

WHEN A **BLACK** SWAN IS JUST A SWAN



APTUS CAPITAL ADVISORS

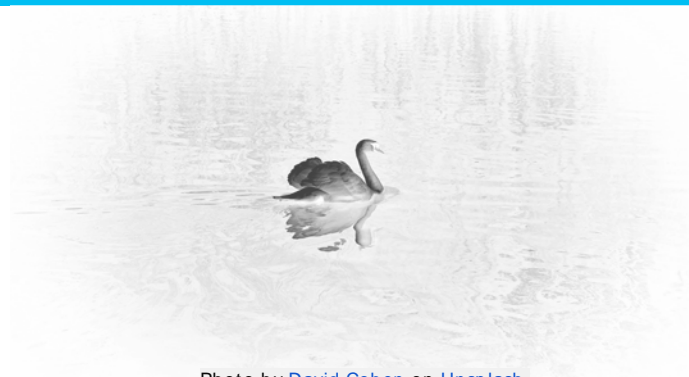


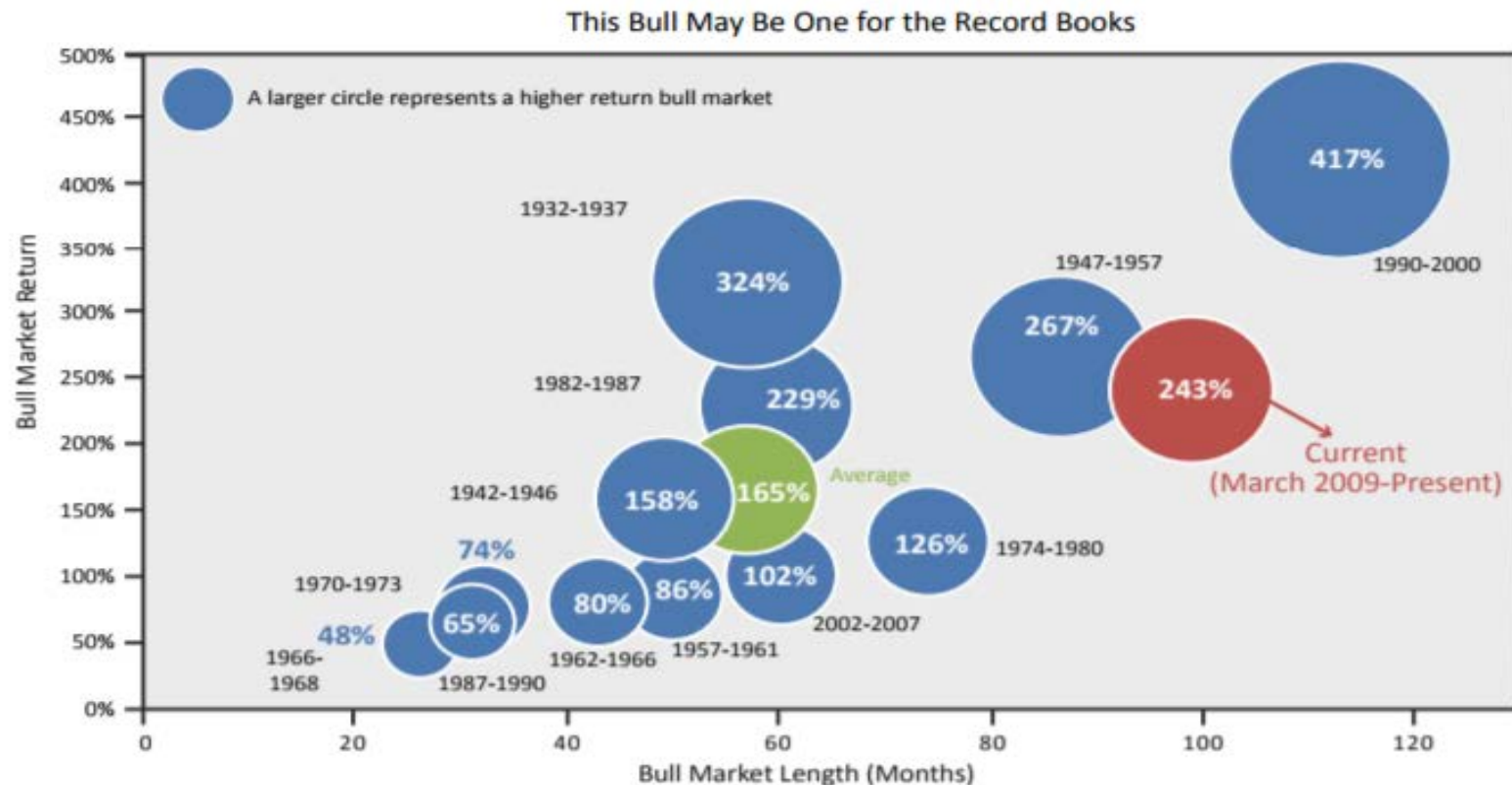
Photo by [David Cohen](#) on [Unsplash](#)

