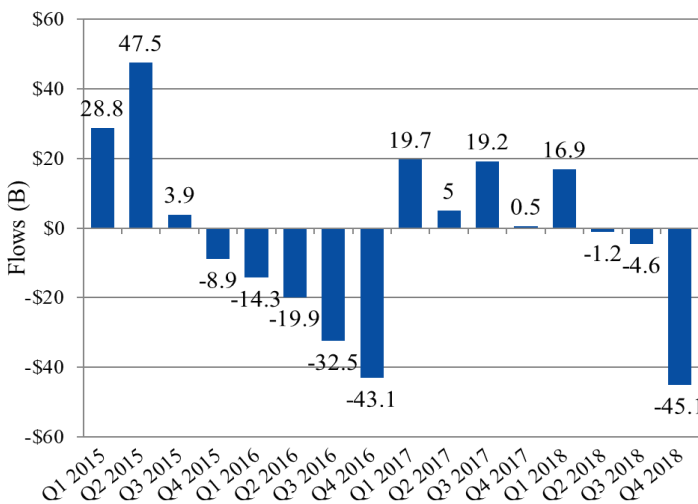


Since the financial crisis, investors have become increasingly frustrated with the hedge fund industry. Many continue to decrease their allocations to hedge fund managers, some abandoning the asset class altogether. Positive inflows in 2015 and 2017 were offset by dramatic outflows in 2016 and 2018, with \$45 billion of net outflows in the fourth quarter of 2018 alone. Frustration is driven by the industry's inability to outperform the market in recent years, leaving investors to question their relative value over long-only equities or private equity, especially given high fees traditionally associated with hedge funds.

Hedge Fund Flows by Quarter¹



Equity-focused and relative value hedge funds, in particular, have seen a high level of outflows in recent years as these strategies have, in large part, failed to prove their value over alternative strategies.

Hedge Fund Flows by Strategy (Billions)¹

Strategy ¹	2015	2016	2017	2018	Total
CTAs	24.6	25.5	25.2	-14.2	61.1
Credit Strategies	4.2	-28.2	-4.7	13.8	-14.9
Equity Strategies	60.3	-50.3	-23.8	-23.7	-37.5
Event Driven	-1.8	-2.9	10.3	6.4	12.0
Macro	-25.8	-5.9	19.0	-16.2	-28.9
Multi-Strat	27.5	-22.5	18.6	7.4	31.0
Niche Strategies	1.3	-0.8	3.8	13.0	17.3
Relative Value	-18.8	-24.7	-4.1	-20.4	-68.0
Total	71.5	-109.8	44.3	-33.9	

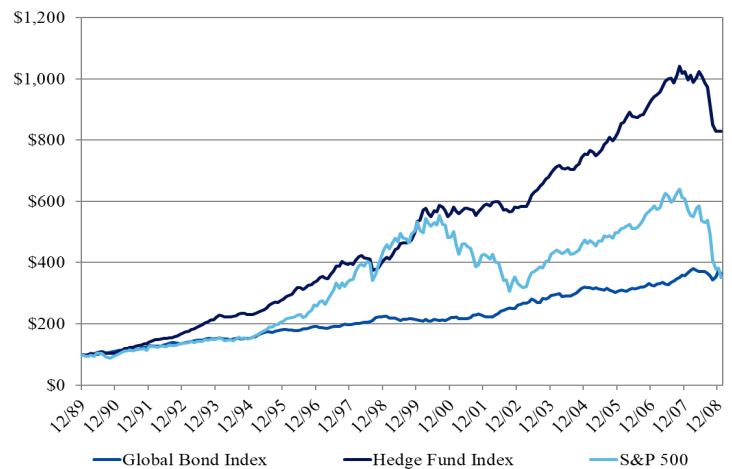
¹Source: Preqin

²Source: eVestment. Global Bond Index represented by Bloomberg Barclays Global Aggregate. Hedge Fund Index represented by HFRI Fund Weighted Composite Index.

