



SWAN GLOBAL
INVESTMENTS

The Swan Defined Risk Strategy - A Full Market Solution

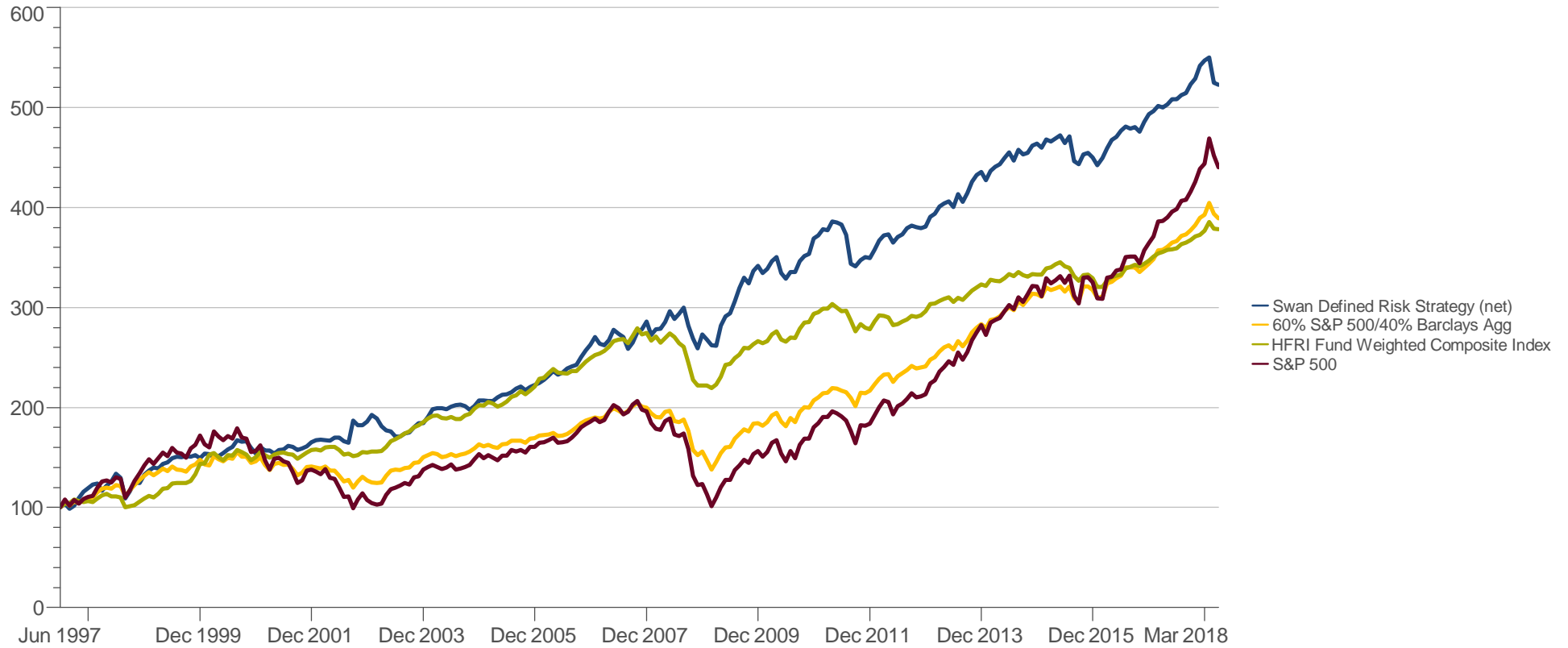
Absolute, Relative, and Risk-Adjusted Performance Metrics for Swan DRS,
S&P 500 Index, 60/40 portfolio, and HFRI Index

(Summary)

March 31, 2018

Manager Performance

July 1997 - March 2018 (Single Computation)



