Monegy
Quarterly High Yield Market Summary

High yield credit spreads continue to grind tighter on strong technicals

Seeming to shrug off an unexpected U.S. election result and a confirmation of the Fed's tightening monetary policy bias, high yield rang up another solid quarterly return, smashing expectations for 2016 as a whole. Slower issuance and a steady pace of retail fund inflows into the higher yielding—and lower duration—high yield bond and loan asset classes underpinned the strong technicals that continue to support a risk-on trade out the credit risk curve. With commodity spreads back near averages, this theme has largely played out, and 2017 brings a new batch of opportunities and risks. We are coming up on 8 years of economic expansion, and high yield credit spreads are once again testing the brief lows of 2014 or the lows last seen before the financial crisis. There remains a strong technical demand for high yield credit based on continued hunger for yield, and lower sensitivity to rising interest rates than other fixed income alternatives, but as the frenzy of 2016 subsides we expect overall returns to moderate, and we are focused on bottom-up security selection aiming to outperform on a name by name basis, with defensive overall portfolio positioning providing downside protection in the even the cycle turns.

Market Overview

The Broad High Yield Index [i] returned 1.88% in Q4 2016 with credit spreads ending the quarter 75 basis points tighter, while the Higher Quality sub-index[ii] returned 1.26% with 68 bps of spread tightening. Over the quarter as a whole, lower quality credit outperformed significantly, with the CCC or worse rated sub index returning 5.94% (216 bps of spread tightening), while the BB rated returned 0.68% (-52 bps) and the B rated returned 2.11% (-92 bps). The best performing sectors were Energy (6.03%), Transportation (5.33%) and Financial Services (4.26%). The weakest performing sectors on

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the quarter were Healthcare (-2.41%), Utility (-0.66%) and Banking (-0.25%). The All Loan Index[iii] returned 2.26%, driven by the lower quality segment, with CCC returning 8.81%m, B-rated returning 2.81% and BB-rated returning 1.35%.

The new issue supply market for U.S. high yield bonds slowed somewhat in Q4 to $41 billion from $56 billion in Q2. This pattern is typical going into the year-end holiday period, and was also impacted by the uncertainty following the U.S. presidential election. Loan issuance remained robust while tapering only slightly to $88 billion in Q4 from $96 billion in Q3, and reflects the continued strong demand for floating rate product in a period of rising interest rates in the U.S.

There was steady demand for high yield ETFs and mutual funds, with bonds taking in $3.5 billion of inflows and loans seeing a $9.8 billion surge. The increased inflow into loans in Q3 and Q4 2016 underlines a significant turning point from prior quarters' trend outflows, which we believe reflected investor's expectations for the Fed's well telegraphed rate increase in December, and the lower duration of the loan asset class given expectations for further rate increases in 2017.

Defaults increased again in Q4, with the BAML trailing twelve month speculative grade issuer weighted default rate for U.S. high yield bonds rising to 6.99% in December from 6.67% in September, while the ex-commodity default rate was 3.13%, up from 2.99%. On a year to date basis defaults were highly concentrated in the distressed energy, coal and other commodity-linked sectors. The core ex-commodity remainder continues to experience low levels of overall default activity, with a limited volume of near term maturities, and much debt having been refinanced at low interest rates.

