# Adaptive Balanced Risk-Managed

As of December 31, 2022

WST CAPITAL MANAGEMENT

## OVERVIEW & OBJECTIVE

Adaptive Balanced Risk-Managed (ABRM) is a rules-based approach to allocating tactically within a strategic asset allocation framework. The strategy allocates to some combination of underlying strategies seeking to maximize growth opportunities, while managing duration and protecting capital in periods in heightened market volatility.

The strategy's objective is to seek long-term growth and income by allocating among various risk-managed equity and listed alternative sub-models spanning geographic, style and size segments.

## TACTICAL RANGES

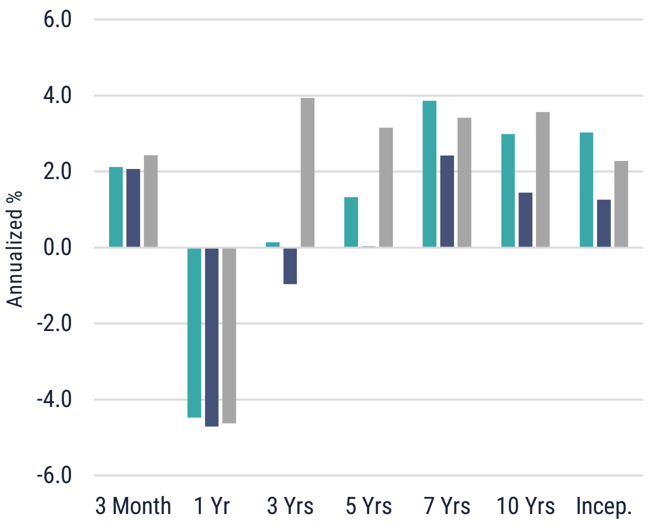
**Equity Segment, 0%-70%**
Allocates to universe of strategies comprising long/short equity and commodities

**Income & Alternatives Segment, 30%-100%**
Allocates up to 100% to short-term treasuries, risk-managed high yield, investment grade credit and listed alternatives seeking to manage duration and protect capital in periods of increased market volatility

## PORTFOLIO CONSTRUCTION IDEAS

- "Income macro" allocation in aggressive income portfolio
- Total return satellite for strategic core fixed income portfolio
- Reduce max drawdown profile of strategic asset allocation portfolio comprising equity, fixed income and alternatives

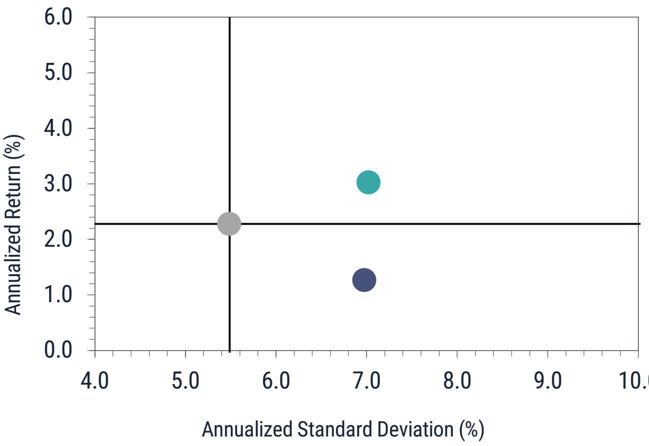
## Performance Summary




| Annualized Performance | 3 Month | 1 Yr | 3 Yrs | 5 Yrs | 7 Yrs | 10 Yrs | Incep. |
|---|---|---|---|---|---|---|---|
| ABRM Strategy (Pure Gross) | 2.12 | -4.47 | 0.14 | 1.33 | 3.86 | 2.99 | 3.03 |
| ABRM Strategy (Net) | 2.07 | -4.71 | -0.96 | 0.03 | 2.42 | 1.45 | 1.26 |
| HFRI FoF Composite Index | 2.43 | -4.62 | 3.94 | 3.16 | 3.42 | 3.57 | 2.28 |