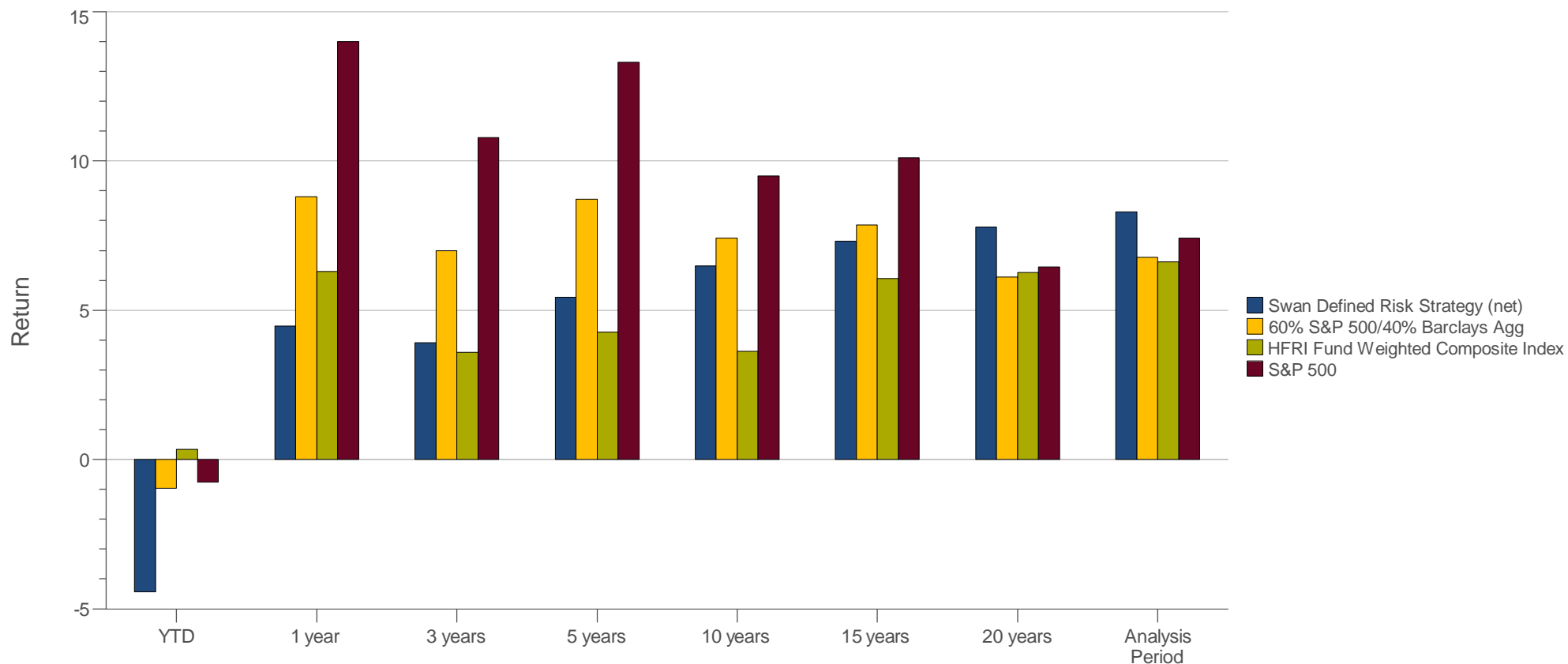
Multi-Statistic (Custom Table)

July 1997 - March 2018: Summary Statistics

	Return	Cumulative Return	Standard Deviation (Population)	Beta vs. Market	Excess Return vs. Market	Sharpe Ratio
Swan Defined Risk Strategy (net)	8.30%	422.67%	9.42%	0.30	0.89%	0.66
60% S&P 500/40% Barclays Agg	6.77%	289.07%	8.95%	0.59	-0.64%	0.53
HFRI Fund Weighted Composite Index	6.62%	278.10%	6.67%	0.34	-0.79%	0.68
S&P 500	7.41%	340.43%	14.90%	1.00	0.00%	0.36

Manager vs Benchmark: Return

July 1997 - March 2018 (not annualized if less than 1 year)



