

Lenwood Volatility Control Index

Quarterly Performance Report

December 31, 2019



Index Methodologies, LLC

Executive Summary

- The U.S. Real Gross Domestic Product (GDP) for the fourth quarter of 2019 rose at an annual rate of 2.1%, mirroring third quarter GDP, in an advance estimate, as reported by the Bureau of Economic Analysis on January 30, 2020.⁶ Positive contributors for the quarter included local, state and federal government spending and “residential fixed investment and exports”.⁶ The Wall Street Journal’s Economic Forecasting Survey estimates first quarter 2020 GDP at 1.6%⁵.
- Fidelity Investments noted “Favorable policy developments, including further monetary easing by the Federal Reserve and a de-escalation of the U.S.-China trade confrontation, provided additional fuel to power stock markets to a strong finish in 2019.”² The company also remarked that the U.S. is “firmly in the late-cycle phase”² of economic growth. T. Rowe Price made note that while the “overall earnings for the S&P 500 declined marginally for the third consecutive quarter”⁷, investors appeared optimistic of a rebound scenario in 2020.
- For the quarter, the factors mentioned above powered strong equities performance in the quarter as “riskier assets rallied sharply”². In fact, all major asset categories experienced solid results for the year. Much of the equity performance was delivered in the form of price-to-earnings multiple expansions rather than across-the-board corporate earnings increases. The S&P 500 (including dividends) increased a robust 9.07% for the quarter. Bonds delivered scant quarterly performance, returning 0.18%, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index.
- The Lenwood Volatility Control Index (LVCI) strategy, utilizing its monthly dynamic asset allocation and quantitative volatility control features, was positioned in 4Q19 with 50%, 80% and 90% equities portfolio allocations in October, November and December, respectively. LVCI turned in a performance of 4.58% for the quarter and 7.46% for the year, compared against its benchmark’s return of 4.07% for the quarter and 18.87% for all of 2019.

Sources: LPL Research’s “Market Insight Quarterly” as of January 2020¹, Fidelity Investments’ “First Quarter 2020 Quarterly Market Update”², JPMorgan “Market Insights: Guide to the Markets”³ as of December 31, 2019, Schroder Investment Management’s “Quarterly Markets Review – Q4 2019”⁴, WSJ.com⁵, U.S. Department of Commerce Bureau of Economic Analysis website⁶, T. Rowe Price’s “Fourth Quarter 2019 Quarterly Market Review” as of December 31, 2019⁷