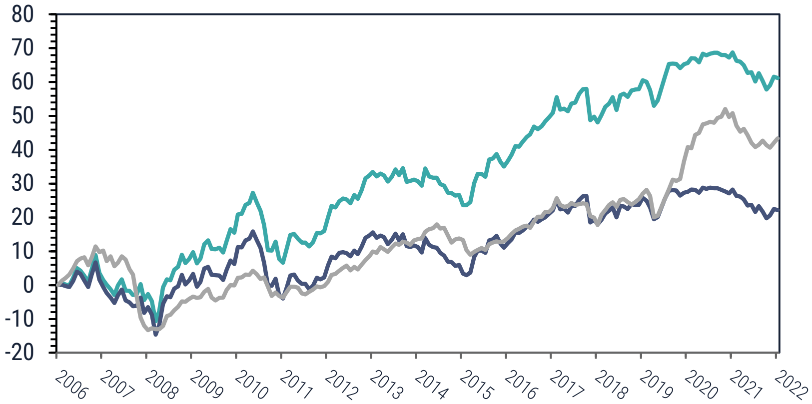
| Key Statistics *(annualized since inception)* | ABRM Strategy (Pure Gross) | ABRM Strategy (Net) | HFRI FoF Composite Index |
|---|---|---|---|
| Since Inception Return | 3.03 | 1.26 | 2.28 |
| Standard Deviation | 7.02 | 6.98 | 5.49 |
| Beta | 0.67 | 0.66 | 1.00 |
| Sharpe Ratio | 0.30 | 0.05 | 0.24 |
| Alpha | 1.63 | -.09 | - |
| Max drawdown | -17.89 | -20.03 | -22.22 |
| Max run-up | 88.76 | 50.93 | 75.33 |

## Return vs. Risk Since Inception




- Adaptive Balanced Risk-Managed Strategy (Pure Gross)
- Adaptive Balanced Risk-Managed Strategy (Net)
- HFRI Fund of Funds Composite Index

## Cumulative Return Since Inception




- Adaptive Balanced Risk-Managed Strategy (Pure Gross)
- Adaptive Balanced Risk-Managed Strategy (Net)
- HFRI Fund of Funds Composite Index

Source for performance information: FactSet. Annualized statistics since strategy inception date, 12/31/2006; relative statistics vs. primary benchmark. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted.

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| Calendar Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Adaptive Balanced Risk-Managed Strategy (Pure Gross) | 1.49 | -4.06 | 12.74 | 10.15 | -11.85 | 12.63 | 11.20 | -2.10 | -5.37 | 10.52 | 10.39 | -1.85 | 8.40 | 3.17 | 1.89 | -4.47 |
| Adaptive Balanced Risk-Managed Strategy (Net) | -0.54 | -5.98 | 10.46 | 7.74 | -13.71 | 10.27 | 9.19 | -3.81 | -7.03 | 8.72 | 8.58 | -3.36 | 6.65 | 1.43 | 0.52 | -4.71 |
| HFRI Fund of Funds Composite Index | 10.26 | -21.39 | 11.47 | 5.69 | -5.72 | 4.78 | 8.96 | 3.37 | -0.29 | 0.49 | 7.76 | -4.02 | 8.38 | 10.29 | 6.54 | -4.62 |

## ABOUT OUR FIRM:

WST Capital Management is a division of Wilbanks Smith & Thomas Asset Management, LLC – a firm that has, since 1990, prioritized solutions-seeking research as a way to better serve clients.

*KEY FACTS AND INFORMATION:*

| | |
|---|---|
| Strategy inception date: | December 31, 2006 |
| Vehicle: | Separately managed account |

Endeavoring to offer the Bridge Between Protection and Growth through Risk-managed ETF strategies, WSTCM has cut an innovative path in the pursuit of next-generation investment approaches for today's investors. We embrace the science of investing in the effort to provide investors with a balance of protection and growth, encouraging confident participation over the long-term.

## ABOUT OUR TEAM:

The team's iterative design process brings together a depth of experience in portfolio management, product design, quantitative academic research and computational methods to create robust strategies designed to solve critical problems in portfolio construction.

