Overview

Aspen’s mission is to provide investors and their advisors with investment strategies designed to respond to ever changing market conditions. We believe that diversified market exposure assists in reaching long-term performance objectives in today’s challenging investment environment, while reducing the overall portfolio risk. We believe our commitment to provide robust, liquid, low-cost products, along with ongoing education on alternatives and unmatched client support positions us as an industry leader in the liquid alternatives space.

<table>
<thead>
<tr>
<th>EXECUTIVE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm:</strong> Based in Richmond, Virginia, Aspen has been in the alternatives space for over 20 years, is independently owned and registered with the SEC and CFTC.</td>
</tr>
<tr>
<td><strong>Strategy:</strong> Aspen employs a robust, fully systematic, trend following model across 4 sectors and up to 23 markets along with equal exposure to long U.S. equity beta.</td>
</tr>
<tr>
<td><strong>Value Proposition:</strong> Pairing long-only equity exposure with a diversified, trend-following managed futures portfolio generates an attractive risk adjusted return. Access to this combination in a mutual fund structure will assist advisors in building holistic solutions for clients across the spectrum of sophistication.</td>
</tr>
<tr>
<td><strong>Experience:</strong> The executive team has nearly 9 decades of combined experience in alternatives, through numerous economic cycles and global crises.</td>
</tr>
</tbody>
</table>
Benefits and Risks of Equity Investing

• **Benefits:**
  • High long-run returns historically
  • Participation in the growth of the economy
  • Dividends and capital gains

• **Risks:**
  • Volatile return profile: Can be hard to stay invested
  • Occasional large drawdowns: Sequence of returns risk
Historical Benefits of Trend Following as a Diversifier

- **Non-correlation**

<table>
<thead>
<tr>
<th></th>
<th>Stocks</th>
<th>Bonds</th>
<th>Commodities</th>
<th>Currencies</th>
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<tr>
<td><strong>Correlation</strong></td>
<td>-0.04</td>
<td>0.20</td>
<td>0.07</td>
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<tr>
<td><strong>R-Squared</strong></td>
<td>0.2%</td>
<td>4.0%</td>
<td>0.5%</td>
<td>1.4%</td>
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</table>

- **Convexity**

<table>
<thead>
<tr>
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<th>Stocks</th>
<th>Bonds</th>
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<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up-Correlation</strong></td>
<td>0.11</td>
<td>0.19</td>
<td>0.21</td>
<td>0.39</td>
</tr>
<tr>
<td><strong>Down-Correlation</strong></td>
<td>-0.23</td>
<td>-0.05</td>
<td>0.03</td>
<td>-0.15</td>
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<tr>
<td><strong>Up-Beta</strong></td>
<td>0.12</td>
<td>0.69</td>
<td>0.15</td>
<td>0.84</td>
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<tr>
<td><strong>Down-Beta</strong></td>
<td>-0.20</td>
<td>-0.22</td>
<td>0.02</td>
<td>-0.22</td>
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</table>

- **Positive Skew**

<table>
<thead>
<tr>
<th></th>
<th>Managed Futures</th>
<th>Stocks</th>
<th>Bonds</th>
<th>Commodities</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Skew</strong></td>
<td>1.04</td>
<td>-0.81</td>
<td>-0.15</td>
<td>-0.20</td>
<td>-0.35</td>
</tr>
</tbody>
</table>

(Managed Futures: BTOP50; Stocks: S&P 500; Bonds: Barclays Aggregate Bond Index; Commodities: S&P GSCI; Currencies: Inverse return of the Dollar Index; Data since 1987. Source: Bloomberg)
Benefits of Trend Following as an Equity Diversifier

• “Crisis Alpha”

![Diagram showing benefits of trend following in equity diversification during various crises]