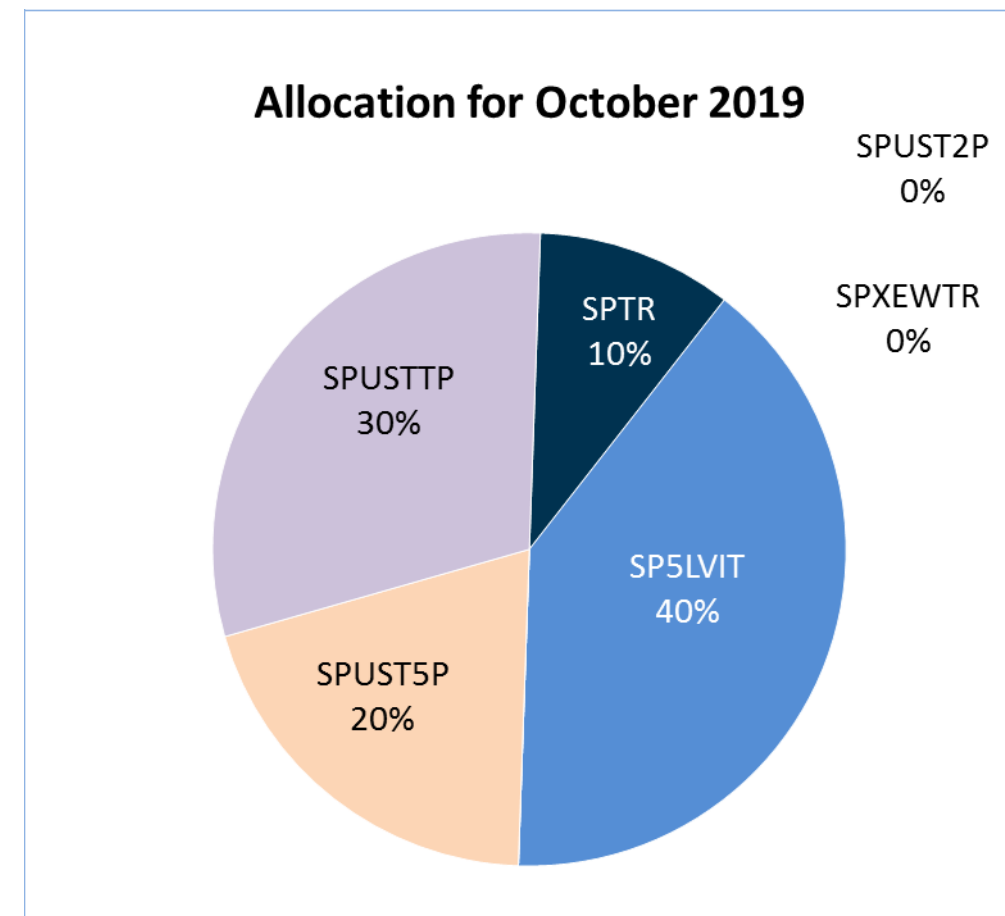
LVCI Constituents for October 2019

Universe of LVCI Constituents

Underlying Index	Bloomberg Ticker
S&P 500 Total Return Index	SPTR Index
S&P 500 Low Volatility Total Return Index	SP5LVIT Index
S&P 500 Equal Weight Total Return Index	SPXEWTR Index
S&P 2-Yr U.S. Treasury Note Futures Index ER	SPUST2P Index
S&P 5-Yr U.S Treasury Note Futures Index ER	SPUST5P Index
S&P 10-Yr U.S. Treasury Note Futures Index ER	SPUSTTP Index

Top Four LVCI Constituents with Non-Zero Weight

Rank of Relative Strength	Bloomberg Ticker
1	SP5LVIT Index
2	SPUSTTP Index
3	SPUST5P Index
4	SPTR Index



