



*Independent Verifier's Report  
and  
Annual Performance Results  
March 31, 2016*

## **Cabana Asset Management**

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Seattle | Charleston  
www.absoluteverification.com

## INDEPENDENT VERIFIER'S REPORT

We have examined management's assertion that the accompanying Schedules of Investment Performance Returns of Cabana Asset Management for each of the months ended in the period from January 1, 2012 to March 31, 2016 is presented in accordance with the criteria set forth by Cabana Asset Management in the notes accompanying the Schedules of Investment Performance Returns. Cabana Asset Management's management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

Our examination included examining, on a test basis, evidence supporting the Cabana Asset Management Schedules of Investment Performance Returns and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present, in all material respects, the investment returns of Cabana Asset Management for each of the months ended in the period from January 1, 2012 to March 31, 2016, based on the criteria set forth by Cabana Asset Management in the notes accompanying the Schedules of Investment Performance Returns.

*Absolute Performance Verification LLC*

Absolute Performance Verification LLC  
April 27, 2016

**CABANA ASSET MANAGEMENT**  
**SCHEDULE OF INVESTMENT PERFORMANCE RETURNS**  
**JANUARY 2012 TO MARCH 2016**

<u>2012</u>	<i>Net of Fees</i>	<i>Gross of Fees</i>
	<u>TWR Return</u>	<u>TWR Return</u>
Jan	5.88%	6.07%
Feb	2.94%	3.13%
Mar	0.79%	1.01%
Apr	-2.74%	-2.54%
May	-3.73%	-3.51%
Jun	2.04%	2.25%
Jul	1.34%	1.56%
Aug	0.12%	0.35%
Sep	2.24%	2.44%
Oct	-0.42%	-0.17%
Nov	-0.51%	-0.29%
Dec	1.69%	1.90%
<b>Annual</b>	9.69%	12.51%

<u>2013</u>	<i>Net of Fees</i>	<i>Gross of Fees</i>
	<u>TWR Return</u>	<u>TWR Return</u>
Jan	1.02%	1.23%
Feb	-2.50%	-2.30%
Mar	-0.07%	0.14%
Apr	0.81%	1.03%
May	-3.10%	-2.86%
Jun	-4.00%	-3.78%
Jul	2.43%	2.67%
Aug	-2.45%	-2.22%
Sep	1.20%	1.41%
Oct	3.15%	3.39%
Nov	1.72%	1.92%
Dec	2.27%	2.48%
<b>Annual</b>	0.15%	2.82%

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**JANUARY 2012 TO MARCH 2016**

<u>2014</u>	<i>Net of Fees</i>	<i>Gross of Fees</i>
	<u>TWR Return</u>	<u>TWR Return</u>
Jan	-3.24%	-3.02%
Feb	3.07%	3.27%
Mar	0.27%	0.48%
Apr	-0.33%	-0.15%
May	1.77%	1.93%
Jun	1.92%	2.08%
Jul	-2.13%	-1.94%
Aug	2.95%	3.16%
Sep	-1.98%	-1.77%
Oct	0.74%	0.97%
Nov	2.51%	2.70%
Dec	-0.83%	-0.61%
<b>Annual</b>	<b>4.56%</b>	<b>7.07%</b>

<u>2015</u>	<i>Net of Fees</i>	<i>Gross of Fees</i>
	<u>TWR Return</u>	<u>TWR Return</u>
Jan	-0.20%	0.00%
Feb	1.58%	1.77%
Mar	-0.91%	-0.69%
Apr	-1.38%	-1.17%
May	0.15%	0.35%
Jun	-1.58%	-1.36%
Jul	0.33%	0.55%
Aug	9.90%	10.11%
Sep	-2.58%	-2.37%
Oct	0.21%	0.44%
Nov	-0.74%	-0.54%
Dec	-3.03%	-2.81%
<b>Annual</b>	<b>1.17%</b>	<b>3.77%</b>

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<u>2016</u>	<i>Net of Fees</i>	<i>Gross of Fees</i>
	<u>TWR Return</u>	<u>TWR Return</u>
Jan	-1.56%	-1.38%
Feb	-1.15%	-0.96%
Mar	4.97%	5.18%
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
YTD	2.14%	2.74%

