

# Crystal Waters Partners, L.P.

*Long-term growth investing for  
compounding wealth*



# FUND OVERVIEW



## Who We Are

- **A growth-oriented investment fund** - *we invest directly in public companies with above-average growth*
- **Compounding wealth through quality and patience** – we cater to people who want more exposure to long-term growth without exotic instruments or unnecessary risk



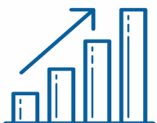
## Our Approach

- **Disruptive long-term growth** – we invest early in the the lifecycle of fast-growing, high-quality companies with a long runway
- **Direct investments** – we own shares in businesses; no indirect investments, derivatives or exotic hedging
- **Fundamentals matter** – we focus on balance sheet, cash flow, management team, and sustainability of the market opportunity
- **Low correlation to broader market** – we're not a passive index fund



## Risk Management

- **Diversification** – our investments are deliberately less correlated to each other to avoid sector risk
- **Quality at good value** – we invest at prices that are attractive to our long-term thesis and remain patient



## Performance

- **Market outperform** - we have outperformed our benchmark index (S&P 500) in 4 of the last 5 years\*



# WHY WE FOCUS ON GROWTH

*But keep a close eye on value*



**Forbes**

## Investors Should Combine Growth and Value

Nov 30, 2009, 06:00am EST



## Over half of Americans aren't taking this simple step to grow their wealth

Published Wed, Oct 9 2019•9:32 AM EDT



MARKETS | STOCKS

## Growth Stocks Outperforming Value by Widest Margin in Decades

Economic uncertainty is pushing investors into companies that can deliver fast profit growth

**Vanguard®**

APRIL 16<sup>TH</sup>, 20010

## You Should Be Investing Outside of Your Retirement Accounts

PERSONAL FINANCE & PLANNING

MAY 03, 2021

## Why Market Returns May Be Lower and Global Diversification More Important in the Future

**Forbes**

## Most Americans aren't Making High Enough Returns in the Stock Market

EDITORS' PICK | Aug 31, 2020, 09:44pm EDT

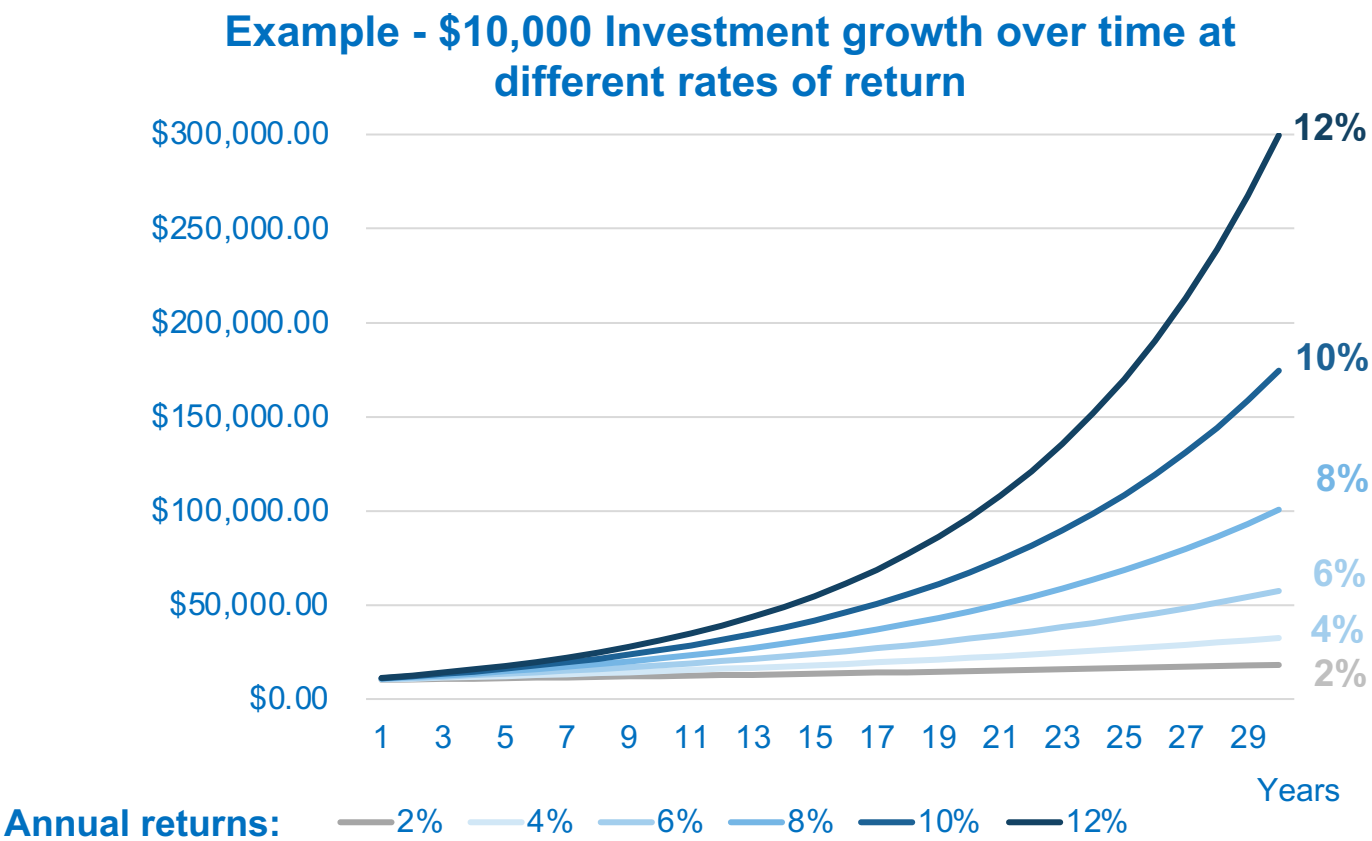


# INCREMENTAL RETURNS MATTER

*Compound interest is the most powerful tool in investing*

*If you can improve your annual investment return, even just a little, you change the trajectory of your financial future.*

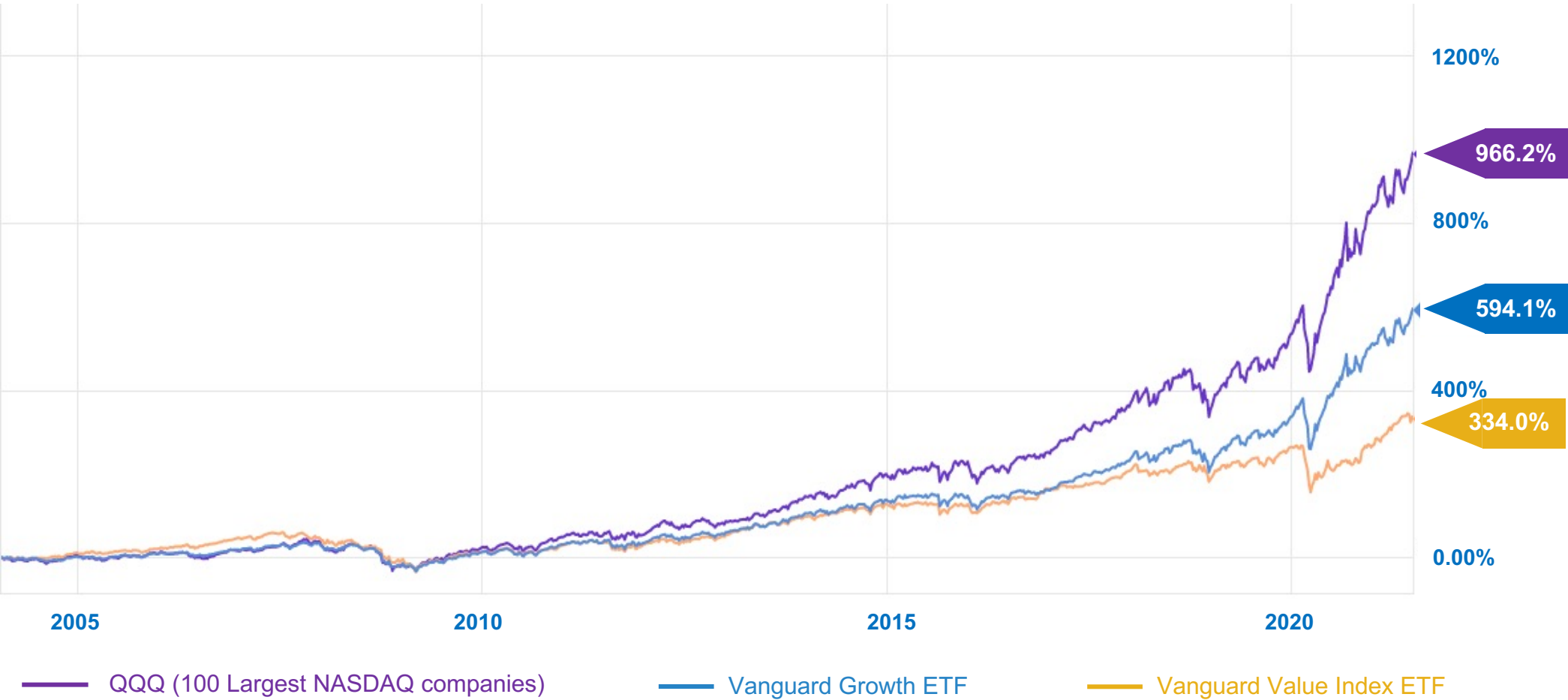
*A difference in even one percent annual return has an exponential effect over time and can generate hundreds of thousands or even millions in incremental wealth*



# GROWTH CONSISTENTLY OUTPERFORMS VALUE

The most consistent way to achieve above-market returns is to focus on growth

*Companies growing faster than the overall market (GROWTH) have consistently provided higher returns than companies that are growing at or below the overall market but are considered cheaper than their intrinsic value (VALUE)*



# HOW WE INVEST



# FUND PHILOSOPHY

*Crystal Waters Partners is founded on these core principles*



## **BUY DISRUPTIVE GROWTH AT DEEP VALUE**

- Superior returns are best achieved by buying fast-growing companies with a long runway.
- Buy at prices that make sense fundamentally and avoid chasing growth at any price.
- A consistent focus on up-and-coming, under-the-radar, and temporarily mis-priced companies with definable catalysts offer the greatest long-term, risk-adjusted returns



## **SEEK LOW MARKET CORRELATION**

- The fund avoids crowded trades. Data, not fashionable trades, drives our investment decisions.
- The highest actively managed long-term returns tend to come from securities that don't move in lockstep with the broader market
- A disciplined focus on low market correlation for an actively managed portfolio produces optimal long-term returns



## **STAY INVESTED**

- Timing the market is a fool's errand. Investors need to stay invested to capitalize on opportunities
- Staying invested means limiting trading, focusing on superior businesses and having conviction in every investment.





