



CAPITAL  
MANAGEMENT, LLC  
BETTER INVESTMENTS FOR A BETTER FUTURE

## Strategy Description

BNC Capital Management, LLC provides its partners with portfolio diversification via exposure to multiple asset classes. The firm invests in equities, real estate, cryptocurrency, derivatives, and other assets. The objective is to provide a 10% annual growth rate for each partner's invested capital in all economic environments.

The firm's investment strategy involves deep fundamental and macroeconomic research to create a big-picture investment strategy and balance asset classes to achieve an absolute return of 10% year-over-year. The strategy's objective is to identify macroeconomic trends and exploit shifting investment environments and tactically position the firm's assets to profit from these trends. The resulting portfolio consists of 4-10 unique asset classes, as well as an allocation to derivatives that profit from short-term opportunities.

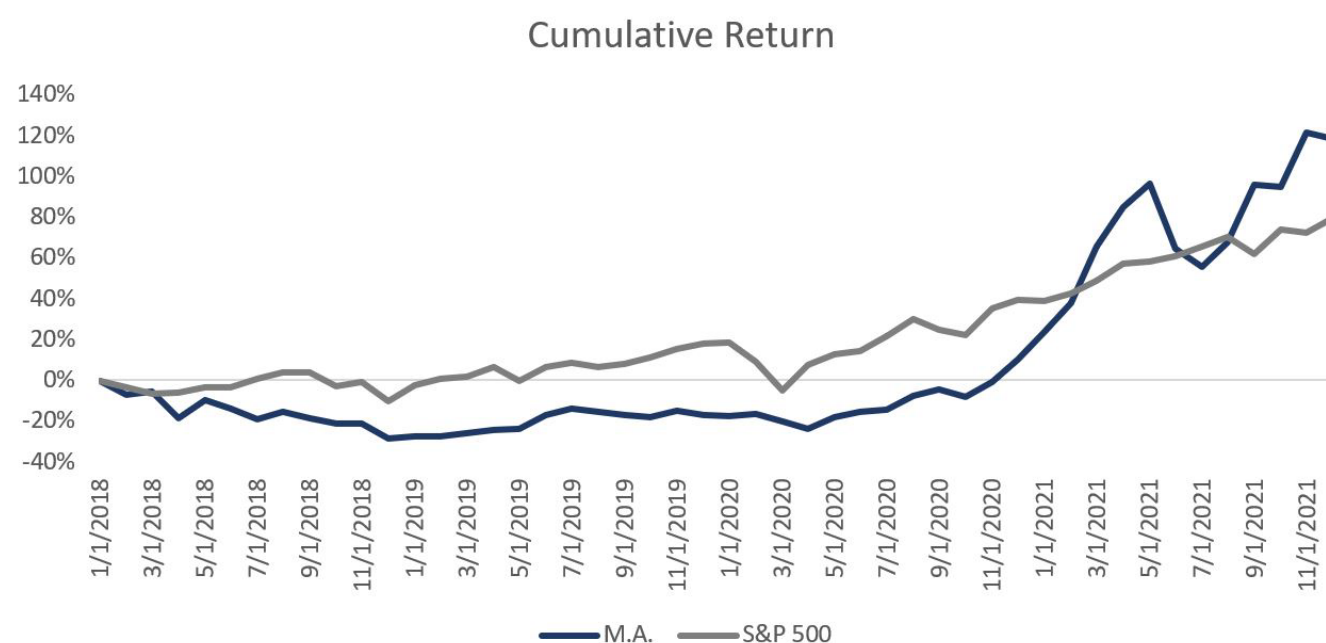
The firm's portfolio is monitored daily and updated by the Portfolio Manager and Investment Team based on the prospective risk/reward of each holding compared to alternatives in the strategy's investable universe.

## Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SPY
2018	0.00%	-7.05%	1.55%	-13.81%	10.97%	-4.56%	-5.80%	3.93%	-3.42%	-2.96%	-0.48%	-8.86%	-27.45%	-2.43%
2019	1.17%	0.39%	1.60%	2.38%	0.51%	9.38%	3.65%	-2.14%	-1.79%	-0.92%	3.36%	-2.35%	13.80%	21.45%
2020	-0.47%	1.48%	-4.89%	-4.09%	7.45%	2.74%	1.69%	8.02%	3.06%	-3.99%	8.21%	11.29%	50.23%	17.17%
2021	12.30%	11.23%	20.14%	11.72%	6.01%	-16.16%	-5.42%	7.66%	16.90%	-0.56%	13.73%	-1.34%	76.21%	29.60%

\*Multi-Asset Strategy

	M.A.*	SPY
Cumulative Return	118.55%	79.95%
Average Yearly Return	29.64%	19.99%
Sharpe Ratio	3.54	2.89
Beta	0.31	1.00
Alpha	21.67%	0.00%
Best Month	20.14%	13.36%
Worst Month	-16.16%	-13.00%
Positive Periods	27.00	34.00
Negative Periods	20.00	13.00



## Investment Terms

Management Fee	0.00%	Lockup	None
Performance Fee	0.00%	Custodian	BNC Capital Management, LLC
Minimum Investment	\$1,000		

\*All BNC Capital Management, LLC figures represent performance of a hypothetical account with \$10,000+ net deposits (paying a 0.00% annual advisory fee). Back-tested data from 2018-2021, using BNC's investment process for an aggressive portfolio, not an actual account.

\*All performance results are net of fees and include dividends. 2021 YTD results are from 1/01/21 through 12/31/21. Cumulative and annualized returns, alpha, beta, and Sharpe ratio are from historical back-testing of BNC's strategy from 1/01/18 through 12/31/21. Alpha is calculated using the Capital Asset Pricing Model (CAPM) and uses a risk-free rate of 2.00%.

## Investment Process

### Idea Generation

The firm's investable universe includes all U.S.-based stocks and International stocks, Foreign and Domestic Bonds, Derivatives, Real Estate, Private Equity, and Other Funds. To identify potential portfolio candidates, the Investment Team employs quantitative and qualitative research across assets in the investable universe. This research includes, but not limited to, filtering by financial metrics we believe are leading indicators of business quality, reading through company filings and transcripts, algorithmic momentum, mean reversion, and much more.

### Fundamental Research

Prior to investing in an asset class, the Investment Team conducts top-down fundamental research to ascertain the factor risks associated with the asset class. The Investment Team then forecasts market variables such as inflation and calculates the asset class's projected return and volatility. After that, the asset class is assigned a target allocation within the firm's portfolio that is consistent with the firm's investment objective.

Each asset class is allocated a maximum of 35% and a minimum of 15% of the firm's investable capital. Asset classes are examined in light of the current and future economic environment, and tactical asset class allocation adjustments are made only to capitalize on long-term trends.

### Valuation

Once the Investment Team has validated an asset's economic advantages, growth prospects, and historical performance, they analyze the asset's absolute and relative valuation vs. their estimate of its long-run intrinsic value. The team targets a +10% minimum annualized return over a 5-year period for each holding.

### Portfolio Management

Once an asset makes it into the portfolio, the Portfolio Manager and Analysts monitor the position daily alongside the other holdings, watching for signposts that their thesis is playing out (or not). Typically, the positions are held in tactical weights with fairly low annual turnover and occasional rebalancing when the weights deviate widely. Otherwise, positions are held for the long term and only exited/changed when the investment thesis has played out, has deteriorated, or has been eclipsed by a much more attractive risk/reward opportunity in another opportunity.

### Investment Process

