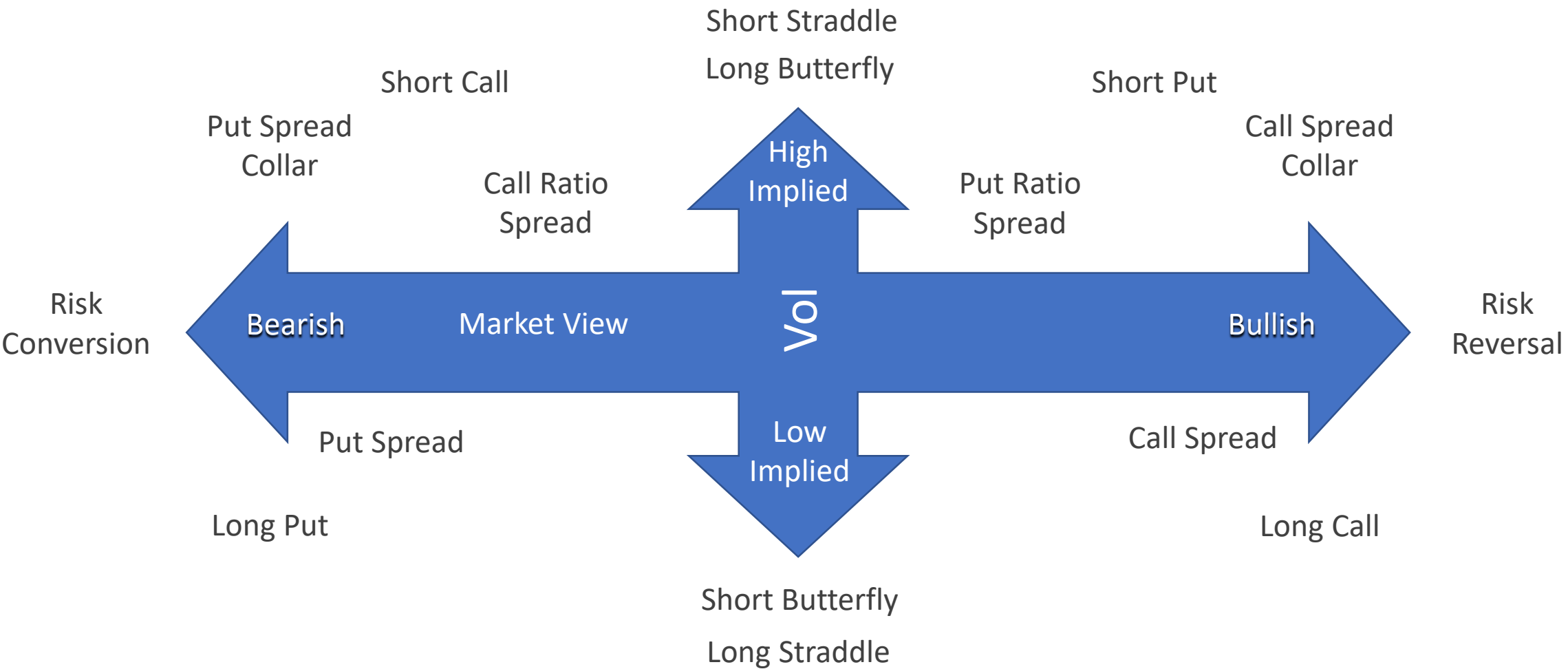
Swan Custom Overlays

Core Holdings Risk Reduction		Crisis Protection
Basic Diversified Portfolio/U.S. Focus	Concentrated Positions	Diversified/Global Portfolio
Basic Diversified Portfolio/Multi-Asset	Single Stock (Custom) Single Stock (Market Hedge)	Reduce Tail Risk

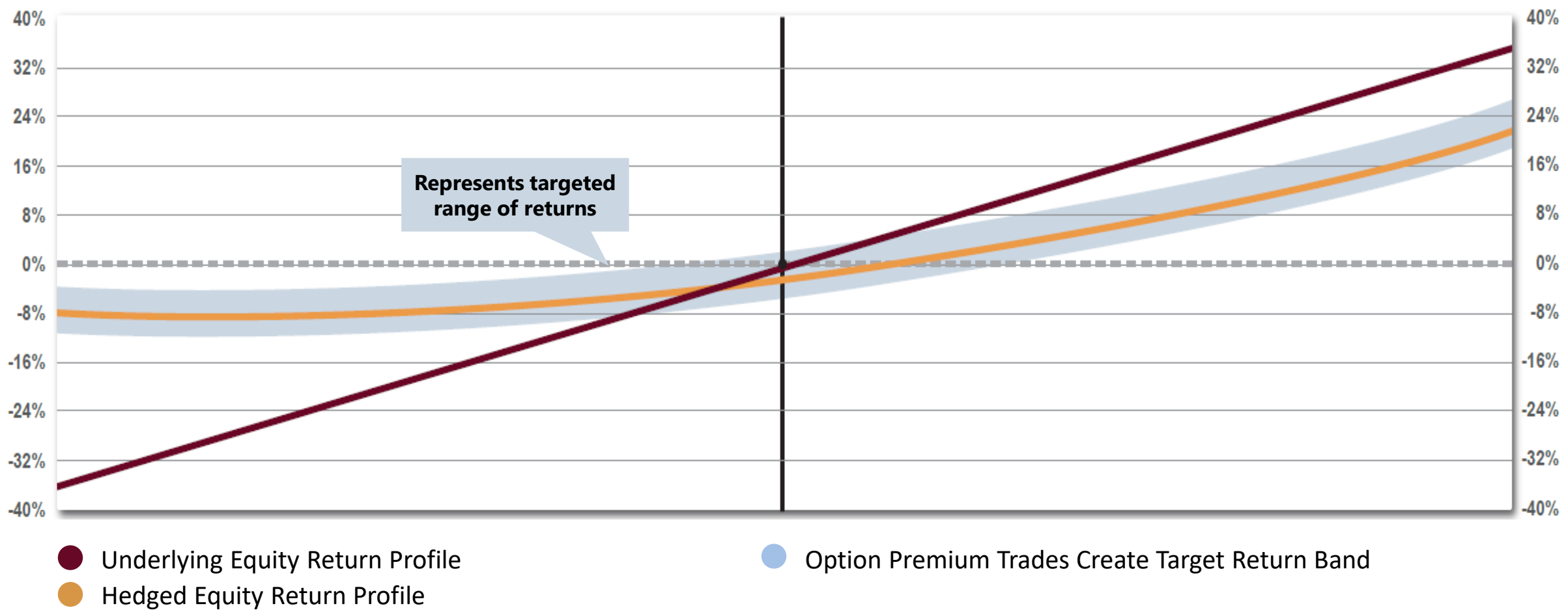
Options with Hedging

Equity Performance	Put	Put spread	Collar	Put Spread Collar	1x2 Put Spread
Bull Market (+10% or greater)	Loss of premium	Loss of premium	Loss of Upside	Loss of Upside	-
Flat Market (± 5%)	Partial Loss of premium	Partial Loss of premium	-	-	-
Moderate Correction (c-10%)	Moderate Protection	Partial Protection	-	Partial Protection	Protected
Correction (c-15%)	Protected	Protected	Protected	Protected	Partial Protection
Bear Market (c-20%)	Full Protection	Protection Capped	Full Protection	Protection Capped	Severe Loss

