

## 2VA Society Defended Index (2VA SDI)

### OBJECTIVE

- 2VA SDI invests in mid- and large- cap US companies that prioritize their duties to shareholders by opposing excess costs and business distractions associated with Stakeholder Capitalism and Environmental Social Governance activism. <sup>(1)</sup>
- 2VA SDI targets companies that do not infringe on Second Amendment rights or lessen Civil & Safe Society. 2ndVote scores organizations negatively that advocate for open borders, sanctuary cities, defunding of the police, riot-apologists, or any other facet of activism that undermines the institutions and principles necessary to a civil and safe society.
- Over 90% of 2VA SDI's index components rate Neutral on 2ndVote Research's (2V) Second Amendment and its Civil & Safe Society criterion, with the remainder rating Positive.
- 2VA SDI supplements its ESG Neutral foundation with measures of monetary conditions and firm financial metrics to select stocks that are optimally positioned to prosper in the existing economic environment <sup>(2)</sup>.

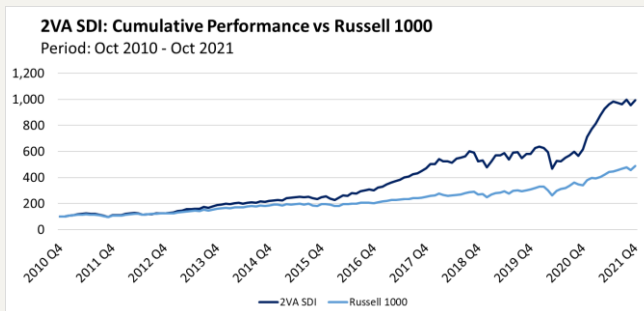
### INDEX CHARACTERISTICS

2VA SDI Index has strong historical returns and risk profile

- ✓ Performance of the Index since October 2010:
  - Average annual alpha (vs Russell 1000) of 7.68%
  - Cumulative return of 893% vs 389% for Russell 1000
  - Average annual rolling 3-year return of 22.89%, with alpha of 9.11%
  - Rolling 5-year returns beat Russell 1000 100% of time
  - Upside/downside capture ratio of 1.28
- ✓ Creates a dynamic strategy by integrating 2VA social screens with firm financial metrics and monetary/economic conditions

### INDEX PERFORMANCE & STATISTICS

	2VA SDI	Russell 1000	S&P 500
<b>Returns</b>			
2021 YTD	28.99%	23.18%	24.04%
2020	20.53%	20.96%	18.40%
2019	33.98%	31.43%	31.49%
2018	-5.47%	-4.78%	-4.38%
2017	52.48%	21.69%	21.83%
2016	37.97%	12.05%	11.96%
2015	5.55%	0.92%	1.38%
2014	14.48%	13.24%	13.69%
2013	49.41%	33.11%	32.39%
2012	19.14%	16.42%	16.00%
2011	4.26%	1.50%	2.11%
<b>Annualized Returns</b>			
Three Year	23.89%	22.01%	21.48%
Five Year	26.96%	19.16%	18.93%
<b>Risk Statistics</b>			
Beta	1.14	1.00	0.98
Standard Deviation	18.07%	13.69%	13.39%
Sharpe Ratio	1.26	1.10	1.12
Sortino Ratio	2.26	2.00	2.04
Upside/Downside Ratio	1.28	1.00	1.00



### INDEX APPROACH



#### Starting Universe & Stock Scoring

- Start with Large & Mid Cap stocks listed on NYSE and Nasdaq with 3+ years of financial data
- Screen out firms with a 2V 2<sup>nd</sup> Amendment & Civil & Safe Society (collectively Security) score less than 3 (on a 5-point scale)
- *Top down:* Monetary conditions are classified as expansive, restrictive or indeterminate
- *Bottom up:* 12 firm-specific metrics are used to score each stock based on its ability to benefit from prevailing monetary conditions creating a "financial position score"



#### Composition & Weighting

- Each stock with a 2V score of 3 or higher is ranked by its alignment with current monetary conditions
- The 75 stocks with the best financial position score under existing monetary conditions are selected
- Each stock is weighted based on its ability to prosper under prevailing monetary/economic conditions



#### Index Portfolio & Rebalance

- 2VA SDI consists of 75 Security-aligned stocks that are selected and weighted for optimal performance under current conditions
- The index is rebalanced under three scenarios:
  - 1) the 2VA Security scores are updated
  - 2) the monetary environment changes
  - 3) firm financial metrics are updated

<sup>1</sup> Costly programs seeking benefits such as "good for the environment" or "good for society" are considered ESG investments. These program costs are approved by virtue signaling managers and are not voted on or disclosed to shareholders. ESG investments in social justice engineering causes go beyond traditional charity, thus impacting cash flows, brand values and ultimately share prices. These programs generally do not align with a neutral, libertarian or conservative ESG philosophy.

