AsymMETRIC Capital Management

ACM Dynamic Rebalancing Strategy

Overview

Investment Objective:

"Adhere & Harvest" or consistent adherence to one's asset allocation targets while seeking to harvest realized gains from short-term volatility.

Reasons to Invest:

- The strategic asset allocation decision is paramount to investment success.
- Allows for consistent adherence to target allocations efficiently with minimal disruption, if any, to the underlying investments.
- The use of stock and bond futures facilitates more frequent and precise rebalancing to the target allocations.
- An opportunity to monetize short-term volatility, including intraday movements, when deviations of targets occur. Incremental realized gains have diverse financial benefits for an investor.

Incentive Fee on Realized Gains:

15% on $250 million to $1 billion notional

10% on $1 billion to $3 billion

5% > $ 3 billion

Resources:

ACA Group

S&P Dow Jones

CompuOne

DLA Piper

HC Global

As of December 31, 2022

Investment Disciplines

Adhere and Harvest

- Confirm notional amount including maximum deviation, or guardrails, to be allowed for trading purposes as per the targets.
- Confirm stock and bond targets, 70/30, etc., including illiquid investments. Stock (S&P 500) and bond (US Treasuries) futures are used for maintaining asset allocation targets. These markets are among the deepest and most liquid to trade.
- 2-3% of assets covered needed for initial margin and a liquidity account for futures positions. Can be Cash and/or US Treasury securities currently held. There is no initial futures position required to start if targets are in alignment.
- Establish 3 sequential limit orders at plus or minus for stock and bond futures contracts. Upon execution of any limit order a "contingent" limit order is placed.
- Ongoing review and communications for any allocation changes.

Key Challenges to Rebalancing

When to Rebalance?

ALLOCATION TARGETS

- Traditional methodologies used are tolerance bands and/or periodic rebalancing schedules to determine when and how to rebalance back to target allocations.

MARKET DICTATION

- These methods result in the market dictating rebalancing, relegating it to a passive as opposed to an active decision.

ALLOCATION DRIFT

- Even given the importance of the asset allocation decision, investors will deviate from their target allocations for prolonged periods in between rebalances.

OPPORTUNITY COSTS

- There is an opportunity cost associated with allowing your asset allocation targets to drift. For example, in a 60/40 portfolio with 5% bands, if the allocation drifted to 64/36 and then back to 60/40 without violating the 5% band, it resulted in a missed opportunity to capitalize on that volatility.

About Asymmetric Capital Management

ACM was founded in 2016 seeking to deliver asymmetric risk/returns over the long-term for investors. It deploys a proprietary active systematic rebalancing (ASR) methodology for its target allocations. This investment approach was developed by a team of professionals with extensive experience in active rebalancing and utilizing derivatives for risk management. It is an independent, employee-owned firm with offices in Minneapolis, MN.

AsymMETRIC Capital Management

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Primary Risks

The interests offered by this Memorandum have not been registered or qualified for sale under the Securities Act of 1933, as amended (the "Securities Act"), or any state's securities laws. Such interests are offered pursuant to exemptions from such registration or qualification. This Memorandum has not been filed with or reviewed by the Securities and Exchange Commission and neither that Commission nor any state securities administrator has passed upon or endorsed the merits of an investment in the Partnership or the accuracy or the adequacy of the information contained in this Memorandum. Any representation to the contrary is a criminal offense.

The interests offered by this Memorandum may not be transferred except with the consent of the General Partner and except as permitted under the Securities Act and applicable state laws. Restrictions on Transfer of Partnership Interests*. There is no public market for the Interests. Under the terms of the Partnership Agreement, Limited Partners are prohibited from selling their Interest unless the General Partner consents.*

Market Risk*. As with any investment, there is a risk that the price of a security held by the Partnership will rise or fall.*

Liquidity Risks*. Though the Partnership intends that substantially all of its securities positions will be publicly traded, some of them may be difficult to liquidate at any given time. The Partnership may own securities that were relatively liquid when acquired but that become illiquid after the Partnership invests.*

