

3D Defender Program (Daily Dynamic Defensive S&P 500)

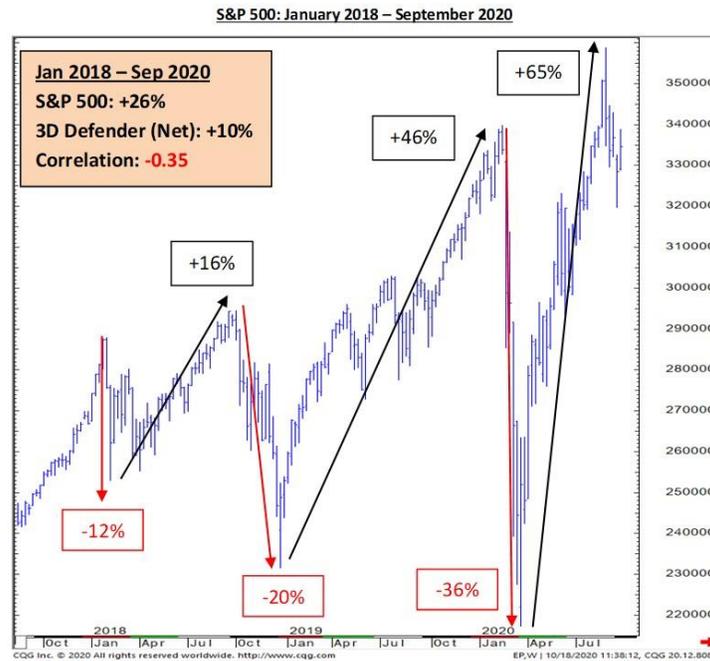
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October 16, 2020

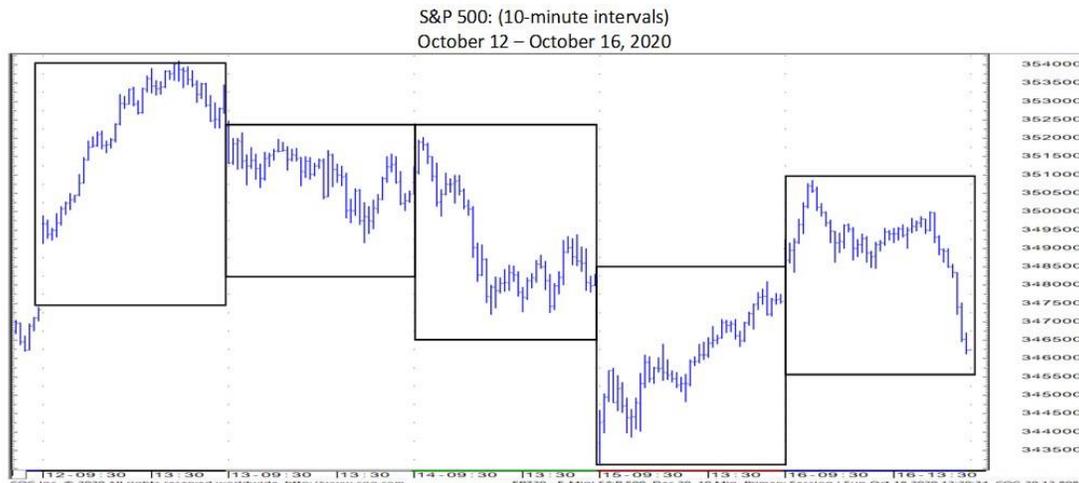
In March of this year prior to the COVID-19 Pandemic and lockdown I was grateful to appear on Bloomberg TV and provide insight into how 3D Capital views the world, manages equity market risk, and protects our clients [Video Link](#). The chart below will also provide insight into why it's important to manage equity market risk one day at a time. Days make up weeks, months, quarters and years.

The S&P 500 closed this week within 1% of its all-time weekly closing high. Before we get to the week I'd like to remind you that since the market's first down year in 10 years, the S&P 500 has entered a new volatility regime.

It has been a remarkable, volatile, and historic run for the market since entering this new volatility regime in 2018. We all know the stock market offers two guarantees: Gains when the market goes up and Losses when the market goes down. The chart below makes it clear which is the risk that needs to be managed. Included is the comparative performance of the S&P 500 and 3D Defender.



Now let's look at what happened this week. As you can see from the weekly S&P 500 chart below the Bulls and Bears are seemingly in a tug of war. The S&P 500 finished the week +0.19%. 3D Defender finished the week -0.08%.