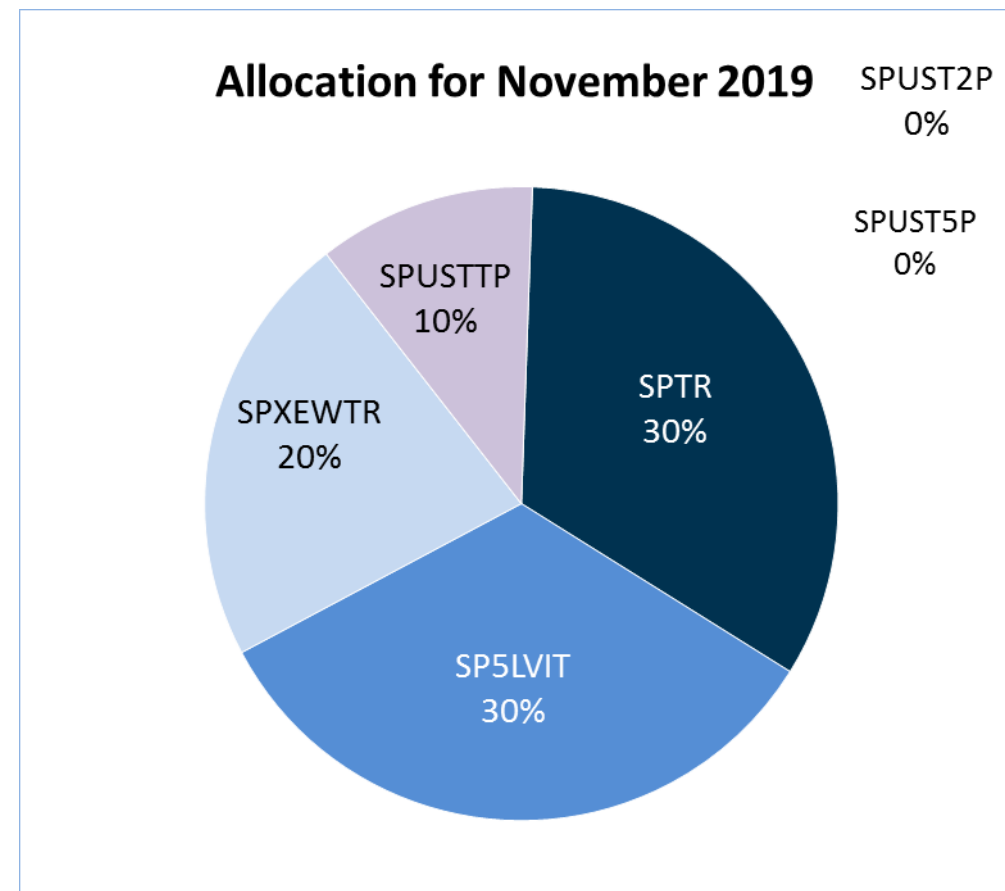
LVCI Constituents for November 2019

Universe of LVCI Constituents

Underlying Index	Bloomberg Ticker
S&P 500 Total Return Index	SPTR Index
S&P 500 Low Volatility Total Return Index	SP5LVIT Index
S&P 500 Equal Weight Total Return Index	SPXEWTR Index
S&P 2-Yr U.S. Treasury Note Futures Index ER	SPUST2P Index
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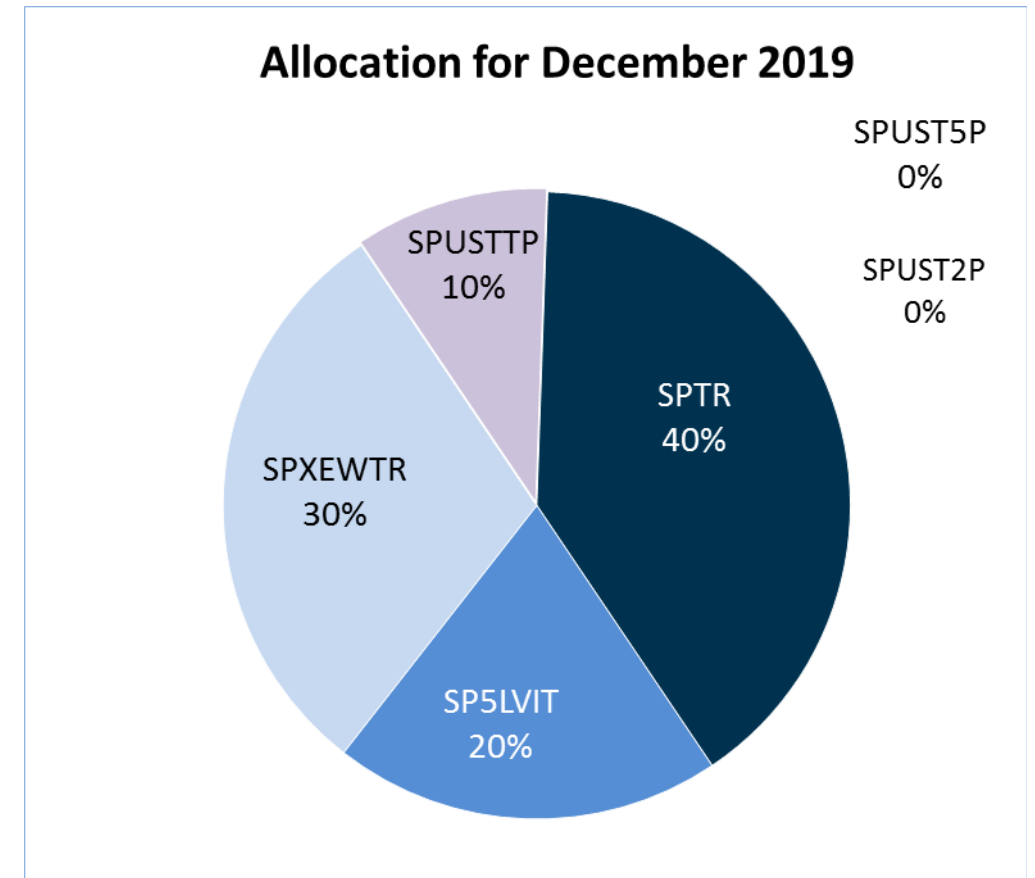
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Top Four LVCI Constituents with Non-Zero Weight