A photograph of a vast, undulating landscape, possibly a desert or a field of dunes, under a soft, hazy sky. The foreground shows dark, rolling hills or dunes, while the background is a lighter, hazy expanse. The text "WHERE IS YOUR FOCUS?" is centered in white, bold, uppercase letters.

WHERE IS YOUR FOCUS?

Photo by [Marco Del Borrello](#) on [Unsplash](#)

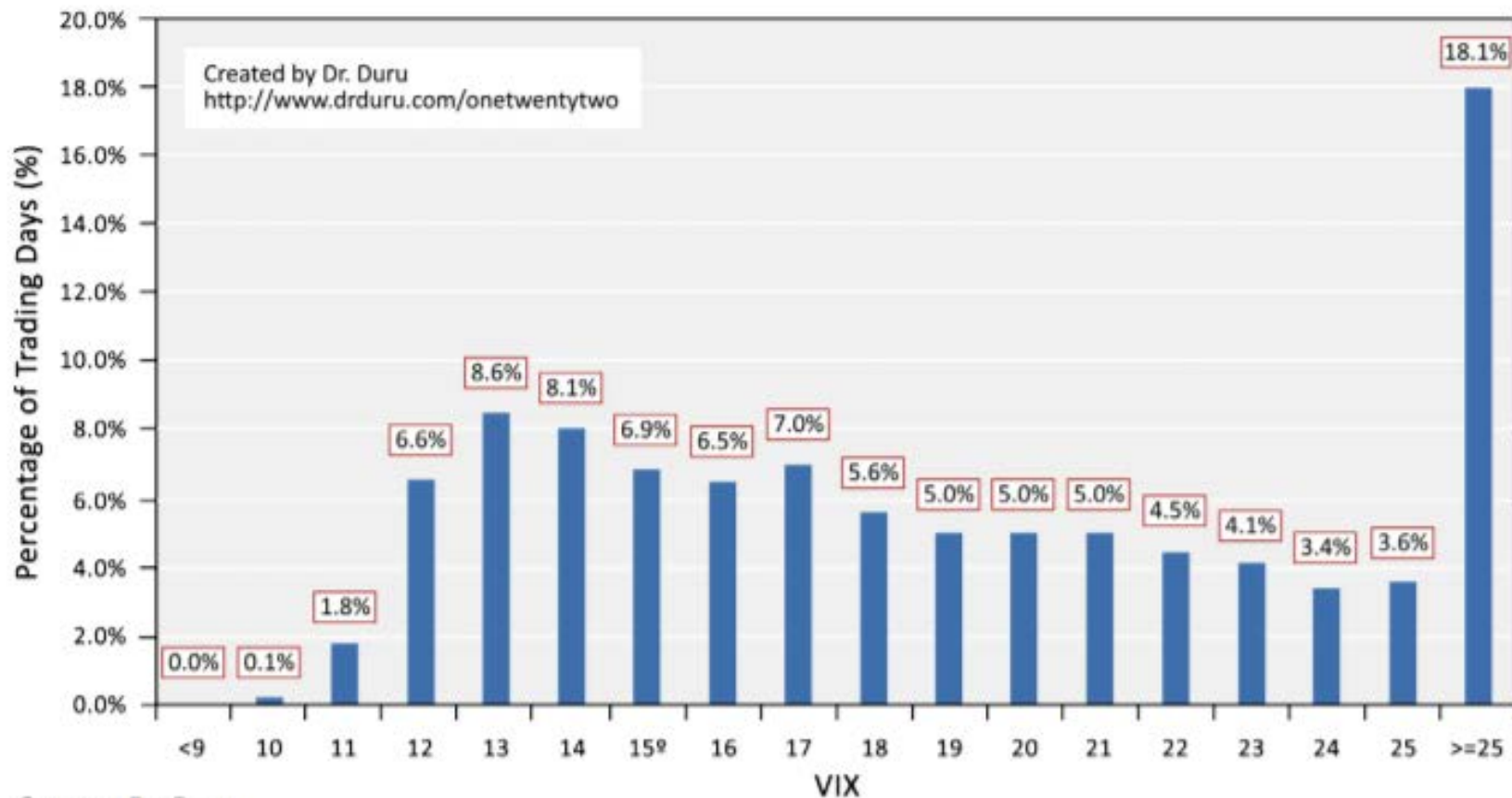
FIGURE 1 Various Bull Market Returns and Lengths (1932 - 06/30/2017)



Source: Bloomberg, Wells Fargo Investment Institute. 6/30/2017. Market represented by the S&P 500 Price Index.
Past Performance is no guarantee of future results. An index is unmanaged and not available for direct investment.