³Source: HFR. Reflects annualized returns

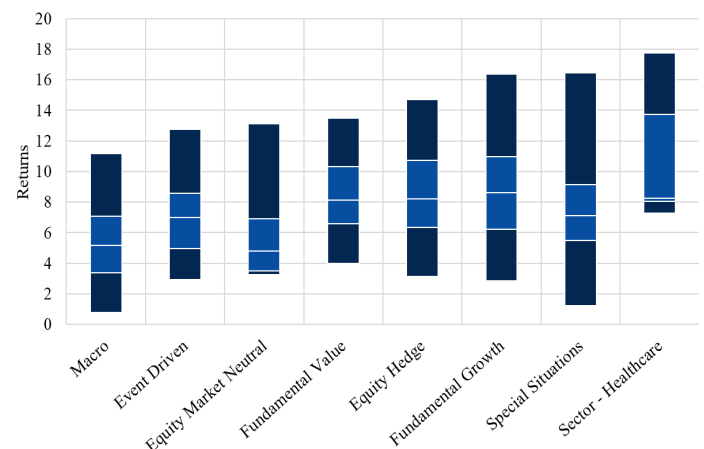
Many investors, however, have limited their views to the last ten years of performance. It is unsurprising that hedge funds have underperformed throughout this period as the market has not experienced any significant drawdowns. Taking a look at the prior 20 years, which included multiple significant market drawdowns, hedge funds dramatically outperformed equity markets. This longer-term performance data is a timely reminder as we enter into the late stage of the market cycle. The valuable liquidity profile offered by hedge funds relative to private strategies in the event of a downturn should also not be overlooked.

Asset Class Performance 1990-2009²



It is important to note that not all hedge funds are created equal. In fact, dispersion of performance across hedge fund managers can be drastic, which is why manager selection skills are crucial.

Hedge Fund Performance June 2003-June 2018³

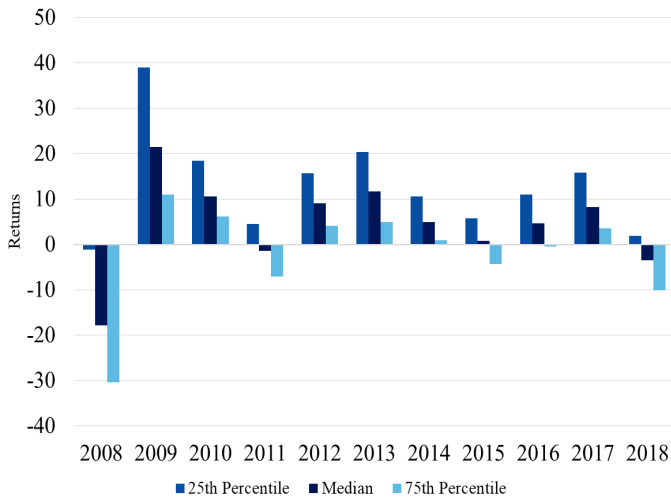




THE CASE FOR HEDGE FUNDS

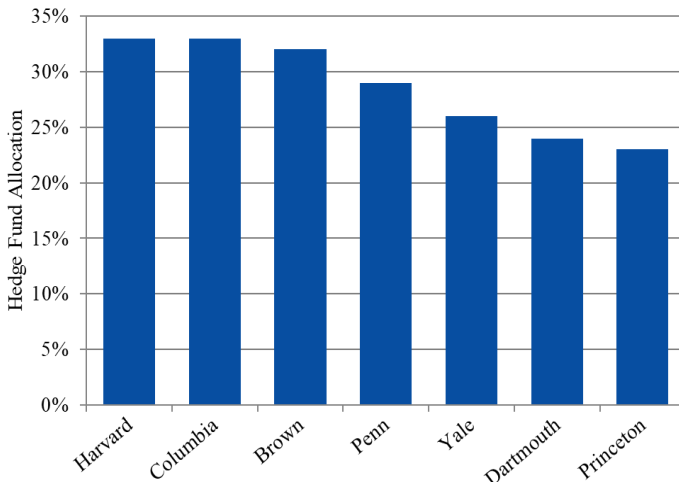
The dispersion between top-quartile and bottom-quartile managers is drastic across time periods, as shown below. In 2008, for example, first-quartile managers experienced minimal losses, returning -1.08% or better, while fourth-quartile managers returned -30.46% or worse.