Monegy Performance Update

Quality High Yield	Since Inception 10/1/1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Monegy Quality HY (gross)	**7.52%**	**4.27%**	**10.17%**	**8.23%**	**17.01%**	**11.38%**	**3.08%**	**8.36%**	**3.95%**	**-15.20%**	**32.34%**	**12.66%**	**6.53%**	**12.72%**	**6.27%**	**1.48%**	**-1.65%**	**11.93%**
BAML US HY BB-B Constrained	6.79%	-3.91%	5.43%	1.10%	22.89%	9.93%	3.39%	9.29%	3.19%	-23.31%	46.06%	14.26%	5.40%	14.58%	6.31%	3.49%	-2.79%	14.72%
Over/Under Performance	0.73%	8.18%	4.74%	7.14%	-5.88%	1.45%	-0.31%	-0.93%	0.76%	8.11%	-13.71%	-1.60%	1.14%	-1.86%	-0.04%	-2.01%	1.14%	-2.79%
Monegy Quality HY (Net)	**6.98%**	**3.75%**	**9.62%**	**7.69%**	**16.42%**	**10.82%**	**2.57%**	**7.82%**	**3.43%**	**-15.63%**	**31.68%**	**12.10%**	**6.01%**	**12.16%**	**5.74%**	**0.98%**	**-2.14%**	**11.37%**
Over/Under Performance	0.19%	7.66%	4.19%	6.59%	-6.46%	0.89%	-0.82%	-1.48%	0.24%	7.68%	-14.38%	-2.16%	0.61%	-2.42%	-0.57%	-2.51%	0.65%	-3.35%

Broad High Yield	Since Inception 7/1/2010	2011	2012	2013	2014	2015	2016
Monegy Broad HY (gross)	**7.61%**	**6.23%**	**13.41%**	**7.78%**	**0.96%**	**-2.44%**	**14.49%**
BAML US HY Constrained	7.86%	4.37%	15.55%	7.41%	2.51%	-4.61%	17.49%
Over/Under Performance	-0.25%	1.86%	-2.14%	0.37%	-1.55%	2.18%	-3.00%
Monegy Broad HY (net)	**7.07%**	**5.70%**	**12.85%**	**7.24%**	**0.45%**	**-2.92%**	**13.92%**
Over/Under Performance	-0.79%	1.33%	-2.70%	-0.17%	-2.06%	1.69%	-3.57%

Loans	Since Relaunch 1/1/12	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Monegy Loan Composite (gross)	**5.20%**	**8.98%**	**1.39%**	**2.92%**	**6.40%**	**4.67%**	**5.59%**	**6.74%**	**2.81%**	**-18.68%**				**10.76%**	**5.20%**	**1.78%**	**2.54%**	**5.93%**
S&P/LSTA BB/B Leveraged Loan Index	4.34%	5.22%	2.69%	3.01%	8.96%	4.90%	5.06%	6.91%	1.96%	-28.57%	48.64%	9.46%	2.40%	8.72%	4.96%	1.47%	0.55%	9.37%
Over/Under Performance	0.86%	3.76%	-1.30%	-0.09%	-2.56%	-0.23%	0.53%	-0.17%	0.85%	9.89%				2.04%	0.24%	0.31%	1.99%	-3.43%
Monegy Loan Composite (net)	**4.53%**	**8.44%**	**0.89%**	**2.41%**	**5.87%**	**4.15%**	**5.07%**	**6.21%**	**2.30%**	**-19.90%**				**10.04%**	**4.51%**	**1.12%**	**1.83%**	**5.35%**
Over/Under Performance	0.19%	3.22%	-1.80%	-0.60%	-3.09%	-0.75%	0.01%	-0.70%	0.34%	8.67%				1.32%	-0.45%	-0.35%	1.28%	-4.02%

Source: Monegy®, BofA Merrill Lynch, S&P/LSTA. Notes: As of December 31, 2016. This is supplemental information. Time periods of greater than one year are annualized. Monegy Quality HY is measured against the BofA ML BB-B US High Yield Constrained Index. Monegy Broad High Yield is measured against the BofA ML US High Yield Constrained Index. Monegy Loan is measured here against the S&P/LSTA BB/B Loan Index, but is benchmarked to the S&P/LSTA BB Loan Index from January 2012 – April 2014, and the S&P/LSTA BB/B customized loan index from May 2014. ***Past performance is not indicative of future results****. Please see GIPS® compliance presentations in the Appendix.*

Quality High Yield Strategy

Over our 17 year track record, Monegy's Quality High Yield Strategy has returned 7.52% per annum ("p.a.") (gross of fees), representing 0.73% p.a. of excess returns compared to its benchmark. This outperformance was achieved with only 65% of the broad market's volatility and 74% of the higher quality benchmark's volatility.

