



S-Network BlackSwan Core Index (SWANXT)

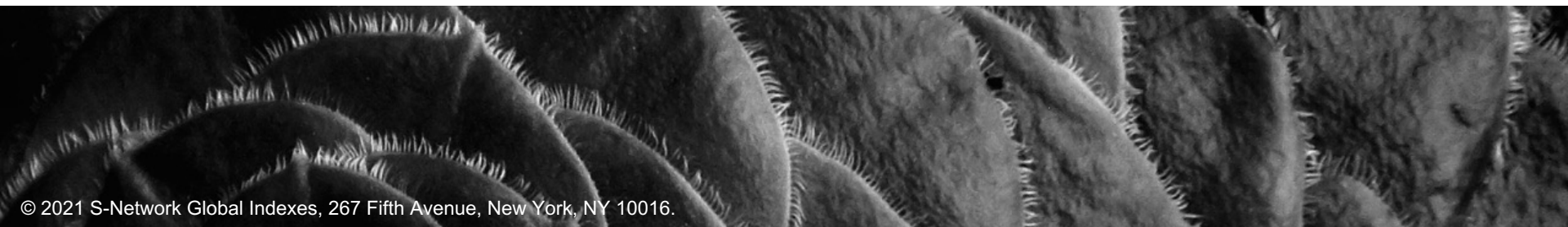
Q3 2021



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:

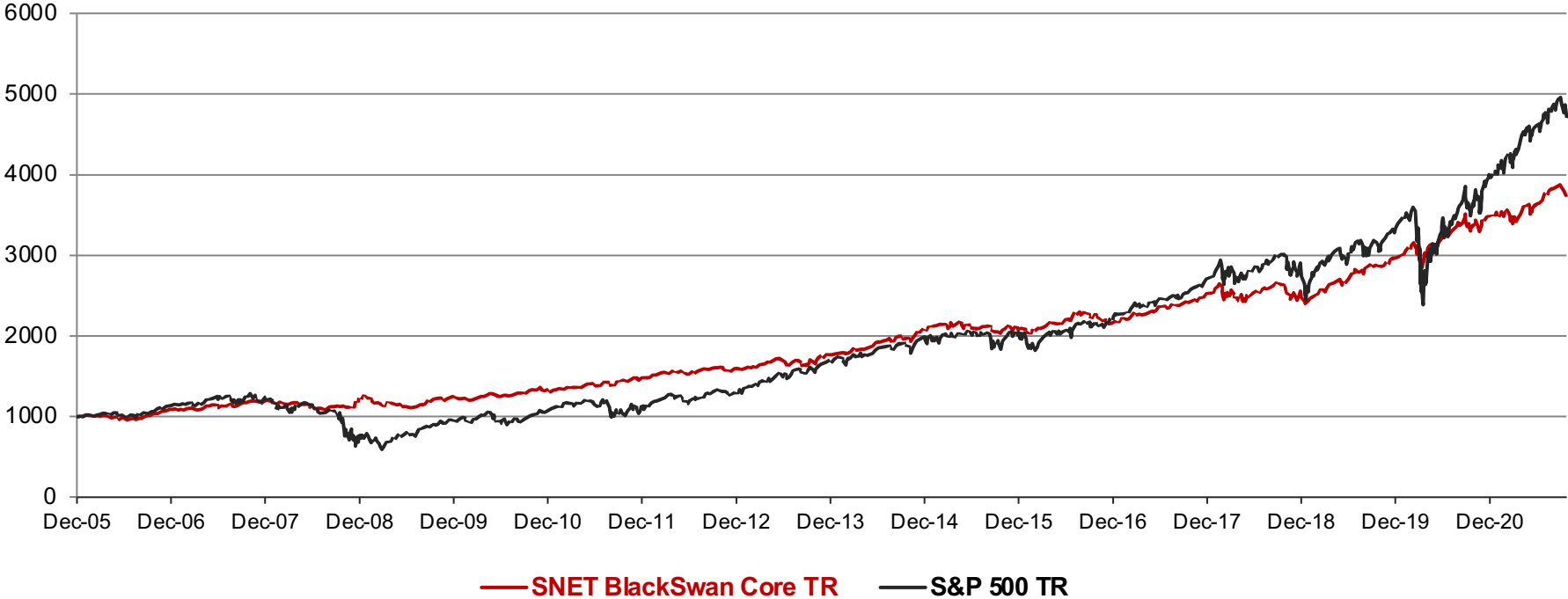
- Every 6 months, either the June option or the December option will be rolled to the following year.
- If options are at a net loss on the first trading day of rebalance month, the index is rebalanced on the first business day of trading of that rebalance month (June or December).
- If options are at 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
(12/6/2005-9/30/2021)



