

## Redwood Equity Skew Strategy

Zephyr Style Advisor: Redwood Investment Management, LLC

REPORT	
Index:	Redwood Equity Skew Strategy

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Date:	9/30/2020
Custodians (Separately Managed Accounts)	TD Ameritrade Institutional
TAMP Programs/ Providers (UMA)	Placemark, Envestnet, TCA, Adhesion, FTJ

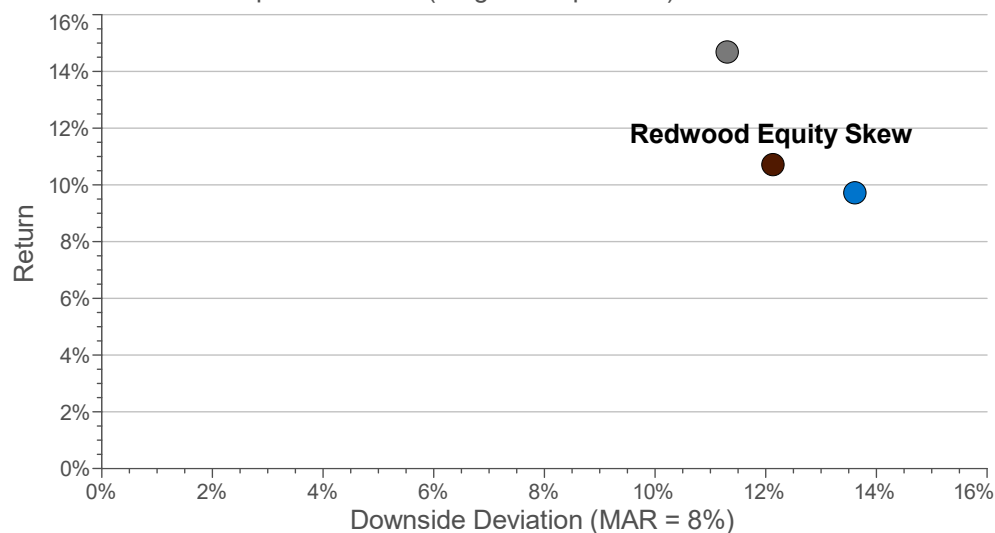
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STRATEGY DESCRIPTION
<p>The Redwood Equity Skew Strategy seeks to hold a diversified portfolio of equity ETF's that track the following indices: S&amp;P 500 Growth Index, S&amp;P 500 Value Index, Russell 2000 Growth Index, Russell 2000 Value Index, and Dow Jones Emerging Markets Index. This strategy implements a quarterly rebalancing process based on statistical skew. This is meant as an alternative to a passive fixed-weight holding - the portfolio is dynamically rebalanced, with the goal of potentially being overweight to asset classes that statistically show higher return opportunity, while maintaining directional beta to the overall equities market.</p>

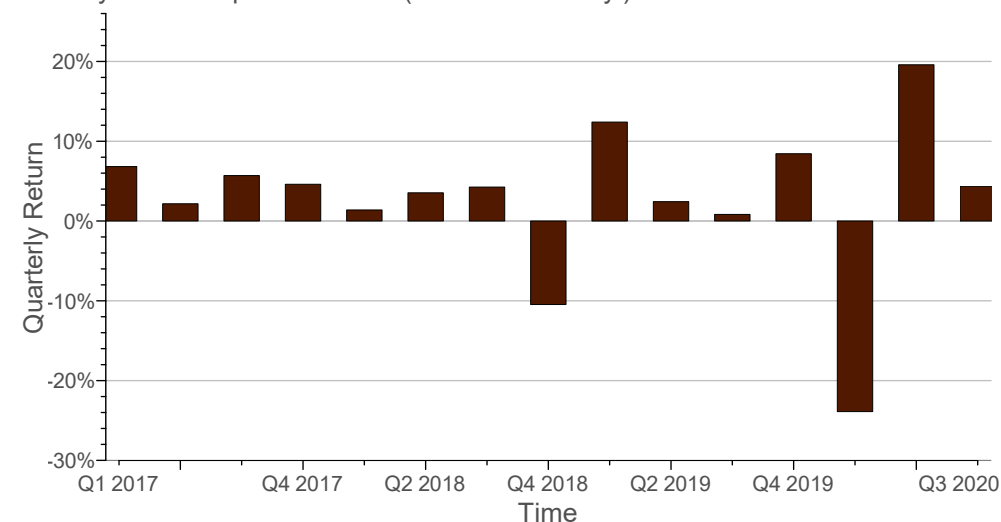
## Redwood Equity Skew Strategy

Sources: Zephyr, Redwood.

