

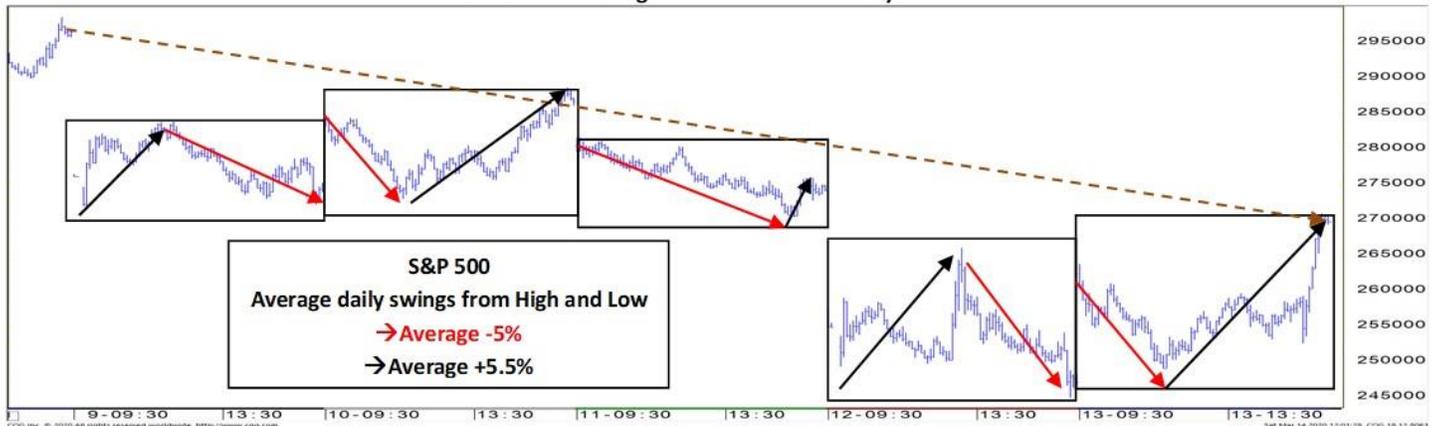


## 3D Defender Program (Short-bias S&P 500)

S&P 500

March 9, 2020 - March 13, 2020:

The week the longest bull market in history ended



### HISTORY, HISTORY, HISTORY

Everywhere you turned this week there was another headline about stock market volatility and its historic descent into a bear market.

Did you know that this is the fastest bear market in the history of the stock market?

Did you also know that every day this week the market finished up or down 4% which hasn't happened since 1929?

So understandably everywhere you turn you read or hear about the pain and damage that has been done. After all the market just dropped over -26% from an all-time high in only 16 days. I repeat that's -26% in just 16 days. That has never happened in the history of the stock market! That is a lot of money lost and a lot of lives that have been affected. Yes, we are talking about the stress of losing money, but we are also talking about people's lives, families and the ripple effect that it has on every aspect of your life. That's on top of the fear, uncertainty and unknown of Covid-19.

What's so interesting AND frustrating to me is that during this historic descent you hear the media and investment professionals responsible for billions of dollars and protecting your hard earned money saying there is nothing you can do about it or it came out of nowhere. THAT IS NOT TRUE on both fronts. There were plenty of warning signs AND there is something you can do about it. Below are some of the warning signs I've been sharing in our weekly updates, and that preceded the historic -26% plunge in 16 days. Our 3D Defender is +2.84% (25% funded and gross of fees) in those same 16 days.

- Crude Oil dropped -23%, Copper dropped -13% and EURJPY dropped -3.5%
- The Warren Buffet Indicator was at an extreme (higher than 2002 and 2008)
- The Smart Money Dumb Money Sentiment Indicator was at an extreme
- The Fear & Greed Index was at an extreme
- The Put Call Ratio was at an extreme

The daily charts this week will surely not do the market's volatility justice. The blue bars in the chart above represent the S&P 500 in 5-minute intervals. I have added arrows to help convey the magnitude and velocity of the swings albeit up or down. The average move off the daily lows this week was a whopping +5.5%. The exception was Thursday, March 12, 2020 when the market made a new low in the last 20 minutes and finished the historic day down -10% and in a bear market. The market was limit down twice this week and was swinging more violently than in its history. What does limit down mean? That means the exchange closes. It's meant to stop the bleeding and limit losses. Twice this week the market was limit down. The overnight (after hours trading) limit is -5% and the regular trading hours limit is -7%. After -7% it's -13% and -20%. Yes, that means that the market can fall as much as -20% in one day.

The S&P 500 finished the week down -9% (see dashed line in chart), of which -6% of those losses were overnight. The S&P 500 is now down approximately -16% on the year. Our 3D Defender program finished the historic volatile week down -0.64% and is up +3.32% on the year (25% funded and gross of fees). Volatility is typically good for our programs but more specifically directional volatility. A market that gaps limit down and endures multiple intraday swings in excess of 3% in a matter of minutes is an unfavorable environment.