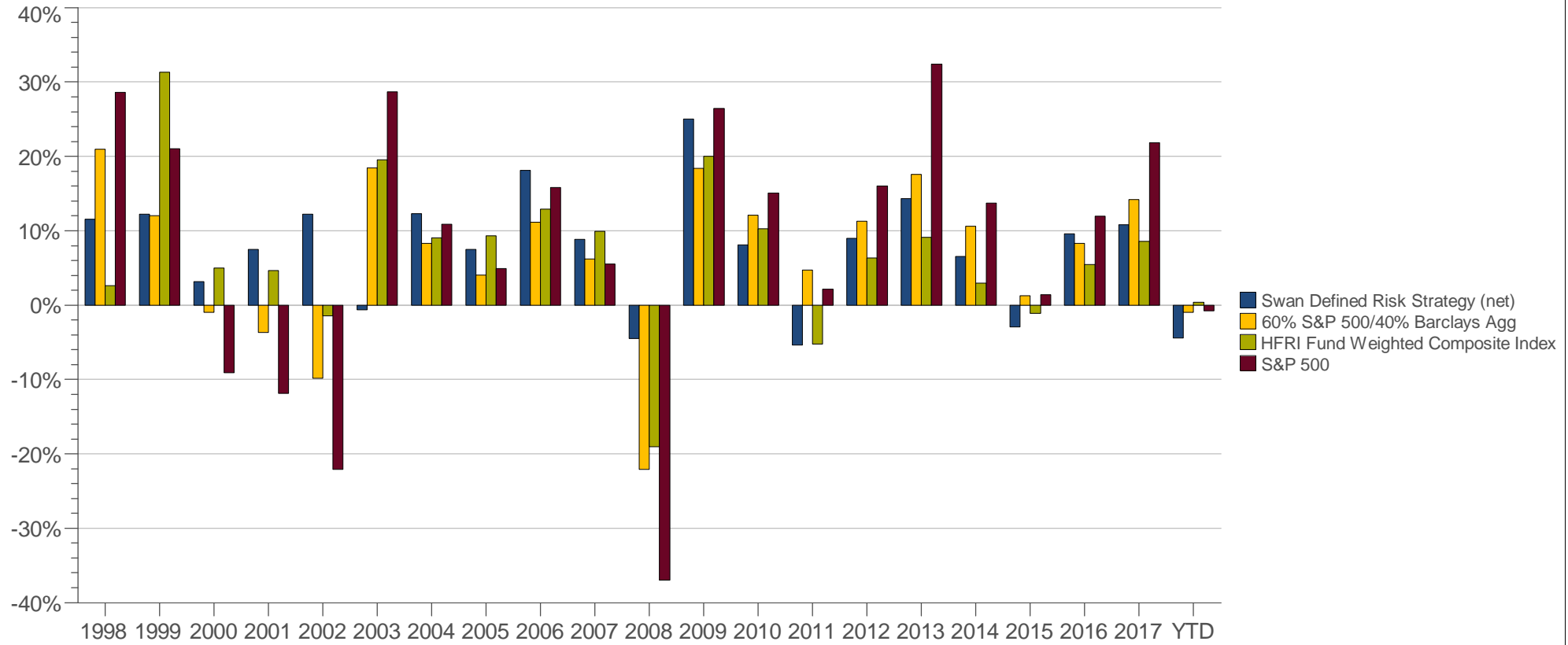
Manager vs Benchmark: Return

July 1997 - March 2018 (not annualized if less than 1 year)

	YTD	1 year	3 years	5 years	10 years	15 years	20 years	Analysis Period
Swan Defined Risk Strategy (net)	-4.43%	4.48%	3.91%	5.43%	6.48%	7.31%	7.79%	8.30%
60% S&P 500/40% Barclays Agg	-0.97%	8.81%	6.99%	8.72%	7.42%	7.85%	6.11%	6.77%
HFRI Fund Weighted Composite Index	0.35%	6.29%	3.58%	4.27%	3.62%	6.06%	6.26%	6.62%
S&P 500	-0.76%	13.99%	10.78%	13.31%	9.49%	10.10%	6.46%	7.41%

Calendar Year Return

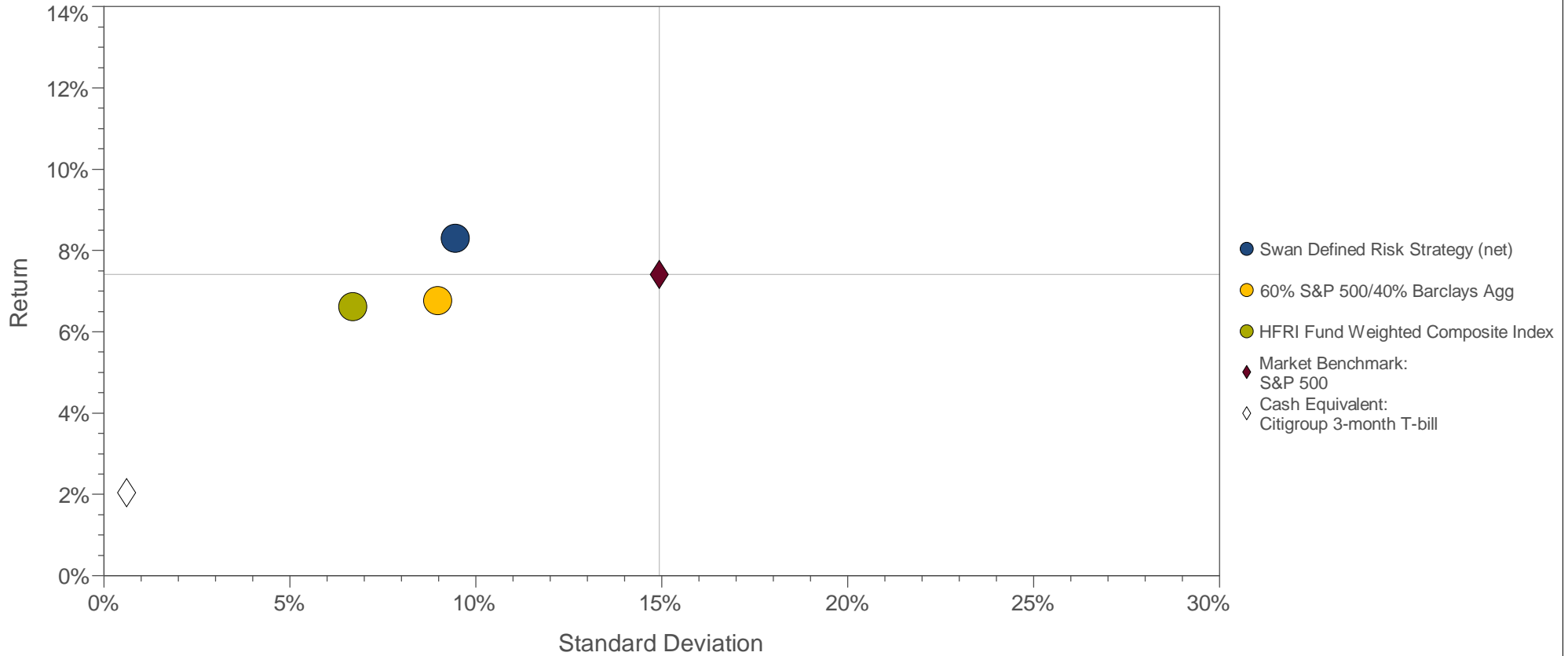
As of March 2018



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD
Swan Defined Risk Strategy (net)	11.55%	12.26%	3.17%	7.46%	12.22%	-0.65%	12.28%	7.47%	18.14%	8.81%	-4.50%	25.00%	8.10%	-5.38%	9.01%	14.34%	6.52%	-2.93%	9.59%	10.83%	-4.43%
60% S&P 500/40% Barclays Agg	20.98%	12.00%	-0.99%	-3.71%	-9.82%	18.48%	8.30%	4.00%	11.12%	6.22%	-22.06%	18.40%	12.13%	4.69%	11.31%	17.56%	10.62%	1.28%	8.31%	14.21%	-0.97%
HFRI Fund Weighted Composite Index	2.62%	31.29%	4.98%	4.62%	-1.45%	19.55%	9.03%	9.30%	12.89%	9.96%	-19.03%	19.98%	10.25%	-5.25%	6.36%	9.13%	2.98%	-1.12%	5.44%	8.58%	0.35%
S&P 500	28.58%	21.04%	-9.11%	-11.88%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-0.76%

