

# Standard Value - Systematic Equity + Income Proposed Strategy

## Equity Market Neutral Hybrid with High Yield and Mortgage Income

Mar 2018

Benchmark 1: S&P 500 Index Total Return ("S&P 500")

Benchmark 2: Barclays Agg Total Return ("Barc Agg")

Standard Value improves upon the traditional equity market neutral fund by replacing some of the long exposure with fixed income. Using a mix of corporates and mortgages, our proposed strategy adds income and maintains a beta of zero, while considerably improving the Sharpe ratio.

This unique product is the payoff from two decades of research into each of the components. The work was done by principals who have worked together in the past and have known each other since graduation from the Chicago MBA program 25+ years ago.

The securities in the equity and corporate bond long / short portfolio are selected using Rational Investing LLC's technology, a unique AI-driven fundamental approach to corporate finance with a stunning track record of Alpha generation. We select corporate bonds where the normalized Debt / EDITDA approaches equity payoffs based on current prices for very resilient franchises, so going up the capital structure reduces risk.

The MBS positions are selected using proprietary search and valuation algorithms developed by Samir Shah over 25 years to identify cash flows in excess of industry standard models. The resulting MBS portfolio has an unusually powerful risk / reward profile.

### Performance - Systematic Equity + Income Strategy

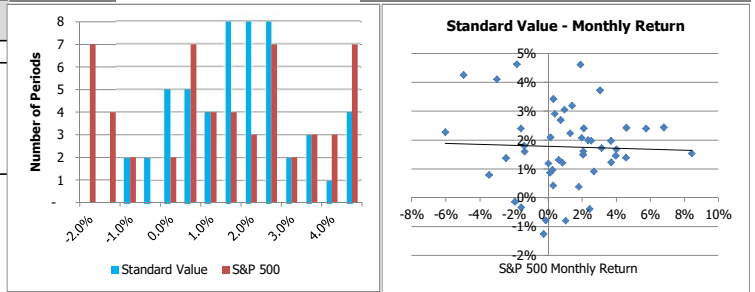
Net Monthly Total Returns (assumed Fees and Leverage Financing Costs)

	Net Monthly Total Returns (assumed Fees and Leverage Financing Costs)												YTD Net Returns		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Standard Value	S&P 500	Barc Agg
2018	1.3%	-1.2%	0.2%										0.2%	-0.8%	-1.5%
2017	4.6%	1.5%	0.9%	-0.8%	3.2%	1.3%	1.5%	3.4%	-0.1%	0.2%	-0.2%	0.1%	16.6%	21.8%	3.5%
2016	4.3%	-0.8%	2.4%	2.9%	0.4%	1.0%	2.0%	2.1%	1.2%	4.6%	1.2%	2.1%	25.9%	12.0%	2.6%
2015	4.1%	2.4%	-0.3%	3.1%	2.2%	-0.1%	2.4%	2.3%	1.4%	1.5%	0.4%	2.4%	23.9%	1.4%	0.5%
2014	0.8%	1.4%	1.2%	2.7%	2.0%	1.6%	1.6%	1.7%	1.8%	-0.4%	0.9%	-1.3%	14.9%	13.7%	6.0%
2013									1.7%	2.4%	3.7%	2.0%	10.2%	14.0%	0.8%

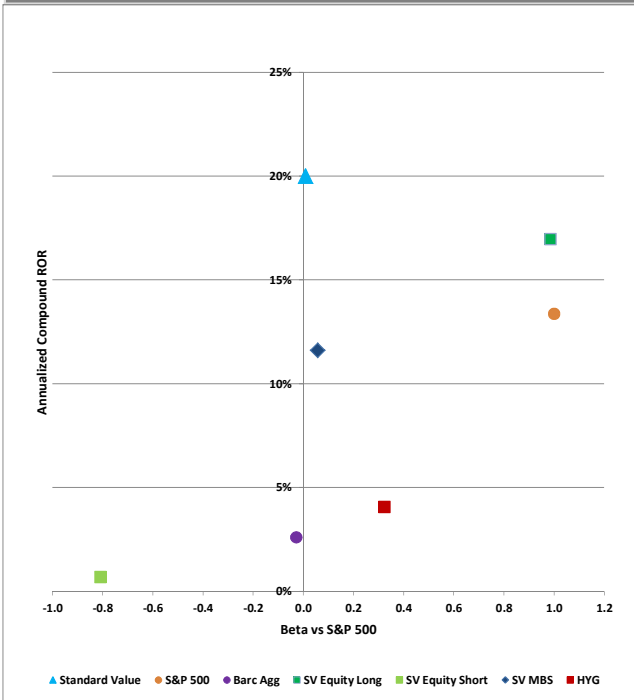
### Portfolio Construction and Returns - Comparisons to Benchmarks & Components