Annual Hedge Fund Performance by Quartile¹



Given this dispersion, investors who are not able to identify and access top-performing managers are right to abandon the asset class. However, investors who have the experience and expertise to hire top-quartile managers will benefit from substantial returns, better downside protection and a stronger liquidity profile. This notion is supported by some of the most sophisticated endowments in the U.S., who have chosen a significant allocation to hedge funds, as shown below.

Major Endowment Hedge Fund Allocation June 2018²



Windrose Approach

Our hedge fund program was designed to provide our clients with equity-like returns while capturing a fraction of the overall market risk. Our Market Directional Sleeve holds a diversified portfolio of 10-15 managers and invests across long/short equity, event-driven equity and distressed credit strategies. We aim to capture about 60% of the risk in the equity market. Our Absolute Return Sleeve, a diversified portfolio of 5-10 managers across global macro, market neutral, multi-strategy and trend-following strategies, was designed to capture about 20% of equity market risk over the long term and to significantly outperform in the event of a drawdown.

Now, almost three years into our track record, it is clear that we achieved the goals set for our hedge fund program. To date, our Market Directional Sleeve reflects a beta of 0.60 vs the global equity index (MSCI ACWI), capturing 55% of the index downside. Our Absolute Return sleeve reflects a beta of 0.34 to date, capturing 32% of the index downside.

Each sleeve has maintained its risk target while generating returns comparable to the global equity index. In fact, our Market Directional Sleeve has generated 3.60% of active return, or alpha, since inception, while our Absolute Return Sleeve has generated 5.78% of active return.

	Return Since Inception ³	Beta ³	Downside Capture ³
Global Equity Index ⁴	11.30%	1.00	100.0%
WA Market Directional	10.38%	0.60	54.8%
WA Absolute Return	9.62%	0.34	32.1%

This places both strategies firmly in the first quartile against their respective peer universe since inception. (See pages 3-6 for further detail.) Our team has the experience and expertise required to select top-performing managers, which, along with our thoughtful approach to portfolio construction, should result in further outperformance for our clients over the long term. Next, we explore our Market Directional and Absolute Return strategies in more depth.

¹Represented by HFR universe data provided by eVestment (6,435 constituents)

²Source: Bloomberg

³7/1/2016-3/31/2019, Performance is net of manager fees, gross of Windrose Advisory fee.

⁴Represented by MSCI ACWI

Windrose Advisors is an independent boutique investment firm utilizing experience and sound judgement to provide customized investment solutions to investors seeking superior risk adjusted returns.

Our investment sleeve program covers key asset classes that drive portfolio performance and fit in our proprietary all-weather asset allocation model. Each sleeve is a collection of external managers sharing similar objectives, yet carefully diversified among investment styles and risk exposures to mitigate potential downside risks.

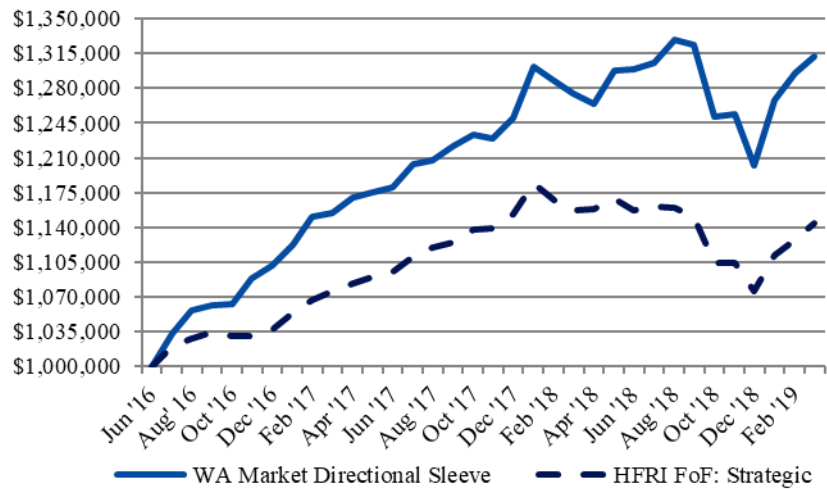
The program was designed to provide a consistent investment experience with tight quality control and ease of use for clients.