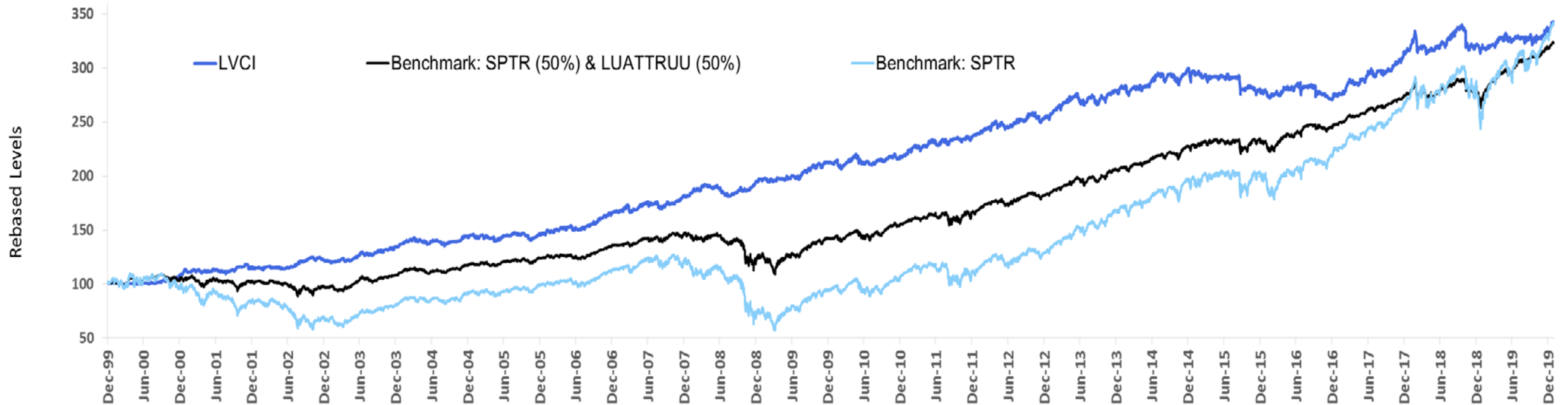
Rank of Relative Strength	Bloomberg Ticker
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Historical Performance of LVCI vs. Benchmarks

