

# Dynamic Risk Hedged - Balanced Income Index

Q4 2017

## Quarterly Update

Peak Capital Balanced Income Total Return (also referred to as the Dynamic Risk Hedged Balanced Income Index) is designed to provide long-term capital appreciation and income. The Index is quantitatively designed using a risk-budgeting methodology. In general, roughly 95% of total risk is allocated equally across U.S. and International dividend equities, U.S. REITs and high-yield bonds. The remaining 5% of total risk is allocated to long-duration Treasuries. The dollar weights are rebalanced monthly to match the desired risk budget. If correlations rise or overall volatility exceeds certain thresholds, the Index can incorporate a short position to large-cap U.S. equities and cash to help ensure diversification and limit overall volatility. The result is an Index that can potentially provide attractive risk-adjusted returns over multiple market cycles. There is no guarantee the Index will achieve its objective. The index is independently calculated by S&P Dow Jones Indices.

### Index Description

Inception Date:	April 1, 2000
Investment Objective:	Total Return
Time Horizon:	Long-Term/Multi-Cycle
Risk Profile:	5-7% volatility
Methodology:	Risk Budgeting
Implementation:	Quant/Rules-Based
Calculation Agent:	S&P Dow Jones Indices
Bloomberg Ticker:	PCBALTR

### Risk Exposures

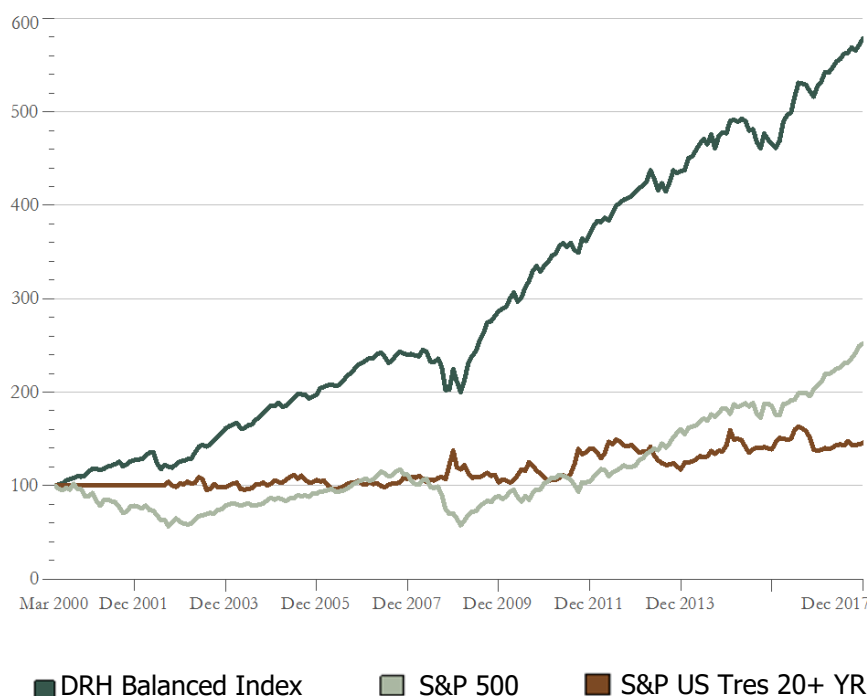
Sub - Index:	Risk Budget
S&P 500 Dividend Aristocrats Index	23.75%
S&P INTL Dividend Opportunity Index	23.75%
S&P US REIT Index	23.75%
S&P 500 High Yield Corporate Bond Index	23.75%
S&P US Treasury 20+ Year Index	5.00%

### Hedges

Sub - Index:	Exposure
S&P 500 Inverse Daily Index	Short Equity
S&P 0-3 Month T-Bill Index	Cash

### Index Growth (Since Inception)

#### DRH Balanced Income Index Performance



### Summary Annualized Returns

Index:	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
DRH - Balanced Income	1.71%	9.78%	9.78%	6.65%	6.91%	9.21%	10.40%
S&P 500	6.64%	21.83%	21.83%	11.41%	15.79%	8.50%	9.80%
S&P US TRES 20+ YR	1.47%	6.27%	6.27%	0.71%	0.88%	3.13%	2.12%

### Summary Statistics (Since Inception)

Index:	Risk	Sharpe Ratio	Beta	Up Capture	Down Capture	Max Decline	R-sqrd
DRH - Balanced Income	8.12%	1.08	0.38	56.7%	24%	-18.41%	43.68
S&P 500	14.38%	0.26	1.00	100.0%	100.0%	-50.95%	100.0
S&P US TRES 20+ YR	12.13%	0.05	-0.23	-12.2%	-43.6%	-25.01%	7.30