**CABANA ASSET MANAGEMENT**  
NOTES TO SCHEDULES OF INVESTMENT PERFORMANCE RETURNS  
JANUARY 1, 2012 TO MARCH 31, 2016

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Note 1 - Organization

Cabana Asset Management is a registered investment advisor since 2007 in Fayetteville, AR; Dallas, TX; Denver, CO and New Orleans, LA. The firm was founded by G. Chadd Mason, a FINRA Series 65 (Uniform Investment Advisor Law Examination) qualified investment advisor, a licensed attorney and former gubernatorial appointee to the Arkansas Circuit Court Judiciary. Along with Chadd Mason, principals involved in the building of the firm's proprietary analytics software are C. David Covington, Ph.D. and James E. Mason, Ph.D. Dr. Covington is an electrical and computer engineer and former Professor of Computer Engineering at the University of Arkansas. Dr. James Mason is a social scientist with an emphasis on statistical analysis. This unique collaboration of talent came together to build Cabana's proprietary algorithm, designed to help shelter investors from risk, provide protection and limit losses in down markets, while participating in up markets.

Cabana offers an innovative opportunity for investors, advisory firms, institutions and attorneys to partner with a firm providing rigorously tested, conservative investment management.

Note 2 - Investment Philosophy

Cabana Asset Management uses its proprietary algorithm to help shelter investors from risk while providing exposure to favorable markets. The strategy puts rigorously tested and proven academic research to work.

- Cabana strives to reduce risk by limiting maximum drawdown amounts.
- Cabana's proprietary algorithm evaluates underlying economic conditions to gauge the current market cycle, and then allocates and reallocates portfolios accordingly.
- Cabana's algorithm defines asset classes based on historic performance across various market cycles. Cabana invests in portfolios similar to the identified benchmark indices in favor during the market cycle.
- Cabana implements an Active management style.
- Cabana offers broad asset-class exposure and diversification.
- Use ETFs to provide liquidity, low trading costs, and diversification across the broad universe of asset classes.
- Seek dividend-paying and interest-generating investments.

Note 3 - Investment Strategy

The Cabana Portfolio invests in a diversified portfolio of primarily large, index-based, low-cost and highly liquid exchange traded funds (ETFs) with a strong history of consistent dividend payments. ETFs in the portfolio are comprised of a broad spectrum of asset classes—domestic and international—whose underlying investments are deemed attractive in the current market cycle. The portfolio invests in equities, bonds and commodities. Asset class selections are made based on the output of Cabana

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Asset Management's proprietary algorithm, which evaluates economic conditions and uses tactical asset allocation strategies to rotate among non-correlated and inversely correlated assets. The fund uses conservative expectations for drawdown, and remains fully invested at all times, maintaining the flexibility to move into U.S. Treasuries or other cash in severe down markets.

Note 4 - Investment Objective

The Cabana Portfolio employs an actively managed strategy that seeks to provide asymmetrical returns favoring the broad market's upside, while reducing exposure to potential declines. The Portfolio is a conservative strategy designed for investors seeking long-term capital appreciation, yet who emphasize risk mitigation over potential return.

Note 5 - Composite Construction Methodologies

Discretion & Non-Discretionary status

Discretion is the ability of the firm to implement its intended strategy. If documented client-imposed restrictions significantly hinder the firm from fully implementing its intended strategy, the firm may determine that the portfolio is non-discretionary. Non-discretionary portfolios are excluded from the firm's Cabana Portfolio composite. There are degrees of discretion and not all client-imposed restrictions will necessarily cause a portfolio to be non-discretionary

Composited Accounts

Composite accounts reflect discretionary accounts invested pursuant to the firm's proprietary Cabana Portfolio strategy. Such accounts comprise qualified and non-qualified portfolios. Each account is consolidated for purposes of investment, i.e. trading. Only those accounts with an AUM greater than \$10,000 are included in the composite membership. Non-Composite accounts reflect non-discretionary accounts that have Material Restrictions as defined by firm policy. Portfolios with investment strategies that include margin lending, option writing, or which contain securities outside the firm's Cabana Portfolio strategy are excluded from the composite group.