In the fourth quarter of 2016, our Quality High Yield Strategy returned 1.37% (gross of fees), outperforming its benchmark by 0.11%. Key positive contributors were our underweight in Pharmaceuticals (ie. Valeant), positioning in Wireline Telecom, and underweight to Utilities. Performance was negatively impacted by positioning in Energy and Basic Industry, along with the underweight to Financial Services.

The yield in our Monegy Quality High Yield Bond Strategy increased by 22 basis points (bps) over the quarter to 5.51%, while option adjusted spread tightened 49 bps to 351 bps. The strategy remains well diversified across individual issuers with the top ten holdings representing 11% of market value.

The underlying credit quality of the Monegy Quality High Yield Bond Strategy remains solid, with an average default probability estimate (by issuer) below 1 ¼%. Monegy's realized default experience since inception continues to be extremely low at 0.1% p.a. through Q4 2016, well below BAML's average of 4.6% p.a. for the same history.

Broad High Yield Strategy

Monegy's Broad High Yield Strategy is now in its 7th year and in that time has returned 7.61% (gross), underperforming its benchmark by 0.25% p.a. without the benefit of a full credit cycle, and with only 87% of the volatility.

In the fourth quarter of 2016 our Broad High Yield Strategy returned 1.78%, underperforming its benchmark by 0.10%. Positive performance reflected the underweight in Valeant within the Pharmaceutical space, and positioning in Wireline Telecom. The largest detractors reflected name selection in Energy, an overweight in Super Retail and an underweight to Financial Services.

For the Broad High Yield Bond Strategy, the yield increased by 9 bps to 5.76%, and credit spreads tightened in 61 bps to 377 bps. The portfolio remains highly diversified across individual issuers, with 12% of market value attributed to the top ten holdings. The underlying credit quality of the Broad Strategy remains solid, with an average default probability estimate (by issuer) of just under 1 ½%.

High Yield Loan Strategy

In the fourth quarter of 2016 the Monegy High Yield Loan Strategy returned 1.60% (gross), underperforming the BB/B benchmark by 0.22%. The primary detractors reflected name selection in Energy, Services, Metals/Mining, and Tech, while positive contributors reflected positioning in Super Retails, Food & Drug Retail and Food/Beverage/Tobacco.

The yield on the High Yield Loan Strategy tightened by 4 bps to 4.48%, with average credit spread tighter by 27 bps. The portfolio has 35% concentration in the top 10 names, given the requirement for higher average trade sizes in loans.

The underlying credit quality of the High Yield Loan Strategy is high, with an average default probability estimate (by issuer) of just over 1 ¼%.

2017 Outlook

We expect the broad high yield bond market to return 6-7% for 2017, and loans 5-6%; in line with current yields on average, which is a function of higher risk free rates offset by continued credit spread compression.

Credit Risk

The current level of credit spreads in the broad high yield market remains 1.4% wide of the recent tights seen in 2014, despite the significant tightening experienced in 2016. Across sectors, our analysts are forecasting continued modest tightening between 25-75 bps on average in 2017. The widest ranges of uncertainty across base and pessimistic assumptions are seen in Energy, Metals/Mining, Building, and Technology. Adding to risk are the somewhat radical early appointments within the impending Trump administration, and the potential for dramatic regulatory and policy changes to key sectors. While deregulation and increased promotion of the old-economy could be positive there, the repeal of Obamacare is likely to be negative for Healthcare, and proposed trade barriers could pose a more broad based negative impact.

Interest Rates

The forward curve is pricing in a 50 bps upward move in fives, and 25 bps in tens, with the shorter end implying 3-4 moves of 25 bps by the U.S. Federal Reserve. This flattening of the curve is typical in periods of tightening monetary policy, and we believe that this implied activity is consistent with what has been communicated by the Fed: rising rates but at a slow pace, and with continued market support through the reinvestment of existing Treasury and Mortgage-Backed holdings. We believe there is room for high yield spreads to absorb much of the rate move despite how much tighter spreads are in 2016.