(December 01, 1999 – Dec 31, 2019)*

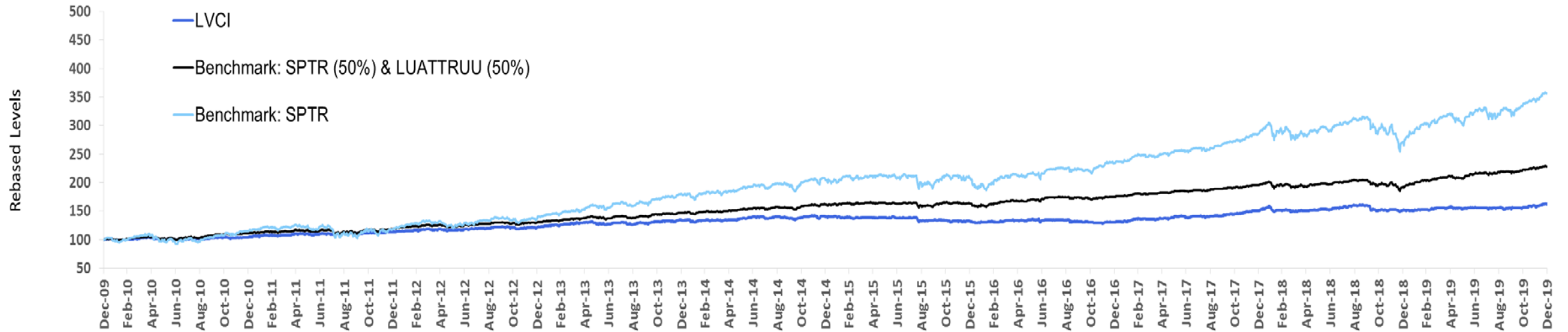
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.32%	6.03%	1.05	-5.99%
Benchmark: SPTR (50%) & BCEU1T (50%)	6.01%	8.89%	0.68	-20.93%
Benchmark: SPTR	6.30%	18.93%	0.33	-44.55%



*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

10 Years Performance of LVCI vs. Benchmarks

(Dec 31, 2009 – Dec 31 2019)*



Returns for the period ending December 31, 2019**

	MTD	QTD	YTD	One year	Since inception*
LVCI	1.86%	4.58%	7.46%	7.46%	6.32%
Benchmark: SPTR (50%) & LUATTRUU (50%)	1.23%	4.07%	18.87%	18.87%	6.01%
Benchmark: SPTR	3.02%	9.07%	31.49%	31.49%	6.30%

*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

**Returns for MTD, QTD, YTD and One year; Annualized returns for the period 'Since Inception'

Performance: LVCI vs. Constituents



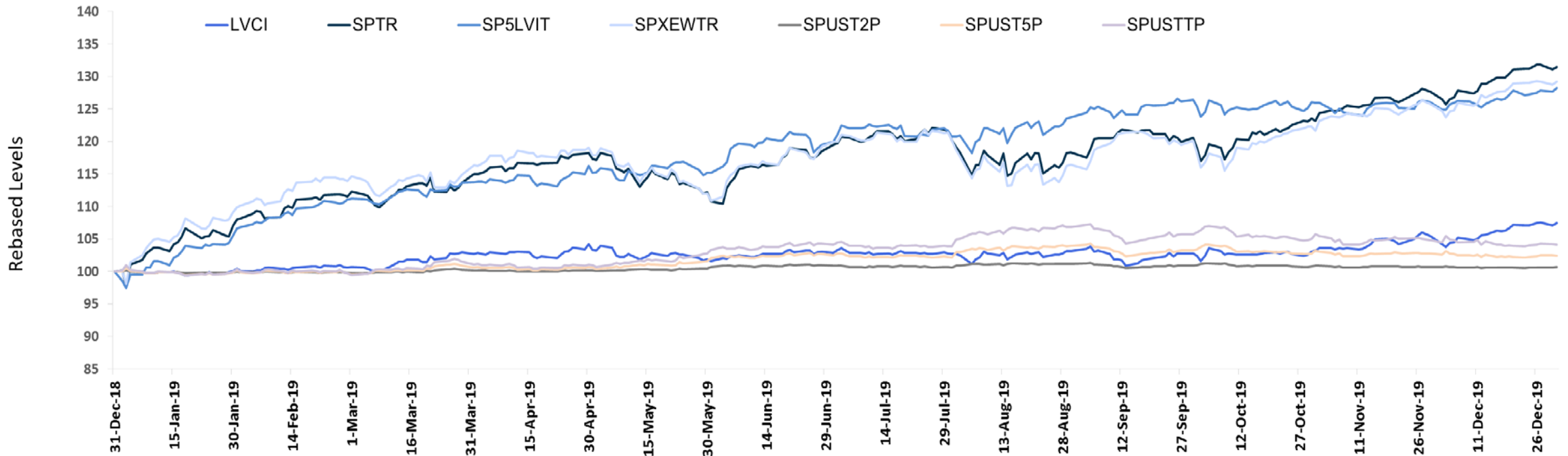
Historical Performance for the Period: December 01, 1999 – December 31, 2019*				
	Annualized Return	Standard Deviation	Sharpe Ratio	Crisis drawdown (Oct 2007 to Oct 2008)
LVCI	6.32%	6.03%	1.05	-5.99%
SPTR	6.30%	18.93%	0.33	-44.55%
SP5LVIT	10.32%	13.93%	0.74	-31.38%
SPXEWTR	9.45%	20.10%	0.47	-48.42%
SPUST2P	1.23%	1.53%	0.81	-2.36%
SPUST5P	2.82%	3.86%	0.73	-5.06%
SPUSTTP	3.95%	5.96%	0.66	-5.95%