# STRATEGY OVERVIEW

## Objective

*Crystal Waters Partners seeks to provide investors above-market returns through a long-biased strategy investing in high-growth companies at deep value prices while actively managing risk through carefully constructed portfolio allocation*

Investable Universe	Long Global Equity with a focus on the US
Market Cap Exposure	Small, Mid, and Large Cap
Equity Exposure	Long bias, short only in unique circumstances & for hedging
Holding Size	3-5% for largest holding
Number of Holdings	25-45
Opportunistic	Maintain at least 5%+ in cash to take advantage of dislocations / special situations
Active Management	Security selection follows strategy criteria; no derivatives or exotic hedging
Investment Products	Single fund account



# AREAS OF INVESTMENT FOCUS

## Alternative Energy & Transportation

The decreasing price of alternative energy and battery technology has hit an inflection point, leading to one of the biggest global transformations in energy and transportation. EVs on the road will increase **18x** in the next decade and almost **half** our energy will come from Solar – ideal conditions for growth investors.

## Digital Commerce & Payments

Annual global payment volume is \$240 trillion and done mostly via in-store visits with traditional payment methods. However, how we buy and pay for things is quickly changing and ecommerce will soon represent almost 1-in-5 transactions (up from 1-in-10 in 2018) and payments through apps, virtual currency, or online processing of credit cards will soon be as common as traditional methods.

## Healthcare & Biotech

Illnesses such as cancer, cardiovascular disease, mental disorders, and many others continue to kill and impair people globally, but there is a wave of new innovative medicines that stand to improve both life span and life quality. Technology is also disrupting how healthcare is delivered with many recent entrants and a new growth cycle just beginning.

## Technology Infrastructure

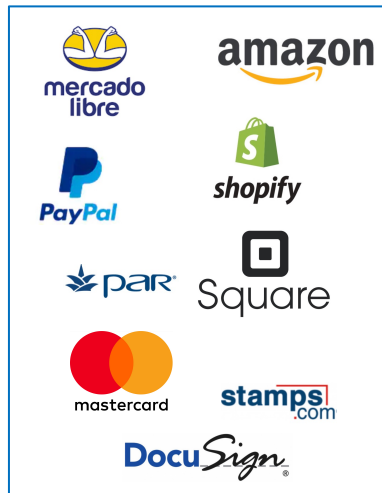
Every company today is a technology company. It is simply impossible for most businesses to operate in any sector of the economy without significant technology infrastructure, making every company a potential customer for data storage, cybersecurity, access management, analytics, digital, and fast-processing computers.

## Technology Services & Communication

Digital content, communication, advertising as well as many professional services are now done via digital platforms and networks with large scale; and accounts for many hours of people's personal time and a sizable portion of most companies' sales and marketing budgets.

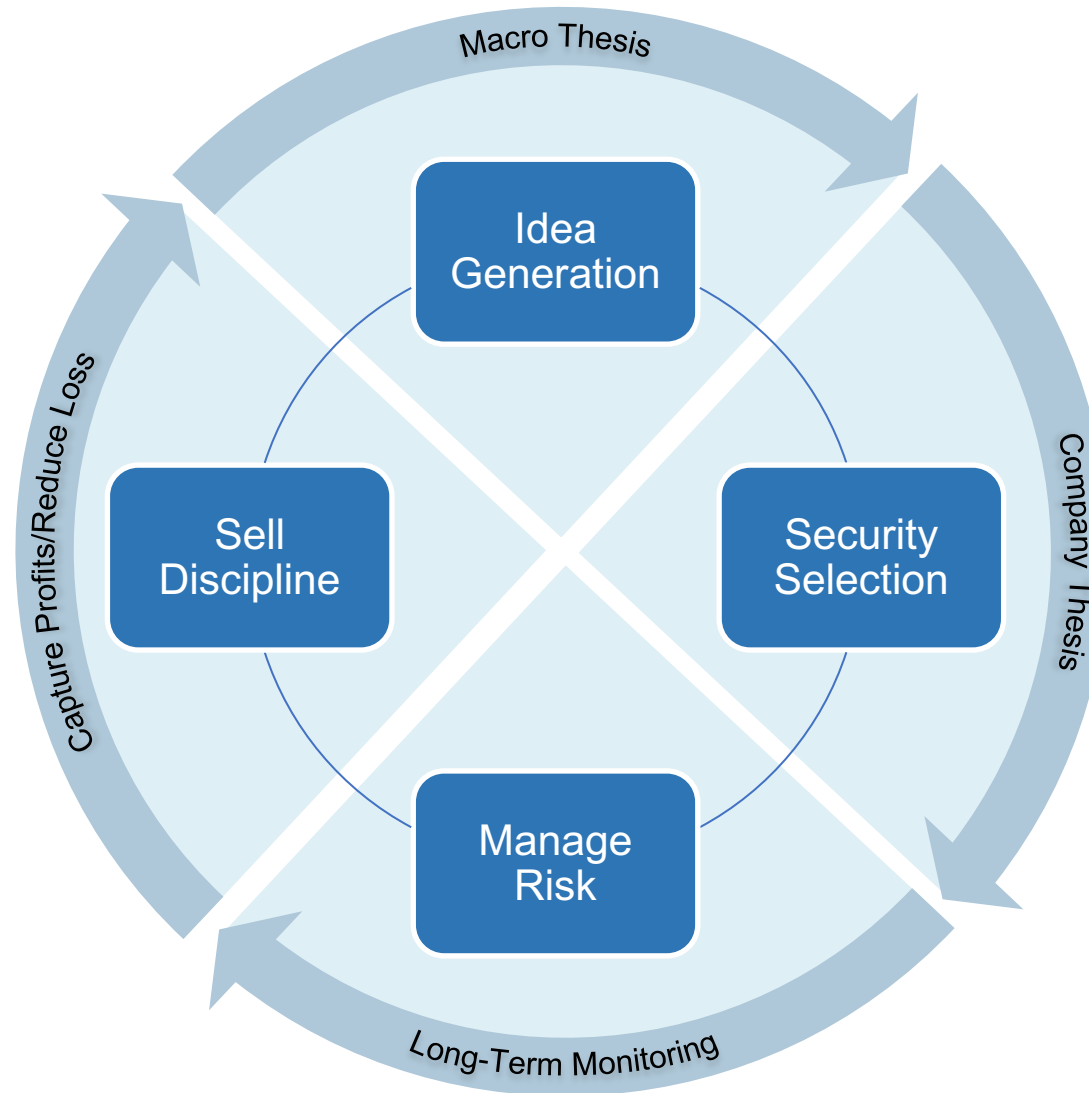
## Leisure/Recreation & Retail

Travel and in-store shopping has been disrupted by COVID-19. In response, people are vacationing more locally in the outdoors benefitting all recreational and camping companies, a trend that will likely last for a few years. Retail is being transformed, with the top-tier and most innovative companies emerging stronger with less competition



# INVESTMENT PROCESS

## *“Growth at Deep Value” Approach*



# IDEA GENERATION

## NARROW THE UNIVERSE

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- Our equity universe is global, but with a bias towards US (Russell 3000 Index) and other markets where transparency, liquidity, and regulation is robust.
- Market capitalization sweet spot is between \$5 billion to \$20 billion but may be flexible as qualified opportunities arise.
- Companies are scored based on proprietary framework accounting for 1) intrinsic vs. current value; 2) expected growth over the next 2 to 4 years; 3) a company's ability to manage the balance sheet during tightening or closed credit market; 4) correlation with the broader market; 5) correlation with the existing companies in the CWP portfolio
- Candidates for further consideration score in the top quartile of our universe.

## RESEARCH & DEVELOP THESIS

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- We develop a thesis for the top prospects, including a deeper industry assessment, competitive analysis, financial analysis, and a portfolio evaluation if a security is added.
- The majority of the work is proprietary by the fund. We use a combination of publicly available resources, research from sell-side analysts and impartial A.I. analysis to form our industry and company understanding. We construct financial models to analyze historical business trends and forecast future earnings estimates.
- In addition to company-specific research, we maintain ongoing research on macro-economic issues to have a clear understanding of the impact on the various companies in the portfolio



# SECURITY SELECTION

## LONG PORTFOLIO STOCK SELECTION

**We like to own great businesses with higher-than average growth prospects at reasonable valuation and low correlation to the broader market.**

We use a disciplined approach to finding equities including a combination of temporary miss-pricing criteria and low volatility that enables us to buy growth at deep value prices. This approach allows us to stay in an equity long term and provide exceptional upside potential over the next 2 to 4 years to deliver growth. Key factors include:

- Search for companies whose stock prices are dislocated from long-term fundamentals due to short-term factors.
- Look for businesses that are “under-earning” due to investments in new products and services or cyclical industry dynamics.
- Will favor companies that contribute to an aggregate low Beta for the CWP portfolio
- Strive to determine the catalysts and drivers of future earnings that other investors and analysts underestimate, or exclude, versus our own analysis and forecasts.