- Great Recession (Peak: Oct-07, Trough: Feb-09, Recover: Feb-12)
  - S&P 500: -50.9%
  - BTOP50: 14.5%
- Tech Bubble Bursts (Peak: Aug-00, Trough: Sep-02, Recover: Sep-06)
  - S&P 500: -44.7%
  - BTOP50: 39.0%
  - S&P 500: -29.6%
  - BTOP50: 8.5%
  - S&P 500: -15.4%
  - BTOP50: 5.7%
- Persian Gulf War (Peak: May-90, Trough: Oct-90, Recover: Jan-91)
  - S&P 500: -14.7%
  - BTOP50: 13.8%
Downsides to Systematic Trend Following

- Though diversifiable, still a risky asset class stand-alone
- Can have prolonged stretches of unexciting performance
- Can be difficult to stay invested when underperforming traditionals, and in the absence of a crisis
- Can be very difficult to size a trend following investment to a mathematically optimal level
Volatility has been low, but does that mean the underlying risk is gone?

- Low *ex post* volatility can be indicative of a “high peak”—which implies increased risk of catastrophic “fat tail” observations.
- Systematic Trend Following can *increase risk capacity* via tail risk mitigation.
Methods Employed by Many CTAs to Improve Performance

• Volatility Targeting
  – Increases stand-alone expected return
  – Gives a smoother stand-alone ride
  – *Add risk in low-vol backdrops*
  – *Reduces crisis alpha potential*

• Long Equity and Long Fixed Income Biases
  – Increases expected return (by adding beta)
  – *Decreases portfolio diversification*
    – “Taper Tantrum” and 2016 post-election examples
Aspen Trend Model Emphasizes Equity Diversification/Convexity

- Low Correlation + Positive Convexity:

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<tbody>
<tr>
<td></td>
<td>0.01</td>
<td>0.10</td>
<td>-0.26</td>
<td>0.00</td>
<td>0.08</td>
<td>-0.19</td>
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</table>
S&P and Trend Model Rarely Down Simultaneously:

- Months:
  - Both Up: 35%
  - Both Down: 17%
  - S&P Up, APS Trend Down: 16%
  - S&P Down, APS Trend Up: 31%

- Quarters:
  - Both Up: 41%
  - Both Down: 13%
  - S&P Down, APS Trend Up: 14%
  - S&P Up, APS Trend Down: 32%
Aspen Trend Model Emphasizes Equity Diversification/Convexity

• “Crisis Alpha”:

10 Worst Months for the S&P 500, Since APS Inception

- Oct-08: -16.8%
- Feb-09: -10.6%
- Sep-08: -8.9%
- Jun-08: -8.4%
- Jan-09: -8.0%
- May-10: -7.2%
- Nov-08: -7.0%
- Sep-11: -6.0%
- Aug-15: -6.0%
- May-12: 6.1%

S&P 500
BTOP50
APS Trend
Introducing the Aspen Portfolio Strategy (APS)

• 100% Long Equities + 100% Trend Following
  – Designed for attractive absolute & risk-adjusted return
  – Full equity exposure
    • Primary return driver
  – Full trend following exposure
    • Secondary return driver
    • Diversifier and crisis hedge
  – Cash-efficient
    • No need to carve out capital for a trend following allocation
  – Practice management tool
    • Helps investors stay invested in both equity and trend following
$1.00 of APS

$0.80 capitalizes equity account

$0.80 of Equity ETF(s)