Also worth noting about this historic bear market is that most of this year's losses have happened overnight or in after-hours trading. Year to date the market is down about -16% and roughly -14% of that has happened overnight. This is a complete reversal of the market's historical "norm". I think Barron's Ben Levisohn put it best when he said "this isn't 2008 when deep problems were rooted in the financial crisis. Covid-19 is a health crisis, an economic crisis and a financial crisis rolled into one", and the historic bear market, violent swings and record setting volatility reflects that.

As a reminder our 3D Defender program does not carry positions overnight and its investment objective is to consistently profit and outperform the S&P 500 when the S&P 500 is down on the month. **It is with great pride we can say our 3D Defender program has defended our client's equity market risk and has profitably shorted the longest bull market in history AND the fastest bear market in history.** That is despite the violence,

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**THERE IS NO ASSURANCE OUR PROGRAMS WILL ACHIEVE THEIR OBJECTIVES OR AVOID LOSSES.**

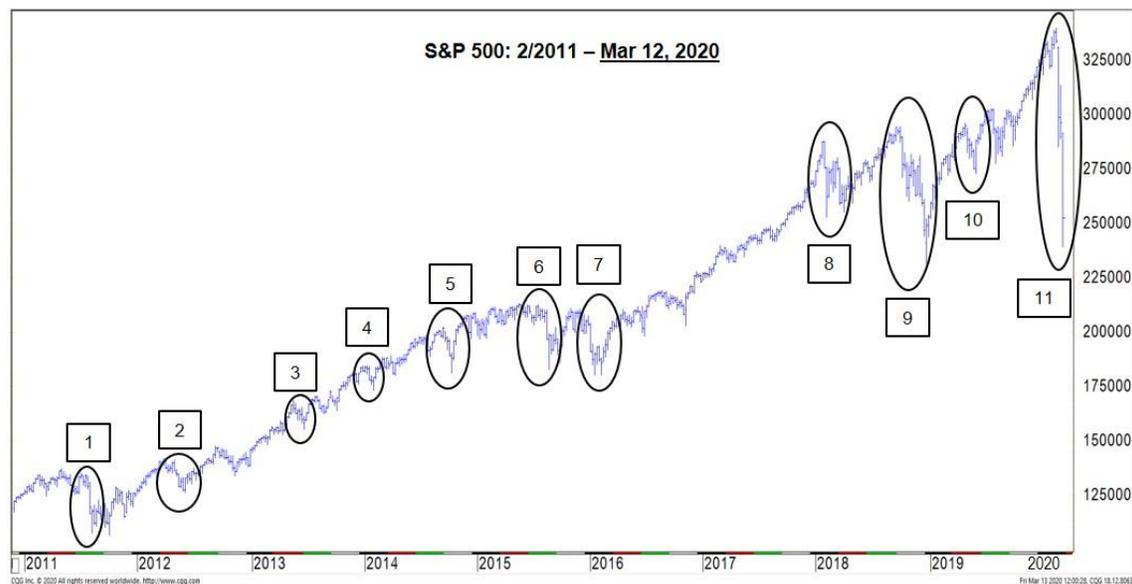


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velocity and timing of the market's freefall. We have accomplished this using the E-mini SP 500 futures contract. **We don't believe tolerating a loss is a solution to stock market declines. 3D Defender is our solution.**

The following chart and table show how 3D Defender has performed during some of the most difficult periods in the stock market since the beginning of 3D Defender's live track record in February 2011 including the recent bear market.

**3D DEFENDER SEEKS TO CONSISTENTLY PROFIT AND OUTPERFORM  
S&P 500 WHEN S&P 500 IS DOWN ON MONTH,  
and protect you when you need it, not when you don't**



**Table shows 3D Defender performance vs. S&P 500**

	1	2	3	4	5	6	7	8	9	10	11
3D Defender	108.32%	30.52%	-10.68%	7.88%	10.72%	22.40%	15.44%	8.12%	17.56%	-6.00%	2.32%
S&P 500	-17.03%	-6.97%	-3.13%	-3.56%	-3.51%	-8.89%	-7.12%	-6.48%	-13.97%	-6.58%	-23.21%
3D Difference	125.35%	37.49%	-7.55%	11.44%	14.23%	31.29%	22.56%	14.60%	31.53%	0.58%	25.53%

**9-year statistics say 'better with 3D than without'**

2/2011 – 2/2020	20% 3D Defender + 80% S&P 500	S&P 500
Total Return	168.25%	129.65%
Annualized ROR	11.48%	9.59%
Max Drawdown (Max DD)	-7.92%	-17.03%
Annualized Standard Deviation	9.50%	11.94%
Sharpe Ratio (0%) Annualized	1.20	0.83
Correlation to S&P 500	0.73	1.00

**3D Defender in charts is 25% funded, net of fees, and does not include interest income.**

This week I posted a video on [LinkedIn](#) (link) about what happened on the historic day (3/12/20) when the S&P 500 entered bear market territory.

Please feel free to reach out with any questions. We understand the epic responsibility of protecting you.

The stock market is going to go up and down forever. We can help you prepare for both outcomes.

Thank you for your participation and interest in 3D Defender. I hope you enjoy your weekend.

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