Pinyon Pine Capital, LLC

HEDGED STRATEGY

INVESTMENT STRATEGY

Pinyon Pine Capital (PPC) is a separately managed accounts (SMA) business. The purpose of our hedged strategy is to offer our long-only product some downside protection or portfolio "insurance" from market risk.

Stock selection on the long side involves looking for companies that have high free cash flow yields and also possess real ability to grow their cash flow consistently over time and to reinvest that cash flow and generate appropriate returns on invested capital.

PPC's hedged strategy contains the same long positions, in the same relative sizes to one another, as our long-only product. We hedge a portion of our long exposure by shorting equity exchange traded funds (ETFs).

Strategy characteristics include:

- Gross exposure (long equity exposure plus short equity exposure) to range from 120 percent to 180 percent
- Net exposure (long equity exposure minus short equity exposure) to run from 20 percent to 80 percent
- Low cost, highly liquid, easy to borrow ETFs used for short exposure
- Highly Tax Efficient

LIQUIDITY ANALYSIS[1]

Days	% of Assets
< 1	100%

CUMULATIVE RETURNS (starting 04/01/11) VS. BENCHMARKS[3]

PPC Net[2]	50.52%
PPC Gross[2]	73.39%
HFRI Equity Hedge (Total)[3]	23.06%
Net Excess Return[4]	27.47%

CAGR[5] (annualized starting 04/01/11) VS. BENCHMARKS[3]

PPC Net[2] CAGR	5.42%
PPC Gross[2] CAGR	7.36%
HFRI Equity Hedge (Total)[3] CAGR	2.71%

NET RETURN STATISTICS[6]

	Std. Dev.	Sharpe	Sortino	Beta
PPC Net[2]	15.5%	0.24	0.42	0.99
HFRI Equity Hedge (Total)[3]	10.8%	0.09	0.12	

PORTFOLIO ATTRIBUTES

Total Long Positions	16
Total Short ETF Positions	3
Largest Long Position Size	9.6%
Smallest Long Position Size	3.7%
Largest Long Market Cap. [millions]	$82,934
Smallest Long Market Cap [millions]	$1,033
North American Long Holdings	96.3%
Western European Long Holdings	3.7%

REPRESENTATIVE ACCOUNT QUARTERLY NET RETURNS

Year		Q1	Q2	Q3	Q4	YTD
2018	PPC Net[2]	-0.20%	2.79%	0.51%	-11.68%	-8.95%
	HFRI Equity Hedge (Total)[3]	0.31%	0.85%	0.32%	-8.50%	-7.14%
	Net Excess Return[4]	-0.51%	1.94%	0.19%	-3.19%	-1.81%
2017	PPC Net[2]	2.66%	-2.14%	2.84%	3.12%	6.53%
	HFRI Equity Hedge (Total)[3]	3.87%	1.94%	3.52%	3.36%	13.29%
	Net Excess Return[4]	-1.21%	-4.08%	-0.68%	-0.24%	-6.75%
2016	PPC Net[2]	4.72%	2.41%	5.93%	1.26%	15.03%
	HFRI Equity Hedge (Total)[3]	-1.76%	1.38%	4.59%	1.25%	5.47%
	Net Excess Return[4]	6.48%	1.03%	1.34%	0.01%	9.56%
2015	PPC Net[2]	3.70%	5.93%	-6.89%	-0.11%	2.17%
	HFRI Equity Hedge (Total)[3]	1.97%	1.84%	-6.27%	1.73%	-0.97%
	Net Excess Return[4]	1.73%	4.09%	-0.63%	-1.84%	3.14%
2014	PPC Net[2]	-3.86%	-5.20%	3.55%	1.49%	-4.21%
	HFRI Equity Hedge (Total)[3]	1.11%	2.12%	-1.36%	-0.04%	1.81%
	Net Excess Return[4]	-4.96%	-7.32%	4.90%	1.54%	-6.02%
2013	PPC Net[2]	10.22%	3.74%	0.20%	3.35%	18.40%
	HFRI Equity Hedge (Total)[3]	4.94%	-0.07%	4.10%	4.69%	14.28%
	Net Excess Return[4]	5.29%	3.81%	-3.90%	-1.34%	4.13%
2012	PPC Net[2]	14.61%	-1.73%	3.36%	-0.67%	15.63%
	HFRI Equity Hedge (Total)[3]	6.89%	-4.62%	3.45%	1.84%	7.41%
	Net Excess Return[4]	7.72%	2.89%	-0.09%	-2.52%	8.21%
2011	PPC Net[2]	N/A	-2.64%	-8.38%	12.87%	0.68%
	HFRI Equity Hedge (Total)[3]	N/A	-1.22%	-10.93%	1.86%	-10.38%
	Net Excess Return[4]	N/A	-1.42%	2.55%	11.02%	11.07%