Supply and Demand

The vast majority of high yield issuers have repeatedly termed out their existing maturities at low rates, leaving a limited amount of forced refinancing through 2017/2018. Higher interest rates (both credit spreads and risk free rates) suggest opportunistic refinancing activity will be less than in recent years. Therefore, we expect the supply of new issuance to be lower than that over the past few years of heavy issuance, and what supply does come will be highly sensitive to the pace of demand for high yield.

We expect fund flows into high yield to slow from the strong pace set in 2016. Higher interest rates are casting a shadow on all fixed income, but the lower duration advantage of high yield relative to investment grade, and the relatively attractive yield on offer will continue to attract investors under a slow and steady Fed.

On the floating rate loan side, while CLO formation is likely to slow as higher capital retention comes into force, we expect to see increased demand for floating rate in 2017.

One additional wildcard is the potential for Republican proposals for tax reform that include eliminating the tax deductibility of interest payments, which would put negative pressure on new issuance across all fixed income asset classes.

Default Rates

Currently, Moody's calculates a U.S. speculative default rate of 5.61% over the last twelve months, which consists of a bond-only default rate of 7.51%, and a loan only rate of 3.51%. With much of the commodity-linked default activity having occurred in 2016, and with limited forced refinancing activity next year, Moody's forecast out 12 months is for default rates of 4.11% for all speculative grade, 3.15% for bonds, and 3.58% for loans.

Monegy Strategy

With commodity spreads back near averages, this theme has largely played out, and 2017 brings a new batch of opportunities and risks. We appear to be late in the credit cycle, coming up on 8 years of economic expansion, and high yield credit spreads are once again testing the brief lows of 2014 or the lows last seen before the financial crisis. There remains a strong technical demand for high yield credit based on continued hunger for yield, and lower duration exposure than investment grade with the market expecting rising interest rates across the curve.   The Trump agenda is still a work in progress, but so far at least is offering a mix of positive and negative business dynamics, depending on sector.   As the frenzy of 2016 subsides, we expect overall returns to moderate, and we are focused on bottom-up security selection aiming to outperform on a name by name basis, with defensive overall portfolio positioning providing downside protection in the even the cycle turns.

Disclosures

MONEGY® QUALITY HIGH YIELD BOND COMPOSITE

GIPS Composite statistics and performance

Calendar year ended	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross annual returns (%)	-1.65	1.49	6.27	12.72	6.54	12.66	32.34	-15.20	3.95	8.36
Net annual returns (%)	-2.14	0.98	5.74	12.16	6.01	12.10	31.68	-15.63	3.43	7.82
3-year composite deviation	4.51	4.00	5.02	5.11	6.46	10.35	10.38	8.91	4.10	3.70
BofA ML BB-B Constrained Index (%)	-2.79	3.49	6.31	14.58	5.40	14.26	46.06	-23.32	3.19	9.29
3-year index deviation	5.05	4.25	5.79	6.17	9.19	14.65	14.52	11.82	4.04	3.55
Composite dispersion (%)	0.50	0.17	0.18	0.22	0.22	0.19	0.34	1.02	0.16	0.18
Composite assets ($mm)	1,542.6	1,923.3	2,351.8	1,531.8	1,861.0	1,619.6	1,745.3	828.2	980.7	1,041.5
Number of accounts in composite	10	10	9	8	7	7	7	5	6	6
Total Strategy Assets ($mm)[1]	1,667	1,987	2,352	2,049	1,876	1,620	1,745	828	981	1,041
Total firm assets ($mm)	1,857	2,213	2,599	2,186	1,931	1,671	1,750	854	1,417	1,509

Past performance does not guarantee future results.

[1] Strategy Assets are shown as supplemental information. Strategy assets include composite and non-composite accounts that have the same investment mandate. Non-composite accounts are excluded from the composite due to size, specific client guidelines, or other strategy limitations.

