



S-Network BlackSwan Core Index (SWANXT)

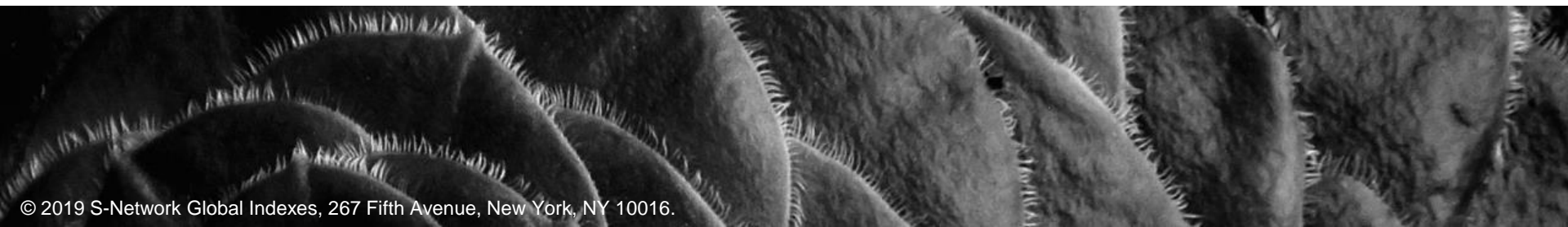
Q2 2019



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:

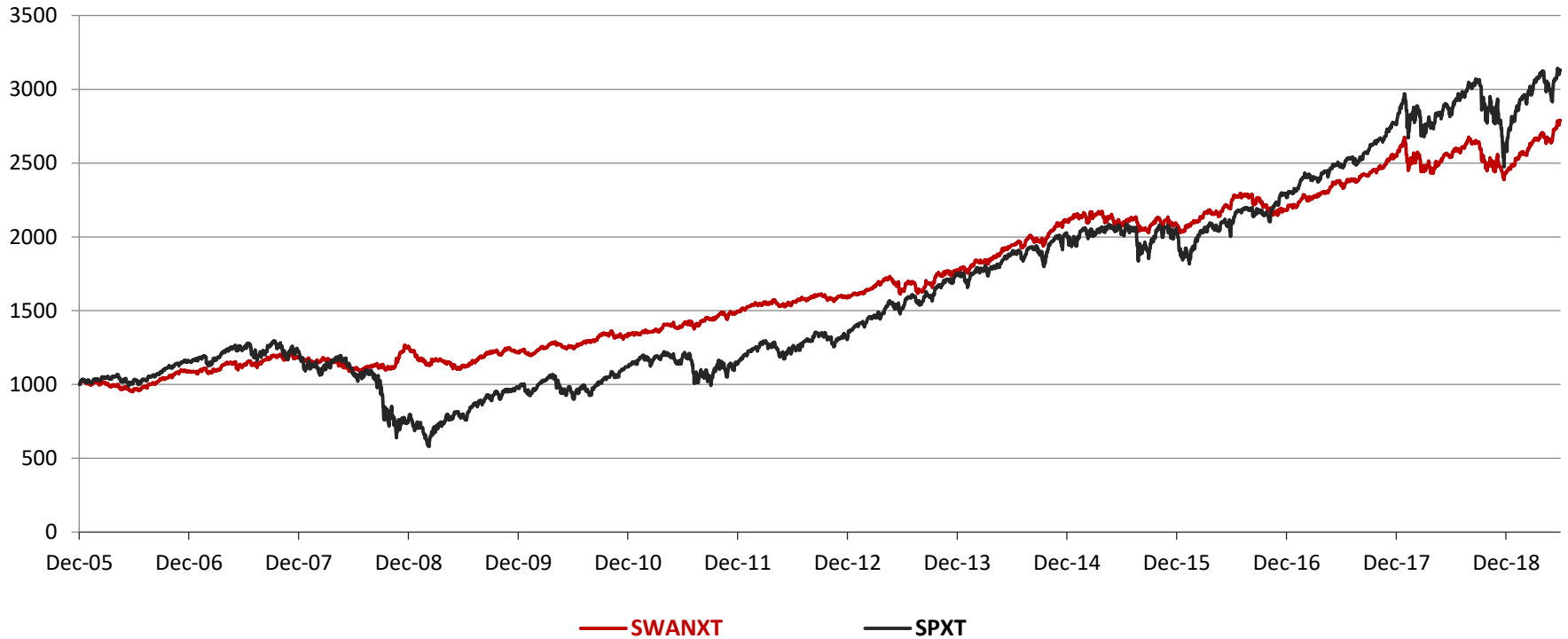
- Every 6 months, either the June option or the December option will be rolled to the following year.
- If options are at a net loss on the first trading day of rebalance month, the index is rebalanced on the first business day of trading of that rebalance month (June or December).
- If options are at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



