



Eric Dugan: 609-947-0405
eric@3dcapitalmanagement.com

Tom O'Donnell: 804-855-4481
tom@3dcapitalmanagement.com

The Market the Way I See It

*A monthly report for investors and friends from Eric Dugan, CIO
 May 2021*

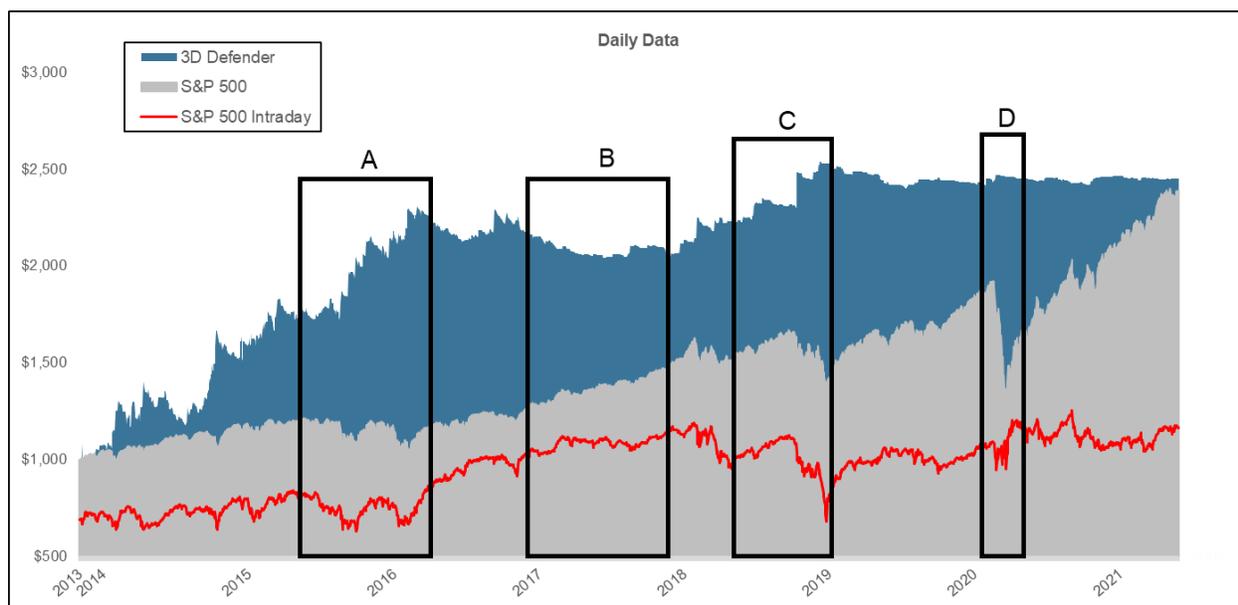
You will often hear me say, “You cannot profit from weakness in the S&P 500 without identifying strength.” 3D’s systems manage risk one day at a time by reading and adapting to the daily narrative of the market. Doing so enables us to protect our clients when they need it and not when they don’t.

The S&P 500 continued its historic run in May 2021 and closed once again at its highest monthly level in history. The S&P 500 price activity in May was choppy and disorderly with the market gapping lower, testing lower, and bouncing. The market made numerous attempts to move lower but as has seemingly been the case since the March 2020 bottom, investors continue to buy the dip.

3D Defender did its job and was there every day seeking to identify and profit from intraday weakness in the S&P 500. 3D’s risk management systems were able to navigate this choppy environment and escape with a small loss. 3D Defender’s net return in May was **-0.09%** for a fully funded account and **-0.36%** for a 25% funded account compared to the S&P 500 return of **+0.55%**.

Historically the S&P 500 goes up overnight and down during the day. The data makes it clear - **The best way to protect yourself from stock market declines is using one side (short) of one market (S&P 500) and managing risk one day at a time (no overnight risk)**. This is why 3D Defender is an intraday “short alpha” strategy.

The following chart provides a longer-term perspective and highlights how successful 3D Defender has been navigating favorable and unfavorable market environments. The red line shows the intraday price activity of the S&P 500.



3D Defender daily performance is net of brokerage and gross of 3D’s fees. The S&P 500 Intraday line is in log scale to provide a better visual. Past performance not necessarily indicative of future results. No assurance program will achieve objective or avoid losses.