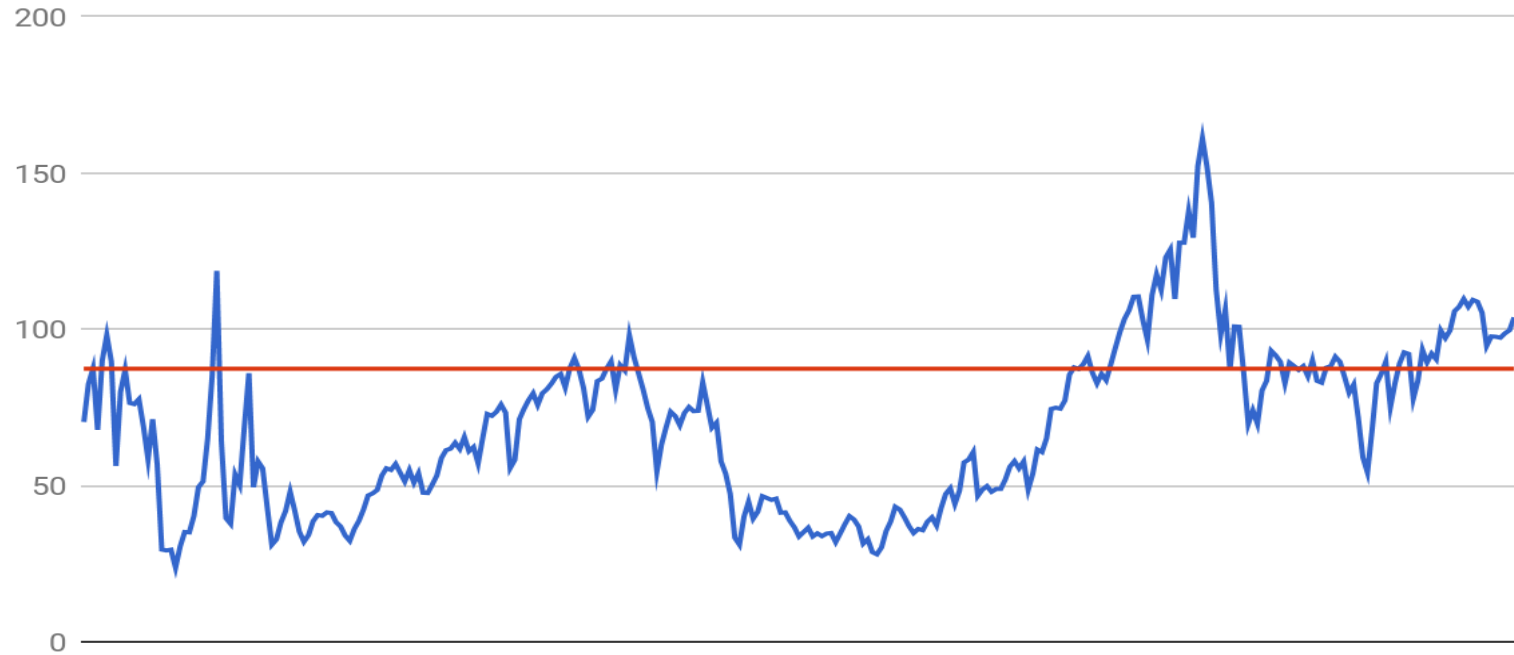
Source: Bloomberg, Wells Fargo Investment Institute

FIGURE 8 Percentage of Trading Days the VIX Spends Between Certain Levels (1990 - 5/2017)