Returns for the period ending December 31, 2019**					
	MTD	QTD	YTD	One year	Since Inception*
LVCI	1.86%	4.58%	7.46%	7.46%	6.32%
SPTR	3.02%	9.07%	31.49%	31.49%	6.30%
SP5LVIT	1.76%	1.42%	28.26%	28.26%	10.32%
SPXEWTR	2.78%	7.61%	29.24%	29.24%	9.45%
SPUST2P	-0.04%	-0.20%	0.68%	0.68%	1.23%
SPUST5P	-0.30%	-0.72%	2.44%	2.44%	2.82%
SPUSTTP	-0.72%	-1.50%	4.12%	4.12%	3.95%

*Simulated performance period: December 01, 1999 to May 27, 2014; Actual performance period: May 28, 2014 onwards

**Returns for MTD, QTD, YTD and One year; Annualized returns for the period 'Since Inception'

1 Year Performance of LVCI vs. Constituents (December 31, 2018 – December 31, 2019)



Disclaimer

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Performance

Simulated Operating History

The Index will be first calculated on a live basis on or around the Live Date and therefore lacks actual historical performance. The Calculation Agent and the Sponsor have retrospectively calculated the closing levels of the Index from the Base Date to but excluding the Live Date. However, because the Index will not be calculated before the Live Date, all such retrospective closing levels are simulated and must be considered hypothetical and illustrative only.

Simulated data prior to the Live Date may be constructed using certain procedures that vary from the procedures used to calculate the Index following its establishment and on the basis of certain assumptions that may not apply in the future. Although these assumptions are considered reasonable or necessary, the variations used in producing simulated historical data from those used to calculate the Index going forward could produce variations in returns of indeterminate direction and amount.

In particular, simulated history for the period from December 31, 1991 to one day prior to Live Date was constructed in two parts: from December 31, 1991 to December 1, 1999 bond futures with Bloomberg tickers TU1 Comdty, FV1 Comdty and TY1 comdty are used. To make the simulated history more representative, from December 2, 1999 to one day prior to Live Date, S&P excess return bond indices with Bloomberg tickers SPUST2P Index, SPUST5P Index, and SPUSTTP Index are used. December 1, 1999 is the earliest date for which S&P excess return indices are available.

To generate live Index Levels US Treasury Note Futures indices with Bloomberg tickers SPUST2P Index, SPUST5P Index, and SPUSTTP Index shall be used as the underlyings.

The actual performance of the Index may be materially different from the results presented in any Simulated Operating History relating to the Index. Past performance should not be considered indicative of future performance.

Future Index Performance

No assurance can be given that the strategies employed by the Calculation Agent and/or the Sponsor will be successful or that the return on the Index, as demonstrated by the Simulated Operating History, will continue in the future. The Simulated Operating History should not be considered indicative of future performance of the Index as markets are unpredictable.

There can be no assurance that the Index will generate positive returns or outperform any benchmark index or alternative strategy.

For the period using Bloomberg rolled futures, the following Bloomberg settings are used: Prices "Ratio", Adjusted "2", Days "Relative to First Notice".

LVCI Methodology

