



Navigating the New Trade War Landscape: Alpha Opportunities Amidst Volatility

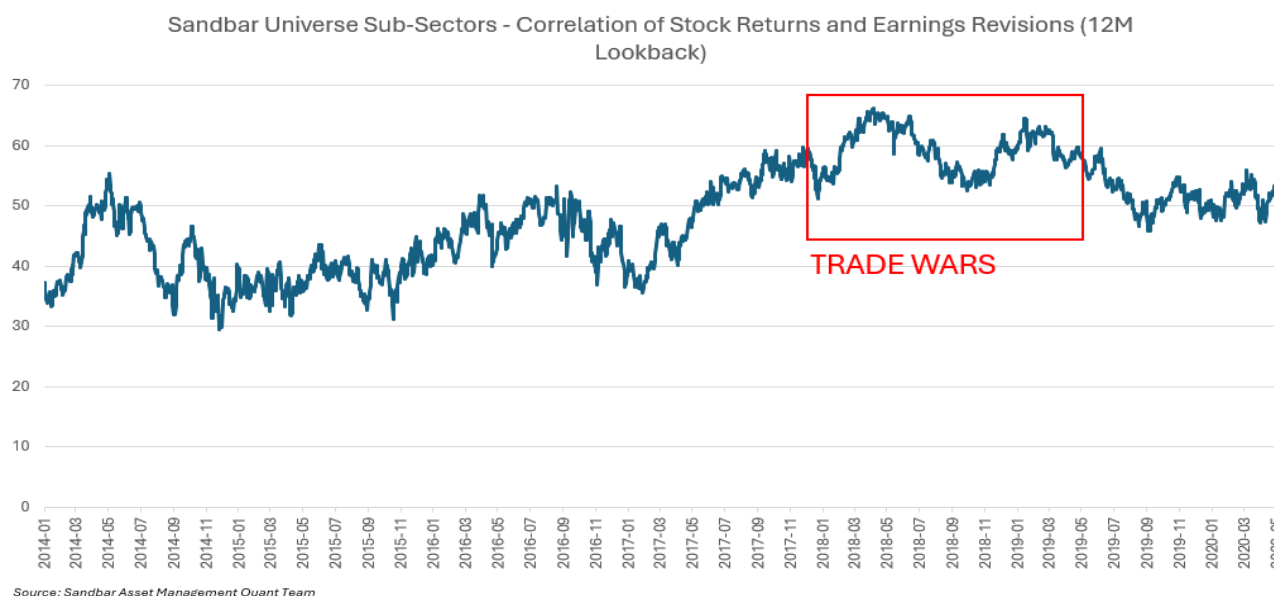
The resurgence of trade tensions and potential tariff implementations is creating market volatility this week, but at Sandbar, we see this as a heightened opportunity for alpha generation. The market's reaction to these developments is creating inefficiencies that we are uniquely positioned to capitalize on.

Our approach goes beyond simple risk model assumptions based on geography of company listings, sectors or sales exposure. We leverage a deep, fundamental understanding of the underlying drivers and exposures, powered by our proprietary data library. This allows us to identify dislocations that others miss.

As we discussed in our newsletters during the previous trade wars in Trump's first term, we've consistently treated trade policy as a bespoke investment and risk factor within our models. Like last time, while we have no edge on where policy ends up, volatility creates increasingly attractive asymmetric trades. This experience gives us a significant advantage in navigating the current environment. While some parallels exist, the landscape has shifted, requiring more than just recalibration. Our models are designed to adapt and capture these evolving dynamics.

This volatility is precisely what we seek. It creates inefficient, macro-driven dislocations, particularly intra-sector, where our expertise in fundamental analysis and stock picking shines. As illustrated in the chart below (showing the correlation of earnings revisions and subsequent share price returns in our universe of sub-sectors), the previous trade war period saw a heightened level of idiosyncratic stock returns vs history as the market re-evaluated fundamental drivers. We anticipate a similar pattern emerging, creating a true stock picker's market. At Sandbar, we're ready to seize these opportunities.

We will expand on this theme in our January newsletter later this week.



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PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

ADDITIONAL RIDERS

Indices:

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets. For further information on the index, please see www.msci.com/world.

Equity Market Neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Factor-based investment strategies include strategies in which the investment thesis is predicated on the systematic analysis of common relationships between securities. In many but not all cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical Arbitrage/Trading strategies consist of strategies in which the investment thesis is predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices; high frequency techniques may be employed and trading strategies may also be employed on the basis on technical analysis or opportunistically to exploit new information the investment manager believes has not been fully, completely or accurately discounted into current security prices. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

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There are significant differences between the Strategies investments and the Indices. For instance, the Fund may use short sales and leverage and may invest in securities that have a greater degree of risk and volatility, as well as less liquidity, than those securities contained in the Indices. Moreover, the Indices are not subject to any of the management fees or expenses that the Strategy must pay. It should not be assumed that the Strategy will invest in any specific securities that comprise the Index, nor should it be understood to mean that there is a correlation between the Fund's returns and the Indices' performance. Each Index is included for informational purposes only.

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