



TIMBER POINT  
CAPITAL MANAGEMENT

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**GLOBAL ALLOCATIONS STRATEGY**

**SEPTEMBER 2023**

# FIRM OVERVIEW

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Timber Point Capital Management, LLC is a New York based, boutique asset management firm providing multi-asset investment solutions to a wide range of clientele, including direct investors, institutional investors, financial advisers and registered funds.

*The investment team at Timber Point Capital Management has successfully worked together since 2004.*

# TIMELINE

## Investment Team Timeline

17 years working together

### David Cleary, CFA - Founder, Portfolio Manager

Timber Point  
Capital Management

UBS Asset Management

Lazard Asset Management

Crow Point Partners

'92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23

A.B. Laffer/V.A. Canto & Assoc

La Jolla  
Economics

Lazard Asset  
Management

Crow Point Partners

### Victor Canto, PhD - Macroeconomic Advisor

Timber Point  
Capital Management

# STRATEGY OVERVIEW

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## DESCRIPTION

- Directional, global strategy incorporating, equities, debt, commodities, currencies and market hedging tools

## OBJECTIVE

- Seeks superior risk-adjusted returns by allocating capital across a wide variety of global asset classes.
- Targets moderate levels of total portfolio risk
- Provide diversification benefits to a traditional portfolio

## UNIVERSE

- Global - All Asset Classes
- Category: Morningstar Multistrategy

## PORTFOLIO OVERVIEW

- Core Allocation: 20% - 50%
- Tactical Allocation: 20% - 60%
- Hedges Allocation: 20% - 60%
- Portfolio: ETFs, CEFs, Individual Securities, Derivatives
- Accessible via Mutual Fund (CGHIX) and SMA

# INVESTMENT PHILOSOPHY

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1

## Global Macro Perspective

- Evaluate global macro-economic landscape
- Focus on economic, political and policy changes
- Identify potential secular and cyclical changes that impact capital markets

2

## Anticipatory Tactical Framework

- Use historical relationships as a baseline
- Combine with proprietary insights from market participants
- Establish forward-looking tactical viewpoints

3

## Remove Structural Biases

- Asset classes and styles move in and out of favor
- Economic and market cycles impact returns over extended periods
- No single asset class or style should dominate portfolio

4

## Rigorous and Systematic Investment Process

- Application of a macro-based, un-biased, anticipatory framework
- Rules based, probability driven implementation
- Value timing approach to global multi asset allocation

# INVESTMENT PROCESS

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- **OPPORTUNITY**
- **OUTLOOK**
- **ALLOCATION DECISIONS**
- **MONITORING**

*"Attractive risk-adjusted returns can be achieved through a disciplined, macro-driven allocation process."*

David Cleary, CFA  
Founder, Portfolio Manager

# INVESTMENT PROCESS

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*Opportunity Set = All Global Asset Classes*

## 1 CORE ALLOCATION

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- Beta oriented
- Major market asset classes
- Actively managed based on outlook

## 2 TACTICAL ALLOCATION

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- Alpha oriented
- Unconstrained
- Opportunistic investments

## 3 HEDGES ALLOCATION

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- Structural diversifiers
- Long/short
- Volatility hedges

