

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

3dcapitalmanagement.com

October 23, 2020

It only seems fitting given the upcoming US election to do some fact checking about the stock market.

The following are some bullet points about what we know to be true:

- The stock market goes up more often than it goes down
- The stock market goes up overnight and down during the day
- Missing the worst days matters more than missing the best days
- The market grinds higher and sells off sharply, i.e. risk happens fast
- The best way to profit from a falling stock market is to short it

Now let's take a look at what happened this week in the S&P 500. The S&P 500 started the week by opening about +0.7% higher on Monday and then trading about -1.8% lower (open to close). As you can see from the intraday weekly chart below, the market spent the rest of the week moving in two directions, which is another thing we know will be true about the stock market forever. You will often here me say you cannot profit from weakness without identifying strength and this week was a good example of that. The S&P 500 finished the week -0.5% (dashed line). 3D Defender finished the week +2.3% (25% funded and gross of fees).



In an effort to reduce the amount of information and incoming emails you are likely receiving, especially since the start of the Covid-19 Pandemic, our weekly updates will become monthly updates beginning in November 2020. When necessary we will send out special updates to keep you informed about any market information we believe is time sensitive. We also encourage you to reach out with any questions any time. We are here to help you manage your stock market risk so please contact us to begin a dialogue.

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. You can learn more about 3D Capital in this interview I did with award winning author [Michael Covel](#).

As you will hear in the interview, 3D Capital is DIFFERENT. 3D Defender only invests in one side (short side), of one market (S&P 500), one day at a time (no overnight risk). This is a logical approach if you are seeking a solution to stock market declines, and if you are seeking better risk adjusted returns.

3D Defender can be used in the following mandates: portable alpha, long/short equity, managed futures, and active defensive equity.

We take great pride in protecting our clients. The chart below shows our live nearly 10-year track record compared to the following benchmarks:

- **BTOP50 Index** seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. The largest investable trading advisor programs, as measured by assets under management, are selected for inclusion in the BTOP50.

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



3D CAPITAL MANAGEMENT

DAILY DYNAMIC DEFENSE IN THE S&P 500

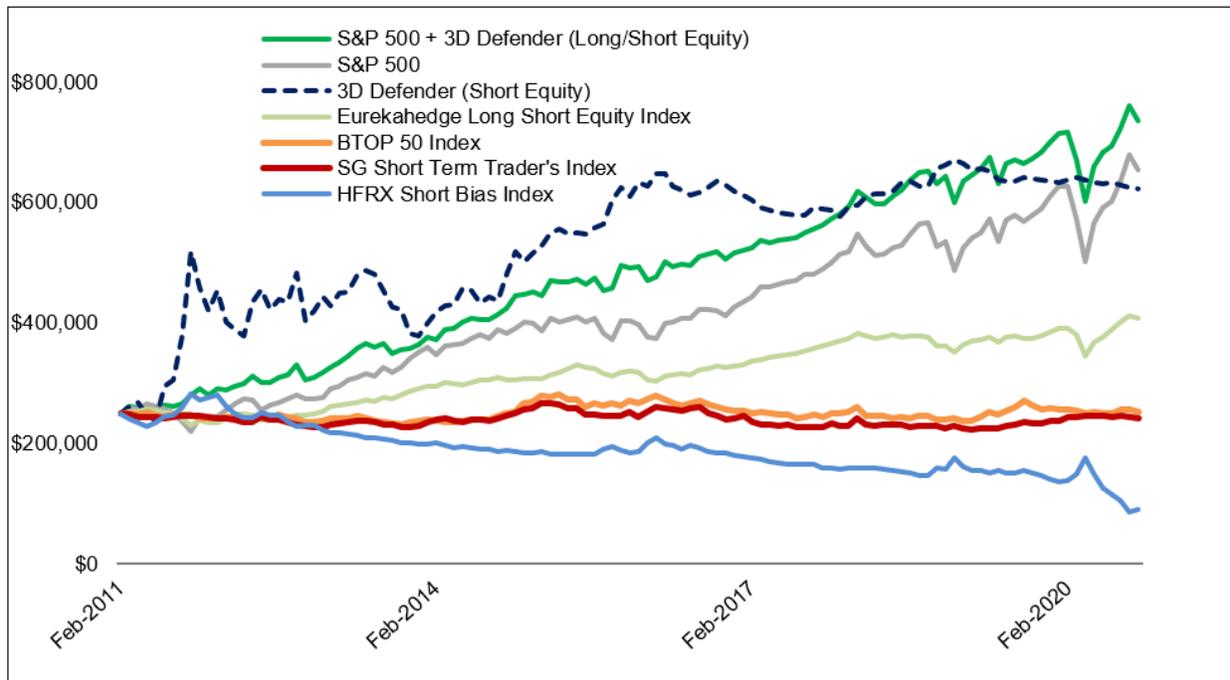


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- **SG Short Term Trader Index** is designed to track the daily performance of a portfolio of short term CTAs.
- **Eurekahedge Long Short Equity Index** is an equally weighted index of 906 constituent funds. The index is designed to provide a broad measure of the performance of underlying hedge fund managers.
- **HFRX Short Bias Index** the primary distinguishing characteristic is that the manager maintains consistent short exposure and expects to outperform traditional equity managers in declining equity markets.
- **S&P 500 Index** is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices.
- **3D Defender** is a **Daily, Dynamic, Defensive** S&P 500 program that invests in one side (short side), of one market (S&P 500), one day at a time (no overnight risk).

February 2011 – September 2020



*Dark green line 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.)*

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

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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.