*We believe that some companies are fundamentally better positioned for growth based on a combination of industry dynamics, proprietary factors, company valuation, and other catalysts.*

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*If, through industry research and fundamental financial analysis, we can identify stocks with long-term growth catalysts not yet priced into the valuation and the stock is not highly correlated with the broader market, the Fund and its investors will be rewarded through increased valuation and earnings normalization.*



# RISK MANAGEMENT

## BROAD DIVERSIFICATION

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A highly concentrated portfolio can produce high growth but is often followed by periods of sharp decline. The CWP portfolio growth comes from companies in various shapes and sizes across a variety of industries which are not correlated but share common long-term growth characteristics.

## LOW MARKET CORRELATION

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Lower correlation with the broader market has consistently proved over time to produce not only superior returns but also a relative lower level of risk, resulting in a higher return per unit of risk. This isn't being contrarian we're simply not following the crowd.

## HIGH MARGIN OF SAFETY

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A key aspect to a long-bias strategy is to have the discipline and conviction to hold through all kinds of markets. Buying companies whose valuations provide substantial margin of safety and whose debt levels will be manageable when the credit cycle tightens is a discipline that allows the fund to hold positions longer and provide additional tax benefits to our investors.



# SELL DISCIPLINE

## SELL DISCIPLINE & GUIDELINES

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- Stock attains full valuation relative to peer group and/or price target
- Company has achieved all identified catalysts
- Company is near or has reached its long-term intrinsic value
- Significant impairment or permanent change in business fundamentals
- Lack of confidence regarding management execution and competence Incorrect investment thesis

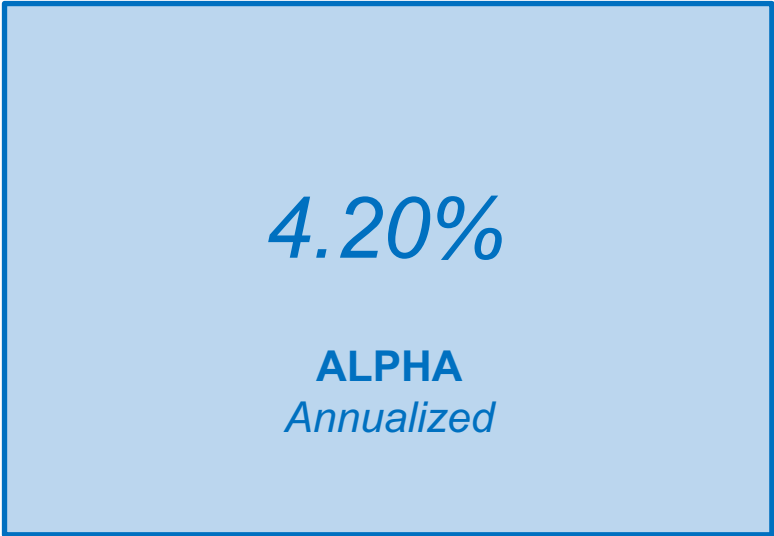
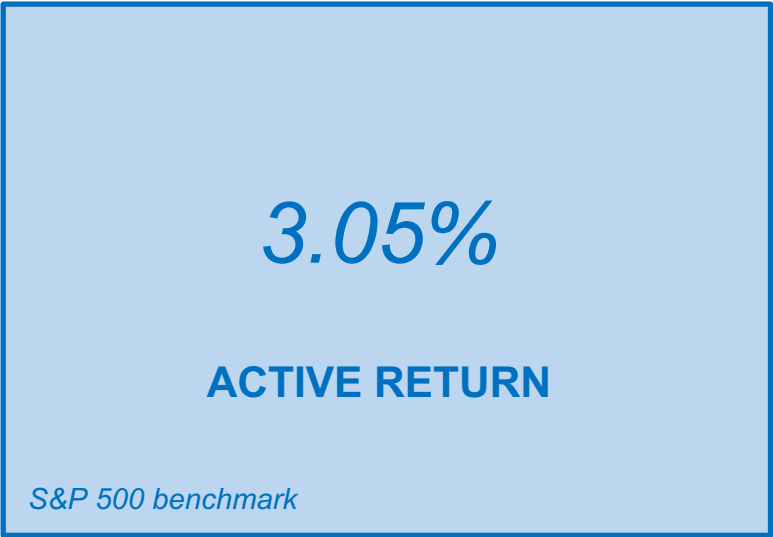
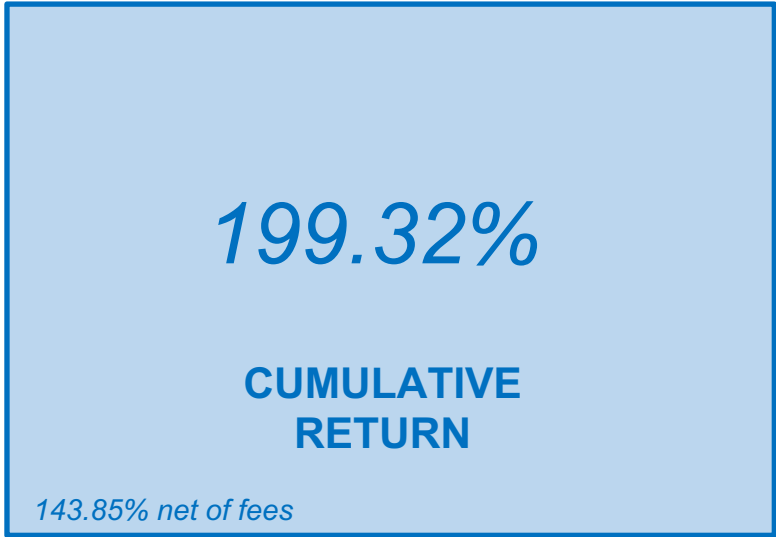
## ACTIVE POSITION MANAGEMENT

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- Up-front emphasis on active portfolio management through a disciplined scaling approach and clearly defined exit parameters
- Opportunistic investment style and daily focus on risk/reward criteria along with active position sizing process ensures dynamic management of alpha