Monegy® claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Monegy® has been independently verified for the periods October 1, 1999 through December 31, 2015. A copy of the verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The firm maintains a complete list and description of composites, which is available upon request. A significant external cash flow will be identified by the firm as a cash flow that affects performance of the account so that it is not representative of the underlying investment philosophy. Beginning September 1, 2010, when an account experiences a significant external cash flow greater than 20% of portfolio beginning assets, it is assumed that such a cash flow temporarily causes a loss of discretion, and the account will be excluded from the composite for the full month the cash flow occurred. The account will be re-included in the composite the month after the cash flow occurred. Additional information regarding the treatment of significant cash flows is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Settlement date valuation was used to calculate performance prior to January 1, 2004.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net-of-fee results are calculated by taking the highest fee a separately managed account would be charged based on the current fee schedule, and deducting one-twelfth of this annual fee from each monthly gross return. Gross of fee performance returns are presented before management fees, custodial fees and withholding taxes, but net of all trading expenses. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Actual investment advisory fees incurred by clients may vary.

Keep in mind that as interest rates rise, prices for bonds with fixed interest rates may fall. This may have an adverse effect on a Strategy's portfolio.

Prior to 2008 carve-outs were included in this composite and performance reflected total segment returns. The accounts from which carve-outs were taken did not hold a cash balance. The percentage of carve-outs for the individual years is as follows: 2007: 2% and 2006: 2%. Purchases are funded by the client upon purchase and proceeds from sold assets are returned to the client upon the close of the sale.

Net of fee performance was calculated using the highest management fee of 0.50% as described in the firm's fee schedule shown below.

First $50 Million	0.50%
Next $50 Million	0.45%
Next $100 Million	0.40%
Thereafter	0.35%

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The **Monegy Quality High Yield Bond Composite** contains fully discretionary highly diversified portfolios of high yield bonds focusing primarily on the BB/B segment of the U.S. market with an objective of maximizing the total return, both interest income and gains for a given risk appetite. For comparison purposes, the composite is measured against the Merrill Lynch, U.S. High Yield, BB/B Constrained Index. In presentations shown from January 1, 2004 through December 31, 2004, the Merrill Lynch, U.S. High Yield, BB/B Rated Index was presented as the benchmark for this composite. In presentations shown prior to January 1, 2004, the Bear Stearns BB/B Index was presented as the benchmark for this composite. The indices were changed to be more representative of the composite strategy. Effective January 1, 2005, Monegy® changed its pricing sources to conform to systems used by its parent. This change resulted in a one-time gain of 0.42% in 2005. As of December 31, 2010, 9% of composite assets are comprised of one account that uses currency hedging to remove the effect of currency. The minimum account size for this composite is $5 million. The composite was created October 1, 1999. Prior to July 1, 2010, the composite was called the High Yield Bond Segregated Composite. Prior to December 31, 2011, the composite was named the Quality High Yield Bond Composite.

The **BofA ML BB-B U.S. High Yield Constrained Index** is a benchmark index for high yield corporate bonds which excludes lower-rated securities and caps exposure to any one issuer at 2% and is administered by Merrill Lynch. The BofA ML U.S. High Yield Constrained Index is an index which tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market and caps exposure to any one issuer at 2% and is administered by Merrill Lynch.

The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $100 million. In addition, qualifying securities must have risk exposure to countries that are members of the FX-G10, Western Europe or territories of the US and Western Europe. The FX-G10 includes all Euro members, the US, Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway and Sweden. Original issue zero coupon bonds, 144a securities (both with and without registration rights), and pay-in-kind securities (including toggle notes) are included in the index. Callable perpetual securities are included provided they are at least one year from the first call date. Fixed-to-floating rate securities are included provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. Contingent capital securities ("cocos") are excluded, but capital securities where conversion can be mandated by a regulatory authority, but which have no specified trigger, are included. Other hybrid capital securities, such as those legacy issues that potentially convert into preference shares, those with both cumulative and non-cumulative coupon deferral provisions, and those with alternative coupon satisfaction mechanisms, are also included in the index. Securities issued or marketed primarily to retail investors, equity-linked securities, securities in legal default, hybrid securitized corporates, eurodollar bonds (USD securities not issued in the US domestic market), taxable and tax-exempt US municipal securities and DRD-eligible securities are excluded from the index. Investments cannot be made in an index.

