

## RISK-MANAGED U.S. REAL ESTATE INDEX STRATEGY™

**Strategy Objective & Description:** To provide favorable long-term total return, through both capital appreciation and current income, by investing in an index of equity securities of companies principally engaged in or related to the real estate industry, while also providing downside protection against major market declines. More specifically, this strategy seeks to produce returns that are comparable to those of the MSCI U.S. Investable Market Real Estate 25/50 Index over a full market cycle, with substantially lower downside risk, by combining an investment in the Vanguard Real Estate Index ETF (VNQ) with the application of a proprietary, multi-factor market-timing hedge as a portfolio overlay. In summary, this strategy is a risk-controlled U.S. real estate equity index investment strategy.

**Designed for:** This strategy is designed for investors looking to:

- Obtain tax efficient exposure to the U.S. real estate equity market with lower downside risk compared to the U.S. real estate equity benchmark.
- Add a higher income component to their investment holdings.
- Diversify a traditional stock and/or bond portfolio.
- Diversify a traditional long-only equity portfolio.

### SIMULATED (NET) PERFORMANCE (Quarter Ending June 30, 2022)

Annualized Return (%)*	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
Strategy	-20.79	-8.60	12.55	9.56	9.11	11.85
MSCI U.S. Investable Market Real Estate 25/50 Index**	-20.53	-8.01	4.86	5.45	7.38	5.86
Excess Return (%)	-0.26	-0.59	7.69	4.11	1.73	5.99
Risk Statistics						
Strategy Max. Drawdown (%)	-	-	-24.78	-24.78	-24.78	-27.14
Benchmark Max. Drawdown (%)	-	-	-42.40	-42.40	-42.40	-70.21
Strategy Standard Deviation (%)	-	-	15.82	15.11	14.53	15.96
Benchmark Standard Deviation (%)	-	-	20.20	17.87	15.91	23.07
Strategy Sharpe Ratio	-	-	0.96	0.74	0.69	0.83
Benchmark Sharpe Ratio	-	-	0.43	0.43	0.54	0.40
Strategy Sortino Ratio	-	-	1.32	1.03	0.97	1.17
Benchmark Sortino Ratio	-	-	0.55	0.56	0.72	0.52
Strategy Annualized Alpha (%)	-	-	11.32	6.52	3.39	9.42

\*Returns are average annualized total returns, except those for periods less than one year, which are cumulative.

\*\*Benchmark: MSCI U.S. Investable Market Real Estate 25/50 Index as represented by the Vanguard Real Estate Index ETF (VNQ).

### SIMULATED (NET) PERFORMANCE BY CALENDAR YEAR (Calendar Years 2007 – 2022)

Return (%)	2007*	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022**
Strategy	-13.32	1.59	48.24	32.31	12.55	16.87	1.64	29.56	1.79	7.91	4.26	-6.59	28.05	18.41	39.65	-20.79
Real Estate Index***	-13.04	-36.98	30.14	28.39	8.64	17.63	2.30	30.40	2.43	8.57	4.90	-6.03	28.91	-4.61	40.54	-20.53
Excess	-0.28	38.57	18.10	3.92	3.91	-0.76	-0.66	-0.84	-0.64	-0.66	-0.64	-0.56	-0.86	23.02	-0.89	-0.26

From (\*) 7/1/07 to (\*\*) 6/30/22

\*\*\*Real Estate Index: MSCI U.S. Investable Market Real Estate 25/50 Index as represented by the Vanguard Real Estate Index ETF (VNQ).

**KEY DEFINITIONS**

**Alpha:** A measure of performance on a risk-adjusted basis. Simply stated, alpha is considered to represent the value that a portfolio manager adds to (positive alpha) or subtracts from (negative alpha) a portfolio's return. It is expressed as an annualized percentage. For example, an alpha of 1.0% means that the portfolio has outperformed its risk-adjusted benchmark by 1.0% per year.