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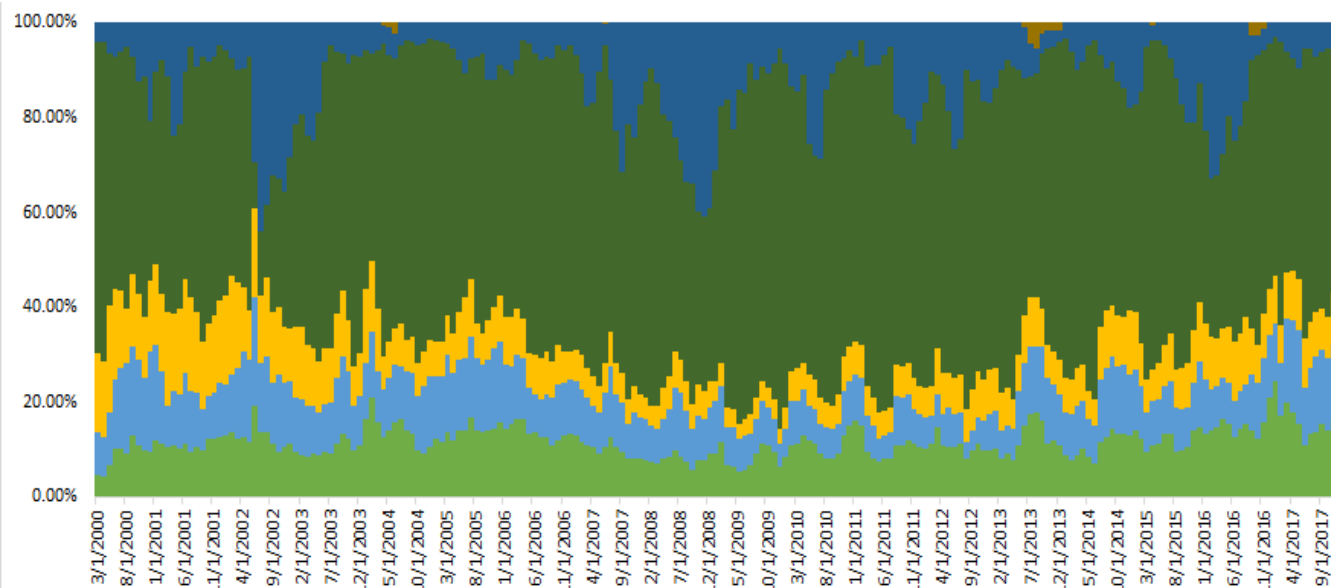
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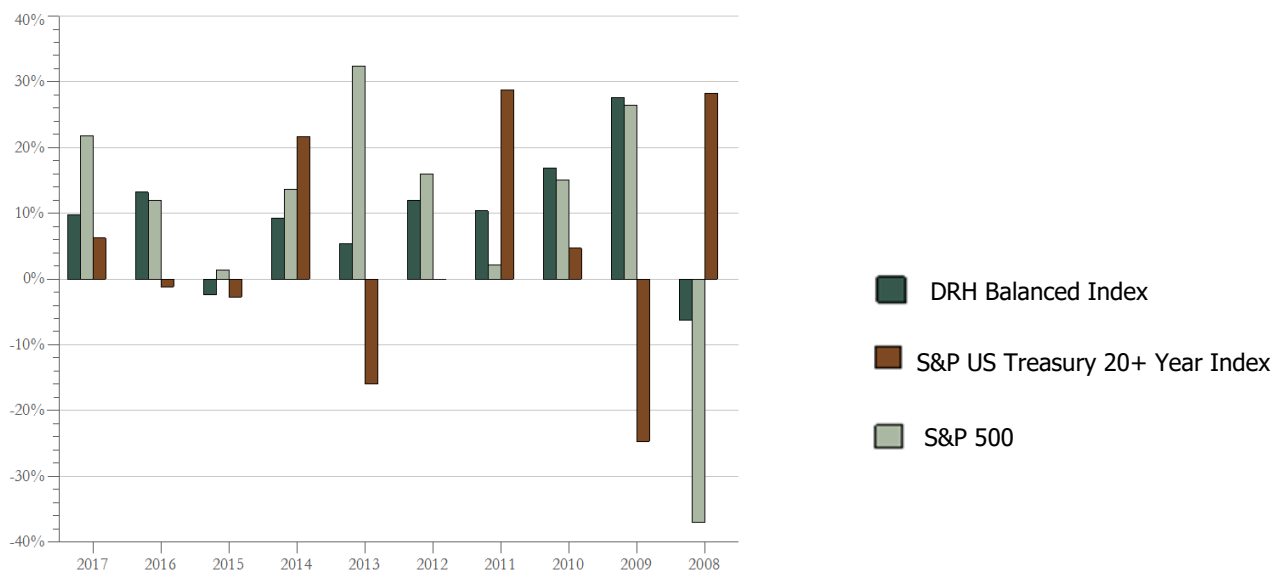
Quarterly Update

