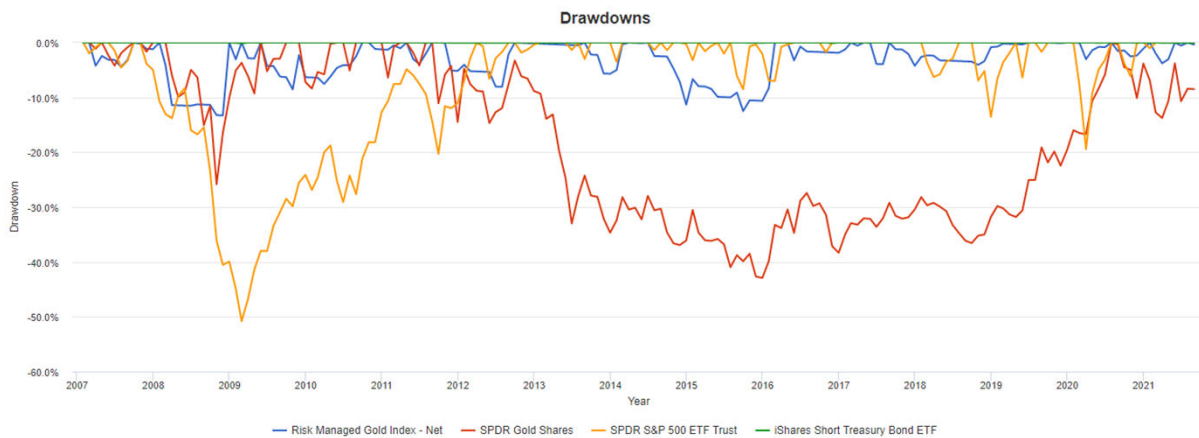
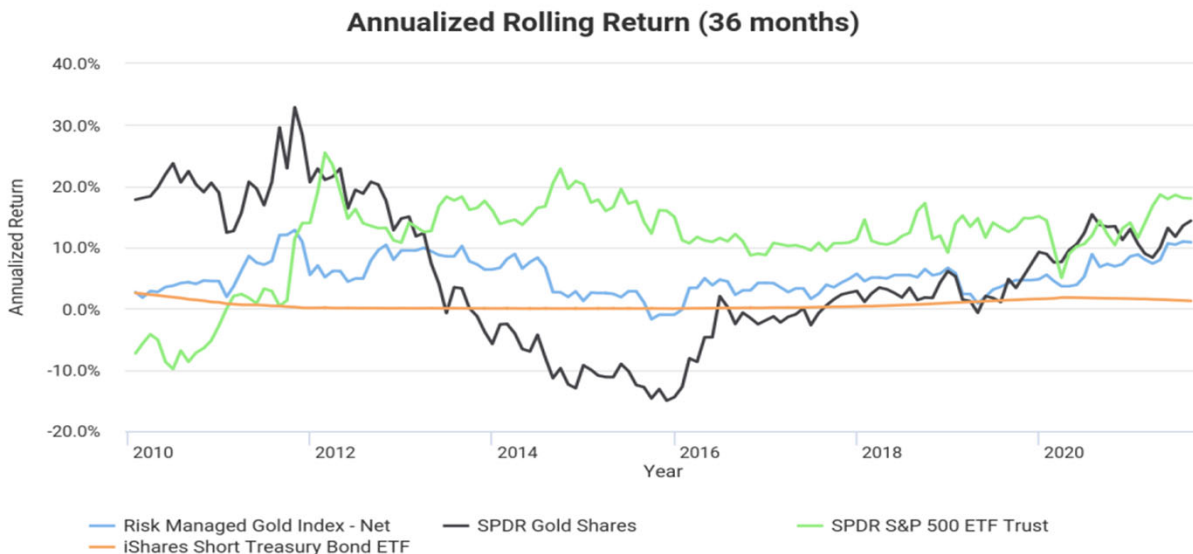


Overview

- The Palladium Risk Managed Gold Index (IDXGOLDX) seeks to provide tactical upside participation to the SPDR Gold MiniShares Trust (GLDM) while limiting drawdowns and downside volatility.
- The objective of the Risk Managed Gold Index strategy is to opportunistically deploy risk capital to GLDM when the risk/return profile of gold is favorable. The strategy also seeks to preserve capital when the risk/reward profile is unfavorable through an allocation to a risk-free asset represented by the iShares Short Treasury Bond (SHV) ETF.
- The volatility profile of this risk-managed approach is expected to be much lower than that of a long-only approach to investing in gold. This is due to the relatively low drawdown risk (see chart below). *
- This approach is also highly liquid and has the potential to be an excellent diversifier to equities and bonds (see charts below). *
- We positioned Risk Managed Gold as a short duration bond surrogate in client portfolios several months ago. The risk and return stream is meant to track that of short duration U.S. Treasury bonds. On a year-to-date basis, our risk managed gold approach is working, with this strategy flat vs -8.75% for long-only gold exposure (GLDM), and -0.04% for short duration U.S. Treasury bonds (SHV) on a year-to-date basis.
- Gold prices have traded in a narrow range recently and not reacted to the recent rise in consumer prices and negative real bond yields. This contrarian behavior may be the result of a strong dollar and competition from digital gold (crypto).

