Van Hulzen Asset Management

Downloide Capture Analysis

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VAN HULZEN COVERED CALL STRATEGY

STRATEGY OBJECTIVE

The Strategy's investment objective is to seek total return with less volatility than equity markets in general.

REASONS TO INVEST

- Large Cap Blend/Value
- Targets Low Volatility
- Option and Dividend Income

INVESTMENT STRATEGY

- Investing primarily in dividend-paying common stocks.
- Fundamental process for selecting stocks driven by a return-on-capital framework that provides for quality comparisons of companies across industries, sectors and geography.
- Generate a portfolio income of 6-8% through dividends and option income.
- Risk management: Tolerable-risk models, values-at risk models and stop loss procedures to manage portfolio risk.

HOW TO INVEST

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PORTFOLIO MANAGERS

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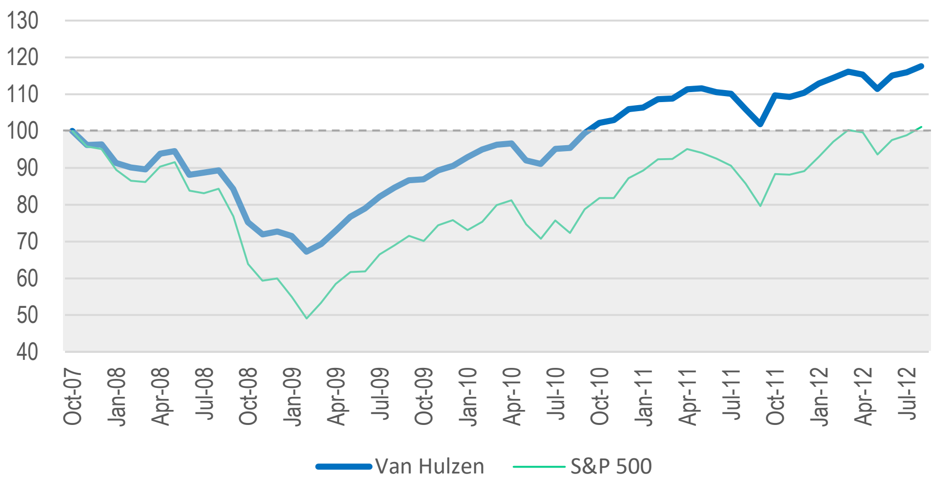
Van Hulzen also serves as a subadvisor to a Covered Call Mutual Fund offered through Rational Funds, more information can be obtained at RationalMF.com.

How Did the Strategy Perform in 2008-2009?

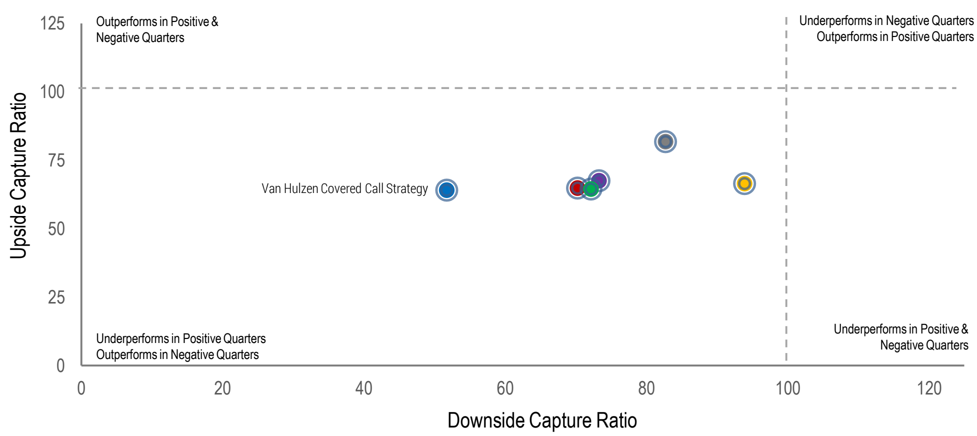
It took **37 months for the S&P 500** index to make up its losses from the 2008-09 stock market crash. The Van Hulzen Covered Call Strategy reached **break-even after 19 months.**



Note: Van Hulzen Returns are gross of fees

Downside Capture Analysis

Most covered call managers have an upside capture ratio of 65-70%. However, downside capture ratios vary more widely. The Van Hulzen Covered Call Strategy has a strong downside capture ratio compared to other SMA managers.



