

## Strategy Objective

The IPS Absolute Return Strategy (ARS) seeks to provide capital appreciation via exposure to U.S. Large Cap equity market while mitigating downside equity risk.

## Strategy Description

The ARS aims to provide investors with equity exposure to the S&P 500 combined with a hedging overlay that provides downside protection. The strategy is designed to outperform in an environment where low interest rates threaten the diversification benefits of fixed income in a traditional portfolio.

## Key Characteristics

- Always invested, always protected
- Provide upside equity exposure with defined downside risk
- No reliance on market timing or stock selection
- Great alternative to using bonds as a portfolio hedge
- Provides an alternative to traditional diversification in a zero interest rate environment

## Strategy Info

Inception Date: 1/31/2011

AUM: \$61mm

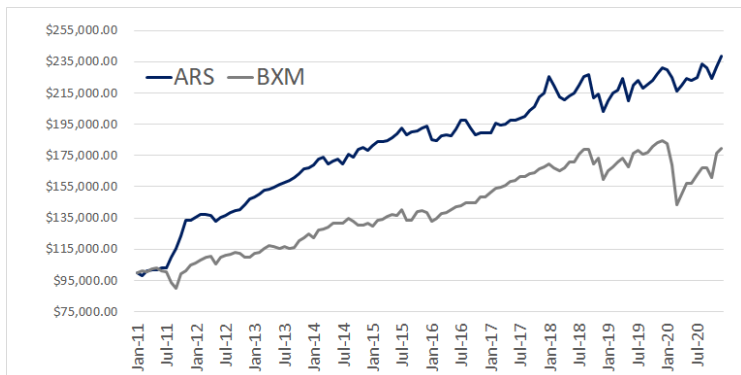
## Performance Summary (Inception: 1/31/2011)

Time Period	IPS ARS	BXM Index
3 Month (not annualized)	3.29%	7.54%
YTD (not annualized)	3.23%	-2.75%
1 Year	3.23%	-2.75%
3 Year	3.53%	2.32%
5 Year	4.27%	5.33%
Since Inception	9.15%	6.08%

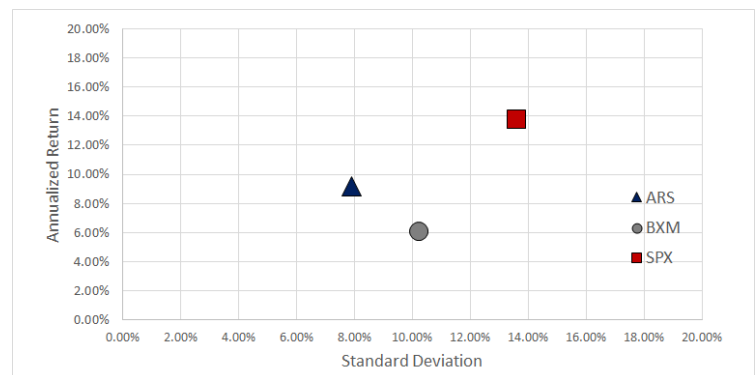
## Risk & Return Summary (Since Inception)

Metric	IPS ARS	BXM Index
Standard Deviation	7.91%	10.23%
Alpha	6.48%	0%
Beta	0.40	1.00
Sharpe Ratio	1.08	0.57
Sortino Ratio	1.84	0.78
Max Drawdown (Monthly)	-10.2%	-22.2%

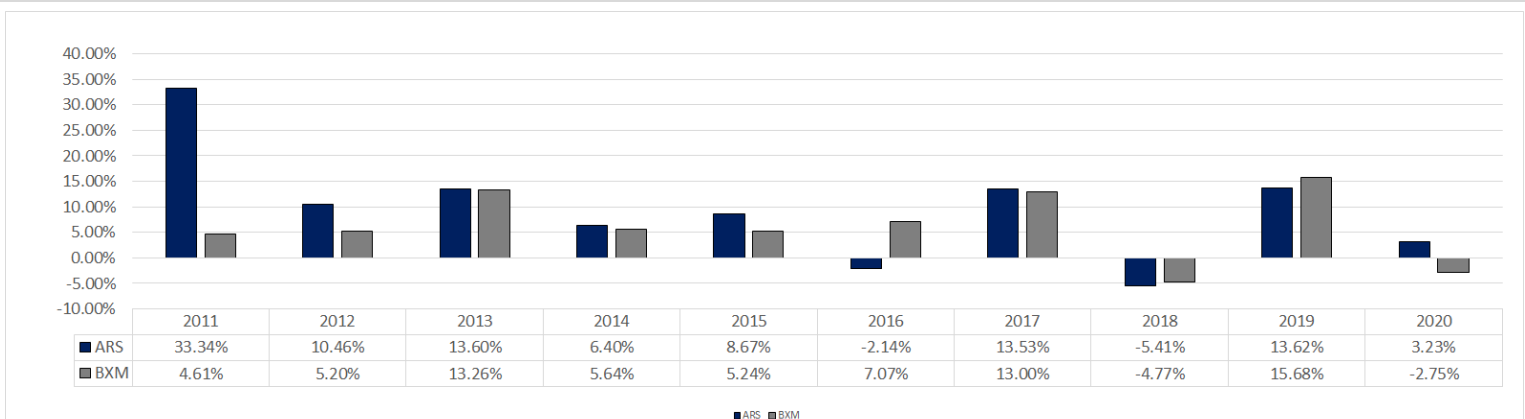
## Growth of \$100,000 (Since Inception)



