

“By actively seeking to not lose big, we believe that investors will be better off in the long run.”

– RANDY SWAN, CEO AND LEAD PORTFOLIO MANAGER

## Investors between a Rock and a Hard Place

The risks to capital in bonds and stocks have rarely been higher, with rates so low and stock valuations so high. Today’s investor likely has no memory of a consistently rising rate environment nor its impact on bonds.

## A Rise in Interest Rates = Bad News for Bond Investors

MORNINGSTAR CATEGORY AVG.	AVG. EFFECTIVE DURATION as of 9/30/16	RATE INCREASE			
		0.5%	1.0%	1.5%	2.0%
		IMPACT TO BOND VALUES			
LONG-TERM BOND	11.83	-5.92%	-11.83%	-17.75%	-23.66%
CORPORATE BOND	6.04	-3.02%	-6.04%	-9.05%	-12.07%

Source: Morningstar Direct, Swan Global Investments

## Bear Markets = Bad News for Equity Investors

Investors likely remember the bear market of 2008 and have no desire to feel that pain again or suffer a long portfolio recovery.

*Are you prepared for these historic challenges?*

### Did you know?

Since 1929, the S&P 500 data show that, on average, **bear markets occur:**

- Every 3.5 years
- Last 10 months
- Erase over 35% of market value
- Take 3.3 years to recover

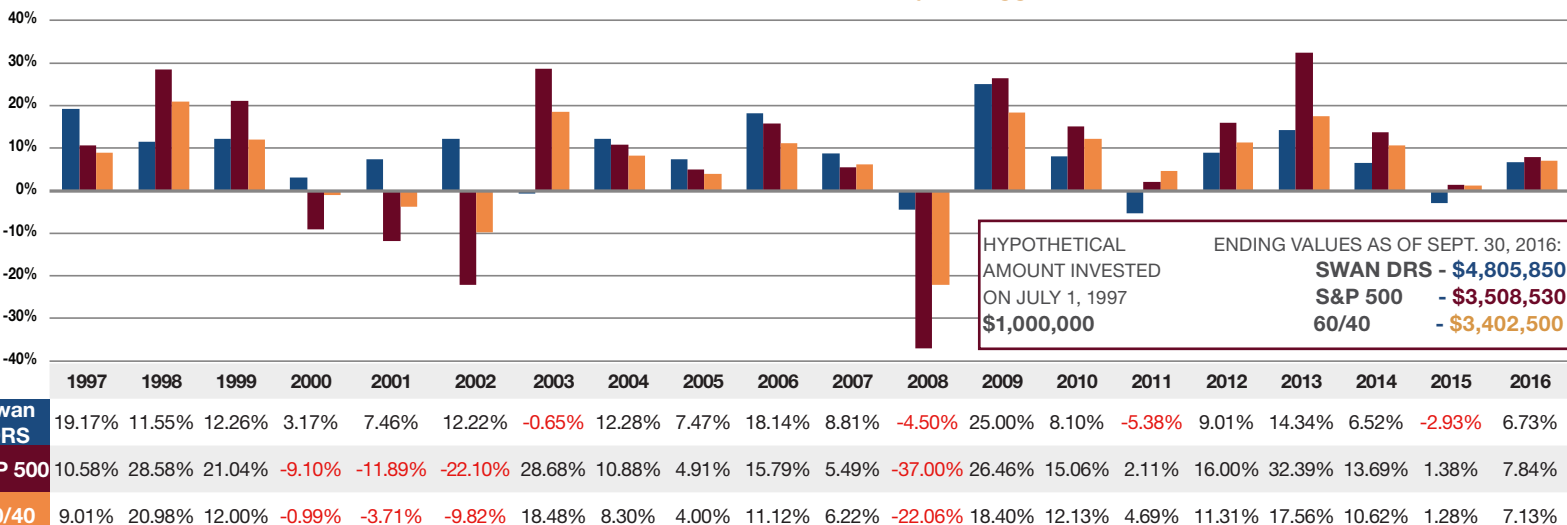
Source: Bank of America Merrill Lynch, Global Research, Bloomberg; Returns based on S&P 500

## The Defined Risk Strategy

Since 1997, the Defined Risk Strategy (DRS) has provided an effective solution to this dual dilemma and is now offered in multiple vehicles, including separately managed accounts, mutual funds, and Collective Investment Funds (CIFs) for retirement accounts.

### DRS as a Growth Plan - No Withdrawals

Annual Returns: Swan DRS, S&P 500 Index, 60% S&P 500 / 40% Barclay US Agg (July 1, 1997 to September 30, 2016)



Source: Zephyr StyleADVISOR and Swan Global Investments. DRS results from the Select Composite, net of fees. Past performance is no guarantee of future results. See [www.swanglobalinvestments.com/performance](http://www.swanglobalinvestments.com/performance) for more information.

# The #1 fear of retirees is running out of money.\*

## DRS as an Income and Growth Plan - Includes Monthly Withdrawals

SCENARIO	STARTING VALUE JAN. 1, 1998	TOTAL AMOUNT WITHDRAWN	ENDING VALUE DEC. 31, 2015
<b>SWAN DEFINED RISK STRATEGY (NET)**</b>	\$1,000,000	\$1,284,739	\$1,354,019
<b>60% S&amp;P 500 INDEX / 40% BARCLAYS U.S. AGG BOND INDEX</b>	\$1,000,000	\$1,284,739	\$616,903
<b>S&amp;P 500 INDEX</b>	\$1,000,000	\$1,284,739	\$441,140

ASSUMPTIONS	
STARTING VALUE	\$1,000,000
WITHDRAWAL AMOUNT	\$5,000 / Month
GROWTH RATE	Supplied
ANNUAL % INFLATION	2.0%

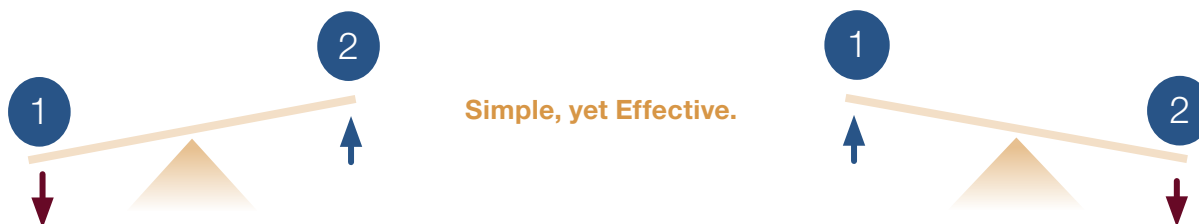
Source: Zephyr StyleADVISOR and Swan Global Investments. \* Source: journalofaccountancy.com, October 2016 \*\* Hypothetical analysis above is using actual DRS results from the Select Composite, net of fees, not backtested performance numbers. Past performance is no guarantee of future results. See our Investing for Income presentation or visit swanglobalinvestments.com for more information.

Since 1997, the Swan Defined Risk Strategy (DRS) has been reinventing the way people invest.

### How it Works



When the market drops and the equity loses value, the put option increases in value, and vice-versa. This counter-balancing investment approach is engineered to NOT lose big.



We believe adding the Swan DRS can make any portfolio less vulnerable to bear markets and better positioned for long-term growth.

**Consider making the Swan DRS a core component of your financial plan.**

For more information visit [swanglobalinvestments.com](http://swanglobalinvestments.com) or call 970.382.8901.

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