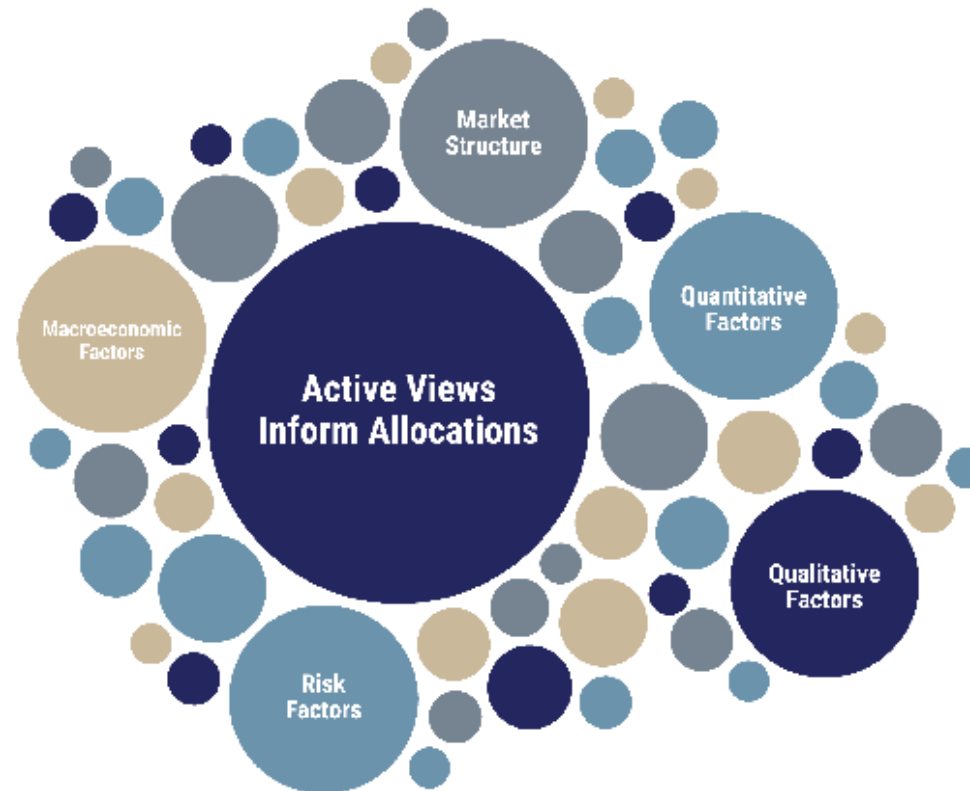
*Setting the overall allocation framework, based on our philosophy, is the largest and most value-added step in the investment process.*

# INVESTMENT PROCESS

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## *Outlook*

*Incorporating a multitude of fundamental variables to assess the economic and investing environment. Determine level of risk, and where those risks will be best compensated.*





# INVESTMENT PROCESS

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## *Asset Allocation*

*Allocation decisions are based on fundamental outlook to achieve desired exposure.*

### CORE ALLOCATION EXAMPLES

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- Economic Outlook favors Equities over Fixed Income
- Rate Outlook favors Intermediate Term over Long Term Bonds
- Currency Outlooks favors Domestic over International Markets

### TACTICAL ALLOCATION EXAMPLES

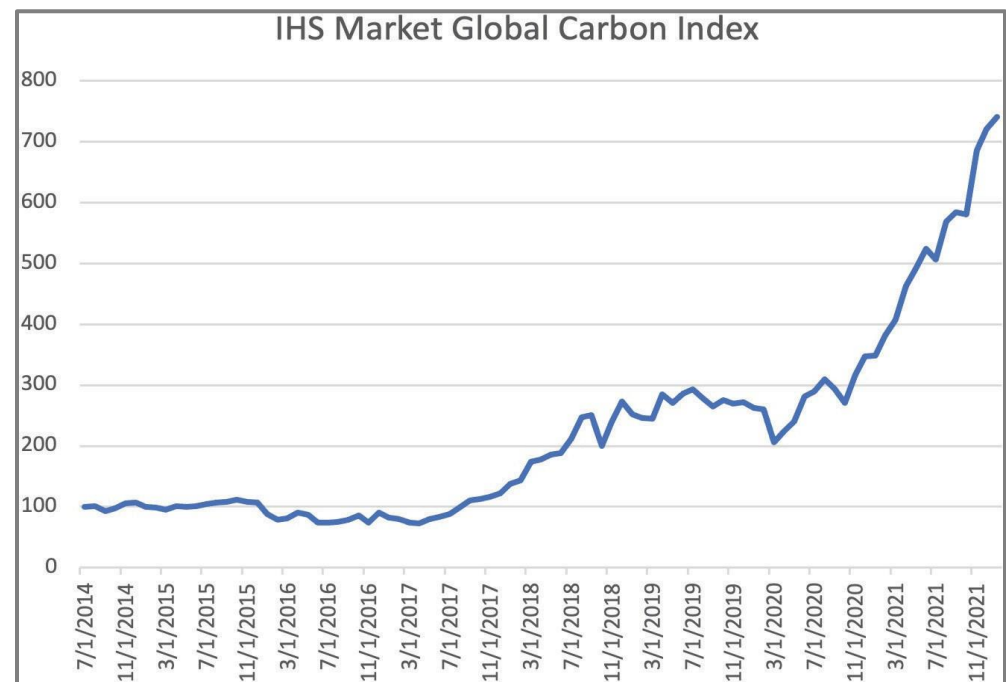
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- Credit Spread Outlook favors High Yield over Investment Grade
- Sector Outlook favors Utilities over Materials Sector
- Banking Environment favors Alternative Lenders over Traditional Lenders

