

Nations[®] Better Beta[®] Bear

NATIONS[®]

INDEXES

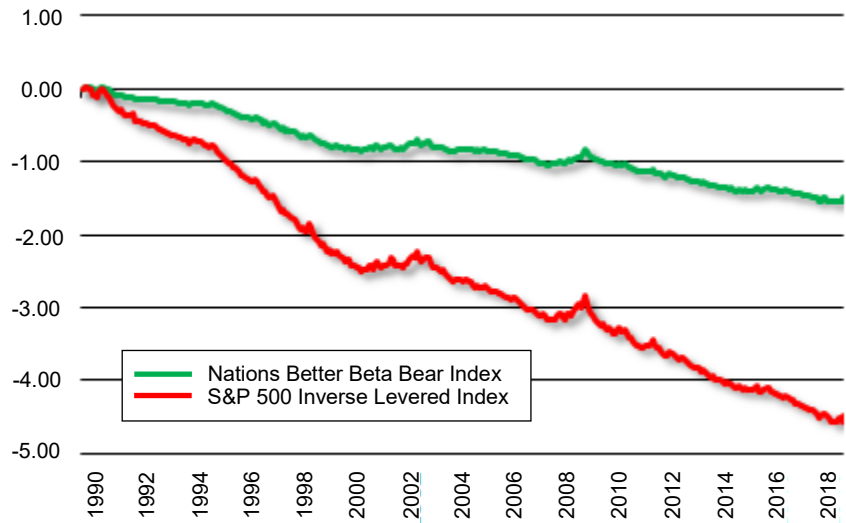
Index Description

The Nations[®] Large Cap Better Beta[®] Bear Index is a significantly improved methodology for achieving inverse levered returns. It measures the return of an inverse option levered strategy which seeks to generate approximately 200% of the inverse of any decline in the reference index with a cap on gains while returning only 100% of the inverse of any appreciation in the reference index. The Index accomplishes this by overlaying a 1x2 put option spread (long 1 at-the-money put, short 2 out-of-the-money puts) on a short position in the reference index.

The Index is a significant improvement over existing inverse levered indexes:

- The Nations Large Cap Better Beta[®] Bear Index generates superior risk-adjusted returns;
- The Nations Large Cap Better Beta[®] Bear Index levers gains with a cap but does not lever losses;
- Monthly¹ returns for the Nations Better Beta[®] Bear Indexes are not impacted by the effect of compounding, a significant problem for existing levered products. This compounding means the period returns for existing vehicles can differ significantly from expectations. Monthly¹ relative returns for the Nations Better Beta[®] Bear Indexes are knowable;
- The Nations Better Beta[®] Bear Index doesn't require daily re-balancing.

Comparative Historical Performance



	Nations Better Beta Bear	S&P 500 Inverse Levered ²	S&P 500 Total Return	Barclays Aggreg. Bond	30 Day T-Bill
Compound Annual Return					
2018	-0.829%	-5.076%	-4.384%	0.011%	1.845%
3 Year	-8.821%	-22.658%	9.257%	2.056%	0.974%
5 Year	-7.361%	-20.819%	8.494%	2.521%	0.638%
10 Year	-11.952%	-28.873%	13.119%	3.477%	0.351%
Since Inception ³	-11.205%	-29.825%	9.287%	5.816%	2.728%
Average Annualized Standard Deviation of Monthly Returns					
2018	12.972%	29.971%	15.329%	3.116%	0.094%
3 Year	9.381%	18.861%	9.850%	2.783%	0.059%
5 Year	10.356%	19.573%	10.294%	2.716%	0.074%
10 Year	13.086%	24.465%	12.795%	2.738%	0.052%
Since Inception ³	12.535%	24.681%	12.889%	3.358%	0.101%
Average Annual Sharpe Ratio					
2018	-0.21	-0.23	-0.41	-0.59	-
3 Year	-1.60	-2.16	2.02	0.61	-
5 Year	-1.22	-1.69	1.56	0.90	-
10 Year	-1.22	-1.53	1.52	1.32	-
Since Inception ³	-1.44	-1.65	1.14	1.07	-

Better Ideas. Better Indexes.[®]

Effects of Compounding

The effect of compounding on an inverse levered fund is generally greater than twice the impact of compounding on an equivalent unlevered investment. As a result, the longer-term return of an inverse levered fund can differ significantly from the inverse of two times the return of its underlying index.

For example, an investor who began with \$100 in an inverse levered fund that loses 20% one day and gains 20% the next day would have \$96, or a 4% loss, while the unlevered inverse index would have experienced a 1% loss and inverse levered investors might expect a 2% loss. The fund would have experienced twice the loss investors might expect.

For the inverse levered benchmark, this annual effect has averaged 781 basis points from 1990 to 2018.