# STRATEGY STATS OF SIGNIFICANCE (2016-2020)\*

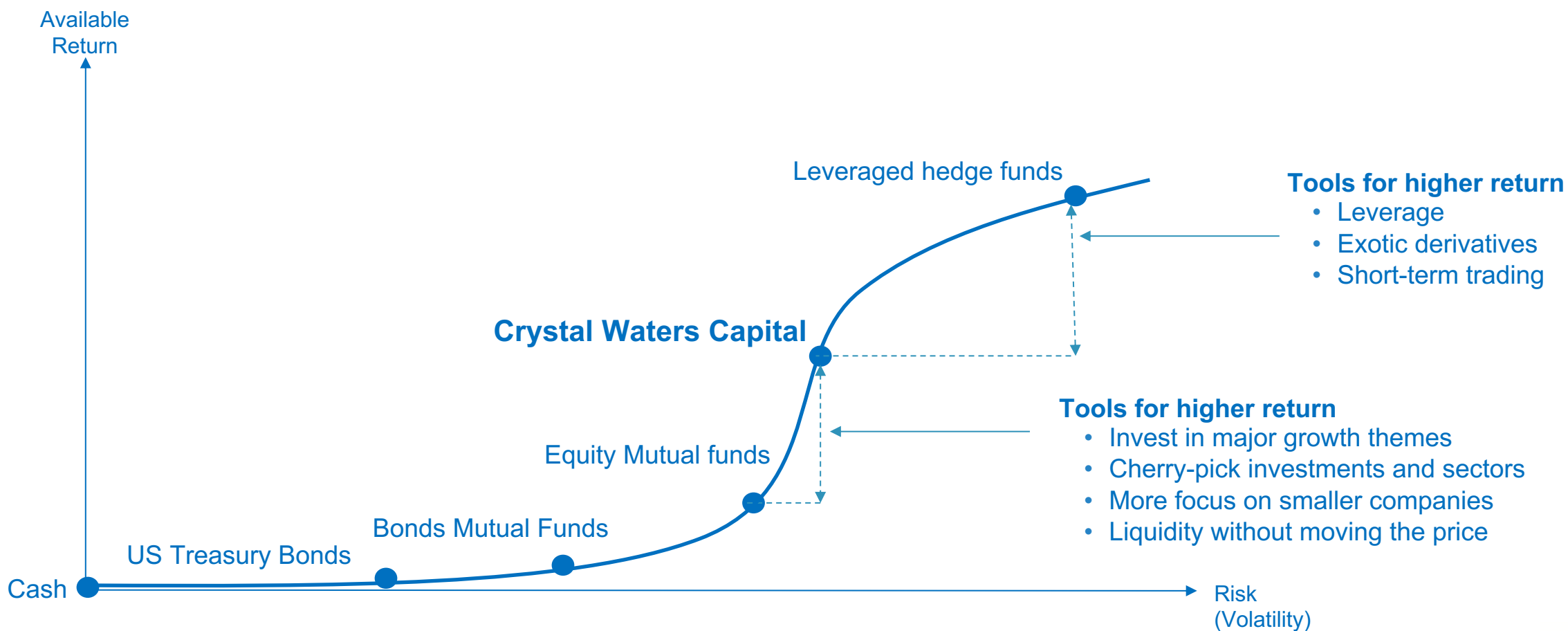




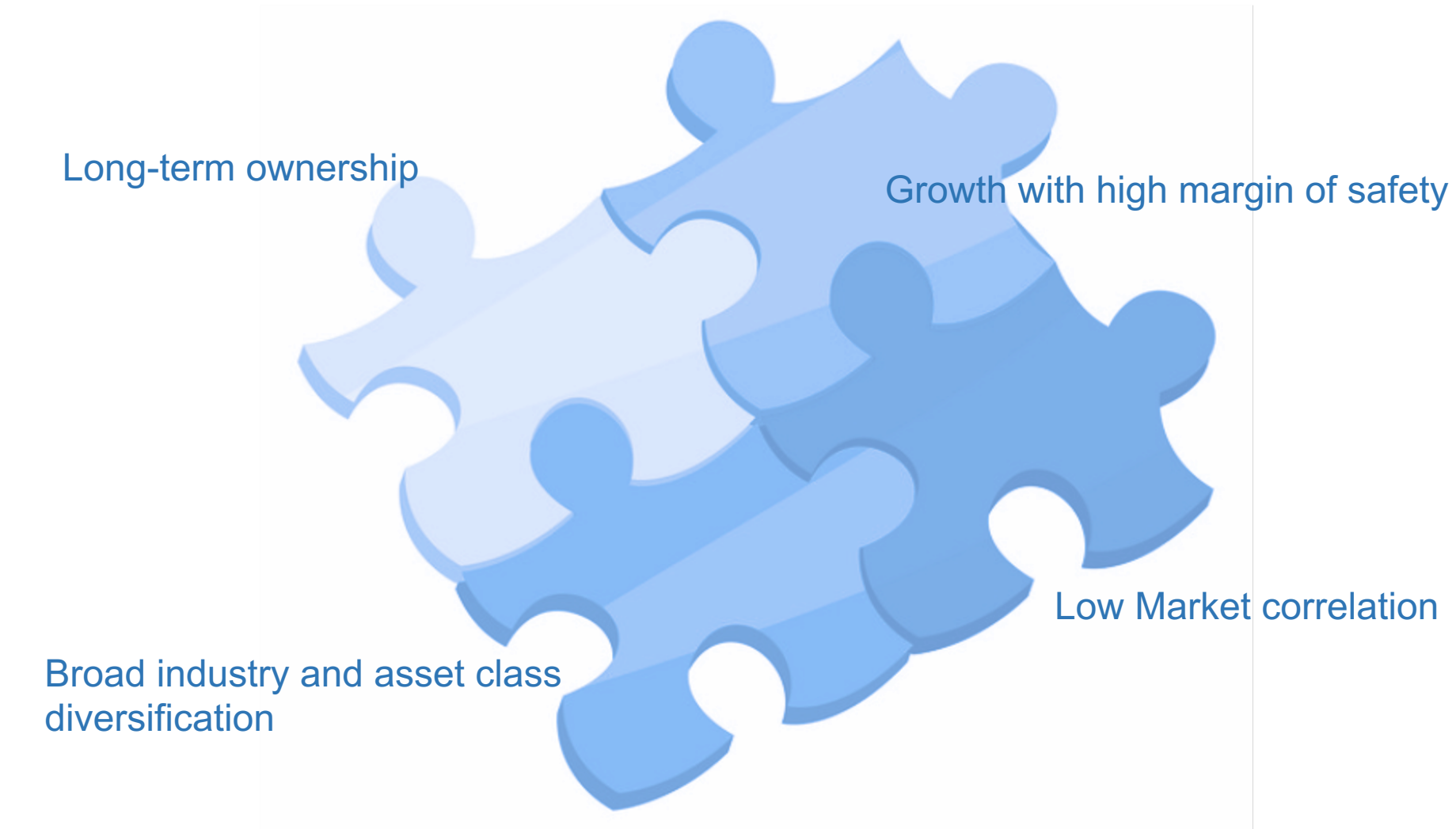
# CWP RISK/REWARD PROFILE

## *Higher returns without excessive risk*

*A smaller, concentrated portfolio tends to produce higher returns without significantly more risk. Smaller funds do not need to buy indexes or all sectors and can buy positions without driving the price up.*



# STRATEGY PERFORMANCE DIFFERENTIATORS



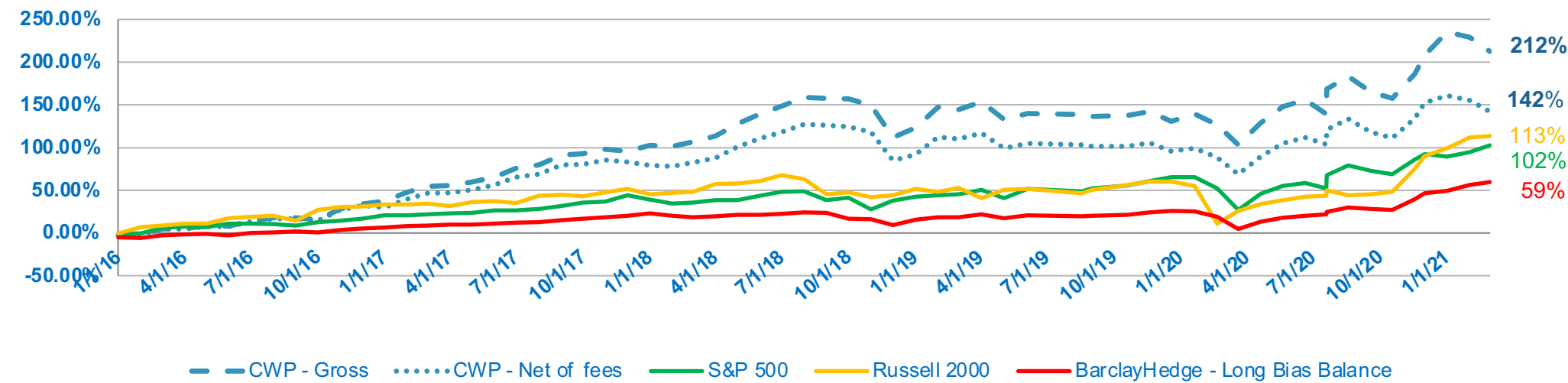
# INVESTMENT RETURNS & METRICS



# FUND PERFORMANCE *through 3/31/2021*

## Investment Growth (%)

Time Period: 1/1/2016 to 3/31/2021. Source Data: CWC Total Return, Bloomberg Financial



## Trailing Annualized Returns (%) – except YTD\*

As of Date: 3/31/2021 Source Data: CWC Total Monthly Returns

	YTD	1 year	2 years	3 years	5 years
Crystal Waters Partners	1.44%	53.75%	32.11%	62.39%	199.32%
S&P 500	5.51%	59.82%	39.21%	49.56%	102.62%
Russell 2000 Growth Index	12.44%	69.42%	39.55%	44.01%	113.51%
Barclay Hedge Long Bias	8.86%	52.71%	34.54%	34.51%	59.57%

## Calendar Year Returns (%) – except YTD \*

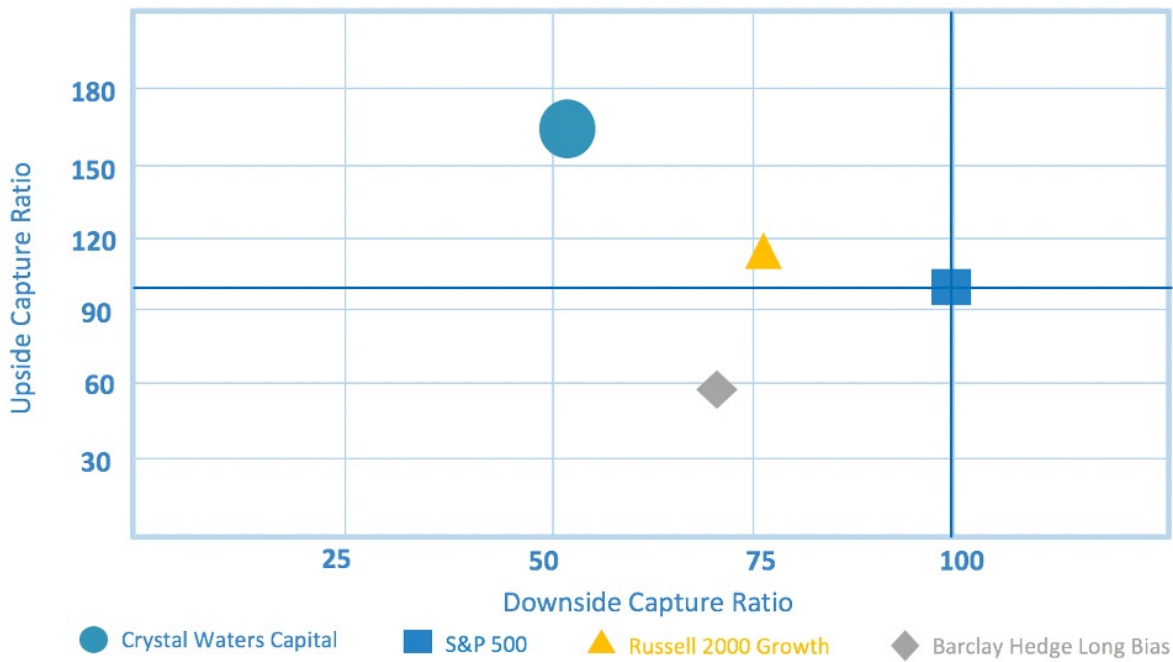
	2020	2019	2018	2017	2016
Crystal Waters Partners	33.39%	9.09%	8.13%	42.65%	37.99%
S&P 500	16.10%	19.83%	-4.26%	19.49%	17.32%
Russell 2000 Growth Index	18.35%	11.29%	-4.80%	13.58%	31.72%
Barclay Hedge Long Bias	16.28%	15.27%	-8.84%	12.57%	11.02%