Source: Dr. Duru

Q RATIO 1900 - 1Q2017



Q RATIO DATA FROM THE FED'S Z.1 STATISTICAL RELEASE

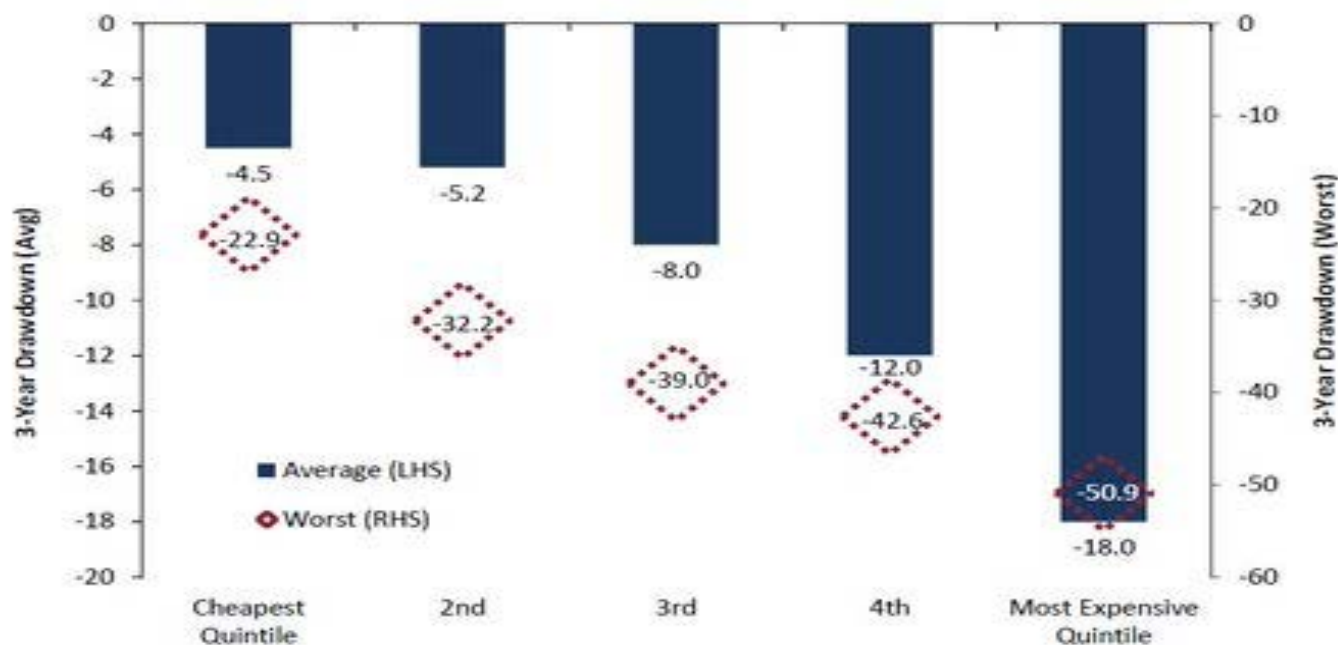
High Valuations, Modest Historical Returns

S&P 500 10 Year Subsequent Returns (% Annualized)



Source: Bloomberg, Robert Shiller and GSAM.

**Exhibit 7: Value Can Help by Dampening Drawdowns:
Three-Year Drawdown, from Starting Valuation* (S&P 500, from 1940)**



Source: GMO, Hussman Funds, 1940-2012

*10-Year P/E

Cheapness/expensiveness is determined by the Cyclically Adjusted Price/Earnings (CAPE) ratio, otherwise known as Shiller P/E.

LOSS OCCURS AT THE INTERSECTION OF VOLATILITY & SPONTANEOUS ACTION



WHAT DOES THAT MEAN FOR INVESTORS?

9

	Stock/Bond Allocation					
	0/100	20/80	40/60	60/40	80/20	100/0
Withdrawal Rate	1%	100	100	100	100	100
	2%	97	100	100	100	100
	3%	56	76	93	94	90
	4%	33	37	50	58	67
	5%	18	24	29	41	46
	6%	10	14	15	20	33
	7%	4	7	10	10	13
	8%	0	1	1	2	2
	9%	0	0	0	0	0
	10%	0	0	0	0	0

Source: Newfound Research. Shiller Data Library. Calculations by Newfound Research. Analysis uses real returns and assumes the reinvestment of dividends. Returns are hypothetical index returns and are gross of all fees and expenses. Results may differ slightly from similar studies due to the data sources and calculation methodologies used for stock and bond returns.

APTUS MODEL PORTFOLIO SERVICE

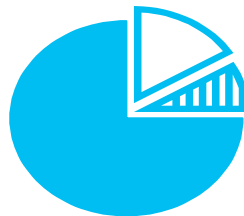
STRATEGY DIVERSIFICATION AND DYNAMIC RISK MANAGEMENT



Trend

Trend Following can be an effective addition to a portfolio. Overall trend dictates underlying exposure. Ability to dynamically adjust

Value shines in prolonged downturns through minimizing drawdown.