	Upside Capture Ratio	Downside Capture Ratio
Van Hulzen Covered Call Strategy	64.04	51.76
Cullinan Associates DW	67.55	73.30
Connors Investor Covered Call	81.72	82.71
Griffin Asset GAM Covered Call Strategy	64.88	70.23
Willingdon W. M. Covered Call	66.50	93.87
Ziegler Capital FAMCO Covered Call	64.51	72.15

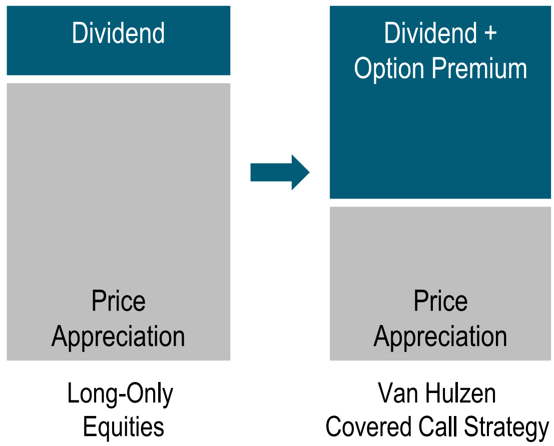
Risk benchmark used for this analysis: Russell 1000
Source: PSN Market Capture Analysis (7 years ending 6/30/2016)

The Essentials of Covered Calls

A Brief Overview of Covered Calls

- A Covered Call Strategy invests in a long portfolio of stocks and covers its positions by selling call options. The net long position of a covered call strategy will by definition be smaller than that of the stock portfolio itself.
- By using a Covered Call Strategy, the goal is to exchange the uncertain upside potential of a stock price (beyond a certain pre-determined target price) for a certain amount of current period income.
- The Covered Call Strategy's goal in using covered calls is to outperform the market over the course of a business cycle. These strategies generally perform best in sideways or downward moving markets but may underperform when markets move dramatically higher.

Re-Shaping Total Return



But Aren't Options Risky?

- Options have the potential to be risky. The option contracts that can get in the most trouble in a downturn (and therefore get the most press) are "naked puts." These are uncovered contracts that may require the seller to buy stocks at higher than market prices after a significant market drop. These positions can also run into liquidity issues, as option prices widen out during times of extreme volatility and can become more illiquid.
- Covered call strategies do not trade put contracts and therefore do not carry liquidity risk. In fact, call options are directionally short and will profit from a market decline, so there is no action necessary unless the manager decides to sell the stock and to close the calls out as well.

RISK CONSIDERATIONS:

Review Code: FPAC-0134-17

Past performance is not a guarantee of future results.

Van Hulzen Asset Management (VAM) is a SEC registered investment advisor located in El Dorado Hills, CA. VAM and its representatives are in compliance with the current registration requirements imposed upon registered investment advisors by those states in which VAM maintains clients. VAM may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. Past performance is not a guarantee of future results. The results achieved by individual clients will vary and will depend on a number of factors including the particular underlying stock and its dividend yield, option market liquidity, interest rate levels, implied volatilities, and the client's expressed return and risk parameters at the time the service is initiated and during the term. Investing in options involves risk that must be considered and reviewed with a professional prior to investing. This presentation is not intended for the giving of investment advice to any single investor or group of investors and no investor should rely upon or make any investment decisions based solely upon its contents. The CBOE S&P 500 BuyWrite Index (BXM) is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. The BXM is a passive total return index based on (1) buying an S&P 500 stock index portfolio, and (2) "writing" (or selling) the near-term S&P 500 Index (SPXSM) "covered" call option, generally on the third Friday of each month. Performance shown in above graphs is gross of fees. The overall Morningstar Rating is based on risk-adjusted gross returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics. Relative performance represents the difference between a $100 hypothetical investment in Van Hulzen's covered call strategy versus a $100 hypothetical investment in each respective benchmark.

The Strategy involves risk including the possible loss of principal. There is no assurance that the Strategy will achieve its investment objectives. The use of leverage embedded in written options will limit the Strategy's gains because the Strategy may lose more than the option premium received. Selling covered call options will limit the Strategy's gain, if any, on its underlying securities and the Strategy continues to bear the risk of a decline in the value of its underlying stocks. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index (stock price times number of shares outstanding), with each stock's weight in the Index proportionate to its market value. It is widely used as a benchmark of U.S. equity performance. It is not possible to invest directly in an index

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