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Investment products are:
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MONEGY® BROAD HIGH YIELD BOND COMPOSITE

GIPS Composite statistics and performance

Calendar year ended	2015	2014	2013	2012	2011	2010 [2]
Gross annual returns (%)	-2.44	0.96	7.78	13.41	6.23	10.00
Net annual returns (%)	-2.92	0.45	7.24	12.85	5.70	9.73
3-year composite deviation	4.77	4.04	5.58	—	—	—
BofA ML US High Yield Master II Constrained Index (%)	-4.61	2.51	7.41	15.55	4.37	9.89
3-year index deviation	5.26	4.44	6.43	—	—	—
Composite dispersion (%)	—	—	—	—	—	—
Composite assets ($mm)	117.3	94.1	110.4	63.9	54.5	51.2
Number of accounts in composite	2	1	1	1	1	1
Total Strategy Assets ($mm) [1]	117	94	110	64	55	51
Total firm assets ($mm)	1,857	2,213	2,599	2,186	1,931	1,671

Past performance does not guarantee future results.

[1] Strategy Assets are shown as supplemental information. Strategy assets include composite and non-composite accounts that have the same investment mandate. Non-composite accounts are excluded from the composite due to size, specific client guidelines, or other strategy limitations.

[2] Results shown for the year 2010 represent partial period performance from July 1, 2010 through December 31, 2010.

"—" is shown on composite dispersion – information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. "—" is shown on the 3 Yr Std Deviation for the composite and index because 36 monthly returns are not available on the composite.

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Keep in mind that as interest rates rise, prices for bonds with fixed interest rates may fall. This may have an adverse effect on a Strategy's portfolio.

The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net-of-fee results are calculated by taking the highest fee a separately managed account would be charged based on the current fee schedule, and deducting one-twelfth of this annual fee from each monthly gross return. Gross of fee performance returns are presented before management fees, custodial fees and withholding taxes, but net of all trading expenses. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Actual investment advisory fees incurred by clients may vary.

Net of fee results are calculated by taking the highest fee a separately managed account would be charged based on the current fee schedule and deducting one-twelfth of the annual fee from the monthly gross return.

Net of fee performance was calculated using the highest management fee of 0.50% as described in the firm's fee schedule shown below.

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The Monegy Broad High Yield Bond Composite contains fully discretionary highly diversified portfolios of high yield bonds focusing primarily on the U.S. market with an objective of maximizing the total return, both interest income and gains for a given risk appetite. For comparison purposes, the composite is measured against the Merrill Lynch, U.S. High Yield, Master II Constrained Index. The minimum account size for this composite is $20 million. The composite was created July 1, 2010. Prior to December 31, 2011, the composite was named the Broad High Yield Composite.

The BofA Merrill Lynch US High Yield Constrained Index contains all securities in The BofA Merrill Lynch US High Yield Index but caps issuer exposure at 2%. Investments cannot be made in an index.

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MONEGY® HIGH YIELD LOAN COMPOSITE

GIPS Composite statistics and performance

Calendar year ended	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross annual returns (%)	2.54	1.78	5.20	10.76	—	—	—	-18.68	2.81	6.74
Net annual returns (%)	1.87	1.12	4.51	10.04	—	—	—	-19.90	2.30	6.21
3-year composite deviation	1.69	2.39	—	—	—	—	—	8.43	2.28	0.53
S&P/LSTA BB/B Loan Index (%)[1]	0.51	1.09	3.85	7.12	—	—	—	-24.24	2.35	6.19
3-year index deviation	1.84	1.66	—	—	—	—	—	9.56	2.64	0.65
Composite dispersion (%)	0.60	0.03	0.01	0.49	—	—	—	—	—	—
Composite assets ($mm)	62.9	107.6	104.2	52.1	—	—	—	22.0	371.0	393.0
Number of accounts in composite	3	3	3	2	—	—	—	1	1	1
Total Strategy Assets ($mm)[2]	63	108	104	52	—	—	—	22	371	393
Total firm assets ($mm)	1,857	2,213	2,599	2,186	1,931	1,671	1,750	854	1,417	1,509

Past performance does not guarantee future results.