# UP/DOWN CAPTURE

Upside/Downside Capture\* – net of fees (Index benchmark: S&P 500) - Providing excess return in an up-market & protection in a down-market

Up Period: 1/31/2020 to 1/31/2021 - Down Period: 1/1/2020 to 3/31/2021



**UP**  
capture **166.37**

**DOWN**  
capture **58.56**

*\*Up capture: score > 100 reflects added value over passive index*  
*\*Down capture: score < 100 reflects added value over passive index*

## Up / Down Capture Stats\*

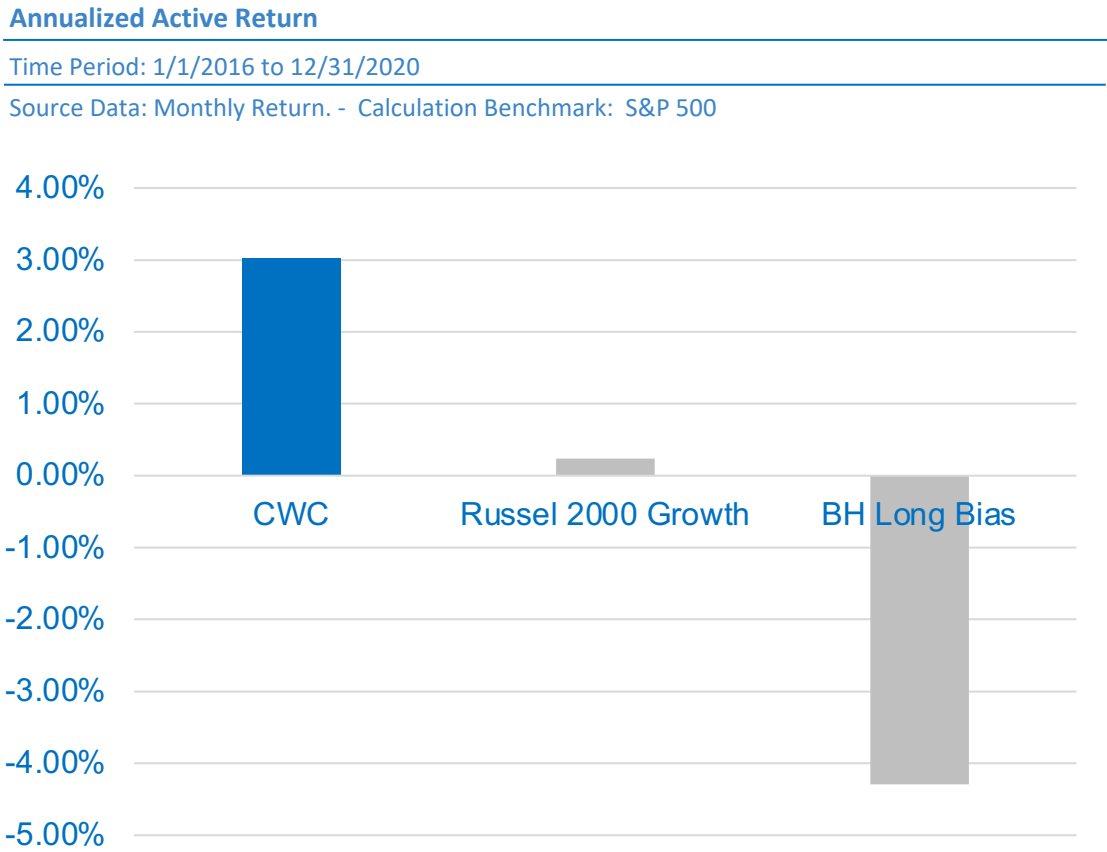
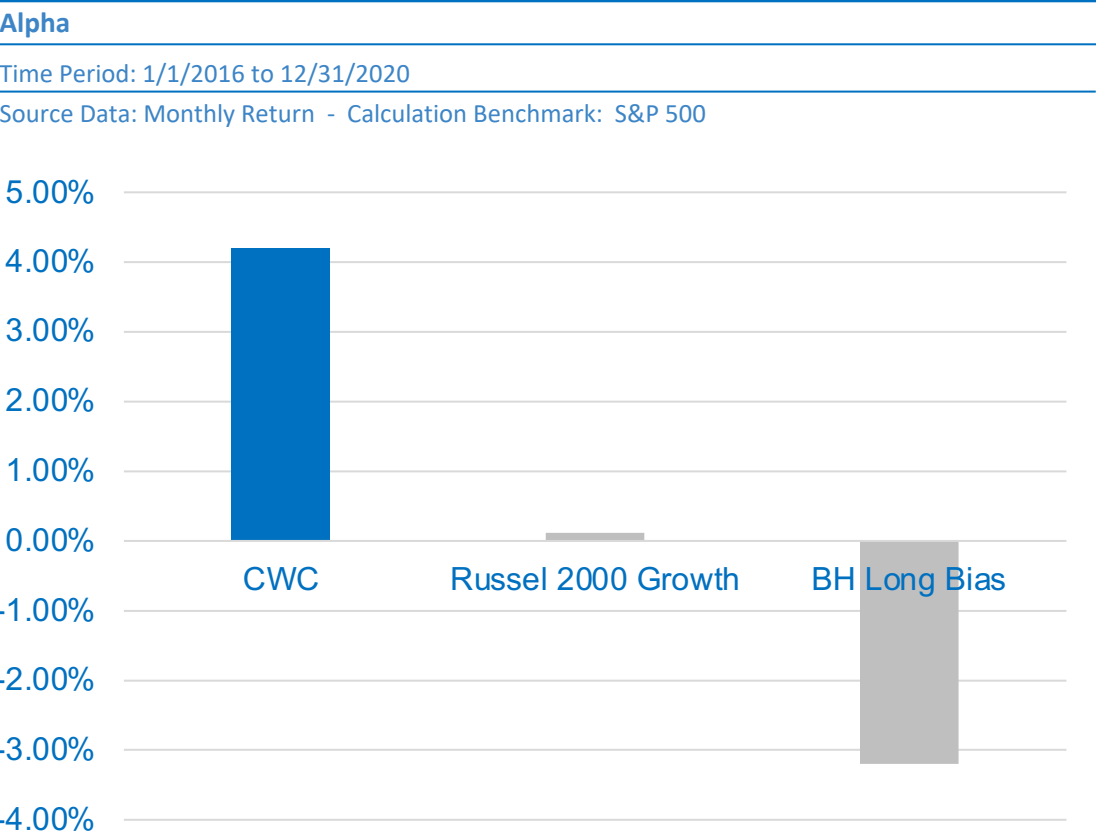
Time Period: 1/1/2016 to 11/30/2020 - Calculation Benchmark: S&P 500

	Up Capture Ratio	Down Capture Ratio	Positive Months (out of 55 months)	Negative Months (out of 55 months)	Gain/Loss Ratio
Crystal Waters Partners	138.21	59.91	41	14	1.68
S&P 500	100.00	100.00	33	6	0.54
Russell 2000 Growth	116.54	144.20	27	12	1.1
Barclay Hedge Long Bias	53.82	72.74	28	11	0.68



# FUND RETURNS AGAINST BENCHMARK

*Since inception, the fund’s strategy has produced an annualized **alpha** of 4.20% and an annualized **active return** of 3.05% as measured against the S&P 500*



*\*CWP performance metrics listed as net of fees and include reinvestment of all income.*

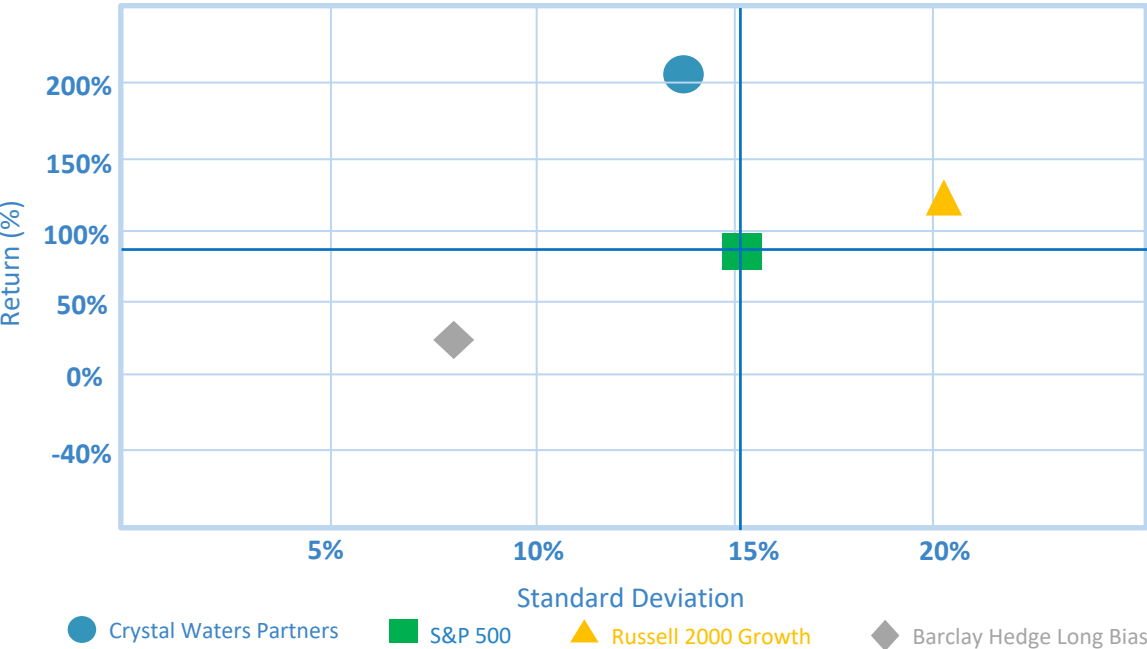


# RISK MANAGEMENT & EFFICIENCY

## Risk / Reward\*

Time Period: 1/1/2016 to 12/31/2020.