Concentration of Investments*. The General Partner does not have fixed guidelines for diversifying the investments. Lack of diversification may result in material loss in any one position or in any industry which was targeted for investment, which may have a material adverse effect on the value of the Partnership.*

Short Sales. *The Partnership may sell securities short. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend, or interest that the Partnership may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits.*

Hedging *against a decline in the value of a portfolio position does not eliminate fluctuations in the value of such position or prevent losses if the value of such position declines. Such hedging transactions also limit the opportunity for gain if the value of the hedged positions should increase.*

Exchange Traded Funds*. ETF shares are traded on an exchange and may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities.*

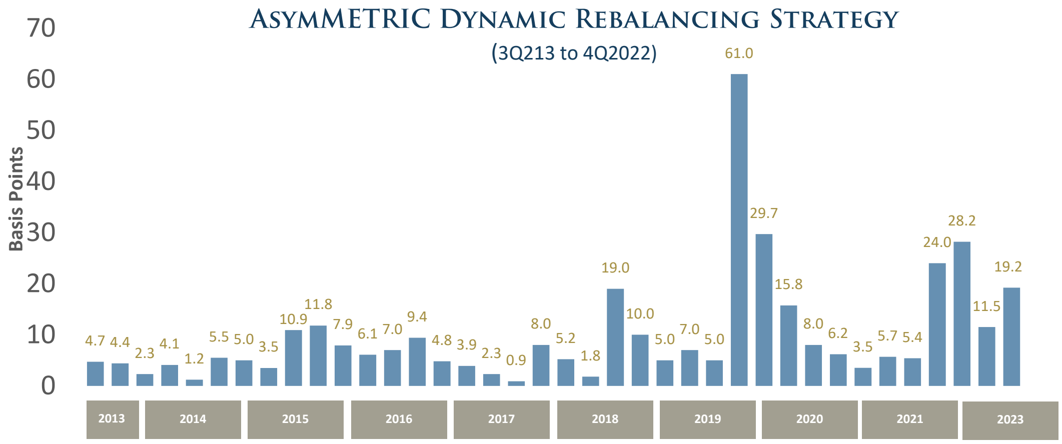
Derivatives*. The risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to the Partnership; (2) before purchasing the derivative, the Partnership will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.*

As of December 31, 2022

Performance

Quarterly Realized Gains

Net of Fees



The performance shown is for illustrative, informational purposes only. *The chart represents a strategy actually managed by Dave Van Benschoten. Accounts selected for this strategy presentation include those which were dynamically rebalanced as described above. Only one such account fits those parameters to date and was managed by Van Benschoten both while at The Advocate Group as well as while at ACM. Performance is shown net of fees and expenses and with reinvestment of dividends and income. Different characteristics and client-specific mandates could result in materially different performance. The information is only an indication of the general performance of one type of dynamic rebalancing approach based on a variety of factors. The results presented are intended to be used to help explain possible benefits of the investment strategy and should not be relied upon for predicting future performance. Several processes, assumptions and data sources were used to create this chart. A different methodology may have resulted in a different outcome. Other ACM clients will likely experience different results from the results shown. Client fee schedules will vary as negotiated with each client, so returns will be materially different as a result thereof. There is no guarantee that this investment strategy will work under all market conditions. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown. Comparison/benchmark is a generic portfolio invested 70%/30% in the two indices as shown that is only rebalanced quarterly versus the same portfolio invested and rebalanced pursuant to ACM's Dynamic Rebalancing Strategy.*

Seasoned, Experienced Professionals

Extensive history with active rebalancing and risk management.

Dave Van Benschoten – *Co-Founder, CIO & Strategist*

An architect and pioneer of active rebalancing which he deployed successfully during his career at General Mills. Has 43 years of investment experience.

Pete Johnson – *Co-Founder, Chief Operating Officer & Chief Compliance Officer*

A seasoned entrepreneur and professional in executive roles and managing distribution efforts for leading financial institutions. Has 40 years of investment experience.

Lorenzo Paloscia – *Research & Development*

Has extensive experience in developing and trading algorithmic strategies for equities, currencies, and commodities. Has 14 years of investment experience.

AsymMETRIC Capital Management

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