

STRATEGY FACT SHEET

Bear Strategy August 31, 2020

Performance Summary

Inception April 12, 2019

April 2019-August 31, 2020

	IPS Bear Strategy	80/20 S&P 500/Bear	S&P 500	60/40 S&P 500/ Bonds
Return@ Max Drawdown	+84.60%	-12.16%	-33.92%	-21.20%
Sortino Ratio	-0.28	1.04	0.54	.75
Sharpe Ratio	-.19	1.03	0.50	.72
Cumulative Return	-17.14%	16.89%	20.39%	17.38%

Strategy Objective:

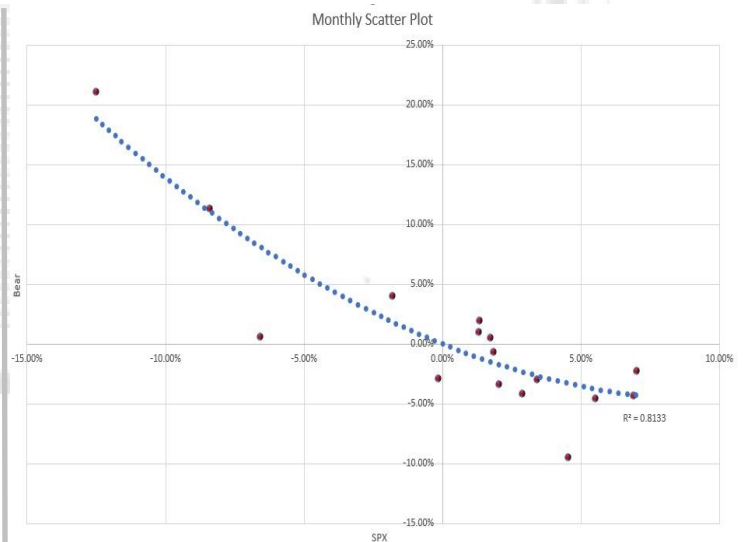
The IPS Bear Strategy is an actively managed put strategy that utilizes a quantitative approach to help protect and diversify a traditional portfolio. The strategy invests in index options on the broad US market. It has shown to reduce downside volatility within a portfolio framework, while delivering a low cost of carry. The strategy, when implemented in a traditional portfolio is designed to deliver strong tail protection with very little upside drag. The benefit of using any option based hedging strategy is the inherent asymmetry that such a strategy can deliver when the market draws down.

Key Characteristics:

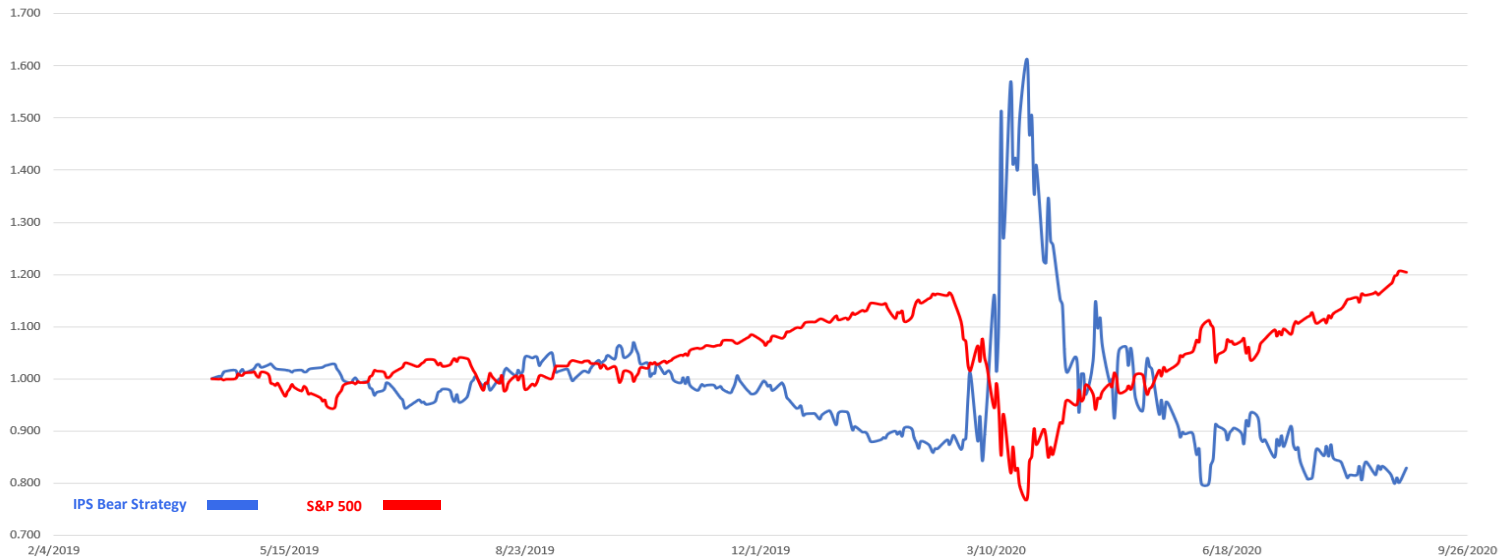
- Mathematically defines risk & uses zero market timing
- Low carry cost not typical in owning options
- Hedges off a considerable amount of portfolio downside
- Utilizes zero short call which eliminates an upside cap
- A perfect low cost option overlay inside a portfolio framework
- Utilizes extremely liquid options

The Strategy is run as an overlay SMA which is easily implemented through a sub-advisor agreement and actively managed independently from the portfolio managers decisions of what is being bought or sold. The low carry cost overlay is billed quarterly in advance and can be immediately adjusted to fit the managers desires whether to add, reduce or remove the hedge at any time.

In the graph below the downside beta is much greater than the upside beta. Optionality is the only asset other than market timing that can deliver such a benefit.



IPS Bear Strategy vs. S&P 500



Date	4.30.19	5.31.19	6.28.19	7.31.19	8.30.19	9.30.19	10.31.19	11.29.19	12.31.19	1.31.20	2.28.20	3.31.20	4.30.20	5.29.20	6.30.20	7.31.20	8.31.20
Return in Bear	1.93%	0.62%	-4.29%	1.04%	4.06%	.054%	-3.39%	-2.94%	-4.15%	-2.87%	11.35%	21.12%	-19.61%	-9.51%	-0.65%	-4.54%	-2.23%
Return in SPX	1.32%	-6.58%	6.89%	1.31%	-1.81%	1.72%	2.04%	3.40%	2.86%	-0.16%	-8.41%	-12.51%	12.68%	4.53%	1.84%	5.51%	7.01%



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.

Disclaimer

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The performance of the IPS Bear Strategy is representative of the performance of the IPS Bear Strategy composite. This composite is managed via separately managed accounts. The performance data is shown net of fees. The performance of the accounts comprising the IPS Bear Strategy was scaled to a 20% exposure to represent a hypothetical portfolio that was invested 80% to the S&P 500 and 20% to the IPS Bear Strategy. This is purely a hypothetical portfolio that is intended to illustrate how the IPS Bear Strategy can be combined with equity exposure to provide reduced drawdown and volatility. Any performance relating to the S&P 500 is representative of the price returns of the index. Please note that the S&P 500 is an index and therefore not a directly investable asset.

The IPS Bear Strategy trades options contracts on the S&P 500 index. 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 a premium upfront for the risk.

The results shown here are strictly for informational and educational purposes. All investments have the potential for profit and the potential risk of loss. Changes in investment strategies, contributions or withdrawals may cause the performance results of one's portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's portfolio. One should always consult an investment advisor before making any investment decisions.