# INVESTMENT PROCESS

## Security Selection

- Under the 2005 Kyoto Protocol 170 countries agreed that market mechanisms could be adopted to mitigate the growth of greenhouse gases and to lower corporate carbon footprints
- Carbon Credit Markets have developed in order to facilitate that goal; growing in acceptance and utility
- The market size for carbon credit trading now exceeds \$300 billion per year
- High emission companies purchase credits to offset emissions inherent in their general business activities and to adhere to government standards
- Trade: Purchase global carbon credit ETN to participate in this secular trend and to diversify portfolio in an asset uncorrelated to traditional equity or debt markets

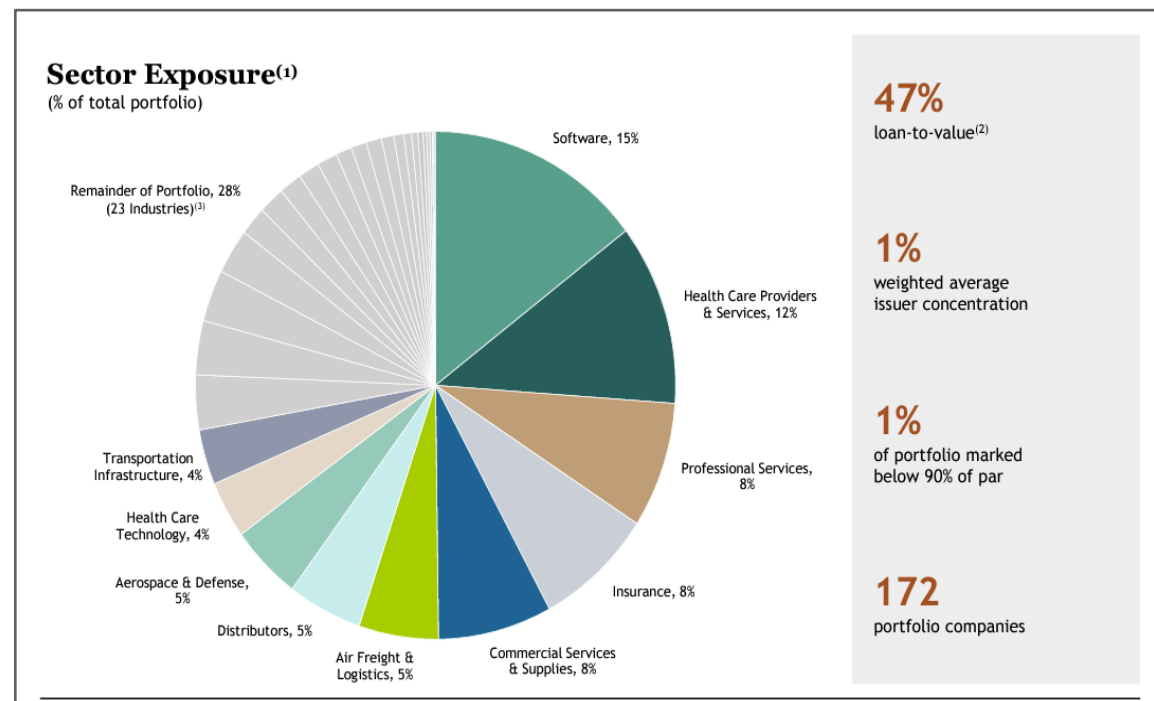


*Any information is for illustrative purposes only and is not intended to serve as investment advice since the availability and effectiveness of any strategy is dependent upon individual facts and circumstances. Past performance is no guarantee of future results.*

# INVESTMENT PROCESS

## Security Selection

- Alternative Lending – Secured Loan Portfolio
- A diversified pool of unique, non-public, income generating secured loans
- Niche sectors with attractive yield profiles
- Low correlation to traditional bond investments
- Rigorous sourcing, due diligence and risk management processes
- Not heavily influenced by leverage, macro variables or equity risks