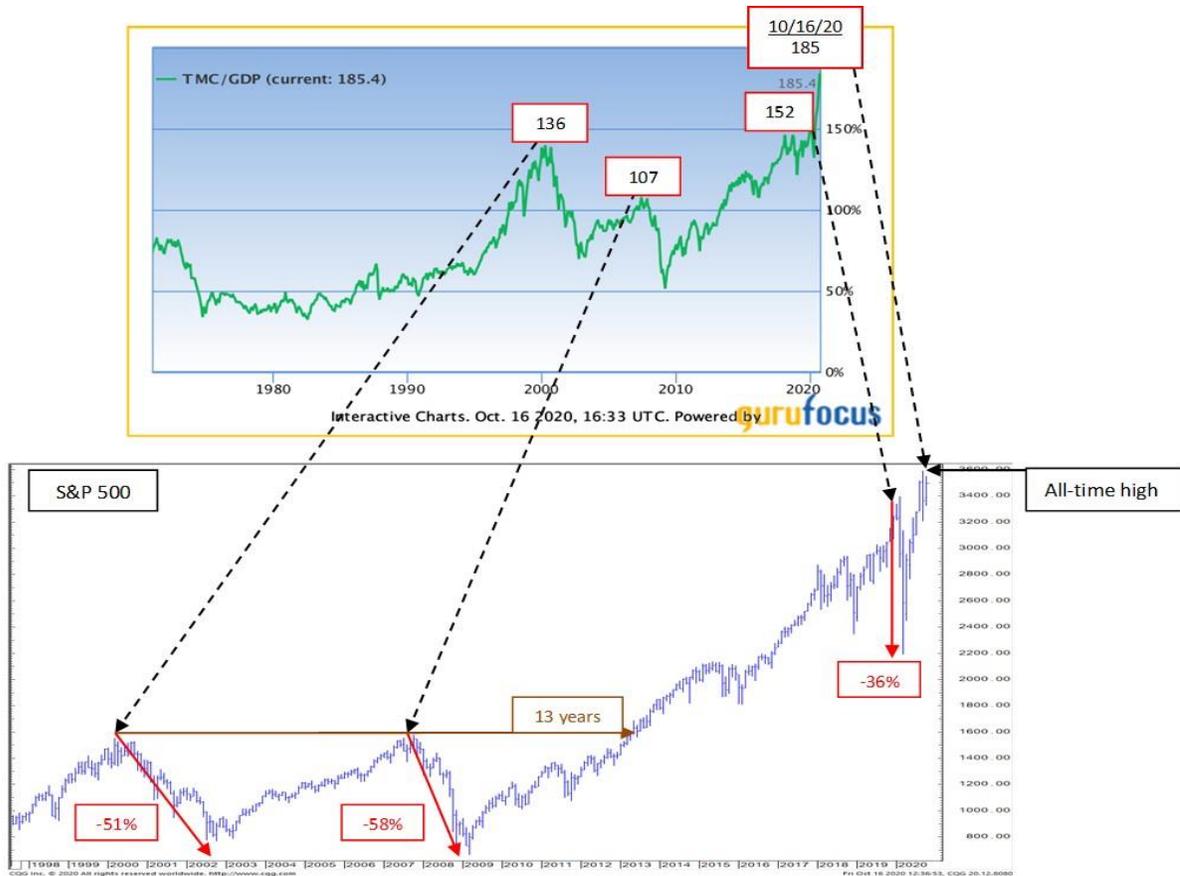


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I believe that relationships are a responsibility and not a privilege and that it is my responsibility to protect and educate our clients and investors. In that vein I must share with you that with the stock market at an all-time high, the market is more overvalued now than in its history. I have been managing risk for three decades and though every day is the right day to be prepared and protected, the combination of information below and what is happening in global markets is flashing the stock market is vulnerable to the downside (need confirmation).

We have the US Presidential election around the corner, the S&P 500 is within 1% of its all-time weekly closing high and the Warren Buffet Indicator is saying the stock market is more overvalued now than in history. As you can see below the Warren Buffet Indicator has accurately predicted the 3 largest declines in the S&P 500 in the last 20 years (-51%, -58%, and -36%).



The following was also published on Friday October 16, 2020:

- **As of 2020-10-16 11:05:03 AM CDT** (updates daily): The **Stock Market is Significantly Overvalued**. Based on historical ratio of total market cap over GDP (currently at 185.4%), **it is likely to return -3.4% a year** from this level of valuation, including dividends.

We of course all know that 2020 has been a historic and unprecedented year. The COVID-19 Pandemic (Black Swan Event) and fastest overnight bear market in history followed by a parabolic +65% rally has included the fastest 50- and 100- day stock market rallies in history. 3D Capital takes great pride in protecting our clients and in our live 10-year track record below.