LONG MARKET CAPITALIZATION EXPOSURE

	Long Positions	% Long Assets
< $2B (small cap)	2	11%
$2B to $10B (mid cap)	10	67%
> $10B (large cap)	4	21%

PPC UNIQUE ATTRIBUTES

- *Adhere to rigorous, repeatable stock selection process*
- *Most long portfolio names internally generated*
- *Long-term investment horizon allows PPC to ignore investment community chatter, gossip, and short-term focus*
- *Distinctive, differentiated, long portfolio*
- *Performance-based fee*

HEDGED STRATEGY

REPRESENTATIVE ACCOUNT MONTHLY GROSS RETURNS

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	PPC Gross[2]	6.84%	1.49%											8.44%
	HFRI Equity Hedge (Total)[3]	5.10%	1.79%											6.98%
	Gross Exposure[7]	132.0%	134.2%											
	Net Exposure[8]	62.3%	62.7%											
2018	PPC Gross[2]	3.12%	-0.39%	-2.54%	0.91%	2.49%	-0.05%	2.68%	-0.52%	-1.26%	-9.01%	3.96%	-5.95%	-7.14%
	HFRI Equity Hedge (Total)[3]	2.84%	-1.84%	-0.63%	0.33%	1.34%	-0.81%	0.51%	0.42%	-0.61%	-4.67%	-0.19%	-3.83%	-7.14%
	Gross Exposure[7]	158.1%	152.6%	152.4%	152.1%	154.1%	153.8%	152.3%	154.6%	154.5%	150.2%	145.4%	137.8%	
	Net Exposure[8]	37.8%	36.6%	41.8%	42.3%	43.9%	44.5%	43.2%	48.5%	47.9%	42.7%	39.6%	36.9%	
2017	PPC Gross[2]	1.88%	2.46%	-1.07%	-3.63%	-0.44%	2.09%	0.21%	-2.50%	5.86%	1.45%	2.05%	0.19%	8.50%
	HFRI Equity Hedge (Total)[3]	1.86%	1.09%	0.87%	0.74%	0.34%	0.85%	1.47%	0.61%	1.40%	1.05%	0.97%	1.30%	13.29%
	Gross Exposure[7]	159.5%	155.3%	159.8%	164.4%	160.5%	160.6%	160.2%	159.6%	160.1%	160.9%	166.9%	160.5%	
	Net Exposure[8]	39.4%	34.8%	39.8%	38.8%	34.4%	35.7%	37.8%	34.6%	38.3%	39.7%	44.1%	50.6%	
2016	PPC Gross[2]	-3.15%	4.53%	4.02%	-0.06%	0.69%	2.30%	5.25%	0.30%	1.17%	1.18%	3.71%	-3.14%	17.69%
	HFRI Equity Hedge (Total)[3]	-4.58%	-0.45%	3.42%	1.13%	0.63%	-0.38%	2.66%	0.87%	1.00%	-0.80%	1.23%	0.83%	5.47%
	Gross Exposure[7]	133.2%	131.7%	138.1%	135.1%	134.5%	137.9%	145.7%	174.1%	170.1%	163.2%	167.1%	168.6%	
	Net Exposure[8]	56.4%	58.1%	62.2%	58.4%	56.8%	62.0%	44.6%	28.8%	26.6%	25.4%	24.6%	28.4%	
2015	PPC Gross[2]	-0.67%	5.77%	-1.01%	2.17%	4.01%	0.50%	0.50%	-3.86%	-3.82%	2.68%	0.23%	-2.64%	3.42%
	HFRI Equity Hedge (Total)[3]	-1.01%	2.72%	0.28%	1.82%	0.96%	-0.93%	-1.18%	-3.28%	-1.93%	2.97%	-0.05%	-1.15%	-0.97%
	Gross Exposure[7]	162.1%	141.2%	140.0%	143.0%	140.6%	152.5%	146.3%	142.5%	142.1%	147.3%	148.6%	150.1%	
	Net Exposure[8]	35.2%	47.8%	45.4%	46.0%	46.0%	46.3%	40.7%	39.3%	39.2%	40.8%	40.2%	43.7%	
2014	PPC Gross[2]	-2.10%	0.89%	-2.37%	-1.89%	-2.44%	-0.61%	2.44%	3.34%	-1.84%	-4.09%	6.59%	-0.42%	-2.95%
	HFRI Equity Hedge (Total)[3]	-0.98%	2.54%	-0.42%	-0.73%	1.12%	1.73%	-0.97%	1.61%	-1.97%	-0.08%	0.39%	-0.35%	1.81%
	Gross Exposure[7]	172.0%	178.0%	175.8%	175.3%	164.9%	184.0%	175.8%	166.2%	175.1%	168.8%	183.4%	165.7%	
	Net Exposure[8]	25.2%	25.8%	19.5%	17.8%	1.4%	14.0%	16.1%	5.9%	18.0%	31.1%	52.2%	35.5%	
2013	PPC Gross[2]	6.15%	2.12%	3.00%	2.28%	2.73%	-0.66%	3.01%	-0.89%	-1.55%	3.45%	0.61%	-0.91%	20.80%
	HFRI Equity Hedge (Total)[3]	3.34%	0.32%	1.22%	0.37%	1.22%	-1.64%	2.27%	-0.85%	2.66%	2.01%	1.20%	1.41%	14.28%
	Gross Exposure[7]	151.2%	146.9%	153.0%	149.1%	153.8%	151.7%	177.1%	177.5%	186.4%	180.0%	170.8%	170.8%	
	Net Exposure[8]	50.7%	47.3%	52.6%	50.1%	54.4%	53.1%	23.7%	27.5%	25.8%	19.2%	15.2%	17.4%	
2012	PPC Gross[2]	7.31%	2.44%	6.01%	1.44%	-7.37%	4.69%	0.39%	2.78%	0.73%	-2.75%	1.40%	0.93%	18.59%
	HFRI Equity Hedge (Total)[3]	3.88%	2.89%	0.01%	-0.82%	-4.71%	0.92%	0.28%	1.18%	1.96%	-0.25%	0.45%	1.64%	7.41%
	Gross Exposure[7]	97.4%	97.4%	99.0%	98.7%	98.5%	99.7%	152.3%	165.5%	161.0%	166.5%	148.5%	122.6%	
	Net Exposure[8]	97.4%	97.4%	99.0%	98.7%	98.5%	99.7%	42.5%	32.6%	25.8%	30.2%	13.4%	32.2%	
2011	PPC Gross[2]	N/A	N/A	N/A	-2.01%	1.81%	-2.10%	-1.78%	-0.35%	-6.03%	10.28%	2.86%	-0.20%	1.70%
	HFRI Equity Hedge (Total)[3]	N/A	N/A	N/A	1.34%	-1.28%	-1.26%	-0.33%	-4.89%	-6.04%	4.91%	-2.02%	-0.91%	-10.38%
	Gross Exposure[7]	N/A	N/A	N/A	130.9%	140.7%	142.1%	140.2%	90.1%	97.0%	97.1%	96.5%	92.3%	
	Net Exposure[8]	N/A	N/A	N/A	36.1%	49.0%	50.6%	49.6%	90.1%	97.0%	97.1%	96.5%	92.3%	

