

Narratives

Investment Philosophy

KDI Capital Partners' Value Preservation Strategy provides investors with a vehicle to invest in the equities market with lower risk. The Value Preservation Strategy seeks to reduce the risk of investing in equities by:

- Primarily investing in high quality, large cap, dividend paying companies

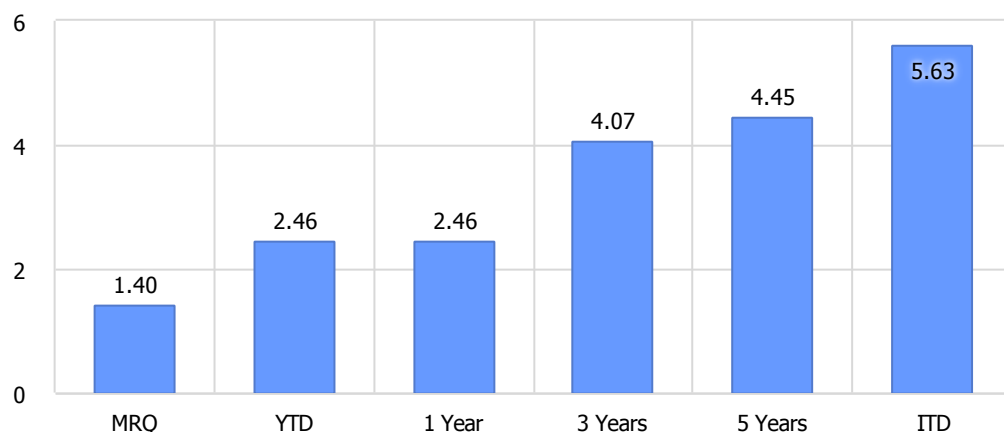
- Writing primarily long-term **in the money call options** against the positions. The option terms are generally 6 months to 2 years.

- The dividends and call options premiums provide meaningful downside protection to investors in Value Preservation.

- The Value Preservation Strategy **targets downside protection of 15-20%** and potential returns over the next 12 months of 4-8% in a flat or positive market and 0-4% in a market that is down 10%.

Performance

Annualized Returns (Net)



	MRQ	YTD	1 Year	3 Years	5 Years	ITD
Value Preservation Strategy	1.40	2.46	2.46	4.07	4.45	5.63

Portfolio Characteristics (vs S&P 500)

Current # of Holdings	22
Current Cash Position	15.13%
Current Dividend Yield	1.30%
% Holdings In 10 Largest Stocks	69.71%
Annualized Alpha	1.96
Beta	0.25
Sharpe Ratio Since Inception 7.5 Years 01/2009 - 06/2016	1.28
Downside Market Capture Since Inception 7.5 Years 01/2009 - 06/2016	20.44

KDI Capital Partners Overview

KDI Capital Partners (KDI) is an investment firm with 25+ years of experience. The firm offers multiple equities-based strategies to suit its clients varying risk tolerances. KDI views its approach to analyst coverage as a differentiator. KDI employs a business model based approach to its research versus a sector focused approach. Each of our analysts focuses on a business model, which allows them to cover companies in multiple sectors. KDI conducts extensive fundamental due diligence through a comprehensive primary research process and uses exhaustive financial analysis to identify undervalued market opportunities.

Option Characteristics

Portfolio Downside Protection	Average Time to Maturity for Options
25.7%	5 Months

Assets

KDI Capital Partners AUM	Value Preservation Strategy AUM
\$350M	\$68M

Disclosures

Disclaimer: All data is as of June 30, 2016. The performance information shown above represents the composite past performance of the separately managed accounts and the private investment funds managed by KDI using the same strategy ("Value Preservation Strategy"). The net performance results shown are actual results net of all fees and expenses including any administration fees and management fees. Approximately 3% of total assets do not pay a management fee, the remaining assets pay an annual management fee of either .75% or 1%. All performance results reflect the deduction of trading costs (e.g., commission) and the reinvestment of dividends. The performance information is unaudited. Past performance is not necessarily indicative of future results. Individual investor performance may be different than the performance results shown. All investments are subject to risk, and investing in accordance with any KDI Strategy, like all investments, may lose money. This is not to be considered as an offer to buy or sell any financial instruments. Additional information regarding policies for calculating and reporting returns is available upon request. The inception date of this strategy is January 5, 2009.