Managed through Blackstone

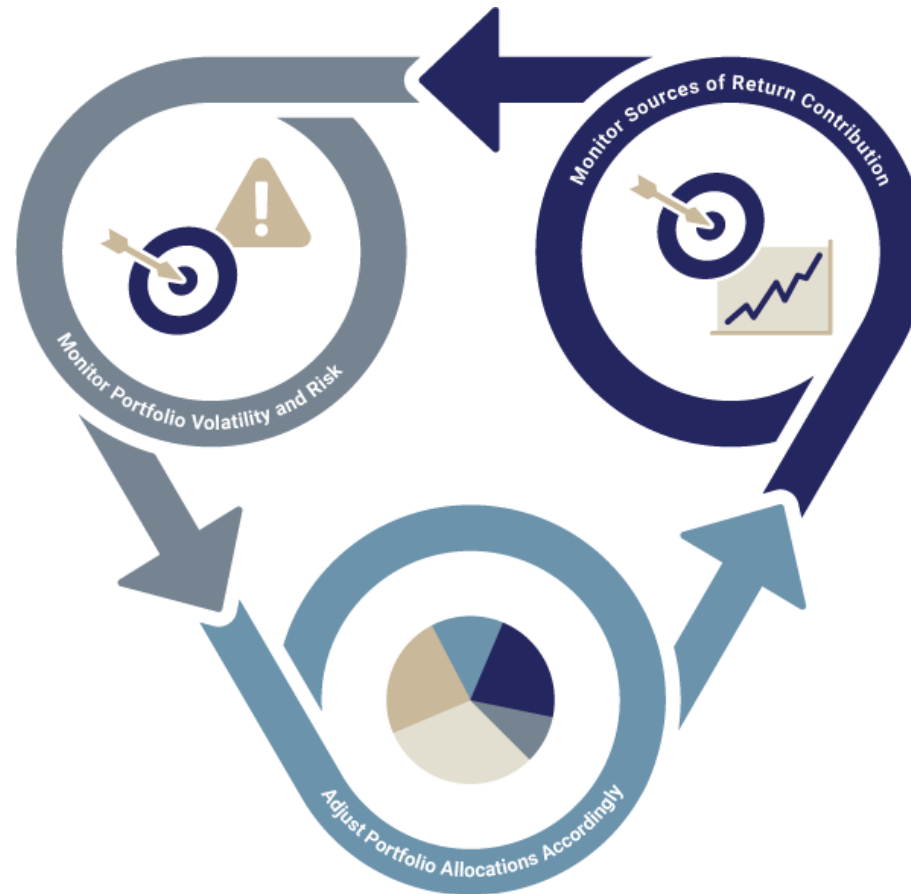
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# INVESTMENT PROCESS

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## *Risk Management & Monitoring*

*A multi-variable feedback loop ensures the portfolio behaves as designed.*

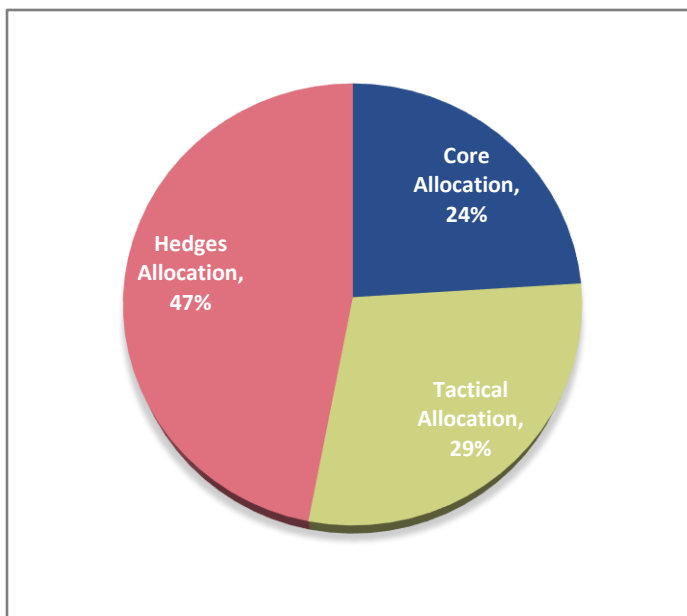


# HOLDINGS & STATISTICS

## TOP HOLDINGS IN EACH CATEGORY

	Long/Short	% Allocation
<b>Core Allocation</b>		<b>28%</b>
US Small and Mid Cap Equities	Long	10.5%
Diversified Large Cap Equities	Long	10.0%
Long/Short Equities	Long	3.3%
<b>Tactical Allocation</b>		<b>29%</b>
Japanese Automaker	Long	2.8%
US Semiconductor	Long	2.1%
Aerospace & Defense	Long	2.0%
<b>Hedges Allocation</b>		<b>47%</b>
Short Maturity Treasuries	Long	15.5%
Diversified Fixed Income	Long	12.5%
Cash	Long	12.0%