$0.20 capitalizes futures account

$0.20 long equity futures

“$1.00” trend futures positions
## Summary Statistics

<table>
<thead>
<tr>
<th></th>
<th>Aspen Portfolio Strategy</th>
<th>S&amp;P 500</th>
<th>APS Trend Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compound Annual Growth Rate</td>
<td>14.05%</td>
<td>9.12%</td>
<td>5.43%</td>
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<tr>
<td>Annualized Standard Deviation</td>
<td>14.83%</td>
<td>13.63%</td>
<td>10.34%</td>
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<tr>
<td>Sharpe Ratio (T-Bill)</td>
<td>0.87</td>
<td>0.58</td>
<td>0.41</td>
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<tr>
<td>Max Drawdown</td>
<td>-26.35%</td>
<td>-50.95%</td>
<td>-15.12%</td>
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<tr>
<td>Max Runup</td>
<td>544.81%</td>
<td>259.90%</td>
<td>136.81%</td>
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<tr>
<td>US Equities Correlation</td>
<td>0.73</td>
<td>1.00</td>
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<td>APS Trend Correlation</td>
<td>0.46</td>
<td>-0.26</td>
<td>1.00</td>
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<td>Alpha to US Equities</td>
<td>6.52%</td>
<td>0.00%</td>
<td>5.79%</td>
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<td>US Equity Up-Beta</td>
<td>0.89</td>
<td>1.00</td>
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<td>US Equity Down-Beta</td>
<td>0.29</td>
<td>1.00</td>
<td>-0.69</td>
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<tr>
<td>Difference, Up- vs. Down-Beta</td>
<td>+0.60</td>
<td>0.00</td>
<td>+0.57</td>
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### APS Monthly/Annual Returns

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<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Year</th>
<th>S&amp;P 500</th>
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<tr>
<td>2016</td>
<td>-4.7%</td>
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<td>3.7%</td>
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<td>-0.8%</td>
<td>2.4%</td>
<td>3.3%</td>
<td>-1.7%</td>
<td>-1.5%</td>
<td>-5.0%</td>
<td>6.6%</td>
<td>3.3%</td>
<td>7.0%</td>
<td>12.0%</td>
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<tr>
<td>2015</td>
<td>3.9%</td>
<td>4.4%</td>
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<td>-3.9%</td>
<td>1.9%</td>
<td>-3.5%</td>
<td>5.5%</td>
<td>-8.4%</td>
<td>-1.2%</td>
<td>3.4%</td>
<td>2.1%</td>
<td>-1.9%</td>
<td>1.2%</td>
<td>1.4%</td>
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<tr>
<td>2014</td>
<td>-6.8%</td>
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<td>0.3%</td>
<td>0.4%</td>
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<td>1.1%</td>
<td>-0.9%</td>
<td>5.8%</td>
<td>4.8%</td>
<td>0.7%</td>
<td>8.8%</td>
<td>2.9%</td>
<td>23.9%</td>
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<td>2013</td>
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<td>4.2%</td>
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<td>1.9%</td>
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<td>-0.6%</td>
<td>3.1%</td>
<td>1.9%</td>
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<td>-0.1%</td>
<td>1.4%</td>
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<td>16.0%</td>
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<td>4.7%</td>
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<td>10.2%</td>
<td>7.9%</td>
<td>-2.5%</td>
<td>10.6%</td>
<td>18.0%</td>
<td>15.1%</td>
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<tr>
<td>2009</td>
<td>-7.6%</td>
<td>-8.4%</td>
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<td>-1.7%</td>
<td>6.8%</td>
<td>5.3%</td>
<td>5.4%</td>
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<td>3.0%</td>
<td>2.1%</td>
<td>-5.7%</td>
<td>-5.5%</td>
<td>0.7%</td>
<td>-6.3%</td>
<td>2.0%</td>
<td>0.3%</td>
<td>2.3%</td>
<td>-7.9%</td>
<td>-37.0%</td>
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<td>2.3%</td>
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<td>7.9%</td>
<td>5.5%</td>
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<td>-5.0%</td>
<td>-0.7%</td>
<td>7.3%</td>
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<td>11.9%</td>
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<td>4.5%</td>
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<td>2005</td>
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<td>4.4%</td>
<td>1.7%</td>
<td>5.7%</td>
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<tr>
<td>2004</td>
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<td>-0.1%</td>
<td>1.5%</td>
<td>-4.5%</td>
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<td>3.6%</td>
<td>3.1%</td>
<td>7.2%</td>
<td>3.3%</td>
<td>13.6%</td>
<td>10.9%</td>
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<td>2003</td>
<td>0.5%</td>
<td>1.9%</td>
<td>-4.4%</td>
<td>9.0%</td>
<td>8.6%</td>
<td>0.7%</td>
<td>0.3%</td>
<td>0.5%</td>
<td>-1.1%</td>
<td>8.0%</td>
<td>1.6%</td>
<td>9.0%</td>
<td>39.1%</td>
<td>28.7%</td>
</tr>
</tbody>
</table>
Improve Risk-Adjusted Portfolio Returns with APS