Risk / Return

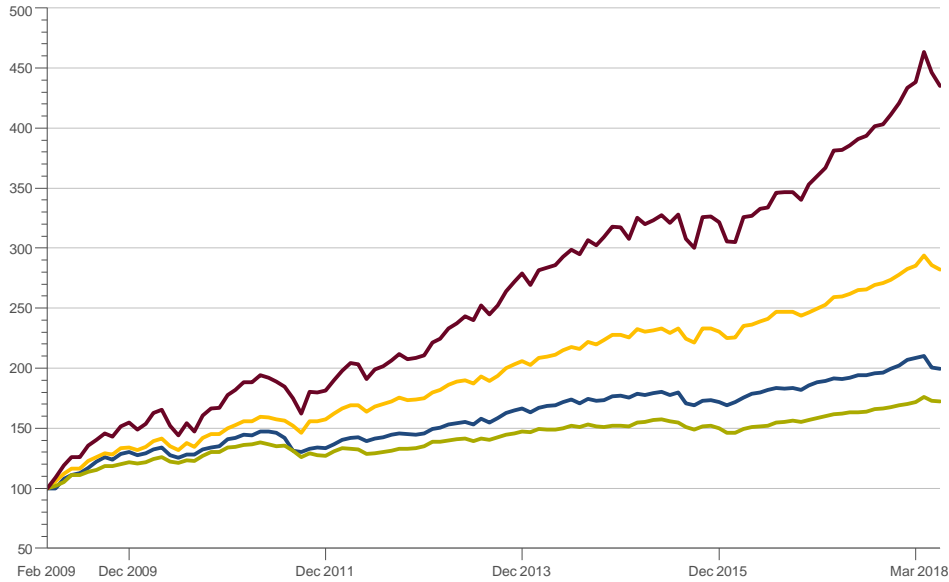
July 1997 - March 2018 (Single Computation)



	Return (%)	Std Dev (Pop.) (%)	Downside Risk (%)	Beta vs. Market	Alpha vs. Market	R-Squared vs. Market (%)	Sharpe Ratio
Swan Defined Risk Strategy (net)	8.30	9.42	7.02	0.2992	6.13	22.40	0.6625
60% S&P 500/40% Barclays Agg	6.77	8.95	6.79	0.5939	2.06	97.72	0.5266
HFRI Fund Weighted Composite Index	6.62	6.67	4.97	0.3412	3.89	58.09	0.6848
S&P 500	7.41	14.90	11.33	1.0000	0.00	100.00	0.3592

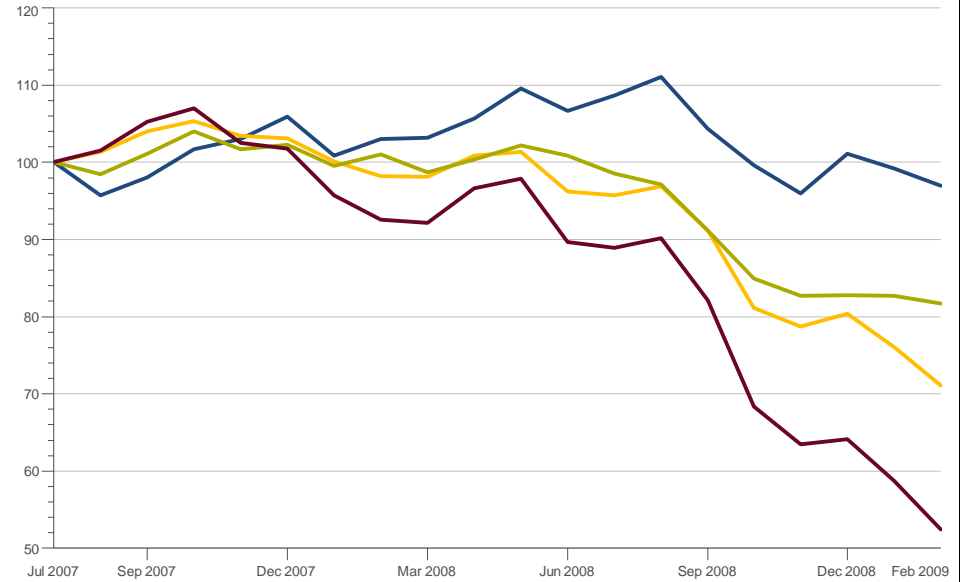
New Heights

March 2009 - March 2018 (Single Computation)