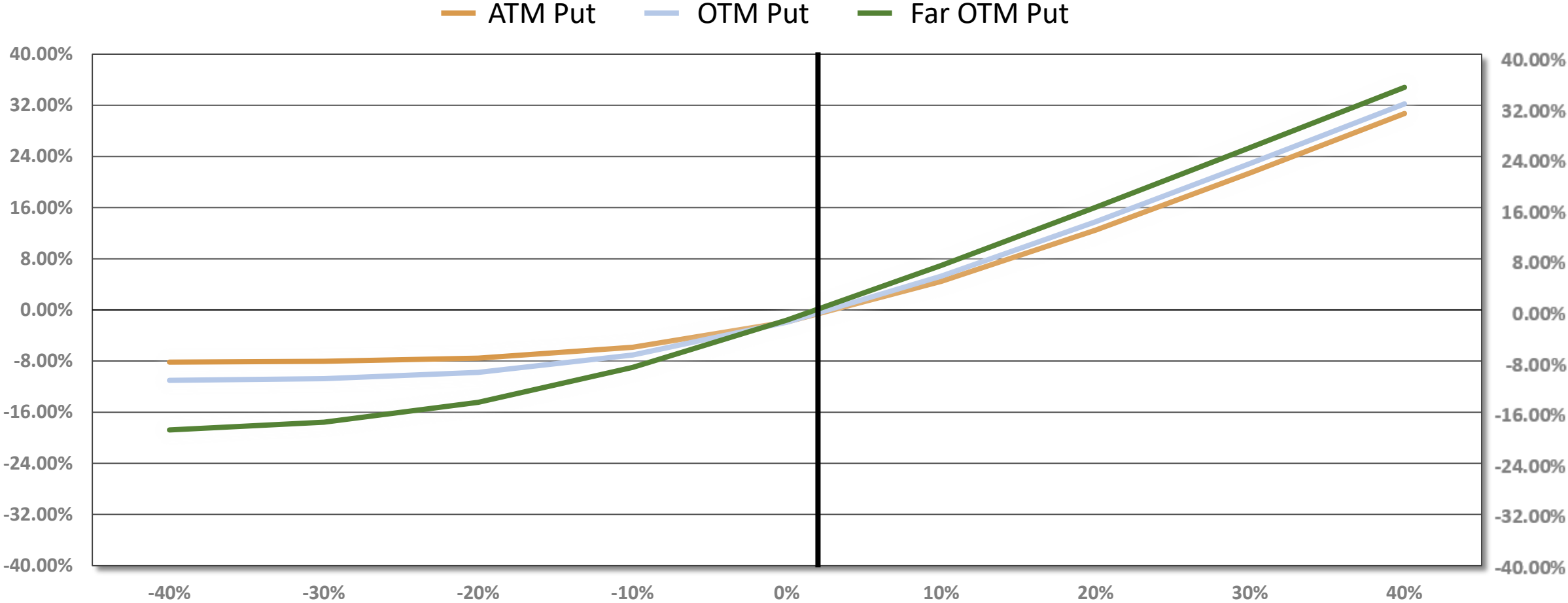
Hedge Strategy Comparison



Target Return Band for Swan DRS



Risk/Reward Can Be Dialed Up or Down



Case in Point: Swan Defined Risk Growth

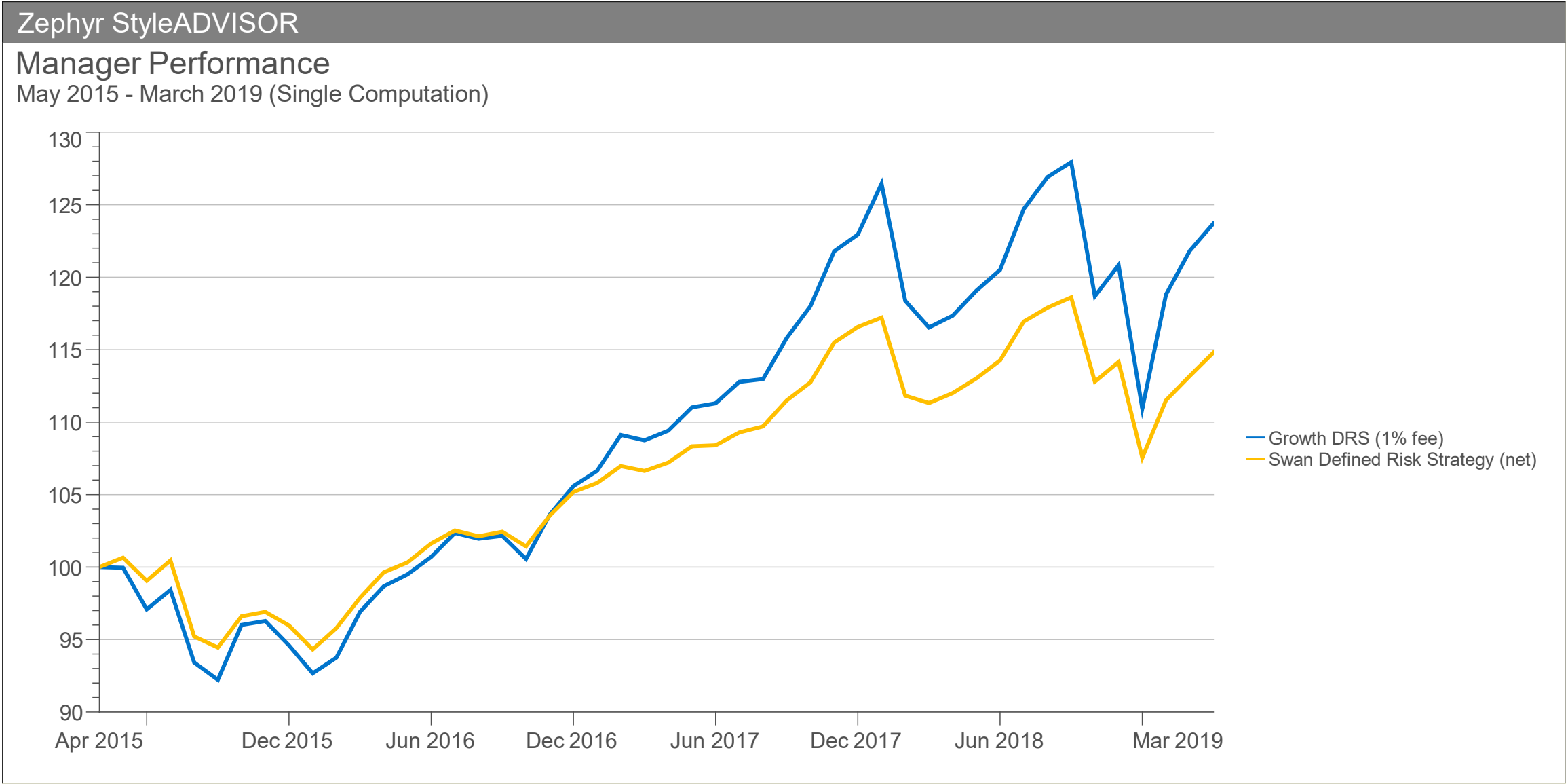
Objective: Growth with risk mitigation, rather than risk mitigation with growth