The WA Market Directional Sleeve is a diversified portfolio of external managers invested across a variety of alternative strategies, primarily long/short equity, event-driven equity and distressed credit. We rely on longer investment horizons than most market participants and opportunistically seek exposure to outstanding management talent across specific, often capacity-constrained market opportunities. The sleeve is diversified across 10 to 15 managers and typically offers around 60% of the risk found in the global equity market.

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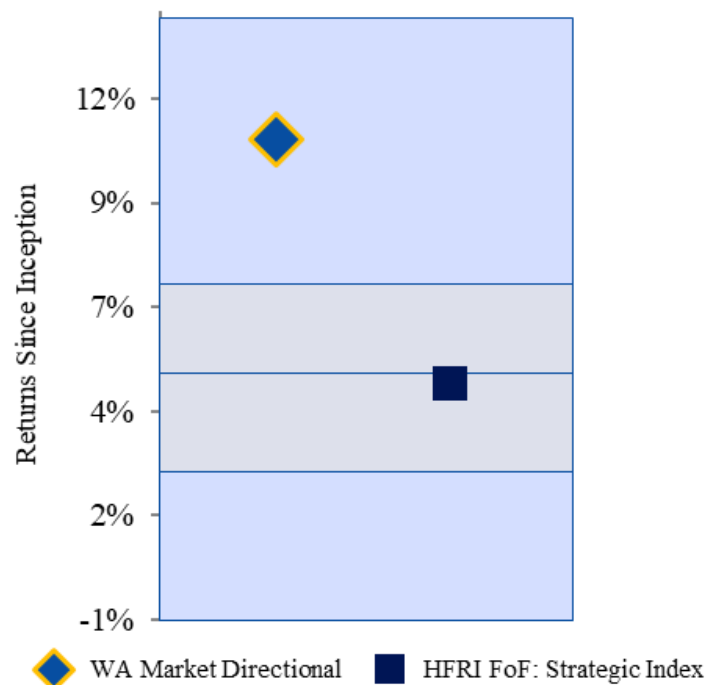
GROWTH OF \$1,000,000



PERFORMANCE¹

	2019 YTD	Annualized Since Inception
WA Market Directional Sleeve	9.13%	10.38%
HFRI FoF: Strategic	6.31%	5.01%

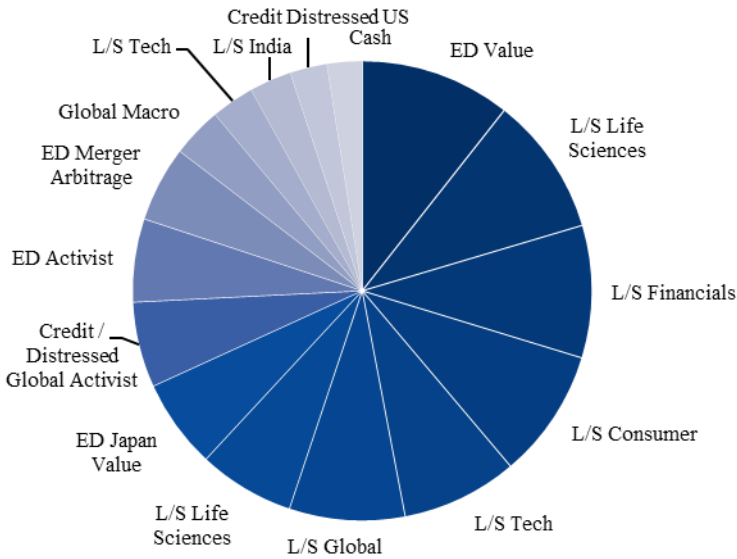
QUARTILING AGAINST MANAGER UNIVERSE²



¹YTD & SI performance annualized as of 3/31/2019. Inception date was 7/1/2016. Performance is net of manager fees, gross of Windrose Advisory fee.

