RJA ASSET MANAGEMENT

July 31, 2018

# RJA Global Hedged Equity Strategy

## STRATEGY DESCRIPTION

***Objectives***
- To harvest global volatility risk premium with an active rules-based algorithm, beating the MSCI ACWI over a full market cycle.

***Strategy***
- The Strategy sells front-month at-the-money (or at-the-money-forward) put options on the S&P 500 Index, EFA and EEM, and invests the collateral in short term U.S. Treasury bills and related ETFs. The Strategy dynamically closes and re-establishes positions during the life of the put options based on systematic trading rules that factor in market movements.

***Risks***
- The Strategy is subject to derivatives risk, i.e. the value of a derivative security may not correlate as modeled with the underlying asset. Please contact the investment manager for a detailed description of the Strategy's risk profile.

***Key Advantages***
- Access to global volatility risk premium
- Alpha generation with low tracking error
- Liquid, transparent and rules-based investment strategy
- Rigorous research foundation
- Experienced management team
- Potential favorable tax treatment[1]

## STRATEGY INFORMATION

**Strategy Inception Date**
8/31/2016

**Strategy AUM**
$523.0 MM

**Strategy Vehicle**
Separately Managed Accounts

**Preferred Benchmark**
70% MSCI ACWI +
30% 1-Month T-bill

**Investment Manager**
RJA Systematic Risk Premia Strategies
(A Segment of RJA Asset Management)

**Contact Details**
S.J. Zaremba
Director of Sales & Marketing
+1 203 655 8200
sj.zaremba@rja-llc.com

## INVESTMENT PERFORMANCE (8/31/2016 – 7/31/2018)[2]

| | RJA Global Hedged Equity (Gross) | 70% MSCI ACWI + 30% 1Mo T-bill (Benchmark) |
|---|---|---|
| **Annualized Return** | 10.11% | 10.33% |
| **Annualized Volatility** | 7.30% | 5.81% |
| **Sharpe Ratio** | 1.25 | 1.61 |
| **Gain Loss Ratio** | 1.33 | 1.35 |
| **Annualized Alpha** | -0.10% | 0.00% |
| **Beta to MSCI ACWI** | 0.79 | 0.70 |

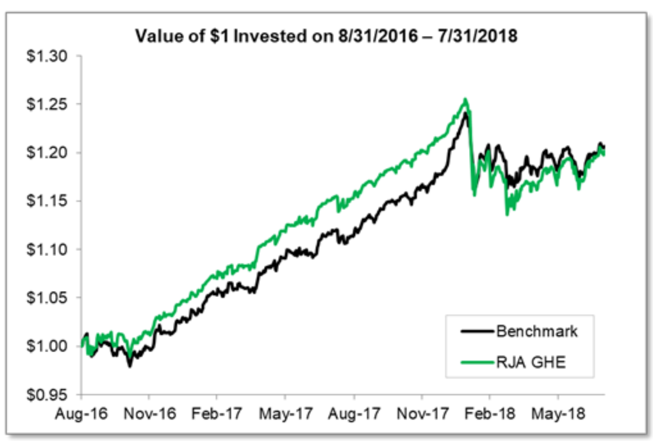
The RJA Global Hedged Equity Strategy had a gross total return of 20.17% since inception, compared to 20.40% for the benchmark.

## INVESTMENT COMMENTARY

Over the past twelve months, the RJA Global Hedged Equity Strategy achieved a gross return of 4.41%, underperforming the 70% MSCI ACWI + 30% 1-Month T-bill benchmark by 3.67%.

A global put-writing strategy, the RJA GHE utilizes securities associated with the S&P 500 Index, the MSCI EAFE Index and the MSCI EM Index to proxy the MSCI ACWI with liquid markets while maintaining a low tracking error. Since inception, the RJA GHE has maintained a tracking error of 3.82% to the beta-adjusted MSCI ACWI benchmark.