- Ran as test strategy since May 2015
- Inception as open ended fund on 12/28/18

Implementation: core, hedging, and option dials have been tweaked up:

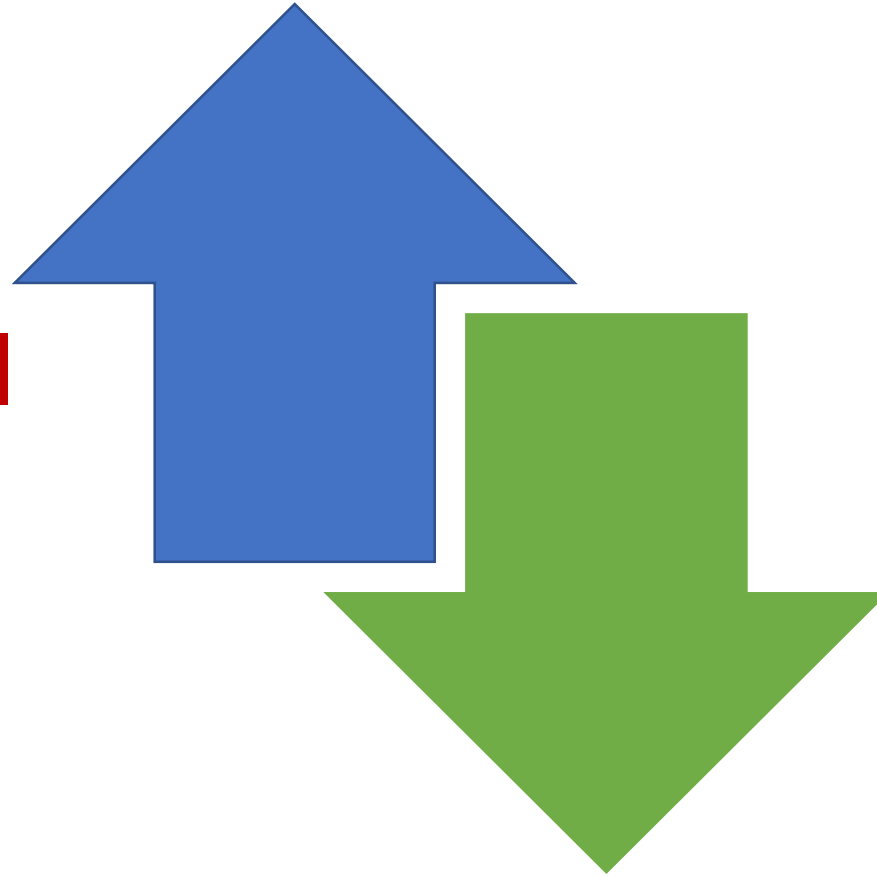
- S&P 500 as core
- Cheaper, OTM hedges means less upside drag but less risk mitigation
- Call spreads help with up capture in booming markets