## PORTFOLIO ALLOCATIONS



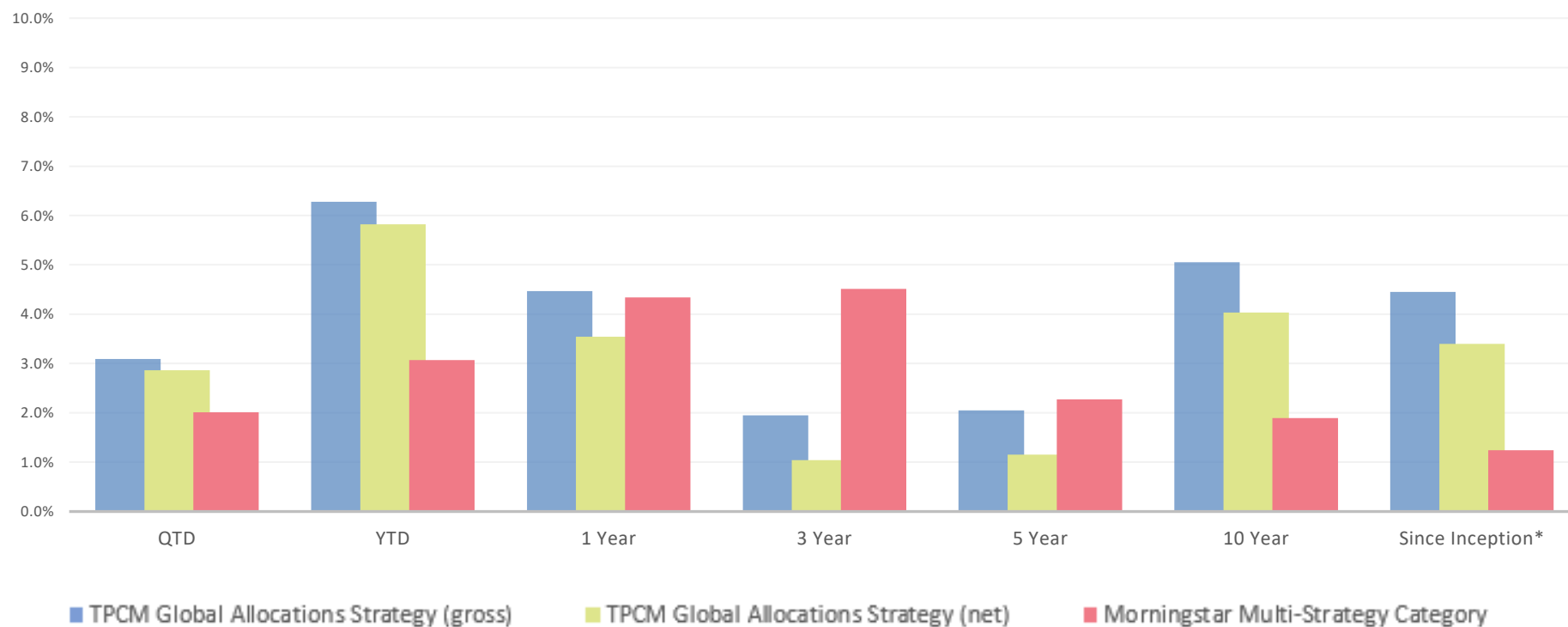
Source: TPCM, Bloomberg.

## KEY STATISTICS

Exp Risk (Std. Dev.)	13.0
Exp Beta to Fixed Income	0.3
Exp Beta to Equities	0.7
Gross Yield	4.5%

# COMPOSITE PERFORMANCE

## GLOBAL ALLOCATIONS ANNUALIZED RETURNS (as of 03/31/23)



	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
TPCM Global Allocations Strategy (gross)	-3.64%	2.42%	3.20%	-0.61%	0.21%	3.84%	4.12%
TPCM Global Allocations Strategy (net)	-3.86%	1.74%	2.29%	-1.50%	-0.68%	2.83%	3.08%
Morningstar Multi-Strategy Category	0.22%	3.30%	5.85%	3.87%	2.11%	1.80%	1.24%

Past performance is not indicative of future results. Returns are presented Net of management fees and include the reinvestment of all income. Source: Morningstar Direct. Please see appendix for full disclosure.