	Standard Value	S&P 500	Barclays Agg	Long SV Equity	Short SV Equity	Long SV MBS	Long HYG
<b>Weightings</b>				90%	130%	80%	40%
MTD	0.2%	-2.5%	0.6%	-1.3%	0.6%	1.6%	-0.2%
QTD	0.2%	-0.8%	-1.5%	-0.6%	0.6%	2.5%	-1.0%
YTD	0.2%	-0.8%	-1.5%	-0.6%	0.6%	2.5%	-1.0%
1 Year	9.1%	14.0%	1.2%	11.3%	-0.6%	8.7%	2.6%
ITD	130.7%	77.8%	12.5%	105.1%	3.2%	65.5%	20.1%

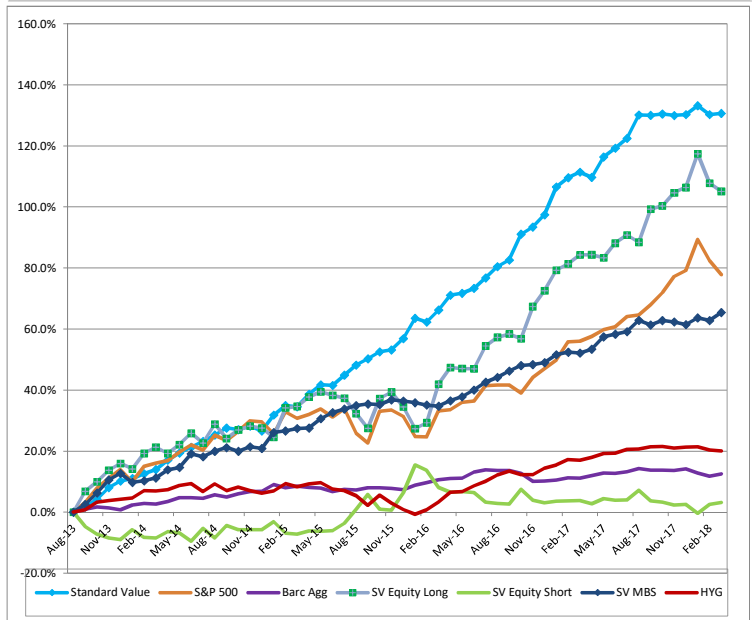
### Distribution of Monthly Net Returns



### Annualized Return vs Beta



### Cumulative Return Comparisons



### Standard Value Returns - Comparisons to Benchmarks

	S&P 500	Barc Agg	Barc MBS	Barc HY	Value Factor
Alpha Monthly	1.5%	1.5%	1.5%	1.4%	1.6%
Annualized Alpha	20.0%	19.4%	19.4%	18.8%	20.8%
Beta	0.01	0.23	0.26	0.21	(0.04)
R-Squared	0.00	0.02	0.01	0.05	0.01

### Statistical Analysis from 9/2013

	Standard Value	S&P 500	Barclays Agg	Long SV Equity	Short SV Equity	Long SV MBS	Long HYG
Ann Ret	20.0%	13.4%	2.6%	17.0%	0.7%	11.6%	4.1%
Cum Ret	130.7%	77.8%	12.5%	105.1%	3.2%	65.5%	20.1%
St Dev	4.9%	9.9%	2.8%	11.4%	9.8%	4.6%	5.0%
Sharpe	3.4	1.1	0.3	1.3	(0.1)	2.0	0.4
Best Mth	4.6%	8.4%	2.1%	9.8%	8.6%	4.3%	3.2%
Worst	-1.3%	-6.0%	-2.4%	-5.3%	-4.9%	-2.6%	-3.0%
Pos Mths	84%	73%	60%	65%	44%	75%	67%

\*Please refer to the important notes and disclosures on the next page.