Many Options with Options – Seeking Improved Risk/Return



Directions for the DRS

DRS can be
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portfolio level



DRS can be *broken out* into its
constituent parts

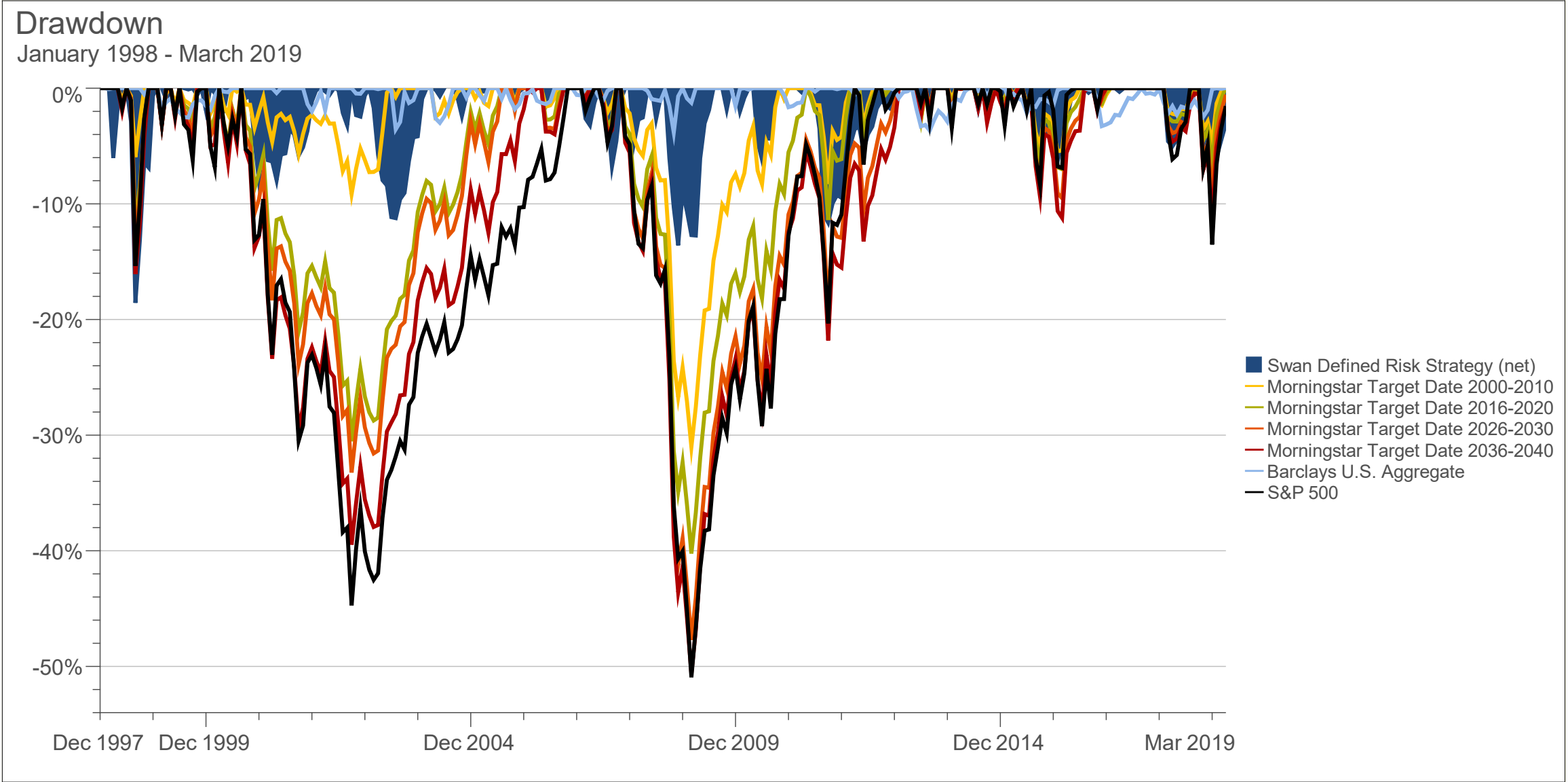
Portfolio-Level DRS

- Collective Investment Trusts (CITs)
- Riskalyze models
- Defined Risk Portfolios

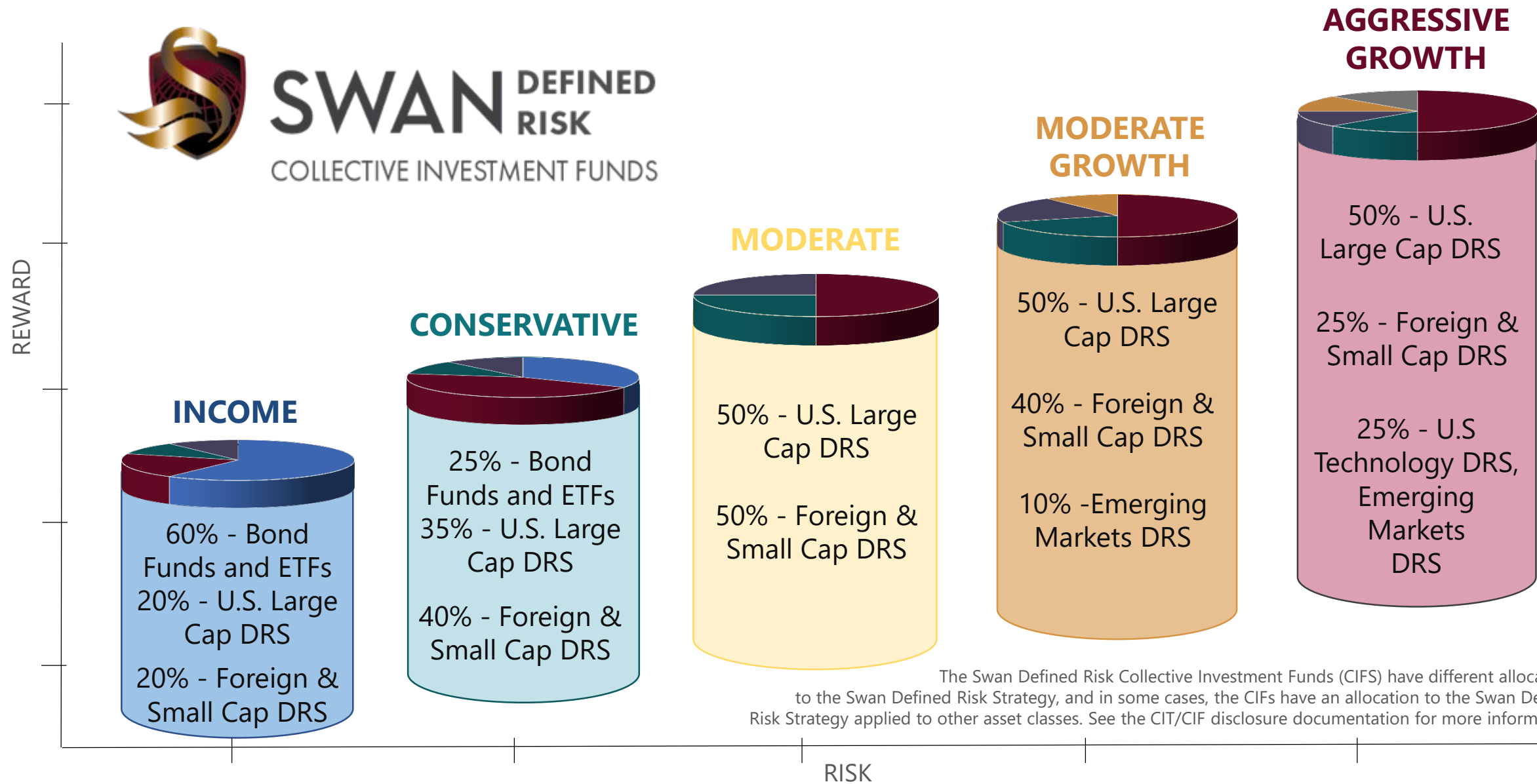
Collective Investment Trusts

- Developed with Gordon Asset Management and Alta Trust
- Five model portfolios ranging from conservative to aggressive
- Meant for the qualified plan market
- Inception in late 2015
- Meant to address the downside risk in target-date funds