- What definition(s) of “risk” are most important to investors?
  - APS improves volatility-adjusted return (e.g., Sharpe Ratio)
  - Benefits are even clearer on a drawdown-adjusted basis (e.g., MAR Ratio)
Improve Long-Run Absolute Returns with APS

Growth of 1000
Monthlies from 2003
(Linear Scale)

Growth of 1000
Monthlies from 2003
(Log Scale)
APS “Normalizes” the Return Distribution of Equities

Distributions: APS vs. S&P 500

Observation Density

Monthly Return
APS “Normalizes” the Return Distribution of Equities

- Higher return,
  Lower kurtosis,
  Less negative skew:

<table>
<thead>
<tr>
<th></th>
<th>APS</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Monthly Return</td>
<td>1.19%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Median Monthly Return</td>
<td>1.54%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Monthly Volatility</td>
<td>4.28%</td>
<td>3.93%</td>
</tr>
<tr>
<td>Excess Kurtosis</td>
<td>-0.42</td>
<td>2.33</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.14</td>
<td>-0.75</td>
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</table>

- Slightly fewer “ups” vs “downs”
- But significantly bigger ups and smaller downs:

<table>
<thead>
<tr>
<th></th>
<th>APS</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Up Months</td>
<td>63%</td>
<td>67%</td>
</tr>
<tr>
<td>Avg. Up Month</td>
<td>3.85%</td>
<td>2.90%</td>
</tr>
<tr>
<td>% Down Months</td>
<td>38%</td>
<td>33%</td>
</tr>
<tr>
<td>Avg. Down Month</td>
<td>-3.24%</td>
<td>-3.38%</td>
</tr>
</tbody>
</table>
AMFBI and APS: Two Methods of Trend Allocation

- **Portfolio 1: 60% S&P 500, 40% Barclays Agg**
  - Standard-practice portfolio utilizes well understood diversification benefits of bonds

- **Portfolio 2: 80% Portfolio 1, 20% AMFBI (results in 48/32/20 mix)**
  - Diversifying allocation to systematic trend following alongside traditional mix
  - Improves risk-adjusted return
    - Less equity, so benefit primarily accrues to risk denominator

- **Portfolio 3: 40% S&P 500, 40% Barclays Agg, 20% APS**
  - Cash efficiency: Gets back to 60/40 stock/bond allocation, plus 20% trend following
  - Also improves risk-adjusted return
    - Equity piece intact, so benefit accrues primarily to return numerator
AMFBI and APS: Two Methods of Trend Allocation

• Substantial benefits from AMFBI/APS inception, including Great Financial Crisis:

Portfolio Statistics, 1/2003 through 12/2016

<table>
<thead>
<tr>
<th></th>
<th>60% Stocks / 40% Bonds</th>
<th>48% Stocks / 32% Bonds / 20% AMFBI</th>
<th>40% Stocks / 40% Bonds / 20% APS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compound Annual Growth Rate</td>
<td>7.38%</td>
<td>7.47%</td>
<td>8.39%</td>
</tr>
<tr>
<td>Annualized Standard Deviation</td>
<td>8.31%</td>
<td>6.61%</td>
<td>8.03%</td>
</tr>
<tr>
<td>Sharpe Ratio (T-Bill**)</td>
<td>0.74</td>
<td>0.95</td>
<td>0.89</td>
</tr>
<tr>
<td>Max Drawdown</td>
<td>-32.54%</td>
<td>-20.95%</td>
<td>-26.81%</td>
</tr>
<tr>
<td>Max Runup</td>
<td>176.08%</td>
<td>175.42%</td>
<td>212.56%</td>
</tr>
<tr>
<td>Alpha to US Equities</td>
<td>1.41%</td>
<td>2.63%</td>
<td>2.74%</td>
</tr>
</tbody>
</table>