Return / Downside Deviation (MAR = 8%)  
November 2016 - September 2020 (Single Computation)



Quarterly Return / Time  
January 2017 - September 2020 ( Shown Quarterly )



● Redwood Equity Skew  
● S&P 500 Index

● S&P 500 - Equal Weighted Index

### Statistics

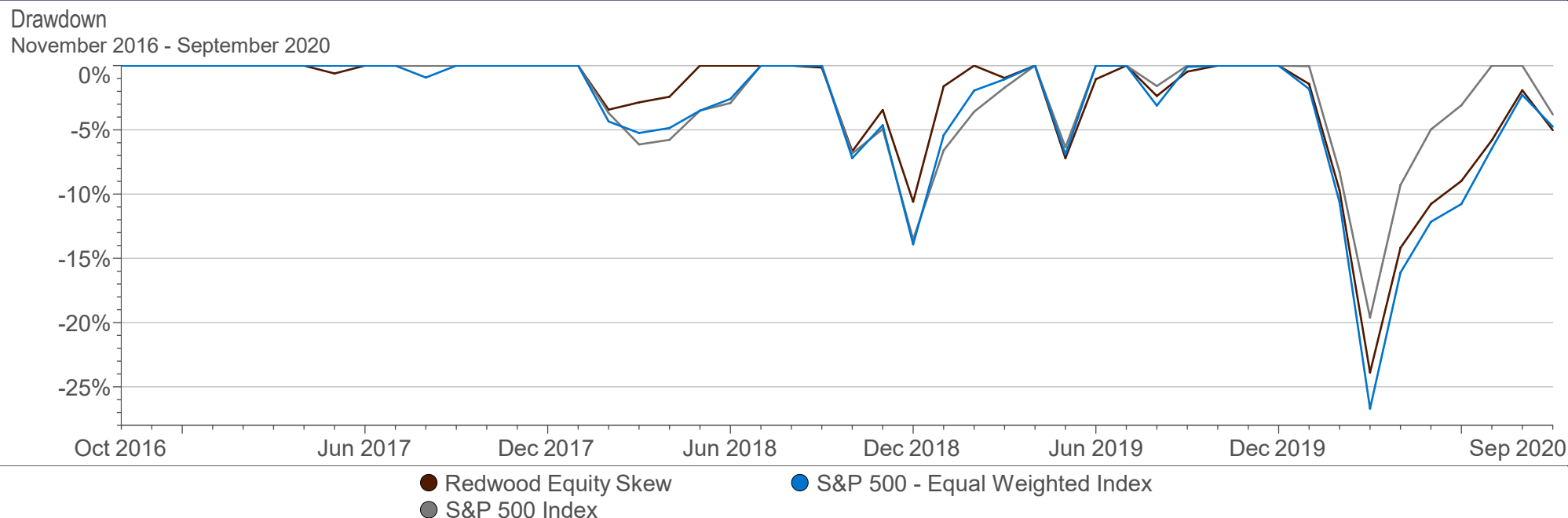
November 2016 - September 2020

	Annualized Return	Maximum Drawdown	Pain Index	Downside Deviation (MAR = 8.00%)	Sortino Ratio (MAR = 8.00%)	Standard Deviation	Value at Risk (Confidence = 95%)
<b>Redwood Equity Skew</b>	10.72%	-23.89%	2.67%	12.13%	0.22	15.96%	-8.00%
<b>S&amp;P 500 Index</b>	14.68%	-19.60%	2.47%	11.31%	0.59	15.64%	-8.71%
<b>S&amp;P 500 - Equal Weighted Index</b>	9.72%	-26.70%	3.35%	13.61%	0.13	17.74%	-9.42%

Sources: Zephyr, Morningstar, Redwood. Indicated time periods are from the first day of the beginning month through the last day of the ending month. Past performance is not indicative of future results. Gross returns shown are based on actual returns achieved in a Redwood proprietary account, which is a non-fee paying account. MAR = Minimum Acceptable Rate. Investors cannot make direct investments into any index. Please refer to disclosures section for additional information.

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Sources: Zephyr, Redwood.