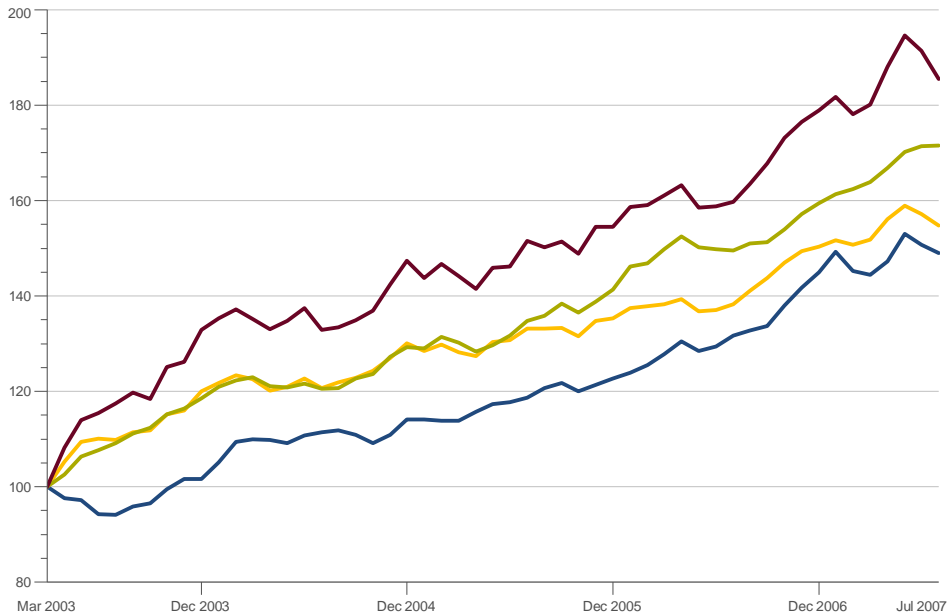
Credit Crisis

August 2007 - February 2009 (Single Computation)



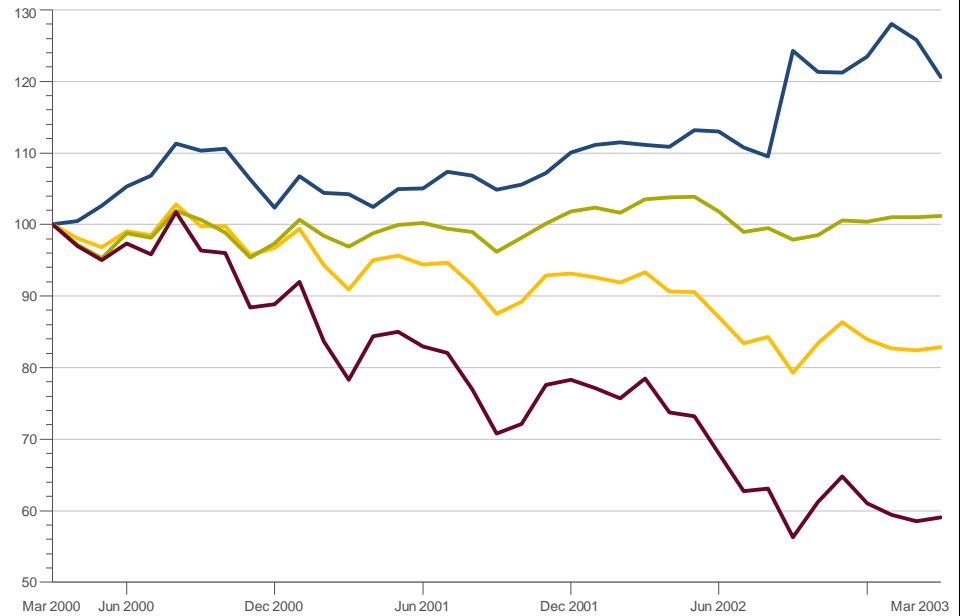
Easy Money Recovery

April 2003 - July 2007 (Single Computation)