Many Options with Options



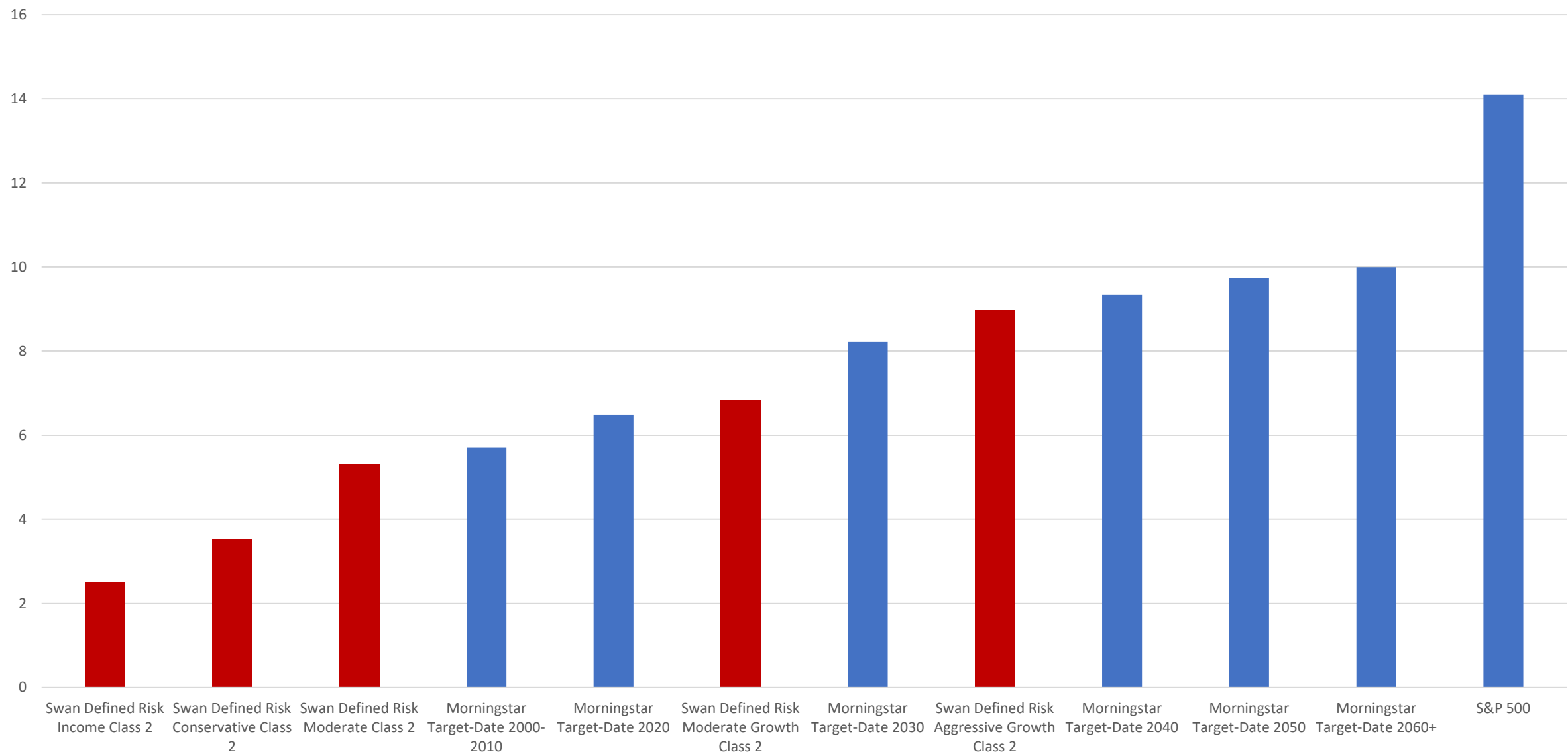
Seeking Improved Risk / Return – Example: CITs



The Swan Defined Risk Collective Investment Funds (CIFS) have different allocations to the Swan Defined Risk Strategy, and in some cases, the CIFS have an allocation to the Swan Defined Risk Strategy applied to other asset classes. See the CIT/CIF disclosure documentation for more information.