## Annualized Returns as of September 30, 2020 November 2016 - September 2020

	YTD	1 year	3 years	Analysis Period
<b>Redwood Equity Skew</b>	-5.02%	2.99%	7.01%	10.72%
<b>S&amp;P 500 Index</b>	5.57%	15.15%	12.28%	14.68%
<b>S&amp;P 500 - Equal Weighted Index</b>	-4.75%	2.50%	6.49%	9.72%

Sources: Zephyr, Morningstar, Redwood. Performance for less than one year is not annualized. Indicated time periods are from the first day of the beginning month through the last day of the ending month. Past performance is not indicative of future results. Gross returns shown are based on actual returns achieved in a Redwood proprietary account, which is a non-fee paying account. Investors cannot make direct investments into any index. Please refer to disclosures section for additional information.

## Redwood Equity Skew Strategy

Sources: Zephyr, Redwood.

## Monthly and Annual Returns (%)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Redwood Equity Skew	2020	-1.43	-8.40	-15.70	12.74	3.98	2.01	3.48	4.14	-3.17	-	-	-	<b>-5.02</b>
	2019	10.05	3.13	-0.96	3.52	-7.20	6.62	1.30	-2.36	1.94	2.04	3.46	2.71	<b>25.87</b>
	2018	4.37	-3.43	0.59	0.45	2.58	0.48	3.70	0.69	-0.15	-6.53	3.45	-7.40	<b>-2.01</b>
	2017	2.90	2.68	1.10	0.87	-0.61	1.90	2.56	0.02	3.04	1.36	2.24	0.94	<b>20.66</b>
	2016	-	-	-	-	-	-	-	-	-	-	3.99	1.37	-

**Annualized Return Gross****10.72**

Sources: Zephyr, Redwood. Performance above reflects calendar months and the "year" reflects calendar returns for periods ending December 31. Past performance is not indicative of future results. Gross returns shown are based on actual returns achieved in a Redwood proprietary account, which is a non-fee paying account. Please refer to disclosures section for additional information.

## Redwood Equity Skew Strategy

### DEFINITIONS AND INDICES:

**Drawdown:** Defined as a measure of peak to trough percentage loss in a given period. A maximum drawdown is the largest drawdown in a period.

**Annualized Return:** The rate of return that is compounded year-over-year from the beginning to the end of the stated time period.

**Minimum Acceptable Rate (MAR):** The minimum rate of return an investor is willing to accept. This is used in calculating Sortino Ratio and downside deviation.

**Standard Deviation:** A measure of dispersion of a set of data from its mean. Standard deviation is generally applied to the annual rate of return of an investment to measure the investment's volatility.

**Downside Deviation:** Similar to standard deviation, except that downside deviation isolates only the negative returns that fall below a defined minimum acceptable return.

**Sortino Ratio:** The difference between an expected return subtracted by a minimum acceptable return, divided by the downside deviation.

**Pain Index:** The mean value of drawdowns over the entire analysis period.

**Value at Risk:** A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame.

All metrics are calculated using total return monthly data.

**S&P 500 Index:** A stock market index based on the market capitalization of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor's.

**S&P 500 - Equal Weighted Index:** This index is the equal-weight version of the widely-used S&P 500 Index. The index includes the same constituents as the capitalization weighted S&P 500, but each company in this index is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

### Equity Skew Disclosures

Strategies performance inception date is November 1, 2016. The strategy is comprised of a diversified portfolio of equity ETFs in which the strategy implements a rebalancing process based on statistical skew. There can be no guarantees that any of the objectives can be met. The source of funds invested in this strategy is a non-fee paying Redwood proprietary account and represents 100% of the composite assets as of each year end. The Redwood proprietary account is solely from Redwood; no client funds are invested in this account and proprietary account trading is not representative of any actual trading in client funds. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Investors cannot make direct investments into any index. All performance within this piece is total-return. Indices are shown to display the return and risk statistics of each index for informational purposes only; it is important to note that Redwood's strategies differ from the indices displayed by using a tactical approach to investment management. Redwood does not believe that there is an index representative of its style of management.