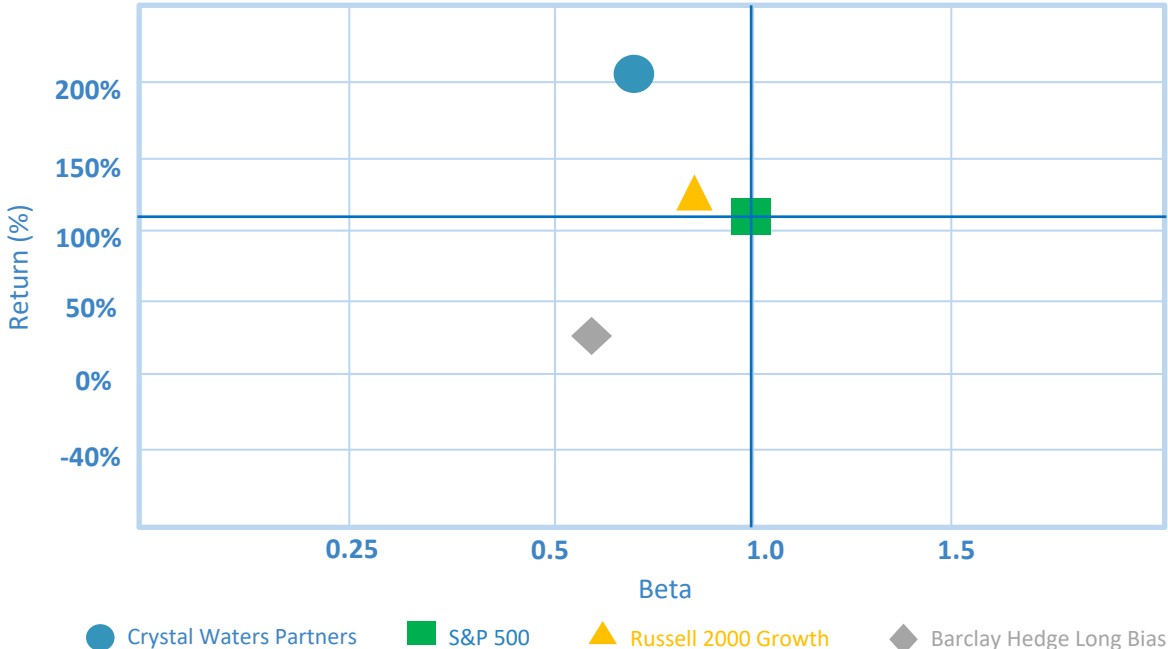
Source Data: CWP Monthly Return., Bloomberg Financial - Calculation Benchmark: S&P 500



## Equity Risk (Beta / Return)\*

Time Period: 1/1/2016 to 12/31/2020

Source Data: CWP Monthly Return, Bloomberg Financial - Calculation Benchmark: S&P 500



## Portfolio Characteristics\*

Time Period: 1/1/2016 to 12/31/2020.

Benchmark; S&P 500

Source Data: CWP Total Return (pre-fees), Bloomberg Financial

	Cumulative Return	Annualized Return**	Annualized Active Return	Alpha	Beta	Std. Dev	Sharpe Ratio	Sortino Ratio	Excess Kurtosis	Value-at-Risk	US Market Correlation
Crystal Waters Partners*	209.73%	16.20%	3.05%	4.20%	0.76	13.77%	1.31	3.93	1.15	-2.95%	0.76
S&P 500	89.87%	13.15%	0.00%	0.00%	1.00	15.15%	0.93	1.46	2.21	-6.91	1.00
Russell 2000 Growth	89.56%	13.39%	0.24%	0.12%	1.32	21.48%	0.77	1.17	2.37	-4.81	0.93
Barclay Hedge Long Bias	42.29%	8.86%	-4.29%	-3.10%	0.63	7.89%	0.57	0.78	2.40	-5.65	0.87

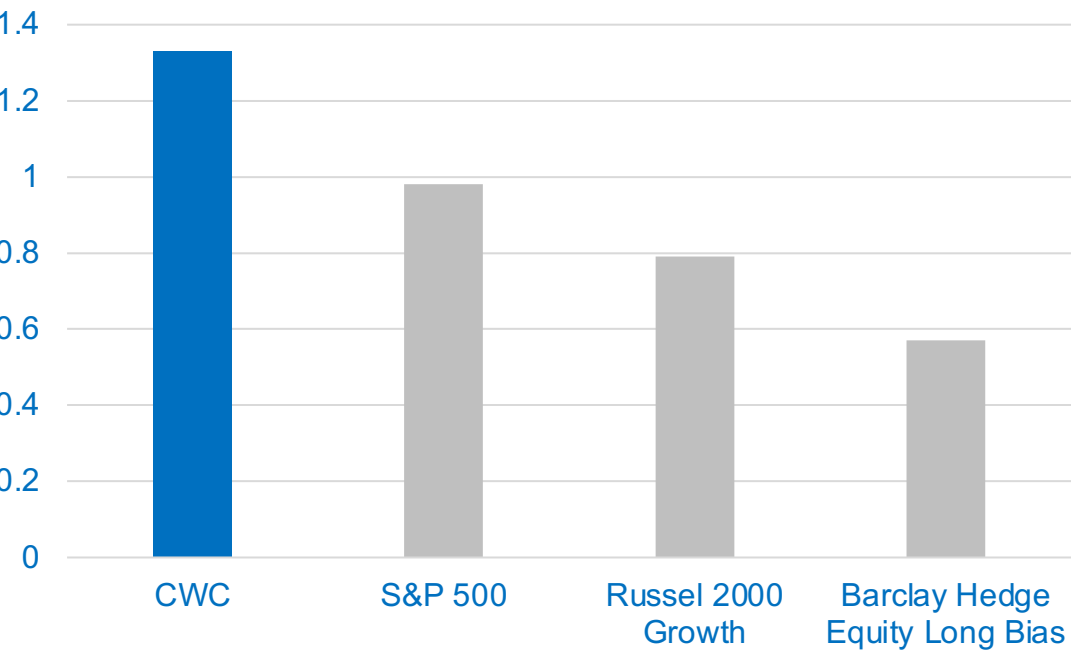


# KEY RISK MANAGEMENT RATIOS

*Applying the fund strategy consistently for three years, CWP’s initial non-public portfolio has provided a higher return with a lower overall risk as well as lower systemic risk*

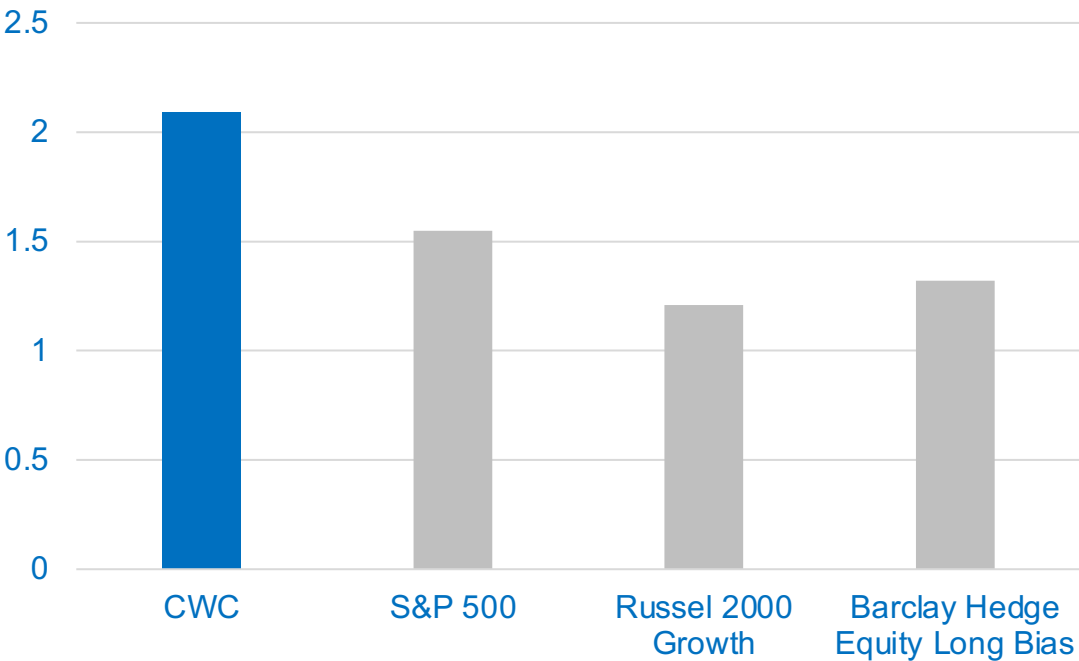
Sharpe Ratio\*

Time Period: 1/1/2016 to 3/31/2021.



Sortino Ratio\*

Time Period: 1/1/2016 to 3/31/2021



*\*CWP performance metrics listed as net of fees and include reinvestment of all income.*





# THE ROLE OF CWP IN ANY PORTFOLIO

Potential diversification benefits of adding Crystal Waters Partners to an existing portfolio:

- Lower correlation to other growth funds and indexes across all asset classes
  - Opportunity for higher overall return at lower risk level

Correlation Matrix\*

Time Period: 1/1/2016 to 12/31/2020.