These results have been accomplished during the longest and strongest bull market in history. Additionally, in the last 21 months the S&P 500 has seen two separate rallies of +46% and +65%. This has been a true test for our short equity 3D Defender S&P 500 program and how we manage risk. This environment also reminds us how important it is to stay long the stock market and protected because risk happens fast.



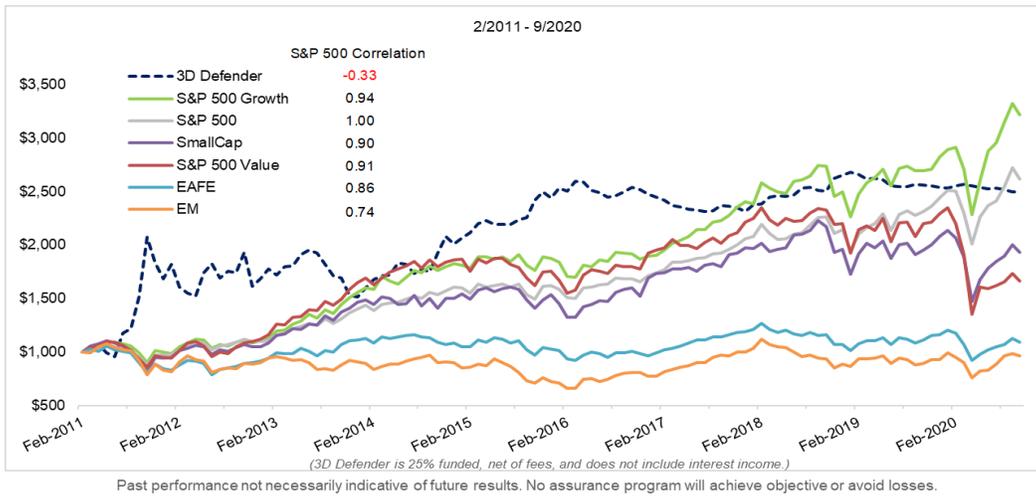
3D CAPITAL MANAGEMENT

DAILY DYNAMIC DEFENSE IN THE S&P 500

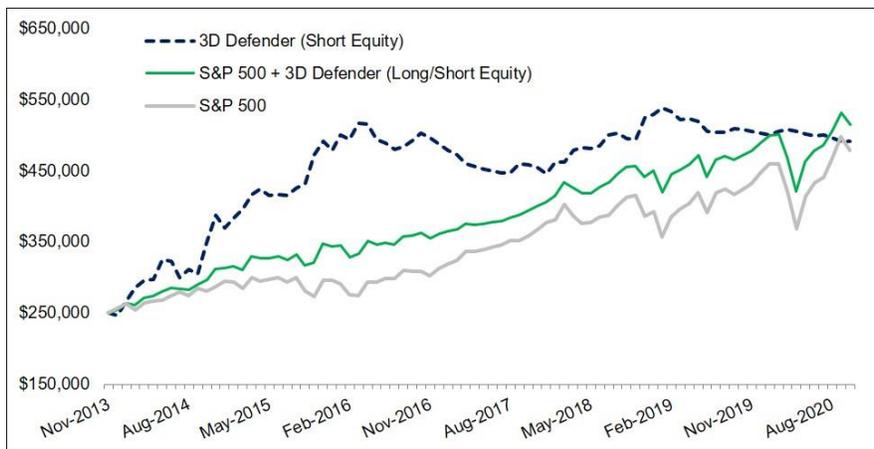


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Understandably some investors may be more comfortable with a Long/Short portfolio rather than a Short Equity program like 3D Defender. If you are interested, as shown in the following chart, we can also customize a Long/Short portfolio which combines 3D Defender with the S&P 500.



Since Enhancement 11/2013 – 9/2020	3D Defender (Short Equity)	S&P 500 + 3D Defender (Long/Short Equity)	S&P 500
Total Return	96.3%	105.9%	91.4%
Annualized ROR	10.2%	11.0%	9.8%
Max Drawdown (Max DD)	-13.8%	-16.1%	-20.0%
Annualized Standard Deviation	17.8%	10.8%	13.6%
Sharpe Ratio (0%) Annualized	0.78	1.03	0.76
Correlation to S&P 500	-0.20	0.95	1.00

Green line and column is a 20% 3D Defender and 80% S&P 500 EXAMPLE
 (3D Defender is 25% funded, net of fees, and does not include interest income.)

3D Capital exists to make the stock market a better long term investment. Our team has over 100 years of experience managing and researching and developing equity risk mitigating strategies and we want to help you.

If you are concerned about the equity market or just interested in learning more email or text us at:

Tom: 804-855-4481

Eric: 609-947-0405

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

Enjoy the rest of your weekend and best wishes and health to you and your families.

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