***CUMULATIVE RETURNS SINCE INCEPTION[3]***

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[1] It is expected that exchange-traded SPX options will be treated as section 1256 contracts. Any gain or loss related to section 1256 contracts is treated as 60% long-term and 40% short-term capital gain or loss, regardless of the holding period. Neither of RJA Asset Management or its employees provide legal or tax advice to investors. Please consult a tax advisor regarding the suitability of an investment in the Strategy.
[2] The charts are based on data from 8/30/2016 to 7/31/2018. RJA Global Hedged Equity gross returns are net of trading-related costs and gross of operating expenses and management fees. Please note that these figures are based on unaudited calculations. Beta is calculated with respect to the MSCI ACWI. Alpha is calculated with respect to the target beta of 0.7. The average risk-free rate is 0.96%.
[3] Source: Bloomberg and RJA. The RJA GHE returns are net of trading-related costs and gross of operating expenses and management fees.

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# RJA Global Hedged Equity Strategy

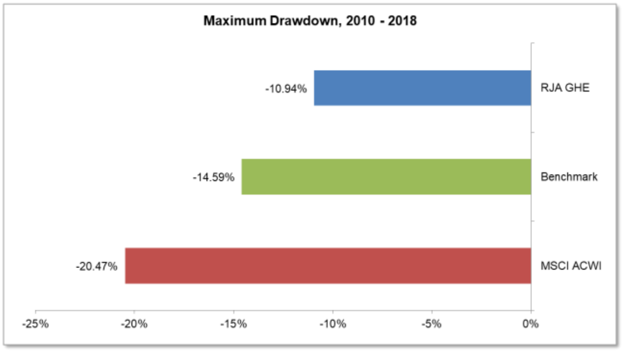
While global stock market volatility remained subdued during 2017, the first several months of 2018 have seen hiccups in the market. The MSCI ACWI moved more than 1% on merely 3 trading days throughout 2017; by contrast, during the first seven months of 2018, the MSCI ACWI had 19 daily moves larger than ±1%. As the realized volatility rose, at-the-money implied volatility increased as well, allowing the RJA GHE to collect higher option premiums.

The RJA GHE utilizes systematic algorithms to collect additional volatility risk premium, rebalance delta, and de-lever on the downside. The strategy is expected to outperform when the market gradually trends either up or down and underperform during cycles that contain a large reversal.

As it is for all strategies that aim to harvest a systematic risk premium, 23 months is too short an interval to judge the success of the RJA GHE. Looking forward, we believe our strategy is well positioned to capture the volatility risk premium in a risk-controlled fashion over a long-term investment horizon.

***MAXIMUM DRAWDOWN***

Maximum drawdown measures the worst peak-to-trough decline in the value of a portfolio, and can assess the relative riskiness of various strategies. Based on modeled returns and live data, the RJA GHE showed superior capital preservation relative to the MSCI ACWI over the specified period.




Note: The above chart tracks the respective index or RJA strategy from 9/22/10 to 7/31/18. The RJA GHE returns are simulated from 9/22/10-8/30/16 and are net of modeled transaction costs and management fees. Returns after 8/31/16 are based on live data.

*About RJA LLC*

RJA is an investment manager currently registered with the SEC. Founded in 2009, RJA manages equity and index option portfolios for institutional investors. RJA builds customized solutions based on sophisticated quantitative analysis and extensive market experience. The Firm manages approximately $553MM in put-write strategies as of 7/31/2018.

*Definitions*

*Alpha:* Excess return over the benchmark.

*Beta:* A measure of how sensitive a fund's returns are to changes in its benchmark index.

*Sharpe Ratio:* A measure of a portfolio's risk-adjusted performance. The Sharpe Ratio is calculated as the ratio between the fund's return in excess of the risk-free rate and the historical volatility of the fund.

*Gain Loss Ratio:* A measure of a portfolio's risk-adjusted performance. The Gain Loss Ratio is calculated as the ratio between the average gain during gain periods and the average loss during loss periods.

*Tracking Error:* A measure of the volatility in the fund's excess return over the benchmark.

*Information Ratio:* A measure of a portfolio's risk-adjusted alpha generation ability. The Information Ratio is calculated as the ratio of the annualized alpha to the tracking error.