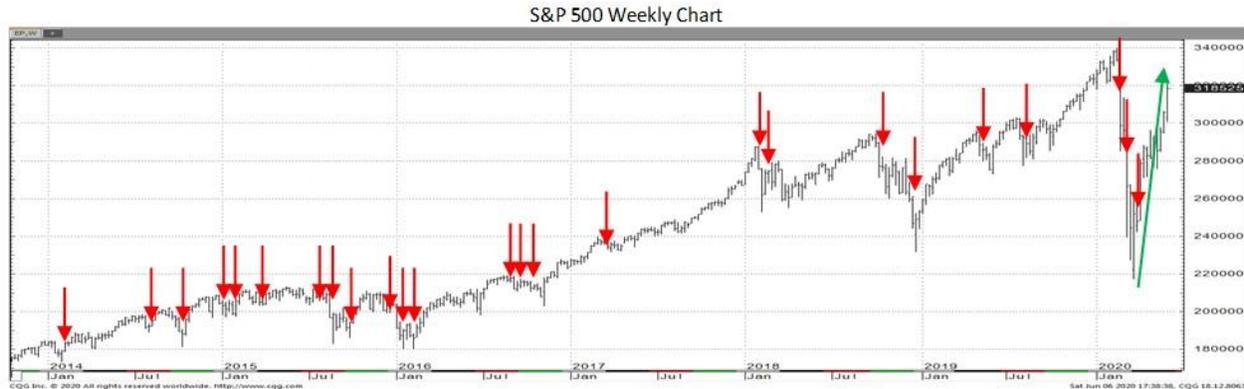


3D Defender Program (Intraday short-bias S&P 500)

3dcapitalmanagement.com



What an amazing and historic run for the S&P 500. Did you know the S&P 500 is within 6% of an all time high! This week capped off the largest 50-day rally in the history of the S&P 500. In fact, the S&P 500 has rallied **+48% in the last 52 days (green arrow)**. This also aligns with a -72% descent in the VIX.

As a buy and hold stock market investor to see your portfolio increase that much is such a feel good, especially after watching the market plummet -36% in 22 days. I will say it time and time again, "Historic rallies and guaranteed gains are not the problem. It is the guaranteed losses when the stock market declines that are the problem that needs a solution."

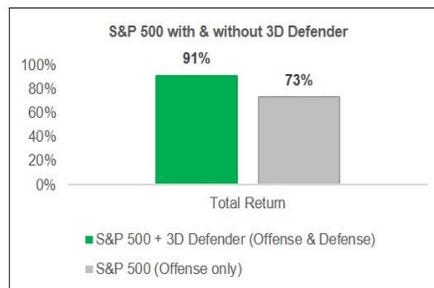
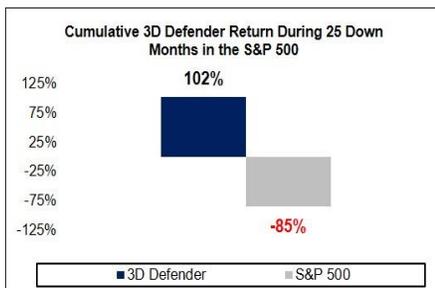
When I lost -50% of my net worth during the Dot-com crash back in 2000 that was not all I lost. Everything else suffered. My relationship with my wife ended, I lost the relationship with my stepchild and every aspect of my life was affected. I vowed to never let it happen again to me or anyone else I can help. I built a system designed to consistently profit and outperform the S&P 500 when it is down on the month.

The S&P 500 goes up about 70% of the time and down about 30% of the time. The **red arrows** in the chart above are consistent with that, and **represent the problem, i.e. down months in the S&P 500**. The single best way to protect your portfolio from stock market declines is to short the stock market. The acronym KIS (Keep It Simple) is applicable here. Short the market when you need to not when you don't.

What does it look like to turn S&P 500 negative months into positive months and beat the S&P 500 during the down months? Below is the cumulative performance of the S&P 500 and 3D Defender during the 25 down months (red arrows in above chart) dating back to November 2013 when 3D Defender was enhanced. Also included is the total 6 plus year return in the S&P 500 with and without 3D Defender.

As you can see, and it makes sense, you are better with stock market Defense than without. Imagine the feel good of beating the S&P 500 over 90% of the time it is down on the month. Problems deserve solutions and our **3D Defender Program is our proven solution to S&P 500 declines**.

11/2013 – 5/2020



	20% 3D Defender + 80% S&P 500	S&P 500
Total Return	91.1%	73.3%
Annualized ROR	10.3%	8.7%
Max Drawdown (Max DD)	-16.1%	-20.0%
Annualized Standard Deviation	10.7%	13.5%
Sharpe Ratio (0%) Annualized	0.97	0.69
Correlation to S&P 500	0.94	1.00

3D Defender performance is for a 25% funded account, net of fees, and does not include interest income.

Despite the market's +48% rally in the last 52 days and being within 6% of an all time high, our short bias 3D Defender S&P program continues to beat the S&P 500 in 2020. How is that possible? Because 3D Capital manages risk one day at a time and seeks to protect you when you need it not when you don't. Below are the daily charts from this week and clearly show the market's trend is still up.

**PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.  
THERE IS NO ASSURANCE OUR PROGRAMS WILL ACHIEVE THEIR OBJECTIVES OR AVOID LOSSES.**

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S&P 500: Daily Chart (10 minute intervals)  
June 1 – June 5, 2020



3D Defender was short two days this week and covered the positions when the market retraced too far off its low. I have entered blue arrows on those two days. As you can see in both instances the S&P 500 rallied and closed higher than where the short positions were covered. As you can also see in the charts, the daily trading ranges continue to get smaller which aligns with a -10% decline in the VIX this week.

The S&P 500 was up 4.77% this week and our 3D Defender program was -0.56% (25% funded and gross of fees). I shared some more about the recent historic S&P 500 rally and how 3D Defender manages risk in this LinkedIn video I posted: [Video](#).

Last week we mentioned the S&P 500's new weekly high and recent Crude oil rally was pointing to continued strength for the S&P 500. There were also some global equity markets that were underperforming which were indicating the S&P 500 was vulnerable. In either case the market's price action would need to confirm and clearly it was to the upside. As of now the S&P 500 trend is clearly higher. You will often here me say "As of now". This is because 3D Defender is built to adapt to the daily narrative of the market and manage risk every day because everyday matters.

Thank you for your interest and participation in 3D Defender.

Best wishes and health to you and your families.

Have a nice weekend.