• Allocation is still beneficial during AMFBI live track record, despite historically difficult trend following backdrop (i.e., “free insurance”):


<table>
<thead>
<tr>
<th></th>
<th>60% Stocks / 40% Bonds</th>
<th>48% Stocks / 32% Bonds / 20% AMFBI</th>
<th>40% Stocks / 40% Bonds / 20% APS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compound Annual Growth Rate</td>
<td>8.84%</td>
<td>7.07%</td>
<td>8.82%</td>
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<tr>
<td>Annualized Standard Deviation</td>
<td>6.70%</td>
<td>5.37%</td>
<td>6.44%</td>
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<tr>
<td>Sharpe Ratio (T-Bill**)</td>
<td>1.31</td>
<td>1.30</td>
<td>1.36</td>
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<tr>
<td>Max Drawdown</td>
<td>-8.23%</td>
<td>-6.91%</td>
<td>-8.17%</td>
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<tr>
<td>Max Runup</td>
<td>70.76%</td>
<td>53.39%</td>
<td>69.76%</td>
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<tr>
<td>Alpha to US Equities</td>
<td>1.53%</td>
<td>1.48%</td>
<td>2.12%</td>
</tr>
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</table>
Where Does APS Fit in a Model Portfolio?

- **Equity-Related Options:**
  - **Equity Sleeve**
    - **Pro:**
      - Includes full exposure to a core equity position
      - 0.7+ correlation to S&P 500
    - **Con:**
      - Expensive for an equity allocation
      - Potentially confusing for investors accustomed to equity-only investment vehicles
  - **Hedged Equity**
    - **Pro:**
      - Higher expected return (due to positive expected return “hedge” overlay)
      - Potentially more crisis protection (e.g., vs. static short beta models)
    - **Con:**
      - Higher expected standard deviation
      - Trend overlay doesn’t fit the standard definition for the “hedge”
Where Does APS Fit in a Model Portfolio?

• Alternatives Options:
  – Core Alternative
    • Pro:
      – Not unusual for alternatives to correlate with equities
      – Inexpensive for an alts allocation
    • Con:
      – Equity correlation comes from vanilla equities, not from alts with equity beta
      – Doesn’t fit cleanly into standard alts categories
  – Managed Futures
    • Pro:
      – Trend piece fits squarely in the managed futures category
      – Inexpensive for a managed futures allocation
    • Con:
      – Diverges significantly from the category: Equity is the larger driver of return and volatility
      – Diversification, convexity, crisis alpha mainly protect within APS, vs. protecting the rest of the portfolio
• Market selection process emphasized:

  – Liquidity: Only deep, liquid markets allowed

  – Diversification
    • Financials diversified by geography
    • Commodities diversified by sector

  – Operational effectiveness
    • Supports low-turnover weekly rebalance
APS Trend Model: Strategy Development Notes

- APS Trend Model markets:
  - Commodities:
    - Copper
    - Corn
    - Crude Oil
    - Gold
    - Heating Oil
    - Silver
    - Soybeans
    - Sugar
  - Equities:
    - S&P 500
    - Nikkei (USD)
    - Euro Stoxx
    - FTSE
  - Fixed Income:
    - 10-Yr Treasury
    - Canadian Bond
    - German Bund
    - UK Gilt
  - Currencies:
    - AUD
    - CAD
    - EUR
    - JPY
• Strategy design process emphases:
  
  – Robust
    • Utilize well-understood, time-tested, basic strategies
    • Parameter testing to demonstrate robustness, *not to curve-fit results to “best” parametric input*
  
  – Straightforward
    • As straightforward as possible: Transparent trend model, same model for all markets, no optimization, few parameters, etc.
    • Complexity only where needed: 5 trend lengths, equal risk-weighting, dynamic convexity overlay
The Aspen Team