Dot-Com Bust

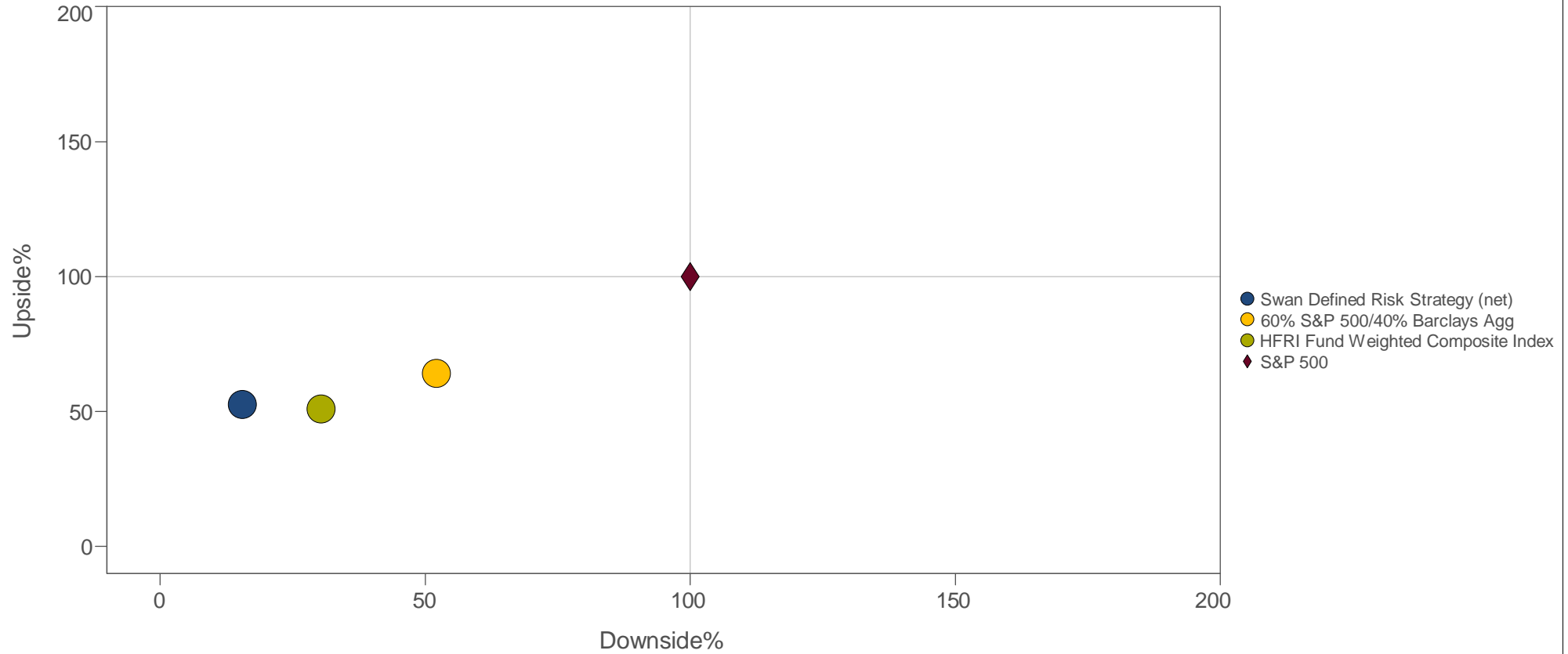
April 2000 - March 2003 (Single Computation)



— Swan Defined Risk Strategy (net) — 60% S&P 500/40% Barclays Agg — HFRI Fund Weighted Composite Index — S&P 500

Upside / Downside (Quarterly)

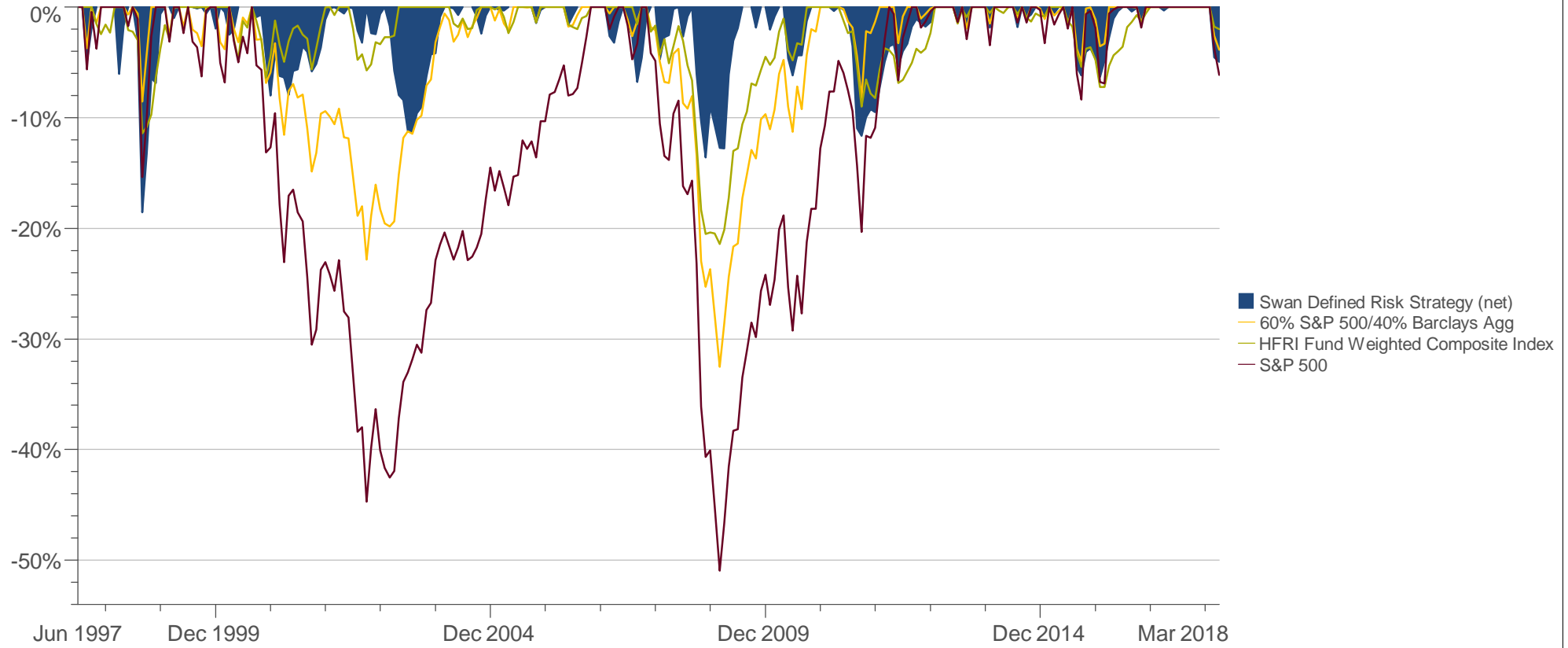
July 1997 - March 2018 (Single Computation)