PPC INFORMATION

Total PPC AUM [millions]	$43.9
Business Configuration	SMA
Brokerage Accounts	Interactive Brokers (IB); Charles Schwab; BTIG
Custodian	IB; Charles Schwab; Goldman Sachs or Pershing LLC (at BTIG)
Minimum Investment	$1M at IB or Charles Schwab; $5M at BTIG
Investor Qualifications	Qualified Client Status
Hedge Pricing Fees[2]	1.25% management fee; 10% performance fee
Equity Analyst	Brandon Davis
Operational Support	Irene Chou, CPA; ILC Consulting
Legal Counsel	Jack Martel; Ragghianti Freitas LLP

FOUNDER/PORTFOLIO MANAGER BIOGRAPHY

Jason Williams, PhD: Before founding PPC, Jason was a partner and associate portfolio manager at Emrose Capital for 2 years. Prior to Emrose, Jason spent approximately 7 years at Botti Brown Asset Management (BBAM), where he was a senior research analyst and partner. Both Emrose and BBAM were market-neutral hedge funds founded by John Botti (in the case of BBAM John Botti and Don Brown). Preceding BBAM, Jason spent 2 years as an associate equities analyst at A.G. Edwards & Sons. Previous to A.G. Edwards, he conducted post doctorate research in chemical physics at the University of Maryland, College Park. Jason completed a PhD and MS in chemistry at the University of California, Irvine. He received a BS in chemistry and minor in mathematics from California State University, Chico.

HEDGED STRATEGY

IMPORTANT DISCLOSURE INFORMATION:

All returns are unaudited. All performance information provided herein is historical and should not be taken as any indication of future performance. Dividends are reinvested for the representative account and any indices shown. The inception date for the representative account corresponds to the start of the first full month the account was funded and available to trade.