Classification		Fund or Index	1	2	3	4	5	6	7	8	9	10	11	12	13
1	Growth	Crystal Waters Partners	1												
2	Growth	Invesco Russel 2000 Pure Growth	0.75	1											
3	Growth	Vanguard S&P Mid-Cap 400 Growth Idx I	0.69	0.90	1										
4	Growth	AMG Renaissance Large Cap Growth I	0.66	0.84	0.93	1									
5	Value	Barclay Hedge Long Bias	0.67	0.89	0.92	0.93	1								
6	Value	AB Value A	0.69	0.80	0.91	0.95	0.92	1							
7	Value	AllianzGI NFJ Large-Cap Value A	0.67	0.80	0.91	0.93	0.92	0.95	1						
8	Balanced	S&P 500	0.59	0.74	0.89	0.90	0.85	0.86	0.88	1					
9	Balanced	Vanguard Balanced Index Adm	0.64	0.85	0.95	0.94	0.92	0.89	0.90	0.95	1				
10	Long/Short Equity	IQ Hedge Long/Short Tracker ETF	0.33	0.55	0.65	0.63	0.70	0.58	0.66	0.73	0.72	1			
11	Long/Short Equity	First Trust Long/Short Equity ETF	0.65	0.82	0.88	0.89	0.88	0.86	0.89	0.85	0.89	0.64	1		
12	Income	Dreyfus/Standish Global Fixed Income A	-0.28	-0.04	0.08	0.05	0.06	-0.03	0.01	0.19	0.23	0.29	0.05	1	
13	Income	Dreyfus Global Equity Income A	0.40	0.57	0.75	0.75	0.70	0.72	0.75	0.83	0.85	0.66	0.68	0.49	1

\*CWP performance metrics listed as net of fees and include reinvestment of all income.



# PORTFOLIO EXPOSURES *as of 03/03/2021*

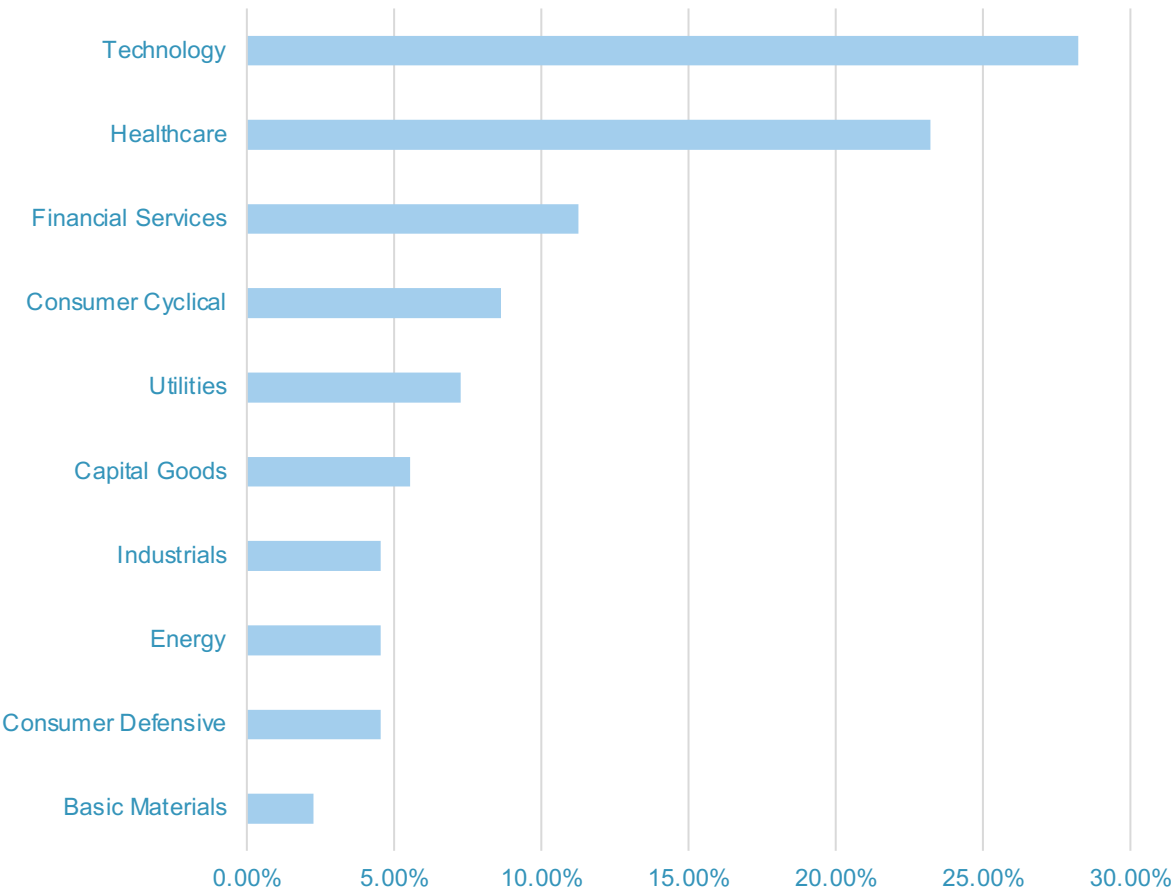
## KEY FACTS

Inception	1/1/2016
Investment Vehicles	Hedge Fund, Single Account
Benchmark Growth	S&P 500 & Russell 2000
Compliance.	Global Investment Performance Standard (GIPS)
Geographical Focus	Global

## EXPOSURE

Long	89%
Short	0%
Options	0%
Cash	11%
Gross Exposure	100%

## SECTOR BREAKDOWN



*Portfolio data presented based on actively managed test portfolio using the CWP Fund Strategy. Please see appendix for GIPS® disclosure.*



# HOW & WHY TO INVEST IN CWP



# WHY INVEST IN CWP?

## Increase Long-Term Investment Returns Without Excessive Risk

CWP looks to consistently outperform the S&P 500 without taking significantly more risk. The fund has outperformed the benchmark by over 100% since 2016 (212% vs. 102%)

## Diversify Existing Investments (401K, IRAs, etc.)

Low correlation with broader equity market provides CWP investors instant diversification from existing index funds and retirement plans, providing investors the opportunity to grow capital in any kind of economic environment

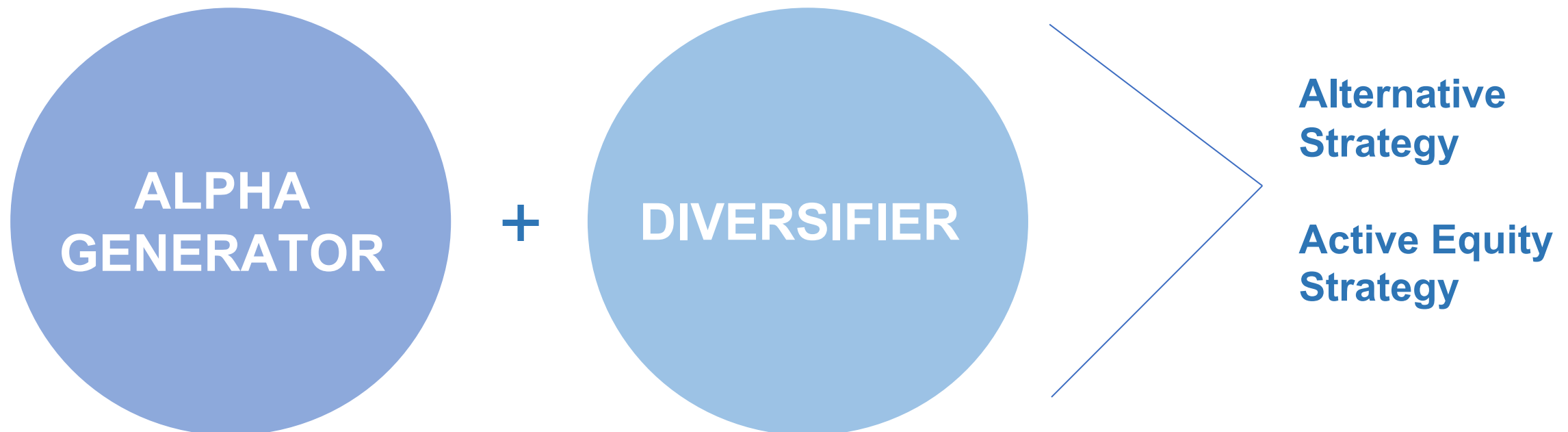
## Easy Access for Regular Investors

You don't have to be part of the financial elite to invest. A minimum investment of \$50,000 offers sophisticated and regular investors alike an easy entry point with access to well-researched growth companies managed in a structured portfolio for the best possible risk/return



# CWP'S ROLE IN A BROADER PORTFOLIO

*Limited Partners utilize CWP's strategy as a return enhancer/alpha generator and/or as a diversifier to traditional equity and alternative strategies.*



# HOW TO BEST INCORPORATE CWP INTO AN EXISTING INVESTMENTS

## Scenario 1: Focus on Growth

I want to use CWP to get substantial long-term growth

Invest a portion of your assets in CWP that is large enough to increase the value of your overall portfolio as the CWP portion grows.