# COMPOSITE PERFORMANCE

## MONTHLY & CALENDAR YEAR RETURNS (net of fees)

		<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>YEAR</u>
<b>2023</b>	TPCM Global Allocations (Net)	5.7%	-3.9%	1.3%	-0.2%	-2.9%	6.1%	2.9%	-2.9%	-3.7%				1.7%
	Morningstar® Multi-Strategy Category	1.9%	-0.2%	-0.6%	0.6%	-0.7%	2.1%	1.1%	0.11%	-1.0%				3.3%
<b>2022</b>	TPCM Global Allocations (Net)	-3.0%	-2.2%	0.2%	-6.4%	-2.1%	-7.0%	5.8%	-4.1%	-4.0%	2.8%	4.1%	-6.1%	-20.0%
	Morningstar® Multi-Strategy Category	-1.4%	-0.3%	0.6%	-0.8%	0.2%	-2.5%	1.0%	-0.3%	-1.9%	1.9%	1.2%	-0.6%	-3.0%
<b>2021</b>	TPCM Global Allocations (Net)	1.7%	1.3%	0.1%	1.1%	0.4%	0.8%	-1.1%	0.5%	-3.1%	2.5%	-1.0%	2.5%	5.9%
	Morningstar® Multi-Strategy Category	0.4%	1.1%	1.3%	1.7%	0.8%	0.2%	0.1%	0.6%	-1.1%	0.9%	-1.2%	1.8%	6.7%
<b>2020</b>	TPCM Global Allocations (Net)	-1.8%	-4.4%	-11.3%	7.0%	3.4%	1.1%	2.9%	3.4%	-2.4%	-2.5%	7.6%	6.7%	8.2%
	Morningstar® Multi-Alternative Category	-0.2%	-2.5%	-7.2%	2.8%	1.2%	0.6%	1.8%	1.2%	-0.8%	-0.7%	3.4%	2.1%	1.2%
<b>2019</b>	TPCM Global Allocations (Net)	8.0%	0.8%	0.6%	2.1%	-3.3%	2.9%	-0.1%	-2.5%	1.7%	1.6%	1.3%	2.5%	16.4%
	Morningstar® Multi-Alternative Category	2.5%	0.8%	0.7%	1.1%	-1.8%	1.9%	0.5%	-0.2%	0.3%	0.2%	0.5%	0.9%	7.5%
<b>2018</b>	TPCM Global Allocations (Net)	2.8%	-3.3%	-1.2%	-0.3%	2.0%	-0.9%	1.4%	4.1%	-0.2%	-6.8%	0.9%	-4.5%	-6.3%
	Morningstar® Multi-Alternative Category	1.6%	-2.2%	-0.5%	0.1%	0.0%	-0.2%	0.6%	0.4%	0.0%	-2.5%	-0.1%	-1.9%	-4.6%
<b>2017</b>	TPCM Global Allocations (Net)	2.5%	1.9%	0.4%	0.7%	1.1%	1.3%	3.7%	0.7%	1.5%	2.4%	1.2%	0.8%	19.7%
	Morningstar® Multi-Alternative Category	0.6%	1.1%	0.0%	0.4%	0.5%	-0.2%	0.7%	0.4%	0.4%	0.9%	0.4%	0.5%	5.7%
<b>2016</b>	TPCM Global Allocations (Net)	-4.2%	-1.2%	4.3%	1.7%	-0.2%	0.5%	3.6%	0.8%	0.4%	-1.6%	0.4%	0.9%	5.4%
	Morningstar® Multi-Alternative Category	-1.5%	-0.4%	1.2%	0.1%	0.2%	0.5%	1.0%	-0.3%	0.1%	-0.8%	0.0%	0.7%	0.8%
<b>2015</b>	TPCM Global Allocations (Net)	-1.9%	4.0%	-1.1%	0.5%	-0.1%	-1.9%	0.5%	-3.8%	-2.4%	5.2%	-0.2%	-2.2%	-3.8%
	Morningstar® Multi-Alternative Category	0.2%	1.5%	0.2%	-0.3%	0.4%	-1.7%	0.5%	-2.2%	-1.2%	1.5%	-0.2%	-1.3%	-2.7%
<b>2014</b>	TPCM Global Allocations (Net)	-2.7%	3.6%	-0.2%	-0.2%	1.3%	1.2%	-0.7%	1.8%	-1.5%	1.2%	1.6%	-0.9%	4.4%
	Morningstar® Multi-Alternative Category	-1.0%	1.3%	-0.3%	0.0%	0.9%	0.7%	-0.7%	1.1%	-1.1%	0.2%	0.8%	-0.4%	1.5%