Statistical Analysis calculated using eInvestment's (formerly Pertrac) methodology.

Profile					
<b>Contact:</b>	Samir Shah	<b>Phone:</b>	203-388-8356	<b>Contact:</b>	Manish Aurora
<b>Email:</b>	<a href="mailto:sshah@mbsmantrallc.com">sshah@mbsmantrallc.com</a> <a href="mailto:Samir@rationalinvesting.com">Samir@rationalinvesting.com</a>	<b>Mobile:</b>	203-273-0360	<b>Email:</b>	<a href="mailto:Manish@rationalinvesting.com">Manish@rationalinvesting.com</a>
<b>Website:</b>	<a href="http://www.mbsmantrallc.com">www.mbsmantrallc.com</a>	<b>Website:</b>	<a href="http://www.rationalinvesting.com">www.rationalinvesting.com</a>	<b>Phone:</b>	212-466-1119
<b>Mobile:</b>		<b>Mobile:</b>		<b>Mobile:</b>	646-498-4198
<b>Inception Date</b>	9/1/2013 (MBS track record)	<b>Lockup</b>	1 Year (or redemption fee)	<b>Prime Broker</b>	TBA
<b>Management Fee</b>	1.5%	<b>Redemption</b>	Quarterly	<b>Administrator</b>	TBA
<b>Incentive Fee</b>	15%	<b>Redemption Notice</b>	90 days	<b>Legal</b>	TBA
<b>Minimum Account</b>	10mm	<b>Reporting Style</b>	Quarterly	<b>Domicile</b>	US
<b>Subscription</b>		<b>Fund Structure</b>	Domestic/Cayman		
<b>High Water Mark</b>		<b>Strategy</b>	Income with Beta Control - Hybrid Bond/Equity Long Short		
<b>Hurdle Rate</b>		<b>Currency</b>	USD		

**Standard Deviation** - Measures the degree of variation of returns around the mean (average) return. Standard Deviation is often used as a measure of Investment risk.

**Sharpe Ratio** - Measures the excess return (or risk premium) per unit of deviation in an investment asset or a trading strategy (using 0.75% risk free rate)

**Alpha** - The Alpha statistic is the difference between a Manager's return and the Benchmark's return, adjusted by the Manager's exposure to the Benchmark's risk. Alpha is typically used to measure the Manager's investment skill relative to the Benchmark. A positive alpha indicates that the Manager has produced risk adjusted returns that exceed the benchmark's return. Annualized Alpha is the measure of the annualized value added.

**Beta** - A way to measure the "risk" or price volatility of a particular stock or fund as it compares to the market as a whole. A beta of 1.0 indicates that a security's risk measurement is on par with the market. A beta of 1.20 indicates that a security is 20% more volatile than the market, while a beta of 0.80 indicates that a security is 20% less volatile than the market.

**R-Squared** - A measure of how much of a fund's past returns can be explained by the returns from the market in general, as measured by a given index. If a fund's total returns were precisely synchronized with an index's returns, its R-squared would be 1. If a fund's returns bore no relationship to the index's returns, its R-square would be 0.

#### Past performance is not indicative of future results.

The performance returns and statistical data are estimates computed by the manager, based on unaudited figures. The figures above are **indicative** performance figures for the Portfolio as a whole, and are not specific to your account. Actual performance for your account will be provided to you in your quarterly account statement. Actual performance will vary for investments made in different fee classes, or at different times of the year.

**Please Note: As indicated above, past performance may not be indicative of future results.** Therefore, no current or prospective investor should assume that future performance will be profitable, or equal either the past performance results reflected or any corresponding historical index.