²Quartiling data is provided by eVestment against the HFRI FoF: Strategic Universe.

MARKET DIRECTIONAL MANAGERS

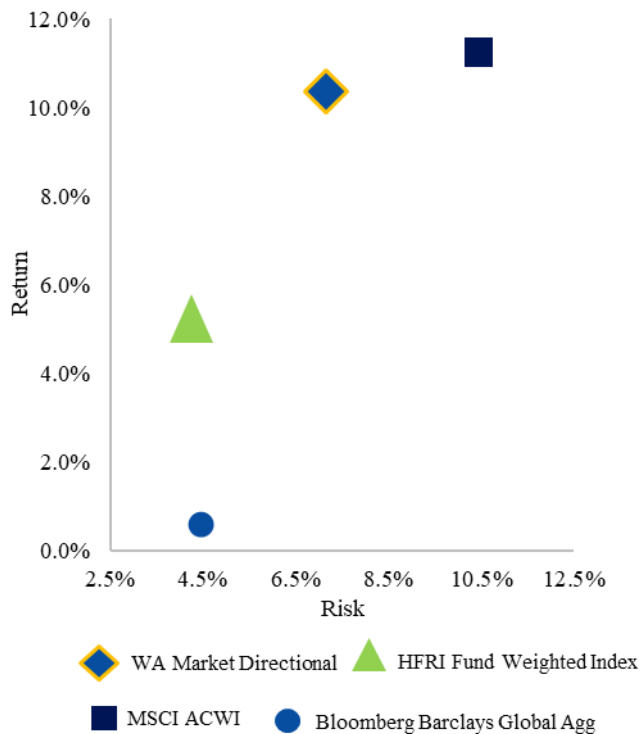


Top contributors within our Market Directional sleeve year-to-date include our biotech-focused manager (+13.91 YTD) and financials-focused manager (+14.63 YTD), as these two sectors have rebounded nicely after a drawdown in the fourth quarter of 2018.

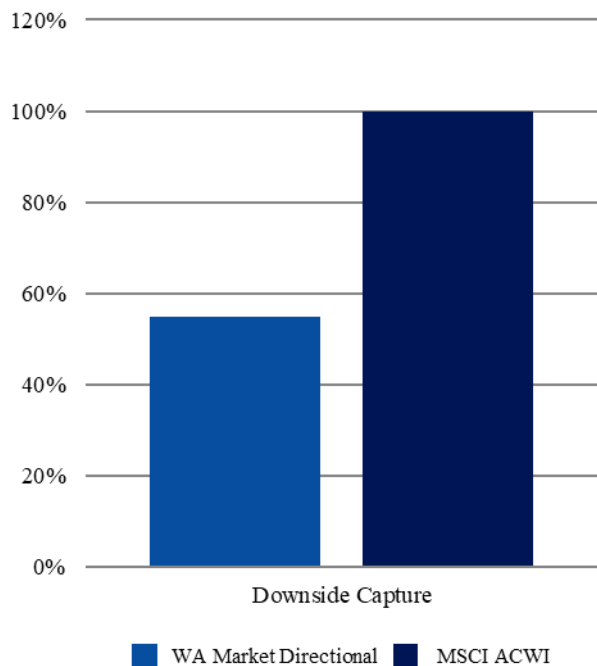
We recently added a long/short manager focused on distressed opportunities to the Market Directional sleeve. The manager can invest opportunistically in the best risk-reward opportunities across the company size spectrum. As credit spreads reach lows, the manager is well positioned to rotate out of lower-risk names into attractive distressed opportunities.

