



Julex Capital Management, LLC

Upside Participation, Downside Protection

Performance Review - March & Q1 2014

Amidst a backdrop of harsh U.S. weather, the Ukraine situation, and conflicting-but-ultimately dovish Fed statements, Q1 ended on a positive note as U.S. and emerging market equities scored a second month in a row of positive returns. The increased volatility experienced in January did not portend the long-awaited correction that some market watchers have forecast. International developed markets ended Q1 on a flat note being little changed on the quarter while fixed income markets were mostly unchanged in March with modest positive returns over the quarter.

- Despite a difficult capital market environment in January, the factors driving the Julex investment model have continued to signal “risk on” for positioning during all of Q1.
- Dynamic Factor held positions in mid- and small-cap value that contributed to performance while positions in small- and mid-cap growth detracted from return.
- Dynamic Emerging Market (“EM”) increased its risk profile during March with positions in Indonesia and Taiwan contributing to return.
- Dynamic Income maintained its fixed income-focused positioning during March and gained an advantage with high dividend stocks, energy MLPs, and preferred stocks contributing to performance.
- Dynamic Real Asset was fully invested during March with positions in the energy and materials sector and energy MLPs contributing to performance.
- Dynamic Focus held positions in U.S. small cap equities and international developed markets that contributed to return.
- Dynamic Multi-Asset held positions in U.S. large cap equities and REITs that contributed to return.
- Dynamic Diversified, an equally-weighted mix of the Julex Dynamic Alpha Strategies, outperformed the HFRI Hedge Fund Weighted Index.

Consistent Returns in Both Bull and Bear Markets

We deliver better risk-adjusted return with lower risk and draw-down than traditional and other alternative investments.

Downside Risk Management

We emphasize capital preservation and manage downside risk through our systematic risk indicator and risk-balanced portfolio construction approach.

Global Multi Asset Investments

We diversify and search for the best opportunities globally and across asset classes.

Daily Liquidity and Transparency

We implement our strategies with liquid ETF/ETNs in separately managed accounts that provide daily liquidity and transparency.

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	March 2014	3-Months Ending Mar.2014	1-Year Ending Mar. 2014	1-Year Ending Dec. 2013	Since Inception * (1, 2, 3, 4, 5, 6)
<u>DYNAMIC EQUITY PRODUCTS</u>					
Dynamic Factor ⁽²⁾	-0.47%	1.09%	19.95%	32.83%	36.52%
<i>S&P 500 Index</i>	<i>0.84%</i>	<i>1.81%</i>	<i>21.87%</i>	<i>32.40%</i>	<i>36.81%</i>
<i>Dow Jones U.S. Moderate Index</i>	<i>-0.08%</i>	<i>2.33%</i>	<i>14.09%</i>	<i>19.56%</i>	<i>24.66%</i>
Dynamic EM ⁽³⁾	2.41%	-6.61%	-9.79%	-3.95%	-5.55%
<i>MSCI EM Index</i>	<i>3.07%</i>	<i>-0.43%</i>	<i>-1.22%</i>	<i>-2.62%</i>	<i>1.70%</i>
<u>DYNAMIC INCOME PRODUCT</u>					
Dynamic Income ⁽¹⁾	1.09%	2.85%	4.00%	6.31%	9.84%
<i>Barclays US Aggregate Bond Index</i>	<i>-0.17%</i>	<i>1.84%</i>	<i>-0.09%</i>	<i>-2.02%</i>	<i>0.01%</i>
<u>DYNAMIC INFLATION PRODUCT</u>					
Dynamic Real Asset ⁽⁵⁾	-0.09%	0.43%	-3.15%	n.a.	-3.15%
<i>Barclays TIPS Index</i>	<i>-0.47%</i>	<i>1.96%</i>	<i>-6.47%</i>	<i>n.a.</i>	<i>-6.47%</i>
<u>DYNAMIC ALTERNATIVES PRODUCTS</u>					
Dynamic Multi-Asset ⁽⁶⁾	0.27%	0.80%	n.a.	n.a.	14.19%
<i>Dow Jones Moderate Index</i>	<i>0.08%</i>	<i>1.90%</i>	<i>n.a.</i>	<i>n.a.</i>	<i>9.91%</i>
Dynamic Focus ⁽¹⁾	-0.09%	0.67%	8.71%	13.71%	16.31%
<i>Dow Jones Moderately Aggr. Index</i>	<i>0.16%</i>	<i>1.77%</i>	<i>14.75%</i>	<i>20.74%</i>	<i>25.60%</i>
<i>Morningstar World Alloc. Category</i>	<i>0.12%</i>	<i>1.60%</i>	<i>6.08%</i>	<i>7.72%</i>	<i>11.11%</i>
Dynamic Diversified ⁽⁴⁾	0.75%	-0.50%	6.16%	n.a.	9.30%
<i>HFRI Hedge Fund Wtd. Index</i>	<i>-0.34%</i>	<i>1.13%</i>	<i>7.14%</i>	<i>n.a.</i>	<i>8.52%</i>

Note: The performance for Julex strategies are un-audited gross returns before management fees. Performance is historical and does not guarantee future results. Account-level performance may be higher or lower than the Composites. * Cumulative.