Bryan Fisher, Managing Director
Mr. Fisher joined Aspen Partners in 2000, became a Director in 2007 and was promoted to Managing Director in September 2012. Mr. Fisher is responsible for overseeing and managing all aspects of Aspen’s day to day business as well as setting the future direction of the firm. Mr. Fisher has been registered with the NFA as an associated person of Aspen Partners since December 2001, listed as a principal since September 2007, and was registered as a Branch Office Manager from December 2001 until June 2014. Mr. Fisher holds a Bachelor of Arts degree from Virginia Polytechnic Institute and State University.

Wm. Ware Bush, Director
Mr. Bush joined Aspen Partners, Ltd. in 1998 and has almost 30 years of experience in the financial services industry. Mr. Bush became a Director in 2007 and with his partner, Bryan Fisher, shares in all aspects of Aspen Partners’ direction, strategy and investment. Mr. Bush has been registered with the NFA as an associated person of Aspen Partners since January 2000 and listed as a principal of Aspen Partners since September 2007. Mr. Bush received an undergraduate degree in History and International Political Science from Vanderbilt University and an M.B.A. in International Business from Georgia State University in Atlanta.

Ben Warwick, Director
Mr. Warwick has been in the investment management industry for 20 years, has held positions in trading, research for a number of alternative investment firms and is the author of several books on the futures markets. Mr. Warwick earned an M.B.A. from the University of North Carolina, a B.S. in Chemical Engineering from the University of Florida, and additional undergraduate degrees in Physics and Chemistry.

Nathan Dutzmann, Senior Financial Engineer
Mr. Dutzmann has extensive experience in financial services having previously worked as a consultant for a global macro hedge fund known for its work in managed futures. Mr. Dutzmann also was previously employed in the Analytics unit of a derivatives consultancy and as a project manager for a private banking/wealth management firm. Mr. Dutzmann’s responsibilities for Aspen include daily oversight of trading models and conducting ongoing research for the Index. Mr. Dutzmann received a Bachelor’s degree in Mathematical and Computer Sciences and a Master’s degree in International Political Economy of Resources from the Colorado School of Mines and an M.B.A. from the Harvard Business School.

Brian Broadway, Chief Operating Officer
Mr. Broadway joined Aspen in 2014 as Chief Operating Officer and has over 20 years of experience in the financial services industry. Mr. Broadway’s duties include overseeing Aspen’s daily operations, compliance efforts and finance operations. Mr. Broadway has been listed with the NFA as a principal of Aspen Partners since August 2014 and registered as an associated person of Aspen Partners since September 2014. Mr. Broadway received his Bachelor of Science degree, with an emphasis in Accounting, from the University of Virginia and an M.B.A., with an emphasis in Finance, from the University of North Carolina – Chapel Hill.

Pat Kelly, Director of Trading
Mr. Kelly joined Aspen Partners in 2016 where his responsibilities include oversight of the firm’s trading activities as well as development of financial technology to enhance Aspen Partners’ investment and operational activities. Mr. Kelly was employed for ten years by Tremont Capital Management, a global alternative investment management firm, where he held several senior positions including supervision of the firm’s Risk Management, Research and Product Development efforts. Prior to his employment by Tremont, Mr. Kelly worked for several investment firms including Kidder Peabody, Ferrell Capital and Parker Global Strategies. Mr. Kelly received a B.S and an MBA from Hofstra University. Mr. Kelly is a Chartered Financial Analyst (CFA) and holds a Certificate in Investment Performance Measurement (CIPM).
BENCHMARKS & INDICES

“Bonds” represents the Barclays Aggregate Bond Index, a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Data Source: Bloomberg, LP (LBUSTRUU INDEX)

“Cash” represents short-term debt obligations backed by the U.S. government with a maturity of 90 days or less.

“Managed Futures” represents the Barclay BTOP50 Index, an index of the largest investable CTA programs, as measured by assets under management.