Review

Accounts are reviewed monthly for inclusion in the discretionary model portfolio. Such review shall include the inclusion/exclusion of discretionary composite status as a result of intra-month onboarding or transfer of client assets. These functions are the responsibility of the Cabana Asset Management team.

New Accounts

Accounts incepted intra-month are added at the end of the month and effective the first day of the following month.

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Closed Accounts

Accounts closed intra-month will not be included in the composite membership during the month of closure. Closed portfolios will be included in the composite membership historically through the last full month of discretionary participation.

Account Changes -Transferring

Accounts that move intra-month into or out of Cabana Portfolio Strategy due to a change in a client mandate or restrictions shall be accounted for with the Cabana Portfolio strategy effective the first or last day of the month wherein the strategy was fully implemented or no longer fully implemented.

Note 6 - Performance Measurement

The composite Time Weighted Returns (TWR) were computed using Interactive Brokers' Account Management, Portfolio Analyst reporting tool. The Interactive Brokers Portfolio Analyst system returns are net of Advisor fees, commissions, dividends. The Interactive Brokers system does not provide the option to run the Portfolio Analyst report excluding management fees (Gross-of-fee returns). The total return of the account does include dividends, interest, fee, etc.

Time Weighted Return

Time weighted return provides a way to calculate the performance solely attributed to the portfolio manager's actions. TWR eliminates the impact of the timing of cash flows, contributions or withdrawals, and leaves only the effects of the market and the portfolio manager's actions. TWR is the preferred method of calculating returns by industry standards. A chief advantage of using TWR is that it enables the portfolio owner to determine the rate of return independent of when funds are added and or removed from the portfolio. Typically, portfolio managers have very little control on when they will receive funds or when they will be withdrawn by the portfolio owner.

Returns

Net-of-fee returns are calculated net of trading expenses and management fees. Because the Interactive Brokers performance system does not have the functionality to calculate Gross-of-fee returns, Cabana Asset Management used an industry standard by adding back the Actual monthly advisor fee calculated by the Interactive Brokers consolidated platform to the monthly profit/loss to generate the expressed Gross-of-Fee monthly return. Net and gross returns are reviewed monthly by Cabana Asset Management to assess the volatility of the Actual management fee.

Steps for Computing a Time Weighted Return (TWR):

1. Divide the time span for which the return is to be computed into sub periods defined by capital flows into or out of the portfolio.
2. Compute the simple return for each sub period between capital flows.
3. Geometrically link the returns for the sub periods to derive the return for the total period.



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Time Weighted Formula

$$RN = \left( \frac{EMV}{BMV + CF} \right) - 1$$

Geometrically Linking formula

$$TWR = [(1 + RN) \times (1 + RN) \times \dots - 1] \times 100$$

Legend

EMV	Ending Market Value
BMV	Beginning Market Value
CF	Cash Flow
RN	Sub Period Return
TWR	Time-weighted Return

Note 7 - Past Performance

The data shown represents past performance. Past performance is not necessarily indicative of future results and not a guarantee of future performance returns. It should not be implied and this should not be deemed a guarantee that these results can be repeated. Investing in securities always carries the risk of potential loss of investment principal.

Note 8 - Account Returns

Individual account returns may be higher or lower than the composite returns. An individual investor's return results may vary based on the underlying investments and the timing of security transactions. Account returns may be positive as well as negative.

Note 9 - Security Valuation

Valuations and investment performance returns are calculated in U.S. dollars. Returns include the reinvestment of dividends and income.

Note 10 - Cabana Portfolio strategy AUM as percentage of the Total Firm Assets

	<i>End of year AUM Strategy</i>	<i>End of year AUM all accounts</i>	<i>Percentage of Total Firm AUM</i>
2012	7,616,684.89	9,540,130.98	80%
2013	5,503,081.83	9,027,613.91	61%
2014	11,949,442.00	13,682,955.84	87%
2015	10,598,450.17	14,821,428.81	72%

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