## Monthly Asset Allocation (Since Inception)



■ S&P High Yield Dividend Aristocrats Index   ■ S&P International Dividend Opportunities Index   ■ S&P United States REIT Index  
■ S&P 500 High Yield Corporate Bond Index   ■ S&P/BGCantor 20+ Year US Treasury Bond Index   ■ S&P 500 Inverse - Ex. Cash

## Annual Returns (Since Inception)



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## Disclosures

The Peak Capital Balanced Income Index Total Return (also referred to as the Dynamic Risk Hedged Balanced Income Index or DRH Balanced) tracks the aggregate returns of underlying equity and fixed income securities. Securities for the DRH Income Index are selected at the discretion of PCM and are subject to change at any time. Past performance is no guarantee of future returns. Investing involves multiple risks, including but not limited to the permanent loss of capital. The Index material is for informational and educational purposes only. All performance shown is for indices and does not reflect any investment. As such this report does not provide investment performance history. The information presented may change at any time and is not intended to predict performance of any investment. Investors cannot invest in an index and the DRH Income Index does not represent an actual security or portfolio. Returns for any PCM portfolios may be and for certain portfolios are materially different from the returns illustrated by the DRH Income Index, and DRH Income Index should not be relied upon as in any way representative of portfolio or investor performance or returns. S&P data was obtained from Standard & Poors and we deem it to be reliable, although we make no representation as to its accuracy. The index is the exclusive property of Peak Capital Management, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) ("S&P") to calculate and maintain the indices. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"). Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and the trademarks have been licensed to S&P Dow Jones Indices. "Calculated by S&P Dow Jones" and its related stylized mark(s) have been licensed by Peak Capital Management, LLC. Neither S&P Dow Jones Indices, SPFS, Dow Jones, nor any of their affiliates shall be liable for any errors or omissions in calculating the index. The index is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices, SPFS, Dow Jones, nor any of their affiliates. S&P Dow Jones Indices or its affiliates do not make any representation or warranty, expressed or implied, to the owners of the indices presented, or any member of the public regarding the advisability of investing in securities generally or in the indices presented in particular, or the ability of the indices to track the general market performance. S&P Dow Jones Indices entities only relationship with Peak Capital Management, LLC with respect to the indices presented is the licensing of certain trademarks, servicemarks and trade names of S&P Dow Jones Indices entities and for the providing of calculation and maintenance services related to the indices presented. S&P Dow Jones Indices entities is not responsible for and has not participated in the determination of the price and amount of the indices presented or the timing of the issuance or sale of the indices presented, or the determination or calculation of the equations by which the indices presented are calculated. S&P Dow Jones Indices entities have no obligations or liability in connection with the administration, marketing or trading of the indices presented. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the indices presented is not a recommendation by S&P Dow Jones Indices to buy, sell or hold such security, nor is it considered to be investment advice. S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDICES PRESENTED OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES ENTITIES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR AS TO RESULTS TO BE OBTAINED BY PEAK CAPITAL MANAGEMENT, LLC, OWNERS OF THE INDICES PRESENTED, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES ENTITIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OR PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE.

## Index Descriptions

S&P 500® Dividend Aristocrats® measure the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company. The S&P International Dividend Opportunities Index is designed to serve as a benchmark for global income-seeking investors. The index seeks to track 100 high-yielding common stocks from around the world excluding the U.S. while meeting diversification, stability, and tradability requirements. The S&P U.S. REIT Index defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States. The S&P 500® High Yield Corporate Bond Index, a sub-index of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. The S&P 500 Bond Index is designed to be a corporate-bond counterpart to the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. The S&P U.S. Treasury Bond 20+ Year Index is designed to measure the performance of U.S. Treasury bonds maturing in 20 or more years.