Source: Bloomberg, as of 9/30/2021

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%
12/31/2019	22.76%	31.49%
12/31/2020	18.00%	18.40%
YTD 9/30/2021	4.97%	15.92%

Source: Bloomberg, as of 9/30/2021



Max Drawdown



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

Peak	12/18/08	
Trough	6/10/09	-13.09%
Recovery	4/13/10	15.13%

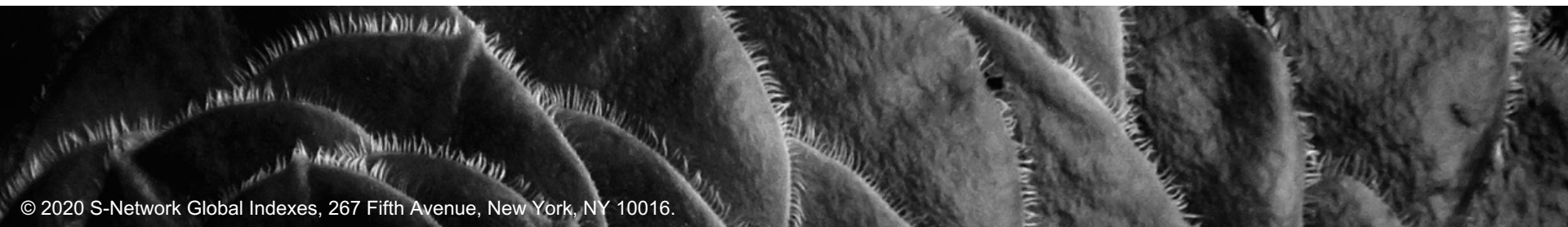
	Days
Drawdown Period	174
Recapture Period	307
Total	481

**S&P 500 TR Index Max Drawdown
(Since 12/6/2005)**

Peak	10/31/07	
Trough	2/28/09	-55.25%
Recovery	3/31/12	123.65%

	Days
Drawdown Period	517
Recapture Period	1120
Total	1637

Source: Bloomberg, as of 9/30/2021



Statistical Profile I



Total Return Appreciation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	271.17%	376.44%
10 Year	157.82%	365.86%
5 Year	64.17%	118.26%
3 Year	40.62%	56.07%
1 Year	10.59%	30.01%

Compound Annual Growth Rate		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	8.68%	10.42%
10 Year	9.93%	16.63%
5 Year	10.42%	16.90%
3 Year	12.03%	15.99%
1 Year	10.59%	30.01%

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

Source: Bloomberg, as of 9/30/2021

Statistical Profile II



Annualized Standard Deviation		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	7.55%	14.92%
10 Year	7.50%	13.26%
5 Year	8.52%	15.20%
3 Year	9.62%	18.81%
1 Year	10.16%	13.93%

Sharpe Ratio		
	S-Network BlackSwan Core TR	S&P 500 TR
Since Inception*	1.0046	0.6248
10 Year	1.2433	1.2087
5 Year	1.0918	1.0379
3 Year	1.1420	0.7944
1 Year	1.0374	2.1500

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

Source: Bloomberg, as of 9/30/2021

Statistical Profile III



Upside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	47.82%
10 Year	52.92%
5 Year	53.79%
3 Year	51.90%
1 Year	52.06%

Downside Capture Ratio (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	25.29%
10 Year	42.04%
5 Year	43.90%
3 Year	34.73%
1 Year	96.48%

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

Source: Bloomberg, as of 9/30/2021

Statistical Profile IV



Correlation (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.6049
10 Year	0.7471
5 Year	0.7832
3 Year	0.8025
1 Year	0.8873

Beta (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.3061
10 Year	0.4227
5 Year	0.4390
3 Year	0.4103
1 Year	0.6471

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

Source: Bloomberg, as of 9/30/2021

Statistical Profile V



R-Squared (vs. S&P 500 TR)	
	S-Network BlackSwan Core TR
Since Inception*	0.3660
10 Year	0.5581
5 Year	0.6134
3 Year	0.6440
1 Year	0.7874

Source: Bloomberg, as of 9/30/2021

*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