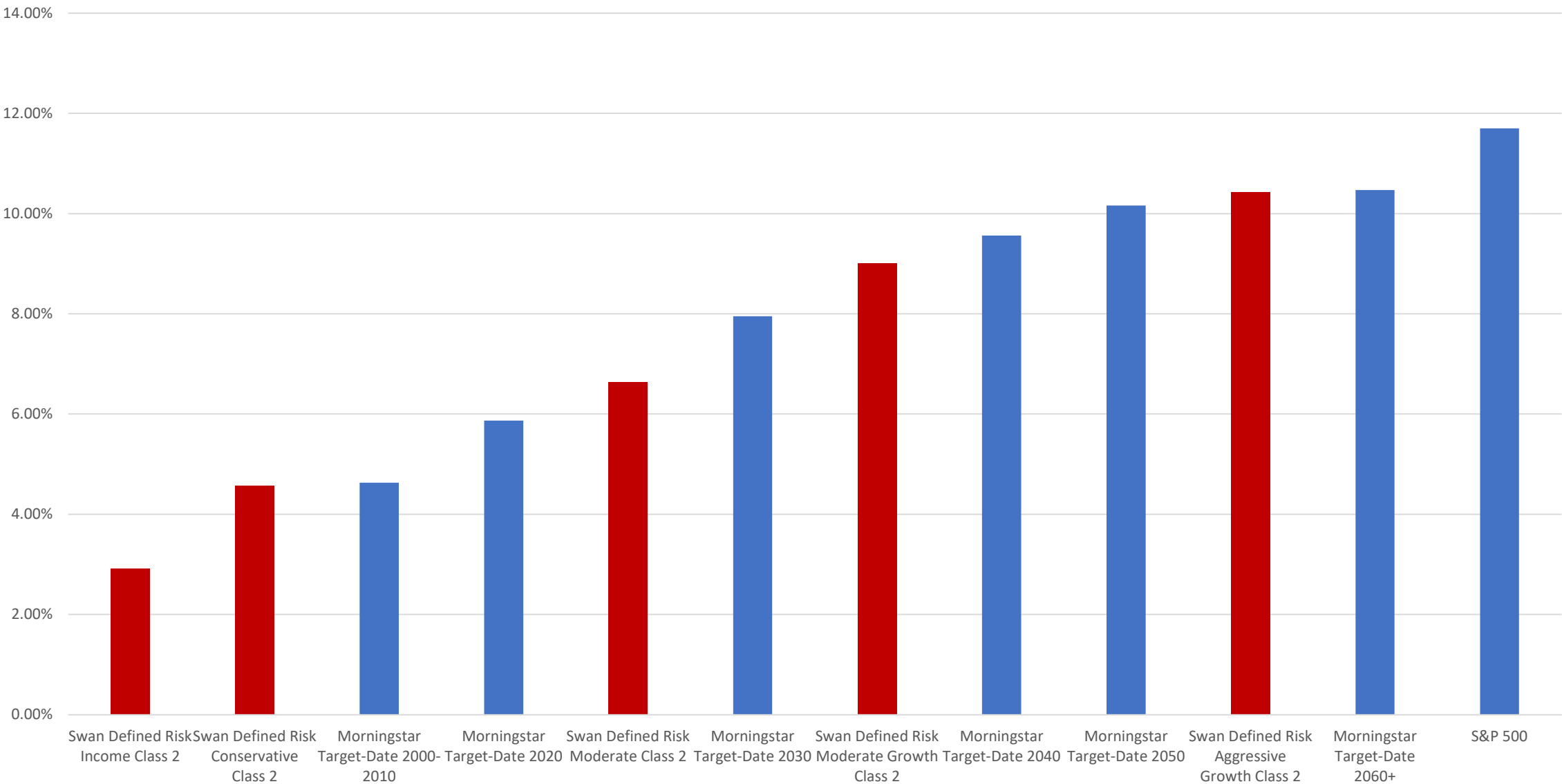
Many Options with Options

Return: Oct 15 - Mar 19



Many Options with Options

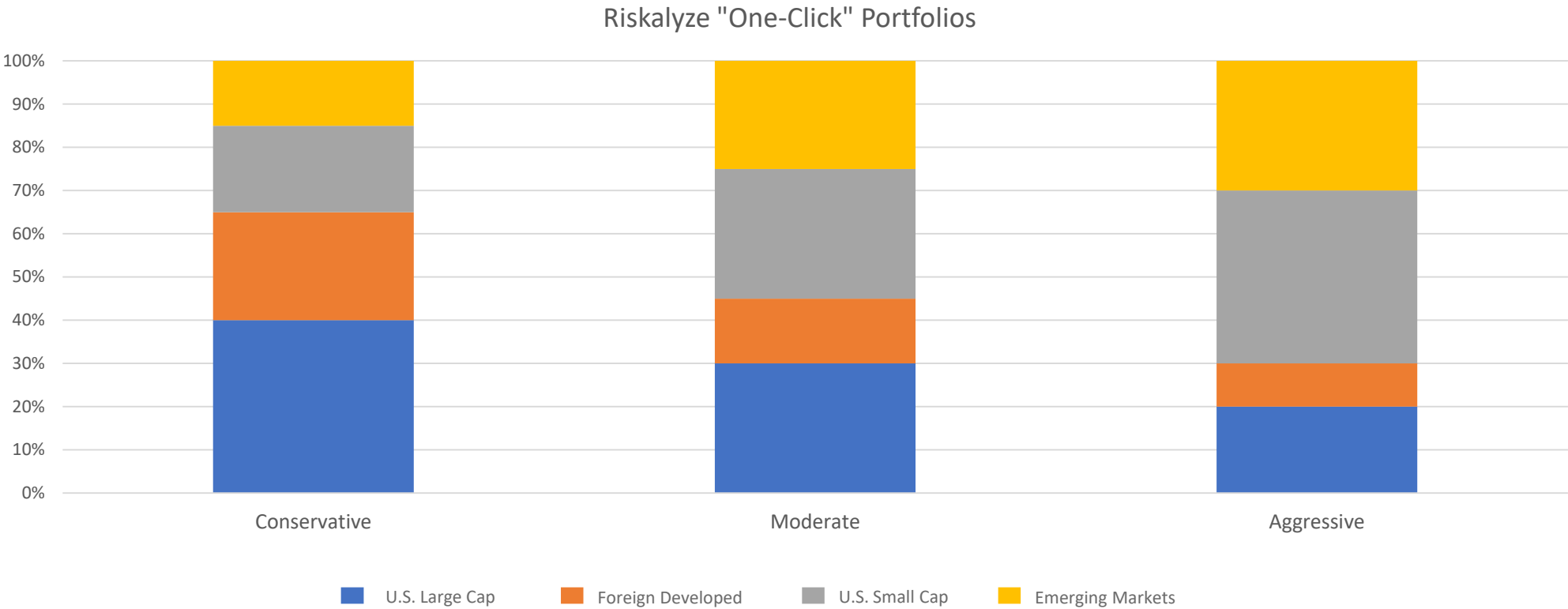
Risk: Oct 15 - Mar 19



Riskalyze Models

- Available on Riskalyze's popular website in their partner store models
- Three model portfolios ranging from conservative to aggressive
- Simple "one-click" solution
- DRS funds and models may significantly lower Riskalyze risk scores
- Integrates seamlessly with Riskalyze's client-friendly proposal generation tool

Many Options with Options



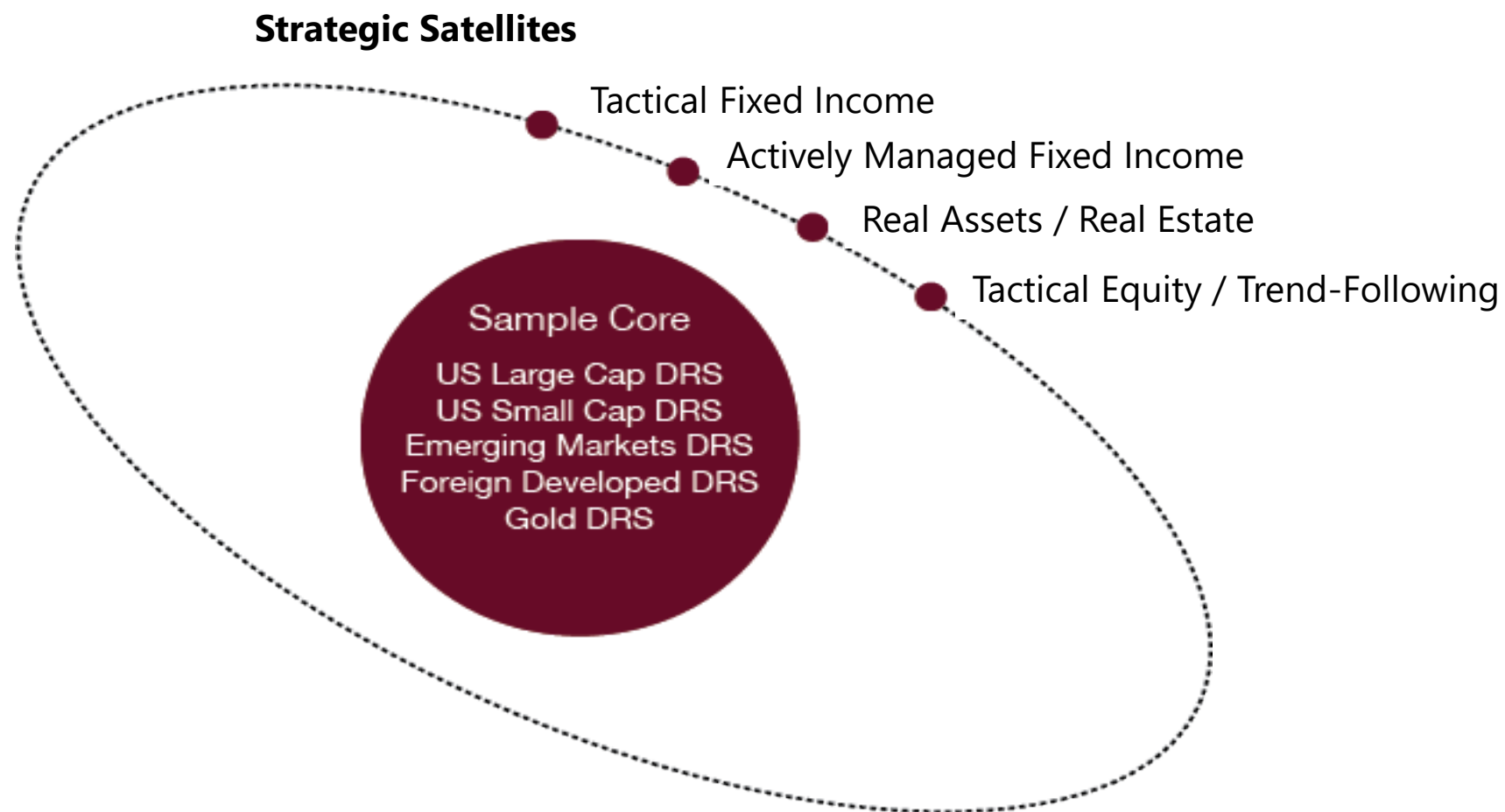
Swan DRS Models	Conservative	Moderate	Aggressive
U.S. Large Cap	40%	30%	20%
Foreign Developed	25%	15%	10%
U.S. Small Cap	20%	30%	40%
Emerging Markets	15%	25%	30%
Riskalyze Score	43	47	50

Defined Risk Portfolios Investment Principles

- Seek to avoid large losses
- Diversify across assets, strategies, styles
- Minimize volatility and behavioral biases
- Minimize taxes and costs
- Utilize assets with explainable factors driving performance
- Rules-based process

A Redefined Core-Satellite Approach

Built around
hedged equity...

