



INVESTMENT STRATEGIES

to sleep well at night

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Investment Strategy

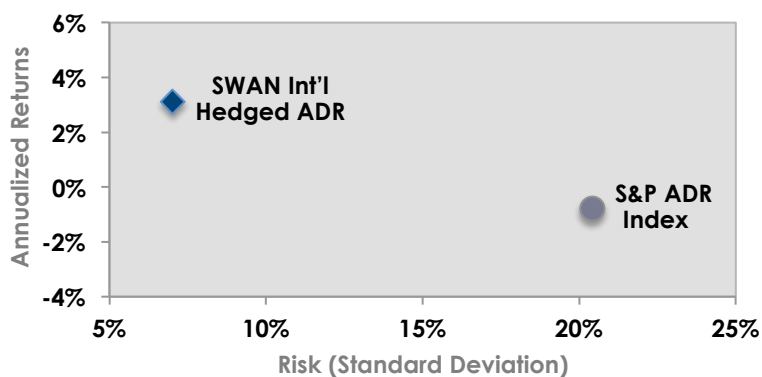
SWAN International Hedged ADR is a strategy designed for risk-averse investors to realize the diversification benefits and growth potential of international stocks in developed markets but guard against the full impact of market losses. Equity investments remain hedged to prevent significant losses during volatile periods. We attempt to generate additional gains and to avoid potential losses by continually hedging each portfolio. Additional gains may be realized from premiums received selling cash-backed put options and covered call options on individual stocks. Potential losses can be limited by counteracting market sell-offs with iShares MSCI EAFE (EFA) put options. The result should be stable returns that reflect a combination of the lower volatility of bonds and the higher appreciation of stocks. Margin, or leverage in the form of borrowed funds, is never used.

Portfolio Highlights

- Downside protection, current income, and upside participation are primary objectives of this strategy
- Selections driven by economically profitable businesses, domiciled outside the US, trading at prices below intrinsic value
- Focused portfolio diversified internationally with up to 20 equally-sized stock positions and protective put options
- For taxable accounts, offsetting returns of stocks and protective put options are inherently tax-efficient

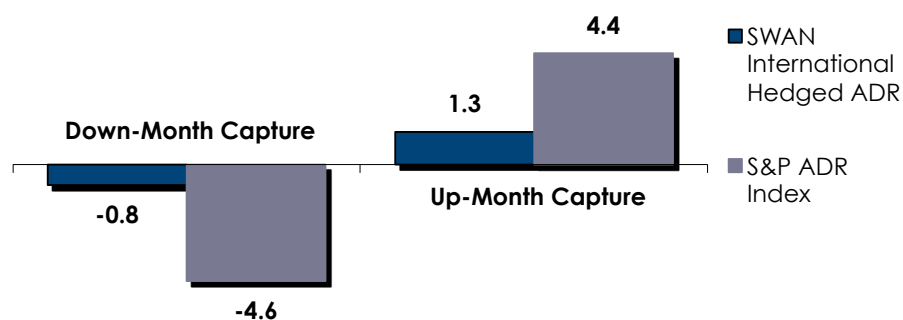
Value-Added Performance ^{1, 2}

Composite Gross Returns Since Inception (12/31/2007)



Return Stability ^{1, 2, 3}

Composite Gross Returns Since Inception (12/31/2007)



¹ Based on the weighted-average monthly returns of SWAN's Composite of International Hedged ADR 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 1.25% annually, the presented Annualized Return is reduced from 3.11% to 1.83% and the presented Average Down-Month and Average Up-Month are reduced from -0.8% to -0.9% and 1.3% to 1.2%, respectively.

² Based on the monthly returns of the Standard & Poor's ADR 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 50 months that the S&P ADR Index had a negative total return. The Average Up-Month is based on 55 months that the S&P ADR Index had a positive (or zero) total return.

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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

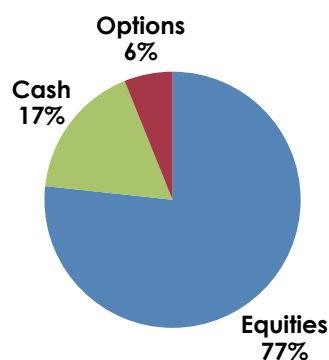
Portfolio Characteristics

Top Holdings ²	%
British Amer. Tobacco	6.4
Marine Harvest	6.3
Nestle	5.9
Unilever	5.8
Silver Wheaton	5.4
EFA 1/19/18 52 Put	6.1

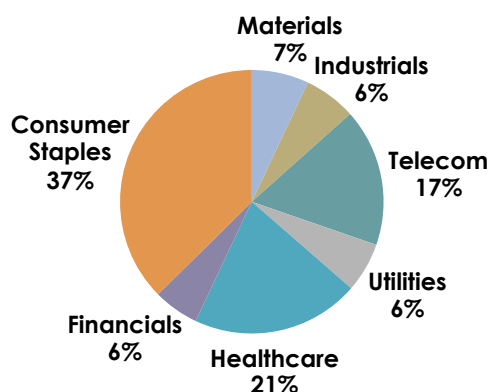
Financial Overview ³	Data*
Return on Equity	23.5%
Projected Growth	7.0%
Indicated Yield	2.9%
Forward P/E	16.6x
Price/Cash Flow	12.7x
Price/Book	3.7x

*Source: Morningstar.

Asset Allocation



Industry Allocation



¹ Based on a representative fully-discretionary account currently managed according to SWAN's International Hedged ADR strategy and included in SWAN's Composite of International Hedged ADR 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

	International Hedged ADR Composite ¹		S&P ADR Index ²
Annual	Gross-of-Fees	Net-of-Fees	
2008	5.07%	3.77%	-42.66%
2009	6.67	5.35	36.61
2010	3.90	2.61	7.52
2011	7.43	6.10	-10.58
2012	0.72	-0.53	16.10
2013	4.94	3.64	15.52
2014	-1.37	-2.60	-3.80
2015	-4.23	-5.42	-8.38
2016Q3	4.64	3.67	4.84
Cumulative			
	30.71%	17.19%	-6.66%
Annualized			
1-Year	4.10%	2.81%	8.52%
3-Year	0.46	0.79	-0.66
5-Year	0.74	0.51	5.80
Inception	3.11	1.83	-0.79
Statistics ³			
Standard Deviation	7.02%	7.02%	20.42%
Sharpe Ratio	0.36	0.12	-0.01
Best 12 Months	15.24%	13.82%	60.25%
Worst 12 Months	-11.24%	-12.35%	-49.91%
Beta	0.18	0.18	-
Alpha	0.26%	0.15%	-
R-Squared	0.27	0.27	-
Up Capture	28.65%	26.29%	-
Down Capture	17.55%	19.81%	-
Tracking Error	17.79%	17.79%	-

¹ Based on the weighted-average monthly returns of SWAN's Composite of International Hedged ADR 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 1.25% annually.

² Based on the monthly returns of the Standard & Poor's ADR 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 December 31, 2007. The Average Down-Month is based on 50 months that the S&P ADR Index had a negative total return. The Average Up-Month is based on 55 months that the S&P ADR Index had a positive (or zero) total return.

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