## Risk/Return (Since Inception)



## Annual Returns: IPS ARS and BXM Index (Since Inception)



## Investment Process

### 1 Invest In Equities

*Participate in equity market*

- Always Invested in S&P 500
- Obtain exposure via ETF or long call options

### 2 Hedge Downside

*Reduce Downside Risk*

- Always hedged using a dynamically managed S&P 500 put option strategy

### 3 Generate Income

*Mitigate Hedging Costs*

- Offset costs of hedging with actively managed trades designed to generate income

## About the Portfolio Manager

### Dominick Paoloni, CIMA®



Portfolio Manager, IPSAX

CIO & Founder

Adjunct Professor

TD Ameritrade Trading Panel

OIC Advisory Council

Managing Principal and Chief Investment Officer of IPS Strategic Capital, Dominick Paoloni has served the investment community for over 35 years. Dominick received his Certified Investment Management Analyst (CIMA®) through the Wharton School of Business and completed the College for Financial Planning's CFP certification program.

Dominick is an Adjunct Professor at the University of Denver, and University of Colorado Denver, he is a published author in a plethora of financial magazines including an academic white paper published through the Journal of Financial Consultants. Dominick frequently lectures throughout the country and internationally on the real-world use of derivatives in risk-defined money management.



## Disclaimers

The performance data shown in this presentation represents past performance data. With any investment, past performance is not necessarily indicative of future performance. This presentation should not be misconstrued as an offer to buy or solicitation to sell any securities and any information herein is strictly for informational and educational purposes. One should always consult the help of their own financial advisor prior to making investment decisions.

The performance data of the Absolute Return Strategy (ARS) shown is representative of a size-weighted composite of accounts managed by the firm classified as the Absolute Return Strategy composite. The returns represent net returns of any clients invested into the strategy, accounting for any management fees observed by the advisor. Please note that all performance in 2011 represents one non-fee-paying account comprised of the firm's capital. Due to the nature of composite performance, it cannot be guaranteed that an investors in a specific composite will receive the same gains as the size-weighted average of the composite. As of April of 2016, a majority of the separately managed accounts in the ARS composite gain their exposure to the ARS through a 40 Act Fund that utilizes the Absolute Return Strategy. The performance of the ARS shown on this sheet still represents a size weighted average of the SMA's composite performance. Please note that accounts that are invested in the ARS via the 40 Act Mutual Fund pay the management fee via the fund's expense ratio and therefore are not charged an additional management fee by the advisor.

The Absolute Return Strategy invests in derivative securities, including but not limited to exchange-traded option contracts. Specifically, the strategy buys and sells put and call options and utilizes leverage in some cases; these factors can cause portfolios invested in the strategy to show greater fluctuations than investments in the underlying assets. Prior to buying or selling an option, investors must read a copy of the Characteristics & Risks of Standardized Options. Put options give the purchaser the right, not the obligation, to sell a specified number of shares of the underlying security at a specified date in the future. The seller of a put option has the obligation, not the right, to have a number of shares delivered to them at a specified price at a specified date in the future in exchange for receiving premium upfront for this risk. The buyer of a call option has the right, not the obligation, to purchase shares of the underlying security at a specific date in the future. The seller of a call option has the obligation, not the right, to deliver shares of the underlying at a specific date in the future.

The benchmark for the ARS is the Cboe S&P 500 BuyWrite Index. Any reference to the performance of the BXM Index represents the total returns of the index for the period referenced. Any information regarding the SPX Index represents the performance of the SPX Total Return Index which includes the re-investment of dividends. Both indexes are unmanaged, uninvestable, and do not include any management fees associated with their performance.

Any performance figures referenced in this document are calculated by IPS Strategic Capital (IPS). While best efforts are made when calculating these metrics, IPS cannot guarantee the accuracy of any figures shown.