\*Inception April 2008

All returns are in US Dollars (\$)

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Source: Morningstar Direct. Please see appendix for disclosure.

# TEAM BIOGRAPHIES

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**DAVID CLEARY, CFA**

**David Cleary, CFA** is the President and Chief Investment Officer at Timber Point Capital Management, LLC. Prior to founding TPCM, David served as the Chief Investment Officer at Crow Point Partners. Before Crow Point, Mr. Cleary spent 23 years at Lazard Asset Management where he held a series of senior portfolio management roles over multi-asset and global fixed income strategies. Additionally, he served as the firm's global head of fixed income, a \$26 billion platform. Prior to Lazard, David worked at UBS and IBJ Schroder, mostly in fixed income asset management roles. He began working in the asset management field in 1987 upon his graduation from Cornell University, with a BS in Business Management and Applied Economics. Mr. Cleary holds a Chartered Financial Analyst (CFA) designation.



**VICTOR CANTO, PHD**

**Victor Canto, Ph.D.** is the economic consultant to Timber Point Capital Management. Victor founded La Jolla Economics Inc., an economics consulting firm. From 2004 to 2016 he was an adviser to the Lazard Capital Allocator Series. From 1993 to 1998, he was Chief Investment Officer, Director of Research and portfolio manager at Calport Asset Management. From 1989 to 1997 he was President and Director of Research at A. B. Laffer, V. A. Canto and Associates. Victor has been an adviser to governments and a tenured finance and economics professor at the University of Southern California. He received his doctorate in Economics and a Master of Arts degree in Economics from the University of Chicago and his Bachelor of Science degree in Civil Engineering from the Massachusetts Institute of Technology in 1972.



**PATRICK MULLIN, CFA**

**Patrick Mullin, CFA** is a Partner and Managing Director at Timber Point Capital Management, LLC. Mr. Mullin is the Founder and CIO of Ardara Capital, a small and mid capitalization hedge fund founded in 2011. From 2013 through 2017, Mr. Mullin served as a consultant at DeepDive Automated Research, a financial technology company, where he fostered client and strategic relationships. Prior to Ardara Capital, Mr. Mullin spent 10 years at Lazard Asset Management where he was the Portfolio Manager for the \$3 billion AUM U.S. Small Cap Product in addition to his analytical coverage of the energy, technology and healthcare industries. Patrick is a graduate of Trinity College, has an M.B.A. from The University of North Carolina at Chapel Hill and holds a Chartered Financial Analyst (CFA) designation.



# DISCLOSURES

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TIMBER POINT GLOBAL ALLOCATIONS STRATEGY includes all institutional portfolios that invest in the firm's Global Allocation strategy. The strategy seeks superior risk-adjusted total returns by allocating capital across a wide variety of global asset classes and strategies types and will actively adjust exposures based on the manager's fundamental views. The strategy is implemented utilizing a process that seeks to balance risks within the strategy framework. The strategy primarily invests in Exchange Traded Funds, Closed-end Funds and Open-end Funds, but may also utilize individual stocks and bonds. The composite benchmark is the Morningstar® Multi-Strategy Category includes portfolios that seek to provide capital appreciation and income by actively shifting allocations across investments. These portfolios have material shifts across equity regions, and bond sectors on a frequent basis.

From inception to Sept 2017, the performance track record represents the investment team's performance while at Lazard Asset Management. From Oct 2017 until March 2020, the track record represents the investment team's performance while at Crow Point Partners. From April 2020 until the present, the track record represents the investment team's performance at Timber Point Capital Management.

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All returns are in US Dollars (\$).

Past performance is not indicative of future results.

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