SWAN
ASSET MANAGEMENT

INVESTMENT STRATEGIES

to sleep well at night

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SWAN ASSET MANAGEMENT

SWAN Traditional Strategies: U.S. Select Equity Income 3Q2016

Investment Strategy

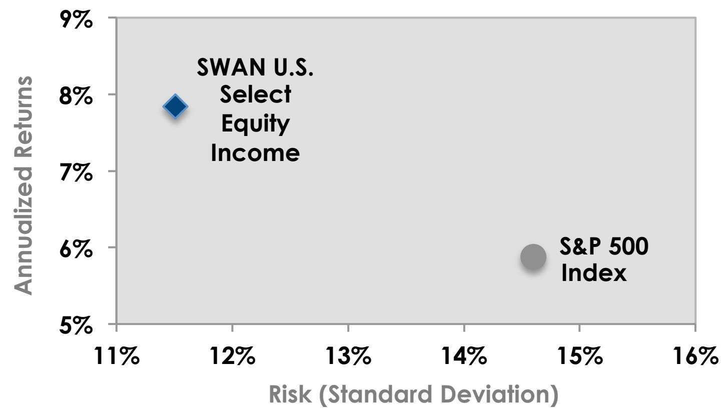
SWAN U.S. Select Equity Income represents an extension of SWAN's core stock selection approach highlighting profitability and value. While following the same fundamental equity strategy, there is an additional requirement for substantial income. These portfolios are designed to provide returns with a significant contribution from income based on a steady progression of rising dividend payments. The emphasis is placed much more on income than on growth. Yields on Select Income portfolios are typically much higher than market levels.

Portfolio Highlights

- High income and modest growth are primary objectives of this strategy
- Selection process concentrates on finding economically profitable businesses trading at prices below intrinsic value
- Focused portfolio diversified with up to 20 equally-sized stock positions
- Most dividend payments represent qualified income for tax purposes

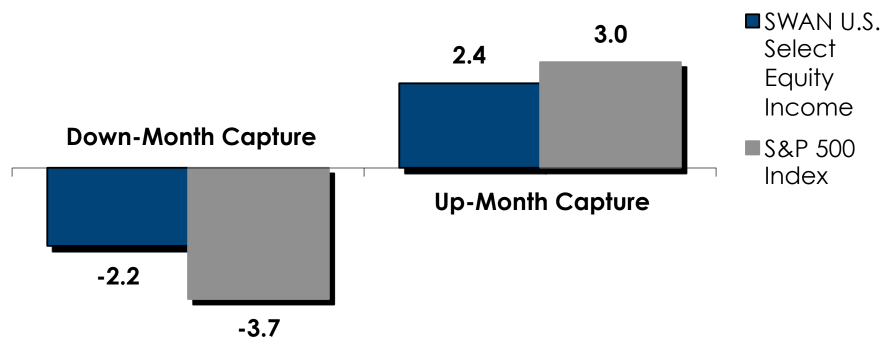
Value-Added Performance [1, 2]

Composite Gross Returns Since Inception (06/30/2001)



Return Stability [1, 2, 3]

Composite Gross Returns Since Inception (06/30/2001)



[1] Based on the weighted-average monthly returns of SWAN's Composite of U. S. Select Equity Income Accounts on a Gross-of-Fees basis. Returns on Gross-of-Fees basis do not reflect custodial fees and investment management fees, but do reflect trading costs and reinvestment of income. Returns on a Net-of-Fees basis would also reflect custodial fees and investment management fees according to SWAN's fee schedule. Applying SWAN's highest historical [and current] fee of 1.00% annually, the presented Annualized Return is reduced from 7.84% to 6.77% and the presented Average Down-Month and Average Up-Month are reduced from -2.20% to -2.29% and 2.35% to 2.27%, respectively.

[2] Based on the monthly returns of the Standard & Poor's 500 Index, which SWAN uses as a primary performance benchmark. The source of monthly data is S&P Dow Jones Indices LLC, a division of S&P Global.

[3] The Average Down-Month is based on 67 months that the S&P 500 Index had a negative total return. The Average Up-Month is based on 116 months that the S&P 500 Index had a positive (or zero) total return.
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SWAN Traditional Strategies: U.S. Select Equity Income 3Q2016

Firm Overview

SWAN Asset Management offers traditional and alternative equity management to address the specific needs and preferences of institutional and individual investors. Our objective is to preserve capital and to provide higher returns with less risk than the market. To accomplish this goal, we concentrate on the fundamental importance of profitability and value. Portfolios are constructed with focused positions since we view too much diversification as lowering the opportunity for higher returns without reducing risk. In general, stock holdings are characterized by high returns on capital, steady growth, reasonable valuation and diversification across six, or more, economic sectors. All portfolios are held by independent custodians.