[1] Benchmark from 01/01/2012 forward is S&P/LSTA BB Loan Index. Prior to January 1, 2012 the benchmark was the S&P BB Leverage Loan Index. Prior to January 1, 2005, the benchmark was the BAS High Yield Loan Index.

[2] Strategy Assets are shown as supplemental information. Strategy assets include composite and non-composite accounts that have the same investment mandate. Non-composite accounts are excluded from the composite due to size, specific client guidelines, or other strategy limitations.

"—" is shown on composite dispersion – information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. "—" is shown on the 3 Yr Std Deviation for the composite and index because 36 monthly returns are not available on the composite.

Monegy® claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Monegy® has been independently verified for the periods October 1, 1999 through December 31, 2015. A copy of the verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The firm maintains a complete list and description of composites, which is available upon request. An account will not be removed from a composite due to a significant cash flow. In the event of a regular occurrence of cash flows that will prevent the account from being managed in a fashion consistent with the other accounts in the composite, this would deem the account non-discretionary, and therefore the account would be removed from the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Settlement date valuation was used to calculate performance prior to January 1, 2004. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net-of-fee results are calculated by taking the highest fee a separately managed account would be charged based on the current fee schedule, and deducting one-twelfth of this annual fee from each monthly gross return. From January 1, 2000 through December 31, 2008 the management fee was 50 bps. Gross of fee performance returns are presented before management fees, custodial fees and withholding taxes, but net of all trading expenses. The annual composite dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Actual investment advisory fees incurred by clients may vary. Prior to 2009 Carve-outs are included in this composite and performance reflects total segment returns. The percentage of carve-outs is 100% for all years prior to 2009. The accounts from which carve-outs are taken do not hold a cash balance. Purchases are funded by the client upon purchase and proceeds from sold assets are returned to the client upon the close of the sale.

Keep in mind that as interest rates rise, prices for bonds with fixed interest rates may fall. This may have an adverse effect on a Strategy's portfolio.

Net of fee performance was calculated using the highest management fee of 0.65% as described in the firm's fee schedule shown below.

First $50 Million	0.65%
Next $50 Million	0.60%
Thereafter	0.55%

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The **Monegy High Yield Loan Composite** contains fully discretionary portfolios of leveraged loans, focusing primarily on non-investment grade rated companies in the U.S. market with an objective of maximizing the total return, both interest income and gains for a given risk appetite. Currency Forwards or Swaps may be used for hedging purposes. For comparison purposes, the composite will be benchmarked to the S&P/LSTA BB/B Loan Index. Prior to May 1, 2014 the composite was benchmarked to the S&P LSTA BB Loan Index. Prior to January 1, 2012 the composite was measured against the S&P BB Leverage Loan Index. Prior to January 1, 2005, the benchmark was the BAS High Yield Loan Index. The indices were changed to be more representative of the composite strategy. The minimum account size for this composite is $5 million. The Composite was created January 1, 2000 and had performance until December 31, 2008 when the composite was closed due to no more client accounts investing in the strategy. The composite was re-opened January 1, 2012. Prior to January 1, 2012 the composite had been called the High Yield Loan Segregated Composite.

S&P/LSTA BB Loan Index is an index of floating rate term loans rated BB by S&P. BAS High Yield Loan Index
is an index of floating rate term loans. Investments cannot be made in an index.

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ADDITIONAL DISCLOSURES

Downside Protection *- We believe that high yield bonds provide downside protection as, relative to riskier asset classes such as equities, they may limit the potential loss that results from a default or decline in security market value. Past performance is not indicative of future results.*
Indexes have no identifiable objectives, are not managed funds and cannot be purchased. They do not provide an indicator of how individual investments performed in the past or how they will perform in the future. Performance of indexes does not reflect the deduction of any fees and charges, and past performance of indexes does not guarantee future performance of any investment.

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Subject to change.

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[i] BAML U.S. High Yield Bond Index (H0A0)
[ii] BAML BB-B US High Yield Constrained Index (HUC4)
[iii] S&P/LSTA All Loan Index