	Equity Market Sensitivity (Beta) ¹	Annualize Return Since Inception ²	Global Equity Index Return ²	Active Return vs Index (Alpha)
WA Market Directional Sleeve	0.60	10.38%	11.30%	3.60%

RISK/RETURN VS. MARKET³



DOWNSIDE MARKET CAPTURE¹



¹Since inception (7/1/2016) as of 3/31/2019 against the MSCI ACWI. Calculated by eVestment.

²Since inception (7/1/2016) as of 3/31/2019. Calculated by eVestment. Global Equity Index Represented by MSCI ACWI

³Since inception (7/1/2016) as of 3/31/2019. Calculated by eVestment. Risk represented by standard deviation

Windrose Advisors is an independent boutique investment firm utilizing experience and sound judgement to provide customized investment solutions to investors seeking superior risk adjusted returns.

Our investment sleeve program covers key asset classes that drive portfolio performance and fit in our proprietary all-weather asset allocation model. Each sleeve is a collection of external managers sharing similar objectives, yet carefully diversified among investment styles and risk exposures to mitigate potential downside risks.

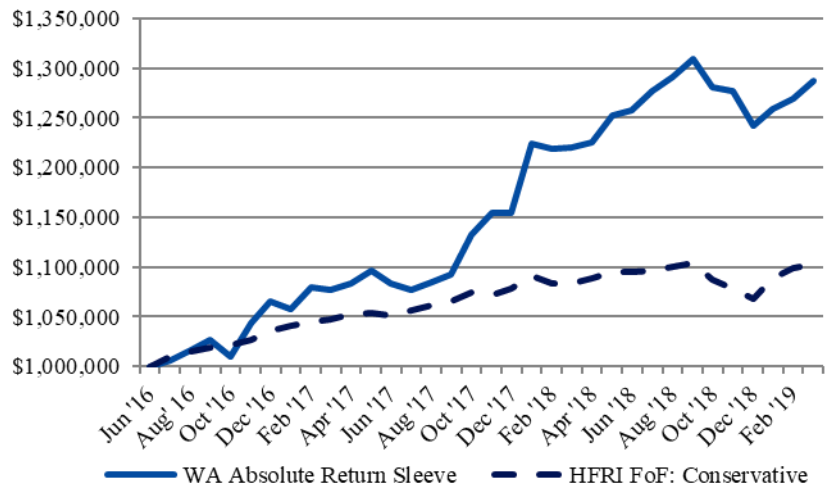
The program was designed to provide a consistent investment experience with tight quality control and ease of use for clients.

The WA Absolute Return Sleeve invests in a diversified portfolio of external managers across a variety of alternative strategies, primarily long/short equity, global macro, multi-strategy and trend-following. We seek to partner with outstanding management talent across a broad range of strategies and asset classes with significant hedging characteristics. The sleeve is diversified across five to 10 managers, and typically offers around 20% of the risk found in the global equity market.

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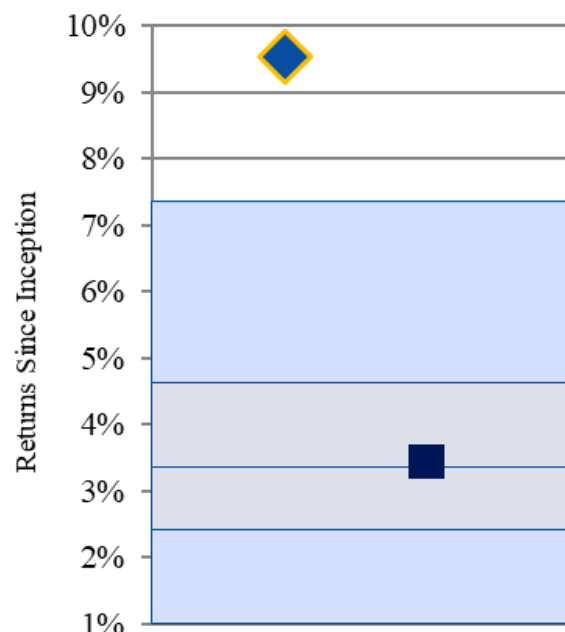
GROWTH OF \$1,000,000