Quarterly Calculation	# of Quarters		Average Return (%) vs. Market		Quarter (%)		1-Year (%)		Market Benchmark (%)		
	Up	Down	Up Market	Down Market	Best	Worst	Best	Worst	Up Capture	Down Capture	R-Squared
Swan Defined Risk Strategy (net)	59	24	3.45	-0.93	16.93	-13.19	33.76	-6.30	52.5	15.5	21.48
60% S&P 500/40% Barclays Agg	59	24	4.11	-3.70	12.60	-11.85	31.65	-23.36	64.1	52.1	98.20
HFRI Fund Weighted Composite Index	62	21	3.32	-2.07	14.91	-9.60	36.06	-19.03	50.9	30.3	65.04
S&P 500	58	25	6.26	-7.44	21.30	-21.94	49.77	-38.09	100.0	100.0	100.00

Drawdown

July 1997 - March 2018



	Max Drawdown	Max Drawdown Begin Date	Max Drawdown End Date	Max Drawdown Length	Max Drawdown Recovery Date	Max Drawdown Recovery Length	Longest Drawdown	Longest Drawdown Begin Date	Longest Drawdown End Date	Longest Drawdown Length	Longest Drawdown Recovery Date	Longest Drawdown Recovery Length	Pain Index	Pain Ratio
Swan Defined Risk Strategy (net)	-18.56%	Jul 1998	Aug 1998	2	Jan 1999	5	-6.29%	Jun 2015	Jan 2016	8	Jun 2016	5	2.22%	2.82
60% S&P 500/40% Barclays Agg	-32.54%	Nov 2007	Feb 2009	16	Dec 2010	22	-22.81%	Sep 2000	Sep 2002	25	Oct 2004	25	4.22%	1.12
HFRI Fund Weighted Composite Index	-21.42%	Nov 2007	Feb 2009	16	Oct 2010	20	-21.42%	Nov 2007	Feb 2009	16	Oct 2010	20	2.56%	1.78
S&P 500	-50.95%	Nov 2007	Feb 2009	16	Mar 2012	37	-44.73%	Sep 2000	Sep 2002	25	Oct 2006	49	11.34%	0.47

Market Cycles Defined

March 2009 - present: "New Heights"

Massive government intervention in the form of government guarantees and monetary and fiscal stimulus trigger a sharp rally. Much of the market losses are regained, although investors still bear the psychological scars of the Credit Crisis. The economic performance of many countries badly lags capital market performance.

August 2007 - February 2009: "Credit Crisis"

Years of cheap money, excess liquidity, overborrowing, and sloppy securitizations come to a head and plunge the markets in to their worst period since the Great Depression. The financial landscape is changed in ways previously unimaginable and trillions of dollars of wealth disappear.

April 2003 - July 2007: "Easy Money Recovery"

Following the quick resolution to the first stage of the Iraq War, markets finally shake off the long bear market following the dot-com bust. Massive amounts of liquidity and the housing boom propel equity markets to all-time highs.

April 2000 - March 2003: "Dot-Com Bust"

The dot-com mania comes crashing down, as basics like sustainable business models, actual earnings, and cash flow start to matter again. The receding tide reveals shady accounting practices across companies in the broader economy, and the September 11th terrorist attacks send the markets in to a three-year bear period.