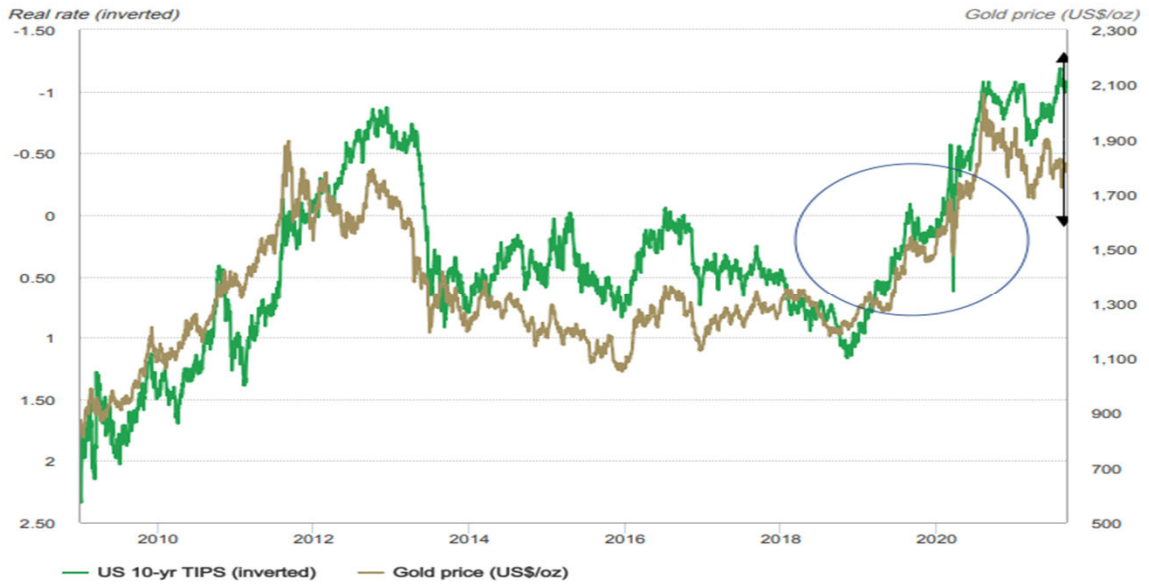


Source: Portfolio Visualizer



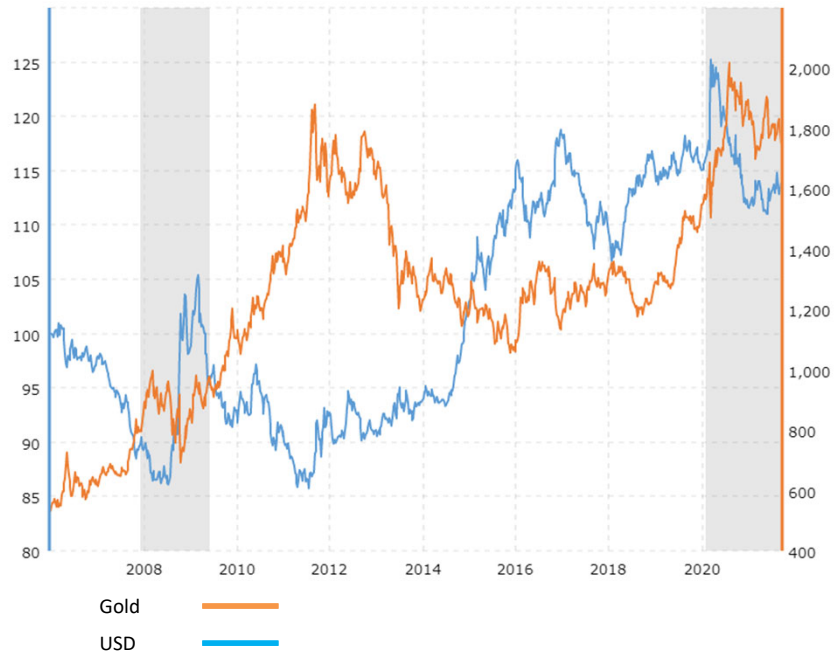
Source: Portfolio Visualizer

Long-term real yields of US 10-year TIPS



*As of 31 August 2021.
Source: Bloomberg, World Gold Council

Gold Prices and U.S. Dollar Correlation - 10 Year Chart



Source: Macro Trends

Important Disclosures

Unless otherwise noted, performance information is hypothetical and NET of all associated fees and sales and trading expenses that an investor might incur (0.60%). Its not possible to invest directly in an index. Hypothetical or model performance results have certain limitations including, but not limited to: hypothetical results do not account for actual trading and market factors (such as liquidity disruptions, etc.). Simulated performance assumes frictionless transaction costs and no lag between signal generation and implementation. Simulated performance is designed with the benefit of hindsight and there can be no assurance that the strategy presented would have been able to achieve the results shown. There are frequently large differences between hypothetical performance results and actual results from any investment strategy."

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Palladium has sole discretion to change allocations to styles and vehicles at any time.

Index definitions:

- "U.S. Large Cap" represented by the S&P 500 Index.
- "U.S. Small Cap" represented by the Russell 2000 Index.
- "International" represented by the MSCI Europe, Australasia, Far East (EAFE) Net Return Index.
- "Emerging" represented by the MSCI Emerging Markets Net Return Index.
- "U.S. Aggregate" represented by the Bloomberg Barclays U.S. Aggregate Bond Index.
- "U.S. Government" represented by the Bloomberg Barclays U.S. Government Bond Index.
- "U.S. Corporate" represented by the Bloomberg Barclays U.S. Credit Bond Index.
- "U.S. High Yield" represented by the Bloomberg Barclays U.S. Corporate High Yield Index.
- "Non-U.S. Developed" represented by the S&P International Treasury ex U.S. Index.
- "Emerging Market Debt" represented by the JP Morgan GBI-EM Global Core Index
- "REITs" represented by the FTSE North American Real Estate Investment Trust (REIT) Equity REITs Index.
- "Commodities" represented by the Dow Jones Commodity Index .
- "Managed Futures" represented by the Credit Suisse Managed Futures Index.
- "Global Macro" represented by the Credit Suisse Global Macro Index

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