Representative Account [1]

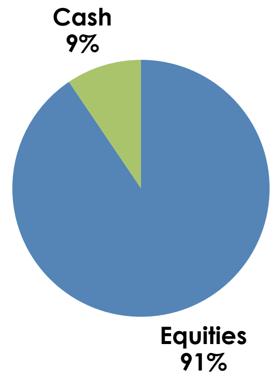
Portfolio Characteristics

Top Holdings [2]	%
B&G Foods	6.0
Kraft Heinz	5.9
Schweitzer-Mauduit	5.8
Philip Morris	5.5
Mattel	5.4
AT&T	5.3

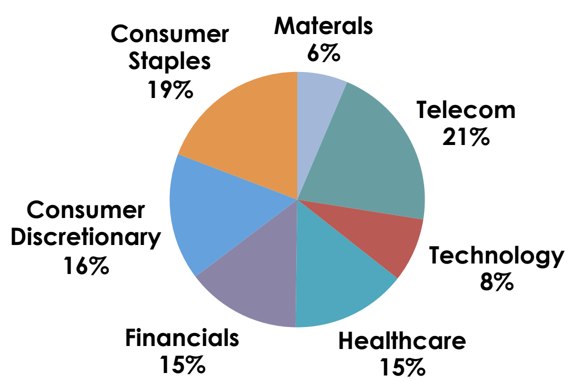
Financial Overview [3]	Data*
Return on Equity	20.9%
Projected Growth	10.1%
Indicated Yield	4.4%
Forward P/E	17.2x
Price/Cash Flow	10.6x
Price/Book	2.3x

*Source: Morningstar.

Asset Allocation



Industry Allocation



1 Based on a representative fully-discretionary account currently managed according to SWAN's U. S. Select Equity Income strategy and included in SWAN's Composite of U. S. Select Equity Income Accounts.

2 The Top Holdings are intended only as sample of the types of securities that SWAN has purchased and held and may differ from other accounts and change any time without notice. The securities listed are not recommendations to buy, sell or hold.

3 The Equity Fundamentals are intended only as a sample of the current weighted-average profile of equity securities that SWAN has purchased and held and may differ from other accounts and change any time without notice. These profile characteristics are not comprehensive and are not guaranteed to either generate returns or control risk. Source of data is Morningstar, which SWAN has deemed reliable but does not guarantee.

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Composite Performance and Return Statistics 3Q2016

	U.S. Select Equity Income Composite [1]		S&P 500 Index [2]
Annual	**Gross-of-Fees**	**Net-of-Fees**	
2001 (Inception Date: 06/30/2001)	-0.56%	-1.06%	-5.57%
2002	-1.44	-2.42	-22.14
2003	30.02	28.76	28.63
2004	16.66	15.51	10.92
2005	-0.73	-1.72	4.90
2006	14.00	12.88	15.80
2007	-0.93	-1.92	5.48
2008	-21.41	-22.20	-37.04
2009	22.10	20.90	26.52
2010	16.78	15.63	14.78
2011	8.39	7.32	2.14
2012	4.81	3.77	15.95
2013	19.02	17.85	32.44
2014	10.97	9.88	13.32
2015	0.12	-0.88	1.41
2016Q3	12.64	11.81	7.85
Cumulative			
	216.07%	171.58%	138.87%
Annualized			
1-Year	16.43%	15.28%	15.45%
3-Year	9.50	8.41	11.05
5-Year	11.69	10.58	16.29
10-Year	7.12	6.06	7.18
Inception	7.84	6.77	5.88
Statistics [3]			
Standard Deviation	11.51%	11.51%	14.60%
Sharpe Ration	0.62	0.52	0.38
Best 12 Months	47.11%	45.69%	53.70%
Worst 12 Months	-31.82%	-32.52%	-43.35%
Beta	0.68	0.68	-
Alpha	0.30%	0.22%	-
R-Squared	0.75	0.75	-
Up Capture	78.31%	75.54%	-
Down Capture	60.24%	62.52%	-
Tracking Error	7.4%	7.4%	-

[1] Based on the weighted-average monthly returns of SWAN's Composite of U. S. Select Equity Income Accounts on a Gross-of-Fees basis. Returns on Gross-of-Fees basis do not reflect custodial fees and investment management fees, but do reflect trading costs and reinvestment of income. Returns on a Net-of-Fees basis reflect custodial fees and investment management fees according to SWAN's highest historical [and current] fee of 1.00% annually.

[2] Based on the monthly returns of the Standard & Poor's 500 Index, which SWAN uses as a primary performance benchmark. The source of monthly data is S&P Dow Jones Indices LLC, a division of S&P Global.

[3] Annualized and based on a statistical regression analysis of monthly returns since SWAN's Composite inception on June 30, 2001. The Average Down-Month is based on 67 months that the S&P 500 Index had a negative total return. The Average Up-Month is based on 116 months that the S&P 500 Index had a positive (or zero) total return.
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