Tail Hedge (Valuation Dependent)

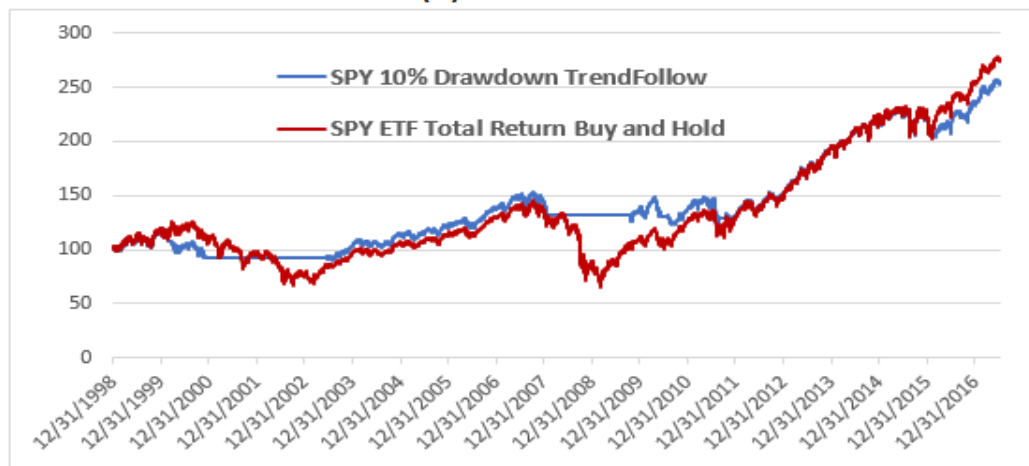
Hedging against left tail events when valuations are extreme can generate capital to deploy when opportunity is most attractive.

Value Shines in sharp market corrections.

TREND FOLLOW TO IMPROVE INVESTOR OUTCOMES

12

	SPY 10% DD TrendFollow	SPY B & H
Annualized Return (%)	5.17	5.62
Max Drawdown (%)	24.92	55.19
Standard Deviation (%)	9.63	14.54



DATA SOURCE: PORTFOLIO123.

OWN THE SPY AS LONG AS PRICE IS WITHIN 10% OF IT'S HIGHEST VALUE OVER THE LAST YEAR. OWN CASH IF OTHERWISE.
JAN 1999 TO JULY 2017

A portfolio consists of 2 positions:

- » \$995,000 invested in SPYETF (current price of 245)
- » \$5,000 invested in SPY Puts
 - » Strike 175 | Exp. Nov | Price .11
 - » Approx 450 contracts



US MARKET DROPS 20% OVER NEXT 30 DAYS
WHAT HAPPENS TO OUR TAIL HEDGED PORTFOLIO?

\$995K SPY POSITION NOW WORTH \$796K

Ouch! That's a loss of 199k

\$5K SPY PUT POSITION NOW WORTH APPROX. 222K

Wow! That's a gain of 217k



COMBINED GAIN OF 1.8%

Most importantly, the options created 217k of cash to deploy into
cheapened stock



STRATEGIC VS TACTICAL



CONSISTENCY

- Streamline operational efficiency
- 5 Target Allocation Models tailored to risk tolerance of different investors
- Income Model to capture yield



DOWNSIDE PROTECTION

- 3 forms of risk management
- Unique strategy diversification
- Dynamic focus on avoiding large drawdown to optimize investor behavior



DUE DILIGENCE

- CFA credentialed research team
- Rules Based, Robust, Process Driven
- Exchange Traded Product Expertise



COST

- Expense ratio ranges from .20% - .35%
- No Strategist, Overlay, Subscription or any other additional fee
- A Low Cost and Tax Efficient Combination of Strategic and Tactical exposures through ETFs



BUSINESS DEVELOPMENT

- Free up time for growth activity
- Direct access to Aptus
- Prospecting events and assistance

MULTI MANAGER | COST EFFECTIVE | DIVERSIFIED RISK MANAGEMENT

17



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SCHWAB

GLOBAL X

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**Goldman
Sachs**

VanEck


Vanguard

WHAT A RELATIONSHIP LOOKS LIKE

18

- » DIRECT OR SUBSCRIPTION
- » TRUE RELATIONSHIP
 - » CUSTOM MODELS
 - » CUSTOM RESEARCH AND MARKETING MATERIAL
 - » BUSINESS DEVELOPMENT

THANKS!

19

Questions?

Connect with us here:

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21

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