“US Equities” and “Stocks” represents the S&P 500 Total Return Index, a widely recognized index of 500 large-cap US stocks. Data Source: Bloomberg, LP (SPTR INDEX)

The Barclays Aggregate Bond Index, Barclay BTOP50, and S&P Total Return Index are unmanaged and do not represent the attempt of any manager to generate returns on an investment. These benchmark indices do not include transaction costs and other expenses. An investor cannot invest directly in an index.

The Aspen MFBI (“AMFBI”) is constructed using a quantitative, rules-based model designed to replicate the trend-following and counter-trend exposure of futures markets by allocating assets to liquid futures contracts of certain financial and commodities futures markets. The index therefore seeks to reflect the performance of strategies and exposures common to a broad universe of futures markets, i.e., managed futures beta.

DEFINITIONS

Annualized Return: The average amount of money earned by an investment each year over a given time period.

Beta: A measure of an investment’s sensitivity to market movements.

Compound Annual Growth Rate: The year-over-year growth rate of an investment over a specified period of time.

Convexity: Convexity of a series to a benchmark can be measured in any of three ways: 1. The differential between the correlation of the series to the benchmark across up periods for the benchmark vs. down periods. 2. The differential between the beta of the series to the benchmark across up periods for the benchmark vs. down periods. 3. The x-squared coefficient in a quadratic regression of the series against the benchmark.

Correlation: A statistical measure of how an index moves in relation to another index or model portfolio.

Kurtosis: A statistical measure used to describe the distribution (often “peaked” or “flat”) of observed data around the mean.

Maximum Drawdown: The greatest peak-to-trough decline during a specific period of an investment.

Maximum Runup: The greatest trough-peak increase during a specific period of an investment.

R-Squared: A measurement of the relationship between a portfolio and its benchmark.

Sharpe Ratio: A measurement of risk-adjusted performance which subtracts the “risk-free” rate of return from an investment’s performance.

Skewness, or “Skew”: An asymmetry distribution, in which the curve appears distorted or skewed either to the left or to the right. Skewness can be quantified to define the extent to which a distribution differs from a normal distribution.

Standard Deviation: A measurement of the annual rate of return’s dispersion from its mean, indicating an investment’s volatility.
Endnotes

IMPORTANT DISCLOSURES

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The Aspen Portfolio Strategy (“Model”) reflects hypothetical model performance of allocation strategies among equity sector indices and futures contracts. The Model does not reflect trading in actual accounts and is provided for informational purposes only to indicate historical performance had the Model been available over the relevant time period. The Model does not represent actual performance and should not be interpreted as an indication of such performance. Model performance returns are shown net of an indicative 1.10% advisory fee but do not include the deduction of commissions, or other expenses that will negatively impact Model performance. The Model strategies effect allocation among equity sector indices and futures contracts, and may employ the use of leverage. The strategies utilize approximately weekly rebalancing of exposure to these instruments, according to the results of applying the Model methodologies to publicly available financial data. Aspen has not applied the Models to client accounts for any material time period, and there can be no assurance that such strategies would replicate the hypothetical results portrayed. Aspen makes no representation that any account will be able to achieve performance similar to the hypothetical performance shown in the Models. Hypothetical modeled returns have many inherent limitations, some of which are described below. Such results do not represent the impact that material economic and market factors might have on the decision-making process of actual trading. Actual returns may differ due to factors such as the timing of an investment, fees, expenses, performance calculation methods, portfolio size and composition, type of investment vehicle managed, and economic and market factors. Actual performance may be higher or lower than the performance data quoted, and an investor must realize that he or she could lose all or a substantial amount of his or her investment. No representation is being made that an investor will or is likely to achieve profits or losses similar to any shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical modeled performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results. Market indices are included in this report only as reference reflecting general market results during the period. Aspen expressly disclaims any liability, including incidental or consequential damages arising from errors or omissions in connection with the inclusion of any index in this document. Aspen makes no representation that any account will be able to achieve performance similar to back-tested performance shown in the Models. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.