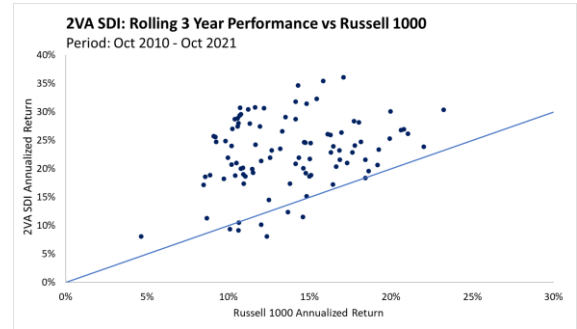
<sup>2</sup> The firm financial metrics and economic conditions measure are incorporated via a licensing agreement with Economic Index Associates (EIA).

<sup>3</sup> Annualized returns as of October 31, 2021. For returns with periods longer than 1 year, annualized monthly returns are used.

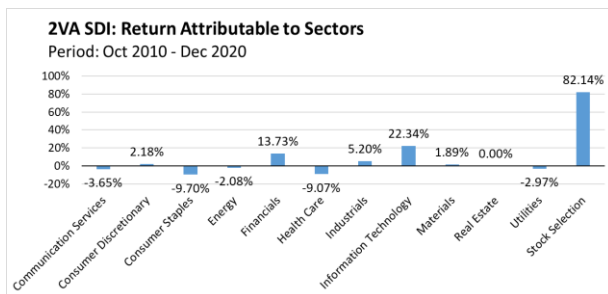
**HYPOTHETICAL HISTORICAL PERFORMANCE**

**Rolling Annualized Return**

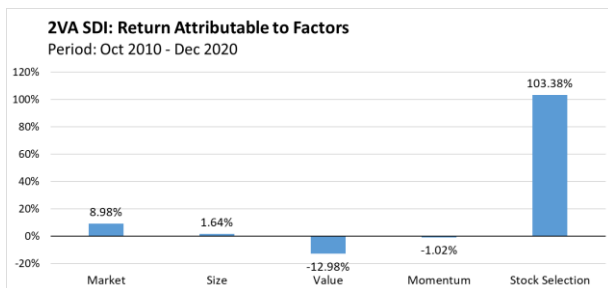
	One Year		Three Years		Five Years	
	2VA SDI	Russell 1000	2VA SDI	Russell 1000	2VA SDI	Russell 1000
Average	24.92%	15.32%	22.89%	13.78%	23.66%	13.20%
Median	19.68%	14.93%	23.36%	13.66%	23.62%	13.37%
Max	97.63%	60.59%	36.06%	23.23%	31.38%	19.16%
Min	-17.56%	-8.03%	8.07%	4.64%	13.85%	6.22%



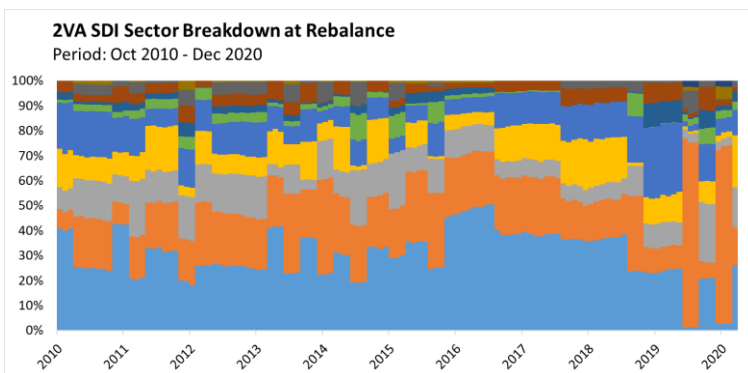
**RETURN ATTRIBUTION**



- ✓ 2VA SDI produces alpha by targeting Security-aligned firms that are optimally positioned to prevailing monetary conditions; the index does not maintain any sector bias
  - Sector attribution analysis confirms that the majority (82.14%) of alpha is attributable to stock selection
  - Biggest contributors: Information Technology and Financials; 2VA SDI has been particularly successful in over- or under-weighting Security-aligned firms in these two sectors



- ✓ Four-factor attribution analysis establishes that 2VA SDI's alpha is due to stock selection; not factor exposures
  - Stocks are selected and weighted based on a screening process that incorporates 2VA Security scores, 12 firm-specific metrics and economic conditions; thus, factor exposures are trivial, incidental and deviate over time
  - During the 10 years, 103.38% of alpha for 2VA SDI comes from stock selection; i.e., incidental factor exposures were detrimental to performance



Sector	Average Weight
Real Estate	0.12%
Utilities	0.58%
Energy	2.59%
Communication Services	4.28%
Consumer Staples	2.31%
Materials	2.82%
Consumer Discretionary	12.39%
Health Care	10.45%
Industrials	11.69%
Financials	22.67%
Information Technology	30.09%

**Disclaimer:**

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