PERFORMANCE¹

	2019 YTD	Annualized Since Inception
WA Absolute Return Sleeve	3.64%	9.62%
HFRI FoF: Conservative	3.18%	3.61%

QUARTILING AGAINST MANAGER UNIVERSE²

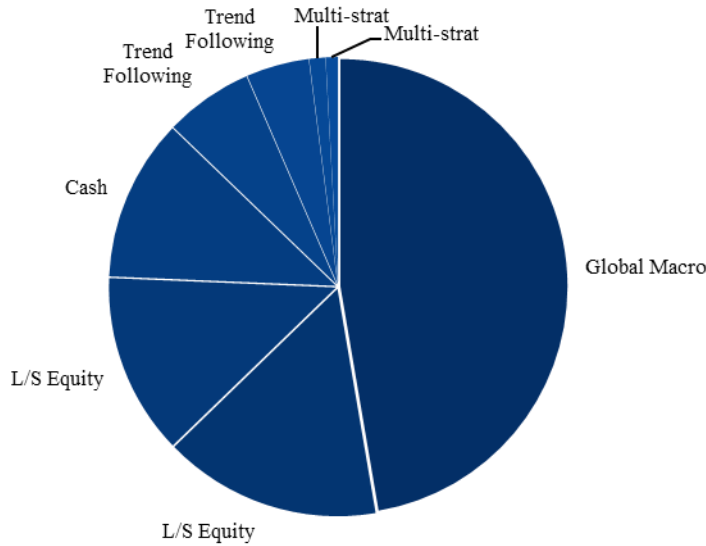


 WA Absolute Return  HFRI FoF: Conservative Index

¹YTD & SI performance annualized as of 3/31/2019. Inception date was 7/1/2016. Performance is net of manager fees, gross of Windrose Advisory fee.

²Quartiling data is provided by eVestment against the HFRI FoF: Conservative Universe.

ABSOLUTE RETURN MANAGERS

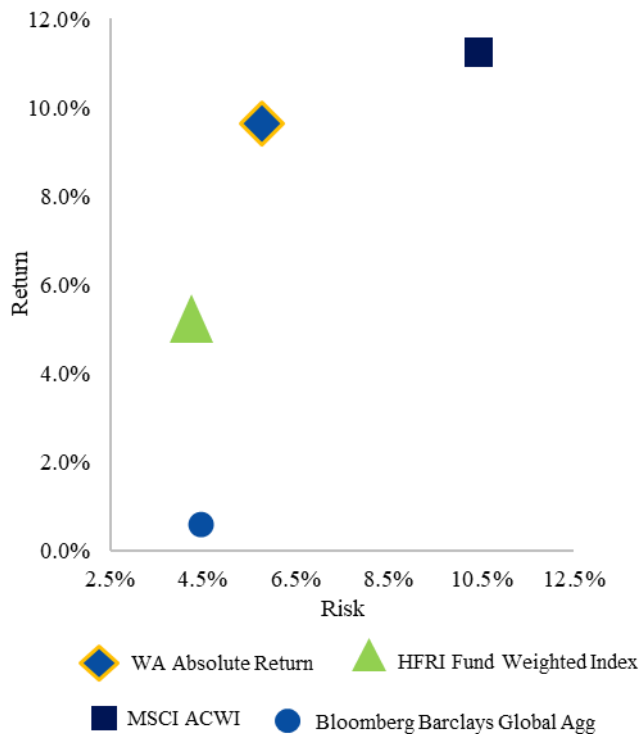


Our Global Macro manager continues to be the top contributor to the Absolute Return sleeve, returning 5.86% year-to-date, as the manager’s bullish positions on the S&P benefited from the rally in the US equity market.