### CONTACT:

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# Redwood Equity Skew Annual Disclosure Presentation

## Equity Skew

Year End	Total Firm Assets (USD)	Composite Assets (USD)	Number of Accounts	Annual Performance Composite (Gross)	Annual Performance Composite (Net)	Composite Dispersion	Composite 3 Yr St Dev
2019	\$1,239,000,000	23,349	1	25.90%	23.95%	N.A. <sup>3</sup>	11.72%
2018	\$929,000,000	18,546	1	-2.02%	-3.54%	N.A. <sup>3</sup>	N.A. <sup>4</sup>
2017	943,000,000	18,844	1	20.66%	18.79%	N.A. <sup>3</sup>	N.A. <sup>4</sup>
2016	558,000,000	15,687	1	5.42%	3.79%	N.A. <sup>3</sup>	N.A. <sup>4</sup>

Sources: Redwood, Black Diamond, Zephyr. Assets rounded to the nearest million.

1. The Equity Skew Strategy is comprised of a diversified portfolio of equity ETFs in which the strategy implements a rebalancing process based on statistical skew.
2. The composite was created January 1, 2018, and the first full composite month was November of 2016. Initial period is less than a full year and the returns are not annualized.
3. N.A. in which the composite does not have an entire annual year of performance or is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
4. The three-year annualized standard deviation measures the variability of the composite returns over the preceding 36-month period. The standard deviation is not presented due to less than 36 months of composite.
5. The source of funds invested in this strategy is a non-fee paying Redwood proprietary account and represents 100% of the composite assets as of each year end. The Redwood proprietary account is solely from Redwood; no client funds are invested in this account and proprietary account trading is not representative of any actual trading in client funds.

It is important to note that our quantitative models and strategies are continuously evolving and are not static. Ongoing quantitative research can lead to changes in the parameters of the model in Redwood's sole discretion. Selection of securities is not static, may differ from account to account, and are subject to further change in the future. Redwood has discretion in the timing of trade execution and selection of securities traded and utilized in any client account. In addition, the timing of actual trading for client accounts can differ from ongoing quantitative signals generated as buys/sells. Investment decisions to trade a client account will be based on point in time data of the models as of the date the current version of the model generates a buy or sell. This can and will differ from the date that a particular signal would have been generated by a previous version of the model. Importantly, Redwood's actual management of an account can materially differ from that of the model based upon a variety of factors, including: Redwood's discretion to not follow any trading signal generated or not to trade in all asset classes in the model upon a signal; Redwood's discretion in the timing and implementation of the trade signal; and Redwood's ability to transact in any mutual fund or ETF (because of unavailability of the fund on the custodian's platform or the client's inability to satisfy the account minimum of the fund). Please confer with your financial professional for additional information.

Composite performance returns are presented in U.S. dollars and include the reinvestment of dividends and other account earnings. Net composite performance shown is reflective of the maximum fee that could be charged during the period – net of a 1.55% annual management fee (deducted monthly for performance reporting purposes) and net of any separate fees assessed directly by any unaffiliated mutual fund/ETF holding within a client portfolio. The performance is not net of any custodial fees, if applicable, and does not reflect the impact of taxes. Information, fees, and risks, pertaining to any mutual fund/ETF are set forth in each respective mutual fund/ETF prospectus, copies of which are available from Redwood or directly from the mutual fund/ETF company. The data and calculations contained within this material are not guaranteed as to their accuracy or completeness and no warranties are made with respect to results obtained in any calculations. Different types of investments involve different degrees of risk and there can be no assurance that any specific investment will be profitable and no guarantee that any of the described target risk objectives and target asset allocations objectives can be achieved or be similar to those shown. The price of any investment may rise or fall due to changes in the broad markets or changes in a company's financial condition and may do so unpredictably. Information provided herein from third parties is obtained from sources believed to be reliable, but no reservation or warranty is made as to its accuracy or completeness. Individual returns may vary substantially due to differences in the timing of contributions and withdrawals, account start dates, actual fees paid, and specific investment instruments utilized. Because the Redwood Strategies' objectives are driven by each strategy's risk tolerance objective, no benchmark is presented as we believe no benchmark that reflects this strategy exists. Diversification does not ensure a profit and may not protect against loss in declining markets.

Holdings and allocations are subject to change. Redwood's investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which the client should be prepared to bear. Redwood does not represent, guarantee or imply that the services or methods of analysis employed can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. For a list of more detailed risks please see Redwood's ADV Brochure Part 2. Redwood Investment Management, LLC ("Redwood") is a registered adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Past performance is not indicative of future results. Lists of composite descriptions, policies for valuing portfolios, and policies for calculating performance are available upon request. Redwood claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Redwood has been independently verified for the periods January 1, 2013 to December 31, 2019. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

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