Why Tactical? Why Now?

The primary purpose of the Broadmark Tactical Growth strategy is to provide investment returns in line with the long-term return on equities with managed downside risk.

In the last five years, U.S. equities have risen with very little downside volatility. Does a risk-managed tactical strategy still make sense in this stock market environment?

Where are we now in the stock market cycle?

We believe that the Broadmark Tactical Growth strategy is even more important today. The four pillars of our investment process show that:

1. Valuations are high by any standard.

2. Monetary policy is changing. The Federal Reserve's (Fed) goal is to begin a "normalization" of interest rates by raising the federal funds rate by year-end 2015.

3. Investor sentiment is beginning to show signs of increased optimism. Margin debt, a measure of speculative demand for stocks, is now at the highest level since the 2000 and 2007 stock market peaks.

4. Our measures of market momentum are waning. Since the beginning of the year, as the market has made new highs, upside volume has declined and downside volume has increased. Despite the major averages being at or near all-time highs, less than 50% of all stocks are either hitting new highs or above their 200-day moving averages.

With the first interest rate increase in almost a decade on the horizon, we believe the stock market may be vulnerable to a significant correction at any time, which could be comparable to or exceed the market corrections of the last five years.

Has this stock market cycle been different?

The Fed's unprecedented quantitative easing policy of the last five years has had the effect of placing a floor below stock prices. In recent years, the stock market has been dominated by unusually accommodative monetary policy. This has resulted in a period of low downside volatility.

Nonetheless, we have seen these types of extended stock market advances many times before in stock market history. All of these full stock market cycles have included market corrections and, in some cases, bear markets. The downside protection offered by a tactical strategy is an essential component of a strategic portfolio asset allocation, in our opinion.

How has Broadmark done in this recent market environment?

Broadmark's long term goal is to provide investors with equity returns with limited downside risk. This goal must be measured over a full stock market and economic cycle since a central feature of the strategy is to protect assets during severe market corrections and bear markets.

We believe that Broadmark has achieved its goal since inception of the strategy.

ANNUALIZED RETURNS AND STANDARD DEVIATION
NOVEMBER 2001 THROUGH JUNE 2015

	Return	Standard Deviation
Broadmark Tactical Growth*	9.50%	8.25
S&P 500	7.12%	14.61

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

The key element of Broadmark's long term track record is the ability to preserve capital during down markets. *It is important to note that of the 13 full calendar years of performance, the strategy has only beaten the S&P 500 in five of those years. Broadmark's is truly a "winning by not losing" strategy.*

Stock market environments that offer little opportunity for downside protection, such as the last five-year period, present a more challenging environment for the Broadmark Tactical Growth strategy.

During market uptrends, Broadmark's goal is to capture a good part of the upside market moves. Prior to the financial crisis of 2008, the strategy was able to achieve this goal. The strategy captured an average of over 90% of the S&P 500's annual gains during this time.

As noted above, we believe that the Fed's quantitative easing program, which began in 2008 and continued until late 2014, placed an artificial floor below stock prices and thus dampened normal market corrections. As a result, Broadmark's upside capture ratio suffered. In the 2009-2014 period, Broadmark's upside capture ratio has been 35%.

Nonetheless, in the three years ended 2014, the Broadmark Tactical Growth strategy has achieved an annualized return of 7.43%. Thus, while the upside capture ratio was lower than we would have liked, the absolute returns are about in line with the long-term return of the U.S. equity markets.

Many of our clients have said that a desirable goal of a risk-managed strategy would be an 8-10% return with limited downside risk. With quantitative easing out of the way, we expect a positive environment for the Broadmark tactical strategy in coming years.

Are tactical strategies still relevant?

Some investors have asked if we should adjust our models for the current environment. Our investment team continually tests and retests our models to ensure that they are still relevant. The challenge with tweaking the models is that our proven, time-tested process has historically worked well and is designed to perform well over an entire stock market cycle.

As the markets complete a full stock market cycle in coming years, we believe that the Broadmark Tactical Growth approach is particularly appropriate for these reasons:

1. Market corrections may become more frequent in coming years—in line with historical precedent. These corrections may no longer be artificially curtailed due to Fed intervention.