## Scenario 2: Diversify

I want to use CWP to add more growth and diversify my existing retirement accounts and personal investments

Invest a portion of your assets in CWP that is large enough to have a diversifying impact on your overall portfolio

## Scenario 3: Starter Position

Not sure how to proceed with CWP, but I want exposure to growth and to learn more

Begin with a minimum “starter position” investment. You can contribute more if/when you see fit

**Commit to either a single initial investment or to make ongoing monthly/quarterly contributions**



# FUND TERMS

<b>Eligible Investors</b>	Qualified Clients/Accredited Investors
<b>Minimum Investment</b>	\$50,000
<b>Management Fee</b>	1.5%
<b>Performance Fee</b>	15% (including realized and unrealized gains and losses)
<b>Withdrawals</b>	1/4 of the capital account balance per quarter.
<b>Capital Contributions</b>	Accepted Monthly
<b>Lockup</b>	1 year from the date of each capital contribution
<b>High Water Mark</b>	Yes - any losses must be fully recovered before fund earns any performance fee
<b>Reporting</b>	Monthly
<b>Auditing</b>	Annually



# FUND OPERATIONS

<b>Fund</b>	Crystal Waters Partners, LP
<b>Fund Management</b>	Crystal Waters Capital. LLC
<b>Lawyers</b>	Shartsis Frieese, LLP
<b>Administrator</b>	Affinity Fund Services
<b>Auditor</b>	Frank, Rimerman + Co. LLP





# FUND MANAGERS



# OUR STORY

**Crystal Waters Partners was founded in 2016 by Clay Baker and Mikael Rudolfson.**

While having spent most of his professional career as an architect and designer in Silicon Valley, Clay grew up deeply steeped in the investment business with his father running a large brokerage business and has been managing an online financial blog and public portfolio for several years. For Mikael, an MBA in finance and a Chartered Financial Analyst (CFA) Level III candidacy was part of a plan for an early career in investment management. However, with the lure of the early Internet in the 1990s, Mikael moved to Silicon Valley after business school as the co-founder of a startup and has since worked in a variety of technology companies, including Yahoo, Oracle, and Adobe.

Investing has been ever-present for both fund managers, and in parallel to professional jobs, both enjoyed several decades of highly successful investing of personal and family assets that have set them up financially for life. Their approach is simple - dig deep and spend the required time to find fundamentally sound companies with good growth prospects; expect lots of things to go wrong or take longer than expected; and only purchase companies at reasonable valuations to have a high margin of safety. The managers don't compromise principles, don't chase fad investments and are always patient when looking for investments that match their criteria.

When talking to successful professionals outside of the financial industry, a few things became apparent to Clay and Mikael. The first was that smart people who make a good living are often not adequately invested or lack diversification and liquidity and often have far too much risk for the expected return. Often, people don't have the time, inclination or understanding of how to best preserve and grow their wealth while also balancing the risk it entails. In response, Clay and Mikael decided to make their investment framework available to other hard-working professionals via a limited partner fund. The fund was initially geared towards friends and family and not open to the general public. After three years of significantly outperforming the market, the fund opened to general investors in the spring of 2019.

Given Crystal Waters Partners low minimum investment, exceptional returns and flexible contributions, it's easy to see why some call it the *"Investment Fund for the 99%"*.



# FUND MANAGERS



## **Clay Baker**, Founding Partner of Crystal Waters Capital.

**Clay Baker – Managing Partner.** Prior to co-founding the General Partner in 2017, from 2016 to present Mr. Baker managed a stock market blog that presented a portfolio that uses his unique, long-biased growth strategy. From 2009 to July 2016, Mr. Baker served as the CEO and co-Founder of West|280, Inc., a manufacturer of unique smartphone cases. Prior to that Mr. Baker worked for several technology companies that included consumer software, CAD software, internet browsers and consumer products.

Mr. Baker graduated from Montana State University with a degree in Communications in 1987.



## **Mikael Rudolfson**, Founding Partner of Crystal Waters Capital.

**Mikael Rudolfson – Managing Partner.** Prior to co-founding the General Partner in 2017, Mr. Rudolfson spent almost 20 years as an entrepreneur and technology executive in Silicon Valley, including product management, product strategy, and business operations. Mr. Rudolfson most recently served as a Director, Adobe Ad Cloud at Adobe. Prior to his work for Adobe, Mr. Rudolfson was the Global head of Data and Analytics and North American Head of Ad Products from 2013 to 2017. Early in his career, he co-founded and sold a semiconductor company, serving as the CFO.

Mr. Rudolfson is a CFA Level III candidate. He graduated Magna Cum Laude from Temple University with a degree in Economics and English Literature in 1995 and has an MBA (Magna Cum Laude) from Temple University with a concentration in Finance.



# CONTACT US



## Crystal Waters Capital, LLC

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- [mikael@crystalwaterscapital.com](mailto:mikael@crystalwaterscapital.com)
- [clay@crystalwaterscapital.com](mailto:clay@crystalwaterscapital.com)



# APPENDIX



# DEFINITIONS

## *Statistical Definitions*

**ALPHA:** Measures the difference between a fund's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

**BETA:** A measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

**CORRELATION:** A measurement of investment risk that quantifies the degree to which a fund's performance correlates with the performance of a benchmark. Correlation can vary between 100% (perfect correlation) and -100% (perfect negative correlation).

**CUMULATIVE RETURN:** Represents the total return generated for the period shown (since inception).

**EXCESS RETURN:** A measure of an investment's return in excess of a benchmark.

**EXCESS KURTOSIS:** signals that the probability of obtaining an extreme outcome or value from the event in question is higher than would be found in a probabilistically normal distribution of outcomes.

**RETURN/ANNUALIZED RETURN:** Represents the annualized geometric return for the period shown.

**SHARPE RATIO:** Uses standard deviation and excess return to determine reward per unit of risk. It is calculated by subtracting the risk-free (T-bill) rate of return from a portfolio's total return and then dividing by its standard deviation. The higher a portfolio's Sharpe ratio, the better the risk-adjusted performance.

**STANDARD DEVIATION:** A statistical measure of the volatility of the fund's returns. It is a statistical measure of dispersion about an average and depicts how widely returns varied over a designated time period. The larger the standard deviation, the greater the volatility of return.

**UP/DOWN CAPTURE RATIO:** Measures a fund's performance in up/down markets relative to the market/benchmark itself. It is calculated by taking the fund's upside/downside capture return and dividing it by the benchmark's upside/downside capture return.

**UP/DOWN PERIOD PERCENT:** Measures the percentage of time the fund's returns were positive and negative.

**VALUE-AT-RISK:** VaR is a statistic that measures and quantifies the level of financial risk within a firm, portfolio or position over a specific time frame. This metric is most commonly used in portfolios to understand potential downside risk. VAR is negative, and a number closer to zero indicates less risk.



# DEFINITIONS

## *Index Definitions*

**Invesco Russell 2000 Pure Growth ETF:** The ETF is based on the Russell 2000® Pure Growth and is composed of securities with strong growth characteristics selected from the Russell 2000® Index

**Vanguard S&P Mid-Cap 400 Growth Index Fund:** The fund seeks to track the performance of a benchmark index that measures the investment return of **mid-capitalization growth** stocks

**Renaissance Large Cap Growth Fund:** This fund seeks to provide long-term capital appreciation by investing in large-cap domestic companies selected through proprietary quantitative modeling and bottom-up fundamental analysis

**Barclay Hedge Long Bias Index:** The Barclay Hedge Long Bias is an index of global hedge funds maintaining a differing ratio of long positions (compared to short positions) that usually exceeds 40%.

**AB Value Fund:** The AB Value Fund targets a diversified range of companies that we believe are undervalued as a result of a short-term investment controversy.

**AllianzGI NFJ Large-Cap Value Fund:** This is an open-end fund incorporated in the USA. The Fund seeks long-term growth of capital and income. The Fund invests in common stocks of companies with market capitalizations of more than \$2 billion and below average P/E ratios relative to the market and their respective industry groups.

**S&P 500:** The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks from a broad range of industries. The component stocks are weighted according to the total market value of their outstanding shares.

**Vanguard Balanced Index Adm:** An index fund offers investors an easy, low-cost way to gain exposure to stocks and bonds. The fund invests roughly 60% in stocks and 40% in bonds by tracking two indexes that represent broad barometers for the U.S. equity and U.S. taxable bond markets.

**IQ Hedge Long/Short Tracker ETF:** An ETF seeking investment results that correspond (before fees and expenses) generally to the price and yield performance of the IQ Hedge Long/Short Index. The Index seeks to replicate the collective hedge funds pursuing a long/short strategy

**First Trust Long/Short Equity:** The fund's investment objective is to provide investors with long term total return, pursuing its investment objective by establishing long and short positions in a portfolio of US Equity Securities

**Dreyfus/Standish Global Fixed Income:** A bond fund that invests primarily in the lower-rated investment-grade bonds issued by stable countries and companies in the developed world.

**Dreyfus Global Equity Income Fund:** The fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities., focusing on dividend-paying stocks of companies located in the developed capital markets, such as the United States, Canada, Japan, Australia, Hong Kong and Western Europe.



# DISCLAIMERS

CWP is a discretionary portfolio set up on January 1<sup>st</sup>, 2016 with a strategy of high growth, low-beta, with high safety margin. This portfolio is actively managed according to the fund strategy. Performance presented in this document includes the period of January 4<sup>th</sup>, 2016 through May 15<sup>th</sup>, 2020.

The CWP long-bias equity fund allocates the fund capital in primarily long equity positions across all market capitalizations, both foreign and domestic, that are considered attractively priced (longs). The Pre-fund portfolio has averaged 39 positions since inception but had 19 positions in the last 15 months. A core position for the public fund portfolio available to limited partners is 3%-5% so that on average the fund would hold 25-35 positions diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration, so concentration will vary with the price to fair value ratio. We will invest fund assets in positions as small as 1% when price to value ratios are higher. We will not invest fund assets in any business that is trading above our estimate of fair value. CWP does not use margin or options to enhance performance or hedge positions and may use only up to 100% of the portfolio net assets as part of the investment strategy. We believe the management of the portfolio to date accurately mirrors the current management of the portfolio and how we intend to manage it for the foreseeable future. Results for the portfolio are presented after relevant fees for limited partners have been deducted to mirror the current CWP portfolio. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express fund performance. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The firm's list of composite descriptions is available upon request. The composite benchmark is the S&P 500 and the Russell 2000 Growth Index category which measures the performance of a large sample size of investable vehicles with similar investment strategies to the CWC Long Bias Equity composite.

CWP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

