



W E N N C O

DOWNSHIFT STRATEGIES

Downshift ETF Strategy

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Confidential & Proprietary

Firm Overview

Wennco Downshift Strategies

Wennco LLC is an SEC registered RIA providing both co-managed and fully managed strategies that focus on generating more consistent returns in all market environments and across full market cycles. Our strategies give advisors and investors cost-effective solutions for retaining equity exposure with an actively managed hedging component

- **Trading experience encompasses equities, fixed income, exchange traded funds and options**
- **Wennco is committed to providing investors and clients with truly customizable investment products and cost-effective solutions to remain invested in equities with more downside protection**
- **Our high-touch service model facilitates our clients to focus on what matters most them, preserving and growing their business**

Wennco Downshift ETF Strategy

Simple & Effective Way to Remain in Equities with Less Risk

EQUITY MARKET EXPOSURE

- 13 S&P 500 ETFs
- Blended expense ratio of 16bps
- +/- 5% sector weightings of current S&P 500 sector weightings
- Invested in all 11 S&P 500 sectors at all times

INCOME GENERATION

- Call options opportunistically written to generate income *and* total portfolio return
- Proactive profit-taking and rolling of covered calls, when necessary, to preserve the underlying and remain invested

PROTECTION

- Long-dated S&P 500 puts provide meaningful protection against market declines
- Active management mitigates theta decay
- 4-7% of the portfolio is invested in the long-dated S&P 500 puts

Wenoco Downshift ETF Strategy

Increased Risk-Adjusted Returns in Every Market Environment

Benefits of Wenoco Downshift ETF Strategy in Different Market Scenarios

Rising Equity Markets

- Underlying ETFs provide significant participation in strong equity markets
- Active risk management mitigates both theta decay on the S&P 500 puts and call-away risk on the underlying ETFs
- Superior risk-adjusted returns

Slightly Rising or Declining Markets

- In sideways to choppy markets, volatility may rise, presenting potentially beneficial opportunities to harvest volatility premium
- Potential to outperform the overall market while lowering portfolio volatility

Falling Equity Markets

- Heightened market volatility results in heightened premium received from selling covered calls
- Long-dated S&P 500 puts significantly increase in value
- Potential to significantly outperform long-only portfolios and the overall market

Downshift ETF

Active Risk Management

Always Hedged

Long-dated S&P 500 puts always owned and actively-managed
4-7% of the overall portfolio value invested in long-dated puts

Opportunistic Call Writing

Short to medium-dated covered calls sold against ETFs to increase portfolio yield *and* total return
Heightened premium opportunities are presented as volatility rises, which we use to our advantage

WENNCO Downshift ETF Strategy

Proprietary Risk Models

Risk models evaluate the current and forecasted volatility environment, as well as broad market and sector trends to determine appropriate positioning

Our risk model evaluates signals on a daily, weekly, and monthly basis

Proactive & Disciplined Profit & Loss Taking

Puts are rolled using the following factors: theta, delta and P&L percentage

Covered calls repurchased if the stock depreciates/trades sideways and rolled up and out if stock appreciates significantly to preserve underlying position

Wennco Downshift ETF Strategy

Frequently Asked Questions – Financial Advisors

Q: What solution will this strategy provide for my clients, and how will it help me retain my existing clients while attracting new clients?

A: Downshift ETF is a hedged-equity strategy that is designed to stay invested in equity markets with significantly less portfolio volatility and overall risk. Getting in front of what may potentially be a more difficult investing environment over the next 9 years vs. the previous 9 years is important, in our view, to retain existing clients as well as delivering to prospective advisory clients.

Q: Which market environments are difficult for the strategy to outperform equity markets?

A: Since the strategy is conservative by design, persistently straight up market environments will likely result in the strategy underperforming overall equity markets and long-only strategies. However, in every market environment this strategy will improve risk-adjusted returns. It is not designed to hit home runs, and it is not designed to outperform broad equity indices on a short-term basis. It is designed to minimize the effects of market drawdowns, which will result in portfolio's having more to compound with over time.

Q: Which market environments are ideal for the strategy to outperform equity markets?

A: In slightly positive/slightly negative markets, the strategy has the potential to outperform overall equity markets. And in negative-returning equity markets, the strategy has the potential to greatly outperform overall equity markets and long-only managers/strategies.

Q: What kind of investment structure is the strategy and where is it available?

A: The Strategy is structured as a separately managed account (SMA), and is transparent in structure/portfolio visibility (unlike both mutual funds and more complex SMA's). Wennco Downshift ETF is available on Schwab's Marketplace Platform.

Q: What is the cost of the strategy?

A: 75bps

Wennco Downshift Strategies Team

Chris Wenner

Chris is the CIO and Head Trader for Wennco. Chris oversees all portfolio management and trading around the investment strategies. Prior to co-founding Wennco, Chris was the CIO for an RIA in Atlanta, GA. Earlier in his career, he spent over 9 years at UBS, where he worked on UBS's fixed income trading desks in Stamford, CT and NYC, and the remaining years working with institutional and private clients as an advisor and managing discretionary covered call portfolio's. Chris is married and has three boys: 5,3 and 1 years old. Chris earned a BS in Business and Economics from Lehigh University.

Howard Kelly

Howard is a Managing Director responsible for Wennco's Marketing and Business Development effort. Prior to joining Wennco, Mr. Kelly worked in equity research on the sell side for Citigroup and SunTrust Robinson Humphrey, and on the buy side from Williamson McAree Investment Partners. Howard earned an MBA from Kenan-Flager Business School at the University of North Carolina with a focus on Investment Management, and a BA in Political Science from the University of North Carolina.

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