2. Short selling may again become a valuable alpha-generating tool. The old saying "don't fight the Fed" has rendered the use of short sales largely ineffective in the last five years. This will change with the new Fed policy, syncing the Broadmark Tactical Growth strategy with the Fed.

3. We may see a bumpy ride back to the normalization of rates, with less liquidity in the fixed-income markets due to Dodd-Frank regulations and diminished dealer inventories. This could in turn cause increased volatility for the capital markets in general and the U.S. stock market in particular.

*See important disclaimers on page 4

Why now?

All market declines begin the same way: with a modest decline in stock prices. No one knows whether that shallow decline will be a small correction or the beginning of a major downside move.

An investor who has enjoyed good gains over the last five years may wonder if it even makes sense to adopt a tactical strategy since he or she may be sitting on good gains. But remember that a 50% decline in the stock market converts a 200% market gain into a 50% market gain. While it may seem odd, this is how compounding works; Bear markets are scary for a reason.

The task of the Broadmark Tactical Growth strategy is to enhance downside protection by adding value through the use of all its investment tools, aiming at positive performance during those difficult times. We believe that using the Broadmark Tactical Growth strategy to diversify and de-risk portfolios is appropriate in the current market environment.

Broadmark Tactical Growth Strategy
Net Performance

Performance and exposure presented for the period November 1, 2001 through August 31, 2004 is hypothetical and derived from actual performance and exposure (limited to 50% net exposure) achieved in the Broadmark Long/Short Low Exposure, L.P. ("BLS Low Exp"), a private fund not registered under the Investment Company Act of 1940 ("Company Act"). The actual monthly returns and exposure of BLS Low Exp have been adjusted as follows in order to calculate the hypothetical monthly returns and exposure:

(2X BLS Low Exp monthly return) - (1.5X BLS Low Exp monthly interest) = Hypothetical Return
2X BLS Low Exp positions = Hypothetical Exposure

Hypothetical performance results have many inherent limitations, some of which are described as follows:
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, while there were financial risks taken with the actual trading of BLS Low Exp, the hypothetical trading reflected here represents hypothetical financial risk of twice that taken in BLS Low Exp, 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.

Performance and exposure (limited to 100% net exposure) presented from September 1, 2004 through September 30, 2009 represent actual trading conducted in the Broadmark Long/Short Full Exposure, L.P., a private fund not registered under the Company Act. Instruments and exposure levels used for the Broadmark Long/Short Full Exposure L.P fell within the limitations set by the Company Act. This Fund's employment of the Strategy ended September 30, 2009.

Performance and exposure presented for the period October 1, 2009 to present represent actual trading conducted by Broadmark as sub-advisor to an open-end registered investment company. The open-end investment company sub-advised by Broadmark employs the same Strategy as that of the Broadmark Long/Short Full Exposure L.P. Performance is calculated through internal tracking of the open-end registered investment company's trading and other activities as reflected by the fund's administrator and is not audited.

All returns reflect the reinvestment of dividends and other earnings and the deduction of a 1% management fee and a 10% performance fee.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ALL INVESTMENTS INVOLVE RISK AND POTENTIAL LOSS OF PRINCIPAL.

It should not be assumed that future investors will experience returns that are comparable to those of the Strategy discussed herein. The information given for the Strategy from November 2001 through August 2004 is hypothetical. Performance beginning September 2004 is historical, and should not be taken as any indication of future results. This document is not an invitation to purchase or an offer to sell interests in this Strategy. This document is incomplete and does not include all of the information material to make a decision to invest, including, but not limited to the risk of such an investment, compensation of the investment manager and conflicts of interest of the management of the Strategy.

The S&P 500® Index is an unmanaged index and is widely regarded as the standard for measuring large-cap U.S. stock-market performance. Index results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index.

Futures trading is not suitable for all investors, and involves the risk of loss.

For U.S. investors only. The investment vehicles referenced are not available to E.U. investors or other non-U.S. investors.