Examples of favorable and unfavorable environments:

- A. **Favorable** – down moves in the S&P 500 occurred during the day (*consistent with the historical norm*).
- B. **Unfavorable** – S&P 500 is rallying. Defense is not necessary. 3D Defender seeks to step aside during rallies to preserve capital.
- C. **Favorable** – down moves in the S&P 500 occurred during the day.
- D. **Unfavorable** – S&P 500 is down overnight and up during the day (*pandemic; not the norm*). 3D Defender does not invest overnight.

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



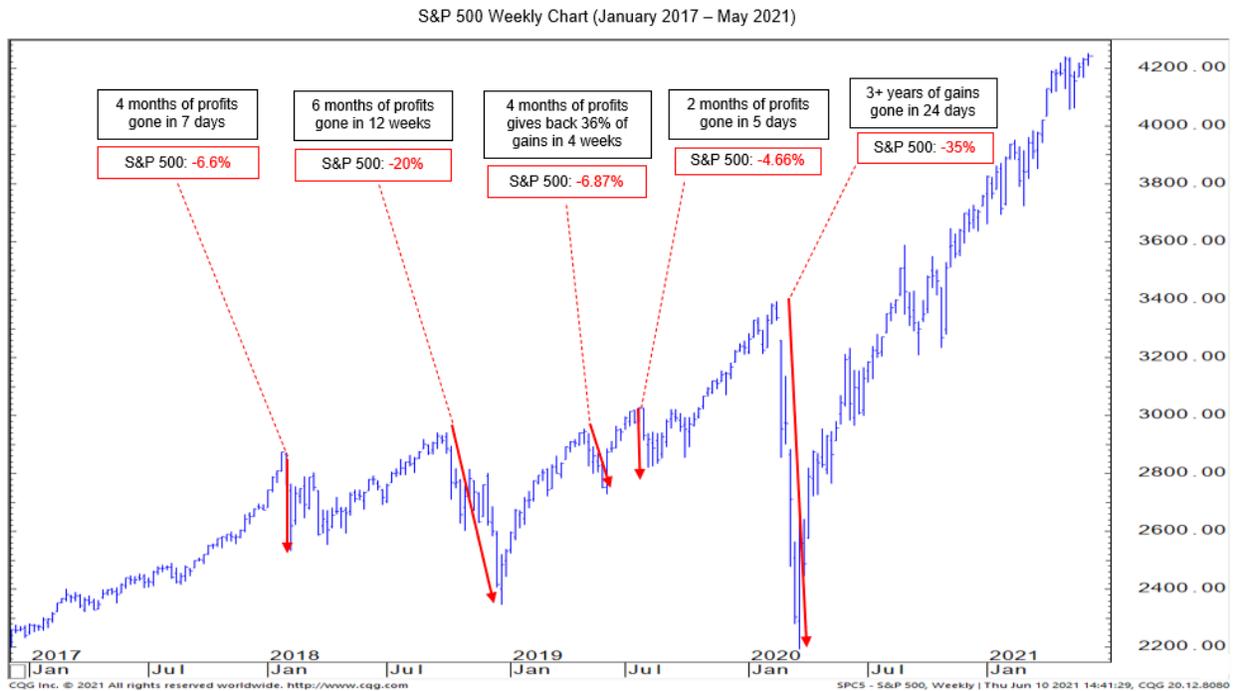
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Here are a few stock market RISKS the media is talking about: Inflation, Valuation Levels, Margin Debt, Tax Policy, and Investor Complacency just to name a few. 3D Capital is prepared because we manage stock market risk every day. We encourage investors to own the stock market *and* stay protected.

The stock market is at an all-time high and never in your life have you accumulated as much wealth in the stock market, but as you can see from the following table there are opportunities to profit from stock market declines during any given day. It is our job to identify these opportunities every day on your behalf.

(red arrows represent risk and opportunity)



What do you have in your portfolio that is specifically designated to help you preserve your gains *and* profit from stock market declines for the future?

This is what 3D Defender is built to do. It is our unique and tested solution to stock market declines and has proven its value during the most historic moves ever seen in the stock market.

- **3D Defender** is our S&P 500 “Short Alpha” program which is designed to complement an investor’s long-only stock market exposure by actively managing intraday stock market declines.
- **3D Hedged Equity** is for stock market investors who are seeking a turnkey solution that combines a passive long S&P 500 exposure with 3D Defender’s short alpha stock market defense.

The 3D Capital team has over 100 years of investment experience focused on managing equity market risk and reducing the downside volatility of your equity portfolio. We can help you continue to profit from stock market rallies and will protect your portfolio every day, because every day matters. Visit www.3dcapitalmanagement.com and contact us now to learn more about our **3D Defender** and **3D Hedged Equity** S&P 500 programs.

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