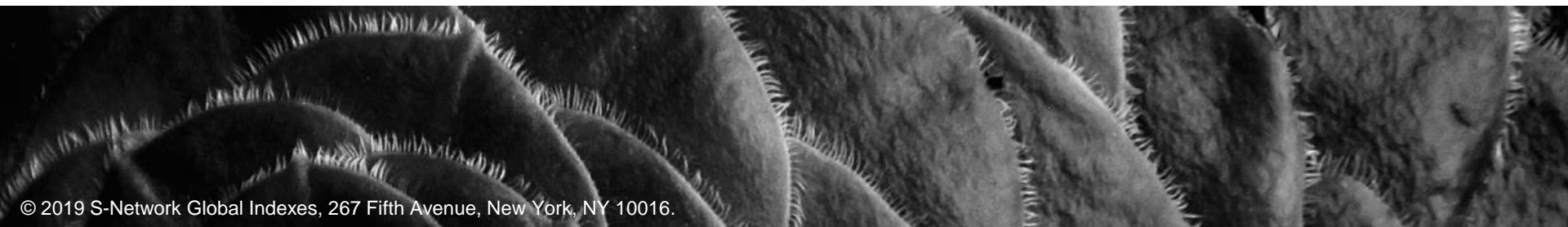
Historical Performance



S-Network BlackSwan Core TR vs. S&P 500 TR
(12/06/2005-6/30/2019)



Source: Bloomberg, as of 6/30/2019



Return Statistics



Calendar Year Returns		
	S-Network BlackSwan Core TR	S&P 500 TR
12/31/2006	8.54%	15.79%
12/31/2007	9.65%	5.49%
12/31/2008	5.26%	-37.00%
12/31/2009	-3.12%	26.46%
12/31/2010	10.79%	15.06%
12/31/2011	11.37%	2.11%
12/31/2012	6.27%	16.00%
12/31/2013	11.71%	32.39%
12/31/2014	18.18%	13.69%
12/31/2015	-1.07%	1.38%
12/31/2016	4.91%	11.96%
12/31/2017	16.71%	21.83%
12/31/2018	-4.09%	-4.38%
YTD 6/30/2019	13.69%	17.91%

Source: Bloomberg, as of 6/30/2019



Max Drawdown



**S-Network BlackSwan Core TR Max Drawdown
(Since Inception)**

Peak	12/18/2008	1268.92	
Trough	6/10/2009	1102.861	-13.09%
Recovery	4/13/2010	1269.76	15.13%

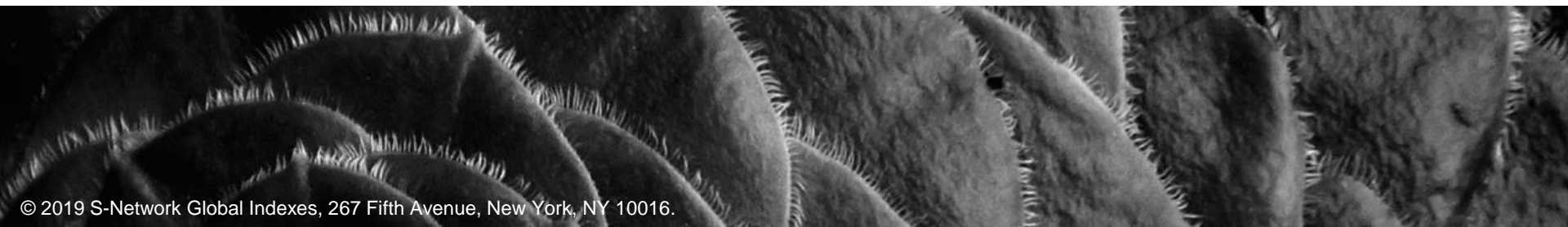
Drawdown Period	174 Days
Recapture Period	307 Days
	481

**S&P 500 TR Index Max Drawdown
(Since Inception)**

Peak	10/9/2007	1296.138	
Trough	3/9/2009	580.0184	-55.25%
Recovery	4/2/2012	1297.223	123.65%

Drawdown Period	517 Days
Recapture Period	1120 Days
	1637

Source: Bloomberg, as of 6/30/2019



Statistical Profile I



Total Return Appreciation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	179.00%	212.95%
10 Year	147.78%	294.16%
5 Year	43.52%	66.33%
3 Year	24.60%	48.89%
1 Year	9.75%	10.42%

Compound Annual Growth Rate		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.90%	8.82%
10 Year	9.50%	14.70%
5 Year	7.49%	10.71%
3 Year	7.61%	14.19%
1 Year	9.75%	10.42%

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

Source: Bloomberg, as of 6/30/2019

Statistical Profile II



Annualized Standard Deviation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.43%	14.35%
10 Year	7.02%	12.73%
5 Year	7.99%	12.03%
3 Year	8.54%	12.19%
1 Year	11.84%	18.99%

Sharpe Ratio		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	0.9052	0.5817
10 Year	1.2614	1.1080
5 Year	0.8329	0.8332
3 Year	0.7342	1.0363
1 Year	0.6485	0.4909

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

Source: Bloomberg, as of 6/30/2019

Statistical Profile III



Upside Capture Ratio (vs. S&P 500 TR)

	S-Network BlackSwan Core TR
Since Inception*	48.58%
10 Year	51.22%
5 Year	61.56%
3 Year	60.95%
1 Year	65.48%

Downside Capture Ratio (vs. S&P 500 TR)

	S-Network BlackSwan Core TR
Since Inception*	25.55%
10 Year	33.50%
5 Year	53.24%
3 Year	68.60%
1 Year	54.84%

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

Source: Bloomberg, as of 6/30/2019

Statistical Profile IV



Correlation (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.5728
10 Year	0.7002
5 Year	0.8029
3 Year	0.8666
1 Year	0.9186

Beta (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.2965
10 Year	0.3863
5 Year	0.5332
3 Year	0.6073
1 Year	0.5726

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

Source: Bloomberg, as of 6/30/2019

Statistical Profile V



R-Squared (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.3281
10 Year	0.4903
5 Year	0.6447
3 Year	0.7510
1 Year	0.8438

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

