

Brandywine Protected 500 Fund

A Smarter Way to Buy and Hold

INTRODUCTION

Brandywine Protected 500 Fund is designed to earn returns from equity investing but protect investors against sizable or prolonged losses. The Fund is a replacement for equity ETFs such as SPY and VOO.

HOW IT WORKS

The Fund combines 100% exposure to the S&P 500 with Brandywine's "Performance Protection." Brandywine's Performance Protection incorporates options protection within a Return Driver based portfolio that is designed to produce non-correlated returns. The result is downside protection – and because recoveries start at a much higher level – potentially enhanced returns.

The results are striking. The charts to the right show how risk is reduced and returns are increased in a composite of actual and tested performance dating back to 1991. The upside/downside capture ratio makes it clear. By capturing most of the upside but less than half of the downside, overall returns are increased *because* risk is dramatically reduced. It's not magic. Just math.

Brandywine Protected 500 vs. S&P 500 TR		
	Brandywine Protected 500	S&P 500 TR Index
Years	29 1/2	29 1/2
Annualized Return	15.3%	10.3%
Maximum Drawdown	-17.5%	-50.9%
Sharpe Ratio	1.11	0.64

January 1991 - June 9, 2020

Upside/Downside Capture Ratios	
Positive Capture:	86%
Negative Capture	48%
Total Capture:	181%

CURRENT PERFORMANCE

After developing the Brandywine Protected 500 program for a family office client in 2019, Brandywine launched a Fund for other investors in June 2020. As is shown in the table to the right, initial performance is right in line with expectations based on past performance.

ABOUT BRANDYWINE

Brandywine Asset Management was founded in 1982 and has a long history of investment research and innovation. Over the past four decades, Brandywine has managed money for some of the world's largest banks, hedge funds and wealthy investors. Brandywine's principals have a broad range of experience trading in futures, options, equities, swaps and structured products. Brandywine's founder wrote a best-selling investment book that introduced the Return Driver based investing concept that provides the "Performance" in Brandywine's proprietary Performance Protection.

	Brandywine Protected 500	S&P 500 Total Return Index
2020		
June	0.01%	-3.24%
July	7.27%	5.64%
August	6.09%	7.19%
September		
October		
November		
December		
YTD	13.81%	9.57%

Began June 10, 2020

Articles and Interviews about Brandywine:

https://drive.google.com/file/d/1488LQqEYINXauwzpR77zkYvMPCjh_MxM/view?usp=sharing

Brief 3-minute video describing the Fund: www.BrandywineProtected500.com.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.
THERE IS THE RISK OF LOSS AS WELL AS THE OPPORTUNITY FOR GAIN WHEN INVESTING WITH BRANDYWINE.**

Footnotes and Disclaimers

- (1) The performance for Brandywine Protected 500 is net of all fees and expenses.
- (2) The performance of the S&P 500 represents the total return earned on that index assuming the reinvestment of dividends and other disbursements. The actual performance period begins June 10, 2020.
- (3) The performance of Brandywine Protected 500 shown starting June 10, 2020 is the actual performance of the Brandywine Protected 500 Fund.
- (4) The historical performance of Brandywine Protected 500 displayed for the period prior to June 10, 2020 is a composite of 100% exposure to the S&P 500 combined with the tested performance of Brandywine's proprietary "Performance Protection." Brandywine's Performance Protection is structured to truncate downside risk and potentially enhance returns. The tested past performance of Brandywine's Performance Protection assumes an annual purchase of a one-year put option covering 100% of the account value, integrated with an investment in Brandywine's True Alpha program. In calculating the past performance of Brandywine's Performance Protection, performance of the Brandywine True Alpha program was reduced by 67% during the period 1991 - 1998 and 20% for the period 1999 - May 2020.

The performance of Brandywine's True Alpha program starting June 2020 is the actual performance of the Brandywine True Alpha Fund. The historical performance incorporated for the period prior to June 2020 is based on 15+ years of actual trading by Brandywine and 14 1/2 years of tested performance. The actual trading includes the performance of the Brandywine Benchmark Program from 1991 through 1998 and a composite of Brandywine's actual trading in all client accounts from July 2011 through June 2018. For the purposes of creating the Brandywine True Alpha program performance record, the Brandywine Benchmark program returns in the 1990s were normalized to a 12% annualized volatility (down from 23.5%) in order to match the less aggressive performance profile of Brandywine True Alpha today. The period 1999 through June 2011 (a period when Brandywine was involved in developing technology businesses and not consistently trading) and the period July 2018 through May 2020, (while Brandywine provided investment consulting services to family offices) is simulated.

Fees are the greater of a 1% (annualized) management fee or 1/3 of excess profits. Excess profits are profits earned in excess of the profits that would have been earned by investing in the S&P 500 total return index. If Brandywine underperforms the index that loss is accrued and all cumulative underperformance and fees must be recovered before Brandywine receives any future Excess Profits Allocation.

Because the performance of Brandywine Protected 500 prior to June 10, 2020 includes proforma adjustments to Brandywine's 15+ years of actual performance together with simulated returns for the remaining periods, the performance for the period *prior to June 10, 2020* is considered hypothetical and the following disclaimer is required:

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

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