⁽¹⁾ Composite Inception Date: October 1, 2012; ⁽²⁾ Composite Inception Date: November 1, 2012

⁽³⁾ Composite Inception Date: December 1, 2012; ⁽⁴⁾ Composite Inception Date: February 1, 2013;

⁽⁵⁾ Composite Inception Date: April 1, 2013. ⁽⁶⁾ Composite Inception Date: June 1, 2013

Sources: iShares.com, Julex Capital Management, LLC.

Julex Capital Management, LLC (Julex) is an investment advisory firm dedicated to creating innovative solutions for institutions and individuals. Julex is managed by industry veterans with strong academic and practical experience in portfolio management, asset allocation, risk management and quantitative research across asset management, hedge fund and insurance industries. Julex offers a variety of multi-asset, rule-based, and risk-managed total return strategies that are designed to deliver consistent returns with low volatility and drawdowns in both bull and bear markets.





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Leadership Team

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Henry Ma, CFA, Ph.D., President and Chief Investment Officer. Dr. Ma has two decades of extensive hands-on and leadership experience in portfolio management, asset allocation, fixed income, global macro, quantitative research and risk management. Prior to founding Julex, he worked as a Portfolio Manager with Geode Capital Management (a Fidelity affiliate), where he launched and managed a global macro hedge fund. Earlier, he served as Director of Quantitative Research and Financial Engineering with Loomis Sayles & Co., and Director of Quantitative Research and Risk Management with Fortis Investments. He led quantitative research and risk management groups to develop quantitative strategies, portfolio risk analytics and structured credit strategies. Dr. Ma also worked as Senior Vice President, Investment Strategies at Sun Life Financial, where he helped managed \$30 billion in fixed income assets and chaired the investment strategy and asset/liability management committee. His investment career began with John Hancock Financial Services as a Senior Associate Investment Officer. He developed investment and derivatives strategies as well as oversaw \$3 billion in a multi-asset portfolio. Dr. Ma is a published author and an industry speaker on the topics of quantitative investing, risk management and structured finance. He earned a Bachelor and a Master in Economics and Management from Peking University and a Ph.D. in Economics from Boston University.

Tony Ash, CFA, MBA, Managing Director and Chief Operating Officer. Mr. Ash has thirty years of broad experience in asset allocation, investment risk management, and investment leadership. Prior to joining Julex, he served as Managing Director and Head of U.S. Portfolio Management at Sun Life Financial for twelve years. In that role he developed and implemented investment policies, strategies, and mandates for \$37 billion in all asset classes backing the insurance company general account. During his tenure at Sun Life, he led the launch of a successful multi-billion dollar captive investment adviser (Sun Capital Advisers, LLC) and investment company complex (Sun Capital Advisers Trust) in 1998 and also served as internal Investment Advisor to the Sun Life U.S. Employees Defined Benefit and Defined Contribution plans from 1999 to 2009. He entered the financial services industry as an Investment Analyst at New England Life. He has been a member of the ACLI Investment Advisory Council for the SIMS Conference. Tony received his BA in Economics and his MBA in Investments both from Boston College.

Brian Phelan, Managing Director, Sales. Brian brings over thirty years of capital markets experience to Julex Capital Management. Prior to joining Julex, he co-founded MacBride Partners, a consulting organization whose mission was to assist its clients in the investment management industry improve investment performance by implementing best practices in investment processes, risk management and faithfulness to stated investment philosophies. Previously, Brian was employed by Jefferies & Company in their Boston office as an institutional taxable fixed income salesman. He served as a Director in the generalist fixed income securities platform within the Capital Markets Group at Deutsche Bank Securities in Boston. In addition, Brian was retained by Taurus Investment Holdings, a Boston based real estate investment advisor, to assist in the distribution of the Taurus Horizon Fund I, an opportunistic fund investing in high quality CMBS tranches. He was First Vice President at PaineWebber Group where began his career and spent over twenty-two years in institutional fixed income sales covering major and middle market accounts for investment grade and high yield corporate debt, residential and commercial mortgage backed securities, asset backed securities and rates. Brian graduated from the Carroll School of Management at Boston College with a BS in General Management / Marketing and currently holds his Series 7 and Series 63 licenses.

Advisory Board

Maryam Muessel, Advisor. Ms. Muessel is a senior leader in the financial industry. She was the Chief Investment Officer for Global Credit at BNP Paribas, a \$1 trillion global asset manager. At BNP, she was responsible for defining and monitoring the management process and the investment strategy implemented by the credit investment teams across over \$250 billion in fixed income mandates globally. She joined Fortis Investments in 2004 as the CIO for US Fixed Income & Structured Finance, which was ultimately acquired by BNP. In 2008 she became COO of Alternatives & Solutions division with a direct responsibility on Global Credit & Hybrids. Prior to Fortis, she was ACA's COO and head of Structured Credit and Asset Management Business. From 1998 to 2004, Maryam held senior positions at Prudential Securities where she was in charge of the CDO business, MBIA where she was in charge of their Alternative Investment business and at CapMAC where she was in charge of their structured credit and financial engineering business. She began her career in 1985 at Mellon Bank. Maryam is a graduate in Economics from University of Southern California and holds a Doctorate/MA in Economics from Georgetown University.

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