**Excess Return:** A strategy's annualized (net) total return in excess of the applicable benchmark's annualized total return for the same period.

**Maximum Drawdown:** The largest drop from peak to bottom during a certain time period, expressed in percentage from the peak.

**Sharpe Ratio:** A measure of a portfolio's risk-adjusted performance. It divides the average of an investment's return by the standard deviation (i.e., volatility) of returns. Therefore, the higher this ratio the better. This ratio is typically used to compare the risk-adjusted returns of two or more investments. The investment with the highest Sharpe Ratio is deemed to have the best risk-adjusted return.

**Sortino Ratio:** A measure of a portfolio's downside risk-adjusted performance. It divides the average of an investment's return by the downside standard deviation (i.e., negative volatility) of returns. Therefore, the higher this ratio the better. Like the Sharpe Ratio, this ratio is typically used to compare the risk-adjusted returns of two or more investments. The investment with the highest Sortino Ratio is deemed to have the best risk-adjusted return. However, this measure of risk-adjusted returns typically is considered superior to the Sharpe Ratio because it measures an investment's performance in relation to only its volatility of negative returns or downside volatility.

**Standard Deviation:** A statistical measurement that shows the historical volatility of an investment's return. The greater the standard deviation, the greater the volatility. For example, a volatile stock or portfolio will have a high standard deviation, while a more stable stock or portfolio will have a lower standard deviation.

**ADDITIONAL EXPLANATORY NOTES & DISCLOSURES**

1. All strategy returns are based on simulated portfolio total returns net of an estimated annual advisory fee of 0.60% and estimated slippage or bid-ask trading costs of between 0.10% and 0.15% per trade.
2. Market data for back-testing provided by Portfolio 123, S&P Global Market Intelligence, Compustat, S&P Capital IQ Estimates, ICE Data, LLP, IEX and FactSet.
3. The material in this presentation is based on information from a variety of sources we consider reliable, but we do not represent that the information is accurate or complete. The material provided herein is for informational purposes only.
4. References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only.
5. This presentation is neither an offer to sell nor a solicitation of an offer to buy any securities.
6. **DISCLAIMER FOR HYPOTHETICAL OR SIMULATED PORTFOLIO RETURNS.** All returns presented are unaudited, hypothetical and intended for illustrative purposes only. All hypothetical returns are based on simulated portfolio performance and are net of an estimated annual advisory fee of 0.60% and estimated slippage or bid-ask trading costs of between 0.10% and 0.15% per trade; all dividends are assumed to be reinvested annually. Actual strategy returns from live portfolios may differ materially from hypothetical or simulated returns. There is no substitute for actual returns from a live portfolio. Back-testing is done by retroactively applying a hypothesis to the historical data to obtain returns (scientific method) or finding variables in historical data that correlate to returns and developing a hypothesis from the historical data (data mining) or applying any hypothesis to different time periods until favorable returns are discovered (data mining). Back-tested models are developed with the benefit of hindsight but might not have foresight of the future. Hypothetical returns do not reflect the macroeconomic risks of using the strategy in a different time period or may not accurately reflect the financial risk of executing actual trades in a live portfolio which include the potential market impact on stock prices caused by buying or selling that could cause the model's buy or sell prices to differ from the estimated costs used in the back-tested model. Although the information in the table gives you some idea of the historic risks involved in investing in the strategy, **PAST HYPOTHETICAL PERFORMANCE IS NOT A GUARANTEE OF FUTURE RETURNS.**
7. The simulated performance information set forth herein is for our model strategy only. Individual investors who invest in separately managed accounts that track this strategy may experience different returns than our model. Accordingly, the statements made herein are not necessarily representative of the returns that any investor may actually attain.
8. This strategy may be subject to higher portfolio turnover compared to the applicable market index exchange traded fund as a result of periodic hedge trades, and thus, may incur a higher level of taxes and transaction costs compared to merely buying and holding the applicable market index exchange traded fund.
9. Opinions expressed are current opinions as of the date appearing in this material only.
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