	<u>What Is It?</u>	<u>What Is Considered Good?</u>
Alpha	Alpha measures the risk-adjusted added value an active manager adds above and beyond the passive benchmark.	Alphas should be positive. A negative alpha suggests the manager failed to add value over the benchmark on a risk-adjusted basis.
Beta	Beta measures the sensitivity of the manager to movements in an underlying benchmark.	Conservative investors prefer a beta less than 1.0, suggesting the investment moves less than the market. Aggressive investors prefer a beta greater than 1.0, which are more sensitive to market movements.
Down Capture	Down capture measures the percentage of market losses endured by a manager when markets are down.	Down capture should be less than 100%, meaning a manager experiences less than the full market downswing.
Downside Deviation	Downside deviation is a risk statistic measuring volatility. It is a variation of standard deviation that focuses only upon the "bad" volatility.	Generally, the lower the better. A manager's downside deviation should be lower than index or lower than universe's average.
Excess Return	The simplest of the benchmark-relative statistics, excess return measures the difference between the manager return and the benchmark return.	One would want the excess return to be positive, indicating the manager outperformed its benchmark.
Information Ratio	A benchmark relative return-versus-risk metric, the information ratio measures the excess return against the benchmark divided by tracking error, where tracking error is a measure of consistency.	Information ratios should be positive. A good information ratio is typically in the 0.40-0.60 range; it is rare to see active managers with information ratios greater than 1.00.
Kurtosis	Kurtosis identifies where the volatility risk came from in a distribution of returns. Kurtosis improves one's understanding of volatility risk.	Generally investors like to see kurtosis numbers close to zero or even negative. The larger the kurtosis, the more of an investment's risk lies in the tails of the distribution.
Maximum Drawdown	A risk metric indicating capital preservation, the maximum drawdown measures the peak-to-trough loss of an investment.	The smaller the maximum drawdown the better. A maximum drawdown of 0% indicates an investment never lost money. One should keep in mind the type of investment and the time period analyzed to understand if a maximum drawdown is reasonable.
Pain Index	A proprietary risk metric, the pain index quantifies the capital preservation tendencies of a manager or index. It measures the depth, duration, and frequency of periods of losses.	The lower the pain index the better. A pain index of 0% indicates the investment has never lost value. A pain index should be compared against a benchmark or peer group in order to understand context.
Pain Ratio	A proprietary return-versus-risk trade-off metric, the pain ratio compares the added value over the risk-free rate against the depth, duration, and frequency of losses.	The higher the pain ratio the better. A high pain ratio indicates 1) a high risk premium over the risk free rate, 2) very little losses, or 3) a combination of both. One should compare an investment's pain ratio to a benchmark or universe.
R-Squared	R-squared represents the "goodness of fit" of a manager to its benchmark. R-squared is the percentage of variation in a manager's returns explained by the benchmark's returns.	An investor who believes it is difficult for active managers to outperform a passive benchmark would likely prefer a high r-squared. Alternatively an investor who believes in active management would prefer a lower r-squared.
Sharpe Ratio	The most famous return-versus-risk measurement, the Sharpe ratio represents the added value over the risk-free rate per unit of volatility risk.	Generally, the higher the better. A manager's Sharpe ratio should be higher than index or higher than a universe average.
Skewness	Skewness measures to what direction and degree a set of returns is tilted or "skewed" by its extreme outlier occurrences.	Generally speaking investors prefer a positive skewness rather than a negative skewness. However, in the real world it is difficult to find

investment with a positive skew.

Sortino Ratio A variation of the Sharpe ratio, the Sortino ratio is a return-versus-risk trade-off metric that uses downside deviation as its measure of risk.

Standard Deviation Standard deviation measures how closely returns track their long term average. Standard deviation measures volatility risk.

Up Capture Up capture measures the percentage of market gains captured by a manager when markets are up.

The larger the Sortino ratio the better. One must compare a manager's Sortino ratio to an index or peer group in order to understand whether or not a Sortino ratio is good or bad. It is also useful to keep in mind the time period being analyzed.

Generally, the lower the better. A manager's standard deviation should be lower than index or lower than universe's average.

Ideally up capture will be greater than 100%, meaning the manager does better than the market when markets are up. The larger the up capture the better.

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The DRS Select Composite demonstrates the performance of all non-qualified assets managed by Swan since inception. It includes discretionary individual accounts whose account holders seek the upside potential of owning stock, and the desire to help eliminate most of the risk associated with owning stock. The composite relies on LEAPS and other options to manage this risk. Individual accounts own S&P 500 correlated exchange traded funds and LEAPS associated with the exchange traded funds as well as multiple other option spreads that represent other indices that are widely traded. The DRS was designed to protect investors from substantial market declines, provide income in flat or choppy markets, and to benefit from market appreciation. Stock and options are the primary components of the strategy.

Swan managed accounts may own assets and follow investment strategies which cause them to differ materially from the composition and performance of the indices, benchmarks or comparisons shown on performance or other reports. Because the strategies used in the accounts or portfolios involve active management of a potentially wide range of assets, no widely recognized benchmark is likely to be representative of the performance of any managed account. Widely known indices and/or market indices are shown simply as a reference to familiar investment benchmarks, not because they are, or are likely to become, representative of past or expected managed account performance. Historical performance results for market indices and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark. The benchmark used for the DRS Select Composite is the S&P 500 Index, which consists of approximately 500 large cap stocks. The S&P 500 is an index which does not charge fees. An investment cannot be made directly in an index.

Additional indices used in this analysis are:

Barclays US Aggregate: The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

60% S&P 500-40% Barclays US Bond Aggregate: The 60/40 benchmark is a blended composite, weighted 60% in the aforementioned S&P 500 Index and 40% in the Barclays US Aggregate Bond Index to represent balanced portfolios. It is rebalanced monthly.

HFRI Fund Weighted Composite Index: The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by the investor. As a result, the cost of investing in the DRS or fund will be higher than the cost of investing directly in ETFs and may be higher than other mutual funds that invest directly in stocks. ETFs and options are subject to specific risks, depending on the nature of the fund. The use of leverage, such as that embedded in options, could magnify gains or losses. Written option positions expose investments to potential losses many times the option premium received. The adviser's dependence on its DRS process and judgments about the attractiveness, value and potential appreciation of particular ETFs and options in which the adviser invests or writes may prove to be incorrect and may not produce the desired results. Purchased options may expire worthless. Purchased put options may have imperfect correlation to the hedged value of the invested equities or ETFs. Written call and put options may limit the portfolio's participation in equity market gains and may amplify losses in market declines. The portfolio's losses are potentially large in a written put or call transaction. If un-hedged, written options expose the portfolio to potentially unlimited losses. There is no guarantee the DRS structured portfolio investment will meet its objectives.

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