#### Benchmarks

**The S&P 500 Index Total Return** - The 500 stocks in this index are selected by Standard and Poor's selection committee and are based on industry representation, liquidity, and company stability and assumes that any cash distributions, such as dividends, are reinvested back into the index. The stocks in the S&P 500 are not the 500 largest companies in the United States, but is an index designed to capture the returns of many different sectors of the U.S. economy. The index consists of approximately 400 industrial firms, 40 utility companies, and 20 transportation companies. This index is market capitalization weighted.

**The Bloomberg Barclays US Aggregate Bond Total Return Index (Barcl Agg)** - A broad-based flagship benchmark that measures the Total Return of 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).

**The Bloomberg Barclays US Securitized Total Return Index (Barc MBS)** - represents the Total Return of the Securitized section of the Barclays US Aggregate. This includes MBS, ABS, CMBS and Covered bonds, and is unhedged.

**The Bloomberg Barclays US Corporate High Yield Total Return Index (Barc HY)** - represents the Total Return of the The Bloomberg Barclays US Corporate High Yield Bond Index. This measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**The iShares Edge MSCI USA Value Weighted Index Fund (VLUE; "Value Factor ETF")** - an exchange-traded fund that seeks to track the performance of an index that measures the performance of U.S. large and mid-capitalization stocks with value characteristics and relatively lower valuations.

#### Disclosures:

This overview is being provided to you by Standard Value, MBS Mantra, LLC or Rational Investing, LLC, for informational purposes only, on a confidential basis and is intended solely for use by the company or individual to whom it is being delivered. Potential investors are advised to request and carefully read and review MBS Mantra's Firm Brochure (Form ADV Part 2), and other documents, if any, provided (the "Documents"). The portfolio construction is a proposed portfolio, based on numerous assumptions, which can be customized for specific potential investors.

Under no circumstances should this overview be used or considered as an offer to sell, or a solicitation of any offer to buy, interests in any securities, funds, other financial products or investment strategies managed by MBS Mantra or Rational Investing, nor shall it or its distribution form the basis of, or be relied upon in connection with, any contract for advisory services or otherwise.

The information contained within this brochure has not been audited and is based upon estimates and assumptions. No reliance should be placed, for any purpose, on the information or opinions contained in this overview. The information contained in this brochure is based upon proprietary information of MBS Mantra and Rational Investing, and public information, but it may not be comprehensive, and it should not be interpreted as investment advice. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this overview by MBS Mantra or Rational Investing, or by its affiliates and any of their principals, members, managers, directors, officers, employees, contractors or representatives.

Investors must make their own investment decisions based on their specific investment objectives and financial position. Charts, tables and graphs contained in this overview or in the Documents are not intended to be used to assist an investor in determining which securities to buy or sell or when to buy or sell securities. While this overview may contain past performance data, **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, WHICH MAY VARY.** There can be no assurance that any investment strategy will achieve its investment objective or avoid substantial or total losses. Except as required by law, MBS Mantra assumes no responsibility for the accuracy and completeness of any forward-looking statements. Further, MBS Mantra does not provide legal and tax advice; MBS Mantra recommends that investors consult with their own independent tax and legal advisers.

Any example represents an actual trade made by Samir Shah, MBS Mantra's principal, and/or MBS Mantra, or by Standard Value; any hypothetical represents a possible trade. None of the examples, whether actual or hypothetical, contained in this overview and the Documents should be viewed as representative of all trades made by Standard Value, but only as examples of the types of trades Standard Value expects to complete for its customers. None of the examples provided can in and of themselves be used to determine which securities to buy or sell, or when to buy or sell them. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities used as examples in these Documents. To the extent that this document contains statements about the future, such statements are forward looking and subject to a number of risks and uncertainties, including, but not limited to, the impact of competitive products, product demand and market risks, fluctuations in operating results and other risks. (A complete list of trades made by Samir Shah and/or MBS Mantra is available upon request.)

This overview and all Documents provided by MBS Mantra or Rational Investing should only be considered current as of the date of publication without regard to the date on which you may receive or access the information. MBS Mantra and Rational Investing maintain the right to delete or modify the information without prior notice; MBS Mantra or Rational Investing undertake no obligation to update such information, including, but not limited to, any forward-looking statements, as of a more recent date, except as otherwise required by law.