

## Our “Edge”

Most investment capital is allocated according to capitalization-weighted benchmarks. A relatively small portion of capital is dedicated to comparing return/risk scenarios across a wide variety of investment options. Even less capital has the flexibility to quickly and easily reallocate in response to changing conditions. Our purview includes an unusually broad set of investment opportunities. Our nimble investment process guides us toward the most attractive opportunities on a daily basis. Our *breadth* and *adaptability* are key components of our comparative advantage.

The explosion in the breadth and liquidity of ETFs in recent years has provided a *new opportunity* to easily and inexpensively invest in an incredibly wide variety of investment niches. The low cost of trading ETFs facilitates the dynamic shifting of exposures across many niches that had been heretofore difficult and expensive to trade tactically and opportunistically. Our investment process is designed to fully exploit these opportunities. We believe that we are the only firm focused on managing absolute return ETF portfolios. At this early stage in the institutionalization of ETFs, there are *few sophisticated competitors*.

Our *proprietary risk and return models* are specifically designed for the ETFs in which we invest. We have built a *proprietary ETF return pro-forma database* using the histories of the underlying benchmark indexes of all U.S.-traded ETFs. This provides us with a unique and valuable dataset for our risk and return modeling. Based upon many years of experience in quantitative research, tactical asset allocation, and long/short portfolio management, we find that applying these models to ETFs provides us with an extremely attractive environment for adding value for our clients. Ongoing research to further enhance our investment process enables us to evaluate new ETFs, incorporate new data sources, and adapt to ever-changing market conditions.

The background and experience of our Principal, *Kevin Means*, is perhaps our most important “edge.” As a former hedge fund manager, he understands alternative investments from the inside. As the former chief investment officer of three investment firms, he has supervised both equity and fixed income investment professionals, determined the allocations to various asset classes in multiple asset class portfolios, and directed strategic and tactical asset allocation research. As a former director of quantitative research, he has in-depth knowledge of the techniques involved in sound, practical, and effective risk and return modeling. As a former five-star mutual fund manager, he has successfully applied his knowledge to add significant value for clients.

In sum, we combine someone with the right background and experience applying his knowledge to a relatively new and under-utilized set of securities that provide unusual breadth and liquidity using proprietary risk and return models built on a unique database.

Kevin Means, CFA  
Principal  
Select Alternative Investments LLC

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# **SELECT ALTERNATIVE INVESTMENTS LLC**

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