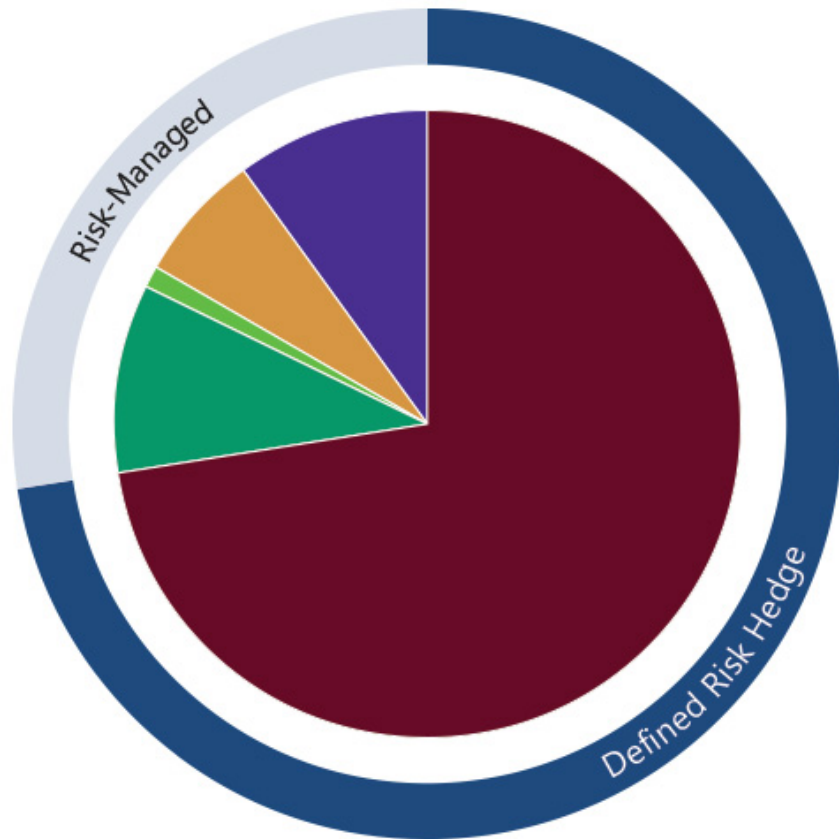




4-Step Construction Process - Defined Risk Portfolios

1. **Passively invest** in core of diversified global equity
2. **Actively manage hedge** on those assets
3. **Seek to generate income**
4. Establish smaller satellite positions to provide additional diversification, address inflation, and reduce volatility

Defined Risk Portfolio – Example



Risk Tolerance = Moderate

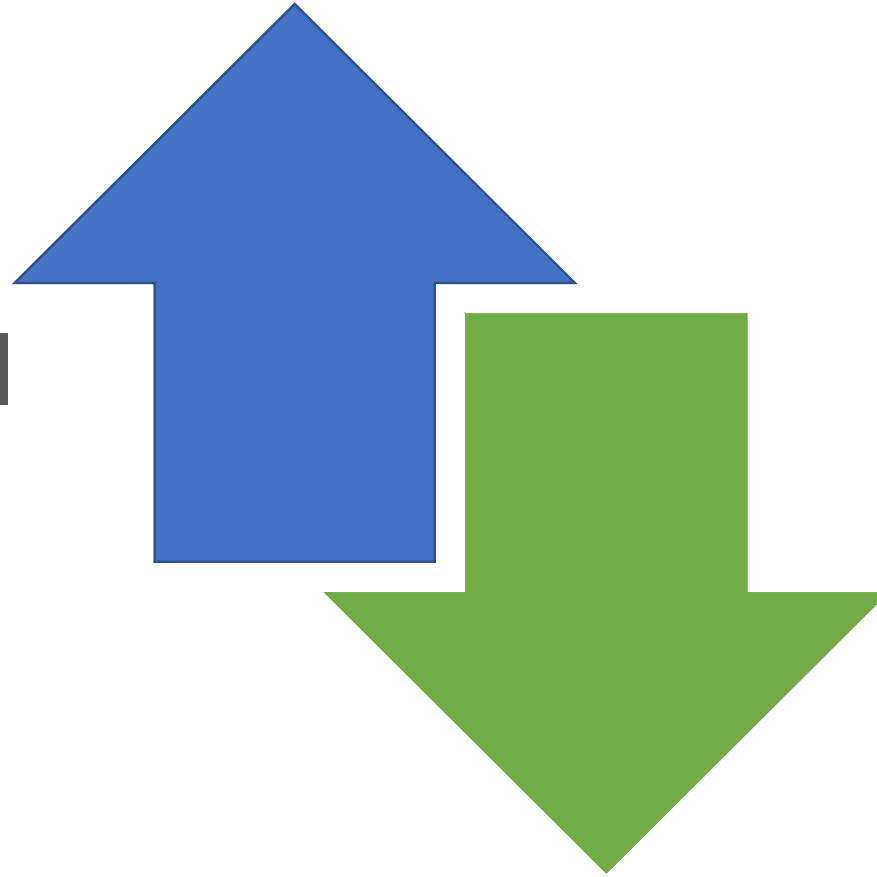
72%	Core Equity	10%	Tactical Bonds
0%	Real Assets (Hedged)	1%	Cash
7%	Real Assets	10%	Alternatives

For account sizes over \$25,000, but less than \$500,000.

- Core equity is diversified across major asset classes and always hedged
- Exposure to fixed income markets through tactical and actively managed strategies
- Exposure to real assets to provide additional diversification and address inflation
- Alternatives include tactical trend-following equity strategies for additional diversification and risk mitigation.

Directions for the DRS

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Disclosures: Swan Defined Risk Collective Investment Funds

Prior to the inception date of the Swan Collective Investment Funds (CIFs), the investment manager maintained an investment strategy which is used in the CIFs. The Swan Collective Investment Funds and the Swan DRS strategy performance represent separate products. The strategy performance is primarily shown to give potential investors additional information on how the option overlay strategy employed by the Swan Collective Investment Funds has performed over a longer time horizon. The Swan DRS strategy is only an allocation of each Swan CIF and as a result the Swan DRS performance and the CIF performance may differ materially due to other strategy and allocation exposures in the CIFs, fees, participant and portfolio transactions and other factors. The strategy performance does not necessarily represent what investor returns would have been in the Swan Collective Investment Funds.