The PPC results shown are actual results of a representative hedged PPC account. The representative hedged PPC account's first full month of trading was April, 2011. The strategy employed by PPC in managing this account is representative of PPC's hedged strategy. The account that was selected as the representative account was chosen because it is our oldest hedged account and has the longest track record. All hedged client accounts contain the same long positions in approximately the same relative sizes. They also employ the same or comparable performing ETFs on the short side that are sized in a similar manner. Thus, the gross performance of each hedged account is similar.

[1] Liquidity Analysis of total PPC Hedged Strategy AUM assumes 20% of last three months' average daily trade volume.

[2] Gross performance percentages represent the time-weighted rate of return of the hedged representative account (including appropriate adjustments to account for the addition or subtraction of any funds from the account) and are net of brokerage fees but do not reflect fees paid to PPC. Hedged pricing fees include an asset-based management fee calculated on a prorated basis at the annualized rate of 1.25% and payable quarterly in arrears at the end of each fiscal quarter. It also includes a performance fee, if any, equal to 10% of the net (after deduction of the management fee) return. The hedged pricing fee structure includes a high-water mark. During any year or total partial year (if the account was started after the first of the calendar year) that the account earns a negative net return, no performance fees will be assessed in the subsequent period(s) until the net return of the account has first earned back the prior period(s) negative net performance. Annual Net returns percentages reflect PPC fees. The results shown above may not reflect the actual advisory fees paid by any client of PPC.

In order to present net returns on a quarter-by-quarter basis, the year-to-date net results are calculated as if the account were terminated as of the end of each of quarters one, two, and three. Prorated quarterly management fees, calculated at an annualized rate of 1.25%, and the performance fee, equal to 10% of the net return (after deduction of the prorated management fee), are then subtracted from the NAV of the account as of the end of the quarter. To determine net returns during quarters two and three, year-to-date net performance is calculated then adjusted by subtracting the net performance of the prior quarter(s). For the fourth quarter, year-to-date net performance corresponding to the end of the third quarter is subtracted from the Annual Net return percentages.

[3] The HFRI Equity Hedge (Total) Index is used as the benchmark for the hedged strategy. It should not be assumed that holdings, volatility or management style of any hedged account managed by PPC will, or is intended to, resemble that of the HFRI Equity Hedge (Total) Index. The comparison of this performance data to any single market index is imperfect. The HFRI Equity Hedge (Total) Index may have different net and gross exposures and be more diversified versus PPC's hedged product.

[4] Net Excess Return is calculated as the difference between PPC Net versus the HFRI Equity Hedge (Total) Index.

[5] The compound annual growth rate (CAGR) represents the annualized return since inception.

[6] Sharpe Ratio, Sortino Ratio, and Beta calculations are based on the net quarterly returns, since inception. The Standard Deviation shown represents the annualized Standard Deviation. The Sharpe and Sortino Ratios are calculated using the annualized standard deviations, annualized returns, and the annualized risk-free return. The risk-free return is based on the quarter-end return of the 30-day U.S. Treasury bond. Beta calculations are correlated to the HFRI Equity Hedge (Total) Index.

[7] Gross Exposure represents long equity exposure plus short equity exposure.

[8] Net Exposure represents long equity exposure minus short equity exposure.

PPC's hedged strategy seeks to reduce some of the downside market risk associated with our long-only product. However, there are also risks incurred in shorting ETFs. If the ETFs that are being shorted appreciate in value at a faster rate than our long product, then the hedged product can lose money in a rising stock market environment. In a declining stock market, our hedged product is expected to perform better or incur smaller losses than those realized in our long-only strategy. However, the hedged strategy may still generate significant losses in a declining stock market. Also, a margin account is required for the hedged strategy in order to facilitate shorting. Anytime a margin account is employed, there is the potential for losses to exceed the net asset value (NAV) of the account. This is not the case in our long-only strategy, where cash accounts are utilized, and losses cannot exceed the NAV of the account.

To help mitigate some of these risk to our hedged strategy, we generally seek to keep our long exposure at similar levels to those of our long-only product. Because our long-only product does not employ margin, its maximum exposure is 100 percent. Thus, the long exposure of our hedged product will usually not be significantly above this level. This will help to reduce risk and volatility versus utilizing significantly higher long exposure than that employed in our long-only strategy. Also, by mostly utilizing broad-based market ETFs on the short side, there is less risk of our shorts dramatically increasing in price versus what can occur from shorting individual stocks or narrowly targeted sector ETFs.

Information pertaining to PPC's advisory operations, services, and fees is set forth in PPC's current disclosure statement which is on file with the California Department of Business Oversight and a copy of which is available from PPC upon request. As part of its investment management process, PPC reviews and considers third-party research, including materials obtained from other investment professionals. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and/or investment strategies devised by PPC) will be either suitable or profitable for a client's or prospective client's portfolio.

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