Option Data⁴

Frequency of Long Put Expiring In-the-Money	36.60%
Frequency of Short Puts Expiring In-the-Money	15.27%
Frequency of S&P Exceeding the Appreciation Cap	7.20%
ATM Put Option Distance From Market at Initiation	0.126%
OTM Put Option Distance From Market at Initiation	3.008%
Monthly Average Appreciation Cap	6.033%
Monthly Net Premium Generated as % of Portfolio	0.143%

¹ From option initiation to expiration

² As calculated by Nations Indexes

³ Inception, 12/31/1989

⁴ Monthly averages since inception

⁵ All as of 12/31/2018

Return Statistics

	Nations Better Beta Bear	S&P 500 Inverse Levered ²	S&P 500 Total Return	Barclays Aggreg. Bond	30 Day T-Bill
Avg. Annual Return ⁵ (1990-2018)	-10.297%	-26.585%	10.762%	5.923%	2.753%
Annualized Sortino Ratio	-1.610	-1.977	0.827	1.577	-
Annualized Stutzer Ratio	0.955	1.199	0.499	0.842	-
Value of \$1 Invested on 12/31/89	\$0.03	\$0.00	\$13.14	\$5.15	\$2.20
Beta	-0.86	-1.86	1.00	0.03	0.00
Alpha	-2.26%	-12.16%	-	5.82%	2.77%
Skew	0.762	0.667	-0.595	-0.220	0.259
Kurtosis	2.089	1.375	1.286	0.840	-1.192
R ² to S&P 500	80.70%	96.15%	-	0.88%	0.05%
Up Capture Ratio	-99.01	-225.58	100.00	17.03	7.27
Down Capture Ratio	-86.34	-154.66	100.00	-10.22	-6.36

Annual Results

	Nations Better Beta Bear Index		S&P Inverse Levered Index ²		S&P 500 Total Return Index	
	Return	Annualized STD	Return	Annualized STD	Return	Annualized STD
1990	-2.378%	18.873%	-20.544%	35.266%	-3.104%	18.405%
1991	-25.814%	12.568%	-53.630%	29.305%	30.466%	15.814%
1992	-5.003%	7.755%	-24.811%	14.896%	7.619%	7.611%
1993	-7.754%	6.725%	-26.521%	11.756%	10.079%	6.078%
1994	-0.998%	9.173%	-16.490%	20.963%	1.320%	10.553%
1995	-31.280%	5.141%	-56.333%	9.664%	35.578%	3.861%
1996	-18.602%	11.784%	-45.783%	20.101%	22.960%	10.882%
1997	-25.607%	16.013%	-56.473%	29.799%	33.363%	15.943%
1998	-28.344%	15.339%	-54.056%	45.562%	28.579%	21.497%
1999	-20.629%	12.725%	-46.334%	25.028%	21.042%	14.605%
2000	7.646%	18.563%	-12.679%	33.149%	-9.104%	17.155%
2001	-7.849%	17.938%	0.013%	40.294%	-11.886%	19.861%
2002	24.310%	21.646%	27.651%	42.305%	-22.101%	20.649%
2003	-21.937%	9.920%	-46.418%	20.449%	28.685%	11.394%
2004	-2.178%	9.917%	-24.406%	14.260%	10.882%	7.303%
2005	-4.792%	9.305%	-19.484%	15.095%	4.911%	7.919%
2006	-18.515%	5.122%	-37.017%	10.720%	15.795%	5.637%
2007	-13.055%	9.509%	-27.252%	18.235%	5.494%	9.654%
2008	20.480%	14.635%	45.158%	34.261%	-36.998%	21.016%
2009	-15.914%	30.327%	-50.653%	44.478%	26.464%	22.279%
2010	-16.918%	14.641%	-31.742%	36.317%	15.063%	19.260%
2011	-11.066%	12.095%	-18.439%	28.597%	2.112%	15.940%
2012	-14.741%	11.963%	-29.360%	21.304%	16.003%	10.521%
2013	-22.525%	10.053%	-45.131%	16.093%	32.388%	8.482%
2014	-13.664%	8.726%	-25.637%	16.113%	13.689%	8.258%
2015	4.255%	14.911%	-9.533%	25.169%	1.384%	13.662%
2016	-7.915%	10.498%	-24.779%	19.334%	11.906%	10.287%
2017	-16.993%	4.673%	-35.206%	7.278%	21.832%	3.936%
2018	-0.829%	12.972%	-5.076%	29.971%	-4.384%	15.329%

Performance of an index is not illustrative of any particular investment. Index returns quoted represent past performance which is no guarantee of future results.

"Nations" is a registered trademark of Bank of America Corporation. The Nations Indexes are not sponsored, endorsed, sold or promoted by Bank of America and Bank of America does not make any representation regarding the advisability of investing in any Nations products.