About Swan Global Investments

Swan Global Investments is an asset management firm with \$5.03 billion in assets under management (as of December 31, 2018). It was formed in 1997 to offer a proprietary strategy designed to hedge against large stock market declines. The Defined Risk Strategy is an actively managed, hedged equity, rules-based process. It is available in mutual funds, separately managed accounts, and as an overlay to customize existing equity portfolios. Through a combination of techniques that seek to hedge the market and generate market-neutral income, the goal of the DRS is to minimize large losses in bear markets and outperform the S&P 500 over a full market. Swan's expanding portfolio of investment offerings is managed out of Durango, CO with affiliated offices in Tampa and Puerto Rico. In addition to managing the five Collective Investment Funds, Swan offers its Defined Risk Strategy through separate accounts and mutual funds. For more information, please visit <http://swanglobalinvestments.com>.

About Gordon Asset Management

Gordon Asset Management, LLC is an independent investment advisory firm located in the Raleigh-Durham area of NC and manages over 150 corporate retirement plans as a plan level fiduciary under ERISA section 3(21)A(ii) without discretion or with discretion under ERISA 3(38) as an investment manager. The firm is certified as an investment advisor with the Centre for Fiduciary Excellence (www.CEFEX.org) for adhering to global best practices in fiduciary excellence. Please contact Gordon Asset Management at wealthqb.com if you are interested in reviewing the CIT documents and disclosures.

About Alta Trust Company

Alta Trust Company is a South Dakota chartered trust company that partners with world class investment managers such as Swan and Gordon to provide retirement plans with quality investment options. Collective Investment Funds are bank maintained trusts and are not registered with the Securities and Exchange Commission. Alta Trust Company is the trustee for the Swan Defined Risk Collective Investment Funds.

Past performance is no guarantee of future results. A Fund's strategy, like most investment strategies, involves risks, including possible loss of principal. Before investing in any Fund, please consider the Fund's investment objective, strategies, risks, and expenses. Be sure to consult with your financial, legal and professional tax advisers prior to investment in any fund.

Please contact Gordon Asset Management at www.wealthqb.com if you are interested in reviewing the CIT documents and disclosures.

For Investment related questions please contact Swan Global Investments at: (970) 382-8901.

For general inquiries please contact Alta Trust at: 866-516-4015. Or visit the Fund web page at www.trustalta.com/swan.

Important Disclosures

Swan Global Investments, LLC. is a SEC registered Investment Advisor that specializes in managing money using the proprietary Defined Risk Strategy (DRS). Please note that registration of the Advisor does not imply a certain level of skill or training. Further information may be obtained by contacting the company directly at 970-382-8901 or www.swanglobalinvestments.com. Swan Global Investments, LLC, Swan Global Management, LLC, Swan Capital Management, LLC, and Swan Wealth Advisors, LLC are affiliated entities. Sources: Swan Global Investments, Zephyr StyleADVISOR, and Morningstar; all information is provided "as is" without warranty of any kind. Swan assumes no responsibility for typographical errors, inaccuracies or other errors which may occur.

This presentation is for information purposes only and does not constitute any investment advice or tax advice. DRS performance results are presented in U.S. dollars and are net-of-actual-fees and trading expenses and reflect the reinvestment of dividends and capital gains. Actual fees may vary based on, among other factors, account size and custodial relationship. No current or prospective client should assume future performance of any specific investment strategy will be profitable or equal to past performance levels. 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. 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.

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 due to offering differences and comparing results among the Swan products and composites may be of limited use. 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. 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.

The benchmarks used for the DRS Select Composite are the S&P 500 Index, which consists of approximately 500 large cap stocks, and a 60/40 blended composite, weighted 60% in the aforementioned S&P 500 Index and 40% in the Barclays US Aggregate Bond Index. The 60/40 is rebalanced monthly. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). The S&P 500 Index is often used as a proxy for the overall U.S. equity market. Indexes and other benchmarks used herein are generally unmanaged and have no fees or expenses. An investment cannot be made directly in an index or some of these benchmarks. 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 and benchmarks may be of limited use.

Swan claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS. Swan's compliance with GIPS has been independently verified for the periods July 1, 1997 through December 31, 2017. The Spaulding Group conducted Swan's verification. A copy of the verification report is available upon request. To receive copies of the report, please call (970) 382-8901 or email operations@swanglobalinvestments.com. Verification assesses whether (1) the firm has complied with all the composite construction requirements of GIPS on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS. Verification does not ensure the accuracy of any specific composite presentation.

The Swan Defined Risk Strategy Select Composite demonstrates the performance of non-qualified assets 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 eliminate most of the 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 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.

Swan offers and manages The Defined Risk Strategy ("DRS") for its clients including individuals, institutions and other investment advisor firms. Swan Global Investments has affiliated advisers including Swan Global Management, LLC and Swan Capital Management, LLC. There are eight DRS Composites offered: 1) The DRS Select Composite which includes non-qualified accounts; 2) The DRS IRA Composite which includes qualified accounts; 3) The DRS Composite which combines the DRS Select and DRS IRA Composites; 4) The DRS Institutional Composite which includes high net-worth, non-qualified accounts that utilize cash-settled, index-based options held at custodians that allow participation in Clearing Member Trade Agreement (CMTA) trades; 5) The Defined Risk Fund Composite which includes mutual fund accounts invested in the S&P 500; 6) The DRS Emerging Markets Composite which includes mutual fund accounts invested in emerging markets; 7) The DRS Foreign Developed Composite which includes all research and development account(s), and mutual fund accounts invested in foreign developed markets; 8) The DRS U.S. Small Cap Composite which includes all research and development account(s), and mutual fund accounts invested in U.S. small cap issues. Additional information regarding Swan's policies and procedures for calculating and reporting performance returns is available upon request.

The charts and graphs contained herein should not serve as the sole determining factor for making investment decisions. To the extent that you have any questions regarding the applicability of any specific issue presented or discussed, you are encouraged to consult with Swan Global Investments. All information, including that used to compile charts, is obtained from sources believed to be reliable, but Swan Global Investments does not guarantee its reliability. The Put Hedge examples presented may not be indicative of all Put Hedge's engaged by Swan. It is a hypothetical example, not shown for purposes of highlighting specific successful strategies, but rather as a general indicator of Swan's general experience and strategic outlook. The example does not represent an actual trade or investment. There is no guarantee that such hypothetical investments would have been, or will be, profitable for, or executed by, Swan.

Swan uses options in the DRS strategy. Options carry additional risks and are not suitable for all clients. Clients must read and understand the current options risk disclosure documents prior to entering into any options or other derivatives transactions. Prior to implementing a call writing program or any of the strategies described herein, a client should further discuss this investment process with other financial, legal and/or tax advisors. The options risk disclosure document is located at: <http://optionsclearing.com/about/publications/character-risks.jsp>.

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