**Portfolio Design & Product Management**
Roger Scheffel
Ryan Stallard

**Quantitative Research**
Tom McNally, CFA, CMT

**Marketing**
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**Important disclosures**

Wilbanks, Smith & Thomas Asset Management, LLC ("WST" or the "Firm") is defined as an SEC registered investment adviser headquartered in Norfolk, Virginia. WST claims compliance with the Global Investment Performance Standards (GIPS®) Prospective clients can obtain a GIPS-compliant presentation and/ or the firm's list of strategy descriptions by contacting WST with the contact information referenced above. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Adaptive Balanced Risk-Managed Strategy has an inception date of December 31, 2006 and consists of all fee-paying fully discretionary accounts under active management at WST that adhere to the Adaptive Balanced Risk-Managed strategy. The strategy has the flexibility to invest in any combination of a global equity portfolio, high yield bonds, and short-term treasuries, or 100% in short-term treasuries. This strategy is generally implemented through the trading of mutual funds or exchange-traded funds. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Prior to January 31, 2017, the Adaptive Balanced Risk-Managed strategy was referred to by WST as the WST Asset Manager – Adaptive Balanced strategy. Eligible accounts are included in the strategy group of accounts in the month following the month of account inception. Closed accounts are included through the completion of the last full month. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate. During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts. The performance results portrayed during the period: 4/31/2008-9/30/2008 and 7/31/2014-present relate only to a limited group of the adviser's clients selected based on suitability and risk tolerance. This factor has not had a material effect on performance but could lead to the termination of the strategy group of accounts in the event of significant outflows.

The strategy is measured against Hedge Fund Research Index – Fund of Funds Composite Benchmark. The HFRI is designed to reflect hedge fund industry performance by constructing an equally weighted composite of constituent funds, as reported by the hedge fund managers listed within HFR Database.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income and dividends. Net of fee performance was calculated using actual management fees. Some accounts in the composite pay a "wrap fee" which is an all-inclusive or bundled fee based on a percentage of assets under management and may include investment management services, transaction costs/brokerage commissions, portfolio monitoring, consulting services, and custodial services. Gross performance results for wrap accounts in the composite are gross of the entire wrap fee and are provided as supplemental information as transaction expenses have not been deducted. Past performance is not a guarantee of future results.

Investment advisory fees are described in Wilbanks Smith & Thomas Asset Management, LLC's Form ADV 2A. To illustrate the possible effect of fees on the total return of an account, what follows is an illustration: A client investing in the comparative index S&P 500 over the last 10 years (as of December 31, 2015) would have earned 7.31% return on an annualized basis. With the effect of fees at 2.00% per year, this client can then expect their net return to be 5.16% per year compounded over the same time period.

Standard Deviation of return measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager. Correlation is a measure of how two securities move in relation to each other. The Sharpe Ratio measures excess return per unit of risk which relates the difference between the portfolio's return and the return of the risk free rate to the standard deviation of the portfolio returns for the same period. Alpha is the mean of the excess return of the manager over beta times the benchmark. Beta is a measure of systematic risk, or the sensitivity of a manager to movements in the benchmark. A beta of 1 implies that you can expect the movement of a manager's return series to match that of the benchmark used to measure beta. Maximum Drawdown is the maximum loss (compounded, not annualized) that the manager ever incurred during any sub period of the entire time period. Conceptually, the calculation looks at all sub periods of the time period in question and calculates the compound return of the manager over that period. The maximum drawdown is the minimum of zero and all these compound returns. Maximum Run-up is the opposite of Maximum Drawdown and shows the maximum gain the manager incurred during any sub period of time. Up and Down Capture is a measure of how well a manager replicates or improves on phases of positive benchmark returns and how the manager is affected by phases of negative benchmark returns. Commodities and futures generally are volatile and are not suitable for all investors. The value of commodity funds relate directly to the value of the futures contracts and other assets held within the fund and any fluctuation in the value of these assets could adversely affect an investment in commodities. Exchange Traded Funds (ETF's) trade like stocks, are subject to investment risk and will fluctuate in market value.

Securities and Insurance Products and Services –Are not FDIC or any other Government Agency Insured –Are not Bank Guaranteed –May lose Value.