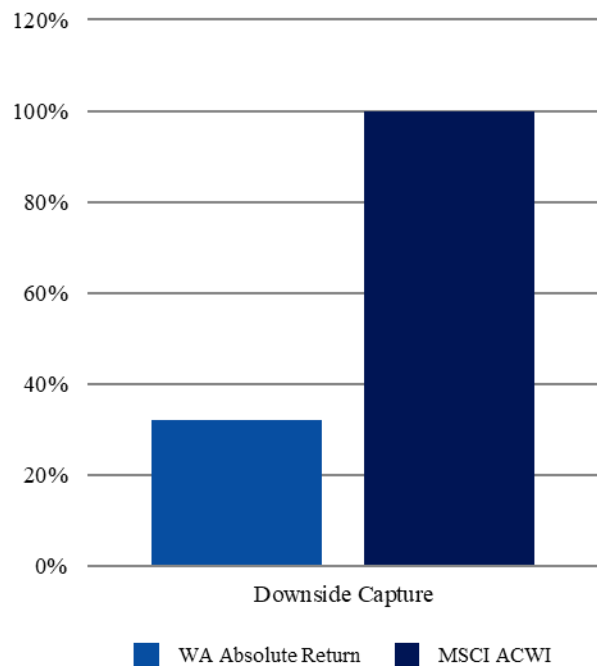
We have recently approved an alternative fixed income manager focused on structured credit backed by consumer real estate debt to be added to the Absolute Return sleeve. The manager has demonstrated consistently positive performance since its inception in 2011 and should serve as a stabilizer for the sleeve.

	Equity Market Sensitivity (Beta) ¹	Annualize Return Since Inception ²	Global Equity Index Return ²	Active Return vs Index (Alpha) ¹
WA Absolute Return Sleeve	0.34	9.62%	11.30%	5.78%

RISK/RETURN VS. MARKET³



DOWNSIDE MARKET CAPTURE¹



¹Since inception (7/1/2016) as of 3/31/2019 against the MSCI ACWI. Calculated by eVestment.

²Since inception (7/1/2016) as of 3/31/2019. Calculated by eVestment. Global Equity Index Represented by MSCI ACWI

³Since inception (7/1/2016) as of 3/31/2019. Calculated by eVestment. Risk represented by standard deviation



Disclosures

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As with any investment strategy, there is potential for profit as well as the possibility of loss. Windrose Advisors does not guarantee any minimum level of investment performance or the success of any portfolio or investment strategy. All investments involve risk (the amount of which may vary significantly) and investment recommendations will not always be profitable. The investment return and principal value of an investment will fluctuate so that an investor's portfolio may be worth more or less than its original cost at any given time. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

Performance is gross of Windrose Advisors' advisory fee. Performance reflects the reinvestment of dividends and other earnings. A client's return would be reduced by such fees and expenses, which are described in Form ADV Part 2 which is available upon request.

Additional information including management fees and expenses is provided on WA's Form ADV Part 2.

Alpha: A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a manager and compares its risk-adjusted performance to a benchmark index.

Beta: A measure of the volatility, or systematic risk, of position in comparison to the unsystematic risk of the entire market.

Downside Capture: A statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. The ratio is calculated by dividing the manager's returns by the returns of the index during the down-market and multiplying that factor by 100.

Annualized Return: The annualized return is the geometric mean of the returns with respect to one year.

Standard Deviation (Risk): A statistical measure of volatility that is often used as an indicator of the 'risk' associated with a return series. Standard deviation of return measures the average deviations of a return series from its mean. A large standard deviation implies that there have been large swings in the return series of an investment.

Sharpe Ratio: A measure of reward per unit of risk, where standard deviation represents risk. The Sharpe ratio is calculated as the portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation.

- The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. With 2,478 constituents, the index covers approximately 85% of the global investable equity opportunity set.
- HFRI FoF Strategic Index FOFs classified as "Strategic" exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Strategic Index tends to outperform the HFRI Fund of Fund Composite Index in up markets and underperform the index in down markets.
- HFRI FoF Conservative Index FOFs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.
- Bloomberg Barclays Global Aggregate The Bloomberg Barclays Global Aggregate Bond Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
- The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 1,400 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.